

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

COMPANY INFORMATION

BOARD OF DIRECTORS

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
Mr. Raja Ghazanfar	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 Alfiah 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, Shahjamal Morh,
174-Ferozpur Road, Lahore, Ph. 042-37525277

Website

www.forte.com.pk

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, 2013.

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. 231.90 million has decreased by 9.45% (Previous Rs. 256.09million)
- Gross Profit at Rs. 12.10 million has decreased by 73.15% (Previous Rs. 45.10million)
- Operating Profit at Rs. (2.99) million has decreased by 110.03% (Previous Rs. 29.82million)
- Profit after taxation at Rs.(1.77) million has decreased by 105.60% (Previous Rs. 31.60million)
- Loss per share at Rs. (0.23) (Previous profit per share Rs. 4.08)

Attention to the shareholders is also invited to the Directors' Report for the half year ended December 31, 2012, which provides a detailed review of the Company's operations in the current year.

Peshawar:

Omer Khalid

Dated: April 30, 2013

Chief Executive

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2013

	Notes	March 31, 2013 Un-audited (Rupees) '000'	June 30, 2012 Audited (Rupees) '000'
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	4	596,687	632,786
Capital work in progress		147,977	136,003
Long term deposit		1,513	1,513
		746,177	770,302
CURRENT ASSETS			
Store, Spare and loose tools		11,719	12,512
Stock in trade		49,442	51,668
Trade debts		2,702	2,823
Advances		9,506	13,290
Short Term Prepayments		30	102
Taxation-net		5,054	2,483
Cash and Bank Balances		11,077	2,318
		89,530	85,196
TOTAL ASSETS		835,706	855,498
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
75,000,000 (June 30, 2012: 8,000,000) ordinary shares of Rs. 10 each.		750,000	80,000
Issued, Subscribed and paid up capital			
7,741,200 (June 30, 2012: 7,741,200) ordinary shares of Rs. 10 each.		77,412	77,412
Accumulated losses		(123,611)	(141,191)
		(46,199)	(63,779)
SURPLUS ON REVALUATION OF FIXED ASSETS		366,996	386,346
NON CURRENT LIABILITIES			
Long term financing		89,180	89,180
Long term deposits		576	576
Deferred taxation		114,315	118,003
		204,071	207,759
CURRENT LIABILITIES			
Trade and other payables		189,820	204,529
Mark up accrued		2,476	2,101
Short term borrowings		4,415	4,415
Current portion of long term financing		114,126	114,126
TOTAL EQUITY AND LIABILITIES		310,838	325,172
CONTINGENCIES AND COMMITMENTS	5	-	-
		835,706	855,498

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.

PESHAWAR

CHIEF EXECUTIVE

DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM PROFIT & LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013

	Quarter Ended		Nine Months Ended	
	March 31,13 (Rupees) '000'	March 31,12 (Rupees) '000'	March 31,13 (Rupees) '000'	March 31,12 (Rupees) '000'
Sales - net	84,278	86,375	231,902	256,093
Cost of sales	(80,055)	(74,482)	(219,793)	(210,984)
Gross profit	4,223	11,894	12,109	45,109
Distribution cost	(967)	(790)	(2,697)	(2,732)
Administrative expenses	(3,150)	(3,128)	(9,781)	(9,478)
Other operating expenses	(139)	(1,004)	(2,623)	(3,073)
Operating (loss) / profit	(33)	6,972	(2,992)	29,825
Finance cost	(390)	(333)	(1,306)	(1,023)
(Loss) / profit before taxation	(423)	6,640	(4,298)	28,802
Taxation:				
-current	(421)	(864)	(1,160)	(2,561)
-deferred	500	1,786	3,688	5,359
(Loss) / profit after taxation	(344)	7,562	(1,770)	31,600
(Loss) / earnings per share - basic and diluted	(0.04)	0.98	(0.23)	4.08

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.

PESHAWAR

CHIEF EXECUTIVE

DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013

	Mar,2013 Rupees "000"	Mar,2012 Rupees "000"
Profit before tax as per accounts	(1,770)	31,600
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>(1,770)</u>	<u>31,600</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
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013

Issued, subscribed and paid up capital	Accumulated losses	Total
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-----**(Rupees in '000')**-----

Balance as at July 01, 2011	77,412	(200,122)	(122,710)
Total comprehensive profit for the period ended March 31, 2012	-	31,600	31,600
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax	-	14,635	14,635
Balance as at March 31, 2012	77,412	(153,887)	(76,475)
Balance as at July 01, 2012	77,412	(141,191)	(63,779)
Total comprehensive income for the period ended March 31, 2013	-	(1,770)	(1,770)
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax	-	19,350	19,350
Balance as at March 31, 2013	77,412	(123,611)	(46,199)

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, 2013

	31-Mar-13	31-Mar-12
	(Rupees in '000')	(Rupees in '000')
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(4,298)	28,802
Adjustment for:		
Depreciation	36,099	38,899
Profit before working capital changes	31,801	67,701
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	794	(1,283)
Stock in trade	2,226	85
Trade debts	121	(3,232)
Advances	3,784	(3,138)
Short term deposits & prepayments	72	73
Increase / (decrease) in current liabilities		
Trade and other payables	(14,709)	23,042
Mark up accrued	375	422
Cash generated from operations	24,463	83,669
Taxes paid	(3,731)	(3,566)
Net cash generated from operating activities	20,732	80,103
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to capital work in progress	(11,973)	(34,730)
Net cash used in investing activities	(11,973)	(34,730)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loan financing	-	(39,068)
Repayment of long term director loan	-	(9,105)
Net cash used in financing activities	-	(48,173)
Net (decrease) / increase in cash and cash equivalents	8,759	(2,801)
Cash and cash equivalents at the beginning of the period	2,318	3,607
Cash and cash equivalents at the end of the period	11,077	806

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 MONTHS ENDED MARCH 31, 2013

1. STATUS AND NATURE OF OPERATIONS

Frontier Ceramics Limited was incorporated in July 1982 as Public Limited Company with its share 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 2012. Comparative balance sheet is extracted from annual audited financial statement as of 30 June 2012 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, 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 published annual financial statements of the Company for the year ended 30 June 2012.

4. PROPERTY PLANT AND EQUIPMENT

	Nine months Ended	
	March 31,2013	March 31,2012
	(Rupees) '000'	(Rupees) '000'
Opening written down value	632,786	650,448
Additions during the period	-	-
	632,786	650,448
Depreciation charged during the period	(36,099)	(38,899)
	596,687	611,548

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 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.

5.1.2 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. 20.627 million (June 30, 2012: Rs. 20.453million)

5.2 Commitments

The Company has commitments to Rs.1.801 Million (June 30, 2012: 0.903) and Rs. 5.30 Million (June 30,2012 : Rs.3.804 Million) against import of spare tools and raw material respectively, 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, other associate companies, directors and key management personnel. Transaction with related parties and associated undertakings during the period are as follows:

		Nine months Ended	
		March 31,2013	March 31,2012
		(Rupees) '000'	(Rupees) '000'
Relation with the company	Nature of Transaction		
Associated company/undertakings			
Toyota Rawal Motors (pvt) Ltd.	Sales of Tiles	-	2,500
Mr. Nadeem Khalid	Financial Transaction	-	9,105

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 31,2013 (Rupees) '000'	March 31,2012 (Rupees) '000'
Short term employee benefits		
Chief Executive Officer	1,440	1,350
Directors	482	482
Executives	812	722
	<u>2,554</u>	<u>2,554</u>

7 **DATE OF AUTHORIZATION FOR ISSUE**

These interim financial statement were authorized for issue by the Board of Directors of the Company in their meeting held on 30th April, 2013.

8 **GENERAL**

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

CHIEF EXECUTIVE

DIRECTOR