



Financial Statements

For the First Quarter Ended

September 30, 2020

FRONTIER CERAMICS LIMITED

FRONTIER CERAMICS LIMITED

Financial Statements for first quarter ended September 30, 2020

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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

Mr. Muhammad Ali
muhammad.ali@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 Alflah 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 Alflah 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

CDC Share Registrar Services Limited
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



DIRECTORS' REPORT TO THE SHAREHOLDERS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

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, 2020.

BUSINESS CHALLENGES AND FINANCIAL PERFORMANCE

COVID-19 indicators in Pakistan showed a certain slowdown in Pakistan as the new financial year started. Most importantly, our prime objective remained safety of our employees and by the grace of Allah, the implemented preventive health measures as per Government guidelines, helped in controlling the risk of virus transmission. During the testing times, your Company continued its focus on quality product development along with better cost absorptions and bringing efficiencies to the process. Further, the stimulus created by the construction package has an overall positive impact on the industry. However, the sustainability of the business spur depends on the course of action taken by the Government, post December 2020.

The Company's performance for the quarter with the corresponding quarter of the previous period (referred as previous) was as follows:

Sales- net Rs. 560.15 million Increased by 227.61% previous Rs. 170.98 million

Gross Profit Rs. 48.97 million increased by 76% previous profit Rs.27.71 million

Operating Profit Rs. 34.52 million increased from previous profit Rs. 16.95 million

Profit per share Rs.0.09 (Profit/share) increased to (profit/share) Rs. 0.21

During the period, Company sold 900,230 Sqm vs. 304,869 Sqm, increased by 195%, as compared to corresponding period.

During the period, net turnover increased by 227.61%. During the quarter under review sale prices was increased by 6% which also resultant to increase in turnover as compared to previous corresponding period. Gross profit margin decreased by 7% due to GIDC provision recorded as result of Supreme Court decision for recovery.

The overall profitability of the Company before tax grew to Rs. 26.79 million from a profit of Rs.8.66 million in the same period last year. Overall, your Company delivered strong growth in earnings, with focus on sales, cost optimization and effective internal controls. Directors consider the financials and operations of the company for the quarter under review to be satisfactory and are determined to increase the operational performance of the Company in the ensuing periods.

Also, please refer to the Directors' Report for the year ended June 30, 2020 which provides a detailed review of the Company's operations and future strategy.



Nadeem Khalid
Chief Executive Officer

Peshawar:

Dated: November 30, 2020



Numrah Khalid

Director

ڈائریکٹر ز رپورٹ برائے حصص یافتگان

پہلی سہ ماہی اختتامیہ ۳۰ ستمبر ۲۰۲۰

ڈائریکٹر ز 30 ستمبر، 2020 کو ختم ہونے والی پہلی سہ ماہی میں آپ کو آپ کی کمپنی کے مالی نتائج پیش کرنے میں خوشی محسوس کرتے ہیں۔

کاروباری چیلنجز اور مالی کارکردگی:

نیامالی سال شروع ہوتے ہی پاکستان میں کورونا وائرس کی وجہ سے کاروبار میں تھوڑی سست روی دکھائی دی۔ اس دوران ہمارا بنیادی مقصد اپنے ملازمین کی حفاظت رہا اور اللہ کے فضل و کرم سے، حکومت کی رہنماد ایات کے مطابق نافذ شدہ حفاظتی تدابیر نے وائرس کے پھیلاؤ کے خطرے کو کنٹرول کرنے میں مدد فراہم کی۔ اس مشکل وقت میں آپ کی کمپنی نے معیار کی ترقی، لاگت کی بہتر جز بیت اور عمل میں افادیت لانے پر توجہ مرکوز رکھی ہے۔ مزید یہ کہ تعمیراتی سیکٹر کے ذریعہ پیدا کردہ محرکات کا صنعت پر مجموعی طور پر مثبت اثر پڑتا ہے تاہم کاروبار میں استحکام کا انحصار دسمبر ۲۰۲۰ کے بعد حکومت کی طرف سے اٹھائے گئے اقدامات پر ہوگا۔

سہ ماہی کی مالی کارکردگی کا خلاصہ درج ذیل ہے:

تفصیلات	۳۰ ستمبر ۲۰۲۰	۳۰ ستمبر ۲۰۱۹
(روپے ہزاروں میں)		
خالص فروخت	560,145	170,938
مجموعی منافع	511,174	143,272
آمدنی قبل از شرح سود، ٹیکس، اور فرسودگی	34,524	16,946
منافع قبل از ٹیکس	26,787	8,664
منافع بعد از ٹیکس	8,073	3,314
آمدنی فی حصص (روپے)	0.21	0.09

اس عرصے کے دوران خالص فروخت میں 227.61 فیصد کا اضافہ ہوا ہے جس کی ایک وجہ قیمت فروخت میں 6 فیصد اضافہ ہونا بھی ہے۔ موجودہ عرصے کے دوران مجموعی منافع میں 7 فیصد کمی دیکھنے میں آئی جسکی بنیادی وجہ GIDC کی صورت میں لگنے والا ٹیکس تھا۔ اس عرصے کے دوران کمپنی کا قبل از ٹیکس منافع 26,787 ملین روپے تک پہنچ چکا ہے جب کہ پچھلے سال کے اس عرصے کے دوران کمپنی کو 8,664 ملین روپے کا قبل از ٹیکس منافع ہوا تھا۔ مجموعی طور پر آپ کی کمپنی نے فروخت، لاگت کی اصلاح اور موثر اندرونی کنٹرولز کے استعمال پر توجہ دینے کے ساتھ ساتھ مضبوط اور مسلسل استحکام و بہتری کے نتائج پیش کیے۔ درکٹوس نے زیر جائزہ سہ ماہی مالی کارکردگی رپورٹ کو اطمینان بخش پایا ہے اور آنے والے وقتوں میں عملیاتی کارکردگی میں بہتری کے لیے پرعزم ہیں۔ مزید برآں یہ کہ کمپنی کے مالیاتی امور اور مستقبل کے منصوبوں کے تفصیلی جائزے کے لیے ڈائریکٹر ز رپورٹ برائے مالی سال اختتامیہ ۳۰ جون ۲۰۲۰ کو مد نظر رکھا جائے۔



نمرہ خالد
ڈائریکٹر



ندیم خالد
چیف ایگزیکٹو افسر
پشاور

مورخہ: ۳۰ ستمبر ۲۰۲۰

FRONTIER CERAMICS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	Note	Un-audited 30-Sep-20 Rupees	Audited 30-Jun-20 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5.1.1	1,442,245,329	1,468,280,478
Capital work in progress	5.1.2	91,630,690	58,575,025
Investment property	5.1.3	624,908	632,402
		<u>1,534,500,927</u>	<u>1,527,487,905</u>
Long term deposits		1,513,450	1,513,450
Long term advances		<u>9,811,576</u>	<u>9,515,079</u>
		<u>1,545,825,953</u>	<u>1,538,516,434</u>
CURRENT ASSETS			
Stores, spares and loose tools		116,430,423	71,976,158
Stock in trade		162,448,075	169,222,294
Trade debts		1,363,008	2,492,995
Advances		132,318,592	100,012,632
Tax refunds due from government		63,962,052	63,962,052
Taxation - net		17,648,753	22,482,902
Cash and bank balances		89,236,621	59,248,231
		<u>583,407,524</u>	<u>489,397,264</u>
TOTAL ASSETS		<u><u>2,129,233,477</u></u>	<u><u>2,027,913,698</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		378,738,210	378,738,210
Discount on issue of right shares		<u>(180,795,726)</u>	<u>(180,795,726)</u>
		197,942,484	197,942,484
Revaluation surplus on property, plant and equipment		884,642,163	884,642,163
Unappropriated profit/(accumulated loss)		<u>96,404,942</u>	<u>88,331,457</u>
		<u>1,178,989,589</u>	<u>1,170,916,104</u>
NON CURRENT LIABILITIES			
Long term financing		159,909,515	168,248,651
Deferred taxation		<u>203,770,679</u>	<u>203,770,678</u>
		363,680,194	372,019,329
CURRENT LIABILITIES			
Trade and other payables		424,874,982	321,920,257
Unclaimed dividend		3,189,224	3,189,224
Mark up accrued		84,754,630	79,001,984
Short term borrowings		73,517,394	80,639,335
Current portion of long term financing		<u>227,464</u>	<u>227,465</u>
		586,563,694	484,978,265
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>2,129,233,477</u></u>	<u><u>2,027,913,698</u></u>

The annexed notes from 1 to 9 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FRONTIER CERAMICS LIMITED
STATEMENT OF PROFIT OR LOSS (Un-Audited)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	For Quarter Ended	
	30-Sep-20	30-Sep-19
	Rupees	Rupees
Sales - net	560,145,029	170,978,538
Cost of sales	<u>(511,174,357)</u>	<u>(143,272,681)</u>
Gross profit	48,970,672	27,705,857
Distribution cost	(3,507,591)	(3,233,125)
Administrative expenses	(7,795,240)	(6,559,434)
Other operating expenses	<u>(3,142,967)</u>	<u>(966,861)</u>
Operating profit	34,524,874	16,946,437
Other income	506,579	1,107,724
Finance cost	<u>(8,244,298)</u>	<u>(9,389,228)</u>
Profit before taxation	26,787,155	8,664,933
Taxation		
Current	(18,713,671)	(2,137,232)
Deffered	-	(3,213,665)
Profit for the year	<u><u>8,073,485</u></u>	<u><u>3,314,036</u></u>
Earnings per share - basic and diluted	<u><u>0.21</u></u>	<u><u>0.09</u></u>

The annexed notes from 1 to 9 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

FRONTIER CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	2020 Rupees	2019 Rupees
Profit for the quarter	8,073,485	3,314,036
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><u>8,073,485</u></u>	<u><u>3,314,036</u></u>

The annexed notes from 1 to 9 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER


FRONTIER CERAMICS LIMITED
STATEMENT OF CASH FLOW
FOR FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Sep 30, 2020 Rupees	Sep 30, 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,787,155	8,664,933
Adjustment for:		
Depreciation	26,042,643	29,320,301
Finance Cost	8,244,298	9,389,228
Profit before working capital changes	61,074,096	47,374,462
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(44,454,265)	(5,046,715)
Stock in trade	6,774,219	(4,648,023)
Trade debts	1,129,987	481,511
Advances	(32,305,960)	17,173,566
Increase / (decrease) in current liabilities		
Trade and other payables	102,954,725	(16,557,616)
Short term borrowings	(7,121,941)	9,985,000
Mark up accrued	5,752,646	7,788,225
Current Portion of Long term financing	-	(4,455,708)
Current Portion of Finance Lease Liability	-	(585,927)
	32,729,411	4,134,313
Cash generated from operations	93,803,507	51,508,775
Finance Cost Paid	(8,244,298)	(9,389,228)
Taxes paid	(13,879,521)	(3,860,939)
Net cash generated from operating activities	71,679,688	38,258,608
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	-	(16,531,440)
Increase in long term advances	(296,497)	(1,502,093)
Additions to capital work in progress	(33,055,665)	-
Net cash used in investing activities	(33,352,162)	(18,033,533)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(8,339,136)	(14,468,792)
Liability against assets subject to finance lease	-	(1,274,313)
Net cash used in financing activities	(8,339,136)	(15,743,105)
Net increase in cash and cash equivalents	29,988,390	4,481,970
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	89,236,621	5,981,882

The annexed notes from 1 to 9 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

FRONTIER CEREMICS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	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-----				
Balance as at July 01, 2019	378,738,210	(180,795,726)	898,965,921	30,155,892	1,127,064,297
Total comprehensive income for the Quarter ended September 30, 2019	-	-	-	3,314,036	3,314,036
Balance as at September 30, 2019	378,738,210	(180,795,726)	898,965,921	33,469,928	1,130,378,333
Balance as at July 01, 2020	378,738,210	(180,795,726)	884,642,163	88,331,458	1,170,916,105
Total comprehensive income for the Quarter ended September 30, 2020	-	-	-	8,073,485	8,073,485
Balance as at September 30, 2020	378,738,210	(180,795,726)	884,642,163	96,404,942	1,178,989,590

The annexed notes from 1 to 9 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

1 THE COMPANY AND ITS OPERATIONS

Frontier Ceramics Limited (the Company) was incorporated in Pakistan as a public limited company under the repealed Companies Act 1913 (now the Companies Act 2017) on July 18, 1982 and listed on the Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of tiles and trading of allied building products.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which 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 requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PREPARATION

These condensed interim financial statements are un-audited and do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2020. These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies, related judgment, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2020.

5 PROPERTY PLANT AND EQUIPMENT

	For Period Ended	
	Sep 30, 2020	June 30, 2020
	Rupees	Rupees
5.1 Operating fixed assets	1,442,245,329	1,468,280,478
Capital work in progress	91,630,690	58,575,025
Investment Property	624,908	632,402
	1,534,500,927	1,527,487,905
5.1.1 Operating Fixed Assets		
Opening Written Down Value	1,468,280,478	1,575,744,122
Additions	-	4,145,299
Transfers - Leased Assets	-	4,296,167
Depreciation Charge	(26,035,149)	(115,905,110)
	1,442,245,329	1,468,280,478
5.1.2 Capital work in progress		
Opening Value	58,575,025	-
Additions	33,055,665	58,575,025
	91,630,690	58,575,025
5.1.3 Investment Property		
Opening Written Down Value	632,402	665,686
Depreciation Charge	(7,494)	(33,284)
	624,908	632,402

6 CONTINGENCIES AND COMMITMENTS

6.1 CONTINGENCIES

Guarantee has been issued by Bank Al Habib on behalf of the Company in the normal course of business in favor of PARCO, PESCO and M/s Sui Northern Gas Pipelines Limited aggregating to Rs. 68.29 million (2020: Rs. 59.340 million).

6.2 COMMITMENTS

6.2.1 Store & Spares: The company has commitments of Rs. 80.36 million (June 30, 2020: 33.81 million) in respect of outstanding letter of credit.

6.2.2 Raw Material: The company has commitments of Rs. 82.60 million (June 30, 2020: 83.71 million) in respect of outstanding letter of credit.

6.2.3 Plant & Machinery: The company has commitments of Rs. 481.95 million (June 30, 2020: 197.81 million) in respect of outstanding letter of credit.

7 TRANSACTION WITH RELATED PARTIES

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

Relation with the company	Nature of Transaction	For Quarter Ended	
		Sep 30,2020	Sep 30,2019
		Rupees	Rupees
Associated company/undertakings Toyota Rawal Motors (Private) Limited	Short term financing received	-	2,300,000
	Short term financing paid	7,121,941	-
	Mark up on short term financing	1,812,491	2,343,397
	Rent for bulding	233,438	212,216
	Utilities	30,000	30,000
Rawal Industrial Equipment (Private) Ltd.	Short term financing received	-	100,000
	Short term financing repaid	-	2,000,000
	Mark up on long term financing	3,835,659	5,590,678
	Against purchase	-	500,000
Key management personal	Long term financing repaid	8,339,136	12,568,793
	Mark up on long term financing	248,091	-
Khalid & Khalid Holdings	Short term financing paid	1,400,000	815,000
	Short term borrowing repaid	-	3,500,000
	Mark up on short term financing paid	143,595	-

7.1 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 30,2020	Sep 30,2019
	Rupees	Rupees
Chief Executive Officer	2,341,449	1,168,413
Directors	585,000	450,000
Executives	2,005,100	2,369,100
	4,931,549	3,987,514

8 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on November 30, 2020.

9 GENERAL

Figures have been rounded off to the nearest rupees, unless otherwise stated.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



PRINTED MATTER

If not delivered, please return to:

Frontier Ceramics Limited

29- Industrial Estate, Jamrud Road, Peshawar, K.P.K.

Telephone: 091-5891470 Fax: 091-5830290