



Financial Statements

For the Third Quarter & Nine Month Ended

March 31, 2015

FRONTIER CERAMICS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Ms. Farhat	Chairperson
Mr. Omer Khalid	Director
Ms. Numrah Khalid	Director
Ms. Sana Khalid	Director
Mrs. Shazia Khalid	Director
Mrs. Hameeda Khalid	Director
Mrs. Pervez Aslam	Director

Audit Committee

Ms. Farhat	Chairperson
Mrs. Hameeda Khalid	Member
Mrs. Shazia Khalid	Member

Human Resource & Remuneration Committee

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

Chief Executive Officer

Mr. Nadeem Khalid

Chief Financial Officer

Mr. Muhammad Ali

Company Secretary

Mr. Rehman Khan Sherwani

Head of Internal Audit

Mr. Wasif Naeem

Bankers

Bank Alflah Limited
Bank Alflah Islamic 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

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

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, 2015.

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. 264.19 million has Increase by 27.95% (Previous Rs. 206.49 million)
- Gross Profit at Rs. 41.44 million has increase by 264.82% (Previous Rs.25.15 million Loss)
- Operating profit at Rs. 23.23 million has increased by 145.59% (Previous loss Rs.50.97 million)
- Profit before taxation at Rs.22.71 million has increased by 143.32% (Previous loss Rs.52.44 million)
- profit per Share increased to Rs. 0.54 vs. previous Loss per share Rs. 6.11

During the period, Company sold 729,810 Sqm vs. 676,637 Sqm, of corresponding period and on the other hand sales prices of tiles has been increased by 8% in September 2014 attributed towards the increase in sales by 27.95%. Company also introduced new sizes 10" x 13", 12" x 12" & 10" x 10" in the market to cater for customer's demand. Commercial production of new floor plant has also been started in December 2014.

Management adopted all necessary measures to control wastages & unnecessary consumption of spares, resulted in to increase in gross profit by 264.82% as compared to corresponding period.

Attention to the shareholders is also invited to the Directors' Report for the half year ended December 31, 2014, which provides a detailed review of the Company's operations in the current year.

Rawalpindi:

Dated: April 30, 2015



Chairperson

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015

		Rupees	
		March 31, 2015	June 30, 2014
Notes		Un-audited	Audited
ASSETS			
NON CURRENT ASSETS			
	Property, plant and equipment		
	Operating fixed assets	4 668,566,771	540,030,537
	Capital work in progress	8,702,291	161,864,663
	Long term deposit	1,513,450	1,513,450
		678,782,512	703,408,650
CURRENT ASSETS			
	Store, Spare and loose tools	42,166,015	22,877,813
	Stock in trade	96,206,189	41,768,081
	Trade debts	3,596,377	2,827,464
	Advances	42,139,981	25,941,999
	Other Receivables	5,435,553	
	Tax refunds due from government	7,496,815	7,496,815
	Taxation-net	3,134,515	
	Cash and Bank Balances	3,810,823	7,785,780
		203,986,267	108,697,952
TOTAL ASSETS		882,768,780	812,106,602
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
	Authorized share capital		
	75,000,000 (June 30, 2014: 75,000,000) ordinary shares of Rs. 10 each.	750,000,000	750,000,000
	Issued, Subscribed and paid up capital		
	37,878,821 (June 30, 2014: 7,741,200) ordinary shares of Rs. 10 each.	378,738,210	77,412,000
	Discount on issue of right shares	(180,795,726)	
	Accumulated losses	(5,688,733)	(40,887,672)
		192,253,751	36,524,328
	Advance against Subscription		89,456,662
	SURPLUS ON REVALUATION OF FIXED ASSETS	331,060,989	345,865,596
NON CURRENT LIABILITIES			
	Long term financing	13,710,216	
	Deferred taxation	106,679,669	107,143,840
		120,389,885	107,143,840
CURRENT LIABILITIES			
	Trade and other payables	231,920,010	220,640,944
	Mark up accrued	3,463,624	3,096,528
	Short term borrowings	3,680,521	4,415,237
	Taxation-net		4,963,467
	TOTAL EQUITY AND LIABILITIES	239,064,155	233,116,176
CONTINGENCIES AND COMMITMENTS			
		6 -	-
		882,768,780	812,106,602

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



CHIEF EXECUTIVE



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM PROFIT & LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015

	Quarter Ended		Nine Months Ended	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
 Rupees.....			
Sales - net	93,397,009	70,192,604	264,188,593	206,485,813
Cost of sales	(77,234,013)	(80,721,244)	(222,744,276)	(231,631,726)
Gross (Loss)/Profit	16,162,996	(10,528,640)	41,444,317	(25,145,913)
Distribution cost	(1,041,088)	(679,697)	(3,664,429)	(2,436,236)
Administrative expenses	(3,608,505)	(16,499,821)	(13,427,179)	(23,189,229)
Other operating expenses	(712,126)	(108,995)	(1,115,533)	(198,845)
Operating profit / (loss)	10,801,277	(27,817,154)	23,237,176	(50,970,224)
Finance cost	(627,677)	(417,086)	(884,291)	(1,471,146)
Other operating income	362,880		362,880	
Profit / (loss) before taxation	10,536,480	(28,234,240)	22,715,765	(52,441,370)
Taxation:				
-current	(928,534)	(701,926)	(2,785,602)	(2,064,858)
-deferred	1,390,789	2,400,259	464,171	7,200,777
Profit / (loss) after taxation	10,998,735	(26,535,906)	20,394,334	(47,305,451)
Earnings/Loss per share - basic and diluted	0.29	(3.43)	0.54	(6.11)

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



CHIEF EXECUTIVE



DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015

	Rupees	
	31-Mar-15	31-Mar-14
Profit / (loss) after taxation	20,394,334	(47,305,451)
Other comprehensive income for the Period	-	-
Total comprehensive income for the Period	<u>20,394,334</u>	<u>(47,305,451)</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 condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015

	Issued, subscribed and paid up capital	Accumulated Profit/losses	Discount Issue of Right Shares	Total
Rupees.....			
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)
Balance as at July 01, 2014	77,412,000	(40,887,675)		36,524,325
Total comprehensive Profit/loss for the period ended March 31, 2015		20,394,334		20,394,334
Right Issue of 30,132, 621 Ordinary Shares of Rs. 10 each at discount of Rs. 6 per share fully paid in cash	301,326,210.00		(180,795,726)	120,530,484
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax		14,804,607		14,804,607
Balance as at March 31, 2015	378,738,210	(5,688,733)	(180,795,726)	192,253,751

The annexed notes from 1 to 9 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, 2015

Rupees

31-Mar-15

31-Mar-14

CASH FLOWS FROM OPERATING ACTIVITIES

Profit/Loss before taxation	22,715,765	(52,441,370)
Adjustment for:		
Depreciation	34,605,279	32,431,965
Profit before working capital changes	57,321,044	(20,009,405)
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(19,288,202)	(5,343,770)
Stock in trade	(54,438,108)	4,418,473
Trade debts	(768,913)	120,892
Advances	(21,633,535)	(6,995,873)
Increase / (decrease) in current liabilities		
Trade and other payables	11,279,066	54,534,742
Mark up accrued	367,096	378,294
	(84,482,596)	47,112,758
Cash generated from operations	(27,161,551)	27,103,353
Finance Cost		
Taxes paid	(10,883,584)	(4,685,611)
Net cash generated from operating activities	(38,045,135)	22,417,742

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of operating fixed assets	(178,906)	(196,023)
Additions to capital work in progress	(9,800,238)	(7,772,229)
Net cash used in investing activities	(9,979,144)	(7,968,252)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing - net	12,975,500	-
Net inflow against right share subscription	31,073,822	-
Net cash used in financing activities	44,049,322	-
Net (decrease) / increase in cash and cash equivalents	(3,974,957)	14,449,489
Cash and cash equivalents at the beginning of the period	7,785,780	3,513,392
Cash and cash equivalents at the end of the period	3,810,823	17,962,881

The annexed notes from 1 to 9 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 MONTH ENDED 31ST MARCH, 2015.

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 2014. Comparative balance sheet is extracted from annual audited financial statement as of 30 June 2014 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, 2013.

The condensed interim financial information is unaudited and is being submitted to the shareholders as required under

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, 2014.

4. TAX STATUS

Tax Returns for the tax year 2009 to 2013 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

	Nine months Ended	
	March 31, 2015	March 31, 2014
	Rupees	Rupees
Opening written down value	540,030,537	583,820,764
Add: Transfer from capital work in progress (at cost)	162,962,610	
Additions during the period	178,906	196,023
	703,172,053	584,016,787
Depreciation charged during the period	(34,605,282)	(32,431,963)
	668,566,771	551,584,824

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. 22.160 million (2014: Rs. 20.671 million)

6.2 COMMITMENTS

6.2.1 Store & Spares: The company has commitments of Rs. '7.59' million (June 30, 2014: 7.89 million) in respect of outstanding letter of credit.

6.2.2 Raw Material: The company has commitments of Rs. 11.16 million (June 30, 2014: 8.70 million) in respect of outstanding letter of credit.

6.2.3 Plant & Machinery: The company has commitments of Rs. 6.85 million (June 30, 2014: 0.15 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:

Relation with the company	Nature of Transaction	Nine months Ended	
		March 31,2015	March 31,2014
Associated company/undertakings		(Rupees)	
Toyota Rawal Motors (pvt) Ltd.	Rent & Utilities	485,307	449,370
Toyota Rawal Motors (pvt) Ltd.	Mark up on Loan	152,221	163,419

7.1 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 31,2015	March 31,2014
Short term employee benefits		
Chief Executive Officer	1,486,561	1,440,000
Directors	1,108,289	481,500
Executives	1,004,055	812,250
	3,598,905	2,733,751

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 April 30, 2015.

9. **GENERAL**

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

CHIEF EXECUTIVE

DIRECTOR