



Financial Statements

For the First Quarter Ended

September 30, 2017

FRONTIER CERAMICS LIMITED

FRONTIER CERAMICS LIMITED

Financial statements for first quarter ended September 30, 2017

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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

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 (Resigned on September 11, 2017)

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 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 FIRST QUARTER ENDED SEPTEMBER 30, 2017

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, 2017

Your company has been facing swear competition due to dumping of cheap Chinese tiles in the market. National Tariff commission (NTC) was imposed anti -dumping duties on these Chinese tiles for four months was expired on 18 June, 2017. The tiles manufacturer association including your company has taken the matter with the concerned authorities for imposition of final anti-dumping duty on Chinese tiles.

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

Sales- net	Rs. 148.37 million increased by 60% previous Rs. 88.37 million
Gross Profit	Rs. 17.32 million increased by 25% previous profit Rs. 4.26 million
Operating (Loss)/ Profit	Rs. 11.57 million increased from previous loss Rs. (0.57) million
Profit per share	Rs.0.27 (Profit/share) increased by 12% previous (profit/share) Rs. 0.03

Increase of sale by 60% played vital role in increase of gross profit of the Company. The company has taken effort to improve its market share by introducing new innovative designs, reducing product cost and economization of expenses which resulted to increase gross profit.

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, 2017 which provides a detailed review of the Company's operations and future strategy.

Peshawar:

Dated: December 26, 2017



Chairperson

FRONTIER CERAMICS LIMITED
BALANCE SHEET AS AT SEPTEMBER 30, 2017

		Un-audited Sep 30, 2017 Rupees	Audited June 30, 2017 Rupees
	Note		
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5.	724,156,383	733,648,082
Capital work in progress		107,682,004	107,682,003
Investment property		<u>737,602</u>	<u>737,602</u>
		832,575,989	842,067,687
Long term deposits		2,378,450	2,378,450
Long term advances		<u>7,129,943</u>	<u>6,857,655</u>
		842,084,382	851,303,792
CURRENT ASSETS			
Stores, spares and loose tools		40,849,484	46,221,888
Stock in trade		94,621,347	87,990,223
Trade debts		-	-
Advances		60,844,521	53,163,774
Tax refunds due from government		35,087,585	35,321,429
Taxation - net		13,862,407	12,074,405
Cash and bank balances		<u>9,186,261</u>	<u>3,317,034</u>
		254,451,604	238,088,753
TOTAL ASSETS		<u><u>1,096,535,986</u></u>	<u><u>1,089,392,545</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>55,694,269</u>	<u>45,634,430</u>
		253,636,753	243,576,914
SURPLUS ON REVALUATION OF FIXED ASSETS		411,880,404	411,880,404
NON CURRENT LIABILITIES			
Long term financing		26,375,000	38,280,707
Deferred taxation		79,057,208	80,745,186
Deferred income		946,139	946,139
Liability against assets subject to finance lease		<u>5,980,656</u>	<u>4,101,702</u>
		112,359,003	124,073,734
CURRENT LIABILITIES			
Trade and other payables		268,499,323	270,324,978
Mark up accrued		10,651,405	10,458,742
Short term borrowings		17,184,216	2,644,716
Current portion of long term financing		21,655,707	23,875,000
Current portion of finance lease liability		<u>669,176</u>	<u>2,558,057</u>
		318,659,827	309,861,493
CONTINGENCIES AND COMMITMENTS	6.	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>1,096,535,986</u></u>	<u><u>1,089,392,545</u></u>

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

Note	For Quarter Ended	
	Sep 30, 2017	Sep 30, 2016
	Rupees	Rupees
Sales - net	148,373,026	88,367,715
Cost of sales	<u>(131,054,048)</u>	<u>(84,106,391)</u>
Gross profit	17,318,978	4,261,324
Distribution cost	(1,212,963)	(966,078)
Administrative expenses	(3,832,030)	(2,994,363)
Other operating expenses	(708,212)	(868,225)
Operating (loss)/ profit	<u>11,565,773</u>	<u>(567,342)</u>
Other income	-	1,673,204
Finance cost	(1,479,286)	(1,079,475)
Profit before taxation	<u>10,086,486</u>	<u>26,387</u>
Taxation		
Current	(1,714,623)	(883,677)
Deffered	1,687,979	2,074,762
Profit for the period	<u><u>10,059,843</u></u>	<u><u>1,217,472</u></u>
Earnings per share - basic and diluted	<u><u>0.27</u></u>	<u><u>0.03</u></u>

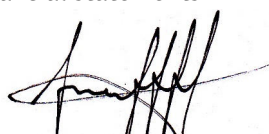
The annexed notes from 1 to 9 form an integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Sep 30, 2017	Sep 30, 2016
	Rupees	Rupees
Profit for the period	10,059,843	1,217,472
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>10,059,843</u>	<u>1,217,472</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



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CEREMICS LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Sep 30, 2017	Sep 30, 2016
Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,086,486	26,383
Adjustment for non cash items:		
Depreciation	11,074,086	12,652,909
Finance cost	1,479,286	1,079,475
Gain on disposal of fixed assets	-	(1,309,931)
	<u>12,553,373</u>	<u>12,422,453</u>
Profit before working capital changes	22,639,859	12,448,836
Changes in working capital:		
(Increase)/decrease in current assets		
Stores, spares and loose tools	5,372,404	(5,019,789)
Stock in trade	(6,631,124)	(2,556,744)
Trade debts	-	-
Advances	(7,680,747)	8,036,603
(Decrease)/increase in current liabilities		
Trade and other payables	(1,825,655)	(1,435,713)
Short term borrowings	14,539,500	(2,037,470)
Current Portion of Long term financing	(2,219,293)	-
Current Portion of Finance Lease Liability	(1,888,881)	
	<u>(333,796)</u>	<u>(3,013,113)</u>
Cash (used in)/generated from operations	22,306,063	9,435,723
Finance cost paid	(1,479,286)	(1,041,652)
Taxes paid	(1,783,092)	(5,518,680)
	<u>(3,262,378)</u>	<u>(6,560,332)</u>
Net cash (used in)/generated from operating activities	19,043,685	2,875,391
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment		
Acquisition of operating fixed assets	(1,582,390)	(9,765,520)
Addition to capital work in progress	-	(9,949,754)
Sale proceeds from disposal of fixed assets	-	8,650,000
Net cash used in investing activities	(1,582,390)	(11,065,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(11,319,780)	9,000,000
Long term Advances	(272,288)	(1,178,811)
Net cash generated from operating activities	<u>(11,592,068)</u>	<u>7,821,189</u>
Net (decrease)/increase in cash and cash equivalents	5,869,227	(368,694)
Cash and cash equivalents at the beginning of the period	<u>3,317,034</u>	<u>1,966,035</u>
Cash and cash equivalents at the end of the year period	<u>9,186,261</u>	<u>1,597,341</u>

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CEREMICS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Issued, subscribed and paid up capital	Accumulated loss	Discount on Issue of Shares	Total
	Rupees			
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
Balance as at July 01, 2017	378,738,210	45,634,430		424,372,640
Net Profit for the Period		10,059,843		10,059,843
Discount on issue of right shares				-
Transfer from surplus on revaluation of fixed assets - incremental depreciation		-		-
Balance as at Sep 30, 2017	378,738,210	55,694,273	-	434,432,483

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

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 quarter ended Sep 30, 2016.

3. ACCOUNTING POLICIES AND ESTIMATES

The condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of 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. TAX STATUS

Tax Returns for the tax year 2011 to 2016 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, 2017	Sep 30, 2016
	Rupees	Rupees
Opening written down value	734,385,685	748,127,832
Additions during the period	1,582,390	2,425,452
	735,968,075	750,553,284
Depreciation charged during the period	(11,074,086)	(12,652,910)
	724,893,988	737,900,374

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, 2017: Rs. 37.148 million).

6.2 COMMITMENTS

6.2.1 Store & Spares: The company has commitments of Rs. 9.07 million (June 30, 2017: 7.97 million) in respect of outstanding letter of credit.

6.2.2 Raw Material: The company has commitments of Rs. 0.26 million (June 30, 2017: 6.09 million) in respect of outstanding letter of credit.

6.2.3 Plant & Machinery: The company has commitments of Rs. 3.67 million (June 30, 2017: 13.31 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:

		1 st Quarter Ended	
		Sep 30,2017	Sep 30,2016
		Rupees	Rupees
Relation with the company	Nature of Transaction		
Associated company/undertakings			
Toyota Rawal Motors (pvt) Ltd.	Short term financing		
	Loan	-	-
	Mark up	-	38,338
	Rental for building	159,441	159,441
	Utilities	30,000	30,000
Rawal Industrial Equipment (pvt) Ltd.			
	Purchase of fixed assets	-	4,909,000
	Short term financing	9,000,000	
	Loan Paid		2,037,470
	Mark up		67,534
Key management personal			
	Markup on long term loan	220,885	293,793.00

- 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 30,2017	Sep 30,2016
		Rupees	Rupees
Short term employee benefits			
Chief Executive Officer		372,774	372,774
Directors		129,780	129,780
Executives		1,647,986	838,680
		<u>2,150,540</u>	<u>1,341,234</u>

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 December 26,2017.

9. **GENERAL**

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR