



**Financial Statements**

For the First Quarter Ended

September 30, 2022

FRONTIER CERAMICS LIMITED

# **FRONTIER CERAMICS LIMITED**

Financial Statements for first quarter ended September 30, 2022

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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](mailto:khawaja.mushtaq@forte.com.pk)

### Company Secretary

Mr. Rehman Khan Sherwani  
[rehman.khan@forte.com.pk](mailto:rehman.khan@forte.com.pk)

### Head of Internal Audit

Mr. Wasif Naeem  
[wasif.naeem@forte.com.pk](mailto: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, 2<sup>nd</sup> 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](http://www.forte.com.pk)

or scan QR code



**DIRECTORS' REPORT TO THE SHAREHOLDERS**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

Dear Shareholders,

The Directors take pleasure in presenting their report along with unaudited financial statements of the Company for the first quarter ended September 30, 2022.

**BUSINESS CHALLENGES AND FINANCIAL PERFORMANCE**

Pakistan economy has been affected from Russia-Ukraine conflict impact, followed by political instability and eventually record-breaking rains in the monsoon season resulting in floods which significantly damaged the road infrastructure. In addition to the floods, the elevated inflation rate and a higher-than-projected increase in global food and energy prices, remain downside risks to the outlook.

	Sep 30,2022	Sep 30,2021
	(Rupees in Thousands)	
Turnover – net	1,090,194	809,733
Gross profit	71,179	104,614
Operating Profit	47,714	84,212
Profit before taxation	29,448	75,210
Profit after taxation	20,024	44,236
Earnings per share (Rs.)	0.53	1.17

During the period, net turnover increased by 34.64% due to increase in volume, however the gross margins decreased to 6.32% as against 12.92%, because of significant increase in costs due to rupee devaluation, raw material costs and freight and energy costs. Hence, your Company ended up at a bottom line after tax profit of Rs.20.02 million as compared to corresponding period of last year profit of Rs. 44.24 million.


**FUTURE OUTLOOK**

The ongoing political instability had deteriorated the economic position of the Country and we do not anticipate the upsurge in demand soon unless the government projects are re-initiated and the government schemes providing subsidized housing loans are resumed.

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.

Also, please refer to the Directors' Report for the year ended June 30, 2022 which provides a detailed review of the Company's operations and future strategy.

  
**Nadeem Khalid**  
Chief Executive Officer

  
**Numrah Khalid**  
Director

**Peshawar:**  
**Dated: November 29, 2022**

## حصص یا فینگان کیلئے ڈائریکٹر رپورٹ

برائے پہلی سہ ماہی اختتامیہ 30 ستمبر 2022

ڈائریکٹر 30 ستمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کیلئے آپ کی کمپنی کے مالیاتی نتائج پیش کرنے پر خوشی محسوس کرتے ہیں۔

### مالیاتی کارکردگی اور کاروباری چیلنجز

روس یوکرین تنازع سے شروع ہونے والے کیلنڈر سال کے آغاز سے ہی پوری دنیا کے ساتھ پاکستان بھی متاثر ہوا ہے جس کے اثرات تمام صنعتوں پر محسوس کئے گئے ہیں۔ اس کے بعد ملک میں سیاسی عدم استحکام پیدا ہوا۔ اور مومن سون کے موسم میں غیر معمولی بارشیں ہوئیں جس کے نتیجے میں سیلاب آیا۔ پاکستان میں حالیہ تباہ کن سیلاب نے ملک کے معاشی منظر نامے کیلئے گہرے خطرے میں اضافہ کیا۔ سیلاب کے علاوہ افراط زر کی بلند شرح اور خوراک اور توانائی کی عالمی قیمتوں میں توقع سے زیادہ اضافہ معیشت کے لئے منفی خطرات ہیں مسلسل مہنگائی نے پیداواری لاگت اور صارفین کی قوت خرید کو متاثر کیا ہے۔

سہ ماہی کی مالی کارکردگی کا خلاصہ ذیل ہے۔

تفصیلات	30 ستمبر 2022ء	30 ستمبر 2021ء (روپے ہزاروں میں)
خالص فروخت	1,090,194	809,733
مجموعی منافع	71,179	104,614
آمدنی قبل از شرح سود، ٹیکس، اور فرسودگی	47,714	84,212
منافع قبل از ٹیکس	29,448	75,210
منافع بعد از ٹیکس	20,024	44,236
آمدنی فی حصص (روپے)	0.53	1.17

اس مدت کے دوران قیمتوں میں اضافے کی وجہ سے خالص فروخت میں گزشتہ سال کے مقابلے میں 34.64 فیصد اضافہ ہوا۔ تاہم مجموعی منافع گزشتہ سال کے 12.92 فیصد کے مقابلے میں کم ہو کر 6.32 فیصد رہ گیا۔ کیونکہ روپے کی قدر میں کمی ہوئی ہے۔ اس کے علاوہ خام مال کی لاگت اور مال برداری اور توانائی کے اخراجات میں نمایاں اضافہ ہوا۔

اس طرح آپ کی کمپنی کو اس سہ ماہی میں 20.02 ملین روپے منافع کا ہوا ہے جبکہ گزشتہ سال کی اسی مدت میں 44.24 ملین کا منافع ہوا تھا۔

مستقبل کی پیش بینی:

ملک میں جاری سیاسی عدم استحکام نے ملک کی معاشی حالت کو خراب کیا۔ ہمیں تب تک ٹائلز کی طلب میں اضافے کی توقع نہیں ہے جب تک کہ حکومتی منصوبے اور سبسڈی والے ہاؤسنگ لون فراہم کرنے والی سرکاری اسکیمیں دوبارہ شروع نہیں کی جاتیں۔

ہم اپنے اسٹیک ہولڈرز کا انکی مسلسل حمایت اور اپنے شیئر ہولڈرز کا کمپنی کے بورڈ اور انتظامی ٹیم کی قیادت پر اعتماد کے لئے شکریہ چاہیں گے۔ آپ کے مسلسل تعاون اور اللہ تعالیٰ کے فضل و کرم سے ہم اچھی کارکردگی پیش کرنے کے لئے پرعزم ہیں۔

برائے و منجانب:- بورڈ آف ڈائریکٹرز



نمرہ خالد

ڈائریکٹر



ندیم خالد

چیف ایگزیکٹو افسر

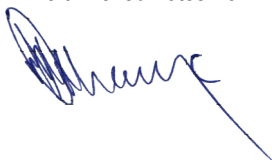
پشاور

مورخہ: 29 نومبر 2022ء

**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2022**

	Note	Un-audited 30-Sep-22 Rupees	Audited 30-Jun-22 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	6.1.1	2,715,216,204	2,776,401,412
Investment property	6.1.2	563,609	570,743
		<u>2,715,779,813</u>	<u>2,776,972,155</u>
Long term deposits		5,925,450	5,925,450
Long term advances	7	552,031,060	555,531,060
		<u>3,273,736,323</u>	<u>3,338,428,665</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		189,594,236	180,764,782
Stock in trade		396,119,139	234,628,441
Trade debts		-	298,130
Other receivables		33,850,593	29,683,470
Short term Lending		27,142,804	28,287,075
Advances		135,962,813	81,576,719
Tax refunds due from government		63,962,052	63,962,052
Taxation - net		61,287,415	49,859,070
Cash and bank balances	8	23,768,328	35,876,208
		<u>931,687,381</u>	<u>704,935,947</u>
<b>TOTAL ASSETS</b>		<u><b>4,205,423,704</b></u>	<u><b>4,043,364,612</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		378,738,210	378,738,210
Discount on issue of right shares	9	(180,795,726)	(180,795,726)
		<u>197,942,484</u>	<u>197,942,484</u>
Revaluation surplus on property, plant and equipment		1,205,963,178	1,205,963,178
Unappropriated profit		371,674,256	351,650,169
		<u>1,775,579,918</u>	<u>1,755,555,831</u>
<b>NON CURRENT LIABILITIES</b>			
Long term financing	10	157,789,513	43,789,513
Loan from related parties	11	340,073,463	314,611,937
Gas Infrastructure Development Cess	12	34,679,727	34,679,727
Liability under finance lease		22,458,745	22,458,745
Deferred liability		25,393,458	25,393,458
Deferred taxation		370,221,165	377,150,527
		<u>950,616,071</u>	<u>818,083,907</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,356,239,369	1,336,065,951
Unclaimed dividend		3,189,224	3,189,224
Current portion of liability under finance lease		8,780,031	11,133,846
Current portion of GIDC payable	12	89,862,443	89,862,443
Current portion of long term financing		21,156,647	29,473,410
		<u>1,479,227,715</u>	<u>1,469,724,874.00</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,205,423,704</b></u>	<u><b>4,043,364,612</b></u>

The annexed notes from 1 to 17 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR



**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF PROFIT OR LOSS (Un-Audited)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	<b>For Quarter Ended</b>	
	<b>30-Sep-22</b>	<b>30-Sep-21</b>
	<b>Rupees</b>	<b>Rupees</b>
Sales - net	1,090,194,012	809,732,672
Cost of sales	(1,019,015,474)	(705,118,972)
Gross profit	71,178,538	104,613,700
Distribution cost	(4,066,339)	(2,378,966)
Administrative expenses	(12,962,506)	(10,209,534)
Other operating expenses	(6,436,091)	(7,813,425)
Operating profit	47,713,604	84,211,775
Other income	1,199,256	634,352
Finance cost	(19,465,230)	(9,636,568)
Profit before taxation	29,447,630	75,209,559
Taxation	(9,423,542)	(30,973,793)
Profit for the year	20,024,087	44,235,766
Earnings per share - basic and diluted	0.53	1.17

The annexed notes from 1 to 17 form an integral part of these financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	<b>2022</b> <b>Rupees</b>	2021 Rupees
Profit for the quarter	<b>20,024,087</b>	44,235,766
Other comprehensive income for the quarter	-	-
Effect of change in tax rate on deferred tax on revaluation surplus on property, plant and equipment	-	-
Total comprehensive income for the period	<u><b>20,024,087</b></u>	<u>44,235,766</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

**CHIEF FINANCIAL OFFICER**

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	Sep 30, 2022 Rupees	Sep 30, 2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	29,447,630	75,209,559
Adjustment for:		
Depreciation	61,192,342	36,374,974
Finance Cost	19,465,230	9,636,568
Profit before working capital changes	110,105,202	121,221,101
Changes in working capital:		
<b>Decrease / ( increase) in current assets</b>		
Stores, spares and loose tools	(8,829,454)	(9,956,133)
Stock in trade	(161,490,698)	(1,723,368)
Trade debts	298,130	1,218,947
Other receivables	(4,167,123)	-
Advances	(54,386,094)	(9,753,642)
Short term Lending	1,144,271	(1,093,235)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	20,173,418	(3,740,710)
	(207,257,550)	(25,048,141)
Cash generated from operations	(97,152,348)	96,172,960
Finance Cost Paid	(19,465,230)	(9,636,568)
Taxes paid	(27,781,251)	(20,333,235)
Net cash generated from operating activities	(144,398,829)	66,203,157
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of operating fixed assets	-	-
Increase in long term advances	3,500,000	(34,439,577)
Additions to capital work in progress	-	(68,034,311)
Net cash used in investing activities	3,500,000	(102,473,888)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - net	131,144,764	5,509,979
Liability against assets subject to finance lease	(2,353,815)	-
Net cash used in financing activities	128,790,948	5,509,979
<b>Net increase in cash and cash equivalents</b>	(12,107,881)	(30,760,752)
<b>Cash and cash equivalents at the beginning of the period</b>	35,876,208	43,950,002
<b>Cash and cash equivalents at the end of the period</b>	23,768,328	13,189,250

The annexed notes from 1 to 17 form an integral part of these financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

**FRONTIER CEREMICS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

	Share capital		Reserves		Total
	Issued, subscribed and paid up capital	Discount on issue of right shares	Capital	Revenue	
			Revaluation surplus on property, plant and equipment	Unappropriated profit	
Note	-----Rupees-----				
<b>Balance as at July 01, 2021</b>	378,738,210	(180,795,726)	1,255,151,894	260,480,955	1,713,575,333
Total comprehensive income for the Quarter ended September 30, 2021	-	-	-	44,235,766	44,235,766
<b>Balance as at September 30, 2021</b>	378,738,210	(180,795,726)	1,255,151,894	304,716,721	1,757,811,099
<b>Balance as at July 01, 2022</b>	378,738,210	(180,795,726)	1,205,963,180	351,650,169	1,755,555,831
Total comprehensive income for the Quarter ended September 30, 2021	-	-	-	20,024,088	20,024,088
<b>Balance as at September 30, 2022</b>	378,738,210	(180,795,726)	1,205,963,180	371,674,257	1,775,579,918

The annexed notes from 1 to 17 form an integral part of these financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

**FRONTIER CERAMICS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022**

**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.

**2 STATEMENT OF COMPLIANCE**

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 comprise of:

- 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.

**3 BASIS OF PREPARATION**

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 30, 2022.

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

**4 ACCOUNTING POLICIES**

- 4.1 The accounting policies adopted and methods of computation followed in the preparation of these interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2022.
- 4.2 The preparation of these 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.

4.3 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, 2022.

4.4 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, 2018. 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.

#### 4.5 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 TAXATION

The provision for taxation for the quarter ended September 30, 2022 has been made using the estimated effective tax rate applicable to expected total annual earnings.

		Un-audited 30-Sep-22 Rupees	Audited 30-Jun-22 Rupees
	Note		
<b>6</b>	<b>OPERATING FIXED ASSETS</b>		
<b>6.1</b>	Operating fixed assets	<b>2,715,216,204</b>	2,776,401,412
	Investment Property	<b>563,609</b>	570,743
		<b>2,715,779,813</b>	<b>2,776,972,155</b>
<b>6.1.1</b>	<b>Operating Fixed Assets</b>		
	Opening Written Down Value	<b>2,776,401,412</b>	1,899,403,438
	Additions	-	1,083,648,387
	Depreciation Charge	<b>(61,185,208)</b>	(206,650,413)
		<b>2,715,216,204</b>	<b>2,776,401,412</b>
<b>6.1.2</b>	<b>Investment Property</b>		
	Opening Written Down Value	<b>570,743</b>	600,782
	Depreciation Charge	<b>(7,134)</b>	(30,039)
		<b>563,609</b>	<b>570,743</b>

		Un-audited 30-Sep-22 Rupees	Audited 30-Jun-22 Rupees
	Note		
<b>7</b>	<b>LONG TERM ADVANCES</b>		
	7.1	5,693,641	11,350,475
		-	1,187,711
		(3,500,000)	(6,844,545)
		2,193,641	5,693,641
		549,837,419	549,837,419
		<u>552,031,060</u>	<u>555,531,060</u>

- 7.1 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

		Un-audited 30-Sep-22 Rupees	Audited 30-Jun-22 Rupees
	Note		
<b>8</b>	<b>CASH AND BANK BALANCES</b>		
		237,980	35,730
		11,927,474	24,002,654
		11,602,874	11,837,824
		<u>23,768,328</u>	<u>35,876,208</u>

## 9 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 were 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 required by the repealed Companies Ordinance, 1984 (now Companies Act, 2017) were completed by the Company before issuance of the right shares.

			Un-audited 30-Sep-22 Rupees	Audited 30-Jun-22 Rupees
<b>10</b>	<b>LONG TERM FINANCING</b>	<b>Note</b>		
	From Financial Institution-Secured	10.1	<b>178,946,160</b>	73,262,923
	Less: Current portion of loan		<b>(21,156,647)</b>	(29,473,410)
			<b>157,789,513</b>	43,789,513

- 10.1 This represents an amount received from Bank Al-Habib Islamic in respect of three years Musharka agreement for purchase of generator. The repayment of the loan would be paid in 31 installements starting from May 18, 2022. The rental will be calculated on principle amount using three months kibar + 3.25% per anum.

			Un-audited 30-Sep-22 Rupees	Audited 30-Jun-22 Rupees
<b>11</b>	<b>LONG TERM FINANCING</b>	<b>Note</b>		
	From associated person - unsecured	11.1	<b>144,041,567</b>	108,010,610
	From associated company - unsecured			
	- Rawal Industrial Equipment (Pvt.) Ltd	11.2	<b>74,788,764</b>	107,788,764
	- Toyota Rawal Motors (Pvt.) Ltd		<b>121,243,132</b>	98,812,563
			<b>340,073,463</b>	314,611,937

- 11.1 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 last year on 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.

- 11.2 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 last year on 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.

			Un-audited 30-Sep-22 Rupees	Audited 30-Jun-22 Rupees
<b>12</b>	<b>GAS INFRASTRUTURE DEVELOPMENT CESS</b>	<b>Note</b>		
	Balance brought forward		<b>124,542,170</b>	124,542,170
			<b>124,542,170</b>	<b>124,542,170</b>
	Less: Current portion of GIDC		<b>(89,862,443)</b>	(89,862,443)
		12.1	<b>34,679,727</b>	<b>34,679,727</b>



- 12.1 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.

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 CONTINGENCIES

The status of Contingencies remained un-change as reported in condensed interim financial statements of the half year ended June 30, 2022.

	Note	Un-audited 30-Sep-22 Rupees	Audited 30-Jun-22 Rupees
<b>13.2 COMMITMENTS</b>			
The Company has following commitments:			
- in respect of letter of credit			
- against import of raw materials		73,402,148	1,256,092
- against import of stores and spares		1,762,481	13,978,760
- against purchase of land from CEO		584,262,581	584,262,581
		<b>659,427,210</b>	<b>599,497,433</b>
<b>Commitments for Ijarah arrangements</b>			
Not later than one year		10,645,716	10,645,716
Later than one year and not later than five years		12,420,002	15,081,431
		<b>23,065,718</b>	<b>25,727,147</b>

- 13.2 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.

#### 14 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	For Quarter Ended	
			2022	2021
			(Rupees)	
Toyota Rawal Motors (Private) Limited	Associated company by virtue of common directorship	Interest on short term borrowings	3,430,569	2,518,351
		Rental for building	282,459	256,781
		Long term borrowing paid	5,800,000	13,000,000
		Long term borrowing received	24,800,000	43,390,000
		Utilities	30,000	30,000
Rawal Industrial Equipment (Private) Limited	Associated company by virtue of common directorship	Interest on Long term borrowings	885,625	3,075,017
		Long term loan repaid	51,285,625	31,353,184
		Long term loan received	17,400,000	-
Mr. Nadem Khalid	Chief Executive	Long term financing - Loan repaid	57,751,420	-
		Long term financing - Received	89,480,000	-
		Mark-up on long term loan	4,302,377	-
		Advance for Land Purchased	-	33,756,800
Khalid & Khalid Holdings	Associated company by virtue of common directorship	Short term Lending	21,950,170	400,000
		Short term Lending received	24,200,000	400,000
		Interest on short term Lending	1,105,559	213,440

#### 14.1 The transaction with key management personnel includes remuneration and other benefits under the terms of their employment which are as follows:

	For Quarter Ended	
	Sep 30,2022	Sep 30,2021
	Rupees	Rupees
Chief Executive Officer	2,353,449	2,373,949
Directors	647,000	635,000
Executives	2,907,282	2,609,128
	<u>5,907,731</u>	<u>5,618,078</u>

**15 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.

**16 DATE OF AUTHORIZATION**

These condensed interim financial information were authorized for issue on **November 29, 2022** by the Board of Directors of the Company.

**17 GENERAL**

Figures have been rounded off to the nearest rupee.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**PRINTED MATTER**

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