

FRONTIER CERAMICS LIMITED



FINANCIAL STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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; 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 (Appointed on June 05, 2018)

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

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, 2018

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, 2018

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

Sales- net	Rs. 173.21 million increased by 17% previous Rs. 148.37 million
Gross Profit	Rs. 11.95 million decreased by 31% previous profit Rs.17.32
million Operating Profit	Rs. 3.78 million decreased from previous loss Rs. 11.57 million
Profit per share	Rs.0.07 (Profit/share) decreased by 17% previous (profit/share) Rs. 0.27

Increase of cost of sale due to the increase in consumption of LPG and increase in gas tariff by 30% to encounter the energy crisis on the industry is far too much to absorb with incoming cheap dumped imported tiles and heavy incursion of low quality smuggled tiles from bordering countries. The particularly low Import trade price (ITP) of tiles is also added to the unfair situation of the sale increase only by 17% as compared to previous period i.e. 60%. The Government should take measures to reduce the high input energy and conversion cost along with establishing non-tariff barriers.

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, 2018 which provides a detailed review of the Company's operations and future strategy.

Peshawar:

Dated: October 30, 2018


Chairperson

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018 (Un-Audited)

	Note	Un-audited 30-Sep-18 Rupees	Audited 30-Jun-18 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets		715,939,144	724,871,199
Capital work in progress		242,691,961	242,691,961
Investment property		691,846	700,722
		959,322,950	968,263,882
Long term deposits		2,378,450	2,378,450
Long term advances		6,908,555	6,450,796
		968,609,955	977,093,128
CURRENT ASSETS			
Stores, spares and loose tools		88,859,055	44,591,466
Stock in trade		96,161,664	89,886,340
Trade debts		4,020,691	10,542,743
Advances		41,255,224	35,038,053
Tax refunds due from government		47,588,010	47,588,010
Taxation - net		5,549,963	1,336,680
Cash and bank balances		1,411,605	4,119,880
		284,846,212	233,103,172
TOTAL ASSETS		1,253,456,167	1,210,196,300
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)
Revaluation surplus on property, plant and equipment		396,468,306	396,468,306
Unappropriated profit/(accumulated loss)		105,298,391	102,723,976
		699,709,181	697,134,766
NON CURRENT LIABILITIES			
Long term financing		214,740,638	183,901,874
Deferred taxation		82,294,059	83,982,037
Deferred Income		630,785	630,785
Liability against asset subject to finance lease		1,344,866	1,344,866
		299,010,347	269,859,562
CURRENT LIABILITIES			
Trade and other payables		178,074,162	159,327,166
Unclaimed dividend		3,189,224	3,189,224
Mark up accrued		14,991,673	14,991,673
Short term borrowings		38,649,963	38,649,963
Current portion of long term financing		17,660,708	24,330,707
Current portion of finance lease liability		2,170,909	2,756,836
		254,736,639	243,245,569
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		1,253,456,167	1,210,239,897

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018 (Un-Audited)

	For Quarter Ended	
	30-Sep-18 Rupees	30-Sep-17 Rupees
Sales - net	173,214,430	148,373,026
Cost of sales	<u>(161,265,455)</u>	<u>(131,054,048)</u>
Gross profit	11,948,975	17,318,978
Distribution cost	(2,756,188)	(1,212,963)
Administrative expenses	(5,359,281)	(3,832,030)
Other operating expenses	(54,863)	(708,212)
Operating profit	<u>3,778,643</u>	<u>11,565,773</u>
Other income	362,880	-
Finance cost	(1,089,907)	(1,479,286)
Profit before taxation	<u>3,051,616</u>	<u>10,086,486</u>
Taxation		
Current	(2,165,180)	(1,714,623)
Deffered	1,687,979	1,687,979
Profit for the year	<u><u>2,574,415</u></u>	<u><u>10,059,843</u></u>
Earnings per share - basic and diluted	<u><u>0.07</u></u>	<u><u>0.27</u></u>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018 (Un-Audited)

	For Quarter Ended	
	30-Sep-18	30-Sep-17
	Rupees	Rupees
Profit for the year	2,574,415	10,059,843
Other comprehensive income for the year	-	-
Effect of change in tax rate on deferred tax on revaluation surplus on property, plant and equipment	-	-
Total comprehensive income for the year	<u>2,574,415</u>	<u>10,059,843</u>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT CASH FLOW
FOR FIRST QUARTER ENDED SEPTEMBER 30, 2018 (Un-Audited)

	For Quarter Ended	
	30-Sep-18 Rupees	30-Sep-17 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,051,616	10,086,486
Adjustment for:		
Depreciation	9,919,302	11,074,086
Finance Cost	1,089,907	1,479,286
Profit before working capital changes	14,060,825	22,639,859
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(44,267,589)	5,372,404
Stock in trade	(6,275,324)	(6,631,124)
Trade debts	6,522,052	-
Advances	(6,217,171)	(7,680,747)
Tax refunds due from government		-
Increase / (decrease) in current liabilities		
Trade and other payables	18,746,996	(1,825,655)
Short term borrowings	-	14,539,500
Current Portion of Long term financing	(6,669,999)	(2,219,293)
Current Portion of Finance Lease Liability	(585,927)	(1,888,881)
	(38,746,962)	(333,796)
Cash generated from operations	(24,686,136)	22,306,062
Finance Cost Paid	(1,089,907)	(1,479,286)
Taxes paid	(6,334,868)	(1,783,092)
Net cash generated from operating activities	(32,110,911)	19,043,684
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(978,369)	(1,582,390)
Increase in long term advances	(457,759)	(272,288)
Net cash used in investing activities	(1,436,128)	(1,854,678)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	30,838,764	(11,319,780)
Increase in deferred income	-	-
Liability against assets subject to finance lease	-	-
Net cash used in financing activities	30,838,764	(11,319,780)
Net (decrease) / increase in cash and cash equivalents	(2,708,275)	5,869,226
Cash and cash equivalents at the beginning of the period	4,119,880	3,317,034
Cash and cash equivalents at the end of the period	1,411,605	9,186,260

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

FRONTIER CEREMICS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018 (Un-Audited)

	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, 2017	378,738,210	(180,795,726)	-	45,634,430	243,576,914
Total comprehensive income for the year ended September 30, 2017	-	-	-	10,059,843	10,059,843
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	-	-	-	-
Balance as at September 30, 2017	<u>378,738,210</u>	<u>(180,795,726)</u>	<u>-</u>	<u>55,694,273</u>	<u>253,636,753</u>
Balance as at July 01, 2018	378,738,210	(180,795,726)	396,468,306	102,723,976	697,134,766
Total comprehensive income for the year ended September 30, 2018	-	-	-	2,574,415	2,574,415
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	-	-	-	-
Balance as at September 30, 2018	<u>378,738,210</u>	<u>(180,795,726)</u>	<u>396,468,306</u>	<u>105,298,391</u>	<u>699,709,181</u>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER,2018.

1 STATUS AND NATURE OF OPERATIONS

Frontier Ceramics Limited was incorporated in July 1982 as Public Limited Company with its shares quoted on Pakistan Stock Exchanges . 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 cermic products.

2 BASIS OF PREPARATION

These condensed interim financial statements have 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 requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2018. These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

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, 2018.

4 PROPERTY PLANT AND EQUIPMENT

	First Quarter Ended	
	Sep 30,2018	Sep 30,2017
	Rupees	Rupees
Opening written down value	725,571,922	734,385,685
Add: Transfer from capital work in progress (at cost)	-	-
Additions during the period	978,369	1,582,390
	726,550,291	735,968,075
Depreciation charged during the period	(9,919,302)	(11,074,086)
Deletion during the period / year	-	-
	716,630,989	724,893,988

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, 2018: Rs. 37.148 million)

5.2 COMMITMENTS

5.2.1 Store & Spares: The company has commitments of Rs. 12.66 million (June 30, 2018 13.77 million) in respect of outstanding letter of credit.

5.2.2 Raw Material: The company has commitments of Rs. 7.09 million (June 30, 2018: 8.86 million) in respect of outstanding letter of credit.

5.2.3 Plant & Machinery: The company has commitments of Rs. 7.37 million (June 30, 2018: 0.33 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:

		First Quarter Ended	
		Sep 30,2018	Sep 30,2017
		Rupees	Rupees
Relation with the company	Nature of Transaction		
Associated company/undertakings			
Toyota Rawal Motors (pvt) Ltd.	Short term financing Loan	1,500,000	3,963,000
	Short term financing Paid	1,500,000	2,223,500
	Rent for bulding	-	159,441
	Utilities	-	30,000
Rawal Industrial Equipment Pvt Ltd.	Short term financing Loan	36,888,900	12,800,000
	Short term financing Paid	8,470,000	3,800,000
Key management personal			
	Long term loan	2,419,868	-
	Markup on Long term loan	-	220,885
	Loan Repaid	420,000	9,000,000

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

		First Quarter Ended	
		Sep 30,2018	Sep 30,2017
		Rupees	Rupees
Short term employee benefits			
Chief Executive Officer		1,168,413	1,030,904
Directors		450,000	129,780
Executives		2,369,100	1,647,986
		3,987,513	2,808,670

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 October 30, 2018.

8 GENERAL

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR