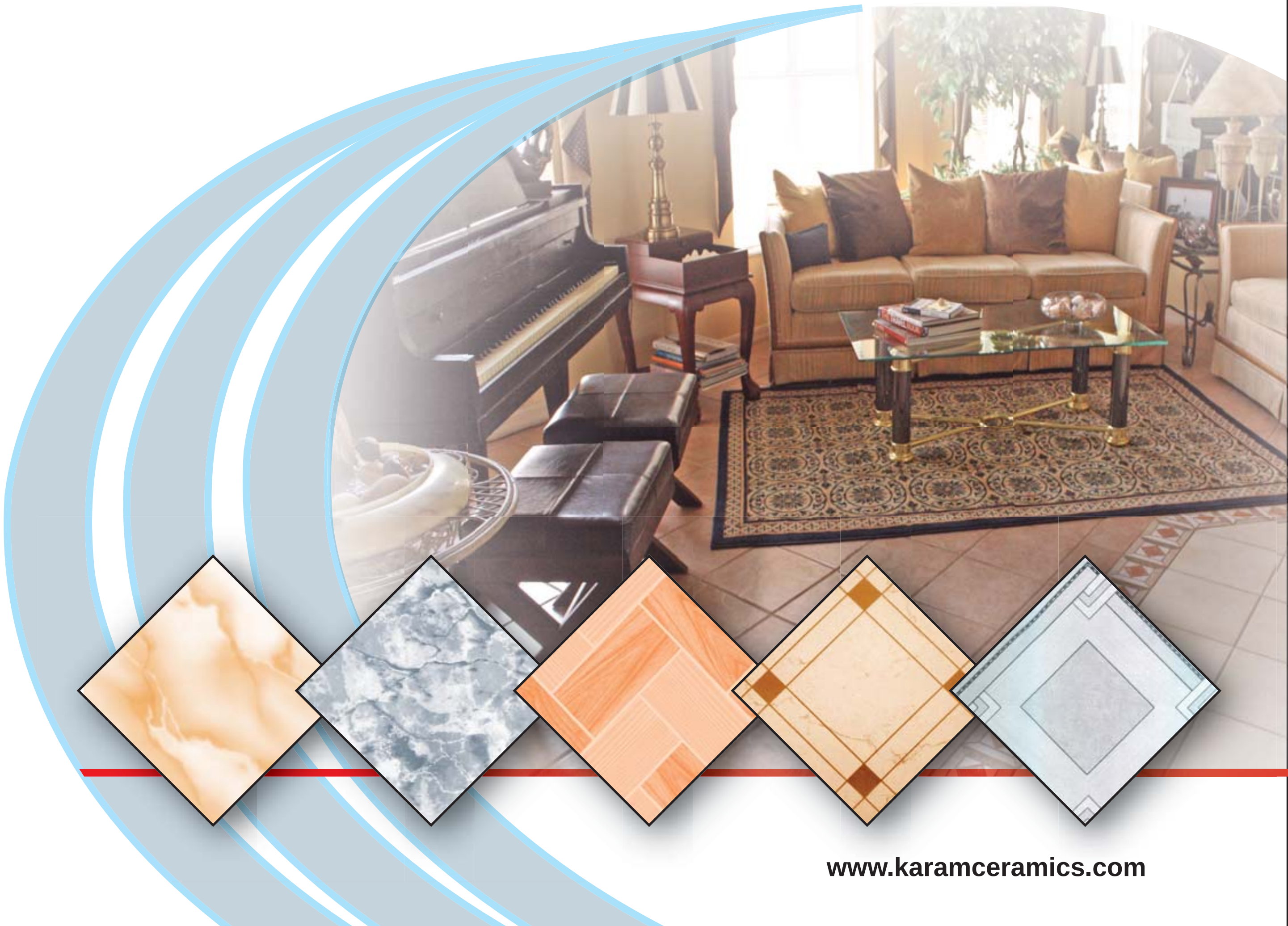
Annual Report 2012

IN TECHNICAL COLL ABORATION WITH
DOULTON
BATH ROOMS ENGLAND

KARAM CERAMICS LIMITED

SANITARY WARE - TILES - BATH TUBS

THE LARGEST CERAMIC MANUFACTURERS IN PAKISTAN



www.karamceramics.com

33rd ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shaban Ali G.Kassim	Chairman Non-Executive Director
Mr. Munawar Ali S.Kassim	Chief Executive
Mr. Irshad Ali S. Kassim	Executive Director
Mrs. Mariam Shaban Ali	Non-Executive Director
Mrs. Sakin Noorallah	Non-Executive Director
Mrs. Shaheen Ali	Non-Executive Director
Mr. Shahnawaz Madhani	Non-Executive Director
Mr. Amir Sawja	C.F.O
Mr. Manzoor Ali Natha	Company Secretary

AUDIT COMMITTEE

Mr. Shaban Ali G. Kassim	Chairman Non-Exective Director
Mrs. Sakin Noorallah	Non-Exective Director
Mr. Shahnawaz Madhani	Non-Exective Director

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mrs. Mariam Shaban Ali	Non-Executive Director
Mrs. Shaheen Ali	Non-Executive Director
Mrs. Sakin Noorallah	Non-Executive Director

BANKERS

Soneri Bank Limited
Habib Bank Limited
National Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited

AUDITORS / REGISTRAR AND SHARE TRANSFER OFFICE

Qavi & Co
Chartered Accountants
T.H.K. Associates (Private) Limited
Ground Floor ,state Life Building-3
Dr. Ziauddin Ahmed Road,Karachi

NATIONAL TAX NUMBER : 0710857-5
SALES TAX REGISTERATION NO : 02-02-6907-001-55

REGISTERED OFFICE

Bc-6, Block -5,Scheme-5,Kehkashan,Clifton ,Karachi
Tel # (92-21)-35865561-64
Fax # (92-21)-35865571
Website: www.karamceramics.com
E mail : karam@cyber.net.pk

FACTORY

295/311,Deh Halkani, Hub Dam Road Karachi

LAHORE WARE HOUSE

Chowk Kahma Railway Station Defence Road,
Near Facatory Shaikh Hidayatullah, Lahore.
Tel# (92-42)-37042259
(92-42)-37042263

NOTICE OF MEETING

Notice is hereby given that the 33rd Annual General meeting of the Company will be held at the Registered Office of the Company on Monday October 22, 2012 at 7:00 p.m. to transact the following business:

1. To confirm the minutes of the 32nd Annual General Meeting held on October 24, 2011.

2. To consider and adopt the Audited Accounts of the Company for the year ended June 30, 2012 along with the Report of the Directors thereon.

3. To appoint Auditors for the year 2013 and fix their remuneration.

4. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi
October 1, 2012

Manzoorali Natha
Company Secretary

Notes:

1. The share transfer book of the company will remain closed from October 16, 2012 to October 22, 2012 (both days inclusive).

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 of holding of the meeting.

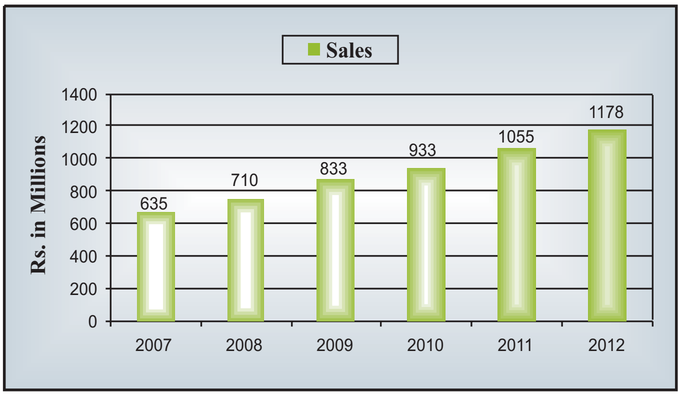
3. The beneficial owners of shares recorded in Central Depository Company of Pakistan Limited (CDCPL) are required to bring their National Identity Cards and in case of institutions being the beneficial owner, notarially certified copy of power of attorney or other authority, together with the proof of identity of such nominee, is required for admittance to the meeting of the members.

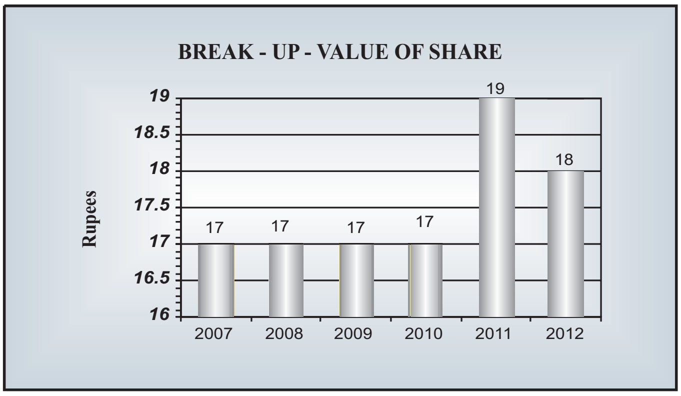
4. Members are requested to communicate to the company or the Registrar to the company of any change in their address.

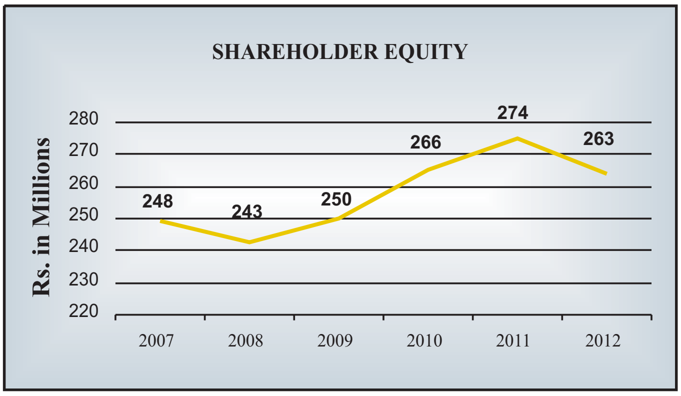
IN TECHNICAL COLLABORATION WITH DOULTON BATH ROOMS ENGLAND

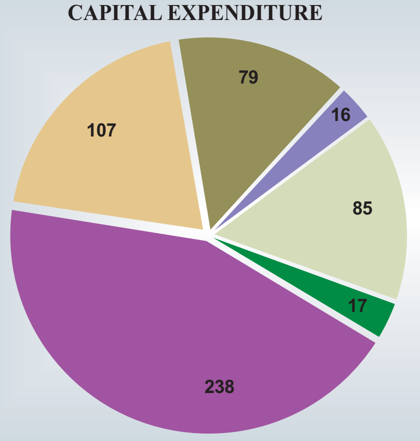
KARAM CERAMICS LIMITED

SANITARY WARE - TILES - BATH TUBS









CAPITAL EXPENDITURE

Year	Colour Scheme	Rs. In Millions
2012		79
2011		16
2010		85
2009		17
2008		238
2007		107

FINANCIAL HIGHLIGHTS

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sales	1187	1055	933	833	710	635	660	613	482	504
Gross Profit	107	129	114	130	139	99	136	137	96	99
Expenses	104	117	102	117	106	83	80	70	62	63
Profit before Taxtation	3	12	13	13	33	16	56	67	34	36
Profit after Taxtation	0.6	5	12	21	8	13	27	35	21	22
Dividend %	-	10	-	-	12.5	12.5	-	15	15	18
Right Shares %	-	-	-	-	-	-	33.3	-	-	-
Earning per Share (Rs.)	0.05	0.37	0.86	1.46	0.55	1.03	2.2	3.22	1.99	1.59

DIRECTORS' REPORT

The Directors of your company are pleased to present the Annual Report with audited financial statements of the Company for the year ended June 30, 2012

OPERATING RESULTS

During the year ended June 30, 2012; the company have registered growth in Net revenue of Rs. 1,187.31 million which is 12.49% higher than the net revenue of Rs. 1,055.48 million for the preceding year. Increase in sales was due to high sale value of ceramics tiles achieved during the year.

Selling prices of our products remained under pressure due to stiff competition from imported cheaper Chinese tiles as well as severe competition from local tiles manufacturers. The gross profit for the year decreased to Rs.106.73 million against the last year gross profit of Rs.129.20 million. Rising cost of raw material, fuel, power and other production expenses were the factors due to which higher gross profit could not be achieved

RETAINED EARNINGS

The company managed to earn Profit before tax for the year at Rs. 3.44 million against the profit of Rs.12.15 million for the year 2011 and after tax profit of Rs 0.67 million as against the profit of Rs 5.42 million of last year.

EARNING PER SHARE

Earning per share for the year ended 30th June, 2012 was Rs.0.05 as compared to Rs 0.37 for the last year.

Un-appropriated profit to be carried forward is Rs 117.90 M

FUTURE OUTLOOK

Frequent increase in gas tariff rates, weakening Pak Rupees, worsening energy crisis and poor law & order situation will exert more pressure on product margins This together with intensifying competition with cheap Chinese tiles our company will experience more pressures on the business in the coming year.

However we are confident that the future demand of ceramics tiles would increase as a result of economic improvement forecasted globally. Post flood rehabilitation and expected increase in construction activities in pace with growing population would raise demand of Ceramic Tiles. However selling prices of the products would still remain under pressure due to import of large quantities of ceramics tiles into the country

The Company shall continue its focus on consumer preferences and expand its market share by introducing new innovative designs.

CODE OF CORPORATE GOVERNANCE

The Directors of the company have reviewed the Code of Corporate Governance and are pleased to state that

- The Company is compliant with the provisions of the Code of Corporate Governance as required by the Securities & Exchange Commission of Pakistan (SECP)
- The financial statement, prepared by the management of your company present fairly its state of affairs, the results of its operation, cash flow and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The Company has the ability to continue as a going concern; and
- There has been no deviation from the best practices of Corporate Governance, as detailed in the listing regulations.

NUMBER OF BOARD MEETINGS HELD

During the year under review four meetings of the Board of Directors were held. Attendance is as follows: -

1.	Mr. Shaban Ali G. Kassim	2
2.	Mr. Irshad Ali S. Kassim	4
3.	Mr. Munawar Ali S. Kassim	4
4.	Mrs. Mariam S.G. Kassim	2
5	Mrs. Shaheen Ali	4
6.	Mrs. Sakin Noorallah	4
7.	Mr. Shahnawaz Madhani	4

(Leave of absence was granted to directors who could not attend the Board meetings.)

EMPLOYEES RELATION

The management would like to place on record its appreciation for the positive attitude of the Labour Union during the year under review and we look forward to its support in issues mutually

AUDITORS

The present auditors M/s. Qavi & Co., Chartered Accountants have completed audit for the financial year ended 30th June, 2012 and shall retire on the conclusion of the 33rd Annual General Meeting of the company. Being eligible for reappointment, they have offered themselves for re-appointment. Based on Audit Committee's proposal the Board of Directors recommends their reappointment for the year ending June 30, 2013. The external auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan.

PATTERN OF SHARE HOLDING

Pattern of share holding as at June 30, 2012 is annexed.

APPRECIATION

The Directors take this opportunity to thank all the foreign and local suppliers of plant & machinery and raw material, government agencies, shareholders, and staff/employees etc. for their cooperation and contribution towards the progress of the company. We would also like to thank banks and financial institutions and customers for the confidence reposed by them on the company.

MUNAWAR ALI S. KASSIM
CHIEF EXECUTIVE

September 25, 2012

Karam Ceramics Limited

Vision Statement

- To become leading Ceramic manufacturing Industry in Pakistan with complete unit of Tiles and Floor Tiles.

Mission Statement

- To produce unique designs, cost effective and durable product so as to compete with the imported tiles.

Corporate Goal

- Increase market share in Pakistan and export to other countries.

Overall Corporate Strategy

- Maintain quality management system i.e. ISO 9002.
- Contain cost and improve quality by automation of production line and training to personnel.

RANGE OF PRODUCTS

COLOURED & DECORATIVE /EFFECT GLAZED WALL TILES

-	15cm x 15cm	20cm x 20cm
-	20cm x 30cm	
-	30cm x 30cm	25cm x 33cm
-	40cm x 40cm	30cm x 46cm

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the Year ended June 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in Listing Regulation of the Karachi and Lahore Stock Exchanges 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 CCG in the following manner:

1. The Company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present the board includes:

Category	**Names**
Independent Directors	-
Executive Directors	Mr. Irshad Ali S. Kassim Mr. Munawar Ali S. Kassim
Non - Executive Directors	Mr. Shabanali G. Kassim Mrs. Mariam Shabanali Mrs. Sakin Noorallah Mrs. Shaheen Ali Mr. Shahnawaz Madhani

The condition of clause 1(b) of the CCG in relation to independent director will be applicable at the next election of the Board of Directors of the company to be held in October 2013

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies).
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 DFI or an NBFI. None of the directors is a member of any stock exchange.
4. No casual vacancy had occurred on the board
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
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 along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board / shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with 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 Company arranged briefings for its Directors to apprise them of their duties and responsibilities. Two Directors are exempted from the requirement of directors training program, one of whom also acquired certification on "Role of Independent Director" conducted by the Pakistan Institute of Corporate Governance

10. No new appointments of CFO, Company Secretary and Head of Internal Audit were made during the year. However changes to the remuneration and terms and conditions of employment have been determined by the CEO with the approval of the Board of Directors.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by 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 of Corporate Governance.

15. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors including the Chairman of the committee. The condition of clause 1(b) of the CCG in relation to the independent director will be applicable on election of next Board of Directors of the Company.

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 CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The board has formed a Human Resources and Remuneration Committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.

18. The Board has set-up an effective internal audit function that are considered suitably experienced for the purpose and are conversant with the policies and procedures of the Company. However the Board is in process of appointing qualified person for audit function

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 ICAP.

20. 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.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with

By order of the Board
Karachi: 25th September, 2012

Munawar Kasim
Chief Executive Officer

Review Report to the Members on Statement of Compliance with the Best Practice of the Code of Corporate Governance

We have reviewed the statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2012 prepared by the Board of Directors of KARAM CERAMICS LIMITED (the Company) to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliances with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited preliminary to inquiries 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 develops 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.

Further, Listing Regulations of Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transaction before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

DATE: September 25, 2012
Karachi

Chartered Accountants
Engagement Partner: Khalid Anwer

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of KARAM CERAMICS LIMITED as at June 30, 2012 and the related profit and loss account, statement of comprehensive income, 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 conduct 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 and profit and loss account, statement of comprehensive income, 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, 2012 and of the profit, its comprehensive income, 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.

Qavi Co.
Chartered Accountants
Engagement partner: Khalid Anwer

DATE: September 25 , 2012
Karachi

BALANCE SHEET
AS AT JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized			
15,000,000 ordinary shares of Rs. 10 each		**150,000,000**	150,000,000
Issued, subscribed and paid-up capital	4	**145,486,760**	145,486,760
Unappropriated profit		**117,898,126**	128,881,172
		263,384,886	274,367,932
Surplus on revaluation of fixed assets	5	**37,448,317**	40,346,418
Non Current Liabilities			
Long term financing	6	**84,880,319**	118,003,889
Deferred liabilities	7	**69,666,386**	61,639,285
Deferred taxation	8	**91,081,596**	100,200,103
		245,628,301	279,843,277
Current Liabilities			
Advance from customers		**19,550,000**	19,550,000
Trade and other payables	9	**131,752,374**	101,139,843
Mark up accrued on loans		**10,766,831**	8,399,145
Short term running finance - secured	10	**95,702,756**	33,949,430
Provision for taxation		**11,873,128**	10,806,847
Current portion of long term financing		**128,663,001**	98,496,333
		398,308,091	272,341,598
Contingencies and commitments	11		
TOTAL EQUITY AND LIABILITIES		**944,769,595**	866,899,225

The annexed notes from 1 to 36 form an integral part of these financial statements.

BALANCE SHEET
AS AT JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipments	12	**653,382,118**	642,121,677
Long term deposits		**897,038**	897,038
Current Assets			
Stores and spares	13	**9,567,511**	10,141,551
Stock in trade	14	**134,019,601**	165,633,078
Trade debts - unsecured considered good		**63,523,320**	5,323,505
Loans and advances	15	**1,877,022**	4,922,462
Income tax refundable		**4,286**	3,862,348
Prepayments and balances with statutory authorities	16	**24,098,399**	28,508,495
Cash and bank balances	17	**57,400,300**	5,489,071
		290,490,439	223,880,510
TOTAL ASSETS		**944,769,595**	866,899,225

Chief Executive

Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
Sales - net	18	**1,187,312,837**	1,055,479,354
Cost of sales	19	**(1,080,580,614)**	(926,283,082)
Gross profit		**106,732,223**	129,196,272
Selling and distribution expenses	20	**(42,574,366)**	(51,866,392)
Administrative expenses	21	**(16,171,446)**	(18,597,939)
		(58,745,812)	(70,464,332)
Other operating expenses	22	**(1,611,900)**	(4,710,011)
Financial charges	23	**(43,256,355)**	(42,286,600)
		(44,868,255)	(46,996,612)
Other operating income	24	**317,308**	420,147
Profit before taxation		**3,435,464**	12,155,475
Taxation	25	**(2,767,935)**	(6,737,151)
Profit after taxation		**667,529**	5,418,324
Earnings per share	26	**0.05**	0.37

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended June 30, 2012

	Note	**2012 Rupees**	2011 Rupees
Profit after taxation		**667,529**	5,418,324
Other comprehensive income			
Incremental depreciation transferred from surplus on revaluation of fixed assets (net of deferred tax)		**2,898,101**	3,220,112
Total comprehensive income for the year		**3,565,629**	8,638,436

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive

Director

IN TECHNICAL COLLABORATION WITH DOULTON BATH ROOMS ENGLAND

KARAM CERAMICS LIMITED

SANITARY WARE - TILES - BATH TUBS

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,435,464	12,155,475
Adjustments for:		
Depreciation	67,324,241	67,930,905
Provision for staff gratuity	7,411,123	4,558,532
Workers' profit participation fund	210,929	671,299
Workers' welfare fund	572,180	599,206
Financial charges	43,256,355	42,286,600
Gain on sale of vehicles	(262,207)	(338,882)
Return on deposits	(5,101)	(1,265)
	118,507,520	115,706,396
Changes in working capital		
(Increase) / Decrease in operating assets		
Stores and spares	574,040	(2,054,995)
Stock in trade	31,613,477	(36,733,068)
Trade debts	(58,199,815)	18,017,126
Loans and advances	3,045,440	804,892
Prepayments and balances with statutory authorities	9,365,882	2,307,988
	(13,600,976)	(17,658,057)
Increase in operating liabilities		
Short term running finance	61,753,326	30,033,064
Trade and other payables	31,088,202	2,971,363
	92,841,528	33,004,427
Cash generated from operations	201,183,536	143,208,241
Financial charges paid	(40,876,943)	(41,524,725)
Income tax paid	(12,517,090)	(7,566,647)
Gratuity paid	(2,730,099)	(4,636,068)
Workers' profit participation fund paid	(671,299)	(683,516)
	(56,795,431)	(54,410,956)
Net cash generated from operating activities	144,388,105	88,797,285
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of vehicles	332,400	695,000
Purchase of property, plant and equipment	(78,654,875)	(16,086,432)
Return on deposits	5,101	1,265
Net cash used in investing activities	(78,317,374)	(15,390,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Directors loan	14,233,879	(8,078,537)
Long term loan received	90,500,000	63,000,000
Long term loan paid	(107,690,781)	(114,421,476)
Bills payable against long term loan	-	(38,178,213)
Long term deposits	-	(21,250)
Advance from customers	-	19,550,000
Payment of dividend	(11,202,599)	-
Net cash used in financing activities	(14,159,501)	(78,149,476)
Net decreased in cash and cash equivalents	51,911,229	(4,742,356)
Cash and cash equivalents at beginning of the year	5,489,071	10,231,427
Cash and cash equivalents at end of the year	57,400,300	5,489,071

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share Capital	Unappropriated Profit	Total
		(Rupees)	
Balance as at June 30, 2010	145,486,760	120,242,736	265,729,496
Total comprehensive income for the year	-	8,638,436	8,638,436
Balance as at June 30, 2011	145,486,760	128,881,172	274,367,932
Dividend paid during the year	-	(14,548,676)	(14,548,676)
Total comprehensive income for the year	-	3,565,629	3,565,629
Balance as at June 30, 2012	**145,486,760**	**117,898,126**	**263,384,886**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1 STATUS AND NATURE OF BUSINESS

Karam Ceramics Limited was incorporated in Pakistan on April 8, 1979 as a Public Limited Company under the Companies Act, 1913 (now Companies Ordinance, 1984). The shares of the company are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at BC-6, Block-5, Kehkashan, Clifton, Karachi, Pakistan and principal office is situated at 295/311, Deh Halkani, Hub Dam Road, Manghpoir, Karachi. The principal activity of the Company is manufacturing of tiles.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except that the non current assets are stated at the revalued amounts and derivative financial instruments are measured at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and rounded off to the nearest rupee.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material judgment in the next year are discussed in note 31 to these financial statements.

2.5 Standards and Interpretations that became effective but not relevant to the Company or do not have material effect.

The following standards and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company:

Improvements / amendments to IFRSs and interpretation (May 2010)

IFRS 7 - Financial Instruments : Disclosures

IAS 1 - Presentation of Financial Statements (Amendment)

IAS 34 - Interim Financial Reporting

IFRIC 13 - Customer Loyalty Programmes

Improvements / amendments to IFRSs and interpretation (Others)

IFRS 7 - Financial Instruments: Disclosure (Amendment)

IAS 24 - Related Party Disclosure (Revised)

IFRIC 14 & IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)

2.6 Standards and Interpretations issued but not yet effective for the current financial year.

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

Revision / improvement / amendments to IFRSs and Interpretations		Effective for periods beginning on or after
IFRS 7	- Financial Instruments: Disclosures (Amendment)	January 01, 2013 & January 01, 2015
IAS 1	- Presentation of Financial Statements (Amendment)	July 01, 2012 & January 01, 2013
IAS 12	- Income Taxes (Amendment)	January 01, 2012
IAS 19	- Employee Benefits (Revised)	January 01, 2013
IAS 27	- Separate Financial Statements	January 01, 2013
IAS 28	- Investments in Associates and Joint Ventures	January 01, 2013
IAS 32	- Financial Instruments: Presentation (Amendment)	January 01, 2014
IFRIC 20	- Stripping Costs in the Production phase of a Surface Mine	January 01, 2013
Annual improvements to IFRS (the 2009-2011 cycles)		January 01, 2013

Revision / improvement / amendments to IFRSs and Interpretations		Effective for periods beginning on or after
Standards issued by IASB but not yet notified by SECP		
IFRS 9	- Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10	- Consolidated Financial Statements	January 01, 2013
IFRS 11	- Joint Arrangements	January 01, 2013
IFRS 12	- Disclosure of Interest in Other Entities	January 01, 2013
IFRS 13	- Fair Value Measurement	January 01, 2013

The Company expects that the adoption of the above standards and interpretations will not have material effect on the Company's financial statements in the period of initial application except for the following :

- IAS 19 - Employee Benefits (Revised) requires actuarial gains and losses to be recognised in other comprehensive income as they occur.

- IFRS 9 - Financial Instrument : classification and Measurement

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Retirement Benefit Obligation
Defined Benefit Plan-Gratuity

The Company operates an Unfunded Gratuity Scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to gratuity benefits. The latest actuarial valuation for gratuity scheme was carried out as on June 30, 2011.

3.2 Borrowings

Loans and borrowings are recorded as the proceeds are received. Financial charges are accounted for on an accrual basis.

All mark-up, interest and other charges on long-term and short term borrowings are charged to profit and loss account in the period in which they are incurred.

3.3 Trade and Other Payables

Trade and other payable are carried at fair value which is the amount of consideration to be paid in future for goods and services received whether or not billed to the Company.

3.4 Property, Plant and Equipments

(a) Property, plant and equipments are stated at cost (including related borrowing cost) less accumulated depreciation and impairment losses, if any, except that freehold land which is stated at revalued amount and factory building on freehold land is stated at revalued amount less accumulated depreciation. Depreciation on property, plant and equipments is charged to profit and loss account applying the reducing balance method at the rates disclosed in Note 12.

(b) Six month depreciation is charged on property, plant and equipments acquired and disposed off during the year.

(c) Gains / (losses) on disposal of property, plant and equipments are included in profit and loss account currently.

(d) Normal repairs and maintenance 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.

3.5 Capital Work-in-progress

Capital work-in-progress is stated at cost. These are transferred to specific operating assets as and when these are available for intended use.

3.6 Stores, spares and loose tools

These are valued at lower of cost and estimated net realizable value. The cost determination method is on First-In-First-Out basis (FIFO).

3.7 Stock-in-trade

Stock in trade is valued at the lower of cost and estimated net realizable value. The cost determination method are as follows:

Raw Material	At lower of weighted average cost and net realizable value.
Work in Process	At lower of weighted average cost of direct material, labour and appropriate manufacturing expenses and net realizable value.
Finished goods	At lower of weighted average cost and net realizable value less impairment loss, if any. Cost is determined on the basis of prime cost and appropriate factory overheads.
Packing Material	At lower of cost on FIFO basis and net realizable value less impairment loss, if any.
Stock in Transit	At invoice value.

Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated cost which is necessary to be incurred in order to make the sale.

3.8 Trade debts

Trade debts are recognized and carried at original invoiced amount which is fair value of the consideration to be received in future. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written-off.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash and cheques in hand and balances with banks.

3.10 Foreign currency transactions

Transactions in foreign currencies are translated into Pak rupees at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Pak rupees at the rate of exchange prevailing at the Balance Sheet date.
Exchange differences arising on translation are recognised in profit and loss account.

3.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in comprehensive income, in which case it is recognized in comprehensive income.

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation on income. The change for current tax also includes prior year adjustments, where considered necessary, arising due to assessments finalized during the year.

Deferred

Deferred tax is recognized using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further, the Company also recognizes deferred tax asset / liability on surplus on revaluation of property, plant and equipments which is adjusted against the related deficit / surplus.

3.12 Financial instruments

All financial assets and financial liabilities are recognized at the time when Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially made at fair value, and subsequently made at fair value are amortized cost as the case may be. All financial assets and liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in profit and loss account.

3.13 Offsetting of financial assets and financial liabilities

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

3.14 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.15 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.16 Transactions with related parties

Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length prices using the "Comparable Uncontrolled Price Method".

3.17 Dividend and appropriation from reserves

Dividend distribution to the Company's shareholders and appropriation from reserves is recognized in the period in which these are approved.

3.18 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Profit on bank deposits is recognized on an accrual basis.

4 SHARE CAPITAL

"Number of ordinary shares of Rs. 10 each"			2012 Rupees	2011 Rupees
13,267,786	**13,267,786**	Ordinary shares fully paid in cash	**132,677,860**	132,677,860
1,280,890	**1,280,890**	Ordinary shares allotted as bonus shares	**12,808,900**	12,808,900
14,548,676	**14,548,676**		**145,486,760**	145,486,760

5 SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENTS

	2012	2011
Opening balance	**40,346,418**	43,566,530
Less: Incremental depreciation transferred from surplus on revaluation of property, plant & equipments to other comprehensive income (net of tax)	**(2,898,101)**	(3,220,112)
	37,448,317	40,346,418

Property, plant & equipments of the Company, comprising of factory land and building were first time revalued in the year 2005. The revaluation had resulted into surplus of Rs. 104,580,000. Revaluation of factory land was again carried out on February 1, 2007 by an independent valuer, M/s. Iqbal A. Nanjee & Co. This valuation has resulted into surplus of Rs. 94,170,000.

	Note	2012 Rupees	2011 Rupees
6 LONG TERM FINANCING			
From Banking companies:			
Term Finance Loan - Secured	6.1	**64,297,406**	111,654,855
From related parties:			
Directors Loan - unsecured	6.3	**20,582,913**	6,349,034
		84,880,319	118,003,889
6.1 Term Finance Loans			
Long Term Loans	6.1.1	**192,960,407**	210,151,188
Less: Current maturity	6.1.2	**(128,663,001)**	(98,496,333)
		64,297,406	111,654,855
6.1.1 Term Finance Loans			
Soneri Bank Term Finance Loan III		**33,000,000**	66,000,000
Soneri Bank Term Finance Loan IV		**12,135,000**	21,843,000
Soneri Bank Term Finance Loan V		**2,408,746**	3,863,746
Soneri Bank Term Finance Loan IX		**36,111,106**	69,444,442
Soneri Bank Term Finance Loan X		**38,250,000**	-
Soneri Bank Term Finance Loan XI		**43,055,555**	-
Habib Bank Term Finance Loan I		**28,000,000**	49,000,000
		192,960,407	210,151,188
6.1.2 Current maturity of Term Finance Loans			
Soneri Bank Term Finance Loan III		**33,000,000**	33,000,000
Soneri Bank Term Finance Loan IV		**9,708,000**	9,708,000
Soneri Bank Term Finance Loan V		**1,455,000**	1,455,000
Soneri Bank Term Finance Loan IX		**33,333,333**	33,333,333
Soneri Bank Term Finance Loan X		**13,500,000**	-
Soneri Bank Term Finance Loan XI		**16,666,668**	-
Habib Bank Term Finance Loan I		**21,000,000**	21,000,000
		128,663,001	98,496,333

Name of Bank	Description	Principal Amount Rupees	Purpose	Installments Rupees	Rate of Mark-up	2012 ---------Rupees	--------- 2011
Soneri Bank Limited	Term Finance III	165,000,000	For Fixed Assets financing	2,750,000	6 months Avg. KIBOR + 1.5% p.a	33,000,000	66,000,000
Soneri Bank Limited	Term Finance IV	48,600,593	For Fixed Assets financing	809,000	6 months Avg. KIBOR + 1.5% p.a	12,135,000	21,843,000
Soneri Bank Limited	Term Finance V	7,275,000	For Fixed Assets financing	121,250	6 months Avg. KIBOR + 1.5% p.a	2,408,746	3,863,746
Soneri Bank Limited	Term Finance IX	100,000,000	For Fixed Assets financing	2,777,778	6 months Avg. KIBOR + 1.5% p.a	36,111,106	69,444,442
Soneri Bank Limited	Term Finance X	40,500,000	For Fixed Assets financing	1,125,000	6 months Avg. KIBOR + 1.5% p.a	38,250,000	-
Soneri Bank Limited	Term Finance XI	50,000,000	For Fixed Assets financing	1,388,889	6 months Avg. KIBOR + 1.5% p.a	43,055,555	-
Habib Bank Limited	Term Finance I	63,000,000	For Fixed Assets financing	1,750,000	6 months Avg. KIBOR + 1.5% p.a	28,000,000	49,000,000

6.2 All term finance facilities are obtained against first equitable mortgage registered charge over Company's fixed assets in addition, term finance facilities X and XI are secured against specific charge of Rs. 54 M and Rs, 66.667 M over the imported machinery respectively. Further the term finance facility obtained from Habib Bank Limited is secured against third party mortgage over KCL Head Office, located at BC-6, Block 5, Scheme # 5, Kehkashan Clifton, Karachi.

6.3 This represent net amount due to three directors. The loan carried interest @ 7% per annum (2011: 7%), the amount will be paid on September 15, 2013.

	Note	2012 Rupees	2011 Rupees
7 DEFERRED LIABILITIES			
Retirement benefit obligation	7.1	**62,136,869**	57,455,845
Dividend payable	7.2	**7,529,517**	4,183,440
		69,666,386	61,639,285

7.1 Retirement benefit obligation

7.1.1 General description

The scheme provides terminal benefits for all its permanent employees who attain the minimum qualifying period of one year for entitlement to gratuity.

Annual charge is based on assumptions used by M/s Nauman Associates in actuarial valuation carried out as at June 30, 2011 using the Projected Unit Credit method.

7.1.2 Principal actuarial assumptions

Following are few important actuarial assumptions used in the valuation carried out as on June 30, 2011:

	2012	2011
Discount rate (%)	**14**	14
Expected rate of salary increase in future years (%)	**13**	13
Average expected remaining working life time of employees (Years)	11	11

	Note	2012 Rupees	2011 Rupees
7.1.3 Reconciliation of payable to Defined Benefit Plan			
Present value of defined benefit obligation		**59,181,310**	52,028,353
Unrecognized actuarial gain /(loss)		**2,955,559**	5,427,492
	7.1.4	**62,136,869**	57,455,845
7.1.4 Movement in liability recognized in Balance Sheet			
Balance sheet liability / (Asset) as on June 30, 2011		**57,455,845**	57,533,381
Current service cost for the year	7.1.5	**4,181,315**	3,733,317
Interest cost for the year		**6,185,367**	6,252,707
Actuarial gain realized		**(2,955,559)**	(5,427,492)
Payment made during the year		**(2,730,099)**	(4,636,068)
Present value of Defined Benefit Obligation as on June 30, 2012		**62,136,869**	57,455,845
7.1.5 Charge for the year			
Current service cost		**4,181,315**	3,733,317
Interest cost		**6,185,367**	6,252,707
Actuarial gain charge		**(2,955,559)**	(5,427,492)
		7,411,123	4,558,532

	2012 Rupees	2011 Rupees
7.1.6 Charge for the year has been allocated as follows:		
Cost of sales	**6,654,447**	4,093,106
Selling and distribution expenses	**286,069**	175,959
Administrative expenses	**470,606**	289,467
	7,411,123	4,558,532

7.1.7 Historical information

	2012 Rupees	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees
Present value of obligation	59,181,310	52,028,353	52,105,889	46,525,847	53,627,354
Unrecognized actuarial gain	2,955,559	5,427,492	5,427,492	10,854,983	2,489,273

7.2 One of the shareholder of the Company with others filed Civil Suit # 1489/2008 in Honorable High Court of Sindh against the fraudulent pledging of shares by M/s Ismail Abdul Shakoor Securities (Private) Limited which they had fraudulently pledged with Summit Bank Limited (Formerly Arif Habib Bank Limited). Subsequently Brokerage House had been declared defaulter by Karachi Stock Exchange (Guarantee) Limited and Honorable High Court of Sindh had passed order dated November 14, 2008 directing Central Depository Company (CDC) to block all such shares and restrain any transfers/ sell transaction. As per concerned lawyer said suit is pending and may further take 3 to 5 years to reach final decision. Number of shares involved in the case is 3,340,000 and dividend payable on said shares is Rs. 7,529,517 (2011: 4,183,440).

	Note	2012 Rupees	2011 Rupees
8 DEFERRED TAXATION			
Deferred tax liability comprises of taxable/(deductible) temporary differences in respect of the following:			
Credit / (debit) balances arising on account of			
Accelerated depreciation for tax purpose		**126,874,141**	135,914,805
Relating to surplus on revaluation of fixed assets (Net after tax effect of incremental depreciation)		**(14,044,641)**	(15,605,157)
Deductible temporary differences related to staff retirement benefits		**(21,747,904)**	(20,109,546)
		91,081,596	100,200,103
9 TRADE AND OTHER PAYABLES			
Trade creditors		**17,703,543**	23,516,788
Accrued expenses		**54,548,624**	45,578,266
Bills payable		**51,927,919**	23,546,451
Sales tax payable		**6,208,570**	6,775,684
Workers' profit participation fund	9.1	**222,654**	671,299
Workers' welfare fund		**572,180**	599,206
Unclaimed dividend		**372,030**	338,123
Withholding tax payable		**196,855**	114,026
		131,752,374	101,139,843
9.1 Workers' profit participation fund			
Opening balance		**671,299**	683,516
Allocation for the year		**210,929**	671,299
Interest on fund utilized in Company's business		**51,010**	39,047
		261,939	710,346
		933,238	1,393,862
Less: Paid during the year		**(710,584)**	(722,563)
		222,654	671,299

10 SHORT TERM RUNNING FINANCE - SECURED

Running finance under mark-up arrangement

10.1	**95,702,756**	33,949,430

10.1 The Company has obtained short term running finance facility from Soneri Bank Limited and Habib Bank Limited for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from KIBOR + 1% to KIBOR + 1.5% (2011: KIBOR+ 2%) per annum. These facilities from Soneri Bank Limited and Habib Bank Limited are secured against first registered hypothecation charge of Rs. 160 M over Company's stock and third party mortgage over KCL Head Office, located at BC-6, Block 5, Scheme # 5, Kehkashan Clifton, Karachi respectively. These facilities mature within twelve months and are renewable.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There are no contingencies as at June 30, 2012 (2011: Nil).

11.2 Commitments

Commitments under letter of credit of raw materials as at June 30, 2012 amounted to Rs. 18,830,565 (2011: Rs. 18,943,234).

12 PROPERTY, PLANT AND EQUIPMENT

		Building							
	Freehold Land	Factory building on Free-hold land	Lahore warehouse on free hold land	Plant and machinery	Motor vehicles	Furniture, fixture & equipment	Moulds	Laboratory equipment	Total
COST									
Balance as at July 01, 2010	15,330,000	266,279,103	2,664,102	1,168,139,108	23,058,283	12,713,151	642,747	1,512,579	1,490,339,073
Additions during the year	-	401,672	-	96,344,294	-	-	4,043,046	-	100,789,012
Disposal during the year	-	-	-	-	(2,913,000)	-	-	-	(2,913,000)
Balance as at June 30, 2011	15,330,000	266,680,775	2,664,102	1,264,483,402	20,145,283	12,713,151	4,685,793	1,512,579	1,588,215,085
Balance as at July 01, 2011	15,330,000	266,680,775	2,664,102	1,264,483,402	20,145,283	12,713,151	4,685,793	1,512,579	1,588,215,085
Additions during the year	-	-	-	75,666,800	1,436,638	-	1,551,437	-	78,654,875
Disposal during the year	-	-	-	-	(1,179,000)	-	-	-	(1,179,000)
Balance as at June 30, 2012	15,330,000	266,680,775	2,664,102	1,340,150,202	20,402,921	12,713,151	6,237,230	1,512,579	1,665,690,960
DEPRECIATION									
Balance as at July 01, 2010	-	166,295,220	2,396,979	682,751,788	18,139,412	9,078,585	642,701	1,414,698	880,719,383
Charge for the year	-	9,768,512	26,044	56,267,052	898,914	354,370	606,470	9,543	67,930,905
Disposal during the year	-	-	-	-	(2,556,882)	-	-	-	(2,556,882)
Balance as at June 30, 2011	-	176,063,732	2,423,023	739,018,840	16,481,444	9,432,955	1,249,171	1,424,241	946,093,406
Balance as at July 01, 2011	-	176,063,732	2,423,023	739,018,840	16,481,444	9,432,955	1,249,171	1,424,241	946,093,406
Charge for the year	-	8,835,162	23,505	55,797,202	955,754	319,819	1,384,186	8,613	67,324,241
Disposal during the year	-	-	-	-	(1,108,807)	-	-	-	(1,108,807)
Balance as at June 30, 2012	-	184,898,894	2,446,528	794,816,042	16,328,391	9,752,774	2,633,357	1,432,854	1,012,308,840
Book value as at June 30, 2011	15,330,000	90,617,043	241,079	525,464,562	3,663,839	3,280,196	3,436,622	88,338	642,121,677
Book value as at June 30, 2012	15,330,000	81,781,881	217,574	545,334,159	4,074,529	2,960,377	3,603,873	79,725	653,382,118
Annual depreciation rate %	-	10	10	10	20	10	30	10	

	Note	2012 Rupees	2011 Rupees

12.1 Allocation of depreciation

	Note	2012 Rupees	2011 Rupees
Cost of sales	19.1	**66,497,046**	67,096,256
Selling and distribution expenses	21	**398,610**	402,201
Administrative expenses	22	**428,586**	432,448
		67,324,241	67,930,905

12.2 Disposal of vehicles

Particulars	Cost of Acquisition	Accumulated Depreciation	Book Value	Sale Proceeds	Gain on disposal	Mode of Sale	Particulars of Purchaser
	Rupees						
Mazda Truck	590,000	569,241	20,759	130,000	109,241	Negotiation	Mr. Zulifqar 42201-0459213-7
Motor Cycle	14,000	13,958	42	2,400	2,358	Negotiation	Mr. Abdul Muhammad 42101-1666791-1
Mazda Van	575,000	525,608	49,392	200,000	150,608	Negotiation	Mr. Karim 42201-0708781-3
Total 2012	**1,179,000**	**1,108,807**	**70,193**	**332,400**	**262,207**		
Total 2011	2,913,000	2,556,882	356,118	695,000	338,882		

12.3 Had there been no revaluation of property, plant and equipments, the written down value would have been as follows:

	Note	2012 Rupees	2011 Rupees
Freehold land		**3,964,588**	3,964,588
Factory building		**40,940,395**	45,363,318
		44,904,983	49,327,906

13 STORES AND SPARES

	Note	2012 Rupees	2011 Rupees
STORES AND SPARES	13.1	**9,567,511**	10,141,551

13.1 It is not considered practicable to segregate stores, spares and loose tools in view of the nature of the Company's operation.

14 STOCK IN TRADE

	2012 Rupees	2011 Rupees
Raw material	**70,356,290**	82,756,853
Packing material in hand	**4,024,836**	6,133,160
Work-in-process	**7,827,411**	7,740,882
Finished goods	**59,107,851**	76,298,970
	141,316,388	172,929,865
Provision for slow moving and obsolete stock	**(7,296,787)**	(7,296,787)
	134,019,601	165,633,078

	Note	2012 Rupees	2011 Rupees
15 LOANS AND ADVANCES			
Loans to employees - considered good	15.1	**509,500**	480,200
Advances - considered good			
- Employees		**265,500**	328,159
- Purchases		**472,023**	64,103
- Others		**230,000**	3,650,000
- Purchase of land	15.2	**400,000**	400,000
		1,877,022	4,922,462

15.1 Maximum aggregate balance of loans due at the end of any month during the year 2012 was Rs. 1,062,300 (2011: Rs. 480,200). These are secured against gratuity payable to them.

15.2 This represents amount paid against purchase of land. However, the seller has filed a suit in the Civil Court Lahore for cancellation of the agreement and the matter is pending adjudication.

		2012 Rupees	2011 Rupees
16 PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITIES			
Letters of credit charges		**8,751,950**	18,003,246
Prepayments		**648,870**	651,231
Advance income tax		**12,518,730**	7,562,944
Receivable from Custom Authority		**2,178,849**	2,291,074
		24,098,399	28,508,495
17 CASH AND BANK BALANCES			
Cash in hand		**1,015,171**	1,179,158
Cheques in hand		**51,943,925**	-
		52,959,096	1,179,158
Balances with banks in:			
- Current accounts		**3,767,135**	3,701,019
- Deposit accounts		**674,069**	608,894
		4,441,204	4,309,913
		57,400,300	5,489,071
18 SALES - NET			
Gross sales		**1,377,282,891**	1,250,579,000
Sales tax		**(189,970,054)**	(179,431,490)
Federal excise duty		**-**	(15,668,156)
		1,187,312,837	1,055,479,354
19 COST OF SALES			
Opening stock of finished goods		**76,298,970**	44,434,309
Cost of goods manufactured	19.1	**1,063,389,495**	958,147,743
		1,139,688,465	1,002,582,052
Closing stock of finished goods		**(59,107,851)**	(76,298,970)
		1,080,580,614	926,283,082

	Note	2012 Rupees	2011 Rupees
19.1 Cost of goods manufactured			
Raw materials consumed			
Opening stock		**82,756,853**	80,745,446
Purchases			
- Local		**74,361,342**	116,918,361
- Imported		**216,990,574**	160,384,082
Total purchases		**291,351,916**	277,302,444
Available for use		**374,108,769**	358,047,890
Closing stock		**(70,356,290)**	(82,756,853)
Raw material consumed		**303,752,479**	275,291,037
Other manufacturing expenses			
Moulds, dyes and consumable stores and spares		**32,588,929**	31,130,825
Fuel, power and water		**478,894,189**	400,505,867
Salaries allowances, wages and other benefits		**121,784,429**	120,237,696
Director's remuneration		**1,800,000**	1,800,000
Insurance		**2,098,003**	1,101,809
Vehicles running and maintenance		**543,802**	576,131
Repairs and maintenance		**15,299,914**	15,799,900
Other production expenses		**877,806**	1,444,034
Packing materials consumed		**39,339,428**	43,021,154
Depreciation	12.1	**66,497,046**	67,096,256
Total manufacturing expenses		**1,063,476,024**	958,004,708
Opening work-in-process		**7,740,882**	7,883,917
		1,071,216,906	965,888,625
Closing work-in-process		**(7,827,411)**	(7,740,882)
Cost of good manufactured		**1,063,389,495**	958,147,743

20 SELLING AND DISTRIBUTION EXPENSES

	Note	2012 Rupees	2011 Rupees
Salaries, allowances and other benefits		**4,536,232**	5,749,233
Rent, rates and taxes		**712,690**	596,040
Electricity and gas charges		**448,119**	526,599
Postage, telegraph and telephone charges		**212,673**	240,858
Printing and stationery		**139,180**	79,581
Vehicles running and maintenance		**1,185,536**	863,900
Repairs and maintenance		**882,181**	427,933
Travelling and conveyance		**176,112**	1,017,490
Entertainment		**217,301**	480,385
Advertisement		**850,919**	381,313
Insurance		**378,835**	167,828
Forwarding and transportation		**31,765,305**	40,535,630
Commission		**537,469**	340,430
Depreciation	12.1	**398,610**	402,201
Sundry expenses		**133,204**	56,971
		42,574,366	51,866,392

	Note	2012 Rupees	2011 Rupees
21 ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits		**7,783,000**	9,908,714
Directors, remuneration and allowance		**1,800,000**	1,800,000
Rent, rates and taxes		**1,078,467**	865,260
Electricity and gas charges		**794,385**	699,042
Postage, telegraph and telephone charges		**719,744**	688,799
Printing and stationery		**327,074**	335,930
Vehicles running and maintenance		**656,048**	636,973
Repairs and maintenance		**653,018**	752,733
Travelling and conveyance		**470,183**	430,214
Entertainment		**55,892**	67,459
Legal and professional charges		**150,638**	720,915
Fees and subscription		**435,939**	587,616
Insurance		**818,472**	671,836
Depreciation	12.1	**428,586**	432,448
		16,171,446	18,597,939
22 OTHER OPERATING EXPENSES			
Auditors' remuneration	22.1	**375,000**	370,000
Donations	22.2	**385,000**	765,500
Exchange loss		**68,791**	2,304,006
Workers' profit participation fund	9.1	**210,929**	671,299
Workers' welfare fund		**572,180**	599,206
		1,611,900	4,710,011
22.1 Auditors' Remuneration			
Audit fee		**300,000**	300,000
Half yearly review		**40,000**	35,000
Code of corporate governance review		**35,000**	35,000
		375,000	370,000

22.2 None of the directors or spouse is interested in the funds of donees. Donations include payment made to following institutions:

Name of Institutions	2012	2011
The Aga khan Hospital & Medical College	**240,000**	210,000
Karachi Lions AKUH Blood Bank	**-**	10,000
Aga Khan Education Services of Pakistan	**-**	500,000
Chippa Welfare Association	**-**	10,000
Jinnah Post Graduate Medical Centre	**100,000**	-
Others	**45,000**	35,500
	385,000	765,500

	Note	2012 Rupees	2011 Rupees
23 FINANCIAL CHARGES			
Mark-up on :			
Workers' profit participation fund	9.1	**51,010**	39,047
Short term running finances		**13,115,260**	4,159,897
Term finance loans		**28,843,442**	37,031,555
Directors' loan		**764,285**	500,710
Bank charges		**482,357**	555,392
		43,256,354	42,286,600
24 OTHER INCOME			
Income from financial assets			
Return on deposit accounts		**5,101**	1,265
Income from non-financial assets			
Gain on sale of vehicles	12.2	**262,207**	338,882
Remission of liability		**50,000**	80,000
		317,308	420,147
25 TAXATION			
For current year			
- Current		**11,873,128**	10,806,847
- Deferred		**(9,118,507)**	(4,189,323)
		2,754,621	6,617,524
For prior year			
- Income tax		**209,720**	(319,520)
- Workers' welfare fund		**(196,406)**	439,147
		2,767,935	6,737,151

25.1 Relationship between accounting profit and tax expenses for the year is as follows:

	2012	2011	2012 Rupees	2011 Rupees
	Effective tax rate (%)			
Profit before taxation			**3,435,464**	12,155,475
Application tax rate	**35.00**	35.00	**1,202,412**	4,254,416
Tax effect of amount that are inadmissible/ admissible in determining taxable profit	**256.46**	51.27	**8,810,739**	6,231,684
Tax effect of minimum tax liability	**54.14**	0.57	**1,859,977**	68,694
Tax effect of tax credit	**-**	(2.19)	**-**	(266,103)
Tax effect of amount relating to prior year's tax	**0.39**	0.98	**13,314**	119,627
Tax effect of temporary difference (Deferred tax)	**(265.42)**	(34.46)	**(9,118,507)**	(4,189,323)
Tax effect of 15% surcharge	**-**	4.26	**-**	518,156
Average effective rate charged to income	**80.57**	55.42	**2,767,935**	6,737,152

25.2 The income tax assessments of the Company have been finalized upto the financial year ended June 30, 2011.

	2012 Rupees	2011 Rupees
26 EARNINGS PER SHARE-BASIC AND DILUTED		
26.1 Earnings per share - Basic		
Net profit for the year after taxation (Rupees)	**667,529**	5,418,324
Weighted average ordinary shares in issue (Numbers)	**14,548,676**	14,548,676
Basic earnings per share (Rupees)	**0.05**	0.37

26.2 Earnings per share - Diluted

There is no dilution effect on basic earnings per share as the Company has no such commitments.

27 REMUNERATION CHIEF EXECUTIVE AND DIRECTOR

The aggregate amounts charged in the accounts for remuneration, including all benefits, to Chief Executive and Director of the Company are as follows:

	CHIEF EXECUTIVE		DIRECTOR		Grand Total	
	2012	2011	**2012**	2011	**2012**	2011
Managerial remuneration and allowances	**1,161,289**	1,161,289	**1,161,289**	1,161,289	**2,322,578**	2,322,578
House rent	**522,579**	522,579	**522,579**	522,579	**1,045,158**	1,045,158
Utilities	**116,132**	116,132	**116,132**	116,132	**232,264**	232,264
Total	**1,800,000**	1,800,000	**1,800,000**	1,800,000	**3,600,000**	3,600,000
No of persons	**1**	1	**1**	1	**2**	2

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

28 TRANSACTIONS WITH RELATED PARTIES

The detail of transactions with the related parties during the year are as follows:

Relation with the Company	Nature of Transaction	2012	2011
Director's spouse	Payment of rent of office premises	**1,057,800**	1,161,600
Directors	Interest on loan	**764,285**	500,710

29 CAPACITY AND PRODUCTION

	TILES 2012 (Sq. Meters)	TILES 2011 (Sq. Meters)
Capacity	**3,600,000**	3,100,000
Actual production	**3,306,033**	3,399,118

Decrease in production during the year was due to gas shortages and pressure variation experienced during the year.

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to, credit risk, liquidity risk and market risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are explained in notes 30.1.1, 30.1.2 and 30.1.3 below:

30.1.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash equivalents and credit exposures to customers, including trade receivables and committed transactions. Out of the total financial assets of Rs. 125,876,529 (2011: Rs. 18,923,150), the financial assets that are subject to credit risk amounted to Rs 122,682,509 (2011: Rs. 15,452,918).

The maximum exposure to credit risk as at June 30, 2012, along with comparative is tabulated below:

Financial Assets	2012 Rupees	2011 Rupees
Long term deposits	**897,038**	897,038
Trade debts - unsecured	**63,523,320**	5,323,505
Loans and advances	**1,877,022**	4,922,462
Cheques in hand	**51,943,925**	-
Bank balances	**4,441,204**	4,309,913
	122,682,509	15,452,918

The bank balances along with credit rating are tabulated below:

Name of bank	**Credit rating**	**Rating agency**	**2012 Rupees**
Soneri Bank Limited	A1+	PACRA	**1,017,413**
National Bank of Pakistan	A-1+	JCR-VIS	**3,129**
MCB Bank Limited	A1+	PACRA	**3,401,090**
Habib Metro Bank Limited	A1+	PACRA	**11,170**
Habib Bank Limited	A-1+	JCR-VIS	**8,402**
			4,441,204

Due to the Company's long standing business relationships with counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by counter parties on their obligations to the Company.

For trade receivables, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

30.1.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

2012

	Interest / Mark-up bearing			Non-interest bearing			
	Maturity within year	Maturity after year	Sub total	Maturity within year	Maturity after year	Sub total	Grand Total
	-------- Rupees --------						
FINANCIAL LIABILITIES							
Long term financing	128,663,001	84,880,319	213,543,320	-	-	-	213,543,320
Dividend payable	-	-	-	-	7,529,517	7,529,517	7,529,517
Short term borrowings	95,702,756	-	95,702,756	-	-	-	95,702,756
Trade and other payable	-	-	-	124,180,086	-	124,180,086	124,180,086
Markup accrued on loans	-	-	-	10,766,831	-	10,766,831	10,766,831
	224,365,757	84,880,319	309,246,076	134,946,917	7,529,517	142,476,434	451,722,510

2011

	Interest / Mark-up bearing			Non-interest bearing			
	Maturity within year	Maturity after year	Sub total	Maturity within year	Maturity after year	Sub total	Grand Total
	-------- Rupees --------						
FINANCIAL LIABILITIES							
Long term financing	98,496,333	118,003,889	216,500,222	-	-	-	216,500,222
Dividend payable	-	-	-	-	4,183,440	4,183,440	4,183,440
Short term financing	33,949,430	-	33,949,430	-	-	-	33,949,430
Trade and other payable	-	-	-	92,641,505	-	92,641,505	92,641,505
Markup accrued on loans	-	-	-	8,399,145	-	8,399,145	8,399,145
	132,445,763	118,003,889	250,449,652	101,040,650	4,183,440	105,224,090	355,673,742

30.1.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is exposed to currency risk and interest rate risk only.

Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD) and Euro (€).

At June 30, 2012, if the currency had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, pre-tax profit for the year would have been higher / lower by Rs. 2,596,395 (2011: Rs. 1,177,323). This will mainly result due to foreign exchange gains / losses on bills payable and bank balances denominated in USD and Euro.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. At June 30, 2012 the Company's financial instruments mainly affected due to changes in the interest rates on long term financing and short term financing provided to Company where changes in interest rates may have impact on the future profits / cash flows. The effects of changes in interest rates on the future profits arising on long term financing and short term financing provided to company are not considered to be material. The Company places its funds in banks having good credit ratings as stated in note 30.1.1.

	Carring amount	
	2012	2011
	Rupees	Rupees
Fixed rate instruments		
Financial liabilities	**20,582,913**	6,349,034
Variable rate instrument		
Financial liabilities	**288,663,163**	244,100,618

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 2,886,631 (2011: Rs. 2,441,006). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2011.

30.1.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2012 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

30.1.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term financing' and 'current portion of the long term financing' as shown in the balance sheet). Total capital comprise shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

As at June 30, 2012 the shareholder's equity amounts to Rs. 300,833,203 (2011: Rs. 314,714,351)

31 ACCOUNTING ESTIMATES AND JUDGEMENTS

31.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

31.2 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements for valuation of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

31.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgemental basis, which provision may differ in the future years based on the actual experience. The difference in provision if any, is recognised in the future period.

31.4 Property, plant and equipments

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipments. The estimates for revalued amounts of different classes of property are based on valuation performed by external professional valuers, recommendation of technical teams of the Company. The said recommendation also include estimates with respect to residual values and depreciable lives. 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 equipments with a corresponding affect on the depreciation charge and impairment.

31.5 Stock-in-trade and stores and spares

The Company's management reviews the net realisable value (NRV) and impairment of stock-in-trade and stores and spares to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The difference in provision, if any, is recognised in the future period.

32 STAFF STRENGTH

	2012	2011
Number of employees as at June 30	**408**	388

33 DATE OF AUTHORIZATION

The Financial Statements have been authorized for issue by the Board of Directors of the Company in its meeting held on 25, September 2012

34 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified where necessary for the purposes of comparison. These changes were made for better presentation of transactions in the financial statements of the Company. However, reclassification is not material.

From	*To*	*Rupees*
Fuel and power	Store and spare purchases	9,527,465
Accrued expenses	Deferred liabilities	4,183,440

35 EVENTS AFTER REPORTING PERIOD

The Board of Directors has proposed a final dividend for the year ended June 30, 2012 of Rs. Nil per share (2011: Rs. 1.00 per share), (2011: Rs. 14,548,676) at their meeting held on 25, September 2012 for approval of the members at the annual general meeting to be held on 22, October 2012. However these events have been considered as non-adjusting events under IAS 10 "Events after Reporting Period" and have not been recognized in these financial statements.

36 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2012

No. of Shareholders	Having Shares From	To	Shares Held	Percetage
145	1	100	2207	0.0152
90	101	500	40995	0.2818
21	501	1000	15443	0.1061
41	1001	5000	108420	0.7452
11	5001	10000	82457	0.5668
2	10001	15000	20778	0.1428
1	25001	30000	27244	0.1873
1	30001	35000	34102	0.2344
1	35001	40000	36746	0.2526
1	75001	80000	76654	0.5269
1	180001	185000	182554	1.2548
1	355001	360000	358232	2.4623
1	435001	440000	435812	2.9955
1	730001	735000	732920	5.0377
3	735001	740000	2207760	15.1750
3	980001	985000	2942678	20.2264
2	1950001	1955000	3903674	26.8318
1	3335001	3340000	3340000	22.9574
327		Company Total	14548676	100.0000

TOTAL OUT STANDING SHARES
AS AT 30 JUNE 2012
CATEGORIES OF SHAREHOLDERS

		<---Shares Held in Physical Form --->		<---- Shares Held in CDC ---->		<----- Total Shareholding ----->		%
Serial No	Name	No of Shareholders	Shares Held	No of Shareholders	Shares Held	No of Shareholders	Shares Held	Holding
01	PROMOTORS/DIRECTORS/ACQUIRERS	14	10262569	0	0	14	10262569	70.5395
02	PERSONS/BODIES WITH "CONTROLLING INTEREST"	0	0	0	0	0	0	0.0000
03	GOVERNMENT HOLDING AS PROMOTOR/ACQUIRER	0	0	0	0	0	0	0.0000
04	ASSOCIATED/GROUP COMPANIES (CROSS-HOLDING)	0	0	0	0	0	0	0.0000
05	SHARES THAT COULD NOT BE SOLD IN THE OPEN MARKET, IN NORMAL	0	0	0	0	0	0	0.0000
06	SHARES HELD WITH GENERAL PUBLIC	79	83246	234	4202861	313	4286107	29.4605
	Total	93	10345815	234	4202861	327	14548676	100.0000

CATEGORY OF SHARE HOLDERS
AS AT 30 JUNE 2012

Folio No	Name	Code	Balance Held	Percetage
000000000001	MR. SHABANALI G. KASSIM	001	9113	0.0626
000000000002	MR. IRSHAD ALI S. KASSIM	001	1951838	13.4159
000000000003	MR. MUNAWAR ALI S. KASSIM	001	1951836	13.4159
000000000004	MRS. MARIAM SHABANALI	001	10612	0.0729
000000000005	MRS. SHAHEEN A. REHMAN	001	10000	0.0687
000000000006	MRS. SAKIN NOORALLAH	001	10000	0.0687
000000000734	MR. SHAHNAWAZ NOOR ALI A. MADHANI	001	435812	2.9955
000000000831	MISS ALIZA KASSIM	001	981226	6.7444
000000000838	MISS ALISHBA IRSHAD ALI	001	981226	6.7444
000000000861	MISS ANUSHKA KASSIM	001	980226	6.7376
000000000862	MANEEZA	001	732920	5.0377
000000000863	MISS MANISHA KASSIM	001	735920	5.0583
000000000864	MISS MYRA KASSIM	001	735920	5.0583
000000000865	MISS NATALIA KASSIM	001	735920	5.0583
002154000027	NATIONAL BANK OF PAKISTAN- TRUSTEE DEPARTMENT NI(U)T FUND	003	358232	2.4623
003889000028	NATIONAL BANK OF PAKISTAN	004	34102	0.2344
003889000044	NATIONAL BANK OF PAKISTAN	004	182554	1.2548
007088000039	THE BANK OF PUNJAB, TREASURY DIVISION.	004	76654	0.5269
007393000024	SUMMIT BANK LIMITED	004	3340000	22.9574
000000000773	GULF INSURANCE COMPANY LTD.	005	1500	0.0103
007385000017	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	010	6752	0.0464

CATEGORIES OF SHAREHOLDERS
AS AT 30 JUNE 2012

Particulars		No. of Folio	Balance Share	Percetage
DIRECTORS, CEO & CHILDREN		14	10262569	70.5395
NIT & ICP		1	358232	2.4623
BANKS, DFI & NBFI		4	3633310	24.9735
INSURANCE COMPANIES		1	1500	0.0103
GENERAL PUBLIC (LOCAL)		304	255570	1.7567
GENERAL PUBLIC (FOREIGN)		2	30743	0.2113
OTHERS	Total	1	6752	0.0464
Company Total		327	14548676	100.0000

FORM OF PROXY

I / We ____

of ____

being a member of KARAM CERAMICS LIMITED, and holder of ____________________

ordinary shares as per Registered Folio No.____________________________

hereby appoint Mr. ____

of ____of failing him

Mr. ____

of ____ who is also

a member of KARAM CERAMICS LIMITED vide Registered Folio No. as my proxy to vote for and on my behalf at the 33rd Annual General Meeting of the Company to be held on Monday, October 22, 2012 at Company's Registered Office situated at BC-6, Block-5, Scheme-5, Kehkashan, Clifton, Karachi.

WITNESS:

(1) Signature______________________

Name__________________________

Address________________________

____

NIC or Passport No.________________

2) Signature____________________

Name__________________________

Address_______________________

____

NIC or Passport No.______________

Signature on
Rupees Five
Revenue Stamp

(Signature should agree with the specimen
Signature registered with the company)

Dated__________________

Important:
This form of proxy, duly completed must be deposited at the Company's Registered Office BC-6, Scheme-5, Kehkashan, Clifton, Karachi not less than 48 hours before the meeting. CDC Shareholder and their Proxied must attached either an attested photocopy of their Computerized National Identity Card or Passport with this proxy from. ________________