

FRONTIER CERAMICS LIMITED



Financial Statements
For the Third Quarter &
Nine Months Ended
March 31, 2019

COMPANY INFORMATION

BOARD OF DIRECTORS

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Chief Executive Officer

Mr. Nadeem Khalid

Chief Financial Officer

Mr. Muhammad Ali
muhammad.ali@forte.com.pk

Company Secretary

Mr. Rehman Khan Sherwani
rehman.khan@forte.com.pk (Appointed on June 05, 2018)

Mr. Azhar Mehmood
azhar.mehmood@forte.com.pk (Resigned on June 05, 2018)

Head of Internal Audit

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

Bankers

Conventional Banks

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

Islamic Banks

Bank Al Habib Islamic Limited
Bank Alfiah Islamic Limited
Silk Emaan Islamic Bank Limited
UBL Ameen Limited

Auditors

M/S BDO Ebrahim & Co Chartered Accountants
4th Floor, Saeed Plaza, 22 East, Jinnah Avenue,
Blue Area, Islamabad.

Legal Advisor

Mr. Ishtiaq Ahmed
Advocate & Legal Consultant
Flat No. 42, Block C, 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.

Lahore Sales Office

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

Website

www.forte.com.pk

or scan QR code



VISION AND MISSION STATEMENT

VISION STATEMENT

To become industry leader by instilling ethical and moral values, honest practices according to the Principles of Islam, offering the best innovative, competitive and quality products, ensuring direct benefit for all stake holders.

MISSION STATEMENT

- Deliver un-paralleled value to customers by continuous striving and to exceed their expectations;
- Under the guiding principles of Islam, to inculcate the culture of honest practices, ethical and moral values in our employees;
- Special emphasis on workforce, health, safety, environment. Constant motivation of employees by fair benevolence;
- To ensure reasonable growth and profits of the Group, to the shareholders on their investment; and
- The Group will assert efforts towards the social development of society and be instrumental in the industrial growth of Pakistan.

FRONTIER CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS

FOR THE THIRD QUARTER & NINE MONTHS PERIOD ENDED MARCH 31, 2019

Dear Shareholders:

The Directors of your Company have the pleasure in presenting to you the financial results of your Company, duly reviewed by the auditors, for the nine months period ended March 31, 2019

Financial performance

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

Particulars

- Sales - Net at Rs. 664.02m Higher by 33.21% vs. previous Rs. 498.49m
- Cost of Sale at Rs. 599.41m Higher by 53.70% vs. previous Rs. 390.00m
- Gross Profit at Rs. 64.61m lower by 40.45% vs. previous Gross Profit Rs. 108.49m
- Operating profit at Rs. 36.30m Lower by Rs 54.73% vs. previous operating profit Rs. 80.19m
- Profit per Share decrease to Rs. 0.05 vs. previous Profit per share 1.74

During the period company sold 1,549,550 Sqm tiles vs 1,371,566 Sqm tiles, of corresponding period. Sales prices of tiles remain un-changed during the period.

This fiscal year started with unpredictable circumstances due to general Election followed by economic imbalance which restrict the growth of the company as compared to previous period.

As Regard auditor's qualification about gratuity, company is working for different options of staff retirements benefits and shall announce either to opt for gratuity or provident fund as per the requirement of law.

Future outlook and challenges

The local tile Industry is massively hit by the high input cost and import friendly ITPs and duty structure. Strengthening local tile industry well not only stimulate all the direct and indirect affiliated commerce but also increase the contribution to the national exchequer.

The company continually strive to combat the inundation of imported tiles the country market, cementing the company's stance and strengthening the nation's economy by encourage the policy of "For Pakistani's, by Pakistani's."

On behalf of the Board of Directors the Board of Directors recognizes the contribution of all the staff members in achieving the company's objectives. We also appreciate the continuous support of our valued dealers, customers, banks and stakeholders.



Nadeem Khalid
Chief Executive



Numrah Khalid
Directors

Dated: April 30, 2019

فرنٹیر سرامکس لمیٹڈ

حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

برائے تیسری سہ ماہی اور نو ماہی ختمہ 31 مارچ 2019

کمپنی کے ڈائریکٹرز آپ کے لئے مالیاتی نتائج برائے تیسری سہ ماہی اور نو ماہی ختمہ 31 مارچ 2019 پیش کرتے ہوئے اظہارِ مسرت کرتے ہیں۔

مالیاتی کارکردگی

نو ماہی کی مختصراً مالیاتی کارکردگی درجہ ذیل ہے۔ (روپے ملین میں)

تفصیلات	31 مارچ 2019	31 مارچ 2018
خالص فروخت	664.02	498.49
مجموعی منافع	64.61	108.49
کاروباری منافع	36.30	80.19
منافع قبل از ٹیکس	11.15	77.16
منافع بعد از ٹیکس	1.74	65.94
فی حصص آمدن (حصص / روپے)	0.05	1.74

اس عرصے کے دوران کمپنی نے 1,549,550 مربع میٹر ٹائلوں کی فروخت کی اور پچھلے عرصے میں یہ فروخت 1,371,566 مربع میٹر تھی۔ اس عرصہ کے دوران قیمت فروخت میں کوئی تبدیلی رونما نہیں ہوئی۔

یہ مالی سال انتخابات کے باعث غیر متوقع حالات کیساتھ شروع ہوا اور اس کے نتیجے میں معاشی عدم توازن رہا جس کی وجہ سے کمپنی کی ترقی محدود رہی۔

آڈیٹر ان کی انعامیہ کے بارے میں رپورٹ تنقید کو مد نظر رکھتے ہوئے کمپنی ملازمین کو ملازمت سے ریٹائر ہونے کے وقت کے فوائد کے انعامیہ یا Provident Fund قانون کے مطابق مختلف پہلوؤں پر غور کر رہی ہے۔

مستقبل کی پیش بینی اور چیلنجز

ملک کو اس وقت شدید مشکلات کا سامنا ہے جس کی وجہ سے تعمیراتی شعبہ کی مجموعی کارکردگی شدید متاثر ہوئی ہے۔ مقامی ٹائل کی صنعتی پیداواری لاگت میں اضافہ اور دوستانہ درآمدی آئی ٹی پی اور ڈیوٹی ڈھانچہ سے شدید متاثر ہوئی۔ مقامی ٹائل کی صنعت کو مضبوط بنانے سے نہ صرف تمام براہ راست اور بلا واسطہ تجارت کو فروغ ملے گا بلکہ زیر مبادلہ میں بھی اضافہ ہوگا۔ کمپنی مستقل طور پر ملکی مارکیٹ میں ٹائل کی درآمدات کے لئے کوشش کر رہی ہے۔ اس کے علاوہ ملکی معیشت کو قوت فراہم کرنے کے لئے متعلقہ پالیسی " پاکستانیوں کی طرف سے پاکستانیوں کے لئے " پر عمل درآمد کریں گے۔

اس موقع پر ہم تمام مستفیدان کے مسلسل تعاون کے مشکور ہیں۔

برائے و منجانب ڈائریکٹر ان



نمرہ خالد

ڈائریکٹر



ندیم خالد

چیف ایگزیکٹو آفیسر

30 اپریل 2019

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019 (UN-AUDITED)

	Notes	Un-audited 31-Mar-19 Rupees	Audited 30-Jun-18 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	701,490,837	724,871,199
Operating fixed assets		249,993,269	242,691,961
Capital work in progress		674,773	700,722
Investment property		952,158,878	968,263,882
Long term deposit		2,378,450	2,378,450
Long term advances		6,054,320	6,450,796
		8,432,770	8,829,246
		960,591,648	977,093,128
CURRENT ASSETS			
Store, Spare and loose tools		67,116,684	44,591,466
Stock in trade		161,080,999	89,886,340
Trade debts		1,198,278	10,542,743
Advances		34,857,068	35,038,053
Tax refunds due from government		47,354,168	47,588,010
Taxation-net		2,944,487	1,336,680
Cash and Bank Balances		8,943,164	4,119,880
		323,494,849	233,103,172
TOTAL ASSETS		1,284,086,498	1,210,196,300
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
37,878,821 ordinary shares of Rs. 10 each.		378,738,210	378,738,210
Discount on issue of right shares		(180,795,726)	(180,795,726)
Revaluation surplus on property, plant and equipment		385,266,713	396,468,306
Unappropriated profit/Accumulated loss		115,670,481	102,723,976
		698,879,680	697,134,766
NON CURRENT LIABILITIES			
Long term financing		221,015,777	183,901,874
Deferred taxation		76,898,577	83,982,037
Deferred income		473,083	630,785
Liability against assets subject to finance lease		-	1,344,866
		298,387,437	269,859,562
CURRENT LIABILITIES			
Trade and other payables		194,039,159	162,472,793
Mark up accrued		38,759,349	14,991,673
Short term borrowings		48,179,867	38,649,963
Current portion of deferred income		52,571	-
Current portion of liability against assets subject to finance		5,557,730	2,756,836
Current portion of long term financing		230,707	24,330,707
TOTAL EQUITY AND LIABILITIES		286,819,383	243,201,972
CONTINGENCIES AND COMMITMENTS			
	5	1,284,086,498	1,210,196,300

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR


FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

	Quarter Ended		Nine Months Ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Rupees.....			
Sales - net	220,256,991	178,060,667	664,023,921	498,489,975
Cost of sales	(201,430,629)	(138,002,635)	(599,414,387)	(389,996,017)
Gross Profit	18,826,362	40,058,032	64,609,534	108,493,958
Distribution cost	(3,151,380)	(2,201,563)	(9,652,727)	(4,844,682)
Administrative expenses	(5,566,688)	(4,988,011)	(17,479,449)	(14,745,735)
Other operating expenses	(167,050)	(7,609,354)	(1,178,075)	(8,716,766)
Operating profit	9,941,244	25,259,104	36,299,283	80,186,775
Finance cost	(9,222,559)	(1,507,150)	(26,342,625)	(4,354,314)
Other operating income	362,880	441,719	1,193,771	1,325,156
Profit before taxation	1,081,565	24,193,672	11,150,429	77,157,616
Taxation:				
-current	(2,753,212)	(6,848,784)	(8,300,299)	(16,697,956)
-Prior	-	-	(8,188,677)	371,589
-deferred	2,361,154	1,701,638	7,083,461	5,104,914
Profit after taxation	689,506	19,046,526	1,744,914	65,936,164
Earnings per share - basic and diluted	0.02	0.50	0.05	1.74

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019

	For Nine Months Ended 31-Mar-19 Rupees	31-Mar-18 Rupees
Profit after taxation	1,744,914	65,936,164
Other comprehensive income for the Period	-	-
Total comprehensive income for the Period	<u>1,744,914</u>	<u>65,936,164</u>

Surplus arising on revaluation of assets has been reported in accordance with the requirements of the Companies ACT, 2017

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

	For the Nine Months	
	31-Mar-19	31-Mar-18
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,150,429	77,157,616
Adjustment for:		
Depreciation	38,916,394	37,254,087
Discount on Issuance of shares	-	7,533,155
Profit before working capital changes	50,066,823	121,944,858
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(22,525,218)	2,640,851
Stock in trade	(71,194,659)	(5,263,935)
Trade debts	9,344,465	-
Advances	180,985	7,112,282
Increase / (decrease) in current liabilities		
Trade and other payables	31,566,366	(55,452,524)
Mark up accrued	23,767,676	323,138
Current portion of liability against assets subject to finance	2,800,894	(2,558,057)
Current portion of long term financing	(24,100,000)	(7,683,135)
Short term borrowings	9,529,904	105,247
	(40,629,588)	(60,776,133)
Cash generated from operations	9,437,235	61,168,725
Taxes paid	(17,862,942)	(13,802,312)
Net cash generated from operating activities	(8,425,707)	47,366,413
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(15,510,082)	(25,320,018)
Sales proceed from sales of fixed asset	-	-
Increase in long term advances	396,476	(1,888,495)
Increase in long term deposits	-	-
Additions to capital work in progress	(7,301,308)	(46,471,565)
Net cash used in investing activities	(22,414,914)	(73,680,078)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	37,113,903	32,944,293
Increase in deferred income	(105,132)	(236,516)
Liability against assets subject to finance lease	(1,344,866)	(1,435,882)
Net cash used in financing activities	35,663,906	31,271,896
Net (decrease) / increase in cash and cash equivalents	4,823,284	4,958,231
Cash and cash equivalents at the beginning of the period	4,119,880	3,317,034
Cash and cash equivalents at the end of the period	8,943,164	8,275,265

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER




DIRECTOR


FRONTIER CERAMICS LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UN-AUDITED)

	Issued, subscribed and paid up capital	Discount Issue of Right Shares	Revaluation surplus on property, plant and equipment	Unappropriated Profit	Total
Rupees.....				
Balance as at July 01, 2017	378,738,210	(180,795,726)		45,634,430	243,576,914
comprehensive income for the period ended March 31, 2018				65,936,164	65,936,164
Transfer from surplus on revaluation of fixed assets incremental				16,795,168	16,795,168
depreciation - net of deferred tax				-	-
Discount issue of right shares charge to P&L		7,533,155			7,533,155
Balance as at March 31, 2018	378,738,210	(173,262,571)	-	128,365,762	333,841,401
Balance as at July 01, 2018	378,738,210	(180,795,726)	396,468,306	102,723,976	697,134,766
comprehensive income for the period eneded Mar 31, 2019				1,744,914	1,744,914
Transfer from surplus on revaluation of fixed assets incremental			(11,201,593)	11,201,593	-
depreciation - net of deferred tax					-
Balance as at March 31, 2019	378,738,210	(180,795,726)	385,266,713	115,670,483	698,879,680


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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FRONTIER CERAMICS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTH ENDED 31 MARCH,2019 (UN-AUDITED)

1 STATUS AND NATURE OF OPERATIONS

Frontier Ceramics Limited was incorporated in July 1982 as Public Limited Company with its shares quoted on Pakistan Stock Exchange. The registered office of the company is situated in 29 Industrial Estate, Jamrud Road, Peshawar. The Principle activities of the company are manufacturing of ceramic tiles, sanitary wares and related ceramic products.

2 BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual audited financial statement and should therefore be read in conjunction with the financial statement for the year ended 30 June 2018. Comparative balance sheet is extracted from annual audited financial statement as of 30 June 2018 whereas comparative profit and loss account, Statement of comprehensive income, Cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the nine months ended March 31, 2018.

3 ACCOUNTING POLICIES AND ESTIMATES

Accounting policies, related judgment, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2018.

PROPERTY PLANT AND

4 EQUIPMENT

	Nine months Ended	
	March 31,2019	March 31,2018
	Rupees	Rupees
Opening written down value	724,871,199	733,648,082
Add: Transfer from capital work in progress (at cost)	-	-
Additions during the period	15,536,031	25,347,448
	740,407,230	758,995,530
Depreciation charged during the period	- 38,916,394	- 37,254,087
Deletion during the period / year	-	-
	701,490,837	721,741,443

5 CONTINGENCIES AND COMMITMENTS

5.1 CONTINGENCIES

Guarantee has been issued by Bank Al Habib on behalf of the Company in the normal course of business in favor of PARCO, Peral Gas Limited, PESCO and M/s Sui Northern Gas Pipelines Limited aggregating to Rs. 60.48 million (2018: Rs. 46.84 million).

5.2 COMMITMENTS

5.2.1 Store & Spares: The company has commitments of Rs. 12.00 million (June 30, 2018: 14.87 million) in respect of outstanding letter of credit.

5.2.2 Raw Material: The company has commitments of Rs. 0.85 million (June 30, 2018: 2.25 million) in respect of outstanding letter of credit.

5.2.3 Plant & Machinery: The company has commitments of Rs. 2.16 million (June 30, 2018: 6.69 million) in respect of outstanding letter of credit.

6 TRANSACTION WITH RELATED PARTIES

The related parties and associated undertakings of the company comprise of group companies, other associate companies, directors and key management personnel. Transactions with related parties and associated undertakings during the period are as follows:

		Nine months Ended	
		March 31,2019	March 31,2018
		Rupees	Rupees
Relation with the company	Nature of Transaction		
Associated company/undertakings			
Toyota Rawal Motors (pvt) Ltd.	Short term financing Loan	15,064,260	22,283,000
	Short term financing Paid	8,299,640	22,177,753
	Mark up on Short term financing	3,436,178	-
	Mark up on Short term financing Paid	-	247,070
	Rent for bulding	385,848	526,155
	Utilities	60,000	99,000
	Health Insurance	-	-
			-
Rawal Industrial Equipment Pvt Ltd.	Short term financing Loan	78,035,604	12,800,000
	Short term financing Paid	43,796,285	12,800,000
	Mark up on Short term financing	13,053,461	9,811
	Mark up Paid on Short term financing	-	-
	Purchase of Fixed Assets	8,974,359	21,300,000
	Payment Made Agaisnt Purchase	34,399,359	17,175,000
Khalid & Khalid Holding Pvt Ltd.	Short term financing Loan	3,500,000	
	Mark up Paid on Short term financing	14,277	
Pakistan Bridge Federation	Transactions during the year	-	-
Rawal Rental (Private) Limited	Transactions during the year	-	-
Khalid Ceramics (Private) Limited	Transactions during the year	-	-
Key management personal			-
	Long term loan	6,769,868	51,100,000
	Markup on Long term loan	7,550,507	588,619
	Loan Repaid	6,145,991	10,450,000

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

		Nine months Ended	
		March 31,2019	March 31,2018
		Rupees	Rupees
Short term employee benefits			
Chief Executive Officer		3,505,239	3,005,294
Directors		1,350,000	389,340
Executives		7,321,484	5,358,574
		8,753,208	8,753,208

7 DATE OF AUTHORIZATION FOR ISSUE

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

8 GENERAL

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR