



## **Financial Statements**

For the First Quarter Ended

September 30, 2014

**FRONTIER CERAMICS LIMITED**

# FRONTIER CERAMICS LIMITED

Financial statements for first quarter ended September 30, 2014

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Ms. Farhat	Chairperson
Mr. Omer Khalid	Chief Executive Officer
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 Operating Officer

Mr. Nadeem Khalid

### Chief Financial Officer & Company Secretary

Khawaja Mushtaq Ahmed FCA, FCIS

### Head of Internal Audit

Mr. Wasif Naeem

### Bankers

Bank Alfah 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. Tahir Sadiq Butt  
Advocate High Court  
3-E Rahim Medical Center, G.T Road, Peshawar

### 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](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, 2014.

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

Sales- net	Rs. 78.80 million higher by 25.52% previous Rs. 62.78 million
Gross Profit/ (Loss)	Rs. 12.06 million profit higher by 466.61% previous (Loss) Rs. (3.29) million
Operating Profit/ (Loss)	Rs. 6.49 million profit higher by 190.55% previous (Loss) Rs (7.16) million
Profit/ (Loss) per share	Rs.0.11 earnings per share higher by previous (Loss/share) Rs. (0.80)

Sales increased in quarter by 25.52%, and necessary measures adopted by management leads to the control of production cost, which resulted into gross profit up to some satisfactory level. Whereas Company is still facing frequent breakdowns and low gas pressure, massive load shedding of gas and electricity.

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, 2014 which provides a detailed review of the Company's operations and future strategy.

Peshawar:

Dated: October 28, 2014

  
Chairperson





FRONTIER CERAMICS LIMITED  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Sep 30, 2014	Sep 30, 2013
	Rupees	Rupees
Profit/ (Loss) for the period	4,116,442	(6,207,159)
Other comprehensive income for period	-	-
Total comprehensive Profit/ (Loss) for the period	<u>4,116,442</u>	<u>(6,207,159)</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 financial statements.



CHIEF EXECUTIVE



DIRECTOR



FRONTIER CEREMICS LIMITED  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Issued, subscribed and paid up capital	Accumulated loss	Discount on Issue of Shares	Total
	Rupees			
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>-</b>	<b>(42,359,576)</b>
Balance as at July 01, 2014	77,412,000	(40,887,672)		36,524,328
30,132,621 Ordinary Share of Rs.10 each issued at discount of Rs.6 per share fully Paid in Cash	301,326,210			301,326,210
Net Profit for the Period		4,116,442		4,116,442
Discount on issue of right shares			(180,795,726)	(180,795,726)
Transfer from surplus on revaluation of fixed assets - incremental depreciation		4,837,455		4,837,455
<b>Balance as at Sep 30, 2014</b>	<b>378,738,210</b>	<b>(31,933,775)</b>	<b>(180,795,726)</b>	<b>166,008,707</b>

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



CHIEF EXECUTIVE



DIRECTOR

**FRONTIER CEREMICS LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Sep 30, 2014 Rupees	Sep 30, 2013 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	6,194,725	(7,594,937)
Adjustment for:		
Depreciation	9,883,585	10,996,971
Finance cost	291,027	432,688
	<u>10,174,612</u>	<u>11,429,659</u>
Profit before working capital changes	16,369,337	3,834,722
Changes in working capital:		
Decrease /( increase) in current assets		
Stores, spares and loose tools	(9,018,070)	(1,066,300)
Stock in trade	(9,093,573)	2,922,249
Trade debts	238,262	120,892
Advances	(6,749,588)	(3,473,331)
Short term prepayments		
Increase/(decrease) in current liabilities		
Trade and other payables	(20,676,480)	11,303,543
	<u>(45,299,449)</u>	<u>9,807,052</u>
Cash generated from operations	(28,930,111)	13,641,774
Finance cost paid	(165,492)	(308,080)
Taxes paid	(3,074,333)	(1,374,108)
	<u>(3,239,825)</u>	<u>(1,682,188)</u>
Net cash generated from operating activities	(32,169,936)	11,959,586
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of operating fixed assets	(178,907)	(196,023)
Cash inflow against Right Share Subscription	31,073,822	-
Addition to capital work in progress	(1,067,971)	(4,106,065)
Net cash used in investing activities	<u>29,826,944</u>	<u>(4,302,088)</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	(2,342,992)	7,657,498
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	<u><u>5,442,788</u></u>	<u><u>11,170,890</u></u>

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



CHIEF EXECUTIVE



DIRECTOR

**FRONTIER CERAMICS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30,2014**

**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 cermic 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 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, 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 assesment 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 30,2014	Sep 30,2013
	Rupees	Rupees
Opening written down value	540,030,537	583,820,764
Additions during the period	178,907	196,023
	<b>540,209,444</b>	<b>584,016,787</b>
Depreciation charged during the period	(9,883,585)	(10,996,971)
	<b>530,325,857</b>	<b>573,019,816</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 are 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. '7.13' 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. 14.77 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. 6.18 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, othe 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 30,2014	Sep 30,2013
		Rupees	Rupees
Associated company/undertakings			
Toyota Rawal Motors (pvt) Ltd.	Short term financing		
	- Mark up	55,329	52,983
	Rental for building	131,769	119,790.00
	Utilities	30,000	30,000.00
	Health Insurance	35,500	75,711.00

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 30,2014	Sep 30,2013
	Rupees	Rupees
Short term employee benefits		
Chief Executive Officer	488,859	480,000
Directors	164,658	160,500
Executives	277,887	270,750
	<b>931,404</b>	<b>911,251</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 October 28,2014.

9. **GENERAL**

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



CHIEF EXECUTIVE



DIRECTOR