



Quarterly Report

September 30, 2018

CONTENTS

Company Information	02
Directors' Review Report	03
Condensed Interim Balance Sheet (Un-audited)	04
Condensed Interim Profit and Loss Account (Un-audited)	05
Condensed Interim Statement of Comprehensive Income (Un-audited)	06
Condensed Interim Statement of Cash Flows (Un-audited)	07
Condensed Interim Statement of Changes in Equity (Un-audited)	08
Condensed Interim Notes to the Financial Information (Un-audited)	09
Directors' Review Report (URDU)	14
Jama Punji	15

Company Information

Board of Directors

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

Audit Committee

Mr. Samad Habib
Syed Najamuddujah Jaffri

Human Resources & Remuneration Committee

Mr. Kashif Habib
Syed Najamuddujah Jaffri

Chief Financial Officer

Mr. Bilal Yasin

Company Secretary

Mr. Bilal Yasin

Auditors

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisor

Advocate Ahsan-ul-haq
Advocates and Corporate council

Bankers and Financial institutions

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

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

Shares Registrar

THK Associates (Private) Limited
1st Floor, 40-C, Block 6, PECHS, Karachi.

Directors' Review

The Board of Directors of Safe Mix Concrete Limited present herewith condensed financial information for the first quarter ended 30th September 2018.

Over view

During the quarter under review, due to ban on high-rise building, the sales from commercial operations reduced considerably. However, revenue from supplies to specific private sector development projects provided much needed support to the company. As a result, the Company earned a Profit After Tax (PAT) of Rs 4.506 million as compared to Loss After Tax (LAT) of Rs. (7.693).

Operating results

	Quarter Ended September 30	
	2018	2017
Profit / (Loss) before taxation	6,385,504	(7,047,567)
Taxation	(1,879,147)	(646,204)
Profit / (Loss) after taxation	4,506,357	(7,693,771)

Earnings per share

Earnings per share for the first quarter ended amounted to Rs. 0.18 per share as compared to loss per share for the corresponding period of the last year of Rs. (0.31) per share.

Future Outlook

The Company is determined to adopt new marketing strategies to capture the market of ready-mix services. Further the company is focusing on investing in exclusive supply contracts of specific private sector development projects. Currently, due to the Honorable Supreme Court's ban on new construction of high-rise buildings, the demand of ready-mix concrete is on slower side.

Acknowledgement

The management of the Company would like to thank all the shareholders, 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 30, 2018

Safe Mix Concrete Limited
Condensed Interim Balance Sheet (Un-audited)
As at September 30, 2018

		Un-audited 30 September 2018	Audited 30 June 2018
ASSETS	Note		
Non - current assets			
Property, plant and equipment	5	257,001,277	258,357,963
Long term deposits		34,709,630	34,078,430
Deferred tax asset		44,524,532	43,306,892
		336,235,439	335,743,285
Current assets			
Stores, spare parts and loose tools		5,105,515	5,231,438
Stock in trade		78,869,301	76,725,427
Trade debts		221,325,339	203,430,112
Advances, prepayments and other receivables		86,578,131	84,685,953
Taxation - net of provision		43,310,395	43,320,476
Cash and bank balances		4,791,809	4,371,758
		439,980,490	417,765,164
TOTAL ASSETS		776,215,929	753,508,449
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
35,000,000 ordinary shares of Rs 10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital		250,000,000	250,000,000
Share premium		14,728,576	14,728,576
Accumulated loss		(19,165,825)	(23,672,182)
		245,562,751	241,056,394
LIABILITIES			
Non - current liabilities			
Long term financing - secured	6	43,574,288	49,925,874
Staff retirement benefits		8,020,856	7,687,190
Deferred income		3,640,000	4,480,000
		55,235,144	62,093,064
Current liabilities			
Trade and other payables		371,534,425	365,384,070
Current portion of deferred income		3,360,000	3,360,000
Current portion of long term financing	6	24,962,938	20,561,688
Loan from related party		75,000,000	60,000,000
Accrued markup		560,671	1,053,233
		475,418,034	450,358,991
TOTAL EQUITY AND LIABILITIES		776,215,929	753,508,449
Contingencies and commitments	7		


The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



KASHIF HABIB
Chief Executive Officer



S.N. JAFFRI
Director



BILAL YASIN
Chief Finance Officer

Safe Mix Concrete Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the quarter ended September 30, 2018

	Note	Quarter ended 30 September 2018	Quarter ended 30 September 2017
		Rupees	
Revenue		247,742,941	44,742,007
Cost of sales	8	<u>(231,846,133)</u>	<u>(42,478,525)</u>
Gross profit		15,896,808	2,263,482
Selling and distribution expenses		(1,563,361)	(910,150)
Administrative expenses		<u>(6,860,855)</u>	<u>(7,127,754)</u>
Operating profit / (loss)		7,472,592	(5,774,422)
Finance cost		(3,007,589)	(2,151,466)
Other operating income		<u>1,920,501</u>	<u>878,321</u>
Profit / (loss) before taxation		6,385,504	(7,047,567)
Provision for taxation		(1,879,147)	(646,204)
Profit / (loss) after taxation		<u>4,506,357</u>	<u>(7,693,771)</u>
Earning / (Loss) per share - basis and diluted		<u>0.18</u>	<u>(0.31)</u>

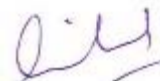
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KASHIF HABIB
Chief Executive Officer



S.N. JAFFRI
Director



BILAL YASIN
Chief Finance Officer

Safe Mix Concrete Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter ended September 30, 2018

	Quarter ended 30 September 2018	Quarter ended 30 September 2017
	Rupees	
Profit / (loss) after taxation	4,506,357	(7,693,771)
Other comprehensive loss - net of tax	-	-
Total comprehensive profit / (loss) for the year	<u>4,506,357</u>	<u>(7,693,771)</u>

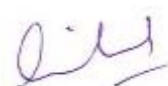
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KASHIF HABIB
Chief Executive Officer



S.N. JAFFRI
Director



BILAL YASIN
Chief Finance Officer

Safe Mix Concrete Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2018

	Quarter ended 30 September 2018	Quarter ended 30 September 2017
Cash flow from operating activities	(Rupees)	
Profit / (Loss) before taxation	6,385,504	(7,047,566)
Adjustments for:		
Depreciation	3,566,211	1,845,968
Gain on sale of fixed assets	(40,892)	-
Provision for staff benefits	434,721	425,000
Amortization of deferred income	(840,000)	(840,000)
Finance cost	3,007,589	2,151,466
	<u>6,127,628</u>	<u>3,582,434</u>
	12,513,132	(3,465,132)
Changes in working capital		
<i>(Increase) / decrease in current assets:</i>		
Stores and spares	125,923	(1,080,847)
Stock in trade	(2,143,874)	(8,095,515)
Trade debts	(17,895,227)	(4,556,266)
Advances, prepayments and other receivables	(1,892,178)	(56,036,053)
	<u>(21,805,356)</u>	<u>(69,768,681)</u>
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	6,150,355	21,845,973
Cash flow from operating activities	<u>(3,141,868)</u>	<u>(51,387,840)</u>
Taxes paid	(3,086,705)	(59,373)
Finance cost paid	(3,500,151)	-
Gratuity paid	(101,059)	(2,192,419)
	<u>(6,687,914)</u>	<u>(2,251,792)</u>
Net cash generated / (used) in operating activities	<u>(9,829,783)</u>	<u>(53,639,632)</u>
Cash flow from investing activities		
Capital expenditure incurred	(2,543,630)	(1,371,469)
Proceeds from sale of fixed assets	375,000	-
Long term deposits paid	(631,200)	-
Net cash used in investing activities	<u>(2,799,830)</u>	<u>(1,371,469)</u>
Cash flow from financing activities		
long term financing	(1,950,336)	-
loan from related party	15,000,000	39,060,203
Net cash generated from financing activities	<u>13,049,664</u>	<u>39,060,203</u>
Net (decrease) / increase in cash and cash equivalents	<u>420,051</u>	<u>(15,950,898)</u>
Cash and cash equivalents at beginning of the year	<u>4,371,758</u>	<u>16,845,989</u>
Cash and cash equivalents at end of the year	<u><u>4,791,809</u></u>	<u><u>895,091</u></u>

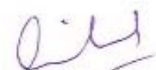
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KASHIF HABIB
Chief Executive Officer



S.N. JAFFRI
Director



BILAL YASIN
Chief Finance Officer

Safe Mix Concrete Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the quarter ended September 30, 2018

	Issued, subscribed and paid up capital	Share premium reserve	Accumulated (loss) / profit	Total
	-----Rupees-----			
Balance as at June 30, 2017	250,000,000	14,728,576	(26,034,366)	238,694,210
Total comprehensive income for the quarter ended September 30, 2017	-	-	(7,693,771)	(7,693,771)
Balance as at September 30, 2017	<u>250,000,000</u>	<u>14,728,576</u>	<u>(33,728,137)</u>	<u>231,000,439</u>
Balance as at July 01, 2018	250,000,000	14,728,576	(23,672,182)	241,056,394
Total comprehensive income for the quarter ended September 30, 2018	-	-	4,506,357	4,506,357
Balance as at September 30, 2018	<u>250,000,000</u>	<u>14,728,576</u>	<u>(19,165,825)</u>	<u>245,562,751</u>

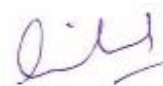
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KASHIF HABIB
Chief Executive Officer



S.N. JAFFRI
Director



BILAL YASIN
Chief Finance Officer

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 the 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 production and 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.

The manufacturing facilities of the company are situated at the following addresses:

- Plot no. 1 - 6, Sector 26, Korangi Industrial Area, Karachi, Pakistan.
- Naya Nazimabad, Karachi.
- Nooriabad Industrial Area, Kalo Kohar Distt. Jamshoroo, Sindh.

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 2018.

3 USE OF ESTIMATES AND JUDGMENTS

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 values and useful life of property, plant and equipment
- Provision for taxation and deferred tax

4 SUMMARY OF 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, 2018 and stated therein.

		Un-audited 30 September 2018	Audited 30 June 2018	
5	PROPERTY, PLANT AND EQUIPMENT	Note	(Rupees)	
	Operating fixed assets	5	240,297,471	241,654,158
	Capital work in progress - at cost		16,703,806	16,703,805
			<u>257,001,277</u>	<u>258,357,963</u>
5.1	Operating assets - at net book value			
	Opening book value		241,654,158	166,123,278
	Additions during the period		2,543,630	92,831,770
	Disposals during the period - net book value		(334,106)	(3,925,192)
	Depreciation charged during the period		(3,566,211)	(13,375,698)
			<u>240,297,471</u>	<u>241,654,158</u>
	Break-up of additions - at cost			
	Building		291,000	7,316,990
	Plant and machinery		797,130	81,337,074
	Vehicles		1,455,500	851,630
	Furniture and fixtures		-	325,207
	Computers		-	181,769
	Office equipment's		-	2,819,100
			<u>2,543,630</u>	<u>92,831,770</u>
6	LONG TERM FINANCING - SECURED			
	Details of long term financing are as follows:			
	Islamic			
	Diminishing musharka - Bank of Punjab	6.1	32,337,765	35,277,562
	Diminishing musharka - Summit Bank	6.2	35,210,000	35,210,000
	Diminishing musharka - Bank Islami	6.3	989,461	-
	Less: Current portion of long term finance shown under current liabilities		(24,962,938)	(20,561,688)
			<u>43,574,288</u>	<u>49,925,874</u>
6.1	During the financial year 2016, 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) and current assets (including stock) of the Company registered with SECP.			
6.2	During the current year, the Company entered into a diminishing musharka of Rs.35.2 million for plant and machinery with the Summit Bank Limited- Islamic Banking. The arrangement carry profit at the rate of 1 year KIBOR + 3.75% and with monthly rental repayments. The arrangement is for a tenure of three years from the date of disbursement and are structured in such a way first principal repayment installment will commence from the thirteenth installment. Arrangement is secured against exclusive charge of PKR 50.75 million over plant and machinery of the Company located at Nooriabad, registered with SECP.			

- 6.3** During the year, the company entered into a diminishing musharka of Rs.1.4 million for motor vehicles with the Bank Islami Limited. The arrangement carry profit at the rate of KIBOR + 2.5% and with monthly rental repayments. The arrangement is for a tenure of four years from the date of disbursement. Arrangement is secured against the subject motor vehicles.

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 in a tax year is less than minimum tax. Therefore, where there is no tax payable, interalia, 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 around Rs. 24 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.

- 7.1.3** Federal Board of Revenue (FBR) issued a notice to the company for payment of Sales Tax under Sales Tax Act, 1990. The Company filed a petition in Sindh High Court challenging the lawful authority and jurisdiction of FBR on the ground that the Company is engaged in providing service in respect of Ready Mix Concrete and is accordingly registered with Sindh Revenue Board (SRB) and is paying Sales Tax under HS Code No. 9837.0000 to the Second Schedule of 2011 Act. The Sindh High Court granted stay order against the notice issued by FBR.

	Note	Un-audited 30 September 2018	Audited 30 June 2018
7.2 Commitments			(Rupees)
Bank guarantee issued on behalf of the Company	7.2.1	12,000,000	-

- 7.2.1** Guarantee issued in favour of Tianjin Electric Power Company issued by bank on behalf of the Company amounted to Rs. 45 million.

		Un-audited 30 September 2018	Un-audited 30 September 2017
8 COST OF SALES			(Rupees)
Raw material and stores consumed		175,351,246	1,493,566
Salaries, wages and other benefits		21,195,594	8,930,087
Depreciation	5.1	3,209,589	1,688,748
Fuel and power		14,483,319	6,125,359
Fleet outsourcing charges		-	9,691,531
Equipment hiring charges		1,518,960	4,989,686
Ijarah Rentals		6,901,688	7,034,154
Repair and maintenance		6,794,861	313,205
Site preparation and sample testing		317,020	313,280
Land rent		852,501	774,999
Insurance expenses		1,221,354	1,123,910
		231,846,133	42,478,525

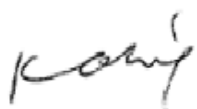
9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties at arm's length basis, unless otherwise disclosed. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions and balances with related parties are as follows:

	Un-audited 30 September 2018	Un-audited 30 September 2017
	(Rupees)	
9.1 Transactions with related parties		
Associated companies:		
<i>Javedan Corporation Limited</i>		
Sale of goods	10,703,185	6,809,563
<i>Power Cement Limited</i>		
Purchase of raw material	92,512,900	50,873,707
Associated Person:		
<i>Mr. Arif Habib</i>		
Loan received during the year	15,000,000	55,000,000
Loan paid during the year	-	15,000,000
	Un-audited 30 September 2018	Audited 30 June 2018
	(Rupees)	
9.2 Balances with related parties		
Amount Payable against purchases	223,888,000	160,645,757
Amount receivable against sales	3,174,350	1,740,389
Loan payable to related party	75,000,000	60,000,000

10 DATE OF AUTHORIZATION FOR ISSUE

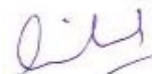
The financial statements were authorized for issue on October 30, 2018 by the Board of Directors of the Company.



KASHIF HABIB
Chief Executive Officer



S.N. JAFFRI
Director



BILAL YASIN
Chief Finance Officer

مستقبل کے امکانات:

کمپنی نئی مارکیٹ حکمت علی کو اختیار کرنے کی منصوبہ بندی کر رہے ہیں۔ تاکہ کنکریٹ مکس کی مانگ تک رسائی حاصل کی جاسکے۔ مزید یہ کہ کمپنی مخصوص پرائیویٹ سیکٹر کے ترقیاتی منصوبوں کے حامل منفرد سپلائی کنکریٹ پر سرمایہ لگانے پر توجہ دے رہی ہے۔ حالیہ سپریم کورٹ کی اونچی عمارتوں کی تعمیر پر پابندی کے باعث ریڈی مکس کنکریٹ کی مانگ میں کمی واقع ہوئی ہے۔

اعتراف:

کمپنی کی انتظامیہ تمام شیئر ہولڈرز، مالیاتی اداروں، صارفین، فرد، اور اسٹاف اراکین کا شکریہ ادا کرنا چاہے گی جو اپنی حمایت اور تعاون کیلئے کمپنی سے منسلک رہے۔ مزید یہ کہ، ہم SEC اور PSX کی انتظامیہ کا ان کی مسلسل حمایت اور رہنمائی کیلئے بھی شکریہ ادا کرنا چاہیں گے۔

برائے ومنجانب بورڈ

کاشف حبیب

کاشف حبیب

چیف ایگزیکٹو آفیسر

کراچی: ۳۰ اکتوبر ۲۰۱۸

ڈائریکٹر کا جائزہ

سیف مکس کنکریٹ لمیٹڈ کے ڈائریکٹرز کے بورڈ اجلاس منجمد کی جانب سے تفصیلی مالی معلومات برائے پہلی سہ ماہی ۳۰ ستمبر ۲۰۱۸

مجموعی جائزہ:

زیر جائزہ سہ ماہی مدت کے دوران اونچی عمارتوں پر پابند کے باعث تجارتی کاموں کے فروغ میں کافی کمی تھی تاہم آمدنی کی فراہمی کے لئے خصوصی نجی شعبوں کے ترقیاتی منصوبوں نے کمپنی کو بہت ضروری مدد فراہم کی۔ جس کے نتیجے میں کمپنی نے بعد از ٹیکس 4.506 ملین کا فائدہ ہوا جو گذشتہ سہ ماہی ۳۰ ستمبر ۲۰۱۷ کو (ملین 7.693) نقصان ہوا تھا۔

نتائج عمل کاری:

سہ ماہی	سہ ماہی	
۳۰ ستمبر ۲۰۱۷	۳۰ ستمبر ۲۰۱۸	
(7,047,567)	6,385,504	منافع / (نقصان) قبل از ٹیکس
<u>(646,204)</u>	<u>(1,879,147)</u>	ٹیکس
<u><u>(7,693,771)</u></u>	<u><u>4,506,357</u></u>	منافع / (نقصان) بعد از ٹیکس
		فی شیئر آمدنی:








منافع فی شیئر پہلی سہ ماہی Rs. 0.18 پر شیئر ہوا۔ جبکہ مواز کے مطابق فی شیئر نقصان گذشتہ سال اسی مدت کے دوران (0.31) Rs. پر شیئر تھا۔










**Be aware, Be alert,
Be safe**

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