



**Financial Statements**

For the First Quarter Ended

September 30, 2015

# FRONTIER CERAMICS LIMITED

Financial statements for first quarter ended September 30, 2015

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mrs. Pervez Aslam	Chairperson	
Mr. Omer Khalid	Director	
Mr. Javaid Khalid	Director	(Appointed on October 01,2015)
Ms. Farhat	Director	(Resigned on October 01,2015)
Ms. Numrah Khalid	Director	
Ms. Sana Khalid	Director	
Mrs. Shazia Khalid	Director	
Mr. Zia Khalid	Director	(Appointed on October 01,2015)
Mrs. Hameeda Khalid	Director	(Resigned on October 01,2015)

### Audit Committee

Mr. Omer Khalid	Chairman
Mr. Zia Khalid	Member
Mrs. Shazia Khalid	Member

### Human Resource & Remuneration Committee

Mr. Omer Khalid	Chairman
Ms. Sana 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 Alfiah Limited  
Bank Alfiah 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, Shahjamaal Morh,  
174-Ferozpur Road, Lahore, Ph. 042-37525277

### Website

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

The Board of Directors takes pleasure in presenting the report along with un-audited financial statements for first quarter September 30, 2015.

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

Sales- net	Rs. 98.08 million higher by 24.46% previous Rs. 78.80 million
Gross Profit	Rs. 21.49 million profit higher by 78% previous Rs. 12.06 million
Operating Profit	Rs. 16.14 million profit higher by 149% previous Rs.6.49 million
Profit per share	Rs.0.44 (Profit/share) higher by 308% Previous (Profit/share) Rs. 0.11

Sales increased in quarter by 24.46%, and necessary measures adopted by management leads to the control of production cost, which resulted into increase in gross profit up to 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, 2015 which provides a detailed review of the Company's operations and future strategy.

Peshawar:

Dated: October 31, 2015

  
Chairperson

**FRONTIER CERAMICS LIMITED**  
**BALANCE SHEET AS AT SEPTEMBER 30, 2015**

	Note	Un-audited Sep 30, 2015 Rupees	Audited June 30, 2015 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	5	768,529,724	782,068,942
Capital work in progress		58,433,514	44,499,963
		<u>826,963,238</u>	<u>826,568,905</u>
Long term deposits		1,513,450	1,513,450
		<u>828,476,688</u>	<u>828,082,355</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		41,795,414	39,916,302
Stock in trade		91,241,201	83,846,683
Trade debts		820,214	-
Advances		48,352,228	45,730,864
Tax refunds due from government		2,533,348	2,533,348
Taxation - net		18,402,292	15,208,177
Cash and bank balances		3,965,743	1,352,457
		<u>207,110,439</u>	<u>188,587,831</u>
<b>TOTAL ASSETS</b>		<u><u>1,035,587,126</u></u>	<u><u>1,016,670,186</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		378,738,210	378,738,210
Discount on issue of right shares		(180,795,726)	(180,795,726)
Accumulated loss		20,120,451	(1,887,898)
		<u>218,062,935</u>	<u>196,054,586</u>
Advance against subscription		-	-
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		441,010,852	446,217,112
<b>NON CURRENT LIABILITIES</b>			
Long term financing		62,670,707	54,172,707
Deferred taxation		91,243,611	95,796,152
		<u>153,914,318</u>	<u>149,968,859</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		212,722,700	218,408,225
Mark up accrued		4,831,202	3,376,688
Short term borrowings		5,045,119	2,644,716
Taxation - net		-	-
		<u>222,599,021</u>	<u>224,429,629</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6.	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,035,587,126</u></u>	<u><u>1,016,670,186</u></u>

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 THE QUARTER ENDED SEP 30, 2015**

Note	For Quarter Ended	
	Sep 30, 2015	Sep 30, 2014
	Rupees	Rupees
Sales - net	98,075,914	78,800,183
Cost of sales	<u>(76,581,321)</u>	<u>(66,739,818)</u>
Gross profit	21,494,593	12,060,365
Distribution cost	(827,874)	(992,634)
Administrative expenses	(3,738,468)	(4,247,769)
Other operating expenses	(791,848)	(334,209)
Operating profit	<u>16,136,404</u>	<u>6,485,752</u>
Other income	362,880	-
Finance cost	(1,638,860)	(291,027)
Profit before taxation	<u>14,860,424</u>	<u>6,194,725</u>
Taxation		
Current	(2,610,872)	(1,053,103)
Deffered	4,552,541	(1,025,180)
Profit for the period	<u><u>16,802,093</u></u>	<u><u>4,116,442</u></u>
Earnings per share - basic and diluted	<u>0.44</u>	<u>0.11</u>

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**DIRECTOR**



**DIRECTOR**

FRONTIER CERAMICS LIMITED  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Sep 30, 2015 Rupees	Sep 30, 2014 Rupees
Profit for the period	16,802,093	4,116,442
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>16,802,093</u>	<u>4,116,442</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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**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 CEREMICS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Issued, subscribed and paid up capital	Accumulated loss	Discount on Issue of Shares	Total
Rupees				
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>166,008,709</b>
Balance as at July 01, 2015	378,738,210	(1,887,898)		376,850,312
Net Profit for the Period		16,802,093		16,802,093
Discount on issue of right shares			(180,795,726)	(180,795,726)
Transfer from surplus on revaluation of fixed assets - incremental depreciation		5,206,260		5,206,260
<b>Balance as at Sep 30, 2015</b>	<b>378,738,210</b>	<b>20,120,455</b>	<b>(180,795,726)</b>	<b>218,062,935</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 CEREMICS LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

Note	Sep 30, 2015 Rupees	Sep 30, 2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,860,424	6,194,725
Adjustment for non cash items:		
Depreciation	13,539,217	9,883,585
Finance cost	1,638,860	291,027
	15,178,077	10,174,612
Profit before working capital changes	30,038,501	16,369,337
Changes in working capital:		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(1,879,112)	(9,018,070)
Stock in trade	(7,394,518)	(9,093,573)
Trade debts	(820,214)	238,262
Advances	(2,621,364)	(6,749,588)
(Decrease)/increase in current liabilities		
Trade and other payables	(5,685,525)	(20,676,480)
Short term borrowings	2,400,403	-
	(16,000,329)	(45,299,449)
Cash (used in)/generated from operations	14,038,172	(28,930,112)
Finance cost paid	(184,346)	(165,492)
Taxes paid	(5,804,987)	(3,074,333)
	(5,989,333)	(3,239,825)
Net cash (used in)/generated from operating activities	8,048,839	(32,169,937)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment		
Acquisition of operating fixed assets		(178,907)
Cash inflow against Right Share Subscription		31,073,822
Addition to capital work in progress	(13,933,551)	(1,067,971)
Net cash used in investing activities	(13,933,551)	29,826,944
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	8,498,000	-
Net cash generated from operating activities	8,498,000	-
Net (decrease)/increase in cash and cash equivalents	2,613,288	(2,342,993)
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 year period	3,965,743	5,442,787

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 30,2015**

**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 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 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 quarter ended Sep 30, 2014.

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. TAX STATUS**

Tax Returns for the tax year 2009 to 2014 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 30,2015	Sep 30,2014
	Rupees	Rupees
Opening written down value	782,068,942	540,030,537
Additions during the period		178,907
	<b>782,068,942</b>	<b>540,209,444</b>
Depreciation charged during the period	(13,539,216)	(9,883,585)
	<b>768,529,724</b>	<b>530,325,857</b>

**6. CONTINGENCIES AND COMMITMENTS**

**6.1 CONTINGENCIES**

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. 23.166 million (2015: Rs. 23.166 million).

**6.2 COMMITMENTS**

**6.2.1 Store & Spares:** The company has commitments of Rs. 2.10 million (June 30, 2015: 6.60 million) in respect of outstanding letter of credit.

**6.2.2 Raw Material:** The company has commitments of Rs. 12.17 million (June 30, 2015: 7.35 million) in respect of outstanding letter of credit.

**6.2.3 Plant & Machinery:** The company has commitments of Rs. 30.42 million (June 30, 2015: 3.73 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 30,2015	Sep 30,2014
		Rupees	Rupees
Associated company/undertakings Toyota Rawal Motors (pvt) Ltd.	Short term financing		
	Loan	1,824,403	-
	Mark up	28,439	55,329
	Rental for building	144,946	131,769.00
	Utilities	30,000	30,000.00
	Health Insurance	-	35,500.00
Key management personal	Markup on long term loan	1,354,450	-
	Long term loan	8,498,000	-

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 30,2015	Sep 30,2014
	Rupees	Rupees
Short term employee benefits		
Chief Executive Officer	1,019,205	488,859
Directors	72,520	164,658
Executives	370,230	277,887
	<b>1,461,955</b>	<b>931,405</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 31,2015.

9. **GENERAL**

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

**DIRECTOR**

**DIRECTOR**