

Shabbir Tiles and Ceramics Limited

Interim Condensed Financial Statements
For the First Quarter Ended September 30, 2009
(Unaudited)





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Shabbir Tiles and Ceramics Limited

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	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
LEGAL ADVISOR	M. Akram Zuberi & Co. Advocate Supreme Court	
BANKERS	Habib Metropolitan Bank Limited Royal Bank of Scotland National Bank of Pakistan Bank AL Habib Limited Habib Bank 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., Mezzanine Floor, 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, Distirict Malir Bin Qasim Town, Karachi.	



Shabbir Tiles and Ceramics Limited

DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the unaudited financial statements of the Company for the first quarter ended September 30, 2009.

During the quarter, the economy lost its growth momentum resulting in the most difficult conditions under which the Company had to operate. Adverse economic conditions coupled with long Eid holidays and heavy rains, also had a negative impact on the business. Continued slump and substantial contraction in construction activities, power supply disruptions resulting in higher fuel consumption and the ongoing war on terror marred operations had affected buyers' confidence adversely. Similarly, high interest rates led to much higher cost of doing business.

However, despite these adverse circumstances some of the initiatives taken by the Company in the last few years had a salutary effect on the performance of the Company. The gas generators provided stable and reliable power supply. The modernization particularly setting up of Unit 2 has commenced commercial production. Negligible B grade production and reductions of wastage also had a positive effect on operations.

In spite of considerable increase in sales volume and revenue, your Company suffered a pre-tax loss of Rs. 8.9 million after accounting for additional financial charges of Rs. 103.17 million and depreciation of Rs. 48.11 million against the corresponding period of last year when pre-tax profit was recorded at Rs. 39.38 million. Increase in finance cost and depreciation are mainly on account of setting up of Unit-2. The earning per share (EPS) paisas 15 in negative during the quarter under review as compared to last year's quarter of paisas 35 in positive.

Though both units of the Company are technically operating satisfactory, nevertheless, demand compression is causing considerable financial distress. The key highlights of the quarter results under review, compared with the operating performance for the same period of last year against backdrop of prevailing major disruptions of an extra ordinary nature as stated hereinabove are:

- Production of 2.60 million sqm, up by 60.03%
- Sales at 2.24 million sqm, up by 40.54%
- Net sales revenue at Rs. 918.84 million, up by 62.34%
- Gross profit improved by Rs. 103 million i.e. 132 basis points.

Going forward, while economic indicators are still stagnant. However, the Management of your Company is well aware of these challenges and striving hard and making utmost efforts to pull the company out of losses with better planning of inventories, improving further efficiency in production, aggressive marketing both at home and abroad and further utilization of the unused capacity of the new plant. It is hoped that Inshallah there will be further improvement in sales and profitability during the year with on line PSDP projects with higher fiscal spending may stimulate the economy, too.

The Directors appreciate the hard work and dedication of all staff members of the Company at various levels. They are also grateful to all stake holders for their cooperation and support.

On behalf of the Board

ALIREZA M. ALLADIN
Chief Executive

Karachi: October 28, 2009



Shabbir Tiles and Ceramics Limited

INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2009 (UNAUDITED)

	Note	September 30, 2009 (Unaudited)	June 30, 2009 (Audited)
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	4,037,850	4,113,866
Investment property		598	623
Long term loans and advances		3,628	4,047
Long term deposits		11,391	11,470
		4,053,467	4,130,006
CURRENT ASSETS			
Stores and spares		140,556	112,843
Stock-in-trade		740,083	646,498
Trade debts	5	692,949	565,391
Loans, advances, deposits, prepayments and other receivables	6	70,088	49,567
Taxation-net		46,356	43,316
Cash and bank balances		124,847	147,860
		1,814,879	1,565,475
TOTAL ASSETS		<u>5,868,346</u>	<u>5,695,481</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
120,000,000 (June 30, 2009: 120,000,000)			
Ordinary share Rs.5/- each		<u>600,000</u>	<u>600,000</u>
Issued, subscribed and paid-up capital		360,638	360,638
Share Premium		389,764	389,764
Reserves		503,904	514,403
		1,254,306	1,264,805
NON-CURRENT LIABILITIES			
Long Term Finance		2,769,983	2,769,983
Liabilities against assets subject to finance leases		53,299	69,474
Deferred tax liability		102,139	105,259
		2,925,421	2,944,716
CURRENT LIABILITIES			
Trade and other payables	7	504,865	529,126
Mark-up accrued		101,263	227,069
Short-term borrowings	8	974,401	626,766
Current maturity of liabilities against assets subject to finance lease		82,423	93,183
Sales tax payable		25,667	9,816
		1,688,619	1,485,960
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u>5,868,346</u>	<u>5,695,481</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 FIRST QUARTER ENDED SEPTEMBER 30, 2009 (UNAUDITED)

	July to September	
	2009	2008
	(Rupees in '000)	
Turnover-net	918,837	566,012
Cost of sales	670,619	420,530
Gross profit	248,218	145,482
Distribution cost	120,759	70,809
Administrative expenses	14,533	13,026
	135,292	83,835
Other operating income	1,018	341
Operating profit	113,944	61,988
Finance cost	122,854	19,688
Other charges	-	2,919
	122,854	22,607
(Loss)/Profit before taxation	(8,910)	39,381
Taxation		
Current	4,708	408
Deferred	(3,119)	13,371
	1,589	13,779
(Loss)/Profit after taxation	(10,499)	25,602
		(Restated)
Basic and diluted earning per share (Rs.)	(0.15)	0.35

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 STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009 (UNAUDITED)

	July to September	
	2009	2008
	(Rupees in.'000)	
(Loss)/Profit for the period	(10,499)	25,602
Other comprehensive income:		
Hedging reserve	-	6,306
Deferred tax relating to hedging reserve	-	(2,206)
Other comprehensive income for the period - net of tax	-	4,100
Total comprehensive (loss)/income for the period	(10,499)	29,702

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ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director



Shabbir Tiles and Ceramics Limited

INTERIM CONDENSED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009 (UNAUDITED)

	July to September	
	2009	2008
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(8,910)	39,381
Adjustments for :		
Depreciation	77,854	29,745
Finance cost	122,854	19,688
Gain on disposal of fixed assets	(672)	(154)
Profit on bank deposit	(159)	(57)
Amortization of unearned rental income from investment property	(116)	(105)
	<u>199,761</u>	<u>49,117</u>
	190,851	88,498
(Increase) / decrease in current assets		
Stores and spares	(27,712)	4,219
Stock-in-trade	(93,584)	(75,506)
Trade debts	(127,558)	(16,085)
Loans, advances, deposits, prepayments and other receivables	(20,519)	(50,948)
	<u>(269,373)</u>	<u>(138,320)</u>
(decrease)/Increase in current liabilities		
Trade and other payables	(8,291)	68,186
	<u>(277,664)</u>	<u>(70,134)</u>
Cash (used)/generated from operations	(86,813)	18,364
Income tax paid	(7,754)	(25,544)
Finance cost paid	(248,661)	(17,134)
Long-term loans - net	418	446
Long-term deposit	79	(2,169)
Net cash used in operating activities	(342,731)	(26,037)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,954)	(1,255,429)
Proceeds from disposal of fixed assets	1,814	467
Profit received on bank deposit	159	57
Net cash used in investing activities	(981)	(1,254,905)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of long term finance	-	1,108,500
Repayment of liabilities against assets subject to finance lease	(26,936)	(33,144)
Receipt of short-term finance	42,825	10,170
Net cash generated from financing activities	15,889	1,085,526
Net decrease in cash and cash equivalents	(327,823)	(195,416)
Cash and cash equivalents at the beginning of the period	(371,961)	(154,781)
Cash and cash equivalents at the end of the period	(699,784)	(350,197)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	124,847	79,202
Short-term running finances	(824,631)	(429,399)
	<u>(699,784)</u>	<u>(350,197)</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 STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009 (UNAUDITED)

	Issued, subscribed & paid-up capital	capital reserve share premium	Revenue reserves		Hedging reserves	Total reserves	Total Equity
			General reserve	Unappro- priated profit			
(Rupees in '000)							
Balance as at June 30, 2008 (audited)	163,926	-	403,000	96,442	81,710	581,152	745,078
Net gain on cash flow hedge transferred to property, plant and equipment	-	-	-	-	(81,710)	(81,710)	(81,710)
Transfer to general reserve	-	-	63,000	(63,000)	-	-	-
Total comprehensive income for the period	-	-	-	25,602	4,100	29,702	29,702
Balance as at September 30, 2008(unaudited)	<u>163,926</u>	<u>-</u>	<u>466,000</u>	<u>59,044</u>	<u>4,100</u>	<u>529,145</u>	<u>693,071</u>
Balance as at June 30, 2009(audited)	360,638	389,764	466,000	48,403	-	904,167	1,264,805
Transfer to general reserve	-	-	48,000	(48,000)	-	-	-
Total comprehensive loss for the period	-	-	-	(10,499)	-	(10,499)	(10,499)
Balance as at September 30, 2009(unaudited)	<u>360,638</u>	<u>389,764</u>	<u>514,000</u>	<u>(10,096)</u>	<u>-</u>	<u>893,668</u>	<u>1,254,306</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

SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009 (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, 2009.

The presentation of these interim condensed financial statements has been amended to reflect the changes introduced by IAS-1: Presentation of Financial Statements.

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, 2009.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 The following additions and deletions were made in operating fixed assets during the period:

	Additions (cost)	Deletions (book value)
	(Rupees in `000)	
Owned		
Plant and machinery	2,310	-
Computers	288	1
Vehicles	-	631
Office equipment	356	-
	<u>2,954</u>	<u>632</u>
Leased		
Vehicles	-	510
	<u>2,954</u>	<u>1,142</u>



Shabbir Tiles and Ceramics Limited

5 Trade Debts - unsecured, considered good

This includes Rs. 0.303 million (June 30, 2009: Rs. 0.27 million) due from related party.

6 LOAN, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes Rs. 5.337 million (June 30, 2009: Rs. 8.173 million) rent paid to related party.

7 Trade and Other Payables

This includes Rs. 26.473 million (June 30, 2009: Rs. 5.756 million) due to related parties.

8 SHORT-TERM BORROWINGS – secured

Note	September 30, 2009 (Unaudited) (Rupees in `000)	June 30, 2009 (Audited) (Rupees in `000)
Term finances	149,770	106,945
Running finances	824,631	519,821
	974,401	626,766

9 CONTINGENCIES AND COMMITMENTS

Contingencies

There is no change in the status of contingencies as disclosed in the annual financial statements for the year ended June 30, 2009 except for an amount of Rs. 1.92 million (June 30, 2009: Rs. 3.7 million) is an un-utilised portion of a bank guarantee issued in favour of Excise and Taxation Department, Government of Sindh against the levy of infrastructure cess on the imported goods. The utilised portion of guarantee amounting to Rs. 33.38 million (June 30, 2009: Rs. 31.6 million) is shown under infrastructure cess payable included in trade and other payables.

	September 30, 2009 (Unaudited) (Rupees in `000)	June 30, 2009 (Audited) (Rupees in `000)
Commitments		
Outstanding Letter of credits	59,913	180,358
Outstanding Letter of guarantees	301,828	301,828



Shabbir Tiles and Ceramics Limited

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:

	September 30, 2009	September 30, 2008
	(Rupees in '000')	
Sales	127	-
Purchase of goods	6,624	7,600
Insurance premium	6,159	5,647
Insurance claims received	559	44
Rent Paid & Services	3,099	2,102
Remuneration of key management personnel	1,875	1,125
Contribution to provident fund	1,675	1,319

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 interim condensed financial statements were authorized for issue on October 28, 2009 by the Board of Directors of the Company.

ALIREZA M. ALLADIN
Chief Executive

ABDUL HAI M. BHAIMIA
Director

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