



Karam Ceramics Limited
Interim Condensed Financial Statements
For the Half Year Ended December 31, 2015
(UNAUDITED)



www.karamceramics.com



COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Mariam Shaban ali	Chairperson
Mr. Irshad Ali S.Kassim	Vice.Chairman
Mr. Munawar Ali S.Kassim	Chief Executive
Mr. Shahid Ahmed	Independent Non-Executive Director
Mr. Shahnawaz Madhani	Director
Miss Natalia Kassim	Director
Miss. Anushka Kassim	Director
Mr. Abdul Sultan	Chief Financial officer
Mr. Manzoor Ali Natha	Company secretary

AUDIT COMMITTEE

Mr. Shahid Ahmed	Chairman
Miss Anushka Kassim	Member
Miss. Natalia Kassim	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Shahnawaz Madhani	Chariman
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
JS 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

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 2015

Dear Shareholders,

Your Directors are pleased to present before you the condensed interim financial statements (un-audited) of the company for the six months period ended December 31, 2015 along with independent auditors' report on review of condensed interim financial information.

During the half year ended December 31, 2015 the Net Sales were Rs.593.49 million as against sales of Rs.638.22 million for the corresponding period of immediate preceding year. Your company has earned net profit after tax of Rs.3.81 million as compared to Rs. 20.44 million with the same period of last year. Earnings per share for the quarter were Re.0.26.

It is expected that with the commissioning of new plant the company would be able to produce new products of wall and floor tiles of various sizes. This would enable the company to compete with the imported tiles. The demand for ceramics tiles has increased due to increase in the construction of housing and commercial projects. Your company will endeavor to compete with the imported tiles and increase its sales volume and improve profitability by economization of expenses.

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

On behalf of the Board

Munawarali Kassim
Chief Executive

February 18, 2016



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of KARAM CERAMICS LIMITED as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Dated: February 18, 2016
Place: Karachi



Chartered Accountants
Engagement Partner : **Khalid Anwar**




Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2015

	(Un-Audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
SHARE CAPITAL AND RESERVES		
Issued, subscribed and paid up capital	145,486,760	145,486,760
Unappropriated profit	166,076,422	178,398,418
	<u>311,563,182</u>	<u>323,885,178</u>
Surplus on revaluation of fixed assets	73,759,657	74,694,552
NON CURRENT LIABILITIES		
Long term financing	5 476,539,827	206,914,038
Bills payable	24,119,922	253,317,960
Deferred Liabilities	94,953,040	89,352,475
Deferred Taxation	71,009,203	77,462,089
	<u>666,621,992</u>	<u>627,046,562</u>
CURRENT LIABILITIES		
Trade and other payables	157,005,563	176,133,508
Accrued mark up on loans	16,143,599	9,285,328
Short term borrowings	125,010,466	57,175,324
Current portion of long term loans	5 105,075,117	47,824,007
	<u>403,234,745</u>	<u>290,418,167</u>
Contingencies and commitments	6 1,455,179,576	1,316,044,459
NON CURRENT ASSETS		
Property, plant and equipment	7 705,746,839	701,341,374
Capital Work in Progress	309,054,727	279,937,195
	<u>1,014,801,566</u>	<u>981,278,569</u>
Long term Deposits	897,038	897,038
CURRENT ASSETS		
Stores and spares	9,209,235	11,198,449
Stock in trade	188,687,613	90,550,061
Trade debts - unsecured	159,898,372	127,363,964
Loan and Advances	2,518,715	11,551,275
Income Tax	34,221,986	27,436,109
Sales tax refundable	7,370,165	6,113,278
Short-term prepayments	5,716,143	15,351,293
Cash and bank balances	8 31,858,743	44,304,423
	<u>439,480,972</u>	<u>333,868,852</u>
	<u>1,455,179,576</u>	<u>1,316,044,459</u>

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 2015

	Note	Half year Ended		Quarter Ended	
		December 2015 Rupees	December 2014 Rupees	December 2015 Rupees	December 2014 Rupees
Sales-net		593,490,940	638,223,201	295,268,196	313,263,644
Cost of sales		(540,234,813)	(559,467,470)	(264,108,103)	(271,085,129)
Gross profit		53,256,127	78,755,731	31,160,093	42,178,515
Selling and distribution expenses		(12,431,359)	(24,345,471)	(6,067,329)	(13,662,190)
Administrative expenses		(12,823,494)	(10,630,384)	(8,024,209)	(5,170,476)
Other operating charges		(508,188)	(3,157,575)	(394,278)	(840,196)
Other operating income		2,215	474,016	2,215	473,581
Operating Profit		27,495,301	41,096,317	16,676,492	22,979,234
Finance Charges		(23,400,806)	(13,685,740)	(14,095,378)	(6,999,007)
Profit before taxation		4,094,495	27,410,577	2,581,114	15,980,227
Taxation	9	(282,514)	(6,965,735)	(1,067,985)	(5,412,661)
Profit after taxation		3,811,981	20,444,842	1,513,129	10,567,566
Earning per share	10	0.26	1.44	0.10	0.73

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, 2015

	Half year Ended		Quarter Ended	
	December 2015 Rupees	December 2014 Rupees	December 2015 Rupees	December 2014 Rupees
Profit after taxation	3,811,981	20,892,709	1,513,128	10,567,566
Other comprehensive income				
Incremental depreciation transfer from surplus on revaluation of fixed assets (net of deferred tax)	1,324,434	1,449,952	662,217	724,976
Total comprehensive income for the period	<u>5,136,415</u>	<u>22,342,661</u>	<u>2,175,345</u>	<u>11,292,542</u>

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, 2015

	December 2015 Rupees	December 2014 Rupees
Profit before taxation	4,094,496	27,410,577
Adjustments for:		
Depreciation	35,181,922	32,496,034
Provision for staff gratuity	6,283,071	5,715,216
Charge for Workers' Profit Participation Fund	220,134	1,509,051
Charge for Workers' Welfare Fund	88,054	813,525
Finance Cost	23,400,806	13,685,740
Return on deposits	(2,215)	-
	65,171,772	54,219,566
(Increase) /Decrease in operating assets		
Stores and spares	1,989,214	306,761
Stock in trade	(98,137,553)	11,967,304
Trade debtors	(32,534,405)	23,362,795
Loans and advances	9,032,561	(55,702)
Trade deposits and prepayments	9,635,150	2,672,123
	(110,015,033)	38,253,281
Increase/ (Decrease) in operating liabilities		
Short term borrowings	67,835,142	(9,602,506)
Trade & other payables	(34,203,582)	(3,592,460)
	33,631,560	(13,194,966)
Cash generated from operations	(7,117,205)	106,688,458
Finance Cost paid	(16,542,535)	(12,112,879)
Income tax paid	(13,131,742)	(10,382,861)
Sales tax refundable	(1,256,887)	-
Gratuity paid	(682,506)	(977,371)
WPPF Paid	-	(1,244,798)
	(31,613,670)	(24,717,909)
Net cash generated from operating activities	(38,730,875)	81,970,549
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Property, plant and equipment	(39,587,388)	(48,753,563)
Capital work in progress	(29,117,532)	(31,319,790)
Return on deposits	2,215	-
Net cash used in investing activities	(68,702,705)	(80,073,353)
CASH FLOW FROM FINANCING ACTIVITIES		
Directors Loan	85,500,000	21,151,518
Long term Loan received	268,681,035	-
Long term Loan repaid	(27,304,136)	(19,200,000)
Bills Payable against long term loan	(229,198,038)	-
Dividend paid	(2,690,961)	(11,202,937)
Long term deposits and prepayments	-	10,000
Net cash (used in) / generated from financing activities	94,987,900	(9,241,419)
Net Increase/(decrease) in cash and bank balances	(12,445,680)	(7,344,223)
Cash and bank balances at beginning of the period	44,304,423	18,332,948
Cash and bank balances at end of the period	31,858,743	10,988,725

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, 2015**

	Share Capital Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at 1 July 2014	145,486,760	159,413,204	304,899,964
Payment of dividend	-	(14,548,676)	(14,548,676)
Total comprehensive income for the half year ended Dec 31, 2014	-	22,342,661	22,342,661
Balance as at Dec 31, 2014	145,486,760	167,207,189	312,693,949
Balance as at 30 June 2015	145,486,760	178,398,418	323,885,178
Payment of dividend	-	(17,458,411)	(17,458,411)
Total comprehensive income for the half year ended Dec 31, 2015	-	5,136,415	5,136,415
Balance as at December 31, 2015	145,486,760	166,076,422	311,563,182

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, 2015

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 principal activity of the company is manufacturing of Ceramics tiles.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2015.

2.2 This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984.

2.3 These condensed interim financial information comprise of condensed balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the half year ended December 31, 2015 which have been subjected to a review but not audited. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended 31 December, 2015.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30th June, 2015.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions

and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision

- 4.2 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30th June, 2015.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial information as at and for the year ended 30 June 2015.

	Note	December, 31 2015 Rupees	June 30, 2015 Rupees
5 LONG TERM FINANCING			
From Banking companies			
Term Finance Loan - secured	5.1	416,114,944	174,738,045
Current Maturity		(105,075,117)	(47,824,007)
		311,039,827	126,914,038
From related parties			
Directors Loan- unsecured	5.2	165,500,000	80,000,000
		476,539,827	206,914,038

- 5.1 This represents long term finance obtained from following banks

Name of Bank	Amount	Mark-up	Purpose	Repayable by:
Soneri Bank Ltd. Loan I & II	87,300,000	6 months Kibor+1.5%	Plant & Machinery	Dec-17
Soneri Bank Ltd.	143,900,708	6 months Kibor+1.75%	Plant & Machinery	Mar-19
JS Bank Ltd.	161,856,376	6 months Kibor+1.75%	Plant & Machinery	Feb-21
Habib Bank Ltd.	23,057,860	3 months Kibor+1.00%	Plant & Machinery	Oct-20
	<u>416,114,944</u>			

- 5.2 This represents net amount due to three directors. The loan carried interest @ 7% per annum (June 30, 2015: 7%). The loan amount of Rs. 50,000,000/- is subordinated to the bank against long term loan obtained from JS Bank Ltd. The balance amount of Rs.115,500,000/- will be paid after twelve months from the date of balance sheet.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no contingent liability of the company as on December 31, 2015 (June 30, 2015: Rs. Nil)

6.2 Commitments

Commitments under letter of credit of raw material as at December 31, 2015 amounted to Eur: 60,305/- & US \$ 150,327/- (June 30, 2015: Euro:97,130 & US\$: 342,973).

	(Un audited) December, 31 2015 Rupees	(Audited) June 30, 2015 Rupees
7 PROPERTY, LANT AND EQUIPMENT		
Opening written down value	701,341,373	641,899,583
Add: Addition during the period/year		
Factory Building	-	54,453,110
Plant & Machinery	37,683,388	70,412,439
Vehicles	1,904,000	1,770,500
Furntiure & Fixtures	-	99,000
	<u>39,587,388</u>	<u>126,735,049</u>
	<u>740,928,761</u>	<u>768,634,632</u>
Less: Disposal during the year	-	7,710
Depreciation charged during the period/year	<u>35,181,922</u>	<u>67,285,548</u>
	<u>35,181,922</u>	<u>67,293,258</u>
Closing written down value	<u>705,746,839</u>	<u>701,341,374</u>
8 CASH AND BANK BALANCES		
Cash in hand	6,798,025	923,824
Cheques and drafts in hand	-	41,764,000
	<u>6,798,025</u>	<u>42,687,824</u>
Balance with banks in:		
Current Accounts	24,334,338	816,627
Deposit Accounts	726,380	799,972
	<u>25,060,718</u>	<u>1,616,599</u>
	<u>31,858,743</u>	<u>44,304,423</u>
9 TAXATION		

	(Un audited) Half Year Ended		(Un audited) Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Current Tax For the period	6,345,861	13,065,326	3,018,787	6,014,672
Deferred Tax	(6,063,347)	(6,099,591)	(1,950,803)	(602,011)
	<u>282,514</u>	<u>6,965,735</u>	<u>1,067,984</u>	<u>5,412,661</u>

10 (LOSS) / EARNING PER SHARE

	(Un audited) Half Year Ended		(Un audited) Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Profit for the half year	<u>3,811,981</u>	<u>20,892,709</u>	<u>1,513,129</u>	<u>10,567,566</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>
Earnings per share (Rupees)	<u>0.26</u>	<u>1.44</u>	<u>0.10</u>	<u>0.73</u>

11 TRANSACTIONS WITH RELATED PARTIES

	(Un audited) December, 31 2015 Rupees	(Un audited) December, 31 2014 Rupees
Director's spouse		
Transaction payment of rent of office	<u>580,800</u>	<u>420,000</u>
Directors		
Transaction Interest on loan	<u>4,844,116</u>	<u>767,765</u>
Loan received	<u>85,500,000</u>	<u>21,151,518</u>
Loan repaid	<u>-</u>	<u>-</u>
PICIC Insurance Limited - Premium paid	<u>1,150,986</u>	<u>-</u>

12 DATE OF AUTHORIZATION FOR ISSUE


The Financial Statement have been authorized for issue by the Board of Directors of the company in its meeting held on February 18, 2016.

13 GENERAL

Figures have been rounded off to the nearest rupee.



Chairman



Chief Executive

BOOK POST

**UNDER
CERTIFICATE
OF POSTING**



If undelivered please return to:
KARAM CERAMICS LIMITED
BC-6, Block-5, Schieme-5, Kehkashan Clifton, Karachi.

CORPORATE