



Financial Statements

For the Half Year Ended December 31, 2013

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 is pleased to present the un-audited financial statements duly reviewed by our external auditors for the half year ended December 31, 2013

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. 136.29m lower by 7.68% vs. previous Rs. 147.62m
- Gross (Loss)/Profit at Rs. (14.62)m lower by 285.36% vs. previous Rs. 7.89m
- Operating Loss at Rs. 23.15m increased by Rs 682.51% vs. previous Rs. 2.96m
- Loss per Share increased to Rs. 2.68 vs. previous. 0.18m

Company produced 427551 SQM VS 468354 SQM of corresponding period. Gross profit reduction and increase in operating loss is mainly attributed to lesser production vs. corresponding period due to low gas pressure, frequent unscheduled load shedding, high diesel consumption for electric generation and LPG cost which significantly increased to Rs 12.67 million vs. corresponding period of Rs 5.2 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.

We are pleased to inform the members that considering our submissions, SECP approved and revised the right share price to Rs. 4. from Rs. 5.50 per right share with the option either to issue the right share or seek relaxation for cancellation of right share issue vide SECP letter No. EMD/233/584/02 dated February 07, 2014. Board of directors with the consent of major sponsors/shareholders in the meeting held on February 18, 2014 decided to opt for the issue of right shares at the rate of Rs. 4 per right share at the discount of Rs 6 per share and entitlement of shares comes to 389.25% per share. The right share issue will help to settle the long term loan, generate the funds for working capital and to complete the future expansions of the Company.

Further Company also reached out of court Settlement Agreement with Sardar Asif (Note 10.1.3) who got an execution decree against the plots of the company and took the possession of the plots which resulted in significant delay for the expansion activities. Expansions activities now shall be immediately started after completion of the right share issue as the company has to generate the funds to complete its expansion activities.

As regards auditor's qualification regarding gratuity, company is working for different options of staff retirements benefits and shall announce either to opt for gratuity or provident fund as per the requirement of law.

Peshawar:

Dated: 27th February, 2014



Chairman

INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **FRONTIER CERAMICS LIMITED** (“the Company”) as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred as the “interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International standard on Review Engagements

2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of interim financial information consist of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The Company has not accounted for any provision against staff retirement benefits in terms of gratuity or provident fund or both as per the requirement of sub clause (6) of clause (12) of Schedule to The Industrial & Commercial Employment (Standing Orders) Ordinance, 1968. The estimated value of this liability in term of gratuity amounts to Rs. 17.930 million as at December 31, 2013.

Qualified Conclusion

Based on our review, with the exception of the matters described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended December 31, 2013 and December 31, 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Emphasis of Matters

Without further qualifying our opinion, we draw attention to the following matters:

- a) Note 1.2 in the interim financial information which indicates that the Company's accumulated losses exceeds its share capital by Rs. 50.975 million as at December 31, 2013 and as of that date; Company's current liabilities exceeded its current assets by Rs. 225.482 million. These conditions, along with other matters as set forth in Note 1.2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.
- b) The ultimate outcome of the matter as explained in Note 10.1.1 to the accompanying interim financial information cannot presently be determined and, hence, pending the resolution of the matters in question, no provision has been made by the Company in the accompanying interim financial information for any liability that may arise as a result of the said matters.

ISLAMABAD

DATED: FEBRUARY 27, 2014

Iffat Hussain & Co.

CHARTERED ACCOUNTANTS

Engagement Partner: Iffat Hussain

FRONTIER CERAMICS LIMITED
 CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
 AS AT DECEMBER 31, 2013

	Note	December 31, 2013 Rupees Un-audited	June 30, 2013 Rupees Audited
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	562,022,844	583,820,764
Capital work in progress		155,828,223	148,113,883
		<u>717,851,067</u>	<u>731,934,647</u>
Long term deposits		1,513,450	1,513,450
		<u>719,364,517</u>	<u>733,448,097</u>
CURRENT ASSETS			
Stores, spares and loose tools		20,509,078	16,685,254
Stock in trade		36,669,626	39,348,852
Trade debts		2,512,058	2,710,094
Advances		18,218,647	14,319,442
Tax refunds due from government		4,076,626	4,076,626
Taxation - net		5,661,570	3,420,187
Cash and bank balances		10,049,200	3,513,392
		<u>97,696,805</u>	<u>84,073,847</u>
TOTAL ASSETS		<u><u>817,061,322</u></u>	<u><u>817,521,944</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	7	77,412,000	77,412,000
Accumulated loss		(128,387,594)	(118,847,169)
		<u>(50,975,594)</u>	<u>(41,435,169)</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		353,986,298	365,215,416
NON CURRENT LIABILITIES			
Long term financing	8	89,180,130	89,180,130
Deferred taxation		101,691,295	106,491,813
		<u>190,871,425</u>	<u>195,671,943</u>
CURRENT LIABILITIES			
Trade and other payables		201,796,433	176,938,467
Mark up accrued		2,841,248	2,589,775
Short term borrowings		4,415,237	4,415,237
Current portion of long term financing	9	114,126,275	114,126,275
		<u>323,179,193</u>	<u>298,069,754</u>
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>817,061,322</u></u>	<u><u>817,521,944</u></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Statement under section 241(2) of the Companies Ordinance, 1984 :

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such these financial statements, as approved by the Board of Directors, have been signed by two Directors.



DIRECTOR



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Half Year Ended December 31,		Quarter Ended December 31,		
	2013	2012	2013	2012	
Note	Rupees				
Sales - net	136,293,209	147,623,833	73,512,811	87,419,386	
Cost of sales	150,910,482	139,737,750	85,561,063	81,301,913	
Gross profit / (loss)	(14,617,273)	7,886,083	(12,048,252)	6,117,474	
Distribution cost	1,756,539	1,730,497	758,327	858,869	
Administrative expenses	6,689,408	6,630,640	3,885,054	3,616,702	
Other operating expenses	89,850	2,483,776	19,850	2,414,250	
Operating loss	(23,153,070)	(2,958,830)	(16,711,483)	(772,348)	
Finance cost	1,054,060	916,699	621,372	530,813	
Loss before taxation	(24,207,130)	(3,875,529)	(17,332,855)	(1,303,161)	
Taxation:					
-current	1,362,932	738,119	735,128	437,097	
-deferred	(4,800,518)	(3,187,623)	(6,816,100)	(1,537,623)	
Loss after taxation	(20,769,544)	(1,426,025)	(11,251,883)	(202,635)	
Loss per share - basic and diluted	11	(2.68)	(0.18)	(1.45)	(0.03)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Statement under section 241(2) of the Companies Ordinance, 1984 :

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such these financial statements, as approved by the Board of Directors, have been signed by two Directors.



DIRECTOR



DIRECTOR

FRONTIER CERAMICS LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2013

Half Year Ended December 31,		Quarter ended December 31,	
2013	2012	2013	2012
Rupees			

Loss after taxation	(20,769,544)	(1,426,025)	(11,251,883)	(202,635)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(20,769,544)</u>	<u>(1,426,025)</u>	<u>(11,251,883)</u>	<u>(202,635)</u>

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

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Statement under section 241(2) of the Companies Ordinance, 1984 :

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such these financial statements, as approved by the Board of Directors, have been signed by two Directors.


 DIRECTOR


 DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Half Year Ended December 31,	
	2013	2012
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(24,207,130)	(3,875,529)
Adjustment for:		
Depreciation	21,993,944	24,482,437
(Loss) / Profit before working capital changes	<u>(2,213,186)</u>	<u>20,606,908</u>
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(3,823,824)	(2,108,202)
Stock in trade	2,679,226	3,405,590
Trade debts	198,036	330,449
Advances	(3,899,205)	3,310,070
Short term deposits and prepayments	-	102,020
Increase / (decrease) in current liabilities		
Trade and other payables	24,857,966	(7,422,625)
Mark up accrued	251,473	250,721
	<u>20,263,672</u>	<u>(2,131,977)</u>
Cash generated from operations	18,050,486	18,474,931
Taxes paid	(3,604,315)	(2,120,959)
Net cash generated from operating activities	<u>14,446,171</u>	<u>16,353,972</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of operating fixed assets	(196,023)	-
Addition to capital work in progress	(7,714,340)	(11,600,896)
Net cash used in investing activities	<u>(7,910,363)</u>	<u>(11,600,896)</u>
Net increase in cash and cash equivalents	<u>6,535,808</u>	<u>4,753,076</u>
Cash and cash equivalents at the beginning of the period	3,513,392	2,317,528
Cash and cash equivalents at the end of the period	<u><u>10,049,200</u></u>	<u><u>7,070,604</u></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Statement under section 241(2) of the Companies Ordinance, 1984 :

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such these financial statements, as approved by the Board of Directors, have been signed by two Directors.


DIRECTOR


DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	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 half year ended December 31, 2012	-	(1,426,025)	(1,426,025)
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax	-	13,223,803	13,223,803
Balance as at December 31, 2012	<u>77,412,000</u>	<u>(129,393,143)</u>	<u>(51,981,143)</u>
Balance as at July 01, 2013	77,412,000	(118,847,169)	(41,435,169)
Total comprehensive loss for the half year ended December 31, 2013	-	(20,769,544)	(20,769,544)
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax	-	11,229,119	11,229,119
Balance as at December 31, 2013	<u>77,412,000</u>	<u>(128,387,594)</u>	<u>(50,975,594)</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Statement under section 241(2) of the Companies Ordinance, 1984 :

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such these financial statements, as approved by the Board of Directors, have been signed by two Directors.


DIRECTOR


DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

1 STATUS AND NATURE OF BUSINESS

- 1.1 Frontier Ceramics Limited ("the Company") was incorporated in July 1982 as a Public 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 principal activities of the company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.
- 1.2 The Company's accumulated losses exceeds its share capital by Rs. 50.975 million (June 30, 2013 : Rs. 41.435 million). Current liabilities exceeded its current assets by Rs. 225.482 million (June 30, 2013: Rs. 213.99 million). These conditions indicate the existence of material uncertainty which casts doubt about the Company's ability to continue as a going concern. Furthermore, the ability of the Company to continue as a going concern is dependent upon its ability to meet the repayment terms prescribed in the Settlement Agreement dated March 05, 2009 with its creditors, relating to long term financing.

These condensed interim financial statements have been prepared on a going concern basis without any adjustments to assets and liabilities. The shareholder has made a commitment not to seek repayment of the long term loan due to him within the foreseeable future. Moreover, management has plans to increase profitability by introducing new designs and sizes of wall tiles. Further the installation of the new plant is in process. This new plant is capable of producing different sizes of wall tiles as well as floor tiles. In the opinion of the management future profits shall wipe out the accumulated losses and increase equity of the Company. Accordingly, management is confident that they will succeed in their efforts to continue the Company as a going concern.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements are unaudited but subject to the limited scope review by auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

This condensed interim financial report of the Company for the six month period ended December 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2013.

The comparative balance sheet presented in this condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2013, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity are extracted from the unaudited interim financial statements for the half year ended December 31, 2012.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount.

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2013.

3.2 The other standards, amendments and interpretations of approved accounting standards that became effective during the period do not have a significant impact on the Company's condensed interim financial information.

4 TAXATION

The provision for taxation for the half year and quarter ended December 31, 2013 has been made using the estimated effective tax rate applicable to expected total annual earnings.

5 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2013.

December 31, 2013 Rupees Unaudited	June 30, 2013 Rupees Audited
---	---------------------------------------

6 OPERATING FIXED ASSETS

Opening written down value	583,820,763	632,785,637
Add: Addition during the period	196,023	-
	<u>584,016,786</u>	<u>632,785,637</u>
Less: Depreciation charged during the period	21,993,942	(48,964,873)
Closing written down value	<u>562,022,844</u>	<u>583,820,763</u>

7 SHARE CAPITAL

7.1 Issued, subscribed and paid up capital

7,741,200 (June 30, 2013 : 7,741,200) ordinary shares of Rs.10/- each fully paid in cash	<u>77,412,000</u>	<u>77,412,000</u>
--	-------------------	-------------------

7.2 Authorized share capital

This represents 75,000,000 (June 30, 2013: 8,000,000) ordinary shares of Rs. 10 each amounting to Rs.750,000,000 (June 30, 2013: 80,000,000).

December 31, 2013 Rupees Unaudited	June 30, 2013 Rupees Audited
---	---------------------------------------

8 LONG TERM FINANCING

From associated person - unsecured	8.1	<u>89,180,130</u>	<u>89,180,130</u>
------------------------------------	-----	-------------------	-------------------

8.1 This represents interest free unsecured loan received from a shareholder of the Company, to meet the working capital requirements of the Company. The Company in its Extra Ordinary General Meeting held on July 19, 2012 has approved the issue of right shares at 1.80 per right share, whereas SECP approved right shares vide letter No. EMD/233/584/02-096 dated June 18, 2013 at the rate of Rs. 5.50 per right share.

However, subsequent to the year end, SECP has approved the revised rates and reduced the price per right share from Rs. 5.50 per share to Rs. 4.00 per share, with the option, either to issue the right share or seek relaxation for withdrawal of right share issue vide SECP letter No. EMD/233/584/02 dated February 07, 2014. The Board of directors in their meeting held on February 18, 2014 with the consent of major sponsors, have opted to issue right shares at the rate of Rs. 4 per right share at the discount of 60%, entitlement of shares comes to 389.25 per hundred shares held.

9 CURRENT PORTION OF LONG TERM FINANCING

		December 31, 2013 Rupees Unaudited	June 30, 2013 Rupees Audited
Current portion	9.1	114,126,275	114,126,275
		<u>114,126,275</u>	<u>114,126,275</u>

- 9.1 This represents the wavier amount of long term financing to be granted by creditor banks on settlement of loans as per Settlement Agreement dated June 26, 2008. The management intends to retain the amount for write off till next year, as the management is in the process of receiving NOC from lead bank that is National Bank of Pakistan, waiting for pending approval of its board of directors.

10 CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

- 10.1.1 As per settlement agreement with the creditor banks, no interest has been accounted for subsequent to the settlement agreement relating to long term financing in prior years. The loan has been fully repaid during the year, however, no objection certificate (NOC) from National Bank of Pakistan is outstanding to date to confirm the final settlement of the loans. As no event of default has been communicated to the Company to date, the amount of default, if any, can not be accurately quantifiable.

10.1.2 Noman Ghani vs. FCL & others:

This is the recovery suit against the Company. In this suit original claim was of Rs. 1,248,172. Later on, the petitioner submitted another application for amendment of plaint for recovery of Rs. 20 million plus 18% being current bank interest. The application was dismissed and they filled an appeal against the order in the District court. The District Judge dismissed their claim of 20 million and partially allowed the interest. The matter is still pending before the trail court. The Company has not incorporated the contingency as the management is of the view that the case will be settled in favour of the Company.

10.1.3 Sardar Asif vs. FCL

An ex-parte decree in favor of the Company's ex-suppliers was issued by the Civil Court, Peshawar, who proceeded on a part of Company's land against the Company in the Court. The Court decreed the suit in favour of the plaintiff, against the decreed claim of Rs. 1.450 million, for the possession of the property of the Company bearing Plot No 21, 22 and 23 situated at Peshawar. Decree holder further got the stay order to restrain the ongoing construction works on these plots, resultantly all the construction and expansion activities which were being or to be carried out at these plots are discontinued at the factory. The Case was filed during the previous management of the Company by the supplier and is pending before the Civil Court as at December 31, 2013.

However, subsequent to the year end, the case was not decided in favour of the Company by Civil Court Peshawar and resultantly the said party took the possession of the land. Company subsequently went to Honorable High Court and got the stay order. Meanwhile both parties agreed to settle the matter out of the Court vide settlement agreement dated January 18, 2014. Final resolution is subject to clearance of payment as agreed in settlement agreement. As per settlement agreement, Rs.15 million is payable to the party in six installments starting from January 18, 2014 to May 31, 2014. Upto the date of signing of review report, installments amounting to Rs.6 million have been paid to the party.

10.1.4 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. 20.627 million (2012: Rs. 20.453 million).

10.2 COMMITMENTS

10.2.1 The Company has commitments of Rs. 8.630 million (June 30, 2012: Rs.3.804 million) against import of raw materials, Rs. 4.311 million (June 30, 2012: Rs.0.903 million) against import of stores and spares, in respect of outstanding letter of credit.

11 LOSS PER SHARE- BASIC AND DILUTED

Half Year Ended December 31,		Quarter Ended December 31,	
2013	2012	2013	2012
Rupees	Rupees	Rupees	Rupees

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

Loss after taxation - (Rupees)	<u>(20,769,544)</u>	<u>(1,426,025)</u>	<u>(11,251,883)</u>	<u>(202,635)</u>
Weighted average number of ordinary shares - (Number of shares)	<u>7,741,200</u>	<u>7,741,200</u>	<u>7,741,200</u>	<u>7,741,200</u>
Loss per share - (Rupees)	<u>(2.68)</u>	<u>(0.18)</u>	<u>(1.45)</u>	<u>(0.03)</u>

12 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	Half Year ended December 31,		Quarter Ended December 31,	
		2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees
Associated Company					
Toyota Rawal Motors (Private) Limited	- Interest on short term borrowings	108,223	135,431	55,240	53,736
	- Rent expense	299,580	258,000	149,790	-

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

	Half Year Ended December 31,		Quarter Ended December 31,	
	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees
Chief Executive Officer	960,000	960,000	480,000	480,000
Directors	321,000	321,000	160,500	160,500
Executives	541,500	541,500	270,750	270,750
	<u>1,822,500</u>	<u>1,822,500</u>	<u>911,250</u>	<u>911,250</u>

13 DATE OF AUTHORIZATION

These condensed interim financial statements were authorised for issue on February 27, 2014 by the Board of Directors of the Company.

14 GENERAL

Figures have been rounded off to the nearest rupee.

Statement under section 241(2) of the Companies Ordinance 1984:

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such these financial statements, as approved by the Board of Directors, have been signed by two Directors.


DIRECTOR


DIRECTOR