



Quarterly Report

September 30, 2016

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Company Information

Board of Directors

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

Audit Committee

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

Human Resources & Remuneration Committee

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

Chief Financial Officer

Syed Muhammad Talha

Company Secretary

Mr. Bilal Yasin

Auditors

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisor

Minto & Mirza
Advocates & Corporate Counsel

Bankers and Financial institutions

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

Registered Office

Plot # 1,6 sector # 26, Bilal Chowrangi Korangi Industrial Area, Karachi.
Tel # +92 21 35074581-84
Fax # +92 21 35074603
www.safemixlimited.com

Shares Registrar

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

Directors’ Review Report

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

Over view

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

Operating results

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

Earnings per share

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

Future Outlook


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

Acknowledgement

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

For and on behalf of the Board

Karachi: October 27, 2016


Kashif Habib
Chief Executive Officer

Safe Mix Concrete Limited

Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2016

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

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



CEO



Director

Safe Mix Concrete Limited

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended September 30, 2016

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

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



CEO



Director

Safe Mix Concrete Limited

Condensed Interim Statement of Comprehensive Income

(Un-audited)

For the quarter ended September 30, 2016

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

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



CEO



Director

Safe Mix Concrete Limited

Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended September 30, 2016

	Note	Quarter ended 30 September 2016 (-----Rupees-----)	Quarter ended 30 September 2015
Cash outflow from operating activities	10	(1,748,494)	1,160,391
Taxes paid		(513,581)	(1,079,925)
Staff benefits paid		(833,891)	-
Finance cost paid		(1,776,658)	(1,205,268)
		(3,124,130)	(2,285,193)
Net cash outflow from operating activities		(4,872,624)	(1,124,802)
Cash flow from investing activities			
Fixed capital expenditure		(2,313,952)	(8,883,325)
Long term deposits		-	(2,500)
Interest received		173,301	79,767
Net cash outflow from investing activities		(2,140,651)	(8,806,058)
Cash flow from financing activities			
Net cash outflow from financing activities		-	-
Net decrease in cash and cash equivalents		(7,013,275)	(9,930,860)
Cash and cash equivalents at beginning of the period		9,846,405	17,568,858
Cash and cash equivalents at the end of the period	11	2,833,130	7,637,998

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



CEO



Director

Safe Mix Concrete Limited

Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended September 30, 2016

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

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



CEO



Director

Safe Mix Concrete Limited

Notes to the Condensed Interim Financial Information

(Un-audited)

For the quarter ended September 30, 2016

1 Status and nature of business

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

2 Basis of preparation

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

3 Estimates

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

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

4 Significant accounting policies

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

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

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

5.2 Break-up of additions - at cost

Owne

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

6 LONG TERM FINANCING - SECURED

Details of long term financing are as follows:

Islamic

Diminishing musharaka	6.1	<u>47,036,750</u>	<u>47,036,750</u>
-----------------------	-----	--------------------------	-------------------

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

7 Contingencies and commitments

7.1 Contingencies

- 7.1.1** Section 113(2)(c) of the Income Tax Ordinance, 2001 was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than minimum tax. Therefore, where there is no tax payable, 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 Rs. 19.964 million and the Company expects to adjust the amount against the future taxable profits. The management is of the view that the interpretation of SHC has been challenged in the Supreme Court of Pakistan and they are waiting for its final outcome.

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

7.2 Commitments

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

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

9 TRANSACTIONS WITH RELATED PARTIES

9.1 Associated Companies:

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

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

Un-audited
30 September
2016
(-----Rupees-----)

Un-audited
30 September
2015
(Restated)

10 Cash outflow from operating activities

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

Un-audited
30 September
2016
(-----Rupees-----)

Un-audited
30 September
2015

11 Cash and cash equivalents

Cash and bank balances	2,833,130	7,637,998
	<u>2,833,130</u>	<u>7,637,998</u>

12 Date of authorization for issue

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

13 Corresponding figures

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

14 General

The figures have been rounded off to nearest rupee.



CEO



Director

اندازے مستقبل

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

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

اعتراف:

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

بورڈ کی جانب سے

کاشف حبیب

چیف ایگزیکٹو آفیسر

ڈائریکٹرز کا تجزیہ

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

مجموعی جائزہ

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

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

نتیجہ آپریشن

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

فی شیئر آمدنی








منافع فی شیئر پہلی سہ ماہی 0.04 Rs. پر شیئر ہوا ہے جبکہ موازنے کے مطابق فی شیئر آمدنی (بہال) گزشتہ سال اسی مدت کے دوران منافع 0.13 Rs. پر شیئر تھا۔










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