

FRONTIER CERAMICS LIMITED



44th ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2026

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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-paralle 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
Mr. Muhammad Nehmattula Toor	Non-Executive Director

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Habib Bank Limited
AL baraka Bank Limited

Islamic Banks

Bank Al Habib Islamic Limited
Bank Alfalah Islamic Limited
Silk Emaan Islamic Bank Limited
UBL Ameen Limited
First Habib Islamic Income Fund
Alfalah Asset Management Limited

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 Alfalah Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Silk Bank Limited
Meezan Bank Limited
United Bank Limited

Auditors

M/S Crowe Hussain Chaudhry & Co Chartered Accountants
House No, 982 St 21, Bahria Town Phase IV Phase 4 Bahria
Town, Rawalpindi,

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 44th Annual General Meeting of Frontier Ceramics Limited (the “Company”) will be held on, Wednesday October 28, 2026 at 09:00 A.M at 29-Industrial Estate, Jamrud Road, Peshawar as well as through electronic means/video-link facility to transact the following business:

1. ORDINARY BUSINESS

- 1.1. To confirm the minutes of the Extra Ordinary General Meeting of the Company held on March 16, 2026.
- 1.2. To receive, consider and adopt the Annual Audited Financial Statements of the Company together with the Chairman’s Review Report, Directors’ and Auditors’ report thereon for the year ended June 30, 2026. As required under section 223(7) of the Companies Act, 2017, Financial Statements of the Company have been uploaded on Company’s website, which can be downloaded from the weblink in the Notes.
- 1.3. To appoint Auditors of the Company and fix their remuneration for the year ending June 30, 2027. The present Auditors, M/s Crowe Hussain Chaudhry & Co., Chartered Accountants, retiring and being eligible, have offered themselves and consented for re-appointment. The Board of Directors have recommended their appointment.

2. SPECIAL BUSINESS

- 2.1. **To consider and if deemed fit, to pass the following resolution as Special Resolution, with or without modification, addition(s) or deletion(s):**

“RESOLVED THAT approval of the members of the Company be and is hereby accorded in respect of the transactions from/to with related parties, associated companies and undertaking as tabulated below during the year ended June 30, 2026 in term of Section 207 and / or 208 and/or 199 of the Companies Act, 2017 as approved by the Board of Directors of the Company.”

Name of Associated Companies & Undertakings	Loan Received	Loan Paid	Advance Paid	Advance Received
Toyota Rawal Motors (Pvt) Ltd	47,000,000	59,300,000	-	-
Mr. Nadeem Khalid	12,060,000	12,357,087	-	-
Rawal Industrial Equipment (Pvt) Ltd		575,000	-	-
Khalid & Khalid Holdings (Pvt) Ltd			1,047,110,181	261,401,700

“FURTHER RESOLVED THAT approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to approve all transactions which may be deemed necessary from time to time with related parties, associated companies and undertaking in term Section 207 and / or 208 and/or 199 and other applicable provisions of the Companies Act, 2017 during the ensuing year ending 30th June 2027.”

“FURTHER RESOLVED THAT the approval of the members of the Company be and is hereby accorded to extend the loan amount up to Rs. 1.2 billion to Khalid & Khalid Holdings (Pvt) limited in term of 199 and other applicable provisions of the Companies Act, 2017 as approved by the Board of Directors of the Company in their meeting held on October 07, 2026 as per terms and conditions disclosed to the members for a period of three years @ one-year KIBOR plus 3.25%.”

2.2. Extension of Payment Date in respect of Withdrawal of Land Sale Agreement

“RESOLVED THAT in continuation of the approval accorded by the members in the previous Annual General Meeting in respect of the withdrawal of the land sale agreement dated January 08, 2021, the members hereby approve the extension of the payment date for Rs. 200 million from May 31, 2026 to June 25, 2027, as mutually agreed with the counterparty.

FURTHER RESOLVED THAT the members of the Company authorize and empower the Board and management to continue to engage with the counterparty with a view to concluding the settlement of the outstanding amount in accordance with the agreed terms, in the best interest of the Company and its shareholders.

FURTHER RESOLVED THAT all acts, deeds, and things already done or to be done by the Board and management in connection with the said withdrawal and negotiations be and hereby ratified, confirmed and approved.”

“FURTHER RESOLVED THAT the Company Secretary and CEO be and are hereby empowered and authorized to take and do, and/or cause to be taken or done, any /all necessary actions, deeds and things which are or may be necessary for giving effects to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental /or consequential to fulfill all requisite legal, corporate and procedural formalities and any ancillary matters thereto.”

3. ANY OTHER BUSINESS

To consider any other business with the permission of the Chair

A statement under Section 134(3) of the Companies Act 2017 and SRO 438(1)/2018 pertaining to the Special Business is being sent to the shareholders along with this Notice.

BY ORDER OF THE BOARD

**October 07, 2026
Peshawar**

**Rehman Khan Sherwani
(Company Secretary)**

NOTES:

1. Circulation of Annual Report through QR Code and through Web Link

In accordance with Section 223(7) of the Companies Act, 2017 and S.R.O No.389(I)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the Company’s website which can be downloaded from the following link and QR enabled code:



2. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 22, 2026, to October 28, 2026 (both days inclusive) for the purpose of the AGM. Transfers requests received by CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400, Phone # (021) 111111500, email: info@cdcsrsl.com at the close of business on October 21, 2026, will be treated in time for the purpose to attend the AGM.

3. Participation in the AGM via physical presence or through video conferencing

Shareholders intending to participate in the meeting via video conferencing, are requested to email the following information with the subject "Registration for the 44th Annual General Meeting," along with valid copy of their CNIC to rehman.khan@forte.com.pk. The email should contain the shareholder's particulars, including Name, Folio Number, CNIC/NTN Number. The registration request must be received from the shareholder's registered email address at least 48 hours before the AGM. Video-link details and login credentials will be provided only to those members whose complete registration requests are received within the prescribed time.

Members whose names appear in the Register of Members as of October 21, 2026, are entitled to attend and vote at the Meeting.

4. Circulation of Notice through email

Pursuant to S.R.O 452(I)/2025, Notice of the AGM shall be circulated to members at their registered email addresses, if provided to the Company, in accordance with applicable laws.

5. Attendance at the Meeting

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the Regulations, shall authenticate their identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of the meeting.

6. Proxy

A member entitled to attend and vote at this AGM is entitled to appoint a Proxy to attend, speak and vote in his place at the Meeting. A 'Proxy Form' appointing a proxy must be deposited at the Registered Office of the Company i.e. 29-Industrial Estate Jamrud Road, Peshawar, at least 48 hours before the time of the meeting, along with copy of CNIC of Proxy.

In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee along with his/her copy of CNIC shall be provided at least

48 hours before the time of the meeting. The Form of Proxy in English and Urdu is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers should be mentioned on the Forms. The Form of Proxy is also available on the Company's website (www.forte.com.pk).

7. E-Voting and Postal Ballot

It is hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018 and its amendments notified vide SRO 2192(1)/2022 dated December 5, 2022, members will be

allowed to exercise their right to vote for the special businesses in the AGM, in accordance with the conditions mentioned in the aforesaid Regulations. The Company shall provide its members with the following options for voting:

a) E-Voting Procedure:

- i. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company within due course. Members who intend to exercise their right of vote through E-Voting shall provide their valid cell numbers and email addresses on or before October 21, 2026.
- ii. The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- iii. Identity of the members intending to cast vote through e-Voting shall be authenticated through authentication for login.
- iv. E-Voting lines will start from October 25, 2026, 09:00 a.m and shall close on October 27, 2026, at 5:00 p.m. Members can cast their votes any time in this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

b) Postal Ballot

- i. Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is made available on the Company's website www.forte.com.pk to download.
- ii. The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at 29-Industrial Estate Jamrud Road, Peshawar or email at the address: rehman.khan@forte.com.pk by or before October 21, 2026, before 5:00 p.m. during working hours. The signature on the ballot paper shall match with the signature on CNIC. A postal ballot received after this time / date shall not be considered for voting.

8. Code of Conduct for Shareholders in General Meeting

Section 215 of Companies Act, 2017 (the "Act") and Regulation 28 of the Companies (General Provisions and Forms) Regulations, 2018, state the Code of Conduct of the Shareholders as follows:

- a) Shareholders are not permitted to exert influence or approach management directly for decisions which may lead to the creation of hurdles in the smooth functioning of management. The law states that Shareholders shall not bring material that may cause threat to participants or premises where the AGM is being held, confine themselves to the agenda items covered in the notice of the AGM and shall not conduct themselves in a manner to disclose any political affiliation.
- b) Any shareholder who fails to conduct in the manner provided in this section and as specified by the Commission shall be guilty of an offence under this section and shall be liable for a penalty not exceeding level 1 on the standard scale.
- c) Additionally, SECP through its Circular 2 of 2018, dated February 9, 2018, has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/coupons/lunches/takeaway packages) in any form or manner, to Shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

9. Updating of Particulars

The Shareholders having physical shares are requested to immediately notify change in their address, if any, to the Company's Share Registrar. Whereas CDC account holders may contact their respective CDC Participant/Broker/Investor Account Services. In case of

corporate entity, the shareholders are requested to immediately notify change in their particulars.

10. Submission of copies of valid CNIC (Mandatory)

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier, to the Company's Share Registrar. In case of non-availability of a valid copy of the Shareholder's CNIC in the records of the Company, the Company shall withhold the dividend under the provision of Section 243 of the Companies Act, 2017.

11. Prohibition of Gifts

The SECP, through its Circular No. 2 of 2018 dated February 9, 2018, and S.R.O. 452(I)/2025 dated March 17, 2025, has strictly prohibited companies from distributing gifts at the general meetings.

12. Conversion of Physical Shares into Book-Entry Form (i.e. CDC Account)

Section 72 of the Companies Act, 2017 requires all existing listed companies to replace its physical shares with book-entry form. The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script less form.

13. Transmission of Annual Financial Statements through Email

In pursuance of the directions given by SECP vide SRO 787(I) dated September 8, 2014, those shareholders who desire to receive the Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.forte.com.pk and send the said form duly filled in and signed along with a copy of his/her/its CNIC/Passport or other such information in the case of a body corporate to the Company's share registrar. The Company's annual financial statements for the year ended June 30, 2026, are also being circulated to the shareholders in compliance with section 223(6) of the Companies Act, 2017.

14. Unclaimed Dividend / Unpaid Shares

In compliance with Section 244 of the Companies Act, 2017, once the Company has completed the stipulated formalities, any unclaimed dividend and/or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who by any reason could not collect and remain their unclaimed dividend/shares are advised to contact the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi – 74400 to collect / inquire about their unclaimed dividend or shares, if any.

15. Provision of International Banking Account Number (IBAN Detail)

In accordance with the provisions of Section 242 of the Companies Act, 2017 and SECP's Circular No. 421(I) 2018 dated March 19, 2021, it is mandatory for a listed Company to pay cash dividend to its members only through electronic mode directly into bank account designated by the entitled member. In this context, in order to receive dividends directly into their bank account, members having shareholding in physical form are requested to provide their IBAN details duly signed along with a copy of CNIC to the Registrar of the Company CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahr-e-Faisal Karachi-74400. Members having shareholding in book entry form in CDS are advised to submit their IBAN details directly to relevant broker/ participant/CDC Investor Account Services. In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to members.

**STATEMENT OF MATERIAL FACT UNDER SECTION 134 (3) OF THE
COMPANIES ACT 2017 READ WITH SRO 423/(i)/2018, DATED APRIL 3, 2018 IN
CONNECTION WITH SPECIAL RESOLUTION**

This statement sets out the material facts concerning the Special Business given in Agenda Item No. 2 of the Notice to be transacted at the Annual General Meeting of the Company to be held on Wednesday, October 28, 2026 at 09:00 A.M.

ANNEXURE – A

APPROVAL OF TRANSACTIONS FROM/TO WITH ASSOCIATED COMPANIES & UNDERTAKING IN COMPLIANCE OF SECTION 207, 208 & 199 OF THE COMPANIES ACT, 2017

The Company's shareholders accorded prior approval for the transactions in last AGM with its related parties for the year ended 30th June 2026 which were on an arm's length basis as per the approved policy with respect to 'transactions with related parties' which were in the normal course of business. Many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships, shareholders further approval/ ratification is required for all transactions with the related parties as required u/s 207 and / or 208 and / or 199 of the Companies Act, 2017, for the year ended 30th June 2026.

Further, the Company may carry out further transactions with its related parties during the year ending 30th June 2027 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders approve and desire to authorize the Board of Directors to approve transactions with the related parties as required u/s 207 and / or 208 and / or 199 of the Companies Act, 2017, for the year ending 30th June 2027, which transactions shall be deemed to be approved by the Shareholders and will be ratified by the members in the next AGM.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

Information under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

REF NO.	REQUIREMENT	INFORMATION	
a) Disclosure for all type of investments,			
(A) Regarding associated company or associated undertaking;			
I	Name of the associated company or associated undertaking	KHALID & KHALID HOLDINGS (Pvt) LTD	
II	Basis of Relationship	An associated undertaking due to common directorship.	
III	Earnings per share for the last three years	Year	Earnings per Share Rs.
		2026	1.62

		2025	15.02
		2024	5.45
IV	Break-up value per share	PKR. 389.64	
V	Financial position, including main item of statement financial position and profit & loss account on the basis of latest financial statements	Financial statements for the year ended June 30, 2026 showed. Balance Sheet: Rs. in ‘000’ Assets Non-Current Assets 335,177 Current Assets 1,380,069 Total Assets 1,715,246 Liabilities Long Term 23,058 Short Term 1,107,734 Total Liabilities 1,130,792 Profit & loss: Sales 259,322 Gross Profit 56,849 Gross Profit Ratio 21.92% Profit after Tax 113,306 Ratio 0.94% PPS 1.62	
VI	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operation, following further information namely	Not Applicable	
	i.	Description of the project and its history since conceptualization	Not Applicable
	ii.	Starting date and expected date of completion of work	Not Applicable
	iii.	Time by which such project shall become commercially operational	Not Applicable
	iv.	Expected time by which the project shall start paying return on investment.	Not Applicable
	v.	Funds invested or to be invested by the promoters, sponsors associated company or associated undertaking distinguishing between cash and non-cash amounts.	Not Applicable
(B) General Disclosures: -			
(i)	Maximum amount of investment to be made	Previously sanctioned limit of PKR. 800 million is being extended to PKR 1.2 billion. Above facilities will be in the nature of running finance for a period of three years	
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period investment	To support the functionality, operations and growth of the associate.	
(iii)	Sources of funds to be utilized for investment	From Company's own available	

	and where the investment is intended to be made using borrowed fund:	liquidity, credit lines and borrowings from associated companies and undertakings
	I Justification for investment through borrowings	Not Applicable
	II Detail of collateral, guarantees provided and assets pledge for obtaining such funds	Not Applicable
	III Cost of benefit analysis	Not Applicable
(iv)	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Period: Three Years Rate: One-year KIBOR+3.25%
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Directors of the Company have no interest in the investee Company except in their capacity as Sponsor/ Director / Shareholder of Investee Company.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/ justification for any impairment or write offs.	A loan of Rs. 905 million had already been granted for the period July-2023 to June-2026. The said associated company is engaged in the assembly of high-end passenger buses in Pakistan in collaboration with reputable international manufacturers. The Board has carried out a detailed review of the financial position, business progress, and future prospects of the associated company. Based on the information available and management's assessment, the operations are progressing satisfactorily, with positive indicators of future profitability and cash flow generation. Accordingly, the Board is of the view that there is no indication of impairment in respect of the aforesaid loan, nor is any write-off considered necessary at this stage.
(A) Additional disclosure regarding investment in the form of working capital loan: -		
(i)	Category wise amount of investment.	PKR 1.2 billion as loan/ advance
(ii)	average borrowing cost of the investing company, the Karachi inter Bank Offered Rate (KIBOR) for relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period.	Average borrowing cost of the investing Company is 1-year Kibor+3.25%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Company's prevalent average borrowing cost.
(iv)	Particulars of collateral security to be obtained	No Security to be obtained

	against loan to the borrowing company or undertaking, if any	
(v)	If the investment carries conversion feature i.e., it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
(vi)	Repayment schedule and term and conditions of loans or advances to be given to associated company or associated undertaking	Above facilities will be in the nature of running finance for a period of three year. However, transaction with investing Company will be approved and ratified in annual general meeting of the Company

ANNEXURE – B

EXTENSION OF PAYMENT DATE IN RESPECT OF WITHDRAWAL OF LAND SALE AGREEMENT

This statement sets out the material facts relating to the proposed resolution regarding the withdrawal of the land sales agreement dated January 08, 2021 with a related party, for consideration and approval of the members in the forthcoming Annual General Meeting.

1. Background:

The Company had entered into a land sale agreement on January 08, 2021 with a counterparty for purchase of 1031 kanal of land on “AS Is” basis, situated at Massan Daud ,Khail , Mianwali for a total consideration of Rs. 1.13 billion, against which an advance of Rs. 750.84 million was paid. The counterparty is the Chief Executive Officer of the Company,

Reason for Withdrawal:

In line with the Board’s strategic review and assessment of prevailing market conditions, it was determined that the sector has reached a level of saturation where a new plant expansion would not yield the desired returns. Accordingly, the Board decided not to pursue the land acquisition and to withdraw the agreement with the counter party.

Settlement Arrangement:

Following discussions with the counterparty, it was agreed that Rs. 200 million out of the outstanding advance, which was initially scheduled for payment by May 31, 2026, will now be payable by June 25, 2027. The settlement of the remaining outstanding balance is subject to ongoing negotiations and will be finalized upon mutually agreed terms.

The Board considers the extension of the repayment period for the Rs. 200 million and the ongoing discussions regarding the remaining outstanding balance to be in the

best interests of the Company and its shareholders and accordingly recommends the matter for consideration and approval of the members

2. Interest of Directors and Majority Shareholders:

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

Frontier Ceramics Limited

KEY OPERATING & FINANCIAL DATA - FOR LAST 6 YEARS

----- (Rupees in Thousands) -----

2026	2025	2024	2023	2022	2021
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Sales - Net	4,390,409	4,390,409	3,419,350	4,115,403	3,758,162	2,828,952
Gross Profit/(Loss)	323,487	400,885	72,587	103,345	241,377	296,241
Expenses	140,362	120,181	171,514	234,868	104,404	91,222
Profit/(Loss) Before Taxation	275,500	286,556	(98,927)	(131,523)	136,973	205,019
Profit/(Loss) After Taxation	165,193	50,137	(109,913)	153,472	38,504	160,705
Dividend %	-	-	-	-	-	-

Earning/(Loss) Per Share (Rs.)	4.36	(Restated)	(2.90)	(4.05)	1.02	(Restated)
		1.32				4.24

CHAIRPERSON REVIEW REPORT

Dear Shareholders,

It is my pleasure, on behalf of the Board of Directors, to present the Chairperson's Report for the year ended June 30, 2026.

The year under review remained challenging for Pakistan's economy and, in particular, for the construction and building materials sectors. While there were encouraging signs of macroeconomic stabilization and moderation in inflationary pressures, the recovery in construction, real estate and housing activity remained gradual. Demand conditions therefore continued to be subdued, while the industry faced persistent increases in energy, freight, transportation and other operating costs.

Despite these challenges, I am pleased to report that the Company maintained its market presence and achieved growth in revenue. Net sales increased to Rs. 4.821 billion, compared with Rs. 4.390 billion in the previous year, representing an increase of 9.8%. This performance reflects the resilience of our business, the strength of our market relationships and the continued confidence of our customers in the Company's products and brand.

The improvement in sales, however, was accompanied by significant pressure on margins. Higher costs of production, energy, transportation, freight and other inputs affected gross and operating profitability. Gross profit declined to Rs. 323.49 million compared with Rs. 400.89 million in the preceding year, while operating profit stood at Rs. 214.58 million. Profit before taxation remained relatively stable at Rs. 275.50 million against Rs. 286.56 million in the previous year.

The Board and management remain conscious of the need to restore and strengthen margins. During the year, continued emphasis was placed on cost discipline, operational efficiency, prudent cash-flow management and maintaining a balanced capital structure. The Company's predominantly cash-based business model also continues to support effective working-capital and liquidity management.

Strengthening Our Brand and Market Position

The FORTE brand remains one of the Company's most important strategic assets. We continue to focus on strengthening its market positioning, enhancing brand visibility and reinforcing its image as a premium brand in the industry.

Going forward, we intend to build upon this foundation through product innovation, customer-focused initiatives, targeted marketing and improved market coverage. We believe that a strong brand, supported by consistent product quality and customer confidence, will be an important differentiator as market conditions improve.

Operational Excellence

In an environment characterized by volatile energy prices, higher logistics costs and competitive pricing pressures, operational efficiency remains a key priority. Management is therefore focused on improving production efficiency, optimizing the utilization of available capacity, controlling overheads and ensuring that resources are deployed in areas that generate sustainable value.

The Company also continues to monitor the principal risks affecting the business, including energy availability and prices, fluctuations in material and freight costs, subdued construction activity, competitive pressures and changes in import duties and regulatory policies. Appropriate mitigation measures are being pursued to minimize the impact of these risks on the Company's operations.

Governance, Sustainability and Responsibility

The Board recognizes that sustainable corporate performance extends beyond financial results. Good governance, effective risk management, responsible business practices and a strong commitment to our employees and communities are integral to the Company's long-term success.

During the year, the Company further strengthened its ESG framework through the establishment of a high-level ESG Committee, chaired by the CEO, to oversee ESG-related policies and initiatives and report to the Board. An awareness workshop was also organized for key management personnel as part of the Company's continuing ESG journey.

The Company remains committed to providing a safe and healthy workplace. Our dedicated Health & Safety function continues to focus on minimizing workplace risks and promoting recognized safety practices. At the same time, initiatives relating to waste minimization and recycling, as well as the progressive adoption of green technologies, reflect our commitment to improving environmental performance.

Looking Ahead

While uncertainty remains, the Board is however, optimistic about the medium- to long-term prospects of the business. A gradual improvement in macroeconomic stability, together with a recovery in construction, housing and real estate activity, could provide a more supportive environment for the building materials sector.

Our immediate priorities will remain clear: strengthening margins, improving operational efficiency, enhancing production capacity and productivity, continuing product innovation, strengthening the FORTE brand and maintaining customer satisfaction. We will continue to manage costs prudently while remaining responsive to changing market conditions and customer requirements.

The Company has built a strong platform over the years, supported by its brand, people, business relationships and operational capabilities. We believe that these strengths will enable us to navigate the current challenges and take advantage of opportunities as the market recovers.

Appreciation

On behalf of the Board, I would like to express my sincere appreciation to our shareholders for their continued confidence and support. I also extend our gratitude to our customers, whose trust and loyalty remain central to our success.

I would further like to acknowledge the commitment and dedication of our management and employees, whose efforts have enabled the Company to maintain its performance in a challenging operating environment. Our appreciation also goes to our bankers, suppliers, vendors and other business partners for their continued cooperation and support.

The Board remains committed to pursuing a strategy focused on sustainable growth, operational excellence, sound governance and long-term value creation for all our stakeholders.



Shabina Anjum
Chairperson
October 7, 2026

چیئر پرسن کی جائزہ رپورٹ

برائے اختتامیہ مالیاتی سال 30 جون 2026

محترم شیئر ہولڈرز:

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2026 کو ختم ہونے والے سال کی چیئر پرسن رپورٹ پیش کرتے ہوئے مجھے انتہائی مسرت ہو رہی ہے۔
زیر جائزہ سال پاکستان کی معیشت، اور بالخصوص تعمیرات اور building materials کے شعبوں کے لیے بدستور مشکل رہا۔ اگرچہ معاشی استحکام کے حوصلہ افزا آثار اور مہنگائی کے دباؤ میں کمی دیکھنے میں آئی، تاہم تعمیرات، ریل اسٹیٹ اور ہاؤسنگ کی سرگرمیوں میں بحالی کی رفتار سست رہی۔ نتیجتاً طلب کی صورتحال مدہم رہی، جبکہ صنعت کو توانائی، مال برداری، ٹرانسپورٹیشن اور دیگر عملی اخراجات میں مسلسل اضافے کا سامنا کرنا پڑا۔

ان مشکلات کے باوجود مجھے یہ بتاتے ہوئے خوشی ہے کہ کمپنی نے اپنی مارکیٹ میں موجودگی برقرار رکھی اور آمدنی میں اضافہ حاصل کیا۔ خالص فروخت گزشتہ سال کے 4.390 بلین روپے کے مقابلے میں بڑھ کر 4.821 بلین روپے ہو گئی، جو 9.8 فیصد اضافہ ہے۔ یہ کارکردگی ہمارے کاروبار کی مضبوطی، ہمارے مارکیٹ تعلقات کی پختگی اور کمپنی کی مصنوعات اور برانڈ پر صارفین کے مسلسل اعتماد کی عکاسی ہے۔

تاہم فروخت میں بہتری کے ساتھ منافع کے مارجن پر نمایاں دباؤ بھی رہا۔ پیداوار، توانائی، ٹرانسپورٹیشن، مال برداری اور دیگر ان پٹس کی بلند لاگت نے مجموعی اور عملی منافع کو متاثر کیا۔ مجموعی منافع گزشتہ سال کے 400.89 ملین روپے کے مقابلے میں کم ہو کر 323.49 ملین روپے رہ گیا، جبکہ عملی منافع 214.58 ملین روپے رہا۔ قبل از ٹیکس منافع نسبتاً مستحکم رہا اور گزشتہ سال کے 286.56 ملین روپے کے مقابلے میں 275.50 ملین روپے رہا۔

بورڈ اور انتظامیہ مارجن کو بحال اور مضبوط کرنے کی ضرورت سے بخوبی آگاہ ہیں۔ سال کے دوران اخراجات پر کنٹرول، عملی کارکردگی، محتاط کیش فلو مینجمنٹ اور متوازن سرمائے کے ڈھانچے کو برقرار رکھنے پر مسلسل توجہ مرکوز رکھی گئی۔ کمپنی کا بنیادی طور پر نقد پر مبنی کاروباری ماڈل بھی مؤثر ورکنگ کیسیٹل اور لیکویڈیٹی مینجمنٹ میں معاون ثابت ہو رہا ہے۔

اپنے برانڈ اور مارکیٹ میں مقام کو مضبوط بنانا:

FORTE برانڈ کمپنی کے اہم ترین اسٹریٹجک اثاثوں میں سے ایک ہے۔ ہم اس کی مارکیٹ پوزیشننگ کو مستحکم کرنے، برانڈ کی نمایاں موجودگی بڑھانے اور صنعت میں اسے ایک پریکٹس برانڈ کے طور پر مزید مضبوط کرنے پر توجہ دیتے رہیں گے۔

آگے چل کر ہمارا ارادہ ہے کہ اسی بنیاد پر مصنوعات میں جدت، صارف مرکوز اقدامات، ہدفی مارکیٹنگ اور مارکیٹ کے بہتر احاطے کے ذریعے پیش رفت کریں۔ ہمیں یقین ہے کہ مصنوعات کے مستقل معیار اور صارفین کے اعتماد سے تقویت یافتہ ایک مضبوط برانڈ، مارکیٹ کے حالات بہتر ہونے پر ایک اہم امتیازی عنصر ثابت ہو گا۔

عملی برتری:

ایسے ماحول میں جہاں توانائی کی قیمتیں غیر مستحکم ہیں، لاجسٹکس کے اخراجات بلند ہیں اور قیمتوں کے حوالے سے مسابقتی دباؤ موجود ہے، عملی کارکردگی بدستور ایک کلیدی ترجیح ہے۔ اسی لیے انتظامیہ پیداواری کارکردگی بہتر بنانے، دستیاب صلاحیت کے بہترین استعمال، اوور ہیڈز پر قابو پانے اور وسائل کو ایسے شعبوں میں لگانے پر توجہ دے رہی ہے جو پائیدار قدر پیدا کریں۔

کمپنی کاروبار کو متاثر کرنے والے بنیادی خطرات کی نگرانی بھی جاری رکھے ہوئے ہے، جن میں توانائی کی دستیابی اور قیمتیں، خام مال اور مال برداری کی لاگت میں اتار چڑھاؤ، تعمیراتی سرگرمیوں کی سست روی، مسابقتی دباؤ، اور درآمدی ڈیویٹیز اور ریگولیٹری پالیسیوں میں تبدیلیاں شامل ہیں۔ کمپنی کے امور پر ان خطرات کے اثرات کو کم سے کم کرنے کے لیے مناسب اقدامات کیے جا رہے ہیں۔

گورننس، پائیداری اور ذمہ داری:

بورڈ تسلیم کرتا ہے کہ پائیدار کارپوریٹ کارکردگی مالی نتائج سے آگے کی چیز ہے۔ اچھی گورننس، مؤثر رسک مینجمنٹ، ذمہ دارانہ کاروباری طرزِ عمل اور اپنے ملازمین اور برادریوں کے ساتھ مضبوط وابستگی کمپنی کی طویل مدتی کامیابی کے لازمی اجزاء ہیں۔

کرتے ہیں اور جو ESG سے متعلق پالیسیوں اور اقدامات کی نگرانی کرتی اور بورڈ کو رپورٹ پیش کرتی ہے۔ کمپنی کے مسلسل ESG سفر کے حصے کے طور پر کلیدی انتظامی عملے کے لیے ایک آگاہی ورکشاپ کا بھی انعقاد کیا گیا۔

کرنے اور تسلیم شدہ حفاظتی طریقوں کو فروغ دینے پر توجہ مرکوز رکھتا ہے۔ اسی طرح فضلے میں کمی اور ری سائیکلنگ سے متعلق اقدامات، نیز ماحول دوست ٹیکنالوجیز کا بتدریج اختیار کیا جانا، ماحولیاتی کارکردگی بہتر بنانے کے ہمارے عزم کی عکاسی کرتے ہیں۔

مستقبل کی جانب:

اگرچہ غیر یقینی صورتحال برقرار ہے، بورڈ کاروبار کے درمیانی تا طویل مدتی امکانات کے بارے میں محتاط طور پر پُر امید ہے۔ معاشی استحکام میں بتدریج بہتری، اور تعمیرات، ہاؤسنگ اور ریل اسٹیٹ کی سرگرمیوں میں بحالی، building materials کے شعبے کے لیے زیادہ سازگار ماحول فراہم کر سکتی ہے۔

ہماری فوری ترجیحات واضح رہیں گی: مارجن کو مضبوط بنانا، عملی کارکردگی میں بہتری، پیداواری صلاحیت اور پیداواریت میں اضافہ، مصنوعات میں جدت کا تسلسل، FORTE برانڈ کی مضبوطی اور صارفین کے اطمینان کو برقرار رکھنا۔ ہم اخراجات کا محتاط انتظام جاری رکھیں گے اور ساتھ ہی بدلتے ہوئے مارکیٹ حالات اور صارفین کی ضروریات کے مطابق ردِ عمل بھی دیتے رہیں گے۔

کمپنی نے برسوں کی محنت سے ایک مضبوط بنیاد تعمیر کی ہے، جس کی پشت پر اس کا برانڈ، افرادی قوت، کاروباری تعلقات اور عملی صلاحیتیں ہیں۔ ہمیں یقین ہے کہ یہ خوبیاں ہمیں موجودہ مشکلات سے نمٹنے اور مارکیٹ کی بحالی کے ساتھ سامنے آنے والے مواقع سے فائدہ اٹھانے کے قابل بنائیں گی۔

اظہارِ تشکر:

بورڈ کی جانب سے میں اپنے شیئرز ہولڈرز کا ان کے مسلسل اعتماد اور تعاون پر دلی شکر یہ ادا کرتی ہوں۔ میں اپنے صارفین کی بھی شکر گزار ہوں، جن کا اعتماد اور وفاداری ہماری کامیابی کا مرکز ہے۔

میں اپنی انتظامیہ اور ملازمین کی لگن اور محنت کا بھی اعتراف کرنا چاہتی ہوں، جن کی کوششوں سے کمپنی مشکل عملی ماحول میں اپنی کارکردگی برقرار رکھ سکی۔ ہم اپنے بینکرز، سپلائرز، ویئنڈرز اور دیگر کاروباری شراکت داروں کے مسلسل تعاون اور معاونت کے بھی شکر گزار ہیں۔

بورڈ ایک ایسی حکمتِ عملی پر عمل پیرا رہنے کے لیے پُر عزم ہے جس کا محور پائیدار ترقی، عملی برتری، مضبوط گورننس اور ہمارے تمام اسٹیک ہولڈرز کے لیے طویل مدتی قدر کی تخلیق ہے۔



شینہ انجم

چیئر پرسن

17 اکتوبر 2026

DIRECTORS REPORT:

The Directors of the Company are pleased to present their report along with the Audited Financial Statements for the year ended June 30, 2026.

BUSINESS ENVIRONMENT:

The financial year 2026 continued to present a difficult operating environment for Pakistan's ceramic tiles industry. Although the broader economic landscape showed some signs of stabilization, including moderation in inflationary pressures, the recovery in construction, real estate and housing activities remained limited. Consequently, demand for tiles and other construction-related materials remained under pressure during the year.

The industry also faced continued cost pressures arising from developments in the regional and global environment. Geopolitical uncertainties contributed to fluctuations in energy prices and affected the availability and cost of transportation and other supply-chain inputs. Higher fuel, freight and logistics costs, particularly during the latter part of the year, continued to impact operating margins and placed additional pressure on overall industry profitability.

Against this backdrop, the Company continued to focus on strengthening its competitive position and sustaining its presence in the market. Management remained focused on prudent cost management, improving operational efficiencies, broadening the product offering and undertaking targeted marketing and brand-building initiatives. These measures were aimed at navigating the prevailing market conditions while positioning the Company to benefit from an improvement in construction activity and consumer demand as economic conditions gradually stabilize.

Summary of financial performance is given below:

	2026	2025 (Restated)
	(Rupees in Millions)	
Turnover – net	4,820.60	4,390.41
Gross profit	323.49	400.89
Operating Profit	214.58	309.82
Finance cost	31.46	29.10
Profit before taxation	275.50	286.56
Profit after taxation	165.19	50.14
Earnings/ per share (Rs.)	4.36	1.32

During the year ended 2026, the Company achieved net sales of Rs. 4.821 billion, compared with Rs. 4.390 billion in 2025, representing an increase of 9.8%. However, due to higher cost of sales, gross profit decreased to Rs. 323.49 million from Rs. 400.89 million in the preceding year. Consequently, operating profit declined to Rs. 214.58 million, compared with Rs. 309.82 million in 2025.

The Company recorded a profit before taxation of Rs.275.50 million, compared with Rs.286.56 million in the previous year, representing a decrease of 3.9%. After accounting for taxation, the profit after taxation stood at Rs. 165.193 million, compared with Rs. 50.14 million (restated figure) of 2025. The Directors remain focused on improving operational efficiency, managing costs, strengthening margins and maintaining sustainable growth in the coming year.

LIQUIDITY AND CASH FLOW MANAGEMENT:

The Company primarily manages its capital expenditure requirements and short-term working capital requirements from its internally generated cash-flows and associated companies. The Company believes that it is maintaining an optimal capital structure. Company deals on cash basis and discourages credit transactions which enables smooth management of the Company's cash flows.

COMMERCIAL STRATEGY:

The Company continued its focus on strengthening the FORTE brand. To further improve brand visibility and reinforce its premium image. We remain committed to sustained efforts aimed at maintaining Company position as a leading premium brand in the industry.

BUSINESS RISKS AND CHALLENGES:

Following are the major risks, which may affect our business operations:

- Fluctuation / interruption in gas supply due to curtailment, gas reserve depletion
- Increase in energy prices
- Contraction in construction leading to low secondary sales
- Freight cost upsurge due to higher diesel prices
- Increase in material costs and overheads due to high inflation
- Relaxation of regulatory duties on the import of tiles
- Inability to pass price increases to customers because of competitive pricing

Management continuously reviews these risks and implements appropriate mitigation measures to minimize their impact on business operations.

CORPORATE AND SOCIAL RESPONSIBILITY:

Over the years, the Company has remained committed to contributing towards the welfare of society through various CSR initiatives, with a particular focus on healthcare, education, and community development. Guided by its CSR policy, the Company continues to evaluate opportunities where its contributions can create meaningful impact. During the year under review, the Board revisited the CSR framework to align future initiatives more closely with long-term community needs and the Company's strategic objectives. This realignment will enable the Company to channel its resources more effectively in the coming years.

HEALTH & SAFETY:

The Company is firmly committed to maintaining a safe, secure, and healthy work environment for all its employees. In line with core safety principles, we strive to provide a workplace where individuals can perform their duties with confidence and assurance. To reinforce this commitment, a dedicated Health & Safety Division has been established, tasked with proactively minimizing workplace risks, ensuring adherence to recognized best practices, and safeguarding the overall well-being of our workforce.

ENVIRONMENT:

The Company recognizes its responsibility to protect and preserve the environment for future generations. In line with this commitment, we have undertaken initiatives aimed at minimizing and recycling waste, while progressively adopting green technologies to improve our energy mix and overall environmental performance

ESG AND SUSTAINABILITY

The Board recognizes its responsibility towards environmental, social and governance (ESG) and its integration in the Company's long-term strategy and decision-making. During the year, a high level ESG Committee was formed chaired by CEO that oversees ESG-related policies and initiatives and reports to the Board. The ESG Committee organized a full day awareness workshop for key management personnel to embark on this journey.

ADEQUACY OF INTERNAL CONTROLS:

The Company has in place a robust system of internal controls to ensure orderly operations, safeguard assets, and maintain accurate financial records. The Board, directly and through its committees, regularly reviews the adequacy of these controls, financial performance, and budgetary variances with necessary actions. To strengthen oversight, a suitably qualified Head of Internal Audit has been appointed in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

AUDITORS:

The present auditor's M/s Crowe Hussain Chaudhury & Co, Chartered Accountants, are due to retire in the fourth coming annual general meeting of the company and being eligible, have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring auditors for the year ending 30 June 2027, for approval of the shareholders in the forthcoming Annual General Meeting.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

The Company Management is fully cognizant of its responsibility as recognized by the Companies Act, 2017 provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Board's commitment to high standards of Corporate Governance and continuous improvement:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

2. Proper books of account have been maintained by the Company;
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment;
4. International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of these financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue with the objective to further strengthen the controls and improve the system;
6. There are no significant doubts upon the Company's ability to continue as a going concern;
7. A summary of key operating and financial data of the Company of the last six years is available in the annual report.
8. There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange.
9. The Company is in process of re-registering provident fund trust for all permanent employees. The provident fund payable by the Company as at June 30, 2026 was Rs. 149.98 million (2025: Rs. 113.92 million) and will be transferred to the trust once registration process is completed.
10. There are no outstanding statutory payments due on account of taxes, levies and charges except as those disclosed in these financial statements.

BOARD OF DIRECTORS & ITS COMMITTEES: THE BOARD:

The Board comprises of two independent Directors (including one female director), three non-executive Directors and two executive Director.

During the year, five meetings of Board of Directors (BOD) were held. All the meetings were held in Pakistan. The attendance and the composition of the Board of Directors are as follows:

Name of Director	Designation	No. of meetings attended
Mrs. Shabina Anjum	Chairperson & Independent Director	4
Mr. Nadeem Khalid	Chief Executive	5
Mr. Omer Khalid	Non-Executive	5
Mr. Javid Khalid	Non-Executive	5
Mr. Zia Khalid	Executive Director	4
Ms. Numrah Khalid	Executive Director	4
Mr. Muhammad Riaz Khan	Independent	4
Mr. M. Nehmatullah Toor	Non-Executive	3

BOARD AUDIT AND RISK COMMITTEE:

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairperson of the Committee reports to the Board. The Committee comprises of two non-executive director and one independent director.

Name of Director	Designation	No. of meetings
Mr. Muhammad Riaz Khan	Chairman/ Independent Director	4
Mr. Omer Khalid	Non-Executive Director	4
Mr. Javid Khalid	Non-Executive Director	4

During the year, four meetings of Audit Committee were held. The attendance and the composition of the Board of Directors are as follows:

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Human Resource and Remuneration Committee provides strategic guidance to the management on human resource, review the annual performance evaluations, personnel policies, and compensation & benefits for the associates.

For the year under review, one meeting of the HR&R Committee was held to discuss & approve the matters falling under the terms of reference of the Committee. The attendance of the HR&R Committee members was as follows:

Name of Director	Designation
Ms. Numrah Khalid	Executive Director
Mr. Javid Khalid	Non-Executive Director

DIVIDEND:

The Board of Directors has not recommended any dividend for the financial year ended June 30, 2026 due to expected payments towards current liabilities.

Auditors' Qualification and Management's Response

Uncertainty Relating to Recoverability

The auditors have qualified their report in respect of the recoverability of the advance of Rs. 750.837 million paid against the proposed acquisition of land. The qualification arises principally from the ongoing negotiations with the counterparty, including the payment of Rs. 200 million originally agreed to be made by May 25, 2025, which remained unsettled. The payment timeline has subsequently been extended to June 25, 2027.

Management's Response

Management acknowledges the auditors' observation and has considered the recoverability of the outstanding advance based on the information available as at June 30, 2026. The matter remains subject to ongoing negotiations and the final terms of settlement, including the amount ultimately recoverable, have not yet been concluded.

Accordingly, management considers that the amount of any impairment, if any, cannot presently be reliably determined. Management will continue to monitor the matter and, upon conclusion of the negotiations or when sufficient objective evidence becomes available, will reassess the recoverability of the outstanding advance and recognize any adjustment required in accordance with the applicable IFRS requirements.

Management has also considered the requirements of IAS 10 Events after the Reporting Period in assessing developments subsequent to June 30, 2026.

Further Disclosure:

For transparency and in the spirit of good corporate governance, this matter has been placed before the shareholders as a special business item in the forthcoming Annual General Meeting for their consideration and approval.

SUBSEQUENT EVENTS:

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report, except as disclosed in the financial statements.

PATTERN OF SHAREHOLDING:

Statements showing the pattern of shareholding as at June 30, 2026 required under Section 227 (2) (f) of the Companies Act, 2017 and the Code of Corporate Governance, is annexed to this report.

The Directors, CFO, Company Secretary, Head of Internal Audit and their spouses or minor children did not carry out any trade in the shares of the Company during the year except CEO of the Company.

RELATED PARTY TRANSACTIONS:

The transactions between the related parties were carried out on the basis of arm's length prices. The Company has fully complied with the best practices on transfer pricing as contained Act and Code. The details of all related party transactions were placed before the Audit Committee and upon its recommendation the same were approved by the Board of Directors.

GENDER PAY GAP:

Your company is committed to fostering an inclusive and equitable workplace where all employees are valued and empowered to succeed. We are proud to be an equal opportunity employer, dedicated to ensuring that employment decisions including recruitment, hiring, training, promotion, and compensation are made based on merit and qualifications without regard to race, color, religion, gender, age, disability, or any other characteristic protected by law.

We believe that diversity drives innovation and enhances our organizational performance. To this end, we continuously strive to create a work environment where all employees have equal opportunities to thrive and contribute to our collective success.

Our analysis for this period female employees earns 19.1% more than their male counterparts, based on the mean hourly pay. The median pay gap stands at 30%, with female employees earning more than their male peers at the midpoint of the pay distribution. These figures serve as a benchmark for continued progress and underline the importance of addressing systemic pay disparities.

We are encouraged by these figures, which reflect positively on our commitment to gender equity. Nonetheless, we understand that achieving pay equity is an ongoing endeavor.

BUSINESS CONTINUITY PLANS:

In the dynamic business landscape of Pakistan, robust business continuity planning has emerged as a critical facet for companies seeking to navigate through various challenges and uncertainties. A well-structured business continuity plan is designed to ensure the organization's resilience in the face of disruptions such as natural disasters, economic fluctuations, and unforeseen events.

As an integral component of the Business Continuity Plan, remote disaster recovery sites have been effectively established to uphold backup server and data integrity should our primary server encounter any complications.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES:

In accordance with the mandates of the Code of Corporate Governance and the Companies Act of 2017, the Company's Board conducts a yearly comprehensive self-evaluation of its collective performance along with that of its committees. This evaluation process is aimed at assessing the Board's overall performance and efficacy, aligning it with the Company's set objectives.

The evaluation concentrates on key areas such as:

- Alignment of corporate goals and objectives with the vision and mission of the Company
- Strategy formulation for sustainable operation.

- Board's independence and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

Each year, an evaluation questionnaire is prepared in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, and distributed to Directors for performance assessment. These evaluations are subsequently analyzed to pinpoint areas necessitating enhancement and to bring to light any divergent viewpoints. The overall performance and efficacy of the Board and its committees has been appraised as 'Satisfactory'.

REVIEW OF CEO'S PERFORMANCE:

The CEO's performance is subject to a formal appraisal using an evaluation system that encompasses various aspects. This includes assessing the business performance, achievement of objectives related to profitability, organizational development, succession planning and overall corporate success.

DIRECTORS' REMUNERATION:

In terms of requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code), the Company has formulated a policy which deals with the remuneration of the Directors. The system of remuneration for Directors is designed to enhance their motivation for improved business performance, both over the short term and medium to long term with sustained growth of corporate value. The Executive Director is paid monthly remuneration and benefits as approved by the Directors, whereas the Company does not pay remuneration to Non-executive Directors, except for meeting fee. For information on remuneration and fee of Directors & CEO, please refer to notes to the Financial Statements.

OUTLOOK AND FUTURE PROSPECTS:

Looking ahead, we remain cautiously optimistic about the future. We will continue to prioritize product innovation, customer satisfaction, and operational excellence by increasing the production capacity more efficiently. The Company's unwavering dedication to excellence and customer satisfaction has remained steadfast. Even in these challenging times, our customers' unwavering trust continues to serve as a driving force.

ACKNOWLEDGEMENT:

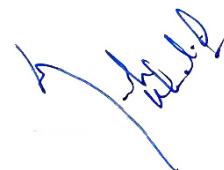
The Board of Directors extends its sincere gratitude to shareholders and customers for their continued patronage and trust which has made FRCL a leading brand in the industry. We wish to extend our heartfelt gratitude and recognition to entire FRCL team, including our staff, our valued bankers, vendors for their consistent support and confidence in our Company.

On behalf of the Board

Nadeem Khalid
Chief Executive Officer
Date: October 7, 2026
Peshawar



Numrah Khalid
Director



ڈائریکٹر رپورٹ

برائے اختتامیہ مالیاتی سال 30 جون 2026

کمپنی کے ڈائریکٹر 30 جون 2026 کو اختتام ہونے والے مالی سال کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرنے میں خوشی اور مسرت محسوس کر رہے ہیں۔

کاروباری ماحول:

مالی سال 2026 میں بھی پاکستان کی سیر ایکٹ ٹیکسٹائل صنعت کو مشکل کاروباری ماحول کا سامنا رہا۔ اگرچہ مجموعی معاشی منظر نامے میں استحکام کے کچھ آثار نظر آئے، جن میں مہنگائی کے دباؤ میں کمی بھی شامل ہے، تاہم تعمیرات، ریل اسٹیٹ اور ہاؤسنگ کی سرگرمیوں میں بحالی محدود رہی۔ نتیجتاً سال کے دوران ٹیکسٹائل اور تعمیرات سے متعلق دیگر مواد کی طلب دباؤ کا شکار رہی۔

علاقائی اور عالمی ماحول میں رونما ہونے والی پیش رفت کے باعث صنعت کو لاگت کے مسلسل دباؤ کا بھی سامنا رہا۔ جغرافیائی سیاسی غیر یقینی صورتحال نے توانائی کی قیمتوں میں اتار چڑھاؤ میں اپنا کردار ادا کیا اور نقل و حمل اور سپلائی چین کے دیگر اجزاء کی دستیابی اور لاگت کو متاثر کیا۔ ایندھن، مال برداری اور لاجسٹکس کے بڑھتے ہوئے اخراجات، بالخصوص سال کے آخری حصے میں، آپریٹنگ مارجن پر اثر انداز ہوتے رہے اور صنعت کی مجموعی منافع بخش پراضافی دباؤ ڈالتے رہے۔

اس پس منظر میں کمپنی نے اپنی مسابقتی پوزیشن کو مضبوط بنانے اور مارکیٹ میں اپنی موجودگی برقرار رکھنے پر توجہ مرکوز رکھی۔ انتظامیہ نے محتاط لاگت کے انتظام، آپریشنل کارکردگی میں بہتری، مصنوعات کی رینج میں توسیع، اور ہدف شدہ مارکیٹنگ اور برانڈ سازی کے اقدامات پر توجہ دی۔ ان اقدامات کا مقصد موجودہ مارکیٹ حالات سے نمٹنا اور کمپنی کو اس قابل بنانا تھا کہ معاشی حالات میں بتدریج استحکام کے ساتھ تعمیراتی سرگرمیوں اور صارفین کی طلب میں بہتری سے فائدہ اٹھاسکے۔

مالی کارکردگی کا خلاصہ ذیل میں دیا گیا ہے:

2026	2025 از سر نو بیان کردہ	
(روپے ملین میں)		تفصیلات
4820.60	4390.41	خالص فروخت (ٹرن اوور)
323.49	400.89	مجموعی منافع
214.58	309.82	آپریٹنگ منافع
31.46	29.10	مالیاتی لاگت
275.50	286.56	قبل از ٹیکس منافع
165.19	50.14	بعد از ٹیکس منافع
4.36	1.32	آمدنی فی حصص (روپے)

سال 2026 کے دوران کمپنی نے 4.821 ارب روپے کی خالص فروخت حاصل کی، جو 2025 میں 4.390 ارب روپے تھی، یعنی تقریباً 9.8 فیصد اضافہ ہوا۔ تاہم فروخت کی لاگت میں اضافے کے باعث مجموعی منافع گزشتہ سال کے 400.89 ملین روپے سے کم ہو کر 323.49 ملین روپے رہ گیا۔ نتیجتاً آپریٹنگ منافع 2025 کے 309.82 ملین روپے کے مقابلے میں کم ہو کر 214.58 ملین روپے رہ گیا۔

کمپنی نے 275.50 ملین روپے کا قیل از ٹیکس منافع ریکارڈ کیا، جو گزشتہ سال 286.56 ملین روپے تھا، یعنی تقریباً 3.9 فیصد کمی ہوئی۔ ٹیکس کے بعد منافع 165.193 ملین روپے رہا، جبکہ 2025 میں یہ 50.14 ملین روپے (نظر ثانی شدہ ہندسہ) تھا۔ ڈائریکٹرز آئندہ سال میں آپریشنل کارکردگی کو بہتر بنانے، اخراجات کو کنٹرول کرنے، مارجن کو مضبوط کرنے اور پائیدار ترقی کو برقرار رکھنے پر توجہ مرکوز رکھے ہوئے ہیں۔

لیکویڈیٹی اور نقد بہاؤ کا انتظام:

کمپنی اپنے سرمایہ جاتی اخراجات اور قلیل مدتی ورکنگ کپینٹل کی ضروریات بنیادی طور پر اپنے اندرونی طور پر پیدا شدہ نقد بہاؤ اور وابستہ کمپنیوں سے پوری کرتی ہے۔ کمپنی سمجھتی ہے کہ وہ ایک بہترین سرمایہ جاتی ڈھانچہ برقرار رکھے ہوئے ہے۔ کمپنی نقد بنیادوں پر کاروبار کرتی ہے اور ادھار کے لین دین کی حوصلہ شکنی کرتی ہے، جس سے کمپنی کے کیش فلو (نقد رقوم کی آمد و رفت) کا انتظام احسن طریقے سے ممکن ہوتا ہے۔

تجارتی حکمت عملی:

کمپنی نے FORTE برانڈ کو مضبوط بنانے پر اپنی توجہ برقرار رکھی تاکہ برانڈ کی نمایاں حیثیت کو مزید بہتر بنایا جاسکے اور اس کی پربہم شناخت کو تقویت دی جاسکے۔ ہم صنعت میں ایک سرکردہ پربہم برانڈ کے طور پر کمپنی کی حیثیت برقرار رکھنے کے لیے مسلسل کوششوں کے لیے پرعزم ہیں۔

کاروباری خطرات اور چیلنجز:

کچھ اہم خطرات جو ہمارے کاروباری امور کو متاثر کر سکتے ہیں:

- گیس کی کمی، گیس کے ذخائر میں کمی کے باعث گیس کی فراہمی میں اتار چڑھاؤ / قحط
 - توانائی کی قیمتوں میں اضافہ
 - تعمیراتی شعبے میں سکڑاؤ کے باعث ثانوی فروخت میں کمی
 - ڈیزل کی بلند قیمتوں کے باعث مال برداری کی لاگت میں اضافہ
 - بلند مہنگائی کے باعث مواد کی لاگت اور اوور ہیڈز میں اضافہ
 - ٹائلز کی درآمد پر ریگولیٹری ڈیوٹیوں میں نرمی
 - مسابقتی قیمتوں کے باعث قیمتوں میں اضافے کو صارفین تک منتقل کرنے میں ناکامی
- انتظامیہ ان خطرات کا مسلسل جائزہ لیتی ہے اور کاروباری امور پر ان کے اثرات کو کم سے کم کرنے کے لیے مناسب تدار کی اقدامات نافذ کرتی ہے۔

کارپوریٹ اور سماجی ذمہ داری:

گزشتہ برسوں کے دوران کمپنی صحت، تعلیم اور کمیونٹی کی ترقی پر خصوصی توجہ کے ساتھ مختلف سی ایس آر اقدامات کے ذریعے معاشرے کی فلاح و بہبود میں اپنا حصہ ڈالنے کے لیے پرعزم رہی ہے۔ اپنی سی ایس آر پالیسی کی رہنمائی میں کمپنی ان مواقع کا جائزہ لیتی رہتی ہے جہاں اس کی شراکت بامعنی اثر پیدا کر سکے۔ زیر جائزہ سال کے دوران بورڈ نے سی ایس آر فریم ورک پر نظر ثانی کی تاکہ مستقبل کے اقدامات کو کمیونٹی کی طویل مدتی ضروریات اور کمپنی کے اسٹریٹجک مقاصد سے زیادہ ہم آہنگ کیا جاسکے۔ اس از سر نو ترتیب سے کمپنی آنے والے برسوں میں اپنے وسائل کو زیادہ مؤثر انداز میں بروئے کار لائے گی۔

صحت اور حفاظت:

کمپنی اپنے تمام ملازمین کے لیے محفوظ، پرامن اور صحت مند کام کا ماحول برقرار رکھنے کے لیے پرعزم ہے۔ حفاظت کے بنیادی اصولوں کے مطابق ہم ایسا کام کا ماحول فراہم کرنے کی کوشش کرتے ہیں جہاں افراد اعتماد اور اطمینان کے ساتھ اپنے فرائض انجام دے سکیں۔ اس عزم کو مضبوط بنانے کے لیے ایک مخصوص صحت و حفاظت ڈویژن قائم کیا گیا ہے، جس کا کام کام کی جگہ پر خطرات کو پیشگی طور پر کم سے کم کرنا، تسلیم شدہ بہترین طریقوں کی پابندی کو یقینی بنانا اور ہماری افرادی قوت کی مجموعی فلاح و بہبود کا تحفظ کرنا ہے۔

ماحول:

کمپنی آنے والی نسلوں کے لیے ماحول کے تحفظ اور بقا کی اپنی ذمہ داری کو تسلیم کرتی ہے۔ اس عزم کے مطابق ہم نے فطرت کو کم سے کم کرنے اور اسے ری سائیکل کرنے کے اقدامات کیے ہیں، اور ساتھ ہی اپنے توانائی کے مرکب اور مجموعی ماحولیاتی کارکردگی کو بہتر بنانے کے لیے ہندریج گرین ٹیکنالوجیز اپنا رہے ہیں۔

ای ایس جی اور پائیداری:

بورڈ ماحولیاتی، سماجی اور گورننس (ESG) سے متعلق اپنی ذمہ داری اور کمپنی کی طویل مدتی حکمت عملی اور فیصلہ سازی میں اس کے انضمام کو تسلیم کرتا ہے۔ سال کے دوران چیف ایگزیکٹو کی سربراہی میں ایک اعلیٰ سطحی ای ایس جی کمیٹی تشکیل دی گئی، جو ای ایس جی سے متعلق پالیسیوں اور اقدامات کی نگرانی کرتی ہے اور بورڈ کو رپورٹ کرتی ہے۔ ای ایس جی کمیٹی نے اس سفر کا آغاز کرنے کے لیے کلیدی انتظامی افراد کے لیے ایک روزہ آگاہی ورکشاپ کا انعقاد کیا۔

اندرونی کنٹرولز کی کفایت:

کمپنی میں اندرونی کنٹرولز کا ایک مضبوط نظام موجود ہے تاکہ امور کی منظم انجام دہی، اثاثوں کے تحفظ اور مالی ریکارڈ کی درستگی کو یقینی بنایا جاسکے۔ بورڈ، براہ راست اور اپنی کمیٹیوں کے ذریعے، ان کنٹرولز کی کفایت، مالی کارکردگی اور بجٹ میں فرق کا باقاعدگی سے جائزہ لیتا ہے اور ضروری اقدامات کرتا ہے۔ نگرانی کو مضبوط بنانے کے لیے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تعمیل میں ایک مناسب اہلیت کے حامل ہیڈ آف انٹرئل آڈٹ کا تقرر کیا گیا ہے۔

آڈیٹرز:

موجودہ آڈیٹرز، کرو حسین چوہدری اینڈ کمپنی (Crowe Hussain Chaudhury & Co)، چارٹرڈ اکاؤنٹنٹس، کمپنی کے آئندہ سالانہ اجلاس عام میں ریٹائر ہو رہے ہیں اور اہل ہونے کے ناطے انہوں نے اپنی دوبارہ تقرر کے لیے خود کو پیش کیا ہے۔ بورڈ نے 30 جون 2027 کو ختم ہونے والے مالی سال کے لیے ریٹائر ہونے والے آڈیٹرز کی دوبارہ تقرر کی سفارش کی ہے، جس کی منظوری آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز سے لی جائے گی۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

کمپنی کی انتظامیہ کمپنیز ایکٹ، 2017 کی دفعات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت اپنی ذمہ داریوں سے پوری طرح آگاہ ہے۔ درج ذیل بیانات کارپوریٹ گورننس کے اعلیٰ معیارات اور مسلسل بہتری کے لیے بورڈ کے عزم کا اعتراف ہیں:

1. کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے معاملات کی صورت حال، اس کے آپریشنز کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں؛
2. کمپنی کی جانب سے حسابات کے مناسب کھاتے رکھے گئے ہیں؛
3. ان مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مستقل طور پر اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط فیصلے پر مبنی ہیں؛
4. ان مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے؛
5. اندرونی کنٹرول کا نظام اپنی ساخت میں مضبوط ہے اور اس پر مؤثر طریقے سے عمل درآمد اور اس کی نگرانی کی گئی ہے۔ اندرونی کنٹرولز کی نگرانی کا عمل کنٹرولز کو مزید مضبوط بنانے اور نظام کو بہتر کرنے کے مقصد کے ساتھ جاری رہے گا؛
6. کمپنی کے ایک جاری ادارے (گوٹنگ کنسرن) کے طور پر کام جاری رکھنے کی صلاحیت پر کوئی قابل ذکر شبہ نہیں ہے؛
7. کمپنی کے گزشتہ چھ سال کے اہم آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ سالانہ رپورٹ میں دستیاب ہے؛
8. پاکستان اسٹاک ایکسچینج کے رول بک کے ضوابط میں بیان کردہ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں ہوا ہے؛
9. کمپنی تمام مستقل ملازمین کے لیے پراویڈنٹ فنڈ ٹرسٹ کی دوبارہ رجسٹریشن کے عمل میں ہے۔ 30 جون 2026 تک کمپنی کی جانب سے قابل ادائیگی پراویڈنٹ فنڈ 149.98 ملین روپے تھا (2025: 113.92 ملین روپے) اور رجسٹریشن کا عمل مکمل ہونے پر اسے ٹرسٹ کو منتقل کر دیا جائے گا؛
10. ٹیکسوں، محصولات اور چارجز کی مد میں کوئی بھاری قانونی ادائیگیاں واجب الادا نہیں ہیں، سوائے ان کے جو ان مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں:

بورڈ:

بورڈ دو آزاد ڈائریکٹرز (بشمول ایک خاتون ڈائریکٹر)، تین نان ایگزیکٹو ڈائریکٹرز اور دو ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ سال کے دوران بورڈ آف ڈائریکٹرز (BOD) کے پانچ اجلاس منعقد ہوئے۔ تمام اجلاس پاکستان میں منعقد ہوئے۔ بورڈ آف ڈائریکٹرز کی حاضری اور ترکیب درج ذیل ہے:

ڈائریکٹر کا نام	عہدہ	شرکت شدہ اجلاسوں کی تعداد
محترمہ شبینہ انجم	چیئر پرسن (آزاد ڈائریکٹر)	4
جناب ندیم خالد	چیف ایگزیکٹو	5
جناب عمر خالد	نان ایگزیکٹو	5
جناب جاوید خالد	نان ایگزیکٹو	5
جناب ضیاء خالد	ایگزیکٹو ڈائریکٹر	4
محترمہ نمرہ خالد	ایگزیکٹو ڈائریکٹر	4
جناب محمد ریاض خان	آزاد ڈائریکٹر	4
جناب محمد نعمت اللہ تور	نان ایگزیکٹو	3

آڈٹ بورڈ اینڈ رسک کمیٹی:

آڈٹ بورڈ کمیٹی، بورڈ کو اس کی نگرانی کی ذمہ داریاں ادا کرنے میں معاونت فراہم کرتی ہے، بنیادی طور پر شیئرز ہولڈرز کو مالی اور غیر مالی معلومات کا جائزہ لینے اور رپورٹ کرنے، اندرونی کنٹرول اور رسک منجمنٹ کے نظام، اور آڈٹ کے عمل کے سلسلے میں۔ اسے انتظامیہ سے معلومات طلب کرنے اور مناسب سمجھے جانے پر بیرونی آڈیٹرز یا مشیروں سے براہ راست مشاورت کرنے کا اختیار حاصل ہے۔ چیف فنانس آفیسر باقاعدگی سے بورڈ آڈٹ کمیٹی کے اجلاسوں میں شرکت کر کے حسابات پیش کرتا ہے۔ ہر اجلاس کے بعد کمیٹی کا چیئر پرسن بورڈ کو رپورٹ کرتا ہے۔ کمیٹی دو نان ایگزیکٹو ڈائریکٹرز اور ایک آزاد ڈائریکٹر پر مشتمل ہے۔

ڈائریکٹر کا نام	عہدہ	شرکت شدہ اجلاسوں کی تعداد
جناب محمد ریاض خان	چیئر مین (آزاد ڈائریکٹر)	4
جناب عمر خالد	نان ایگزیکٹو ڈائریکٹر	4
جناب جاوید خالد	نان ایگزیکٹو ڈائریکٹر	4

سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ حاضری اور ترکیب درج ذیل ہے:

ہیومن ریسورس اینڈ ریکروٹمنٹ کمیٹی:

ہیومن ریسورس اینڈ ریکروٹمنٹ کمیٹی انسانی وسائل، سالانہ کارکردگی کی جانچ، عملے سے متعلق پالیسیوں، اور ساتھیوں کے معاوضوں اور مراعات کے بارے میں انتظامیہ کو اسٹریجک رہنمائی فراہم کرتی ہے اور ان کا جائزہ لیتی ہے۔

زیر جائزہ سال کے دوران ایچ آر اینڈ آر کمیٹی کا ایک اجلاس منعقد ہوا جس میں کمیٹی کے دائرہ کار میں آنے والے امور پر بحث کی گئی اور انہیں منظور کیا گیا۔ ایچ آر اینڈ آر کمیٹی کے اراکین کی حاضری درج ذیل تھی:

ڈائریکٹر کا نام	عہدہ
محترمہ نمرہ خالد	ایگزیکٹو ڈائریکٹر
جناب جاوید خالد	نان ایگزیکٹو ڈائریکٹر

ڈیویڈنڈ:

بورڈ آف ڈائریکٹرز نے جاری واجبات کی متوقع ادائیگیوں کے باعث 30 جون 2026 کو ختم ہونے والے مالی سال کے لیے کسی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

آڈیٹرز کی تحفظات پر مبنی رائے اور انتظامیہ کا جواب۔

وصول سے متعلق غیر یقینی صورتحال:

آڈیٹرز نے زمین کے مجوزہ حصول کے لیے ادا کی گئی 550.836 ملین روپے کی باقی ماندہ پیشگی رقم کی وصولی کے سلسلے میں اپنی رپورٹ میں تحفظات ظاہر کیے ہیں۔ یہ تحفظ بنیادی طور پر فریق مخالف کے ساتھ جاری مذاکرات سے پیدا ہوتا ہے، جن میں 200 ملین روپے کی وہ ادائیگی بھی شامل ہے جو اصل میں 25 مئی 2025 تک کی جانی تھی اور جو غیر طے شدہ رہی۔ ادائیگی کی مدت بعد ازاں بڑھا کر 25 جون 2027 کر دی گئی ہے۔

انتظامیہ کا جواب

انتظامیہ آڈیٹرز کے مشاہدے کا اعتراف کرتی ہے اور 30 جون 2026 تک دستیاب معلومات کی بنیاد پر بتایا پیشگی رقم کی وصولی پر غور کر چکی ہے۔ یہ معاملہ جاری مذاکرات سے مشروط ہے اور تصفیے کی حتمی شرائط، بشمول وہ رقم جو بالآخر قابل وصول ہوگی، ابھی طے نہیں ہوئیں۔

چنانچہ انتظامیہ سمجھتی ہے کہ کسی بھی ممکنہ اخطا (امپیرمنٹ) کی رقم کافی الحال قابل اعتماد طور پر تعین نہیں کیا جاسکتا۔ انتظامیہ اس معاملے کی نگرانی جاری رکھے گی اور مذاکرات کی تکمیل پر پاکافی معروضی شواہد دستیاب ہونے پر بتایا پیشگی رقم کی وصولی کا از سر نو جائزہ لے گی اور قابل اطلاق IFRS تقاضوں کے مطابق درکار کسی ایڈجسٹمنٹ کو تسلیم کرے گی۔

انتظامیہ نے 30 جون 2026 کے بعد کی پیش رفت کا جائزہ لیتے ہوئے IAS 10 "رپورٹنگ مدت کے بعد کے واقعات" کے تقاضوں پر بھی غور کیا ہے۔

مزید انکشاف:

شفافیت کے لیے اور اچھی کارپوریٹ گورننس کے جذبے کے تحت یہ معاملہ شیئرز ہولڈرز کے سامنے ان کے غور اور منظوری کے لیے آئندہ سالانہ اجلاس عام میں خصوصی کاروبار کے ایک نکتے کے طور پر رکھا گیا ہے۔

بعد کے واقعات:

مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلی یا وعدے واقع نہیں ہوئے، سوائے ان کے جو مالیاتی گوشواروں میں ظاہر کیے گئے ہیں۔

شیئرز ہولڈنگ کا نمونہ:

30 جون 2026 تک شیئرز ہولڈنگ کے نمونے کو ظاہر کرنے والے گوشوارے، جو کمپنیز ایکٹ، 2017 کی دفعہ 227(2)(f) اور کوڈ آف کارپوریٹ گورننس کے تحت درکار ہیں، اس رپورٹ کے ساتھ

مسلک ہیں۔

ڈائریکٹر، چیف فنانسل آفیسر، کمپنی سیکریٹری، ہیڈ آف انٹر نل آڈٹ اور ان کے شریک حیات یا نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں کوئی تجارت نہیں کی، سوائے کمپنی کے چیف ایگزیکٹو کے۔

متعلقہ فریقوں کے ساتھ لین دین:

متعلقہ فریقوں کے مابین لین دین آرمز لینتھ قیمتوں کی بنیاد پر کیے گئے۔ کمپنی نے ایکٹ اور کوڈ میں درج ٹرانسفر پرائسنگ کے بہترین طریقوں کی مکمل تعمیل کی ہے۔ متعلقہ فریقوں کے تمام لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی گئیں اور اس کی سفارش پر بورڈ آف ڈائریکٹرز نے انہیں منظور کیا۔

صنعتی اجرتوں کا فرق:

آپ کی کمپنی ایک ایسا جامع اور مصفاہ کام کا ماحول فروغ دینے کے لیے پرعزم ہے جہاں تمام ملازمین کو قدر کی نگاہ سے دیکھا جائے اور انہیں کامیابی کے لیے بااختیار بنایا جائے۔ ہمیں مساوی مواقع فراہم کرنے والا آج ہونے پر فخر ہے، اور ہم اس بات کو یقینی بناتے ہیں کہ بھرتی، ترقی، تربیت، ترقی اور معاوضے سمیت ملازمت کے تمام فیصلے نسل، رنگ، مذہب، جنس، عمر، معذوری یا قانون کے تحت محفوظ کسی بھی دوسری خصوصیت سے قطع نظر، صرف میرٹ اور اہلیت کی بنیاد پر کیے جائیں۔

ہمارا ماننا ہے کہ تنوع جدت کو فروغ دیتا ہے اور ہماری تنظیمی کارکردگی کو بڑھاتا ہے۔ اسی مقصد کے لیے ہم مسلسل ایسا کام کا ماحول بنانے کی کوشش کرتے ہیں جہاں تمام ملازمین کو ترقی کرنے اور ہماری اجتماعی کامیابی میں حصہ ڈالنے کے مساوی مواقع میسر ہوں۔

اس مدت کے لیے ہمارے تجزیے کے مطابق خاتون ملازمین اوسط فی گھنٹہ اجرت کی بنیاد پر اپنے مرد ہم منصبوں سے 19.1 فیصد زیادہ کماتی ہیں۔ وسطانی (میڈین) اجرت کا فرق 30 فیصد ہے، جس میں اجرتوں کی تقسیم کے وسط پر خاتون ملازمین اپنے مرد ساتھیوں سے زیادہ کماتی ہیں۔ یہ اعداد و شمار مسلسل پیش رفت کے لیے ایک معیار کا کام دیتے ہیں اور نظامی اجرتی تفاوت کو دور کرنے کی اہمیت کو اجاگر کرتے ہیں۔

ہم ان اعداد و شمار سے حوصلہ پاتے ہیں، جو صنعتی مساوات کے لیے ہمارے عزم کی مثبت عکاسی کرتے ہیں۔ اس کے باوجود ہم سمجھتے ہیں کہ اجرتوں میں مساوات کا حصول ایک مسلسل جاری رہنے والی کوشش ہے۔

کاروباری تسلسل کے منصوبے:

پاکستان کے محترم کاروباری منظر نامے میں مضبوط کاروباری تسلسل کی منصوبہ بندی ان کمپنیوں کے لیے ایک اہم پہلو بن کر ابھری ہے جو مختلف چیلنجز اور غیر یقینی صورتحال سے نبرد آزما ہونا چاہتی ہیں۔ ایک اچھی طرح مرتب کاروباری تسلسل کا منصوبہ اس لیے بنایا جاتا ہے کہ قدرتی آفات، معاشی اتار چڑھاؤ اور غیر متوقع واقعات جیسی رکاوٹوں کے سامنے ادارے کی چلک کو یقینی بنایا جاسکے۔ کاروباری تسلسل کے منصوبے کے ایک لازمی جزو کے طور پر، اگر ہمارے بنیادی سرور کو کوئی مسئلہ پیش آئے تو ہیک اپ سرور اور ڈیٹا کی سالمیت برقرار رکھنے کے لیے دور دراز مقامات پر ڈیزاسٹر ریکوری سائنسز مؤثر طریقے سے قائم کر دی گئی ہیں۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کی جانچ:

کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ، 2017 کے تقاضوں کے مطابق کمپنی کا بورڈ ہر سال اپنی اجتماعی کارکردگی اور اپنی کمیٹیوں کی کارکردگی کی ایک جامع خود احتسابی کرتا ہے۔ اس جانچ کے عمل کا مقصد بورڈ کی مجموعی کارکردگی اور افادیت کا جائزہ لینا اور اسے کمپنی کے طے شدہ مقاصد کے ساتھ ہم آہنگ کرنا ہے۔

یہ جانچ درج ذیل اہم شعبوں پر مرکوز ہوتی ہے:

- کارپوریٹ اہداف و مقاصد کی کمپنی کے وژن اور مشن کے ساتھ ہم آہنگی
- پائیدار آپریشنز کے لیے حکمت عملی کی تشکیل
- بورڈ کی آزادی، اور
- بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ کہ وہ اپنے متعلقہ دائرہ کار میں درج ذمہ داریاں کس حد تک ادا کرتی ہیں۔

ہر سال اسسٹنٹ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق ایک جانچ موائیہ تیار کیا جاتا ہے اور کارکردگی کے جائزے کے لیے ڈائریکٹرز کو تقسیم کیا جاتا ہے۔ بعد ازاں ان جائزوں کا تجزیہ کیا جاتا ہے تاکہ بہتری کے متقاضی شعبوں کی نشاندہی کی جاسکے اور اختلاف رائے کو سامنے لایا جاسکے۔ بورڈ اور اس کی کمیٹیوں کی مجموعی کارکردگی اور افادیت کو "تسلیمی پیش" قرار دیا گیا ہے۔

چیف ایگزیکٹو کی کارکردگی کا جائزہ:

چیف ایگزیکٹو کی کارکردگی کا باقاعدہ جائزہ ایک ایسے جانچ نظام کے ذریعے لیا جاتا ہے جو مختلف پہلوؤں کا احاطہ کرتا ہے۔ اس میں کاروباری کارکردگی، منافع بخشی سے متعلق اہداف کے حصول، تنظیمی ترقی، جانشینی کی منصوبہ بندی اور مجموعی کارپوریٹ کامیابی کی جانچ شامل ہے۔

ڈائریکٹر کا معاوضہ:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (کوڈ) کے تقاضوں کے مطابق کمپنی نے ایک پالیسی تشکیل دی ہے جو ڈائریکٹرز کے معاوضے سے متعلق ہے۔ ڈائریکٹرز کے معاوضے کا نظام اس طرح وضع کیا گیا ہے کہ کارپوریٹ قدر میں پائیدار اضافے کے ساتھ قلیل مدتی اور درمیانی سے طویل مدتی کاروباری کارکردگی کی بہتری کے لیے ان کی حوصلہ افزائی ہو۔ ایگزیکٹو ڈائریکٹر کو ڈائریکٹرز کی منظوری کے مطابق ماہانہ معاوضہ اور مراعات ادا کی جاتی ہیں، جبکہ کمپنی نان ایگزیکٹو ڈائریکٹرز کو اجلاس کی فیس کے علاوہ کوئی معاوضہ ادا نہیں کرتی۔ ڈائریکٹرز اور چیف ایگزیکٹو کے معاوضے اور فیس کے بارے میں معلومات کے لیے براہ کرم مالیاتی گوشواروں کے نوٹس ملاحظہ فرمائیں۔

مستقبل کا منظر نامہ اور امکانات:

آگے دیکھتے ہوئے ہم مستقبل کے بارے میں محتاط طور پر پرامید ہیں۔ ہم پیداواری صلاحیت کو زیادہ مؤثر انداز میں بڑھا کر مصنوعات میں جدت، صارفین کے اطمینان اور آپریشنل بہترین کارکردگی کو ترجیح دیتے رہیں گے۔ کمپنی کی بہترین کارکردگی اور صارفین کے اطمینان کے لیے اہل گن برقرار رہی ہے۔ ان مشکل حالات میں بھی ہمارے صارفین کا غیر متزلزل اعتماد ہمارے لیے محرک قوت بنا ہوا ہے۔

اظہار تشکر:

بورڈ آف ڈائریکٹرز اپنے شیئرز اور صارفین کی مسلسل سرپرستی اور اعتماد پر دلی شکر یہ ادا کرتا ہے، جس نے FRCL کو صنعت میں ایک سرکردہ برانڈ بنایا ہے۔ ہم FRCL کی پوری ٹیم، بشمول اپنے عملے، معزز بینکاروں اور وینڈرز کے مستقل تعاون اور کمپنی پر اعتماد کے لیے دلی شکر گزاری اور اعتراف کا اظہار کرنا چاہتے ہیں۔

بورڈ کی جانب سے

نمرہ خالد
ڈائریکٹر

ندیم خالد
چیف ایگزیکٹو

تاریخ: 17 اکتوبر 2026

پشاور

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

FRONTIER CERAMICS LIMITED (FRCL) FOR THE YEAR ENDED JUNE 30, 2026

The Company has complied with the requirements of the Regulations in the following manner:

1. The Total number of directors are 7 as per the following:
 - a. Male: 05
 - b. Female: 02
2. The composition of the Board is as follows:

Category		Name
i.	Independent Director (including one Female Director)	Mrs. Shabina Anjum
		Muhammad Riaz Khan
ii.	Non-Executive Directors	Mr. Omer Khalid
		Mr. Javid Khalid
		Mr. Muhammad Nehmatullah Toor
iii.	Executive Directors	Mr. Zia Khalid
		Ms. Numrah Khalid

3. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating the minutes of meeting of the Board.
8. The Board has formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. As All the directors on the board have either acquired training program or are exempt from the requirement.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Sr#	Category	Names
01	Audit Committee	Mr. Muhammad Riaz Khan (Chairman)
		Mr. Omer Khalid (Member)
		Mr. Javid Khalid (Member)
02	HR and Remuneration Committee	Ms. Shabina Anjum (Chairperson)
		Ms. Numrah Khalid (Member)
		Mr. Javid Khalid (Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance. The functions of the Nomination and Risk Management Committee are being performed by the Board. Further, Board itself and through its Audit Committee regularly reviews business risk and ensures that risk mitigation measures are robust. Therefore, separate committees for Nomination and Risk Management are not required. In addition, responsibilities pertaining to sustainability risks and opportunities have been added in the terms of reference of the Board Audit Committee and the Board provides governance and oversight in relation to the Company's initiatives on environmental, social and governance matters.
14. The frequency of meetings of the committees were as per following:
 - a) Audit Committee: Four quarterly meetings were held during the year ended June 30, 2026.
 - b) HR and Remuneration Committee: One meeting was held during the year ended June 30, 2026.
15. The Board has set up an effective internal audit function.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all regulations requirements of 3,6,7,8,27,32,33 and 36 of the regulations have been complied

19. Explanation for not rounding up the fractional number under Regulation 6(1) is as follows:

In a board comprising of 7 members, one third works out to be 2.33%, in which fraction is below half (i.e. 0.5). The fraction contained in such one-third is not rounded up to one. Company has qualified and experienced independent directors on the board who perform and carry out their responsibilities diligently.

20. Explanation of non-compliance with the requirements, other than regulations 3,6,7, 8,27,32,33 and 36 are below.

Sr. No	Matters	Explanation	Regulation No.
1	<u>Role of board and its members to address Sustainability Risks and Opportunities</u>	During the year, the Securities and Exchange Commission of Pakistan issued certain amendments (in relation to Regulation 10) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 through its notification dated June 12, 2024. These amendments will be applicable from 01 July, 2027 and will be performed in due course of time.	10A
2	<u>Directors' Training Program</u> It is encouraged that: All the directors have acquired prescribed training program as per the Code of Corporate Governance, with the following timelines: • 50% by June 30, 2020 • 75% by June 30, 2021 • 100% by June 30, 2022 Provided that Directors with 14 years of education and 15 years of board experience are exempt.	The Company has seven directors whereof one director is exempt from this requirement by virtue of his qualification and experience and four out of the remaining five directors have obtained DTP certification. Remaining one director have more than 14 years of experience as directors of the Company. By virtue of his experience, he will also not require for DTP once they complete the remaining term of qualification. One of the new director was appointed on Feb 17, 2025 and was required to complete his training on or before February 16, 2026 which he did not complete and will be completed on or before February 16, 2027.	19 (1)

3	<u>Directors' Report</u> (3) Companies are encouraged to provide the details of remuneration of individual directors in the annual report. However, such details were not specifically disclosed in the annual report.	In accordance with Clause 34, Subclause 3 of the Code of Corporate Governance, while companies are encouraged to disclose individual directors' remuneration in the annual report, the Company has opted not to provide these details due to confidentiality considerations, ensuring sensitive personal compensation information remains protected.	34[3]
4	<u>Disclosure of significant policies on website</u> The Company may post the following on its website: (1) key elements of its significant policies including but not limited to the following: (i) communication and disclosure policy; (ii) code of conduct for members of board of directors, senior management and other employees; (iii) risk management policy; (iv) internal control policy; (v) whistle blowing policy; and (vi) corporate social responsibility/sustainability/ environmental, social and governance related policy. None of the above-mentioned policies is available on the website. Under the mentioned clause, the company may post following on its website: (1) Brief synopsis of terms of reference of the Board's committees including: i. Audit Committee ii. HR and Remuneration Committee iii. Nomination Committee iv. Risk Management Committee (2) key elements of the directors' remuneration policy. However, the above have not been mentioned.	With reference to the observation in the context of Regulation 35 to the Listed Companies (Code of Corporate Governance) Regulation, 2019, we understand that the disclosure of Policies and synopsis of TORs (listed in the Regulations) on the Company's website are not mandatory, which may be placed by the management on its discretion. The Company will evaluate the need for placing these policies and TORs on Company's website in the ensuing year.	35

5	<u>Directors Orientation Program</u> All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.	In reference to the Regulation 18 of Listed Companies (Code of Corporate Governance) Regulations, 2019, all 7 directors were reelected on March 16, 2026 and are already familiar with their roles and responsibilities.	18

Nadeem Khalid
Chief Executive Officer
Date: October 07, 2026
Peshawar

Numrah Khalid
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
FRONTIER CERAMICS LIMITED**

**REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED
COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Frontier Ceramics Limited (the Company) for the year ended June 30, 2026 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

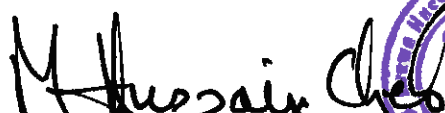
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2026.

We draw your attention to Clause 20 of the Statement of Compliance which mentions certain instances of non-compliance accompanied by explanation for the deviation with the Regulations of the Code of Corporate Governance.

Islamabad

Date: October 07, 2026.

UDIN: CR202610349SqkXTbf4


CROWE HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FRONTIER CERAMICS LIMITED**

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **FRONTIER CERAMICS LIMITED**, (the Company), which comprise the statement of financial position as at June 30, 2026, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for possible impact of the matter described in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2026 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As disclosed in Note 9.2 to the financial statements, the Board of Directors of the Company in a meeting held on October 07, 2025, has resolved to discontinue the Company's previously planned land acquisition for the new business unit and to withdraw from the Land Sale Agreement dated January 08, 2021, executed between the Company and the CEO. The total advance paid as of June 30, 2026, amounting to Rs. 750.837 million, out of which an amount of Rs. 200 million was required to be paid by May 31, 2026, while the balance amount would be settled subsequently upon mutual agreement between the parties, including consideration of the compensation sought in connection with the withdrawal from the Land Sale Agreement. The amount of Rs. 200 million was not settled by the agreed date and the Company and the CEO subsequently agreed to settle the amount by June 25, 2027.

The Company has continued to carry the advance at Rs. 750.837 million without recognizing any impairment allowance in accordance with IFRS 9 "Financial Instruments". Management has not carried out an impairment assessment to determine the recoverability of the aforesaid balance. Accordingly, in the absence of such assessment and sufficient appropriate audit evidence regarding the recoverability of the amount, we are unable to determine the amount of impairment, if any, that may be required against the carrying amount of the advance and the consequential impact on the statement of profit or loss, the statement of comprehensive income, the statement of financial position, and the statement of changes in equity.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



Emphasis of Matter – Restatement of Opening Balances

We draw attention to Note 5.26 to the financial statements, which explains the effect of restatement of deferred tax liability due to the incorrect application of rate. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following are the key audit matters

Key Audit Matter	How matter was addressed in our Audit
1. Revenue Recognition Refer to notes 5.15 and 30 to the financial statements. The Company is engaged in the production and sale of ceramic tiles. The Company has earned net revenue of Rs. 4,820.595 million for the year ended June 30, 2026. The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the risks and rewards have been transferred, resulting in a significant risk associated with revenue from an audit perspective. We considered revenue recognition as a key audit matter due to the significant risk associated with revenue recognition and being one of the key performance indicators of the Company.	Our key audit procedures included: - Assessed the design, implementation and operating effectiveness of the key controls over revenue recognition; - Performed analytical procedures over revenue transactions to identify trends and any unusual change in revenue; - Performed cut-off procedures to ensure revenue has been recorded in the correct period; - Tested a sample of sales from sales tax returns back to the underlying invoices and customer records and vice versa; - Tested journal entries relating to revenue recognized during the year based on identified risk criteria; and - Considered adequacy of related disclosures and assessed whether these are in accordance with the applicable accounting and reporting standards.
2. Stock in Trade Refer to Notes 5.6 and 11 to the financial statements. As at June 30, 2026, the Company holds stock in trade comprising raw materials, work in process and finished goods amounting to Rs. 469.403 million. Stock in trade is stated at the lower cost and net realizable value. The determination of net realizable value involves management judgment, particularly in assessing the expected selling prices, costs to completion and sale, and the identification of slow-moving or obsolete inventories. We considered this area as a key audit matter due to its size and the significant judgment involved in the valuation of stock in trade.	Our key audit procedures included: - Observed physical inventory count procedures and compared, on a sample basis, physically counted inventories with the inventories in valuation sheets provided by the management; and - Obtained an understanding of the process and procedures with respect to the specific items of the raw materials, work in process and finished goods; - Compared on a sample basis specific purchases and directly attributable costs with underlying supporting documents; - Checked the accumulation of costs at different stages of production to ascertain the valuation of finished goods on a sample basis; - Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting standards.

3. Related party transactions Refer to Notes 5.18 and 49 to the financial statements. The Company has significant long / short term lending and borrowings with the related parties, further significant amount of advance against land is also provided to related party. Due to the large number of transactions with the related parties, we consider it as an area of significant risk, and hence this was identified as key audit matter.	Our key audit procedures included: • Assessed the management controls over identification, capturing and recording of related party transactions. • Reviewed contract with related party against borrowings, lending, and advances for land; • Reviewed minutes of meeting of board of directors for the discussion and authorization of related party transaction; • Circulated confirmation request to the related parties regarding the transactions carried out with them and their balances as at year end; • Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting standards.
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard except for the possible impact of the matter described in the Basis for Qualified Opinion Section of our report.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the possible impact of the matter described in the Basis of Qualified Opinion Section of our report:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended June 30, 2025 were audited by another auditor who expressed a qualified opinion on those financial statements on October 13, 2025, due to the same basis as described in the Basis for Qualified Opinion Section of our audit report.

The engagement partner on the audit resulting in this independent auditor's report is C.A Habib.

Place: Islamabad
Dated: October 07, 2026
UDIN: AR2026103495iqBgarlR


CROWE HUSSAIN CHAUDHARY & CO.
(CHARTERED ACCOUNTANTS)



FRONTIER CERAMICS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

		2026	2025	1-July-24
	Note	Rupees	Restated Rupees	Rupees
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	2,283,388,262	2,431,024,130	2,645,028,257
Investment property	7	465,254	489,741	515,517
		2,283,853,516	2,431,513,871	2,645,543,774
Long term deposits	8	5,925,450	5,925,450	5,925,450
Long term advances	9	550,880,130	550,880,130	592,148,042
		2,840,659,096	2,988,319,451	3,243,617,266
CURRENT ASSETS				
Stores, spares and loose tools	10	199,713,939	233,692,687	275,632,704
Stock in trade	11	469,402,911	561,169,457	492,897,078
Trade debts	12	11,738,477	21,829,614	21,829,614
Other receivables	13	35,531,760	-	3,628,800
Due from related parties	14	1,105,179,894	236,469,796	-
Advances and deposits	15	74,619,884	71,010,671	65,692,331
Tax refunds due from Government	16	63,438,230	111,861,137	162,950,265
Taxation - net	17	-	-	28,490,906
Cash and bank balances	18	86,563,586	64,658,609	73,148,026
		2,046,188,681	1,300,691,971	1,124,269,724
TOTAL ASSETS		4,886,847,777	4,289,011,422	4,367,886,990
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	19	378,738,210	378,738,210	378,738,210
Discount on issue of right shares	20	(180,795,726)	(180,795,726)	(180,795,726)
		197,942,484	197,942,484	197,942,484
Revaluation surplus on property, plant and equipment	21	1,155,188,842	1,209,596,516	1,269,707,082
Unappropriated profits		637,228,809	417,627,957	307,380,063
		1,990,360,135	1,825,166,957	1,775,029,629
NON-CURRENT LIABILITIES				
Loan from related parties	22	24,973,995	118,740,891	533,262,876
Gas infrastructure development cess	23	-	-	-
Deferred liability	24	25,393,458	25,393,458	25,393,458
Deferred tax liability	25	407,550,083	450,285,338	382,938,517
		457,917,536	594,419,687	941,594,851
CURRENT LIABILITIES				
Unclaimed dividend		3,189,224	3,189,224	3,189,224
Current portion of long term financing	22	-	-	13,097,821
Current portion of GIDC payable	23	250,358,275	129,395,113	129,379,479
Current portion of liability under diminishing Musharaka	24	-	-	8,714,873
Due to related parties	26	-	1,891,360	37,576,325
Contract liability	27	819,014,622	744,354,190	836,755,119
Trade and other payables	28	1,366,007,985	990,594,891	622,549,669
		2,438,570,106	1,869,424,778	1,651,262,510
TOTAL LIABILITIES		2,896,487,642	2,463,844,465	2,592,857,361
TOTAL EQUITY AND LIABILITIES		4,886,847,777	4,289,011,422	4,367,886,990

CONTINGENCIES AND COMMITMENTS

29

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

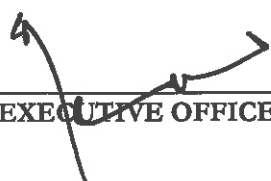
DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

		2026	2025
	Note	Rupees	Restated Rupees
Sales - net	30	4,820,595,814	4,390,409,288
Cost of sales	31	(4,497,109,257)	(3,989,523,886)
Gross profit		323,486,557	400,885,402
Distribution cost	32	(15,832,553)	(14,692,658)
Administrative expenses	33	(60,825,206)	(48,409,930)
Other operating expenses	34	(32,248,891)	(27,978,298)
Operating profit		214,579,906	309,804,516
Other income	35	92,375,944	5,852,387
Finance cost	36	(31,455,455)	(29,100,601)
Profit before levy and taxation		275,500,395	286,556,302
Levy	37	-	-
Profit before taxation		275,500,395	286,556,302
Taxation	38	(110,307,218)	(236,418,974)
Profit after taxation		165,193,178	50,137,328
Earnings per share - basic and diluted	39	4.36	1.32

The annexed notes from 1 to 54 form an integral part of these financial statements.


 CHIEF FINANCIAL OFFICER


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	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 profits	
Note	Rupees				
Balance as at June 30, 2024	378,738,210	(180,795,726)	1,269,707,082	307,380,063	1,775,029,629
Total comprehensive income for the year					
Profit for the year - Restated	-	-	-	50,137,328	50,137,328
Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation - net of deferred tax	21	-	(60,110,566)	60,110,566	-
Balance as at June 30, 2025	378,738,210	(180,795,726)	1,209,596,516	417,627,957	1,825,166,957
	378,738,210	(180,795,726)	1,209,596,516	417,627,957	1,825,166,957
Total comprehensive income for the year					
Profit for the year	-	-	-	165,193,178	165,193,178
Transfer from revaluation surplus on property, plant and equipment in respect of incremental depreciation - net of deferred tax	21	-	(54,407,674)	54,407,674	-
Balance as at June 30, 2026	378,738,210	(180,795,726)	1,155,188,842	637,228,809	1,990,360,135

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

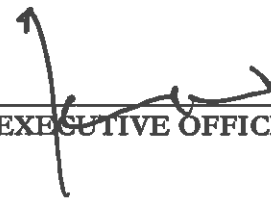
DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	Rupees	Restated Rupees
Profit after taxation	165,193,178	50,137,328
Other comprehensive income for the year	-	-
Items that will not be reclassified to profit or loss:	-	-
Items that may be reclassified to profit or loss	-	-
Total comprehensive income for the year	165,193,178	50,137,328

The annexed notes from 1 to 54 form an integral part of these financial statements.


 CHIEF FINANCIAL OFFICER

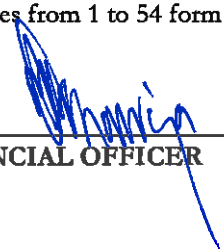

 CHIEF EXECUTIVE OFFICER


 DIRECTOR

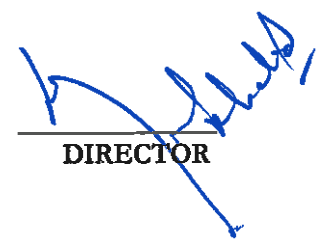
FRONTIER CERAMICS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

		2026	2025
	Note	Rupees	Restated Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows before working capital changes	40	630,453,603	533,315,606
Changes in working capital:			
(Increase)/decrease in current assets:			
Stores, spares and loose tools		33,978,748	41,940,017
Stock in trade		91,766,546	(68,272,379)
Trade debts		(378,977)	-
Other receivables		(35,531,760)	-
Due from related parties		(868,710,098)	(236,469,796)
Advances and deposits		(3,609,213)	(5,318,340)
Increase/(decrease) in current liabilities:			
Current portion of GIDC payable		-	15,634
Due to related parties		1,623,816	(35,684,965)
Contract liability		74,660,432	(92,400,929)
Trade and other payables		353,090,616	351,076,096
		(353,109,890)	(45,114,662)
Cash generated from operations		277,343,713	488,200,944
Finance cost paid	36	(6,974,963)	(3,943,983)
Taxes paid	17	(104,619,565)	(89,492,119)
Net cash generated from operating activities		165,749,185	394,764,842
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6	(44,404,121)	-
Advances paid for purchase of land		-	41,267,912
Acquisition of investment property	7	-	-
Net cash used in investing activities		(44,404,121)	41,267,912
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		-	(13,097,821)
Repayment of liability under diminishing musharaka		-	(8,714,873)
Receipt of loan from related parties	22	59,060,000	164,961,151
Payment of loan from related parties	22	(158,500,087)	(587,670,628)
Net cash used in financing activities		(99,440,087)	(444,522,171)
Net increase/(decrease) in cash and cash equivalents		21,904,977	(8,489,417)
Cash and cash equivalents at the beginning of the year		64,658,609	73,148,026
Cash and cash equivalents at the end of the year	18	86,563,586	64,658,609

The annexed notes from 1 to 54 form an integral part of these financial statements.


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 STATUS AND NATURE OF BUSINESS

Frontier Ceramics Limited (the Company) was incorporated in July 1982 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017). Shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

Business Unit	Geographical Location
Registered Office and Manufacturing Unit	29-Industrial Estate, Jamrud Road, Peshawar, Pakistan
Sales Offices	29-Industrial Estate, Jamrud Road, Peshawar; Pearl Plaza; and Toyota Rawal Motors Building, near Sawan Camp, GT Road, Rawalpindi.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees (Rs. / Rupees), which is the Company's functional and presentation currency.

3.4 Material accounting estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

- Useful lives, residual values and depreciation method of property, plant and equipment and investment property - Note 5.1(a), 5.2, 6.1 and 7
- Revaluation surplus - Note 5.1c & 21
- Provision for impairment of inventories - Note 5.6 and 11
- Provision for impairment of stores and spares - Note 5.5 and 10
- Measurement of ECL allowance for trade debts - Note 5.7 and 12.1
- Provision for GIDC charges - Note 23
- Provision for taxation and recognition of deferred tax assets - Note 5.11, 17 and 25
- Estimation of contingent liabilities - Note 5.23 and 29

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2026

The following standards, amendments, and interpretations are effective for the year ended June 30, 2026. These standards, amendments and interpretations are either irrelevant to the Company's operations or are not expected to significantly impact the Company's financial statements other than certain additional disclosures.

**Effective Date -
Annual Periods**

IAS 21: The Effects of Changes in Foreign Exchange Rates (Amendments)	January 01, 2025
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4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

**Effective Date -
Annual Periods**

IFRS 1, 7, 9, 10 and IAS 7	Annual Improvements to IFRS Accounting Standards	January 01, 2026
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	July 01, 2027
IFRS S2	Climate-Related Disclosures	July 01, 2027
IFRS 18	Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 01, 2027

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

The management anticipates that, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the unconsolidated financial statements other than in presentation / disclosures. Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2026;

IFRS 1 First Time Adoption of International Financial Reporting Standards

IFRIC 12 Service Concession Arrangement

The management believes that adoption of the new standards, amendments and interpretations, which are in issue but not yet effective, is not likely to have any material impact, on the recognition, measurement, presentation and disclosure of items in the financial statements for current and future periods and foreseeable future transactions.

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant and equipment

a) Operating fixed assets

Operating fixed assets except for freehold land, building and plant and machinery are stated at cost less accumulated depreciation or impairment, if any. Freehold land, building and plant and machinery are stated at cost / revalued amount less accumulated depreciation or impairment, if any.

Depreciation is charged on the basis of written down value method whereby cost or revalued amount of an asset is written off over its useful life without taking into account any residual value. Full month depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets.

Major renewals and repairs are capitalised and the assets so replaced are retired. Minor renewals or replacement, maintenance and repairs are charged to the statement of profit or loss as and when incurred. Gains or losses on disposal of property, plant and equipment are accounted for as profit or loss for the year.

Amount equivalent to incremental depreciation charged on revalued assets is transferred from revaluation surplus on building and plant and machinery net of deferred taxation to retained earnings (unappropriated profits).

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each statement of financial position date.

Disposal of assets is recognised when significant risks and rewards incidental to the ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

b) Capital work in progress

Capital work in progress is stated at cost and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

c) Revaluation surplus on property, plant and equipment

Any revaluation increase arising on the revaluation of land, buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as Revaluation surplus on property, plant and equipment, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The revaluation surplus on buildings and plant and machinery to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profits.

5.2 Investment property

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the statement of profit or loss on reducing balance basis so as to write-off the historical cost of assets over their estimated useful life. Depreciation is charged from the month of acquisition up to the month preceding the disposal of investment property. Rental income is recognised on accrual basis.

Investment properties are derecognised, when either they have been disposed off, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the cost of subsequent accounting is the carrying amount at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

5.3 Impairment

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and groups. Impairment losses are recognised as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognised. A reversal of impairment loss is recognised in the statement of profit or loss.

5.4 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with leases with a lease term of 12 months or less and leases of low-value assets are recognised as an expense in the statement of profit or loss.

5.5 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the moving average method. Items in transit are valued at cost, comprising invoice value plus other charges incurred thereon.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as operating fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

The Company reviews the carrying amount of stores and spares on a periodic basis and provision is made for slow moving items and for obsolescence on periodic basis.

5.6 Stock in trade

Stock in trade, except stock in transit, is valued at lower of cost and net realisable value. Cost is determined as follows:

- | | |
|-------------------|--|
| - Raw materials | - at moving average method except stock in transit |
| - Work in process | - at cost of material plus proportionate production overheads |
| - Finished goods | - at cost of material as above plus proportionate production overheads |

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to be incurred in order to make the sale.

 Stock in transit is valued at cost comprising invoice value plus other charges thereon.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

5.7 Trade debts

Trade debts are recognised and carried at original invoiced amount which is the fair value of the consideration to be received in future. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL), which uses a lifetime expected loss allowance for trade debts. The Company was required to revise its impairment methodology under IFRS 9 for trade debts.

5.8 Loans, advances and other receivables

These are recognised at cost, which is the fair value of the consideration given. The Company assesses on a forward looking basis the expected credit losses associated with advances, deposits and other receivables. The Company applies the general approach for calculating lifetime expected credit losses for its loans, advances, deposits and other receivables recognised. The life time expected credit loss is determined at least annually. However, an assessment is made at each reporting date to determine whether there is an indication that a financial asset or a group of financial assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and impairment loss is recognised for the difference between the recoverable amount and the carrying value.

5.9 Cash and bank balances

Cash in hand and at banks is carried at nominal amount.

5.10 Share capital

Share capital is classified as equity and recognised at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

5.11 Taxation

Income tax expense for the year comprises current and deferred tax and is recognized in profit or loss except to the extent that relates to items recognized directly in comprehensive income or equity, in which case it is recognized in comprehensive income or equity.

a) Current

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the year end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on the Company is also as per the applicable rates as per the Income Tax Ordinance, 2001. However, in case of loss for the year, income tax expense is recognized as minimum taxliability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments. Current tax for current and prior years, to the extent unpaid is recognized as a liability. If the amount already paid irrespective of current and prior year exceeds the amount due to those years the excess recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management yearly evaluates positions taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

When minimum tax is higher than tax calculated on taxable profits, excess amount is recognized as levy under IFRIC 21 / IAS 37. Further, the Company shall also charge tax expense under levy when tax is calculated under final tax regime.

b) Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future years to utilise deductible temporary differences, unused tax losses and tax credits.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax is charged or credited in the statement of profit or loss, except in case where the item to which the deferred tax asset or liability pertains, is recorded in comprehensive income or equity, the corresponding deferred tax charge is also recognized in other comprehensive income or equity.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at rates that are expected to apply to the year when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profits / (tax losses) of the years in which temporary differences are expected to be reversed.

c) Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

5.12 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowing costs on long term finances and short term borrowings which are specifically obtained for the acquisition of qualifying assets are capitalised as part of cost of those assets. All other borrowing costs are charged to the statement of profit or loss in the period in which these are incurred.

5.13 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

5.14 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at an appropriate discount rate wherever required. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

5.15 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognised when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

The Company recognizes revenue based of the following principles:

- identification of customer contracts;
- identification of performance obligation;
- determination of transaction price in the contract;
- allocation of price to performance obligation;
- recognition of revenue when the performance obligations are fulfilled.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

5.15.1 Revenue from contracts with customers

a) Sale of goods

Sale of goods is recognised when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

b) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

c) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs its performance obligations under the contract.

d) Others

Rental income is recognised on an accrual basis.

5.16 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.17 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash at bank and short term investments with maturity of not later than three months at known amount in rupees.

5.18 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

5.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

5.20 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

i) Financial assets

The Company classifies its financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI), and
- Fair value through profit or loss (FVPL)

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortised cost.

a) Amortised cost

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Impairment

The Company recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

ii) Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or amortised cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Derecognition

The financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

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NOTES TO THE FINANCIAL STATEMENTS
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iii) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognised amounts and the Company intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

iv) Derivative financial instruments

These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not apply hedge accounting for any derivatives.

Any gain or loss from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to the statement of profit or loss.

5.21 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Executive Management Committee i.e., the Chief Operating Decision Maker (CODM), that includes Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5.22 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses are included in the statement of profit or loss.

5.23 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.24 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 recognised as an expense in the statement of profit or loss on a straight line basis over the ijarah (lease) term.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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5.25 Staff retirement benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company. The accounting policy for provident fund is described below:

Defined Contribution Plan

A defined contribution plan is post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognised as an employee benefit expense in the statement of comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in further payments is available.

The Company operates a defined contribution plan in the form of unrecognised provident fund scheme for all eligible employees. Contributions to the fund are made monthly at the rate of 10% of basic salary by the Company and the employees. The Company's contributions are recognised as employee benefit expense when they are due. If the contribution payments exceed the contribution due for service, the excess is recognised as an asset.

5.26 Effect of Restatement

During the preparation of the financial statements for the year ended June 30, 2026, it was identified that deferred tax liability was misstated in the prior period. The error primarily arose from the incorrect application of rate of 29% instead of the applicable tax rate of 37%. In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the comparative amounts for the years ended June 30, 2025 have been restated, and the cumulative effect of the error has been adjusted against the retained earnings. The effect of the restatement on the relevant financial statement line items is summarized in the table below:

Impact on statement of financial position

	Amount previously reported	Effect of restatement June 30, 2025	Amount as restated
Deferred tax liability	352,926,346	97,358,992	450,285,338
Revaluation surplus on property, plant and equipment	1,201,961,278	7,635,238	1,209,596,516

Impact on statement of profit or loss

Taxation	139,059,982	97,358,992	236,418,974
		2026	2025
		Rupees	Rupees

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	<u>2,283,388,262</u>	<u>2,431,024,130</u>
		<u>2,283,388,262</u>	<u>2,431,024,130</u>

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

6.1 PROPERTY, PLANT AND EQUIPMENT

Description	Note	Owned												ROU Asset	Grand total	
		Freehold land	Factory building	Plant and machinery						Furniture and fixtures	Office equipment	Computers	Vehicles	Total		Vehicles
				Imported	Local	Electrification	Casting benches	Laboratory ware	Generators							
Rupees																
Net carrying value basis																
Year ended June 30, 2026																
Opening net book value (NBV)		600,000,000	483,526,428	1,243,168,296	3,319,729	19,864,710	110,589	8,540	37,387,612	23,046	142,160	15,855	43,457,165	2,431,024,130	-	2,431,024,130
Additions		-	-	42,004,121	-	-	-	-	-	-	-	2,400,000	-	44,404,121	-	44,404,121
Disposals		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge		-	(48,352,643)	(125,810,642)	(663,946)	(993,235)	(11,059)	(1,708)	(7,477,522)	(4,609)	(28,435)	(4,757)	(8,691,433)	(192,039,989)	-	(192,039,989)
Closing net book value		600,000,000	435,173,785	1,159,361,775	2,655,783	18,871,475	99,530	6,832	29,910,090	18,437	113,725	2,411,098	34,765,732	2,283,388,262	-	2,283,388,262
Gross carrying value basis																
As at June 30, 2026																
Cost / revalued amount		600,000,000	849,099,970	2,340,451,710	17,934,804	33,801,365	478,082	202,552	89,442,826	2,696,361	4,917,744	2,780,940	116,440,278	4,058,246,632	-	4,058,246,632
Accumulated depreciation		-	(413,926,185)	(1,181,089,935)	(15,279,021)	(14,929,890)	(378,552)	(195,720)	(59,532,736)	(2,677,924)	(4,804,019)	(369,842)	(81,674,546)	(1,774,858,370)	-	(1,774,858,370)
Net book value		600,000,000	435,173,785	1,159,361,775	2,655,783	18,871,475	99,530	6,832	29,910,090	18,437	113,725	2,411,098	34,765,732	2,283,388,262	-	2,283,388,262
Net carrying value basis																
Year ended June 30, 2025																
Opening net book value (NBV)		600,000,000	537,251,587	1,381,298,107	4,149,661	20,910,221	122,877	10,675	46,734,515	28,808	177,700	22,650	30,964,762	2,621,671,563	23,356,694	2,645,028,257
Additions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred from leased assets		-	-	-	-	-	-	-	-	-	-	-	(37,343,999)	(37,343,999)	37,343,999	-
Accumulated depreciation		-	-	-	-	-	-	-	-	-	-	-	13,987,305	13,987,305	(13,987,305)	-
Transfers		-	-	-	-	-	-	-	-	-	-	-	23,356,694	23,356,694	(23,356,694)	-
Depreciation charge		-	(53,725,159)	(138,129,811)	(829,932)	(1,045,511)	(12,288)	(2,135)	(9,346,903)	(5,762)	(35,540)	(6,795)	(10,864,291)	(214,004,127)	-	(214,004,127)
Closing net book value		600,000,000	483,526,428	1,243,168,296	3,319,729	19,864,710	110,589	8,540	37,387,612	23,046	142,160	15,855	43,457,165	2,431,024,130	-	2,431,024,130
Gross carrying value basis																
Cost / revalued amount																
Cost / revalued amount		600,000,000	849,099,970	2,298,447,589	17,934,804	33,801,365	478,082	202,552	89,442,826	2,696,361	4,917,744	380,940	116,440,278	4,013,842,511	-	4,013,842,511
Accumulated depreciation		-	(365,573,542)	(1,055,279,293)	(14,615,075)	(13,936,655)	(367,493)	(194,012)	(52,055,214)	(2,673,315)	(4,775,584)	(365,085)	(72,983,113)	(1,582,818,381)	-	(1,582,818,381)
Net book value		600,000,000	483,526,428	1,243,168,296	3,319,729	19,864,710	110,589	8,540	37,387,612	23,046	142,160	15,855	43,457,165	2,431,024,130	-	2,431,024,130
Annual rate of depreciation		-	10%	10%	20%	5%	10%	20%	20%	20%	20%	30%	20%	-	20%	-

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		2026 Rupees	2025 Rupees
6.2 Total depreciation			
Depreciation on property, plant and equipment		192,039,989	214,004,127
Depreciation on investment property	7.1	24,487	25,776
		<u>192,064,476</u>	<u>214,029,903</u>
Allocation of depreciation			
Cost of sales		186,303,179	206,801,951
Distribution cost		2,868,405	3,601,088
Administrative expenses	6.2.1	2,892,892	3,626,864
		<u>192,064,476</u>	<u>214,029,903</u>
6.2.1 Administrative expenses			
Depreciation on property, plant and equipment		2,868,405	3,601,088
Depreciation on investment property	7.1	24,487	25,776
		<u>2,892,892</u>	<u>3,626,864</u>

6.3 Free hold land of the Company is located at 29-Industrial Estate, Jamrud Road, Peshawar, Pakistan. Details of factory and residential buildings of the company constructed on this land are as follows:

Location	Particulars	Covered Area (sq. ft.)
29-Industrial Estate, Jamrud Road, Peshawar Pakistan	Main factory building including material godown, store room, Kiln area, workshops and other civil works.	575,211
	Workers' accommodations, guard rooms, Store and Masjid.	14,811
		<u>590,022</u>

6.4 Revaluation of freehold land, building and plant and machinery

6.4.1 The Company has adopted the revaluation model for subsequent measurement of freehold land, building and plant and machinery. During October 31, 2023, the Company carried out revaluation of its assets through independent valuer M/s Indus Surveyor (Private) Limited on the basis of market value as disclosed in note 44.2. Further details of revaluation carried out by the Company to date are as follows:

Name of independent valuer	Date of revaluation	Revaluation surplus Rupees
M/s Indus Surveyors (Private) Limited	October 31, 2023	337,125,189
M/s K.G Traders (Private) Limited	October 22, 2020	578,033,224
M/s K.G Traders (Private) Limited	June 30, 2019	643,554,757
M/s Mughal Associates	June 30, 2015	128,039,030
M/s Mughal Associates	May 21, 2012	35,560,289
M/s Mughal Associates	June 30, 2010	353,104,564
M/s Industrial Consultants and Machinery Linkers	June 08, 2004	66,359,632
M/s Global Engineers (Private) Limited	August 25, 1996	283,925,776

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6.4.2 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	2026 Rupees	2025 Rupees
Freehold land	3,518,245	3,518,245
Factory building	4,867,603	5,408,448
Plant and machinery		
Imported	109,257,721	76,386,013
Local	281,783	352,229
Electrification	2,263,672	2,382,813
Casting benches	31,537	35,042
Laboratory ware	592	740
Generators	6,716	8,395
	111,842,022	79,165,232
	120,227,870	88,091,925

6.4.3 The forced sale value of the revalued property has been assessed at Rs. 2,325 million.

	Note	2026 Rupees	2025 Rupees
7 INVESTMENT PROPERTY			
Office building	7.1	465,254	489,741

7.1 The movement in this head is as follows:

Year ended June 30, 2026

Net carrying value basis

Opening net book value (NBV)	489,741	515,517
Depreciation charge	(24,487)	(25,776)
Closing net book value	465,254	489,741

Gross carrying value basis

Cost	2,648,885	2,648,885
Accumulated depreciation	(2,183,631)	(2,159,144)
Net book value	465,254	489,741

Annual rate of depreciation	5%	5%
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7.2 This represents two offices bearing no. 102 and 103 measuring 1,200 Sq. Ft. each, situated at 1st Floor, Kashif Center, 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 million (2025: Rs. 7 million) at year end.

7.3 Depreciation on this property is calculated using written down value method and is charged to administrative expenses.

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	2026 Rupees	2025 Rupees
8 LONG TERM DEPOSITS		
Peshawar Electric Supply Company	1,403,200	1,403,200
Faisalabad Electric Supply Company	350,000	350,000
Sui Northern Gas Private Limited	4,062,000	4,062,000
WAPDA	48,250	48,250
Office security	30,000	30,000
Others	32,000	32,000
	5,925,450	5,925,450

- 8.1 These deposits are for indefinite time period. Therefore, these are carried at cost as the impact of amortisation is not material in respect of these financial statements.

	Note	2026 Rupees	2025 Rupees
9 LONG TERM ADVANCES			
Balance at start of the year		43,536	972,448
Adjusted during the year		-	(928,912)
	9.1	43,536	43,536
Advance against land	9.2	750,836,594	750,836,594
Less: current portion classified under due from related parties		(200,000,000)	(200,000,000)
		550,836,594	550,836,594
Balance at end of the year		550,880,130	550,880,130

- 9.1 This represents unsecured, interest-free advance given to related parties, Toyota Rawal Motors (Private) Limited and Rawal Industrial Equipment (Private) Limited, for the lease of vehicles for employees. This balance will be adjusted against the salaries of employees of the Company. These are not amortised as per IFRS 9 as the impact of amortisation is not material in respect of these financial statements.

- 9.2 The Board of Directors of the Company, in its meeting held on January 07, 2021, decided in principle to avail the opportunity of initially acquiring 1,031 kanals of land situated off CPEC Highway and Jand-Mianwali Road, Mouza Masan, Tehsil and District Mianwali, from a related party, Mr. Nadeem Khalid (Chief Executive Officer), under agreed payment terms spread over a period of five years.

Last year, the Company reassessed its future expansion plans and, considering the prevailing market conditions and the level of market saturation, concluded that expansion through establishment of a new business unit was not considered commercially feasible. Accordingly, the Company decided then to withdraw from the Land Sale Agreement, subject to approval of the Board of Directors.

Subsequent to year ended June 30, 2025, the Board of Directors, in its meeting held on October 07, 2025, approved the withdrawal from the said Land Sale Agreement. At that time, it was agreed between the Company and the counterparty that an amount of Rs. 200 million out of the advance paid by the Company would be settled by May 31, 2026, while the balance amount would be settled subsequently upon mutual agreement between the parties, including consideration of the compensation sought by the counterparty in connection with the withdrawal from the Land Sale Agreement.

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Subsequently, the Company and the counterparty continued discussions for an equitable and mutually acceptable settlement of the matter. As a result of these discussions, the parties have mutually agreed that the repayment of Rs. 200 million, originally agreed to be settled by May 31, 2026, shall now be settled by June 25, 2027. The settlement of the remaining outstanding amount shall be made subsequently in accordance with the mutually agreed terms between the parties. The Company continues to engage with the counterparty with a view to concluding the settlement of the outstanding amount in accordance with the agreed terms.

	Note	2026 Rupees	2025 Rupees
10 STORES, SPARES AND LOOSE TOOLS			
Stores		198,861,691	232,676,267
Spare parts and loose tools	10.1	852,248	1,016,420
		<u>199,713,939</u>	<u>233,692,687</u>
10.1	Stores, spares and loose tools include 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 the cost of respective assets.		
10.2	The cost of stores, spares and loose tools recognized as expense amount to Rs. 519,140,814 (2025: Rs. 433,260,549)		
		2026 Rupees	2025 Rupees
11 STOCK IN TRADE			
Raw materials			
- Raw material store local		9,268,081	9,309,069
- Raw material stores imported		291,823,362	166,313,605
Work in process		27,963,319	60,627,122
Finished goods		140,348,149	324,919,661
		<u>469,402,911</u>	<u>561,169,457</u>
11.1	The cost of stock in trade recognized as expense amount to Rs. 970,637,482 (2025: Rs. 943,733,001)		
		2026 Rupees	2025 Rupees
12 TRADE DEBTS			
Unsecured - considered good			
Trade receivables		33,000,163	32,621,186
Allowance for expected credit loss	12.1	(21,261,686)	(10,791,572)
		<u>11,738,477</u>	<u>21,829,614</u>
12.1	Movement in allowance for expected credit loss		
Balance at start of the year		(10,791,572)	(10,791,572)
Charge for the year		(10,470,114)	-
Reversals during the year		-	-
Balance at end of the year		<u>(21,261,686)</u>	<u>(10,791,572)</u>

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	Note	2026 Rupees	2025 Rupees
12.2	The ageing of the gross trade debts at the reporting date is:		
	Neither past due nor impaired		
	Past due but not impaired		
	1-30 days		
	31-90 days		
	90-180 days		
	180-365 days		
	More than 365 days		
		33,000,163	32,621,186
		<u>33,000,163</u>	<u>32,621,186</u>
13	OTHER RECEIVABLES		
	Rent receivable	6,894,720	3,628,800
	Allowance for expected credit loss	-	(3,628,800)
	Sales tax refundable	28,637,040	-
		<u>35,531,760</u>	<u>-</u>
13.1	MOVEMENT IN ALLOWANCE FOR EXPECTED CREDIT LOSS		
	Opening	3,628,800	-
	Allowance recorded during the year	-	3,628,800
	Reversal during the year	(3,628,800)	-
	Closing	<u>-</u>	<u>3,628,800</u>
14	DUE FROM RELATED PARTIES		
	Current portion of long term advances	200,000,000	200,000,000
	Khalid and Khalid Holdings (Private) Limited	905,179,894	36,469,796
		<u>1,105,179,894</u>	<u>236,469,796</u>
14.1	Balance at start of the year	36,469,796	(3,445,876)
	Additions during the year	1,047,110,181	145,127,502
	Mark up	83,001,617	2,422,964
	Payments received during the year	(261,401,700)	(107,634,794)
	Balance at end of the year	<u>905,179,894</u>	<u>36,469,796</u>
14.2	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 1 year KIBOR + 3.25%. The maximum aggregate amount outstanding at the end of any month during the year was Rs. 900,682,713 (2025: Rs. 45,989,081).		
14.3	The ageing of the due from related parties-Khalid and Khalid Holdings (Private) Limited at the reporting date is:		

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	Note	2026 Rupees	2025 Rupees
Neither past due nor impaired		-	-
Past due but not impaired			
0-30 days		112,660,460	9,666,481
31-60 days		134,156,396	
31-90 days		8,910,282	26,803,315
91-180 days		576,513,164	
181-365 days		36,469,796	
More than 365 days		36,469,796	-
		<u>905,179,894</u>	<u>36,469,796</u>
15 ADVANCES AND DEPOSITS			
Unsecured - considered good			
Advance to suppliers	15.1	3,668,885	3,668,885
Security deposit	15.2	1,103,246	1,103,246
Advances to employees			
- against salaries		3,614,846	4,971,004
- against expenses		80,024	73,051
		<u>3,694,870</u>	<u>5,044,055</u>
Other advances			
- against letter of credit		5,817,325	17,218,727
- against letter of credit margin		20,096,696	12,071,696
- against letter of guarantee		40,238,862	31,904,062
		<u>66,152,883</u>	<u>61,194,485</u>
		<u>74,619,884</u>	<u>71,010,671</u>
15.1	Advances to suppliers are adjustable after the contract with the supplier is concluded.		
15.2	These are interest free deposit paid to Wages Authority under the Khyber Pakhtunkhwa Payment of Wages Act, 2013. The present value adjustment in accordance with IFRS 09 "Financial Instruments" is not considered material and hence not recognized.		
16 TAX REFUNDS DUE FROM GOVERNMENT			
Considered good			
Balance at start of the year		111,861,137	162,950,265
Transferred (to) / from taxation - net		(48,422,907)	(51,089,128)
Balance at end of the year		<u>63,438,230</u>	<u>111,861,137</u>
17 TAXATION - NET			
Opening balance		-	28,490,906
Prior year adjustment	38	1,927,329	(11,362,058)
		<u>1,927,329</u>	<u>17,128,848</u>
Adjusted against / (transferred to) tax refunds due from Government		48,422,907	51,089,128
		<u>50,350,236</u>	<u>68,217,976</u>
Provision for taxation / levy		(154,969,802)	(157,710,095)
Advance income tax		104,619,566	89,492,119
Closing balance		<u>-</u>	<u>-</u>

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

		2026 Rupees	2025 Rupees
18 CASH AND BANK BALANCES			
Cash in hand		95,024	112,750
Cash at bank - local currency			
Current accounts			
- conventional		12,736,805	31,828,070
- under shariah arrangements		579,831	2,265,271
Savings accounts			
- under shariah arrangements		73,151,926	30,452,518
18.1		86,468,562	64,545,859
		86,563,586	64,658,609

18.1 This includes balance of Rs. 73.152 million (2025: Rs. 30.453 million) held by the Company on account of provident fund contributions maintained in separate bank account as required by section 218 of the Companies Act, 2017. This balance is restricted for settlement of provident fund liabilities and is not available for the Company's operational use.

18.2 The saving accounts earn profit at floating rates ranging approximately from 9.15% to 18.5% (2025: 7.32% to 11.7%).

		2026 Rupees	2025 Rupees
19 SHARE CAPITAL			
19.1 Authorised share capital			
	Number of shares		
	2026	2025	
	75,000,000	75,000,000	
		750,000,000	750,000,000
	Ordinary shares of Rs. 10 each		
		2026 Rupees	2025 Rupees
19.2 Issued, subscribed and paid up capital			
	Number of shares		
	2026	2025	
	37,873,821	37,873,821	
		378,738,210	378,738,210
	Ordinary shares of Rs. 10 each fully paid in cash		
19.3	All ordinary share holders have same rights regarding dividend, voting, board selection, right of first refusal and block voting.		

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20 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 were 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 required by the repealed Companies Ordinance, 1984 (now Companies Act, 2017) were completed by the Company before issuance of the right shares.

	2026	2025
	Rupees	Restated Rupees
21 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		
Balance as at July 01,	1,449,272,847	1,544,686,444
Add: Revaluation surplus for the year	-	-
Less:		
Transferred to equity in respect of incremental depreciation charged during the year	54,407,674	60,110,566
Related deferred tax liability during the year transferred to the statement of profit or loss	31,273,702	35,303,031
	85,681,376	95,413,597
	<u>1,363,591,471</u>	<u>1,449,272,847</u>
Less:		
Related deferred tax effect:		
Balance as at July 01,	239,676,331	274,979,362
Revaluation during the year	-	-
Effect of change in rate	-	-
Incremental depreciation charged during the year transferred to the statement of profit or loss	(31,273,702)	(35,303,031)
	208,402,629	239,676,331
	<u>1,155,188,842</u>	<u>1,209,596,516</u>

- 21.1** The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	Note	2026	2025
		Rupees	Rupees
22 LOAN FROM RELATED PARTIES			
From associated person - unsecured	22.1	17,628,888	104,245,797
From associated companies - unsecured			
Rawal Industrial Equipment (Private) Limited	22.2.1	7,275,172	5,651,834
Toyota Rawal Motors (Private) Limited	22.2.2	69,935	8,843,260
		<u>24,973,995</u>	<u>118,740,891</u>

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	Note	2026 Rupees	2025 Rupees
22.1 From associated person - unsecured			
Balance at start of the year		104,245,797	106,619,974
Additions during the year		12,060,000	1,800,000
Mark up		(86,319,822)	309,823
Payments during the year		(12,357,087)	(4,484,000)
Balance at end of the year		17,628,888	104,245,797

This represents interest bearing unsecured loan and accumulated markup thereon received from Chief Executive Officer of the Company for working capital requirements. The loan carries mark up at the rate of 1 year KIBOR plus 2% per annum and was restructured on April 01, 2021. As per the revised terms, the borrower will accrue interest over the years for a grace period of six years after which the payment of principal amount stands due. Moreover, markup will be payable after the settlement of the principal amount.

	2026 Rupees	2025 Rupees
22.2 From associated companies - unsecured		
22.2.1 Rawal Industrial Equipment (Private) Limited		
Balance at start of the year	5,651,834	253,556,959
Additions during the year	-	14,072,182
Mark up	1,050,530	1,806,873
Adjusted during the year	1,147,808	-
Payments during the year	(575,000)	(263,784,180)
Balance at end of the year	7,275,172	5,651,834

22.2.2 Toyota Rawal Motors (Private) Limited

Balance at start of the year	8,843,261	173,085,943
Additions during the year	47,000,000	149,088,969
Mark up	1,159,306	6,070,796
Adjusted during the year	2,367,368	-
Payments during the year	(59,300,000)	(319,402,448)
Balance at end of the year	69,935	8,843,260

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 requirements of the Company. The loan was restructured on April 01, 2021 and carries mark up at the rate of 1 year KIBOR plus 2% per annum. As per the revised terms, the borrower will accrue interest over the years for a grace period of six years after which the payment of principal amount stands due. Moreover, markup will be payable after the settlement of the principal amount.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	2026 Rupees	2025 Rupees
23 GAS INFRASTRUCTURE DEVELOPMENT CESS		
Total GIDC Charges	129,395,113	129,379,479
Future finance cost	-	15,634
Additions	119,171,930	-
Surcharge during the year	1,791,232	-
Accumulated present value of GIDC	250,358,275	129,395,113
Less: current portion of GIDC	(250,358,275)	(129,395,113)
	-	-

- 23.1** 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 dismissed 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 Honourable Supreme Court of Pakistan held that GIDC is validly levied and allowed the Government to collect the amount in 24 equal instalments. 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 instalments (instead of 24 months, as mentioned in August 2020 order of the Supreme Court). The Federal Government has initiated the recovery of GIDC, and the Company has recognized outstanding GIDC dues amounting to Rs. 250.358 million based on the bill received from SNGPL in June 2026, including a late-payment surcharge of Rs. 1.791 million. Accordingly, the entire outstanding amount has been classified as a current liability as at June 30, 2026.

	Note	2026 Rupees	2025 Rupees
24 DEFERRED LIABILITY			
Staff retirement benefits - gratuity	24.1	25,393,458	25,393,458

- 24.1** The gratuity scheme provides terminal benefits to permanent employees of the Company who had completed at least six months of service on the basis of last drawn gross salary. However, management of the Company decided to replace gratuity with provident fund for its permanent employees from the 1st day of January 2021 and the Company will pay gratuity to its employees on the basis of valuation carried on by an independent valuer as on June 30, 2022. The Company has not paid any gratuity to its employees during the current and prior years. Because of replacement of gratuity with provident fund, accrual of further benefits ceased on June 30, 2022. Therefore the Company has not recalculated the liability against gratuity at year end.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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		2026	2025
	Note	Rupees	Restated Rupees
25 DEFERRED TAX LIABILITY			
Deferred tax liability	25.1	<u>407,550,083</u>	<u>450,285,338</u>
25.1	Deferred tax liabilities / (assets) arising due to temporary timing differences are as follows:		
		2026	2025
		Rupees	Rupees
Surplus on revaluation of fixed assets		208,402,629	239,676,331
Accelerated depreciation		216,006,765	223,816,264
Investment Property		169,817	181,204
Provision for gratuity		(9,268,612)	(9,395,579)
Allowance for expected credit loss		(7,760,515)	(3,992,882)
		<u>407,550,083</u>	<u>450,285,338</u>
Tax rate used		36.5%	37%
25.2	Movement in deferred tax balances is as follows:		
Balance at start of the year		450,285,338	382,938,517
Recognised in statement of profit or loss:			
Surplus on revaluation of fixed assets		(31,273,702)	(35,303,031)
Accelerated depreciation		(1,546,086)	109,609,579
Investment property		(8,939)	181,204
Right of use asset		-	(6,773,441)
Lease Liability		-	2,527,313
Effect of change in rate		(6,084,937)	-
Provision for gratuity		-	(2,031,477)
Allowance for expected credit loss		(3,821,592)	(863,326)
		<u>(42,735,255)</u>	<u>67,346,821</u>
Recognised in statement of comprehensive income:			
Surplus on revaluation of fixed assets		-	-
Balance at end of the year		<u>407,550,083</u>	<u>450,285,338</u>
26 DUE TO RELATED PARTIES			
Rawal Industrial Equipment (Private) Limited	26.1	-	1,147,808
Toyota Rawal Motors (Private) Limited	26.2	-	743,552
		-	<u>1,891,360</u>
26.1 Rawal Industrial Equipment (Private) Limited			
Balance at start of the year		1,147,808	26,622,808
Adjustment during the year		(1,147,808)	-
Payments made		-	(25,475,000)
Balance at end of the year		-	<u>1,147,808</u>

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	2026 Rupees	2025 Rupees
26.2 Toyota Rawal Motors (Private) Limited		
Balance at start of the year	743,552	7,507,641
Additions during the year	1,623,816	1,487,104
Payments made/adjusted during the year	(2,367,368)	(8,251,193)
Balance at end of the year	-	743,552

27 CONTRACT LIABILITY

Contract liability	819,014,622	744,354,190
	<u>819,014,622</u>	<u>744,354,190</u>

- 27.1** This represents amounts received from customers against their specific orders. During the year, sales amounting to the relevant advances were recognized upon satisfaction of the performance obligations. "Revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to Rs. 718.42 million (2025: Rs. 758.69 million)."

	Note	2026 Rupees	2025 Rupees
28 TRADE AND OTHER PAYABLES			
Trade creditors		496,893,673	408,897,551
Accrued liabilities		494,890,952	318,823,025
Old labour dues	28.1	3,256,878	3,256,878
Sales tax payable		8,576,954	10,093,963
Withholding income tax payable		53,315,767	17,394,984
Workers' profit participation fund	28.2	136,747,984	104,495,274
Workers' welfare fund	28.4	22,341,389	13,712,876
Provident fund payable	28.5	149,984,388	113,920,340
		<u>1,366,007,985</u>	<u>990,594,891</u>

- 28.1** This represents labour dues of old employees which relates to the period prior to the acquisition by current management of the Company. The dues were recorded in the year ended June 30, 2011, due to claims lodged against Company by workers and on receipt of notification from SECP in 2012.

	Note	2026 Rupees	2025 Rupees
28.2 Movement in workers' profit participation fund:			
Balance at start of the year		104,495,274	77,675,394
Interest for the year	28.3	15,214,514	10,726,972
Provision for the year		17,038,196	16,092,908
Paid during the year		-	-
Balance at end of the year		<u>136,747,984</u>	<u>104,495,274</u>

- 28.3** Markup is calculated on balance available to the Company for its business operations at the rate higher of 2.5% above the bank rate or 75% of the rate on which dividend is declared on ordinary shares, as per provisions of The Companies Profits (Workers Participation) Act, 1968.

FRONTIER CERAMICS LIMITED
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	2026 Rupees	2025 Rupees
28.4 Movement in workers' welfare fund:		
Balance at start of the year	13,712,876	7,066,915
Provision for the year	8,628,513	8,481,971
Paid during the year	-	(1,836,010)
Balance at end of the year	<u>22,341,389</u>	<u>13,712,876</u>

28.5 With effect from January 01, 2021, the Company has opted provident fund for staff retirement benefits covering all permanent and regular employees as per registered provident fund rules and regulations.

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Frontier Ceramics Limited vs. G.M. of Sui Northern Gas Pipelines Limited

The above-titled case is pending before the Gas Utility Court. The principal parties are Frontier Ceramics Limited (petitioner) and the G.M. of Sui Northern Gas Pipelines Limited (respondent). The Company contends that, pursuant to an amendment in the law, it is no longer liable to pay further tax or additional tax reflected in the gas bills. The total amount involved is Rs. 10,000,000.

29.1.2 G.M. of Sui Northern Gas Pipelines Limited vs. Frontier Ceramics Limited

The above-titled case is pending before the Gas Utility Court, Peshawar. The principal parties are the G.M. of Sui Northern Gas Pipelines Limited (claimant) and Frontier Ceramics Limited (respondent). The claim for recovery has been raised on the basis of actions attributable to the previous management. The total claim amounts to Rs. 1,822,622. The Company has submitted its reply and the case is fixed for replication by SNGPL.

29.1.3 Shameem Akhter vs. Frontier Ceramics Limited

The above-titled case is pending before the Wages Authority / Labour Court. The principal parties are Shameem Akhter (applicant) and Frontier Ceramics Limited (respondent). The applicant claims that the Company is liable to pay Rs. 797,778. The case is presently fixed before the Labour Court.

29.1.4 Amer Zada vs. Frontier Ceramics Limited

The above-titled case is pending before the Wages Authority. The principal parties are Amer Zada (applicant) and Frontier Ceramics Limited (respondent). The applicant claims that the Company is liable to pay Rs. 400,000. The case is fixed before the Wages Authority for recording of evidence.

29.1.5 Frontier Ceramics Limited and others vs. Noman Ghani

This is a recovery suit pending before the Honourable High Court. The principal parties are Noman Ghani (plaintiff) and Frontier Ceramics Limited and others (respondents). The original claim was Rs. 1,248,172. The plaintiff subsequently applied for amendment of the plaint seeking an enhanced amount of Rs. 20,000,000 together with 18% current bank interest, alleging mental torture and damages. The Court allowed the amendment of the plaint. An execution petition filed by Noman Ghani is also pending before the High Court. Based on legal advice, the total amount actually involved and the issue in controversy remain confined to the original claim of Rs. 1,248,172.

FRONTIER CERAMICS LIMITED
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29.1.6 Frontier Ceramics Limited vs. Federation of Pakistan

The Company filed a writ petition concerning GIDC of approximately Rs. 11 million. The principal parties are Frontier Ceramics Limited (petitioner) and the Federation of Pakistan (respondent). The Company (together with other units) had previously challenged the GIDC Act, 2011, which was declared illegal by the Supreme Court. The Company has also challenged the subsequent GIDC legislation. The writ petition remains pending.

29.1.7 Muhammad Iqbal vs. Frontier Ceramics Limited

This is a recovery suit against the Company. The total claim is Rs. 1,711,817. The suit was decided in favour of the Company and is now pending in revision before the Honourable High Court.

29.1.8 Noman Ghani vs. Frontier Ceramics Limited

This is the execution petition filed by Noman Ghani. The case is pending before the Honourable High Court.

29.1.9 Bank guarantees

Guarantees have been issued by Bank Al Habib Limited on behalf of the Company in the normal course of business in favour of PARCO, PESCO and M/s Sui Northern Gas Pipelines Limited, aggregating to Rs. Million 339.48 (2025: Rs. 256.13 million).

	Note	2026 Rupees	2025 Rupees
29.2 Commitments			
The Company has the following commitments:			
- against letter of credit			
- against import of raw materials		132,637,716	113,746,555
- against import of stores and spares		38,281,590	-
- against import of plant & machinery		32,364,000	
		<u>203,283,306</u>	<u>113,746,555</u>

30 SALES - NET

Gross sales - tiles		5,867,816,442	5,345,847,855
Less:			
Trade discounts	30.1	(149,091,868)	(135,806,538)
Sales tax		(898,128,760)	(819,632,029)
		<u>4,820,595,814</u>	<u>4,390,409,288</u>

- 30.1** This represents trade discount to specific customers. The ceramics industry was included in The Third Schedule of Sales Tax Act, 1990 through Finance Bill 2019-2020. This shifted the responsibility of the Company to charge sales tax on the retail price. Previously sales tax was charged on the ex-factory price i.e. excluding dealer margin from the retail price.

FRONTIER CERAMICS LIMITED
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	Note	2026 Rupees	2025 Rupees
31 COST OF SALES			
Raw material consumed	31.1	970,637,482	943,733,001
Stores, spares and loose tools consumed	31.2	519,140,814	433,260,549
Gas and electricity		2,067,773,953	2,108,061,688
Depreciation	6.2	186,303,179	206,801,951
Salaries, wages and other benefits	31.5	408,071,615	388,487,817
Traveling and conveyance		1,318,074	1,025,040
Repairs and maintenance		805,130	265,375
Ijarah payments	31.4	85,128	4,874,621
Insurance		1,728,479	2,433,748
GIDC expense		120,963,162	15,634
Miscellaneous	31.3	3,046,926	1,722,802
		4,279,873,942	4,090,682,226
Work in process			
Opening		60,627,122	53,121,269
Closing		(27,963,319)	(60,627,122)
		32,663,803	(7,505,853)
Finished goods			
Opening		324,919,661	231,267,174
Closing		(140,348,149)	(324,919,661)
		184,571,512	(93,652,487)
		4,497,109,257	3,989,523,886
31.1 Raw material consumed			
Opening stock		175,622,674	208,508,635
Add: purchases		1,096,106,251	910,847,040
Less: closing stock		(301,091,443)	(175,622,674)
		970,637,482	943,733,001
31.2 Stores, spares and loose tools consumed			
Opening stock		233,692,687	275,632,704
Add: purchases		485,162,066	391,320,532
Less: closing stock		(199,713,939)	(233,692,687)
		519,140,814	433,260,549
31.3 Miscellaneous			
Internet expenses		1,295,866	810,742
Mobile expense		17,600	12,200
Postage and shipping		114,586	18,183
Printing and stationery		18,500	19,810
Professional tax		1,000,000	741,867
Medical		87,292	-
Sales tax penalty		513,082	120,000
		3,046,926	1,722,802

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31.4 The amount of Rs. 85,128 represents NOC charges paid for the transfer of motor vehicles from OLP Modaraba upon completion of the Ijarah arrangements. During the previous year, the amount of Rs. 4,874,621 represented Ijarah payments for motor vehicles taken under Ijarah arrangements from OLP Modaraba. Under the respective agreements, the Ijarah arrangements commenced in July 2021 for a period of three years, with Ijarah payments of Rs. 887,143 payable in 36 monthly instalments.

31.5 Salaries, wages and other benefits include an amount of Rs. 13,592,588 (2025: Rs. 12,799,425) in respect of staff retirement benefits.

	Note	2026 Rupees	2025 Rupees
32 DISTRIBUTION COST			
Salaries, allowances and benefits	32.1	12,480,894	10,716,065
Communication and travel expense		438,595	375,505
Printing and repair expense		44,659	-
Depreciation	6.2	2,868,405	3,601,088
		<u>15,832,553</u>	<u>14,692,658</u>

32.1 Salaries, wages and other benefits include an amount of Rs. 209,534 (2025: Rs. 170,889) in respect of staff retirement benefits.

	Note	2026 Rupees	2025 Rupees
33 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	33.1	42,736,549	37,802,829
Fee and subscription		91,435	58,586
Rent, rates and taxes		2,089,497	1,367,104
Utilities		120,000	120,000
Communication		166,682	195,135
Printing, postage and stationary		392,478	169,209
Advertisement expense		179,762	139,961
Depreciation	6.2	2,892,892	3,626,864
Traveling and conveyance		247,816	403,507
Vehicle running and maintenance		252,969	401,381
Entertainment		842,343	219,095
Repairs and maintenance		342,669	277,459
Provision against doubtful receivables	13	10,470,114	3,628,800
		<u>60,825,206</u>	<u>48,409,930</u>

33.1 Salaries, allowances and benefits include an amount of Rs. 764,526 (2025: Rs. 634,843) in respect of staff retirement benefits.

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NOTES TO THE FINANCIAL STATEMENTS
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		2026	2025
	Note	Rupees	Rupees
34 OTHER OPERATING EXPENSES			
Worker's welfare fund		8,628,513	8,481,971
Workers profit participation fund		17,038,196	16,092,908
Auditors' remuneration	34.1	1,683,000	1,480,000
Legal and professional charges		4,150,488	1,852,169
Penalty		-	71,250
Exchange loss		748,694	-
		<u>32,248,891</u>	<u>27,978,298</u>
34.1 Auditors' remuneration			
Annual audit fee		925,000	900,000
Review of half year financial statements		250,000	180,000
Tax services		150,000	142,857
Statutory certifications		-	36,500
Out of pocket expense		159,250	157,675
		<u>1,484,250</u>	<u>1,417,032</u>
Sales tax		198,750	62,968
		<u>1,683,000</u>	<u>1,480,000</u>
35 OTHER INCOME			
Rental income		3,265,920	-
Reversal of provision for expected credit loss		3,628,800	-
Markup		83,001,617	2,422,964
Others	35.1	2,479,607	3,429,423
		<u>92,375,944</u>	<u>5,852,387</u>
35.1	This represents only the exchange gain realized during the year 2026 amounting to Rs. 2.48 million. The amount of Rs. 3.43 million for 2025 represents the amount received on sub-lease of vehicles obtained under ijarah agreement to employees.		
		2026	2025
	Note	Rupees	Rupees
36 FINANCE COST			
Mark up / interest on:			
Letter of guarantee margin		6,621,146	2,075,058
Workers' profit participation fund		15,214,512	10,726,972
Provident fund		7,107,966	6,242,154
Long term financing			
From financial institutions		-	1,577,048
From related party	22.2	2,158,014	8,187,492
		<u>2,158,014</u>	<u>9,764,540</u>
Bank charges		353,817	291,877
		<u>31,455,455</u>	<u>29,100,601</u>

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		2026	2025
	Note	Rupees	Rupees
37	LEVY		
	Minimum tax differential	37	

37.1 This represents minimum tax under section 113 of the Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21 / IAS 37.

		2026	2025
	Note	Rupees	Rupees
38	TAXATION		
	Provision for taxation		
	Current year	154,969,802	157,710,095
	Prior year adjustment	(1,927,329)	11,362,058
	Deferred	25 (42,735,255)	67,346,821
		110,307,218	236,418,974

38.1 Reconciliation between accounting profit and tax expense for the year is as follows:

	2026	2025
	Rupees	Rupees
Profit before levy and taxation	275,500,395	286,556,302
Applicable tax rate	29%	29%
Tax on profit before levy and taxation	79,895,115	83,101,328
Effect of expenses, which are not deductible for tax purposes but are taken to statement of profit or loss	72,800,689	75,203,585
Tax effect of expenses, which are deductible for tax purposes but are not taken to statement of profit or loss	(29,569,112)	(32,439,444)
Effect of unabsorbed tax depreciation from previous years which is deductible for tax purposes but is not taken to statement of profit or loss	-	(2,876,882)
Effect of super tax 7.5% (2025: 8%)	31,843,110	34,721,509
Effect of prior year tax	(1,927,329)	11,362,058
Effect of deferred tax	(42,735,255)	67,346,821
	110,307,218	236,418,974

FRONTIER CERAMICS LIMITED
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FOR THE YEAR ENDED JUNE 30, 2026

39 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2026	2025
			Restated
	Note	Rupees	Rupees
Profit after taxation (Rs.)		165,193,178	50,137,328
Weighted average (number of shares)		37,873,821	37,873,821
Earnings per share - basic and diluted (Rs.)	39.1	4.36	1.32

39.1 There were no convertible / dilutive potential ordinary shares outstanding at June 30, 2026 and June 30, 2025.

		2026	2025
			Restated
	Note	Rupees	Rupees
40 CASH FLOWS BEFORE WORKING CAPITAL CHANGES			
Profit before levy and taxation		275,500,395	286,556,302
Adjustment for non-cash items:			
Depreciation	6.2	192,064,476	214,029,903
Provision against doubtful receivables	12	10,470,114	3,628,800
Finance cost	36	31,455,455	29,100,601
Gas infrastructure development cess		120,963,162	-
		354,953,207	246,759,304
		630,453,603	533,315,606

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41 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOW ARISING FROM FINANCING ACTIVITIES

	Liabilities				Total
	Liability under diminishing Musharaka	Long term financing	Loan from related parties	Unclaimed dividend	
	----- Rupees -----				
Balance as at June 30, 2024	8,714,873	13,097,821	533,262,876	3,189,224	558,264,794
Changes from financing cash flows:					
Receipt of loan from related parties	-	-	164,961,151	-	164,961,151
Repayment of obligations	(8,714,873)	(13,097,821)	(587,670,628)	-	(609,483,322)
Total changes from financing activities	(8,714,873)	(13,097,821)	(422,709,477)	-	(444,522,171)
Other changes					
Liability related					
Markup for the year	-	-	8,187,492	-	8,187,492
Total liability - related changes	-	-	8,187,492	-	8,187,492
Equity related					
Total equity related other changes	-	-	-	-	-
Balance as at June 30, 2025	-	-	118,740,891	3,189,224	121,930,115
Changes from financing cash flows:					
Receipt of loan from related parties	-	-	59,060,000	-	59,060,000
Repayment of obligations	-	-	(158,500,087)	-	(158,500,087)
Total changes from financing activities	-	-	(99,440,087)	-	(99,440,087)
Other changes					
Liability related					
Markup for the year	-	-	2,158,014	-	2,158,014
Other Non-cash adjustments	-	-	3,515,177	-	3,515,177
Total liability - related changes	-	-	5,673,191	-	5,673,191
Equity related					
Total equity related other changes	-	-	-	-	-
Balance as at June 30, 2026	-	-	24,973,995	3,189,224	28,163,219

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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42 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarised as follows:

2026	Total	Interest / mark up bearing		Subtotal	Non interest / markup bearing
		Maturity up to one year	Maturity after one year		
		Rupees			
Financial assets					
Carried at amortised cost					
Long term deposits	5,925,450	-	-	-	5,925,450
Trade debts	11,738,477	-	-	-	11,738,477
Other receivables	6,894,720	-	-	-	6,894,720
Due from related parties	1,105,179,894	905,179,894	-	905,179,894	200,000,000
Advances and deposits	40,238,862	-	-	-	40,238,862
Cash and bank balances	86,563,586	73,151,926	-	73,151,926	13,411,660
	1,256,540,989	978,331,820	-	978,331,820	278,209,169
Financial liabilities					
Carried at amortised cost					
Loan from related parties	24,973,995	-	24,973,995	24,973,995	-
Gas infrastructure development cess	250,358,275	250,358,275	-	250,358,275	-
Unclaimed dividend	3,189,224	-	-	-	3,189,224
Trade and other payables	995,041,503	-	-	-	995,041,503
	1,273,562,997	250,358,275	24,973,995	275,332,270	998,230,727
On statement of financial position gap	(17,022,008)	727,973,545	(24,973,995)	702,999,550	(720,021,558)
Off statement of financial position items					
Financial commitments:					
Letter of credits	203,283,306	-	-	-	203,283,306
Against purchase of land	-	-	-	-	-
	203,283,306	-	-	-	203,283,306
Total Gap	(17,022,008)	727,973,545	(24,973,995)	702,999,550	(720,021,558)

FRONTIER CERAMICS LIMITED
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2025	Total	Interest / mark up bearing			Non interest / markup bearing
		Maturity up to one year	Maturity after one year	Subtotal	
Rupees					
Financial assets					
Carried at amortised cost					
Long term deposits	5,925,450	-	-	-	5,925,450
Trade debts	21,829,614	-	-	-	21,829,614
Other receivables	-	-	-	-	-
Due from related parties	236,469,796	236,469,796	-	236,469,796	-
Advances and deposits	33,007,308	-	-	-	33,007,308
Cash and bank balances	64,658,609	30,452,518	-	30,452,518	34,206,091
	361,890,777	266,922,314	-	266,922,314	94,968,463
Financial liabilities					
Carried at amortised cost					
Long term financing	-	-	-	-	-
Loan from related parties	118,740,891	-	118,740,891	118,740,891	-
Gas infrastructure development cess	129,395,113	129,395,113	-	129,395,113	-
Liability under diminishing Musharaka	-	-	-	-	-
Unclaimed dividend	3,189,224	-	-	-	3,189,224
Due to related parties	1,891,360	-	-	-	1,891,360
Trade and other payables	730,977,454	-	-	-	730,977,454
	984,194,042	129,395,113	118,740,891	248,136,004	736,058,038
On statement of financial position gap	(622,303,265)	137,527,201	(118,740,891)	18,786,310	(641,089,575)
Off statement of financial position items					
Financial commitments:					
Letter of credits	113,746,555	-	-	-	113,746,555
Against purchase of land	383,263,406	-	-	-	383,263,406
	497,009,961	-	-	-	497,009,961
Total Gap	(622,303,265)	137,527,201	(118,740,891)	18,786,310	(641,089,575)

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

43.1 Risk management policies

The Company's objective in managing risks is the creation and protection of shareholders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

43.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

a) Exposure to credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments. The management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted. The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at June 30, 2026, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

Description	Note	2026 Rupees	2025 Rupees
Long term deposits	8	5,925,450	5,925,450
Trade debts	12	33,000,163	32,621,186
Other receivables	13	6,894,720	3,628,800
Due from related parties	14	1,105,179,894	236,469,796
Advances and deposits	15	40,238,862	33,007,308
Bank balances	18	86,468,562	64,545,859
		<u>1,277,707,651</u>	<u>376,198,399</u>

FRONTIER CERAMICS LIMITED
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	2026 Rupees	2025 Rupees
The aging of gross trade debts at the reporting date is:		
Neither past due nor impaired	-	-
Past due but not impaired	-	-
1-30 days	-	-
31-90 days	-	-
90-180 days	-	-
180-365 days	-	-
More than 365 days	33,000,163	32,621,186
	33,000,163	32,621,186

All the trade debts at statement of financial position date are domestic parties.

	2026 Rupees	2025 Rupees
The aging of gross loan from related party at the reporting date is:		
Neither past due nor impaired	-	-
Past due but not impaired	-	-
1-30 days	112,660,460	9,666,481
31-90 days	134,156,396	26,803,315
60-90 days	8,910,282	
90-80 days	576,513,164	
180-365 days	36,469,796	
More than 365 days	236,469,796	200,000,000
	1,105,179,894	236,469,796

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Sales made to certain customers are secured through letters of credit.

b) Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are operated in largely independent markets. The credit risk on liquid funds is limited because the counter parties are either banks (with reasonably high credit ratings) and trade receivables for which the exposure is spread over a large number of counter parties.

FRONTIER CERAMICS LIMITED
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The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Bank	Rating Agency	Long term Rating	Short term Rating	2026	2025
				Rupees	Rupees
Bank Alfalah Limited	PACRA	AAA	A1+	549,886	2,235,042
Bank AL Habib Limited	PACRA	AAA	A1+	5,318,832	4,259,252
Habib Metropolitan Bank Limited	PACRA	AAA	A1+	891,751	413,313
MCB Bank Limited	PACRA	AAA	A1+	529,467	606,306
Al Baraka Bank Limited	VIS	AA-	A1	500	-
Faysal Bank Limited	VIS	AA+	A1+	976,448	1,934,230
Habib Bank Limited	VIS	AAA	A1+	75,130	-
Meezan Bank Limited	VIS	AAA	A1+	4,161,289	20,620,473
Alfalah Asset Management Limited	PACRA	AM1	N/A	73,133,903	30,434,496
AL Habib Islamic Income Fund	PACRA	AA(f)	N/A	18,023	18,023
United Bank Limited	VIS	AAA	A1+	742,945	3,940,890

43.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining year as at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

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43.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to price risk.

a) Currency risk

Foreign currency risk is the risk that the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company believes that it is not exposed to currency risk as there are no foreign currency financial assets or financial liabilities.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

		2026	2025
	Note	Carrying amount	
		Rupees	
Fixed rate instrument			
Gas infrastructure development cess	23	-	129,395,113
Variable rate instruments			
Loan from related parties	22	24,973,995	118,740,891
Due from related parties	14	1,105,179,894	236,469,796
Saving accounts balance	18	73,151,926	30,452,518
		<u>24,973,995</u>	<u>118,740,891</u>

c) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) the profit / (loss) for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for prior year.

	100bp Increase	100bp Decrease
As at June 30, 2026		
Cash flow sensitivity - Variable rate financial liabilities	<u>249,740</u>	<u>(249,740)</u>
As at June 30, 2025		
Cash flow sensitivity - Variable rate financial liabilities	<u>1,187,409</u>	<u>(1,187,409)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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44 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transactions.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9. The carrying amount of trade debts and payables is assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, if relevant.

44.1 Fair value hierarchy

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset directly that is, derived from prices
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

- 44.2** The Company had revalued its freehold land, buildings, and plant and machinery on October 31, 2023. Fair value of freehold land, buildings, plant and machinery are based on the valuation carried out by an independent valuer M/s Indus Surveyor (Private) Limited. The revaluation surplus / (loss) as per valuation report are as follows:

	2024
	Rupees
Description	
Freehold land	120,000,000
Factory building	217,221,810
Plant and Machinery	(96,621)
	<u>337,125,189</u>

- 44.3** Fair value of land, buildings, and plant and machinery are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 2 fair values - Land and Building

M/s Indus Surveyor (Private) Limited carried out inspection / survey, detail enquiries and verifications from various estate agents, brokers and builders / developers and keeping in view the location of the property, utilisation size, shape, state of infrastructure and current trends in prices of real estate in the vicinity.

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Valuation techniques used to derive level 2 fair values - Plant and Machinery

For the valuation of machineries installed / available at premises, after taking its available specifications such as make, model capacity, etc., and with the help of photographs, the valuers have enquired present market value of similar machinery in new as well as in similar condition from various local authorised dealers who deal in old and new similar machineries. Replacement value was then ascertained from competitive rates of the machines. Thereafter, an average depreciation factor was applied on the replacement value of the machines.

- 44.4** Had there been no revaluation, the net book value of the specific classes of operating assets has been disclosed in Note 6.4.2.

44.5 Interest rate used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortised cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

45 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment. All sales of the Company comprise of sale of wall tiles, floor tiles and other building material products.

All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

46 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

Capital for the reporting periods under review is summarised as follows:

	2026	2025
	Rupees	Rupees
Equity	1,990,360,135	1,825,166,957
Long term financing	24,973,995	118,740,891
Gearing ratio	1.24%	6%

47 PLANT CAPACITY AND PRODUCTION

During the year, the tile production capacity attained was 6,057,085 sq. meters (2025: 6,115,536 sq. meters) against annual manufacturing capacity of 7,800,000 sq. meters (2025: 7,800,000 sq. meters). Low capacity is mainly due to gas supply shortage and depressed economic conditions in the country for the construction sector.

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2026	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Rupees							
Loan from related parties	24,973,995	24,973,995	-	-	24,973,995	-	-
Gas infrastructure development cess	250,358,275	250,358,275	250,358,275	-	-	-	-
Unclaimed dividend	3,189,224	3,189,224	1,594,612	1,594,612	-	-	-
Due to related parties	-	-	-	-	-	-	-
Trade and other payables	995,041,503	995,041,503	497,520,752	497,520,752	-	-	-
	<u>1,273,562,997</u>	<u>1,273,562,997</u>	<u>749,473,639</u>	<u>499,115,364</u>	<u>24,973,995</u>	<u>-</u>	<u>-</u>
2025	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Rupees							
Loan from related parties	118,740,891	118,740,891	-	-	118,740,891	-	-
Gas infrastructure development cess	129,395,113	129,395,113	129,395,113	-	-	-	-
Unclaimed dividend	3,189,224	3,189,224	1,594,612	1,594,612	-	-	-
Due to related parties	1,891,360	1,891,360	1,891,360	-	-	-	-
Trade and other payables	730,977,454	730,977,454	365,488,727	365,488,727	-	-	-
	<u>984,194,042</u>	<u>984,194,042</u>	<u>498,369,812</u>	<u>367,083,339</u>	<u>118,740,891</u>	<u>-</u>	<u>-</u>

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48 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of The Fourth Schedule of the Companies Act, 2017, relating to "All Shares Islamic Index".

48.1 FINANCING STRUCTURE / MODE

Conventional mode:

Assets

Short-term lending
Bank Balance

2026 Rupees	2025 Rupees
1,105,179,894	236,469,796
12,736,805	31,828,070
1,117,916,699	268,297,866

Liabilities

Due to Related Parties
Long-term financing

-	1,891,360
24,973,995	118,740,891
24,973,995	120,632,251

Shariah compliant mode:

Assets

Short-term lending
Cash and bank balances

-	-
73,731,757	32,717,788
73,731,757	32,717,788

Liabilities

Loan/advances obtained as per Islamic mode

Loans

Contract liabilities
Short-term payable

-	-
819,014,622	744,354,190
1,366,007,985	990,594,891
2,185,022,607	1,734,949,081

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48.2 SHARIAH COMPLIANCE DISCLOSURE

	June 30, 2026			June 30, 2025		
	Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
Statement of Profit or Loss	(Rupees).....			(Rupees).....		
Sales - net	-	4,820,595,814	4,820,595,814	-	4,390,409,288	4,390,409,288
Other income			-			-
Profit earned from conventional loan -						
Short term lending	83,001,617	-	83,001,617	2,422,964	-	-
Rental Income	-	3,265,920	3,265,920	-	-	-
Reversal of provision for doubtful debts	-	3,628,800	3,628,800	-	-	-
Profit earned from shariah compliant						
bank deposit	-	-	-	-	-	-
Exchange gain earned	-	-	-	-	-	-
Others	2,479,607	-	2,479,607	-	3,429,423	3,429,423
Gain/Loss or dividend earned from shariah						
compliant investments	-	-	-	-	-	-
Finance costs	31,455,455	-	31,455,455	29,100,601	-	29,100,601
Markup paid on Islamic mode of financing -						
Ijarah	-	85,128	85,128	-	4,874,621	4,874,621
	116,936,679	4,827,575,662	4,944,512,341	31,523,565	4,398,713,332	4,427,813,933

48.3 The Company has working relation with First Habib Modaraba under Islamic windows. There is no other bank balance / investments which carry any interest or markup arrangements.

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49 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS, AND EXECUTIVES

- a) The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to Chief Executive, Directors and Executives of the Company are given below:

	2026				2025			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	----- Rupees -----							
Managerial remuneration	4,590,000	2,044,670	4,932,687	11,567,357	4,466,036	1,619,307	4,588,554	10,673,897
Utilities	1,020,000	454,371	1,096,153	2,570,524	992,452	359,846	1,019,679	2,371,977
House rent	4,590,000	2,044,670	4,932,687	11,567,357	4,466,036	1,619,307	4,588,554	10,673,897
Total	10,200,000	4,543,712	10,961,526	25,705,238	9,924,524	3,598,460	10,196,786	23,719,771
Number of persons	1	7	4	12	1	7	4	12

- b) The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to Executive Directors and Non Executive Directors of the Company are given below:

	2026			2025		
	Executive Directors	Non Executive Directors	Total	Executive Directors	Non Executive Directors	Total
	----- Rupees -----					
Managerial remuneration	3,743,712	800,000	4,543,712	3,012,160	586,300	3,598,460
Number of persons	2	5	7	2	5	7

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50 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

50.1 Related parties include major shareholders, directors, entities with common directorship, key management personnel and entities over which the directors are able to exercise significant influence. All transactions with related parties are carried out at mutually agreed terms as approved by the Board of Directors of the Company.

Name of the related party	Relationship	Transactions during the year	2026 Rupees	2025 Rupees
Toyota Rawal Motors (Private) Limited	Associated company by virtue of common directorship	Interest on long term borrowings	1,159,306	6,070,796
		Long term borrowing received	47,000,000	149,088,969
		Long term borrowing repaid	59,300,000	319,402,448
		Utilities	120,000	120,000
		Rental for building	1,503,814	1,367,104
		Rent Paid/Adjusted	2,367,368	-
		Loan from related party	69,935	8,843,260
Rawal Industrial Equipment (Private) Limited	Associated company by virtue of common directorship	Interest on long term borrowings	1,050,530	1,806,873
		Long term borrowing received	-	14,072,182
		Long term borrowing repaid	575,000	263,784,180
		Adjusted during the year	1,147,808	-
		Loan from related party	7,275,172	5,651,834
Mr. Nadeem Khalid	Chief Executive	Interest on long term borrowings	(86,319,822)	309,823
		Long term borrowing received	12,060,000	1,800,000
		Long term borrowing repaid	12,357,087	4,484,000
		Advances for land paid during the year	-	159,661,000
		Advances for land closing balance	750,836,594	750,836,594
		Loan from related party	17,628,888	104,245,797
Khalid and Khalid Holdings (Private) Limited	Associated company by virtue of common directorship	Interest on short term lending	83,001,617	2,422,964
		Short term lending paid	1,047,110,181	145,127,502
		Short term lending received	261,401,700	107,634,794
		Due (from) / to related party	(905,179,894)	(36,469,796)

50.2 Compensation to key management personnel

 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executives (Note 49)". There are no transactions with key management personnel other than under their terms of employment.

FRONTIER CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	-----Number-----	
51 NUMBER OF EMPLOYEES		
Total number of employees at the year end	<u>707</u>	<u>732</u>
Average number of employees during the period	<u>720</u>	<u>745</u>

52 **CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation.

53 **DATE OF AUTHORISATION**

These financial statements are authorised for issue by the Board of Directors of the Company on 07 OCT 2026.

54 **GENERAL**

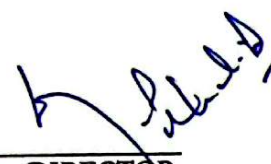
 Figures have been rounded off to the nearest rupee.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED

Pattern of Shareholding

As of June 30, 2026

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
SANAH KHALID	2	6,915,174	18.26
NADEEM KHALID	2	7,237,768	19.11
MR. OMER KHALID	2	6,750,739	17.82
JAVAID KHALID	2	1,957,500	5.17
AMERA KHALID	1	6,750,739	17.82
NUMRAH KHALID	1	6,750,739	17.82
SHAZIA KHALID	1	2,446	0.01
ZIA KHALID	1	2,446	0.01
MS. SHABINA ANJUM	1	200	0.00
MR. MUHAMMAD RIAZ KHAN	1	200	0.00
MR. MUHAMMAD NEHMATULLAH TOOR	1	100	0.00
Associated Companies, undertakings and related parties	-	-	-
NIT & ICP	1	39,700.00	0.10
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.	2	106200	0.28
Insurance Companies	2	142500	0.38
Modarabas and Mutual Funds	1	14500	0.04
General Public			
a. Local	957	1163419	3.07
Foreign Individuals	7	6172	0.02
OTHERS	9	33279	0.09
Total	994	37,873,821	100.00

Share holders holding 10% or more	Shares Held	Percentage
SANAH KHALID	6,915,174	18.26
NADEEM KHALID	7,237,768	19.11
MR. OMER KHALID	6,750,739	17.82
AMERA KHALID	6,750,739	17.82
NUMRAH KHALID	6,750,739	17.82

FRONTIER CERAMICS LIMITED**Pattern of Shareholdings****as at June 30, 2026**

# Of Shareholders	Shareholdings'Slab	Total Shares Held	
212	1	100	9,088
603	101	500	267,928
56	501	1000	53,653
74	1001	5000	197,519
14	5001	10000	108,739
8	10001	15000	102,413
4	15001	20000	68,846
2	20001	25000	41,355
3	35001	40000	113,300
5	40001	45000	221,804
1	45001	50000	49,700
1	55001	60000	58,917
1	65001	70000	68,600
2	95001	100000	199,500
1	160001	165000	164,435
1	1955001	1960000	1,957,000
1	2315001	2320000	2,320,000
1	4430001	4435000	4,430,739
3	6750001	6755000	20,252,217
1	7185001	7190000	7,188,068
994			37,873,821

PROXY FORM

I/We _____
of _____,
being a member(s) of FRONTIER CERAMICS LIMITED and a holder of _____
ordinary Shares as per share Register Folio No. _____.
herby appoint Mr. _____
of _____ of failing him
Mr. _____
of _____ who is also
a member of FRONTIER CERAMICS LIMITED Vide Folio No. _____ as my proxy in my/our absence to attend
and vote for me/us and on my /our behalf at the Fortieth Annual General Meeting of the Company to be held on Monday
October 28, 2025 at 9:00 am Company's Registered Office situated at 29-Industrial Estate, Jamrud Road, Peshawar.

Signed by said _____

Witness: _____
(Signature)

Name: _____

Address: _____

CNIC No: _____

Witness _____
(Signature)

Name _____

Address: _____

CNIC No: _____

**Please affix
Rs. 5/- (Revenue Stamp)**

Signature of member(s) _____

Note:

1. Duly completed forms of proxy must be deposited with the Company Secretary at the Frontier ceramics Limited Registered Office situated at 29-Industrial Estate, Jamrud Road, Peshawar.no later than 48 hours before the time fixed for the meeting.
2. Proxy must be given to a person who is a member of the Company, except in the case of Companies where the proxy may be given to any of its employee for which certified true copy of Power of Attorney and / or Board Resolution with regard to appointment of proxy should be attached.
3. In case the proxy is the beneficial owner of CDC, an attested copy of his / her CNIC or Passport must be enclosed.
4. The proxy shall produce his / her valid original CNIC or original passport at the time of the meeting.
5. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid



پراکسی فارم

میں/ہم _____ بطور ممبر فرانٹیر سرائکس لمیٹڈ اور عارضی شیئرز _____ رجسٹرڈ فلیو نمبر _____ اپنی جانب سے جناب _____ کے تحت ممبر ہیں اور میرے نمائندے کے طور پر کمیٹی کی 41 ویں سالانہ جنرل میٹنگ میں شرکت کر کے ووٹ دے سکتے ہیں جس کا انعقاد بروز بدھ 28 اکتوبر 2026ء کو صبح 09:00 بجے فرانٹیر سرائکس لمیٹڈ فیکٹری 29-انڈسٹریل اسٹیٹ جمر روڈ پشاور میں ہوگا۔

(پانچ روپے والے ریونیو اسٹیپ پر
دستخط)

1- نام: _____

دستخط: _____

پتہ: _____

شناختی کارڈ/پاسپورٹ نمبر: _____

1- نام: _____

دستخط: _____

پتہ: _____

شناختی کارڈ/پاسپورٹ نمبر: _____

مورخہ: _____

نوٹ:

- 1- پراکسی فارم مکمل کر کے کمپنی کے رجسٹرڈ آفس واقع (فرانٹیر سرائکس لمیٹڈ فیکٹری 29-انڈسٹریل اسٹیٹ جمر روڈ پشاور) میں میٹنگ سے کم از کم 48 گھنٹے قبل جمع کروائیں۔
- 2- پروکسی لازمی طور پر اس شخص کو مقرر کیا جائے گا جو کہ اس کمپنی کا ممبر ہو سوائے کمپنیز کی صورت میں کہ جہاں یہ پروکسی اس کے کسی ملازم کو بھی نامزد کیا جاسکتا ہے جس کے لئے تصدیق شدہ مختار نامے یا بورڈ کی قرارداد کی نقل پر کسی (نائب) کی تقرری کے سلسلے میں لازمی منسلک کی جائے گی۔
- 3- اگر پروکسی سی ڈی سی کا سینیفشری اور نہ تو اس کے قومی شناختی کارڈ نمبر یا پاسپورٹ کی تصدیق شدہ نقل لازمی طور پر منسلک کی جائے گی۔
- 4- یہ پروکسی (نائب) اجلاس عام کے وقت اپنا اصل جائز العمل قومی شناختی کارڈ یا پاسپورٹ لازمی پیش کرے گا۔
- 5- اگر کوئی ممبر ایک سے زیادہ پروکسی اور ایک سے زیادہ انسٹرومنٹس آف پروکسی کمپنی کے پاس کسی ممبر کی جانب سے جمع کرواتا ہے تو ایسے تمام انسٹرومنٹس آف پروکسی عمل درآمد کے لئے ناجائز قرار دے دیئے جائیں گے۔