



Karam Ceramics Limited
Interim Condensed Financial Statements
For the Half Year Ended December 31, 2013
(UNAUDITED)

www.karamceramics.com



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Irshad Ali S. Kassim	Chairman
Mr. Munawar Ali S. Kassim	Chief Executive
Mr. Shahid Ahmed	Independent Non-Executive Director
Mr. Shahnawaz Madhani	Director
Mrs. Mariam Shaban Ali	Director
Miss Natalia Kassim	Director
Miss. Anushka Kassim	Director
Mr. Amir Sawja	C.F.O
Mr. Manzoor Ali Natha	Company secretary

AUDIT COMMITTEE

Mr. Shahid Ahmed	Chairman
Mr. Irshad Ali S. Kassim	Member
Miss Anushka Kassim	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Shahnawaz Madhani	Chairman
Mr. Munawar Ali S. Kassim	Member
Miss. Natalia Kassim	Member

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 REGISTRATION NO : 02-02-6907-001-55

REGISTERED OFFICE

BC-6, Block -5, Scheme-5, Kehkashan,Clifton, Karachi

FACTORY

295/311,Deh Halkani, Hub Dam Road, Karachi

LAHORE

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



REPORT OF THE DIRECTORS FOR THE HALF YEAR ENDED 31ST DECEMBER 2013

Dear Shareholders,

Your Directors are pleased to present before you the un-audited financial results of the company for the half year ended December 31, 2013.

During the half year under review the Net Sales were Rs.546.49 million which is 5.47% higher than the sales of Rs. 518.16 million for the immediate preceding year as a result of increase in volume of sales.

Gross Profit of Rs. 37.23 million for the period under review is lower than the gross profit as compared to preceding year, as a result of increase of Production cost due to increased of gas charges.

Earnings per share for the period ended December 31, 2013 was Rs. 0.77 as compared to Rs. (0.15) for the preceding year.

Profit before taxation for the year under review has also increased from Rs. 2.17 million to Rs. (2.58) million. This was mainly due to economization of expenses and reduction in financial charges during the year.

On behalf of the Board, I sincerely thank our well wishers, shareholders, customers, dealers, banks, suppliers of raw-material, plant and machinery, friends and all employees for their cooperation and contribution towards the progress of the company.

On behalf of the Board

Munawar Kassim
Chief Executive

Karachi: February 19, 2014.



Condensed Interim Balance Sheet

As at December 31, 2013 (Un-audited)

	Note	(Un-Audited) December 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
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		145,486,760	145,486,760
Unappropriated profit		143,161,453	130,394,958
		288,648,213	275,881,718
Surplus on revaluation of fixed assets		82,925,259	84,512,272
NON CURRENT LIABILITIES			
Long term loans	5	105,275,565	133,750,000
Deferred Liabilities		77,505,180	73,964,200
Deferred Taxation		74,440,987	83,181,577
		257,221,732	290,895,777
CURRENT LIABILITIES			
Trade and other payables		119,722,043	122,381,877
Accrued mark up on loans		6,225,471	6,564,487
Short term borrowings		25,235,563	50,041,383
Current portion of long term loans	5	30,000,000	30,000,000
Provision for Taxation		5,464,927	16,284,985
		186,648,004	225,272,732
Contingencies and commitments	6	-	-
		815,443,208	876,562,498
NON CURRENT ASSETS			
Property, plant and equipment	7	630,033,629	644,233,734
Long term Deposits		897,038	897,038
CURRENT ASSETS			
Stores and spares		9,640,454	9,379,478
Stock in trade		123,533,865	108,249,525
Trade debts - unsecured		25,820,367	23,709,988
Loan and Advances		1,064,627	6,598,994
Income Tax Refundable		-	89,300
Short term deposits & Prepayments		13,960,608	21,582,861
Cash and bank balances	8	10,492,621	61,821,580
		184,512,542	231,431,726
		815,443,208	876,562,498

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Chairman


Chief Executive

Condensed Interim Profit and Loss Account (Un-audited) For the Half year ended 31st December 2013

	Note	Half year Ended		Quarter Ended	
		December 2013 Rupees	December 2012 Rupees	December 2013 Rupees	December 2012 Rupees
Sales-net		546,492,692	518,163,227	310,509,125	239,815,046
Cost of sales		(509,266,530)	(466,321,568)	(289,372,438)	(221,027,305)
Gross profit		37,226,162	51,841,659	21,136,687	18,787,741
Selling and distribution expenses		(11,666,923)	(23,443,344)	(8,537,800)	(10,093,268)
Administrative expenses		(10,228,584)	(9,866,792)	(5,848,554)	(4,716,166)
Other operating charges		(1,201,466)	(652,526)	(639,239)	(52,457)
Other operating income		346,528	182,980	295,460	69,577
Operating Profit		14,475,717	18,061,976	6,406,554	3,995,426
Finance Charges		(12,308,660)	(20,640,457)	(5,777,830)	(10,561,272)
(Loss) / profit before taxation		2,167,057	(2,578,481)	628,724	(6,565,846)
Taxation	9	9,012,425	416,267	9,980,320	2,326,221
(Loss) / profit after taxation		11,179,482	(2,162,214)	10,609,044	(4,239,625)
(Loss) / earning per share	10	0.77	(0.15)	0.73	(0.29)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chairman



Chief Executive

**Condensed Interim Statement of
Comprehensive Income (Un-audited)**
For the Half Year ended December 31, 2013

	Half year Ended		Quarter Ended	
	December 2013 Rupees	December 2012 Rupees	December 2013 Rupees	December 2012 Rupees
Profit after taxation	11,179,482	(2,162,214)	10,609,044	(4,239,625)
Other comprehensive income				
Incremental depreciation transfer from surplus on revaluation of fixed assets (net of deferred tax)	1,587,012	1,304,145	793,506	652,073
Total comprehensive income for the period	12,766,495	(858,069)	11,402,550	(3,587,552)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Condensed Interim Cash Flow Statement (Un-audited) For the Half Year ended December 31, 2013

	December 2013 Rupees	December 2012 Rupees
Profit before taxation	2,167,057	(2,578,480)
Adjustments for:		
Depreciation	31,191,477	32,466,018
Provision for staff gratuity	5,267,349	-
Charge for Workers' Profit Participation Fund	128,926	-
Charge for Workers' Welfare Fund	282,540	159,214
Finance Cost	12,308,660	20,640,457
Profit on sale of vehicle	-	(112,980)
	49,178,952	53,152,709
(Increase) /Decrease in operating assets		
Stores and spares	(260,976)	(72,943)
Stock in trade	(15,284,340)	(6,846,558)
Trade debtors	(2,110,379)	20,449,283
Loans and advances	5,534,368	553,015
Trade deposits and prepayments	4,301,935	8,430,985
	(7,819,392)	22,513,782
Increase/ (Decrease) in operating liabilities		
Short term borrowings	(24,805,820)	(29,723,009)
Trade & other payables	(2,099,941)	(54,557,535)
	(26,905,761)	(84,280,544)
Cash generated from operations	16,620,856	(11,192,533)
Finance Cost paid	(12,594,588)	(24,559,420)
Income tax paid	(7,138,606)	(6,305,069)
Gratuity paid	(1,726,369)	(1,286,622)
WPPF Paid	(1,019,464)	(238,598)
	(22,479,027)	(32,389,709)
Net cash generated from operating activities	(5,858,171)	(43,582,242)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Property, plant and equipment	(16,991,372)	-
Sale proceeds on disposal of vehicle	-	120,000
Net cash used in investing activities	(16,991,372)	120,000
CASH FLOW FROM FINANCING ACTIVITIES		
Directors Loan	(13,474,435)	15,380,192
Long term Loan received	-	150,000,000
Long term Loan repaid	(15,000,000)	(175,460,407)
Dividend paid	(4,980)	-
Net cash (used in) / generated from financing activities	(28,479,415)	(10,080,215)
Net Increase/(decrease) in cash and bank balances	(51,328,958)	(53,542,457)
Cash and bank balances at beginning of the period	61,821,580	57,400,300
Cash and bank balances at end of the period	10,492,621	3,857,843

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Chairman


Chief Executive

**Condensed Interim
Statement of Changes in Equity (Un-audited)
For the Half year ended December 31, 2013**

	Share Capital Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at 1 July 2012	145,486,760	117,898,126	263,384,886
Total comprehensive income for the half year ended Dec 31, 2012	-	(858,069)	(858,069)
Balance as at Dec 31, 2012	145,486,760	117,040,057	262,526,817
Balance as at 30 June 2013	145,486,760	125,737,433	271,224,193
Correction of error	-	4,657,525	4,657,525
Balance as at 30 June 2013 (Restated)	145,486,760	130,394,958	275,881,718
Total comprehensive income for the half year ended Dec 31, 2013	-	12,766,495	12,766,495
Balance as at December 31, 2013	145,486,760	143,161,453	288,648,213

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Notes to and forming part of the Condensed Interim Financial Information (Un-audited) For the half year ended December 31, 2013

1 STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on 08 April 1979 as a public limited company under the Companies Act, 1913, (now Companies Ordinance, 1984). The shares of the company are quoted on Karachi Stock Exchange. The principle activity of the company is the manufacture and sale of Ceramics tiles

2 BASIS OF PREPARATION

- 2.1** This condensed interim financial report of the company for the six months period ended December 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34- Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984 (the ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- 2.2** This condensed interim financial report comprises of the condensed interim balance sheet as at December 31, 2013 and the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and the condensed interim statement of changes in equity for the six months period then ended which have been subjected to a review in accordance with listing regulations but not audited. This condensed interim financial report also includes the condensed interim profit and loss account for the quarter ended December 31, 2013 which is not subject to a review.
- 2.3** The comparative condensed balance sheet, presented in this condensed interim financial report, as at June 30, 2013 has been extracted from the annual audited financial statements of the company for the year ended June 30, 2013 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and the condensed interim statement of changes in equity for six months period ended December 31, 2012 were subjected to a review but not audited. The comparative condensed profit and loss account for the quarter ended December 31, 2012 included in this condensed interim financial report was not subject to a review.

3 ESTIMATES AND JUDGEMENTS

- 3.1** The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

3.2 Estimates and judgements made by management in the preparation of this condensed interim financial information are the same as those that were applied to the audited annual separate financial statements of the Company as at and for the year ended 30 June 2013.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2013.

	Note	(Un audited) December, 31 2013 Rupees	(Audited) June 30, 2013 Rupees
5 LONG TERM LIABILITIES			
From Banking companies:			
Term Finance Loan-secured	5.1	120,000,000	135,000,000
Current maturity		(30,000,000)	(30,000,000)
		90,000,000	105,000,000
From related parties:			
Directors Loan - Unsecured	5.2	15,275,565	28,750,000
		105,275,565	133,750,000

5.1 This represents long term finance obtained from Soneri Bank Limited amounting to Rs. 120,000,000 (June 30, 2013: Rs.135,000,000) for financing of fixed assets of the Company at a mark up rate of 6 month KIBOR + 1.5% p.a. This term finance loan is repayable by December 31, 2017.

5.2 This represent net amount due to two directors. The loan carried interest @ 7% per annum (June 30, 2013: 7%), the amount will be paid after September 15, 2014.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Nil

6.2 Commitments

Commitments under letter of credit as at December 31, 2013 amounted to Rs. 18,885,693 (June 30, 2013 : Rs.28,681,055).



	(Un audited) December, 31 2013 Rupees	(Audited) June 30, 2013 Rupees
7 PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	644,233,734	653,382,116
Add: Addition during the period/year		
Land	-	37,230,000
Building	-	13,307,214
Plant & Machinery	14,550,346	-
Vehicles	2,441,026	4,698,380
	<u>16,991,372</u>	<u>55,235,594</u>
	<u>661,225,106</u>	<u>708,617,710</u>
Less: Disposal during the period/year		
Vehicle: Cost	-	(350,000)
Less: Accumulated depreciation	-	334,747
Less: Depreciation charge during the period/year	<u>(31,191,477)</u>	<u>(64,368,723)</u>
Closing written down value	<u>630,033,629</u>	<u>644,233,734</u>
8 CASH AND BANK BALANCES		
Cash in hand	1,829,056	1,251,801
Cheques and drafts in hand	-	57,640,000
	<u>1,829,056</u>	<u>58,891,801</u>
Balance with banks in:		
Current accounts	7,902,703	2,205,933
Deposit accounts	760,863	723,846
	<u>8,663,566</u>	<u>2,929,779</u>
	<u>10,492,621</u>	<u>61,821,580</u>
9 TAXATION		

	(Un audited) Half Year Ended		(Un audited) Quarter Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Current Tax				
- For the period	5,464,927	2,786,244	2,639,536	(1,329,689)
- Prior Year	(5,736,762)	-	(5,736,762)	-
	(271,835)	2,786,244	(3,097,226)	(1,329,689)
Deferred Tax	(8,740,590)	(3,202,511)	(6,883,094)	(996,532)
	<u>(9,012,425)</u>	<u>(416,267)</u>	<u>(9,980,320)</u>	<u>(2,326,221)</u>

10 (LOSS) / EARNING PER SHARE

	(Un audited) Half Year Ended		(Un audited) Quarter Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
(Loss) / Profit for the half year	<u>11,179,482</u>	<u>(2,162,214)</u>	<u>10,609,044</u>	<u>(4,239,625)</u>
Weighted average number of ordinary shares	<u>14,548,676</u>	<u>14,548,676</u>	<u>14,548,676</u>	<u>14,548,676</u>
(Loss) / Earnings per share (Rupees)	<u>0.77</u>	<u>(0.15)</u>	<u>0.73</u>	<u>(0.29)</u>

11 TRANSACTIONS WITH RELATED PARTIES

Related parties of the company comprise of associated undertakings, directors and key management personnel. Transactions with related parties during the period, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	(Un audited) December, 31 2013 Rupees	(Un audited) December, 31 2013 Rupees
Director's spouse Transaction Payment of rent of Office premises	<u>420,000</u>	<u>420,000</u>
Directors Transaction Interest on Loan	<u>952,703</u>	<u>866,855</u>
Loan received	<u>5,000,000</u>	<u>25,480,192</u>
Loan paid	<u>18,474,435</u>	<u>10,100,000</u>

12 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim Financial Statements have been authorized for issue by the Board of Directors of the company in its meeting held on February 19, 2014.

13 GENERAL

Figures have been rounded off to the nearest rupee.



Chairman



Chief Executive

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KARAM CERAMICS LIMITED
BC-6, Block-5, Schieme-5, Kehkashan Clifton, Karachi.



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