

FRONTIER CERAMICS LIMITED



Condensed Interim Financial Statements

For the Half Yearly Ended December 31, 2020

(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

Mrs. Pervez Aslam	Independent Director & Chairperson
Mr. Omer Khalid	Non-Executive Director
Mr. Javid Khalid	Non-Executive Director
Mr. Zia Khalid	Executive Director
Ms. Numrah Khalid	Non-Executive Director
Mrs. Sana Khalid	Non-Executive Director
Mrs. Shazia Khalid	Non-Executive Director

Audit Committee

Mrs. Sana Khalid	Chairperson
Ms. Numrah Khalid	Member
Mrs. Shazia Khalid	Member

Human Resource & Remuneration Committee

Mr. Omer Khalid	Chairperson
Mr. Zia 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
Standard Chartered Bank Limited
United Bank Limited

Islamic Banks

Bank Al Habib Islamic Limited
Bank Alfiah Islamic Limited
Silk Emaan Islamic Bank Limited
UBL Ameen Limited

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.

Lahore Sales Office

VIP Estate, Pearl Plaza, Shahjamal Morh,
174-Ferozpur Road, Lahore, Ph. 042-37525277

Website

www.forte.com.pk

or scan QR code



FRONTIER CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE SECOND QUARTER & HALF YEAR ENDED DECEMBER 31, 2020

The Directors of your Company have the pleasure in presenting to you the financial results of your Company, duly reviewed by the auditors, for the half year ended December 31, 2020.

FINANCIAL PERFORMANCE The Financial performance of the half year is summarized below:

(Rupees in Millions)

PARTICULARS	Dec 31, 2020	Dec 31, 2019
Sales-Net	1,316.32	421.89
Gross Profit	145.93	57.03
Operating Profit	91.07	36.02
Profit before Tax	76.73	18.19
Profit after Tax	44.42	19.86
Earnings per Share (Rs./ share)	1.17	0.52

During the period company sold 2,062,576 Sqm tiles vs. 1,006,003 Sqm tiles, of corresponding period. During the period, net turnover increased significantly by 212%. This was mainly attributable to higher sales demand, consequent to the construction activity increase in the country. The overall profitability of the Company before tax grew to Rs. 76.73 million from Rs. 18.19 million in the same period last year.

While the construction stimulus is making its waves, new competition in tiles industry has made their way, with further coming. This is good for the local industry and also for the consumers who will get more varieties and choices. The Government should continue its support in making tiles industry expand and grow. The extension of policies will determine the continuance of growth in the year 2021.

FUTURE OUTLOOK

Efforts are being made to curtail the costs wherever possible and create a price efficient sales mix to maximize profitability, mitigate market risks, meet future challenges and maintain business growth.

In this regard the Board of Directors of the Company reviewed the long term business plans of the company, later seconded by the respectable shareholders of the Company in Extra Ordinary General Meeting, and decided in principal to avail the opportunity of initially acquiring land Off-CPEC Highway near Mianwali from a related party at very attractive payment terms over the period of five years.

Keeping in view the conducive business environment, Directors feels that if the environment remains stable then in the next ten years company shall be in a position to establish a large ceramic factory at the proposed location.

As Regard auditor's qualification about staff retirement benefits, the Company has already implemented Provident Fund Scheme w.e.f January 01 2021.

The Company remains committed to continue to play its role in transforming the lifestyle view of Pakistan. On behalf of the Board, the Company would like to thank all stakeholders for their continued trust and support.



Nadeem Khalid
Chief Executive Officer
Peshawar:
Dated: March 01, 2020



Numrah Khalid
Director

فرنٹیر سیرامکس لمیٹڈ
ڈائریکٹرز رپورٹ برائے حصص یافتگان
برائے نصف سال اختتامیہ 31 دسمبر 2020
 ڈائریکٹرز 31 دسمبر، 2020 کو ختم ہونے والے نصف سال میں آپ کو آپ کی کمپنی کے مالی نتائج پیش کرنے میں خوشی محسوس کرتے ہیں۔
مالی کارکردگی

تفصیلات	31 دسمبر، 2020	31 دسمبر، 2019
-----روپے ہزاروں میں-----		
خالص فروخت	1,316.32	421.89
مجموعی منافع	145.93	57.03
آمدنی قبل از شرح سود اور ٹیکس	91.07	36.02
منافع قبل از ٹیکس	76.73	18.19
منافع بعد از ٹیکس	44.42	19.86
آمدنی فی حصص (روپے فی حصص)	1.17	0.52

اس دورانیہ میں کمپنی نے 2,062,576 مربع میٹر ٹائلز کی فروخت کی جو کہ پچھلے عرصے میں 1,006,003 مربع میٹر تھی۔ اس عرصے کے دوران خالص فروخت میں 212 فیصد اضافہ ہوا۔ اسکی بنیادی وجہ طلب میں نمایاں اضافہ تھا۔ کمپنی کا قبل از ٹیکس منافع بڑھ کر 76.73 ملین روپے تک پہنچ گیا جو گزشتہ سال کے اس عرصے میں 18.19 ملین روپے کے قبل از ٹیکس منافع کی صورت میں تھا۔

جہاں تعمیراتی کیک کے محرکات اپنی جگہ بنا رہے ہیں وہیں ٹائلز انڈسٹری میں بھی مقابلے کے رجحان میں مزید اضافہ ہو رہا ہے یہ مقامی صنعت اور صارفین کے لیے بھی اچھا ہے۔ جنہیں ٹائلز انڈسٹری میں ٹائلز کی مزید اقسام اور نیا انتخاب ملے گا۔ حکومت کو ٹائلز کی صنعت کی وسعت اور ترقی دینے میں اپنی کوششوں کو جاری رکھنا چاہیے۔ حکومتی پولیسیوں میں توسیع سال میں ترقی کے تسلسل کا تعین کرے گی۔

مستقبل کا نقطہ نظر

زیادہ سے زیادہ منافع بنانے، مارکیٹ کے خطرات کو کم کرنے، مستقبل کے چیلنجز کا مقابلہ کرنے اور کاروباری شرح نمو کو برقرار رکھنے کے لیے جہاں بھی ممکن ہوا اخراجات کو کم کرنے اور قیمتوں میں موثر سیلز کس تیار کرنے کی کوشش کی جا رہی ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس کمپنی کے طویل المدتی منصوبوں کا جائزہ لیا جس کی بعد ازاں معزز حصص یافتگان نے اپنے غیر معمولی اجلاس عام میں تائید کی اور پانچ سالوں پر مشتمل انتہائی پرکشش ادائیگی کی شرائط پر ایک متعلقہ فریق سے میانہ بازی کے نزدیک CPEC ہائی وے سے متصل رقبے کو ابتدائی طور پر حاصل کرنے کی اصولی منظوری دی۔

سازگار کاروباری ماحول کو مد نظر رکھتے ہوئے ڈائریکٹرز محسوس کرتے ہیں کہ اگر اس ماحول میں استحکام رہا تو اگلے دس سال میں کمپنی مجوزہ مقام پر ایک بڑی سیرامکس فیکٹری لگانے کے قابل ہو جائے گی۔

آڈیٹران کی انعامیہ کے بارے میں رپورٹ تنقید کو مد نظر رکھتے ہوئے کمپنی نے پروویڈنٹ فنڈ سکیم کو یکم جنوری 2021 سے نافذ کر دیا ہے۔

برائے و منجانب ڈائریکٹران



نمرہ خالد
ڈائریکٹر



ندیم خالد
چیف ایگزیکٹو آفیسر
پشاور

INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF FRONTIER CERAMICS LIMITED

Report on Review of 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, 2020 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 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 Interim Financial Information performed by the Independent Auditor of the Entity."* A review of 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.

Basis for Qualified Conclusion

The Company has not accounted for any provision against staff retirement benefits in terms of gratuity or provident fund or both as per the requirement of sub clause (6) of clause (12) of Schedule to The Industrial & Commercial Employment (Standing Orders) Ordinance, 1968. The estimated value of the liability in term of gratuity amounts to Rs. 54.115 million as at December 31, 2020.

Qualified 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 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, 2020 and December 31, 2019 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have *Bdo*

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.



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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, 2020.

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

ISLAMABAD

DATED: March 01,2021

Bdo ebrahim & co.

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS *Bdo*

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, 2020

		December 31, 2020 Rupees Un-audited	June 30, 2020 Rupees Audited
	Note		
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	1,979,377,838	1,468,280,478
Capital work in progress	6	97,988,435	58,575,025
Investment property		616,581	632,402
		<u>2,077,982,854</u>	<u>1,527,487,905</u>
Long term deposits		1,513,450	1,513,450
Long term advances	7	38,558,917	13,287,303
		<u>2,118,055,221</u>	<u>1,542,288,658</u>
CURRENT ASSETS			
Stores, spares and loose tools		139,089,343	71,976,158
Stock in trade		148,743,111	169,222,294
Trade debts		-	2,492,995
Advances	8	213,690,548	96,240,408
Tax refunds due from Government		63,962,052	63,962,052
Taxation - net		15,786,949	22,482,902
Cash and bank balances	9	185,493,779	59,248,231
		<u>766,765,782</u>	<u>485,625,040</u>
TOTAL ASSETS		<u><u>2,884,821,003</u></u>	<u><u>2,027,913,698</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	10	378,738,210	378,738,210
Discount on issue of right shares	11	(180,795,726)	(180,795,726)
Revaluation surplus on property, plant and equipment		1,288,280,649	884,642,163
Unappropriated profit		158,142,527	88,331,457
		<u>1,644,365,660</u>	<u>1,170,916,104</u>
NON CURRENT LIABILITIES			
Long term financing	12	156,836,980	168,248,651
Gas Infrastructure Development Cess		34,388,851	-
Deferred taxation		348,897,752	203,770,678
		<u>540,123,583</u>	<u>372,019,329</u>
CURRENT LIABILITIES			
Trade and other payables		544,104,710	321,920,257
Unclaimed dividend		3,189,224	3,189,224
Mark up accrued		81,430,432	79,001,984
Short term borrowings	13	71,607,394	80,639,335
Current portion of long term financing	12	-	227,465
		<u>700,331,760</u>	<u>484,978,265</u>
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>2,884,821,003</u></u>	<u><u>2,027,913,698</u></u>

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information. *Bdo*


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, 2020

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2020	2019	2020	2019
Sales - net	15	1,316,320,989	421,893,402	756,175,960	250,914,864
Cost of sales	16	(1,170,393,336)	(364,864,184)	(659,218,981)	(221,591,503)
Gross profit		145,927,653	57,029,218	96,956,979	29,323,361
Distribution cost		(35,450,942)	(6,640,442)	(31,943,351)	(3,407,317)
Administrative expenses		(16,311,896)	(13,287,110)	(8,516,656)	(6,727,676)
Other operating expenses		(3,092,844)	(1,078,081)	50,123	(111,220)
Operating profit		91,071,971	36,023,585	56,547,095	19,077,148
Other income		1,115,040	1,899,064	608,461	791,340
Finance cost		(15,453,202)	(19,734,194)	(7,208,904)	(10,344,966)
Profit before taxation		76,733,809	18,188,455	49,946,652	9,523,522
Taxation:					
Current		(35,565,495)	(1,744,444)	(16,851,824)	392,788
Deferred		3,249,406	3,417,344	3,249,406	6,631,009
		(32,316,089)	1,672,900	(13,602,418)	7,023,797
Profit after taxation		44,417,720	19,861,356	36,344,234	16,547,320
Earnings per share-basic and diluted	17	1.17	0.52	0.96	0.44

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information. *Bolo*



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Half Year Ended December 31,		Quarter Ended December 31,	
2020	2019	2020	2019
----- Rupees -----			

Profit after taxation 44,417,720 19,861,356 36,344,234 16,547,320

Other comprehensive income

Item that will not be reclassified to profit or loss:

Revaluation surplus on property, plant and equipment

Related deferred tax impact

577,408,316	-	-	-
(148,376,480)	-	-	-
429,031,836	-	-	-

Total comprehensive income for the period

473,449,556	19,861,356	36,344,234	16,547,320
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The annexed notes from 1 to 24 form an integral part of this condensed interim financial information. *Bolo*



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, 2020

	Share capital		Reserves		Total
	Issued, subscribed and paid up capital	Discount on issue of shares	Capital Revaluation surplus on property, plant and equipment	Revenue Unappropriated profit	
	----- Rupees -----				
Balance as at July 01, 2019	378,738,210	(180,795,726)	898,965,921	30,155,888	1,127,064,293
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	378,738,210	(180,795,726)	891,804,044	57,179,121	1,146,925,649
Balance as at July 01, 2020	378,738,210	(180,795,726)	884,642,163	88,331,457	1,170,916,104
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	378,738,210	(180,795,726)	1,288,280,649	158,142,527	1,644,365,660

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information. *Belo*



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half Year Ended December 31,	
	2020	2019
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	76,733,809	18,188,455
Adjustment for:		
Depreciation	66,326,777	57,814,032
Finance cost	15,453,202	19,734,194
Amortization of deferred income	-	(48,522)
Liabilities written back	-	(321,598)
Profit before working capital changes	158,513,788	95,366,561
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(67,113,185)	(25,871,207)
Stock in trade	20,479,183	(27,905,754)
Trade debts	36,881,846	(5,680,101)
Advances	(117,450,140)	8,202,136
	(127,202,296)	(51,254,926)
(Decrease) / increase in current liabilities		
Trade and other payables	222,184,453	33,808,847
Short term borrowings	(9,031,941)	(1,200,000)
Temporary bank overdraft	-	(1,274,313)
	213,152,512	31,334,534
Cash generated from operations	244,464,004	75,446,169
Taxes paid / adjustment	(28,869,542)	(12,269,202)
Finance cost paid	(13,024,754)	(3,185,558)
Net cash generated from operating activities	202,569,708	59,991,409
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to capital work in progress	(39,413,410)	(33,792,952)
Increase in long term advances	(25,271,614)	(1,737,691)
Net cash used in investing activities	(64,685,024)	(35,530,643)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(11,639,136)	(33,792,952)
Lease rental paid	-	(1,737,691)
Net cash used in from financing activities	(11,639,136)	(35,530,643)
Net increase in cash and cash equivalents	126,245,548	6,483,838
Cash and cash equivalents at the beginning of the period	59,248,231	1,499,912
Cash and cash equivalents at the end of the period	185,493,779	7,983,750

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information. *Adt*



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, 2020

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 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.

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, 2020, 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. *Belo*

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, 2020, 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, 2020.

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 interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2020.

3.2 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.

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, 2020.

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, 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.

3.5 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. *Bole*

4 TAXATION

The provision for taxation for the half year and quarter ended December 31, 2020 has been made using the estimated effective tax rate applicable to expected total annual earnings.

		December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
	Note		
5 OPERATING FIXED ASSETS			
Opening written down value (WDV)		1,468,280,478	1,575,744,122
Add:			
Additions	5.1	-	4,145,299
Transferred from CWIP		-	4,296,167
Revaluation surplus	5.2	577,408,316	-
		<u>2,045,688,794</u>	<u>1,584,185,588</u>
Less:			
Depreciation charge		<u>(66,310,956)</u>	<u>(115,905,110)</u>
Closing written down value (WDV)		<u>1,979,377,838</u>	<u>1,468,280,478</u>
5.1 Detail of additions (at cost) during the period / year are as follows:			
Plant and machinery - local		-	3,799,500
Generator		-	496,667
		<u>-</u>	<u>4,296,167</u>
5.2 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, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
	Note		
6 CAPITAL WORK IN PROGRESS			
Balance as at July 01,		58,575,025	-
Additions during the year		39,413,410	58,575,025
	6.1	<u>97,988,435</u>	<u>58,575,025</u>
6.1 It represents capital work in progress in respect of plant and machinery which is being installed in Peshawar. After COVID-19, the Company's demand increased due to shortage of imported tiles from the market. Therefore, the Company has decided to import another plant which in management's estimate increases their production capacity by 20,000 to 25,000 square meter per day. The current amount represents different set of dryers which have been imported from China. <i>Bolo</i>			

		December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited				
7	LONG TERM ADVANCES						
	Security and other advances	10,561,493	9,515,079				
	Letter of credit- Plant and Machinery	27,997,424	3,772,224				
		<u>38,558,917</u>	<u>13,287,303</u>				
8	ADVANCES						
	Balance as at July 01,	96,240,406	51,403,707				
	Additions during the year	511,542,113	413,466,680				
	Deletion during the year	(394,091,971)	(368,629,979)				
	Closing Balance	<u>213,690,548</u>	<u>96,240,408</u>				
9	CASH AND BANK BALANCES						
	Cash in hand	210,765	250,641				
	Cash at bank - current accounts	185,283,014	58,997,590				
		<u>185,493,779</u>	<u>59,248,231</u>				
10	SHARE CAPITAL						
10.1	Authorized share capital						
	<table><tr><th colspan="2">Number of shares</th></tr><tr><th>Dec, 2020</th><th>Jun, 2020</th></tr></table>	Number of shares		Dec, 2020	Jun, 2020		
Number of shares							
Dec, 2020	Jun, 2020						
	<table><tr><td>75,000,000</td><td>75,000,000</td></tr></table>	75,000,000	75,000,000	Ordinary shares of Rs. 10 each	<table><tr><td>750,000,000</td><td>750,000,000</td></tr></table>	750,000,000	750,000,000
75,000,000	75,000,000						
750,000,000	750,000,000						
10.2	Issued, subscribed and paid up capital						
	<table><tr><th colspan="2">Number of shares</th></tr><tr><th>Dec, 2020</th><th>Jun, 2020</th></tr></table>	Number of shares		Dec, 2020	Jun, 2020		
Number of shares							
Dec, 2020	Jun, 2020						
	<table><tr><td>37,873,821</td><td>37,873,821</td></tr></table>	37,873,821	37,873,821	Ordinary shares of Rs. 10 each fully paid in cash	<table><tr><td>378,738,210</td><td>378,738,210</td></tr></table>	378,738,210	378,738,210
37,873,821	37,873,821						
378,738,210	378,738,210						
11	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. *Bolo*

		December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
12	LONG TERM FINANCING	Note	
	From associated person - unsecured	12.1	165,787
	From associated company- unsecured	12.2	156,671,193
			156,836,980
	Less: Current portion associated person		(227,465)
			(227,465)
			156,836,980
			168,248,651

12.1 This represents interest bearing unsecured loan received from Director of the Company for working capital of the Company. The loan carries mark up at the rate at KIBOR plus 2 % per annum.

12.2 This represents interest bearing unsecured loan received from Rawal Industrial Equipment (Private) Limited for working capital of the Company and acquisition of the equipment. The loan carries mark up at the rate at KIBOR plus 2 % per annum.

		December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
13	SHORT TERM BORROWINGS	Note	
	Financial institution - secured	13.1	-
	Related parties - unsecured		1,910,000
	- Due to associated companies	13.2	71,607,394
			78,729,335
			71,607,394
			80,639,335

13.1 This represents interest bearing loan received from Innovative Investment Bank Limited for working capital on musharika sharing basis in 2003. The loan carries mark up at the rate of 15% per annum.

Loan is secured by way of demand promissory note, registered mortgage on residential property, registered charge on current and fixed assets of the Company.

However, the bank is under liquidation due to its default as per Lahore High Court order of winding up dated May 12, 2013 and two joint liquidators were appointed for the purpose. During the period as per letter issued by Joint Official Liquidators reference No. IIBL/FC/PI/2118 dated January 21, 2021 confirmed that the Company has settled the outstanding dues by making payment of Rs. 4.5 million and no further amounts are due and payable to the Bank. Similarly, the Bank has issued no objection certificate with respect to the vacation of charge of Rs. 4.5 million registered with SECP against facility of Rs. 3 million through Form 10 submitted on February, 10, 2003. *Bole*

- 13.2 This represents interest bearing unsecured loan received from Toyota Rawal Motors (Private) Limited and Khalid & Khalid Holdings (Private) Limited for working capital of the Company and acquisition of the equipment.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 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 filed 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.

14.1.2 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.

14.1.3 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.

14.1.4 Ali Gohar vs. FCL:

The suit is pending before the Labour Court. And now a day fixed for arguments. Total claim in the case id of Rs. 1,122,932.

14.1.5 Ijaz Minhas vs. FCL:

This is also claim application and filed before the Wages Authority. The total claim is around Rs. 0.5 million. The Wages Authority condone the time limitation against that order we filed a writ petition which is pending before the High Court.

14.1.6 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. 67.934 million (June 30, 2020: Rs. 59.340 million).

Bdo

14.1.7 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.

14.1.8 FCL vs. Chief Executive PESCO

The above title case is pending before the civil court. In the instant case we claim that after amendment in the law the unit is not bound to pay further tax and extra tax in the electricity bill. Total amount of Rs. 900,000 involved in the case.

14.1.9 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.

14.1.10 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.

14.1.11 Gratuity

The Securities and Exchange Commission of Pakistan vide letter No. EMD/233/584/2002-1846 dated June 9, 2015, required explanation from the Company for non-provisioning of gratuity.

Moreover, during last financial year Securities and Exchange Commission of Pakistan vide letter No. EMD/233/584/2002-411 dated November 30, 2015, required the Company to remove auditor's qualification within 30 days of notice as per the provision of Section 472 of Companies Ordinance, 1984. The management in their response vide letter Ref. FCL/234/872/2016 dated December 30, 2015 replied that the redemption process was completed on 5th day of November 2015 and then, in that year, financial performance had also improved and the Company started gratuity working in full swing, for compliance with the Industrial & Commercial Employment (Standing Orders) Ordinance 1968 and removal of auditor's qualification. No further notice or order has been received from SECP in this regard.

The estimated value of this liability in term of gratuity not accounted for to date amounts to approximately Rs. 54.115 million as at June 30, 2020. The Company may be liable to any penal action for non compliance of the above statutory requirements. The Company has decided to replace gratuity with provident fund operational from January 01, 2021. *Bolo*

		December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
14.2	COMMITMENTS		
	The Company has following commitments:		
	- in respect of letter of credit		
	- against import of raw materials	42,966,385	83,713,727
	- against import of stores and spares	70,297,160	33,805,988
	- against import of plant and machinery	27,997,424	197,806,665
		<u>141,260,969</u>	<u>315,326,380</u>
		14.2.1	
	Commitments for Ijarah arrangements		
	Not later than one year	1,710,828	3,421,656
	Later than one year and not later than five years	-	1,710,828
		<u>1,710,828</u>	<u>5,132,484</u>
14.2.1	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. <i>Bold</i>		

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2020	2019	2020	2019
		Rupees Unaudited	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited
15 Sales					
Gross sales		1,587,656,689	508,881,775	912,003,009	302,649,941
Less:					
Sales tax		(230,685,159)	(73,940,100)	(132,512,348)	(43,974,777)
Sales discount		(40,650,541)	(13,048,272)	(23,314,701)	(7,760,300)
		<u>1,316,320,989</u>	<u>421,893,402</u>	<u>756,175,960</u>	<u>250,914,864</u>
16 COST OF SALES					
Raw material consumed	16.1	301,618,192	67,774,903	145,662,905	43,203,960
Stores, spares and loose tools consumed	16.2	370,199,520	69,583,885	220,559,798	45,880,598
Gas and electricity		173,711,416	138,036,968	90,031,382	79,088,572
Depreciation		64,791,176	55,916,474	39,516,333	27,544,951
Salaries , wages and other benefits		97,488,679	40,423,977	56,776,659	23,418,403
Generator rent		-	3,500	-	-
Travelling and conveyance		71,163	95,874	55,559	55,304
Repairs and maintenance		44,430	166,074	27,770	87,030
GIDC expense		123,655,952	-	91,307,174	-
Freight Inward		14,047,233	-	14,047,233	-
Miscellaneous		8,796,690	623,490	1,391,193	86,464
		<u>1,154,424,451</u>	<u>372,625,145</u>	<u>659,376,007</u>	<u>219,365,282</u>
Work in process					
Opening		57,667,499	57,967,049	15,612,283	59,641,033
Closing		(16,852,065)	(64,667,272)	(16,852,065)	(64,667,272)
		<u>40,815,434</u>	<u>(6,700,223)</u>	<u>(1,239,782)</u>	<u>(5,026,239)</u>
Finished goods					
Opening		25,642,264	37,409,844	51,571,569	45,723,042
Closing		(50,488,813)	(38,470,582)	(50,488,813)	(38,470,582)
		<u>(24,846,549)</u>	<u>(1,060,738)</u>	<u>1,082,756</u>	<u>7,252,460</u>
		<u>1,170,393,336</u>	<u>364,864,184</u>	<u>659,218,981</u>	<u>221,591,503</u>
16.1 Raw material consumed					
Opening stock		85,912,531	78,342,156	95,264,223	73,002,998
Add: Purchases		297,107,894	87,919,696	131,800,915	69,336,493
Less: Closing stock		(81,402,233)	(98,486,949)	(81,402,233)	(99,135,531)
		<u>301,618,192</u>	<u>67,774,903</u>	<u>145,662,905</u>	<u>43,203,960</u>
16.2 Stores, spares and loose tools consumed					
Opening stock		71,976,160	53,408,954	116,430,423	58,591,439
Add: Purchases		437,312,703	95,455,092	243,218,718	61,261,550
Less: Closing stock		(139,089,343)	(79,280,161)	(139,089,343)	(73,972,391)
		<u>370,199,520</u>	<u>69,583,885</u>	<u>220,559,798</u>	<u>45,880,598</u>

17 EARNINGS PER SHARE - BASIC AND DILUTED

	Half Year Ended December 31,		Quarter Ended December 31,	
	2020	2019	2020	2019
There is no dilutive effect on the basic earnings per share of the Company, which is based on:				
Profit after taxation - (<i>Rupees</i>)	44,417,720	19,861,356	36,344,234	16,547,320
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>)	1.17	0.52	0.96	0.44

Bdo

18 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		Quarter Ended	
			December 31,		December 31,	
			2020	2019	2020	2019
			(Rupees)			
Toyota Rawal Motors (Private) Limited	Associated company by virtue of common directorship	Interest on short term borrowings	3,392,874	4,823,922	1,769,578	2,343,397
		Rental for building	466,876	424,433	233,438	212,216
		Short term borrowing received	-	2,300,000	-	2,300,000
		Short term borrowing repaid	7,121,941	-		
		Utilities	60,000	60,000	30,000	30,000
Rawal Industrial Equipment (Private) Limited	Associated company by virtue of common directorship	Purchase of fixed assets	-	-	-	-
		Short term borrowing received		18,200,000	-	18,100,000
		Interest on short term borrowings	-	11,693,868	-	-
		Short term loan repaid	-	2,390,000	390,000	390,000
		Payment against purchases	-	500,000	-	-
Mr. Nadem Khalid	Chief Executive	Long term financing - Loan repaid	14,000,000	28,745,293	3,072,535	16,176,500
		Long term financing - Received	387,817	-	-	-
Khalid & Khalid Holdings	Associated company by virtue of common directorship	Short term borrowing received	-	8,975,000	-	8,975,000
		Interest on short term borrowings	387,817	33,446	143,595	32,909
		Short term loan repaid	14,000,000	16,345,000	12,030,000	12,030,000
Chief Executive, Directors, Executives	Key management personnel	Remuneration and other	10,386,632	8,206,782	3,985,984	4,103,391

18.1 Balances receivable/payable to related parties are disclosed in respective notes. *Nil*

19 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the half year ended December 31, 2020.

20 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 management assessed that the carrying value of deposits, advances, cash and bank trade and other payables and other current liabilities approximate their fair values largely due to the short term maturities of these instruments. Fair value is determined on the basis of objective evidence at each reporting date.

Transfers during the period

During the six month period to December 31, 2020, 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.

As at December 31, 2020 and June 30, 2020 the Company did not hold any financial instruments carried at fair value except free hold land, buildings, plant and machinery.

The Company has revalued its freehold land, buildings on June 30, 2020 and plant and machinery on June 30, 2015. Fair value of freehold land, buildings are based on the valuation carried out by an independent valuer M/s K.G Traders (Private) Limited and property plant and equipment are based on the valuations carried out by an independent valuer M/s Mughal Associates on the basis of market value.

Fair value of land and building are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation. *Bolo*

Valuation techniques used to derive level 2 fair values - Land and Building

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in

Valuation techniques used to derive level 3 fair values - Plant and Machinery

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

A reconciliation from opening balances to closing balances of fair value measurements categorised in level 3 is provided below:

	December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
Opening balance (level 3 recurring fair values)	540,416,131	591,900,432
Additions - Cost	-	8,150,868
Depreciation charge	(66,326,776)	(59,635,169)
Closing balance (level 3 recurring fair values)	<u>474,089,355</u>	<u>540,416,131</u>

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

	December 31, 2020 Rupees Unaudited	June 30, 2020 Rupees Audited
Free hold land	3,518,245	3,518,245
Factory building	9,159,256	10,176,951
Plant and machinery		
Imported	136,547,073	143,733,761
Local	1,209,282	1,343,647
Electrification	3,160,480	3,241,518
Casting benches	62,640	65,937
Laboratory ware	2,539	2,821
Generators	28,822	32,024
	141,010,836	148,419,708
	153,688,337	162,114,904

21 IMPACT OF COVID -19 ON THE FINANCIAL STATEMENTS

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position as at December 31, 2020, rather the sales of the Company has increased during the period due to the shortage of imported tiles in the market and Government incentive package for the construction industry. Further, to date the operations of the Company have continued uninterrupted during the pandemic However management is of view, that it will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

22 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.

23 DATE OF AUTHORIZATION

These condensed interim financial information were authorized for issue on March 01, 2021 by the Board of Directors of the Company.

24 GENERAL

Figures have been rounded off to the nearest rupee. *Bolo*



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR