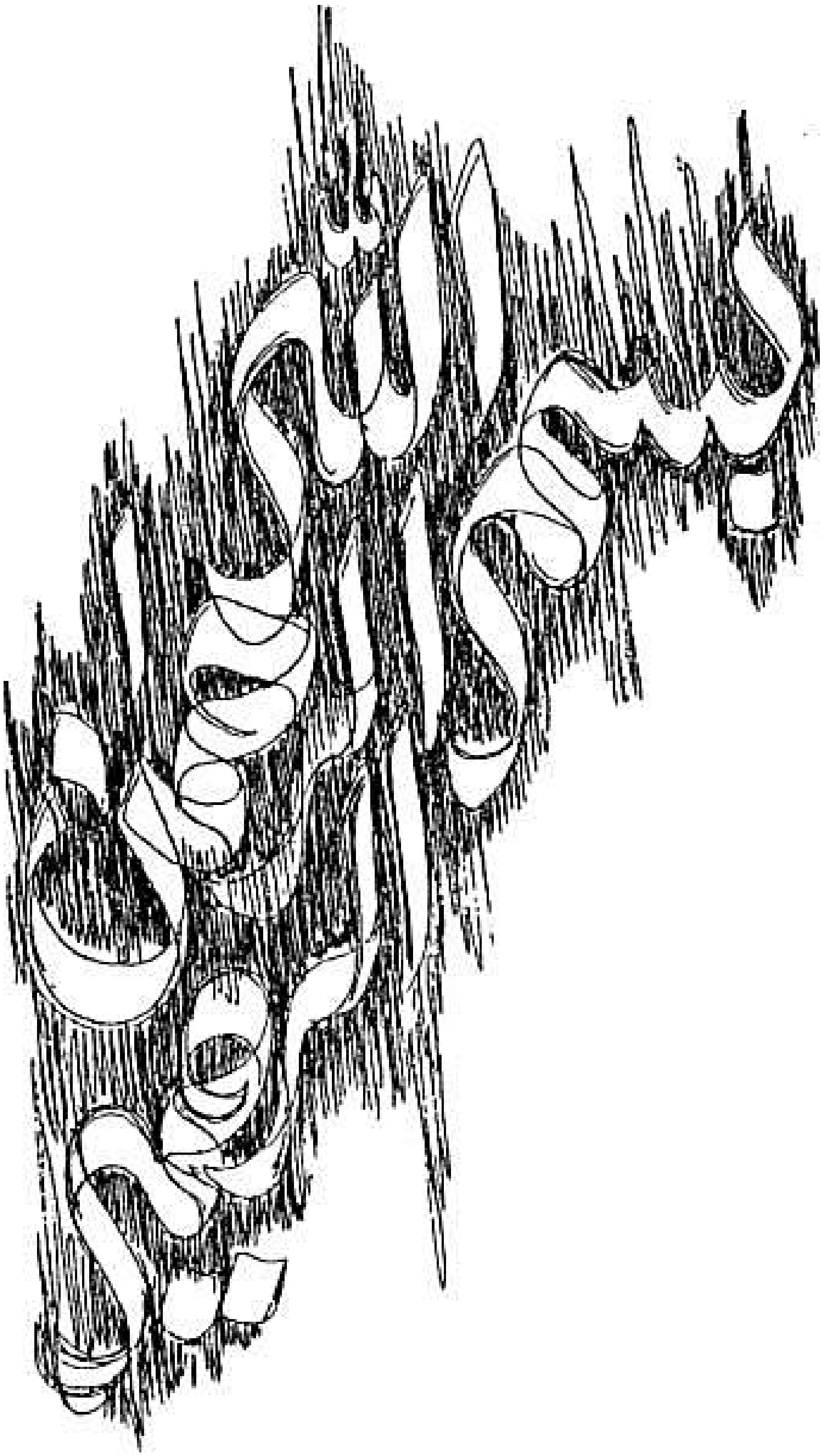
ANNUAL REPORT 2011

Emco Industries Limited


بسم الله الرحمن الرحيم

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COMPANY INFORMATION

Board of Directors.

Mr. Tariq Rehman
Mr. Shafiq A. Siddiqi
Mr. Haris Noorani
Mr. Suhail Mannan
Mr. Javaid Shafiq
Mr. Usman Haq
Mr. Salem Rehman
Mr. Ahsan Suhail Mannan

Audit Committee

Mr. Usman Haq
Mr. Suhail Mannan
Mr. Javaid Shafiq
Mr. Salem Rehman

Chief Financial Officer

Mr. Mansoor Jamal Butt.

Auditors.

A. F. Ferguson & Co.,
Chartered Accountants, Lahore.

Bankers

Habib Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited
Bank of Punjab
NIB Bank Limited

Share Registrar

Corplink (Pvt) Limited
Wings Arcade. I-K , Commercial,
Model Town, Lahore.

Registered Office

119/E-1, Hali Road,
Gulberg-III, Lahore

Factory

19-Kilometre, Lahore Sheikhupura Road, Lahore.

BUSINESS ITEMS

Porcelain Insulators

• Suspension Insulator.
• Pin Insulator.
• Line Post Insulator.
• Cap and pin Insulator
• Station Post Insulator
• Indoor Switch and Bus Insulator
• Apparatus Insulator
• Insulator for Railway Electrification
• Telephone Insulator
• Low Voltage Insulator
• Dropout Cutout Insulator
• Bushings

Switchgear

• Disconnect Switch upto 145 kv
• Metal Oxide Surge Arresters upto 430 kv
• (under Licence from Siemens Genmany)

Chemical Porcelain

• Acid Proof Wares and Bricks
• Rasching Ring and Saddles
• Acid Proof Porcelain Pipes and Fitting
• Acid Proof Cement

Special Porcelain

• High Alumina Porcelain
• Lining Special Refractories
• & Grinding Media

Ceramic Glazed Wall Tiles

• Coloured & Decorative Glazed Wall Tiles
20 cm x 20 cm x 7 mm
20 cm x 30 cm x 7 mm
25 cm x 33 cm x 7 mm

Ceramic Glazed Floor Tiles

• Vitreous & Semi Vitreous Decorative Glazed Floor Tiles
30 cm x 30 cm x 8 mm

NOTICE OF MEETING

Notice is hereby given that 56th Annual General Meeting of Members of EMCO Industries Limited will be held on 31st October, 2011 at 9:30 a.m. at the Registered Office of the Company, 119/E-1, Hali Road, Gulberg-III, Lahore to transact the following business;

1. To confirm the minutes of the last Extraordinary General Meeting held on 30th June, 2011.

2. To receive, approve and adopt the Audited Accounts of the Company for the year ended 30th June, 2011 together with Director's and Auditor's Report thereon.

3. To appoint Auditors for the next financial year and fix their remuneration. M/s. A. F. Ferguson & Co. Chartered Accountants, the present auditors of the Company retire and being eligible, offer themselves for re-appointment.

4. To transact any other business with the permission of the Chair.

By Order of the Board

Place : Lahore;
Dated : 07.10.2011

(HARIS NOORANI)
DIRECTOR CORPORATE AFFAIRS

NOTES; -

1. The Share Transfer Books of the Company will remain closed and no transfer of Shares will be accepted for registration from 24.10.2011 to 31.10.2011 (both days inclusive). No transfer will be accepted for registration during this period.

2. A member entitled to attend and vote at the General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office not less than forty-eight hours before the time of holding the meeting. Form of proxy is enclosed.

3. Members through CDC, entitled to attend and vote at this meeting, must bring his/her NIC or passport to prove his/her identity and in case of Proxy must enclose an attested copy of his/her NIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Members are requested to promptly notify the change in their address, if any, to the Company's Share Registrar M/s. Corplink (Pvt) Limited, Wings Arcade, I- K Commercial, Model Town, Lahore.

DIRECTORS' REPORT

On behalf of the Board of Directors I welcome you to the 56th Annual General Meeting of the Company and present to you the audited report for the period ending June 30, 2011.

Financial Results are as follows: -

	2011 Rupees	2010 Rupees
Profit /(Loss) before taxation	**(34,645,084)**	(76,177,416)
Taxation	**(11,502,499)**	4,432,524
Profit/(Loss) after Tax	**(46,147,583)**	(71,744,892)
Un-appropriated profit / (Loss) brought forward	**(416,266,572)**	(361,357,337)
Incremental Depreciation on revaluation	**18,509,085**	16,835,657
	(397,757,487)	(344,521,680)
Profit / (Loss) carried forward	**(443,905,070)**	(416,266,572)
Profit / (Loss) per share	**(1.32)**	(2.05)

Review of Operating Results

The unprecedented floods last year had severely affected the GDP growth rate in the country. The construction industry also suffered a slump across the whole of Pakistan and specifically northern areas. During the entire period under review, KIBOR rate remained very high and the inflationary effect continuously affected the cost of doing business. In addition to the above, regular increases in the cost of electricity and gas together with unprecedented load shedding of power and gas further worsened the deteriorating situation.

Owing to the circumstances mentioned above, your company faced a severe cash flow issue which resulted in curtailment in the overall production. This has caused the company to post a loss after tax of Rs. 46.148 Million. However the current loss is substantially lower than the last year which was Rs.71.745 Million.

Considering the severe cash flow issues as described above, the sponsors injected further Rs.111.842 Million as interest free loan.

Under the current state of affairs, the Management has made a concerted effort to bring together the entire engineering and marketing teams to address the situation by taking measures to remove inefficiency, reduce costs, as well as devise alternatives to address the situation of reduction in gas supplies. Management would like to place on record the results of this concerted effort of the entire team and staff members which has allowed the company to improve the gross profit from 16% to 19%; profits from operations improved which is showing that the operating ratio of 8% in the current year as compared to 6% in the previous year which is primarily owing to the prudent use of LPG as the alternate fuel, improvement in the cost of raw materials as well as reorganization of the labour force.

The company's contribution to exchequer for the year under review is Rs. 352.8 million in the shape of Import Duty, Sales Tax, Income Tax and other government levies.

Results of the individual plants are as follows:

INSULATOR PLANT

The overall production has increased to 4,737 tons as compared to 4,049 tons in the previous year resulting in an improved operating profit of Rs. 36.097 Million as compared to Rs. 11.145 Million in the previous year. The overall sales of Insulator division have reduced marginally which is attributed primarily to the cash flow issues. During the period the company had to pay liquidated damages owing to delay in deliveries.

The export sales are reduced owing to a very competitive market in the Kingdom of Saudi Arabia. Meanwhile the company is in the process of developing Turkey as a new market and the initial results are very encouraging.

WALL TILE.

Owing to gas load shedding the production of Wall Tile has marginally reduced to 2.763 million sq. meters from 2.963 million sq. meters last year. However, despite lower sales volume, the increase in prices have resulted in higher value of sales by 6.7% which has subsequently resulted in higher operating profits.

FLOOR TILE

The production in the Floor Tile division was reduced substantially to 0.680 million sq. meters from 0.787 million sq. meters last year. Owing to very large increase in the costs by using LPG, as a policy, the management decided to sacrifice the production of floor tiles. This reduction in production has also resulted in the operating profit being reduced to Rs. 6.443 million from Rs. 31.9 million last year.

FUTURE OUTLOOK

The Insulator sales will be reduced this year owing to a reduced inflow of orders from the distribution companies and other formations of WAPDA. It is expected that this trend may change in the beginning of 2012. Further, it has been decided not to enter into cut throat competition in Saudi Arabia but explore new markets at good prices. However, there is a substantial inventory available with the company to allow for possible planned shutdown in case of exceptional gas load shedding in the coming winter.

Wall and Floor Tiles will InshaAllah show better results than last year owing to optimum utilization of resources and targeted increase in the selling prices.

Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi, Lahore, and Islamabad Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2011 have been adopted by the Company and have been duly complied with. A statement to this effect is annexed with the report.

In compliance with the provisions of the Code, the Board members are pleased to place the following statement on record:

- The financial statements for the year ended June 30, 2011 present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2011. The accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS), as applicable in Pakistan, have been followed in preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts about the company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations;
- The value of investment of Provident Fund based on its audited accounts as at December 31, 2010 was Rs 215.359 Million. The value of investment includes accrued interest.

Board Meetings

The Board of Directors, which consist of eight members, have responsibility to independently and transparently monitor the performance of the company and take strategic decisions to achieve sustainable growth in the company value. All members of the Board are elected in the general meeting after every three years. The term of the existing members of the Board will expire on 30-06-2011, along with their consent to act so, filed a declaration on the prescribed form as requirements of the Code of Corporate Governance.

A written notice of the Board meeting along with working papers was sent to the members seven days before meetings. A total of five meetings of the Board of Directors were held during the year ended June 30, 2011. The attendance of the board members was as follows:

Sr. #	Name of Director	Meetings Attended
1.	Mr. Tariq Rehman	03
2.	Mr. Shafiq A. Siddiqi	03
3.	Mr. Haris Noorani	04
4.	Mr. Suhail Mannan	04
5.	Mr. Javaid Shafiq	02
6.	Mr. Usman Haq	04
7.	Mr. Salem Rehman	04
8.	Mr. Ahsan Suhail Mannan	05

Leave of absence was granted a Director who could not attend the meetings.

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:

Sr. #	Name	Purchase	Sale
1.	Mr. Shafiqe A.Siddiqui	3,693,491	-
2.	Mrs. Saeeda Shafiqe A.Siddiqui	161,750	3,693,491

Audit Committee

The AC reviews the annual and quarterly financial statements, internal audit report, and information before dissemination to stock exchanges and proposes appointment of the external auditors for approval of the shareholders, apart from other matters of significant nature. The AC holds its meeting prior to the Board meeting. A total of four meetings of Audit Committee were held during the year under review. It includes statutory meeting with external auditors before start of annual audit and meeting with external auditors without CFO and head of internal audit being present. Name of the members of Audit Committee are as follows:

1.	Mr. Usman Haq	Chairman
2.	Mr. Suhail Mannan	Member
3.	Mr. Javaid S. Siddiqi	Member
4.	Mr. Salem Rehman	Member

Employees relations

Despite the very inflationary pressure the management would like to place on record a very positive and cooperative role of employees during the year. The management would like to place on record its appreciation in this regard and will look forward to their continuous support during this difficult time which the whole country is subjected to. The management would also like to place on record the very cooperative role played by the Union in increasing the output on virtually each stage of production and reduce loss.

Acknowledgement

We would like to thank our valued customers, dealers and especially the banks which have shown not only cooperation but patience in some payments which were delayed over which the management has no control and finally we would like to thank our shareholders for their unwavering support.

Dividend

Considering the brought forward losses, no dividend is recommended for the year ended June 30, 2011.

Pattern of Shareholding
The pattern of shareholding as on June 30, 2011 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

Financial Highlights
The key financial highlights for the last 10 years performance of the company are available in this report.

Auditors
As recommended by the Audit Committee, the present auditors M/s A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

For and on behalf of the board of Directors

(Tariq Rehman)
Chief Executive

Lahore:- October 07, 2011

FINANCIAL HIGHLIGHTS OF LAST TEN YEARS

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
					(Rupees in Million)					
Net Total sales	1,855	1,861	1,550	1,260	1,208	1,045	898	760	612	532
Exports	104	164	93	79	151	164	108	97	108	117
Employees Costs	325	307	301	271	241	219	192	169	151	139
Profit/(Loss) before tax	(35)	(76)	(103)	(16)	11	(14)	105	38	(11)	(105)
Profit/(Loss) after tax	(46)	(71)	(81)	(14)	20	(56)	86	109	48	(107)
Earning per share	(1.32)	(2.05)	(2.39)	(0.72)	1.30	(3.66)	5.62	7.13	3.13	(6.99)
Capital Expenditure	8	18	149	222	55	99	15	36	3.3	1.8
Cash Dividend Rate	-	-	-	-	5%	-	-	-	-	-
Stock Dividend Rate	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity	36	64	118	(16)	(34)	(84)	(49)	(146)	(255)	(303)

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Emco Industries Limited to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange, Chapter XIII of the Lahore Stock Exchange and Chapter XI of the Islamabad Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provision of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of 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's 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.

Further, sub-regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2010 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's price or not.

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 best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2011.

A.F. FERGUSON & CO.

Lahore: October 07, 2011

Chartered Accountants

Name of Egagement Partner: Muhammed Masood

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011

This statement is being presented to comply with the Code of Corporate Governance in the listing regulations of Karachi, Lahore & Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

2. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

3. The Board has developed a vision statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies alongwith the date on which they were approved or amended has been maintained.

4. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other Executive Directors, have been taken by the Board.

5. The meetings of the Board were presided over by the Chairman, the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

6. The Board has approved the appointment, remuneration and terms and conditions of employment of Chief Financial Officer, Head of Internal Audit and the Company Secretary.

7. The directors' report for the year ended June 30, 2011 has prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

8. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

9. The directors, CEO and executive do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

10. The company has complied with all the corporate and financial reporting requirements of the Code.

11. The Board has formed an audit committee. It comprises of four members.

12. The meetings of the audit committee were held at least once every quarter prior to recommend the approval of interim and final results of the company and as required by the Code. The terms of references of the committee have been formed and advised to the committee for compliance.

13. The Board has set up an internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the Internal Audit function on a full time basis.

14. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

15. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

(Haris Noorani)
Director

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of EMCO Industries Limited as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements.

An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) In our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied for the changes resulted on initial application of standards, amendments or an interpretation to existing standards, as stated in note 2.3.1 with which we concur;

  (ii) the expenditure incurred during the year was for the purpose of the company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2011 and of the loss, total comprehensive loss, cash flows and changes in equity for the year then ended; and

(d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

(e) We draw attention to note 2.2 to the financial statements which states that the continuation of the company as a going concern is dependent on its ability to attain satisfactory level of profitability in future and continued support from sponsors. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. Management's plan in regard to this matter has been discussed in note 2.2 to the financial statements. Our opinion is not qualified in respect of this matter.

A.F. FERGUSON & CO.
Chartered Accountants

Lahore October 07, 2011

Name of the audit engagement partner: **Muhammad Masood**

BALANCE SHEET

	Note	**2011 Rupees**	2010 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
40,000,000 (2010: 40,000,000) ordinary shares of Rs 10 each		**400,000,000**	400,000,000
Issued, subscribed and paid up capital			
35,000,000 (2010: 35,000,000) ordinary shares of Rs 10 each	5	**350,000,000**	350,000,000
Reserves	6	**129,898,526**	129,898,526
Accumulated loss		**(443,905,070)**	(416,266,572)
		35,993,456	63,631,954
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	7	**432,819,298**	451,328,383
NON-CURRENT LIABILITIES			
Long term loans from directors	8	**114,071,000**	74,070,569
Long term finances	9	**305,803,494**	310,994,443
Liabilities against assets subject to finance lease	10	**7,299,157**	12,509,506
Deferred liabilities	11	**29,398,564**	28,908,012
Deferred taxation	12	**34,976,137**	41,760,854
		491,548,352	468,243,384
CURRENT LIABILITIES			
Current portion of long term liabilities	13	**157,645,287**	165,124,266
Short term borrowings from related parties - unsecured	14	**94,372,071**	23,457,894
Finances under mark-up arrangements - secured	15	**530,638,629**	561,963,103
Trade and other payables	16	**280,900,471**	361,002,377
Accrued mark-up on loans and other payables	17	**55,378,306**	89,005,374
		1,118,934,764	1,200,553,014
CONTINGENCIES AND COMMITTMENTS	18		
		2,079,295,870	2,183,756,735

The annexed notes 1 to 46 form an integral part of these financial statements.

Lahore:
October 07,2011

Tariq Rehman
(Chief Executive)

AS AT JUNE 30, 2011

	Note	**2011 Rupees**	2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	**1,154,811,742**	1,209,669,615
Assets subject to finance lease	20	**18,690,158**	24,116,711
Intangible asset	21	**4,740,278**	3,010,770
Capital work in progress	22	**-**	7,265,466
Long term deposits		**1,560,178**	3,577,378
Long term loans	23	**3,781,785**	3,639,190
		1,183,584,141	1,251,279,130
CURRENT ASSETS			
Stores, spares and loose tools	24	**112,786,646**	124,288,795
Stock-in-trade	25	**427,750,003**	346,808,267
Trade debts	26	**197,174,634**	337,709,771
Loans, advances, deposits, prepayments and other receivables	27	**43,212,046**	36,140,996
Taxation - net		**44,750,879**	36,521,475
Cash and bank balances	28	**70,037,521**	51,008,301
		895,711,729	932,477,605
		2,079,295,870	2,183,756,735

Lahore:
October 07,2011

Haris Noorani
(Director)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	**2011 Rupees**	2010 Rupees
Sales	29	**1,855,343,480**	1,860,987,519
Cost of goods sold	30	**(1,497,515,022)**	(1,554,592,523)
Gross profit		**357,828,458**	306,394,996
Administration expenses	31	**(68,133,851)**	(75,201,076)
Distribution and selling costs	32	**(146,978,404)**	(128,255,507)
Other operating expenses	33	**(13,139,064)**	(7,714,583)
		(228,251,319)	(211,171,166)
		129,577,139	95,223,830
Other operating income	34	**10,668,709**	3,422,261
Profit from operations		**140,245,848**	98,646,091
Finance cost	35	**(174,890,932)**	(174,823,507)
Loss before taxation		**(34,645,084)**	(76,177,416)
Taxation	36	**(11,502,499)**	4,432,524
Loss for the year		**(46,147,583)**	(71,744,892)
Loss per share - Basic and diluted	37	**(1.32)**	(2.05)

The annexed notes 1 to 46 form an integral part of these financial statements.

Lahore:	***Tariq Rehman***	***Haris Noorani***
October 07,2011	(Chief Executive)	(Director)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2011

	2011 Rupees	2010 Rupees
Loss after taxation	(46,147,583)	(71,744,892)
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	(46,147,583)	(71,744,892)

The annexed notes 1 to 46 form an integral part of these financial statements.

Lahore:
October 07,2011

Tariq Rehman
(Chief Executive)

Haris Noorani
(Director)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2011

	Share capital Rupees	Share premium Rupees	General reserve Rupees	Accumulated loss Rupees	Total Rupees
Balance as on June 30, 2009	**350,000,000**	**39,898,526**	**90,000,000**	**(361,357,337)**	**118,541,189**
Total comprehensive loss for the year					
Loss for the year	-	-	-	(71,744,892)	(71,744,892)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred taxation: - Incremental depreciation for the year	-	-	-	16,835,657	16,835,657
Balance as on June 30, 2010	**350,000,000**	**39,898,526**	**90,000,000**	**(416,266,572)**	**63,631,954**
Total comprehensive loss for the year					
Loss for the year	-	-	-	(46,147,583)	(46,147,583)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred taxation: - Incremental depreciation for the year	-	-	-	18,509,085	18,509,085
Balance as on June 30, 2011	**350,000,000**	**39,898,526**	**90,000,000**	**(443,905,070)**	**35,993,456**

The annexed notes 1 to 46 form an integral part of these financial statements.

Lahore:
October 07,2011

Tariq Rehman
(Chief Executive)

Haris Noorani
(Director)

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	Note	**2011 Rupees**	2010 Rupees
Cash flow from operating activities			
Cash generated from operations	39	**222,662,017**	219,711,764
Finance cost paid		**(165,436,532)**	(150,919,599)
Taxes paid		**(26,516,620)**	(22,574,586)
Payments against discontinued provident fund	11.1	**(879,961)**	(174,467)
Gratuity paid	11.2	**(6,417,235)**	(2,373,179)
Long-term deposits reimbursed /(paid)		**2,017,200**	(1,715,100)
Net cash from operating activities		**25,428,869**	41,954,833
Cash flow from investing activities			
Purchase of property, plant and equipment		**(8,185,093)**	(17,749,126)
Net decrease /(increase) in long-term loans		**21,705**	(2,291,200)
Proceeds from disposal of property, plant and equipment	19.3	**1,729,528**	1,238,897
Net cash used in investing activities		**(6,433,860)**	(18,801,429)
Cash flow from financing activities			
Proceeds from long term finances		**-**	-
Repayment of long term finances		**(74,674,024)**	(44,453,510)
Proceeds from loan from Directors		**431**	-
Repayment of loan from Directors		**-**	(500,000)
Proceeds from short term loans		**127,029,000**	33,125,000
Repayment of short term loans		**(16,114,823)**	(26,991,907)
Lease rentals paid		**(4,881,899)**	(10,818,861)
Net cash generated from / (used in) financing activities		**31,358,685**	(49,639,278)
Net increase / (decrease) in cash and cash equivalents		**50,353,694**	(26,485,874)
Cash and cash equivalents at the beginning of the year		**(510,954,802)**	(484,468,928)
Cash and cash equivalents at the end of the year	40	**(460,601,108)**	(510,954,802)

The annexed notes 1 to 46 form an integral part of these financial statements.

Lahore:
October 07,2011

Tariq Rehman
(Chief Executive)

Haris Noorani
(Director)

1. Legal status and nature of business

The company is incorporated in Pakistan and listed on Karachi, Lahore and Islamabad Stock Exchanges. The company was incorporated as a Joint Stock Company in Pakistan under the Companies Act, 1913, (now Companies Ordinance 1984) as a private limited company on August 17, 1954 by the name of Electric Equipment Manufacturing Company (Private) Limited. Later it was converted into a public company on August 20, 1983 and its name was changed to EMCO Industries Limited on September 12, 1983. The company was listed on the stock exchange on December 29, 1983. Its registered and head offices are situated at 119-E/1, Hali Road, Gulberg III, Lahore.

The company is principally engaged in manufacture and sale of high/low tension electrical porcelain insulators, switchgear and ceramic tiles.

2. Statement of Compliance

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 The company has incurred a loss after taxation of Rs 46.147 million during the year ended June 30, 2011 while the accumulated loss stands at Rs 443.905 million as at June 30, 2011. Current liabilities exceed current assets by Rs 223.273 million and the existing borrowing facilities are fully utilized. The company, in order to carry on its business without material curtailment of operations and to meet its current obligations requires improvement in operating margins and increase in sale volumes through increased production quantities. Continuation of the company as a going concern is dependent on its ability to attain satisfactory level of profitability in future and continued support from sponsors.

The management of the company is confident that it will be able to meet its obligations and carry on business without any curtailment based on the grounds that the company will be able to achieve satisfactory level of profitability in the future based on the plans drawn up by the management for this purpose, which include continued support from sponsors and increased profitability through higher sale volumes and improved operating margins.

This financial information consequently does not include any adjustments relating to the realization of its assets and liquidation of any liabilities that might be necessary should the company be unable to continue as a going concern.

2.3 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.3.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the company

- IAS 1 (Amendment), 'Presentation of financial statements' is effective from July 01, 2010. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

- IAS 7 (Amendment), 'Statement of cash flows' is effective from July 01, 2010. The amendment provides clarification that only expenditure that results in a recognized asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognized assets in the balance sheet. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

- IAS 36 (Amendment), 'Impairment of assets' is effective from July 01, 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating Segments' (that is, before the aggregation of segments with similar economic characteristics). The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

- IAS 1, (Amendments), Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. This amendment is effective for periods beginning on or after July 01, 2011 but have been early adopted by the Company.

The Company has preferred to present analysis of other comprehensive income for each component of equity in the statement of changes in equity. The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

2.3.2 Standards, amendments to published standards and interpretations that are effective in the current year but are not relevant to the company

- 'Classification of rights issues' (Amendment to IAS 32), issued in October 2009, is effective from July 01,2010. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The application of this amendment is not expected to have any impact on the Company's financial statements.

- IAS 38 (Amendment), 'Intangible Assets' is effective from July 01, 2010. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic life. The application of this amendment is not expected to have any impact on the Company's financial statements.

- IFRS 2 (Amendments), 'Group cash-settled share-based payment transactions' is effective from July 01, 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2–Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The application of this amendment is not expected to have any impact on the Company's financial statements.

- IFRS 5 (Amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale' is effective from July 01, 2010. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The application of this amendment is not expected to have any impact on the Company's financial statements.

- IFRIC 19 (Amendment), 'Extinguishing financial liabilities with equity instruments' is effective from July 01, 2010. IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with paragraph 41 of IAS 39 Financial Instruments: Recognition and Measurement. The equity instruments issued are measured at their fair value, unless this cannot be reliably measured, in which case they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The application of this amendment is not expected to have any impact on the Company's financial statements.

2.3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2011 or later periods, but the company has not early adopted them:

- Amendments to IFRS 7, 'Financial instruments: Disclosures' on derecognition is effective from July 1, 2011. These amendments are part of the IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until July 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The application of this standard is not expected to have any impact on the Company's financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable from accounting periods beginning on or after July 01, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. It is not expected to have any material impact on the Company's financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after July 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. It is not expected to have any material impact on the Company's financial statements.

- IAS 1 - 'Presentation of Financial Statements' (Amendment). This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from this amendment is a requirement for entities to group items presented in Other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. The Company will apply this amendment from July 01, 2013 and does not expect to have a material impact on its financial statements.

- IAS 12, 'Amendment to Deferred Taxation', issued on 23 December 2010. This amendment requires the entity holding investment properties measured at fair value in territories where there is no capital gains tax or where the capital gains rate is different from the income tax rate. This amendment is likely to reduce the deferred tax assets and liabilities recognised by the entity on such investments. The amendment is effective for annual periods beginning on or after July 01, 2012. Earlier adoption is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. It is not expected to have any material impact on the Company's financial statements.

- IAS 19 - 'Employee benefits'(Amendment). This is applicable on accounting periods beginning on or after January 01, 2013. The amendment will eliminate the corridor approach and calculate finance costs on a net funding basis. The Company will apply this amendment from July 01, 2013. It is not expected to have any material impact on the Company's financial statements.

- IAS 24 (Revised), 'Related Party Disclosures ', is effective for annual periods beginning on or after July 1, 2011. The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. This is not expected to have a material impact on the Company's financial statements.

2.3.4 Standards, interpretations and amendments to existing standards that are not relevant to the company and are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates but are not relevant to the company:

Standards or Interpretations	Effective date (accounting periods beginning on or after)
- IFRS 1 (amendments), 'First-time adoption of International Financial Reporting Standards'	July 1, 2011
- IFRIC 13 (amendment), 'Customer loyalty programmes'	July 1, 2011

3. Basis of measurement

These financial statements have been prepared on the historical cost convention, except for certain items of property, plant and equipment which have been carried at revalued amount as stated in note 4.3 and measurement of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Provision for Taxation;
(b) Employee retirement benefits and other obligations;
(c) Accrued liabilities;
(d) Useful life and residual values of property, plant and equipment;
(e) Provision for doubtful debts; and
(f) Provision for obsolete stock.

4. Significant accounting policies

4.1 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. 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. 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.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are generally recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.2 Staff retirement benefits

4.2.1 The Company operates a defined contributory provident fund for all its permanent workmen employees. Equal monthly contributions are made by the company and employees to the fund.

4.2.2 The company operates an unfunded gratuity scheme for the non-workmen employees who are not covered under the provident fund scheme. The unfunded gratuity scheme is a defined benefit final salary plan. Actuarial valuations are conducted every year to determine the defined benefit liability and current service cost under the scheme.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the fair value of plan assets or 10% of the present value of defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives of the employees participating in the plan.

Retirement benefits are payable to staff on resignation, retirement or termination from service, subject to completion of prescribed qualifying period of service under these schemes.

4.3 Property, plant and equipment

Property, plant and equipment except freehold land, buildings thereon and plant and machinery are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any subsequent accumulated impairment losses. Buildings on freehold land and plant and machinery are stated at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Additions subsequent to revaluation are stated at cost less accumulated depreciation and any identified impairment loss. Cost in relation to certain assets comprises historical cost and cost of borrowing during construction period in respect of loans taken for specific projects.

Depreciation on all property, plant and equipment except freehold land is charged to profit on straight line method with the exception of tools and equipment, furniture and fixture, office equipment and vehicles which are charged to profit on diminishing balance method so as to write off the cost or revalued amount of an asset over its estimated useful life. Depreciation on machinery spares, included in plant and machinery, is charged to profit on diminishing balance method so as to write off the cost over the estimated useful life. Depreciation is being charged at the rates given in note 19. Incremental depreciation representing the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset is transferred from accumulated loss to surplus on revaluation of property, plant and equipment. All transfers to/from surplus on revaluation of property, plant and equipment are net of applicable deferred income taxes.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

The assets' residual values and estimated useful lives are reviewed, at each financial year end and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its property, plant and equipment as at June 30, 2011 has not required any adjustment as its impact is considered insignificant.

The company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. 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 recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impairment loss or its reversal, if any, is also charged to profit. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4 Capital work in progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to property, plant and equipment as and when these are available for use.

4.5 Intangible assets

Intangible assets are stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using diminishing balance method so as to write off the cost over the estimated useful life. Amortisation is being charged at the rate given in note 21.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortization is charged for the month in which the asset is disposed off.

The company assesses at each balance sheet date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. 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 recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.6 Leases

The company is the lessee:

Finance leases

Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently, these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease as referred to in note 10. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on diminishing balance method at the rates given in note 20. Depreciation on leased assets is charged to profit and loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which an asset is disposed off/ transferred.

Operating leases

Leases where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

4.7 Stores, spares and loose tools

Usable stores and spares are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid there on.
Provision for obsolete and slow moving stores & spares is based on management estimate.

4.8 Stock-in-trade

Raw materials, packing material and components, except for those in transit, are valued at the lower of weighted average cost and net realizable value. Work-in-process and finished goods are valued at the lower of average cost and net realizable value. Work-in-process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads. Cost of goods purchased for resale comprises the invoice value plus charges paid thereon.

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

Provision for obsolete and slow moving stock-in-trade is based on management estimate.

4.9 Financial instruments

4.9.1 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

All financial assets are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are reclassified from equity to profit and loss account as a reclassification adjustment. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the company's right to receive payments is established. The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the company measures the investments at cost less impairment in value, if any.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.11.

4.9.2 Financial liabilities

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

4.10 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is legally enforceable right to set off the recognised amount and the company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.11 Trade debts

Trade debts are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts is established when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of the asset up to the date of commissioning of the related asset.

4.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.16 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.17 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.18 Revenue recognition

Revenue from sales is recognized on dispatch of goods to the customers.

4.19 Business segments

The company is divided into two business segments:

- Insulator division - manufacture of high and low tension electrical porcelain insulators and switchgear; and
- Tile division - manufacture of ceramic wall and floor tiles.

All these business segments are located in the same geographical area.

4.19.1 Segment assets and liabilities

The assets of a segment include all operating assets used by a segment and consists principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and provisions.

Segment liabilities include all operating liabilities consisting principally of deferred liabilities, other payables and accrued liabilities.

The carrying amounts of identifiable assets and liabilities are directly attributed to respective segments. The carrying amounts of jointly used assets and liabilities are allocated to the segments on the following basis:

Insulator	38%
Tile	62%

4.19.2 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments. The jointly incurred expenses are allocated to the segments on the following basis.

Insulator	38%
Tile	62%

4.20 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the period in which it is approved by the shareholders.

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2011 (Number of Shares)	2010 (Number of Shares)		Note	2011 Rupees	2010 Rupees
18,570,460	18,570,460	ordinary shares of Rs 10 each fully paid in cash		**185,704,600**	185,704,600
2,800,000	2,800,000	ordinary shares of Rs 10 each issued as fully paid bonus shares		**28,000,000**	28,000,000
13,629,540	13,629,540	ordinary shares of Rs 10 each issued for consideration other than cash		**136,295,400**	136,295,400
35,000,000	35,000,000			**350,000,000**	350,000,000

Ordinary shares of the company held by associated undertakings as at year end are as follows:

	2011	2010
Associated Engineers (Private) Limited	**2,011,325**	2,011,325
The Imperial Electric Company (Private) Limited	**532,618**	532,618
ICC (Private) Limited	**2,692,285**	2,692,285
	5,236,228	5,236,228

5.1 In accordance with the terms of agreement between the company and the lender of long term loan, there are certain restrictions on distribution of dividend by the company.

6. Reserves

Composition of reserves is as follows:

	Note	2011	2010
Capital - share premium	6.1	**39,898,526**	39,898,526
Revenue - general reserve		**90,000,000**	90,000,000
		129,898,526	129,898,526

6.1 This reserve can be utilized by the company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

7. Surplus on revaluation of property, plant and equipment - net of tax

	2011	2010
Opening balance	**451,328,383**	411,445,884
Revaluation during the year	**-**	84,122,069
Deferred tax thereon	**-**	(27,403,913)
Revaluation - net of deferred tax	**451,328,383**	468,164,040
Transferred to accumulated loss - net of deferred taxation:		
Incremental depreciation for the year	**(18,509,085)**	(16,835,657)
	432,819,298	451,328,383

Incremental depreciation represents the difference between actual depreciation on revalued property, plant and equipment and equivalent depreciation based on the historical cost of property, plant and equipment.

Surplus on revaluation of property, plant and equipment can be utilized by the company only for the purposes specified in section 235 of the Companies Ordinance, 1984.

	Note	**2011 Rupees**	2010 Rupees
8. Long term loans from directors and close relatives thereof			
Opening balance as at July 1		**74,070,569**	74,570,569
Add:			
Conversion of short term loan into long term loans		**40,000,000**	-
Loan received during the year		**431**	1,650,000
		40,000,431	1,650,000
Less:			
Payments made during the year		**-**	(2,150,000)
		114,071,000	74,070,569

Long term loan to the extent of Rs 114.07 million is subordinated to the following
- All financing from NIB Bank Limited;
- All financing from Faysal Bank Limited;
- All financing from National Bank of Pakistan;
- All financing from Habib Bank Limited;
- All financing from Bank of Punjab Limited; and
- All financing from Standard Chartered Bank (Pakistan) Limited.

9. Long term finances

	Note	2011 Rupees	2010 Rupees
These are composed of long term finances from:			
Related parties - unsecured	9.1	**202,463,078**	159,551,932
Banking companies - secured	9.2	**231,758,590**	310,432,614
Others - unsecured	9.3	**24,000,000**	-
		458,221,668	469,984,546
Less: Current maturity			
Related parties - unsecured		**(36,500,000)**	(37,239,298)
Banking companies - secured		**(115,918,174)**	(121,750,805)
	13	**(152,418,174)**	(158,990,103)
		305,803,494	310,994,443

9.1 Related parties - unsecured

	Note	2011 Rupees	2010 Rupees
Associated undertakings:			
- Imperial Electric Company (Private) Limited	9.1.1	**3,615,692**	3,615,692
- Associated Engineers (Private) Limited	9.1.2	**12,335,447**	12,335,447
		15,951,139	15,951,139
EMCO Industries Limited Provident Fund	9.1.3	**186,511,939**	143,600,793
		202,463,078	159,551,932

9.1.1 Mark-up on the loan is payable annually at the rate of 7.55% (2010: 7.55%) per annum on the outstanding principal of loan, amounting to Rs 2.985 million, rescheduled on August 20, 2008. Under an agreement with Imperial Electric Company (Private) Limited, the repayment schedule was revised effective January 1, 2009. Under the revised schedule, the loan was repayable in 14 equal monthly installments of Rs 0.250 million each commencing January 1, 2009 and a 15th installment of Rs 0.115 million repayable on March 1, 2010. However no repayment has been made upto June 30, 2011.

9.1.2 These are composed of the following loans :

Loan	Rate of Interest per annum	Repayment period	2011 Rupees	2010 Rupees
1	7.55%	Mark-up on the loan is payable annually at the rate of 7.55% (2010: 7.55%) per annum on the outstanding principal of loan, amounting to Rs 2.896 million, rescheduled on August 20, 2008. Under the agreement with Associated Engineers Limited, the repayment schedule was revised effective January 1, 2009. Under the revised schedule, the loan was repayable in 18 equal monthly installments of Rs 0.250 million each and the 19th installment of Rs 0.161 million commencing January 1, 2009. However no installment has been paid upto June 30, 2011.	**4,661,580**	4,661,580
2	Nil	After improvement in the financial position of the company	**3,173,867**	3,173,867
3	7.55%	After improvement in the financial position of the company	**4,500,000** -	4,500,000
			12,335,447	12,335,447

9.1.3 This represents the balance payable to EMCO Industries Limited Provident Fund converted into a long term loan on July 1, 2000. In 2003, under a plan approved by the SECP, the company developed a revised repayment schedule to repay this balance. Under this scheme the liability towards the workmen aggregating Rs. 90.959 million along with mark-up which was to be computed at the rate of 10% per annum on the outstanding balance, was repayable in 20 unequal quarterly installments ending on December 31, 2007.

As on June 1, 2007 the outstanding amount of Rs 90.061 million was rescheduled through an agreement between the Company and the Trustees of the Fund. Under the revised repayment schedule the outstanding amount along with mark up at the rate of 13% per annum, was repayable in 20 unequal quarterly installments ending May 31, 2012.

As on December 31, 2008, the company obtained additional loan from Emco Industries Limited Provident Fund resulting in the aggregate outstanding balance of Rs 143.6 million. The outstanding amount was rescheduled through an agreement between the company and the Trustees of the Fund. Under the revised agreement the balance was repayable by December 2014 in 24 unequal quarterly installments commencing July 1, 2009. Mark-up on the outstanding balance was payable quarterly at the rate of weighted average cost of capital to the company + 1% per annum.

As on June 30, 2010 the company entered into a revised agreement with Trustees of the Fund, whereby the outstanding markup payable to the Fund amounting to Rs. 42.911 million was capitalized thereby increasing the outstanding principal amount to Rs. 186.511 million. This balance is now repayable by March 31, 2016 in 23 unequal quarterly installments commencing September 30, 2010. Mark-up on the outstanding balance is payable quarterly at the rate of weighted average cost of capital to the company + 1% per annum. Persuant to the agreement, SECP approved the revised repayment schedule and directed the company to submit the compliance report along with the evidence of payment to the Fund at the end of each quarter.

As at June 30, 2011, the company has not paid any installment in accordance with the directive of the SECP. However, the company is under negotiation with the Trustees of the Fund for rescheduling of the loan amount and the company has obtained an extension from the SECP for submission of revised repayment schedule till November 30, 2011.

9.2 Banking companies - secured

Loan	Lender	2011 Rupees	2010 Rupees	Rate of mark-up per annum	Repayment Period
1	NIB Bank Limited	72,806,208	111,546,919	3 months KIBOR +3.5% with floor of 13 %	The loan was rescheduled during the year ended June 30, 2009. Under the rescheduled agreement with NIB Bank Limited effective December 14, 2008, outstanding balance of Rs 135.251 million was repayable in 10 equal quarterly installments of Rs 16.058 million each commencing December 14, 2009. Mark-up is payable quarterly from December 14, 2008. Principal balance and mark up due on June 14, 2011 has not been paid up to June 30, 2011.
2	The Bank of Punjab	136,730,158	157,774,583	1 month KIBOR +3% with no floor and cap	The loan was rescheduled during the year ended June 30, 2011. Under the rescheduled agreement effective December 01, 2011, the outstanding balance was repayable in 49 equal monthly installments of Rs 2.441 million each commencing January 1, 2011. Mark-up is payable monthly from December 1, 2011. Installment due in March, April ,May and June 2011 and mark-up for the respective months has not been paid up to June 30, 2011.
3	Faysal Bank Limited	22,222,224	31,111,112	6 months KIBOR +3.5%	Amount is repayable in 18, unequal, quarterly installments ending September 24, 2013. Mark-up is payable quarterly commencing December 24, 2008. Principal balance and mark-up due on June 24, 2011 has not been paid up to June 30, 2011.
4	Faysal Bank Limited	-	10,000,000	3 months KIBOR +3%	This represents facility availed under FATR converted into long term loan during the year ended June 30, 2010. Under the agreement, the outstanding balance of Rs. 15 million is to be settled in 15 equal monthly installments of Rs 1 million each starting February 11, 2010. Mark-up on the loan is payable quarterly on the outstanding principal amount. The principal and markup theron was repaid in full on March 31, 2011.
		231,758,590	310,432,614		

Security

Loan 1 is secured by a first pari passu charge on fixed assets including land, building, plant and machinery of the company amounting to Rs 301.463 million and first pari passu charge on fixed assets including land, building, plant and machinery of the company amounting to Rs 97.772 million.

Loan 2 is secured by a first pari passu charge on all fixed assets including present and future movable and immovable assets of the company amounting to Rs 227 million and first pari passu charge on all present and future current assets of the company amounting to Rs 93 million.

Loan 3 is secured by mortgage over commercial property situated at Patiala Ground Link Mcload Road, Lahore owned by Associated Engineers (Private) Limited and property owned by a director and his close relatives. This is also secured by ranking charge on current assets of the company amounting to Rs 47 million.

Loan 4 is secured by first joint pari passu hypothecation charge on the current assets of the company, mortgage over property situated at Muaza Ameerpura Lahore, and personal guarantees of the directors.

9.3 This represents trade payable of Naeem Goods Transport Company and Pakistan Tribal Minerals, suppliers of raw material, amounting to Rs. 24,000,000 which was converted into interest free long term loans through an agreement dated May 11, 2011. The loan will be repaid in 24 equal monthly installments of Rs. 1 million starting July 01, 2011.

10. Liabilities against assets subject to finance lease

	Note	**2011 Rupees**	2010 Rupees
Present value of minimum lease payments		12,526,270	18,643,669
Less: Current portion shown under current liabilities	13	(5,227,113)	(6,134,163)
		7,299,157	12,509,506

The present value of minimum lease payments have been discounted at implicit interest rates ranging from 9.73% to 19.00% per annum (2010: 9.73% to 19.00% per annum) to arrive at their present value.

Taxes, repairs, replacements and insurance costs are to be borne by the lessee.

Purchase option is exercisable by the company and the company intends to exercise its option. In case of late payment, charges vary from Rs 100 per day to Rs 0.05 per Rs 1,000 per day and 3% per month of the outstanding principal balance. In case of early termination of lease, the company is obliged to deliver the asset to the lessor along with payment of agreed loss value as per lease agreement whereas early payment results in prepayment penalty of 5% on the outstanding balance.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum Lease Payments Rupees	Future Financial Charges Rupees	***2011 Present Value of Lease Liability Rupees***	2010 Present Value of Lease Liability Rupees
Not later than one year	7,038,739	1,811,626	**5,227,113**	6,134,163
Later than one year and not later than five years				
2012	-	-	**-**	5,246,658
2013	6,358,692	877,479	**5,481,213**	5,463,576
2014	1,886,129	68,185	**1,817,944**	1,799,272
	8,244,821	945,664	**7,299,157**	12,509,506
	15,283,560	2,757,290	**12,526,270**	18,643,669

11. Deferred liabilities

	Note	**2011 Rupees**	2010 Rupees
Payable to employees against discontinued provident fund	11.1	2,327,648	3,037,287
Non-workmen staff gratuity - unfunded	11.2	27,070,916	25,870,725
		29,398,564	28,908,012

11.1 Payable to employees against discontinued provident fund

	Note	2011	2010
Opening balance		3,037,287	3,016,952
Mark-up accrued thereon	35	170,322	194,802
		3,207,609	3,211,754
Less: Payments made during the year		(879,961)	(174,467)
Closing balance		2,327,648	3,037,287

This represents outstanding balance of employer contribution payable to non-workmen employees for termination of provident fund scheme with effect from December 31, 2002. The balance along with the profit at the rate of 13.2% (2010: 11.6%) is being paid as and when requested by the employees.

11.2 Non-workmen staff gratuity - unfunded

The latest valuation under the defined benefit gratuity scheme was conducted on June 30, 2011. Prior to year ended June 30, 2007, the closing liability was calculated for all non-workmen employees who had reached the prescribed qualifying period of service at the end of the year, on the basis of their last drawn salary in respect of completed number of years of service.

	2011 Rupees	2010 Rupees
Movement in the net liability recognised in balance sheet is as follows:		
Opening balance	**25,870,725**	20,969,751
Charge for the year	**7,617,426**	7,274,153
Payments made during the year	**(6,417,235)**	(2,373,179)
Closing balance	**27,070,916**	25,870,725

The amounts recognised in profit and loss account against defined benefit scheme are as follows:

	2011 Rupees	2010 Rupees
Current service cost	**4,659,946**	4,656,115
Interest cost	**2,957,480**	2,618,038
	7,617,426	7,274,153
The amounts recognised in balance sheet are as follows:		
Present value of defined benefit obligation	**25,915,893**	24,645,668
Unrecognised actuarial gain	**1,155,023**	1,225,057
	27,070,916	25,870,725
Movement in the present value of defined benefit obligation is as follows:		
Opening balance	**24,645,668**	21,816,987
Interest cost	**2,957,480**	2,618,038
Current service cost	**4,659,946**	4,656,115
Benefits paid	**(6,417,235)**	(2,373,179)
Actuarial loss /(gain)	**70,034**	(2,072,293)
Present value of the defined benefit obligation at the end of year	**25,915,893**	24,645,668
The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	14% per annum	12% per annum
Future salary increases	13% per annum	11% per annum
Average expected remaining working life of employees	7 years	7 years

	2011 Rupees	2010 Rupees	2009 Rupees
Historical information			
Present Value of defined benefit obligation	**25,915,893**	24,645,668	21,816,987
Experience adjustments arising on defined benefit obligation	**70,034**	(2,072,293)	1,145,468

	Note	**2011 Rupees**	2010 Rupees

12. Deferred taxation

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 35%

Opening balance		**41,760,854**	27,631,143
Credited to profit and loss account		**(747,934)**	(13,274,202)
Deferred tax on revaluation		**(6,036,783)**	27,403,913
Closing balance		**34,976,137**	41,760,854

The deferred tax asset comprises temporary differences arising due to:

Accelerated tax depreciation		**112,326,251**	119,072,990
Revaluation of property, plant and equipment		**136,983,887**	142,246,741
Provision for doubtful debts		**(5,429,873)**	(5,375,872)
Provision for obsolete stores & spares		**(715,848)**	(711,973)
Provision for obsolete stock		**(6,176,242)**	(5,778,148)
Unused tax losses		**(202,012,038)**	(207,692,884)
		34,976,137	41,760,854

13. Current portion of long term liabilities

Long term finances	9	152,418,174	158,990,103
Liabilities against assets subject to finance lease	10	5,227,113	6,134,163
		157,645,287	165,124,266

14. Short term borrowings from related parties - unsecured

Directors and close relatives thereof	14.1	94,372,071	23,457,894

14.1 This represents interest free loans from directors and their close relatives and are repayable by June 30, 2012.

15. Finances under mark-up arrangements - secured

Running finances	15.1	352,754,558	365,663,703
Export and import finances	15.2	177,884,071	196,299,400
		530,638,629	561,963,103

15.1 Running finances - secured

Short-term running finances available from various commercial banks under mark-up arrangements amounting to Rs 358 million (2010: Rs 358 million). The rates of mark-up range from 1 month KIBOR + 2.5% to 3 months KIBOR + 3.5% per annum on the balance outstanding. The aggregate short term finances are secured by hypothecation of stores, spares, loose tools, stock-in trade, receivables and charge on present and future packing material and second charge on future and present fixed assets including land, building, plant, machinery and fixtures of the company. These are also secured by first join pari passu charge on entire assets of the company and mortgage over commercial property situated at Patiala Ground Link McLeod Road, Lahore owned by Associated Engineering (Private) Limited and property owned by directors and their close relatives.

15.2 Export and import finances - secured

Export and import finances available from various commercial banks under mark-up arrangements amount to Rs 50 million (2010: Rs 50 million) and Rs 200 million (2010: Rs 210 million) respectively. The rates of mark-up range from 1 month KIBOR plus 2.5% to 6 month KIBOR plus 2.5%. In the event, the Company fails to pay the balances till due date, mark-up is to be computed at rates ranging from 16.95% to 23.73% per annum on the balances unpaid. The aggregate export and import finances are secured by hypothecation of stores, spares and loose tools, stock-in-trade, trade debts and second charge on the property, plant and equipment of the company.

15.3 Of the aggregate facilities of Rs 180 million (2010: Rs 200 million) for opening letters of credit and Rs 155.557 million (2010: Rs 186.311 million) for guarantees, the amount utilized at June 30, 2011 was Rs 34.671 million (2010: Rs 56.69 million) and Rs 138.24 million (2010: Rs 185.755 million) respectively. These facilities are secured by hypothecation of stores, spares and loose tools, stock-in-trade, trade debts and second charge on property, plant and equipment of the company.

	Note	**2011 Rupees**	2010 Rupees
16. Trade and other payables			
Trade creditors	16.1	**172,880,514**	160,778,345
Accrued liabilities		**73,667,059**	125,860,118
Sales tax and special excise duty payable		**7,578,603**	37,643,046
Advances from customers		**7,768,876**	22,511,925
Workers' profit participation fund	16.2	**131,844**	131,844
Unclaimed dividends		**208,551**	244,839
Employees' welfare fund		**900,301**	900,021
Payable to EMCO Industries Limited Provident Fund		**3,040,888**	-
Income tax payable		**9,423,721**	4,561,697
Others		**5,300,114**	8,370,542
		280,900,471	361,002,377

16.1 Trade creditors include Rs. 0.418 million (2010: Rs 1.135 million) payable to Imperial Soft (Private) Limited and Rs 0.478 million (2010: Rs 0.010 million) payable to Imperial Electric Company (Private) Limited, associated undertakings.

16.2 Workers' profit participation fund

Opening balance	**131,844**	131,948
Less: Payments made during the year	**-**	(104)
Closing balance	**131,844**	131,844

17. Accrued mark-up on loans and other payables

Mark-up accrued on:

- Long term finances		
From related parties - unsecured	**22,838,292**	46,172,250
From banking companies - secured	**11,599,703**	19,655,674
- Liabilities against assets subject to finance lease	**678,339**	678,339
- Short term borrowings from EMCO Industries Limited Provident Fund	**-**	2,143,575
- Finances under mark-up arrangements - secured	**20,261,972**	20,355,536
	55,378,306	89,005,374

18. Contingencies and commitments

18.1 Contingencies

(i) Claims not acknowledged as debts amounting to Rs 5.948 million (2010: Rs 5.948 million)

(ii) The Collector of Sales Tax raised a demand of Rs 0.11 million being sales tax and penalties under section 47 of the Sales Tax Act, 1990 on sale of fixed asset and vehicles. The demand was set aside by the Appellate Tribunal. The department has now filed an appeal before the Lahore High Court which is pending hearing. No provision has been made in financial statements for this as the management is confident that the case will be decided in its favour.

(iii) In the year ended June 30, 2005 , Sales Tax Department had conducted post exportation audit under the Duty and Tax Remission for Exports (DTRE), 2001 and had imposed a penalty of Rs 8.624 million due to non compliance of certain provisions of the scheme by the company. On application by the company, Federal Board of Revenue (FBR) appointed an Alternate Dispute Resolution Committee (ADRC) for the resolution of the dispute between the company and the department. ADRC has given its recommendations to FBR in favour of the company and as such no provision is made in these financial statements in this regard. The final order of FBR in this regard is awaited.

(iv) The company has indemnified the Trustees of EMCO Industries Limited Provident Fund and the beneficiaries thereof, from any and all events wherein they or any one suffers any loss and or damage for allowing the company rescheduled time frame to repatriate the borrowed sum amounting to Rs 186.511 million (2010: Rs 143.601) million as at June 30, 2011 into the fund.

18.2 Commitments in respect of

(i) Letters of credit other than capital expenditure Rs 34.671 million (2010: Rs 56.690 million).

(ii) Bank guarantees amounting to Rs 138.240 million (2010: Rs 185.755 million).

19. Property, plant and equipment

	Freehold land	Buildings on freehold land	Plant and machinery	Tools and Equipment	Furniture and fittings	Office equipment	Vehicles	Total
Net carrying value basis								
Year ended June 30, 2011								
Opening net book value (NBV)	159,474,000	297,312,339	739,471,066	256,687	1,511,573	5,827,095	5,816,855	1,209,669,615
Additions (at cost)	-	3,080,000	31,780,318	30,000	47,688	1,301,974	1,529,000	37,768,980
Inter transfer	-	2,083,251	4,306,205	-	-	-	2,758,956	9,148,412
Disposals (at NBV)	-	-	-	-	-	(3,845)	(1,475,037)	(1,478,882)
Depreciation charge	-	(16,260,871)	(80,935,925)	(51,852)	(305,478)	(1,342,201)	(1,400,055)	(100,296,382)
Closing net book value (NBV)	159,474,000	286,214,719	694,621,664	234,835	1,253,783	5,783,023	7,229,719	1,154,811,743
Gross carrying value basis								
As at June 30, 2011								
Cost / Revalued amount	159,474,000	447,275,089	1,534,998,707	9,231,723	8,369,552	27,666,444	20,605,103	2,207,620,618
Accumulated depreciation	-	(161,060,370)	(840,377,044)	(8,996,888)	(7,115,769)	(21,883,421)	(13,375,384)	(1,052,808,876)
Net book value (NBV)	159,474,000	286,214,719	694,621,663	234,835	1,253,783	5,783,023	7,229,719	1,154,811,742
Depreciation rate % per annum	-	5	7.3 - 35	20 - 40	20	20	20	
Net carrying value basis								
Year ended June 30, 2010								
Opening net book value (NBV)	151,880,000	251,801,786	742,065,953	320,890	1,865,958	6,489,152	6,407,138	1,160,830,877
Additions (at cost)	-	11,412,435	24,505,575	-	21,800	812,217	59,655	36,811,682
Inter transfer	-	-	15,678,913	-	-	-	1,452,395	17,131,308
Adjustments	-	-	-	-	-	(152,179)	-	(152,179)
Disposals (at NBV)	-	-	-	-	-	(13,468)	(732,121)	(745,589)
Depreciation charge	-	(13,495,037)	(71,714,289)	(64,203)	(376,185)	(1,308,627)	(1,370,212)	(88,328,553)
Surplus on revaluation	7,594,000	47,593,155	28,934,914	-	-	-	-	84,122,069
Closing net book value (NBV)	159,474,000	297,312,339	739,471,066	256,687	1,511,573	5,827,095	5,816,855	1,209,669,615
Gross carrying value basis								
As at June 30, 2010								
Cost / Revalued amount	159,474,000	442,111,836	1,498,911,550	9,201,723	8,321,864	26,384,470	16,495,603	2,160,901,046
Accumulated depreciation	-	(144,799,497)	(759,440,484)	(8,945,036)	(6,810,291)	(20,557,375)	(10,678,748)	(951,231,431)
Net book value (NBV)	159,474,000	297,312,339	739,471,066	256,687	1,511,573	5,827,095	5,816,855	1,209,669,615
Depreciation rate % per annum	-	5	7.3 - 35	20 - 40	20	20	20	

- Included in additions to plant and machinery is borrowing cost of Rs Nil (2010: Rs. Nil).

19.1 The depreciation charge for the year has been allocated as follows:

	Note	**2011 Rupees**	2010 Rupees
Cost of goods sold	30	**98,306,256**	86,364,742
Administrative expenses	31	**1,523,945**	1,574,396
Distribution and selling costs	32	**466,181**	389,415
		100,296,382	88,328,553

19.2 The company's freehold land, buildings on freehold land and plant and machinery were revalued on May 9, 2007 by M/s Engineering Pakistan International (Private) Limited on the basis their professional assessment of its depreciated replacement cost. This revaluation was incorporated on June 1, 2007 and resulted in a surplus of Rs 315.717 million over the written down value of Rs 621.362 million. The company's freehold land, buildings on freehold land and plant and machinery were again revalued on June 30, 2010 by M/s Engineering Pakistan International (Private) Limited resulting in a surplus of Rs 83.977 million over the written down value of Rs 1,061.3 million.

19.3 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year with book value of Rs 50,000 or more is as follows:

Particulars of the assets	Sold to	Cost / revalued amount Rupees	Accumulated depreciation Rupees	Book value Rupees	Sale proceeds Rupees	Mode of disposal
Vehicles	**Employees**					
Honda Civic VTI	Mr. Khalid Shahab Ansari	1,460,500	824,890	635,610	652,144	Company policy
Honda Civic VTI	Mr. Mumtaz Hussain	1,460,500	824,890	635,610	659,020	Company policy
		2,921,000	1,649,780	1,271,220	1,311,164	
	Outsiders					
Honda Civic	Mr. Abid Tariq Bhatti	978,000	774,608	203,392	399,364	Negotiation
Other assets with book value less than Rs. 50,000		52,500	48,230	4,270	19,000	
		3,951,500	2,472,618	1,478,882	1,729,528	

20 Assets subject to finance lease

	Cost as at July 1, 2010 Rupees	Additions/ (transfers) during the year Rupees	Cost as at June 30, 2011 Rupees	Accumulated depreciation as at July 1, 2010 Rupees	Depreciation charge/ (transfer) for the year Rupees	Accumulated depreciation as at June 30, 2011 Rupees	Book value as at June 30, 2011 Rupees	Rate of depreciation
Plant and machinery	16,538,177	-	16,538,177	1,723,875	1,207,043	2,930,918	13,607,259	7.3
		-			-			
Vehicle	13,885,000	-	7,373,000	4,582,591	1,460,554	2,290,101	5,082,899	20
		(6,512,000)			(3,753,044)			
2011	**30,423,177**	**-**	**23,911,177**	**6,306,466**	**2,667,597**	**5,221,019**	**18,690,158**	
		(6,512,000)			**(3,753,044)**			

	Cost as at July 1, 2009 Rupees	Additions/ (transfers) during the year Rupees	Cost as at June 30, 2010 Rupees	Accumulated depreciation as at July 1, 2009 Rupees	Depreciation charge/ (transfer) for the year Rupees	Accumulated depreciation as at June 30, 2010 Rupees	Book value as at June 30, 2010 Rupees	Rate of depreciation
Plant and machinery	36,958,263	-	16,538,177	4,171,705	2,293,343	1,723,875	14,814,302	7.3
		(20,420,086)			(4,741,173)			
Vehicles	11,916,500	5,487,000	13,885,000	4,834,056	1,814,640	4,582,591	9,302,409	20
		(3,518,500)			(2,066,105)			
2010	48,874,763	5,487,000	30,423,177	9,005,761	4,107,983	6,306,466	24,116,711	
		(23,938,586)			(6,807,278)			

20.1 The depreciation charge for the year has been allocated as follows:

	Note	2011 Rupees	2010 Rupees
Cost of goods sold	30	**1,317,330**	2,473,492
Administrative expenses	31	**891,720**	976,777
Distribution and selling costs	32	**458,547**	657,714
		2,667,597	4,107,983

21 Intangible assets

	Cost as at July 1, 2010 Rupees	Additions/ (transfers) during the year Rupees	Cost as at June 30, 2011 Rupees	Accumulated depreciation as at July 1, 2010 Rupees	Depreciation charge/ (transfer) for the year Rupees	Accumulated depreciation as at June 30, 2011 Rupees	Book value as at June 30, 2011 Rupees	Rate of depreciation
Computer software and ERP system	4,130,000	2,065,002	6,195,002	1,119,230	335,494	1,454,724	4,740,278	10
2011	**4,130,000**	**2,065,002**	**6,195,002**	**1,119,230**	**335,494**	**1,454,724**	**4,740,278**	

	Cost as at July 1, 2009 Rupees	Additions/ (transfers) during the year Rupees	Cost as at June 30, 2010 Rupees	Accumulated depreciation as at July 1, 2009 Rupees	Depreciation charge/ (transfer) for the year Rupees	Accumulated depreciation as at June 30, 2010 Rupees	Book value as at June 30, 2010 Rupees	Rate of depreciation
Computer software and ERP system	4,130,000	-	4,130,000	784,700	334,530	1,119,230	3,010,770	10
2010	4,130,000		4,130,000	784,700	334,530	1,119,230	3,010,770	

	Note	**2011**	2010
		Rupees	Rupees
21.1 The amortisation charge for the year has been allocated as follows:			
Administrative expenses	31	**335,494**	334,530

22. Capital work in progress

	Note	**2011 Rupees**	2010 Rupees
Building		**-**	2,083,251
Plant and machinery		**-**	3,117,215
Software development	22.1	**-**	2,065,000
		-	7,265,466

22.1 This represents advances given to Imperial Soft (Private) Limited, an associated undertaking, for software development.

23. Long term loans - considered good

	Note	**2011 Rupees**	2010 Rupees
Loans to employees - considered good			
- Executives	23.1	**2,275,000**	3,288,000
- Other employees		**3,600,135**	2,608,840
		5,875,135	5,896,840
Less: Receivable within one year		**(2,093,350)**	(2,257,650)
		3,781,785	3,639,190

Loans for purchase of motor cycle, cycle, construction of house and loan against gratuity are interest free and are repayable between two to six years. All loans other than those secured by employees' gratuity balances are unsecured.

23.1 Reconciliation of carrying amount of loans to executives

	2011 Rupees	2010 Rupees
Opening balance on July 1	**3,288,000**	2,255,000
Add: Disbursements	**400,000**	2,600,000
Less: Repayments	**(1,413,000)**	(1,567,000)
	2,275,000	3,288,000

24. Stores, spares and loose tools

	Note	**2011 Rupees**	2010 Rupees
Consumable stores		**26,356,047**	27,449,031
Machinery spares [including in transit Rs 0.645 million (2010: Rs 11.268 million)]		**85,703,215**	96,100,307
Loose tools		**2,916,453**	2,928,526
		114,975,715	126,477,864
Less: Provision for obsolete items			
- Consumable stores	24.1	**705,042**	705,042
- Machinery spares	24.2	**1,461,116**	1,461,116
- Loose tools		**22,911**	22,911
		2,189,069	2,189,069
		112,786,646	124,288,795

	Note	**2011 Rupees**	2010 Rupees
24.1 Provision for obsolete items - consumable stores			
Opening balance		**705,042**	705,042
Add: Provision for the year		**-**	-
Closing balance		**705,042**	705,042
24.2 Provision for obsolete items - machinery spares			
Opening balance		**1,461,116**	1,461,116
Less: Obsolete stock written off against provision		**-**	-
Closing balance		**1,461,116**	1,461,116

25. Stock-in-trade

	Note	**2011 Rupees**	2010 Rupees
Raw materials and components [including in transit Rs 36.596 million (2010: Rs 35.160 million)]		**150,675,319**	144,732,098
Packing material		**1,425,994**	1,508,283
Work-in-process		**28,837,020**	37,514,097
Finished goods		**260,625,399**	176,219,756
Goods purchased for resale		**3,832,676**	3,343,025
		445,396,408	363,317,259
Less: Provision for obsolete items			
- Raw material	25.1	**1,853,374**	1,853,374
- Finished goods	25.2	**15,147,439**	14,010,026
- Goods purchased for resale		**645,592**	645,592
		17,646,405	16,508,992
		427,750,003	346,808,267

	Note	**2011 Rupees**	2010 Rupees
25.1 Provision for obsolete items - Raw material			
Opening balance		**1,853,374**	1,853,374
Less: Obsolete stock written off against provision		**-**	-
Closing balance		**1,853,374**	1,853,374

	Note	**2011 Rupees**	2010 Rupees
25.2 Provision for obsolete items - Finished goods			
Opening balance		**14,010,026**	10,598,274
Add: Provision for the year	31	**1,137,413**	3,411,752
Closing balance		**15,147,439**	14,010,026

Raw materials amounting to Rs Nil (2010: Rs 2.231 million) are in the possession of various vendors for further processing.

Raw materials amounting to Rs 67.895 million (2010: Rs 68.709 million) are pledged as security against finances availed from commercial banks as referred to in note 15.

Finished goods amounting to Rs 2.759 million (2010: Rs 0.151 million) are valued at net realizable value.

26. Trade debts

	Note	2011 Rupees	2010 Rupees
Considered good:			
- Due from related parties	26.1	**488,741**	358,946
- Others		**196,685,893**	337,350,825
		197,174,634	337,709,771
Considered doubtful- others		**15,513,924**	15,359,635
		212,688,558	353,069,406
Less: Provision for doubtful debts	26.2	**15,513,924**	15,359,635
		197,174,634	337,709,771

Trade debts include secured debts of Rs 15.339 million (2010: Rs 19.145 million).

26.1 Due from related parties

	2011 Rupees	2010 Rupees
Fatima Memorial Hospital Trust	**394,716**	204,446
Directors	**92,189**	112,882
Executives	**1,836**	41,618
	488,741	358,946

These relate to normal business of the company and are interest free.

26.2 Provision for doubtful debts

	Note	2011 Rupees	2010 Rupees
Opening balance		**15,359,635**	9,308,562
Add: Provision for the year	31	**1,041,308**	6,051,073
		16,400,943	15,359,635
Less: Bad debts written off against provision		**887,019**	-
Closing balance		**15,513,924**	15,359,635

	Note	2011 Rupees	2010 Rupees

27. Loans, advances, deposits, prepayments and other receivables

	Note	2011 Rupees	2010 Rupees
Current portion of loans to employees - considered good		**2,093,350**	2,257,650
Advances - considered good			
- to employees	27.1	**3,429,391**	451,868
- to suppliers		**8,822,489**	11,471,853
		12,251,880	11,923,721
Due from related parties - considered good	27.2	**15,121**	15,121
Short term security deposits		**8,164,253**	6,293,028
Letters of credit opening charges		**412,779**	707,331
Claims recoverable from government			
- Sales tax		**28,623**	28,623
- Export freight subsidy		**984,662**	1,791,022
		1,013,285	1,819,645
Prepayments		**2,617,860**	1,625,449
Recoverable from employees		**10,922,207**	5,316,622
Margins held by bank		**5,721,311**	6,162,987
Others		**-**	19,442
		43,212,046	36,140,996

27.1 Included in advances to employees is an amount of Rs 0.075 million (2010: 0.005 million) due from executives.

27.2 This represents amount due from ICC (Private) Limited. The amount relates to normal business of the company and is interest free.

28. Cash and bank balances

	2011 Rupees	2010 Rupees
At banks - current accounts	**69,215,496**	49,994,464
Cash in hand	**822,025**	1,013,837
	70,037,521	51,008,301

29. Sales

	Insulator Rupees	Tile Rupees	2011 Total Rupees	2010 Total Rupees
Gross sales				
- Local	658,362,694	1,379,859,364	**2,038,222,058**	1,984,194,021
- Export	103,664,892	-	**103,664,892**	164,520,652
	762,027,586	1,379,859,364	**2,141,886,950**	2,148,714,673
Goods purchased for resale	-	10,495	**10,495**	167,983
Less: Sales tax	(5,052,559)	(17,624,980)	**(22,677,539)**	(270,892,497)
Less: Special Excise Duty	(54,992,825)	(208,883,601)	**(263,876,426)**	(17,002,640)
Net sales	701,982,202	1,153,361,278	**1,855,343,480**	1,860,987,519

29.1 There are no inter segment sales.

29.2 Local sales are exclusive of Rs 75.261 million (2010: Rs 79.387 million) towards discount.

30. Cost of goods sold

	Note	Insulator Rupees	Tile Rupees	**2011 Total Rupees**	2010 Total Rupees
Raw and packing materials consumed		307,239,974	351,084,800	**658,324,774**	697,888,831
Stores and spares consumed		38,426,278	40,206,518	**78,632,796**	86,207,033
Salaries, wages and benefits	30.1	124,588,560	138,480,456	**263,069,016**	243,553,169
Power and gas		112,141,827	311,110,417	**423,252,244**	329,091,704
Depreciation on owned assets	19.1	27,357,019	70,949,237	**98,306,256**	86,364,742
Depreciation on leased assets	20.1	76,794	1,240,536	**1,317,330**	2,473,492
Vehicle Maintenance		219,871	288,234	**508,105**	542,331
Repairs and maintenance		2,146,450	4,480,676	**6,627,126**	6,162,318
Insurance		2,976,081	1,174,295	**4,150,376**	2,881,610
Communication and stationery		840,298	1,302,777	**2,143,075**	1,919,064
Rent, rates and taxes		2,498,353	14,399,322	**16,897,675**	16,174,070
Travelling and conveyance		3,386,959	2,872,116	**6,259,075**	5,798,423
Others		11,108,909	2,646,831	**13,755,740**	10,251,513
		633,007,373	940,236,215	**1,573,243,588**	1,489,308,300
Opening work in process		21,051,502	16,462,595	**37,514,097**	26,962,783
Less: Closing work in process		12,882,400	15,954,620	**28,837,020**	37,514,097
		8,169,102	507,975	**8,677,077**	(10,551,314)
Cost of goods produced		641,176,475	940,744,190	**1,581,920,665**	1,478,756,986
Opening stock of finished goods		123,928,330	52,291,426	**176,219,756**	251,908,976
		765,104,805	993,035,616	**1,758,140,421**	1,730,665,962
Less: Closing stock of finished goods		170,481,628	90,143,771	**260,625,399**	176,219,756
		594,623,177	902,891,845	**1,497,515,022**	1,554,446,206
Cost of goods sold - purchased for resale		-	-	**-**	146,317
		594,623,177	902,891,845	**1,497,515,022**	1,554,592,523

30.1 Salaries, wages and benefits include provident fund charge of Rs 3.123 million (2010: Rs 3.016 million) and gratuity charge Rs 4.502 million (2010: Rs 3.709 million).

30.2 There are no inter segment purchases.

31. Administrative expenses

	Note	Insulator Rupees	Tile Rupees	**2011 Total Rupees**	2010 Total Rupees
Salaries, allowances and benefits	31.1	13,799,924	22,515,666	**36,315,590**	37,879,346
Communication and stationery		815,346	1,330,302	**2,145,648**	2,287,983
Travelling		388,668	634,143	**1,022,811**	1,553,704
Vehicle maintenance		1,423,382	2,322,359	**3,745,741**	3,985,622
Rent, rates and taxes	31.2	2,165,537	3,533,244	**5,698,781**	5,702,410
Depreciation on owned assets	19.1	559,732	964,213	**1,523,945**	1,574,396
Depreciation on leased assets	20.1	338,854	552,867	**891,720**	976,777
Amortization of intangible assets	21.1	127,488	208,006	**335,494**	334,530
Electricity and gas		462,856	755,186	**1,218,042**	1,106,991
Insurance		176,068	287,268	**463,336**	273,615
Legal and professional charges	31.3	1,454,250	2,372,724	**3,826,974**	3,348,154
Repairs and maintenance		131,133	213,955	**345,088**	507,469
Computer charges		19,002	31,003	**50,005**	864,810
Security charges		450,489	735,008	**1,185,497**	1,280,778
Fees and taxes		1,551,679	2,531,688	**4,083,367**	1,871,198
Provision for doubtful debts - trade	26.2	-	1,041,308	**1,041,308**	6,051,073
Provision for obsolete stock	25.2	1,137,413	-	**1,137,413**	3,411,752
Others		1,179,175	1,923,916	**3,103,091**	2,190,468
		26,180,996	41,952,856	**68,133,851**	75,201,076

31.1 Salaries, wages and benefits include provident fund charge of Rs 0.06 million (2010: Rs 0.06 million) and gratuity charge of Rs 1.638 million (2010: Rs 2.356 million).

31.2 Rent, rates and taxes include operating lease rentals amounting to Rs 5.698 million (2010: Rs 5.702 million).

31.3 Professional services

The charges for professional services include the following in respect of auditors' services for:

	2011 Rupees	2010 Rupees
Statutory audit	**800,000**	750,000
Half yearly review and other certification	**325,000**	300,000
Tax services	**1,192,500**	1,115,000
Out of pocket expenses	**268,065**	139,802
	2,585,565	2,304,802

32. Distribution and selling costs

	Note	Insulator Rupees	Tile Rupees	**2011 Total Rupees**	2010 Total Rupees
Salaries, allowances and benefits	32.1	2,837,255	22,766,507	**25,603,762**	25,594,445
Travelling		2,420,648	5,726,875	**8,147,523**	7,030,128
Insurance		751,915	361,464	**1,113,379**	453,853
Handling, freight and transportation		18,689,073	56,156,290	**74,845,363**	72,952,122
Electricity and gas		45,570	1,170,089	**1,215,659**	772,751
Vehicle maintenance		-	1,138,413	**1,138,413**	729,364
Rent, rates and taxes		1,307,183	3,910,273	**5,217,456**	5,513,699
Communication		210,954	1,296,264	**1,507,218**	1,626,851
Repair and maintenance		3,500	770,568	**774,068**	1,579,119
Security charges		14,115	99,299	**113,414**	109,905
Advertisement and sales promotion		-	1,834,088	**1,834,088**	1,409,220
Depreciation on owned assets	19.1	-	466,181	**466,181**	389,415
Depreciation on leased assets	20.1	-	458,547	**458,547**	657,714
Late delivery charges		21,514,562	-	**21,514,562**	6,653,016
Others		601,999	2,426,772	**3,028,771**	2,783,905
		48,396,774	98,581,630	**146,978,404**	128,255,507

32.1 Salaries, wages and benefits include provident fund charge of Rs 0.07 million (2010: Rs 0.06 million) and gratuity charge of Rs 1.487 million (2010: Rs 1.210 million).

33. Other operating expenses

	Note	**2011 Rupees**	2010 Rupees
Workers' Welfare Fund		**-**	-
Donations		**190,000**	4,549
Others	33.1	**12,949,064**	7,710,034
		13,139,064	7,714,583

33.1 Included in others is an amount of Rs 9.55 million (2010: Rs 7.537 million) on account of penalties imposed by sales tax authorities.

34. Other operating income
Income from financial assets

	2011 Rupees	2010 Rupees
Exchange gain	**181,562**	514,995
Income from non-financial assets		
Rental income	**81,020**	90,734
Gain on disposal of fixed assets	**250,646**	493,308
Others	**10,155,481**	2,323,224
	10,487,147	2,907,266
	10,668,709	3,422,261

35. Finance Cost

	Note	2011 Rupees	2010 Rupees
Mark-up on			
- Long term finances			
- From related parties - unsecured		**783,822**	783,822
- From EMCO Industries Limited Provident Fund		**31,069,225**	23,760,664
- From banking companies - secured		**41,010,877**	53,386,875
- Long-term morabaha		**4,424,731**	-
- Discontinued Provident fund	11.1	**170,322**	194,802
- Finances under mark-up arrangements - secured		**90,098,971**	88,311,416
- Finance lease		**2,863,411**	3,621,347
Commission on bank guarantees		**1,472,176**	2,002,065
Bank charges		**2,997,397**	2,762,516
		174,890,932	174,823,507

36. Taxation

	2011 Rupees	2010 Rupees
For the year		
- Current	**17,516,786**	10,132,077
- Deferred	**(7,343,764)**	(15,210,432)
	10,173,022	(5,078,355)
Prior years		
- Current	**770,476**	(1,290,399)
- Deferred	**559,001**	1,936,230
	1,329,477	645,831
	11,502,499	(4,432,524)

36.1 In view of the available income tax losses, the provision for current taxation represents tax under 'Final Tax Regime' and tax on minimum turnover under section 113 of the Income Tax Ordinance, 2001. Minimum tax under section 113 is available for set off for 3 years against normal tax liability arising in future years whereas tax under 'Final Tax Regime' is not available for set off against normal tax liabilities arising in future years.

For the purpose of current taxation, the tax losses available for carry forward as at June 30, 2011 are estimated approximately at Rs 577.177 million (2010: Rs 598.014 million).

36.2 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate.

	2011 % age	2010 % age
Applicable tax rate	**35.00**	35.00
Tax effects of amounts that are not deductible for tax purpose	**(9.84)**	(3.50)
Effect of change in prior years' tax	**(3.84)**	(0.90)
Tax credits for which no deferred tax asset has been recognized	**(50.56)**	(11.10)
Tax effect under presumptive tax regime and others	**(3.96)**	(13.69)
	(68.20)	(29.19)
Average effective tax rate charged to profit and loss account	**(33.20)**	5.81

37. Earnings per share

37.1 Basic earnings per share

		2011	2010
Loss for the year attributable to ordinary shareholders	Rupees	**(46,147,583)**	(71,744,892)
Weighted average number of ordinary shares	Numbers	**35,000,000**	35,000,000
Basic loss per share	Rupees	**(1.32)**	(2.05)

37.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the company as the company has no such commitments.

38. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive, full time working directors and other executives of the company is as follows:

	Chief Executive		***Director***		***Executive***	
	2011	***2010***	***2011***	***2010***	***2011***	***2010***
	Rupees	***Rupees***	***Rupees***	***Rupees***	***Rupees***	***Rupees***
Managerial remuneration	**4,005,738**	3,593,026	**9,945,016**	8,727,789	**9,122,844**	8,776,373
Production incentives	**-**	-	**-**	-	**2,005,490**	3,746,210
House rent	**1,802,581**	1,616,860	**4,475,264**	3,927,505	**4,105,280**	3,949,368
Utilities	**536,661**	454,315	**1,246,375**	1,022,514	**1,812,284**	1,127,367
Medical expenses	**83,255**	267,787	**1,012,171**	1,056,025	**315,650**	460,833
Reimbursable expenses note 38.1	**1,487,828**	1,694,824	**5,944,137**	4,854,152	**2,845,160**	4,084,719
	7,916,063	7,626,812	**22,622,963**	19,587,985	**20,206,708**	22,144,870
Number of persons	**1**	1	**4**	3	**7**	8

38.1 The Company provides the Chief Executive and some of the directors and executives with company maintained vehicles, residential telephone expenses, reimbursable club expenses, and servant salaries.

38.2 The aggregate amount charged in the financial statements for the year ending June 30, 2011, on account of directors include remuneration and other benefits paid to three directors of the company up to Septmeber 20, 2010 and to four directors for the remaining months of the year except for the month of June 2011.

	Note	**2011 Rupees**	2010 Rupees
39. Cash generated from operations			
Loss before taxation		**(34,645,084)**	(76,177,416)
Add: Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment	19.1	**100,296,382**	88,328,553
Depreciation on leased assets	20.1	**2,667,597**	4,107,983
Amortisation of Intangibles	21.1	**335,494**	334,530
Security deposit adjusted against rent expense		**-**	201,386
Provision for gratuity	11.2	**7,617,426**	7,274,153
Provision for doubtful debts - trade	26.2	**1,041,308**	6,051,073
Provision for obsolete stock	25.2	**1,137,413**	3,411,752
Gain on disposal of property, plant and equipment	33	**(250,646)**	(493,308)
Finance cost	35	**174,890,932**	174,823,507
		287,735,906	284,039,629
Profit before working capital changes		**253,090,822**	207,862,213
Effect on cash flow due to working capital changes:			
- Increase in stores and spares		**(19,270,729)**	(46,792,686)
- (Increase)/ decrease in stock-in-trade		**(82,079,149)**	87,125,017
- Decrease/ (increase) in trade debts		**139,493,829**	(64,791,250)
- Increase in loans, advances, deposits, prepayments and other receivables		**(8,470,850)**	(7,598,321)
- (Decrease)/ increase in trade and other payables		**(60,101,906)**	43,906,791
		(30,428,805)	11,849,551
		222,662,017	219,711,764

40. Cash and cash equivalents

	Note	**2011 Rupees**	2010 Rupees
Cash and bank balances	28	**70,037,521**	51,008,301
Finances under mark-up arrangements - secured	15	**(530,638,629)**	(561,963,103)
		(460,601,108)	(510,954,802)

41. Related Party Disclosures

Related parties with whom the company had transactions

The related parties comprise associated undertakings, other related group companies, directors of the company and their close relatives, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 38. Other significant transactions with related parties are given below:

			2011 Rupees	2010 Rupees
i.	Associated undertakings	Long term finances obtained	**-**	9,500,000
		Repayment of long term finances	**-**	-
		Mark-up on long term finances	**783,822**	783,822
		Sale of goods	**-**	11,670
		Purchase of goods & services	**417,800**	2,793,827
ii.	Directors and close relative thereof	Long term loan obtained	**51,795,749**	1,650,000
		Long term loan repaid	**13,945,318**	2,150,000
		Short term borrowing obtained	**127,029,000**	33,125,000
		Short term borrowing repaid	**15,637,253**	26,991,907
		Short term loan converted into long term	**40,000,000**	-
		Sale of goods	**104,534**	46,903
		Rent paid	**6,000,000**	4,500,000
iii.	Employee benefits plans - EMCO Industries Limited Provident Fund	Opening balance of long term loan	**143,600,793**	143,600,793
		Repayment of long term loan	**-**	-
		Transferred from markup payable	**42,911,146**	-
		Balance as at June 30	**186,511,939**	143,600,793
		Mark up on long term loan	**32,317,442**	23,760,664
iv.	Undertaking in which close family members of a director are holding directorship	Sale of goods	**569,691**	660,194
v.	Key management personnel	Sale of goods	**71,639**	36,127

42. Segment Information

	Insulator		Tile		Total	
	2011 Rupees	2010 Rupees	**2011 Rupees**	2010 Rupees	**2011 Rupees**	2010 Rupees
Revenue from external customers	701,982,202	738,352,319	1,153,361,278	1,122,635,200	1,855,343,480	1,860,987,519
Interest expense	50,253,301	56,190,617	124,637,632	118,632,889	174,890,933	174,823,606
Depreciation and amortisation	28,459,886	30,382,353	74,839,588	62,054,182	103,299,474	92,436,535
Segment operating profit/ (loss)	36,096,905	11,145,372	106,619,300	91,793,041	142,716,205	102,938,413
Segment assets	742,332,084	937,855,980	1,168,881,099	1,112,002,645	1,911,213,183	2,049,858,625

42.1 Reconciliation of segment profit/ (loss)

	2011 Rupees	2010 Rupees
Total for segment profit	**142,716,205**	102,938,413
Other operating expenses	**(13,139,064)**	(7,714,583)
Other operating income	**10,668,709**	3,422,261
Profit from operations	**140,245,850**	98,646,091
Finance cost	**(174,890,932)**	(174,823,507)
Loss before tax	**(34,645,082)**	(76,177,416)
Taxation	**(11,502,499)**	4,432,524
Loss after tax	**(46,147,581)**	(71,744,892)

	2011 Rupees	2010 Rupees

42.2 Reconciliation of segment assets

	2011 Rupees	2010 Rupees
Total for segment assets	**1,911,213,183**	2,049,858,625
Unallocated assets		
Intangible assets	**4,740,278**	3,010,770
Loan to employees	**3,781,785**	3,639,190
Long term deposits	**1,560,178**	3,577,378
Loans, advances, deposits, prepayments and other receivables	**43,212,046**	36,140,996
Taxation - net	**44,750,879**	36,521,475
Cash and bank balances	**70,037,521**	51,008,301
Total assets as per balance sheet	**2,079,295,870**	2,183,756,735

42.3 Information about geographical area

Revenue from external customers

	2011 Rupees	2010 Rupees
Pakistan	**1,751,678,588**	1,696,466,867
Saudia Arabia	**74,102,073**	133,896,389
Others	**29,562,819**	30,624,263
	1,855,343,480	1,860,987,519

42.4 Information about major customers

Included in revenue from insulator division, is revenue from one major customer which represents approximately Rs. 624.379 million of the total revenue.

43. Financial risk management

43.1 Financial risk factors

Overall risks arising from the company's financial assets and liabilities are limited. The company manages its exposure to financial risk in the following manner:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables that exist due to transactions in foreign currencies. The company's exposure to currency risk is as follows:

	2011	2010
Trade and other receivables - USD	**177,282**	588,631
Net exposure - USD	**177,282**	588,631

The following significant exchange rates were applied during the year:

Rupees per USD	2011	2010
Average rate	**85.53**	84.17
Reporting date rate	**85.85**	85.60

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable market rates and contracting floor and cap of these rates as referred to in note 9.2.

	2011 Rupees	2010 Rupees
Fixed rate instruments		
Financial liabilities		
Long term finances	**12,777,272**	12,777,272
Liabilities against assets subject to finance lease	**3,582,464**	6,731,277
Finances under mark-up arrangements - secured	**49,927,000**	48,889,000
Total exposure	**66,286,736**	68,397,549
Floating rate instruments		
Financial liabilities		
Long term finances	**418,270,529**	454,033,407
Liabilities against assets subject to finance lease	**8,943,867**	11,912,392
Finances under mark-up arrangements - secured	**480,711,629**	513,074,103
	907,926,025	979,019,902

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the company

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term loans from associates, banks and short term running finance, during the year, fluctuate by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rs 6.110 million higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowing

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks, trade debts, loans and advances and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Long term deposits	**9,724,431**	9,870,406
Long term loans	**5,875,135**	5,896,840
Trade debts	**212,688,558**	353,069,406
Loans, advances, deposits and other receivables	**24,822,892**	17,787,758
Bank balances	**69,215,496**	49,994,464
	322,326,512	436,618,874

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The risk on liquid funds is limited because counter parties are banks with reasonably high credit ratings. The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits to its customers.

The age of financial assets and related impairment loss at balance sheet date is as follows:

	2011 Rupees	2010 Rupees
The age of financial assets		
Not past due	**205,418,002**	342,725,432
Past due but not Impaired:		
Not more than one year	**68,207,534**	62,348,694
More than one year and not more than three years	**25,605,006**	14,512,144
Over three years	**7,582,046**	1,672,969
Past due and Impaired:		
Over three years	**15,513,924**	15,359,635
	322,326,512	436,618,874

(ii) Credit quality of major financial assets

The credit quality of major financial assets 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:

Banks	**Rating**		**Rating**	**2011**	2010
	Short term	**Long term**	**Agency**	**Rupees**	Rupees
Allied Bank	A1+	AA	PACRA	**10,184,813**	9,404,271
Askari Bank Limited	A1+	AA	PACRA	**633,612**	778,823
Bank Al Falah Limited	A1+	AA	PACRA	**6,030,495**	8,112,113
The Bank of Punjab	A1+	AA-	PACRA	**9,308,135**	2,957,839
Faysal Bank Limited	A1+	AA	PACRA	**10,020,492**	5,023,787
Habib Bank Limited	A-1+	AA+	JCR-VIS	**2,360,926**	379,885
MCB Bank Limited	A1+	AA+	PACRA	**5,315,430**	7,223,071
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**11,039,525**	1,095,390
Silk Bank Limited	A2	A -	JCR-VIS	**1,569,948**	7,049,999
Standard Chartered Bank Ltd.	A1+	AAA	PACRA	**4,496,525**	2,557,758
United Bank Limited	A1+	AA	JCR-VIS	**8,255,595**	5,411,528
				69,215,496	49,994,464

Due to the company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments associated with the financial instruments. The company follows an effective cash management and planning policy to ensure availability of funds. The company also aims at maintaining flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities as at June 30, 2011:

	Carrying amount	Less than one year	One to five years	More than five years
	Rupees	Rupees	Rupees	Rupees
Long term loans from directors	114,071,000	-	-	114,071,000
Long term finances	458,221,668	152,418,174	305,803,494	-
Liabilities against assets subject to finance lease	12,526,270	5,227,113	7,299,157	-
Short term borrowings from related parties - unsecured	94,372,071	94,372,071	-	-
Finances under mark-up arrangements - secured	530,638,629	530,638,629	-	-
Trade and other payables	253,501,290	253,501,290	-	-
Accrued finance cost	55,378,306	55,378,306	-	-
	1,518,709,234	**1,091,535,583**	**313,102,651**	**114,071,000**

The following are the contractual maturities of financial liabilities as at June 30, 2010:

	Carrying amount	Less than one year	One to five years	More than five years
Long term loans from directors	74,070,569	-	-	74,070,569
Long term finances	469,984,546	158,990,103	297,274,914	13,719,529
Liabilities against assets subject to finance lease	18,643,669	6,134,163	12,509,506	-
Short term borrowings from related parties - unsecured	23,457,894	23,457,894	-	-
Finances under mark-up arrangements - secured	561,963,103	561,963,103	-	-
Trade and other payables	270,816,363	270,816,363	-	-
Accrued finance cost	89,005,374	89,005,374	-	-
	1,507,941,518	1,110,367,000	309,784,420	87,790,098

43.2 Fair values of financial assets and liabilities

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.

43.3 Financial instruments by categories

	Loans and receivables 2011 Rupees	Loans and receivables 2010 Rupees
Financial assets as per balance sheet		
Long term deposits	**9,724,431**	9,870,406
Long term loans	**5,875,135**	5,896,840
Trade debts	**212,688,558**	353,069,406
Loans, advances, deposits, prepayments, and other receivables	**24,822,892**	17,787,758
Cash and bank balances	**70,037,521**	51,008,301
	323,148,537	437,632,711

	Other financial liabilities 2011 Rupees	Other financial liabilities 2010 Rupees
Financial liabilities as per balance sheet		
Long term loans from directors	**114,071,000**	74,070,569
Long term finances	**458,221,668**	469,984,546
Liabilities against assets subject to finance lease	**12,526,270**	18,643,669
Short term borrowings from related parties - unsecured	**94,372,071**	23,457,894
Finances under mark-up arrangements - secured	**530,638,629**	561,963,103
Trade and other payables	**253,501,290**	270,816,363
Accrued finance cost	**55,378,306**	89,005,374
	1,518,709,234	1,507,941,518

43.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt.

Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term loan obtained by the Company as referred to in note 9 & 10. Total capital employed includes equity as shown in the balance sheet plus borrowings. The gearing ratio as at year ended June 30, 2011 and June 30, 2010 are as follows:

		2011	2010
Borrowings	Rupees	**572,292,668**	544,055,115
Total capital employed	Rupees	**612,527,250**	607,687,069
Gearing ratio	Percentage	**93%**	90%

44. Capacity and production

	Capacity 2011	Capacity 2010	Actual production 2011	Actual production 2010
Insulators produced - tons	**5,000**	5,000	**4,737**	4,049
Tiles produced - sq. mtrs.	**5,000,000**	5,000,000	**3,442,735**	3,749,902

45. Date of authorization of issue

These financial statements were authorized for issue on October 07, 2011by the Board of Directors of the company.

46. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made during the year.

Lahore:
October 07,2011

Tariq Rehman
(Chief Executive)

Haris Noorani
(Director)

Pattern of Share Holding as on June 30, 2011

No of Shareholders	Shareholding From	Shareholding To	Total Shares held
93	1	100	3,827
272	101	500	62,871
87	501	1,000	69,620
126	1,001	5,000	297,214
25	5,001	10,000	185,692
18	10,001	15,000	216,374
7	15,001	20,000	122,569
8	20,001	25,000	175,377
4	25,001	30,000	113,000
2	30,001	35,000	62,771
2	35,001	40,000	72,649
3	40,001	45,000	121,956
2	45,001	50,000	96,720
2	50,001	55,000	100,575
1	70,001	75,000	71,865
2	80,001	85,000	161,679
1	90,001	95,000	94,000
2	100,001	105,000	201,884
2	115,001	120,000	233,399
2	120,001	125,000	244,926
2	125,001	130,000	255,504
2	135,001	140,000	279,400
3	160,001	165,000	483,497
1	170,001	175,000	175,000
2	220,001	225,000	449,426
1	225,001	230,000	228,052
1	245,001	250,000	246,312
1	250,001	255,000	251,126
2	265,001	270,000	535,556
1	275,001	280,000	276,902
3	290,001	295,000	875,332
1	300,001	305,000	301,365
1	335,001	340,000	339,093
1	345,001	350,000	349,970
1	380,001	385,000	384,708
1	395,001	400,000	399,378
1	410,001	415,000	414,975
1	435,001	440,000	436,046
1	530,001	535,000	532,618
1	545,001	550,000	549,601
1	635,001	640,000	637,654
1	660,001	665,000	660,492
1	750,001	755,000	754,929
1	755,001	760,000	756,711
1	800,001	805,000	800,087
1	820,001	825,000	821,019
1	880,001	885,000	881,039
1	990,001	995,000	995,000
1	1,035,001	1,040,000	1,037,163
1	1,285,001	1,290,000	1,288,942
1	1,475,001	1,480,000	1,475,634
1	2,010,001	2,015,000	2,011,325
1	2,375,001	2,380,000	2,377,013
1	2,690,001	2,695,000	2,692,285
1	3,445,001	3,450,000	3,445,641
1	3,890,001	3,895,000	3,892,237
705			**35,000,000**

Categories of shareholders	Number of Share Holders	Shares held	% of paid up capital
Individuals	674	26,440,771	75.55
Insurance Companies	2	128,125	0.37
Joint Stock Companies	21	6,914,274	19.76
Financial Institutions	8	1,516,830	4.33
Total	705	35,000,000	100.00

Pattern of Share Holding as on June 30, 2011

	CATEGORY OF SHAREHOLDER	HOLDING	% AGE
	DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN:		
1	MR. TARIQ REHMAN - (CDC)	2,377,013	6.7915
2	MR. SHAFIQUE A. SIDDIQUI	414,975	1.1856
3	MR. SHAFIQUE A. SIDDIQUI. (CDC)	3,445,641	9.8447
4	MR. HARIS NOORANI	224,970	0.6428
5	MR. HARIS NOORANI - (CDC)	1,288,942	3.6827
6	MR. SUHAIL MANNAN	3,892,237	11.1207
7	MR. SUHAIL MANNAN (CDC)	80,691	0.2305
8	MR. JAVAID SHAFIQ SIDDIQUI	291,777	0.8336
9	MR. JAVAID SHAFIQ SIDDIQUI (CDC)	267,778	0.7651
10	MR. USMAN HAQ	881,039	2.5173
11	MR. SALEM REHMAN	436,046	1.2458
12	MR. AHSAN SUHAIL MANNAN	160,458	0.4585
13	MRS. SHAHIMA REHMAN W/O TARIQ REHMAN	290	0.0008
14	MRS. SHAHIMA REHMAN W/O TARIQ REHMAN - (CDC)	399,378	1.1411
15	MRS. AYESHA NOORANI W/O HARIS NOORANI	339,093	0.9688
16	MRS. AMINA SUHAIL MANNAN W/O SUHAIL MANNAN - (CDC)	246,312	0.7037
17	MRS. NAILA SUHAIL MANNAN W/O SUHAIL MANNAN	228,052	0.6516
18	MRS. AMBREEN HAQ W/O USMAN HAQ	1,037,163	2.9633
19	MRS. AMBREEN HAQ W/O USMAN HAQ (CDC)	127,752	0.3650
20	MR. ZULFIQAR SUHAIL MANNAN (MINOR)	139,700	0.3991
21	MR. ABDULLAH SUHAIL MANNAN (MINOR)	139,700	0.3991
		16,419,007	**46.9114**
	ASSOCIATED COMPANIES:		
1	ICC (PVT) LIMITED	2,692,285	7.6922
2	ICC (PVT) LIMITED (CDC)	251,126	0.7175
3	ASSOCIATED ENGINEERS (PVT) LTD.	2,011,325	5.7466
4	THE IMPERIAL ELECTRIC COMPANY (PVT) LIMITED - (CDC)	532,618	1.5218
5	THE IMPERIAL ELECTRIC COMPANY (PVT) LIMITED - (CDC)	49,681	0.1419
		5,537,035	**15.8201**
	NIT & ICP:		
1	IDBP (ICP UNIT)	1,057	0.0030
2	NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT. - (CDC)	754,929	2.1569
3	NATIOANAL INVESTMENT TRUST LIMITED (CDC)	19,441	0.0555
		775,427	**2.2155**
	FINANCIAL INSTITUTION:		
1	PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD.	500	0.0014
2	FAYSAL BANK LIMITED (CDC)	122,791	0.3508
3	THE BANK OF PUNJAB, TREASURY DIVISION (CDC)	161,539	0.4615
4	NATIONAL BANK OF PAKISTAN (CDC)	71,865	0.2053
5	NATIONAL BANK OF PAKISTAN (CDC)	384,708	1.0992
		741,403	**2.1183**
	INSURANCE COMPANIES:		
1	GULF INSURANCE COMPANY LIMITED	12,550	0.0359
2	STATE LIFE INSURANCE CORP. OF PAKISTAN - (CDC)	115,575	0.3302
		128,125	**0.3661**
	MODARABAS & MUTUAL FUNDS:	**-**	**0.0000**
	JOINT STOCK COMPANIES:		
1	MUNIR HOLDING (PVT) LTD.	2,300	0.0066
2	ASIAN SECURITIES LIMITED	49	0.0001
3	NAEEM'S SECURITIES (PVT) LTD.	1,310	0.0037
4	A.H.K.D. SECURITIES (PVT) LIMITED - (CDC)	1	0.0000
5	ALI USMAN STOCK BROKERAGE (PVT) LIMITED - (CDC)	150	0.0004
6	AMIN TAI SECURITIES (PVT) LIMITED - (CDC)	800,087	2.2860
7	CLIKTADE LIMITED - (CDC)	82	0.0002
8	DARSON SECURITIES (PVT) LIMITED - (CDC)	4,422	0.0126
9	ELEVEN STARS SECURITIES (PVT) LIMITED - (CDC)	549,601	1.5703
10	FAIR EDGE SECURITIES (PVT) LTD - (CDC)	2,565	0.0073
11	MAM SECURITIES (PVT) LIMITED - (CDC)	250	0.0007
12	MSMANIAR FINANCIALS (PVT) LIMITED - (CDC)	400	0.0011
13	NH SECURITIES (PVT) LIMITED - (CDC)	1,000	0.0029
14	STOCK MASTER SECURITIES (PRIVATE) LIMITED - (CDC)	14,494	0.0414
15	UNITED CAPITAL SECURITIES PVT. LIMITED - (CDC)	498	0.0014
16	WASI SECURITIES (SMC-PVT) LIMITED - (CDC)	30	0.0001
		1,377,239	**3.9350**

Pattern of Share Holding as on June 30, 2011

CATEGORY OF SHAREHOLDER		HOLDING	% AGE
	SHARES HELD BY THE GENERAL PUBLIC:	**10,021,764**	**28.6336**
	TOTAL:	**35,000,000**	**100.0000**
	SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL:		
1	MR. SUHAIL MANNAN	3,972,928	11.3512
2	MR. SHAFIQUE A. SIDDIQUI	3,860,616	11.0303
		7,833,544	**22.3816**

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S. No.	**NAME**	**SALE**	**PURCHASE**
1	MR. SHAFIQUE A. SIDDIQUI	-	3,693,491
2	MRS. SAEEDA SHAFIQUE A. SIDDQUI	3,693,491	161,750

FORM OF PROXY

I/We --

of -- being a member of EMCO Industries Limited

and holder of -------------------------- Ordinary shares as per share Register Folio No. ----------------------

and/or CDC Participant I.D. No. ....and Sub Account No. ---hereby

appoint --

of --

or failing him --of

as my/our proxy to vote for me/us and my/our behalf at the Annual General Meeting of the Company to be held at Registered Office, 119/E-1, Hali Road, Gulberg-III, Lahore on 31st October, 2011 at 09:30 A.M. and at any adjournment thereof.

Signed this...........................day of ....

Signature on Revenue Stamp
(Signature should agree with the specimen
Signature registered with the Company)

WITNESS 1:

Signature---------------------
Name -------------------------
Address. ----------------------
NIC # :
Passport #:

WITNESS 2:

Signature---------------------
Name -------------------------
Address. ----------------------
NIC # :
Passport #:

Note:

Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting, duly completed in all respects.

CDC shareholders and their Proxies are requested to attach an attested photocopy of their National Identity Card or Passport with the proxy form before submission to the Company.