

Shabbir Tiles and Ceramics Limited
Condensed Interim Financial Statements
For the Quarter and Nine Months Ended March 31, 2015
(Un-audited)





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Shabbir Tiles and Ceramics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	RAFIQ M HABIB RAZA ANSARI ALI SULEMAN HABIB ALIREZA M. ALLADIN ABDUL HAI M. BHAIMIA SALIM AZHAR MUHAMMAD FAISAL	Chairman Chief Executive Officer Director Director Director Director Director
AUDIT COMMITTEE	MUHAMMAD FAISAL ABDUL HAI M. BHAIMIA SALIM AZHAR	Chairman Member Member
HUMAN RESOURCES AND REMUNERATION COMMITTEE	SALIM AZHAR MUHAMMAD FAISAL ALIREZA M. ALLADIN	Chairman Member Member
COMPANY SECRETARY	AZIZ AHMED	
AUDITORS	ERNST & YOUNG FORD RHODES SIDAT HYDER Chartered Accountants	
LEGAL ADVISOR	M. Munawar Malik & Co. Advocate Supreme Court	
BANKERS	Habib Metropolitan Bank Limited Faysal Bank Limited National Bank of Pakistan Habib Bank Limited Dubai Islamic Bank Pakistan Limited Allied Bank Limited	
REGISTERED OFFICE	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	
KARACHI DISPLAY CENTRE & SALES OFFICE	Makro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal, Karachi. Phone: (021) 34601372-74 Fax: (021) 34601375	
LAHORE SALES OFFICE	Plot No. 523, Block # 15, Sector B-1, Quaid-e-Azam Town, (College Road), Lahore Phone: (042) 35117521-24 Fax: (042) 35117520	
ISLAMABAD SALES OFFICE	9th & 10th Lower Ground Floor, Aries Tower, Shamsabad, Muree Road, Rawalpindi. Phone: (051) 4575316-17 Fax: (051) 4575319	
PESHAWAR SALES OFFICE	3-Siyal Flats Opposite Kuwait Hospital, Abdara Chowk University Road, Peshawar. Phone: (091) 5846010/12 Fax: (091) 5846011	
REGISTRAR AND SHARE TRANSFER OFFICE	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	
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. Phones: (021) 34102702 Fax: (021) 34102709	



**DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2015**

Dear Shareholders,

The Directors take pleasure in presenting their report along with unaudited condensed interim financial statements of the Company for the nine months and third quarter ended March 31, 2015.

The economic conditions of Pakistan have improved as the fiscal deficit is below 5% of GDP as compared to last year 8%. However, Pakistan confronted a major challenge with its security situation, specially in the first six months of the current fiscal year along with the political power struggle and sit-ins which created negative impact on the Company's performance. Due to these circumstances, coupled with severe competition from under-priced imported Chinese tiles and smuggled Iranian tiles, the Company compelled to reposition selling prices of some of its products, to compete with the imported tiles. The impact of price repositioning to a large extent, was set off with the cost effective measures taken by the Company. The sales volume dropped by 11% as compared to same period of last year, due to the increasing availability of Chinese and Iranian tiles at low rates. The Company recorded a profit before taxation of Rs. 0.215 million compared to a loss of Rs. 8.275 million in the same period last year.

The financial performance for the nine months ended March 31, 2015 is summarized below:

	July – March	
	2015	2014
	Rupees in '000	
Turnover – net	3,044,719	3,532,243
Earnings before interest, tax and depreciation	388,678	385,640
Profit /(loss) before tax	215	(8,275)
Loss after tax	(31,215)	(58,992)
Loss per share (Rs.)	(0.21)	(0.39)

Future outlook and challenges:

The country has made progress in restoring economic stability and improving security risks. The Federal Government is planning to increase the tariff of gas which would further aggravate the situation for the local tile manufacturers. The management of the Company is taking all steps to increase the volume and introduction of Inkjet floor tiles is also in pipeline. In addition, rights shares have been fully subscribed which would enable the company to utilize these funds to reduce borrowings. The construction industry in Pakistan is showing great growth prospects and the Company will do its utmost to take advantage of the same.

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

On behalf of the Board

RAZA ANSARI
Chief Executive Officer

Karachi : April 28, 2015.



Shabbir Tiles and Ceramics Limited

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2015

	Note	March 31, 2015 (Un-audited) (Rupees in '000)	June 30, 2014 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,799,852	2,945,072
Investment property		7,644	100
Long-term loans		16	90
Long-term deposits		9,480	9,355
		<u>2,816,992</u>	<u>2,954,617</u>
CURRENT ASSETS			
Stores and spare parts		133,625	141,099
Stock-in-trade	5	823,897	552,836
Trade debts	6	1,187,693	941,554
Loans, advances, deposits, prepayments and other receivables		22,293	16,768
Taxation - net		63,125	38,263
Cash and bank balances		84,186	124,444
		<u>2,314,819</u>	<u>1,814,964</u>
TOTAL ASSETS		<u>5,131,811</u>	<u>4,769,581</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital		<u>1,200,000</u>	<u>1,200,000</u>
Issued, subscribed and paid-up capital		757,341	757,341
Reserves		<u>899,629</u>	<u>936,296</u>
		<u>1,656,970</u>	<u>1,693,637</u>
NON-CURRENT LIABILITIES			
Long-term finance	7	875,000	447,649
Deferred tax liability		184,906	184,839
		<u>1,059,906</u>	<u>632,488</u>
CURRENT LIABILITIES			
Trade and other payables		810,924	525,094
Accrued mark-up		59,331	58,456
Current maturity of long-term finance		506,766	506,766
Current maturity of liabilities against assets subject to finance lease		-	2,682
Short-term borrowings		992,325	1,303,697
Sales tax payable		45,589	46,761
		<u>2,414,935</u>	<u>2,443,456</u>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>5,131,811</u>	<u>4,769,581</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

RAZA ANSARI
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director



Shabbir Tiles and Ceramics Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)

	Note	Nine months ended		Quarter ended	
		March 31 2015	March 31 2014	March 31 2015	March 31 2014
(Rupees in '000)					
Turnover		3,044,719	3,532,243	1,017,608	1,204,444
Cost of sales		(2,482,321)	(2,784,670)	(806,290)	(950,364)
Gross profit		562,398	747,573	211,318	254,080
Distribution cost		(308,954)	(493,939)	(95,538)	(151,161)
Administrative expenses		(81,637)	(84,674)	(20,295)	(26,649)
		(390,591)	(578,613)	(115,833)	(177,810)
Other income	9	13,285	4,264	4,017	3,927
Other operating expenses		(250)	(5,025)	(225)	(1,275)
		13,035	(761)	3,792	2,652
Operating profit		184,842	168,199	99,277	78,922
Finance costs		(184,627)	(176,474)	(59,381)	(63,988)
Profit / (loss) before taxation		215	(8,275)	39,896	14,934
Taxation					
– Current		(31,363)	(35,789)	(10,466)	(12,867)
– Deferred		(67)	(14,928)	(12,608)	(4,653)
		(31,430)	(50,717)	(23,074)	(17,520)
(Loss) / profit after taxation		(31,215)	(58,992)	16,822	(2,586)
(Rupee)					
(Loss) / earning per share – basic and diluted		(0.21)	(0.39)	0.11	(0.02)

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

RAZA ANSARI
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director



Shabbir Tiles and Ceramics Limited**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015
(UN-AUDITED)**

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees in '000)			
(Loss) / profit after taxation	(31,215)	(58,992)	16,822	(2,586)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(31,215)</u>	<u>(58,992)</u>	<u>16,822</u>	<u>(2,586)</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

RAZA ANSARI
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director



Shabbir Tiles and Ceramics Limited

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE QUARTER NINE MONTHS ENDED MARCH 31, 2015
(UN-AUDITED)**

	March 31, 2015	March 31, 2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	215	(8,275)
Adjustments for :		
Depreciation		
– property plant and equipments	203,580	217,360
– investment property	256	81
Finance cost	184,627	176,474
Gain on disposal of property, plant and equipment	(3,257)	(190)
Provision for impairment of trade debts	15,576	19,110
Provision for slow moving stores and spare parts	1,390	7,538
Provision for slow moving stock-in-trade	14,346	3,913
	<u>408,718</u>	<u>424,286</u>
	408,933	416,011
(Increase) / decrease in current assets		
Stores and spares parts	6,084	(34,214)
Stock-in-trade	(285,407)	(212,619)
Trade debts	(261,715)	(75,253)
Loans, advances, deposits, prepayments and other receivables	(5,525)	4,327
	<u>(546,563)</u>	<u>(317,759)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	285,830	68,703
Sales tax payable	(1,172)	(3,390)
Cash generated from operations	<u>147,028</u>	<u>163,565</u>
Income tax paid	(56,225)	(56,841)
Finance costs paid	(183,752)	(133,210)
Long-term loans	74	91
Long-term deposits	(125)	1,177
Net cash used in operating activities	<u>(93,000)</u>	<u>(25,218)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(70,671)	(53,554)
Proceeds from disposal of property, plant and equipment	7,768	4,224
Net cash used in investing activities	<u>(55,103)</u>	<u>(49,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt / (repayment) of long-term finance	427,351	(385,150)
Lease rental paid	(2,682)	(1,783)
Dividend paid	–	(72,128)
Share issue cost paid	(5,452)	–
Repayment of short-term borrowings	(12,166)	(22,086)
Net cash generated from / (used in) financing activities	<u>407,051</u>	<u>(481,147)</u>
Net increase / (decrease) in cash and cash equivalents	<u>258,948</u>	<u>(555,695)</u>
Cash and cash equivalents at the beginning of the period	(1,062,261)	(422,373)
Cash and cash equivalents at the end of the period	<u>(803,313)</u>	<u>(978,068)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	84,186	117,987
Short-term running finances	(887,499)	(1,096,055)
	<u>(803,313)</u>	<u>(978,068)</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

RAZA ANSARI
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director



Shabbir Tiles and Ceramics Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)

	Issued subscribed & paid-up capital	Capital reserve	Revenue reserves		Total reserves	Total Equity
		Share premium	General reserve	Accumul- ated profit / (loss)		
(Rupees in '000)						
Balance as at July 1, 2013	721,277	456,288	514,000	100,236	1,070,524	1,791,801
Transfer from general reserve	-	-	(36,000)	36,000	-	-
Final dividend @ 10% fro the year June 30, 2013	-	-	-	(72,128)	(72,128)	(72,128)
Issue of bonus shares @ 5% for the year June 30, 2013	36,064	-	-	(36,064)	(36,064)	-
Total comprehensive loss for the period	-	-	-	(58,992)	(58,992)	(58,992)
Balance as at March 31, 2014	<u>757,341</u>	<u>456,288</u>	<u>478,000</u>	<u>(30,948)</u>	<u>903,340</u>	<u>1,660,681</u>
Balance as at July 1, 2014	757,341	456,288	478,000	2,008	936,296	1,693,637
Total comprehensive loss for the period	-	-	-	(31,215)	(31,215)	(31,215)
Right share issue cost	-	(5,452)	-	-	(5,452)	(5,452)
Balance as at March 31, 2015	<u>757,341</u>	<u>450,836</u>	<u>478,000</u>	<u>(29,207)</u>	<u>899,629</u>	<u>1,656,970</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

RAZA ANSARI
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director



Shabbir Tiles and Ceramics Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

These condensed interim financial statements are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and 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. 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 June 30, 2014.

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, 2014 except as follows:

The Company has adopted the following amendments and interpretation of IFRSs which became effective during the period:

- IAS - 19 Employee Benefits – (Amendment)
 - Defined Benefit Plans: Employee Contributions
- IAS - 32 Financial Instruments : Presentation – (Amendment)
 - Offsetting Financial Assets and Financial Liabilities
- IAS - 36 Impairment of Assets – (Amendment)
 - Recoverable Amount Disclosures for Non-Financial Assets
- IAS - 39 Financial Instruments: Recognition and Measurement – (Amendment)
 - Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC - 21 Levies

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

		March 31, 2015 Note (Un-audited)	June 30, 2014 (Audited)
		(Rupees in `000)	
Opening Net Book Value (NBV)		2,888,219	3,130,746
Additions to operating property, plant and equipment (cost)	4.1	14,223	50,238
		2,902,442	3,180,984
Deletions during the period / year (NBV)	4.1	(4,511)	(1,925)
Depreciation charged during the period / year		(203,580)	(290,840)
Closing NBV		2,694,351	2,888,219
Capital work-in-progress	4.2	105,501	56,853
		2,799,852	2,945,072



Shabbir Tiles and Ceramics Limited

4.1 Additions and disposal of operating property, plant and equipment

	Additions (cost)		Deletions (NBV)	
	March 31, 2015 (Un-audited)	June 30, 2014 (Audited)	March 31, 2015 (Un-audited)	June 30, 2014 (Audited)
	(Rupees in `000)			
Plant and machinery	13,855	44,591	-	-
Office equipment	322	1,800	7	1
Computers and accessories	-	297	2	146
Vehicles	46	3,550	4,502	1,778
	<u>14,223</u>	<u>50,238</u>	<u>4,511</u>	<u>1,925</u>

4.2 Capital work-in-progress - plant and machinery

	March 31, 2015 (Un-audited)	June 30, 2014 (Audited)
	(Rupees in `000)	
Balance at the beginning of the period / year	56,853	32,296
Additions during the period / year	54,016	56,900
Deletion during the period / year	-	(2,203)
Transfers to operating property, plant and equipment	(5,368)	(30,140)
	<u>105,501</u>	<u>56,853</u>

5. STOCK-IN-TRADE

5.1 Includes stock in trade costing Rs. 124.703 million (June 2014: Rs. 116.350 million) which has been written down to Rs. 109.331 million (June 2014: Rs. 96.270 million) NRV.

	March 31, 2015 (Un-audited)	June 30, 2014 (Audited)
	(Rupees in `000)	

6. TRADE DEBTS

Considered good	1,187,693	941,554
Considered doubtful	50,420	34,844
Provision for impairment	(50,420)	(34,844)
	-	-
	<u>1,187,693</u>	<u>941,554</u>

	March 31, 2015 (Un-audited)	June 30, 2014 (Audited)
	(Rupees in `000)	

7. LONG-TERM FINANCE

	<u>875,000</u>	<u>447,649</u>
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During the period, the Company obtained a long term loan from Habib Bank Limited amounting to Rs. 1 billion. The loan carries markup at rate of three months KIBOR + 0.75% per annum, payable quarterly with one year grace period. The facility is secured against first pari passu charge through equitable mortgage over land and building, and hypothecation over all present and future fixed assets of the Company. The loan is repayable within five years in sixteen equal quarterly installments commencing from March 2016.



Shabbir Tiles and Ceramics Limited

8. 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 2014.

	March 31, 2015 (Un-audited) (Rupees in `000)	June 30, 2014 (Audited) (Rupees in `000)
Commitments		
Capital commitments	<u>10,521</u>	<u>15,371</u>
Outstanding letters of credit	<u>48,219</u>	<u>61,343</u>
Outstanding letters of guarantee	<u>303,909</u>	<u>300,909</u>

9. OTHER INCOME

	March 31, 2015 (Un-audited) (Rupees in `000)	March 31, 2014 (Un-audited) (Rupees in `000)
Scrap sales	5,877	2,909
Gain on sale of operating property, plant and equipment	3,257	190
Others	4,151	1,165
	<u>13,285</u>	<u>4,264</u>

10. 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:

	<u>Nine months ended</u>	
	March 31, 2015 (Un-audited) (Rupees in `000)	March 31, 2014
Associated Companies		
Sales	10,013	4,442
Purchase of goods, materials and services	57,231	51,360
Insurance premium	18,364	20,075
Insurance claims received	566	3,796
Rent and services charges paid	4,541	4,111
Rent received	411	347
Key management personnel compensation	11,441	18,143
Markup earned	220	188
Markup paid	29,472	27,373
Commission on letter of guarantee	1,518	1,288
Other related parties		
Contribution to Provident Fund	9,912	8,909



Shabbir Tiles and Ceramics Limited

	March 31, 2015 (Un-audited) (Rupees in '000)	June 30, 2014 (Audited)
Balances as at period / year end		
Trade debts	2,347	9,345
Trade and other payables	11,333	—
Bank balances	30,928	61,387
Short-term borrowing	524,019	401,215
Commitments		
Outstanding letters of credit	58,740	61,343
Outstanding letters of guarantee	303,909	300,909

11. GENERAL

Figures have been rounded off to the nearest thousands.

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 28, 2015 by the Board of Directors of the Company.

RAZA ANSARI
Chief Executive Officer

ABDUL HAI M. BHAIMIA
Director

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URL: <http://www.stile.com.pk>