

Shabbir Tiles and Ceramics Limited

Interim Condensed Financial Statements
for the Nine Months Period ended March 31, 2009
(UNAUDITED)





INTERIM CONDENSED

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Shabbir Tiles and Ceramics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	RAFIQ M. HABIB ALIREZA M. ALLADIN ALI S. HABIB ABDUL HAI M. BHAIMIA KERSI D. KAPADIA MANSOOR G. HABIB NAZIM F. HAJI	<i>Chairman</i> <i>Chief Executive</i>
AUDIT COMMITTEE	MANSOOR G. HABIB KERSI D. KAPADIA NAZIM F. HAJI	<i>Chairman</i>
COMPANY SECRETARY	AZIZ AHMED	
AUDITORS	Ford Rhodes Sidat Hyder & Co. Chartered Accountants	
BANKERS	Habib Metropolitan Bank Limited National Bank of Pakistan Royal Bank of Scotland Bank AL Habib Limited Habib Bank Limited	
KARACHI DISPLAY CENTRE & SALES OFFICE	Makro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal, Karachi. UAN: (021) 111-000-039 Tel: 021-4601372-4, Fax: 021-4601375	
LAHORE SALES OFFICE	17-A, Tariq Block New Garden Town, Lahore. UAN: (042) 111-000-039	
ISLAMABAD SALES OFFICE	Arles Tower, Office # 9 & 10, Shamsabad, Murree Road Rawalpind. Tel: (051) 4575315-8 Fax: (051) 4575319	
PESHAWAR SALES OFFICE	Room No. 10-B, 2nd Floor, Fawad Plaza, Jamrood Road, Peshawar. Phone : (091) 5843750	
MULTAN SALES OFFICE	Room No. 7 & 8, 3rd Floor, Trust Plaza, L.M.Q. Road, Multan. Phone : (061) 4546439	
FAISALABAD SALES OFFICE	Plaza No. 19, 1st Floor, Chanab Market, Madina Town, Main Susan Road, Faisalabad. Phones : (041) 8548243 & 8548244	
REGISTRAR AND SHARE TRANSFER OFFICE	Noble Computer Services (Pvt.) Ltd., 2nd Floor, Sohni Centre, BS 5 & 6, Main Karimabad, Block-4, Federal B. Area, Karachi-75950 Phones: (021) 6801880-81-82	



Shabbir Tiles and Ceramics Limited

**DIRECTORS' REVIEW FOR THE
QUARTER AND NINE MONTHS ENDED 31ST MARCH, 2009**

Dear Shareholders,

The Directors would like to submit the report and financial statements of the Company for the quarter and nine months period ended March 31, 2009.

The sales revenue for the nine months period ended March 31, 2009 has increased by 36.9% whereas the volume has increased by 12% over the same period of last year. As a result of better margin management, renewed focus on product mix and structural cost reduction, gross profit percentage increased from 25.3% to 26.1% over the same period.

Distribution cost increased due to increase in sales volumes and persistent uncontrollable high inflation, while finance cost has sharply increased as a result of accrual of mark-up of Rs. 69.9 million on long term loans for the 3rd quarter towards financing the expansion projects. Production of which has already been commenced, much ahead of schedule on 17th December, 2008.

As a result of the above variations, the Company suffered after tax loss of Rs. 3.71 million for the third quarter ended 31st March, 2009 and recorded after tax profit of Rs. 31.27 million for the nine months period ended March 31, 2009 as against after tax profit of Rs. 28.79 million and Rs. 64.01 million respectively, over the same period of last year.

The expansion work is progressing well ahead of schedule and the Company is fully aware of the future business challenges, with which the management has the ability to cope by continuous improvement and focusing in the areas of operational efficiency and customers service whereby delivering shareholders value on a sustainable basis.

We thank our shareholders, customers and staff for their continuous support and hard work in ensuring the success of the Company and making STILE their brand of first choice.

On behalf of the Board

ALIREZA M. ALLADIN
Chief Executive

Karachi : April 22, 2009.



Shabbir Tiles and Ceramics Limited

INTERIM CONDENSED BALANCE SHEET AS AT MARCH 31, 2009 (UNAUDITED)

	Note	March 31, 2009 (Unaudited)	June 30, 2008 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,912,318	1,527,609
Investment property		647	724
Long term loans and advances		196	900
Long term deposits		15,613	17,877
		3,928,774	1,547,110
CURRENT ASSETS			
Stores and spares		108,382	64,535
Stock-in-trade		453,431	276,533
Trade debts-unsecured, considered good	5	498,098	311,780
Loans, advances, deposits, prepayments and other receivables	6	75,945	153,108
Taxation - net		37,610	-
Cash and bank balances		86,067	135,230
		1,259,533	941,186
TOTAL ASSETS		5,188,307	2,488,296
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
120,000,000 (June 30, 2008 : 120,000,000) Ordinary shares of Rs. 5/- each		600,000	600,000
Issued, subscribed and paid-up capital	7	360,638	163,926
Share Premium		389,764	-
Reserves		497,933	581,152
		1,248,335	745,078
NON-CURRENT LIABILITIES			
Long term finance		2,604,223	791,743
Liabilities against assets subject to finance lease		89,716	163,385
Deferred taxation		103,574	128,451
		2,797,513	1,083,579
CURRENT LIABILITIES			
Trade and other payables	8	396,141	189,176
Accrued mark-up		244,461	30,726
Short-term borrowings	9	374,538	298,976
Current maturity of liabilities against assets subject to finance lease		105,130	131,400
Taxation net		-	184
Sales tax payable		22,189	9,177
		1,142,459	659,639
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		5,188,307	2,488,296

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



Shabbir Tiles and Ceramics Limited

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009 (UNAUDITED)

	Nine Months Period Ended		Third Quarter Ended	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
	(Rupees in '000)			
Turnover - net	2,004,472	1,463,903	797,371	524,193
Cost of sales	1,481,104	1,093,182	593,789	378,942
Gross profit	523,368	370,721	203,582	145,251
Distribution cost	271,482	189,545	98,107	69,764
Administrative expenses	43,655	28,396	16,069	9,939
	315,137	217,941	114,176	79,703
Other operating income	1,973	709	765	210
	210,204	153,489	90,171	65,758
Finance cost	151,524	48,677	93,297	17,169
Other charges	4,049	7,232	(215)	3,353
	155,573	55,909	93,082	20,522
Profit before taxation	54,631	97,580	(2,911)	45,236
Taxation				
– Current	369	22,292	–	13,551
– Prior	3,865	(837)	–	–
– Deferred	19,121	12,118	804	2,927
	23,355	33,573	804	16,478
Profit after taxation	31,276	64,007	(3,715)	28,758
		(Restated)		(Restated)
Basic and diluted earning per share (Rs.)	0.48	1.48	(0.09)	0.66

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



Shabbir Tiles and Ceramics Limited

INTERIM CONDENSED CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009 (UNAUDITED)

	March 31, 2009	March 31, 2008
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	54,631	97,580
Adjustments for :		
Depreciation	129,025	87,503
Finance cost	151,524	48,677
Gain on disposal of fixed assets	(571)	(32)
Profit on bank deposit	(1,084)	(148)
Amortization of unearned rental income from investment property	(315)	(315)
	<u>278,579</u>	<u>135,685</u>
	333,210	233,265
 (Increase) / decrease in current assets		
Stores and spares	(43,847)	(22,258)
Stock-in-trade	(176,898)	(87,100)
Trade debts	(186,318)	(35,267)
Loans, advances, deposits, prepayments and other receivables	(28,301)	(24,803)
	<u>(435,364)</u>	<u>(169,428)</u>
 Increase in current liabilities		
Trade and other payables	220,292	21,171
	<u>(215,072)</u>	<u>(148,257)</u>
Cash generated from operation	118,138	85,008
Income tax paid	(38,457)	(19,038)
Finance cost paid	(48,112)	(48,911)
Long-term loans - net	704	497
Long-term deposit	2,267	1,868
	<u>34,540</u>	<u>19,424</u>
Net cash generated from operating activities	34,540	19,424
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,426,816)	(426,220)
Proceeds from disposal of fixed assets	1,596	1,042
Profit received on bank deposit	1084	148
	<u>(2,424,136)</u>	<u>(425,030)</u>
Net cash used in investing activities	(2,424,136)	(425,030)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of long term finance	1,812,480	400,000
Repayment of liabilities against assets subject to finance lease	(101,303)	(92,731)
Repayment of short-term finance	(8,965)	(91,848)
Proceed from right issue of shares	553,694	-
	<u>2,255,906</u>	<u>215,421</u>
Net cash generated from financing activities	2,255,906	215,421
Net decrease in cash and cash equivalents	(133,690)	(190,185)
Cash and cash equivalents at the beginning of the period	(154,781)	16,518
Cash and cash equivalents at the end of the period	(288,471)	(173,667)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	86,067	75,942
Short term running finances	(374,538)	(249,609)
	<u>(288,471)</u>	<u>(173,667)</u>

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



Shabbir Tiles and Ceramics Limited

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009 (UNAUDITED)

	Issued subscribed & paid-up capital	Capital reserve share premium	Revenue reserves			Total reserves	Total Equity
			General reserve	Unappro- priated profit	Hedging reserves		
				(Rupees in '000)			
Balance as at July 1, 2007	136,605	-	348,000	82,777	-	430,777	567,382
Bonus Shares Issued @ 2:10	27,321	-	-	(27,321)	-	(27,321)	-
Transfer to general reserve	-	-	55,000	(55,000)	-	-	-
Net profit for the period	-	-	-	64,007	-	64,007	64,007
Balance as at March 31, 2008	<u>163,926</u>	<u>-</u>	<u>403,000</u>	<u>64,464</u>	<u>-</u>	<u>467,464</u>	<u>631,390</u>
Balance as at June 30, 2008	163,926	-	403,000	96,442	81,710	581,152	745,078
Issued of right share (see note 7)	163,926	389,764	-	-	-	389,764	553,690
Issue of bonus shares 2:10	32,786	-	-	(32,786)	-	(32,786)	-
Transfer to general reserve	-	-	63,000	(63,000)	-	-	-
Net gain on cash flow hedge transferred to property, plant and equipment	-	-	-	-	(81,710)	(81,710)	(81,710)
Net profit for the period	-	-	-	31,276	-	31,276	31,276
Balance as at March 31, 2009	<u>360,638</u>	<u>389,764</u>	<u>466,000</u>	<u>31,933</u>	<u>-</u>	<u>887,696</u>	<u>1,248,335</u>

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINTH MONTHS PERIOD ENDED MARCH 31, 2009 (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated on November 07, 1978 as a public limited company by shares under the Companies Act 1913 (now the Companies Ordinance, 1984 here-in-after referred to as "the Ordinance") and is listed on all the Stock Exchanges in Pakistan. The Company is primarily engaged in manufacture and sale of tiles and trading of allied building material products. The registered office of the Company is situated at 15th Mile Stone, National Highway, Landhi, Karachi.

During December 2008 , the Company has started commercial production of floor tiles with the output of 3,000 sqm. Per day out of total available capacity of 8,000 sqm. Per day. The expansion has enhanced the total capacity to 25,500 sqm. Per day.

2. BASIS OF PREPARATION

These interim condensed financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Ordinance and have been prepared in a condensed form in accordance with the requirements of the International Accounting Standard (IAS) -34 "Interim Financial Reporting" as applicable in Pakistan. These interim condensed financial statement, do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2008.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 The following additions and deletions were made in operating fixed assets during the period:

	Additions (cost)	Deletions (book value)
	(Rupees in '000)	
Owned		
Factory building	437,963	-
Plant and machinery	1,638,555	312
Vehicles	6,428	-
Computers	2,478	-
Office equipment	3,240	-
Furniture & fixture	15,722	-
	<u>2,104,386</u>	<u>312</u>
Leased		
Vehicles	1,364	713
	<u>2,105,750</u>	<u>1,025</u>



Shabbir Tiles and Ceramics Limited

During the period, the Company issued 32,785,423 ordinary shares of Rs. 5/- each as right shares at a premium of Rs. 12/- per share in the ratio of 1:1 share held as approved by the Board of Directors in their meeting held on April 29, 2008. These shares are also listed on all the stock exchanges of Pakistan where the existing shares are listed and carry same characteristics as existing shares of the Company. The effect of these shares have been taken in the calculation of basic and diluted earning per share of current and prior periods.

The shares held by the related parties as at March 31, 2009 were 3,061,665 (June 30, 2008: 1,838,666) ordinary shares of Rs. 5/- each.

8. TRADE AND OTHER PAYABLES

This Includes of Rs. 9.725 million (June 30, 2008: Rs. 2.505 million) due to related parties.

Note	March 31, 2009	June 30, 2008

(Rupees in '000)

9. SHORT-TERM BORROWINGS - secured

Term finances	–	8,965
Running finances	374,538	290,011
	<u>374,538</u>	<u>298,976</u>

10. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no change in the status of contingencies as disclosed in the annual financial statements for the year ended June 30, 2008 except for the followings:

The Divisional Bench of the Honourable High Court of Sindh through its order dated September 17, 2008 has declared the levy of Infrastructure Cess/Fee by the Excise and Taxation Department, Government of Sindh upto December 27, 2006 as ultra vires of the constitution. The levy subsequent to December 27, 2006 has been declared as valid and constitutional.

The Company has filed an appeal before the Supreme Court of Pakistan against the above order of the High Court of Sindh. The Honourable Supreme Court of Pakistan has accepted the petition and granted stay order against the payment of levy subject to the submission of bank guarantees.

The Company has decided not to reverse the liability pertaining to the period prior to December 27, 2006 as the Excise Department, Government of Sindh has also filed an appeal before the Honourable Supreme Court of Pakistan against the above order of the High Court of Sindh. Therefore, the Company continues to provide for additional liability of the charge for the period under review until the matter is finally decided by the Supreme Court of Pakistan.

The utilized portion of guarantee amounting to Rs. 29.201 million (June 30, 2008: Rs. 12.08 million) has been provided in these financial statements.

March 31, 2009	June 30, 2008

(Rupees in '000)

Commitments

Capital Commitments		
– Plant & machinery	97,722	1,550,673
– Civil works	8,160	65,687
Outstanding Letter of credits	39,854	96,162
Outstanding Letter of guarantees	301,828	82,707



Shabbir Tiles and Ceramics Limited

11. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the period, other than those which have been disclosed elsewhere in these interim condensed financial statements, are as follows:

	March 31, 2009	March 31, 2008
	(Rupees in '000)	
Purchase of goods	19,676	15,921
Insurance premium	18,370	5,436
Insurance claims received	194	1,261
Rent Paid & Services	7,607	-
Remuneration of key management personnel	3,875	5,348
Contribution to provident fund	4,029	3,131

Transactions with related parties are carried out at an arm's length prices determined using the admissible valuation methods.

12. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were authorised for issue on April 22, 2009 by the Board of Directors of the Company.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director

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