

FRONTIER CERAMICS LIMITED



Financial Statements

For the Third Quarter & Nine Months Period Ended
March 31, 2024

(UN-AUDITED)

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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; and
- The Group will assert efforts towards the social development of society and be instrumental in the industrial growth of Pakistan.

COMPANY INFORMATION

BOARD OF DIRECTORS

| | | |
|------------------------|-------------|------------------------|
| Ms. Shabina Anjum | Independent | Director & Chairperson |
| Mr. Omer Khalid | | Non-Executive Director |
| Mr. Javid Khalid | | Non-Executive Director |
| Mr. Zia Khalid | | Executive Director |
| Ms. Numrah Khalid | Executive | Director |
| Mr. Muhammad Riaz Khan | | Independent Director |
| Mrs. Shazia Khalid | | Non-Executive Director |

Audit Committee

| | |
|------------------------|----------|
| Mr. Muhammad Riaz Khan | Chairman |
| Mr. Omer Khalid | Member |
| Mr. Javid Khalid | Member |

Human Resource & Remuneration Committee

| | |
|-------------------|-------------|
| Ms. Shabina Anjum | Chairperson |
| Ms. Numrah Khalid | Member |
| Mr. Javid Khalid | Member |

Chief Executive Officer

Mr. Nadeem Khalid

Chief Financial Officer

Khawaja Mushtaq Ahmed FCA,ACIS
khawaja.mushtaq@forte.com.pk

Company Secretary

Mr. Rehman Khan Sherwani
rehman.khan@forte.com.pk

Head of Internal Audit

Mr. Wasif Naeem
wasif.naeem@forte.com.pk

Bankers

Conventional Banks

Allied Bank Limited
Bank Al Habib Limited
Bank Alfah Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited

Islamic Banks

Bank Al Habib Islamic Limited
Bank Alfah Islamic Limited
Silk Emaan Islamic Bank Limited
UBL Ameen Limited
First Habib Islamic Income Fund

Auditors

M/S s 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.

Website

www.forte.com.pk

or scan QR code



FRONTIER CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2024

The Directors of your Company are pleased to present the financial statements for the third quarter and nine months ended March 31, 2024.

BUSINESS CHALLENGES AND FINANCIAL PERFORMANCE

The start of the new fiscal year has been promising, as Pakistan has embarked on a new IMF program that is expected to bring about significant enhancements to the country's macroeconomic landscape. The program will facilitate the release of both multilateral and bilateral funding, ultimately resulting in the augmentation of foreign reserves. This development has mitigated the immediate threat of default and the restrictions on imports are also expected to be eased out in the near future, which will lead to the normalization of trade and manufacturing operations.

The tile manufacturers continued to grapple with low demand while contending with soaring inflation, which resulted in either shut down of the operations or curtailed production. On the other hand, your Company demonstrated resilience during these difficult times, primarily due to its diversified product range and commitment to quality, making it the preferred choice among customers in the market.

The financial performance for the half year is summarized below:

| | Mar 31,2024 | Mar 31,2023 |
|---------------------------------|----------------------|-------------|
| | (Rupees in Millions) | |
| Turnover – net | 2,422.16 | 3,126.51 |
| Gross profit | 153.67 | 387.04 |
| Operating Profit | 93.81 | 225.46 |
| Profit before taxation | 10.55 | 177.14 |
| (Loss)/Profit after taxation | (4.47) | 114.43 |
| (Loss)/Earnings per share (Rs.) | (0.12) | 3.02 |

During the period, net turnover decreased by 22.53% due to decrease in volume, the gross margins decreased to 6.34% as against 12.38%, because of significant increase in costs due to rupee devaluation, raw material costs and freight and energy costs.

FUTURE OUTLOOK

Pakistan's attempts to garner the support of donor countries and lending institutions have finally begun to show some early signs of promise - and will need to culminate in the revival of the IMF program. Only after these result in an inflow of external funds economy will show signs of recovery. This is an imperative for business conditions to improve and allow all major industries, including your Company, to improve operating results. In the meantime, the Company will continue to strive to improve efficiencies and reduce costs, as well as make its strongest efforts in maintaining its share in domestic markets and profitability.

We do not anticipate the upsurge in demand soon unless the government projects are re-initiated and the government schemes providing subsidized housing loans are resumed.

We would like to thank our stakeholders for their continued support and our shareholders for their confidence in the leadership of the Board and management team of the Company. With your continuous support and by the grace of the Almighty, we remain committed to deliver good performance.

On behalf of the Board of Directors



Nadeem Khalid
Chief Executive Officer



Numrah Khalid
Director

Peshawar:

Dated: April 30, 2024

فرنیئر سیراکس لمیٹڈ
شیر ہولڈرز کو ڈائریکٹرز کی رپورٹ
برائے نو ماہی محنتہ 31 مارچ 2024

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2024 کو ختم ہونے والے نو ماہی کے مالیاتی گوشوارے پیش کرنے پر خوش ہیں۔

کاروباری چیلنجز اور مالیاتی کارکردگی:

رواں مالی سال کا آغاز امید افزا رہا ہے کیونکہ پاکستان نے آئی ایم ایف کے ایک نئے پروگرام کا آغاز کیا ہے جس سے ملک کی معیشت میں نمایاں اضافہ متوقع ہے یہ پروگرام کثیر جہتی اور دو طرفہ سرمایہ کاری کے اجراء میں سہولت فراہم کرے گا جس کے نتیجے میں غیر ملکی ذخائر میں اضافہ ہوگا۔

ٹائل کی صنعت کو مہنگائی کی وجہ سے ٹائل کی طلب میں کمی کا سامنا ہے جس کے نتیجے میں یا تو آپریشن بند ہوگے یا پیداوار میں کمی ہوئی ہے دوسری طرف آپ کی کمپنی نے اس مشکل وقت کے دوران اپنی مصنوعات رتیج اور ٹائل کی کوالٹی میں اضافہ کیا ہے جس کی وجہ سے اسے مارکیٹ میں صارفین کی طرف سے ترجیح دی جا رہی ہے

نو ماہی کی مالی کارکردگی کا خلاصہ ذیل میں دیا گیا ہے۔

| تفصیلات | 31 مارچ 2024 | 31 مارچ 2023 |
|-------------------|-----------------|--------------|
| | (روپے ملین میں) | |
| خالص فروخت | 2,422.16 | 3,126.51 |
| مجموعی منافع | 153.67 | 387.04 |
| کاروباری منافع | 93.81 | 225.46 |
| منافع قبل از ٹیکس | 10.55 | 177.14 |
| منافع بعد از ٹیکس | (4.47) | 114.43 |
| فی حصص آمدنی | (0.12) | 3.02 |

اس عرصے کے دوران حجم میں کمی کی وجہ سے خالص فروخت سے کاروبار میں 22.53 فیصد کمی واقع ہوئی اور مجموعی منافع 12.38 فیصد سے کم ہو کے 6.34 فیصد ہو گیا ہے اس کی وجہ روپے کی قدر میں کمی خام مال کی لاگت اور توانائی کے اخراجات میں نمایاں اضافہ ہے

مستقبل کی پیش بینی:

ڈونر ممالک اور قرض دینے والے اداروں کی حمایت حاصل کرنے کی پاکستان کی کوششوں نے آخر کار وعدے کے ابتدائی آثار دکھانا شروع کر دیے ہیں اور اسے آئی ایم ایف پروگرام کے احیاء میں ختم ہونے کی ضرورت ہوگی۔ ان نتائج کے بعد ہی بیرونی فنڈز کی آمد معیشت میں بحالی کے آثار نظر آئیں گے۔ کاروباری حالات کو بہتر بنانے اور آپ کی کمپنی سمیت تمام بڑی صنعتوں کو آپرٹنگ نتائج کو بہتر بنانے کی اجازت دینے کے لیے یہ ضروری ہے۔ اس دوران، کمپنی کارکردگی کو بہتر بنانے اور لاگت کو کم کرنے کے ساتھ ساتھ گھریلو منڈیوں اور منافع میں اپنا حصہ برقرار رکھنے کے لیے اپنی بھرپور کوششیں جاری رکھے گی۔

ہم اپنے اسٹیک ہولڈرز کا ان کی مسلسل حمایت اور اپنے شیئر ہولڈرز کا کمپنی کے بورڈ انتظامیہ ٹیم کی قیادت پر اعتماد کے لئے شکریہ ادا کرنا چاہتے ہیں آپ کے مسلسل تعاون اور اللہ تعالیٰ کے فضل و کرم سے ہم اچھی کارکردگی پیش کرنے کے لیے پرعزم ہے

برائے اور منجانب بورڈ آف ڈائریکٹرز


نمبر خالد ڈائریکٹر


ندیم خالد

چیف ایگزیکٹو آفیسر

پشاور

بتاریخ: 30 اپریل 2024

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2024

| | | March 31, 2024 | June 30, 2023 |
|--|-------------|------------------------------|-----------------------------|
| | | Rupees Un-audited | Rupees Audited |
| | Note | | |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | | | |
| Operating fixed assets | 6 | 2,371,961,119 | 2,535,105,392 |
| Investment property | 7 | 522,301 | 542,650 |
| | | <u>2,372,483,420</u> | <u>2,535,648,042</u> |
| Long term deposits | | 5,925,450 | 5,925,450 |
| Long term advances | 8 | 550,806,828 | 550,921,284 |
| | | <u>2,929,215,698</u> | <u>3,092,494,776</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 9 | 295,559,586 | 270,488,018 |
| Stock in trade | 10 | 559,527,438 | 472,982,993 |
| Trade debts | | 21,460,000 | 21,583,144 |
| Other receivables | | 2,903,040 | 2,177,280 |
| Short term lending | 11 | 190,554,421 | 160,373,432 |
| Advances | 12 | 66,461,876 | 178,529,110 |
| Tax refunds due from Government | | 63,962,052 | 63,962,052 |
| Taxation - net | 13 | 102,716,961 | 86,217,469 |
| Cash and bank balances | 14 | 70,127,764 | 7,116,368 |
| | | <u>1,373,273,138</u> | <u>1,263,429,866</u> |
| TOTAL ASSETS | | <u><u>4,302,488,835</u></u> | <u><u>4,355,924,642</u></u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 15 | 378,738,210 | 378,738,210 |
| Discount on issue of right shares | 16 | (180,795,726) | (180,795,726) |
| | | <u>197,942,484</u> | <u>197,942,484</u> |
| Revaluation surplus on property, plant and equipment | | 1,142,285,071 | 1,161,971,530 |
| Unappropriated profit | | 257,381,503 | 242,169,885 |
| | | <u>1,597,609,058</u> | <u>1,602,083,899</u> |
| NON CURRENT LIABILITIES | | | |
| Long term financing | 17 | - | 13,097,827 |
| Loan from related parties | 18 | 615,499,297 | 699,488,141 |
| Gas Infrastructure development cess | 19 | - | 2,173,752 |
| Liability under finance lease | 20 | - | 8,216,546 |
| Deferred liability | | 25,393,458 | 25,393,458 |
| Deferred taxation | | 332,209,995 | 347,656,942 |
| | | <u>973,102,751</u> | <u>1,096,026,666</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,567,184,216 | 1,483,470,840 |
| Unclaimed dividend | | 3,189,224 | 3,189,224 |
| Current portion of non-current liabilities | 21 | 161,403,587 | 171,154,013 |
| | | <u>1,731,777,027</u> | <u>1,657,814,077</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>4,302,488,836</u></u> | <u><u>4,355,924,642</u></u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 22 | | |

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2024

| | Nine Months Ended March 31, | | Quarter Ended March 31, | |
|--|--------------------------------|--------------------|----------------------------|--------------------|
| | 2024 | 2023 | 2024 | 2023 |
| |Rupees..... | | | |
| Sales - net | 2,422,159,653 | 3,126,505,274 | 669,757,927 | 1,090,548,189 |
| Cost of sales | (2,268,485,113) | (2,739,466,349) | (616,671,206) | (929,074,774) |
| Gross Profit | 153,674,539 | 387,038,925 | 53,086,720 | 161,473,415 |
| Distribution cost | (11,604,586) | (11,250,376) | (3,868,596) | (3,688,463) |
| Administrative expenses | (34,486,567) | (50,313,645) | (11,830,314) | (17,952,433) |
| Other operating expenses | (13,770,907) | (100,013,071) | (3,743,682) | (11,931,153) |
| Operating profit | 93,812,480 | 225,461,833 | 33,644,128 | 127,901,366 |
| Finance cost | (119,828,519) | (60,126,408) | (33,392,319) | (23,355,800) |
| Other operating income | 36,570,971 | 11,806,414 | 12,739,865 | 3,312,663 |
| Profit before taxation | 10,554,931 | 177,141,839 | 12,991,674 | 107,858,230 |
| Taxation: | | | | |
| -current | (30,476,719) | (81,330,778) | (8,571,697) | (43,795,993) |
| -deferred | 15,446,947 | 18,617,318 | 6,050,943 | (3,277,602) |
| (Loss)/Profit after taxation | (4,474,841) | 114,428,379 | 10,470,920 | 60,784,635 |
| (Loss)/Earnings per share - basic and diluted | (0.12) | 3.02 | 0.28 | 1.60 |

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2024

| | Nine Months Ended March 31, | | Quarter Ended March 31, | |
|---|--------------------------------|-------------|----------------------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| |Rupees..... | | | |
| (Loss)/Profit after taxation | (4,474,841) | 114,428,379 | 10,470,920 | 60,784,635 |
| Other comprehensive income for the Period | - | - | - | - |
| Total comprehensive income for the Period | (4,474,841) | 114,428,379 | 10,470,920 | 60,784,635 |

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

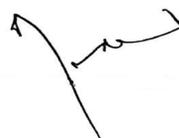
FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2024 (UN-AUDITED)

| | Issued, subscribed and paid up capital | Discount Issue of Right Shares | Revaluation surplus on property, plant and equipment | Unappropriated Profit | Total |
|---|---|---|---|----------------------------------|----------------------|
| |Rupees..... | | | | |
| Balance as at July 01, 2022 - restated (Audited) | 378,738,210 | (180,795,726) | 1,205,963,178 | 351,650,169 | 1,755,555,831 |
| <u>Impact of ratification of error</u> | | | | | |
| comprehensive income for the period ended March 31, 2023 | | | (27,406,380) | 27,406,380 | - |
| Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax | | | | 114,428,379 | 114,428,379 |
| Balance as at March 31, 2023 | 378,738,210 | (180,795,726) | 1,178,556,798 | 493,484,928 | 1,869,984,210 |
| Balance as at July 01, 2023 - (Audited) | 378,738,210 | (180,795,726) | 1,161,971,530 | 242,169,885 | 1,602,083,899 |
| comprehensive (Loss) for the Period ended Mar 31, 2024 | | | | (4,474,841) | (4,474,841) |
| Transfer from surplus on revaluation of fixed assets incremental depreciation - net of deferred tax | | | (19,686,459) | 19,686,459 | - |
| Balance as at March 31, 2024 | 378,738,210 | (180,795,726) | 1,142,285,071 | 257,381,503 | 1,597,609,058 |

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

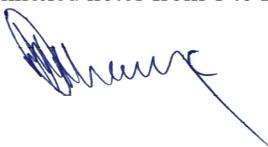


DIRECTOR

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2024 (UN-AUDITED)**

| | Rupees | |
|---|-------------------------|-------------------------|
| | 31-Mar-24 Un-Audited | 31-Mar-23 Un-Audited |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 10,554,931 | 327,215,373 |
| Adjustment for: | | |
| Depreciation | 163,164,622 | 136,762,420 |
| Finance Cost | 119,828,519 | 26,620,030 |
| Profit before working capital changes | 293,548,072 | 490,597,822 |
| Changes in working capital: | | |
| Decrease / (increase) in current assets | | |
| Stores, spares and loose tools | (25,071,568) | (72,189,094) |
| Stock in trade | (86,544,445) | (131,336,841) |
| Trade debts | 123,144 | (444,275) |
| Other receivables | (725,760) | - |
| Short Term Lending | (30,180,989) | - |
| Advances | 112,067,234 | (25,080,158) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 83,713,376 | 616,458,130 |
| Current portion of liability against assets subject to finance | (1,400,432) | 10,645,716 |
| Current portion of long term financing | (11,481,239) | - |
| Current portion of GIDC payable | 3,131,245 | 2,940,073 |
| | 43,630,567 | 400,993,550 |
| Cash generated from operations | 337,178,639 | 891,591,373 |
| Taxes paid | (46,976,211) | (72,747,508) |
| Finance Cost Paid | (119,828,519) | (26,620,030) |
| Net cash generated / (Used in) from operating activities | 170,373,909 | 792,223,835 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of operating fixed assets | - | (1,086,486,076) |
| Increase in long term advances | 114,456 | 2,817,289 |
| Advance for Land Purchase | - | (239,672,419) |
| Deletion/(Additions) to capital work in progress | - | 417,619,452 |
| Net cash used in investing activities | 114,456 | (905,721,754) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term financing - net | (97,086,671) | 50,598,477 |
| Gas Infrastructure Development Cess | (2,173,752) | - |
| Liability against assets subject to finance lease | (8,216,546) | 45,727,530 |
| Net cash used in financing activities | (107,476,969) | 96,326,007 |
| Net (decrease) / increase in cash and cash equivalents | 63,011,396 | (17,171,912) |
| Cash and cash equivalents at the beginning of the period | 7,116,368 | 43,950,002 |
| Cash and cash equivalents at the end of the period | 70,127,764 | 26,778,089 |

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2024

1 STATUS AND NATURE OF BUSINESS

Frontier Ceramics Limited (the Company) was incorporated in July 1982 as a Public Limited Company with its shares quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited in which Lahore and Islamabad Stock Exchanges have merged). The principal activities of the Company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.

The registered office and manufacturing unit of the Company is situated at 29-Industrial Estate, Jamrud Road, Peshawar Pakistan.

Sale offices of the Company are located at situated at 29-Industrial Estate, Jamrud Road, Peshawar and Toyota Rawal Motors Building near Sawan Camp, GT road Rawalpindi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements are unaudited and being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 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, 2023, which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last declared financial statements.

The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended March 31, 2023.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2023.

3.2 The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2023.

4 IJARAH

The Company accounts for assets under ijarah arrangements in accordance with Islamic Financial Accounting Standard (IFAS) 2 - Ijarah whereby rental payments due under these arrangements are recognized as an expense in the statement of profit or loss on a straight line basis over the ijarah (lease) term.

5 RIGHT OF USE ASSET AND LEASE LIABILITY UNDER DIMINISHING MUSHARAKA

The Company accounts for assets under diminishing musharaka as right of use asset representing its right to use the underlying asset and lease liability representing its obligations to make lease payments.

Right-of-use assets are initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a reducing balance method as this method most closely reflects the expected pattern of consumption of future economic benefits.

The lease liability under diminishing musharaka is initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Amortization of the lease liability is charged to statement of profit or loss.

| | | March 31, 2024 Rupees Unaudited | June 30, 2023 Rupees Audited |
|----------------------------------|-------------|--|---|
| 6 OPERATING FIXED ASSETS | Note | | |
| Opening written down value (WDV) | | 2,535,105,392 | 2,776,401,412 |
| Add: | | | |
| Additions | | - | 17,059,243 |
| Transfers - ROU Assets | | - | (13,027,979) |
| | | 2,535,105,392 | 2,780,432,676 |
| Less: | | | |
| Depreciation charge | | (163,144,273) | (245,327,284) |
| Closing written down value (WDV) | | 2,371,961,119 | 2,535,105,392 |

6.1 Detail of additions (at cost) during the period are as follows:

| | | |
|--------------------------------|---|-------------|
| Vehicles | - | 74,364,085 |
| Electrification | - | 4,640,000 |
| Generators | - | 64,814,498 |
| Plant and machinery - imported | - | - |
| | - | 143,818,583 |

7 INVESTMENT PROPERTY

| | | |
|----------------------------------|----------|----------|
| Opening written down value (WDV) | 542,650 | 570,743 |
| Depreciation charge | (20,349) | (28,093) |
| Closing written down value (WDV) | 522,301 | 542,650 |

7.1 This represents a two offices bearing no. 102 and 103 measuring 1200 Sqft each, situated at 1st floor, Kashif centre, Shahrah e Faisal, Karachi owned by the Company. This has been held to earn rental income by letting out its office and disclosed in the financial statements as an investment property applying cost model in accordance with IAS 40 "Investment Property". Fair value of the investment property assessed by the management amounts to Rs 7,000,000 (June 2022: Rs. 7,000,000) at period end.

| | | March 31, 2024 Rupees Unaudited | June 30, 2023 Rupees Audited |
|-----------------------------|-------------|--|---|
| 8 LONG TERM ADVANCES | Note | | |
| Advance against land | 8.1 | 549,837,419 | 549,837,419 |
| Others | | 969,409 | 1,083,865 |
| | | 550,806,828 | 550,921,284 |

8.1 The Board of Directors of the Company in their meeting held on January 07, 2021 decided in principal to avail the opportunity of initially acquiring 1,031 kanals of land off CPEC highway near Mianwali from a related party Mr. Nadeem Khalid (Chief Executive) at payment terms over the period of five years. Keeping in view conducive business environment, directors feel that if the environment remains stable then in next ten years Company will establish a large ceramic factory at said proposed location.

| | | March 31, 2024 Rupees Unaudited | June 30, 2023 Rupees Audited |
|---|-------------|--|---|
| | Note | | |
| 9 STORES, SPARES AND LOOSE TOOLS | | | |
| Stores | | 289,630,611 | 264,340,412 |
| Spare parts and loose tools | | 5,928,975 | 6,147,606 |
| | 9.1 | <u>295,559,586</u> | <u>270,488,018</u> |

9.1 Stores, spares and loose tools includes items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalised in cost of respective assets.

| | | March 31, 2024 Rupees Unaudited | June 30, 2023 Rupees Audited |
|--------------------------|--|--|---|
| 10 STOCK IN TRADE | | | |
| Raw materials | | 186,612,744 | 195,683,709 |
| Work in process | | 51,754,647 | 16,010,549 |
| Finished goods | | 321,160,047 | 261,288,735 |
| | | <u>559,527,438</u> | <u>472,982,993</u> |

| | | March 31, 2024 Rupees Unaudited | June 30, 2023 Rupees Audited |
|------------------------------|-------------|--|---|
| | Note | | |
| 11 SHORT TERM LENDING | | | |

Khalid and Khalid Holdings (Private) Limited

| | | | |
|--|------|--------------------|--------------------|
| Balance at start of the period / year | | 160,373,432 | 28,287,075 |
| Additions during the period / year | | 28,054,746 | 166,308,977 |
| Mark up | | 31,515,385 | 12,577,380 |
| Payments received during the period / year | | (29,389,142) | (46,800,000) |
| Balance at end of the period / year | 11.1 | <u>190,554,421</u> | <u>160,373,432</u> |

11.1 This represents amount advanced to Khalid and Khalid Holdings (Private) Limited, a related party due to common directorship. The advance is unsecured and interest is charged at Kibor + 3.25%. The maximum aggregate amount outstanding at any time is same during the year as the above carrying amount of advance. The loan is repayable on demand.

| | | March 31, 2024 Rupees Unaudited | June 30, 2023 Rupees Audited |
|-------------|--|--|--|
| 12 | ADVANCES | | |
| | Opening balance | 178,529,110 | 81,576,719 |
| | Additions during the period | 470,089,341 | 1,324,200,443 |
| | Deletion during the period | (582,156,576) | (1,227,248,052) |
| | Closing balance | <u>66,461,876</u> | <u>178,529,110</u> |
| 13 | TAXATION - NET | | |
| | Balance as at July 01, | 86,217,469 | 49,859,070 |
| | Provision for taxation | (30,476,719) | (51,442,535) |
| | Advance income tax | 46,976,211 | 87,800,934 |
| | | <u>102,716,961</u> | <u>86,217,469</u> |
| 14 | CASH AND BANK BALANCES | | |
| | Cash in hand | 1,057,188 | 624,399 |
| | Cash at bank - Saving accounts - local currency | 16,850,537 | 3,838,429 |
| | Cash at bank - current accounts - local currency | 52,220,038 | 2,653,540 |
| | | <u>70,127,764</u> | <u>7,116,368</u> |
| 15 | SHARE CAPITAL | | |
| 15.1 | Authorized share capital | | |
| | <u>Number of shares</u> | | |
| | <u>Dec 31, 2022</u> <u>Jun 30, 2022</u> | | |
| | <u>75,000,000</u> <u>75,000,000</u> | Ordinary shares of Rs. 10 each | 750,000,000 750,000,000 |
| | | | March 31, 2024 Rupees Unaudited |
| | | | June 30, 2023 Rupees Audited |
| 15.2 | Issued, subscribed and paid up capital | | |
| | <u>Number of shares</u> | | |
| | <u>Dec 31, 2022</u> <u>Jun 30, 2022</u> | | |
| | <u>37,873,821</u> <u>37,873,821</u> | Ordinary shares of Rs. 10 each fully paid in cash | 378,738,210 378,738,210 |
| | | | <u>378,738,210</u> <u>378,738,210</u> |

16 DISCOUNT ON ISSUE OF RIGHT SHARES

This represents discount on issue of right shares upon exercising the option given to members in Board of Directors meeting held on February 18, 2014 to subscribe for the right shares issue which has allotted on August 08, 2014 at a discount of Rs. 6 per share with the entitlement of 389.25% shares against SECP approval vide letter No. EMD/233/584/02 dated February 07, 2014 for the total right issue of 30.133 million shares at Rs. 4 per share (discount of Rs. 6 per share) by way of right issue. All the relevant legal formalities were completed by the Company before issuance of the right shares.

| March 31, 2024 | June 30, 2023 |
|---------------------------|--------------------------|
| Rupees | Rupees |
| Unaudited | Audited |

17 LONG TERM FINANCING

From Financial Institutions - secured
Less: current portion of loan

| | |
|--------------|--------------|
| 20,852,127 | 45,431,193 |
| (20,852,127) | (32,333,366) |
| - | 13,097,827 |

- 17.1 This represents an amount received from Bank Al-Habib Islamic in respect of three years Musharka agreement for purchase of generator. The repayment of the loan would be paid in 31 installements starting from May 18, 2022. The rental will be calculated on principal amount using three months kibar + 3.25% per anum.

| March 31, 2024 | June 30, 2023 |
|---------------------------|--------------------------|
| Rupees | Rupees |
| Unaudited | Audited |

18 LOAN FROM RELATED PARTIES

From associated person - unsecured
From associated company - unsecured
- Rawal Industrial Equipment (Pvt.) Ltd
- Toyota Rawal Motors (Pvt.) Ltd

| | | |
|------|--------------------|--------------------|
| 18.1 | 147,982,380 | 395,378,510 |
| 18.2 | 301,861,071 | 154,679,383 |
| 18.2 | 165,655,846 | 149,430,248 |
| | <u>615,499,297</u> | <u>699,488,141</u> |

- 18.1 This represents interest bearing unsecured loan and accumulated markup thereon received from Chief Executive of the Company for working capital requirements. The loan carries mark up at the rate at KIBOR plus 2 % per annum. The loan was restructured during the last year on June 30, 2021. As per the revised terms, the Company is accruing interest over the loan amount while interest is payable after the final payment of principal amount.

- 18.2 This represents interest bearing unsecured loans and accumulated markup thereon received from related parties, Rawal Industrial Equipment (Private) Limited and Toyota Rawal Motors (Private) Limited for working capital of the Company and acquisition of the equipment. The loan was restructured on June 30, 2021. It carries mark up at the rate at KIBOR plus 2 % per annum. As per the revised terms, the Company is accruing interest over the loan amount while interest is payable after the final payment of principal amount.

| | | March 31, 2024 | June 30, 2023 |
|--|-------------|-----------------------------|---------------------------|
| | Note | Rupees Unaudited | Rupees Audited |
| 19 GAS INFRASTRUTURE DEVELOPMENT CESS | | | |
| Accumulated present value of GIDC | | 128,962,405 | 128,004,912 |
| Less: current portion of GIDC | | <u>(128,962,405)</u> | <u>(125,831,160)</u> |
| | 19.1 | <u><u>-</u></u> | <u><u>2,173,752</u></u> |

19.1 In 2011, GIDC was imposed on natural gas consumers including companies with effect from January 01, 2012 to finance the cost of laying the overland gas pipeline. In 2013, the Peshawar High Court declared the GIDC Act 2011 as ultra vires the constitution and struck down the GIDC Act 2011. In August 2014, Supreme Court of Pakistan dismisses the appeal filed by the Federal Government of Pakistan deciding that GIDC is a fee and not a tax and could not be imposed by money bill. In September 2014, the GIDC Ordinance was promulgated by the President of Pakistan with retrospective effect with original imposition. In October 2016, the Sindh High Court declared the levy to be un-constitutional. In August 2020, the Supreme Court of Pakistan held that GIDC is validly levied and allowed the government to collect the amount in 24 equal installments. Further, in November 2020, the Supreme Court dismissed the review petition seeking review of its order (issued in August 2020). Supreme Court in its judgement on the review petitions noted that government is agreeing to recover the arrears for GIDC in 48 monthly installments (instead of 24 months, as mentioned in August 2020 order of the Supreme Court). The Federal Government has started the recovery of this fee and the Company has booked the liability amounting to Rs. 119.132 million in this regard after receiving bill from the SNGPL at fair value in accordance with IFRS 9 by discounting the future cash payments required to be made in 48 installments, to settle the liability for GIDC.

| | | March 31, 2024 | June 30, 2023 |
|---|-------------|-----------------------------|---------------------------|
| | Note | Rupees Unaudited | Rupees Audited |
| 20 LEASE LIABILITY UNDER DIMINISHING MUSHARAKA | | | |
| Lease liability | | 11,589,055 | 21,206,033 |
| Less: current portion of lease liability | | <u>(11,589,055)</u> | <u>(12,989,487)</u> |
| | 20.1 | <u><u>-</u></u> | <u><u>8,216,546</u></u> |

20.1 This represents outstanding balance of diminishing musharaka facility from First Habib Modaraba and carries 3 months KIBOR plus 2.50%. Repayment shall be made in 36 equal monthly instalments commencing from December 30, 2021 and ending in November 28, 2024. This is secured by way of ownership of leased asset.

| 21 | CURRENT PORTION OF NON- CURRENT LIABILITIES | March 31, 2024 Rupees Unaudited | June 30, 2023 Rupees Audited |
|-----------|--|--|---|
| | Current portion of liability under finance lease | 11,589,055 | 12,989,487 |
| | Current portion of GIDC payable | 128,962,405 | 125,831,160 |
| | Current portion of long term financing | 20,852,127 | 32,333,366 |
| | | <u>161,403,587</u> | <u>171,154,013</u> |

| 22 | COMMITMENTS | Note | March 31, 2024 Rupees Unaudited | June 30, 2023 Rupees Audited |
|-----------|--|-------------|--|---|
| | The Company has following commitments: | | | |
| | in respect of purchase of land | | 584,262,581 | 584,262,581 |
| | - in respect of letter of credit | | | |
| | - against import of raw materials | | 126,991,181 | 1,256,092 |
| | - against import of stores and spares | | 15,205,044 | 13,978,760 |
| | | 22.1 | <u>726,458,806</u> | <u>599,497,433</u> |

Commitments for Ijarah arrangements

| | | |
|---|------------------|------------------|
| Not later than one year | 6,777,428 | 3,364,878 |
| Later than one year and not later than five years | - | 6,173,246 |
| | <u>6,777,428</u> | <u>9,538,124</u> |

22.1 This amount represents future letter of credit commitments which will be fulfilled in respect of import of raw material, stores and spares.

23 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. Transactions with related parties and associated undertakings during the period are as follows :

| Name of the related party | Relationship | Transactions during the period | Nine Months Ended March 31, | | Quarter Ended March 31, | |
|---|--|-----------------------------------|--------------------------------|-------------|----------------------------|-------------|
| | | | 2024 | 2023 | 2024 | 2023 |
| | | | -----Rupees----- | | | |
| Toyota Rawal Motors (Private) Limited | Associated company by virtue of common directorship | Interest on short term borrowings | - | - | - | - |
| | | Rental for building | 932,115 | 847,380 | 310,705 | 282,460 |
| | | Utilities | 90,000 | 90,000 | 30,000 | 30,000 |
| | | Long term financing - received | 28,600,000 | 39,400,000 | - | 5,000,000 |
| | | Long term financing - repayment | 31,000,000 | 25,100,000 | 16,000,000 | 14,600,000 |
| | | Interest on long term financing | 18,625,598 | 12,273,933 | 5,843,595 | 4,687,444 |
| Rawal Industrial Equipment (Private) Limited | Associated company by virtue of common directorship | Long term financing - repayment | 367,224,422 | 60,495,102 | 17,030,732 | 3,328,542 |
| | | Long term financing - received | 158,212,067 | 51,600,000 | 103,048,000 | 3,000,000 |
| | | Interest on long term financing | 25,692,063 | 4,346,638 | 11,035,848 | 2,035,425 |
| Mr. Nadem Khalid | Chief Executive | Long term financing - loan repaid | 289,521,894 | 179,417,892 | 157,985,809 | 23,202,000 |
| | | Long term financing - received | 1,400,000 | 447,885,431 | - | 324,851,431 |
| | | Interest on long term financing | 40,725,764 | 17,190,486 | 7,398,963 | 9,776,782 |
| Khalid & Khalid Holdings | Associated company by virtue of common directorship | Short term Lending - Paid | 28,054,746 | 90,445,311 | 7,533,866 | 60,106,991 |
| | | Short term Lending - Received | 29,389,142 | 46,800,000 | 21,909,142 | 2,000,000 |
| | | Interest on short term Lending | 31,515,385 | 4,562,182 | 11,762,679 | 2,388,208 |
| Chief Executive, Directors, Executives | Key management personnel | Remuneration and other benefits | 18,504,563 | 17,648,193 | 6,108,097 | 5,882,731 |

18 Balances receivable/payable to related parties are disclosed in respective notes.

24 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.

25 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on April 30, 2024 by the Board of Directors of the Company.

26 GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR



PRINTED MATTER

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