



# Financial Statements

Financial Statements For First Quarter Ended  
September 30, 2013

**FRONTIER CERAMICS LIMITED**



## FRONTIER CERAMICS LIMITED

Financial statements for first quarter ended September 30, 2013

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## 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 Alflah 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, Shahjamaal Morh,  
174-Ferozpur Road, Lahore, Ph. 042-37525277

### Website

[www.forte.com.pk](http://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**

I have pleasure in presenting un-audited report for the first quarter ended September 30, 2013.

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

Sales- net	Rs. 62.78 million higher by 4.28% previous Rs. 60.20 million
Gross (Loss)/Profit	Rs. (3.29) million lower by 286.00% previous Profit Rs. 1.77 million
Operating (Loss)	Rs. (7.16) million higher by 227.57% previous Loss Rs (2.19) million
Loss per share	Rs.(0.80) per share higher by previous Rs (0.16)

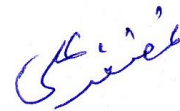
Sales has slightly increased in quarter by 4.28%, but Frequent break down and low gas pressure also contributed triggering the increase in cost of sale which eroded the bottom line profitability during the period. Massive electricity and gas load shedding which consequently increased the cost due to higher cost energy alternatives also reduced the gross profit significantly.

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, 2013 which provides a detailed review of the Company's operations and future strategy.

Peshawar:

Dated: October 31, 2013



Chairman

FRONTIER CERAMICS LIMITED  
BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Un-audited Sep 30, 2013 Rupees	Audited June 30, 2013 Rupees
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment		
Operating fixed assets	573,019,815	583,820,764
Capital work in progress	152,219,948	148,113,883
Long term deposits	1,513,450	1,513,450
	726,753,214	733,448,097
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	17,751,554	16,685,254
Stock in trade	36,426,603	39,348,852
Trade debts	2,589,202	2,710,094
Advances	17,792,773	14,319,442
Tax refunds due from government	4,076,626	4,076,626
Taxation - net	4,166,491	3,420,187
Cash and bank balances	11,170,890	3,513,392
	93,974,140	84,073,847
<b>TOTAL ASSETS</b>	<b>820,727,353</b>	<b>817,521,944</b>
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 Loss	(119,771,576)	(118,847,169)
	(42,359,576)	(41,435,169)
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>	<b>359,932,664</b>	<b>365,215,416</b>
<b>NON CURRENT LIABILITIES</b>		
Long term financing	89,180,130	89,180,130
Deferred taxation	104,476,231	106,491,813
	193,656,361	195,671,943
<b>CURRENT LIABILITIES</b>		
Trade and other payables	188,242,010	176,938,467
Mark up accrued	2,714,383	2,589,775
Short term borrowings	4,415,237	4,415,237
Current portion of long term financing	114,126,275	114,126,275
	309,497,905	298,069,754
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>820,727,353</b>	<b>817,521,944</b>

The annexed notes from 1 to 9 form an integral part of these 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**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR QUARTER ENDED SEPTEMBER 30, 2013**

	For Quarter Ended	
	Sep 30, 2013	Sep 30, 2012
	Rupees	Rupees
Sales - net	62,780,397	60,204,447
Cost of sales	(66,070,080)	(58,435,838)
Gross (Loss)/Profit	(3,289,683)	1,768,609
Distribution cost	(998,212)	(871,628)
Administrative expenses	(2,804,354)	(3,013,938)
Other operating expenses	(70,000)	(69,526)
Operating Loss	(7,162,249)	(2,186,483)
Finance cost	(432,688)	(385,886)
Loss before taxation	(7,594,937)	(2,572,369)
Taxation		
Current	(627,804)	(301,022)
Defferred	2,015,582	1,650,000
Loss for the period	(6,207,159)	(1,223,391)
Loss per share - basic and diluted	(0.80)	(0.16)

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DIRECTOR



DIRECTOR



FRONTIER CERAMICS LIMITED  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Sep 30, 2013	Sep 30, 2012
	Rupees	Rupees
Loss for the period	(6,207,159)	(1,223,391)
Other comprehensive income for period	-	-
Total comprehensive Loss for the period	<u>(6,207,159)</u>	<u>(1,223,391)</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.

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DIRECTOR



DIRECTOR

**FRONTIER CEREMICS LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Sep 30, 2013	Sep 30, 2012
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(7,594,937)	(2,572,369)
Adjustment for:		
Depreciation	10,996,971	12,241,218
Finance cost	432,688	385,886
	<u>11,429,659</u>	<u>12,627,105</u>
Profit before working capital changes	3,834,722	10,054,736
Changes in working capital:		
Decrease / ( increase) in current assets		
Stores, spares and loose tools	(1,066,300)	(692,700)
Stock in trade	2,922,249	(6,220,554)
Trade debts	120,892	401,901
Advances	(3,473,331)	1,258,887
Short term prepayments		9,667
Increase/(decrease) in current liabilities		
Trade and other payables	11,303,543	18,240,372
	<u>9,807,052</u>	<u>12,997,573</u>
Cash generated from operations	13,641,774	23,052,309
Finance cost paid	(308,080)	(258,800)
Taxes paid	(1,374,108)	(984,274)
	<u>(1,682,188)</u>	<u>(1,243,073)</u>
Net cash generated from operating activities	11,959,586	21,809,236
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of operating fixed assets	(196,023)	-
Addition to capital work in progress	(4,106,065)	(11,600,896)
Net cash used in investing activities	<u>(4,302,088)</u>	<u>(11,600,896)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	7,657,498	10,208,340
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>11,170,890</u></u>	<u><u>12,525,868</u></u>

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DIRECTOR



DIRECTOR

**FRONTIER CEREMICS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	<b>Issued, subscribed and paid up capital</b>	<b>Accumulated loss</b>	<b>Total</b>
	<b>Rupees</b>		
Balance as at July 01, 2012	77,412,000	(141,190,921)	(63,778,921)
Net Loss for the Period		(1,223,391)	(1,223,391)
Transfer from surplus on revaluation of fixed assets - incremental depreciation		6,604,237	6,604,237
<b>Balance as at Sep 30, 2012</b>	<b>77,412,000</b>	<b>(135,810,075)</b>	<b>(58,398,075)</b>
Balance as at July 01, 2013	77,412,000	(118,847,169)	(41,435,169)
Net Loss for the Period		(6,207,159)	(6,207,159)
Transfer from surplus on revaluation of fixed assets - incremental depreciation		5,282,752	5,282,752
<b>Balance as at Sep 30, 2013</b>	<b>77,412,000</b>	<b>(119,771,576)</b>	<b>(42,359,576)</b>

The annexed notes from 1 to 9 form an integral part of these 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 INFORMATION (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30,2013**

**1. STATUS AND NATURE OF OPERATIONS**

Frontier Ceramics Limited was incorporated in July 1982 as Public Limited Company with its share 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 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 quarter ended Sep 30, 2012.

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, 2013.

**4. TAX STATUS**

Tax Returns for the tax year 2008 to 2012 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 <sup>st</sup> Quarter Ended	
	Sep 30,2013	Sep 30,2012
	Rupees	Rupees
Opening written down value	583,820,764	632,785,637
Additions during the period	196,023	-
	<b>584,016,787</b>	<b>632,785,637</b>
Depreciation charged during the period	(10,996,971)	(12,241,218)
	<b>573,019,816</b>	<b>620,544,419</b>

**6. CONTINGENCIES AND COMMITMENTS**

**6.1 CONTINGENCIES**

**6.1.1** 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.

**6.1.2** 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. 20.671 million (2013: Rs. 20.671 million)

**6.2 COMMITMENTS**

**6.2.1 Store & Spares:** The company has commitments of Rs. '4.45' million (June 30, 2013: 3.820 million) in respect of outstanding letter of credit.

**6.2.2 Raw Material:** The company has commitments of Rs. 12.24 million (June 30, 2013: 5.997 million) in respect of outstanding letter of credit.

**6.2.3 Plant & Machinery:** The company has commitments of Rs. 1.60 million (June 30, 2013: 'Nil') 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:

Relation with the company	Nature of Transaction	1 <sup>st</sup> Quarter Ended	
		Sep 30,2013	Sep 30,2012
		Rupees	Rupees
Associated company/undertakings			
Toyota Rawal Motors (pvt) Ltd.	Short term financing		
	- Mark up	52,983	55,460
	Rental for building	119,790	-
	Utilities	30,000	-
	Health Insurance	75,711	-

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

	1 <sup>st</sup> Quarter Ended	
	Sep 30,2013	Sep 30,2012
	Rupees	Rupees
Short term employee benefits		
Chief Executive Officer	480,000	480,000
Directors	160,500	160,500
Executives	270,750	292,920
	<b>911,251</b>	<b>933,420</b>

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 Oct 31,2013.

9. **GENERAL**

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

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\_\_\_\_\_  
DIRECTOR



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DIRECTOR