

# **Shabbir Tiles and Ceramics Limited**

Condensed Interim Financial Statements  
For the First Quarter Ended September 30, 2015  
(Unaudited)





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## Shabbir Tiles and Ceramics Limited

### COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	RAFIQ M HABIB RAZA ANSARI ALI SULEMAN HABIB ALIREZA M. ALLADIN ABDUL HAI M. BHAIMIA SALIM AZHAR MUHAMMAD FAISAL TARIQ AHMED	Chairman Chief Executive Officer Director Director Director Director Director Alternate Director
<b>AUDIT COMMITTEE</b>	MUHAMMAD FAISAL ABDUL HAI M. BHAIMIA SALIM AZHAR	Chairman Member Member
<b>HUMAN RESOURCES AND REMUNERATION COMMITTEE</b>	SALIM AZHAR MUHAMMAD FAISAL ALIREZA M. ALLADIN	Chairman Member Member
<b>CHIEF FINANCIAL OFFICER</b>	AZIZ AHMED	
<b>COMPANY SECRETARY</b>	OVAIS JAMANI	
<b>AUDITORS</b>	ERNST & YOUNG FORD RHODES SIDAT HYDER Chartered Accountants	
<b>LEGAL ADVISOR</b>	Munawar Malik & Co. Advocate Supreme Court	
<b>BANKERS</b>	Habib Metropolitan Bank Limited Faysal Bank Limited National Bank of Pakistan Habib Bank Limited Dubai Islamic Bank Pakistan Limited Allied Bank Limited	
<b>REGISTERED OFFICE</b>	15th Milestone, National Highway, Landhi, Karachi-75120 Phone: (021) 35015024-25, 35014044-45 Fax: (021) 35015545 / 35022920 E-mail: info@stile.com.pk URL: http://www.stile.com.pk	
<b>KARACHI DISPLAY CENTRE &amp; SALES OFFICE</b>	Makro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal, Karachi. Phone: (021) 34601372-74 Fax(021) 34601375	
<b>LAHORE SALES OFFICE</b>	Plot No. 523, Block # 15, Sector B-1, Quaid-e-Azam Town, (College Road), Lahore Phone: (042) 35117521-24 Fax: (042) 35117520	
<b>ISLAMABAD SALES OFFICE</b>	9th & 10th Lower Ground Floor, Aries Tower, Shamsabad, Muree Road, Rawalpindi. Phone: (051) 4575316-17 Fax: (051) 4575319	
<b>PESHAWAR SALES OFFICE</b>	3-Siyal Flats Opposite Kuwait Hospital, Abdara Chowk University Road, Peshawar. Phone: (091) 5846010/12 Fax: (091) 5846011	
<b>REGISTRAR AND SHARE TRANSFER OFFICE</b>	Noble Computer Services (Pvt.) Limited First Floor, Siddiqsons Towers, House of Habib Building, 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi Phone: (021) 34325482-84 Fax: 34325442	
<b>FACTORY:</b>		
<b>UNIT-I</b>	National Highway, Landhi, Karachi-75120 Phones: (021) 35015024-25 / 35014044-45	
<b>UNIT-II</b>	Deh Khanto, Tappo Landhi, District Malir, Bin Qasim Town, Karachi. Phones: (021) 34102702 Fax: (021) 34102709	



## Shabbir Tiles and Ceramics Limited

### DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015

Dear Shareholders,

The Directors take pleasure in presenting their report along with unaudited financial statements of the Company for the first quarter ended September 30, 2015.

The Company continues to face challenges against importers of the Chinese and Iranian tiles and has repositioned / reduced prices of selected products. Therefore, your Company recorded a loss before taxation of Rs. 11.199 million compared to a loss of Rs. 56.863 million of the same period last year.

The financial performance for the quarter is summarized below:

	July – September	
	2015	2014
	Rupees in '000	
Turnover – net	1,069,313	946,133
Gross profit	159,762	148,602
Loss before tax	(11,199)	(56,863)
Loss after tax	(18,372)	(48,678)
Loss per share (Rs.)	(0.08)	(0.28)

#### Future outlook and challenges:

The demand for tiles continues to show robust growth, due to increased activity in the construction of housing and commercial schemes. Your Company is closely working with all relevant government bodies including NTC to take counter measures against dumping, under invoicing etc. of tiles. Management is continuing to focus on new products to improve its product lines to meet market requirements, while at the same time reducing its costs. The recent increase in gas tariff by 23% is posing additional challenges to the local industry.

We take this opportunity to thank all stakeholders for their continued support.

On behalf of the Board

**RAZA ANSARI**  
Chief Executive Officer

Karachi : October 29, 2015.

**Shabbir Tiles and Ceramics Limited****CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2015**

	Note	September 30, 2015 (Unaudited) (Rupees in '000)	June 30, 2015 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	2,691,460	2,756,649
Investment property		7,288	7,452
Long-term loans and advances		41	84
Long-term deposits		9,479	9,479
		<u>2,708,268</u>	<u>2,773,664</u>
<b>CURRENT ASSETS</b>			
Stores and spare parts		123,810	129,066
Stock-in-trade	5	691,220	748,090
Trade debts	6	1,083,482	1,059,101
Loans, advances, deposits, prepayments and other receivables		30,676	20,113
Taxation - net		47,548	46,967
Cash and bank balances		87,794	72,981
		<u>2,064,530</u>	<u>2,076,318</u>
<b>TOTAL ASSETS</b>		<u>4,772,798</u>	<u>4,849,982</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital		1,200,000	1,200,000
Issued, subscribed and paid-up capital		1,196,601	1,196,601
Reserves		848,709	867,081
		<u>2,045,310</u>	<u>2,063,682</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term finance		812,500	750,000
Deferred tax liability		168,244	171,794
		<u>980,744</u>	<u>921,794</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		954,794	849,279
Accrued mark-up		10,793	52,614
Current maturity of long-term finance		347,133	440,883
Short-term borrowings		358,968	462,776
Sales tax payable		75,056	58,954
		<u>1,746,744</u>	<u>1,864,506</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,772,798</u>	<u>4,849,982</u>

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

**RAZA ANSARI**  
Chief Executive Officer

**SALIM AZHAR**  
Director



## Shabbir Tiles and Ceramics Limited

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015 (UNAUDITED)

	Note	July to September	
		2015	2014
		(Rupees in '000)	
Turnover - net		1,069,313	946,133
Cost of sales		(909,551)	(797,531)
<b>Gross profit</b>		<b>159,762</b>	<b>148,602</b>
Distribution cost		(125,764)	(113,332)
Administrative expenses		(32,642)	(33,695)
		(158,406)	(147,027)
Other income		353	5,033
Other operating expenses		—	(25)
		353	5,008
<b>Operating profit</b>		<b>1,709</b>	<b>6,583</b>
Finance costs		(12,908)	(63,446)
<b>Loss before taxation</b>		<b>(11,199)</b>	<b>(56,863)</b>
Taxation			
– Current		(10,723)	(10,071)
– Deferred		3,550	18,256
		(7,173)	8,185
<b>Loss after taxation</b>		<b>(18,372)</b>	<b>(48,678)</b>
		(Rupees)	
		(Restated)	
<b>Loss per share – basic and diluted</b>		<b>(0.08)</b>	<b>(0.28)</b>

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

**RAZA ANSARI**  
Chief Executive Officer

**SALIM AZHAR**  
Director



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**Shabbir Tiles and Ceramics Limited**

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015  
(UNAUDITED)**

	<u>July to September</u>	
	<u>2015</u>	<u>2014</u>
	(Rupees in '000)	
Loss after taxation	(18,372)	(48,678 )
Other comprehensive income	-	-
<b>Total comprehensive loss for the period</b>	<u>(18,372)</u>	<u>(48,678 )</u>

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

**RAZA ANSARI**  
Chief Executive Officer

**SALIM AZHAR**  
Director



## Shabbir Tiles and Ceramics Limited

### CONDENSED INTERIM CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015 (UNAUDITED)

	September 2015	September 2014
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(11,199)	(56,863)
Adjustments for :		
Depreciation	67,985	68,240
– property plant and equipments	164	27
– investment property	12,908	63,446
Finance cost	10,334	10,680
Provision for impairment of trade debts	703	362
Provision for slow moving stores and spare parts	–	(1,884)
Gain on disposal of property, plant and equipment	92,094	140,871
	<u>80,895</u>	<u>84,008</u>
 (Increase) / decrease in current assets		
Stores and spare parts	4,553	(5,802)
Stock-in-trade	56,870	(109,567)
Trade debts	(34,715)	21,975
Loans, advances, deposits, prepayments and other receivables	(10,563)	(18,058)
	<u>16,145</u>	<u>(111,452)</u>
 Increase / (decrease) in current liabilities		
Trade and other payables	105,515	95,498
Sales tax payable	16,102	(16,002)
<b>Cash generated from operations</b>	<u>218,657</u>	<u>52,052</u>
Income tax paid	(11,304)	(20,826)
Finance costs paid	(54,729)	(39,375)
Long-term loans and advances	43	21
<b>Net cash generated from / (used in) operating activities</b>	<u>152,667</u>	<u>(8,128)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures	(2,804)	(32,268)
Proceeds from disposal of property, plant and equipment	8	3,980
<b>Net cash used in investing activities</b>	<u>(2,796)</u>	<u>(28,288)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term loan	(31,250)	(62,500)
Lease rental paid	–	(1,319)
Proceeds from / (repayment of) short-term borrowings	31,565	(79,877)
<b>Net cash generated from / (used in) financing activities</b>	<u>315</u>	<u>(143,696)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>150,186</u>	<u>(180,112)</u>
Cash and cash equivalents at the beginning of the period	<u>(353,362)</u>	<u>(1,062,261)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>(203,176)</u>	<u>(1,242,373)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	87,794	124,920
Short-term running finances	(290,970)	(1,367,293)
	<u>(203,176)</u>	<u>(1,242,373)</u>

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

**RAZA ANSARI**  
Chief Executive Officer

**SALIM AZHAR**  
Director





## Shabbir Tiles and Ceramics Limited

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015 (UNAUDITED)

	Reserves					Total equity
	Issued subscribed & paid-up capital	Capital reserve	Revenue reserves		Total reserves	
			Share premium	General reserve		
(Rupees in '000)						
Balance as at June 30, 2014 (audited)	757,341	456,288	478,000	2,008	936,296	1,693,637
Total comprehensive loss for the period	-	-	-	(48,678)	(48,678)	(48,678)
<b>Balance as at September 30, 2014 (unaudited)</b>	<u>757,341</u>	<u>456,288</u>	<u>478,000</u>	<u>(46,670)</u>	<u>887,618</u>	<u>1,644,959</u>
Balance as at June 30, 2015 (audited)	1,196,601	449,215	478,000	(60,134)	867,081	2,063,682
Total comprehensive loss for the period	-	-	-	(18,372)	(18,372)	(18,372)
<b>Balance as at September 30, 2015 (unaudited)</b>	<u>1,196,601</u>	<u>449,215</u>	<u>478,000</u>	<u>(78,506)</u>	<u>848,709</u>	<u>2,045,310</u>

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

**RAZA ANSARI**  
Chief Executive Officer

**SALIM AZHAR**  
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015  
(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 2015.

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 statements for the year ended June 30, 2015 except as follows:

The company has adopted the following amendments and interpretations of IFRS which became effective during the period:

IFRS 10 - Consolidated Financial Statements

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 13 - Fair Value Measurement

The adoption of the above amendments to accounting standards and interpretations did not have any material effect on these condensed interim financial statements of the Company.

4. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2015 (Un-audited) (Rupees in `000)	June 30, 2015 (Audited)
Opening Net Book Value (NBV)	2,735,753	2,888,219
Additions to operating property, plant and equipment	4.1 1,897	121,630
	<u>2,737,650</u>	<u>3,009,849</u>
Deletions during the period / year (NBV)	4.1 (8)	(4,630)
Depreciation charged during the period / year	(67,985)	(269,466)
Closing NBV	<u>2,669,657</u>	<u>2,735,753</u>
Capital work-in-progress	21,803	20,896
	<u>2,691,460</u>	<u>2,756,649</u>



## Shabbir Tiles and Ceramics Limited

4.1 The following additions and deletions were made in property, plant and equipments during the period:

	Additions (cost)		Deletions (NBV)	
	September 30, 2015	June 30, 2015	September 30, 2015	June 30, 2015
	(Rupees in `000)			
<b>Owned</b>				
Plant and machinery	-	118,830	-	-
Office equipment	-	452	-	7
Computers and accessories	144	-	-	24
Vehicles	1,753	2,348	8	4,599
	<u>1,897</u>	<u>121,630</u>	<u>8</u>	<u>4,630</u>

### 4.2 Capital work in progress

	September 30, 2015 (Un-audited) (Rupees in `000)	June 30, 2015 (Audited) (Rupees in `000)
Balance at the beginning of the period / year	20,896	56,853
Additions during the period / year	2,660	82,873
Transfers to operating property, plant and equipment	(1,753)	(118,830)
	<u>21,803</u>	<u>20,896</u>

### 5. STOCK-IN-TRADE

5.1 Includes stock in trade costing Rs. 157.941 million (June 2015: Rs. 158.170 million) which has been written down to Rs. 124.758 million (June 2015: Rs. 131.015 million) NRV.

	September 30, 2015 (Un-audited) (Rupees in `000)	June 30, 2015 (Audited) (Rupees in `000)
<b>6. TRADE DEBTS - unsecured</b>		
Considered good	1,083,482	1,059,101
Considered doubtful	62,281	51,947
Less: Provision for impairment	(62,281)	(51,947)
	<u>1,083,482</u>	<u>1,059,101</u>

### 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 2015.

	September 30, 2015 (Un-audited) (Rupees in `000)	June 30, 2015 (Audited) (Rupees in `000)
<b>Commitments</b>		
Outstanding letters of credit	73,864	64,592
Outstanding letters of guarantee	303,909	303,909



## Shabbir Tiles and Ceramics Limited

### 8. TRANSACTIONS WITH RELATED PARTIES

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

	Three Months Ended	
	September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
<b>Associated Companies</b>		
Sales	2,486	1,330
Purchase of goods, materials and services	15,048	22,003
Insurance premium	6,665	6,630
Insurance claims received	57	527
Rent paid and services	1,526	1,544
Rent received	180	116
Markup earned	43	50
Markup expense	3,085	10,865
Commission on letter of guarantee	428	416
<b>Other related parties</b>		
Contribution to Provident Fund	3,510	3,339
Key management personnel compensation	3,956	3,979
	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
<b>Balances as at period / year end</b>		
Trade debts	2,459	858
Trade and other payables	12,166	9,203
Bank balances	31,783	19,275
Short-term borrowing	258,997	305,005
<b>Commitments</b>		
Outstanding letters of credit	73,864	64,592
Outstanding letters of guarantee	303,909	303,909

### 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 29 October 2015 by the Board of Directors of the Company.

**RAZA ANSARI**  
Chief Executive Officer

**SALIM AZHAR**  
Director

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