



## Shabbir Tiles and Ceramics Limited



Certificate No. KHI 2001011

### TWENTY-EIGHTH REPORT FOR THE YEAR ENDED 30TH JUNE, 2006

**REGISTERED OFFICE  
AND FACTORY**

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National Highway,  
Landhi, Karachi-75120  
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**NATIONAL TAX NUMBER :**  
**SALES TAX REGISTRATION NO :**

34-01-0712052  
02-04-6907-001-37



## **Vision Statement**

While Maintaining Our “Stile” Brand As Market Leader, We Continue To Delight Our Customers By Also Bringing In International Brands In The Field Of Building Materials, By Offering The Best Quality And Innovative Products At Competitive Prices, Taking Into Account The Stakeholder’s Interests.





## **Mission Statement**

Our mission is to maintain our position as the leader in the tile industry in Pakistan and for this purpose we will continue to focus on :

- We are committed to quality products and will provide our customers with innovative sizes, designs and colour scheme that they will be delighted to have and shall provide them with excellent services to earn their loyalty.
- We shall treat our employees fairly and shall provide conducive working environment for them to learn and to grow with the Company.
- The Company shall earn adequate profits for its progress and growth and for providing reasonable return to its shareholders.





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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	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>
<b>AUDIT COMMITTEE</b>	MANSOOR G. HABIB KERSI D. KAPADIA NAZIM F. HAJI	<i>Chairman</i>
<b>COMPANY SECRETARY</b>	AZIZ AHMED	
<b>AUDITORS</b>	Ford Rhodes Sidat Hyder & Co. Chartered Accountants	
<b>BANKERS</b>	ABN AMRO Bank N.V. Bank AL Habib Limited Habib Bank Limited Habib Bank A. G. Zurich Metropolitan Bank Limited Muslim Commercial Bank Limited Standard Chartered Bank	
<b>KARACHI DISPLAY CENTRE &amp; SALES OFFICE</b>	Stile House, 1st & 2nd Floor, Plot No. 15-C & 17-C, Zamzama Commercial Lane, Phase V, Defence Housing Authority, Karachi. UAN: (021) 111-000-039 Customer Service Toll Free Number 0800-000-14	
<b>LAHORE SALES OFFICE</b>	34, Aibak Block, New Garden Town, Lahore. UAN: (042) 111-000-039	
<b>ISLAMABAD SALES OFFICE</b>	Plot No. H-226, Street No. 7, Industrial Area, Sector I-9, Islamabad. UAN: (051) 111-000-039	
<b>PESHAWAR SALES OFFICE</b>	Room No. 10-B, 2nd Floor, Fawad Plaza, Jamrood Road, Peshawar. Phone : (091) 5843750	
<b>MULTAN SALES OFFICE</b>	Room No. 7 & 8, 3rd Floor, Trust Plaza, L.M.Q. Road, Multan. Phone : (061) 4546439	
<b>FAISALABAD SALES OFFICE</b>	Plaza No. 19, 1st Floor, Chanab Market, Madina Town, Main Susan Road, Faisalabad. Phones : (041) 8548243 & 8548244	
<b>REGISTRAR AND SHARE TRANSFER OFFICE</b>	Noble Computer Services (Pvt.) Ltd., 2nd Floor, Sohni Centre, BS 5 & 6, Main Karimabad, Block-4, Federal B. Area, Karachi-75950 Phones: (021) 6801880-81-82	



**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Twenty-Eighth Annual General Meeting of Shabbir Tiles and Ceramics Limited will be held at the auditorium (Crown Ballroom) of Hotel Regent Plaza, Main Shahrah-e-Faisal, Karachi, on Wednesday, the 18th October, 2006 at 10:00 a.m. to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited accounts of the Company for the year ended 30th June, 2006 alongwith the reports of the Directors and the Auditors thereon.
2. To approve the payment of dividend to the shareholders @ 15% as recommended by the Directors for the year ended June 30, 2006.
3. To appoint auditors for the year ending 30th June, 2007 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

**SPECIAL BUSINESS**

1. To pass with or without modifications, the following resolutions:

**RESOLVED THAT :**

- a) a sum of Rs. 22,767,655 out of the current year's profit be capitalized and applied for issue of 4,553,531 ordinary shares of Rs. 5 each and allotted as fully paid bonus shares to those members of the Company whose names appear in the Register of members of the Company at the close of business on 4th October, 2006 in the ratio of two shares for every ten shares held and that such new shares shall rank pari-passu as regards future dividends and in all other respects with the existing ordinary shares of the Company and proposed Bonus Shares will not qualify for current dividend to be considered and approved by this meeting.
- b) all fractions of bonus shares arising on such allotment be consolidated and sold and that the proceeds thereof be distributed pro-rata to the members entitled thereto.
- c) for the purpose of giving effect to the above resolutions, the Directors be and are hereby authorized to give such directions as may be necessary and to settle any questions or difficulties that may arise in regard to the distribution of the bonus shares or in the payment of the sale proceeds of the fractions as the Directors in their discretion shall deem fit.

By Order of the Board

**AZIZ AHMED**  
Company Secretary

Karachi : 18th September, 2006.



### NOTES:

1. The share transfer books of the Company will remain closed from 5th October, 2006 to 18th October, 2006 (both days inclusive). Transfers received in order at the office of the Company's Share Registrars, M/s. Noble Computer Services (Pvt.) Ltd., 2nd Floor, Sohni Centre, BS 5 & 6, Main Karimabad, Block-4, Federal B. Area, Karachi-75950, at the close of business on 4th October, 2006 will be treated in time for the purpose of payment of cash dividend and allotment of bonus shares to transferees.
2. A member eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies to be effective must be received by the Company not less than 48 hours before the time for holding of the meeting.
3. **FOR CDC ACCOUNT HOLDERS**
  - (i) Account holders and sub-account holders and/or the person whose securities are in group account and their registration details are uploaded as per the regulations who wish to attend the Annual General Meeting shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport in case of non-resident and in case of proxy must also enclose attested copy of his/her CNIC or passport.
  - (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier) alongwith proxy form.
4. Members who have not yet submitted photocopy of their computerized National Identity Card to the Company's share registrars are requested to send the same at the earliest.
5. Members are requested to communicate to the Company or the Share Registrar to the Company of any change in their address.

### Statements under section 160 of the Companies Ordinance, 1984.

1. The Directors have recommended the issue of bonus shares in the ratio of two new shares for every ten shares held by members on 4th October, 2006 in view of existing profit which justifies capitalization of Rs. 22,767,655 out of profits available for appropriation as at 30th June 2006. upon issuance of Bonus Shares, the paid up capital of the Company shall stand increased to Rs. 136,605,930/-.

The Directors are interested in this business to the extent of their entitlement to bonus shares in the Company.



## TWENTY-EIGHTH REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE, 2006

The Directors of Shabbir Tiles & Ceramics Limited feel great pleasure in presenting their report and audited Financial Statements of the Company for the year ended 30th June, 2006. The year under review is significant, as we have yet again outperformed ourselves in terms of the following key business and financial indicators. We had:

- Highest ever production at 4.119 million Square meters.
- Highest ever sales volume at 4.072 million Square meters.
- Highest ever turnover at Rs. 1.58 billion.
- Highest ever gross profit at Rs. 432 million.

In a competitive business environment, your Company was yet again able to deliver an excellent performance. The company has shown a significant increase of 37% in turnover as well as an increase in gross profit rate for the current year.

There is an overall increase in distribution and marketing expenses, which have increased by Rs. 69 million. This increase is due to higher freight costs corresponding to higher volumes and also increases in fuel prices during the year. Furthermore, additional personnel were also hired in the sales and marketing department to further strengthen the focus on market development and growth.

Financing cost has increased from Rs. 19.60 million to Rs. 49.50 million due to an increase in borrowings, primarily made for investment in BMR, volatility in exchange rates and a sharp increase and rising trend in mark-up rates over the previous year.

Providing our customers with consistent and innovative customer value propositions remains embedded in our marketing efforts. Work on R&D of new value propositions for different segments of the market is ongoing to enhance the Stile Brand products in those segments. Our Retail Network has also increased by 34 bringing the total to 342, which has increased accessibility of our products to our existing and potential customers.

### APPROPRIATIONS

Details of the appropriations recommended by the Directors are as under :

	2006 (Rs. in 000's)
Profit before taxation	126,004
Less : Taxation – Current	44,747
– Deferred	9,633
	54,380
Profit after taxation	71,624
Unappropriated profit from prior year	76,317
Available for appropriation	147,941

### APPROPRIATIONS

For the year ended 30th June, 2005	
Cash dividend @ 15%	14,229
Issue of bonus share @ 20% (2:10)	18,973
Transfer to general reserve	43,000
	76,202
Unappropriated profit carried forward	71,739





## **SUBSEQUENT EFFECTS**

At a meeting held on September 8, 2006, the Board of Directors of the Company has proposed a dividend for the year ended June 30, 2006 of Rs. 0.75 per share and issue of Bonus Shares in proportion of twenty ordinary shares for every hundred ordinary shares equivalent to Rs. 17.076 Million and Rs. 22.767 Million respectively.

The approval of the members for the dividend and bonus shares will be obtained at the Annual General Meeting to be held on October 18, 2006. The cash and stock dividend amounting to Rs. 39.843 has not been reflected as stated in Note 35 of the Financial statements.

**Earning Per Share:** Earning per share for the year ended June 30, 2006 comes to Rs. 3.14 as compared to Rs. 4.02 in the preceding year.

## **BALANCING, MODERNIZATION AND REPLACEMENT**

In pursuit of concentration on its core business, higher rates and keeping in view of the market trend, the Company is contemplating and taking steps to expand and enhance production capacity during the current year which will help increase productivity and economy of scales.

## **CONTRIBUTION TO NATIONAL ECONOMY**

In the year under review, the company contributed Rs. 375 million (2005: Rs. 314 million) to the national exchequer in the form of taxes and duties etc.

## **ISO 9001:2000 CERTIFICATION**

The activities in respect of ISO surveillance are ongoing and we continue to maintain our operations as per standard quality management system.

## **HUMAN RESOURCES**

The industrial relations climate remained cordial and satisfactory.

## **AUDITORS**

M/s. Ford Rhodes Sidat Hyder & Co. retire and being eligible has offered themselves for re-appointment as auditor and as required by Code of Corporate Governance, the Audit Committee has recommended their re-appointment as auditors for the next financial year ending June 30, 2007.

## **CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

The Directors are pleased to state that your Company has complied with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting framework:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow statement and statement of changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- In preparation of financial statements, International Accounting Standards, as applicable in Pakistan, have been followed.
- The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring, internal controls will continue with the objective to further strengthen the controls and improve the system.
- There is no doubt about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.



- A summary of key operating and financial data of the Company of the last six years is annexed in this report.
- Information about taxes and levies is given in the notes to the accounts.
- The value of investments of Provident Fund stood at Rs. 48.275 million as on June 30, 2006 (unaudited) and Rs. 44.900 million as on June 30, 2005 (audited).
- During the year the Board of Directors held four meetings which were attended by them as indicated below:

	Number of Meetings attended
Mr. Rafiq M. Habib	3
Mr. Ali S. Habib	2
Mr. Alireza M. Alladin	4
Mr. Abdul Hai M. Bhaimia	4
Mr. Kersi D. Kapadia	4
Mr. Mansoor G. Habib	4
Mr. Nazim F. Haji	2

Leave of absence was granted to the Directors who could not attend a meeting.

### PATTERN OF SHAREHOLDING

- A statement showing pattern of shareholding of the Company and additional information as at June 30, 2006 is included in this report.
- The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

### OUTLOOK & CHALLENGES

Pakistan's economy continued to maintain a solid pace of expansion in financial year 2006 despite an extraordinary surge in oil prices and the devastating earthquake of October 8, 2005. The impressive performance displayed by the Company during the financial year 2006 has endorsed that the strategic initiatives undertaken by the Management are leading the Company in the right direction.

In the face of ever intensifying competitive environment, where sustained profitability will depend upon high operating efficiencies, innovative products and robust business practices, with numerous marketing initiatives, the Company is over-more prepared to meet future challenges through differentiated products and services, continued operational excellence and innovative value addition.

### ACKNOWLEDGEMENT

The progress made by your Company is attributed to Allah Blessing hard work and commitment which has made it possible to achieve sustained growth. Additionally, we would like to extend a big "Thank You", to the staff, distributors, customers and bankers for their continuous confidence and support enabling us to excel in our performance and for encouragement to our efforts in the growth of the Company to further reinforce its place as market leader. We assure you that management of your Company is tirelessly continuing in its efforts to bring further benefits to its stakeholders and is determined to grow the business further.

On behalf of the Board

**ALIREZA M. ALLADIN**  
Chief Executive

Karachi : 8th September, 2005.



## Shabbir Tiles and Ceramics Limited

### PERFORMANCE OF LAST SIX YEARS

	30th June, 2006 (Rs.in 000's)	30th June, 2005 (Rs.in 000's)	30th June, 2004 (Rs.in 000's)	30th June, 2003 (Rs.in 000's)	30th June, 2002 (Rs.in 000's)	30th June, 2001 (Rs.in 000's)
<b>ASSETS EMPLOYED</b>						
Property, plant & equipment	594,627	475,850	352,683	299,556	220,440	188,391
Investment property	926	1,027	1,081	—	—	—
Long-term loans, advances & deposits	24,913	20,399	10,218	8,430	8,212	4,117
<b>Working capital</b>						
Current assets	588,272	514,467	388,781	373,617	305,249	271,991
Current liabilities	436,970	353,979	209,498	189,251	136,099	109,468
	151,302	160,488	179,283	184,366	169,150	162,523
	771,768	657,764	543,265	492,352	397,802	355,031
<b>FINANCED BY</b>						
Shareholders' equity						
Share capital	113,838	94,865	86,240	86,240	86,240	86,240
Reserves	388,739	350,317	295,586	255,739	230,439	208,718
	502,577	445,182	381,826	341,979	316,679	294,958
Long term finance	6,750	33,750	60,750	87,750	22,232	—
Liabilities against assets subject to finance leases	213,823	139,428	54,181	21,128	28,879	31,869
Deferred liabilities	48,618	39,404	46,508	41,495	30,012	28,204
	771,768	657,764	543,265	492,352	397,802	355,031
Turnover - net	1,583,682	1,158,168	826,549	733,837	587,012	527,830
% of Growth	36.74%	40.12%	12.63%	25.01%	11.21%	16.37%
Gross profit	432,253	312,281	198,999	193,885	165,463	165,235
Gross profit (%)	27.29%	26.96%	24.08%	26.42%	28.19%	31.30%
Administrative expenses	29,876	23,093	19,689	19,580	17,174	17,280
% of Turnover - net	1.89%	1.99%	2.38%	2.67%	2.93%	3.27%
Distribution cost	218,775	149,330	96,274	75,621	65,644	55,654
% of Turnover - net	13.81%	12.89%	11.65%	10.30%	11.18%	10.54%
Financial charges	49,496	19,591	15,625	21,112	11,958	11,831
% of Turnover - net	3.13%	1.69%	1.89%	2.88%	2.04%	2.24%
Profit before taxation	126,004	112,608	66,907	74,744	66,840	76,062
% of Turnover - net	7.96%	9.72%	8.09%	10.19%	11.39%	14.41%
Profit after taxation	71,624	76,292	39,847	46,860	43,281	49,595
% of Turnover - net	4.52%	6.58%	4.82%	6.39%	7.37%	9.40%
Cash dividend		14,230	12,936	21,560	21,560	21,560
Cash dividend (%)		15.00%	15.00%	25.00%	25.00%	25.00%
Bonus shares		18,973	8,625	—	—	—
Bonus shares (%)		20.00%	10.00%	—	—	—
Break-up value of Rs. 5/- share	22.07	23.46	22.14	19.83	18.36	17.10
Basic and diluted earnings per share (Rs.)	3.14	4.02	2.10	2.72	2.51	2.88
Receivables no. of days	60	83	60	66	72	69
Current ratio	1.35	1.45	1.86	1.97	2.24	2.48
No. of employees	559	510	507	523	519	507

## **Statement of Compliance with best practices of Code of Corporate Governance for the year ended June 30, 2006**

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulation No. 37 (chapter XI) of Karachi Stock Exchange, Chapter XIII of the Listing Regulations of the Lahore Stock Exchange and Section 45 (Chapter XI) of the Listing Regulations of the Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Board comprises seven Directors, including the CEO, who is the only Executive Director. The Company encourages representation of independent non-executive Directors on its Board including those representing minority interests. There are six non-executive Directors, one of whom is the Chairman.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a Development Financial Institution or a Non Banking Financial Institution. None of the Directors is a member of a Stock Exchange.
4. No casual vacancy occurred in the Board during the current year.
5. The Company has adopted a 'statement of Ethics and Business Practices', which has been signed by all the Directors and Employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration, terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors have been provided with copies of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited, Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are well conversant with their duties and responsibilities.
10. The Chief Financial Officer and Company Secretary was appointed prior to the implementation of the Code of Corporate Governance. Remuneration, terms and conditions in case of future appointments on these positions will be approved by the Board. However the appointment of internal auditors and their remuneration, terms and conditions have been approved by the Board.
11. The Directors' report has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.



14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive Directors including the Chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Company has outsourced the internal audit function to M/s. Noble Computer Services (Pvt.) Ltd. who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

**Mansoor G. Habib**  
*Chairman*  
*Audit Committee*

**Alireza M. Alladin**  
*Chief Executive*

Karachi : 8th September, 2006.



**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) applicable to the Company for the year ended June 30, 2006 prepared by the Board of Directors of **Shabbir Tiles and Ceramics Limited** to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited, Chapter XIII of the Listing Regulations of the Lahore Stock Exchange (Guarantee) Limited, and Section No. 45 of the Listing Regulations of the Islamabad Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquires of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2006.

Karachi : 8th September, 2006.

**FORD RHODES SIDAT HYDER & CO.**  
Chartered Accountants



**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **SHABBIR TILES AND CERAMICS LIMITED** as at June 30, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984 ;
- (b) in our opinion :
  - (i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2006 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi : 8th September, 2006.

**FORD RHODES SIDAT HYDER & CO.**  
Chartered Accountants





**BALANCE SHEET AS AT JUNE 30, 2006**

	Note	2006 (Rs. in 000's)	2005
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	594,628	475,850
Investment property	4	926	1,027
Long term loans and advances	5	1,901	2,033
Long term deposits	6	23,012	18,366
		<u>620,467</u>	<u>497,276</u>
<b>CURRENT ASSETS</b>			
Stores and spares	7	26,645	21,537
Stock-in-trade	8	153,251	144,891
Trade debts	9	307,916	316,909
Loans, advances, deposits, prepayments and other receivables	10	16,595	11,444
Taxation - net		1,542	3,393
Cash and bank balances	11	82,322	16,293
		<u>588,271</u>	<u>514,467</u>
<b>TOTAL ASSETS</b>		<u><b>1,208,738</b></u>	<u><b>1,011,743</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
60,000,000 (2005 : 20,000,000) ordinary shares of Rs. 5/- each		<u>300,000</u>	<u>100,000</u>
Issued, subscribed and paid-up capital	12	113,838	94,865
Reserves		<u>388,739</u>	<u>350,317</u>
		<u>502,577</u>	<u>445,182</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term finance	13	6,750	33,750
Liabilities against assets subject to finance lease	14	213,823	139,428
Deferred tax liability	15	47,428	37,794
Deferred liability – advance rent	16	1,190	1,610
		<u>269,191</u>	<u>212,582</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	136,553	84,951
Mark-up accrued		4,031	2,512
Short-term borrowings	18	169,281	173,655
Current portion of long term loan	13	27,000	27,000
Current portion of liabilities against assets subject to finance lease	14	92,636	62,000
Sales tax payable		7,469	3,861
		<u>436,970</u>	<u>353,979</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	19		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,208,738</b></u>	<u><b>1,011,743</b></u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

**ALIREZA M. ALLADIN**  
Chief Executive

**ABDUL HAI M. BHAIMIA**  
Director





PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2006

	Note	2006 (Rs. in 000's)	2005
<b>Turnover – net</b>	20	<b>1,583,682</b>	1,158,168
Cost of sales	21	<b>1,151,429</b>	845,887
<b>Gross Profit</b>		<b>432,253</b>	312,281
Distribution cost	22	<b>218,775</b>	149,330
Administrative expenses	23	<b>29,876</b>	23,093
		<b>248,651</b>	172,423
<b>Other operating income</b>	24	<b>2,248</b>	927
		<b>185,850</b>	140,785
Finance cost	25	<b>49,496</b>	19,591
Other charges	26	<b>10,350</b>	8,586
		<b>59,846</b>	28,177
<b>Profit before taxation</b>		<b>126,004</b>	112,608
Taxation	27	<b>54,380</b>	36,316
<b>Profit after taxation</b>		<b>71,624</b>	76,292
		<b>Rupees</b>	<b>Rupees</b>
<b>Basic and diluted earnings per share</b>	28	<b>3.14</b>	4.02

The annexed notes from 1 to 37 form an integral part of these financial statements.

ALIREZA M. ALLADIN  
Chief Executive

ABDUL HAI M. BHAIMIA  
Director



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2006**

	Note	2006	2005
		(Rs. in 000's)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		126,004	112,608
Adjustments for :			
Depreciation		80,087	43,808
Finance cost		49,496	19,591
Loss / (gain) on disposal of fixed assets		(1,279)	874
Profit on bank deposit		(370)	(92)
Amortization of unearned rental income		(420)	(420)
		127,514	63,761
<b>Operating profit before working capital changes</b>		<b>253,518</b>	<b>176,369</b>
(Increase) / decrease in current assets			
Stores and spares		(5,108)	(1,867)
Stock-in-trade		(8,360)	(14,378)
Trade debts		8,993	(113,919)
Loans, advances, deposits, prepayments and other receivables		(5,151)	(1,630)
		(9,626)	(131,794)
Decrease in current liabilities			
Trade and other payables		55,034	23,301
<b>Working capital changes</b>		<b>45,408</b>	<b>(108,493)</b>
<b>Cash generated from operations</b>		<b>298,926</b>	<b>67,876</b>
Income tax paid		(42,897)	(36,795)
Finance cost paid		(47,974)	(18,476)
Long-term loans – net		132	(1,985)
Long-term deposits		(4,646)	(8,196)
<b>Net cash inflow from operating activities</b>		<b>203,541</b>	<b>2,424</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(16,056)	(12,967)
Proceeds from disposal of fixed assets		2,927	4,564
Profit on bank deposit received		370	92
<b>Net cash used in investing activities</b>		<b>(12,759)</b>	<b>(8,311)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loan		(27,000)	(27,000)
Repayment of liabilities against assets subject to finance lease		(79,325)	(48,403)
Receipt of short-term borrowings		3,991	38,117
Dividend paid		(14,053)	(12,732)
<b>Net cash used in financing activities</b>		<b>(116,387)</b>	<b>(50,018)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>74,395</b>	<b>(55,905)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(58,076)</b>	<b>(2,171)</b>
<b>Cash and cash equivalents at the end of the year</b>	29	<b>16,319</b>	<b>(58,076)</b>

The annexed notes from 1 to 37 form an integral part of these financial statements.

**ALIREZA M. ALLADIN**  
Chief Executive

**ABDUL HAI M. BHAIMIA**  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2006**

	Issued subscribed and paid-up capital	Reserve for issue of bonus shares	Revenue reserves		Total reserves	Total equity
			General reserve	Unappr- opriated profit		
	(Rs. in 000's)	(Rs. in 000's)	(Rs. in 000's)	(Rs. in 000's)	(Rs. in 000's)	(Rs. in 000's)
<b>Balance as at July 01, 2004</b>	86,240	–	255,000	40,586	295,586	381,826
– Final dividend for the year ended June 30, 2004 @ Re. 0.75 per share	–	–	–	(12,936)	(12,936)	(12,936)
– Bonus shares issued @ 1 : 10	8,625	–	–	(8,625)	(8,625)	–
– Transfer to general reserve	–	–	19,000	(19,000)	–	–
Profit for the year after taxation	–	–	–	76,292	76,292	76,292
<b>Balance as at June 30, 2005</b>	94,865	–	274,000	76,317	350,317	445,182
<b>Balance as at July 01, 2005</b>	94,865	–	274,000	76,317	350,317	445,182
– Final dividend for the year ended June 30, 2005 @ Re. 0.75 per share	–	–	–	(14,229)	(14,229)	(14,229)
– Bonus shares issued @ 2 : 10	18,973	–	–	(18,973)	(18,973)	–
– Transfer to general reserve	–	–	43,000	(43,000)	–	–
Profit for the year after taxation	–	–	–	71,624	71,624	71,624
<b>Balance as at June 30, 2006</b>	113,838	–	317,000	71,739	388,739	502,577

The annexed notes from 1 to 37 form an integral part of these financial statements.

**ALIREZA M. ALLADIN**  
Chief Executive

**ABDUL HAI M. BHAIMIA**  
Director



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

### 1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company on November 07, 1978 and is listed on all Stock Exchanges in Pakistan. The Company is primarily engaged in manufacture and sale of tiles and trading of allied building products. The registered office of the Company is situated at 15th Milestone, National Highway, Landhi, Karachi.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

Financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. (the Ordinance). Approved accounting standards comprise of such International Accounting Standards (IASs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirement of the Ordinance or the requirements of the said directives take precedence.

Standards, interpretation and amendments to published approved accounting standards that are not yet effective includes,

- |      |        |                                                                       |                                |
|------|--------|-----------------------------------------------------------------------|--------------------------------|
| i.   | IAS 19 | (Amendments – Employee Benefits                                       | effective from January 1, 2006 |
| ii.  | IAS 39 | Financial Instrument: Recognition and Measurement – Fair Value Option | effective from January 1, 2006 |
| iii. | IAS 1  | Presentation of Financial Statements Capital Disclosures              | effective from January 1, 2007 |

Adoption of the above amendments may only impact the extent of disclosures presented in the financial statements.

In addition to above, a new series of standards called “International Financial Reporting Standards (IFRSs)” have been introduced and seven IFRSs have been issued by IASB. Out of these following four IFRS have been adopted by Institute of Chartered Accountant of Pakistan (ICAP) however since these have not been adopted by SECP therefore, do not form part of the approved local financial reporting framework:

IFRS-2 (Share based Payments);  
IFRS-3 (Business Combinations);  
IFRS-5 (Non-current Assets held for Sale and Discontinued Operations); and  
IFRS-6 (Exploration for and Evaluation of Mineral Resources).

The Company expects that the adoption of these pronouncements mentioned above will have no significant impact on the Company's financial statements in the period of initial application.

#### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

#### 2.3 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

#### Property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the



Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

### **2.4 Property, plant and equipment**

#### **Owned**

These are stated at cost less accumulated depreciation except freehold land, which is stated at cost. Depreciation is charged to income using the straight line method, other than freehold land which is determined to have an indefinite life, at the rates specified in note 3 to the financial statements. Depreciation on additions is charged for the full month in which the asset is put to use and on disposals upto the month immediately preceding the deletion. Assets residual values and useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are taken to profit and loss account currently.

#### **Leased**

Assets held under finance leases are capitalized at the lower of present value of the minimum lease payments at the inception of the lease term and the fair value of leased assets. The related obligations under finance lease less finance charges allocated to future periods are shown as liabilities. Finance cost is calculated at the rate implicit in the lease and are charged to profit and loss account. Depreciation is charged to income applying the same basis as for owned assets.

### **2.5 Operating lease**

Lease payments under operating leases are recognized as an expense when paid.

### **2.6 Investment property**

Investment property, representing the portion of freehold land and building let out on rent, is stated at cost, determined on the basis of area (square feet) rented out, less accumulated depreciation and impairment, if any.

Depreciation is charged to income applying the straight line method at the rate specified in note 4 to the financial statements. Depreciation on additions is charged for the full month in which an asset is put to use and on deletions up to the month immediately preceding the deletion.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are taken to profit and loss account currently.

### **2.7 Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

### **2.8 Stores and spares**

These are valued at the lower of cost, determined on a weighted average cost basis, and net realizable value. Provision is made for slow moving and obsolete items.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the costs necessary to make the sale.

Items in transit and bonded warehouse are valued at cost comprising invoice value plus other charges incurred thereon accumulated to the balance sheet date.

**2.9 Stock-in-trade**

These are valued at the lower of net realizable value and cost determined as follows :

Raw and packing materials	– weighted average cost.
Work-in-process and finished goods	– cost of direct materials and labour plus attributable overheads.
Finished goods - imported products	– weighted average cost.
Stock in transit and bonded warehouse	– invoice price plus other charges paid thereon.

Provision is made for slow moving and obsolete items.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**2.10 Trade debts**

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for doubtful debts. Provision for doubtful debts is based on the management's assessment of customers' out standings and creditworthiness. Bad debts are written-off as and when identified.

**2.11 Long term finance**

Long term finance is carried at its principal amount. Installments due within one year are shown as a current liability and mark-up on long term finance is charged as an expense on an accrual basis.

**2.12 Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

**2.13 Cash and cash equivalents**

Cash and bank balances are carried at cost.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and cash at banks net off short-term running finances.

**2.14 Financial instruments**

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument and are derecognized in the case of assets, when the contractual rights under the instruments are realized, expired or surrendered and in the case of liability, when the obligation is discharged, cancelled or expired.

Any gain/loss on the recognition and derecognition of the financial assets and liabilities is included in the profit and loss for the period in which it arises.

**2.15 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the transaction and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

**2.16 Staff retirement benefits****Defined contribution plan**

The Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Company and the employees, in accordance with the rules of the scheme. The Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

**Compensated absences**

The Company provides for its estimated liability towards unavailed earned leaves accumulated by employees on an accrual basis using current salary level.

**2.17 Taxation****Current**

The Company falls under the final tax regime under Section 148 and 154 of the Income Tax Ordinance, 2001, to the extent of commercial imports and export sales. Provision for tax on local sales and other income is based on current rates of taxation after taking into account tax credits and rebates available, if any.

**Deferred**

Deferred taxation is provided, proportionate to local sales, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized .

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates, that have been enacted or substantively enacted at the balance sheet date.

**2.18 Provisions**

Provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made.

**2.19 Foreign currency translation**

Transactions in foreign currencies are recorded at the rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences on foreign currency translations are taken to the income statement.

**2.20 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**2.21 Revenue recognition**

Sales are recognized when goods are dispatched to the customers.

Return on bank deposits is recognized on an accrual basis.

Rental income arising on investment property is accounted for on a straight-line basis over the lease term on ongoing basis.

**2.22 Related party transactions**

All transactions with related parties are priced on an arm's length basis. Prices for these transactions are determined on the basis of admissible valuation methods.

**2.23 Research and development costs**

Research and development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS - 38 "Intangible Assets".

**2.24 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.



## Shabbir Tiles and Ceramics Limited

### 3 PROPERTY, PLANT AND EQUIPMENT

Note	COST			ACCUMULATED DEPRECIATION			Book value at June 30, 2006	Depreciation rate %	
	As at July 01, 2005	Additions (disposals)/ transfers*	As at June 30, 2006	As at July 01, 2005	Charge for the year/ transfers*	Disposals			As at June 30, 2006
(Rs. in '000's)									
<b>OWNED</b>									
Freehold land	553	-	553	-	-	-	553	-	
Building on freehold land	58,932	-	58,932	23,487	3,486	-	26,973	31,959	10
Plant and machinery	413,272	12,838	426,110	214,394	39,312	-	253,706	172,404	10-20
Furniture and fixture	8,736	403	9,139	3,503	1,059	-	4,562	4,577	20
Office equipment	7,799	556	8,320	5,261	650	(29)	5,882	2,438	20-33
		(35)							
Computers and accessories	6,643	1,277	7,771	4,425	1,404	(34)	5,795	1,976	50
		(149)							
Vehicles	5,678	982	6,209	2,205	622	(58)	2,797	3,412	20
		459			28				
		(910)							
	501,613	16,056	517,034	253,275	46,533	(121)	299,715	217,319	
		459			28				
		(1,094)							
<b>LEASED</b>									
Building on freehold land	10,987	10,807	21,794	407	1,403	-	1,810	19,984	10
Plant and machinery	216,627	167,436	384,063	18,034	28,144	-	46,178	337,885	10-20
Computer and accessories	492	-	492	205	140	-	345	147	50
Vehicles	24,015	6,113	28,790	5,963	3,766	(204)	9,497	19,293	20
		(459)			(28)				
		(879)							
	252,121	184,356	435,139	24,609	33,453	(204)	57,830	377,309	
		(459)			(28)				
		(879)							
<b>Total</b>	<b>753,734</b>	<b>200,412</b>	<b>952,173</b>	<b>277,884</b>	<b>79,986</b>	<b>(325)</b>	<b>357,545</b>	<b>594,628</b>	
		<b>(1,973)</b>							
2005	614,892	172,359	753,734	262,209	43,754	(28,079)	277,884	475,850	
		(33,517)							

During the year, effective July 01, 2005 the useful life of the following classes of property, plant and equipment were reviewed which resulted in the revision of depreciation rates and method.

Description	Annual rate of depreciation	
	2006 %	2005 %
<b>Owned</b>		
Building on freehold and	<b>10</b>	5
Plant and machinery	<b>10-20</b>	10
Furniture and fixtures	<b>20</b>	10
Office equipment	<b>20-33</b>	20-30
Computer and accessories	<b>50</b>	50
Vehicles	<b>20</b>	20
<b>Leased</b>		
Building on freehold land	<b>10</b>	5
Plant and machinery	<b>10-20</b>	10
Computer and accessories	<b>50</b>	30
Vehicles	<b>20</b>	20





The Company has also revised the depreciation method from reducing balance method to straight line method. This change has been accounted for as a change in accounting estimate. Had the estimate not been revised the depreciation charge for the year would have been lower and carrying value of fixed assets would have been higher by Rs. 20.088 million respectively and profit before taxation would have been higher by 18.996 million.

	Note	2006	2005
(Rs. in 000's)			
<b>3.1 Depreciation charge for the year has been allocated as follows :</b>			
Cost of sales	21	<b>74,931</b>	39,524
Distribution cost	22	<b>3,172</b>	2,616
Administrative expenses	23	<b>1,883</b>	1,614
		<b>79,986</b>	<b>43,754</b>

### 3.2 The following property, plant and equipment were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	(Loss)/gain (Note 24)	Mode of disposal	Particulars of buyer
(Rs. in 000's)							
<b>Computers and accessories</b>	134	31	103	95	(8)	Insurance claim	Habib Insurance Company Limited - a related party
<b>Vehicles</b>							
Daihatsu Cuore AJC-304	459	28	431	459	28	Negotiation	Dynea Pakistan Limited a related party
Toyota Corolla AEA-950	117	14	103	725	622	Negotiation	Mr. Hanif Khan
Toyota Corolla AEB-626	292	-	292	542	250	Car Scheme	Miss Nabila Habib
Toyota Corolla AHR-141	879	204	675	756	81	Car Scheme	Mr. Amin Bawani
	1,747	246	1,501	2,482	981		
<b>Items below Rs. 50,000/- each</b>	92	48	44	350	306	Negotiation	Various
<b>Total</b>	1,973	325	1,648	2,927	1,279		



4. INVESTMENT PROPERTY

	COST		ACCUMULATED DEPRECIATION			
	as at July 01, 2005 and June 30, 2006	as at July 01, 2005	Charge for the year (Note 25)	as at June 30, 2006	Book value at June 2006	Depreciation rate %
	(Rs. in 000's)					
Freehold land	3	-	-	-	3	-
Building on freehold land	1,083	59	101	160	923	10
<b>Total</b>	<b>1,086</b>	<b>59</b>	<b>101</b>	<b>160</b>	<b>926</b>	
2005	1,086	5	54	59	1,027	

The fair value of investment property, as at June 30, 2006 is Rs. 4.234 million (2005 : Rs. 3.985 million), which has been arrived at on the basis of a valuation carried out by an independent approved valuer. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

	Note	2006 (Rs. in 000's)	2005
<b>5. LONG TERM LOANS AND ADVANCES - unsecured considered good</b>			
<b>Loans</b>			
Employees	5.1	1,194	950
Less : Current maturity	10	693	818
		501	132
<b>Advance</b>	5.2	1,400	1,901
		1,901	2,033

5.1 Represents interest free loans given to employees for the purchase of property which is repayable within two years of disbursement.

5.2 Represents advance to Sui Southern Gas Company Limited carrying a mark-up rate of 1.88%(2005: 1.88%) per annum.

	Note	2006 (Rs. in 000's)	2005
<b>6. LONG TERM DEPOSITS</b>			
Security deposit on leases		18,971	14,360
Utilities		3,064	3,064
Others		977	942
		23,012	18,366



## Shabbir Tiles and Ceramics Limited

	Note	2006 (Rs. in 000's)	2005
<b>7. STORES AND SPARES</b>			
Stores		7,689	5,924
Spares			
– In hand		11,680	11,259
– In transit and bonded warehouse		7,276	4,354
		18,956	15,613
		<u>26,645</u>	<u>21,537</u>
<b>8. STOCK-IN-TRADE</b>			
Raw and packing materials			
– In hand		62,669	28,026
– In transit and bonded warehouse		1,116	15,202
		63,785	43,228
Work-in-process		18,365	22,909
Finished goods			
– In hand		70,971	69,833
– In-transit		130	8,921
		71,101	78,754
		<u>153,251</u>	<u>144,891</u>
<b>9. TRADE DEBTS - unsecured, considered good</b>	9.1	<u>307,916</u>	<u>316,909</u>
9.1 Include due from related parties as follows:			
– Indus Motors Company Limited		–	1,294
– Habib Insurance Company Limited		39	370
– Allucan (Private) Limited		–	198
		39	1,862

	Note	2006	2005
		(Rs. in 000's)	
<b>10. LOANS, ADVANCES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES</b>			
<b>Loans - unsecured, considered good</b>			
Current portion of long term loans		693	818
Employees - interest free		1,236	1,149
		<b>1,929</b>	1,967
<b>Advances</b>			
Employees		114	322
Suppliers and contractors		3,534	2,067
Collector of Customs		1,488	2,086
Others		143	108
		<b>5,279</b>	4,583
<b>Deposits</b>			
Lease		4,778	292
Others		469	614
		<b>5,247</b>	906
<b>Prepayments</b>			
Rent		2,216	1,880
Others		70	360
		<b>2,286</b>	2,240
<b>Other receivables</b>			
Excise duty	19 (i)	1,355	1,355
Insurance claims		296	168
Others		203	225
		<b>1,854</b>	1,748
		<b>16,595</b>	11,444
<b>11. CASH AND BANK BALANCES</b>			
<b>In hand</b>			
– local currency		7,578	5,541
– foreign currency		103	333
		<b>7,681</b>	5,874
<b>At banks</b>			
– current accounts		62,075	9,615
– deposit account	11.1	12,566	804
		<b>74,641</b>	10,419
		<b>82,322</b>	16,293

**11.1** This carries a profit of 1% - 5% (2005 : 1% - 5%) and includes Fixed Deposit Receipt amounting to Rs. 0.471 million (2005 : 0.465 million) lying with the bank as a guarantee margin.

**12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

Ordinary shares Rs. 5/- each

**Number of shares in '000**

2006	2005		2006	2005
			(Rs. in 000's)	
<b>6,863</b>	6,863	Fully paid-up in cash	<b>34,316</b>	34,316
<b>1,150</b>	1,150	Issued for consideration other than cash	<b>5,750</b>	5,750
<b>14,754</b>	10,960	Issued as fully paid bonus shares	<b>73,772</b>	54,799
<b><u>22,767</u></b>	<u>18,973</u>		<b><u>113,838</u></b>	<u>94,865</u>

The shares held by the related parties as at June 30, 2006 were 1,286,859 (2005 : 1,072,383) ordinary shares of Rs. 5/- each.

**13. LONG TERM FINANCE - Secured**

**2006**      2005  
(Rs. in 000's)

**From banking companies**

Term finance	<b>33,750</b>	60,750
Less : Current portion	<b>27,000</b>	27,000
	<b><u>6,750</u></b>	<u>33,750</u>

Represents remaining balance of term finance of Rs. 135 million (2005 : Rs. 135 million) obtained from Habib Bank Limited. The finance is secured by a demand promissory note, legal mortgage charge of Rs. 7.898 million, exclusive equitable mortgage of Rs. 225 million and hypothecation charge of Rs. 190 million over the fixed assets of the Company.

The rate of mark-up for the remaining period has been fixed at the rate of 4.25% (2005 : 4.25%) per annum on outstanding principal, payable quarterly. The loan is repayable in twenty equal quarterly installments by October 2007.

In the event the Company fails to pay any amount on a specified date, the Company shall be liable to pay a further sum equal to 20% per annum of the amount becoming so due and remaining unpaid.

**14. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

The Company has entered into various finance lease agreements in respect of building, plant and machinery, office equipment, computers and accessories and vehicles with no financial restrictions included therein. At the end of lease period the ownership of the assets will be transferred to the Company on payment of the residual value. The liability is partly secured by deposits of Rs. 19.478 million (2005 : Rs. 14.219 million). In the event of late payment of lease rentals, the Company shall be liable to pay a sum of Rs. 250 per day during the period of non payment in addition to the lease rental. Repairs and insurance costs are borne by the Company. The rates of mark-up used as the discounting factor range between 7.5% to 15.5% (2005 : 7.50% to 15.5%) per annum. Rentals are payable in equal monthly installments. The movement in the finance lease liability is as follows:



## Shabbir Tiles and Ceramics Limited

	2006	2005
	(Rs. in 000's)	
Balance	201,428	90,439
Assets acquired during the year	184,356	159,392
	<u>385,784</u>	<u>249,831</u>
Less: Payments made	79,325	48,403
	<u>306,459</u>	<u>201,428</u>
Less: Current portion of the liability	92,636	62,000
	<u>213,823</u>	<u>139,428</u>

The amount of future minimum lease payments, together with the present value of the minimum lease payments, and the periods during which they fall due are as follows.

	Note	2006	2005
		(Rs. in 000's)	
Not later than one year		122,914	74,722
Later than one year and not later than five years		235,285	152,272
		<u>358,199</u>	<u>226,994</u>
Less: Financial charges allocable to future periods		51,740	25,566
Present value of minimum lease payments		<u>306,459</u>	<u>201,428</u>
Less: Current portion		92,636	62,000
		<u>213,823</u>	<u>139,428</u>

### 15. DEFERRED TAX LIABILITY

Deferred tax liability comprises temporary differences relating to :

– Accelerated tax depreciation	128,915	91,770
– Assets subject to finance lease	(80,303)	(52,875)
– Provisions	(1,184)	(1,101)
	<u>47,428</u>	<u>37,794</u>

### 16. DEFERRED LIABILITY - advance rent

Represents rental income from investment property received in advance upto year ending June 30, 2009. The income for the current year has been taken to profit and loss account.

	Note	2006	2005
		(Rs. in 000's)	
<b>17. TRADE AND OTHER PAYABLES</b>			
Trade creditors	17.1	53,321	17,995
Excise duty payable		8,495	4,706
Security deposits		8,687	13,092
Accrued expenses	17.2	54,143	37,643
Workers' Profit Participation Fund	17.3	6,709	6,060
Workers' Welfare Fund		1,512	2,604
Tax deducted at source		715	57
Unclaimed dividend		2,971	2,794
		<u>136,553</u>	<u>84,951</u>

17.1 Include due to a related party Rs. 1.952 million (2005 : Rs. 0.552 million).

17.2 Include due to a related party Rs. 0.789 million (2005 : Rs. 0.830 million).



## Shabbir Tiles and Ceramics Limited

	Note	2006	2005
		(Rs. in 000's)	
<b>17.3 Workers' Profit Participation Fund</b>			
Balance at the beginning of the year		6,060	3,595
Allocation for the year		6,709	6,060
		<b>12,769</b>	9,655
Interest on funds utilized in Company's business		39	23
		<b>12,808</b>	9,678
Less: Amount paid to the trustees of the fund		6,099	3,618
Balance at the end of the year		<b>6,709</b>	6,060
<b>18. SHORT TERM BORROWINGS - Secured</b>			
<b>From banking companies</b>			
Term finances	18.1	103,278	99,286
Running finances	18.2	66,003	74,369
		<b>169,281</b>	173,655
<b>18.1 Term finance</b>			
Banks	Facility limit	Repayment	Mark-up Rate
	Rupees		
Habib Bank Limited	100 million	6 months from lodgment of import documents	LIBOR+ (150 – 250) basis points
			69,707
			57,164
Metropolitan Bank Limited	78 million	6 months from lodgment of import documents	LIBOR + 150 basis points
			22,443
			28,724
Habib Bank AG Zurich	50 million	6 months from lodgment of import documents	LIBOR + 1%
			11,128
			13,398
			<b>103,278</b>
			99,286
<b>18.2 Running finances</b>			
Banks	Facility limit	Repayment	Mark-up Rate per annum
	Rupees		
Habib Bank Limited	150 million	Payable quarterly	1 moth KIBOR +0.75
			41,801
			33,551
Metropolitan Bank Limited	40 million	Payable quarterly	6 month KIBOR +0.25
			23,637
			25,882
ABN Amro Bank	50 million	Payable quarterly	6 month KIBOR +0.78
			565
			14,936
			<b>66,003</b>
			74,369

All the above finances are secured by demand promissory notes, hypothecation of stocks, book debts and legal and equitable mortgage of present and future fixed assets of the Company ranking pari-passu with other creditors.



**19. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

- (i) Claims made by the Excise and Taxation Department but not acknowledged as debt by the Company amounted to Rs. 1.355 million (2005 : Rs. 1.355 million) approximately. The same has been paid and shown as advance in note 10 to the financial statements. The recovery of the amount depends on the outcome of proceedings initiated by the Company. As the management of the Company is confident that ultimate decision will be in the Company's favour, the said amount has not been charged to the profit and loss account in these financial statements.

**2006**                      2005  
(Rs. in 000's)

**Commitments**

- (ii) Commitments in respect of rentals under lease agreements for vehicles are as follows:

Not later than one year	<b>303</b>	585
Later than one year and not later than five years	–	303
	<b>303</b>	888
	<b>303</b>	888

- (iii) Custom duties on raw materials and spare parts in bonded warehouse payable on clearance amounted to Nil (2005 : Rs. 0.822 million).
- (iv) Outstanding letters of credit amounting to Rs. 91.909 million (2005 : Rs. 87.533 million).
- (v) Outstanding letters of guarantee amounted to Rs. 41.954 million (2005 : Rs. 36.762 million).

**2006**                      2005  
(Rs. in 000's)

**20. TURNOVER - net**

Local	<b>1,881,331</b>	1,396,829
Less: Sales tax	<b>241,412</b>	178,975
Trade discounts, commission, etc	<b>74,601</b>	81,032
	<b>316,013</b>	260,007
	<b>1,565,318</b>	1,136,822
Export	<b>18,364</b>	21,346
	<b>1,583,682</b>	1,158,168





## Shabbir Tiles and Ceramics Limited

	Note	2006 (Rs. in 000's)	2005
<b>21. COST OF SALES</b>			
<b>Cost of sales – Local products</b>			
<b>Raw and packing materials consumed</b>			
Opening stock		28,026	23,812
Purchases		409,152	274,552
Closing stock		(62,669)	(28,026)
		<b>374,509</b>	<b>270,338</b>
<b>Manufacturing expenses</b>			
Salaries, wages and benefits	21.1	83,525	68,807
Fuel and power		184,620	128,713
Stores and spares consumed		43,659	40,262
Depreciation	3.1	74,931	39,524
Repairs and maintenance		32,337	26,500
Tiles packing and other related charges		8,477	5,420
Insurance		4,702	4,081
Vehicles running expenses		4,187	3,971
Travelling and conveyance		5,281	3,227
Raw material mixing charges		3,817	2,675
Printing and stationery		1,419	1,555
Operating lease rentals		588	1,051
Communications		723	523
Rent, rates and taxes		581	585
Research costs		497	458
Cartage and handling charges		562	344
Legal and professional charges		177	135
Entertainment		193	93
Others		1,940	1,446
		<b>452,216</b>	<b>329,370</b>
<b>Work-in-process</b>			
Opening stock		22,909	16,016
Closing stock		(18,365)	(22,909)
		<b>831,269</b>	<b>592,815</b>
<b>Finished goods</b>			
Opening stock		11,018	31,250
Closing stock		(17,334)	(11,018)
		<b>824,953</b>	<b>613,047</b>
<b>Cost of sales - Imported products</b>			
Opening stock		58,815	36,275
Purchases		321,298	255,380
Closing stock		(53,637)	(58,815)
		<b>326,476</b>	<b>232,840</b>
		<b>1,151,429</b>	<b>845,887</b>

21.1 Includes staff retirement benefits of Rs. 1.923 million (2005 : 1.787 million).



## Shabbir Tiles and Ceramics Limited

	Note	2006	2005
(Rs. in 000's)			
<b>22. DISTRIBUTION COST</b>			
Salaries, wages and benefits	22.1	15,421	11,346
Freight		135,071	79,864
Sales promotion		15,848	12,538
Advertisement and publicity		8,307	9,992
Travelling and conveyance		10,726	8,823
Rent, rates and taxes		9,515	7,101
Communications		3,293	3,727
Insurance		4,043	2,824
Depreciation	3.1	3,172	2,616
Vehicles running expenses		3,522	2,540
Repairs and maintenance		2,545	2,376
Utilities		2,030	1,630
Printing and stationary		2,349	1,589
Entertainment		1,347	1,190
Legal and professional charges		296	559
Others		1,290	615
		<b>218,775</b>	<b>149,330</b>

**22.1** Includes staff retirement benefits of Rs. 0.478 million (2005 : 0.328 million).

### 23. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	23.1	13,518	10,210
Travelling and conveyance		2,162	1,915
Printing and stationery		2,319	1,728
Legal and professional charges		3,254	1,701
Depreciation			
– on operating fixed assets	3.1	1,883	1,614
– on investment property	4	101	54
Vehicles running expenses		1,650	1,176
Communications		775	823
Utilities		633	666
Auditors' remuneration	23.2	486	610
Subscriptions		936	506
Insurance		664	437
Advertisement		486	462
Operating lease rentals		–	329
Repairs and maintenance		158	304
Rent, rates and taxes		104	102
Entertainment		159	45
Others		588	411
		<b>29,876</b>	<b>23,093</b>

**23.1** Included staff retirement benefits of Rs. 0.519 million (2005 : 0.410 million)

#### 23.2 Auditors' remuneration

Statutory audit fee	250	170
Half yearly review fee	90	60
Tax services and other certifications	82	318
Out of pocket expenses	64	62
	<b>486</b>	<b>610</b>



## Shabbir Tiles and Ceramics Limited

	Note	2006 (Rs. in 000's)	2005
<b>24. OTHER OPERATING INCOME</b>			
Rental income from investment property		420	420
Profit on bank deposits		370	92
Liabilities no longer payable - written back		13	384
Gain on sale of fixed assets	3.2	1,279	–
Others		166	31
		<u>2,248</u>	<u>927</u>
<b>25. FINANCE COST</b>			
Mark-up on:			
– Long term finance		1,879	3,040
– Finance leases		22,592	9,362
– Short term borrowings		17,258	5,497
– Workers' Profit Participation Fund		39	23
		<u>41,768</u>	<u>17,922</u>
Exchange loss		5,680	348
Bank charges, commission		2,048	1,321
		<u>49,496</u>	<u>19,591</u>
<b>26. OTHER CHARGES</b>			
Workers' Profit Participation fund	17.3	6,709	6,060
Workers' Welfare Fund		1,369	1,140
Loss on disposal of fixed assets		–	874
Donations	26.1	2,272	512
		<u>10,350</u>	<u>8,586</u>
<b>26.1</b> None of the directors or their spouses had any interest in any of the donees to whom donations were made during the year.			
<b>27. TAXATION</b>			
Current		44,747	43,000
Deferred		9,633	(6,684)
		<u>54,380</u>	<u>36,316</u>

**27.1** The return of income for tax year 2005 has been filed by the Company. The said return, as per the provision of Section 120 of the Income Tax Ordinance, 2001 has been taken as an assessment order passed by the Commissioner of Income Tax.



## Shabbir Tiles and Ceramics Limited

2006 2005  
(Rs. in 000's)

### 27.2 Relationship between accounting profit and income tax expense

Profit before taxation	<b>126,004</b>	112,608
Tax @ 35%	<b>44,101</b>	39,413
Tax effect of the expenses that are admissible / inadmissible in determining taxable profit	<b>(6,173 )</b>	(4,342 )
Tax effects under final tax regime	<b>6,819</b>	7,929
Tax effects of temporary differences	<b>44,747</b>	43,000
	<b>9,633</b>	(6,684)
Income tax expense	<b>54,380</b>	36,316

### 28. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	<b>2006</b>	2005
Profit after taxation (Rs. in '000)	<b>71,624</b>	76,292
Weighted average number of ordinary shares outstanding during the year (in '000)	<b>22,768</b>	18,973
Basic and diluted earnings per share (Rupees)	<b>3.14</b>	4.02

Note

	<b>2006</b>	2005
	(Rs. in 000's)	

### 29. CASH AND CASH EQUIVALENTS

Cash and bank balances	11	<b>82,322</b>	16,293
Short-term running finances	18	<b>(66,003)</b>	(74,369)
		<b>16,319</b>	(58,076)

### 30. FINANCIAL INSTRUMENTS

#### 30.1 Liquidity Risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

#### 30.2 Profit / mark-up rate risk exposure

Profit / mark-up rate risk from the possibility that changes in profit / mark-up rates will affect the value of financial instruments. In respect of profit earning financial assets and profit / mark-up rates at the balance sheet date and the periods in which they will re-price or mature.



## Shabbir Tiles and Ceramics Limited

The Company is exposed to profit / mark-up risk in respect of following :

	2006				
	Exposed to profit / mark-up rate risk				Not exposed to profit / mark-up rate risk
	Total	Maturity upto one year	Maturity after one year (Rs. in 000's)	Sub-total	
<b>Financial assets</b>					
Loans	2,430	-	-	-	2,430
Deposits	28,259	-	-	-	28,259
Trade debts	307,916	-	-	-	307,916
Other receivables	1,854	-	-	-	1,854
Cash and bank balances	82,322	12,566	-	12,566	69,756
<b>Total</b>	<b>422,781</b>	<b>12,566</b>	<b>-</b>	<b>12,566</b>	<b>410,215</b>
2005	362,805	805	1,901	2,706	360,099
<b>Financial Liabilities</b>					
Loan	33,750	27,000	6,750	33,750	-
Liabilities against assets subject to finance leases	306,459	92,636	213,823	306,459	-
Trade and other payables	109,294	-	-	-	109,294
Accrued mark-up	4,031	4,031	-	4,031	-
Short term borrowings	169,281	169,281	-	169,281	-
<b>Total</b>	<b>622,815</b>	<b>292,948</b>	<b>220,573</b>	<b>513,521</b>	<b>109,294</b>
2005	475,565	265,167	-	265,167	210,398

The effective profit / mark-up rates for the monetary financial assets / liabilities are mentioned in the respective notes to the financial statements.

### 30.3 Credit Risk and Concentration of Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on advances, deposits, trade debts and other receivables. The Company seeks to minimize the credit risk exposure by dealing mostly with regular and permanent parties who pay on due dates. The Company considers the credit risk as minimal.

### 30.4 Foreign exchange risk management

Foreign currency risk is the risk that the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company considers the foreign exchange risk as minimal.

### 30.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.



**31. 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 associated companies during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	<b>2006</b>	2005
	(Rs. in 000's)	
Sales	<b>828</b>	1,862
Purchases	<b>11,571</b>	7,204
Insurance premium	<b>14,212</b>	11,052
Claims received	<b>512</b>	5,109
Sale of vehicle	<b>459</b>	-
Reimbursement of expenses for the aforesaid sale	<b>41</b>	-
Internal audit	<b>360</b>	460
IT related services	<b>2,286</b>	1,052
Share register services	<b>623</b>	550
Contribution to the Provident fund	<b>2,920</b>	2,525

**31.1** The above transactions are at arm's length transactions using comparable uncontrolled price methods.

**31.2** There are no transactions with key management personnel other than under the term of employment.

**31.3** The related party status of outstanding receivables and payables as at June 30, 2006 are included in respective notes to the financial statements.

**32. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES**

**32.1** The aggregate amounts charged in the financial statements for the year are as follows :

	<b>2006</b>			2005		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
	(Rs. in 000's)					
Managerial remuneration	<b>2,442</b>	<b>2,526</b>	<b>4,968</b>	1,966	1,094	3,060
Housing and utilities	<b>1,343</b>	<b>1,379</b>	<b>2,722</b>	1,079	598	1,677
Leave fare assistance, leave encashment and bonus	-	<b>720</b>	<b>720</b>	-	267	267
Reimbursement of medical expenses	<b>103</b>	<b>104</b>	<b>207</b>	29	98	127
Retirement benefits	<b>227</b>	<b>1,412</b>	<b>1,639</b>	180	101	281
	<b>4,115</b>	<b>6,141</b>	<b>10,256</b>	3,254	2,158	5,412
Number of persons	<b>1</b>	<b>5</b>	<b>6</b>	1	2	3

**32.2** In addition, the Chief Executive and Executives were provided with free use of Company maintained cars.

**32.3** Fee amounting to Rs. 0.057 million (2005 : Rs. 0.065 million) was paid to seven (2005 : seven) Directors for attending Board Meetings during the year.



**33. PRODUCTION CAPACITY**

During the year, the tile production capacity attained was 4.119 million sq. metres (2005 : 2.950 million sq. metres) against annual manufacturing capacity of 4.570 million sq. metres (2005 : 3.370 million sq. metres) on account of extension which was commissioned in the month of March 2006.

**34. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on September 08, 2006 by the Board of Directors of the Company.

**35. DIVIDEND AND APPROPRIATION**

At a meeting held on September 8, 2006, the Board of Directors of the Company has proposed a cash dividend for the year ended June 30, 2006 of Rs. 0.75 per share and issue of Bonus Shares in proportion of twenty ordinary shares for every hundred ordinary shares equivalent to Rs. 17.076 million and Rs. 22.767 million respectively.

The approval of the members for the cash dividend and bonus shares will be obtained at the Annual General Meeting to be held on October 18, 2006. The cash and stock dividend amounting to Rs. 39.843 has not been reflected as stated in Note 35 of the Financial Statements.

**36. CORRESPONDING FIGURES**

Previous year's figures have been rearranged and reclassified wherever necessary for the purpose of comparison. Major reclassification made during the year were as followed:

- i) Certain freight charges which were previously adjusted against "turnover" have been included in "distribution cost".
- ii) "Cheques in hand" have been reclassified from "Cash and bank balances" to "Trade debts".

**37. GENERAL**

Figures have been rounded off to the nearest thousands.

**ALIREZA M. ALLADIN**  
Chief Executive

**ABDUL HAI M. BHAIMIA**  
Director



PATTERN OF SHAREHOLDING  
AS ON 30TH JUNE, 2006

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	From		To	
941	1	–	100	30,113
766	101	–	500	195,949
356	501	–	1,000	270,405
361	1,001	–	5,000	828,021
67	5,001	–	10,000	481,730
29	10,001	–	15,000	349,308
15	15,001	–	20,000	265,381
5	20,001	–	25,000	119,179
4	25,001	–	30,000	106,107
7	30,001	–	35,000	219,933
1	35,001	–	40,000	37,938
3	40,001	–	45,000	125,229
1	60,001	–	65,000	61,989
2	70,001	–	75,000	144,791
1	90,001	–	95,000	91,838
3	95,001	–	100,000	296,958
2	105,001	–	110,000	214,439
1	130,001	–	135,000	131,073
1	145,001	–	150,000	145,521
2	150,001	–	155,000	301,097
1	155,001	–	160,000	159,417
1	195,001	–	200,000	197,974
1	200,001	–	205,000	201,456
1	215,001	–	220,000	219,873
1	220,001	–	225,000	224,422
1	230,001	–	235,000	232,144
1	235,001	–	240,000	238,750
1	240,001	–	245,000	244,940
2	260,001	–	265,000	525,768
4	280,001	–	330,000	1,137,179
4	325,001	–	330,000	1,315,254
3	395,001	–	400,000	1,189,154
1	425,001	–	430,000	426,949
3	590,001	–	595,000	1,778,446
1	690,001	–	695,000	692,924
1	1,825,001	–	1,830,000	1,827,784
1	2,265,001	–	2,270,000	2,265,862
1	5,470,001	–	5,475,000	5,472,360
2,597	TOTAL			22,767,655





## DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF SHAREHOLDERS	CATEGORY WISE SHARES HELD	PERCENTAGE (%)
1.	<b>INDIVIDUALS</b>		2,547	8,083,889	35.51
2.	<b>JOINT STOCK COMPANIES</b>		12	597,156	2.62
3.	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		12	1,108,758	4.87
	Mr. Rafiq M. Habib	396,000			
	Mr. Ali S. Habib	396,000			
	Mr. Alireza M. Alladin	2,523			
	Mr. Abdul Hai M. Bhaimia	63,133			
	Mr. Kersi D. Kapadia	19,787			
	Mr. Mansoor G. Habib	1,320			
	Mr. Nazim F. Haji	6,938			
	Mrs. Jamila Rafiq W/o. Mr. Rafiq M. Habib	131,073			
	Mrs. Rukhsana Ismail W/o. Mr. Abdul Hai M. Bhaimia	91,984			
4	<b>EXECUTIVE</b>				
5	<b>NIT / ICP</b>		3	2,274,286	9.99
	National Bank of Pakistan, Trustee Deptt.	2,265,862			
	Investment Corporation of Pakistan	8,424			
6	<b>ASSOCIATED COMPANIES</b>		2	1,286,859	5.65
	Pakistan Papersack Corporation Limited	593,935			
	Habib Insurance Company Limited	692,924			
7	<b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>				
8	<b>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS</b>		2	108,678	0.48
9	<b>FOREIGN INVESTORS</b>		11	8,748,896	38.43
10	<b>CO-OPERATIVE SOCIETIES</b>		2	22,153	0.1
11	<b>CHARITABLE TRUSTS</b>		4	494,932	2.17
12	<b>OTHER</b>		2	42,048	0.18
	Total		2,597	22,767,655	100.00
<b>SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY</b>					
Total Paid-up Capital of the Company				22,767,655	Shares
10% of the Paid-up Capital of the Company				2,276,765	Shares
<b>NAME(S) OF SHARE HOLDER(S)</b>			<b>DESCRIPTION</b>	<b>NO OF SHARES HELD</b>	<b>PERCENTAGE (%)</b>
ROBERT FINANCE CORPORATION			FALLS IN SERIAL NO 10	6,296,463	27.66



**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member(s) of **SHABBIR TILES AND CERAMICS LIMITED** and a holder of \_\_\_\_\_

\_\_\_\_\_ ordinary shares as per Share Register Folio No. \_\_\_\_\_

or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

who is also member of **SHABBIR TILES AND CERAMICS LIMITED** Vide Folio No. \_\_\_\_\_

or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_

or failing him/her \_\_\_\_\_ of \_\_\_\_\_

who is also member of **SHABBIR TILES AND CERAMICS LIMITED** Vide Folio No. \_\_\_\_\_

or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Twenty-Eighth Annual General Meeting of the Company to be held on 18th day of October, 2006 and at any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2006

Signed by the said \_\_\_\_\_

Witness \_\_\_\_\_ (Signature) Witness \_\_\_\_\_ (Signature)

Name \_\_\_\_\_ Name \_\_\_\_\_

Address \_\_\_\_\_ Address \_\_\_\_\_

CNIC No. \_\_\_\_\_ CNIC No. \_\_\_\_\_

**Please affix  
Rs. 5/-  
Revenue  
Stamp**

SIGNATURE OF MEMBER(S)

**NOTES :**

- 1. This proxy form duly completed and signed must be received at the Registered Office of the Company, 15th Mile Stone, National Highway, Landhi, Karachi, not less than 48 hours before the time of holding the meeting.



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## Shabbir Tiles and Ceramics Limited

2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

### **FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES**

In addition to the above the following requirements have to be met :

- a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- b) Attested copy of CNIC or the passport of the beneficial owners shall be furnished with the proxy form.
- c) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- d) In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.