



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 million

Issued, Subscribed and
Paid-up Capital ... Rs.163.926 million

Accounts for the half year
ended 31st December
2007
(UNAUDITED)

A HOUSE OF HABIB COMPANY





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COMPANY INFORMATION

BOARD OF DIRECTORS

RAFIQ M. HABIB *Chairman*
ALIREZA M. ALLADIN *Chief Executive*
ALI S. HABIB
ABDUL HAI M. BHAIMIA
KERSI D. KAPADIA
MANSOOR G. HABIB
NAZIM F. HAJI

AUDIT COMMITTEE

MANSOOR G. HABIB *Chairman*
KERSI D. KAPADIA
NAZIM F. HAJI

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
National Bank of Pakistan
Deutsche Bank

**KARACHI DISPLAY CENTRE
& SALES OFFICE**

Makro Saddar
148/1, Mubarak Shaheed Road, Saddar, Karachi.

LAHORE SALES OFFICE

17-A, Tariq 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 TO THE SHAREHOLDERS
FOR THE PERIOD ENDED 31ST DECEMBER, 2007**

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, 2007.

The financial and operating results during the 2nd quarter are in line with the growth strategy of the Company. The turnover for six months increased by Rs. 119.37 million from Rs. 803.467 million of the same period of last year to Rs. 922.837 million reflecting growth of 14.85%. The profit after taxation however decreased by 5.79% from Rs. 41.04 million of corresponding period of last year to Rs. 35.249 million due to adverse impact of interrupted supply of utilities during the preceding quarter causing heavy cost burden of alternate power generation.

By the grace of Almighty Allah full production capacity utilization was achieved during the quarter. We hope that your company will have further improved results at the end of the year, if the supply of utilities remained uninterrupted as in this quarter. Earning per share stood at Rs. 1.07 as against last years' corresponding period of Rs. 1.25.

FUTURE OUTLOOK

We are pleased to inform that construction work on new expansion project having enhanced capacity of 3.00 million sqm. of Wall tiles and 2.7 million sqm. Floor tiles has been started which will Insha Allah ensure adequate and cost effective supply of tiles to end consumers.

ACKNOWLEDGEMENT

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

On behalf of the Board

Karachi : February 15, 2008.

ALIREZA M. ALLADIN
Chief Executive Officer



**AUDITORS' REPORT TO THE MEMBERS
ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION**

Introduction

We have reviewed the annexed interim condensed Balance Sheet of SHABBIR TILES AND CREAMICS LIMITED as at December 31, 2007, 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 information") for the half-year then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

FORD RHODES SIDAT HYDER & CO.
Chartered Accountants

Karachi : February 15, 2008.



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

	Note	December 31, 2007 (Unaudited)	June 30, 2007 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	990,360	730,863
Investment property		774	825
Long term loans and advances		1,454	1,057
Long term deposits		21,061	22,747
		<u>1,013,649</u>	<u>755,492</u>
CURRENT ASSETS			
Stores and spares		62,494	39,153
Stock-in-trade		240,876	165,419
Trade debts	5	372,740	309,816
Loans, advances, deposits, prepayments and other receivables		32,215	20,951
Taxation - net		15,712	9,736
Cash and bank balances		34,957	67,694
		<u>758,994</u>	<u>612,769</u>
TOTAL ASSETS		<u>1,772,643</u>	<u>1,368,261</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
60,000,000 (June 30, 2007 : 60,000,000) Ordinary shares of Rs. 5/- each		<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid-up capital Reserves	6	163,926 438,705	136,605 430,777
		<u>602,631</u>	<u>567,382</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		251,772	264,745
Deferred Taxation		75,393	66,202
Deferred liability - advance rent		140	350
		<u>327,305</u>	<u>331,297</u>
CURRENT LIABILITIES			
Trade and other payables	7	188,162	153,494
Accrued mark-up		6,309	4,578
Short-term borrowings	8	531,728	178,188
Current maturity of liabilities against assets subject to finance lease		107,479	120,621
Sales tax payable		9,029	12,701
		<u>842,707</u>	<u>469,582</u>
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u>1,772,643</u>	<u>1,368,261</u>

The annexed notes from 1 to 11 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 HALF YEAR ENDED DECEMBER 31, 2007 (UNAUDITED)

	Half year Ended		Quarter Ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
	(Rupees in '000)			
Turnover - net	922,837	803,467	479,061	398,983
Cost of sales	714,240	589,548	361,847	295,039
Gross profit	208,597	213,919	117,214	103,944
Distribution costs	102,908	96,160	51,891	46,747
Administrative expenses	18,457	17,833	9,046	8,545
	121,365	113,993	60,937	55,292
Other operating income	499	410	271	256
	87,731	100,336	56,548	48,908
Finance costs	31,508	24,919	17,736	13,153
Other charges	3,879	4,242	2,677	1,931
	35,387	29,161	20,413	15,084
Profit before taxation	52,344	71,175	36,135	33,824
Taxation				
– Current	8,741	21,659	4,284	10,810
– Prior	(837)	–	(837)	–
– Deferred	9,191	8,476	8,002	5,022
	17,095	30,135	11,449	15,832
Profit after taxation	35,249	41,040	24,686	17,992
		(Restated due to Bonus issue)		(Restated due to Bonus issue)
Basic and diluted earning per share (Rs.)	1.07	1.25	0.75	0.55

The annexed notes from 1 to 11 form an integral part of these interim condensed financial statements.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

	December 31, 2007	December 31, 2006
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	52,344	71,175
Adjustments for :		
Depreciation	57,449	42,924
Finance costs	31,508	24,919
Gain on disposal of fixed assets	(62)	(49)
Profit on bank deposit	(84)	(73)
Amortization of unearned rental income from investment property	(210)	(210)
	<u>88,601</u>	<u>67,511</u>
	140,945	138,686
 (Increase) / decrease in current assets		
Stores and spares	(23,341)	756
Stock-in-trade	(75,457)	(130,031)
Trade debts	(62,924)	(36,270)
Loans, advances, deposits, prepayments and other receivables	(11,264)	(18,524)
	<u>(172,986)</u>	<u>(184,069)</u>
 Increase in current liabilities		
Trade and other payables	30,993	20,655
Net Cash used in operations	<u>(141,993)</u>	<u>(163,414)</u>
Income tax paid	(13,881)	(23,524)
Finance costs paid	(29,777)	(24,858)
Long-term loans	(397)	736
Long-term deposits	1,686	335
	<u>(43,417)</u>	<u>(72,039)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(287,263)	(35,873)
Proceeds from disposal of fixed assets	842	477
Profit received on bank deposit	84	73
	<u>(286,337)</u>	<u>(35,323)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loan	-	(13,500)
Repayment of liabilities against assets subject to finance lease	(56,528)	(50,210)
(Payment)/Receipt of short-term finances	(53,320)	69,771
Dividend paid	-	(16,689)
	<u>(109,848)</u>	<u>(10,628)</u>
Net decrease in cash and cash equivalents	<u>(439,602)</u>	<u>(117,990)</u>
Cash and cash equivalents at the beginning of the period	<u>16,518</u>	<u>16,319</u>
Cash and cash equivalents at the end of the period	<u>(423,084)</u>	<u>(101,671)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	34,957	66,460
Short term running finances	(458,041)	(168,131)
	<u>(423,084)</u>	<u>(101,671)</u>

The annexed notes from 1 to 11 form an integral part of these interim condensed 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, 2007
(UNAUDITED)**

	Issued subscribed & paid-up capital	Revenue reserves		Total reserves	Total equity
		General reserves	Unappro- priated profit		
			(Rupees in '000)		
Balance as at July 1, 2006	113,835	317,000	71,742	388,742	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	22,770	-	(22,770)	(22,770)	-
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>136,650</u>	<u>348,000</u>	<u>41,936</u>	<u>389,936</u>	<u>526,541</u>
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	-	-	35,249	35,249	35,249
Balance as at December 31, 2007	<u>163,926</u>	<u>403,000</u>	<u>35,705</u>	<u>438,705</u>	<u>602,631</u>

The annexed notes from 1 to 11 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, 2007
(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.

2. BASIS OF PREPARATION

These interim condensed financial statements are un-audited 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 a condensed form 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 2007 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 2007. These interim condensed financial statements 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, 2007.

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, 2007 with the exception of the change mentioned below:

CHANGE IN ACCOUNTING POLICY

Up till June 30, 2007 the Company had elected to expense the borrowing costs incurred. However, during the current period the Company has opted to capitalize the borrowing costs that are directly attributable to acquisition, construction and production of qualifying assets, under the allowed alternative treatment of International Accounting Standard 23 "Borrowing Costs". This change in accounting policy has been adopted prospectively as no borrowing costs attributable to acquisition, construction and production of qualifying assets were incurred in the corresponding period. Had there been no change in the accounting policy the profit after tax for the period would have been lower by Rs. 2.046 million and capital work-in progress would have been lower by Rs. 3.236 million.

4. PROPERTY, PLANT AND EQUIPMENT

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

	Additions (cost)	Deletions (book value)
	(Rupees in '000)	
Owned		
Factory building	5,438	-
Plant and machinery	11,652	-
Vehicles	356	32
Computers	405	-
Office equipment	202	-
Furniture & fixture	140	-
Others	271	382
	18,464	414



Shabbir Tiles and Ceramics Limited

	Note	Additions (cost)	Deletions (book value)
(Rupees in '000)			
Capital work-in-progress			
Leasehold land		261,198	-
Advance to suppliers		2,191	-
Others	4.1	5,410	-
		268,799	-
Leased			
Plant and machinery	4.2	23,003	-
Vehicles		9,472	366
Building		2,421	-
		34,896	366
		322,159	780

4.1 During the period borrowing costs amounting to Rs. 3.236 million (June 30, 2007: Rs. Nil) has been capitalized in the capital work-in-progress pertaining to the new expansion project.

4.2 This includes Rs.4.484 million (June 30, 2007: Nil) transferred from capital work-in-progress.

5. TRADE DEBTS – Unsecured, considered good

This includes Rs. Nil (June 30, 2007: Rs. 0.170 million) due from a related party.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

Number of shares			December 31, 2007	June 30, 2007
December 31, 2007	June 30, 2007		(Rupees in '000)	
6,863	6,863	Fully paid in cash	34,315	34,315
1,150	1,150	Issued for consideration other than cash	5,750	5,750
		Issued as fully paid bonus shares		
19,308	14,754	Opening balance	96,540	73,770
5,464	4,554	Issued during the period	27,321	22,770
24,772	19,308	Closing balance	123,861	96,540
32,785	27,321		163,926	136,605

The shares held by the related parties as at December 31, 2007 were 1,838,666 (June 30, 2007: 1,532,22) ordinary shares of Rs. 5/- each.

7. TRADE AND OTHER PAYABLES

This Includes of Rs. 5.008 million (June 30, 2007: Rs. 3.004 million) due to related parties.

8. SHORT-TERM BORROWINGS - secured

Term finances		73,687	127,012
Running finance	8.1	458,041	51,176
		531,728	178,188



- 8.1 The facilities of running finance available from various banks amount to Rs.525 million (June 30, 2007: Rs.240 million). The terms and conditions of these facilities are the same as those disclosed in the annual financial statements of the Company for the year ended June 30, 2007. Out of the total facility available Rs.265.56 million was utilized to finance the cost of capital work-in-progress.

9. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no major contingencies other than those reported in the annual financial statements for the year ended June 30, 2007.

Commitments

	December 31, 2007	June 30, 2007
	(Rupees in '000)	
Outstanding Letter of credits	93,845	70,222
Outstanding Letter of guarantees	44,762	42,762
Capital commitment – building/plant & machinery	669,438	28,722

10. TRANSACTION 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:

	December 31, 2007	December 31, 2006
	(Rupees in '000)	
Sale of goods	–	51
Purchase of goods	11,076	10,471
Insurance premium	3,133	4,222
Insurance claims received	7	152
Internal audit, IT and registrar services	1,911	2,002
Remuneration of key management personnel	3,573	3,406
Contribution to provident fund	2,036	1,714

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 15-02-2008 by the Board of Directors of the Company.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director