



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 3rd Quarter
ended 31st March
2007
(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	
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 MARCH, 2007**

Dear Shareholders,

It gives us pleasure in submitting the report and accounts of the Company for the period from July, 2006 to March, 2007.

The quarter was challenging and by the grace of Almighty Allah, the Company has posted a net sales of Rs. 1.23 billion as compared to Rs. 1.13 billion in the corresponding period of last year reflecting a growth of 9%. Despite increase in manufacturing cost due to inflationary factors, the gross profit rate has increased to 26% as compared to 25% in the corresponding period of last year. Distribution cost increased in proportion to increase in sales while financial cost increased by 2.640 million from Rs. 36.34 million to Rs. 38.98 million primarily due to increase in mark-up rates over the corresponding period and investment in BMR. There is an overall improvement in profit after tax which has increased from Rs. 39.70 million in the corresponding period of last year to Rs. 63.67 million. Earning per share stood at Rs. 2.33 as against last years' of Rs. 1.45. This improved performance is attributed to persistent growth in construction activities, improved operational efficiency and strategic decisions undertaken by the Management.

We are pleased to inform that erection work of our new expansion line has been completed and commercial production will commence shortly having enhanced yearly capacity of Rs. 1.2 million sqm., which will ensure adequate and cost effective supply of tiles to end consumers. Delivering constant value proposition to our customers remains the backbone of our marketing efforts. We made progress in builder segment by signing up new customers.

We will continue with our efforts to increase the value of the business and would like to thank our stakeholders for all their support.

On behalf of the Board

Karachi : April 28, 2007.

ALIREZA M. ALLADIN
Chief Executive Officer



**INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2007
(UN-AUDITED)**

	Note	March 31, 2007 (Unaudited)	June 30, 2006 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	575,656	594,628
Investment property		867	926
Capital Work-in-Progress		113,908	—
Long term loans and advances		1,086	1,901
Long term deposits		22,547	23,012
		714,064	620,467
CURRENT ASSETS			
Stores and spares		34,723	26,645
Stock-in-trade		196,853	153,251
Trade debts	5	339,288	307,916
Loans, advances, deposits, prepayments and other receivables		38,062	16,595
Taxation - net		2,276	1,542
Cash and bank balances		62,578	82,322
		673,780	588,271
TOTAL ASSETS		1,387,844	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		412,560	388,739
		549,166	502,577
NON-CURRENT LIABILITIES			
Long term loan - secured		—	6,750
Liabilities against assets subject to finance lease		148,611	213,823
Deferred taxation		58,711	47,428
Deferred liability - advance rent		875	1,190
		208,197	269,191
CURRENT LIABILITIES			
Trade and other payables	7	149,233	136,553
Accrued mark-up		7,593	4,031
Short-term borrowings	8	370,835	169,281
Current maturity of long term loan		6,750	27,000
Current maturity of liabilities against assets subject to finance lease		82,357	92,636
Sales tax payable		13,713	7,469
		630,481	436,970
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		1,387,844	1,208,738

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

ALIREZA M. ALLADIN

ABDUL HAI M. BHAIMIA
Director



Shabbir Tiles and Ceramics Limited

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2007 (UNAUDITED)

Note	July to March		January to March	
	2007	2006	2007	2006
	(Rupees in '000)			
Turnover - net	1,230,032	1,129,800	426,565	376,488
Cost of sales	911,242	846,967	321,694	281,048
Gross profit	318,790	282,833	104,871	95,440
Distribution cost	145,602	138,760	49,442	46,998
Administrative expenses	26,215	24,181	8,382	7,907
	171,817	162,941	57,824	54,905
Other operating income	671	1,220	261	171
	147,644	121,112	47,308	40,706
Finance cost	38,982	36,342	14,063	18,420
Other charges	6,208	5,098	1,966	1,287
	45,190	41,440	16,029	19,707
Profit before taxation	102,454	79,672	31,279	20,999
Taxation				
– Current	27,505	33,758	5,846	7,303
– Deferred	11,284	6,211	2,808	1,555
	38,789	39,969	8,654	8,858
Profit after taxation	63,665	39,703	22,625	12,141
		(Restated) due to Bonus issue		(Restated) due to Bonus issue
Basic and diluted earnings per share (Rs.)	2.33	1.45	0.83	0.44

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

ALIREZA M. ALLADIN

ABDUL HAI M. BHAIMIA
Director



**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2007
(UNAUDITED)**

	July to March	
	2007	2006
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	102,454	79,672
Adjustments for :		
Depreciation	64,755	57,786
Finance cost	38,982	36,342
Gain on disposal of fixed assets	(49)	(650)
Profit on bank deposit	(154)	(181)
Amortization of unearned rental income from investment property	(315)	(315)
	<u>103,219</u>	<u>92,982</u>
Operating profit before working capital changes	205,673	172,654
Increase in current assets		
Stores and spares	(8,078)	(1,964)
Stock-in-trade	(43,602)	(48,874)
Trade debts	(37,140)	(66,406)
Loans, advances, deposits, prepayments and other receivables	(21,467)	(9,576)
	<u>(110,287)</u>	<u>(126,820)</u>
Increase in current liabilities		
Trade and other payables	24,493	91,882
	<u>(85,794)</u>	<u>(34,938)</u>
Net Cash generated from operations	119,879	137,716
Income tax paid	(28,238)	(31,858)
Finance cost paid	(35,420)	(33,157)
Long-term loans - net	815	481
Long-term deposits	465	(9,558)
	<u>57,501</u>	<u>63,624</u>
Net cash inflow from operating activities	57,501	63,624
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure including CWIP	(157,925)	(9,705)
Proceeds from disposal of fixed assets	477	1,307
Profit received on bank deposit	154	181
	<u>(157,294)</u>	<u>(8,217)</u>
Net cash used in investing activities	(157,294)	(8,217)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loan	(27,000)	(20,250)
Repayment of liabilities against assets subject to finance lease	(77,624)	(54,015)
Receipt of short-term borrowings - FCIF	117,563	23,617
Dividend paid	(16,881)	(13,932)
	<u>(3,942)</u>	<u>(64,580)</u>
Net cash used in financing activities	(3,942)	(64,580)
Net decrease in cash and cash equivalents	(103,735)	(9,173)
Cash and cash equivalents at the beginning of the period	16,319	(14,678)
Cash and cash equivalents at the end of the period	(87,416)	(23,851)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	62,578	78,961
Short term running finances	(149,994)	(102,812)
	<u>(87,416)</u>	<u>(23,851)</u>

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

ALIREZA M. ALLADIN

ABDUL HAI M. BHAIMIA
Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2007
(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	-	-	39,703	39,703	39,703
Balance as at March 31, 2006	<u>113,838</u>	<u>317,000</u>	<u>39,817</u>	<u>356,817</u>	<u>470,655</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	-	-	63,665	63,665	63,665
Balance as at March 31, 2007	<u>136,606</u>	<u>348,000</u>	<u>64,560</u>	<u>412,560</u>	<u>549,166</u>

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

ALIREZA M. ALLADIN

ABDUL HAI M. BHAIMIA
Director



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007
(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 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 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	42,535	-
Vehicles	586	428
Computers	539	-
A. C. equipment	278	-
Office equipment	79	-
	<u>44,017</u>	<u>428</u>
Leased		
Vehicles	2,133	-
	<u>46,150</u>	<u>428</u>

5. This includes amount of Rs. 0.55 million (June 30, 2006: Rs. 0.39 million) due from related party.



Shabbir Tiles and Ceramics Limited

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

Number of shares			March 31, 2007	June 30, 2006		March 31, 2007	June 30, 2006
March 31, 2007	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			
14,754,655	10,960,046	Issued as fully paid bonus shares					
4,553,531	3,794,609	Opening balance	73,773	54,800			
19,308,186	14,754,655	Issued during the period	22,768	18,973			
27,321,186	22,767,655		96,541	73,773			
27,321,186	22,767,655		136,606	113,838			

7. This Includes amount of Rs. 5.703 million (June 30, 2006: Rs. 2.741 million) due to related parties.

8. SHORT-TERM BORROWINGS - secured

Term finances	220,842	103,278
Running finance	149,994	66,003
	370,836	169,281

9. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no change 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 lease agreements for vehicles are as follows:

	March 31, 2007	June 30, 2006
	(Rupees in '000)	
Not later than one year	18	303

(ii) Commitments in respect of plant and equipment amounting to Rs. 16.338 million (June 30, 2006 : Rs. Nil).

(iii) Outstanding letters of credit amounting to Rs. 52.494 million (June 30, 2006: Rs. 91.909 million).

(iv) Outstanding letters of guarantee amounting to Rs. 42.762 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:



Shabbir Tiles and Ceramics Limited

	March 31, 2007	March 31, 2006
	(Rupees in '000)	
Sales of goods	106	1,030
Sale of vehicle	–	500
Purchase of goods	12,709	7,734
Insurance premium paid	9,517	12,417
Insurance claims received	294	389
Internal audit, IT and registrar's services	2,604	2,229
Remuneration of key management	5,022	3,947
Contribution to provident fund	2,597	1,718

Transactions with related parties are carried out at an arm's length prices determined using the comparable uncontrolled price methods.

11. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 28th April, 2007 by the Board of Directors of the Company.

12. GENERAL

Figures have been rounded off to the nearest thousands rupees.

ALIREZA M. ALLADIN

ABDUL HAI M. BHAIMIA
Director