



Financial Statements
For Third Quarter &
Nine Month Ended March 31, 2014

FRONTIER CERAMICS LIMITED



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Raja Ghazanfar	Chairman
Mr. Omer Khalid	Chief Executive Officer
Ms. Sana Khalid	Director
Mrs. Shazia Khalid	Director
Mrs. Hameeda Khalid	Director
Ms. Farhat	Director
Mrs. Pervez Aslam	Director

Audit Committee

Mrs. Shazia Khalid	Chairperson
Mrs. Hameeda Khalid	Member
Mr. Raja Ghazanfar	Member

Human Resource & Remuneration Committee

Mrs. Pervez Aslam	Chairperson
Mr. Omer Khalid	Member
Ms. Farhat	Member

Chief Operating Officer

Mr. Nadeem Khalid

Chief Financial Officer & Company Secretary

Khawaja Mushtaq Ahmed FCA,ACIS

Bankers

Bank Alfiah 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

Ishtiaq Ahmed (Advocate & Legal Consultant)
Flat No. 42, Block C, 2nd Floor, Cantonment Plaza,
Saddar Road, Peshawar Cantt.

Registrar and Share Transfer Office

M/S Saeed Methani Mushtaq & Co
Suite # 23-C, Block B, 2nd Floor, Cantonment Plaza,
Fakhr-e-Alam Road, Peshawar Cantt. Ph. 091-5275628

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

FRONTIER CERAMICS LIMITED
VISION & MISSION STATEMENT

VISION STATEMENT

To become an industry leader through our FORTE Brand by offering the best innovative and quality products at competitive prices.

MISSION STATEMENT

OUR MISSION IS:

- Deliver unparalleled value to stakeholders and continually striving to exceed the customers' expectations by developing the innovative solutions
- Treat our employees fairly so that they feel as a family member in the company
- Earn reasonable return for profits and growth of the company in order to provide the shareholders reasonable return on their investments in the company
- Special emphasis on workforce, health, safety, environment and contribution to the national economic development

FRONTIER CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders:

The Board of Directors takes pleasure in presenting the report along with un-audited financial statements for the third quarter and nine months to March 31, 2014.

A brief review of the company's performance for the period against the corresponding period of the year last year (hereafter referred as previous) is as follows:-

- Net Sales at Rs. 206.49 million has decreased by 10.96% (Previous Rs. 231.90 million)
- Gross Profit at Rs. (25.15) million has decreased by 307.67% (Previous Rs. 12.10million)
- Operating Loss at Rs. 50.97 million has increased by 1603.65% (Previous loss Rs. 2.99million)
- Loss before taxation at Rs. 52.44 million has increased by 1120.05% (Previous loss Rs. 4.30million)
- Loss per Share increased to Rs. 6.11 vs. previous Rs. 0.23

Company produced 663464 SQM VS 745465 SQM of corresponding period. Gross profit reduction and increase in operating loss is mainly attributed to lesser production vs. corresponding period due to un-scheduled power shut downs, increased material costs, variable gas pressure, high diesel consumption for electric generation and LPG cost which significantly increased to Rs 26.32 million vs. corresponding period of Rs 9.03 million during the period. Impact of additional costs could not be passed on to customers as the sale price per square meter was marginally increased in October 2013.

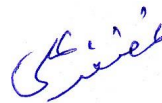
The Company has settled the case out of court with Sardar Asif and out of settlement amount of Rs. 15 Million, Rs. 12.9 Million has been paid and charged to administration expense during the period which has increased admin expenses from Rs. 9.7 Million to 23.1 Million.

Management has sought the extension of 90 days for the issue of right shares which could not be issued during the first sixty days tenure as advised by SECP due to certain difficulties as communicated to SECP in our application.

Attention to the shareholders is also invited to the Directors' Report for the half year ended December 31, 2013, which provides a detailed review of the Company's operations in the current year.

Peshawar:

Dated: April 28, 2014

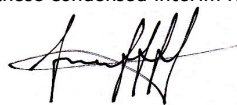


Chairman

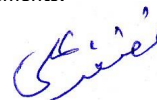
FRONTIER CERAMICS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2014

		Rupees	
		March 31, 2014	June 30, 2013
Notes		Un-audited	Audited
ASSETS			
NON CURRENT ASSETS			
	Property, plant and equipment		
	Operating fixed assets	4 551,584,822	583,820,764
	Capital work in progress	155,886,112	148,113,883
	Long term deposite	1,513,450	1,513,450
		708,984,385	733,448,097
CURRENT ASSETS			
	Store, Spare and loose tools	22,029,024	16,685,254
	Stock in trade	34,930,379	39,348,852
	Trade debts	2,589,202	2,710,094
	Advances	21,315,315	14,319,442
	Tax refunds due from government	4,076,626	4,076,626
	Taxation-net	6,040,941	3,420,187
	Cash and Bank Balances	17,962,881	3,513,392
		108,944,367	84,073,847
	TOTAL ASSETS	817,928,752	817,521,944
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
	Authorized share capital		
	75,000,000 (June 30, 2013: 75,000,000) ordinary shares of Rs. 10 each.	750,000,000	750,000,000
	Issued, Subscribed and paid up capital		
	7,741,200 (June 30, 2013: 7,741,200) ordinary shares of Rs. 10 each.	77,412,000	77,412,000
	Accumulated losses	(150,304,364)	(118,847,169)
		(72,892,364)	(41,435,169)
	SURPLUS ON REVALUATION OF FIXED ASSETS	349,367,160	365,215,416
NON CURRENT LIABILITIES			
	Long term financing	89,180,130	89,180,130
	Deferred taxation	99,291,036	106,491,813
		188,471,166	195,671,943
CURRENT LIABILITIES			
	Trade and other payables	231,473,209	176,938,467
	Mark up accrued	2,968,069	2,589,775
	Short term borrowings	4,415,237	4,415,237
	Current portion of long term financing	114,126,275	114,126,275
	TOTAL EQUITY AND LIABILITES	352,982,790	298,069,754
	CONTINGENCIES AND COMMITMENTS	5 -	-
		817,928,752	817,521,944

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



CHIEF EXECUTIVE



DIRECTOR

PESHAWAR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM PROFIT & LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Quarter Ended		Nine Months Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
 Rupees.....			
Sales - net	70,192,604	84,277,890	206,485,813	231,901,723
Cost of sales	(80,721,244)	(80,055,114)	(231,631,726)	(219,792,864)
Gross (Loss)/Profit	(10,528,640)	4,222,776	(25,145,913)	12,108,859
Distribution cost	(679,697)	(966,790)	(2,436,236)	(2,697,287)
Administrative expenses	(16,499,821)	(3,149,987)	(23,189,229)	(9,780,627)
Other operating expenses	(108,995)	(139,000)	(198,845)	(2,622,776)
Operating loss	(27,817,154)	(33,001)	(50,970,224)	(2,991,831)
Finance cost	(417,086)	(389,772)	(1,471,146)	(1,306,471)
Other operating income				
Loss before taxation	(28,234,240)	(422,773)	(52,441,370)	(4,298,302)
Taxation:				
-current	(701,926)	(421,389)	(2,064,858)	(1,159,508)
-deferred	2,400,259	500,000	7,200,777	3,687,623
Loss after taxation	(26,535,906)	(344,162)	(47,305,451)	(1,770,187)
(Loss) / earnings per share - basic and diluted	(3.43)	(0.04)	(6.11)	(0.23)

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



CHIEF EXECUTIVE

PESHAWAR



DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

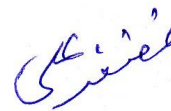
	Rupees	
	31-Mar-14	31-Mar-13
Loss before tax for the period	(47,305,451)	(1,770,187)
Other comprehensive income for the Period	-	-
Total comprehensive income for the Period	<u>(47,305,451)</u>	<u>(1,770,187)</u>

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



DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Issued, subscribed and paid up capital	Accumulated losses	Total
Rupees.....		
Balance as at July 01, 2012	77,412,000	(141,190,921)	(63,778,921)
Total comprehensive loss for the period ended March 31, 2013	-	(1,770,187)	(1,770,187)
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax	-	19,350,489	19,350,489
Balance as at March 31, 2013	77,412,000	(123,610,619)	(46,198,619)
Balance as at July 01, 2013	77,412,000	(118,847,169)	(41,435,169)
Total comprehensive loss for the period ended March 31, 2014	-	(47,305,451)	(47,305,451)
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax	-	15,848,256	15,848,256
Balance as at March 31, 2014	77,412,000	(150,304,364)	(72,892,364)

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



CHIEF EXECUTIVE



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Rupees	
	31-Mar-14	31-Mar-13
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(52,441,370)	(4,298,302)
Adjustment for:		
Depreciation	32,431,965	36,099,081
		-
Profit before working capital changes	(20,009,405)	31,800,779
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(5,343,770)	793,918
Stock in trade	4,418,473	2,225,729
Trade debts	120,892	120,884
Advances	(6,995,873)	3,783,659
Short term deposits & prepayments	-	71,920
Increase / (decrease) in current liabilities		
Trade and other payables	54,534,742	(14,709,112)
Mark up accrued	378,294	375,108
	47,112,758	(7,337,894)
Cash generated from operations	27,103,353	24,462,884
Taxes paid	(4,685,611)	(3,730,552)
Net cash generated from operating activities	22,417,742	20,732,332
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(196,023)	-
Additions to capital work in progress	(7,772,229)	(11,973,133)
Net cash used in investing activities	(7,968,252)	(11,973,133)
Net (decrease) / increase in cash and cash equivalents	14,449,489	8,759,199
Cash and cash equivalents at the beginning of the period	3,513,392	2,317,530
Cash and cash equivalents at the end of the period	17,962,881	11,076,729

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



CHIEF EXECUTIVE



DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2014

1. STATUS AND NATURE OF OPERATIONS

Frontier Ceramics Limited was incorporated in July 1982 as Public Limited Company with its share 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 2013. Comparative balance sheet is extracted from annual audited financial statement as of 30 June 2013 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, 2013.

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 published annual financial statements of the Company for the year ended 30 June 2013.

4. PROPERTY PLANT AND EQUIPMENT

	Nine months Ended	
	March 31, 2014	March 31, 2013
	(Rupees)	(Rupees)
Opening written down value	583,820,764	632,785,637
Additions during the period	196,023.00	-
	584,016,787	632,785,637
Depreciation charged during the period	(32,431,963)	(36,099,081)
	551,584,824	596,686,556

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 As per Settlement agreement with the creditors banks, no interest has been accounted for subsequent to the settlement agreement relating to long term financing, however, in case of default in repayment of three consecutive installments the interest may become payable, for which there shall be no entitlement for any remission or waiver. As no event of default has been communicated to the company the amount is not accurately quantifiable.

5.1.2 Guarantee has been issued by Silk Bank Limited on behalf of the Company in the normal course of business in favour of M/S Sui Northern Gas Pipelines Limited aggregating to Rs. 20.671 million (June 30, 2013: Rs. 20.671million)

5.2 Commitments

The Company has commitments to Rs.9.842 Million (June 30, 2013: 3.820) and Rs. 8.249 Million (June 30,2013 : Rs.5.997 Million) against import of spare tools and raw material respectively, 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, other associate companies, directors and key management personnel. Transaction with related parties and associated undertakings during the period are as follows:

Relation with the company	Nature of Transaction	Nine months Ended	
		March 31,2014	March 31,2013
Associated company/undertakings		(Rupees)	
Toyota Rawal Motors (pvt) Ltd.	Rent & Utilities	449,370	387,000
Toyota Rawal Motors (pvt) Ltd.	Mark up on Loan	163,419	160,233

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 31,2014	March 31,2013
Short term employee benefits	(Rupees)	
Chief Executive Officer	1,440,000	1,440,000
Directors	481,500	481,500
Executives	812,250	812,250
	<u>2,733,750</u>	<u>2,733,750</u>

7 **DATE OF AUTHORIZATION FOR ISSUE**

These interim financial statement were authorized for issue by the Board of Directors of the Company in their meeting held on 28th April, 2014.

8 **GENERAL**

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

CHIEF EXECUTIVE

DIRECTOR