



Financial Statements

For the Third Quarter & Nine Month Ended

March 31, 2016

FRONTIER CERAMICS LIMITED



FORTE

FRONTIER CERAMICS LIMITED

Financial statements for third quarter ended March 31, 2016

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Pervez Aslam	Chairperson
Mr. Omer Khalid	Director
Mr. Javaid Khalid	Director
Mr. Zia Khalid	Director
Ms. Numrah Khalid	Director
Ms. Sana Khalid	Director
Mrs. Shazia Khalid	Director

Audit Committee

Ms. Sana khalid	Chairperson
Ms. Numrah Khalid	Member
Mrs. Shazia Khalid	Member

Human Resource & Remuneration Committee

Mr. Omer Khalid	Chairman
Mr. Zia Khalid	Member
Mr. Javaid Khalid	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 Alfah Limited
Bank Alfah 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

VISION AND MISSION STATEMENT

VISION STATEMENT

To become industry leader by instilling ethical and moral values, honest practices according to the Principles of Islam, offering the best innovative, competitive and quality products, ensuring direct benefit for all stake holders.

MISSION STATEMENT

- Deliver un-parallel value to customers by continuous striving and to exceed their expectations.
- Under the guiding principles of Islam, to inculcate the culture of honest practices, ethical and moral values in our employees.
- Special emphasis on workforce, health, safety, environment. Constant motivation of employees by fair benevolence.
- To ensure reasonable growth and profits of the Group, to the shareholders on their investment.
- The Group will assert efforts towards the social development of society and be instrumental in the industrial growth of Pakistan

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 ended March 31, 2016.

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. 319.15 million has Increased by 20.80% (Previous Rs. 264.19 million)
- Gross Profit at Rs. 32.41 million has decreased by 21.80% (Previous Rs.41.44 million)
- Operating profit at Rs. 16.72 million has decreased by 28.03% (Previous Rs.23.24 million)
- Profit before taxation at Rs.12.84 million has decreased by 43.48% (Previous Rs.22.72 million)
- profit per Share decreased to Rs. 0.39 vs. previous per share Rs. 0.54

During the period, Company sold 882,874 Sqm vs. 729,810 Sqm, of corresponding period which attributed towards the increase in sales by 21%.

Gross Profit & Operating profit decrease as compared with corresponding period due to massive load shedding of gas and electricity and ultimately consumption of LPG Gas and Coal was increased.

Attention to the shareholders is also invited to the Directors' Report for the half year ended December 31, 2015, which provides a detailed review of the Company's operations in the current year.

Peshawar:

Dated: April 30, 2016



Chairperson

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2016

		Rupees	
		March 31, 2016	June 30, 2015
Notes		Un-audited	Audited
ASSETS			
NON CURRENT ASSETS			
	Property, plant and equipment		
	Operating fixed assets	4 757,144,535	782,068,942
	Capital work in progress	57,497,318	44,499,963
	Long term deposit	1,513,450	1,513,450
		816,155,302	828,082,355
CURRENT ASSETS			
	Store, Spare and loose tools	63,070,726	39,916,302
	Stock in trade	102,616,866	83,846,683
	Trade debts	30,453	-
	Advances	55,201,119	45,730,864
	Tax refunds due from government	2,533,348	2,533,348
	Taxation-net	28,948,941	15,208,177
	Cash and Bank Balances	7,169,413	1,352,457
		259,570,866	188,587,831
	TOTAL ASSETS	1,075,726,169	1,016,670,186
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
	Authorized share capital		
	75,000,000 ordinary shares of Rs. 10 each.	750,000,000	750,000,000
	Issued, Subscribed and paid up capital		
	37,878,821 ordinary shares of Rs. 10 each.	378,738,210	378,738,210
	Discount on issue of right shares	(180,795,726)	(180,795,726)
	Accumulated Profit/ (Loss)	28,488,136	(1,887,898)
		226,430,620	196,054,586
	SURPLUS ON REVALUATION OF FIXED ASSETS	430,557,430	446,217,112
NON CURRENT LIABILITIES			
	Long term financing	42,130,707	54,172,707
	Deferred taxation	90,629,470	95,796,152
		132,760,177	149,968,859
CURRENT LIABILITIES			
	Trade and other payables	269,707,004	218,408,225
	Mark up accrued	7,746,289	3,376,688
	Short term borrowings	8,524,649	2,644,716
	TOTAL EQUITY AND LIABILITIES	285,977,942	224,429,629
	CONTINGENCIES AND COMMITMENTS	5 -	-
		1,075,726,169	1,016,670,186

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 PROFIT & LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Quarter Ended		Nine Months Ended	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Rupees.....			
Sales - net	118,952,100	93,397,009	319,148,847	264,188,593
Cost of sales	(103,365,359)	(77,234,013)	(286,737,495)	(222,744,276)
Gross Profit	15,586,741	16,162,996	32,411,352	41,444,317
Distribution cost	(1,305,797)	(1,041,088)	(3,142,438)	(3,664,429)
Administrative expenses	(3,604,644)	(3,608,505)	(11,417,032)	(13,427,179)
Other operating expenses	(54,705)	(712,126)	(1,128,625)	(1,115,533)
Operating profit	10,621,595	10,801,277	16,723,257	23,237,176
Finance cost	(1,664,992)	(627,677)	(4,972,185)	(884,291)
Other operating income	362,880	362,880	1,088,640	362,880
Profit before taxation	9,319,483	10,536,480	12,839,712	22,715,765
Taxation:				
-current	(1,003,726)	(928,534)	(3,191,488)	(2,785,602)
-Prior	-	-	(98,550)	-
-deferred	1,722,228	1,390,789	5,166,683	464,171
Profit after taxation	10,037,984	10,998,735	14,716,356	20,394,334
Earnings per share - basic and diluted	0.27	0.29	0.39	0.54

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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Rupees	
	31-Mar-16	31-Mar-15
Profit after taxation	14,716,356	20,394,334
Other comprehensive income for the Period	-	-
Total comprehensive income for the Period	<u>14,716,356</u>	<u>20,394,334</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
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Rupees	
	31-Mar-16	31-Mar-15
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,839,712	22,715,765
Adjustment for:		
Depreciation	40,315,439	34,605,279
Profit before working capital changes	53,155,151	57,321,044
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(23,154,424)	(19,288,202)
Stock in trade	(18,770,183)	(54,438,108)
Trade debts	(30,453)	(768,913)
Advances	(9,470,255)	(21,633,535)
Increase / (decrease) in current liabilities		
Trade and other payables	51,298,779	11,279,066
Mark up accrued	4,369,601	367,096
Short term borrowings	5,879,933	-
	10,122,998	(84,482,596)
Cash generated from operations	63,278,148	(27,161,551)
Taxes paid	(17,030,805)	(10,883,584)
Net cash generated from operating activities	46,247,343	(38,045,135)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(15,391,033)	-178,906
Additions to capital work in progress	(12,997,355)	-9,800,238
Net cash used in investing activities	(28,388,388)	-9,979,144
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(12,042,000)	12,975,500
Net inflow against right share subscription	-	31,073,822
Net cash used in financing activities	(12,042,000)	44,049,322
Net (decrease) / increase in cash and cash equivalents	5,816,956	(3,974,957)
Cash and cash equivalents at the beginning of the period	1,352,457	7,785,780
Cash and cash equivalents at the end of the period	7,169,413	3,810,823

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, 2016

Issued, subscribed and paid up capital	Accumulated Profit/losses	Discount Issue of Right Shares	Total
..... Rupees.....			
Balance as at July 01, 2014	77,412,000	(40,887,675)	36,524,325
Total comprehensive profit 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)	192,253,751
Balance as at July 01, 2015	378,738,210	(1,887,898)	376,850,312
Total comprehensive Profit/loss for the period ended March 31, 2016	-	14,716,356	14,716,356
Right Issue of 30,132, 621 Ordinary Shares of Rs. 10 each at discount of Rs. 6 per share fully paid in cash	-	(180,795,726)	(180,795,726)
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax	-	15,659,678	15,659,678
Balance as at March 31, 2016	378,738,210	28,488,136	226,430,620

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 MONTH ENDED 31ST MARCH, 2016.

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 2015. 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 nine months ended March 31, 2015.

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, 2015.

4 PROPERTY PLANT AND EQUIPMENT

	Nine months Ended	
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Opening written down value	782,068,942	540,030,537
Add: Transfer from capital work in progress (at cost)	-	162,962,610
Additions during the period	15,391,033	178,906
	797,459,975	703,172,053
Depreciation charged during the period	(40,315,439)	(34,605,282)
	757,144,535	668,566,771

5 CONTINGENCIES AND COMMITMENTS

5.1 CONTINGENCIES

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. 23.166 million (June 30, 2015: Rs. 23.166 million)

5.2 COMMITMENTS

5.2.1 Store & Spares: The company has commitments of Rs. 7.78 million (June 30, 2015: 6.60 million) in respect of outstanding letter of credit.

5.2.2 Raw Material: The company has commitments of Rs. 5.51 million (June 30, 2015: 7.34 million) in respect of outstanding letter of credit.

5.2.3 Plant & Machinery: The company has commitments of Rs. 25.19 million (June 30, 2015: 3.73 million) 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, 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	Nine months Ended	
		March 31,2016	March 31,2015
		Rupees	Rupees
Associated company/undertakings			
Toyota Rawal Motors (pvt) Ltd.	Short term financing		
	Loan	1,824,403	-
	Mark up	107,983	152,221
	Rent for bulding	434,838	395,307
	Utilities	90,000	90,000
	Health Insurance	-	76,077
Rawal Industrial Equipment Pvt Ltd.	Short term financing		
	Loan	4,055,530	-
Key management personal			
	Long term loan	-	12,975,500
	Markup on Long term loan	4,046,743	-

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 31,2016	March 31,2015
	Rupees	Rupees
Short term employee benefits		
Chief Executive Officer	3,063,350	1,486,561
Directors	549,460	1,108,289
Executives	1,126,930	1,004,055
	4,739,740	3,598,906

7 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, 2016.

8 GENERAL

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

CHIEF EXECUTIVE

DIRECTOR