



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.	113,838,275

**Quarterly Accounts for the
Period ended 31st March,
2006
(UNAUDITED)**



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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

SHABBIR ABBAS

AUDITORS

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

BANKERS

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

**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 1-9, Islamabad.
UAN: (051) 111-000-039

PESHAWAR SALES OFFICE

Room No. 10, 2nd Floor, Fawwad Plaza,
Jamroad 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

JEHLUM SALES OFFICE

Shop # 6, 1st Floor, Dada Bhai Building,
Kazim Kamal Road, Jehlum Cantt.
Phone: (0544) 626382

**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



**REPORT OF THE DIRECTORS FOR THE
PERIOD ENDED 31ST MARCH, 2006.**

Dear Shareholders,

The Directors of your company are pleased to present the unaudited quarterly accounts for the period ended 31st March, 2006.

The production capacity of your company enhanced from 3.370 million to 4.570 million sqm from 1st March, 2006 and your company has achieved highest production in the month of March, 2006 during the period under review. With the increased in production, the fixed cost per sqm has reduced which ultimately will have positive impact on bottom line.

During the period under review, sales stood at Rs. 1.129 billion as compared to Rs. 771 million of corresponding period of last year increased by Rs. 358 million resulting in a growth of 46%. The profit before taxation has also increased to Rs. 79.672 million from Rs. 72.117 million of corresponding period of last year due to higher sales volume and austerity in expenses with an earning per share of Rs. 1.74.

The management anticipates that the financial numbers of the last quarter of the current year will further improve due to sustained growth in construction industry.

The Board takes this opportunity to thank its customers, bankers and shareholders who repose confidence in the management of the company and also wishes to place on record appreciation to its workers and staff for their dedication and hard work.

On behalf of the Board

ALIREZA M. ALLADIN
Chief Executive

Karachi : 15th April, 2006.

**BALANCE SHEET AS AT MARCH 31, 2006
(UNAUDITED)**

	Note	March 31, 2006 (Unaudited)	June 30, 2005 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	612,001	475,850
Investment property		951	1,027
Long term loans and advances		1,552	2,033
Long term deposits		27,924	18,366
		642,428	497,276
CURRENT ASSETS			
Stores and spares		23,501	21,537
Stock-in-trade		193,765	144,891
Trade debts		339,917	273,511
Loans and advances		11,942	6,550
Deposits and prepayments		5,983	3,146
Other receivables		3,095	1,748
Taxation - net		1,493	3,393
Cash and bank balances		78,961	59,691
		658,657	514,467
TOTAL ASSETS		1,301,085	1,011,743
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
60,000,000 (June 30, 2005 : 20,000,000) ordinary shares of Rs. 5/- each		300,000	100,000
Issued, subscribed and paid-up capital	5	113,838	94,865
Reserves		356,817	350,317
		470,655	445,182
NON-CURRENT LIABILITIES			
Long term loan		13,500	33,750
Liabilities against assets subject to finance leases		234,624	139,428
Deferred taxation		44,005	37,794
Deferred liability - advance rent		1,295	1,610
		293,424	212,582
CURRENT LIABILITIES			
Trade and other payables		164,223	84,951
Accrued mark-up		5,697	2,512
Short-term borrowings	6	225,715	173,655
Current portion of long term loan		27,000	27,000
Current portion of liabilities against assets subject to finance leases		97,603	62,000
Sales tax payable		16,768	3,861
		537,006	353,979
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		1,301,085	1,011,743

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 MARCH 31, 2006.
(UNAUDITED)**

	July to March		January to March	
	2006	2005	2006	2005
	(Rupees in '000)			
Turnover	1,129,800	771,157	376,488	266,969
Cost of sales	846,967	575,787	281,048	205,843
Gross profit	282,833	195,370	95,440	61,126
Distribution cost	138,760	86,288	46,998	25,165
Administrative expenses	24,181	17,861	7,907	5,968
Other operating (income) / loss	(1,220)	1,085	(171)	1,907
	161,721	105,234	54,734	33,040
Operating profit	121,112	90,136	40,706	28,086
Finance cost	36,342	13,548	18,420	5,392
Other charges	5,098	4,471	1,287	1,078
	41,440	18,019	19,707	6,470
Profit before taxation	79,672	72,117	20,999	21,616
Taxation				
– Current	33,758	25,082	7,303	4,628
– Deferred	6,211	1,445	1,555	–
	39,969	26,527	8,858	4,628
Profit after taxation	39,703	45,590	12,141	16,988
Basic and diluted earnings per share (Rs.)	1.74	2.40	0.53	0.90

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



**CASH FLOW STATEMENT FOR THE
PERIOD ENDED MARCH 31, 2006.
(UNAUDITED)**

	July to March	
	2006	2005
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	79,672	72,117
Adjustments for :		
Depreciation	57,786	30,465
Finance cost	36,342	13,548
(Gain) / loss on disposal of fixed assets	(650)	1,536
Profit on bank deposit	(181)	(52)
Amortization of unearned rental income	(315)	(315)
	92,982	45,182
Operating profit before working capital changes	172,654	117,299
(Increase) / decrease in current assets		
Stores and spares	(1,964)	(838)
Stock-in-trade	(48,874)	(5,551)
Trade debts	(66,406)	(72,036)
Loans and advances	(5,392)	(20)
Deposits and prepayments	(2,837)	(957)
Other receivables	(1,347)	(765)
	(126,820)	(80,167)
Increase in current liabilities		
Trade and other payables	91,882	46,806
Cash generated from operations	137,716	83,938
Income tax paid	(31,858)	(22,175)
Finance cost paid	(33,157)	(13,027)
Long term loans - net	481	(102)
Long term deposits	(9,558)	(5,697)
Net cash inflow from operating activities	63,624	42,937
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(9,705)	(60,541)
Proceeds from sale of fixed assets	1,307	3,504
Profit received on bank deposit	181	38
Net cash used in investing activities	(8,217)	(56,999)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment) / receipt of long-term loan	(20,250)	16,199
Repayment of liabilities against assets subject to finance leases	(54,015)	(34,910)
Receipt / (repayment) of short-term borrowings	23,617	(21,057)
Dividend paid	(13,932)	(12,597)
Net cash used in financing activities	(64,580)	(52,365)
Net decrease in cash and cash equivalents	(9,173)	(66,427)
Cash and cash equivalents at the beginning of the period	(14,678)	39,637
Cash and cash equivalents at the end of the period	(23,851)	(26,790)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	78,961	38,652
Short term running finances	(102,812)	(65,442)
	(23,851)	(26,790)

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



**STATEMENT OF CHANGES IN EQUITY FOR THE
PERIOD ENDED MARCH 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, 2004	86,240	274,000	21,586	295,586	381,826
Final dividend for the year ended June 30, 2004 @ Re. 0.75 per share	-	-	(12,936)	(12,936)	(12,936)
Bonus shares issued @ 10 : 1	8,625	-	(8,625)	(8,625)	-
Net profit for the period	-	-	28,602	28,602	28,602
Balance as at December 31, 2004	94,865	274,000	28,627	302,627	397,492
Net profit for the period	-	-	16,988	16,988	16,988
Balance as at March 31, 2005	94,865	274,000	45,615	319,615	414,480
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 @ 10 : 2	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	113,838	317,000	27,676	344,676	458,514
Net profit for the period	-	-	12,141	12,141	12,141
Balance as at March 31, 2006	113,838	317,000	39,817	356,817	470,655

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 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 manufacturing 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, 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

3.1 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, 2005 except for the change mentioned in note 3.2.

3.2 Change in accounting estimate

During the period, effective July 01, 2005 the useful life of the following classes of property, plant and equipment assets were reviewed which resulted in the revision of depreciation.

Description	Annual rate of depreciation	
	March 31, 2006 %	June 30, 2005 %
Owned		
Building on freehold land	10	5
Plant and machinery	10-20	10
Furniture and fixtures	20	10
Office equipment	20-33	20-30
Computer and accessories	50	50
Vehicles	20	20
Leased		
Building on freehold land	10	5
Plant and machinery	10-20	10
Computer and accessories	50	30
Vehicles	20	20

The Company has also revised its depreciation method from reducing balance to straight-line. The above revisions would result in a more accurate allocation of depreciation expense to the accounting period in which the depreciable assets are utilized by the Company. This change has been accounted for as a change in accounting estimate. Had the estimate not been revised the depreciation charge for the period would have been lower and the carrying value of fixed assets would have been higher by Rs. 14.974 million respectively and profit before taxation would have been higher by Rs. 13.825 million.

4. PROPERTY, PLANT AND EQUIPMENT

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

Deletions	Additions	
	(Rupees in '000)	
Owned		
Plant and machinery	7,330	–
Vehicles	690	117
Furniture and fixtures	207	–
AC equipment	230	–
Office equipment	193	37
Computers	1,052	148
	<u>9,702</u>	<u>302</u>
Leased		
Plant and machinery	167,436	–
Building	10,807	–
Vehicles	6,572	459
	<u>184,815</u>	<u>459</u>

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

Number of shares			March 31,	June 30,
March	June 30,		2006	2005
31, 2006	2005		(Rupees in '000)	
6,863,200	6,863,200	Fully paid in cash	34,316	34,316
1,150,000	1,150,000	Issued for consideration other than cash	5,750	5,750
14,754,455	10,959,846	Issued as fully paid bonus shares	73,772	54,799
<u>22,767,655</u>	<u>18,973,046</u>		<u>113,838</u>	<u>94,865</u>

6. SHORT-TERM BORROWINGS - secured

Term finances	122,903	99,286
Running finances	102,812	74,369
	<u>225,715</u>	<u>173,655</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 promissory notes.

7. 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, 2005 except for commitments for post dated cheques issued in favour of Collector of Customs in respect of duties on goods lying in bonded warehouse amounting to Rs. 30.541 million (June 2005: nil).

8. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associated undertakings, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	March 31, 2006	March 31, 2005
	(Rupees in '000)	
Associated companies		
Purchase of goods	7,734	5,028
Insurance premium paid	12,417	8,403
Insurance claims received	389	1,882
Sale of goods	1,030	320
Sale of vehicle	500	–
Registrar's services	467	439
Internal audit and IT related fee	1,762	1,154

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

9. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 15th April, 2006 by the Board of Directors of the Company.

10. GENERAL

10.1 Figures have been rounded off to nearest thousands rupees.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director