



**Shabbir Tiles and Ceramics Limited**  
(Incorporated in Pakistan)



Certificate No. KHI 2001011

**REGISTERED OFFICE  
AND FACTORY :**

15th Mile Stone,  
National Highway,  
Landhi, Karachi-75120  
Phones : (021) 5015024 - 25  
5014044 - 45  
E-mail : info@stile.com.pk  
URL: <http://www.stile.com.pk>

**NATIONAL TAX NUMBER :** 0712052-4  
**SALES TAX REGISTRATION NO :** 02-04-6907-001-37

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Authorised Capital	...	Rs.	300,000,000
Issued, Subscribed and Paid-up Capital	...	Rs.	113,838,275

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Quarterly Accounts for the  
Period ended 30th September,  
2006  
(UNAUDITED)



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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	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>
<b>AUDIT COMMITTEE</b>	MANSOOR G. HABIB KERSI D. KAPADIA NAZIM F. HAJI	<i>Chairman</i>
<b>COMPANY SECRETARY</b>	AZIZ AHMED	
<b>AUDITORS</b>	Ford Rhodes Sidat Hyder & Co. Chartered Accountants	
<b>BANKERS</b>	ABN AMRO Bank N.V. Bank AL Habib Limited Habib Bank Limited Habib Bank A. G. Zurich Metropolitan Bank Limited Muslim Commercial Bank Limited Standard Chartered Bank	
<b>KARACHI DISPLAY CENTRE &amp; SALES OFFICE</b>	Stile House, 1st & 2nd Floor, Plot No. 15-C & 17-C, Zamzama Commercial Lane, Phase V, Defence Housing Authority, Karachi. UAN: (021) 111-000-039 Customer Service Toll Free Number 0800-000-14	
<b>LAHORE SALES OFFICE</b>	34, Aibak Block, New Garden Town, Lahore. UAN: (042) 111-000-039	
<b>ISLAMABAD SALES OFFICE</b>	Plot No. H-226, Street No. 7, Industrial Area, Sector 1-9, Islamabad. UAN: (051) 111-000-039	
<b>PESHAWAR SALES OFFICE</b>	Room No. 10-B, 2nd Floor, Fawad Plaza, Jamrood Road, Peshawar. Phone : (091) 5843750	
<b>MULTAN SALES OFFICE</b>	Room No. 7 & 8, 3rd Floor, Trust Plaza, L.M.Q. Road, Multan. Phone : (061) 4546439	
<b>FAISALABAD SALES OFFICE</b>	Plaza No. 19, 1st Floor, Chanab Market, Madina Town, Main Susan Road, Faisalabad. Phones : (041) 8548243 & 8548244	
<b>REGISTRAR AND SHARE TRANSFER OFFICE</b>	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	



**DIRECTORS' REPORT FOR  
THE FIRST QUARTER ENDED 30TH SEPTEMBER, 2006**

Dear Shareholders,

The Board of Directors is pleased to place before you the unaudited accounts of the Company for the first quarter ended 30th September 2006.

During the period under review, your Company has posted a net sales at Rs. 404.484 million as compared to Rs. 388.514 million in the corresponding period of last year, reflecting a growth of 4%. The earning per share stood at Rs. 1.01 as against Rs. 1.19 in the corresponding period of preceding year which is solely due to 20% enhanced capital by issuance of bonus shares.

The Company through its continued capital expenditure, improved efficiency, customer relationship management and innovative products has set its target to remain market leader and encompasses its commitment and aspiration in multi direction of providing quality service, innovative products, actively pursue consistent improvement and develop people to increase the avenues of informed decision making.

The Board wishes to thank all its customers for their patronage and support and appreciate the support received from the stakeholders who continue to repose trust in the Company.

On behalf of the Board

Karachi : 21st October, 2006.

**ALIREZA M. ALLADIN**  
Chief Executive



# Shabbir Tiles and Ceramics Limited

## BALANCE SHEET AS AT SEPTEMBER 30, 2006

	Note	September 30, 2006 (Unaudited) (Rupees in '000)	June 30, 2006 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	589,841	594,628
Investment property		923	926
Long term loans and advances		1,897	1,901
Long term deposits		22,973	23,012
		<b>615,634</b>	<b>620,467</b>
<b>CURRENT ASSETS</b>			
Stores and spares		23,225	26,645
Stock-in-trade		197,828	153,251
Trade debts		337,562	307,916
Loans and advances, deposits, prepayments and other receivables		30,198	16,595
Taxation		734	1,542
Cash and bank balances		41,080	82,322
		<b>630,627</b>	<b>588,271</b>
<b>TOTAL ASSETS</b>		<b>1,246,261</b>	<b>1,208,738</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised Capital</b>			
60,000,000 (2006 : 60,000,000) ordinary shares of Rs. 5/- each		300,000	300,000
Issued, subscribed and paid-up capital		113,838	113,838
Reserves		411,788	388,739
		<b>525,626</b>	<b>502,577</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loan		—	6,750
Liabilities against assets subject to finance leases		193,727	213,823
Deferred Taxation		50,881	47,428
Deferred liability - advance rent		1,085	1,190
		<b>245,693</b>	<b>269,191</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		130,551	136,553
Mark-up accrued		3,411	4,031
Short-term borrowings	5	211,649	169,281
Current portion of long term loan		27,000	27,000
Current portion of liabilities against assets subject to finance leases		87,622	92,636
Sales tax payable		14,709	7,469
		<b>474,942</b>	<b>436,970</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,246,261</b>	<b>1,208,738</b>

The annexed notes form an integral part of these financial statements.

**ALIREZA M. ALLADIN**  
Chief Executive

**ABDUL HAI M. BHAIMIA**  
Director



PROFIT AND LOSS ACCOUNT FOR THE  
PERIOD ENDED SEPTEMBER 30, 2006.  
(UNAUDITED)

	July to September 2006	July to September 2005
	(Rupees in '000)	
Turnover - net	404,484	388,514
Cost of sales	294,509	285,796
<b>Gross profit</b>	<b>109,975</b>	<b>102,718</b>
Distribution cost	49,413	44,040
Administrative expenses	9,288	7,061
	58,701	51,101
	51,274	51,617
<b>Other operating income</b>	<b>154</b>	<b>183</b>
	51,428	51,800
Finance cost	11,766	7,814
Other charges	2,311	2,773
	14,077	10,587
<b>Profit before taxation</b>	<b>37,351</b>	<b>41,213</b>
<b>Taxation</b>	<b>14,302</b>	<b>18,708</b>
<b>Profit after taxation</b>	<b>23,049</b>	<b>22,505</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (RS.)</b>	<b>1.01</b>	<b>1.19</b>

ALIREZA M. ALLADIN  
Chief Executive

ABDUL HAI M. BHAIMIA  
Director



**CASH FLOW STATEMENT FOR THE  
PERIOD ENDED SEPTEMBER 30, 2006.  
(UNAUDITED)**

	July to September	
	2006	2005
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	37,351	41,213
Adjustments for :		
Depreciation	21,100	18,055
Finance cost	11,766	7,814
Loss / (gain) on disposal of fixed assets	(49)	-
Profit on bank deposit	-	(68)
Amortization of unearned rental income	(105)	(105)
	<b>32,712</b>	<b>25,696</b>
<b>Operating profit before working capital changes</b>	<b>70,063</b>	<b>66,909</b>
(Increase) / decrease in current assets		
Stores and spares	3,420	295
Stock-in-trade	(44,577)	(33,928)
Trade debts	(29,646)	(35,743)
Loans and advances	(13,603)	(1,195)
Deposits, prepayments and other receivables	-	(9,126)
	<b>(84,406)</b>	<b>(79,697)</b>
<b>Decrease in current liabilities</b>		
Trade and other payables	1,736	38,882
<b>Working capital changes</b>	<b>(82,670)</b>	<b>(40,815)</b>
<b>Cash generated from operations</b>	<b>(12,607)</b>	<b>26,094</b>
Long term loans - net	4	32
Long term deposits	39	(226)
Income tax paid	(10,961)	(14,412)
Finance cost paid	(12,861)	(6,489)
<b>Net cash inflow from operating activities</b>	<b>(36,386)</b>	<b>4,999</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(15,817)	(4,533)
Proceeds from disposal of fixed assets	477	-
Profit on bank deposit received	-	68
<b>Net cash used in investing activities</b>	<b>(15,340)</b>	<b>(4,465)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of liabilities against assets subject to finance leases	(25,109)	(15,105)
Repayment of long-term loan	(6,750)	(6,750)
Receipt of short-term borrowings	34,540	34,982
Dividend paid	(24)	(7)
<b>Net cash used in financing activities</b>	<b>2,657</b>	<b>13,120</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(49,069)</b>	<b>13,654</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>16,319</b>	<b>(14,678)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(32,750)</b>	<b>(1,024)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	41,080	80,686
Short term running finances	(73,830)	(81,710)
	<b>(32,750)</b>	<b>(1,024)</b>

**ALIREZA M. ALLADIN**  
Chief Executive

**ABDUL HAI M. BHAIMIA**  
Director



**STATEMENT OF CHANGES IN EQUITY FOR THE  
PERIOD ENDED SEPTEMBER 30, 2006.  
(UNAUDITED)**

	Issued subscribed & paid-up capital	Revenue reserves		Total reserves	Total equity
		General reserve	Unappro- priated profit		
			(Rupees in '000)		
<b>Balance as at July 1, 2005</b>	94,865	274,000	76,317	350,317	445,182
Net profit for the quarter after Taxation	–	–	22,505	22,505	22,505
<b>Balance as at September 30, 2005</b>	<u>94,865</u>	<u>274,000</u>	<u>98,822</u>	<u>372,822</u>	<u>467,687</u>
<b>Balance as at June 30, 2006</b>	113,838	317,000	71,739	388,739	502,577
Profit for the quarter after taxation	–	–	23,049	23,049	23,049
<b>Balance as at September 30, 2006</b>	<u>113,838</u>	<u>317,000</u>	<u>94,788</u>	<u>411,788</u>	<u>525,626</u>

**ALIREZA M. ALLADIN**  
Chief Executive

**ABDUL HAI M. BHAIMIA**  
Director



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2006.  
(UNAUDITED)**

**1. THE COMPANY AND ITS OPERATIONS**

The Company was incorporated on November 07, 1978 as a public limited company and is listed on all 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.

**2. BASIS OF PREPARATION**

These financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance 1984 (the Ordinance) and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan.

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2006.

**4. PROPERTY, PLANT AND EQUIPMENT**

The following major additions and deletions were made during the period.

	<b>Additions</b>	<b>Deletions</b>
	(Rupees in '000)	
<b>Operating fixed assets</b>		
Plant and machinery	14,376	-
Vehicles	1,975	981
Computers	182	-
AC equipment	138	-
Office equipment	65	-
	<u>16,736</u>	<u>981</u>
	<b>September 30, 2006</b>	<b>June 30, 2006</b>
	(Rupees in '000)	

**5. SHORT-TERM BORROWINGS - secured**

Term finances	137,819	103,278
Running finance	73,830	66,003
	<u>211,649</u>	<u>169,281</u>

These finances are secured by way of hypothecation of stocks, book debts and legal and equitable mortgage of present and future fixed assets of the Company ranking pari-passu with other creditors and are further secured by demand promissory notes.



**6. CONTINGENCIES AND COMMITMENTS**

There were no major changes in the contingencies and commitments as reported in the financial statements for the year ended June 30, 2006 except for letter of credits Rs. 76.917 million (June 2006 : Rs. 91.909).

**7. TRANSACTIONS WITH RELATED PARTIES**

	<b>September 30, 2006</b>	September 30, 2005
	(Rupees in '000)	
Sales	<u>57</u>	448
Purchases	<u>4,726</u>	<u>2,503</u>
Insurance premium paid	<u>6,836</u>	<u>7,735</u>
Insurance claims received	<u>146</u>	<u>97</u>
Registrar's services fee	<u>128</u>	<u>120</u>
Internal audit, IT related advisory and other services	<u>1,458</u>	<u>579</u>

Transactions with related parties are made under normal commercial terms and conditions.

**8. DIVIDEND AND APPROPRIATION**

The Board of Directors recommended cash dividend @ 15% i.e. Rs. 0.75 per share for the year ended June 30, 2006 amounting to Rs. 17.076 million and issue of Bonus Shares in proportion of twenty ordinary shares for every hundred ordinary shares amounting to Rs. 22.767 million. These financial statements do not reflect the proposed dividend which has been approved in the Annual General Meeting conducted on October 18, 2006.

**9. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue on 21st October, 2006 by the Board of Directors of the Company.

**10. GENERAL**

Rupees have been rounded off to nearest thousands.

**ALIREZA M. ALLADIN**  
Chief Executive

**ABDUL HAI M. BHAIMIA**  
Director