



# Quarterly Report

September 30, 2016



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# Company Information

## ***Board of Directors***

Mr. Shahid Aziz Siddiqi - Chairman  
Mr. Nasim Beg  
Mr. Kashif Habib - Chief Executive Officer  
Mr. Samad Habib  
Syed Najamuddujah Jaffri  
Mr. Khalil Ahmed  
Syed Muhammad Talha

## ***Audit Committee***

Mr. Nasim Beg - Chairman  
Mr. Samad Habib  
Syed Najamuddujah Jaffri

## ***Human Resources & Remuneration Committee***

Mr. Samad Habib - Chairman  
Mr. Kashif Habib  
Syed Najamuddujah Jaffri

## ***Chief Financial Officer***

Syed Muhammad Talha

## ***Company Secretary***

Mr. Bilal Yasin

## ***Auditors***

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

## ***Legal Advisor***

Minto & Mirza  
Advocates & Corporate Counsel

## ***Bankers and Financial Institutions***

Bank Islami Pakistan Limited  
Habib Metropolitan Bank Limited  
The Bank of Punjab  
Bank Alfalah Limited  
First Habib Modaraba

## ***Registered Office***

Plot # 1,6 sector # 26, Bilal Chowrangi Korangi Industrial Area, Karachi.  
Tel # +92 21 35074581-84  
Fax # +92 21 35074603  
[www.safemixlimited.com](http://www.safemixlimited.com)

## ***Shares Registrar***

THK Associates (Private) Limited  
Ground Floor, State Life Building No. 3,  
Dr. Ziauddin Ahmed Road  
Karachi.

# Directors' Review Report

The Board of Directors of Safe Mix Concrete Limited present herewith condensed financial information for the first quarter ended September 30, 2016.

## Over view

During the quarter under review, the Company earned a Profit After Tax (PAT) of Rs 1.028 million. Despite of the fact that the quantity sold has increased by 36% as compared to corresponding period last year, there has been a decline in revenue by 57%. The decline in revenue is mainly attributable to new cash flow management strategy whereby the Company has pursued with its customers to provide raw material hence the selling price has reduced which resulted in decrease in total sales amount.

## Operating results

	Quarter Ended September 30	
	2016	Restated 2015
Profit before taxation	974,623	4,967,597
Taxation	52,886	(1,732,017)
Profit after taxation	<u>1,027,509</u>	<u>3,235,580</u>

## Earnings per share

Profit per share for the first quarter ended amounted to Rs. 0.04 per share as compared to earnings per share (restated) for the corresponding period of the last year of Rs. 0.13 per share.

## Future Outlook

The Company has focused on enhancing delivery capacity. This will not only maximize the plant utilization but will also prove helpful in ensuring timely delivery of concrete mix to the builders / contractors. The Company is determined to adopt new marketing strategies to capture the growing market of ready mix services. Market conditions are getting better due to improve security situations and stable interest rates in Pakistan and as a result overall construction activities have increased manifold. However the management has adopted a policy of providing the services diligently to selected customers on credit terms due to high financial risks. Therefore, the management does not foresee any significant change in the results going forward.

## Acknowledgement

The management of the Company would like to thank all the financial institutions, customers, individuals and staff members who have been associated with the Company for their support and cooperation. Further, we would also like to thank SECP and the management of PSX for their continued support and guidance.

For and on behalf of the Board

  
Kashif Habib  
Chief Executive Officer

Karachi: October 27, 2016

# Safe Mix Concrete Limited

## Condensed Interim Balance Sheet (Un-audited)

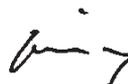
As at September 30, 2016

	Note	Un-audited 30 September 2016	Audited 30 June 2016
(-----Rupees-----)			
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property, plant and equipment	5	174,642,576	174,174,592
Long term deposits		31,519,850	31,519,850
Deferred taxation		29,897,027	29,344,089
		<b>236,059,453</b>	235,038,531
<b>Current assets</b>			
Stores, spare parts and loose tools		5,614,558	6,469,144
Stock in trade		26,520,215	25,706,343
Trade debts		130,692,704	93,538,254
Advances, prepayments and other receivables		49,947,891	48,355,104
Taxation - net		35,047,014	35,033,485
Cash and bank balances		2,833,130	9,846,405
		<b>250,655,512</b>	218,948,735
<b>TOTAL ASSETS</b>		<b>486,714,965</b>	453,987,266
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized Capital</b>			
35,000,000 ordinary shares of Rs 10 each		350,000,000	350,000,000
<b>Issued, subscribed and paid up capital</b>			
Share premium		250,000,000	250,000,000
Accumulated loss		14,728,576	14,728,576
		(7,260,048)	(8,287,557)
		<b>257,468,528</b>	256,441,019
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
Long term financing - secured	6	47,036,750	47,036,750
Staff retirement benefits		6,203,484	6,677,428
Deferred income		10,360,000	11,200,000
		<b>63,600,234</b>	64,914,178
<b>Current liabilities</b>			
Trade and other payables		162,286,203	129,272,069
Current portion of deferred income		3,360,000	3,360,000
		<b>165,646,203</b>	132,632,069
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>486,714,965</b>	453,987,266
Contingencies and commitments	7		

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.



CEO



Director

# Safe Mix Concrete Limited

## Condensed Interim Profit and Loss Account (Un-audited)

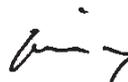
For the quarter ended September 30, 2016

	Note	Quarter ended 30 September 2016	Quarter ended 30 September 2015
(-----Rupees-----)			
Revenue		50,005,162	115,588,898
Cost of sales	8	(44,687,759)	(103,216,132)
<b>Gross profit</b>		<u>5,317,403</u>	<u>12,372,766</u>
Selling & administrative expenses		(3,579,265)	(6,210,602)
<b>Operating profit</b>		<u>1,738,138</u>	<u>6,162,164</u>
Finance cost		(1,776,816)	(1,421,619)
Other operating income		1,013,301	227,052
<b>Profit before taxation</b>		<u>974,623</u>	<u>4,967,597</u>
Provision for taxation		52,886	(1,732,017)
<b>Profit after taxation</b>		<u>1,027,509</u>	<u>3,235,580</u>
<b>Profit per share - basis and diluted</b>		<u>0.04</u>	<u>0.13</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.



CEO



Director

# Safe Mix Concrete Limited

## Condensed Interim Statement of Comprehensive Income

### (Un-audited)

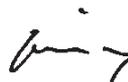
For the quarter ended September 30, 2016

	Quarter ended 30 September 2016	Quarter ended 30 September 2015
	(-----Rupees-----)	
Profit after taxation	1,027,509	3,235,580
Other comprehensive income	-	-
Remeasurement of defined benefit liability Tax thereon	-	(118,369)
	-	37,878
Other comprehensive (loss) - net of tax	-	(80,491)
Total comprehensive income for the period	<u>1,027,509</u>	<u>3,155,089</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.



CEO



Director

# Safe Mix Concrete Limited

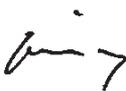
## Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended September 30, 2016

	Note	Quarter ended 30 September 2016	Quarter ended 30 September 2015
(-----Rupees-----)			
<b>Cash outflow from operating activities</b>	10	<b>(1,748,494)</b>	1,160,391
Taxes paid		(513,581)	(1,079,925)
Staff benefits paid		(833,891)	-
Finance cost paid		(1,776,658)	(1,205,268)
<b>Net cash outflow from operating activities</b>		<b>(4,872,624)</b>	(1,124,802)
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(2,313,952)	(8,883,325)
Long term deposits		-	(2,500)
Interest received		173,301	79,767
<b>Net cash outflow from investing activities</b>		<b>(2,140,651)</b>	(8,806,058)
<b>Cash flow from financing activities</b>			
<b>Net cash outflow from financing activities</b>		-	-
<b>Net decrease in cash and cash equivalents</b>		<b>(7,013,275)</b>	(9,930,860)
<b>Cash and cash equivalents at beginning of the period</b>		<b>9,846,405</b>	17,568,858
<b>Cash and cash equivalents at the end of the period</b>	11	<b>2,833,130</b>	7,637,998

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

  
\_\_\_\_\_  
CEO

  
\_\_\_\_\_  
Director

# Safe Mix Concrete Limited

## Condensed Interim Cash Flow Statement (Un-audited)

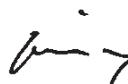
For the quarter ended September 30, 2016

	Issued, subscribed and paid-up capital	Share premium	Accumulated profit/(loss)	Total
	(------(Rupees)-----)			
Balance as at 30 June, 2014 - as previously reported	200,000,000	14,728,576	11,135,651	225,864,227
Prior period adjustment	-	-	(2,383,036)	(2,383,036)
Balance as at 30 June, 2014 - restated	<u>200,000,000</u>	<u>14,728,576</u>	<u>8,752,615</u>	<u>223,481,191</u>
Issue of right shares	50,000,000	-	-	50,000,000
Total comprehensive income for the year ended 30 June 2015 - restated	-	-	21,326,622	21,326,622
Balance as at 30 June, 2015	<u>250,000,000</u>	<u>14,728,576</u>	<u>30,079,237</u>	<u>294,807,813</u>
Total comprehensive income for the period ended 30 September 2015	-	-	(9,591,698)	(9,591,698)
<b>Balance as at 30 September, 2015</b>	<u><b>250,000,000</b></u>	<u><b>14,728,576</b></u>	<u><b>20,487,539</b></u>	<u><b>285,216,115</b></u>
<b>Balance as at 30 June, 2016</b>	<u><b>250,000,000</b></u>	<u><b>14,728,576</b></u>	<u><b>(8,287,557)</b></u>	<u><b>256,441,019</b></u>
Total comprehensive income for the quarter ended 30 September 2016	-	-	1,027,509	1,027,509
<b>Balance as at 30 September, 2016</b>	<u><b>250,000,000</b></u>	<u><b>14,728,576</b></u>	<u><b>(7,260,048)</b></u>	<u><b>257,468,528</b></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.



CEO



Director

# Safe Mix Concrete Limited

## Notes to the Condensed Interim Financial Information

### (Un-audited)

For the quarter ended September 30, 2016

#### 1 Status and nature of business

Safe Mix Concrete Limited ("the Company") was incorporated on 04 April 2005 as Private Limited Company. Subsequently, it has been converted into Public Limited Company on 21 February 2007, in accordance with provisions of section 45 read with section 41(3) of the Companies Ordinance 1984. On 16 March, 2010 the Company was listed on Karachi Stock Exchange. The principal activity of the Company is supply of ready mix concrete, building blocks and construction of prefabricated buildings, factories and other construction sites. The registered office of the Company is situated at plot No. 1-6, Sector 26, Korangi Industrial Area, Karachi, Pakistan.

#### 2 Basis of preparation

The condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2016.

#### 3 Estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim financial information, the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation

#### 4 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial information are the same as those applied in preparation of preceding annual financial statements for the year ended 30 June, 2016 and stated therein.

	Note	Un-audited 30 September 2016	Audited 30 June 2016
(-----Rupees-----)			
<b>5 PROPERTY, PLANT AND EQUIPMENT - OWNED</b>			
Operating assets - at net book value	5.1	169,041,470	170,887,438
Capital work in progress - at cost		<u>5,601,106</u>	<u>3,287,154</u>
		<u>174,642,576</u>	<u>174,174,592</u>

	Note	Un-audited 30 September 2016	Audited 30 June 2016
(-----Rupees-----)			
<b>5.1</b>	<b>Operating fixed assets - owned</b>		
	Opening book value	<b>170,887,438</b>	195,265,263
	Add: Additions during the period	5.2 -	20,786,100
	Less: Depreciation charged during the period	<b>1,845,968</b>	10,277,520
	Disposals during the period - net book value	-	34,886,405
		<b><u>169,041,470</u></b>	<u>170,887,438</u>

## 5.2 Break-up of additions - at cost

### Owned

Building	-	1,059,125
Project temporary civil works	-	-
Plant and machinery	-	19,148,753
Vehicles	-	238,000
Furniture and fixtures	-	57,800
Computers	-	238,130
Electrical equipment	-	-
Office equipment	-	44,292
	-	<u>20,786,100</u>

## 6 LONG TERM FINANCING - SECURED

Details of long term financing are as follows:

### Islamic

Diminishing musharaka	6.1	<b><u>47,036,750</u></b>	<u>47,036,750</u>
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- 6.1** During the current year, the Company converted its short term running finance facility from Bank of Punjab to Islamic mode of financing and entered into a diminishing musharka of Rs. 47.037 million for plant and machinery with the Bank of Punjab Taqwa Islamic Banking. The arrangement carry profit at the rate of 1 year KIBOR + 2.5% and with quarterly rental repayments. The arrangement is for a tenure of five years from the date of disbursement and are structured in such a way first principal repayment installment will commence from the fifth installment. Arrangement is secured against 1st charge of PKR 160 million over all present and future fixed assets (plant and machinery) of the Company registered with SECP.

## 7 Contingencies and commitments

### 7.1 Contingencies

- 7.1.1** Section 113(2)(c) of the Income Tax Ordinance, 2001 was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than minimum tax. Therefore, where there is no tax payable, inter alia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability. The Company has carried forward minimum tax of current and previous years amounting to Rs. 19.964 million and the Company expects to adjust the amount against the future taxable profits. The management is of the view that the interpretation of SHC has been challenged in the Supreme Court of Pakistan and they are waiting for its final outcome.

**7.1.2** Tax Authorities have conducted proceedings of withholding tax under section 161 of Income Tax Ordinance, 2001 for tax year 2012 and created an arbitrary demand of Rs. 11.252 million. The Company's appeal before CIR (A) / Appellate Tribunal Inland Revenue (ATIR) is pending for adjudication. The management is confident that the appeal will be decided in favor of the company; therefore, no provision has been made against the said demand of Rs. 11.252 million.

## 7.2 Commitments

There are no commitments at the balance sheet date (2016: Nil).

	<b>Un-audited 30 September 2016</b>	Un-audited 30 September 2015 (Restated)
	(-----Rupees-----)	
<b>8 Cost of sales</b>		
Raw material and stores consumed	2,473,004	63,133,812
Salaries, wages and other benefits	10,150,708	10,864,817
Depreciation	1,688,750	3,327,891
Ijarah Rentals	7,543,435	3,608,712
Fuel and power	5,313,694	5,220,370
Repair and maintenance	120,370	779,771
Site preparation and sample testing	27,375	89,700
Fleet outsourcing charges	11,213,154	-
Equipment hiring charges	4,419,411	4,224,078
Land rent	774,999	1,373,949
Carriage and freight	-	10,184,946
Insurance expenses	962,859	408,086
	<u>44,687,759</u>	<u>103,216,132</u>

## 9 TRANSACTIONS WITH RELATED PARTIES

### 9.1 Associated Companies:

Javedan Corporation Limited:		
Sale of goods	18,407,259	4,637,153
Power Cement Limited:		
Purchase of goods	54,233,000	13,178,298

	<b>Un-audited 30 September 2016</b>	Audited 30 June 2016
	(-----Rupees-----)	
<b>9.2 Balances with related parties</b>		
Receivable from Javedan Corporation Limited	12,554,566	17,660,637
Payable to Power Cement Limited	39,484,000	2,601,474

	Un-audited 30 September 2016	Un-audited 30 September 2015 (Restated)
	(-----Rupees-----)	
<b>10 Cash outflow from operating activities</b>		
Profit before taxation	974,623	4,967,597
Adjustments of items not involving movement of cash:		
Depreciation	1,845,968	3,504,580
Interest income	(173,301)	(79,767)
Provision for gratuity	359,947	281,512
Amortization of deferred income	(840,000)	-
Finance cost	1,776,658	1,421,619
	<u>2,969,272</u>	<u>5,127,944</u>
<b>Operating profit before working capital changes</b>	<b>3,943,895</b>	<b>10,095,541</b>
<b>Adjustments for working capital items:</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spare	854,586	(984,371)
Stock in trade	(813,872)	6,090,906
Trade debts	(37,154,450)	(6,099,803)
Advances, prepayments and other receivables	(1,592,787)	(3,632,205)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	33,014,134	(4,309,677)
	<u>(5,692,389)</u>	<u>(8,935,150)</u>
<b>Cash outflow from operating activities</b>	<b>(1,748,494)</b>	<b>1,160,391</b>

	Un-audited 30 September 2016	Un-audited 30 September 2015
	(-----Rupees-----)	
<b>11 Cash and cash equivalents</b>		
Cash and bank balances	<u>2,833,130</u>	<u>7,637,998</u>
	<u>2,833,130</u>	<u>7,637,998</u>

**12 Date of authorization for issue**

The financial information were authorized for issue on October 27, 2016 by the board of directors of the Company.

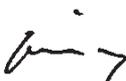
**13 Corresponding figures**

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison.

**14 General**

The figures have been rounded off to nearest rupee.

  
\_\_\_\_\_  
CEO

  
\_\_\_\_\_  
Director

## اندازے مستقبل

کمپنی نے سپردگی کی ترسیل کو بڑھانی پر غور کیا ہے۔ یہ ناصرف پلانٹ کے استعمال کو بڑھائی گی بلکہ وقت پر کنکریٹ کے اختلاط کی سپردگی معماروں کے حوالے میں بھی کارآمد ثابت ہوگی۔ کمپنی باحوصلہ ہے نئی مارکیٹنگ کی حکمت عملی کو اپنانے کیلئے تاکہ مارکیٹ میں مزید جگہ بنا سکے۔ مارکیٹ کی حالت دن بہ دن بہتر ہو رہی ہے۔

پاکستان میں حفاظتی اقدامات اور حالات میں بہتری کے پیش نظر اور مستحکم شرح سود کے باعث تعمیری نظام میں اضافہ ہوا ہے۔ مالیاتی خطرات کے پیش نظر انتظامیہ نے اپنے مخصوص گاہک کو خدمات پیش کرنے کی پالیسی اپنائی ہے قرضے کی شرائط کے مطابق اسی وجہ سے انتظامیہ کی پیش گوئی کے مطابق کوئی بہت ضروری تبدیلی نتیجوں میں نہیں دکھ رہی۔

### اعتراف:

کمپنی کی انتظامیہ تمام مالی انسٹی ٹیوٹ، گاہکوں اور عملے کے تمام رکن کے شکر گزار ہیں جو کہ اس کمپنی سے وابستہ ہیں، ان کی تعاون اور حمایت کے ہم نہایت مشکور ہیں۔ اسکے علاوہ ہم SECP اور PSX کی انتظامیہ کی مسلسل رہنمائی اور تعاون کا بھی شکر یہ ادا کرنا چاہیں گے۔

بورڈ کی جانب سے

کاشف حبیب

چیف ایگزیکٹو آفیسر

## ڈائریکٹرز کا تجزیہ

سیف مکس کنکریٹ لمیٹڈ کے ڈائریکٹرز کے بورڈ اجلاس منجمد کی جانب سے تفصیلی مالی معلومات برائے پہلی سہ ماہی ۳۰ ستمبر ۲۰۱۶

### مجموعی جائزہ

سہ ماہی کے تجزیے کے دوران کمپنی نے 1,028 ملین روپے کا منافع حاصل کیا۔ اس کے علاوہ مقدار کی فروخت میں 36% کا اضافہ ہوا ہے جبکہ اسی دوران پچھلے سال کی مناسبت سے آمدنی میں 57% کمی ہوئی ہے۔

آمدنی میں کمی کی وجہ نیٹ کیش فلو سے منسوب ہے جبکہ کمپنی نے اپنے گراہک کو خام مال لینے میں قائل کیا ہے جسکی وجہ سے کل فروخت کی رقم میں کمی آئی ہے۔

### نتیجہ آپریشن

سہ ماہی	سہ ماہی	
۳۰ ستمبر	۳۰ ستمبر	
۲۰۱۵	۲۰۱۶	
(بہال)		
4,967,597	974,623	منافع ٹیکسیشن سے پہلے
(1,732,017)	52,886	ٹیکسیشن
<u>3,235,580</u>	<u>1,027,509</u>	منافع ٹیکسیشن کے بعد

### فی شیئر آمدنی

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