

CONDENSED INTERIM FINANCIAL  
STATEMENTS FOR HALF YEARENDED  
DECEMBER 31, 2012



# **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

Khawaja Mushtaq Ahmed FCA,ACIS

### Company Secretary

Mr. Fazal-e-Khaliq

### 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](http://www.forte.com.pk)

**FRONTIER CERAMICS LIMITED**  
**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Dear Shareholders:

The Board of Directors is pleased to present the un-audited financial statements duly reviewed by our external auditors for the half year ended December 31, 2012

A brief review of the company's performance for the period with the corresponding period of the last year is as under:

- Sales - Net at Rs. 147.62m lower by 13.02% vs. previous Rs. 169.71m
- Gross Profit at Rs. 7.89m lower by 76.60% vs. previous Rs. 33.71m
- Operating Profit/(Loss) at Rs. (2.96)m lower by Rs 112.73%vs previous profit Rs. 23.24m
- Earnings/(Loss) per Share decreased to Rs. (0.18)vs. previous. 3.16m

Gross profit reduction is mainly due to exceptionally high production losses/wastages as compared to previous period mainly due to old plant's technical difficulties which accelerated the repair and maintenance cost of the production. Additionally, due to low gas pressure and frequent unscheduled load shedding, diesel consumption for electric generation and LPG cost increased many folds during the period which could not be passed on to customers as the sale price per square meter remained stagnant. Production during the period remained below the satisfactory level due to frequent breakdowns.

Company is having liquidity constrains and management foresees that once the subscription money against the right shares is raised after approval of SECP, major repair and maintenance of the plant will be carried out to overcome the operational difficulties of the plant and by installing of a new plant which is capable of producing different sizes of wall and floor tiles, financial and operational performance of the Company will improve in future. Meanwhile, steps have been initiated to reduce the production losses to the minimum and your management is confident to succeed in its efforts to continue the Company as a going concern.

As regards auditors' qualification regarding the gratuity, company is in planning now to introduce the staff retirement benefits scheme as the company has fully relieved during the last year from its financial commitments with the creditors banks under settlement agreement dated June 26, 2008.

In the present economic conditions, the directors consider the financial and operational performance of the Company for the half year under review to be satisfactory.

Peshawar:  
Dated: 28<sup>th</sup> February, 2013

Omer Khalid  
Chief Executive

## INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of **FRONTIER CERAMICS LIMITED** (“the Company”) as at December 31, 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred as the “interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with the International standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of interim financial information consist of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The Company has not accounted for any provision against staff retirement benefits in terms of gratuity or provident fund or both as per the requirement of sub clause (6) of clause (12) of Schedule to The Industrial & Commercial Employment (Standing Orders) Ordinance, 1968. The estimated value of this liability in term of gratuity amounts to Rs. 12 million as at December 31, 2012.

Based on our review, with the exception of the matters described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan. The figures for the quarter ended December 31, 2012 and December 31, 2011 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Without further qualifying our opinion, we draw attention to the following matters:

- a) Note 1.2 in the interim financial information which indicates that the Company’s accumulated losses exceeds its share capital by Rs. 52.9 million as at December 31, 2012 and as of that date; Company’s current liabilities exceeded its current assets by Rs. 231.7 million. These conditions, along with other matters as set forth in Note 1.2, indicate the existence of a

material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

- b) The ultimate outcome of the matter as explained in Note 9.1.1 to the accompanying interim financial information cannot presently be determined and, hence, pending the resolution of the matters in question, no provision has been made by the Company in the accompanying interim financial information for any liability that may arise as a result of the said matters.

**ISLAMABAD**

**DATED:** February 28, 2013

**CHARTERED ACCOUNTANTS**

Engagement Partner: Abdul Qadeer

**FRONTIER CERAMICS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2012**

	Note	December 31, 2012 Rupees Un-audited	June 30, 2012 Rupees Audited
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	6	608,303,200	632,785,637
Capital work in progress		147,604,282	136,003,386
Long term deposits		1,513,450	1,513,450
		<u>757,420,932</u>	<u>770,302,473</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		14,620,649	12,512,447
Stock in trade		48,262,187	51,667,777
Trade debts		2,492,384	2,822,833
Advances		9,979,877	13,289,947
Short term deposits & prepayments		-	102,020
Taxation - net		3,865,958	2,483,118
Cash and bank balances		7,070,604	2,317,528
		<u>86,291,659</u>	<u>85,195,670</u>
<b>TOTAL ASSETS</b>		<u><u>843,712,591</u></u>	<u><u>855,498,143</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	7	77,412,000	77,412,000
Accumulated loss		(130,332,919)	(141,190,921)
		<u>(52,920,919)</u>	<u>(63,778,921)</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		374,062,395	386,346,422
<b>NON CURRENT LIABILITIES</b>			
Long term financing		89,180,130	89,180,130
Long term deposits		576,000	576,000
Deferred taxation		114,815,208	118,002,831
		<u>204,571,338</u>	<u>207,758,961</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		197,106,285	204,528,910
Mark up accrued		2,351,980	2,101,259
Short term borrowings		4,415,237	4,415,237
Current portion of long term financing	8	114,126,275	114,126,275
		<u>317,999,777</u>	<u>325,171,681</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>843,712,591</u></u>	<u><u>855,498,143</u></u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**

**FRONTIER CERAMICS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

	<b>Half Year Ended December 31,</b>		<b>Quarter Ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	
<b>Note</b>	<b>Rupees</b>				
Sales - net	147,623,833	169,717,104	87,419,386	74,609,352	
Cost of sales	139,737,750	136,011,286	81,301,913	66,395,280	
Gross profit	7,886,083	33,705,818	6,117,473	8,214,072	
Distribution cost	1,730,497	1,941,935	858,869	898,822	
Administrative expenses	6,630,640	6,444,674	3,616,702	2,958,008	
Other operating expenses	2,483,776	2,078,279	2,414,250	2,033,779	
Operating (loss) / profit	(2,958,830)	23,240,930	(772,348)	2,323,463	
Finance cost	916,699	690,469	530,813	511,960	
(Loss) / profit before taxation	(3,875,529)	22,550,461	(1,303,161)	1,811,503	
Taxation:					
-current	738,119	1,697,171	437,097	746,094	
-deferred	(3,187,623)	(3,572,470)	(1,537,623)	(3,672,518)	
(Loss) / profit after taxation	(1,426,025)	24,425,760	(202,635)	4,737,927	
(Loss) / earnings per share - basic and diluted	10	(0.18)	3.16	(0.03)	0.61

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**



**FRONTIER CERAMICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

Half Year Ended December 31,		Quarter ended December 31,	
2012	2011	2012	2011
<b>Rupees</b>			

(Loss) / profit after taxation	(1,426,025)	24,425,760	(202,635)	4,737,927
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(1,426,025)</u>	<u>24,425,760</u>	<u>(202,635)</u>	<u>4,737,927</u>

Surplus arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 in the separate account below equity.

The annexed notes from 1 to 13 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 HALF YEAR ENDED DECEMBER 31, 2012**

	<b>Half Year Ended</b>	
	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(3,875,529)	22,550,462
Adjustment for:		
Depreciation	24,482,437	26,267,911
Profit before working capital changes	20,606,908	48,818,373
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(2,108,202)	(1,459,394)
Stock in trade	3,405,590	(808,039)
Trade debts	330,449	(2,279,334)
Advances	3,310,070	1,369,066
Short term deposits & prepayments	102,020	(2,585,219)
Other receivable	-	(1,593,133)
Increase / (decrease) in current liabilities		
Trade and other payables	(7,422,625)	9,916,784
Mark up accrued	250,721	287,017
	(2,131,977)	2,847,748
Cash generated from operations	18,474,931	51,666,121
Taxes paid	(2,120,959)	(3,010,672)
Net cash generated from operating activities	16,353,972	48,655,449
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to capital work in progress	(11,600,896)	(34,234,748)
Net cash used in investing activities	(11,600,896)	(34,234,748)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term loan financing	-	(15,254,037)
Net cash used in financing activities	-	(15,254,037)
Net increase / (decrease) in cash and cash equivalents	4,753,076	(833,336)
Cash and cash equivalents at the beginning of the period	2,317,528	3,607,388
Cash and cash equivalents at the end of the period	7,070,604	2,774,052

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**

**FRONTIER CERAMICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

	<b>Issued, subscribed and paid up capital</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>Rupees</b>		
Balance as at July 01, 2011	77,412,000	(200,121,835)	(122,709,835)
Total comprehensive loss for the half year ended December 31, 2011	-	24,425,761	24,425,761
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax	-	13,223,803	13,223,803
Balance as at December 31, 2011	<u>77,412,000</u>	<u>(162,472,271)</u>	<u>(85,060,271)</u>
Balance as at July 01, 2012	77,412,000	(141,190,921)	(63,778,921)
Total comprehensive income for the half year ended December 31, 2012	-	(1,426,025)	(1,426,025)
Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax	-	12,284,027	12,284,027
Balance as at December 31, 2012	<u>77,412,000</u>	<u>(130,332,919)</u>	<u>(52,920,919)</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**

**FRONTIER CERAMICS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

**1 STATUS AND NATURE OF BUSINESS**

- 1.1 Frontier Ceramics Limited ("the Company") was incorporated in July 1982 as a Public 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 principal activities of the company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.
- 1.2 The Company's accumulated losses exceeds its share capital by Rs. 52.9 million (June 30, 2012 : Rs. 63.8 million). Current liabilities exceeded its current assets by Rs. 231.7 million (June 30, 2012: Rs. 239.9 million). These conditions indicate the existence of material uncertainty which casts doubt about the Company's ability to continue as a going concern. Furthermore, the ability of the Company to continue as a going concern is dependent upon its ability to meet the repayment terms prescribed in the Settlement Agreement dated March 05, 2009 with its creditors, relating to long term financing.

These condensed interim financial statements have been prepared on a going concern basis without any adjustments to assets and liabilities. The shareholder has made a commitment not to seek repayment of the long term loan due to him within the foreseeable future. Moreover, management has plans to increase profitability by introducing new designs and sizes of wall tiles. Further the installation of the new plant is in process. This new plant is capable of producing different sizes of wall tiles as well as floor tiles. In the opinion of the management future profits shall wipe out the accumulated losses and increase equity of the Company. Accordingly, management is confident that they will succeed in their efforts to continue the Company as a going concern.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim financial statements are unaudited but subject to the limited scope review by auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

This condensed interim financial report of the Company for the six month period ended December 31, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2012.

The comparative balance sheet presented in this condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2012, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity are extracted from the unaudited interim financial statements for the half year ended December 31, 2011.

## **2.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount.

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **3 ACCOUNTING POLICIES**

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2012. The following standards, amendments and interpretations of approved accounting standards became effective during the period, however, these do not have a significant impact on the Company's condensed interim financial statements:

IAS 1 Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented

IAS 12 Income Taxes

The Company expects that the adoption of the above amendments and interpretations of the standards will not affect the Company's financial information in the period of initial application.

## **4 TAXATION**

The provision for taxation for the half year and quarter ended December 31, 2012 has been made using the estimated effective tax rate applicable to expected total annual earnings.

## 5 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2012.

	<b>December 31, 2012 Rupees Unaudited</b>	<b>June 30, 2012 Rupees Audited</b>
<b>6 OPERATING FIXED ASSETS</b>		
Opening written down value	632,785,637	650,447,527
Add: Revaluation during the period / year	-	35,560,289
	<u>632,785,637</u>	<u>686,007,816</u>
Less: Depreciation charged during the period / year	24,482,437	53,222,179
Closing written down value	<u><u>608,303,200</u></u>	<u><u>632,785,637</u></u>

## 7 SHARE CAPITAL

### 7.1 Issued, subscribed and paid up capital

7,741,200 (June 30, 2012: 7,741,200) ordinary shares of Rs.10/- each fully paid in cash

<u><u>77,412,000</u></u>	<u><u>77,412,000</u></u>
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### 7.2 Authorized share capital

This represents 75,000,000 (June 30, 2012: 8,000,000) ordinary shares of Rs. 10 each amounting to Rs.750,000,000 (June 30, 2012: 80,000,000).

<b>December 31, 2012 Rupees Unaudited</b>	<b>June 30, 2012 Rupees Audited</b>
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## 8 CURRENT PORTION OF LONG TERM FINANCING

Current portion	8.1	<u><u>114,126,275</u></u>	<u><u>114,126,275</u></u>
		<u><u>114,126,275</u></u>	<u><u>114,126,275</u></u>

- 8.1 This represents interest free loan received from 10 financial institutions under a settlement agreement and is repayable in 36 equal monthly installments starting from March 2009. In 2006, the Company approached The State Bank of Pakistan's Committee for Revival of Sick Industrial Units (CRSIU) for restructuring of outstanding liabilities. CRSIU arranged the meeting of all the participant financial institutions in which CRSIU directed all the financial institutions to reduce their respective loans proportionally to the forced sale value of the project of Rs. 168 million. The settlement agreement between the parties was signed on March 05, 2009.
- 8.2 As per the agreement in case the Company fails to pay three consecutive monthly installments, the write off/waiver to be granted by the financial institutions in accordance with the decision of CRSIU dated August 19, 2006 and under the settlement agreement of certain portions of their principal outstanding amount and whole of the mark up shall become ineffective and stand revoked. This shall render the Company being liable to immediately pay the total outstanding amount to the financial institutions along with all mark up, profits, compensation, charges, cost and other amounts in the same manner as it would have been if this agreement had not been entered into. Further, a fresh cause of action shall become available to the financial institutions to recover their outstanding amounts along with all mark up etc by exercising, judicial and other legal remedies available to them.

During the year ended June 30, 2010, the Company had delayed three consecutive installments as per payment terms prescribed in their settlement agreement with financial institutions and continued the payment of the loan installments during the year. As yet no correspondence has been received by the Company from the financial institutions regarding initiation of any legal proceedings against the Company, the effect of delayed payment has not been incorporated in these interim financial statements.

## **9 CONTINGENCIES AND COMMITMENTS**

### **9.1 CONTINGENCIES**

- 9.1.1 As per settlement agreement with the creditor banks, no interest has been accounted for subsequent to the settlement agreement relating to long term financing in prior years. The loan has been fully repaid during the year, however, no objection certificates (NOCs) from few financial institutions are outstanding to date to confirm the final settlement of the loans, interest and vacation of charges/mortgages on the Company's assets. As no event of default has been communicated to the Company to date, the amount of default, if any, can not be accurately quantifiable.
- 9.1.2 Through the Finance Act, 2006 an amendment was made in section 12 (i) of the Worker's Welfare Fund Ordinance, 1971 (the WWF Ordinance) by virtue of which the taxpayers was required to pay WWF, where return of the Income Tax is required to be filed under this Ordinance, on the profit before taxation as per accounts or the declared Income as per return of Income, whichever, is higher.

During the previous year the Lahore High Court has struck down the above mentioned amendment of the WWF Ordinance. The management is of the opinion that the amendment having been struck down, the provisions of the amended Ordinance are no longer applicable to the Company. Accordingly no provision has been made for the current period in respect of Worker's Welfare Fund.

9.1.3 Noman Ghani vs. FCL & others:

This is the recovery suit against the Company. In this suit original claim was of Rs. 1,248,172. Later on, the petitioner submitted another application for amendment of plaint for recovery of Rs. 20 million plus 18% being current bank interest. The application was dismissed and they filled an appeal against the order in the District court. The District Judge dismissed their claim of 20 million and partially allowed the interest. The matter is still pending before the trial court. The Company has not incorporated the contingency as the management is of the view that the case will be settled in favour of the Company.

9.1.4 Sardar Asif vs. FCL:

An ex-party decree was issued in favor of one of the past suppliers of the Company, by the Civil Court, Peshawar, against the claim of Rs 1,450,000, for the possession of the property of the Company bearing plot No 21, 22 & 23 situated at Peshawar. The case was filed by the supplier before the acquisition of the Company by the current management. The case is now pending before the Civil Court, Peshawar to set aside the ex-party decree.

9.1.5 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 (2011: Rs. 11.167 million).

## 9.2 COMMITMENTS

9.2.1 The Company has commitments of Rs. 8.630 million (June 30, 2012: Rs.3.804 million) against import of raw materials, Rs. 4.311 million (June 30, 2012: Rs.0.903 million) against import of stores and spares, in respect of outstanding letter of credit and telegraphic transfer and Rs. Nil (June 30, 2012: Rs. 12.920 million) against construction of building.



**10 (LOSS) / EARNINGS PER SHARE- BASIC AND DILUTED**

Half Year Ended December 31,		Quarter Ended December 31,	
2012	2011	2012	2011
Rupees	Rupees	Rupees	Rupees

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

(Loss) / profit after taxation - (Rupees)	<u>(1,426,025)</u>	<u>24,425,760</u>	<u>(202,635)</u>	<u>4,737,927</u>
Weighted average number of ordinary shares - (Number of shares)	<u>7,741,200</u>	<u>7,741,200</u>	<u>7,741,200</u>	<u>7,741,200</u>
(Loss) / earnings per share - (Rupees)	<u>(0.18)</u>	<u>3.16</u>	<u>(0.03)</u>	<u>0.61</u>

**11 TRANSACTIONS 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	Half Year ended December 31,		Quarter Ended December 31,	
		2012	2011	2012	2011
		Rupees	Rupees	Rupees	Rupees
<b>Associated Company</b>					
Toyota Rawal Motors (Private) Limited	- Sales of tiles	-	2,500,000	-	-
	- Interest on short term borrowings	107,471	135,431	53,736	-
	- Rent expense	258,000	-	-	-

11.1 The transactions with key management personnel includes remuneration and other benefits under the terms of their employment which are as follows:

	Half Year Ended December 31,		Quarter Ended December 31,	
	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees
Chief Executive Officer	960,000	900,000	480,000	450,000
Directors	321,000	321,000	160,500	160,500
Executives	<u>541,500</u>	<u>481,500</u>	<u>270,750</u>	<u>240,750</u>
	<u>1,822,500</u>	<u>1,702,500</u>	<u>911,250</u>	<u>851,250</u>

**12 DATE OF AUTHORIZATION**

These condensed interim financial statements were authorised for issue on February 28, 2013 by the Board of Directors of the Company.

**13 GENERAL**

Figures have been rounded off to the nearest rupee.

**CHIEF EXECUTIVE**

**DIRECTOR**