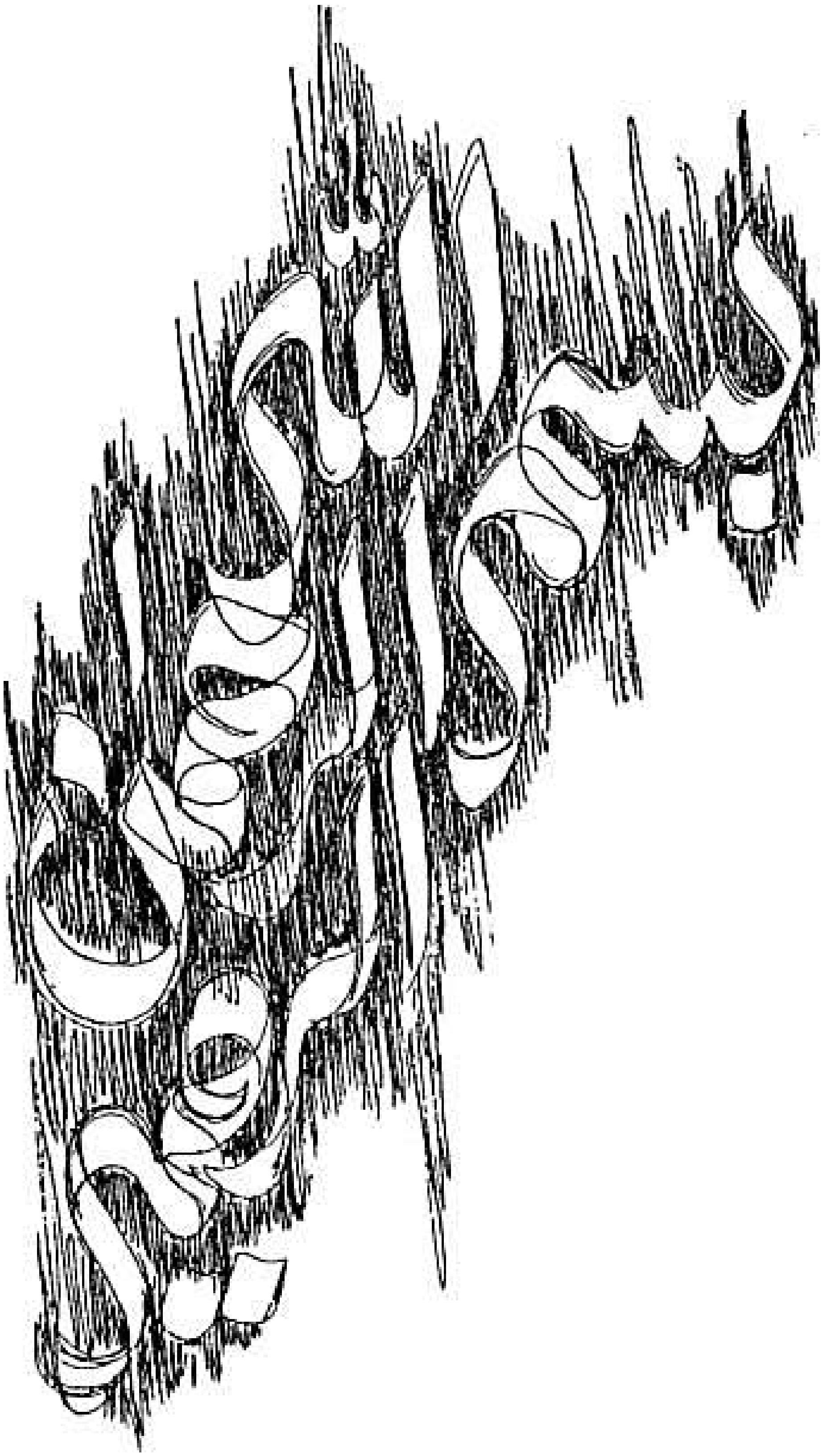
ANNUAL REPORT 2012

Emco Industries Limited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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 57th Annual General Meeting of Members of EMCO Industries Limited will be held on 29th November, 2012 at 12.00 noon 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 Annual General Meeting held on 31st October, 2011.

2. To receive, approve and adopt the Audited Accounts of the Company for the year ended 30th June, 2012 together with Directors' and Auditors' Report thereon.

3. To appoint Auditors for the year ending June 30, 2013 and to 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 : 08.11.2012

(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 22.11.2012 to 29.11.2012 (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 57th Annual General Meeting of the Company and present to you the audited report for the period ending June 30, 2012.

Financial Results are as follows: -

	2012 Rupees	2011 Rupees
Profit /(Loss) before taxation	(14,256,943)	(34,645,084)
Taxation	(7,096,882)	(11,502,499)
Profit/(Loss) after Tax	(21,353,825)	(46,147,583)
Un-appropriated profit / (Loss) brought forward	(443,905,070)	(416,266,572)
Incremental Depreciation on revaluation	17,989,604	18,509,085
	(425,915,466)	(397,757,487)
Profit / (Loss) carried forward	(447,269,291)	(443,905,070)
Profit / (Loss) per share	(0.61)	(1.32)

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. 21.354 Million. However the current loss is substantially lower than the loss in previous year which was Rs.46.147 Million.

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 enhance process efficiencies, 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. 402.814 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 decreased to 2,409 tons as compared to 4,737 tons in the previous year. However, this division has posted an improved operating profit of 38.542 Million as compared to Rs. 36.097 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.

TILE PLANT

Natural gas load shedding restricted the production of Tiles Division to 3.518 million sq. meters, which is a marginal improvement from 3.442 million sq. meters last year. The increase in prices and volume have resulted in higher value of sales by 12.9%. However, increase in raw material cost has resulted in decrease in operating profits to Rs. 61.188 million as compared to Rs.109.945 million.

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 2013. 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.

Tiles Division will InshaAllah show better results than last year owing to improved 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, 2012 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, 2012 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, 2012 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, 2011 was Rs 221.688 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 30-06-2014, 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, 2012. The attendance of the board members was as follows: -

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

Leave of absence was granted to 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.	Mr. Javaid Shafiqe Siddiqui	1,841,745	-

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. Ahsan 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, 2012.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2012 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:- November 08, 2012

FINANCIAL HIGHLIGHTS OF LAST TEN YEARS

(Rupees in Million)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net Total sales	1,856	1,855	1,861	1,550	1,260	1,208	1,045	898	760	612
Exports	61	104	164	93	79	151	164	108	97	108
Employees Costs	285	325	307	301	271	241	219	191	169	151
Profit/(Loss) before tax	(14)	(35)	(76)	(103)	(16)	11	(14)	105	37	(11)
Profit/(Loss) after tax	(21)	(46)	(71)	(81)	(14)	20	(56)	86	109	48
Earning per share	(0.61)	(1.32)	(2.05)	(2.39)	(0.09)	1.30	(3.66)	5.62	7.13	3.13
Capital Expenditure	37	8	18	149	222	55	99	15	36	3.3
Cash Dividend Rate	-	-	-	-	-	5%	-	-	-	-
Stock Dividend Rate	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity	33	36	64	118	(16)	(34)	(84)	(49)	(146)	(255)

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 ('the Company') to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange, Chapter XIII of 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 provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the 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 controls 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.

Regulation 35 (x) of the Listing Regulations 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 length 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, 2012.

We draw attention to note 19 of the statement of compliance, which indicates that the Company has not constituted a Human Resource Committee. Our report is not qualified in respect of them matters referred above.

A.F. FERGUSON & CO.
Chartered Accountants
Name of Egagement Partner: Muhammed Masood

Lahore: November 08, 2012

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012

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 seven listed companies, including this company (Excluding the Listed Subsidiaries of the listed holding companies where applicable).

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. No casual vacancy occurred during the year under review.

4. 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.

5. 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.

6. 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.

7. 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.

8. The Directors' report for the year ended June 30, 2012 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

10. 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.

11. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate throughout the Company along with its supporting Policies and Procedures.

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

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

14. 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.

15. 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.

16. 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.

17. 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.

18. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.

19. Human Resource and Remuneration Committee will be formed in future.

20. We confirm that all other material principles enshrined in the Code have been complied with.

(Haris Noorani)
Director

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of EMCO Industries Limited as at June 30, 2012 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 except for the changes in accounting policies as stated in note 2.3.1 to the annexed financial statements 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, 2012 and of the loss, total comprehensive loss, its 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).

We draw attention to note 2.2 to the annexed financial statements which sets out in detail the uncertainties associated with the going concern of the Company. Our opinion is not qualified in respect of this matter.

A.F. FERGUSON & CO.
Chartered Accountants

Lahore November 08, 2012

Name of the audit engagement partner: Muhammad Masood

BALANCE SHEET

	Note	2012 Rupees	2011 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
40,000,000 (2011: 40,000,000) ordinary shares of Rs 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital			
35,000,000 (2011: 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		(447,269,291)	(443,905,070)
		32,629,235	35,993,456
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	7	414,829,694	432,819,298
NON-CURRENT LIABILITIES			
Long term loans from directors	8	114,071,523	114,071,000
Long term finances	9	181,373,772	305,803,494
Liabilities against assets subject to finance lease	10	4,609,791	10,106,072
Deferred liabilities	11	43,405,398	29,398,564
Deferred taxation	12	27,837,160	34,976,137
		371,297,644	494,355,267
CURRENT LIABILITIES			
Current portion of long term liabilities	13	163,354,480	157,645,287
Short term borrowings from related parties - unsecured	14	139,245,882	94,372,071
Finances under mark-up arrangements - secured	15	564,358,988	530,638,629
Trade and other payables	16	344,795,286	280,900,471
Accrued mark-up on loans and other payables	17	95,078,924	55,378,306
		1,306,833,560	1,118,934,764
CONTINGENCIES AND COMMITTMENTS	18		
		2,125,590,133	2,082,102,785

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

Lahore:
November 08, 2012

Tariq Rehman
(Chief Executive)

AS AT JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	1,087,203,565	1,154,811,742
Assets subject to finance lease	20	15,821,682	18,690,158
Intangible assets	21	4,266,250	4,740,278
Long term deposits	22	3,966,692	4,367,093
Long term loans	23	1,506,097	3,781,785
		1,112,764,286	1,186,391,056
CURRENT ASSETS			
Stores, spares and loose tools	24	111,479,777	112,786,646
Stock-in-trade	25	440,928,589	427,750,003
Trade debts	26	342,371,744	197,174,634
Loans, advances, deposits, prepayments and other receivables	27	44,663,180	43,212,046
Income tax recoverable		55,319,335	44,750,879
Cash and bank balances	28	18,063,222	70,037,521
		1,012,825,847	895,711,729
		2,125,590,133	2,082,102,785

Lahore:
November 08, 2012

Suhail Mannan
(Director)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
Sales	29	1,856,059,580	1,855,343,480
Cost of sales	30	(1,539,092,677)	(1,497,515,022)
Gross profit		316,966,903	357,828,458
Administration expenses	31	(64,689,782)	(68,133,851)
Distribution and selling costs	32	(152,546,914)	(146,978,404)
Other operating expenses	33	(5,710,832)	(13,139,064)
		(222,947,528)	(228,251,319)
		94,019,375	129,577,139
Other operating income	34	31,366,988	10,668,709
Profit from operations		125,386,363	140,245,848
Finance cost	35	(139,643,306)	(174,890,932)
Loss before taxation		(14,256,943)	(34,645,084)
Taxation	36	(7,096,882)	(11,502,499)
Loss for the year		(21,353,825)	(46,147,583)
Loss per share - basic and diluted	37	(0.61)	(1.32)

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

Lahore:
November 08,2012

Tariq Rehman
(Chief Executive)

Suhail Mannan
(Director)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rupees	2011 Rupees
Loss after taxation	(21,353,825)	(46,147,583)
Other comprehensive income:		
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	17,989,604	18,509,085
Total comprehensive loss for the year	(3,364,221)	(27,638,498)

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

Lahore:
November 08,2012

Tariq Rehman
(Chief Executive)

Suhail Mannan
(Director)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2012

	Share capital Rupees	Share premium Rupees	General reserve Rupees	Accumulated loss Rupees	Total Rupees
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)
Other comprehensive income for the year					
Transfer from surplus on revaluation of property, plant and equipment - net of deferred taxation	-	-	-	18,509,085	18,509,085
	-	-	-	(27,638,498)	(27,638,498)
Balance as on June 30, 2011	350,000,000	39,898,526	90,000,000	(443,905,070)	35,993,456
Total comprehensive loss for the year					
Loss for the year	-	-	-	(21,353,825)	(21,353,825)
Other comprehensive income for the year					
Transfer from surplus on revaluation of property, plant and equipment - net of deferred taxation	-	-	-	17,989,604	17,989,604
	-	-	-	(3,364,221)	(3,364,221)
Balance as on June 30, 2012	350,000,000	39,898,526	90,000,000	(447,269,291)	32,629,235

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

Lahore:
November 08,2012

Tariq Rehman
(Chief Executive)

Suhail Mannan
(Director)

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
Cash flow from operating activities			
Cash generated from operations	39	106,667,825	222,662,017
Finance cost paid		(122,370,587)	(165,436,532)
Taxes paid		(38,263,475)	(26,516,620)
Payments against discontinued provident fund	11.1	(2,600,707)	(879,961)
Gratuity paid	11.2	(5,858,257)	(6,417,235)
Long term deposits - net		400,401	2,017,200
Net cash (outflow) / inflow from operating activities		(62,024,800)	25,428,869
Cash flow from investing activities			
Fixed capital expenditure		(7,789,005)	(8,185,093)
Net decrease in long term loans		2,275,688	21,705
Proceeds from disposal of property, plant and equipment	19.3	2,651,989	1,729,528
Net cash used in investing activities		(2,861,328)	(6,433,860)
Cash flow from financing activities			
Repayment of long term finances		(60,691,584)	(74,674,024)
Proceeds of loan from Directors		523	431
Short term borrowings from related parties - net		44,873,811	110,914,177
Lease rentals paid		(4,991,280)	(4,881,899)
Net cash generated from / (used in) financing activities		(20,808,530)	31,358,685
Net (decrease) / increase in cash and cash equivalents		(85,694,658)	50,353,694
Cash and cash equivalents at the beginning of the year		(460,601,108)	(510,954,802)
Cash and cash equivalents at the end of the year	40	(546,295,766)	(460,601,108)

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

Lahore:
November 08,2012

Tariq Rehman
(Chief Executive)

Suhail Mannan
(Director)

1. Legal status and nature of business

The Company is incorporated in Pakistan and is 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 head office is situated at 119-E/1, Hali Road, Gulberg III, Lahore.

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

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the 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 the 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 Going concern assumption

The Company has incurred a loss after taxation of Rs 21.354 million during the year ended June 30, 2012 while the accumulated loss stands at Rs 447.269 million as at June 30, 2012. Current liabilities exceed current assets by Rs 294.008 million and the existing borrowing facilities are fully utilized and have overdue payments of Rs 55.375 million and Rs 68.114 million relating to loan repayments and accrued finance cost respectively. 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 restructuring of the currently overdue borrowing facilities, 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.

New and amended standards, and interpretations mandatory for the first time for the financial year beginning July 01, 2011:

- IFRS 7 (Amendments), 'Financial Instruments', emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. 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.

- IFRS 7, 'Disclosures on transfers of financial assets' (Amendment) (effective July 01, 2011), issued in October 8, 2010. The new disclosure requirements apply to transferred financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. These amendments are a 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 securitization of financial assets. The Company has determined that there is no significant transfer of financial assets that requires disclosure under the guidance above.

- IAS 1 (amendments) (effective January 01, 2011), 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.

- IAS 24 (revised) (effective July 01, 2011), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It is not expected to have any material impact on the Company's financial statements.

- 'Classification of rights issues' (amendment to IAS 32), issued in October 2009. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The application of this amendment is not expected to have any material impact on the Company's financial statements.

- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14). The amendment corrects an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendment, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendment corrects this, which should be applied retrospectively to the earliest comparative period presented. The application of this amendment is not expected to have any material impact on the Company's financial statements.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The application of this interpretation is not expected to have any material impact on the Company's financial statements.

2.3.2 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 01, 2012 or later periods, and the Company has not early adopted them:

- IFRS 7, 'Disclosures on offsetting financial assets and financial liabilities' (Amendment), issued on December 19, 2011. The new disclosure requirements apply to offsetting of financial assets and financial liabilities. The amendment clarifies that the right of set-off must be available at present i.e. it is not contingent on a future event and must be legally enforceable for all counterparties. This amendment reflects the requirements to enhance current offsetting disclosures. The new disclosure is intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The Company shall apply these amendments for the financial reporting period commencing on July 01, 2013 and does not expect to have any material impact on its financial statements.

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 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. There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.

- IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2013, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company shall apply this standard from January 01, 2013 and does not expect to have any material impact on its financial statements.

- IFRS 11, 'Joint Arrangements', applicable from January 01, 2013, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company shall apply this standard from January 01, 2013 and does not expect to have any material impact on its financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 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. The Company shall apply this standard from July 01, 2013 and does not expect to have any material impact on its financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 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. The Company shall apply this standard from July 01, 2013 and does not expect to have any material impact on its financial statements.

- IAS 1 - 'Financial statement presentation' (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 shall apply this amendment from July 01, 2012 and does not expect to have any material impact on its financial statements.

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, 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 and 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 - (note 4.1)
(b) Employee retirement benefits and other obligations - (note 4.2)
(c) Useful life and residual values of property, plant and equipment - (note 4.3)
(d) Provision for obsolete stock - (note 4.7 & note 4.8)
(e) Provision for doubtful debts - (note 4.11)

4. Significant accounting policies

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

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

The main features of the schemes operated by the Company for its employees are as follows:

Defined contribution plan

The Company operates a recognised provident fund for all its permanent workmen employees. Equal monthly contributions are made by the company and employees to the fund at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers. Obligation for contributions to defined contribution plan is recognised as an expense in the profit and loss account as and when incurred.

Defined benefit plan

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. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2012 using the "Projected Unit Credit Method".

The amount recognised in balance sheet represents the present value of the defined benefit obligation as on June 30, 2012 as adjusted for unrecognised actuarial gains and losses.

Cumulative net unrecognised actuarial gains and losses at the end of the previous year which exceed 10% of the greater of the present value of the Company's obligation and the fair value of plan assets are amortised over the expected average working lives of the participating employees.

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 shown at fair value less any subsequent accumulated impairment losses. Buildings on freehold land and plant and machinery are stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. These fair values are based on valuations by external independent valuers. Valuations are performed with sufficient regularity to ensure that the carrying amount of assets do not differ materially from their fair value. 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 other comprehensive income 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 useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation surplus on property, plant and equipment. Decreases that offset previous increases of any other fixed asset of the Company are debited against revaluation surplus directly in equity; all other decreases are charged to the income statement.

The company assesses at each 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 charged to profit and loss. The recoverable amount is the higher of an asset's fair value less costs to sell and its 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.

Subsequent costs are included in the asset's carrying amount 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 profit and loss 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 the 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 amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised 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 recognised, the amortisation 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:

a) 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 the 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.

b) Operating leases

Leases where a 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 thereon.

Provision for obsolete and slow moving stores and 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. If the net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.9 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include loans, trade and other debts, cash and bank balances, borrowings, trade and other payables, accrued expenses and unclaimed dividends. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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, bank overdrafts and finances under mark-up arrangements. 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.

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 until such time as the asset is substantially ready for its intended use or sale.

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.

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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.17 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in income.

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4.18 Revenue recognition

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

4.19 Business segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Director Operations.

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 consist 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	30%
Tile	70%

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	30%
Tile	70%

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

2012	2011		Note	2012	2011
(Number of Shares)				Rupees	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:

	2012	2011
Associated Engineers (Private) Limited	2,011,325	2,011,325
The Imperial Electric Company (Private) Limited	582,299	582,299
ICC (Private) Limited	2,943,411	2,943,411
	5,537,035	5,537,035

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	2012	2011
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

	2012	2011
Opening balance	432,819,298	451,328,383
Revaluation during the year	-	-
Deferred tax thereon	-	-
Revaluation - net of deferred tax	432,819,298	451,328,383
Transferred to accumulated loss - net of deferred taxation:		
Incremental depreciation for the year	(17,989,604)	(18,509,085)
	414,829,694	432,819,298

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	2012 Rupees	2011 Rupees
8. Long term loans from directors and close relatives thereof			
Opening balance as at July 1		114,071,000	74,070,569
Add:			
Conversion of short term loan into long term loans		-	40,000,000
Loan received during the year		523	431
		523	40,000,431
Less:			
Payments made during the year		-	-
		114,071,523	114,071,000

8.1 These loans are interest free and are 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.

	Note	2012 Rupees	2011 Rupees
9. Long term finances			
These are composed of long term finances from:			
Related parties - unsecured	9.1	159,551,932	202,463,078
Banking companies - secured	9.2	171,067,006	231,758,590
Others - unsecured	9.3	8,000,000	24,000,000
		338,618,938	458,221,668
Less: current maturity			
Related parties - unsecured		(56,758,000)	(36,500,000)
Banking companies - secured		(100,487,166)	(115,918,174)
	13	(157,245,166)	(152,418,174)
		181,373,772	305,803,494

	Note	2012 Rupees	2011 Rupees
9.1 Related parties - unsecured			
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	143,600,793	186,511,939
		159,551,932	202,463,078

9.1.1 Mark-up on the loan is payable annually at the rate of 7.55% (2011: 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, 2012. As on June 30, 2012, Imperial Electric Company (Private) Limited has agreed not to demand the outstanding amount before June 30, 2013. Consequently, this amount has been classified as long term.

9.1.2 These are composed of the following loans :

Loan	Rate of interest per annum	Repayment period	2012 Rupees	2011 Rupees
1	7.55%	Mark-up on the loan is payable annually at the rate of 7.55% (2011: 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, 2012.	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

9.1.2.1 As on June 30, 2012 Associated Engineers (Private) Limited has agreed not to demand the outstanding amount before June 30, 2013. Consequently, this amount has been classified as long term.

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 mark-up 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. Pursuant 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.

During the year the company has revised its earlier agreement with the trustees entered in June 30, 2010 whereby Rs 42.911 million of outstanding mark-up was made part of the principal portion. Pursuant to this revision such amount of Rs 42.911 million is being re-classified as mark-up payable thereby decreasing the outstanding principal amount to Rs 143.6 million and revised terms have been approved by the Board of trustees. Consequently, the mark up charged on the outstanding amount of Rs 42.911 million in 2011 of Rs 6.802 million has been reversed and credited to the current year's profit and loss account. Accordingly the mark up is now being charged on the revised principal amount of Rs 143.6 million. The revised repayment schedule agreed with the trustees during the current year will be filed with SECP.

9.2 Banking companies - secured

Loan	Lender	2012 Rupees	2011 Rupees	Rate of mark-up per annum	Repayment Period
1	NIB Bank Limited	52,744,486	72,806,208	3 months KIBOR +1%	The loan was rescheduled during the year ended June 30, 2012. Under the revised agreement with NIB Bank Limited effective January 1, 2012, outstanding balance of Rs 58.446 million was repayable in 22 equal monthly installments of Rs 2.5 million and 23rd installment of Rs 3.446 million commencing January 01, 2012. Mark-up is payable quarterly from January 1, 2012. As at June 30, 2012 principal installments amounting to Rs 9.298 million were due but not paid.
2	The Bank of Punjab	104,989,184	136,730,158	1 month KIBOR +3%	The loan was rescheduled during the year ended June 30, 2012. Under the rescheduled agreement effective September 01, 2011, the outstanding balance was repayable in 50 equal monthly installments of Rs 2.441 million each commencing September 1, 2011. Mark-up is payable monthly from September 1, 2011. As at June 30, 2012 principal installments amounting to Rs 7.324 million were due but not paid.
3	Faysal Bank Limited	13,333,336	22,222,224	6 months KIBOR +1%	The loan is payable in 8 equal quarterly installments of Rs 2.222 million each ending September 24, 2013, mark up being payable quarterly.
		171,067,006	231,758,590		

Security

Loan 1 is secured by a 1st pari passu charge for Rs 199.235 million on fixed assets including (Land, building , plant and machinery) of the Company, post dated cheques for monthly installments for complete tenure and personal guarantees of Tariq Rehman, Harris Noorani, Sohail Manan and Javaid Shafiq.

Loan 2 is secured by a first pari passu charge of Rs 227 million over present and future fixed assets including land building and machinery of the Company with 25% margin registered with SECP.

Loan 3 is secured by mortgage over residential property no. 21-A-E/I, located at Gulberg-III, Lahore owned by Mr. Tariq Rehman, property measuring 15 kanals 7 Marlas located at Mouza Ameer Pura owned by Mr Tariq Rehman, ranking charge over current assets of Company up to Rs 47 million, joint pari passu charge on current assets of the Company amounting to Rs 106.67 million, mortgage over commercial property situated at McLeod Road, Lahore owned by Associated Engineering Limited and mortgage over residential property situated at 102, Saint John Park, Lahore.

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 was to be repaid in 24 equal monthly installments of 1 million starting July 01, 2011. During the year, Rs 16 million of the outstanding amount of the loan has been waived off by Naeem Goods & Transport Company and Pakistan Tribal Minerals against goods of sub-standard quality supplied to the Company during the period, resultantly the closing outstanding balance amounts to Rs 8 million. However, no installment has been paid upto June 30, 2012. As on June 30, 2012, Naeem Goods & Transport Company and Pakistan Tribal Minerals have agreed not to demand the outstanding amount before June 30, 2013. Consequently, this amount has been classified as long term.

	Note	2012 Rupees	2011 Rupees
10. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		10,719,105	15,333,185
Less: Current portion shown under current liabilities	13	(6,109,314)	(5,227,113)
		4,609,791	10,106,072

The present value of minimum lease payments have been discounted at implicit interest rates ranging from 10.873% to 19.00% per annum (2011: 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:

			2012	2011
	Minimum Lease Payments Rupees	Future Financial Charges Rupees	*Present Value of Lease Liability Rupees*	Present Value of Lease Liability Rupees
Not later than one year	7,082,155	972,841	6,109,314	5,227,113
Later than one year and not later than five years				
2012-13	-	-	-	5,481,213
2013-14	4,673,732	63,941	4,609,791	4,624,859
2014-15	-	-	-	-
	4,673,732	63,941	4,609,791	10,106,072
	11,755,887	1,036,782	10,719,105	15,333,185

	Note	2012 Rupees	2011 Rupees
11. Deferred liabilities			
Payable to employees against discontinued provident fund	11.1	15,299,507	2,327,648
Non-workmen staff gratuity - unfunded	11.2	28,105,891	27,070,916
		43,405,398	29,398,564

	Note	2012 Rupees	2011 Rupees
11.1 Payable to employees against discontinued provident fund			
Opening balance		2,327,648	3,037,287
Add: amount transferred from provident fund		15,169,148	-
Mark-up accrued thereon	35	403,418	170,322
		17,900,214	3,207,609
Less: Payments made during the year		(2,600,707)	(879,961)
Closing balance		15,299,507	2,327,648

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 an average rate of 12.25% (2011: 13.2%) is being paid as and when requested by the employees.

As per the Company's provident fund policy if an employee joined the Company as a worker but was later promoted to staff category, he remained a member of the provident fund instead of being eligible for the gratuity scheme available to staff category employees. In the current period, pursuant to an agreement with the members of the Provident Fund dated November 16, 2011 the balances of the staff category employees who were members of the provident fund have been transferred to the discontinued provident fund as at January 1, 2012. This balance has been transferred net off loan and interest thereon taken by the members against their provident fund balances. Furthermore, these employees are now entitled to the gratuity scheme with effect from January 1, 2012. As per the agreement, no interest will be accrued on the employees' contribution to date transferred to the fund, whereas mark-up will be accrued at 5% on the contribution by the Company.

11.2 Non-workmen staff gratuity - unfunded

The latest valuation under the defined benefit gratuity scheme was conducted on June 30, 2012. 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.

	2012 Rupees	2011 Rupees
Movement in the net liability recognised in balance sheet is as follows:		
Opening balance	27,070,916	25,870,725
Charge for the year	6,893,232	7,617,426
Payments made during the year	(5,858,257)	(6,417,235)
Closing balance	28,105,891	27,070,916
The amounts recognised in the profit and loss account against defined benefit scheme are as follows:		
Current service cost	3,585,693	4,659,946
Interest cost	3,307,539	2,957,480
	6,893,232	7,617,426
The amounts recognised in balance sheet are as follows:		
Present value of defined benefit obligation	25,580,428	25,915,893
Unrecognised actuarial gain	978,381	1,155,023
Add: benefits due but not paid	1,547,082	-
	28,105,891	27,070,916

	2012 Rupees	2011 Rupees
Movement in the present value of defined benefit obligation is as follows:		
Opening balance	25,915,893	24,645,668
Interest cost	3,307,539	2,957,480
Current service cost	3,585,693	4,659,946
Benefits paid	(5,858,257)	(6,417,235)
Benefits due but not paid	(1,547,082)	-
Actuarial loss	176,642	70,034
Present value of the defined benefit obligation at the end of the year	25,580,428	25,915,893

	2012	2011
The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	12% per annum	14% per annum
Future salary increases	11% per annum	13% per annum
Average expected remaining working lives of employees	7 years	7 years

Historical information

	2012 Rupees	2011 Rupees	2010 Rupees
Present value of defined benefit obligation	25,580,428	25,915,893	24,645,668
Experience adjustments arising on defined benefit obligation	176,642	70,034	(2,072,293)

	Note	2012 Rupees	2011 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		34,976,137	41,760,854
Credited to profit and loss account		524,445	(747,934)
Deferred tax on revaluation		(7,663,422)	(6,036,783)
Closing balance		27,837,160	34,976,137
The deferred tax asset comprises temporary differences arising due to:			
Accelerated tax depreciation		112,399,599	115,259,561
Revaluation of property, plant and equipment		125,661,765	134,050,577
Provision for doubtful debts		(3,250,798)	(5,429,873)
Provision for obsolete stores & spares		(715,848)	(715,848)
Provision for obsolete stock		(5,343,003)	(6,176,242)
Unused tax losses		(200,914,555)	(202,012,038)
		27,837,160	34,976,137
13. Current portion of long term liabilities			
Long term finances	9	157,245,166	152,418,174
Liabilities against assets subject to finance lease	10	6,109,314	5,227,113
		163,354,480	157,645,287
14. Short term borrowings from related parties - unsecured			
Directors and close relatives thereof	14.1	139,245,882	94,372,071

14.1 This represents interest free loans from directors and their close relatives and are repayable by June 30, 2013.

	Note	2012 Rupees	2011 Rupees
15. Finances under mark-up arrangements - secured			
Running finances	15.1	369,520,912	352,754,558
Export and import finances	15.2	194,838,076	177,884,071
		564,358,988	530,638,629

15.1 Running finances - secured

Short-term running finances available from various commercial banks under mark-up arrangements amounting to Rs 356 million (2011: Rs 358 million). The rates of mark-up range from 1 month KIBOR + 2.5% to 3 months KIBOR + 3.25% 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 joint 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. Furthermore, personal guarantees of Directors have also been provided against certain facilities.

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 (2011: Rs 50 million) and Rs 267 million (2011: Rs 250 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, liquidated charges of 2% to 5% over and above the mark-up rates shall be charged on the principal amount . The aggregate export and import finances are secured by hypothecation of stores, spares and loose tools, stock-in-trade, trade debts, second charge on the property, plant and equipment of the company and property owned by directors.

15.3 Of the aggregate facilities of Rs 72.38 million (2011: Rs 62.37 million) for opening letters of credit and Rs 192.92 million (2011: Rs 155.557 million) for guarantees, the amount utilized as at June 30, 2012 was Rs 17.98 million (2011: Rs 34.671 million) and Rs 159.18 million (2011: Rs 138.24 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	2012 Rupees	2011 Rupees
16. Trade and other payables			
Trade creditors	16.1	228,841,066	172,880,514
Accrued liabilities	16.2	63,521,265	73,667,059
Sales tax and special excise duty payable		33,076,833	7,578,603
Advances from customers		5,259,436	7,768,876
Workers' profit participation fund	16.3	-	131,844
Workers' welfare fund	16.4	-	758,326
Unclaimed dividends		208,551	208,551
Employees' welfare fund		174,663	141,975
Payable to EMCO Industries Limited Provident Fund		983,076	3,040,888
Withholding tax payable		8,658,086	9,423,721
Others		4,072,310	5,300,114
		344,795,286	280,900,471

16.1 Trade creditors include Rs 0.265 million (2011: Rs 0.418 million) payable to Imperial Soft (Private) Limited and Rs 3.041 million (2011: Rs 0.478 million) payable to Imperial Electric Company (Private) Limited, associated undertakings.

16.2 Accrued liabilities include Rs. 1.962 million (2011: Rs 3.117 million) payable to Mrs. Shahima Tariq, wife of Mr. Tariq Rehman (Managing Director) on account of rent of EMCO head office building.

16.3 Workers' profit participation fund

	2012 Rupees	2011 Rupees
Opening balance	131,844	131,844
Less: Payments made during the year	-	-
Less: amounts written off	(131,844)	-
Closing balance	-	131,844

	Note	2012 Rupees	2011 Rupees
16.4 Workers' welfare fund			
Opening balance		758,326	758,326
Less: Payments made during the year		-	-
Less: amounts written off	34.1	(758,326)	-
Closing balance		-	758,326

17. Accrued mark-up on loans and other payables

		2012 Rupees	2011 Rupees
Mark-up accrued on:			
- Long term finances			
From related parties - unsecured		63,325,272	22,838,292
From banking companies - secured		7,341,739	11,599,703
- Liabilities against assets subject to finance lease		158,903	678,339
- Short term borrowings from EMCO industries limited provident fund		-	-
- Finances under mark-up arrangements - secured		24,253,010	20,261,972
		95,078,924	55,378,306

18. Contingencies and commitments

18.1 Contingencies

(i) Claims not acknowledged as debts amounting to Rs 5.948 million (2011: 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 143.601 million (2011: Rs 143.601) million as at June 30, 2012 into the fund.

18.2 Commitments in respect of

(i) Letters of credit other than for capital expenditure Rs 17.98 million (2011: Rs 34.67 million)

(ii) Bank guarantees amounting to Rs 146.3 million (2011: Rs 138.24 million)

(iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2012 Rupees	2011 Rupees
Not later than one year	12,522,633	10,097,142
Later than one year but not later than five years	20,894,500	33,417,133
Later than five years	-	-
	33,417,133	43,514,275

19. Property, plant and equipment

Net carrying value basis	Freehold land	Buildings on freehold land	Plant and machinery	Tools and Equipment	Furniture and fittings	Office equipment	Vehicles	Total
Year ended June 30, 2012								
Opening net book value (NBV)	159,474,000	286,214,718	694,621,664	234,835	1,253,783	5,783,023	7,229,719	1,154,811,742
Additions (at cost)	-	4,231,811	30,874,262	-	18,660	268,530	2,038,000	37,431,263
Inter transfer from leased assets	-	-	-	-	-	-	777,743	777,743
Disposals (at NBV)	-	-	-	-	-	(127,422)	(1,692,730)	(1,820,152)
Depreciation charge	-	(16,450,749)	(84,584,902)	(52,875)	(252,259)	(1,081,725)	(1,574,521)	(103,997,031)
Closing net book value (NBV)	159,474,000	273,995,780	640,911,024	181,960	1,020,184	4,842,406	6,778,211	1,087,203,565
Gross carrying value basis								
As at June 30, 2012								
Cost / Revalued amount	159,474,000	451,506,820	1,565,872,969	9,231,723	8,388,212	27,624,974	18,925,103	2,241,023,801
Accumulated depreciation	-	(177,511,040)	(924,961,945)	(9,049,763)	(7,368,028)	(22,782,568)	(12,146,892)	(1,153,820,236)
Net book value (NBV)	159,474,000	273,995,780	640,911,024	181,960	1,020,184	4,842,406	6,778,211	1,087,203,565
Depreciation rate % per annum	-	5	7.3 - 35	20 - 40	20	20	20	
Net carrying value basis								
Year ended June 30, 2011								
Opening net book value (NBV)	159,474,000	297,312,338	739,471,066	256,687	1,511,573	5,827,095	5,816,855	1,209,669,614
Additions (at cost)	-	3,080,000	31,780,318	30,000	47,688	1,301,974	1,529,000	37,768,980
Inter transfer from leased assets	-	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	286,214,718	694,621,664	234,835	1,253,783	5,783,023	7,229,719	1,154,811,742
Gross carrying value basis								
As at June 30, 2011								
Cost / Revalued amount	159,474,000	447,275,050	1,534,998,707	9,231,723	8,369,552	27,666,444	20,605,103	2,207,620,579
Accumulated depreciation	-	(161,060,332)	(840,377,043)	(8,996,888)	(7,115,769)	(21,883,421)	(13,375,384)	(1,052,808,837)
Net book value (NBV)	159,474,000	286,214,718	694,621,664	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	

	Note	2012 Rupees	2011 Rupees
19.1 The depreciation charge for the year has been allocated as follows:			
Cost of goods sold	30	101,762,674	98,306,256
Administrative expenses	31	1,890,617	1,523,945
Distribution and selling costs	32	343,740	466,181
		103,997,031	100,296,382

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					
Toyota Corolla GLI	Mr. Anjum Malik (Senior Commercial Manager)	1,005,000	589,492	415,508	537,944	Company policy
Honda Accord	Mr. Suhail Mannan (Director Operations)	950,000	712,124	237,876	257,197	Company policy
Toyota Corolla GLI	Mr. Mubin Mohsin (GM Production - Tiles)	969,000	647,509	321,491	316,848	Company policy
	Third Parties					
Nissan Sunny	Mr. Muhammad Zeeshan	1,480,000	1,115,930	364,070	740,000	Negotiation
Suzuki Cultus	Mr. Atif Raza Khan	600,000	408,307	191,693	350,000	Negotiation
Suzuki Cultus	Mr. Faisal Anwar	600,000	437,908	162,092	310,000	Negotiation
Generator	Logicose Enterprises-Karachi	310,000	182,578	127,422	140,000	Negotiation
		5,914,000	4,093,848	1,820,152	2,651,989	
Other assets with book value less than Rs. 50,000		-	-	-	-	
		5,914,000	4,093,848	1,820,152	2,651,989	

20. Assets subject to finance lease

	Cost as at July 1, 2011 Rupees	Additions/ (transfers) during the year Rupees	Cost as at June 30, 2012 Rupees	Accumulated depreciation as at July 1, 2011 Rupees	Depreciation charge/ (transfer) for the year Rupees	Accumulated depreciation as at June 30, 2012 Rupees	Book value as at June 30, 2012 Rupees	Rate of depreciation %
Plant and machinery	16,538,177	- -	16,538,177	2,930,918	1,212,208 -	4,143,126	12,395,051	7.3
Vehicle	7,373,000	- (1,886,000)	5,487,000	2,290,101	878,525 (1,108,257)	2,060,369	3,426,631	20
2012	23,911,177	- (1,886,000)	22,025,177	5,221,019	2,090,733 (1,108,257)	6,203,495	15,821,682	

	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
Vehicles	13,885,000	- (6,512,000)	7,373,000	4,582,591	1,460,554 (3,753,044)	2,290,101	5,082,899	20
2011	30,423,177	- (6,512,000)	23,911,177	6,306,466	2,667,597 (3,753,044)	5,221,019	18,690,158	

	Note	2012 Rupees	2011 Rupees
20.1 The depreciation charge for the year has been allocated as follows:			
Cost of goods sold	30	1,281,364	1,317,330
Administrative expenses	31	497,053	891,720
Distribution and selling costs	32	312,316	458,547
		2,090,733	2,667,597

21 Intangible assets

	Cost as at July 1, 2011 Rupees	Additions/ (deletion) during the year Rupees	Cost as at June 30, 2012 Rupees	Accumulated amortisation as at July 1, 2011 Rupees	Amortisation charge/ (deletion) for the year Rupees	Accumulated amortisation as at June 30, 2012 Rupees	Book value as at June 30, 2012 Rupees	Rate of amortisation %
Computer software and ERP system	6,195,002	-	6,195,002	1,454,724	474,028	1,928,752	4,266,250	10
		-			-			
2012	6,195,002	-	6,195,002	1,454,724	474,028	1,928,752	4,266,250	
		-			-			

	Cost as at July 1, 2010 Rupees	Additions/ (deletion) during the year Rupees	Cost as at June 30, 2011 Rupees	Accumulated amortisation as at July 1, 2010 Rupees	Amortisation charge/ (transfer) for the year Rupees	Accumulated amortisation as at June 30, 2011 Rupees	Book value as at June 30, 201 Rupees	Rate of amortisation %
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	
		-			-			

21.1 The amortisation charge for the year has been allocated to administrative expenses.

22. These include amounts deposited by the Company as security in accordance with the provisions of lease arrangements and various security deposits given to parties against services provided by them to the Company.

	Note	2012 Rupees	2011 Rupees
23. Long term loans - considered good			
Loans to employees - considered good			
- Executives	23.1	620,000	2,275,000
- Other employees		3,450,323	3,600,135
		4,070,323	5,875,135
Less: Receivable within one year		(2,564,226)	(2,093,350)
		1,506,097	3,781,785

These represent loans for the purchase of motorcycles and cycles and for the construction of house. Loans against gratuity are interest free and are repayable between two to eight years. All loans other than those secured by employees' gratuity balances are unsecured.

23.1 Reconciliation of carrying amount of loans to executives	2012	2011
Opening balance on July 1	2,275,000	3,288,000
Add: Disbursements	-	400,000
Less: Repayments	(1,655,000)	(1,413,000)
	620,000	2,275,000

	Note	2012 Rupees	2011 Rupees
24. Stores, spares and loose tools			
Consumable stores		22,990,539	26,356,047
Machinery spares [including in transit Rs 1.500 million (2011: Rs 0.645 million)]		87,845,632	85,703,215
Loose tools		2,832,675	2,916,453
		113,668,846	114,975,715
Less: Provision for obsolete items			
- Consumable stores	24.2	705,042	705,042
- Machinery spares	24.3	1,461,116	1,461,116
- Loose tools	24.4	22,911	22,911
		2,189,069	2,189,069
		111,479,777	112,786,646

24.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	2012 Rupees	2011 Rupees
24.2 Provision for obsolete items - consumable stores		
Opening balance	705,042	705,042
Add: Provision for the year	-	-
Less: Obsolete stock written off against provision	-	-
Closing balance	705,042	705,042
24.3 Provision for obsolete items - machinery spares		
Opening balance	1,461,116	1,461,116
Add: Provision for the year	-	-
Less: Obsolete stock written off against provision	-	-
Closing balance	1,461,116	1,461,116
24.4 Provision for obsolete items - loose tools		
Opening balance	22,911	22,911
Add: Provision for the year	-	-
Less: Obsolete stock written off against provision	-	-
Closing balance	22,911	22,911

	Note	2012 Rupees	2011 Rupees
25. Stock-in-trade			
Raw materials and components [including in transit Rs 57.408 million (2011: Rs 36.596 million)]		195,601,722	150,675,319
Packing material		-	1,425,994
Work-in-process		37,114,281	28,837,020
Finished goods		220,880,533	260,625,399
Goods purchased for resale		3,671,011	3,832,676
		457,267,547	445,396,408
Less: Provision for obsolete items			
- Raw material	25.1	(1,853,374)	(1,853,374)
- Finished goods	25.2	(13,839,992)	(15,147,439)
- Goods purchased for resale	25.3	(645,592)	(645,592)
		(16,338,958)	(17,646,405)
		440,928,589	427,750,003

	Note	2012 Rupees	2011 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
25.2 Provision for obsolete items - finished goods			
Opening balance		15,147,439	14,010,026
Add: Provision Recognized during the year	31	2,260,888	1,137,413
Less: Obsolete stock written off against provision		(3,568,335)	-
Closing balance		13,839,992	15,147,439
25.3 Provision for obsolete items - goods purchased for resale			
Opening balance		645,592	645,592
Less: Obsolete stock written off against provision		-	-
Closing balance		645,592	645,592

Raw materials amounting to Rs 2.214 million (2011: Rs Nil) are in the possession of various vendors for further processing.

Finished goods amounting to Rs 2.833 million (2011: Rs 2.759 million) are valued at net realizable value.

26. Trade debts

	Note	2012 Rupees	2011 Rupees
Considered good:			
- Due from related parties	26.1	34,860	488,741
- Others		342,336,884	196,685,893
		342,371,744	197,174,634
Considered doubtful - others		9,940,974	15,513,924
		352,312,718	212,688,558
Less: Provision for doubtful debts	26.2	(9,940,974)	(15,513,924)
		342,371,744	197,174,634

Trade debts include secured debts of Rs 17.106 million (2011: Rs 15.339 million).

	Note	2012 Rupees	2011 Rupees
26.1 Due from related parties			
Fatima Memorial Hospital Trust		34,860	394,716
Directors		-	92,189
Executives		-	1,836
		34,860	488,741

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

	Note	2012 Rupees	2011 Rupees
26.2 Provision for doubtful debts			
Opening balance		15,513,924	15,359,635
Add: Provision for the year	31	1,612,598	1,041,308
		17,126,522	16,400,943
Less: Bad debts written off against provision		(7,185,548)	(887,019)
Closing balance		9,940,974	15,513,924

	Note	2012 Rupees	2011 Rupees
27. Loans, advances, deposits, prepayments and other receivables			
Current portion of loans to employees - considered good		2,564,226	2,093,350
Advances - considered good			
- to employees	27.1	2,578,224	3,429,391
- to suppliers		5,761,526	8,822,489
		8,339,750	12,251,880
Due from related parties - considered good	27.2	15,121	15,121
Short term security deposits		4,264,995	8,164,253
Letters of credit opening charges		175,313	412,779
Claims recoverable from government			
- Sales tax		-	28,623
- Export freight subsidy		-	984,662
		-	1,013,285
Prepayments		1,598,290	2,617,860
Recoverable from employees	27.3	19,122,661	10,922,207
Margins held by bank		8,582,824	5,721,311
Others		-	-
		44,663,180	43,212,046

27.1 Included in advances to employees is an amount of Rs 1.631 million (2011: Rs 2.950 million) due from executives (Senior Manager Commercial), the amount was paid as advance for maintenance of plant and machinery. Also included is an amount of Rs. 0.043 million (2011: Nil) due from the Managing Director, Mr.Tariq Rehman, the amount was paid to him as advance for expenditure to be reimbursed by the Company.

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

27.3 This represents recoveries imposed on employees on account of faulty finished goods and shortages of inventory.

	2012 Rupees	2011 Rupees
28. Cash and bank balances		
At banks - current accounts	12,307,932	69,215,496
Cash in hand	5,755,290	822,025
	18,063,222	70,037,521

29. Sales	Insulator Rupees	Tile Rupees	2012 Total Rupees	2011 Total Rupees
Gross sales				
- Local	562,795,554	1,640,659,164	2,203,454,718	2,113,842,836
- Export	61,479,019	-	61,479,019	103,664,892
	624,274,573	1,640,659,164	2,264,933,737	2,217,507,728
Goods purchased for resale	-	626,055	626,055	10,495
Less: Discounts given	(127,169)	(112,337,676)	(112,464,845)	(75,620,778)
Less: Sales tax	(70,794,990)	(226,240,377)	(297,035,367)	(263,876,426)
Less: Special excise duty	-	-	-	(22,677,539)
Net sales	553,352,414	1,302,707,166	1,856,059,580	1,855,343,480

29.1 There are no inter segment sales.

	Note	Insulator Rupees	Tile Rupees	2012 Total Rupees	2011 Total Rupees
30. Cost of sales					
Raw and packing material consumed		193,618,756	429,109,408	622,728,164	658,324,77
Stores and spares consumed		23,521,823	43,255,749	66,777,572	78,632,796
Salaries, wages and benefits	30.1	101,075,665	124,284,127	225,359,792	263,069,016
Power and gas		54,280,920	380,862,260	435,143,180	423,252,244
Depreciation on owned assets	19.1	24,254,314	77,508,360	101,762,674	98,306,256
Depreciation on leased assets	20.1	42,456	1,238,908	1,281,364	1,317,330
Vehicle maintenance		196,898	311,529	508,427	508,105
Repairs and maintenance		1,785,172	6,030,581	7,815,753	6,627,126
Insurance		2,729,709	992,321	3,722,030	4,150,376
Communication and stationery		689,722	1,356,825	2,046,547	2,143,075
Rent, rates and taxes		873,466	19,527,445	20,400,911	16,897,675
Travelling and conveyance		2,523,800	3,163,947	5,687,747	6,259,075
Others		10,916,274	2,731,528	13,647,802	13,755,740
		416,508,975	1,090,372,988	1,506,881,963	1,573,243,588
Add: Opening work in process		12,882,400	15,954,620	28,837,020	37,514,097
Less: Closing work in process		(14,392,896)	(22,721,385)	(37,114,281)	(28,837,020)
		(1,510,496)	(6,766,765)	(8,277,261)	8,677,077
Cost of goods produced		414,998,479	1,083,606,223	1,498,604,702	1,581,920,665
Add: Opening stock of finished goods		170,481,627	90,143,772	260,625,399	176,219,756
		585,480,106	1,173,749,995	1,759,230,101	1,758,140,421
Less: Closing stock of finished goods		(131,794,490)	(89,086,043)	(220,880,533)	(260,625,399)
		453,685,616	1,084,663,952	1,538,349,568	1,497,515,022
Cost of sales - purchased for resale		-	743,109	743,109	-
		453,685,616	1,085,407,061	1,539,092,677	1,497,515,022

	Note	2012 Rupees	2011 Rupees
30.1 Salaries, wages and benefits			
Salaries, wages and benefits include following in respect of gratuity:			
Current service cost		2,150,141	2,754,163
Interest cost for the year		1,983,329	1,747,957
		4,133,470	4,502,120

In addition to above, salaries, wages and amenities include provident fund charge of Rs 2.807 million (2011: Rs 3.123 million)

30.2 There are no inter segment purchases.

31. Administrative expenses

	Note	Insulator Rupees	Tile Rupees	2012 Total Rupees	2011 Total Rupees
Salaries, allowances and benefits	31.1	11,863,406	22,643,969	34,507,375	36,315,590
Communication and stationery		770,591	1,464,014	2,234,605	2,145,648
Travelling		393,160	750,433	1,143,593	1,022,811
Vehicle maintenance		1,485,673	2,835,741	4,321,414	3,745,741
Rent, rates and taxes	31.2	2,091,008	3,991,157	6,082,165	5,698,781
Depreciation on owned assets	19.1	491,561	1,399,056	1,890,617	1,523,945
Depreciation on leased assets	20.1	75,242	421,811	497,053	891,720
Amortization of intangible assets	21	124,645	349,383	474,028	335,494
Electricity and gas		390,950	746,215	1,137,165	1,218,042
Insurance		46,391	88,548	134,939	463,336
Legal and professional charges	31.3	1,341,687	2,571,101	3,912,788	3,826,974
Repairs and maintenance		130,095	116,111	246,206	345,088
Computer charges		123,269	235,286	358,555	50,005
Security charges		332,667	634,969	967,636	1,185,497
Fees and taxes		753,865	1,450,096	2,203,961	4,083,367
Provision for doubtful debts - trade	26.2	554,400	1,058,198	1,612,598	1,041,308
Provision for obsolete stock	25.1	453,334	854,113	1,307,447	1,137,413
Others		569,885	1,087,752	1,657,637	3,103,091
		21,991,829	42,697,953	64,689,782	68,133,851

	Note	2012 Rupees	2011 Rupees
31.1 Salaries, wages and benefits			
Salaries, wages and benefits include following in respect of gratuity:			
Current service cost		780,046	1,002,363
Interest cost for the year		719,499	636,159
		1,499,545	1,638,522

In addition to above, salaries, wages and amenities include provident fund charge of Rs 0.05 million (2011: Rs 0.06 million)

31.2 Rent, rates and taxes include operating lease rentals amounting to Rs 6.082 million (2011: Rs 5.698 million).

31.3 Professional services

	2012 Rupees	2011 Rupees
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	880,000	800,000
Half yearly review and other certification	350,000	325,000
Tax services	1,285,500	1,192,500
Out of pocket expenses	299,830	268,065
	2,815,330	2,585,565

		Note	Insulator Rupees	Tile Rupees	2012 Total Rupees	2011 Total Rupees
32.	Distribution and selling costs					
	Salaries, allowances and benefits	32.1	2,012,811	23,053,496	25,066,307	25,603,762
	Travelling		1,724,453	6,817,601	8,542,054	8,147,523
	Insurance		295,623	42,933	338,556	1,113,379
	Handling, freight and transportation		11,765,193	70,352,476	82,117,669	74,845,363
	Electricity and gas		73,236	1,329,101	1,402,337	1,215,659
	Vehicle maintenance		4,535	747,756	752,291	1,138,413
	Rent, rates and taxes		760,800	4,228,400	4,989,200	5,217,456
	Communication		160,558	1,439,179	1,599,737	1,507,218
	Repair and maintenance		2,000	420,380	422,380	774,068
	Security charges		18,121	156,716	174,837	113,414
	Advertisement and sales promotion		-	1,976,016	1,976,016	1,834,088
	Depreciation on owned assets	19.1	-	343,740	343,740	466,181
	Depreciation on leased assets	20.1	-	312,316	312,316	458,547
	Late delivery charges		21,979,701	-	21,979,701	21,514,562
	Others		336,295	2,193,478	2,529,773	3,028,771
			39,133,326	113,413,588	152,546,914	146,978,404

	Note	2012 Rupees	2011 Rupees
32.1 Salaries, wages and benefits			
Salaries, wages and benefits include following in respect of gratuity:			
Current service cost		655,537	903,420
Interest cost for the year		604,680	573,364
		1,260,217	1,476,784

In addition to above, salaries, wages and amenities include provident fund charge of Rs 0.05 million (2011: Rs 0.07 million).

	Note	2012 Rupees	2011 Rupees
33. Other operating expenses			
Donations		-	190,000
Others	33.1	5,710,832	12,949,064
		5,710,832	13,139,064

33.1 Included in others is an amount of Rs 5.14 million (2011: Rs 9.55 million) on account of penalties imposed by sales tax authorities.

	Note	2012 Rupees	2011 Rupees
34. Other operating income			
Income from financial assets			
Exchange gain		1,614,678	181,562
Income from non-financial assets			
Rental income		40,290	81,020
Gain on disposal of fixed assets		831,837	250,646
Liabilities written back	34.1	26,243,130	-
Others		2,637,053	10,155,481
		29,752,310	10,487,147
		31,366,988	10,668,709

34.1 Included in liabilities written back is an amount of Rs 758,326 on account of workers' welfare fund written back. By virtue of certain amendments introduced in the Worker Welfare Fund Ordinance, 1971 through the Finance Act, 2008, Company was made liable to the levy of Workers Welfare Fund ('WWF'). These amendments, however, have recently been declared ultra vires by the Lahore High Court. Accordingly, no provision on account of WWF has been made in the financial statements for the current period and the provisions made in respect of prior periods have also been written back.

	Note	2012 Rupees	2011 Rupees
35. Finance Cost			
Mark-up on			
- Long term finances			
- From related parties - unsecured		785,964	783,822
- From EMCO Industries Limited Provident Fund		16,869,674	31,069,225
- From banking companies - secured		30,991,758	41,010,877
- Long-term morabaha		-	4,424,731
- Discontinued provident fund	11.1	403,418	170,322
- Finances under mark-up arrangements - secured		83,563,475	90,098,971
- Finance lease		1,745,805	2,863,411
Commission on bank guarantees		1,665,919	1,472,176
Bank charges		3,617,293	2,997,397
		139,643,306	174,890,932
36. Taxation			
Current			
- For the year		14,852,119	17,516,786
- Prior		(616,260)	770,476
		14,235,859	18,287,262
- Deferred		(7,138,977)	(6,784,763)
		7,096,882	11,502,499

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, 2012 are estimated approximately at Rs 574.042 million (2011: Rs 608.823 million).

36.2 Tax charge reconciliation

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

	2012	2011
Applicable tax rate	35.00	35.00
Tax effects of amounts that are not deductible for tax purpose	(12.60)	(9.84)
Effect of change in prior years' tax	34.26	(3.84)
Tax credits for which no deferred tax asset has been recognized	(104.17)	(50.56)
Tax effect under presumptive tax regime and others	(2.27)	(3.96)
	(84.78)	(68.20)
Average effective tax rate charged to profit and loss account	(49.78)	(33.20)

37. Earnings per share

		2012	2011
37.1 Basic earnings per share			
Loss for the year attributable to ordinary shareholders	Rupees	(21,353,825)	(46,147,583)
Weighted average number of ordinary shares	Numbers	35,000,000	35,000,000
Basic loss per share	Rupees	(0.61)	(1.32)

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	
	2012	2011	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	3,550,554	4,005,738	9,468,880	9,945,016	9,883,139	9,122,844
Production incentives	-	-	-	-	2,363,788	2,005,490
House rent	1,597,750	1,802,581	4,260,996	4,475,264	4,447,412	4,105,280
Utilities	454,835	536,661	1,293,381	1,246,375	1,228,324	1,812,284
Medical expenses	160,680	83,255	794,472	1,012,171	262,751	315,650
Reimbursable expenses - note 38.1	2,164,773	1,487,828	6,895,486	5,944,137	3,220,715	2,845,160
	7,928,592	7,916,063	22,713,215	22,622,963	21,406,129	20,206,708
Number of persons	1	1	4	4	7	7

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 Company does not provide any remuneration and benefits to non-executive directors of the Company.

39. Cash generated from operations

	Note	2012 Rupees	2011 Rupees
Loss before taxation		(14,256,943)	(34,645,084)
Add: Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment	19.1	103,997,031	100,296,382
Depreciation on leased assets	20.1	2,090,733	2,667,597
Amortisation of Intangibles	21.1	474,028	335,494
Security deposit adjusted against rent expense		377,200	-
Provision for gratuity	11.2	6,893,232	7,617,426
Provision for doubtful debts - trade	26.2	1,612,598	1,041,308
Provision for obsolete stock	25.2	1,307,447	1,137,413
Gain on disposal of property, plant and equipment	34	(831,837)	(250,646)
Liabilities written back	34	(26,243,130)	-
Exchange Gain	34	(1,614,678)	-
Finance cost	35	139,643,306	174,890,932
		227,705,930	287,735,906
Profit before working capital changes		213,448,987	253,090,822
Effect on cash flow due to working capital changes			
- Increase in stores and spares		(28,335,389)	(19,270,729)
- Increase in stock-in-trade		(14,486,033)	(82,079,149)
- (Increase) / decrease in trade debts		(145,195,030)	139,493,829
- Increase in loans, advances, deposits, prepayments and other receivables		(1,451,134)	(8,470,850)
- Increase / decrease in trade and other payables		82,686,424	(60,101,906)
		(106,781,162)	(30,428,805)
		106,667,825	222,662,017

	Note	2012 Rupees	2011 Rupees
40. Cash and cash equivalents			
Cash and bank balances	28	18,063,222	70,037,521
Finances under mark-up arrangements - secured	15	(564,358,988)	(530,638,629)
		(546,295,766)	(460,601,108)

41. Related Party Disclosures

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:

Relationship with the company	Nature of transaction	2012 Rupees	2011 Rupees
i. Associated undertakings	Mark-up on long term finances	785,964	783,820
	Purchase of goods & services	1,087,494	417,800
ii. Directors and close relative thereof	Long term loan obtained	-	51,795,749
	Long term loan adjustments	523	-
	Long term loans repaid	-	13,945,318
	Short term borrowing obtained	136,000,000	127,029,000
	Short term borrowing repaid	90,502,306	15,637,253
	Short term loan converted into long term	-	40,000,000
	Sale of goods	-	104,534
	Rent paid	6,750,000	6,000,000
iii. Employee benefits plans - EMCO Industries Limited Provident Fund	Opening balance of long term loan	186,511,939	143,600,793
	Transferred to mark-up Payable	(42,911,146)	-
	Transferred from mark-up payable	-	42,911,146
	Balance as at June 30	143,600,793	186,511,939
	Mark-up on long term loan	16,869,674	31,069,225
	Expense Charged in respect of retirement benefit plans	10,293,907	11,036,155
iv. Undertaking in which close family members of a director are holding directorship	Sale of goods	218,296	569,691
v. Key management personnel	Sale of goods	-	71,639

42. Segment Information

	Insulator		Tile		Total	
	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees
Revenue from external customers	553,352,414	701,982,202	1,302,707,166	1,153,361,278	1,856,059,580	1,855,343,480
Interest expense	42,218,674	56,853,168	97,424,632	118,037,764	139,643,306	174,890,932
Depreciation and amortisation	24,988,218	28,459,886	81,573,574	74,839,588	106,561,792	103,299,474
Segment profit/(loss) before tax	38,541,643	32,781,258	(27,897,479)	109,934,945	10,644,164	142,716,203
Segment assets	677,908,387	742,332,084	1,319,896,970	1,168,881,099	1,997,805,357	1,911,213,183

	Note	2012 Rupees	2011 Rupees
42.1 Reconciliation of segment profit/ (loss)			
Total profit for reportable segments		10,644,164	142,716,203
Other operating expenses		(5,710,832)	(13,139,064)
Other operating income		31,366,988	10,668,709
Profit from operations		36,300,320	140,245,848
Finance cost		(139,643,306)	(174,890,932)
Loss before tax		(103,342,986)	(34,645,084)
Taxation		(7,096,882)	(11,502,499)
Loss after tax		(110,439,868)	(46,147,583)
42.2 Reconciliation of segment assets			
Total for segment assets		1,997,805,357	1,911,213,183
Unallocated assets			
Intangible assets		4,266,250	4,740,278
Loan to employees		1,506,097	3,781,785
Long term deposits		3,966,692	4,367,093
Loans, advances, deposits, prepayments and other receivables		44,663,180	43,212,046
Income tax recoverable		55,319,335	44,750,879
Cash and bank balances		18,063,222	70,037,521
Total assets as per balance sheet		2,125,590,133	2,082,102,785
42.3 Information about geographical area			
Revenue from external customers			
Pakistan		1,794,580,561	1,751,678,588
Turkey		28,030,000	10,050,617
Middle East		24,355,638	82,600,132
Others		9,093,381	11,014,143
		1,856,059,580	1,855,343,480

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

The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial performance.

Risk management is carried out by the Company's Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

(i) Foreign exchange risk

Foreign exchange 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. Foreign exchange risk arises mainly from future commercial transactions or receivables that exist due to transactions in foreign currencies.

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and amounts receivable from / payable to the foreign entities.

At June 30, 2012, if the Rupee had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 1.116 million (2011: Rs 1.024 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(ii) Cash flow and fair value interest rate risk

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable market rates as referred to in notes 9 and 14.

(iii) Interest rate risk

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable market rates as referred to in notes 9 and 14.

	2012 Rupees	2011 Rupees
Fixed rate instruments		
Financial liabilities		
Long term finances	12,777,272	2,777,272
Liabilities against assets subject to finance lease	2,960,550	3,582,464
Finances under mark-up arrangements - secured	50,000,000	49,927,000
Total exposure	65,737,822	66,286,736
Floating rate instruments		
Financial liabilities		
Long term finances	314,667,799	418,270,529
Liabilities against assets subject to finance lease	7,758,555	8,943,867
Finances under mark-up arrangements - secured	514,358,988	480,711,629
	836,785,342	907,926,025

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 7.749 million higher / lower (2011 : Rs 6.110 million) , mainly as a result of higher / lower interest expense on floating rate borrowings.

(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.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2012 Rupees	2011 Rupees
Long term deposits	3,966,692	4,367,093
Long term loans	1,506,097	3,781,785
Trade debts	223,708,884	95,780,048
Loans, advances, deposits and other receivables	31,985,601	24,822,892
Bank balances	12,307,932	69,215,496
	273,475,206	197,967,314

As at June 30, 2012, trade receivables of Rs 130.430 million (2011: Rs 118.929 million) and Rs 9.941 million (2011: Rs 15.514 million) were past due but not impaired and impaired, respectively. The ageing analysis of these trade receivables and related impairment loss at balance sheet date is as follows:

Past due but not Impaired:		
Not more than one year	84,347,158	68,207,534
More than one year and not more than three years	26,733,656	25,605,006
Over three years	7,582,046	7,582,046
Past due and Impaired:		
Over three years	9,940,974	15,513,924
	128,603,834	116,908,510

Banks	Rating Short term	Rating Long term	Rating Agency	2012 Rupees	2011 Rupees
Allied Bank Limited	A1+	AA+	PACRA	2,085,735	10,184,813
Askari Bank Limited	A1+	AA	PACRA	1,751	633,612
Bank Alfalah Limited	A1+	AA	PACRA	1,712,595	6,030,495
Bank of Punjab	A1+	AA-	PACRA	89,436	9,308,135
Faysal Bank	AA	A1+	PACRA	3,677,322	10,020,492
Habib Bank Limited	A1+	AA	JCR-VIS	1,336,252	2,360,926
MCB Bank Limited	A1+	AA+	PACRA	349,335	5,315,430
National Bank of Pakistan	A1+	AAA	JCR-VIS	2,509,384	11,039,525
Silk Bank Limited	A2	A-	JCR-VIS	(34,823)	1,569,948
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	173,294	4,496,525
United Bank Limited	A1+	AA+	JCR-VIS	407,651	8,255,595
				12,307,932	69,215,496

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. During the current year the Company remained under severe liquidity pressure. This has been explained in detail in note 2.2 to the financial statements.

The following are the contractual maturities of financial liabilities as at June 30, 2012:

	Carrying amount	Less than one year	One to five years	More than five years
	Rupees	Rupees	Rupees	Rupees
Long term loans from directors	114,071,523	-	-	114,071,523
Long term finances	338,618,938	157,245,166	181,373,772	-
Liabilities against assets subject to finance lease	10,719,105	6,109,314	4,609,791	-
Short term borrowings from related parties-unsecured	139,245,882	139,245,882	-	-
Finances under mark-up arrangements-secured	564,358,988	564,358,988	-	-
Trade and other payables	344,795,286	344,795,286	-	-
Accrued finance cost	95,078,924	95,078,924	-	-
	1,606,888,646	1,306,833,560	185,983,563	114,071,523

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
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

43.2 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, 2012 and June 30, 2011 are as follows:

		2012	2011
Borrowings	Rupees	452,690,461	544,055,115
Total capital employed	Rupees	485,319,696	607,687,069
Gearing ratio	Percentage	93%	90%

44. Capacity and production

	Capacity		Actual Production	
	2012	2011	2012	2011
Insulators produced - tons	5,000	5,000	2,409	4,737
Tiles produced - sq. mtrs.	5,000,000	5,000,000	3,518,407	3,442,735

45. Date of authorization of issue

These financial statements were authorized for issue on November 08, 2012 by the Board of Directors of the Company.

46. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. Further, significant re-arrangements made are as follows:

Re-classified within trade payables	
Amount classified previously under Employees welfare fund, now reclassified as workers' welfare fund.	758,326
Re-classified within sales	
Amount classified previously under export, now reclassified as local.	224,103,063
Long term security deposits' previously netted off from 'Liabilities against assets subject to finance lease', now reclassified under Liabilities against assets subject to finance lease.	2,806,915

The above figures have been re-arranged as the reclassifications made are considered more appropriate for the purposes of presentation.

Lahore:	*Tariq Rehman*	*Suhail Mannan*
November 08,2012	(Chief Executive)	(Director)

Pattern of Share Holding as on June 30, 2012

No of Shareholders	Shareholding From	Shareholding To	Total Shares held
95	1	100	3,266
270	101	500	62,885
85	501	1,000	68,018
128	1,001	5,000	310,873
35	5,001	10,000	270,949
20	10,001	15,000	244,215
9	15,001	20,000	166,044
7	20,001	25,000	151,575
4	25,001	30,000	113,000
3	30,001	35,000	95,313
2	35,001	40,000	71,978
3	40,001	45,000	121,956
3	45,001	50,000	142,220
1	55,001	60,000	56,744
1	70,001	75,000	71,865
1	80,001	85,000	80,691
1	90,001	95,000	94,000
1	95,001	100,000	95,495
1	100,001	105,000	101,000
2	115,001	120,000	233,399
1	120,001	125,000	122,135
2	135,001	140,000	279,400
1	150,001	155,000	154,987
3	160,001	165,000	483,458
1	175,001	180,000	177,125
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
1	275,001	280,000	276,902
2	290,001	295,000	583,554
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	435,001	440,000	436,046
1	525,001	530,000	529,628
1	530,001	535,000	532,618
1	600,001	605,000	601,000
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	880,001	885,000	881,039
1	945,001	950,000	948,771
1	990,001	995,000	995,000
1	1,160,001	1,165,000	1,164,915
1	1,285,001	1,290,000	1,288,942
1	1,475,001	1,480,000	1,475,634
1	1,870,001	1,875,000	1,871,673
1	2,010,001	2,015,000	2,011,325
1	2,105,001	2,110,000	2,109,524
1	2,375,001	2,380,000	2,377,013
1	2,690,001	2,695,000	2,692,285
1	3,890,001	3,895,000	3,892,237
714			35,000,000

Categories of shareholders	Number of Share Holders	Shares held	% of paid up capital
Individuals	687	26,511,956	75.75
Insurance Companies	2	128,125	0.37
Joint Stock Companies	18	6,965,919	19.90
Financial Institutions	7	1,394,000	3.98
Total	714	35,000,000	100

Pattern of Share Holding as on June 30, 2012

	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 (CDC)	177,125	0.5061
3	MR. HARIS NOORANI	224,970	0.6428
4	MR. HARIS NOORANI - (CDC)	1,288,942	3.6827
5	MR. SUHAIL MANNAN	3,892,237	11.1207
6	MR. SUHAIL MANNAN (CDC)	80,691	0.2305
7	MR. JAVAID SHAFIQ SIDDIQUI	291,777	0.8336
8	MR. JAVAID SHAFIQ SIDDIQUI (CDC)	2,109,524	6.0272
9	MR. USMAN HAQ (CDC)	881,039	2.5173
10	MR SALEM REHMAN (CDC)	436,046	1.2458
11	MR. AHSAN SUHAIL MANNAN	160,458	0.4585
12	MRS. SHAHIMA REHMAN W/O TARIQ REHMAN	290	0.0008
13	MRS. SHAHIMA REHMAN W/O TARIQ REHMAN - (CDC)	399,378	1.1411
14	MRS. AYESHA NOORANI W/O HARIS NOORANI	339,093	0.9688
15	MRS. AMINA SUHAIL MANNAN W/O SUHAIL MANNAN - (CDC)	246,312	0.7037
16	MRS. NAILA SUHAIL MANNAN W/O SUHAIL MANNAN- (CDC)	228,052	0.6516
17	MRS. AMBREEN HAQ W/O USMAN HAQ (CDC)	1,164,915	3.3283
18	MR. ZULFIQAR SUHAIL MANNAN (MINOR)	139,700	0.3991
19	MR. ABDULLAH SUHAIL MANNAN (MINOR)	139,700	0.3991
		14,577,262	41.6493
	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 CO PVT LTD - (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	THE BANK OF PUNJAB, TREASURY DIVISION (CDC)	161,500	0.4614
3	NATIONAL BANK OF PAKISTAN (CDC)	71,865	0.2053
4	NATIONAL BANK OF PAKISTAN (CDC)	384,708	1.0992
		618,573	1.7674
	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

Pattern of Share Holding as on June 30, 2012

	CATEGORY OF SHAREHOLDER	HOLDING	% AGE
	MODARABAS & MUTUAL FUNDS:	-	-
	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)	5,166	0.0148
9	ELEVEN STARS SECURITIES (PVT) LIMITED - (CDC)	601,000	1.7171
10	FAIR EDGE SECURITIES (PRIVATE) LIMITED - (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) LTD - (CDC)	14,494	0.0414
15	WASI SECURITIES (SMC-PVT) LIMITED - (CDC)	30	0.0001
		1,428,884	4.0825
	SHARES HELD BY THE GENERAL PUBLIC:	11,934,694	34.0991
	TOTAL:	35,000,000	100.0000
	SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL:		
1	MR. SUHAIL MANNAN	3,972,928	11.3512
		3,972,928	11.3512

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

S.#:	NAME	SALE	PURCHASE
1	MR. SHAFIQUE A. SIDDIQUI (CDC)	3,683,491	-
2	MR. JAVAID SHAFIQ SIDDIQUI (CDC)	-	1,841,746

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 29 November 2012 at 12:00 Noon 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.