



Financial Statements

For the First Quarter Ended

September 30, 2016

FRONTIER CERAMICS LIMITED

FRONTIER CERAMICS LIMITED

Financial statements for first quarter ended September 30, 2016

CONTENTS

- COMPANY INFORMATION
- VISION AND MISSION STATEMENT
- DIRECTORS' REPORT
- BALANCE SHEET
- PROFIT AND LOSS ACCOUNT
- STATEMENT OF COMPREHENSIVE INCOME
- CASH FLOW STATEMENT
- STATEMENT OF CHANGES IN EQUITY
- NOTES TO THE ACCOUNTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Pervez Aslam	Chairperson
Mr. Omer Khalid	Director
Mr. Javaid Khalid	Director
Mr. Zia Khalid	Director
Ms. Numrah Khalid	Director
Ms. Sana Khalid	Director
Mrs. Shazia Khalid	Director

Audit Committee

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

Human Resource & Remuneration Committee

Mr. Omer Khalid	Chairman
Mr. Zia Khalid	Member
Mr. Javaid Khalid	Member

Chief Executive Officer

Mr. Nadeem Khalid

Chief Financial Officer

Mr. Muhammad Ali

Company Secretary

Mr. Rehman Khan Sherwani

Head of Internal Audit

Mr. Wasif Naeem

Bankers

Bank Alflah Limited
Bank Alflah Islamic Limited
Standard Chartered Bank Limited
Silk Bank Limited
Faysal Bank Limited
Allied Bank 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

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-parallel 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.
- The Group will assert efforts towards the social development of society and be instrumental in the industrial growth of Pakistan

FRONTIER CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

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, 2016

The dumping of tiles and cheap imports continue to affect the performance of the Company. Product prices already rationalized in previous years to compete with cheap imported tiles together with high local manufacturing cost, especially earlier increase in gas tariff, resulted in loss margin.

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

Sales- net	Rs. 88.37 million lower by 9.90% previous Rs. 98.08 million
Gross Profit	Rs. 4.92 million lower by 77.12% previous profit Rs. 21.49 million
Operating (Loss)/ Profit	Rs. (0.57) million lower by 103.52% previous profit Rs.16.14 million
Profit per share	Rs.0.03 (Profit/share) lower by 92.75 previous (profit/share) Rs. 0.44

Decrease of sale by 9.90% played vital role in reduction of gross profit of the Company. However necessary measures adopted by management leads to the control of production cost, which resulted into gross profit up to some satisfactory level.

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, 2016 which provides a detailed review of the Company's operations and future strategy.

Peshawar:

Dated: October 31, 2016



Chairperson

FRONTIER CERAMICS LIMITED
BALANCE SHEET AS AT SEPTEMBER 30, 2016

	Un-audited Sep 30, 2016	Audited June 30, 2016
Note	Rupees	Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment		
Operating fixed assets	5. 737,133,656	747,351,409
Capital work in progress	107,161,450	97,211,699
Investment property	<u>766,718</u>	<u>776,423</u>
	845,061,824	845,339,531
Long term deposits	2,378,450	1,513,450
Long term advances	<u>6,577,265</u>	<u>6,263,454</u>
	854,017,539	853,116,435
CURRENT ASSETS		
Stores, spares and loose tools	58,097,709	53,077,920
Stock in trade	112,579,138	110,022,394
Trade debts	-	-
Advances	35,683,530	43,720,133
Tax refunds due from government	2,299,504	17,507,681
Taxation - net	37,656,929	17,813,748
Cash and bank balances	<u>1,597,341</u>	<u>1,966,035</u>
	<u>247,914,151</u>	<u>244,107,911</u>
TOTAL ASSETS	<u><u>1,101,931,690</u></u>	<u><u>1,097,224,346</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	378,738,210	378,738,210
Discount on issue of right shares	(180,795,726)	(180,795,726)
Accumulated profit	<u>27,590,388</u>	<u>21,854,704</u>
	225,532,872	219,797,188
SURPLUS ON REVALUATION OF FIXED ASSETS	423,626,021	428,144,239
NON CURRENT LIABILITIES		
Long term financing	34,625,000	25,625,000
Deferred taxation	<u>85,422,341</u>	<u>87,497,103</u>
	120,047,341	113,122,103
CURRENT LIABILITIES		
Trade and other payables	288,165,260	289,600,973
Mark up accrued	8,717,310	8,679,487
Short term borrowings	6,487,179	8,524,649
Current portion of long term financing	<u>29,355,707</u>	<u>29,355,707</u>
	332,725,456	336,160,816
CONTINGENCIES AND COMMITMENTS	6. -	-
TOTAL EQUITY AND LIABILITIES	<u><u>1,101,931,690</u></u>	<u><u>1,097,224,346</u></u>

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



CHIEF EXECUTIVE



DIRECTOR

FRONTIER CERAMICS LIMITED
 PROFIT AND LOSS ACCOUNT (Un-Audited)
 FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

Note	For Quarter Ended	
	Sep 30, 2016	Sep 30, 2015
	Rupees	Rupees
Sales - net	88,367,715	98,075,914
Cost of sales	<u>(83,450,066)</u>	<u>(76,581,321)</u>
Gross profit	4,917,649	21,494,593
Distribution cost	(966,078)	(827,874)
Administrative expenses	(3,650,692)	(3,738,468)
Other operating expenses	(868,225)	(791,848)
Operating (loss)/ profit	<u>(567,346)</u>	<u>16,136,403</u>
Other income	1,673,204	362,880
Finance cost	(1,079,475)	(1,638,860)
Profit before taxation	<u>26,383</u>	<u>14,860,423</u>
Taxation		
Current	(883,677)	(2,610,872)
Deffered	2,074,762	4,552,541
Profit for the period	<u><u>1,217,468</u></u>	<u><u>16,802,092</u></u>
Earnings per share - basic and diluted	<u><u>0.03</u></u>	<u><u>0.44</u></u>

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



CHIEF EXECUTIVE



DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Sep 30, 2016	Sep 30, 2015
	Rupees	Rupees
Profit for the period	1,217,468	4,116,442
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>1,217,468</u>	<u>4,116,442</u>

Surplus arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 in a separate account below equity.

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



CHIEF EXECUTIVE



DIRECTOR

FRONTIER CEREMICS LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Sep 30, 2016	Sep 30, 2015
Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,383	14,860,424
Adjustment for non cash items:		
Depreciation	12,652,909	13,539,217
Finance cost	1,079,475	1,638,860
Gain on disposal of fixed assets	(1,309,931)	-
	<u>12,422,453</u>	<u>15,178,077</u>
Profit before working capital changes	12,448,836	30,038,501
Changes in working capital:		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(5,019,789)	(1,879,112)
Stock in trade	(2,556,744)	(7,394,518)
Trade debts	-	(820,214)
Advances	8,036,603	(2,621,364)
(Decrease)/increase in current liabilities		
Trade and other payables	(1,435,713)	(5,685,525)
Short term borrowings	(2,037,470)	2,400,403
	<u>(3,013,113)</u>	<u>(16,000,329)</u>
Cash (used in)/generated from operations	9,435,723	14,038,172
Finance cost paid	(1,041,652)	(184,346)
Taxes paid	(5,518,680)	(5,804,987)
	<u>(6,560,332)</u>	<u>(5,989,333)</u>
Net cash (used in)/generated from operating activities	2,875,391	8,048,839
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment		
Acquisition of operating fixed assets	(9,765,520)	-
Addition to capital work in progress	(9,949,754)	(13,933,551)
Sale proceeds from disposal of fixed assets	8,650,000	-
Net cash used in investing activities	<u>(11,065,274)</u>	<u>(13,933,551)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	9,000,000	8,498,000
Long term Advances	(1,178,811)	-
Net cash generated from operating activities	<u>7,821,189</u>	<u>8,498,000</u>
Net (decrease)/increase in cash and cash equivalents	(368,694)	2,613,288
Cash and cash equivalents at the beginning of the period	1,966,035	1,352,457
Cash and cash equivalents at the end of the year period	<u>1,597,341</u>	<u>3,965,743</u>

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



CHIEF EXECUTIVE



DIRECTOR

FRONTIER CEREMICS LIMITED
 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Issued, subscribed and paid up capital	Accumulated loss	Discount on Issue of Shares	Total
	Rupees			
Balance as at July 01, 2015	378,738,210	(1,887,898)		376,850,312
Net Profit for the Period		16,802,093		16,802,093
Discount on issue of right shares			(180,795,726)	(180,795,726)
Transfer from surplus on revaluation of fixed assets - incremental depreciation		5,206,260		5,206,260
Balance as at Sep 30, 2015	378,738,210	20,120,455	(180,795,726)	218,062,939
Balance as at July 01, 2016	378,738,210	21,854,704		400,592,914
Net Profit for the Period		1,217,468		1,217,468
Discount on issue of right shares			(180,795,726)	(180,795,726)
Transfer from surplus on revaluation of fixed assets - incremental depreciation		4,518,216		4,518,216
Balance as at Sep 30, 2016	378,738,210	27,590,388	(180,795,726)	225,532,872

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

CHIEF EXECUTIVE

DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

1. STATUS AND NATURE OF OPERATIONS

Frontier Ceramics Limited was incorporated in July 1982 as Public Limited Company with its shares quoted on Karachi and Lahore Stock Exchanges of Pakistan. The registered office of the company is situated in 29 Industrial Estate, Jamrud Road, Peshawar. The Principle activities of the company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual audited financial statement and should therefore be read in conjunction with the financial statement for the year ended 30 June 2016. Comparative balance sheet is extracted from annual audited financial statement as of 30 June 2016 whereas comparative profit and loss account, Statement of comprehensive income, Cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the quarter ended Sep 30, 2015.

The condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES AND ESTIMATES

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, 2016.

4. TAX STATUS

Tax Returns for the tax year 2009 to 2014 stand assessed in terms of section 120 of Income Tax Ordinance 2011. However the tax authorities are empowered to reopen these assessment within five (5) years from the end of the financial year in which the returns are filed.

5. PROPERTY PLANT AND EQUIPMENT

	1 st Quarter Ended	
	Sep 30, 2016	Sep 30, 2015
	Rupees	Rupees
Opening written down value	748,127,832	782,068,942
Additions during the period	2,425,452	-
	750,553,284	782,068,942
Depreciation charged during the period	(12,652,910)	(13,539,216)
	737,900,374	768,529,726

6. CONTINGENCIES AND COMMITMENTS

6.1 CONTINGENCIES

Guarantee has been issued by Silk Bank Limited and bank Al Habib on behalf of the Company in the normal course of business in favor of M/s Sui Northern Gas Pipelines Limited aggregating to Rs. 37.148 million (June 30, 2016: Rs. 37.148 million).

6.2 COMMITMENTS

6.2.1 Store & Spares: The company has commitments of Rs. 7.45 million (June 30, 2016: 7.18 million) in respect of outstanding letter of credit.

6.2.2 Raw Material: The company has commitments of Rs. 5.49 million (June 30, 2016: 8.01 million) in respect of outstanding letter of credit.

6.2.3 Plant & Machinery: The company has commitments of Rs. 0.14 million (June 30, 2015: 0.25 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, other 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	1 st Quarter Ended	
		Sep 30,2016 Rupees	Sep 30,2015 Rupees
Associated company/undertakings			
Toyota Rawal Motors (pvt) Ltd.	Short term financing		
	Loan	-	1,824,403
	Mark up	38,338	28,439
	Rental for building	159,441	144,946
	Utilities	30,000	30,000
Rawal Industrial Equipment (pvt) Ltd.			
	Purchase of fixed assets	4,909,000	-
	Short term financing		
	Loan Paid	2,037,470	-
	Mark up	67,534	-
Key management personal			
	Markup on long term loan	293,793	-

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

	1 st Quarter Ended	
	Sep 30,2016 Rupees	Sep 30,2015 Rupees
Short term employee benefits		
Chief Executive Officer	372,774	1,019,205
Directors	129,780	72,520
Executives	838,680	370,230
	1,341,234	1,461,956

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 October 31,2016.

9. GENERAL

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

CHIEF EXECUTIVE

DIRECTOR



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