



Financial Statements

For the Third Quarter & Nine Months Ended

March 31, 2018

FRONTIER CERAMICS LIMITED

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. Azhar Mehmood
azhar.mehmood@forte.com.pk (Appointed on September 11, 2017)

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

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



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

FRONTIER CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders:

The Board of Directors is pleased to present the un-audited Condensed interim financial statements of the company for the third quarter and nine months period ended March 31, 2018.

We are pleased with the progress of our sale and gross margin for the nine months. This includes solid operational improvement with complete alignment to strategic goals. Profitability is in line with our Expectations, as operational saving and efficiencies have offset higher energy cost.

A brief review of the company's performance for the period with the corresponding period of the last year is as under:

- Sales - Net at Rs. 498.49m Higher by 82.72% vs. previous Rs. 272.82m
- Gross Profit at Rs. 108.49m Higher by 350.50% vs. previous Gross Profit Rs. 24.08m
- Operating profit at Rs. 80.19m Higher by Rs 1098.58% vs. previous operating profit Rs. 6.69m
- Profit per Share Increase to Rs. 1.74 vs. previous Profit per share 0.07

During the period, Company sold 1,371,566 Sqm tiles vs. 723,190 Sqm tiles, of corresponding period which attributed towards the increase in sales by 82.72%.

Your Company is optimistic about progression with ongoing activities in the Construction sector. The new product variety is very exciting and steadily making its position in the market .

The Federal government increased regulatory duty (RD) on the imported tiles supporting local manufacturer to more competitive, However, RD is currently suspended by the honorable Sindh high court due to procedural gap in its imposition.

As regards auditor's qualification regarding gratuity, company working are at final stage and will be incorporated in current year.

Also please refer to the Directors' Report for the year ended June 30, 2017 which provides a detailed review of the Company's operations and future strategy.

The Board of Directors recognizes the contribution of all the staff members in achieving the company's objectives. We also appreciate the continuous support of our valued dealers, customers, banks and stakeholders.

On behalf of the Board


Chairperson

Peshawar:

Dated: April 30, 2018

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2018

		Rupees	
		March 31, 2018	June 30, 2017
Notes		Un-audited	Audited
ASSETS			
NON CURRENT ASSETS			
	Property, plant and equipment		
	Operating fixed assets	4 721,741,443	733,648,082
	Capital work in progress	154,153,568	107,682,003
	Investment property	710,172	737,602
		876,605,183	842,067,687
	Long term deposit	2,378,450	2,378,450
	Long term advances	8,746,150	6,857,655
		11,124,600	9,236,105
		887,729,783	851,303,792
CURRENT ASSETS			
	Store, Spare and loose tools	43,581,037	46,221,888
	Stock in trade	93,254,158	87,990,223
	Trade debts	-	-
	Advances	46,051,492	53,163,774
	Tax refunds due from government	35,459,174	35,321,429
	Taxation-net	9,412,604	12,074,405
	Cash and Bank Balances	8,275,265	3,317,034
		236,033,729	238,088,753
TOTAL ASSETS		1,123,763,512	1,089,392,545
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
	Authorized share capital		
	75,000,000 ordinary shares of Rs. 10 each.	750,000,000	750,000,000
	Issued, Subscribed and paid up capital		
	37,878,821 ordinary shares of Rs. 10 each.	378,738,210	378,738,210
	Discount on issue of right shares	(173,262,571)	(180,795,726)
	Accumulated Profit/ (Loss)	128,365,762	45,634,430
		333,841,401	243,576,914
SURPLUS ON REVALUATION OF FIXED ASSETS		398,817,493	411,880,404
NON CURRENT LIABILITIES			
	Long term financing	71,225,000	38,280,707
	Deferred taxation	71,908,013	80,745,186
	Deferred income	473,083	946,139
	Liability against assets subject to finance lease	2,665,820	4,101,702
		146,271,916	124,073,734
CURRENT LIABILITIES			
	Trade and other payables	214,872,454	270,324,978
	Mark up accrued	10,781,880	10,458,742
	Short term borrowings	2,749,963	2,644,716
	Current portion of deferred income	236,541	-
	Current portion of liability against assets subject to finance	-	2,558,057
	Current portion of long term financing	16,191,865	23,875,000
		244,832,703	309,861,493
TOTAL EQUITY AND LIABILITIES		244,832,703	309,861,493
CONTINGENCIES AND COMMITMENTS			
		-	-
		1,123,763,512	1,089,392,545

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM PROFIT & LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Quarter Ended		Nine Months Ended	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Rupees.....			
Sales - net	178,060,667	94,214,885	498,489,975	272,818,012
Cost of sales	(138,002,635)	(85,858,735)	(389,996,017)	(248,734,778)
Gross Profit	40,058,032	8,356,150	108,493,958	24,083,234
Distribution cost	(2,201,563)	(1,072,645)	(4,844,682)	(3,136,001)
Administrative expenses	(4,988,011)	(4,529,721)	(14,745,735)	(12,758,318)
Other operating expenses	(7,609,354)	(59,515)	(8,716,766)	(1,498,747)
Operating profit	25,259,104	2,694,270	80,186,775	6,690,168
Finance cost	(1,507,150)	(1,607,943)	(4,354,314)	(5,284,497)
Other operating income	441,719	472,041	1,325,156	2,080,762
Profit before taxation	24,193,672	1,558,368	77,157,616	3,486,433
Taxation:				
-current	(6,848,784)	(934,891)	(16,697,956)	(2,728,180)
-Prior	-	-	371,589	
-deferred	1,701,638	580,262	5,104,914	1,740,786
Profit after taxation	19,046,526	1,203,739	65,936,164	2,499,038
Earnings per share - basic and diluted	0.50	0.03	1.74	0.07

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Rupees	
	31-Mar-18	31-Mar-17
Profit after taxation	65,936,164	2,499,038
Other comprehensive income for the Period	-	-
Total comprehensive income for the Period	<u>65,936,164</u>	<u>2,499,038</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 8 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Rupees	
	31-Mar-18	31-Mar-17
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	77,157,616	3,486,433
Adjustment for:		
Depreciation	37,254,087	39,233,969
Gain on sale of fixed asset	-	(1,309,931)
Discount on Issuance of shares	7,533,155	-
Profit before working capital changes	121,944,858	41,410,471
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	2,640,851	(6,699,503)
Stock in trade	(5,263,935)	(8,091,105)
Trade debts	-	-
Advances	7,112,282	215,991
Increase / (decrease) in current liabilities		19,691,017
Trade and other payables	(55,452,524)	1,037,337
Mark up accrued	323,138	-
Current portion of liability against assets subject to finance	(2,558,057)	-
Current portion of long term financing	(7,683,135)	-
Short term borrowings	105,247	(3,466,926)
	(60,776,133)	2,686,812
Cash generated from operations	61,168,725	44,097,282
Taxes paid	(13,802,312)	(9,881,334)
Net cash generated from operating activities	47,366,413	34,215,948
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(25,320,018)	(47,086,736)
Sales proceed from sales of fixed asset	-	(8,650,000)
Increase in long term advances	(1,888,495)	-
Increase in long term deposits	-	(1,071,699)
Additions to capital work in progress	(46,471,565)	(865,000)
Net cash used in investing activities	(73,680,078)	(57,673,435)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	32,944,293	(12,042,000)
Increase in deferred income	(236,516)	-
Liability against assets subject to finance lease	(1,435,882)	-
Net cash used in financing activities	31,271,896	(12,042,000)
Net (decrease) / increase in cash and cash equivalents	4,958,231	(35,499,487)
Cash and cash equivalents at the beginning of the period	3,317,034	1,352,457
Cash and cash equivalents at the end of the period	8,275,265	(34,147,030)

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Issued, subscribed and paid up capital	Discount Issue of Right Shares	Unappropriat ed Profit	Total
Rupees.....			
Balance as at July 01, 2016	378,738,210	(180,795,726)	21,854,704	219,797,188
Total comprehensive Profit/loss for the period ended March 31, 2016			2,499,038	2,499,038
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax			9,036,434	-
Balance as at March 31, 2017	378,738,210	(180,795,726)	33,390,176	231,332,660
Balance as at July 01, 2017	378,738,210	(180,795,726)	45,634,430	243,576,914
Total comprehensive for the half year ended Dec 31, 2017			65,936,164	65,936,164
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax			16,795,168	16,795,168
Discount issue of right shares charge to P&L		7,533,155		-
Balance as at March 31, 2018	378,738,210	(173,262,571)	128,365,762	333,841,401

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTH ENDED 31 MARCH,2018.

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 2017. Comparative balance sheet is extracted from annual audited financial statement as of 30 June 2017 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 nine months ended March 31, 2017.

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, 2017.

4 PROPERTY PLANT AND EQUIPMENT

	Nine months Ended	
	March 31,2018	March 31,2017
	Rupees	Rupees
Opening written down value	733,648,082	747,351,409
Add: Transfer from capital work in progress (at cost)	-	-
Additions during the period	25,347,448	47,086,736
	758,995,530	794,438,145
Depreciation charged during the period	(37,254,087)	(39,205,096)
Deletion during the period / year	-	(7,340,069)
	721,741,443	747,892,980

5 CONTINGENCIES AND COMMITMENTS

5.1 CONTINGENCIES

Letter of Guarantee has been issued by Silk Bank Limited on behalf of the Company in the normal course of the business in favour of M/S Sui Northern Gas Pipelines Limited aggregating to Rs. 37.148 million (June 30, 2017: Rs. 37.148 million)

5.2 COMMITMENTS

5.2.1 Store & Spares: The company has commitments of Rs. 14.39 million (June 30, 2017: 7.97 million) in respect of outstanding letter of credit.

5.2.2 Raw Material: The company has commitments of Rs. 0.45 million (June 30, 2017: 6.09 million) in respect of outstanding letter of credit.

5.2.3 Plant & Machinery: The company has commitments of Rs. 1.44 million (June 30, 2017: 13.31 million) in respect of outstanding letter of credit.

6 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:

		Nine months Ended	
		March 31,2018	March 31,2017
		Rupees	Rupees
Relation with the company	Nature of Transaction		
Associated company/undertakings			
Toyota Rawal Motors (pvt) Ltd.	Short term financing Loan	22,283,000	-
	Short term financing Paid	22,177,753	1,824,403
	Mark up on Short term financing	-	77,043
	Mark up on Short term financing Paid	247,070	-
	Rent for bulding	526,155	478,323
	Utilities	99,000	90,000
	Health Insurance	-	52,689
Rawal Industrial Equipment Pvt Ltd.	Short term financing Loan	12,800,000	4,465,330
	Short term financing Paid	12,800,000	2,823,007
	Mark up on Short term financing	9,811	110,803
	Mark up Paid on Short term financing	-	204,947
	Purchase of Fixed Assets	21,300,000	9,751,993
	Payment Made Agaisnt Purchase	17,175,000	-
Key management personal			
	Long term loan	51,100,000	-
	Markup on Long term loan	588,619	880,555
	Loan Repaid	10,450,000	-

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

		Nine months Ended	
		March 31,2018	March 31,2017
		Rupees	Rupees
Short term employee benefits			
Chief Executive Officer		3,005,294	2,609,418
Directors		389,340	389,340
Executives		5,358,574	1,290,610
		8,753,208	4,289,369

7 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 April 30, 2018.

8 GENERAL

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

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