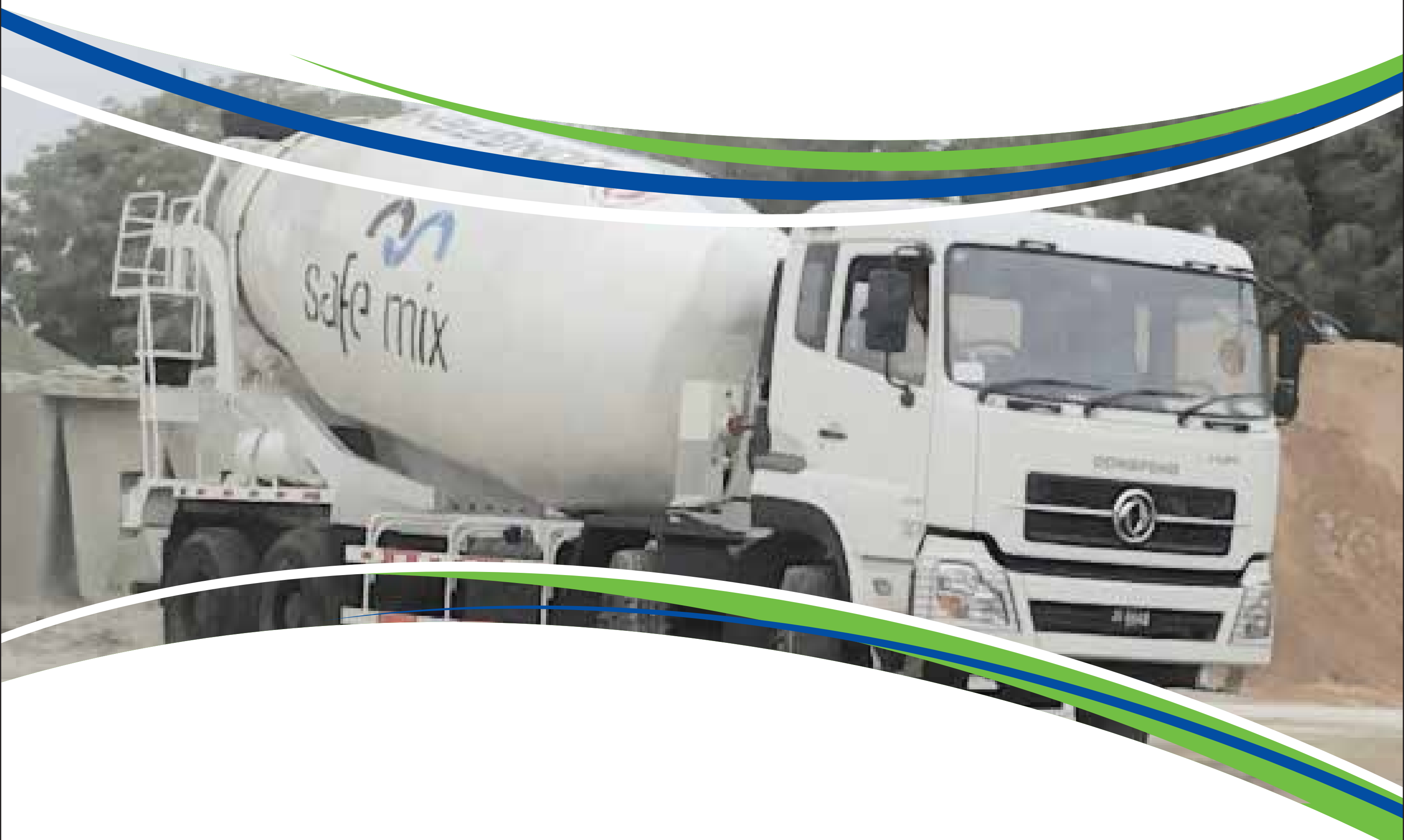
safe mix
Concrete Limited



2018
Annual Report

Vision Statement

Our Vision is to be Pakistan's Largest ready mix concrete services company, signing under the prominent projects for tomorrow's world of business, harmonizing, innovative and progressive technology with the Company's experience and excellence in the quality of work.

Mission Statement

Safe Mix once a dream has shaped into reality, through conviction and untiring efforts to see it grow into a corporate company with one of the principal market clientele.

The aim of the company is to establish a platform for the transfer of foreign technology with forming the basis for further development in Pakistan.

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CONTENTS

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
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.

Notice of Annual General Meeting

Notice is hereby given that the Thirteenth Annual General Meeting of the members of Safe Mix Concrete Limited will be held at Beach Luxury Hotel, Karachi on Friday, 26th October 2018 at 06:30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Annual General Meeting held on October 25, 2017.

2. To receive, consider and adopt the Audited Financial statements of the Company for the year ended 30th June 2018 together with the Directors' and Auditors' reports thereon.

3. To appoint Auditors for the financial year ending June 30, 2019 and to fix their remuneration. The present Auditors, Messrs Naveed Zafar Ashaq Jaffery & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

4. To consider any other business with the permission of the Chair.

Karachi, October 05, 2018

By order of the Board
Bilal Yasin
Company Secretary

Notes:

1. Share transfer books of the Company will remain closed from October 20, 2018 to October 26, 2018 (both days inclusive). Transfers received in order at the office of the company's share registrar, M/s THK Associated (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan up to the close of business on October 19, 2018 will be considered in time for determination of entitlement of shareholders to attend and vote at the meeting.

2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxy form is enclosed with the Annual report. A proxy must be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, duly stamped, signed and witnessed, not less than 48 (forty eight) hours before the meeting.

3. Procedure including the guidelines as laid down in Circular No. 1- Reference No. 3(5-A) Misc/ARO/LESf96 dated 2611 January 2000 issued by Securities and Exchange Commission of Pakistan:

a) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.

b) In the case of a corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.

c) In order to be effective, the proxy forms must be received at office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.

b) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

a) In the case of proxy by a corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.

4. Members are request to notify the change in their addresses, if any, immediately to the share registrar of the Company, M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan.

Notice to Shareholders who have not provided their CNIC

The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CN1C) to the Company Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s. THK Associates, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779(1)/2011 dated 18th August 2011, SRO 831 (1)/2012 dated 5' July 2012, SRO 19(1)/2014 dated 10th January 2014 and SRO 275(1)/2016 dated 31st March 2016 which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with aforementioned directives of SECP and therefore will be constrained under the Companies Act, 2017 to with hold dispatch of future dividend warrants, if any, of such shareholders.

Directors' Report

The Board of Directors of Safe Mix Concrete Limited (SMCL) present herewith the Annual Report for the year ended June 30,2018.

Overview

During the year under review, the company's volumetric sales has increased by 26% i.e 33,622 cubic meters (2018: 161,411 cubic meters and 2017: 127,789 cubic meters) as compared to prior year. The company has earned Profit after tax of Rs.2.415 million as against the loss after tax incurred during the year ended 30th June 2017 of Rs. (16.767) million. In order to reduce its distribution cost, the company took serious measures which resulted in efficient utilization of company's fleet.

Operating Results

	Year Ended June 30	
	2018	2017
Profit / (Loss) before taxation	**4,420,640**	(19,756,611)
Taxation	**(2,005,266)**	2,989,030
Profit / (Loss) after taxation	**2,415,374**	(16,767,581)
EPS / (LPS) – Basic and diluted	**0.10**	(0.67)

Accounting Standards

The accounting policies of the Company fully reflects the requirements of the Companies Act 2017 and as such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Act as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Capital Expenditure

The Company incurred a total expenditure of Rs. 90.666 million as addition to Property, Plant & Equipments.

Cash flow Strategy

The Company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis.

Working capital requirements have been planned through internal cash generations and short term borrowings.

Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance established an Audit committee which consists of non-executive directors and following is the composition of the committee:

1.	Mr. Nasim Beg	(Chairman)
2.	Mr. Samad Habib	(Member)
3.	Syed Najamuddujah Jaffri	(Member)

Meetings of the Audit Committee

During the year 2017-18 four meetings of the audit committee were held and the number of meetings attended by each member is given hereunder:

Name of the Directors	Meetings attended
Mr. Nasim Beg	3/4
Mr. Samad Habib	2/4
Syed Najmudujjah Jaffri	4/4

Auditors

The present auditors, M/S. Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2018-2019.

Pattern of Shareholding

Pattern of shareholding whose disclosure is required under the reporting framework is attached to this report.

Director's statement

The directors confirm compliance with Corporate and Financial reporting framework of the SECP Code of Corporate Governance for the following:

- The financial statements Company present a true and fair state of affairs of the Company.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Meetings of the Board of Directors

During the year 2017-18 four meetings of the board were held and the number of meetings attended by each Director is given hereunder:

Name of the Directors	Meetings attended
Mr. Shahid Aziz Siddiqi	4/4
Mr. Nasim Beg	3/4
Mr. Kashif Habib	4/4
Mr. Samad Habib	2/4
Syed Najmuddujah Jaffri	4/4
Mr. Khalil Ahmed	3/4
Syed Muhammad Talha	3/4

Leave of absence was granted to the Directors who could not attend the board meetings.

Statutory Payments

There are no outstanding statutory payment on account of taxes, duties and levies except of normal and routine charges.

Earnings per Share

Earnings per share for the year ended June 30, 2018 is Rs.0.10 as compared to loss per share for the same period of the last year of Rs.(0.67).

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 Honourable Supreme Court's ban on new construction of high rise buildings, the demand of ready mix concrete is on slower side.

Acknowledgement

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every member of the Company in areas of expertise. We would also like to express our thanks to the customers for their trust in our products and look forward to their continued patronage. We also thank our shareholders, banks and financial institutions for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the coming years. 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

Karachi: September 28, 2018

Kashif Habib
Chief Executive Officer

KEY OPERATIONAL & FINANCIAL DATA

	2018	2017	2016	2015	2014	2013
	-- (Rupees) --					
Revene	590,070,371	197,858,437	304,467,342	690,183,505	506,199,046	646,488,473
Cost of sales	(551,690,674)	(190,969,639)	(281,687,468)	(628,727,921)	(469,813,447)	(606,656,918)
Gross Profit	38,379,697	6,888,798	22,779,874	61,455,584	36,385,599	39,831,555
Selling and administrative expenses	(33,581,397)	(28,467,849)	(25,056,498)	(32,345,513)	(25,026,483)	(28,483,362)
Provision for doubful debts	-	-	(61,440,920)	-	-	-
Finance cost	(11,278,697)	(9,524,898)	(6,721,723)	(7,620,577)	(7,358,526)	(9,403,233)
Profit / (Loss) before tax	4,420,639	(19,756,611)	(54,897,677)	30,146,264	8,031,425	7,887,447
Profit / (Loss) after tax	2,415,373	(16,767,581)	(37,250,757)	22,262,785	13,546,182	15,225,877
Paid up Capital	250,000,000	250,000,000	250,000,000	250,000,000	200,000,000	200,000,000
Total Assets	753,508,449	503,902,449	453,987,266	458,307,524	387,934,327	346,208,180
Total Liabilities	512,452,055	265,208,239	197,546,247	160,180,512	162,070,100	133,890,135

Pattern of Shareholding
As on 30/06/2018

No. of Shareholders	<--Having Shares--> From	To	Shares held	Percentage
176	1	100	1,788	0.01%
292	101	500	142,567	0.57%
169	501	1,000	164,821	0.66%
253	1,001	5,000	750,047	3.00%
80	5,001	10,000	668,994	2.68%
22	10,001	15,000	298,500	1.19%
29	15,001	20,000	552,485	2.21%
17	20,001	25,000	405,500	1.62%
14	25,001	30,000	402,914	1.61%
2	35,001	40,000	77,000	0.31%
1	40,001	45,000	44,500	0.18%
8	45,001	50,000	393,500	1.57%
3	50,001	55,000	161,000	0.64%
1	60,001	65,000	63,000	0.25%
1	65,001	70,000	67,000	0.27%
1	70,001	75,000	75,000	0.30%
2	80,001	85,000	169,500	0.68%
1	85,001	90,000	90,000	0.36%
2	95,001	100,000	200,000	0.80%
2	105,001	110,000	215,423	0.86%
1	145,001	150,000	149,000	0.60%
3	195,001	200,000	595,000	2.38%
1	200,001	205,000	204,000	0.82%
1	220,001	225,000	225,000	0.90%
1	240,001	245,000	245,000	0.98%
1	245,001	250,000	249,000	1.00%
1	260,001	265,000	263,500	1.05%
1	360,001	365,000	361,000	1.44%
1	380,001	385,000	382,000	1.53%
1	395,001	400,000	398,500	1.59%
1	460,001	465,000	464,589	1.86%
1	1,145,001	1,150,000	1,146,042	4.58%
1	2,205,001	2,210,000	2,210,000	8.84%
1	2,850,001	2,855,000	2,854,500	11.42%
1	2,875,001	2,880,000	2,879,002	11.52%
1	7,430,001	7,435,000	7,430,328	29.72%
1094			**25,000,000**	**100%**

Category of shareholders

As on 30/06/2018

PARTICULARS	NO. OF FOLIO	NO.OF SHARES	PERCENTAGE
Directors, Sponsors & Childern	7	4,027,544	16.11%
Associated Companies	2	7,441,828	29.77%
Corporate Share Holders	15	10,687,091	42.75%
General Public	1070	2,843,537	11.37%
Total	**1094**	**25,000,000**	**100.00%**

List of Shareholders holding 5 % And Above Shares

As on 30/06/2018

NAME	NO.OF SHARES	PERCENTAGE
Arif Habib Limited	7,430,328	29.72%
Arif Habib	2,854,500	11.42%
Abdus Samad	2,879,002	11.52%
DJM Securities (Private) Limited	2,210,000	8.84%
Total	**15,373,830**	**61.50%**

Statement of Compliance with the Code of Corporate Governance

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven as per the following:
   a. Male : Seven (7)
   b. Female: -
2. The Composition of the Board is as follows:

CATEGORY	NAMES
Independent Director	1) Mr. Shahid Aziz Siddiqi, 2) Mr. Khalil Ahmed and 3) Syed Najmuddujah Jaffri
Non-Executive Directors	4) Mr. Nasim Beg, 5) Mr. Samad Habib 6) Syed Najmuddujah Jaffri and 7) Syed Muhammad Talha
Executive Director	8) Mr. Kashif Habib

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including Safe Mix Concrete Limited.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remunerations of directors in accordance with the Act and these Regulations.
9. None of the Directors has attended the Director's Training program during the year, however, the condition of training certification for the director's shall be complied with in due course.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

*Mr. Bilal Yasin has been appointed as Chief Financial Officer (CFO) on April 25, 2018 in place of Syed Muhammad Talha.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The Board has formed committees comprising of members given below.

Name of Committee	Name of Members and Chairman
Audit Committee	1) Mr. Nasim Beg (Director) – Chairman 2) Mr. Samad Habib(Director)– Member 3) Mr. Syed Najmuddujah Jaffri (Independent Director) -Member
Human Resource and Remuneration Committee	1) Mr. Samad Habib (Director) – Chairman 2) Mr. Kashif Habib (Chief Executive Officer) – Member 3) Mr. Syed Najmuddujah Jaffri (Independent Director) -Member

13. The terms and reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings quarterly of the committee were as following:

a.	Audit Committee	Four Meetings
b.	Human Resource Committee	No meeting held during the year

15. The board has set up an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all of its partners are following International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Chairman **Chief Executive**

Karachi
Dated: September 28, 2018

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Safe Mix Concrete Limited** (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company.

Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Chartered Accountants
Engagement Partner: **Tanveer Afzal Khan**

Karachi :
Dated :

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SAFE MIX CONCRETE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Safe Mix Concrete Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

S. No	Key audit matter(s)	How the matter was addressed in our audit
01	**New requirements under the Companies Act, 2017 (Refer note3.1)** The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements which replaced previously applicable fourth schedule to the repealed Companies Ordinance 1984. The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company. In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.	We have reviewed the requirements of the Fourth schedule to the Act and carried out the relevant audit procedures to ensure that the financial statements were prepared in accordance with new requirements: • As part of transition to new requirements, the management performed a gap analysis to identify additional requirements of disclosure for the current financial reporting framework. We reviewed the management's process to identify the necessary amendments required in the Company's financial statements;

		• We evaluated the results of management's analysis and key decisions taken in respect of the transition,; and • We assessed the adequacy and appropriateness of the additional disclosures made in the annexed financial statements based on the new requirements.
02	**Review of recoverability of deferred tax asset (Refer note 7)** Under International Accounting Standard 12, Income Taxes, the Company is required to review recoverability of the deferred tax assets recognised in the statement of financial position at each reporting period. Recognition of deferred tax asset position involved managements' estimate of the future available taxable profits of the Company and there is an inherent uncertainty in such estimation in relation to the future cash flows and timing of reversals of un-used tax losses to determine whether or not the availability of future profits against which tax deductions represented by the deferred tax assets would be adjusted. As at June 30, 2018, the Company carries a net deferred tax asset of Rs 43.31 million in its statement of financial position. We considered this as a key audit matter owing to its significant value and estimation uncertainty of the assumptions used by management about future profitability.	Our audit procedures in relation to this matter included: • We evaluated the appropriateness of amounts of un-used tax losses, tax credit on investments and minimum tax against which deferred tax assets were recognised; • We assessed the reasonableness of management's projections with underlying assumptions including growth rate, future revenue and costs, comparing the assumptions to, historical results and considering other relevant information to assess whether the deferred tax asset would be adjusted against future taxable profits as per the management projections; • We tested mathematical accuracy of projections along with use of appropriate tax rate on temporary differences; • We assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures
03	**Valuation of Trade Debts** **Refer notes 9 to the financial Statement** As at 30 June 2018, the Company's gross trade debtors was Rs.264.9 million against which allowances for doubtful debts of Rs. 61.4 million were recorded. We identified the recoverability of trade debtors as a key audit matter because estimating the recoverable amount involves inherent uncertainty and significant management judgment.	Our audit procedures to assess the valuation of trade debts, amongst others, included the following: • obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts; • assessing, on a sample basis, whether items in the trade debtors' aging report were classified within the appropriate aging bracket by comparing individual items in the report with underlying documentation; • assessing the assumptions and estimates made by the management for the provision for doubtful debts; • comparing, on a sample basis, cash receipts from • assessing the historical accuracy of management's process for making allowances for doubtful debts by examining the utilization or release of allowances recorded as at June 30, 2017 and new allowances made in the current year in respect of trade debtors as at June 30, 2018.

04	**Valuation of Stock-in-trade** **Refer notes 4.3 and 8 to the financial statements.** Inventory forms a significant part of the Company's assets. During the year 48% of raw materials were purchased by the Company from arelated party. We identified the valuation of stock in trade as key audit matter as it directly affects the profitability ofthe Company.	Our audit procedures to assess the valuation of stock-in-trade,amongst others, included the following: • obtaining an understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation and operating effectiveness; • comparing on a sample basis specific purchases (including those from related party) with underlying supporting documents / agreements, if any; • comparing calculations of the allocation of directly attributable costs with the underlying supporting documents; • obtaining an understanding of management's determination of net realizable value (NRV) and the key estimates adopted ,including future selling prices, future costs to complete work-in-process and costs necessary to make the sales and their basis; and • comparing the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.
05	**Tax Contingencies** As disclosed in note 19 to the accompanying financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. The tax contingencies requires the management to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies.Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimatesin relation to such contingencies may be complex and can significantly impact the financial statements Due to the uncertainty involved in the outcome of this case we have identified this as key audit matter.	Our audit procedures in relation to this matter included: • Our key audit procedures in this area included, amongst others,a review of the correspondence of the management of company's with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities. • Obtained and reviewed details of the significant pending legal case and discussed the same with Company's management; • Circulated confirmations to the company's external legal for their views on open tax matters ; • Reviewed correspondence of the company with the relevant authorities ; • Evaluated rationale provided by the company and opinion of the external legal counsel Reviewed the disclosures made in the financial statements in respect of such contingencies

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information,we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

d) In our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Tanveer Afzal Khan - FCA**

Chartered Accountants

Karachi:
Date :

STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

	Note	2018	2017
		(Rupees)	
ASSETS			
Non - current assets			
Property, plant and equipment	5	**258,357,963**	172,125,889
Long term deposits	6	**34,078,430**	31,539,270
Deferred taxation	7	**43,306,892**	34,731,372
		335,743,285	238,396,531
Current assets			
Stores, spare and loose tools		**5,231,438**	7,162,780
Stock in trade	8	**76,725,427**	27,605,363
Trade debts	9	**203,430,112**	104,016,270
Advances, prepayments and other receivables	10	**84,685,953**	64,009,740
Taxation - net of provision	11	**43,320,476**	45,865,776
Cash and bank balances	12	**4,371,758**	16,845,989
		417,765,164	265,505,918
Total assets		**753,508,449**	503,902,449
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	13	**250,000,000**	250,000,000
Share premium		**14,728,576**	14,728,576
Accumulated loss		**(23,672,182)**	(26,034,366)
		241,056,394	238,694,210
Liabilities			
Non - current liabilities			
Long term financing - secured	14	**49,925,874**	35,277,562
Staff retirement benefits	15	**7,687,190**	6,858,140
Deferred income	16	**4,480,000**	7,840,000
		62,093,064	49,975,702
Current liabilities			
Trade and other payables	17	**365,384,070**	179,760,043
Current portion of deferred income	16	**3,360,000**	3,360,000
Current portion of long term financing	14	**20,561,688**	11,759,188
Loan from related party	18	**60,000,000**	20,000,000
Accrued markup		**1,053,233**	353,306
		450,358,991	215,232,537
TOTAL EQUITY AND LIABILITIES		**753,508,449**	503,902,449
Contingencies and commitments	19		

The annexed notes from 1 to 39 form an integral part of these financial statements.

CEO	**CFO**	**Director**

STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees)	
Revenue	20	**590,070,371**	197,858,437
Cost of sales	21	**(551,690,674)**	(190,969,639)
Gross profit		**38,379,697**	6,888,798
Selling and distribution expenses	22	**(4,543,854)**	(3,913,148)
Administrative expenses	23	**(29,037,543)**	(24,554,701)
Operating profit / (Loss)		**4,798,300**	(21,579,051)
Finance cost	24	**(11,278,698)**	(9,524,898)
Other operating expense	25	**(713,407)**	(987,378)
Other operating income	26	**11,614,445**	12,334,716
Profit / (Loss) before taxation		**4,420,640**	(19,756,611)
Provision for taxation	27	**(2,005,266)**	2,989,030
Profit / (Loss) after taxation		**2,415,374**	(16,767,581)
Earning / (Loss) per share - basis and diluted	**37**	**0.10**	(0.67)

The annexed notes from 1 to 39 form an integral part of these financial statements.

CEO CFO Director

STATEMENT OF COMPREHENSIVE INCOME
For the year ended June 30, 2018

	2018	2017
	(Rupees)	
Profit / (Loss) after taxation	**2,415,374**	(16,767,581)
Other comprehensive income / (loss) for the year		
Items that will never be reclassified to profit and loss account		
Remeasurements of defined benefit liability	**(74,915)**	(1,398,897)
Tax thereon	**21,725**	419,669
Other comprehensive loss - net of tax	**(53,190)**	(979,228)
Total comprehensive income / (loss) for the year	**2,362,184**	(17,746,809)

The annexed notes from 1 to 39 form an integral part of these financial statements.

CEO CFO Director

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees)	
Cash flow from operating activities			
Profit / (Loss) before taxation		**4,420,640**	(19,756,611)
Adjustments for:			
Depreciation		**13,375,698**	10,236,710
Loss on sale of fixed assets		**487,767**	987,378
Provision for staff benefits		**1,801,984**	1,451,492
Amortization of deferred income		**(3,360,000)**	(3,360,000)
Finance cost		**11,278,698**	9,524,898
		23,584,147	18,840,478
		28,004,787	(916,133)
Changes in working capital			
(Increase) / decrease in current assets:			
Stores and spares		**1,931,343**	(693,636)
Stock in trade		**(49,120,064)**	(1,899,020)
Trade debts		**(99,413,842)**	(10,478,016)
Advances, prepayments and other receivables		**(20,676,213)**	(15,654,636)
		(167,278,776)	(28,725,308)
Increase / (decrease) in current liabilities:			
Trade and other payables		**185,624,027**	50,487,975
Cash flow from operating activities		**46,350,036**	20,846,535
Taxes paid		**(8,013,761)**	(12,810,876)
Finance cost paid		**(10,578,771)**	(9,171,593)
Gratuity paid		**(1,047,849)**	(2,669,677)
		(19,640,381)	(24,652,146)
Net cash generated / (used) in operating activities		**26,709,655**	(3,805,612)
Cash flow from investing activities			
Capital expenditure incurred		**(103,533,538)**	(11,175,385)
Proceeds from sale of fixed assets		**3,438,000**	2,000,000
Long term deposits paid		**(2,539,160)**	(19,420)
Net cash used in / generated from investing activities		**(102,634,698)**	(9,194,805)
Cash flow from financing activities			
long term financing		**23,450,812**	-
Loan from related party		**40,000,000**	20,000,000
Net cash generated from financing activities		**63,450,812**	20,000,000
Net (decrease) / increase in cash and cash equivalents		**(12,474,231)**	6,999,583
Cash and cash equivalents at beginning of the year		**16,845,989**	9,846,405
Cash and cash equivalents at end of the year		**4,371,758**	16,845,989

The annexed notes from 1 to 39 form an integral part of these financial statements.

CEO **CFO** **Director**

STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2018

	Issued, subscribed and paid-up capital	Share premium reserve	Accumulated profit / (loss)	Total
	(Rupees)			
Balance as at July 01, 2016	250,000,000	14,728,576	(8,287,557)	256,441,019
Total comprehensive loss for the year ended June 30, 2017	-	-	(17,746,809)	(17,746,809)
Balance as at June 30, 2017	**250,000,000**	**14,728,576**	**(26,034,366)**	**238,694,210**
Total comprehensive income for the year ended June 30, 2018	-	-	2,362,184	2,362,184
Balance as at June 30, 2018	**250,000,000**	**14,728,576**	**(23,672,182)**	**241,056,394**

The annexed notes from 1 to 39 form an integral part of these financial statements.

CEO CFO Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

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 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITIONS AND PERFORMANCE

The company has expanded its manufacturing facilities by addition of concrete batching plant installation at Nooriabad. The company has incurred capital expenditure amounting to Rs. 80.986 million in aggregate. The production facility commenced production during the year ended 30 June 2018. The company has financed the expansion through long term loan from Islamic window of commercial bank.

Due to the first time application of financial reporting requirements under the Companies Act, 2017 (the Act) including disclosure and presentation requirements of the fourth schedule of the Act, some of the amounts reported for the previous period have been reclassified as detailed in note 38 to these financial statements.

For detailed discussion about the Company's performance please refer to the Directors' report accompanied in the annual report of the Company for the year ended 30 June 2018.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act 2017 differ from IFRS Standards, the provisions of and directives issued under the Companies Act 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except otherwise disclosed.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency and has been rounded to the nearest rupee.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates and assumptions with a significant risk of material adjustment in the future periods are included in following notes:

- Residual values and useful life of property, plant and equipment (note 4.1)
- Provision for taxation and deferred tax (note 4.9)
- Inventories including stores, spares and loose tools (note 4.3)
- Trade Debts (note 4.4)
- Staff retirement benefits (note 4.15)
- Impairment (note 4.2)
- Provision (note 4.11)

3.5 Amendments / interpretations to existing standards and forthcoming requirements

Standards, amendments or interpretations which became effective during the year

- 'IAS 7, 'Statement of Cash Flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. In the first year of adoption, comparative information need not be provided, The relevant disclosure have been made in these financial statements.

- The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes also include change in respect of recognition criteria of revaluation of operating fixed assets as more fully explained in note 5, change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the elimination of duplicative disclosures with the IFRS disclosure requirements and incorporation of significant additional disclosures which have been included in these financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

Standards or interpretations		Effective Date (Annual period beginning on or after)
IFRS 2 -	Classification and measurement of share based payment transactions (Amendments)	**January 1, 2018**
IAS 40 -	Investment property: Transfers of investment property (Amendments)	**January 1, 2018**
IAS 28 -	Investments in Associates and Joint Ventures (Amendments)	**January 1, 2018**
IFRIC 22 -	Foreign currency transactions and advance consideration	**January 1, 2018**
IFRIC 23 -	Uncertainty over income tax treatments	**January 1, 2019**
IFRS 15 -	Revenue from Contracts with Customers	**July 1, 2018**
IFRS 9 -	Financial instruments (Amendment)	**July 1, 2018**
IFRS 16 -	Leases	**January 1, 2019**
IAS 19 -	Employees Benefits-Plan Amendment, Curtailment or Settlement (Amendment)	**January 1, 2019**

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

IFRS 3 “Business Combinations” and IFRS 11 “Joint Arrangement” - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company’s financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

Owned

Operating fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on operating fixed assets except for batching plants and concrete pumps included in plant and machinery is charged on reducing balance method whereby the cost of an asset is written off over its estimated useful life at the rates given in note 5.1. Batching plants and concrete pumps are depreciated on the basis of units produced / transported.

Depreciation is charged from the month in which assets are available for use up to the month before the disposal of asset except batching plants and concrete pumps.

Depreciation methods, residual values and the useful lives of the assets are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss as and when incurred.

Assets acquired under Ijarah Arrangements with financial institutions are classified as operating lease under Islamic Financial Accounting Standard (IFAS) No. 2 "Ijarah" was notified by SECP vide S.R.O. 431 (I) / 2007 on 22 May 2007. The said IFAS requires the Ijarah payments under such arrangements to be recognized as an expense over the Ijarah term.

Capital work in progress

Capital work in progress is stated at cost less any accumulated impairment loss.

4.2 Impairment of assets

The Company assesses at each balance sheet date, whether there is any indication that assets may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognized in the profit and loss account. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years. A reversal of the impairment loss is recognized in the profit and loss account.

4.3 Inventories including stores, spares and loose tools

These are valued at the lower of cost and net realizable value. Cost is determined using weighted average method. Cost includes applicable purchase cost plus other directly attributable charges incurred thereon. Write down in inventories is made for slow moving and obsolete items.

4.4 Trade debts

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any. Doubtful debts are estimated on the basis of review of outstanding amounts at the year end. Bad debts are written off when identified.

4.5 Revenue recognition

Revenue is recognised when significant risks and rewards are transferred to the customers, i.e. when dispatch is received and approved by the customer at the project site.

Mark-up income on deposits is recognized on a time proportion basis.

4.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with bank. Bank overdrafts / short term borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of cash flow statement.

4.7 Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item. These financial assets and liabilities are subsequently measured at fair value or amortized cost using the effective interest rate method, as the case may be.

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset.

4.8 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.9 Taxation

Income tax comprises of current and deferred tax. Income tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or below equity, in which case it is recognised in other comprehensive income or below equity respectively.

Current

Provision for current year taxation is based on the taxable income determined in accordance with the prevailing law for taxation at the current rate of tax or one percent of turnover, whichever is higher, after taking into account applicable tax credits, rebates and exemptions available, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is provided using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax loses and tax credits can be utilized. The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.10 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized up to the date of commissioning of the related qualifying asset, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are recognized in profit and loss account in the period in which they are incurred.

4.11 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.13 Dividend and appropriations

Dividend and other appropriations are recognized in the period in which these are declared / approved.

4.14 Mark-up bearing borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit and loss account over the period of borrowings on an effective interest basis.

4.15 Staff retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees. The actuarial valuation is carried out using the Projected Unit Credit Method.

	Note	2018	2017
5 PROPERTY, PLANT AND EQUIPMENT		(Rupees)	
Operating fixed assets	5.1	**241,654,158**	166,123,278
Capital work in progress - at cost	5.2	**16,703,805**	6,002,611
		258,357,963	172,125,889

5.1 **Operating fixed assets**

Particulars	2018 Cost: As at 01 July 2017	Additions	Transfers	Disposals	As at 30 June 2018	Depreciation: As at 01 July 2017	For the year	Transfers	On Disposal	As at 30 June 2018	Net book value as at 30 June 2018	Rate
Building	5,632,056	7,096,890	220,100	-	**12,949,046**	1,731,400	445,505	-	-	**2,176,905**	**10,772,141**	5%
Project civil works	1,906,967	-	-	-	**1,906,967**	1,875,795	15,586	-	-	**1,891,381**	**15,586**	50%
Plant and machinery	238,710,606	79,652,327	1,684,747	(7,154,661)	**312,893,020**	80,000,177	11,915,615	-	(3,273,168)	**88,642,625**	**224,250,395**	10% & units of production / transported
Vehicles	6,713,861	803,713	47,917	(46,000)	**7,519,491**	4,630,806	498,049	-	(2,300)	**5,126,555**	**2,392,936**	20%
Furniture and fixture	586,106	146,597	178,610	-	**911,313**	308,166	55,428	-	-	**363,594**	**547,719**	10%
Computers	1,679,521	147,769	34,000	-	**1,861,290**	1,277,380	166,936	-	-	**1,444,315**	**416,975**	30%
Electrical equipment	655,847	102,000	-	-	**757,847**	395,909	29,002	-	-	**424,911**	**332,936**	10%
Office equipment	1,155,857	2,717,100	-	-	**3,872,957**	697,911	249,577	-	-	**947,488**	**2,925,469**	10%
Rupees	**257,040,821**	**90,666,396**	**2,165,374**	**(7,200,661)**	**342,671,931**	**90,917,543**	**13,375,698**	**-**	**(3,275,468)**	**101,017,773**	**241,654,158**	

Particulars	2017 Cost: As at 01 July 2016	Additions	Transfers	Disposals	As at 30 June 2017	Depreciation: As at 01 July 2016	For the year	Transfers	On Disposal	As at 30 June 2017	Net book value as at 30 June 2017	Rate
Building	5,632,056	-	-	-	5,632,056	1,526,102	205,298	-	-	1,731,400	3,900,656	5%
Project civil works	1,906,967	-	-	-	1,906,967	1,844,622	31,173	-	-	1,875,795	31,172	50%
Plant and machinery	235,891,653	-	7,510,184	(4,691,231)	238,710,606	72,270,113	9,433,917	-	(1,703,853)	80,000,177	158,710,429	10% & units of production / transported
Vehicles	5,764,117	-	949,744	-	6,713,861	4,347,478	283,328	-	-	4,630,806	2,083,055	20%
Furniture and fixture	586,106	-	-	-	586,106	277,284	30,882	-	-	308,166	277,940	10%
Computers	1,679,521	-	-	-	1,679,521	1,105,033	172,347	-	-	1,277,380	402,141	30%
Electrical equipment	655,847	-	-	-	655,847	367,027	28,882	-	-	395,909	259,938	10%
Office equipment	1,155,857	-	-	-	1,155,857	647,028	50,883	-	-	697,911	457,946	10%
Rupees	253,272,124	-	8,459,928	(4,691,231)	257,040,821	82,384,686	10,236,710	-	(1,703,853)	90,917,543	166,123,278	

5.2	**Capital work in progress - at cost**	Note	**2018**	2017
			(Rupees)	
	Plant and machinery		**16,703,805**	5,601,084
	Vehicles		**-**	47,917
	Civil works		**-**	141,000
	Office equipments		**-**	34,000
	Furniture and Fixtures		**-**	178,610
			16,703,805	6,002,611
	The movement in capital work in progress is as follows			
	Balance at the beginning of the year		**6,002,611**	3,287,154
	Additions during the year			
	Plant and machinery		**12,866,168**	9,824,114
	Vehicles		**-**	997,661
	Civil works		**-**	141,000
	Office equipments		**-**	34,000
	Furniture and Fixtures		**-**	178,610
			12,866,168	11,175,385
	Transfer to operating fixed assets			
	Plant and machinery		**1,763,447**	7,510,184
	Vehicles		**47,917**	949,744
	Civil works		**141,000**	-
	Office equipments		**34,000**	-
	Furniture and Fixtures		**178,610**	-
			2,164,974	8,459,928
	Balance at the end of the year		**16,703,805**	6,002,611

5.3 The details of operating assets sold, having net book value in excess of Rs. 50,000 each are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
Plant and Machinery	7,154,661	(3,273,168)	3,881,493	3,400,000	Negotiation	Syed Kamal

5.4	**The depreciation charge is allocated as follows:**	Note	2018	2017
	Cost of sales	21	**12,038,128**	9,520,140
	Administrative expenses	23	**1,337,570**	716,570
			13,375,698	10,236,710

6	**LONG TERM DEPOSITS**	Note	2018	2017
	Deposits against Ijarah finance		**27,925,440**	28,246,840
	Others	6.1	**6,152,990**	3,292,430
			34,078,430	31,539,270

6.1 These represent security deposits mainly against rented premises.

7 DEFERRED TAXATION

The asset / (liability) for deferred taxation comprises of temporary differences relating to:

	Note	2018	2017
		(Rupees)	
Deferred tax liability			
Accelerated tax depreciation		**(33,236,216)**	(25,479,921)
Deferred tax assets			
Provision for doubtful debts		**17,817,867**	18,432,276
Staff retirement benefits		**2,229,285**	2,477,111
Unabsorbed tax credits	7.1	**56,495,956**	39,301,906
		43,306,892	34,731,372

7.1 Tax loss on account of unabsorbed depreciation amounting to around Rs. 111 million (2017 : Rs. 57 million) and minimum tax credit amounting to around Rs. 24 million (2017: Rs. 21) million is available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to avail tax credit is expected.

8 STOCK IN TRADE

	Note	2018	2017
		(Rupees)	
Raw Material	8.1	**76,725,427**	27,605,363

8.1 The stock is pledged with banks as security against finance facilities (refer note 14)

9 TRADE DEBTS - UNSECURED

	Note	2018	2017
Considered good		**203,430,112**	104,016,270
Considered doubtful		**61,440,920**	61,440,920
		264,871,032	165,457,190
Provision for doubtful debts	9.2	**(61,440,920)**	(61,440,920)
		203,430,112	104,016,270

9.1 Trade debts includes Rs.1,740,389 (2017: Rs.3,034,237) receivable from related party M/s. Javedan Corporation Limited and its not over due as at 30 June 2018.

9.2 Provision for doubtful debts

	Note	2018	2017
Balance as at July 1		**61,440,920**	61,440,920
Charge for the year	28.1	**-**	-
Balance as at June 30		**61,440,920**	61,440,920

10 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	2018	2017
Advances to staff for purchases	**9,362,411**	6,390,236
Loan to employees	**1,424,230**	495,179
Advances to suppliers - unsecured, considered good	**69,100,242**	52,300,777
Prepayment	**2,416,286**	1,727,223
Other receivables	**2,382,784**	3,096,325
	84,685,953	64,009,740

10.1 These advances and loans to employees are non-interest bearing.

11 TAXATION - NET

	Note	2018 (Rupees)	2017
Tax receivable as at 01 July		**45,865,776**	35,033,485
Tax payments / adjustments made during the year		**8,013,758**	12,810,875
		53,879,534	47,844,360
Less: Provision for tax - current year		**(6,969,840)**	(1,978,584)
Less: tax expense - prior year		**(3,589,218)**	-
Tax receivable as at 30 June		**43,320,476**	45,865,776

11.1 Income tax returns of the Company have been filed up to tax year 2017, which are deemed to be assessment orders under section 120 (1) of the Income Tax Ordinance, 2001 (the Ordinance). The Assistant Commissioner Inland Revenue (ACIR) has also issued a notice under section 177 of the Ordinance to conduct the audit of the affairs of the Company for the tax year 2011. The audit proceedings for the same have not yet commenced.

12 CASH AND BANK BALANCES

	Note	2018	2017
Cash in hand		**279,178**	377,835
Cash at bank			
- current accounts		**3,992,580**	16,368,154
- deposit accounts	12.1	**100,000**	100,000
		4,092,580	16,468,154
		4,371,758	16,845,989

12.1 These carry profit at the rate of 6 % (2017: 6 %) per annum.

13 SHARE CAPITAL

13.1 Authorized share capital:

	2018	2017
35,000,000 ordinary shares of Rs. 10 each	**350,000,000**	350,000,000

13.2 Issued, subscribed and paid-up capital

2018 (Number of shares)	2017		2018	2017
25,000,000	25,000,000	Fully paid ordinary shares of Rs. 10 each issued for cash	**250,000,000**	250,000,000

14 LONG TERM FINANCING - SECURED

Details of long term financing are as follows:

Islamic

	Note	2018	2017
Diminishing musharka - Bank of Punjab	14.1	**35,277,562**	47,036,750
Diminishing musharka - Summit Bank	14.2	**35,210,000**	-
Less: Current portion of long term finance shown under current liabilities		**(20,561,688)**	(11,759,188)
		49,925,874	35,277,562

14.1 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.

14.2 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.

15 STAFF RETIREMENT BENEFITS

The latest actuarial valuation of the scheme as at June 30, 2018 was carried out using the Projected Unit Credit Method. Details of the scheme as per the actuarial valuation are as follows:

15.1 Balance sheet reconciliation

	2018	2017
	(Rupees)	
Present value of defined benefit obligation	**7,687,190**	6,858,140
Fair value of plan assets	**-**	-
Net liability at the end of the year	**7,687,190**	6,858,140

15.2 Movement in net liability in the balance sheet

	2018	2017
Net liability at beginning of the year	**6,858,140**	6,677,428
Charge for the year	**1,801,984**	1,451,492
Remeasurement (gain) / loss recognized in other comprehensive income	**74,915**	1,398,897
Benefits paid during the year	**(1,047,849)**	(2,669,677)
Net liability at end of the year	**7,687,190**	6,858,140

15.3 Movement in the present value of defined benefit obligation

	2018	2017
Present value of defined benefit obligation at beginning of the year	**6,858,140**	6,677,428
Current service cost	**1,231,905**	970,659
Interest cost	**570,079**	480,833
Benefits paid during the year	**(1,047,849)**	(2,669,677)
Remeasurement gain on obligation	**74,915**	1,398,897
Present value of defined benefit obligation at the end of the year	**7,687,190**	6,858,140

15.4 Expense recognized in profit and loss account

	2018	2017
Current service cost	**1,231,905**	970,659
Interest cost	**570,079**	480,833
	1,801,984	1,451,492

15.5 Actuarial assumptions used

	2018	2017
Withdrawal rate	**Low**	Low
Mortality rate	**SLIC 2001-05-1**	SLIC 2001-05-1
Valuation discount rate	**10%**	9%
Expected rate of increase in salaries	**10%**	9%

15.6 Charge for the year has been allocated as follows:

	Note	2018	2017
		(Rupees)	
Cost of sales		**1,231,905**	1,016,044
Administrative expense		**570,079**	435,448
		1,801,984	1,451,492

15.7 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

		2018 Increase / (decrease) in obligation (Rupees)	
Discount rate	**+ / - 1%**	**6,578,833**	6,067,282
Expected rate of salary increase	**+ / - 1%**	**8,784,830**	7,868,063

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity recognized within the balance sheet.

15.8 The scheme exposes the Company to the actuarial risks such as:

Salary risks

The risks that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risks

The risk arises when the actual lifetime of the retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

15.9 The expected maturity analysis of undiscounted retirement benefit obligation is:

	2018	2017
	(Rupees)	
Less than a year	**188,030**	1,234,751
Between 1-2 years	**131,500**	197,586
Between 2-3 years	**147,192**	217,101
Between 3-4 years	**160,874**	224,116
Between 4-5 years	**182,085**	225,432
Between 6-10 years	**3,774,996**	2,734,944
11 years and above	**4,962,503**	2,972,947

15.10 The expected gratuity cost, to be recognized for the next one year amounts to Rs. 1,738,882.

			2018	2017
			(Rupees)	

16 DEFFERED INCOME

Balance at the beginning of the year	16.1	**11,200,000**	14,560,000
Deferred income arised during the year		**-**	-
less: Amortization charged during the year to profit and loss account		**(3,360,000)**	(3,360,000)
		7,840,000	11,200,000
Less: Current portion of deferred income shown under current liabilities		**(3,360,000)**	(3,360,000)
		4,480,000	7,840,000

16.1 In financial year 2016, the Company purchased eight transit mixers through auction sale for Rs. 47.2 million and entered into Ijarah arrangement with various financial institutions. The said financial institutions carried valuation of these transit mixers from a third party, who valued them for Rs. 64 million. Therefore, financial institutions entered into Ijarah arrangement for Rs. 64 million, resulting in deferred income of Rs. 16.8 million (representing excess of sales proceeds over the carrying amount of respective assets) out of which 3.36 million is classified in current liabilities; being current portion of deferred income. The deferred income will be amortized to profit and loss account over the lease term i.e. five years.

17 TRADE AND OTHER PAYABLES

Trade creditors	17.1	**259,248,918**	105,776,436
Murabaha finance facilities	17.2	**44,000,000**	47,750,000
Advances from customers		**28,754,458**	3,822,836
Accrued expenses		**10,056,341**	1,850,530
Withholding tax payable		**6,473,880**	3,230,348
Workers' Welfare Fund (WWF)		**1,715,311**	1,715,311
Workers' Profit Participation Fund (WPPF)	17.3	**10,566,867**	9,356,036
Other payables		**4,568,295**	6,258,546
		365,384,070	179,760,043

17.1 Trade creditors includes Rs. 160,645,757 (2017: Rs.29,903,550) payable to related party M/s. Power Cement Limited.

17.2 This represents murabaha financing facilities under Islamic mode of financing from Bank of Punjab (Taqwa Islamic) for procurement of raw material for concrete mix including cement, sand and chemical etc. to the extent of 70 million (2017: 70 million). The financing facility carries profit rate of matching KIBOR plus 2%. This secured against 1st charge of PKR 160 million over all present and future current assets of the Company registered with SECP.

17.3 Workers' Profit Participation Fund

As at the beginning of the year		**9,356,036**	8,439,379
Interest on funds utilized by the Company	17.3.1	**985,191**	916,657
Charge for the year		**225,640**	-
As at end of the year		**10,566,867**	9,356,036

17.3.1 Interest on Workers' Profit Participation Fund is charged at 10.53% (2017: 10.86%) per annum.

18 LOAN FROM RELATED PARTY

Opening balance		**20,000,000**	-
Receipts during the year		**55,000,000**	20,000,000
Repayments during the year		**(15,000,000)**	-
Closing Balance	18.1	**60,000,000**	20,000,000

18.1 This represent interest free loan taken from Mr. Arif Habib (Lineal Ascendant of CEO) payable on demand for working capital

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 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.

19.1.2 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.

19.1.3 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.

19.2 Commitments	Note	**2018**	2017
		(Rupees)	
Bank guarantee issued on behalf of the Company	19.2.1	**18,750,002**	-

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

20 REVENUE

Toll manufacturing income		**82,969,341**	138,155,900
Sale of concrete mix		**554,306,624**	74,616,103
		637,275,966	212,772,003
Less: Sales tax		**(47,205,595)**	(14,913,566)
		590,070,371	197,858,437

21 COST OF SALES

Raw material and stores consumed		**348,992,877**	8,739,346
Salaries, wages and other benefits	21.1	**66,437,384**	37,152,448
Depreciation	5.4	**12,038,128**	9,520,140
Fuel and power		**36,350,481**	26,046,946
Fleet outsourcing charges		**16,133,841**	51,977,122
Equipment hiring charges		**22,376,084**	19,807,078
Ijarah rentals	30	**27,789,482**	28,373,064
Repair and maintenance		**12,647,110**	992,139
Site preparation and sample testing		**924,375**	609,579
Land rent		**3,099,996**	3,099,996
Insurance expenses		**4,900,915**	4,651,781
		551,690,674	190,969,639

21.1 Salaries, wages and other benefits include Rs. 1,231,905 (2017: Rs. 1,016,044) for the year ended June 30, 2018 in respect of staff retirement benefits.

22 SELLING AND DISTRIBUTION EXPENSES	Note	2018	2017
		(Rupees)	
Sales commission	22.1	**1,761,766**	2,477,903
Advertisement and sales promotion		**1,836,564**	872,208
Travelling and conveyance		**945,524**	563,037
		4,543,854	3,913,148

22.1 This includes sales commission of Rs. 1,761,766 (2017: Rs. 1,560,392) related to Karachi Metropolitan Corporation.

23 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	23.1	**11,893,171**	15,759,571
Depreciation	5.4	**1,337,570**	716,570
Auditors' remuneration	23.2	**1,000,000**	1,000,000
Postage, telegram and telephone		**1,184,316**	1,171,801
Rent, rates and taxes		**3,580,357**	2,650,379
Insurance		**901,901**	824,160
Entertainment		**229,570**	194,638
Printing and stationery		**1,292,626**	641,906
Legal and professional fee		**4,636,886**	714,344
Repair and maintenance		**1,906,497**	746,413
Miscellaneous		**1,074,649**	134,919
		29,037,543	24,554,701

23.1 Salaries, wages and other benefits include Rs. 570,079 (2017: Rs. 435,448) for the year ended June 30, 2018 in respect of staff retirement benefits.

23.2 Auditors' remuneration

Statutory audit and other certifications		**740,000**	740,000
Half yearly review		**200,000**	200,000
Out of pocket expenses		**60,000**	60,000
		1,000,000	1,000,000

24 FINANCE COST

Bank Charges		**144,909**	17,020
Mark up expenses		**10,148,598**	8,591,221
Interest on WPPF	17.3.1	**985,191**	916,657
		11,278,698	9,524,898

25 OTHER OPERATING EXPENSES

Workers' profit participation fund		**225,640**	-
Loss on sale of fixed assets	5.3	**487,767**	987,378
		713,407	987,378

26 OTHER OPERATING INCOME

Income from financial assets			
- profit on deposit accounts		**144,808**	539,453
Income from assets other than financial assets			
- miscellaneous income		**11,469,637**	11,795,263
		11,614,445	12,334,716

27 TAXATION

	Note	2018	2017
		(Rupees)	
Income tax			
- Current	27.1	**6,638,292**	1,978,584
- Under section 5(A)	27.2	**331,548**	-
- Prior		**3,589,218**	-
Deferred taxation		**(8,553,791)**	(4,967,614)
		2,005,266	(2,989,030)

27.1 Provision for current tax has been made in accordance with section 113 of the Income Tax Ordinance, 2001 ("the Ordinance"). There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented.

27.2 Under section 5A of Income Tax Ordinance, 2001 (as amended by the Finance Act 2017), a tax shall be imposed at the rate of 7.5% of the accounting profit before tax on every public company, other than schedule bank or Moradabad, that drives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

The Board of Directors of the Company has not declared dividend for the year ended June 30, 2018, therefore in compliance with the section 5 (A) of income tax ordinance 2001, the company has provided tax @ 7.5% of its accounting profit before tax.

27.3 The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

	2017	2016	2015
		(Rupees)	
Income tax provision for the year (as per accounts)	1,978,584	3,044,673	6,901,835
Income tax as per tax assessment	3,802,553	4,809,922	6,901,835

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2018		
	Chief Executive	**Non- Executive Directors**	**Executive**
		(Rupees)	
Managerial Remuneration	**2,563,680**	**-**	**14,450,261**
Meeting fee	**-**	**287,500**	**-**
Total	**2,563,680**	**287,500**	**14,450,261**
Number of persons	**1**	**2**	**8**

	2017		
	Chief Executive	Non- Executive Directors	Executive
		(Rupees)	
Managerial Remuneration	2,649,136	-	14,398,274
Meeting fee	-	237,500	-
Total	2,649,136	237,500	14,398,274
Number of persons	1	2	8

29 NUMBER OF EMPLOYEES

The average number of employees during the year and as at reporting date are as follows:

	2018	2017
	(Number of employees)	
Average number of employees during the year	**112**	83
Total number of employees as at June 30	**140**	87
Average Employees working at the Company's Plant during the year	**82**	58
Employees working at the Company's Plant at the year end	**113**	64

30 IJARAH

	2018	2017
Total future ijarah payment	(Rupees)	
Up to one year	**26,278,845**	28,033,116
Later than one year but not later than five years	**26,686,812**	53,009,615
	52,965,657	81,042,731

The total ijarah rentals due under the ijarah agreements aggregate Rs. 52.966 million (June 30, 2017 : Rs. 81.042 million) and are payable in equal monthly installments under various ijarah agreements, latest by 2021. If any Ijarah is terminated, the Mustajir (lessee) is required to pay the purchase price specified in the ijarah agreements. The cost of repairs and insurance are borne by the Mustajir (lessee). The Ijarah is partially secured by a deposit of Rs. 27.925 million (June 30, 2017 : Rs. 28.246 million) and demand promissory note. The company intend to exercise the option of purchasing the assets under Ijarah at residual value upon completion of Ijarah term.

31 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

31.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from deposits, trade debts, advances, other receivables and bank balances.

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company manages its exposure to concentration of credit risk arising out of trade debts through credit reviews taking into account the customer's financial position and by making sales against advanced receipts.

The maximum exposure to credit risk at the reporting date was:

	2018	2017
	(Rupees)	
Long term deposits	**34,078,430**	31,539,270
Trade debts - net of provision	**203,430,112**	104,016,270
Advances and other receivables	**84,685,953**	62,282,517
Bank balances	**4,371,758**	16,468,154
	326,566,253	214,306,211

All trade debts are in domestic currency and the ageing of trade receivables at the reporting date is:

	2018		2017	
	Gross	Provision	Gross	Provision
	(Rupees)			
Not past due	**38,538,871**	**-**	40,542,202	-
Past due 1 – 180 days	**122,716,826**	**-**	37,832,020	-
Over 180 days	**102,634,658**	**61,440,920**	87,082,968	61,440,920
	263,890,355	**61,440,920**	154,979,176	61,440,920

Out of total impairment of 61.44 million, 38.056 million relates to Lahore operations which were closed during the first half of the financial year ended on June 30, 2016. While the Management will continue to pursue these receivables vigorously, it is of the view that prudence demands that provisioning be made for receivables from customers in such cases where the Company does not have a continuing business relationship or for such cases where the Company's claims have not been settled well beyond the market norms.

The Company's five significant customers account for Rs. 92.507 million (2017: Rs 31.873 million) of trade debts as at the reporting date. Exposure to any single customer does not exceed 36% (2016: 8%) of trade debts as at the reporting date.

Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available) or to historical information about counterparty default rate:

	Rating		Rating	2018	2017
Bank	**Long term**	**Short term**	**Agency**	(Rupees)	
Bank of Punjab	AA	A1+	PACRA	**886,832**	718,930
Bank Alfalah Islamic	AA+	A1+	PACRA	**81,742**	10,146,500
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	**210,921**	162,132
Bank Islami Pakistan Limited	A+	A1	PACRA	**754,584**	2,434,592
Summit Bank Limited	A-	A-1	JCR-VIS	**2,158,501**	3,006,000
				4,092,580	16,468,154

31.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return from operations. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	2018			
	Carrying amount	**Contractual maturities**	**Maturity upto one year**	**Maturity upto five years**
	(Rupees)			
Long term financing	**70,487,562**	**70,487,562**	**20,561,688**	**49,925,874**
Trade and other payables	**365,384,070**	**365,384,070**	**365,384,070**	**-**
	435,871,632	**435,871,632**	**385,945,758**	**49,925,874**

	2017			
	Carrying amount	**Contractual maturities**	**Maturity upto one year**	**Maturity upto five years**
	(Rupees)			
Long term financing	47,036,750	47,036,750	11,759,188	35,277,562
Trade and other payables	179,760,043	179,760,043	179,760,043	-
	226,796,793	226,796,793	191,519,231	35,277,562

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

31.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk as all the operations of the Company are being carried out in local currency.

b) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is:

	2018	2017
	Carrying amount (Rupees)	
Variable rate instruments:		
Financial liabilities	**114,487,562**	94,786,750

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at reporting date, fluctuate by 100 bps higher / lower with all other variables held constant, profit after taxation for the year 2018 and for 2017 would have decreased / increased respectively by the following amounts as a result of increase / decrease in finance cost on the variable rate financial liabilities:

	2018	2017
	(Rupees)	
Effect on profit	**1,144,876**	947,868

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

31.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

31.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio calculated as a ratio of total debt to equity. Debt comprises long term debts and liabilities against assets subject to finance lease. Equity includes total equity as shown in the balance sheet.

The debt-to-equity ratios as at reporting dates are as follows:	**2018**	2017
	(Rupees)	
Total debt	**130,487,562**	67,036,750
Total equity and debt	**371,543,956**	2,857,309,560
Gearing ratio	**35.1%**	23.5%

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

32 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:

32.1 Transactions with related parties

		2018	2017
Associated companies:		(Rupees)	
Purchase of raw material		**378,463,392**	498,086,250
Sales		**28,061,096**	74,317,150
Associated Person:			
Loan received during the year	18	**55,000,000**	20,000,000
Loan paid during the year	18	**15,000,000**	-

32.2 Balances with related parties

Amount Payable against purchases		**160,645,757**	29,903,550
Amount receivable against sales		**1,740,389**	3,034,237
Loan payable to related party	18	**60,000,000**	20,000,000

Name of the Related Party	**Relationship**
Power Cement Limited	Associated Company by nature of common directorship
Javedan Corporation Limited	Associated Company by nature of common directorship
Mr. Arif Habib	Lineal Ascendant of CEO holds 11.4% (2017: Nil)

33 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

33.1

	2018 Carried Under		2017 Carried Under	
	Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
Assets				
Loans and advances				
Advance to employees	**-**	**9,362,411**	-	6,390,236
Loan to employees	**-**	**1,424,230**	-	495,179
Advances to supplier	**-**	**69,100,242**	-	52,300,777
Others	**-**	**2,382,784**	-	3,096,325
Deposits				
Long term deposits	**-**	**34,078,430**	-	31,539,270
Bank balances	**-**	**4,092,580**	-	16,368,154
Liabilities				
Loan and advances				
Long term financing	**-**	**70,487,562**	-	47,036,750
Murahaba	**-**	**44,000,000**	-	47,750,000
Advances from customers	**-**	**28,754,458**	-	3,822,836
Payable to associated companies	**-**	**20,000,000**	-	20,000,000
Income				
Profit on savings account	**144,808**	**-**	539,453	-

33.2 Sources of Other Income

	2018	2017
	(Rupees)	
Profit on deposit accounts	**144,808**	539,453
Pumping and Grout charges	**8,109,637**	8,435,263
Deferred Income	**3,360,000**	3,360,000
	11,614,445	12,334,716

33.3 Relationship with banks

	Relationship	
	Non Islamic window operation	Islamic window operation
Habib Metropolitan Bank Limited	✓	✗
Bank Islami	✗	✓
Bank of Punjab	✓	✓
Bank Alfalh Islamic	✗	✓
Summit Bank Islamic Account	✗	✓

34 PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity and the actual production achieved during the year are as follows:

	2018	2017
	---------(Cubic meter)---------	
Available capacity batching plant	**1,470,400**	770,400
Actual production batching plant	**161,411**	127,789

The available capacity of the batching plant could not be fully utilized due to depressed activity in the construction industry.

35 MEASUREMENT OF FAIR VALUES

A number of the company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities

- Level 2: inputs other than quote prices included in Level 1 that are observables for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3:inputs for the asset or liability that are based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy a, then the fair value measurements is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at June 30, 2016 no assets and liabilities are recognized at fair values.

36 OPERATING SEGMENTS

36.1 The financial information has been prepared on the basis of a single reportable segment.

36.2 100 % (2017: 100%) of the gross sales of the Company are made to customers located in Pakistan.

36.3 All non-current assets of the Company as at 30 June 2018 are located in Pakistan.

37 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

37.1 Earning / (Loss) per share - basic and diluted

	2018	2017
Earning / (Loss) after tax (Rupees)	**2,415,374**	(16,767,581)
Weighted average number of ordinary shares outstanding during the year	**25,000,000**	25,000,000
Earning / (Loss) per share - basic (Rupees)	**0.10**	(0.67)

There is no dilution effect on the basic earnings per share as the Company has no such commitments.

38 CORRESPONDING FIGURES

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

Description	Reclassified from	Reclassified to	2017
			Rupees
Selling and distribution expenses	**Administrative expenses**	**Selling and distribution expenses**	
	Sales commission	Sales commission	2,477,903
	Advertisement and sales promotion	Advertisement and sales promotion	872,208
	Travelling and conveyance	Travelling and conveyance	563,037
Advances, prepayments and other receivables	**Advances, prepayments and other receivables**	**Advances, prepayments and other receivables**	
	Advances to staff	Loan to employees	495,179

39 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 28 September, 2018 by the Board of Directors of the Company.

CEO CFO Director

PROXY FORM

I / We____ of ____ (full address) being member(s) of Safe Mix Concrete Limited and holding ____ ordinary shares as per Share Registrar Folio No. ____ ____________________ or CDC Participant ID No. ________________________________ and Sub A/c No. ___________________ hereby appoint Mr./Mrs./Miss ______________________________ Folio No.______________________________of ____ (full address) failing Mr./Mrs./Miss ____ Folio No.______________________ of ____ (full address) another member of the Company to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 26, 2018 and at any adjournment thereof.

As witness my / our hand this ______________________ day of _____________________ 2018.

Signature of member(s)	Please affix of Rs. 5/- Revenue stamp

Witness: ______________________________	Witness: ______________________________
Name: ______________________________	Name: ______________________________
CNIC No.: ______________________________	CNIC No.: ______________________________
Address: ______________________________	Address: ______________________________

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as his / her proxy to attend ant vote instead of his / her. No person shall act as proxy (except for corporation) unless he / she is entitled to be present and votein his / her own right.

2. The instrument appointing proxy should be signed by the member(s)or by his / her attorney duly authorized, in writing, or if the member is a corporation / company either under the common seal or under the hand of an authorized or attorney so authorized.

3. This proxy form duly completed must be deposited at the registered office of the Company not later than 48 hours before the time of holding of meeting.

4. CDC Shareholders and their proxies must each attach an attested copy of of their NIC or Passport with this proxy form. The proxy form shall be witnessed by two persons whose names; addresses and NIC number shall be mentioned on the form.

5. In case Corporate entity the Board of Directors resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

پراکسی فارم
سالانہ جنرل اجلاس

میں مسمّٰی / مسماۃ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ساکن۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ضلع۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

بحثیت ممبر سیف مکس کنکریٹ لمیٹڈ، مسمّٰی / مسماۃ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

ساکن۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کوبطور مختار (پراکسی) مقرر کرتا ہوں تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام جو بتاریخ 26 اکتوبر، 2018 منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط:۔۔۔۔۔۔۔۔۔۔۔۔۔۔بروز/ بتاریخ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔2018

گواہان:

1	2
نام:۔۔۔۔۔۔۔۔۔۔	نام:۔۔۔۔۔۔۔۔۔۔
پتہ:۔۔۔۔۔۔۔۔۔۔۔	پتہ:۔۔۔۔۔۔۔۔۔۔۔
شناختی کارڈ نمبر:۔۔۔۔۔۔۔۔۔۔	شناختی کارڈ نمبر:۔۔۔۔۔۔۔۔۔۔۔
دستخط:۔۔۔۔۔۔۔۔۔۔۔	دستخط:۔۔۔۔۔۔۔۔۔۔۔

دستخط ۵ روپے
ریوینیو اسٹیمپ

نوٹ:

- وہ رُکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورتحال میں اپنی جگہ کسی دوسرے (مخصوص) رُکن کو یہ حق دے سکتا ہے کہ وہ رُکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہوسکتا ہے، خطاب کرسکتا ہے یا ووٹ کا اندراج کرسکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فولیو نمبر سے دکھانا لازمی ہے تا کہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جا سکے۔
- مئوثر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ایس) سینٹرل ڈیپوزیٹری کمپنی آف پاکستان، شیئر رجسٹرار ڈیپارٹمنٹ، سی ڈی سی ہاؤس، B-99، ایس، ایم، سی، ایچ، ایس، شاہراہِ فیصل، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رُکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رُکن کی صورت میں اصل اونر اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائریکٹر کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

موضوع (قانون) ادائیگیاں:

ٹیکس، محصول وغیرہ کی مد میں کوئی موضوع (قانون) واجبات نہیں ہیں۔

منافع فی حصص:

منافع. فی حصص برائے اختتام سال 30 جون 2018 کو 0.10 ہے بمقابلہ فی حصص نقصان سابقہ سال جو 0.67 تھا۔

مستقبل کے امکانات:

کمپنی نئی مارکیٹ حکمت عملی کو اختیار کرنے کی منصوبہ بندی کر رہے ہیں۔ تاکہ کنزیکٹرز مکس کی بڑھتی ہوئی مانگ تک رسائی حاصل کی جاسکے۔ مزید یہ کہ کمپنی مخصوص پرائیوٹ سیکٹر کے ترقیاتی منصوبوں کے حامل منفرد سپلائی کنزیکٹرز 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۔

تسلیمات (اعترافات خدمات):

کمپنی کو اس بات پر یقین ہے کہ اس کی کامیابی اس کے عملے کے خلوص اور انتھک محنت پر نتیجہ ہے۔ ہم تسلیم کرتے ہیں ہر ممبر نے اپنی کاوشوں کے ذریعے کمپنی کی کامیابی میں حصہ لیا ہے۔ ہم اپنے صارفین کا بھی شکریہ ادا کرنا چاہتے ہیں۔ جنھوں نے ہمارے مصنوعات پر اعتماد کیا اور آگے بھی اس سرپرستی کو جاری رکھنا متمنی ہیں۔ ہم اپنے شیئر ہولڈرز (حصص یافتگان)، بینکس اور مالیاتی اداروں کے بھی مشکور ہیں جنھوں نے اپنے تعاون، رہنمائی اور اعتبار کے ذریعے ہمارے ادارے کو تقویت دی اور ہم ہر اچھی کاوشوں میں ہماری ساتھ کھڑے ہیں تاکہ انتظامیہ کی مسلسل تعاون اور رہنمائی کے بھی مشکور ہیں۔ آنے والے سالوں میں ہم اپنی سرمایہ کاری سے زیادہ سے زیادہ استفادہ حاصل کر سکیں۔ مزید یہ کہ ہم پی ایس ایکس اور ایس ای سی پی کی انتظامیہ کی مسلسل تعاون اور رہنمائی کے بھی مشکور ہیں۔

منجانب و برائے بورڈ

کاشف حبیب

چیف ایگزیکیوٹو آفیسر کراچی September 28, 2018

ڈائریکٹر کی روداد و بیان:

ڈائریکٹر نے ایس ای سی پی کے ضابطہ انتظامی امور کے تحت مجوزہ انتظامی اور مالیاتی فریم ورک کی تعمیل کرتے ہوئے درج ذیل کی تصدیق کی ہے۔

کمپنی کے مالیاتی گوشوارں کمپنی صحیح اور حقیقی حالات کا آئینہ دار ہے۔

با قاعدگی کے ساتھ کھاتہ حساب داری کو تیار کیا گیا ہے۔

مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ زیر عمل لایا گیا ہے۔ اور اکاؤنٹنگ کے تخمینے معقول اور محتاط اندازوں کی بنیاد لگائے گئے ہیں۔

بین الاقوامی اکاؤنٹنگ معیار، جو کہ پاکستان میں قابل عمل ہیں، مالیاتی گوشواروں کی تیاری میں بروئے کار لایا گیا ہے۔ اور اس سے کسی بھی انحراف کو مناسب طریقے سے واضح کیا گیا ہے۔

انٹرنل کنٹرول (اندرونی انصرام) کا نظام کا ڈھانچہ بہت مستحکم ہے اور اس کی تعمیل اور نگرانی نہایت موثر طریقے سے کی گئی ہے۔

کمپنی کا اپنی کاوشوں کو جاری رکھنے کی اہلیت میں کوئی معنی خیز شعبہ نہیں۔

کمپنی نے ضابطہ انتظامی امور کی اعلی کارکردگی سے انحراف نہیں کیا جو کہ ضابطہ (قواعد) کی فہرست درج ذیل ہیں۔

بورڈ آف ڈائریکٹر کے اجلاس

سال 18-2017 میں بورڈ کے چار اجلاس کا انعقاد کیا گیا اور ان میں ڈائریکٹرز کی شرکت کی تفصیل درج ذیل ہے۔

نام ڈائریکٹرز	اجلاس میں شرکت
جناب شاہد عزیز صدیقی	4/4
جناب نسیم بیگ	3/4
جناب کاشف حبیب	4/4
جناب صمد حبیب	2/4
سید نجم الدوجاہ جعفری	4/4
جناب خلیل احمد	3/4
سید محمد طلحہ	3/4

جو ڈائریکٹرز شرکت نہ کر سکے تھے ان کو غیر حاضری کی اجازت دی گئی تھی۔

آڈٹ کمیٹی

کمپنی کے انتظامی ضابطوں کی تکمیل کرتے ہوئے بورڈ آف ڈائریکٹر نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ نان ایگزیکٹوڈائریکٹر پر مشتمل ہے اور اس میں درج ذیل شامل ہیں:

جناب نسیم بیگ	چیئرمین
جناب صمد حبیب	ممبر
جناب نجم الدجاہ جعفری	ممبر

آڈٹ کمیٹی کے اجلاس

سال18-2017 کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد کئے گئے۔ ہر ممبر کی جانب سے اجلاسوں میں شرکت کی تفصیل درج ذیل ہے۔

نام ڈائریکٹرز	اجلاس میں شرکت
جناب نسیم بیگ	3/4
جناب صمد حبیب	2/4
جناب نجم الدجاہ جعفری	4/4

آڈیٹرز

موجودہ آڈیٹر میسرز نوید ظفر اشفاق جعفری اینڈ کو چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہلیت کے باعث ان کو19-2018 کے لئے دوبارہ تعینات کیا جارہاہے۔

نمونہ جات شراکت (حصص) داری:

نمونہ جات شراکت داری کو مطلوب اطلاعی طریقہ کار کے تحت اس رپورٹ کے ساتھ منسلک کیا گیاہے۔

ڈائریکٹر کی جائزہ رپورٹ

سیف مکس کنکریٹ لمیٹڈ (SMCL) کے بورڈ آف ڈائریکٹر برائے اختتام سال 30 جون 2018 کی سالانہ رپورٹ پیش کر رہے ہیں۔

عمومی جائزہ

زیر جائزہ سال کے دوران کمپنی کی پیداوار اور فروخت میں پچھلے سال کی نسبت میں 26٪ اضافہ ہوا ہے جو 33,622 کیوبک میٹر (یعنی 2018 میں: 161,411 کیوبک میٹر اور 2017 میں: 127,789 کیوبک میٹر)۔ کمپنی کی تقسیم کاری کے مؤثر استعمال کو یقینی بنانے کے لئے کمپنی نے انتہائی ضروری اقدامات کئے جس کی بدولت تقسیم کاری کے اخراجات میں کمی واقع ہوئی کمپنی کی تقسیم کاری کے اخراجات کمپنی کو بعد از ٹیکس 2.145 ملین کا فائدہ ہوی جبکہ گزشتہ سال 30 جون 2017 کو بعد از ٹیکس کمپنی کو 16.767 ملین کا نقصان ہوا

نتائج عمل کاری

	2018	2017
	سال اختتام 30 جون	
فا ئدہ / (نقصان) قبل از ٹیکس	**4,420,640**	(19,756,611)
ٹیکس	**(2,005,266)**	2,989,030
فا ئدہ / (نقصان) بعد از ٹیکس	**2,415,374**	(16,767,581)
EPS / (LPS)- بنیادی اور رقیق	**0.10**	(0.67)

اکاؤنٹنگ (کھاتہ حساب داری) کے معیارات

کمپنی کی اکاؤنٹنگ (کھاتہ حساب داری) پالیسی کمپنیز آرڈیننس 2017 سے مکمل طور پر ہم آہنگ ہے لہذا بین الاقوامی اکاؤنٹنگ معیار اور بین الاقوامی مالیاتی رپورٹنگ معیار سے منظور شدہ ہے۔ جو کہ سیکیوریٹیز اینڈ ایکسچینج کمیشن پاکستان کی ہدایت کے مطابق اور اس آرڈیننس کے تحت ہے۔

سرمایہ جاتی اخراجات

کمپنی نے پراپرٹی، پلانٹ اور مشینری میں اضافے کی مد میں 90.666 ملین روپے کے اخراجات کئے ہیں۔

روپے کے بہاؤ (کیش فلو) کی حکمت عملی

کمپنی کے پاس ایک مؤثر کیش فلو مینجمنٹ سسٹم (روپے کی آمد ورفت کا انتظامی نظام) ہے جس میں روپے کی داخلی اور خارجی بہاؤ کو مستقل بنیادوں پر بروئے کار لایا جاتا ہے۔

زیر کار سرمایہ کی مطلوبات کی اندرونی روپے افزائش اور مختصر مدتی قرضوں کے ذریعے منصوبہ سازی کی گئی ہے۔

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