



Superbrands

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

Authorised Capital	...	Rs.	300,000,000
Issued, Subscribed and Paid-up Capital	...	Rs.	136,605,930

Accounts for the half year
ended 31st December
2006
(UNAUDITED)

A HOUSE OF HABIB COMPANY





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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	ABN AMRO Bank N.V. Bank AL Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Muslim Commercial Bank Limited Standard Chartered Bank	
KARACHI DISPLAY CENTRE & SALES OFFICE	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	
LAHORE SALES OFFICE	34, Aibak Block, New Garden Town, Lahore. UAN: (042) 111-000-039	
ISLAMABAD SALES OFFICE	Plot No. H-226, Street No. 7, Industrial Area, Sector I-9, Islamabad. UAN: (051) 111-000-039	
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	



**DIRECTORS' REPORT FOR THE
PERIOD ENDED 31ST DECEMBER, 2006**

Dear Shareholders,

The Directors feel great pleasure in presenting their report and unaudited financial statements of the Company alongwith the auditors' review for the period ended 31st December, 2006.

Financial Review

By the grace of Almighty Allah, your Company has generated net sales at Rs. 803.467 million as compared to Rs. 753.312 million in the corresponding period of last year reflecting a growth of 7%. The cost of sales has increased by 4.17% due to higher sales volume resulting in profit after tax of Rs. 41.040 million as against Rs. 27.562 million in the corresponding period of last year. Earning per share stood at Rs. 1.50 as against last year's of Rs. 1.01. Distribution cost increased by Rs. 4.398 million from Rs. 91.762 million in the corresponding period to Rs. 96.160 million mainly due to increase in freight corresponding to higher volume and inflationary factors. Increase in financial charges from Rs. 17.922 million to Rs. 24.919 million is due to substantial investment in BMR and phenomenon increase in mark-up rate over the previous period in a very competitive business environment. The improved performance is attributed to pragmatic policies of the management.

Expansion Project

In line with the growing demand and to remain market leader, the plant capacity is being further enhanced by 1.2 million sqm per annum. Construction work is in full swing and most of the imported equipments have already arrived at site and commercial production is expected to start during the second quarter of calendar year 2007 which will further improve earning of the Company.

Acknowledgement

The Board wishes to extend thanks to the staff & workers, dealers, customers and bankers for their continuous confidence and support in excelling our performance as market leader.

On behalf of the Board

Karachi : February 22, 2007.

ALIREZA M. ALLADIN
Chief Executive



REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed interim condensed balance sheet of **Shabbir Tiles and Ceramics Limited** as at December 31, 2006, and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim condensed financial statement") for the half-year then ended. These interim condensed financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim condensed financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed interim condensed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

FORD RHODES SIDAT HYDER & CO.
Chartered Accountants

Karachi : February 22, 2007.



**INTERIM CONDENSED BALANCE SHEET
AS AT DECEMBER 31, 2006
(UN-AUDITED)**

	Note	December 31, 2006 (Unaudited) (Rupees in '000)	June 30, 2006 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	587,152	594,628
Investment property		923	926
Long term loans and advances		1,426	1,901
Long term deposits		22,674	23,012
		612,175	620,467
CURRENT ASSETS			
Stores and spares		26,597	26,645
Stock-in-trade	5	283,282	153,251
Trade debts		338,418	307,916
Loans, advances, deposits, prepayments and other receivables		34,153	16,595
Taxation - net		3,406	1,542
Cash and bank balances		66,460	82,322
		752,316	588,271
TOTAL ASSETS		1,364,491	1,208,738
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
60,000,000 (June 30, 2006 : 60,000,000) Ordinary shares of Rs. 5/- each		300,000	300,000
Issued, subscribed and paid-up capital	6	136,606	113,838
Reserves		389,935	388,739
		526,541	502,577
NON-CURRENT LIABILITIES			
Long term loan - secured		—	6,750
Liabilities against assets subject to finance lease		173,277	213,823
Deferred Taxation		55,903	47,428
Deferred liability - advance rent		980	1,190
		230,160	269,191
CURRENT LIABILITIES			
Trade and other payables	7	152,097	136,553
Accrued mark-up		5,625	4,031
Short-term borrowings	8	341,180	169,281
Current maturity of long term loan		20,250	27,000
Current maturity of liabilities against assets subject to finance lease		82,972	92,636
Sales tax payable		5,666	7,469
		607,790	436,970
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		1,364,491	1,208,738

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

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)**

Note	Half year Ended		Quarter Ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
	(Rupees in '000)			
Turnover - net	803,467	753,312	398,983	364,798
Cost of sales	589,548	565,919	295,039	280,123
Gross profit	213,919	187,393	103,944	84,675
Distribution cost	96,160	91,762	46,747	47,722
Administrative expenses	17,833	16,274	8,545	9,213
	113,993	108,036	55,292	56,935
Other operating income	410	1,049	256	866
	100,336	80,406	48,908	28,606
Finance cost	24,919	17,922	13,153	10,108
Other charges	4,242	3,811	1,931	1,038
	29,161	21,733	15,084	11,146
Profit before taxation	71,175	58,673	33,824	17,460
Taxation				
– Current	21,659	26,455	10,810	7,747
– Deferred	8,476	4,656	5,022	4,656
	30,135	31,111	15,832	12,403
Profit after taxation	41,040	27,562	17,992	5,057
		(Restated) due to Bonus issue		(Restated) due to Bonus issue
Basic and diluted earning per share (Rs.)	1.50	1.01	0.66	0.18

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

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)**

	December 31, 2006	December 31, 2005
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	71,175	58,673
Adjustments for :		
Depreciation	42,924	36,410
Finance cost	24,919	17,922
Gain on disposal of fixed assets	(49)	(648)
Profit on bank deposit	(73)	(152)
Amortization of unearned rental income from investment property	(210)	(210)
	<u>67,511</u>	<u>53,322</u>
Operating profit before working capital changes	138,686	111,995
(Increase) / decrease in current assets		
Stores and spares	756	1,983
Stock-in-trade	(130,031)	(58,325)
Trade debts	(36,270)	(34,021)
Loans, advances, deposits, prepayments and other receivables	(18,524)	(40,776)
	<u>(184,069)</u>	<u>(131,139)</u>
Increase in current liabilities		
Trade and other payables	20,655	39,539
Net Cash (used in) / generated from operations	(163,414)	20,395
Income tax paid	(23,524)	(21,461)
Finance cost paid	(24,858)	(16,536)
Long-term loans - net	736	371
Long-term deposits	335	(5,826)
	<u>(72,039)</u>	<u>(23,057)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(35,873)	(40,318)
Proceeds from disposal of fixed assets	477	1,292
Profit received on bank deposit	73	83
Net cash used in investing activities	(35,323)	(38,943)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loan	(13,500)	(13,500)
Repayment of liabilities against assets subject to finance lease	(50,210)	(32,388)
Receipt of short-term borrowings	69,771	35,389
Dividend paid	(16,689)	(13,412)
Net cash used in financing activities	(10,628)	(23,911)
Net decrease in cash and cash equivalents	(117,990)	(85,911)
Cash and cash equivalents at the beginning of the period	16,319	(14,678)
Cash and cash equivalents at the end of the period	(101,671)	(100,589)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	66,460	75,816
Short term running finances	(168,131)	(176,405)
	<u>(101,671)</u>	<u>(100,589)</u>

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

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)**

	Issued subscribed & paid-up capital	Revenue reserves		Total reserves	Total equity
		General reserve	Unappro- priated profit		
	(Rupees in '000)				
Balance as at July 1, 2005	94,865	274,000	76,317	350,317	445,182
Final dividend for the year ended June 30, 2005 @ Re. 0.75/- per share	-	-	(14,230)	(14,230)	(14,230)
Bonus shares issued @ 2 : 10	18,973	-	(18,973)	(18,973)	-
Transfer to general reserve	-	43,000	(43,000)	-	-
Net profit for the period	-	-	27,562	27,562	27,562
Balance as at December 31, 2005	<u>113,838</u>	<u>317,000</u>	<u>27,676</u>	<u>344,676</u>	<u>458,514</u>
Balance as at July 1, 2006	113,838	317,000	71,739	388,739	502,577
Final dividend for the year ended June 30, 2006 @ Re. 0.75/- per share	-	-	(17,076)	(17,076)	(17,076)
Bonus shares issued @ 2 : 10	22,768	-	(22,768)	(22,768)	-
Transfer to general reserve	-	31,000	(31,000)	-	-
Net profit for the period	-	-	41,040	41,040	41,040
Balance as at December 31, 2006	<u>136,606</u>	<u>348,000</u>	<u>41,935</u>	<u>389,935</u>	<u>526,541</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



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2006.
(UNAUDITED)**

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated on November 07, 1978 as a public limited company by shares under Companies Ordinance, 1984 (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.

2. BASIS OF PREPARATION

These interim condensed financial statements are unaudited but subject to limited scope review by the auditors. These are required to be presented to the shareholders under Section 245 of 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. The figures of the interim condensed profit and loss account for the quarters ended December 31, 2006 and 2005 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2006 and 2005.

3. 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, 2006.

4. PROPERTY, PLANT AND EQUIPMENT

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

	Additions	Deletions
	(Rupees in '000)	
Owned		
Plant and machinery	29,549	-
Vehicles	3,685	428
Computers	441	-
Office equipment	65	-
	<u>33,740</u>	<u>428</u>
Leased		
Vehicles	2,133	-
	<u>35,873</u>	<u>428</u>

5. This includes amount of Rs. 0.051 million (June 30, 2006: Rs. 0.39 million) due to a related party.



6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

Number of shares			December 31, 2006	June 30, 2006
December 31, 2006	June 30, 2006		(Rupees in '000)	
6,863,000	6,863,000	Fully paid in cash	34,315	34,315
1,150,000	1,150,000	Issued for consideration other than cash	5,750	5,750
		Issued as fully paid bonus shares		
14,754,655	10,960,046	Opening balance	73,773	54,800
4,553,531	3,794,609	Issued during the period	22,768	18,973
19,308,186	14,754,655		96,541	73,773
27,321,186	22,767,655		136,606	113,838

7. This Includes of Rs. 7.036 million (June 30, 2006: Rs. 2,741 million) due to related parties.

8. SHORT-TERM BORROWINGS - secured

Term finances	173,049	103,278
Running finance	168,131	66,003
	341,180	169,281

9. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no major changes in the contingencies as reported in the annual financial statements for the year ended June 30, 2006.

Commitments

(i) Commitments in respect of rentals under operating lease agreements for vehicles are as follows:

	December 31, 2006	June 30, 2006
	(Rupees in '000)	
Not later than one year	121	303
(ii) Commitments in respect of plant and equipment amount to Rs. 109.451 million (June 30, 2006 : Rs. Nil)		
(iii) Outstanding letters of credit amount to Rs. 31.903 million (June 30, 2006: Rs. 91.909 million).		
(iv) Outstanding letters of guarantee amount to Rs. 40.762 million (June 30, 2006; Rs. 41.954 million)		

10. TRANSACTION WITH RELATED PARTIES

Related parties of the Company comprise associated undertaking, directors and key management personnel. Transactions with related parties during the period are as follows:



	December 31, 2006	December 31, 2005
	(Rupees in '000)	
Sale of goods	<u>51</u>	<u>973</u>
Sale of vehicle	<u>–</u>	<u>500</u>
Purchase of goods	<u>10,471</u>	<u>6,618</u>
Insurance premium paid	<u>8,999</u>	<u>11,047</u>
Insurance claims received	<u>152</u>	<u>118</u>
Internal audit, IT and registrar's services	<u>2,002</u>	<u>1,456</u>
Remuneration of key management	<u>3,406</u>	<u>2,460</u>
Contribution to provident fund	<u>1,714</u>	<u>1,365</u>

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

11. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 22-02-2007 by the Board of Directors of the Company.

12. GENERAL

Figures have been rounded off to nearest thousands rupees.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director