



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

**Interim Condensed Financial
Statements for the Nine Months
ended 31st March 2008**

A HOUSE OF HABIB COMPANY





CONTENTS

Company Information	1
Directors' Review.....	2
Balance Sheet.....	3
Profit and Loss Account	4
Cash Flow Statement	5
Statement of Changes in Equity.....	6
Notes to the Financial Statements	7



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 National Bank of Pakistan Deutsche Bank	
KARACHI DISPLAY CENTRE & SALES OFFICE	Makro Saddar, 148/1, Mubarak Shaheed Road, Saddar, Karachi. Tel: 2790046-7	
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' REVIEW FOR THE
QUARTER AND NINE MONTHS ENDED 31ST MARCH, 2008**

Dear Shareholders,

The Directors would like to submit the report and interim condensed financial statements of the Company for the quarter and nine months ended March 31st, 2008.

The changing market environments, weakness in construction sector and rupee value have created several new challenges. Prices of POL keep surging, gas and electricity rates had already increased during nine months. Load shedding and frequent interruptions in electricity supply forces disrupted operations and operation of generators on HSD made cost of power exorbitant. These factors have resulted in higher cost of production and eroded profit margins quite considerably. In order to off set effect of higher cost of power generation due to unpalatable prices of HSD, the management decided to install gas based generators which will become functional by December 2008, that will bring our energy cost to a desired level and after which HSD based generators would be on standby.

Wages stand increased effective from commencement of the financial year. The Government once again raised minimum wages effective date of which is awaited. This will lead to an across the board increase in wages and other charges. Financial costs also increased substantially owing to expanded borrowings to meet the expansion plans as well as higher interest rates.

During the third quarter of the year, sales amounted to Rs. 515.44 million as against Rs. 426.57 million in the same period of last year. However for the nine months ended March 31, 2008, the Company achieved sales of Rs. 1.44 billion (2007:1.23 billion) showing an increase of 17%. Gross profit amounted to Rs. 345.10 million (2007:318.79 million) an increase of 8% over the last year corresponding period. Profit from operations for the period amounted to Rs. 152.78 million (2007:Rs. 146.97 million) indicating an increase of 4% over the previous period. Distribution cost increased in proportion to increased sales while financial cost surged to Rs. 45.19 million as compared to Rs. 38.30 million. Profit after taxation amounted to Rs. 64.01 million is higher than the last year of Rs. 63.67 million. EPS on increased share capital stood at Rs 1.95 as against the last years' of Rs 1.94.

The work on the new plant which is expected to cost approximately three billion is in progress as per the plan schedule. Part shipment of the pre-engineering building has already arrived while the plant and machinery is also expected to commence arriving from June 2008. To facilitate this expansion the Board of Directors have decide to issue 100% right shares at a premium of Rs. 12 per share.

We thank our shareholders, customers and staff for their sustained support in ensuring the continued success of the company and making Stile their brand of first choice.

On behalf of the Board

ALIREZA M. ALLADIN
Chief Executive

Karachi : April 29, 2008.



**INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2008
(UN-AUDITED)**

	Note	March 31, 2008 (Unaudited)	June 30, 2007 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,103,541	730,863
Investment property		749	825
Long term loans and advances		559	1,057
Long term deposits		20,879	22,747
		1,125,728	755,492
CURRENT ASSETS			
Stores and spares		61,411	39,153
Stock-in-trade		252,519	165,419
Trade debts	5	345,083	309,816
Loans, advances, deposits, prepayments and other receivables		45,754	20,951
Taxation - net		7,318	9,736
Cash and bank balances		75,942	67,694
		788,027	612,769
TOTAL ASSETS		1,913,755	1,368,261
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
60,000,000 (June 30, 2007 : 60,000,000) Ordinary shares of Rs. 5/- each		300,000	300,000
Issued, subscribed and paid-up capital	6	163,926	136,605
Reserves		467,464	430,777
		631,390	567,382
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		197,430	264,745
Deferred taxation		78,320	66,202
Deferred income		35	350
		275,785	331,297
CURRENT LIABILITIES			
Trade and other payables	7	159,127	153,494
Accrued mark-up		12,696	4,578
Short-term borrowings	8	684,767	178,188
Current portion of liabilities against assets subject to finance leases		130,101	120,621
Sales tax payable		19,889	12,701
		1,006,580	469,582
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		1,913,755	1,368,261

The annexed notes from 1 to 13 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, 2008 (UNAUDITED)

	Nine months period Ended		Third Quarter Ended	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
	(Rupees in '000)			
Turnover - net	1,438,280	1,230,032	515,443	426,565
Cost of sales	1,093,182	911,242	378,942	321,694
Gross profit	345,098	318,790	136,501	104,871
Distribution cost	163,922	145,602	61,014	49,442
Administrative expenses	28,396	26,215	9,939	8,382
	192,318	171,817	70,953	57,824
Operating Profit	152,780	146,973	65,548	47,047
Other income	709	671	210	623
	153,489	147,644	65,758	47,670
Finance cost	45,186	38,303	15,989	14,425
Other charges	10,723	6,887	4,533	1,966
	55,909	45,190	20,522	16,391
Profit before taxation	97,580	102,454	45,236	31,279
Taxation				
– Current	22,292	27,505	13,551	5,846
– Prior	(837)	–	–	–
– Deferred	12,118	11,284	2,927	2,808
	33,573	38,789	16,478	8,654
Profit after taxation	64,007	63,665	28,758	22,625
		(Restated due to Bonus Shares)		(Restated due to Bonus Shares)
Basic and diluted earnings per share (Rs.)	1.95	1.94	0.88	0.69

The annexed notes from 1 to 13 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 NINE MONTHS PERIOD ENDED MARCH 31, 2008
(UNAUDITED)**

	2008 March	2007 March
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	97,580	102,454
Adjustments for :		
Depreciation	87,503	64,755
Finance cost	48,677	38,982
Gain on disposal of fixed assets	(32)	(49)
Profit on bank deposit	(148)	(154)
Amortization of unearned rental income from investment property	(315)	(315)
	<u>135,685</u>	<u>103,219</u>
	233,265	205,673
 (Increase) in current assets		
Stores and spares	(22,258)	(8,078)
Stock-in-trade	(87,100)	(43,602)
Trade debts	(35,267)	(37,140)
Loans, advances, deposits, prepayments and other receivables	(24,803)	(21,467)
	<u>(169,428)</u>	<u>(110,287)</u>
 Increase in current liabilities		
Trade and other payables	21,171	24,493
	<u>(148,257)</u>	<u>(85,794)</u>
Working Capital Changes		
Cash generated from operations	85,008	119,879
Income tax paid	(19,038)	(28,238)
Finance cost paid	(48,911)	(35,420)
Long-term loans - net	497	815
Long-term deposit	1,868	465
	<u>19,424</u>	<u>57,501</u>
Net cash generated from operating activities	19,424	57,501
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(426,220)	(157,925)
Proceeds from disposal of fixed assets	1,042	477
Profit received on bank deposit	148	154
	<u>(425,030)</u>	<u>(157,294)</u>
Net cash used in investing activities	(425,030)	(157,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed/(Repayment) of short/long term loan	400,000	(27,000)
Repayment of liabilities against assets subject to finance lease	(92,731)	(77,624)
(Repayment)/Proceeds of short-term borrowings	(91,848)	117,563
Dividend paid	-	(16,881)
	<u>215,421</u>	<u>(3,942)</u>
Net cash generated/(used in) financing activities	215,421	(3,942)
Net decrease in cash and cash equivalents	(190,185)	(103,735)
Cash and cash equivalents at the beginning of the period	16,518	16,319
Cash and cash equivalents at the end of the period	(173,667)	(87,416)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	75,942	62,578
Short term running finances	(249,609)	(149,994)
	<u>(173,667)</u>	<u>(87,416)</u>

The annexed notes from 1 to 13 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 NINE MONTHS ENDED MARCH 31, 2008
(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	71,739	388,739	502,574
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	-	-	63,665	63,665	63,665
Balance as at March 31, 2007	<u>136,605</u>	<u>348,000</u>	<u>64,558</u>	<u>412,558</u>	<u>549,163</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	-	-	64,007	64,007	64,007
Balance as at March 31, 2008	<u>163,926</u>	<u>403,000</u>	<u>64,464</u>	<u>467,464</u>	<u>631,390</u>

The annexed notes from 1 to 13 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 ENDED MARCH 31, 2008
(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 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 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 and capital work-in progress would have been lower by Rs. 6.980 million and Rs.11.535 million respectively.

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	9,943	-
Plant and machinery	12,398	-
Vehicles	347	262
Computers	584	-
Office equipment	285	-
Furniture & fixture	1,483	-
Others	517	382
	25,557	644



Shabbir Tiles and Ceramics Limited

	Note	Additions (cost) (Rupees in '000)	Deletions (book value)
Capital work-in-progress			
Lease hold Land		266,832	—
Building		69,213	—
Advance to suppliers		45,160	—
Unallocated capital expenditure & others	4.1	23,941	—
		405,146	—
Leased			
Plant and machinery	4.2	23,003	—
Vehicles		9,472	366
Building		2,421	—
		34,896	366
		465,599	1,010

4.1 During the period borrowing costs amounting to Rs. 11.535 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 related party.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each			March 31, 2008	June 30, 2007
Number of shares			(Rupees in '000)	
March 31, 2008	June 30, 2007			
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 March 31, 2008 were 1,838,666 (June 30, 2007: 1,532,222) ordinary shares of Rs. 5/- each.

7. TRADE AND OTHER PAYABLES

This Includes of Rs. 6.798 million (June 30, 2007: Rs. 3.004 million) due to related parties.



Shabbir Tiles and Ceramics Limited

	Note	March 31, 2008	June 30, 2007
(Rupees in '000)			
8. SHORT-TERM BORROWINGS - secured			
Term finances		35,158	127,012
Running finances		249,609	51,176
Bridge finance	8.1	400,000	–
		<u>684,767</u>	<u>178,188</u>

- 8.1. During the nine months period ended March 31, 2008 the Company obtained new short term loan from a commercial bank, to finance capital work-in-progress, amounting to Rs. 400 million which will subsequently be transferred to long term syndicate loan. The loan is secured against existing and future plant, machinery and current assets of the Company and carries mark-up at the rate KIBOR + 1.15% per annum with maturity up to August 20, 2008.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There were no major changes in the contingencies other than those reported in the annual financial statements for the year ended June 30, 2007 with the exception of the following:

The Collector of Central Excise and Sales Tax has challenged the earlier decision by the Honorable High Court of Sindh decided in favour of the Company amounting to Rs. 2.105 million in the Honorable Supreme Court of Pakistan. The Company and its legal advisor are confident that the outcome of the case shall be in the Company's favour, hence no provision has been made in these financial statements.

	March 31, 2008	June 30, 2007
(Rupees in '000)		
9.2 Commitments		
Outstanding Letter of credits	68,697	70,222
Outstanding Letter of guarantees	44,762	42,762
Capital commitment - building/plant & machinery	1,304,210	28,722



10. 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, 2008	March 31, 2007
	(Rupees in '000)	
Sales of goods	–	106
Purchase of goods	15,921	12,709
Insurance premium	5,436	5,725
Insurance claims received	1,261	294
Internal audit, IT and registrar services	2,860	2,604
Remuneration of key management personnel	5,348	5,022
Contribution to provident fund	3,131	2,597

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

11. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on April 29, 2008 has decided to offer 100% Right Shares at a premium of Rs. 12/- per share after which the paid-up capital of the Company will increase from Rs. 163.926 million to Rs. 327.852 million.

12. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 29th April, 2008 by the Board of Directors of the Company.

13. GENERAL

Provisions wherever made are subject to final adjustments in the annual financial statement.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director