

# **Shabbir Tiles and Ceramics Limited**

Condensed Interim Financial Statements

For the Nine Months Period and Quarter Ended March 31, 2013  
(UNAUDITED)





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## Shabbir Tiles and Ceramics Limited

### COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	RAFIQ M HABIB ALIREZA M. ALLADIN ALI S. HABIB ABDUL HAI M. BHAIMIA MANSOOR G. HABIB SALIM AZHAR ALI SAJJAD DHARAMSEY	<i>Chairman</i> <i>Chief Executive Officer</i>
<b>AUDIT COMMITTEE</b>	MANSOOR G. HABIB SALIM AZHAR ALI SAJJAD DHARAMSEY	<i>Chairman</i>
<b>HUMAN RESOURCES AND REMUNERATION COMMITTEE</b>	MR. SALIM AZHAR MR. ALIREZA M. ALLADIN MR. ALI SAJJAD DHARAMSEY MS. RIFFAT SHAHEEN	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Secretary</i>
<b>COMPANY SECRETARY</b>	AZIZ AHMED	
<b>AUDITORS</b>	ERNST & YOUNG FORD RHODES SIDAT HYDER Chartered Accountants	
<b>LEGAL ADVISOR</b>	M. Akram Zuberi & Co. Advocate Supreme Court	
<b>BANKERS</b>	Habib Metropolitan Bank Limited Faysal Bank Limited National Bank of Pakistan Habib Bank Limited Bank AL Habib Limited Dubai Islamic Bank Pakistan Limited United Bank Limited Askari Bank Limited Allied Bank Limited Bank Alfalah Limited	
<b>REGISTERED OFFICE</b>	15th Milestone, National Highway, Landhi, Karachi-75120 Phones: (021) 35015024 - 25, 35014044 - 45 Fax: (021) 35015545 E-mail : <a href="mailto:info@stile.com.pk">info@stile.com.pk</a> URL : <a href="http://www.stile.com.pk">http://www.stile.com.pk</a>	
<b>KARACHI DISPLAY CENTRE &amp; SALES OFFICE</b>	Makro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal, Karachi. Phone: (92-21) 34601372-74 Fax: (92-21) 34601375	
<b>LAHORE SALES OFFICE</b>	17-A, Tariq, Block New Garden Town, Lahore. Phone: (92-42) 5914771, 73-75 / 5847900 Fax: (92-42) 5858163	
<b>ISLAMABAD SALES OFFICE</b>	9th & 10th Lower Ground Floor, Aries Tower, Shamsabad, Muree Road, Rawalpindi. Phone: (92-51) 4575315-18 Fax: (92-51) 4575319	
<b>PESHAWAR SALES OFFICE</b>	03-Siyal Flats, Opp Kuwait Hospital, Abdara Chowk, University Road, Peshawar. Phone: (92-91) 5846010 Fax: (92-91) 5846011	
<b>MULTAN SALES OFFICE</b>	17-A, First Floor, Aslam Arcade, Shah Kareem Land, Near Multan Hospital, Multan. Phone: (92-61) 4783097 Fax: (92-61) 4646439	
<b>FAISALABAD SALES OFFICE</b>	P-2 / 2B, 213 Main Susan Road, Faisalabad. Phones: (92-41) 8548243, 8710103 Fax: (92-41) 8548244	
<b>REGISTRAR AND SHARE TRANSFER OFFICE</b>	Noble Computer Services (Pvt.) Ltd., First Floor, Siddiqsons Towers, House of Habib Building, 3 Jinnah Cooperative Housing Society, Main Sharah-e-Faisal, Karachi. Phones: (021) 34325482-87	
<b>FACTORY: UNIT-I</b>	15th Milestone, National Highway, Landhi, Karachi-75120 Phones : (021) 35015024 - 25 / 35014044 - 45	
<b>UNIT-II</b>	Deh Khanto, Tappo Landhi, Distirict Malir, Bin Qasim Town, Karachi.	



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## Shabbir Tiles and Ceramics Limited

### DIRECTORS' REPORT FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

Dear Shareholder,

The Board of Directors of the Company feels pleasure in presenting you the operational performance and un-audited financial statements of the Company for the nine months period ended March 31, 2013.

#### FINANCIAL HIGHLIGHTS

The Company, by the grace of Allah, has improved its profitability and has exhibited financial results by earning pre-tax profit Rs. 59.64 million compared to profit of Rs. 19.17 million in the previous year's corresponding quarter. Nine months post-tax profit is also substantially enhanced to Rs. 70.34 million (EPS of Rs. 0.49) against previous year's corresponding profit of Rs. 34.99 million (EPS of Rs. 0.24). The Company's sales also increased to Rs. 1.25 billion in the current quarter compared to sales of Rs. 1.07 billion in the corresponding quarter of previous year, despite worsening social unrest in Karachi, particularly in February 2013. The total sales of the Company during the nine months period at Rs. 3.60 billion as compared to Rs. 3.39 billion during the nine months ended March 31, 2012. The Company's gross profit margin fell to 25.07% against 27.71% in the corresponding period last year. Finance cost is also dropped off to Rs. 243.09 million from Rs. 288.64 million of previous year's corresponding period. Improvements to stimulate growth despite adverse conditions are due to tireless struggle and determined efforts of the Management by which they remained successful.

#### FUTURE OUTLOOK

Looking forward the Company is continually facing adverse challenges as reported earlier and effective strategies are being developed to cope with these challenges in the long run in order to remain profitable. Management is successfully exploring alternatives to mitigate the risks of production shortfall due to existing energy shortages. With the onset of elections we expect the last quarter to be a challenging quarter which may have an impact on the market and business. We will continue to focus and adopt vigilant control on net working capital and cost management and are confident to better our performance by overcoming these challenges.

We value our stakeholders confidence which has helped us in the management of Company's affairs in their best interest and count on their continued support on our way to prosperity.

For and on behalf of the Board of Directors

Karachi: April 15, 2013

**ALIREZA M. ALLADIN**  
Chief Executive Officer



# Shabbir Tiles and Ceramics Limited

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2013

	Note	31 March 2013 (Un-audited) (Rupees in '000)	30 June 2012 (Audited) (Rupees in '000)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	3,218,469	3,334,490
Investment property		231	314
Long-term loans and advances		100	403
Long-term deposits		9,219	9,675
		<u>3,228,019</u>	<u>3,344,882</u>
<b>CURRENT ASSETS</b>			
Stores and spare parts		137,682	148,725
Stock-in-trade		423,381	542,267
Trade debts	5	838,606	787,206
Loans, advances, deposits, prepayments and other receivables		33,002	28,598
Taxation - net		19,563	146
Cash and bank balances		130,808	93,027
		<u>1,583,042</u>	<u>1,599,969</u>
<b>TOTAL ASSETS</b>		<u><b>4,811,061</b></u>	<u><b>4,944,851</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		1,200,000	1,200,000
240,000,000 ordinary shares of Rs.5/- each			
Issued, subscribed and paid-up capital		721,277	721,277
Reserves		1,058,538	988,202
		<u>1,779,815</u>	<u>1,709,479</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term finance		1,152,065	1,530,448
Liabilities against assets subject to finance lease		3,274	6,726
Deferred tax liability		149,475	127,796
		<u>1,304,814</u>	<u>1,664,970</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		493,655	383,892
Accrued mark-up		75,022	13,354
Current maturity of long-term finance		506,766	506,766
Current maturity of liabilities against assets subject to finance lease		2,525	2,532
Short-term borrowings		605,540	621,480
Sales tax payable		42,924	42,378
		<u>1,726,432</u>	<u>1,570,402</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,811,061</b></u>	<u><b>4,944,851</b></u>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

**ALIREZA M. ALLADIN**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director



## Shabbir Tiles and Ceramics Limited

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UNAUDITED)

Note	Nine Months Ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Rupees in `000)			
Turnover – net	3,606,907	3,393,701	1,245,454	1,070,462
Cost of sales	(2,702,515)	(2,453,296)	(922,943)	(788,319)
<b>Gross profit</b>	<b>904,392</b>	<b>940,405</b>	<b>322,511</b>	<b>282,143</b>
Distribution costs	(471,566)	(492,893)	(162,404)	(156,627)
Administrative expenses	(67,926)	(52,119)	(21,393)	(15,649)
	(539,492)	(545,012)	(183,797)	(172,276)
Other operating income	2,806	7,341	1,673	3,221
<b>Operating profit</b>	<b>367,706</b>	<b>402,734</b>	<b>140,387</b>	<b>113,088</b>
Finance costs	(243,087)	(288,637)	(74,755)	(90,796)
Other charges	(13,836)	(12,900)	(5,995)	(3,126)
<b>Profit before taxation</b>	<b>110,783</b>	<b>101,197</b>	<b>59,637</b>	<b>19,166</b>
Taxation				
- Current	(18,768)	(32,295)	(6,307)	(9,044)
- Deferred	(21,679)	(33,914)	(15,407)	(10,018)
	(40,447)	(66,209)	(21,714)	(19,062)
<b>Profit after taxation</b>	<b>70,336</b>	<b>34,988</b>	<b>37,923</b>	<b>104</b>
	(Rupees)			
<b>Earnings per share – basic and diluted</b>	<b>0.49</b>	<b>0.24</b>	<b>0.26</b>	<b>0.00</b>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

**ALIREZA M. ALLADIN**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director



## Shabbir Tiles and Ceramics Limited

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UNAUDITED)

	Nine Months Ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Rupees in `000)			
Profit after taxation	70,336	34,988	37,923	104
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>70,336</u>	<u>34,988</u>	<u>37,923</u>	<u>104</u>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

**ALIREZA M. ALLADIN**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director



## Shabbir Tiles and Ceramics Limited

### CONDENSED INTERIM CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UNAUDITED)

	March 31, 2013	March 31, 2012
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	110,783	101,197
Adjustments for :		
Depreciation	194,028	214,551
Finance costs	243,087	288,637
Gain on disposal of property, plant and equipment	(1,856)	(3,391)
Provision for / (Reversal of) impairment of trade debts	2,369	(2,500)
Provision for slow moving and obsolete stores and spare parts	7,557	7,211
(Reversal of) / Provision for obsolete raw and packing material	(6,313)	298
	438,872	504,806
	549,655	606,003
(Increase) / decrease in current assets		
Stores and spares parts	3,486	(30,187)
Stock-in-trade	125,199	32,861
Trade debts	(53,769)	(37,632)
Loans, advances, deposits, prepayments and other receivables	(4,404)	(2,999)
	70,512	(37,957)
Increase / (decrease) in current liabilities		
Trade and other payables	109,763	(102,053)
Sales tax payable	546	(36,127)
<b>Cash generated from operations</b>	730,476	429,866
Income tax paid	(38,188)	(34,865)
Finance costs paid	(181,419)	(225,176)
Long-term loans and advances	303	581
Long-term deposits	456	384
<b>Net cash generated from operating activities</b>	511,628	170,790
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(79,874)	(43,366)
Proceeds from disposal of property, plant and equipment	3,809	6,422
<b>Net cash used in investing activities</b>	(76,065)	(36,944)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term finance	(378,383)	(253,383)
Lease rentals paid	(3,459)	(3,337)
(Repayment) / receipt of short-term borrowings	(27,875)	28,702
<b>Net cash used in financing activities</b>	(409,717)	(228,018)
<b>Net increase /(decrease) in cash and cash equivalents</b>	25,846	(94,172)
Cash and cash equivalents at the beginning of the period	(390,871)	(271,505)
<b>Cash and cash equivalents at the end of the period</b>	<b>(365,025)</b>	<b>(365,677)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	130,808	97,858
Short-term running finances	(495,833)	(463,535)
	<b>(365,025)</b>	<b>(365,677)</b>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

**ALIREZA M. ALLADIN**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director





## Shabbir Tiles and Ceramics Limited

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UNAUDITED)

Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves		Total reserves	Total equity
	Share premium	General reserve	Accumulated profit / (loss)		

----- (Rupees in `000) -----

<b>Balance as at 30 June 2011</b>	721,277	456,288	514,000	(56,664)	913,624	1,634,901
Net profit for the period	-	-	-	34,988	34,988	34,988
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	34,988	34,988	34,988
<b>Balance as at 31 March 2012</b>	<u>721,277</u>	<u>456,288</u>	<u>514,000</u>	<u>(21,676)</u>	<u>948,612</u>	<u>1,669,889</u>
<b>Balance as at 30 June 2012</b>	721,277	456,288	514,000	17,914	988,202	1,709,479
Net profit for the period	-	-	-	70,336	70,336	70,336
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	70,336	70,336	70,336
<b>Balance as at 31 March 2013</b>	<u>721,277</u>	<u>456,288</u>	<u>514,000</u>	<u>88,250</u>	<u>1,058,538</u>	<u>1,779,815</u>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

**ALIREZA M. ALLADIN**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director



# Shabbir Tiles and Ceramics Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UNAUDITED)

### 1. THE COMPANY AND ITS OPERATIONS

1.1 Shabbir Tiles and Ceramics Limited (the Company) was incorporated in Pakistan as a public limited company under the Companies Act 1913 (now the Companies Ordinance, 1984) on 07 November 1978 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 15<sup>th</sup> Milestone, National Highway, Landhi, Karachi.

### 2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 These condensed interim 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 30 June 2012.

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

The Company has adopted the following amendments to IFRSs which became effective for the current period:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

IFRS 7 – Financial Instruments: Disclosures – (Amendments)

- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IAS 19 – Employee Benefits – (Amendment)

The adoption of the above amendments did not have any effect on the financial statements.

### 4. PROPERTY, PLANT AND EQUIPMENT

The following additions and deletions (at cost) were made in operating fixed assets during the period:

	Additions		Deletions	
	Nine Months Ended March 31		Nine Months Ended March 31	
	2013	2012	2013	2012
	(Rupees in '000)			
<b>Owned</b>				
Building	6,000	3,348	-	-
Plant and machinery	67,183	18,409	-	56,663
Office equipment	421	4,027	-	-
Computers and accessories	1,010	2,250	135	-
Vehicles	5,260	21,214	1,682	2,656
	79,874	49,248	1,817	59,319
<b>Leased</b>				
Vehicles	-	-	3,741	1,450
	79,874	49,248	5,558	60,769



## Shabbir Tiles and Ceramics Limited

	March 31, 2013 (Un-audited)	June 30 2012 (Audited)
	(Rupees in '000)	
<b>5. TRADE DEBTS - unsecured</b>		
Considered good	838,606	787,206
Considered doubtful	7,240	6,764
Less: Provision for impairment	(7,240)	(6,764)
	-	-
	<b>838,606</b>	<b>787,206</b>

### 6. SHORT TERM BORROWINGS - secured

Includes new Local Murabaha facility obtained from a bank amounting to Rs. 200 million during the period. Markup rate on this facility is six month KIBOR + 0.25% per annum. This facility is secured by joint pari passu charge on stocks and receivables including 25% initial disbursement.

### 7. CONTINGENCIES AND COMMITMENTS

#### Contingencies

There is no change in the status of contingencies as reported in the annual financial statements of the Company for the year ended 30 June 2012.

#### Commitments

Outstanding letters of credit	147,854	84,869
Outstanding letters of guarantee	292,909	289,909

### 8. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, retirement funds, directors and key management personnel. Details of transactions with related parties during the period, are as follows:

	Nine Months Ended	
	March 31, 2013 ----- (Un-audited) -----	March 31, 2012
	(Rupees in '000)	
<b>Associated Companies</b>		
Sales	13,698	6,748
Purchases of goods, material and services	42,912	30,389
Insurance premium	18,866	18,665
Insurance claims received	1,922	68
Rent paid and services	7,688	7,427
Rent received	347	347
Key management personnel compensation	12,309	9,483
Markup earned	414	390
Markup paid	24,895	24,295
Commission on letter of guarantee	431	1,569
<b>Other related parties</b>		
Contribution to Provident Fund	8,875	7,748



## Shabbir Tiles and Ceramics Limited

	March 31, 2013 (Un-audited)	June 30 2012 (Audited)
	(Rupees in '000)	
<b>Balances as at period / year end</b>		
Trade debts	85	3,437
Trade and other payables	10,585	4,105
Bank balances	51,362	44,987
Short-term borrowing	335,199	505,048
<b>Commitments</b>		
Outstanding letters of credit	147,854	84,869
Outstanding letters of guarantee	292,909	289,909

### 9. GENERAL

9.1 Figures have been rounded off to the nearest thousands.

### 10. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 15, 2013 by the Board of Directors of the Company.

**ALIREZA M. ALLADIN**  
Chief Executive Officer

**ABDUL HAI M. BHAIMIA**  
Director

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