

Shabbir Tiles and Ceramics Limited

Condensed Interim Financial Statements
For the First Quarter Ended September 30, 2012
(UNAUDITED)



**CONTENTS**

Company Information	2
Directors' Report	3
Condensed Interim Balance Sheet	4
Condensed Interim Profit and Loss Account	5
Condensed Interim Statement of Comprehensive Income	6
Condensed Interim Cash Flow Statement	7
Condensed Interim Statement of Changes in Equity	8
Notes to the Condensed Interim Financial Statements	9



Shabbir Tiles and Ceramics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	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>
AUDIT COMMITTEE	MANSOOR G. HABIB SALIM AZHAR ALI SAJJAD DHARAMSEY	<i>Chairman</i>
HUMAN RESOURCES AND REMUNERATION COMMITTEE	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>
COMPANY SECRETARY	AZIZ AHMED	
AUDITORS	ERNST & YOUNG FORD RHODES SIDAT HYDER Chartered Accountants	
LEGAL ADVISOR	M. Akram Zuberi & Co. Advocate Supreme Court	
BANKERS	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	
REGISTERED OFFICE	15th Milestone, National Highway, Landhi, Karachi-75120 Phones: (021) 35015024 - 25, 35014044 - 45 Fax: (021) 35015545 E-mail : info@stile.com.pk URL : http://www.stile.com.pk	
KARACHI DISPLAY CENTRE & SALES OFFICE	Makro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal, Karachi. Phone: (92-21) 34601372-74 Fax: (92-21) 34601375	
LAHORE SALES OFFICE	17-A, Tariq, Block New Garden Town, Lahore. Phone: (92-42) 5914771, 73-75 / 5847900 Fax: (92-42) 5858163	
ISLAMABAD SALES OFFICE	9th & 10th Lower Ground Floor, Aries Tower, Shamsabad, Muree Road, Rawalpindi. Phone: (92-51) 4575315-18 Fax: (92-51) 4575319	
PESHAWAR SALES OFFICE	UG-46 & UG-47, Ground Floor, Dean Trade Centre & Hotel Towers Islamia Road, Peshawar Cantt. Phone: (92-91) 5522522, 5253160-61 Fax: (92-91) 5253161	
MULTAN SALES OFFICE	17-A, First Floor, Aslam Arcade, Shah Kareem Land, Near Multan Hospital, Multan. Phone: (92-61) 4783097 Fax: (92-61) 4646439	
FAISALABAD SALES OFFICE	P-2 / 2B, 213 Main Susan Road, Faisalabad. Phones: (92-41) 8548243, 8710103 Fax: (92-41) 8548244	
REGISTRAR AND SHARE TRANSFER OFFICE	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	
FACTORY: UNIT-I	15th Milestone, National Highway, Landhi, Karachi-75120 Phones : (021) 35015024 - 25 / 35014044 - 45	
UNIT-II	Deh Khanto, Tappo Landhi, District Malir, Bin Qasim Town, Karachi.	



Shabbir Tiles and Ceramics Limited

DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012

The Directors of the Company are pleased to submit Quarterly Report along with condensed interim financial statements of the Company for the three months ended September 30, 2012.

With the frequent and unplanned power outages and fall in the pressure of natural gas as well as difficult law and order situation, the economic environment of the country remained challenging during the period under review. However, despite all these obstacles, your Company has taken timely and prudent decisions to produce and sell the product at competitive prices.

The financial performance for the quarter is summarized below:

	July to September	
	2012	2011
Turnover - net	1,195,651	1,176,632
Operating profit	126,894	143,016
Net profit for the period	23,321	10,839
Earning per share	0.16	0.08

TURNOVER / SALES:

The sales revenue stood at Rs. 1.20 Billion registering a slight growth of 1.6% compared to same period last year. Sales volume recorded at 2.289 million square meters against 2.457 million square meters registered in comparable period last year. Frequent market closures, law & order situation, increasing competition from imported tiles, were some of the factors which affected the sales of the company, during the period under review.

OPERATING PROFIT:

Due to foregoing factors our gross margins have decreased by 2.66% from 27.91% of corresponding period to 25.25% which has resulted in fall of operating profit by Rs. 16 million from the same period last year.

NET PROFIT:

The financial charges decreased with respect to last year due to timely repayment of long term finance and reduction in lending rates. Our net profit stood at Rs. 23 million registering 115% growth over same period last year.

FUTURE OUTLOOK:

Energy is essential for the growth of the Company. Gas shortages coupled with security concerns, will continue to exert pressure on the Company. However, your Company retain a confident outlook and will continue to drive sustainable profitable growth in coming months.

On behalf of the Board

Karachi: October 25, 2012

ALIREZA M. ALLADIN
Chief Executive Officer



Shabbir Tiles and Ceramics Limited

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2012

	Note	30 September 2012 (Un-audited) (Rupees in '000)	30 June 2012 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,270,922	3,334,490
Investment property		285	314
Long-term loans and advances		299	403
Long-term deposits		9,675	9,675
		<u>3,281,181</u>	<u>3,344,882</u>
CURRENT ASSETS			
Stores and spare parts		152,609	148,725
Stock-in-trade		537,396	542,267
Trade debts	5	896,299	787,206
Loans, advances, deposits, prepayments and other receivables		45,013	28,598
Taxation - net		5,837	146
Cash and bank balances		116,570	93,027
		<u>1,753,724</u>	<u>1,599,969</u>
TOTAL ASSETS		<u><u>5,034,905</u></u>	<u><u>4,944,851</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>1,200,000</u>	<u>1,200,000</u>
240,000,000 ordinary shares of Rs.5/- each			
Issued, subscribed and paid-up capital		721,277	721,277
Reserves		<u>1,011,523</u>	<u>988,202</u>
		<u>1,732,800</u>	<u>1,709,479</u>
NON-CURRENT LIABILITIES			
Long-term finance		1,530,448	1,530,448
Liabilities against assets subject to finance lease		6,048	6,726
Deferred tax liability		<u>134,246</u>	<u>127,796</u>
		<u>1,670,742</u>	<u>1,664,970</u>
CURRENT LIABILITIES			
Trade and other payables		393,821	383,892
Accrued mark-up		65,921	13,354
Current maturity of long-term finance		506,766	506,766
Current maturity of liabilities against assets subject to finance lease		2,606	2,532
Short-term borrowings		615,986	621,480
Sales tax payable		<u>46,263</u>	<u>42,378</u>
		<u>1,631,363</u>	<u>1,570,402</u>
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		<u><u>5,034,905</u></u>	<u><u>4,944,851</u></u>

The annexed notes from 1 to 9 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 FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

Note	July to September	
	2012	2011
	(Rupees in '000)	
Turnover – net	1,195,651	1,176,632
Cost of sales	(893,669)	(848,166)
Gross profit	301,982	328,466
Distribution costs	(153,605)	(170,713)
Administrative expenses	(22,379)	(18,380)
	(175,984)	(189,093)
Other operating income	896	3,643
Operating profit	126,894	143,016
Finance costs	(86,253)	(100,066)
Other Charges	(4,550)	(4,681)
Profit before taxation	36,091	38,269
Taxation		
- Current	(6,320)	(13,386)
- Deferred	(6,450)	(14,044)
	(12,770)	(27,430)
Profit after taxation	23,321	10,839
	----- (Rupees) -----	
Earnings per share – basic and diluted	0.16	0.08

The annexed notes from 1 to 9 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 FIRST QUARTER ENDED SEPTEMBER 30, 2012
(UNAUDITED)**

	July to September	
	2012	2011
	(Rupees in '000)	
Profit after taxation	23,321	10,839
Other comprehensive income	-	-
Total comprehensive income for the period	23,321	10,839

The annexed notes from 1 to 9 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 FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

Note	September 30, 2012	September 30, 2011
	(Rupees in `000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	36,091	38,269
Adjustments for :		
Depreciation	64,033	70,122
Finance costs	86,253	100,066
(Reversal) / Provision for impairment of trade debts	(689)	1,535
Provision for slow moving and obsolete stores and spare parts	4,135	2,342
Gain on disposal of property, plant and equipment	(441)	(3,391)
	153,291	170,674
	189,382	208,943
(Increase) / decrease in current assets		
Stores and spares parts	(8,019)	(16,004)
Stock-in-trade	4,871	(81,036)
Trade debts	(108,404)	(72,764)
Loans, advances, deposits, prepayments and other receivables	(16,415)	74
	(127,967)	(169,730)
Increase / (decrease) in current liabilities		
Trade and other payables	9,929	(58,247)
Sales tax payable	3,885	(23,873)
Cash generated from / (used in) operations	75,229	(42,907)
Income tax paid	(12,005)	(13,966)
Finance costs paid	(33,686)	(48,427)
Long-term loans and advances	104	213
Long-term deposits	-	384
Net cash generated from / (used in) operating activities	29,642	(104,703)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(619)	(19,734)
Proceeds from disposal of property, plant and equipment	618	6,401
Net cash used in investing activities	(1)	(13,333)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rental paid	(604)	(1,453)
(Repayment) / receipt of short-term borrowings	(13,589)	95,815
Net cash (used in) / inflow from financing activities	(14,193)	94,362
Net increase / (decrease) in cash and cash equivalents	15,448	(23,674)
Cash and cash equivalents at the beginning of the period	(390,871)	(271,505)
Cash and cash equivalents at the end of the period	(375,423)	(295,179)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	116,570	96,768
Short-term running finances	(491,993)	(391,947)
	(375,423)	(295,179)

The annexed notes from 1 to 9 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 FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

	Issued, subscribed and paid-up capital	Capital reserve	Reserves		Total reserves	Total equity	
			Revenue reserves				
			Share premium	General reserve			Accumulated profit / (loss)
----- (Rupees in `000) -----							
Balance as at June 30, 2011 (audited)	721,277	456,288	514,000	(56,664)	913,624	1,634,901	
Net profit for the period	-	-	-	10,839	10,839	10,839	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive profit for the period	-	-	-	10,839	10,839	10,839	
Balance as at September 30, 2011 (unaudited)	<u>721,277</u>	<u>456,288</u>	<u>514,000</u>	<u>(45,825)</u>	<u>924,463</u>	<u>1,645,740</u>	
Balance as at June 30, 2012 (audited)	721,277	456,288	514,000	17,914	988,202	1,709,479	
Net profit for the period	-	-	-	23,321	23,321	23,321	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	23,321	23,321	23,321	
Balance as at September 30, 2012 (unaudited)	<u>721,277</u>	<u>456,288</u>	<u>514,000</u>	<u>41,235</u>	<u>1,011,523</u>	<u>1,732,800</u>	

The annexed notes from 1 to 9 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 FIRST QUARTER ENDED SEPTEMBER 30, 2012 (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 15th 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 condensed interim financial statements are consistent with those followed in the preparation of the company's annual financial statement for the year ended June 30, 2012 other than as follows:

During the period, the company has adopted amended IAS -1 (Presentation of financial statements) as referred to in note 2.2 to the financial statements for the year ended June 30, 2012. The adoption of such amended standard do not have any material effect on these condensed interim 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	
	Three Months ended September 30,		Three Months ended September 30,	
	2012	2011	2012	2011
	(Rupees in '000)			
Owned				
Plant and machinery	-	6,684	-	56,663
Office equipment	127	446	-	-
Computers and accessories	492	253	-	-
Vehicles	-	12,351	-	2,527
	<u>619</u>	<u>19,734</u>	<u>-</u>	<u>59,190</u>
Leased				
Vehicles	-	-	1,412	1,450
	<u>619</u>	<u>19,734</u>	<u>1,412</u>	<u>60,640</u>



Shabbir Tiles and Ceramics Limited

	September 30, 2012 (Un-audited) (Rupees in '000)	30 June 2012 (Audited) (Rupees in '000)
5. TRADE DEBTS - unsecured		
Considered good	896,299	787,206
Considered doubtful	6,075	6,764
Less: Provision for impairment	(6,075)	(6,764)
	-	-
	<u>896,299</u>	<u>787,206</u>

6. 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

Capital commitments	12,852	-
Outstanding letters of credit	167,971	84,869
Outstanding letters of guarantee	289,909	289,909

7. 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:

	Three Months Ended	
	September 30, 2012 (Un-audited) (Rupees in '000)	September 30, 2011 (Un-audited) (Rupees in '000)
Associated Companies		
Sales	1,414	3,486
Purchases of goods and materials	11,057	8,583
Insurance premium	7,240	6,301
Insurance claims received	1,038	-
Rent paid and services	4,632	4,473
Rent received	116	-
Key management personnel compensation	4,838	2,166
Markup earned	219	-
Markup expense	7,832	-
Commission on letter of guarantee	156	-
Other related parties		
Contribution to Provident Fund	2,983	2,296

	September 30, 2012 (Un-audited) (Rupees in '000)	June 30, 2012 (Audited) (Rupees in '000)
Balances as at period / year end		
Trade debts	1,176	3,437
Trade and other payables	4,579	4,105
Bank balances	83,142	44,987
Short-term borrowings	299,002	505,048
Commitments		
Outstanding letters of credit	180,823	84,869
Outstanding letters of guarantee	289,909	289,909

**8. GENERAL**

8.1 Figures have been rounded off to the nearest thousands.

9. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 25 October 2012 by the Board of Directors of the Company.

ALIREZA M. ALLADIN
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director

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