



Superbrands

## Shabbir Tiles and Ceramics Limited



Certificate No. KHI 2001011

### TWENTY-NINTH REPORT FOR THE YEAR ENDED 30TH JUNE, 2007

**REGISTERED OFFICE  
AND FACTORY**

15th Mile Stone,  
National Highway,  
Landhi, Karachi-75120  
Phones : (021) 5015024 - 25  
5014044 - 45  
E-mail : [info@stile.com.pk](mailto:info@stile.com.pk)  
URL : <http://www.stile.com.pk>

**NATIONAL TAX NUMBER :**  
**SALES TAX REGISTRATION NO :**

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

A HOUSE OF HABIB COMPANY





## **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 Stakeholders’ Interest.





## **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.





## CONTENTS

Company Information _____	2
Notice of Annual General Meeting _____	3
Directors' Report _____	5
Performance of Last Six Years _____	9
Statement of Compliance with best practices of Code of Corporate Governance _____	10
Auditors' Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance _____	12
Auditors' Report to the Members _____	13
Balance Sheet _____	14
Profit and Loss Account _____	15
Cash Flow Statement _____	16
Statement of Changes in Equity _____	17
Notes to the Financial Statements _____	18
Pattern of Shareholding _____	41
Proxy Form	



## 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 Metropolitan Bank Limited Muslim Commercial Bank Limited	
<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>	17-A, Tariq 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-Ninth 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 Friday, the 28th September, 2007 at 11:00 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, 2007 alongwith the reports of the Directors and the Auditors thereon.
2. To appoint auditors for the year ending 30th June, 2008 and fix their remuneration.
3. 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. 27,321,186 out of the current year's profit be capitalized and applied for issue of 5,464,237 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 14th September, 2007 in the ratio of two shares for every ten shares held and that such new shares shall rank pari-passu as regard future dividends and in all other respects with the existing ordinary shares of the Company.
- 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 : 4th September, 2007.



**NOTES:**

1. The share transfer books of the Company will remain closed from 15th September, 2007 to 28th September, 2007 (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 14th September, 2007 will be treated in time for the purpose of 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 14th September, 2007 in view of existing profit which justifies capitalization of Rs. 27,321,186 out of profits available for appropriation as at 30th June 2007. Upon issuance of Bonus Shares, the paid up capital of the Company shall stand increased to Rs. 163,927,116/-.

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

## **TWENTY-NINTH REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE, 2007**

The Directors are pleased to present their report together with the audited financial statements of the Company for the year ended 30th June, 2007.

### **OVERVIEW & PERFORMANCE OF THE COMPANY**

Whilst your company is committed to a growth strategy, dumping of products by regional manufacturers at uneconomical price levels and menace of under invoicing by commercial importers severely affected economics and marketing of indigenous products. The recent investigation by the National Tariff Commission and consequential actions taken by the Regulatory Authority are right and helpful step towards providing a level playing field and equal opportunities to the local industry.

Another major externalities during the year under review was severe impact of unabating, erratic, Low Voltage and frequent long duration interruptions in supply of electric power resulting in colossal loss and damages to equipments, production and man-hours. Since April, 2007 supply of electricity by KESC has almost ceased to your company due to major technical faults at KESC's end. In order to keep plant partially running with the limited available stand by in house power generation capacity by consuming expensive HSD at an uneconomical cost is resulting in very adverse impact on your company's operation and financials. However, despite the adverse uncontrollable externalities, salient features of your company's performance on year on year are:

- 18.25% growth in production volume.
- 7.32% growth in sales value.
- 14.32% increase in profit after taxation.
- 1.89% decrease in gross profit rate due to causes state above.
- 20.50% growth in sales volume.

Had these externalities not taken place your company would have posted much better results.





## APPROPRIATIONS

The appropriations recommended by the Directors are as under:-

	2007 (Rs. in 000's)
Profit before taxation	126,143
Less: Taxation – Current	25,487
– Deferred	18,775
	44,262
Profit after taxation	81,881
Unappropriated profit from prior year	71,742
Available for appropriation	153,623

## APPROPRIATIONS

For the year ended 30th June, 2006	
Cash dividend@15%	17,076
Issue of bonus share @ 20% (2:10)	22,770
Transfer to general reserve	31,000
	70,846
Unappropriated profit carried forward	82,777

## SUBSEQUENT EFFECTS

At a meeting held on August 30, 2007, the Board of Directors of the Company has proposed the issue of Bonus Shares in proportion of Two ordinary shares for every Ten ordinary shares equivalent to Rs. 27.321 million for the year ended 30th June 2007.

The approval of the members will be obtained at the Annual General Meeting to be held on September 28, 2007. The above stock dividend 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, 2007 comes to Rs. 3.00 as compared to Rs. 2.62 in the preceding year.

## CONTRIBUTION TO NATIONAL ECONOMY

In the year under review, the Company contributed Rs. 370 million (2006: Rs. 375 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 atmosphere remained cordial and satisfactory.



### SAFETY AND ENVIRONMENT

The Company follows the Safety and Environmental rules and regulations.

### 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, 2008.

### 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, approved 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 the report.
- Information about taxes and levies is given in the notes to the accounts.
- The value of investments of Provident Fund stood at Rs. 58.885/- million as on June 30, 2007 (unaudited) and Rs. 58.281/- million as on June 2006 (audited).

### ELECTION OF DIRECTORS

In an Extra Ordinary General Meeting held on May 5, 2007 in which all the retiring directors have been re-appointed for a tenure of three years commencing from May 5, 2007 to May 4, 2010. The Board also re-appointed Mr. Alireza M. Alladin as Chief Executive Officer of the company for a further period of three years from May 5, 2007 to May 4, 2010.



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	4
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	3

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

### **PATTERN OF SHAREHOLDING**

- A statement showing pattern of shareholding of the Company and additional information as at June 30, 2007 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 financial year.

### **FUTURE OUTLOOK & CHALLENGES**

In an increasing competitive business environment there is a growing need to maintain our drive to excellence by timely delivering quality and variety products. The recent heavy rains accompanied by cyclone have resulted in havoc to electric power supply as stated earlier and which is still prevailing. However, your company has been consistently delivering customer value propositions which places it in a strong position.

Our corporate and retail networks have increased accessibility of our products to our customers. Your company has embarked upon the journey of expansion through which production capacity has progressively been increased in past years and in line therewith, presently, your company is evaluating to set up another plant at a different location having an additional annual capacity of around 6.4 million sqm of wall and floor tiles

### **ACKNOWLEDGEMENT**

The growth made by your Company is accredited to Allah blessing and to all stakeholders for their continued confidence and support.

On behalf of the Board

**ALIREZA M. ALLADIN**  
Chief Executive

Karachi: 30th August, 2007



## Shabbir Tiles and Ceramics Limited

### PERFORMANCE OF LAST SIX YEARS

	30th June, 2007 (Rs.in 000's)	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)
<b>ASSETS EMPLOYED</b>						
Property, plant & equipment	730,863	594,628	475,850	352,683	299,556	220,440
Investment property	825	926	1,027	1,081	–	–
Long-term loans, advances & deposits	23,804	24,480	20,399	10,218	8,430	8,212
<b>Working capital</b>						
Current assets	612,769	588,704	514,467	388,781	373,617	305,249
Current liabilities	469,582	437,390	353,979	209,498	189,251	136,099
	143,187	151,314	160,488	179,283	184,366	169,150
	898,679	771,348	657,764	543,265	492,352	397,802
<b>FINANCED BY</b>						
Shareholders' equity						
Share capital	136,605	113,835	94,865	86,240	86,240	86,240
Reserves	430,777	388,742	350,317	295,586	255,739	230,439
	567,382	502,577	445,182	381,826	341,979	316,679
Long term finance	–	6,750	33,750	60,750	87,750	22,232
Liabilities against assets subject to finance leases	264,745	213,823	139,428	54,181	21,128	28,879
Deferred liabilities	66,552	48,198	39,404	46,508	41,495	30,012
	898,679	771,348	657,764	543,265	492,352	397,802
<b>Ratio Analysis</b>						
Turnover - net	1,699,745	1,583,682	1,158,168	826,549	733,837	587,012
% of Growth	7.32%	36.74%	40.12%	12.63%	25.01%	11.21%
Gross profit	440,411	432,253	312,281	198,999	193,885	165,463
Gross profit (%)	25.91%	27.29%	26.96%	24.08%	26.42%	28.19%
Administrative expenses	34,835	29,876	23,093	19,689	19,580	17,174
% of Turnover - net	2.05%	1.89%	1.99%	2.38%	2.67%	2.93%
Distribution cost	219,688	218,775	149,330	96,274	75,621	65,644
% of Turnover - net	12.92%	13.81%	12.89%	11.65%	10.30%	11.18%
Financial charges	51,813	43,816	19,591	15,625	21,112	11,958
% of Turnover - net	3.05%	2.77%	1.69%	1.89%	2.88%	2.04%
Profit before taxation	126,143	126,004	112,608	66,907	74,744	66,840
% of Turnover - net	7.42%	7.96%	9.72%	8.09%	10.19%	11.39%
Profit after taxation	81,881	71,624	76,292	39,847	46,860	43,281
% of Turnover - net	4.82%	4.52%	6.58%	4.82%	6.39%	7.37%
Cash dividend	–	17,076	14,230	12,936	21,560	21,560
Cash dividend (%)	–	15.00%	15.00%	15.00%	25.00%	25.00%
Bonus shares	27,321	22,767	18,973	8,625	–	–
Bonus shares (%)	20.00%	20.00%	20.00%	10.00%	–	–
Break-up value of Rs. 5/- share	20.77	22.07	23.46	22.14	19.83	18.36
Basic and diluted earnings per share (Rs.)	3.00	2.62	4.02	2.10	2.72	2.51
Receivables no. of days	57	59	83	60	66	72
Current ratio	1.30	1.35	1.45	1.86	1.97	2.24
No. of employees	621	559	510	507	523	519



## **Statement of Compliance with best practices of Code of Corporate Governance for the year ended June 30, 2007**

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 Board has approved the new appointment of CFO & Company Secretary during the year alongwith his remuneration and terms & conditions of employment.
- 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 : 30th August, 2007.



**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, 2007 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 (Chapter XI) 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, 2007.

Karachi : 30th August, 2007.

**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, 2007** 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 the 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, 2007** 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 : 30th August, 2007.

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





BALANCE SHEET AS AT JUNE 30, 2007

	Note	2007 (Rs. in 000's)	2006
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	730,863	594,628
Investment property	4	825	926
Long term loans and advances	5	1,057	1,468
Long term deposits	6	22,747	23,012
		<u>755,492</u>	<u>620,034</u>
<b>CURRENT ASSETS</b>			
Stores and spares	7	39,153	26,645
Stock-in-trade	8	165,419	153,251
Trade debts	9	309,816	307,916
Loans, advances, deposits, prepayments and other receivables	10	20,951	17,028
Taxation - net		9,736	1,542
Cash and bank balances	11	67,694	82,322
		<u>612,769</u>	<u>588,704</u>
<b>TOTAL ASSETS</b>		<u><b>1,368,261</b></u>	<u><b>1,208,738</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
60,000,000 (2006 : 60,000,000) ordinary shares of Rs. 5/- each		300,000	300,000
Issued, subscribed and paid-up capital	12	136,605	113,835
Reserves	13	430,777	388,742
		<u>567,382</u>	<u>502,577</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term finance		–	6,750
Liabilities against assets subject to finance lease	14	264,745	213,823
Deferred tax liability	15	66,202	47,428
Deferred income	16	350	770
		<u>331,297</u>	<u>268,771</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	153,494	136,973
Mark-up accrued		4,578	4,031
Short-term borrowings	18	178,188	169,281
Current maturity of long term finance		–	27,000
Current maturity of liabilities against assets subject to finance lease	14	120,621	92,636
Sales tax payable		12,701	7,469
		<u>469,582</u>	<u>437,390</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	19		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,368,261</b></u>	<u><b>1,208,738</b></u>

The annexed notes from 1 to 36 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, 2007

	Note	2007 (Rs. in 000's)	2006
<b>Turnover – net</b>	20	<b>1,699,745</b>	1,583,682
Cost of sales	21	<b>(1,259,334)</b>	(1,151,429)
<b>Gross Profit</b>		<b>440,411</b>	432,253
Distribution costs	22	<b>(219,688)</b>	(218,775)
Administrative expenses	23	<b>(34,835)</b>	(29,876)
		<b>(254,523)</b>	(248,651)
Other operating income	24	<b>1,734</b>	2,248
<b>Operating profit</b>		<b>187,622</b>	185,850
Finance costs	25	<b>(51,813)</b>	(43,816)
Other charges	26	<b>(9,666)</b>	(16,030)
		<b>(61,479)</b>	(59,846)
<b>Profit before taxation</b>		<b>126,143</b>	126,004
Taxation	27	<b>(44,262)</b>	(54,380)
<b>Profit after taxation</b>		<b>81,881</b>	71,624
		<b>Rupees</b>	<b>Rupees (Restated)</b>
<b>Basic and diluted earnings per share</b>	28	<b>3.00</b>	2.62

The annexed notes from 1 to 36 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, 2007**

	Note	2007 (Rs. in 000's)	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		126,143	126,004
Adjustments for :			
Depreciation		89,639	80,087
Finance costs		51,813	43,816
Gain on disposal of fixed assets		(161)	(1,279)
Amortization of unearned rental income		(420)	(420)
		<u>140,871</u>	<u>122,204</u>
<b>Operating profit before working capital changes</b>		<b>267,014</b>	<b>248,208</b>
(Increase) / decrease in current assets			
Stores and spares		(12,508)	(5,108)
Stock-in-trade		(12,168)	(8,360)
Trade debts		(1,900)	8,993
Loans, advances, deposits, prepayments and other receivables		(3,923)	(5,151)
Increase in current liabilities			
Trade and other payables		21,723	55,034
<b>Working capital changes</b>		<b>(8,776)</b>	<b>45,408</b>
<b>Cash generated from operations</b>		<b>258,238</b>	<b>293,616</b>
Income tax paid		(33,680)	(42,897)
Finance cost paid		(51,269)	(42,294)
Long-term loans		411	132
Decrease / (increase) in long-term deposits		265	(4,646)
<b>Net cash generated from operating activities</b>		<b>173,965</b>	<b>203,911</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(50,039)	(16,056)
Proceeds from disposal of fixed assets		1,589	2,927
<b>Net cash used in investing activities</b>		<b>(48,450)</b>	<b>(13,129)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term loan		(33,750)	(27,000)
Repayment of liabilities against assets subject to finance lease		(98,253)	(79,325)
Proceeds from short-term borrowings		23,734	3,991
Dividends paid		(17,047)	(14,053)
<b>Net cash used in financing activities</b>		<b>(125,316)</b>	<b>(116,387)</b>
<b>Net increase in cash and cash equivalents</b>		<b>199</b>	<b>74,395</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>16,319</b>	<b>(58,076)</b>
<b>Cash and cash equivalents at the end of the year</b>	29	<b>16,518</b>	<b>16,319</b>

The annexed notes from 1 to 36 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, 2007**

	Issued subscribed and paid-up capital	Revenue reserves		Total reserves	Total equity
		General reserve	Unappr- opriated profit		
			(Rs. in 000's)		
<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	18,970	–	(18,970)	(18,970)	–
– 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>	113,835	317,000	71,742	388,742	502,577
– Final dividend for the year ended June 30, 2006 @ Re. 0.75 per share	–	–	(17,076)	(17,076)	(17,076)
– Bonus shares issued @ 2 : 10	22,770	–	(22,770)	(22,770)	–
– Transfer to general reserve	–	31,000	(31,000)	–	–
Profit for the year after taxation	–	–	81,881	81,881	81,881
<b>Balance as at June 30, 2007</b>	136,605	348,000	82,777	430,777	567,382

The annexed notes from 1 to 36 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, 2007

### 1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company, under the Companies Ordinance, 1984, on November 07, 1978 and is listed on all Stock Exchanges in Pakistan. The Company is primarily engaged in the 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

These 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 Financial Reporting Standards (IFRSs) 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, interpretations and amendments to published approved accounting standards that are not yet effective:**

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning July 1, 2007:

IAS – 1 Presentation of Financial Statements – Capital Disclosures	effective from January 01, 2007
--	---------------------------------

IFRS – 10 – Interim Finance Reporting and Impairment	effective from November 1, 2006
--	---------------------------------

These standards are not expected to have a material impact on the Company's financial statements other than an increase in disclosure in certain cases.

The other standards, amendments and interpretations effective from the accounting periods beginning on or after July 1, 2007 are not stated here as these are considered not to be relevant or to have any significant effect on the Company's operations.

#### 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 judgement 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. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

- a) recognition of taxation and deferred tax (Note 2.17);
- b) determining the residual values and useful lives of property, plant and equipment (Note 2.4); and
- c) Impairment of inventories / adjustment of inventories to their Net Realizable Value (Note 2.9).

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

### **Owned**

These are stated at cost less accumulated depreciation except for freehold land and capital work-in-progress, which are 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 from the 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 costs are 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 on a straight line basis over the lease term.

## **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 from the 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 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.

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 and short-term borrowings**

These are recorded at the proceeds received. Installments due within one year are shown as a current liability and mark-up on borrowings 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**

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and bank deposits net of running finances. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

**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 account.

**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 the tax rates, that have been enacted or substantively enacted at the balance sheet date.

**2.18 Provisions**

Provision is recognised 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 profit and loss account.

**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 recognised when goods are dispatched to the customers.

Return on bank deposits is recognised on 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.

## 2.25 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Pakistani Rupees, which is the company's functional and presentation currency.

	Note	2007 (Rs. in 000's)	2006
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets – tangible	3.1	<b>726,379</b>	594,628
Capital work-in-progress	3.4	<b>4,484</b>	–
		<b>730,863</b>	594,628



## 3.1 Operating assets – tangible

	Note	COST			ACCUMULATED DEPRECIATION			Book value at June 30, 2007	Depreciation rate %	
		As at July 01, 2006	Additions (disposals)/ transfers*	As at June 30, 2007	As at July 01, 2006	Charge for the year/ transfers*	Disposals			As at June 30, 2007
(Rs. in '000's)										
<b>OWNED</b>										
Freehold land		553	-	553	-	-	-	553	-	
Building on freehold land		58,932	4,721 *	63,653	26,973	3,630	-	31,656	31,997	10
						1,053 *				
Plant and machinery		426,110	43,130	542,186	253,706	39,616	-	314,210	227,976	10-20
			72,946 *			20,888 *				
Furniture and fixture		9,139	5	9,144	4,562	1,109	-	5,671	3,473	20
Office equipment		8,320	1,131	9,209	5,882	786	216	6,452	2,757	20-33
			(242)							
Computers and accessories		7,771	585	8,719	5,795	1,849	-	8,003	716	50
			363 *			359 *				
Vehicles		6,209	703	10,166	2,797	837	12	5,171	4,995	20
			4,235 *			1,549 *				
			(981)							
		517,034	45,554	643,630	299,715	47,827	228	371,163	272,467	
			82,265 *			23,849 *				
			(1,223)							
<b>LEASED</b>										
Building on freehold land		21,794	18,659	35,732	1,810	2,395	-	3,152	32,580	10
			(4,721) *			(1,053) *				
Plant and machinery		384,063	153,135	464,252	46,178	35,036	-	60,326	403,926	10-20
			(72,946) *			(20,888) *				
Computer and accessories		492	-	129	345	142	-	128	1	50
			(363) *			(359) *				
Vehicles		28,790	5,370	27,294	9,497	4,139	2,198	9,889	17,405	20
			(2,631)			(1,549) *				
			(4,235) *							
		435,139	177,164	527,407	57,830	41,712	2,198	73,495	453,912	
			(82,265) *			(23,849) *				
			(2,631)							
<b>Total</b>		<b>952,173</b>	<b>222,718</b>	<b>1,171,037</b>	<b>357,545</b>	<b>89,538</b>	<b>2,426</b>	<b>444,658</b>	<b>726,379</b>	
			(82,265) *			(23,849) *				
			(3,854)							



## Shabbir Tiles and Ceramics Limited

Note	<b>COST</b>			<b>ACCUMULATED DEPRECIATION</b>			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*	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
Computers and accessories	6,643	1,277 (149)	7,771	4,425	1,404	(34)	5,795	1,976	50
Vehicles	5,678	982 459* (910)	6,209	2,205	622 28	(58)	2,797	3,412	20
	501,613	16,056 459* (1,094)	517,034	253,275	46,533 28	(121)	299,715	217,319	
<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 (459)* (879)	28,790	5,963	3,766 (28)	(204)	9,497	19,293	20
	252,121	184,356 (459)* (879)	435,139	24,609	33,453 (28)	(204)	57,830	377,309	
<b>Total</b>	<b>753,734</b>	<b>200,412 (1,973)</b>	<b>952,173</b>	<b>277,884</b>	<b>79,986</b>	<b>(325)</b>	<b>357,545</b>	<b>594,628</b>	

	Note	2007	2006
		(Rs. in 000's)	
<b>3.2 Depreciation charge for the year has been allocated as follows :</b>			
Cost of sales	21	<b>83,725</b>	74,931
Distribution cost	22	<b>3,596</b>	3,172
Administrative expenses	23	<b>2,217</b>	1,883
		<b><u>89,538</u></b>	<u>79,986</u>

**3.3 The following operating assets 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>	220	194	26	10	(16)	Trading	International Communication Systems, Al-Falah Market, Room No. 317, Abdullah Haroon Road, Karachi.
<b>Vehicles</b>							
Toyota Corolla	939	541	398	447	49	Negotiation	Mr. Jawaid, 224/1 Al Mehar Society Flat 9, Garden East Khi.
Daihatsu Coure	460	288	172	182	10	Car Scheme	Mr. Waqar-ul-Haq (Employee)
Daihatsu Coure	399	226	173	284	111	Car Scheme	Mr. Sohail Ahmed (Employee)
Toyota Corolla	886	572	314	316	2	Car Scheme	Mr. Fateh Mohammad (Employee)
Toyota Corolla	886	571	315	316	1	Car Scheme	Mr. Shabbir Abbas (Employee)
	<u>3,570</u>	<u>2,198</u>	<u>1,372</u>	<u>1,545</u>	<u>173</u>		
<b>Items below Rs. 50,000/- each</b>	64	34	30	34	4	Negotiation	Various
Total	<u>3,854</u>	<u>2,426</u>	<u>1,428</u>	<u>1,589</u>	<u>161</u>		

		2007	2006
		(Rs. in 000's)	
<b>3.4 Capital work-in-progress</b>			
Plant and machinery		<b><u>4,484</u></b>	<u>—</u>

**4. INVESTMENT PROPERTY**

	COST		ACCUMULATED DEPRECIATION			
	as at July 01, 2006 and June 30, 2007	as at July 01, 2006	Charge for the year (Note 23) (Rs. in 000's)	as at June 30, 2007	Book value at June 2007	Depreciation rate %
Freehold land	3	–	–	–	3	–
Building on freehold land	1,083	160	101	261	822	10
<b>Total</b>	<b>1,086</b>	<b>160</b>	<b>101</b>	<b>261</b>	<b>825</b>	
2006	1,086	59	101	160	926	

The fair value of investment property, as at June 30, 2007 is Rs. 4.483 million (2006 : Rs. 4.234 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.

**5. LONG TERM LOANS AND ADVANCES - unsecured considered good**
**Loans**

	Note	2007 (Rs. in 000's)	2006
Employees	5.1	3,220	1,194
Less : Current maturity	10	(2,611)	(693)
		<b>609</b>	<b>501</b>

**Advances**

Sui Southern Gas Company Limited	5.2	967	1,400
Less : Current maturity	10	(519)	(433)
		<b>448</b>	<b>967</b>
		<b>1,057</b>	<b>1,468</b>

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%(2006: 1.88%) per annum.

**6. LONG TERM DEPOSITS**

	Note	2007 (Rs. in 000's)	2006
Security deposit on leases		18,406	18,971
Utilities		3,064	3,064
Others		1,277	977
		<b>22,747</b>	<b>23,012</b>



## Shabbir Tiles and Ceramics Limited

	Note	2007 (Rs. in 000's)	2006
<b>7. STORES AND SPARES</b>			
Stores		15,889	7,689
Spares			
– In hand		21,268	11,680
– In transit		1,996	7,276
		23,264	18,956
		<u>39,153</u>	<u>26,645</u>
<b>8. STOCK-IN-TRADE</b>			
Raw and packing materials			
– In hand		79,867	62,669
– In transit		10,193	1,116
		90,060	63,785
Work-in-process		19,978	18,365
Finished goods			
– In hand		53,171	70,971
– In-transit		2,210	130
		55,381	71,101
		<u>165,419</u>	<u>153,251</u>
<b>9. TRADE DEBTS - unsecured, considered good</b>			
9.1 Trade debts include receivable from the following related parties:			
– Indus Motors Company Limited		119	–
– Habib Insurance Company Limited		51	39
		<u>170</u>	<u>39</u>



	Note	2007	2006
		(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	5	1,099	693
Employees - interest free		1,512	1,236
		2,611	1,929
<b>Advances</b>			
Employees		317	114
Suppliers and contractors		10,265	3,534
Collector of Customs		1,191	1,488
Current maturity of advance to Sui Southern Gas Co. Ltd.		519	433
Others		324	143
		12,616	5,712
<b>Deposits</b>			
Lease		746	4,778
Container charges		1,285	465
Others		4	4
		2,035	5,247
<b>Prepayments</b>			
Rent		2,070	2,216
Others		100	70
		2,170	2,286
<b>Other receivables</b>			
Excise duty	10.1	1,355	1,355
Insurance claims		15	296
Others		149	203
		1,519	1,854
		20,951	17,028
<b>10.1</b> □ Claims made by the Excise and Taxation Department but not acknowledged as debt by the Company amounted to Rs. 1.355 million (2006: 1.355 million) approximately. The same has been paid under protest. The recovery of the amount depends on the outcome of proceedings initiated by the Company. The Company is confident that ultimate decision will be in its favour and therefore considers that the above amount will be recovered in full in due course of time.			
<b>11. CASH AND BANK BALANCES</b>			
<b>In hand</b>			
– local currency		861	7,578
– foreign currency		79	103
		940	7,681
<b>At banks</b>			
– current accounts		51,867	62,075
– deposit account	11.1	14,887	12,566
		66,754	74,641
		67,694	82,322



## Shabbir Tiles and Ceramics Limited

11.1 This carries profit ranging from 1% - 5% (2006 : 1% - 5%) and includes Fixed Deposit Receipt amounting to Rs. 0.478 million (2006 : 0.471 million) lying with the bank as a guarantee margin.

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

Ordinary shares of Rs. 5/- each

<u>Number of shares in '000</u>			<b>2007</b>	2006
<b>2007</b>	2006		(Rs. in 000's)	
<b>6,863</b>	6,863	Fully paid-up in cash	<b>34,315</b>	34,315
<b>1,150</b>	1,150	Issued for consideration other than cash	<b>5,750</b>	5,750
		Issued as fully paid bonus shares		
<b>14,754</b>	10,960	Opening balance	<b>73,770</b>	54,800
<b>4,554</b>	3,794	Issued during the year	<b>22,770</b>	18,970
<b>19,308</b>	14,754	Closing balance	<b>96,540</b>	73,770
<b>27,321</b>	<b>22,767</b>		<b>136,605</b>	113,835

The shares held by the related parties as at June 30, 2007 were 1,532,222 (2006 : 1,286,859) ordinary shares of Rs. 5/- each.

### 13. RESERVES

#### Revenue Reserves

	<b>2007</b>	2006
	(Rs. in 000's)	
General reserve	<b>348,000</b>	317,000
Unappropriated profit	<b>82,777</b>	71,742
	<b>430,777</b>	388,742

### 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. 19.152 million (2006 : Rs. 23.749 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% (2006 : 7.5% to 15.5%) per annum. Rentals are payable in equal monthly installments.

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	2007	2006
		(Rs. in 000's)	
Not later than one year		<b>155,201</b>	122,914
Later than one year and not later than five years		<b>297,757</b>	235,285
		<b>452,958</b>	358,199
Less: Financial charges allocable to future periods		<b>(67,592)</b>	(51,740)
Present value of minimum lease payments		<b>385,366</b>	306,459
Less: Current maturity		<b>(120,621)</b>	(92,636)
		<b>264,745</b>	213,823
<b>15. DEFERRED TAX LIABILITY</b>			
Deferred tax liability comprises temporary differences relating to :			
– Accelerated tax depreciation		<b>48,850</b>	28,046
– Assets subject to finance lease		<b>18,758</b>	20,566
– Provisions		<b>(1,406)</b>	(1,184)
		<b>66,202</b>	47,428
<b>16. DEFERRED INCOME – advance rent</b>			
Opening balance	16.1	<b>770</b>	1,190
Less: Current maturity		<b>(420)</b>	(420)
Closing balance		<b>350</b>	770
<b>16.1</b> 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	2007	2006
		(Rs. in 000's)	
<b>17. TRADE AND OTHER PAYABLES</b>			
Trade creditors	17.1	<b>61,798</b>	53,321
Accrued expenses	17.2	<b>61,378</b>	53,629
Security deposits		<b>6,691</b>	8,687
Workers' Profit Participation Fund	17.3	<b>6,774</b>	6,709
Excise duty payable		<b>9,976</b>	8,495
Workers' Welfare Fund		<b>2,567</b>	1,512
Tax deducted at source		<b>276</b>	715
Unclaimed dividend		<b>3,000</b>	2,971
Payable to Provident Fund		<b>614</b>	514
Current maturity of deferred income		<b>420</b>	420
		<b>153,494</b>	136,973
<b>17.1</b> Includes Rs. 1.968 million due to a related party (2006 : Rs. 1.952 million).			
<b>17.2</b> Includes Rs. 1.076 million due to a related party (2006 : Rs. 0.789 million).			



## Shabbir Tiles and Ceramics Limited

	Note	2007 (Rs. in 000's)	2006	
<b>17.3 Workers' Profit Participation Fund</b>				
Balance at the beginning of the year		6,709	6,060	
Allocation for the year		6,755	6,709	
		<b>13,464</b>	12,769	
Interest on funds utilized in Company's business		37	39	
		<b>13,501</b>	12,808	
Less: Amount paid to the trustees of the fund		(6,727)	(6,099)	
Balance at the end of the year		<b>6,774</b>	6,709	
<b>18. SHORT TERM BORROWINGS - secured</b>				
<b>From banking companies</b>				
Term finances	18.1	127,012	103,278	
Running finances	18.2	51,176	66,003	
		<b>178,188</b>	169,281	
<b>18.1 Term finances - Bank</b>				
Facility Limit Rupees	Repayment	Mark-up Rate		
100 million	6 months from lodgment of import documents	LIBOR+1%	9,674	69,707
128 million	6 months from lodgment of import documents	LIBOR+ 1.50%	97,063	33,571
50 million	6 months from lodgment of import documents	LIBOR+ 1%	20,275	-
278 million			<b>127,012</b>	103,278
<b>18.2 Running finances - Bank</b>				
Facility Limit Rupees	Mark-up Payable	Mark-up Rate per annum		
150 million	Quarterly	1 month KIBOR+0.75%	31,856	41,801
40 million	Quarterly	6 month KIBOR +0.25%	19,083	23,637
50 million	Quarterly	3 month KIBOR 1.35%	237	565
240 million			<b>51,176</b>	66,003

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

	2007	2006
	(Rs. in 000's)	
<b>Commitments</b>		
Capital commitments - Plant and machinery	28,722	—
Outstanding letters of credit	70,222	91,909
Outstanding letters of guarantee	42,762	41,954

20. TURNOVER - net

<b>Local</b>		
Manufacturing	1,627,570	1,417,302
Trading	353,420	464,029
	1,980,990	1,881,331
<b>Less: Sales Tax</b>		
Manufacturing	(207,283)	(180,631)
Trading	(45,454)	(60,781)
	(252,737)	(241,412)
<b>Less: Trade Discount</b>		
Manufacturing	(38,380)	(66,087)
Trading	(4,956)	(8,514)
	(43,336)	(74,601)
Export	14,828	18,364
	<u>1,699,745</u>	<u>1,583,682</u>



## Shabbir Tiles and Ceramics Limited

	Note	2007	2006
		(Rs. in 000's)	
<b>21. COST OF SALES</b>			
<b>Cost of sales – manufacturing</b>			
<b>Raw and packing materials consumed</b>			
Opening stock		62,669	28,026
Purchases		463,875	409,152
Closing stock		(79,867 )	(62,669 )
		446,677	374,509
<b>Manufacturing expenses</b>			
Salaries, wages and benefits	21.1	106,732	83,525
Fuel and power		235,718	184,620
Stores and spares consumed		39,704	43,659
Depreciation	3.2	83,725	74,931
Repairs and maintenance		36,967	32,337
Tiles packing and other related charges		12,654	8,477
Insurance		4,221	4,702
Vehicles running expenses		5,186	4,187
Travelling and conveyance		6,656	5,281
Raw material mixing charges		6,383	3,817
Printing and stationery		2,020	1,419
Operating lease rentals		267	588
Communications		1,206	723
Rent, rates and taxes		577	581
Research costs		618	497
Cartage and handling charges		392	562
Legal and professional charges		210	177
Entertainment		318	193
Others		3,047	1,940
		546,601	452,216
<b>Work-in-process</b>			
Opening stock		18,365	22,909
Closing stock		(19,978 )	(18,365 )
		991,665	831,269
<b>Cost of goods manufactured</b>			
<b>Finished goods</b>			
Opening stock		17,334	11,018
Closing stock		(10,998 )	(17,334 )
		998,501	824,953
<b>Cost of sales – manufacturing</b>			
<b>Cost of sales – Trading</b>			
Opening stock		53,637	58,815
Purchases		252,079	321,298
Closing stock		(44,883 )	(53,637 )
		260,833	326,476
		1,259,334	1,151,429

21.1 Includes staff retirement benefits of Rs. 2.215 million (2006 : Rs. 1.923 million).



## Shabbir Tiles and Ceramics Limited

	Note	2007 (Rs. in 000's)	2006
<b>22. DISTRIBUTION COST</b>			
Salaries and benefits	22.1	16,512	15,421
Freight		128,954	135,071
Sales promotion		20,135	15,848
Advertisement and publicity		8,440	8,307
Travelling and conveyance		10,030	10,726
Rent, rates and taxes		13,910	9,515
Communications		3,135	3,293
Insurance		2,782	4,043
Depreciation	3.2	3,596	3,172
Vehicles running expenses		3,998	3,522
Repairs and maintenance		1,234	2,545
Utilities		1,868	2,030
Printing and stationery		1,707	2,349
Entertainment		1,229	1,347
Legal and professional charges		245	296
Security charges		232	185
Subscription		205	45
Others		1,476	1,060
		<b>219,688</b>	<b>218,775</b>

22.1 Includes staff retirement benefits of Rs. 0.597 million (2006 : Rs. 0.478 million).

### 23. ADMINISTRATIVE EXPENSES

Salaries and benefits	23.1	16,764	13,518
Travelling and conveyance		2,393	2,162
Printing and stationery		2,372	2,319
Legal and professional charges		4,142	3,254
Depreciation			
– on operating fixed assets	3.2	2,217	1,883
– on investment property	4	101	101
Vehicles running expenses		2,078	1,650
Communications		801	775
Utilities		658	633
Auditors' remuneration	23.2	610	486
Subscriptions		621	981
Insurance		840	664
Advertisement		448	486
Repairs and maintenance		75	158
Rent, rates and taxes		–	104
Entertainment		307	159
Others		408	543
		<b>34,835</b>	<b>29,876</b>

23.1 Includes staff retirement benefits of Rs. 0.694 million (2006 : Rs. 0.519 million)

#### 23.2 Auditors' remuneration

Statutory audit fee	275	250
Half yearly review fee	100	90
Tax services and other certifications	132	82
Out of pocket expenses	103	64
	<b>610</b>	<b>486</b>



## Shabbir Tiles and Ceramics Limited

	Note	2007 (Rs. in 000's)	2006
<b>24. OTHER OPERATING INCOME</b>			
Rental income from investment property		420	420
Profit on bank deposits		248	370
Liabilities no longer payable - written back		–	13
Gain on disposal of fixed assets	3.3	161	1,279
Exchange gain		437	–
Others		468	166
		<b>1,734</b>	<b>2,248</b>
<b>25. FINANCE COSTS</b>			
Mark-up on:			
– Long term finance		722	1,879
– Finance leases		25,748	22,592
– Short term borrowings		23,549	17,258
– Workers' Profit Participation fund		37	39
		<b>50,056</b>	<b>41,768</b>
Bank charges and commission		1,757	2,048
		<b>51,813</b>	<b>43,816</b>
<b>26. OTHER CHARGES</b>			
Workers' Profit Participation fund	17.3	6,755	6,709
Workers' Welfare Fund		2,203	1,369
Donations	26.1	708	2,272
Exchange loss		–	5,680
		<b>9,666</b>	<b>16,030</b>

26.1 None of the directors or their spouses had any interest in any of the donees to whom donations were made during the year.

	2007 (Rs. in 000's)	2006
<b>27. TAXATION</b>		
Current	27,921	44,747
Prior	(2,434)	–
	<b>25,487</b>	<b>44,747</b>
Deferred	18,775	9,633
	<b>44,262</b>	<b>54,380</b>



## Shabbir Tiles and Ceramics Limited

2007                      2006  
(Rs. in 000's)

### 27.1 Relationship between accounting profit and tax expense

Profit before taxation	<u>126,143</u>	<u>126,004</u>
Tax @ 35%	44,150	44,101
Tax effect of the expenses that are admissible in determining taxable profit	(25,735 )	(10,035 )
Tax effects under final tax regime	<u>9,506</u>	<u>10,681</u>
	27,921	44,747
Tax effect of prior year	(2,434 )	–
Tax effects of temporary differences	<u>18,775</u>	<u>9,633</u>
Provision for taxation	<u>44,262</u>	<u>54,380</u>

### 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:

	2007	2006
Profit after taxation (Rs. in '000)	<u>81,881</u>	<u>71,624</u>
Weighted average number of ordinary shares outstanding during the year (in '000)	<u>27,321</u>	(Restated) <u>27,321</u>
Basic and diluted earnings per share (Rupees)	<u>3.00</u>	<u>2.62</u>

Note                      2007                      2006  
(Rs. in 000's)

### 29. CASH AND CASH EQUIVALENTS

Cash and bank balances	11	67,694	82,322
Short-term running finances	18	(51,176 )	(66,003 )
		<u>16,518</u>	<u>16,319</u>

**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 Yield / mark-up rate risk exposure**

Yield / 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:

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

	<b>2007</b>				Not exposed to profit / mark-up rate risk
	Total	Exposed to profit / mark-up rate risk		Sub-total	
		Maturity upto one year	Maturity after one year		
	(Rs. in 000's)				
<b>Financial assets</b>					
Advances	1,608	-	-	-	1,608
Other receivables	1,519	-	-	-	1,519
Loans	3,220	-	-	-	3,220
Deposits	24,782	-	-	-	24,782
Trade debts	309,816	-	-	-	309,816
Cash and bank balances	67,694	14,887	-	14,887	52,807
<b>Total</b>	<b>408,639</b>	<b>14,887</b>	<b>-</b>	<b>14,887</b>	<b>393,752</b>
2006	422,781	12,566	-	12,566	410,215
<b>Financial liabilities</b>					
Liabilities against assets subject to finance leases	385,366	120,621	264,745	385,366	-
Trade and other payables	133,481	-	-	-	133,481
Accrued mark-up	4,578	4,578	-	4,578	-
Short term borrowings	178,188	178,188	-	178,188	-
<b>Total</b>	<b>701,613</b>	<b>303,387</b>	<b>264,745</b>	<b>568,132</b>	<b>133,481</b>
2006	622,815	292,948	220,573	513,521	109,294

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 related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2007	2006
	(Rs. in 000's)	
Sales	170	828
Purchases	15,656	11,571
Insurance premium	10,902	14,212
Claims received	439	512
Sale of vehicle	–	459
Reimbursement of expenses for the aforesaid sale	–	41
Internal audit	360	360
IT related services	2,992	2,286
Share register services	608	623
Contribution to the Provident fund	3,506	2,920



**31.1** There are no transactions with key management personnel other than under the term of employment as disclosed in note 32.

**31.2** The related party status of outstanding receivables and payables as at June 30, 2007 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 :

	2007			2006		
	Chief Executive	Executives	Total (Rs. in 000's)	Chief Executive	Executives	Total
Managerial remuneration	<b>2,762</b>	<b>6,408</b>	<b>9,170</b>	2,472	2,526	4,998
Housing and utilities	<b>1,517</b>	<b>3,325</b>	<b>4,842</b>	1,320	1,379	2,699
Leave fare assistance, leave encashment and bonus	–	<b>1,398</b>	<b>1,398</b>	–	720	720
Reimbursement of medical expenses	<b>221</b>	<b>546</b>	<b>767</b>	103	104	207
Retirement benefits	<b>257</b>	<b>5,126</b>	<b>5,383</b>	227	1,412	1,639
	<b>4,757</b>	<b>16,803</b>	<b>21,560</b>	4,122	6,141	10,263
Number of persons	<b>1</b>	<b>12</b>	<b>13</b>	1	5	6

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

**32.3** Fee amounting to Rs. 0.067 million (2006 : Rs. 0.057 million) was paid to seven (2006 : seven) Directors for attending Board Meetings during the year.

### 33. PRODUCTION CAPACITY

During the year, the tile production capacity attained was 4.871 million sq. metres (2006 : 4.119 million sq. metres) against annual manufacturing capacity of 5.100 million sq. metres (2006 : 4.570 million sq. metres).



**34. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on August 30, 2007 by the Board of Directors of the Company.

**35. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on August 30, 2007 proposed the issue of bonus shares in proportion to Two ordinary shares for every Ten ordinary shares for the year ended June 30, 2007 amounting to Rs. 27.321 million and transfer of Rs. 55.00 million from unappropriated profit to General Reserve for approval of the members at the Annual General Meeting to be held on September 28, 2007. These financial statements do not reflect these appropriations.

**36. 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, 2007

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	From		To	
860	1	—	100	26,737
749	101	—	500	190,101
308	501	—	1,000	219,936
433	1,001	—	5,000	917,061
67	5,001	—	10,000	463,362
40	10,001	—	15,000	495,174
14	15,001	—	20,000	227,425
13	20,001	—	25,000	281,182
4	25,001	—	30,000	114,093
5	30,001	—	35,000	159,860
6	35,001	—	40,000	225,738
1	40,001	—	45,000	40,904
4	45,001	—	50,000	193,157
1	50,001	—	55,000	50,450
1	70,001	—	75,000	74,386
1	75,001	—	80,000	75,143
1	110,001	—	115,000	110,205
3	115,001	—	120,000	356,349
2	125,001	—	130,000	257,326
1	155,001	—	160,000	157,287
1	170,001	—	175,000	174,625
2	180,001	—	185,000	361,315
1	190,001	—	195,000	191,300
1	235,001	—	240,000	237,568
1	240,001	—	245,000	241,747
1	260,001	—	265,000	263,847
1	265,001	—	270,000	269,306
1	275,001	—	280,000	278,572
1	285,001	—	290,000	286,500
1	290,001	—	295,000	293,928
1	315,001	—	320,000	316,800
4	340,001	—	345,000	1,364,614
3	390,001	—	395,000	1,183,248
1	395,001	—	400,000	395,056
1	450,001	—	455,000	454,121
3	475,001	—	480,000	1,426,984
1	510,001	—	515,000	512,338
1	705,001	—	710,000	708,691
2	710,001	—	715,000	1,425,444
1	815,001	—	820,000	819,500
1	1,335,001	—	1,340,000	1,339,371
1	1,375,001	—	1,380,000	1,379,663
1	2,190,001	—	2,195,000	2,193,940
1	6,565,001	—	6,570,000	6,566,832
2,547	TOTAL			27,321,186



## 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>		2493	9,713,694	35.55
2.	<b>JOINT STOCK COMPANIES</b>		15	807,821	2.96
3.	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN Mr. Rafiq M. Habib Mr. Ali S. Habib Mr. Alireza M. Alladin Mr. Abdul Hai M. Bhaimia Mr. Kersi D. Kapadia Mr. Mansoor G. Habib Mr. Nazim F. Haji Mrs. Jamila Rafiq W/o. Mr. Rafiq M. Habib Mrs. Rukhsana Ismail W/o. Mr. Abdul Hai M. Bhaimia	475,200 475,200 3,027 75,758 23,743 1,584 8,325 157,287 110,380	12	1,330,504	4.87
4	<b>EXECUTIVE</b>				
5	<b>NIT / ICP</b> National Bank of Pakistan, Trustee Deptt. Investment Corporation of Pakistan	2,719,034 1,916	4	2,720,950	9.96
6	<b>ASSOCIATED COMPANIES</b> Thal Limited Habib Insurance Company Limited	712,722 819,500	2	1,532,222	5.61
7	<b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>				
8	<b>BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS, MUTUAL FUNDS</b>		2	45,873	0.17
9	<b>FOREIGN INVESTORS</b>		11	10,498,672	38.43
10	<b>CO-OPERATIVE SOCIETIES</b>		2	26,583	0.10
11	<b>CHARITABLE TRUSTS</b>		5	594,417	2.18
12	<b>OTHERS</b>		1	50,450	0.18
	Total		2,547	27,321,186	100
<b>SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST IN THE LISTED COMPANY</b>					
Total Paid-up Capital of the Company				27,321,186	Shares
10% of the Paid-up Capital of the Company				2,732,118	Shares
<b>NAME(S) OF SHARE HOLDER(S)</b>			<b>DESCRIPTION</b>	<b>NO OF SHARES HELD</b>	<b>PERCENTAGE (%)</b>
ROBERT FINANCE CORPORATION AG			FALLS IN SERIAL # 9	7,555,754	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-Ninth Annual General Meeting of the Company to be held on 28th day of September, 2007 and at any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2007

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.



---

---

## 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 Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.