



## **Financial Statements**

For the First Quarter Ended

September 30, 2019

**FRONTIER CERAMICS LIMITED**

# **FRONTIER CERAMICS LIMITED**

Financial statements for first quarter ended September 30, 2019

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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-paralleled 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

Mrs. Pervez Aslam	Independent Director & Chairperson
Mr. Omer Khalid	Non-Executive Director
Mr. Javid Khalid	Non-Executive Director
Mr. Zia Khalid	Executive Director
Ms. Numrah Khalid	Non-Executive Director
Mrs. Sana Khalid	Non-Executive Director
Mrs. Shazia Khalid	Non-Executive Director

### Audit Committee

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

### Human Resource & Remuneration Committee

Mr. Omer Khalid	Chairperson
Mr. Zia Khalid	Member
Mr. Javid Khalid	Member

### Chief Executive Officer

Mr. Nadeem Khalid

### Chief Financial Officer

Mr. Muhammad Ali  
[muhammad.ali@forte.com.pk](mailto:muhammad.ali@forte.com.pk)

### Company Secretary

Mr. Rehman Khan Sherwani  
[rehman.khan@forte.com.pk](mailto:rehman.khan@forte.com.pk)

### Head of Internal Audit

Mr. Wasif Naeem  
[wasif.naeem@forte.com.pk](mailto:wasif.naeem@forte.com.pk)

### Bankers

#### Conventional Banks

Allied Bank Limited  
Bank Al Habib Limited  
Bank Alflah Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Silk Bank Limited  
Standard Chartered Bank Limited  
United Bank Limited

### Islamic Banks

Bank Al Habib Islamic Limited  
Bank Alflah Islamic Limited  
Silk Emaan Islamic Bank Limited  
UBL Ameen 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, 2<sup>nd</sup> Floor, Cantonment Plaza,  
Saddar Road, Peshawar Cantt.

### Registrar and Share Transfer Office

CDC Share Registrar Services Limited  
CDC House, 99-B, Block B, S.M.C.H.S.,  
Main Sharah-e-Faisal, Karachi. Ph: 021-111-111-500

### Head Office/Registered Office

29-Industrial Estate, Jamrud Road, Peshawar  
Ph: 091-5891470-79, Fax: 091-5830290.

### Lahore Sales Office

VIP Estate, Pearl Plaza, Shahjamal Morh,  
174-Ferozpur Road, Lahore, Ph. 042-37525277

### Website

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

or scan QR code



**FRONTIER CERAMICS LIMITED**

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

Dear Shareholders,

The Directors take pleasure in presenting their report along with unaudited financial statements of the Company for the first quarter ended September 30, 2019

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

Sales- net Rs. 170.98 million decreased by 1.31% previous Rs. 173.21 million

Gross Profit Rs. 27.71 million increased by 132% previous profit Rs.11.95 million

Operating Profit Rs. 16.95 million increased from previous loss Rs. 3.78 million

Profit per share Rs.0.07 (Profit/share) increased to (profit/share) Rs. 0.09

Sale of the company decrease slightly, however production cost was controlled somehow, by implementing cost cutting procedure in period under the review.

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, 2019 which provides a detailed review of the Company's operations and future strategy.

**Nadeem Khalid**

Chief Executive Officer

**Rawalpindi:**

**Dated: November 30, 2019**

**Numrah Khalid**

Director

# فرنٹیر سرامکس لمیٹڈ

حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

برائے پہلی سہ ماہی مختتمہ 30 ستمبر 2019

کمپنی کے ڈائریکٹرز آپ کے لئے مالیاتی نتائج برائے پہلی سہ ماہی مختتمہ 30 ستمبر 2019 پیش کرتے ہوئے اظہارِ مسرت کرتے ہیں۔  
مالیاتی کارکردگی  
سہ ماہی کی مختصراً مالیاتی کارکردگی درجہ ذیل ہے۔  
تفصیلات:

خالص فروخت 173.21 ملین سے 1.31% کم ہو کے 170.98 ملین ہوئی ہے۔

مجموعی منافع 11.95 ملین سے 132% بڑھ کے 27.71 ملین ہوا ہے۔

کاروباری منافع 3.78 ملین سے بڑھ کے 16.95 ملین ہوا ہے۔

فی حصص آمدن (حصص / روپے) 0.07 سے بڑھ کے 0.09 ہوئی ہے۔

کمپنی کی فروخت میں تھوڑی کمی واقع ہوئی ہے۔ تاہم زیر جائزے مدت میں لاگت میں کمی کے طریقہ کار کو نافذ کر کے پیداوار کی لاگت کو کسی نہ کسی طرح قابو کیا گیا۔

ڈائریکٹرز جائزے کے تحت جاری سہ ماہی میں کمپنی کے مالی اور کاموں کو اطمینان بخش سمجھتے ہیں اور آئندہ ادوار میں کمپنی کی آپریشنل کارکردگی بڑھانے کے لئے پرعزم ہیں۔

نیز، ڈائریکٹرز رپورٹ برائے مالی سال 30 جون 2019 جو کمپنی کے کاموں اور آئندہ کی حکمت عملی کا تفصیلی جائزہ فراہم کرتی ہے حوالے کے طور پر دیکھ لیں۔

برائے ومنجانب ڈائریکٹران

نمرہ خالد

ڈائریکٹر

ندیم خالد

چیف ایگزیکٹو آفیسر

راولپنڈی

**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2019**

	<b>Note</b>	<b>Un-audited 30-Sep-19 Rupees</b>	<b>Audited 30-Jun-19 Rupees</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets		1,567,288,581	1,580,069,122
Investment property		657,366	665,686
		<u>1,567,945,947</u>	<u>1,580,734,808</u>
Long term deposits		2,378,450	2,378,450
Long term advances		<u>8,412,016</u>	<u>6,909,923</u>
		<u>1,578,736,413</u>	<u>1,590,023,181</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		58,455,669	53,408,954
Stock in trade		178,367,072	173,719,049
Trade debts		-	481,511
Advances		34,318,124	51,491,690
Tax refunds due from government		40,736,015	40,736,013
Taxation - net		24,949,746	23,226,037
Cash and bank balances		5,981,882	1,499,912
		<u>342,808,508</u>	<u>344,563,166</u>
<b>TOTAL ASSETS</b>		<u><u>1,921,544,921</u></u>	<u><u>1,934,586,347</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)
Revaluation surplus on property, plant and equipment		898,965,921	898,965,921
Unappropriated profit/(accumulated loss)		<u>33,469,928</u>	<u>30,155,888</u>
		<u>1,130,378,333</u>	<u>1,127,064,293</u>
<b>NON CURRENT LIABILITIES</b>			
Long term financing		195,109,417	209,578,209
Deferred taxation		229,867,228	226,653,562
Deferred Income		48,522	48,522
Liability against asset subject to finance lease		-	-
		<u>425,025,166</u>	<u>436,280,293</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		230,395,899	246,953,515
Unclaimed dividend		3,189,224	3,189,224
Mark up accrued		57,904,834	50,116,609
Short term borrowings		73,464,867	63,479,867
Current portion of long term financing		-	4,455,708
Current portion of finance lease liability		1,186,598	1,772,525
Temporary bank overdraft		-	1,274,313
		<u>366,141,423</u>	<u>371,241,761</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,921,544,921</u></u>	<u><u>1,934,586,347</u></u>

**CHIEF EXECUTIVE**

**DIRECTOR**

**DIRECTOR**

**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF PROFIT OR LOSS (Un-Audited)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	<b>For Quarter Ended</b>	
	<b>30-Sep-19</b>	<b>30-Sep-18</b>
	<b>Rupees</b>	<b>Rupees</b>
Sales - net	170,978,538	173,214,430
Cost of sales	(143,272,681)	(161,265,455)
Gross profit	27,705,857	11,948,975
Distribution cost	(3,233,125)	(2,756,188)
Administrative expenses	(6,559,434)	(5,359,281)
Other operating expenses	(966,861)	(54,863)
Operating profit	16,946,436	3,778,643
Other income	1,107,724	362,880
Finance cost	(9,389,228)	(1,089,907)
Profit before taxation	8,664,933	3,051,616
Taxation		
Current	(2,137,232)	(2,165,180)
Deffered	(3,213,665)	1,687,979
Profit for the year	3,314,036	2,574,415
Earnings per share - basic and diluted	0.09	0.07

**CHIEF EXECUTIVE**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**



**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
Profit for the year	3,314,036	2,574,415
Other comprehensive income for the year	-	-
Effect of change in tax rate on deferred tax on revaluation surplus on property, plant and equipment	-	-
Total comprehensive income for the year	<u>3,314,036</u>	<u>2,574,415</u>

**CHIEF EXECUTIVE      DIRECTOR**

**CHIEF FINANCIAL OFFICER**

**FRONTIER CERAMICS LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	Rupees	
	Sep 30, 2019	Sep 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,664,933	3,051,616
Adjustment for:		
Depreciation	29,320,301	9,919,302
Finance Cost	9,389,228	1,089,907
Profit before working capital changes	47,374,461	14,060,825
Changes in working capital:		
Decrease / ( increase) in current assets		
Stores, spares and loose tools	(5,046,715)	(44,267,589)
Stock in trade	(4,648,023)	(6,275,324)
Trade debts	481,511	6,522,052
Advances	17,173,566	(6,217,171)
Increase / (decrease) in current liabilities	0	-
Trade and other payables	(16,557,616)	18,746,996
Short term borrowings	9,985,000	-
Mark up accrued	7,788,225	-
Current Portion of Long term financing	(4,455,708)	(6,669,999)
Current Portion of Finance Lease Liability	(585,927)	(585,927)
	4,134,314	(38,746,962)
Cash generated from operations	51,508,775	(24,686,137)
Finance Cost Paid	(9,389,228)	(1,089,907)
Taxes paid	(3,860,939)	(6,334,868)
Net cash generated from operating activities	38,258,608	(32,110,912)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of operating fixed assets	(16,531,440)	(978,369)
Sales proceed from sales of fixed asset	-	-
Increase in long term advances	(1,502,093)	(457,759)
Increase in long term deposits	-	-
Additions to capital work in progress	-	-
Net cash used in investing activities	(18,033,533)	(1,436,128)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - net	(14,468,792)	30,838,764
Increase in deferred income	(1,274,313)	-
Liability against assets subject to finance lease	-	-
Net cash used in financing activities	(15,743,105)	30,838,764
<b>Net (decrease) / increase in cash and cash equivalents</b>	4,481,970	(2,708,276)
<b>Cash and cash equivalents at the beginning of the period</b>	1,499,912	4,119,880
<b>Cash and cash equivalents at the end of the period</b>	5,981,882	1,411,604

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**FRONTIER CEREMICS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	Share capital		Reserves		Total
	Issued, subscribed and paid up capital	Discount on issue of right shares	Capital	Revenue	
			Revaluation surplus on property, plant and equipment	Unappropriated profit	
			-----Rupees-----		
<b>Balance as at July 01, 2018</b>	378,738,210	(180,795,726)	396,468,306	102,723,976	697,134,766
Total comprehensive income for the year ended September 30, 2017	-	-	-	2,574,415	2,574,415
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	-	-	-	-
<b>Balance as at September 30, 2018</b>	378,738,210	(180,795,726)	396,468,306	105,298,391	699,709,181
<b>Balance as at July 01, 2019</b>	378,738,210	(180,795,726)	898,965,921	30,155,892	1,127,064,297
Total comprehensive income for the year ended September 30, 2018	-	-	-	3,314,036	3,314,036
Transfer from surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	-	-	-	-
<b>Balance as at September 30, 2019</b>	378,738,210	(180,795,726)	898,965,921	33,469,928	1,130,378,333

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**FRONTIER CERAMICS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

**1 STATUS AND NATURE OF OPERATIONS**

Frontier Ceramics Limited was incorporated in July 1982 as Public Limited Company with its shares quoted on Pakistan Stock Exchange Ltd. 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 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which 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 (the "Act") and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirement of IAS 34, the provisions of and directives issued under the Act have been followed.

**2 BASIS OF PREPARATION**

These condensed interim financial statements are un-audited and do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019. These condensed interim financial statements have been prepared under the historical cost convention, unless otherwise specially stated. These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

**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, 2019.

**PROPERTY PLANT AND  
EQUIPMENT**

	First Quarter Ended	
	Sep 30, 2019	Sep 30, 2018
	Rupees	Rupees
Opening written down value	1,580,734,808	725,571,922
Add: Transfer from capital work in progress (at cost)	-	-
Additions during the period	16,531,440	978,369
	<b>1,597,266,248</b>	<b>726,550,291</b>
Depreciation charged during the period	(29,320,301)	(9,919,302)
Deletion during the period / year	-	-
	<b>1,567,945,947</b>	<b>716,630,989</b>

**5 CONTINGENCIES AND COMMITMENTS**

**5.1 CONTINGENCIES**

Guarantee has been issued by Bank Al Habib on behalf of the Company in the normal course of business in favor of PARCO, PESCO and M/s Sui Northern Gas Pipelines Limited aggregating to Rs. 59.340 million (2019: Rs. 59.340 million).

**5.2 COMMITMENTS**

**5.2.1 Store & Spares:** The company has commitments of Rs. 11.80 million (June 30, 2019: 8.78 million) in respect of outstanding letter of credit.

**5.2.2 Raw Material:** The company has commitments of Rs. 1.58 million (June 30, 2019: 7.25 million) in respect of outstanding letter of credit.

**5.2.3 Plant & Machinery:** The company has commitments of Rs. .20 million (June 30, 2018: 17.84 million) in respect of outstanding letter of credit.

**6 TRANSACTION WITH RELATED PARTIES**

The related parties and associated undertakings of the company comprise of group companies, 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	First Quarter Ended	
		Sep 30,2019	Sep 30,2018
		Rupees	Rupees
Associated company/undertakings Toyota Rawal Motors (pvt) Ltd.	Short term financing Loan Received	2,300,000	1,500,000
	Short term financing Paid	-	1,500,000
	Mark up on Short term financing	2,343,397	-
	Mark up on Short term financing Paid	-	-
	Rent for bulding	212,216	159,441
	Utilities	30,000	30,000
Rawal Industrial Equipment Pvt Ltd.	Short term financing Loan	100,000	36,808,900
	Short term financing Paid	2,000,000	8,470,000
	Mark up on Short term financing	5,590,678	-
	Payment Made Aгаisnt Purchase	500,000	2,000,000
Key management personal	Long term loan	-	2,419,868
	Loan Repaid	12,568,793	420,000.00
Khalid & Khalid Holdings	Short term borrowing received	-	-
	Short term borrowing Paid	4,315,000	-

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

	First Quarter Ended	
	Sep 30,2019	Sep 30,2018
	Rupees	Rupees
Short term employee benefits		
Chief Executive Officer	1,168,413	1,168,413
Directors	450,000	450,000
Executives	2,369,100	2,369,100
	<b>3,987,513</b>	<b>3,987,514</b>

## 7 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on November 30, 2019.

## 8 GENERAL

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



**PRINTED MATTER**

If not delivered, please return to:

**Frontier Ceramics Limited**

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