

FRONTIER CERAMICS LIMITED



Condensed Interim Financial Statements

For the Half Yearly Ended December 31, 2021

(UN-AUDITED)

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VISION AND MISSION STATEMENT

VISION STATEMENT

To become industry leader by instilling ethical and moral values, honest practices according to the Principles of Islam, offering the best innovative, competitive and quality products, ensuring direct benefit for all stake holders.

MISSION STATEMENT

- Deliver un-paralleled value to customers by continuous striving and to exceed their expectations;
- Under the guiding principles of Islam, to inculcate the culture of honest practices, ethical and moral values in our employees;
- Special emphasis on workforce, health, safety, environment. Constant motivation of employees by fair benevolence;
- To ensure reasonable growth and profits of the Group, to the shareholders on their investment; and
- The Group will assert efforts towards the social development of society and be instrumental in the industrial growth of Pakistan.

COMPANY INFORMATION

BOARD OF DIRECTORS

Ms. Shabina Anjum	Independent Director & Chairperson
Mr. Omer Khalid	Non-Executive Director
Mr. Javid Khalid	Non-Executive Director
Mr. Zia Khalid	Executive Director
Ms. Numrah Khalid	Executive Director
Mr. Muhammad Riaz Khan	Independent Director
Mrs. Shazia Khalid	Non-Executive Director

Audit Committee

Mr. Muhammad Riaz Khan	Chairman
Mr. Omer Khalid	Member
Mr. Javid Khalid	Member

Human Resource & Remuneration Committee

Ms. Shabina Anjum	Chairperson
Ms. Numrah Khalid	Member
Mr. Javid Khalid	Member

Chief Executive Officer

Mr. Nadeem Khalid

Chief Financial Officer

Khawaja Mushtaq Ahmed FCA, ACIS
khawaja.mushtaq@forte.com.pk

Company Secretary

Mr. Rehman Khan Sherwani
rehman.khan@forte.com.pk

Head of Internal Audit

Mr. Wasif Naeem
wasif.naeem@forte.com.pk

Bankers

Conventional Banks

Allied Bank Limited
Bank Al Habib Limited
Bank Alfiah Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Silk Bank Limited
Meezan Bank Limited
United Bank Limited

Islamic Banks

Bank Al Habib Islamic Limited
Bank Alfiah Islamic Limited
Silk Emaan Islamic Bank Limited
UBL Ameen Limited
First Habib Islamic Income Fund

Auditors

M/S BDO Ebrahim & Co Chartered Accountants
4th Floor, Saeed Plaza, 22 East, Jinnah Avenue,
Blue Area, Islamabad.

Legal Advisor

Mr. Ishtiaq Ahmed
Advocate & Legal Consultant
Flat No. 42, Block C, 2nd Floor, Cantonment Plaza,
Saddar Road, Peshawar Cantt.

Registrar and Share Transfer Office

Central Depository Company of Pakistan Ltd
CDC House, 99-B, Block B, S.M.C.H.S,
Main Sharah-e-Faisal, Karachi. Ph: 021-111-111-500

Head Office/Registered Office

29-Industrial Estate, Jamrud Road, Peshawar
Ph: 091-5891470-79, Fax: 091-5830290.

Website

www.forte.com.pk

or scan QR code



FRONTIER CERAMICS LIMITED

DIRECTORS' REVIEW

The Board of Directors of Frontier Ceramics Limited takes pleasure in presenting its review of the financial performance and affair of the company together with auditor's review report financial statements for the six months period ended December 31, 2021.

FINANCIAL OVERVIEW AND HIGHLIGHTS

(Rupees in Million)					
Sales Revenue (Net)	Increased by	37%	from	1,316.32	to 806.32
Gross Profit	Increased by	153%	from	145.93	to 368.8
Profit before taxation	Increased by	245%	from	91.07	to 314.64
Profit after taxation	Increased by	286%	from	76.73	to 296.38
Earing per Share	Increased by	440%	from	1.17	to 6.33

During the period company sold 2,641,683 Sqm tiles vs. 2,062,576 Sqm tiles, of corresponding period.

The Company has accounted for provision amounting to Rs. 54.80 million against staff retirement benefits in terms of gratuity as per the requirement of sub clause (6) of clause (12) of Schedule to The Industrial & Commercial Employment (Standing Orders) Ordinance, 1968 from 2008 to December 31, 2020 as also directed by the securities and Exchange commission of Pakistan vide office order No. EMD/233/584/2002-436 dated December 10, 2021. According figures of the financial statement has been restated in these financial statements.

Moreover, with effect from January 01, 2021 the Company has opted provident fund for staff retirement benefits covering all permanent and regular employees as per registered provident fund rules and regulations.

IMPORTANT NOTE:

Management is pleased to inform that due to dedicated efforts of our team, Alhamdulillah, installation of the new imported tile plant has been completed and is now operational well in advance before the scheduled time frame. Trial production run of the tiles will commence within this week followed by marketable commercial production by the mid of March 2022. This capacity expansion will increase the current production of tiles gradually by 4000 to 15000 square meter per day and will further improve the bottom-line profitability mainly depending upon the market demand of the Product.

FUTURE OUTLOOK

We feel that the Tile industry will continue to show healthy growth for next couple of years as the friendly government policies are leading to development of several mega projects. However, the industry is facing many challenges. These include energy crises in the shape of gas pressure fluctuations affecting production volumes, rupee depreciation, and increased logistics costs. So far, the company has managed Covid related issues well, but uncertainty still looms as new variants of the virus emerge. Management is also concerned regarding the future of our industry as the rapid depletion of gas reserves in the country are not currently offset with availability of reasonably priced alternatives. The management is doing its utmost to mitigate the controllable risk factors through production optimization, costs saving initiatives, operational excellence and commercial strategy focused in improving the sales mix. We will continue to invest in marketing initiatives to help brand building, advocacy initiatives with Key Opinion Leaders and expansion of retail presence.

The possibility of increases in raw material and energy costs, in the wake of the coming of Ukraine crisis, could be detrimental to the bottom line.

APPRECIATION

We would like to thank our stakeholders for their continued support and our shareholders for their confidence in the leadership of the Board and management team of the Company. With your continuous support and by the grace of the Almighty, we remain committed to deliver good performance.

On behalf of the Board of Directors



Nadeem Khalid
Chief Executive Officer



Numrah Khalid
Director

Peshawar:

Dated: Mach 02, 2022

فرنٹیر سرائکس لمیٹڈ

ڈائریکٹرز کا جائزہ

فرنٹیر سرائکس لمیٹڈ کے بورڈ آف ڈائریکٹرز، 31 دسمبر 2021ء کو اختتام ہونے والی ششماہی کیلئے آڈیٹر کا جائزہ شدہ مالی سٹیٹمنٹ کے ساتھ کمپنی کی مالیاتی کارکردگی اور معاملات پر اپنا جائزہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گزشتہ سال کے تقابلی عرصے کے مقابلے میں چھ مہینوں کے عرصے کیلئے کمپنی کی مالی کارکردگی کا جائزہ حسب ذیل ہے:

محصولات فروخت (خالص)	اضافہ 37%	روپے ملین میں
1316.32 سے 1806.32		
مجموعی منافع جات	اضافہ 153%	145.93 سے 368.8
منافع قبل از ٹیکس	اضافہ 245%	91.7 سے 314.64
منافع بعد از ٹیکس	اضافہ 286%	76.73 سے 296.38
آمدن فی حصص	اضافہ 440%	1.17 سے 6.33

اس دورانیہ میں کمپنی نے 2,641,683 مربع میٹر ٹائلز کی فروخت کی جو کہ پچھلے عرصے میں 2,062,576 مربع میٹر تھی۔

کمپنی نے سال 2008ء سے 31 دسمبر 2020ء تک انڈسٹریل اینڈ کمرشل ایسپلائمنٹ (اسٹینڈنگ آرڈرز) آرڈیننس، 1968 کی شیڈول ٹو کی شق (12) کی ذیلی شق 6 اور سیکورٹیز اینڈ ایکشن کمیشن آف پاکستان کی طرف سے جاری شدہ آفس آرڈر نمبر EMD/233/584/2002-436 مورخہ 10 دسمبر 2021ء میں دی گئی ہدایات کے مطابق سٹاف کی ریٹائرمنٹ فوائد کے (گریجویٹ) کی مدد میں 54.80 ملین روپے تخمینہ لگایا ہے ان اعداد و شمار کو مد نظر رکھتے ہوئے مالی تفصیلات کو دوبارہ بیان کیا گیا ہے۔

مزید برآں، 01 جنوری 2021ء سے کمپنی نے عملے کی ریٹائرمنٹ کے فوائد کیلئے پراویڈنٹ فنڈ کا انتخاب کیا جس میں رجسٹرڈ پراویڈنٹ فنڈ کے قواعد و ضوابط کے مطابق تمام مستحق اور باقاعدہ ملازمین کو شامل کیا گیا ہے۔

ہم معلومات

انتظامیہ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ الحمد للہ ہماری ٹیم کی سرشار کاروشوں سے مئے درآمدی ٹائل پلانٹ کی تنصیب مکمل ہو چکی ہے اور اب یہ مقررہ وقت سے پہلے ہی کام کرنا شروع کر دے گا۔ ٹائلوں کی ٹرانل پروڈکشن اس ہفتے کے اندر شروع ہو جائے گی جس کے بعد مارچ 2022ء کے وسط تک قابل فروخت تجارتی پیداوار شروع ہو جائے گی۔ اس صلاحیت میں توسیع سے ٹائلوں کی موجودہ پیداوار میں ہندرتج 4000 سے 15000 مربع میٹر یومیہ تک اضافہ ہوگا اور نیچے کی سطح کو مزید بہتر بنایا جائے گا۔ منافع بنیادی طور پر مصنوعات کی مارکیٹ کی طلب پر منحصر ہوگا۔

مستقبل کی پیش بینی:

ہمیں لگتا ہے کہ ٹائلز انڈسٹری اگلے کچھ سالوں تک صحت مند ترقی دکھاتی رہے گی کیونکہ حکومت کی دوستانہ پالیسیاں کئی میگا پروجیکٹس کی ترقی کا باعث بن رہی ہیں۔ تاہم صنعت کو بہت سے چیلنجز کا سامنا ہے۔ ان میں گیس کے دباؤ کے اتار چڑھاؤ کی وجہ سے پیداواری حجم کا متاثر ہونا، روپے کی قدر میں کمی، اور لاجسٹکس کے بڑھتے ہوئے اخراجات شامل ہیں۔ اب تک کمپنی نے کوو-ڈ-19 سے متعلق مسائل کو اچھی

طرح سے سنبھالا ہے، لیکن وائرس کی نئی اقسام کے سامنے آنے کے باعث غیر یقینی صورتحال برقرار ہے۔ انتظامیہ ہماری صنعت کے مستقبل کے حوالے سے بھی فکر مند ہے کیونکہ ملک میں گیس کے ذخائر میں تیزی سے کمی اور مناسب قیمتوں پر اس کے متبادل کی عدم دستیابی ہے۔ انتظامیہ پیداواری حجم کے ممکنہ حصول، لاگت بچانے کے اقدامات، آپریشنل ایکسیلنس اور فروخت کے مرکب کو بہتر بنانے پر توجہ مرکوز رکھی ہوئی ہے۔ اس کے علاوہ کمپنی، تجارتی حکمت عملی کے ذریعے ممکنہ خطرات کے عوامل کو کم کرنے کیلئے اپنی پوری کوشش کر رہی ہے۔ ہم برآمداتی تعمیر میں مدد کیلئے مارکیٹنگ کے اقدامات، کلیدی رائے کے رہنماؤں کے ساتھ وکالت کے اقدامات اور خوردہ موجودگی کی توسیع میں سرمایہ کاری جاری رکھیں گے۔

"یوکرین کے بحران کے تناظر میں خام مال اور توانائی کی قیمتوں میں اضافہ کا امکان ہے، جو کہ کمپنی کے کاروباری استحکام پر اثر انداز ہو سکتا ہے"

خدمات کا اعتراف:

بورڈ اپنے تمام ملازمین، تمام کاروباری اسٹیک ہولڈرز کے عزم، تعاون اور اشتراک کو سراہتا ہے اور ان کا شکریہ ادا کرتا ہے۔ بورڈ کمپنی کے مقاصد کے حصول کیلئے سرکاری حکام اور شیئر ہولڈرز کے غیر متزلزل تعاون پر ان کا بھی شکریہ ادا کرتا ہے۔



نمرہ خالد

ڈائریکٹر



ندیم خالد

چیف ایگزیکٹو آفیسر

پشاور

مورخہ: 02 مارچ 2022ء

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF FRONTIER CERAMICS LIMITED

Report on Review of Condensed Interim Financial Statements

Introduction


We have reviewed the accompanying condensed interim statement of financial position of Frontier Ceramics Limited ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the interim financial statements for the six month period then ended (herein after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "*Review of Condensed Interim Financial Information performed by the Independent Auditors of the Entity.*" A review of condensed interim financial statements consists of making enquiries, 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, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended December 31, 2021 and December 31, 2020 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion, as we are required to review only the cumulative figures for the six month period December 31, 2021. 



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Saeed Plaza,
22-East Blue Area,
Islamabad-44000,
Pakistan.

The engagement partner on the review report resulting in this independent auditors' review report is Abdul Qadeer.

ISLAMABAD

DATED: 02 MAR 2022

UDIN: RR2021110095eZk4USgdy

BDO ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
AK

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2021

		December 31, 2021 Rupees Un-audited	June 30, 2021 Rupees Audited (Restated)	June 30, 2020 Rupees Audited (Restated)
	Note			
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment				
Operating fixed assets	8	1,896,375,250	1,899,403,438	1,468,280,478
Right of use asset	9	25,655,548	-	-
Capital work in progress	10	756,934,867	306,728,967	58,575,025
Investment property	11	585,762	600,782	632,402
		<u>2,679,551,427</u>	<u>2,206,733,187</u>	<u>1,527,487,905</u>
Long term deposits		1,513,450	1,513,450	1,513,450
Long term advances	12	496,108,605	321,515,475	9,515,079
		<u>3,177,173,482</u>	<u>2,529,762,112</u>	<u>1,538,516,434</u>
CURRENT ASSETS				
Stores, spares and loose tools		171,694,061	119,353,127	71,976,158
Stock in trade		205,089,296	173,356,475	169,222,294
Trade debts		8,830,641	6,890,929	2,492,995
Short term lending		7,637,000	7,637,000	5,237,000
Advances	13	133,776,262	140,948,639	94,775,632
Tax refunds due from Government		58,671,035	63,962,052	63,962,052
Taxation - net		-	5,847,180	22,482,902
Cash and bank balances	14	36,288,656	43,950,002	59,248,231
		<u>621,986,951</u>	<u>561,945,404</u>	<u>489,397,264</u>
		<u>3,799,160,433</u>	<u>3,091,707,516</u>	<u>2,027,913,698</u>
TOTAL ASSETS				
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	15	378,738,210	378,738,210	378,738,210
Discount on issue of right shares	16	(180,795,726)	(180,795,726)	(180,795,726)
		<u>197,942,484</u>	<u>197,942,484</u>	<u>197,942,484</u>
Revaluation surplus on property, plant and equipment		1,251,364,299	1,278,770,679	884,642,163
Unappropriated profit		433,497,574	166,391,946	52,114,608
		<u>1,882,804,357</u>	<u>1,643,105,109</u>	<u>1,134,699,255</u>
NON CURRENT LIABILITIES				
Long term financing	17	315,508,246	299,036,657	168,248,651
Gas Infrastructure Development Cess	18	46,483,420	58,324,136	-
Lease liability under diminishing musharaka	19	17,945,951	-	-
Deferred liability		54,798,298	54,798,298	51,009,646
Deferred taxation		293,290,759	325,995,354	188,977,881
		<u>728,026,674</u>	<u>738,154,445</u>	<u>408,236,178</u>
CURRENT LIABILITIES				
Trade and other payables		1,069,795,728	646,450,842	321,920,257
Unclaimed dividend		3,189,224	3,189,224	3,189,224
Mark up accrued		-	-	79,001,984
Short term borrowings		-	-	80,639,335
Current portion of GIDC payable		75,588,685	60,807,896	-
Current portion of lease liability under diminishing musharaka	19	8,869,474	-	-
Current portion of long term financing		-	-	227,465
Taxation - net		30,886,291	-	-
		<u>1,188,329,402</u>	<u>710,447,962</u>	<u>484,978,265</u>
		<u>3,799,160,433</u>	<u>3,091,707,516</u>	<u>2,027,913,698</u>
TOTAL EQUITY AND LIABILITIES				

CONTINGENCIES AND COMMITMENTS

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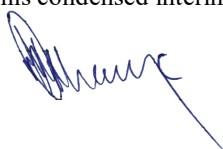
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The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER




DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2021	2020 (Restated)	2021	2020 (Restated)
Sales - net	21	1,806,315,873	1,316,320,988	996,583,201	756,175,960
Cost of sales	22	(1,437,504,644)	(1,170,393,336)	(732,385,672)	(659,218,981)
Gross profit		368,811,229	145,927,652	264,197,529	96,956,979
Distribution cost		(4,950,663)	(35,450,942)	(2,571,697)	(31,943,351)
Administrative expenses		(21,623,974)	(16,311,896)	(11,414,440)	(8,516,656)
Other operating expenses		(27,596,746)	(6,881,496)	(19,783,321)	(1,844,203)
Operating profit		314,639,846	87,283,318	230,428,071	54,652,769
Other income		2,334,770	1,115,040	1,700,418	608,461
Finance cost		(20,596,858)	(15,453,202)	(10,960,290)	(7,208,904)
Profit before taxation		296,377,758	72,945,156	221,168,199	48,052,326
Taxation:					
Current		(89,383,106)	(35,565,495)	(58,409,313)	(16,851,824)
Deferred		32,704,596	4,348,115	32,704,596	3,798,761
		(56,678,510)	(31,217,380)	(25,704,717)	(13,053,063)
Profit after taxation		239,699,248	41,727,776	195,463,482	34,999,263
Earnings per share-basic and diluted	23	6.33	1.10	5.16	0.92

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE




CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half Year Ended December 31,		Quarter Ended December 31,	
	2021	2020 (Restated)	2021	2020 (Restated)
	----- Rupees -----			
Profit after taxation	239,699,248	41,727,776	195,463,482	34,999,263
Other comprehensive income				
Item that will not be reclassified to profit or loss:	-	-	-	-
Revaluation surplus on property, plant and equipment	-	577,408,316	-	-
Related deferred tax impact	-	(148,376,480)	-	-
	-	429,031,836	-	-
Total comprehensive income for the period	<u>239,699,248</u>	<u>470,759,612</u>	<u>195,463,482</u>	<u>34,999,263</u>

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information. 



CHIEF EXECUTIVE




CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Share capital		Reserves		Total
	Issued, subscribed and paid up capital	Discount on issue of shares	Capital	Revenue	
			Revaluation surplus on property, plant and equipment	Unappropriated profit	
	----- Rupees -----				
Balance as at July 01, 2019 as reported	378,738,210	(180,795,726)	898,965,921	30,155,888	1,127,064,293
<u>Impact of ratification of error</u>					
Provision for gratuity booked	-	-	-	(51,009,646)	(51,009,646)
Deferred tax impact	-	-	-	14,792,797	14,792,797
Balance as at July 01, 2019- restated	378,738,210	(180,795,726)	898,965,921	(6,060,961)	1,090,847,444
Total comprehensive income for the period	-	-	-	19,861,356	19,861,356
Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation	-	-	(7,161,877)	7,161,877	-
Balance as at December 31, 2019 - restated	757,476,420	(361,591,452)	1,790,769,965	20,962,272	2,201,556,244
Balance as at July 01, 2020 - restated	378,738,210	(180,795,726)	884,642,163	52,114,608	1,134,699,255
<u>Impact of ratification of error</u>					
Provision for gratuity booked	-	-	-	(3,788,652)	(3,788,652)
Deferred tax impact	-	-	-	1,098,709	1,098,709
Total comprehensive income for the period	-	-	429,031,836	44,417,720	473,449,556
Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation	-	-	(25,393,350)	25,393,350	-
Balance as at December 31, 2020 - restated	378,738,210	(180,795,726)	1,288,280,649	119,235,735	1,605,458,868
Balance as at July 01, 2021 - restated	378,738,210	(180,795,726)	1,278,770,679	166,391,946	1,643,105,109
Total comprehensive income for the period	-	-	-	239,699,248	239,699,248
Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation	-	-	(27,406,380)	27,406,380	-
Balance as at December 31, 2021	378,738,210	(180,795,726)	1,251,364,299	433,497,574	1,882,804,357

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information. 



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Half Year Ended December 31,	
2021	2020 (Restated)
----- Rupees -----	

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	296,377,758	72,945,156
Adjustment for:		
Depreciation	76,172,245	66,326,777
Provision for gratuity	-	3,788,653
Finance cost	20,596,858	15,453,202
Profit before working capital changes	393,146,861	158,513,788
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(52,340,934)	(67,113,185)
Stock in trade	(31,732,821)	20,479,183
Trade debts	(1,939,712)	36,881,846
Advances	7,172,377	(117,450,140)
	(78,841,090)	(127,202,296)
(Decrease) / increase in current liabilities		
Trade and other payables	423,344,886	222,184,453
Current portion of GIDC payable	14,780,789	-
Current portion of lease liability under diminishing musharaka	8,869,474	-
Lease liability under diminishing musharaka	17,945,951	-
Short term borrowings	-	(9,031,941)
	464,941,100	213,152,512
Cash generated from operations	779,246,871	244,464,004
Taxes paid / adjustment	(47,358,618)	(28,869,542)
Finance cost paid	(20,596,858)	(13,024,754)
Net cash generated from operating activities	711,291,395	202,569,708

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of operating assets	(72,244,362)	-
Right of use asset	(26,540,222)	-
Addition to capital work in progress	(450,205,900)	(39,413,410)
Increase in long term advances	(174,593,130)	(25,271,614)
Net cash used in investing activities	(723,583,614)	(64,685,024)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing - net	16,471,589	(11,639,136)
Gas Infrastructure Development Cess	(11,840,716)	-
Net cash generated from / (used in) financing activities	4,630,873	(11,639,136)
Net (decrease) / increase in cash and cash equivalents	(7,661,346)	126,245,548
Cash and cash equivalents at the beginning of the period	43,950,002	59,248,231
Cash and cash equivalents at the end of the period	36,288,656	185,493,779

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1 STATUS AND NATURE OF BUSINESS

Frontier Ceramics Limited (the Company) was incorporated in July 1982 as a Public Limited Company with its shares quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited in which Lahore and Islamabad Stock Exchanges have merged). The principal activities of the Company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.

The registered office and manufacturing unit of the Company is situated at 29-Industrial Estate, Jamrud Road, Peshawar Pakistan.

Sale offices of the Company are located at situated at 29-Industrial Estate, Jamrud Road, Peshawar, Pearl Plaza, 174 Main Ferozpur Road Lahore and Toyota Rawal Motors Building near Sawan Camp, GT road Rawalpindi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is unaudited and being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 31, 2021, which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last declared financial statements.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2021, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of



cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended December 31, 2021.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2021.

3.2 The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, 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 recognised prospectively commencing from the period of revision.


3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.

3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these interim financial statements.

4 IJARAH

The Company accounts for assets under ijarah arrangements in accordance with Islamic Financial Accounting Standard (IFAS) 2 - Ijarah whereby rental payments due under these arrangements are recognized as an expense in the statement of profit or loss on a straight line basis over the ijarah (lease) term.

5 RIGHT OF USE ASSET AND LEASE LIABILITY UNDER DIMINISHING MUSHARAKA

The Company accounts for assets under diminishing musharaka as right of use asset representing its right to use the underlying asset and lease liability representing its obligations to make lease payments. 

Right-of-use assets are initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a reducing balance method as this method most closely reflects the expected pattern of consumption of future economic benefits.

The lease liability under diminishing musharaka is initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Amortization of the lease liability is charged to statement of profit or loss.

6 TAXATION

The provision for taxation for the half year and quarter ended December 31, 2021 has been made using the estimated effective tax rate applicable to expected total annual earnings.

7 CHANGE DUE TO RECTIFICATION OF ERROR

The Company has rectified the non-compliance against non provision of staff retirement benefits. Accordingly, the Company has accounted for provision since June 2008 which is the take over date till December 31, 2020. The financial impact is shown as follows:

Description	As at June 30, 2021		
	As previously reported on June 30, 2021	Adjustments Increase / (Decrease)	As restated on June 30, 2021
	----- Rupees -----		
Impact on financial position			
Liability			
Deferred liability	-	54,798,298	54,798,298
Deferred taxation	341,886,860	(15,891,506)	325,995,354
Description	As at December 31, 2020		
	As previously reported on December 31, 2020	Adjustments Increase / (Decrease)	As restated on December 31, 2020
	----- Rupees -----		
Impact on profit and loss			
Other operating expenses	(3,092,844)	3,788,652	(6,881,496)
Deferred taxation	3,249,406	1,098,709	4,348,115
Description	As at June 30, 2020		
	As previously reported on June 30, 2020	Adjustments Increase / (Decrease)	As restated on June 30, 2020
	----- Rupees -----		
Impact on financial position			
Deferred liability	-	51,009,646	51,009,646
Deferred taxation	203,770,678	(14,792,797)	188,977,881


		December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
	Note		
8 OPERATING FIXED ASSETS			
Opening written down value (WDV)		1,899,403,438	1,468,280,478
Add:			
Additions	8.1	72,244,362	-
Revaluation surplus	8.2	-	578,033,224
		<u>1,971,647,800</u>	<u>2,046,313,702</u>
Less:			
Depreciation charge		<u>(75,272,550)</u>	<u>(146,910,264)</u>
Closing written down value (WDV)		<u><u>1,896,375,250</u></u>	<u><u>1,899,403,438</u></u>

8.1 Detail of additions (at cost) during the period are as follows:

Vehicles	7,429,864	-
Generator	64,814,498	-
	<u>72,244,362</u>	<u>-</u>

8.2 This represents revaluation of operating fixed assets carried out by an independent valuer, K.G. Traders Pvt. Limited on October 22, 2020, at fair value/market value basis. It includes land, building and plant and machinery.

		December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
	Note		
9 RIGHT-OF-USE ASSET			
Right-of-use asset		26,540,222	-
Depreciation		<u>(884,674)</u>	<u>-</u>
Closing written down value (WDV)	9.1	<u><u>25,655,548</u></u>	<u><u>-</u></u>

9.1 This represents two excavators acquired against diminishing musharaka facility from First Habib Modaraba over lease term of three years. After the end of lease term, ownership will be transferred to the Company. 


		December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
	Note		
10 CAPITAL WORK IN PROGRESS			
Balance as at July 01,		306,728,967	58,575,025
Additions during the year		450,205,900	248,153,942
	10.1	<u>756,934,867</u>	<u>306,728,967</u>

- 10.1 This represents parts of new plant and machinery imported during the period which will be operational for commercial production by mid of March 2022.

		December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
11 INVESTMENT PROPERTY			
Opening written down value (WDV)		600,782	632,402
Depreciation charge		<u>(15,020)</u>	<u>(31,620)</u>
Closing written down value (WDV)		<u>585,762</u>	<u>600,782</u>

- 11.1 This represents a two offices bearing no. 102 and 103 measuring 1200 Sqft each, situated at 1st floor, Kashif centre, Shahrah e Faisal, Karachi owned by the Company. This has been held to earn rental income by letting out its office and disclosed in the financial statements as an investment property applying cost model in accordance with IAS 40 "Investment Property". Fair value of the investment property assessed by the management amounting to Rs 7,000,000 (2021: Rs. 7,000,000) at period end.

		December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
	Note		
12 LONG TERM ADVANCES			
Advance against land	12.1	485,575,419	310,165,000
Others		<u>10,533,186</u>	<u>11,350,475</u>
		<u>496,108,605</u>	<u>321,515,475</u>

- 12.1 The Board of Directors of the Company in their meeting held on January 07, 2021 decided in principal to avail the opportunity of initially acquiring 1,031 kanals of land off CPEC highway near Mianwali from a related party Mr. Nadeem Khalid (Chief Executive) at payment terms over the period of five years. Keeping in view conducive business environment, directors feel that if the environment remains stable then in next ten years Company will establish a large ceramic factory at said proposed location. 

		December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
13	ADVANCES		
	Balance as at July 01,	140,948,639	94,775,632
	Additions during the year	1,128,018,862	1,279,822,938
	Deletion during the year	(1,135,191,239)	(1,233,649,931)
	Closing Balance	<u>133,776,262</u>	<u>140,948,639</u>

14 CASH AND BANK BALANCES

Cash in hand	599,771	196,847
Cash at bank - current accounts	35,688,885	43,753,155
	<u>36,288,656</u>	<u>43,950,002</u>

15 SHARE CAPITAL


15.1 Authorized share capital

Number of shares				
Dec, 2021	Jun, 2021			
<u>75,000,000</u>	<u>75,000,000</u>	Ordinary shares of Rs. 10 each	<u>750,000,000</u>	<u>750,000,000</u>

15.2 Issued, subscribed and paid up capital

Number of shares				
Dec, 2021	Jun, 2021			
<u>37,873,821</u>	<u>37,873,821</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>378,738,210</u>	<u>378,738,210</u>

16 DISCOUNT ON ISSUE OF RIGHT SHARES


This represents discount on issue of right shares upon exercising the option given to members in Board of Directors meeting held on February 18, 2014 to subscribe for the right shares issue which has allotted on August 08, 2014 at a discount of Rs. 6 per share with the entitlement of 389.25% shares against SECP approval vide letter No. EMD/233/584/02 dated February 07, 2014 for the total right issue of 30.133 million shares at Rs. 4 per share (discount of Rs. 6 per share) by way of right issue. All the relevant legal formalities were completed by the Company before issuance of the right shares. 

			December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
17	LONG TERM FINANCING	Note		
	From associated person - unsecured	17.1	21,024,984	19,996,435
	From associated company- unsecured	17.2	294,483,262	279,040,222
			315,508,246	299,036,657

17.1 This represents interest bearing unsecured loan and accumulated markup thereon received from Chief Executive of the Company for working capital requirements. The loan carries mark up at the rate at KIBOR plus 2% per annum. The loan is restructured during the year ended June 30, 2021. As per revised terms, the borrower will accrue interest over the years for a grace period of six years after which the payment of principle amount stands due. Moreover, markup will be payable after the settlement of the principal amount.

17.2 This represents interest bearing unsecured loans and accumulated markup thereon received from related parties, Rawal Industrial Equipment (Private) Limited and Toyota Rawal Motors (Private) Limited for working capital of the Company and acquisition of the equipment. The loan has been restructured during the year ended June 30, 2021. It carries mark up at the rate at KIBOR plus 2 % per annum. As per revised terms, the borrower will accrue interest over the years for a grace period of six years after which the payment of principle amount stands due. Moreover, markup will be payable after the settlement of the principal amount.

		December 31, 2021 Rupees Unaudited	June 30, 2020 Rupees Audited
	Note		
18	GAS INFRASTRUTURE DEVELOPMENT CESS		

18.1 In 2011, GIDC was imposed on natural gas consumers including companies with effect from January 01, 2012 to finance the cost of laying the overland gas pipeline. In 2013, the Peshawar High Court declared the GIDC Act 2011 as ultra vires the constitution and struck down the GIDC Act 2011. In August 2014, Supreme Court of Pakistan dismisses the appeal filed by the Federal Government of Pakistan deciding that GIDC is a fee and not a tax and could not be imposed by money bill. In September 2014, the GIDC Ordinance was promulgated by the President of Pakistan with retrospective effect with original imposition. In October 2016, the Sindh High Court declared the levy to be un-constitutional. In August 2020, the Supreme Court of Pakistan held that GIDC is validly levied and allowed the government to collect the amount in 24 equal installments. Further, in November 2020, the Supreme Court dismissed the review petition seeking review of its order (issued in August 2020). 

Supreme Court in its judgement on the review petitions noted that government is agreeing to recover the arrears for GIDC in 48 monthly installments (instead of 24 months, as mentioned in August 2020 order of the Supreme Court). The Federal Government has started the recovery of this fee and the Company has booked the liability amounting to Rs. 119.132 million in this regard after receiving bill from the SNGPL at fair value in accordance with IFRS 9 by discounting the future cash payments required to be made in 48 installments, to settle the liability for GIDC.

		December 31, 2021 Rupees Unaudited	June 30, 2020 Rupees Audited
	Note		
19	LEASE LIABILITY UNDER DIMINISHING MUSHARAKA		
		26,815,425	-
		(8,869,474)	-
	19.1	<u>17,945,951</u>	<u>-</u>

- 19.1 This represents outstanding balance of diminishing musharaka facility from First Habib Modaraba and carries 3 months KIBOR plus 2.50%. Repayment shall be made in 36 equal monthly instalments commencing from December 30, 2021 and ending in November 28, 2024. This is secured by way of ownership of leased asset.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 Noman Ghani vs. FCL and others:

This is the recovery suit against the Company. In this suit original claim was of Rs. 1,248,172. Later on, the petitioner submitted another application for amendment of plaint for recovery of Rs. 20 million plus 18% being current bank interest. The application was dismissed and they filled an appeal against the order in the Honourable High Court, Peshawar. The case was remanded back by the High Court to District Civil Judge, Peshawar which dismissed the case on June 03, 2014 and provided the partial relief to Noman Ghani. Now Noman Ghani has again filed an appeal with High Court against the decision of Civil Judge pending receipt / issue of the summon from High Court. In the instant case total amount of Rs. 1,248,172 is involved. The Company has not recorded the liability as the management is of the view that the case will be settled in favour of the Company.

20.1.2 Mohammad Iqbal vs. FCL:

This is also recovery suit against FCL. Total claim of this suit is Rs. 1.711 million. This suit is also decided in favour of FCL and plaintiff filed appeal before the Honourable High Court which is pending.

20.1.3 Noor Mohammad, Muhammad Farhad and Muhammad A Khan vs. FCL:

A suit was filed against the unit in the labour court by the above three persons. Total amount involved in the suit is around round about Rs. 2.762 million. The case was decided in the favour of the Company. However, opposite party filed appeal before High Court.

20.1.4 Ali Gohar vs. FCL:

The suit is pending before the Labour Court whereas a day has been fixed for the next hearing. Total claim in the case is of Rs. 1,322,932. The case was pending before the Hon'ble High Court. However, the case is dismissed on technical ground that the Company deposited a cheque in the court which was bounced when produced before the bank.

20.1.5 Bank Guarantees

Guarantee has been issued by Bank Al Habib on behalf of the Company in the normal course of business in favour of PARCO, Pearl Gas Limited, PESCO and M/s Sui Northern Gas Pipelines Limited aggregating to Rs. 178.88 million (June 30, 2021: Rs. 59.340 million).

20.1.6 FCL vs. G.M of SNGPL

The above title case is decided by the gas utility court in our favour. However, now, the SNGPL filed appeal before the High Court which is still pending. In the Instance case we claim that after amendment in the law the unit is not bound to pay further tax and extra tax in the gas bill. total amount of Rs. 1,000,000 is involved in the case.


20.1.7 FCL vs. Federation of Pakistan


Writ petition about Gas Infrastructure Development Cess (GIDC) has been filed for an amount (round about) of Rs. 11 million. GIDC Act 2011 was declared illegal by Supreme Court of Pakistan. Thus new Act also has been challenged.

20.1.8 Shameem Akhtar and Ameer Zada vs. FCL

The above title cases are still pending before the wages authority. In the instant case the applicants claim that the FCL is liable to pay Rs. 497,778 to Shameem Akhtar and Rs. 280,000 to Ameer Zada. The case is fixed in evidence.

20.1.9 FCL vs. Ali Rehman, Tallat Sher, Meenazar Gul

Suits were filed against the FCL in the labour court by the above three persons. All of them seek reinstatement of service. Total amount involved in the suit is around Rs. 1.559 million. 

		December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited Restated
20.2	COMMITMENTS		
	The Company has following commitments:		
	in respect of purchase of land	648,524,581	823,935,000
	- in respect of letter of credit		
	- against import of raw materials	234,248,848	165,115,970
	- against import of stores and spares	41,286,004	26,099,752
	- against import of plant and machinery	112,713,213	480,568,472
	20.2.1	<u>388,248,065</u>	<u>671,784,194</u>
	Commitments for Ijarah arrangements		
	Not later than one year	-	1,710,828
		<u>-</u>	<u>1,710,828</u>
	Commitments for Diminishing Musharaka arrangements		
	Not later than one year	10,645,716	-
	Later than one year and not later than five years	20,404,289	-
		<u>31,050,005</u>	<u>-</u>
20.2.1	This amount represents future letter of credit commitments which will be fulfilled in respect of import of raw material, stores and spares and plant and machinery. 		

		Half Year Ended December 31,		Quarter Ended December 31,	
		2021	2020	2021	2020
	Note	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited
21 Sales					
Gross sales		2,178,869,540	1,587,656,689	1,201,099,057	912,003,009
Less:					
Sales tax		(316,686,687)	(230,685,159)	(173,691,800)	(132,512,348)
Trade discount		(55,866,980)	(40,650,541)	(30,824,056)	(23,314,701)
		<u>1,806,315,873</u>	<u>1,316,320,988</u>	<u>996,583,201</u>	<u>756,175,960</u>
22 COST OF SALES					
Raw material consumed	22.1	346,006,155	301,618,192	152,580,705	145,662,905
Stores, spares and loose tools consumed	22.2	508,692,738	370,199,520	244,615,532	220,559,798
Gas and electricity		388,864,352	173,711,416	228,110,701	90,031,382
Depreciation		74,944,740	64,791,176	40,600,587	39,516,333
Salaries , wages and other benefits		103,924,051	97,488,679	54,596,240	56,776,659
Travelling and conveyance		416,618	71,163	273,954	55,559
Repairs and maintenance		149,170	44,430	80,360	27,770
GIDC expense		2,940,073	123,655,952	1,470,036	91,307,174
Freight Inward		-	14,047,233	-	14,047,233
Miscellaneous		2,741,270	8,796,690	1,214,452	1,391,193
		<u>1,428,679,167</u>	<u>1,154,424,451</u>	<u>723,542,567</u>	<u>659,376,007</u>
Work in process					
Opening		16,394,509	57,667,499	16,210,072	15,612,283
Closing		(13,848,790)	(16,852,065)	(13,848,790)	(16,852,065)
		<u>2,545,719</u>	<u>40,815,434</u>	<u>2,361,282</u>	<u>(1,239,782)</u>
Finished goods					
Opening		36,400,698	25,642,264	36,602,763	51,571,569
Closing		(30,120,940)	(50,488,813)	(30,120,940)	(50,488,813)
		<u>6,279,758</u>	<u>(24,846,549)</u>	<u>6,481,823</u>	<u>1,082,756</u>
		<u>1,437,504,644</u>	<u>1,170,393,336</u>	<u>732,385,672</u>	<u>659,218,981</u>
22.1 Raw material consumed					
Opening stock		120,561,271	85,912,531	125,436,007	95,264,223
Add: Purchases		386,564,450	297,107,894	188,264,264	131,800,915
Less: Closing stock		(161,119,566)	(81,402,233)	(161,119,566)	(81,402,233)
		<u>346,006,155</u>	<u>301,618,192</u>	<u>152,580,705</u>	<u>145,662,905</u>
22.2 Stores, spares and loose tools consumed					
Opening stock		114,045,357	71,976,160	126,119,251	116,430,423
Add: Purchases		561,033,671	437,312,703	284,882,571	243,218,718
Less: Closing stock		(166,386,290)	(139,089,343)	(166,386,290)	(139,089,343)
		<u>508,692,738</u>	<u>370,199,520</u>	<u>244,615,532</u>	<u>220,559,798</u>

23 EARNINGS PER SHARE - BASIC AND DILUTED

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

	Half Year Ended December 31,		Quarter Ended December 31,	
	2021	2020	2021	2020
Profit after taxation - <i>(Rupees)</i>	239,699,248	41,727,776	195,463,482	34,999,263
Weighted average number of ordinary shares - <i>(Number)</i>	37,873,821	37,873,821	37,873,821	37,873,821
Earning per share - basic and diluted <i>(Rupees)</i>	6.33	1.10	5.16	0.92

24 TRANSACTION WITH RELATED PARTIES

The related parties and associated undertakings of the Company comprise of group companies, other associate companies, directors and key management personnel. Transactions with related parties and associated undertakings during the period are as follows :

Name of the related party	Relationship	Transactions during the period	Half Year Ended December 31,		Quarter Ended December 31,	
			2021	2020	2021	2020
(Rupees)						
Toyota Rawal Motors (Private) Limited	Associated company by virtue of common directorship	Interest on short term borrowings	-	3,392,874		1,769,578
		Rental for building	513,564	466,876	256,782	233,438
		Short term borrowing repaid	-	7,121,941	-	-
		Utilities	60,000	60,000	30,000	30,000
		Long term financing - received	48,390,000	-	5,000,000	-
		Long term financing - repayment	13,000,000	-	-	-
		Interest on long term financing	5,423,533	-	2,905,182	-
Rawal Industrial Equipment (Private) Limited	Associated company by virtue of common directorship	Purchase of fixed assets	32,478,633	-	-	-
		Long term financing - repayment	85,319,939	-	31,353,184	-
		Interest on long term financing	5,892,911	-	2,817,894	-
		Short term loan repaid	-	-	-	390,000
Mr. Nadem Khalid	Chief Executive	Long term financing - loan repaid	-	14,000,000	-	3,072,535
		Long term financing - received	1,000,000	387,817	-	-
		Interest on long term financing	28,549	-	28,549	-
		Advance for land purchase	175,410,419	-	141,653,619	-
Khalid & Khalid Holdings	Associated company by virtue of common directorship	Short term borrowings - received	400,000	-	-	-
		Interest on short term borrowings	482,925	387,817	269,485	143,595
		Short term borrowings repaid	400,000	14,000,000	-	12,030,000
Chief Executive, Directors, Executives	Key management personnel	Remuneration and other benefits	11,841,212	10,386,632	5,914,991	3,985,984

24.1 Balances receivable/payable to related parties are disclosed in respective notes.

25 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2021.

26 FAIR VALUE MEASUREMENT

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:


- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset, either directly that is, derived from prices
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs

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

Transfers during the period

During the six month period to December 31, 2021, there were no transfers into or out of Level 3 fair value measurements. There were no transfers between levels 2 and 3 for recurring fair value measurements during the period.

The fair value of factory land, factory buildings, plant and machinery are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

Had there been no revaluation, the net book value of the specific classes of operating fixed assets would have been as follows: 

	December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
Free hold land	3,518,245	3,518,245
Factory building	7,418,997	8,243,330
Plant and machinery		
Imported	110,603,129	116,424,346
Local	773,941	859,934
Electrification	2,852,333	2,925,470
Casting benches	50,738	53,409
Laboratory ware	1,625	1,806
Generators	62,672,461	20,495
	176,954,227	120,285,460
	<u>187,891,469</u>	<u>132,047,035</u>

27 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to "All Shares Islamic Index".

Description	Explanation	December 31, 2021 Rupees Unaudited	June 30, 2021 Rupees Audited
Loans	Placed under interest arrangement	315,508,246	299,036,657
Ijarah payment	Placed under Shariah permissible arrangements	1,710,814	3,464,156
Lease liability under diminishing musharaka	Placed under Shariah permissible arrangements	26,815,425	-
Long term deposits	Non-interest bearing	1,513,450	1,513,450
All sources of other income	Other income	2,334,770	3,888,192

The Company has working relation with First Habib Modaraba under Islamic windows.

There is no other bank balance / investments which carry any interest or markup arrangements. 


28 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.

29 DATE OF AUTHORIZATION

These condensed interim financial information were authorized for issue on March 02, 2022 by the Board of Directors of the Company.

30 GENERAL

Figures have been rounded off to the nearest rupee. 



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR