



## FRONTIER CERAMICS LIMITED

HR&S/4/044  
Issue-3

Ref: FCL/CA/KSE/004/01-2011

Dated: June 17, 2011.

Mr. Muhammad Ghufan  
DGM Companies Affairs,  
Karachi Stock Exchange (Guarantee) Ltd,  
Stock Exchange Building,  
Stock Exchange Road - Karachi.

Subject: **Placement of Company on the Non-Compliant Segment of the Exchange on account of Default of the Listing Regulation**

Dear Sir,

Kindly refer to your letter No. KSE/Gen-3584 of June 7, 2011 on the above noted subject.

As requested in our letter No. FCL/CA/04/003 dated 12<sup>th</sup> June 2010 that the company will be able to declare dividend for its shareholders for the year ending on June 30, 2011. We regret to state that due to recent terrorism and adverse Law and Order situation prevailing in the Province, particularly in Peshawar wherein Frontier Ceramics Limited is located, business/operations of the company were badly affected though performance Vs previous period remained better. And as communicated to you in the letter under reference no dividend could be recommended by the Board of Directors of the Company during the period.

A major reason ensuing non-payment of dividend, is regular payment of rescheduled/restructured long term loan (liability of the Company) as settled in the meeting of Committee for Revival of Sick Industrial Units (CRSIU). The present management took over the company as a sick unit. In this regard the management reached a settlement agreement dated June 26, 2008 regarding the payment of long term loan with the creditor banks. The loan was rescheduled to Rs. 168 million payable in a period of three years of the date of agreement through regular monthly installments of Rs. 4.38 millions. Accordingly, in case of any default in payment as per the terms and conditions of the agreement the waiver granted i.e. Rs 682 million to the company shall become ineffective and stand revoked and the company will be liable to pay full outstanding amount of loan including principal plus interest/markup etc. to the creditor banks. Unfortunately this was also qualified by the auditors of the Company in the financial statement for the year ended June 30, 2010.

