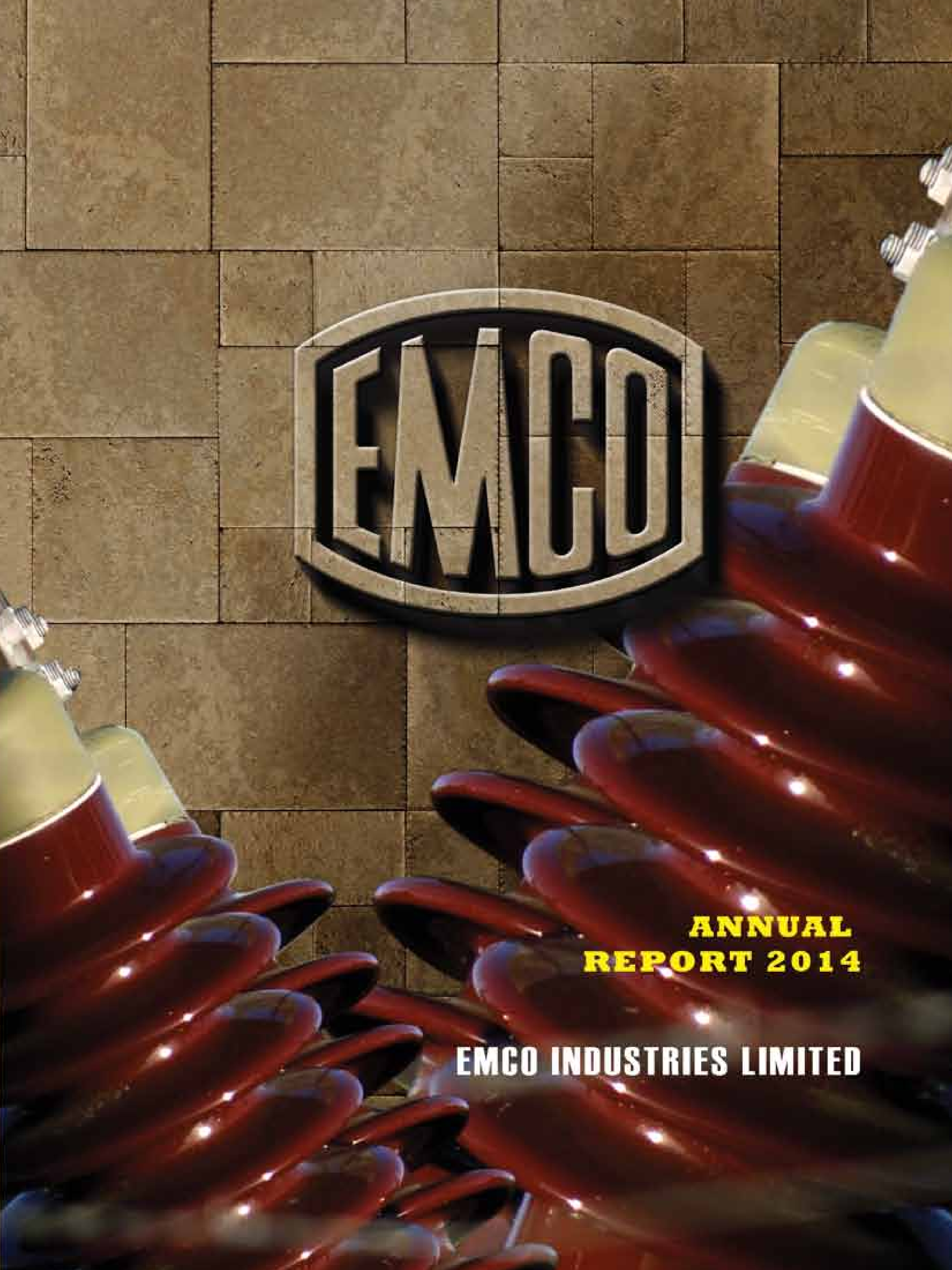
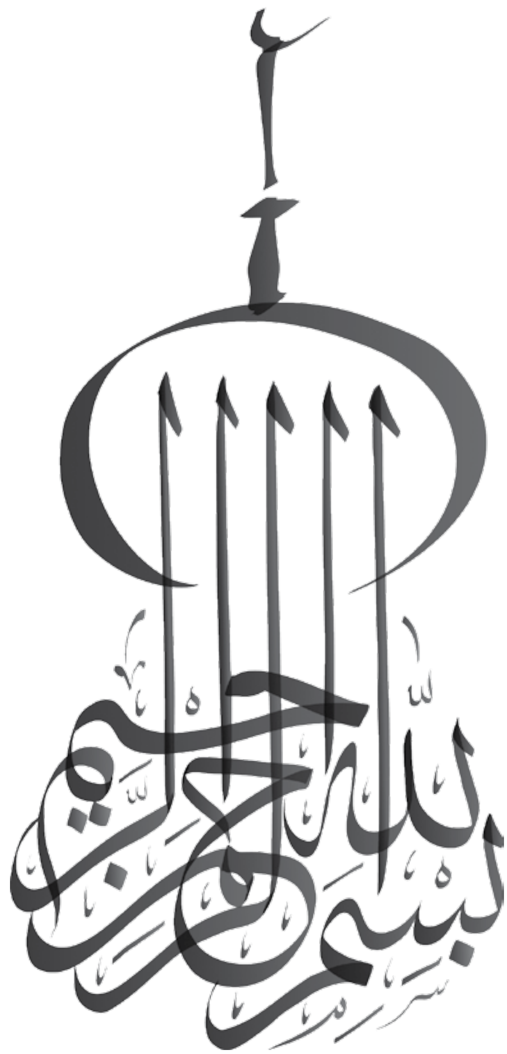


ANNUAL REPORT 2014

EMCO INDUSTRIES LIMITED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EMCO

CONTENTS

Company Information

COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Chief Financial Officer/Manager (F & A)

Mr. Riaz Ahmad

Auditors

M/s. Horwath Hussain Chaudhury & 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

4th Floor, National Tower,
28-Egerton Road,
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 License 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
  38 cm x 38 cm x 8 mm

Notice of Annual General Meeting

Notice is hereby given that **59th Annual General Meeting** of Members of **EMCO** Industries Limited will be held on 31st October, 2014 at 11.00 a.m. at the Registered Office of the Company, 4th Floor, National Tower, 28-Egerton Road, Lahore, to transact the following business;

1. To confirm the minutes of the last Extraordinary General Meeting held on 27th June, 2014
2. To receive, approve and adopt the Audited Accounts of the Company for the year ended **30th June, 2014** together with Directors' and Auditors' Report thereon.
3. To appoint Auditors for the next financial year and fix their remuneration. The present auditors M/s Horwath Hussain Chaudhary & Co., Chartered Accountants, retaire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the Chairman.

By Order of the Board

Place: Lahore;
Dated: 02.10.2014

(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 23.10.2014 to 31.10.2014 (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 59th Annual General Meeting of the Company and present to you the audited report for the period ending June 30, 2014. Financial Results are as follows: -

	2014 Rupees	2013 (restated) Rupees
Profit /(Loss) before taxation	(105,878,525)	(39,136,031)
Taxation	2,118,963	4,426,901
	(103,759,562)	(34,709,130)
Profit/(Loss) after Tax	1,337,042	1,350,835
Other Comprehensive Income	(102,422,520)	(36,264,580)
Total Comprehensive Loss	(463,345,211)	(446,290,910)
Un-appropriated profit / (Loss) b/f	19,437,410	19,210,279
Incremental Depreciation on revaluation	(443,907,801)	(427,080,631)
	(546,330,321)	(463,345,211)
Profit / (Loss) carried forward		
Profit / (Loss) per share	(2.96)	(0.99)

Review of Operating Results

In this period under review, Punjab based industry faced an unprecedented shortage of gas and electricity across the sector. Based on this situation, the Management of the Company took a strategic decision to consolidate its position through an operational restructuring that led to temporary suspension of manufacturing operations of the ceramic tile division commencing from the peak winter season of this financial year. As part of this operational restructuring, the Company is re-focusing its efforts in enhancing production in the Porcelain Insulator division.

The Company has taken strong steps to reduce direct costs and overhead costs associated with the Tile plant, and is confident the shutdown of the Tile Division will lead to significant improvement in financial results. However, the year under review has been extraordinary given the reconfiguration of cost centers, leading to significant negative pressure on the financial results of the Company.

It is to be noted that the in accordance with International Accounting Standards, the Company has stated its financial results by charging the full year depreciation of the Tile Division despite discontinuing operations for 6 months of the financial year.

Results of the individual plants are as follows:

Insulator Plant

There is an overall drop in production of the Insulator Division. Although we had sizable orders for insulators for the year under review, we could only produce 1480 tons as compared to 2282 ton last year, owing to more resources including natural gas being diverted for Tile division in the first 6 months. We also had to pay liquidated damages for delay in deliveries due to the above reasons.

This division has posted an improved operating profit of 85.726 Million as compared to Rs. 84.299 Million in the previous year due to better pricing and sales of value added products. Given the Company's strategic plan to re-focus its energies on the Insulator plant, production and sales figures for this division will improve in the immediate future. Export sales have increased marginally from Rs. 46.192 Million to Rs. 50.734 Million. The Company's product continues to be received well in the Middle East and Europe.

Tile Plant

FY 2013 – 14 witnessed unprecedented levels of Natural Gas curtailment to the Punjab Industrial sector. Furthermore, Punjab Industries were subjected to a complete natural gas shut down for over 90 days from December 2013 till March 2014. To address this deteriorating situation, the Company Management took a decision in November 2014 to shutdown production of the tile plant in the peak winter season of the present financial year. Resultantly, the production of tile was 1.126 million M^2, which is reduced from 2.617 million M^2 last year. The Company Management took radical steps to curtail losses in this division through retrenchment of manpower and reduction in overhead costs. However, despite its best efforts, for the period under review, the Tile Division has declared an operating loss Rs. 100.904 Million as compared to an operating loss of Rs. 59.807 Million last year.

Future Outlook

The Company Management has taken a strategic decision to temporarily discontinue manufacturing operations of the Tile Division. The decision will be reviewed in Q3 of FY 2014 – 15 based on natural gas availability. In the mean time, the Company Management will channel available natural gas resources towards the Insulator Plant. There has been considerable investment in adding new power generation plants into the country's energy system, which boosted demand for Insulators in FY 2013 – 14. Given that EMCO's Insulator Division continues to remain the only plant of its kind in Pakistan and serves over 80% of the needs of the Pakistan market, the Insulator Division is expected to produce healthy financial results. Simultaneously, the Company is aggressively pursuing international product testing and international marketing campaign to capture a larger portion of the international market for Insulators.

Despite the future economic downturn, the Management is optimistic and will strive to produce better results for its stakeholders. We should pray together for a better Pakistan.

The company's contribution to the exchequer in the year under review is Rs. 217.558 Million in the shape of import duty, sales tax, income tax and other government levies.

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, 2014 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, 2014 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, 2014 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, 2013 was Rs 226.867 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 30-06-2017, 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, 2014. 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	04
3.	Mr. Haris Noorani	04
4.	Mr. Suhail Mannan	05
5.	Mr. Javaid Shafiq Siddiqi	05
6.	Mr. Usman Haq	04
7.	Mr. Salem Rehman	03
8.	Mr. Ahsan Suhail 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:

S. No.	Name	Purchase	Sale
		Nil	Nil

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. Javaid S. Siddiqi	Member
3.	Mr. Salem Rehman	Member
4.	Mr. Ahsan Suhail Mannan	Member

Employees' relations

Despite the high 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 the difficult time that the nation is presently undergoing. 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 reducing losses wherever possible.

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, 2014.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2014 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 Horwath Hussain Chaudhary & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

For and on behalf of the board of Directors

(Haris Noorani)
Director

Lahore: October 02, 2014

As the chief executive of the company is out of country for the time being, these financial statements have been signed by two directors of the company pursuant to section 241 of companies ordinance 1984.

Financial Highlights of Last Ten Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	.................................(Rupees in Million).................................									
Net Total sales	932	1,596	1,856	1,855	1,861	1,550	1,260	1,208	1,045	898
Exports	51	46	61	104	164	93	79	151	164	108
Employees Costs	213	313	285	325	307	301	271	241	219	191
Profit/(Loss) before tax	(106)	(39)	(14)	(35)	(76)	(103)	(16)	11	(14)	105
Profit/(Loss) after tax	(104)	(35)	(21)	(46)	(71)	(81)	(14)	20	(56)	86
Earning per share	(2.96)	(0.99)	(0.61)	(1.32)	(2.05)	(2.39)	(0.09)	1.30	(3.66)	5.62
Capital Expenditure	13	23	37	8	18	149	222	55	99	15
Cash Dividend Rate	-	-	-	-	-	-	-	5%	-	-
Stock Dividend Rate	-	-	-	-	-	-	-	-	-	-
Shareholder’s Equity	(66)	17	33	36	64	118	(16)	(34)	(84)	(49)

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of EMCO Industries Limited for the year ended June 30, 2014 to comply with requirements of the Listing Regulation No. 35 (Chapter XI) of both the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 a 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

a) There are no independent directors on the Board of Directors of the Company and there is no representation of minority shareholders on the Board of Directors.

b) The mechanism for annual evaluation of the Board's own performance has not been put in place.

c) The Company has not appointed a new CFO in place of the outgoing CFO.

Based on our review, except for the above instances of non-compliance, 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 as applicable to the Company for the year ended June 30, 2014.
Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

Serial No.:	**Description**
9	The financial statements of the Company for the year ended June 30, 2014 have not been endorsed by the CFO.
16	The Board has not formed an HR and Remuneration Committee
17	Sales and purchase of goods from related parties were not placed before the Audit Committee and the Board of Directors for their approval
18	Directors' training program was not conducted during the year.

Horwath Hussain Chaudhury & Co.

Lahore
October 02, 2014

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement partner: Muhammad Nasir Muneer)

Statement Of Compliance

With the Code of Corporate Governance for the year ended June 30, 2014

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, 2014 has 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 M (F&A) 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 board has not formed an HR and Remuneration Committee. The board intends to form an HR and Remuneration Committee in future.

17. 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 and are duly reviewed and approved except for sale and purchase of goods from related parties.

18. The directors were apprised about the changes in the Code, applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the shareholders. The directors of the Company having 15 years of experience on the board of a listed company are exempt from the requirements of directors training program. All the board members except two qualify for exemption under this provision of the Code. The Company will arrange the training program for the directors as provided under Code in future.

19. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

20. 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.

21. 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.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all 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, 2014 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 conducted 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 accounts 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 the accounting policies consistently applied, except for the change in accounting policy as stated in note 3 to the accompanying 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;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, 2014 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 1.2 of accompanied financial statements which states that the Company has incurred net loss of Rs. 103.759 during the year ended June 30, 2014 while the accumulated loss stand at Rs. 546.330 million as at June 30, 2014. As of June 30, 2014 the current liabilities of the Company exceed its current assets by Rs. 211.700 million. Further, the Company has shut down its tile manufacturing unit since January 2014. These situations along with the matters as explained in note 18, indicates the existence of an uncertainty, which may cast doubt about the Company's ability to continue as going concern. Our opinion is not qualified in respect of this matter.

Financial statements of the Company for the year ended June 30, 2013 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those financial statements on October 9, 2013. However, their report contained an emphasis of matter paragraph with regard to going concern assumption.

Horwath Hussain Ch. & Co.

Lahore
October 02, 2014

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement partner: Muhammad Nasir Muneer)

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)	2012 Rupees (Restated)
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorized share capital 40,000,000 (2013: 40,000,000) ordinary shares of Rs 10 each		400,000,000	400,000,000	400,000,000
Issued, subscribed and paid up capital 35,000,000 (2013: 35,000,000) ordinary shares of Rs 10 each	5	350,000,000	350,000,000	350,000,000
Reserves	6	129,898,526	129,898,526	129,898,526
Accumulated loss		(546,330,321)	(463,345,211)	(446,290,910)
		(66,431,795)	16,553,315	33,607,616
Surplus on Revaluation of Property, Plant and Equipment	7	594,237,181	604,623,040	414,829,694
Non Current Liabilities				
Long term financing	8	267,104,642	257,268,254	181,373,772
Long term loans from directors	9	115,708,828	115,708,828	114,071,523
Liabilities against assets subject to finance lease	10	-	-	4,609,791
Deferred liabilities	11	37,458,473	46,398,539	42,427,017
Deferred taxation	12	90,343,639	110,277,352	27,837,160
		510,615,582	529,652,973	370,319,263
Trade and other payables	13	276,589,259	324,608,021	344,795,286
Accrued finance cost	14	144,359,698	104,588,388	95,078,924
Finances under mark-up arrangements - secured	15	339,246,739	366,576,111	564,358,988
Short term borrowings from related parties - unsecured	16	186,452,269	125,538,486	139,245,882
Current portion of non-current liabilities	17	133,875,204	180,234,071	163,354,480
		1,080,523,169	1,101,545,077	1,306,833,560
Contingencies and Commitments	18	-	-	-
Total Equity and Liabilities		2,118,944,137	2,252,374,405	2,125,590,133
ASSETS				
Non Current Assets				
Property, plant and equipment - owned	19	1,232,816,782	1,305,834,295	1,087,203,565
Assets subject to finance lease	20	10,371,057	13,929,065	15,821,682
Intangible assets	21	3,455,661	3,839,623	4,266,250
Long term loans	22	3,206,109	1,114,295	1,506,097
Long term deposits	23	271,163	809,778	3,966,692
		1,250,120,772	1,325,527,056	1,112,764,286
Current Assets				
Stores, spares and loose tools	24	105,971,710	118,406,907	111,479,777
Stock in trade	25	317,276,956	363,706,465	440,928,589
Trade debts	26	322,931,715	258,080,528	342,371,744
Loans, advances, deposits, prepayments and other receivables	27	83,371,541	74,206,533	44,663,180
Income tax refundable from the Government		37,417,388	65,345,820	55,319,335
Cash and bank balances	28	1,854,055	47,101,096	18,063,222
		868,823,365	926,847,349	1,012,825,847
Total Assets		2,118,944,137	2,252,374,405	2,125,590,133

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

As the chief executive of the company is out of country for the time being, these financial statements have been signed by two directors of the company pursuant to section 241 of companies ordinance 1984.

DIRECTOR

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Sales	29	932,348,371	1,595,788,170
Cost of sales	30	(788,553,281)	(1,350,928,550)
Gross Profit		143,795,090	244,859,620
Administrative expenses	31	(57,726,420)	(64,930,125)
Selling and distribution expenses	32	(101,246,108)	(155,437,056)
		(158,972,528)	(220,367,181)
Operating (Loss) / Profit		(15,177,438)	24,492,439
Other operating expenses	33	(4,576,015)	(13,660,856)
Other income	34	13,131,019	58,193,150
Finance cost	35	(99,256,091)	(108,160,764)
Loss before Taxation		(105,878,525)	(39,136,031)
Taxation	36	2,118,963	4,426,901
Net Loss for the Year		(103,759,562)	(34,709,130)
Loss per Share - Basic and Diluted	37	(2.96)	(0.99)

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

As the chief executive of the company is out of country for the time being, these financial statements have been signed by two directors of the company pursuant to section 241 of companies ordinance 1984.

DIRECTOR

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
Net loss for the Year	(103,759,562)	(34,709,130)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefits asset / (liability)	1,960,472	(2,329,216)
Less: Related tax impact	(623,430)	773,766
Other comprehensive income / (loss) for the year	1,337,042	(1,555,450)
Total Comprehensive Loss for the Year	(102,422,520)	(36,264,580)

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

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DIRECTOR

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	15,336,371	252,882,476
Finance cost paid	(59,484,781)	(98,651,300)
Gratuity paid	(10,761,440)	(3,010,636)
Income tax paid	-	(18,036,486)
Payments against discontinued provident fund	(4,846,968)	(5,878,361)
Tax refunded during the period	18,541,803	-
	(56,551,386)	(125,576,783)
Net Cash (used in) / generated from Operating Activities	(41,215,015)	127,305,693
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(12,545,830)	(23,327,423)
Long term loans and other receivables	(841,972)	3,929,589
Proceeds from disposal of property, plant and equipment	4,293,844	2,818,701
Net Cash used in Investing Activities	(9,093,958)	(16,579,133)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing repaid	(26,070,763)	115,719,853
Lease rentals paid	(2,451,716)	(6,118,266)
Short term borrowings acquired - net	33,584,411	(191,290,273)
Net Cash generated from / (used in) Financing Activities	5,061,932	(81,688,686)
Net Decrease / (increase) in Cash and Cash Equivalents	(45,247,041)	29,037,874
Cash and cash equivalents at the beginning of the year	47,101,096	18,063,222
Cash and Cash Equivalents at the End of the Year	1,854,055	47,101,096

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DIRECTOR DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

Particulars	Share Capital	Reserves			Total
		Share Premium Reserve	General Reserve	Accumulated Loss	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2012 as previously eported	350,000,000	39,898,526	90,000,000	(447,269,291)	32,629,235
Effect of change in accounting policy (Note - 3)	-	-	-	978,381	978,381
Balance as at June 30, 2012 - as restated	350,000,000	39,898,526	90,000,000	(446,290,910)	33,607,616
Net loss for the Year	-	-	-	(34,709,130)	(34,709,130)
Other comprehensive loss for the year	-		-	(1,555,450)	(1,555,450)
Total comprehensive loss for the year	-	-	-	(36,264,580)	(36,264,580)
Incremental depreciation for the year on surplus on revaluation of Property, Plant and Equipment net of deferred tax	-	-	-	19,210,279	(36,264,580)
Balance as at June 30, 2013 - as restated	350,000,000	39,898,526	90,000,000	(463,345,211)	16,553,315
Balance as at June 30, 2013 as previously reported	350,000,000	39,898,526	90,000,000	(461,994,376)	17,904,150
Effect of change in accounting policy (Note - 3)	-	-	-	(1,350,835)	(1,350,835)
Balance as at June 30, 2013 - as restated	350,000,000	39,898,526	90,000,000	(463,345,211)	16,553,315
Net loss for the year	-	-	-	(103,859,562)	(103,859,562)
Other comprehensive income for the year	-		-	1,337,042	1,337,042
Total comprehensive loss for the year	-	-	-	(102,422,520)	(102,422,520)
Incremental depreciation for the year on surplus on revaluation of Property, Plant and Equipment net of deferred tax	-	-	-	19,437,410	19,437,410
Balance as at June 30, 2014	350,000,000	39,898,526	90,000,000	(546,330,321)	(66,431,795)

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

As the chief executive of the company is out of country for the time being, these financial statements have been signed by two directors of the company pursuant to section 241 of companies ordinance 1984.

DIRECTOR

DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. THE COMPANY AND ITS OPERATIONS

1.1 EMCO Industries Limited ("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 the 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 exchanges on December 29, 1983. Its registered office is situated at 4th Floor, National Tower, 28 Egerton Road, Lahore.

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

1.2 Going concern assumption

The Company has incurred net loss of Rs. 103.760 million (2013: Rs. 33.935 million) during the year ended June 30, 2014 while the accumulated loss stands at Rs. 546.330 million (2013: 463.345 million) as at June 30, 2014. Current liabilities of the Company exceed its current assets by Rs 211.700 million as at the balance sheet date. The existing borrowing facilities are fully utilized and there are overdue payments of Rs. 184.454 million relating to loan repayments and Rs. 92.116 million relating to the accrued finance costs. Further, the Company has shut down its tile manufacturing unit since January 2014. These factors along with matters set forth in Note 18 raise doubts about the Company being a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The directors have injected interest free funds of Rs. 72.92 million during the year and are committed to support the liquidity requirements of the Company. Keeping in view the continuous support from directors and favourable negotiation with lenders, the going concern assumption is considered appropriate and, therefore, these financial statements have been prepared on going concern basis.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and 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 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of the following:

Certain property, plant and equipment	Note 19	Revalued amount
Employee retirement benefits (Gratuity)	Note 11	Present value

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

These estimates and related assumptions are reviewed on an on going basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements relate to the useful life and residual values of property, plant and equipment, amortization of intangible assets, provisions for doubtful receivables, provisions for defined benefit obligations, slow moving inventory, obsolescence of inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

During the year certain new amendments to standards or new interpretation became effective as mentioned in Note 3.

2.5.2 Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant

New standards, amendments and interpretations that are mandatory for accounting period beginning on or after January 01, 2013 and not considered relevant for the Company's financial statements have not been detailed here.

2.5.3 Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2014 and relevant. These amendments are not likely to have any impact on the Company's financial statements:

i) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. These amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and certain gross settlement systems that may be considered equivalent to net settlement.

ii) Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after January 01, 2014). These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal and require the disclosure of additional information about the fair value measurement and discount rates used in present value technique.

iii) Amendments to IAS 19 "Employee Benefits" (effective for annual periods beginning on or after July 01, 2014). It introduces a narrow scope amendment to simplify the requirements for contributions from employees or third parties to a defined benefit plan, when those contributions are applied to a simple contributory plan that is linked to services.

iv) Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate and can be overcome only when the revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated' or when the intangible asset is expressed as a measure of revenue.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual periods beginning on or after July 01, 2014). The new cycle of improvements contains amendments to the following standards:

i) Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

ii) IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by the management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

iii) IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

2.5.4 Standards, interpretations and amendments to approved accounting standards that are not relevant and not yet effective

Revision / improvements / amendments to IFRS and interpretations	**Effective Date** (Period beginning on or after)
- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments'	January 1, 2014
- IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation	January 1, 2014
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41]	January 1, 2016
- Annual Improvements 2010-2012 and 2011-2013 Cycle	July 1, 2014

3. CHANGE IN ACCOUNTING POLICY

Except for the changes stated below, the Company has consistently applied the accounting policies, as set out in Note 4, to all periods presented in these financial statements. The Company has adopted IAS-19 (Revised) 'Employee Benefits', including consequential amendments during the year. The revised standard has amended the accounting for employment benefits and introduced major changes as follows:

i) Past service cost to be recognized immediately in the profit and loss account

ii) Interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate to be measured at the beginning of the year.

iii) Remeasurement of the net defined benefit liability / asset comprising actuarial gains / losses and the difference between the actual return on investments and return implied by the net interest cost.

iv) Recognition of remeasurement immediately in other comprehensive income.

The management has adopted IAS-19 - Employee Benefit (Revised) and changed its accounting policy retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors' resulting in restatement of financial statements of prior periods. Corresponding period adjustments and restatements have been incorporated in the balance sheet and statement of comprehensive income. The effect of change in the accounting policy is as below:

	June 30, 2013 Rupees	June 30, 2012 Rupees
Effect on Balance Sheet		
Reserves		
As previously reported	(461,994,376)	(447,269,291)
Effect of change in accounting policy	(1,350,835)	978,381
As restated	(463,345,211)	(446,290,910)
Staff retirement benefits		
As previously reported	45,047,704	43,405,398
Effect of change in accounting policy	1,350,835	(978,381)
As restated	46,398,539	42,427,017

Effect on Other Comprehensive Income

	June 30, 2014 Rupees	June 30, 2013 Rupees
Remeasurement of defined benefit liability recognized in other comprehensive income	1,960,472	(2,329,216)
Less: Related tax impact	(623,430)	773,766
	1,337,042	(1,555,450)

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 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.2 Employee retirement benefits

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

The Company operates a recognised provident fund for all its permanent workmen employees. Equal monthly contributions are made by the Company and employees into 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 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. Most recent valuation was carried out as at June 30, 2014 using the “Projected Unit Credit Method”.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

Discount rate	12% p.a.
Expected rate of increase in salary level per annum	11% p.a.
Average expected remaining working lives of employees	7 Year
Expected mortality rate	EFU 61-66 mortality table.

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

Actuarial gains / (losses) arising from experience adjustments and changes in actuarial assumptions for defined benefit plan are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognized immediately as income.

4.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that relates to items recognised directly in equity, in which case it is recognised in equity.

Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of loss for the year, income tax expense is recognised as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Law. The charge for current tax is calculated using prevailing 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 recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities and their tax bases.

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

Deferred tax assets are recognised for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and is recognised only to the extent that it is probable that future taxable profits will be available against which assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items charged or credited to equity in which case it is included in the statement of changes in equity.

4.4 Leases

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.

Related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. 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 finance lease are depreciated over the useful life of the asset on diminishing balance method at the same rates as owned assets. 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.

Operating leases

Leases where a significant portion of 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 straight line basis over the lease term.

4.5 Borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss over the period of the borrowings on effective interest rate basis.

4.6 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. Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses, if any, except freehold land which is stated at revalued amount. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts 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.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost in relation to certain assets also includes cost of borrowing during construction period in respect of loans taken for specific projects.

Depreciation on 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, machinery spares included in plant and machinery, whose depreciation is 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. 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 to equity from 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 in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

The principal annual rates used for depreciation purpose are as follows:

Buildings on freehold land	5%
Plant and machinery	4% - 35%
Tools and equipment	20% - 40%
Furniture and fittings	20%
Office equipment	20%
Vehicles	20%

Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment is 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 amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalised. Gains or losses on disposal of property, plant and equipment are included in the current year's income.

Increases in the carrying amounts arising due to 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 profit and loss account.

4.8 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when the assets are available for use.

4.9 Intangible assets

Expenditure incurred to acquire custom-made Enterprise Resource Planning (ERP) system has been capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the diminishing balance method at the rate of 10%.

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.

4.10 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.

4.11 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 is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.12 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 comprise cost of direct materials, labour and appropriate manufacturing overheads. Cost of goods purchased for resale comprises invoice value plus charges paid thereon.

Materials in transit are stated at cost comprising invoice value 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.

4.13 Financial instruments

Financial assets

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

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Available-for-sale financial assets

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

Held to maturity

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

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date that is the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Company's right to receive payments is established.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' instruments are carried at amortised cost using effective interest rate method.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities

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

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

4.14 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 a 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.

4.15 Trade debts

Trade debts are recognised initially at original invoice amount less provision for doubtful debts.

A provision for doubtful 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.

4.16 Cash and cash equivalents

Cash and cash equivalents include 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 finances under mark-up arrangements in current liabilities on the balance sheet.

4.17 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into 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 and expense.

4.18 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods are transferred to the buyer i.e. on the 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.

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	47%
Tile	53%

Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments.

4.20 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.21 Dividend distribution

Dividends are recognised as a liability in the period in which these are declared.

5. Issued, Subscribed and Paid up Capital

2014 No. of Shares	2013 No. of Shares		2014 Rupees	2013 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 for consideration other than cash	136,295,400	136,295,400
35,000,000	35,000,000		350,000,000	350,000,000

5.1 Ordinary shares of the Company held by associated companies as at the year end are as follows:

	Note	2014 Rupees	2013 Rupees
Associated Engineers (Private) Limited		2,011,325	2,011,325
ICC (Private) Limited		2,943,411	2,943,411
		4,954,736	4,954,736

5.2 In accordance with the terms of agreement between the Company and certain lenders of long term financing, there are certain restrictions on distribution of dividends by the Company.

5.3 Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is as under:

		2014	2013
Opening balance		35,000,000	35,000,000
Issued / cancelled during the year		-	-
Closing balance		35,000,000	35,000,000

6. RESERVES

	Note	2014	2013
Composition of reserves is as follows:			
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.

	2014 Rupees	2013 Rupees
7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Land - Freehold		
Opening balance	154,159,464	131,383,464
Revaluation during the year	-	22,776,000
	154,159,464	154,159,464
Buildings on freehold land		
Opening balance	174,487,607	132,164,439
Revaluation during the year	-	64,449,572
	174,487,607	196,614,011
Plant and machinery		
Opening balance	275,975,969	151,281,791
Revaluation during the year	-	217,428,913
	275,975,969	368,710,704
Related deferred tax	-	(95,650,860)
	604,623,040	623,833,319
Effect of change in tax rates	9,051,551	-
Incremental depreciation charged on revalued property, plant and equipment in current year net of deferred tax transferred to retained earnings	(19,437,410)	(19,210,279)
	594,237,181	604,623,040

This represents surplus over book value resulting from the revaluation of freehold land, buildings on freehold land and plant and machinery, adjusted by incremental depreciation arising on revaluation of abovementioned assets except freehold land. The latest revaluation was carried out by independent valuers, on March 13, 2013 under current market price / replacement cost methods wherever applicable which resulted in revaluation surplus of Rs. 304,465,854.

		2014 Rupees	2013 Rupees
8. LONG TERM FINANCING			
Banking companies - secured			
NIB Bank Limited	8.1	25,946,433	27,446,433
The Bank of Punjab	8.2	82,181,112	86,981,112
Standard Chartered Bank (Pakistan) Limited	8.3	140,477,246	150,207,560
Faysal bank Limited	8.4	-	4,444,449
		248,604,791	269,079,554
Related parties - unsecured			
Associated Engineers (Private) Limited	8.5	12,335,447	12,335,447
EMCO Industries Limited Provident fund	8.6	135,274,793	140,870,793
Imperial Electric Company (Private) Limited	8.7	2,615,692	2,615,692
Others - unsecured		150,225,932	155,821,932
Pakistan Tribal Minerals	8.8	-	8,000,000
		398,830,723	432,901,486
Less: current portion			
Related parties - unsecured		(4,400,000)	(81,454,000)
Banking companies - secured		(127,326,081)	(94,179,232)
	13	(131,726,081)	(175,633,232)
		267,104,642	257,268,254

8.1 The loan was rescheduled in the year ending June 30, 2012 carrying markup @ 3 months KIBOR + 1% per annum payable on quarterly basis. Under the revised agreement with NIB Bank Limited, outstanding balance of Rs. 57.864 million was repayable in 22 equal monthly installments of Rs 2.5 million and 23rd installment of Rs 2.864 million commencing January 01, 2012. As at June 30, 2014 principal installments amounting to Rs. 25.946 million are due but remained unpaid and are shown under the current liabilities. This loan is secured by first pari passu charge for Rs. 399.325 million on property, plant and equipment of the Company, post dated cheques and personal guarantees of certain directors of the Company.

8.2 The loan was rescheduled during the year ending June 30, 2013 carrying markup @ 3 months KIBOR (if markup is paid within 7 days otherwise 3 months KIBOR + 3%) per annum payable on quarterly basis. Under the rescheduled agreement effective November 1, 2012, the outstanding balance is repayable in 48 monthly installments of amounts between Rs. 0.50 million to Rs. 2.45 million commencing from November 1, 2012. Mark-up is payable monthly from November 1, 2012. As at June 30, 2014 principal installments amounting to Rs. 23.499 million are due but remained unpaid and are shown under the current liabilities. This loan is secured by first pari passu charge of Rs. 227 million over present and future property, plant and equipment of the Company with 25% margin registered with the SECP, post dated cheques and personal guarantees of certain directors of the Company.

8.3 The loan was restructured during the year ended June 30, 2013 carrying markup @ 3 months KIBOR per annum payable on quarterly basis. Under the restructured agreement effective April 1, 2013, the outstanding liability of the Company against the running finance facility, which included principal and mark up portions of Rs 139.279 million and Rs 17.197 million respectively, was restructured as a long term finance under which the outstanding principal was payable in 14 quarterly installments and the outstanding mark up was payable in 16 quarterly installments in commencing April 1, 2013. 25% of the mark up on outstanding liability is payable quarterly whereas rest of the mark up is to be deferred and paid with 15th and 16th quarterly installment. As at June 30, 2014 installments amounting to Rs 15.330 million are due but remained unpaid and shown under the current liabilities. This loan is secured by a first pari passu charge of Rs. 140 million in favour of the Bank over the property, plant and equipment of the Company.

8.4 The loan was rescheduled in the year ended June 30, 2012 carrying markup @ 6 months KIBOR + 1% per annum payable on quarterly basis. During the year, the entire outstanding amount of loan was repaid by the Company.

8.5 These are composed of the following loans:

Loan	Rate of interest per annum	Repayment period	2014 Rupees	2013 Rupees
1	Nil	After improvement in the financial position of the Company.	3,173,867	3,173,867
2	7.55%	After improvement in the financial position of the Company.	4,500,000	4,500,000
3	7.55%	Mark-up on the loan is payable annually @ 7.55% (2013: 7.55%) per annum on the outstanding principal of loan, amounting to Rs. 2.896 million. 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 up to June 30, 2014.	4,661,580	4,661,580
			12,335,447	12,335,447

8.5.1 As on June 30, 2014 Associated Engineers (Private) Limited has agreed not to demand the outstanding amount before June 30, 2015. The current and overdue portion of this loan amounts to Rs. 4,661,580.

8.6 This represents loan obtained from EMCO Industries Limited Provident Fund on July 01, 2000. Owing to non-payment on account of liquidity issues, this loan had been rescheduled a number of times. Latest rescheduling of the loan was carried out on October 01, 2013 by Trustees of the fund whereby the loan shall be repaid in 48 unequal quarterly installments commencing from October 01, 2013 and would carry mark up @ WACC + 1 % on outstanding principal.

8.7 This represents outstanding loan obtained from M/s Imperial Electric Company (Private) Limited. Of this amount Rs. 1.986 million carries mark-up @ 7.55% (2013: 7.55%) per annum and remaining is interest free. As at the balance sheet date, M/s Imperial Electric Company (Private) Limited has agreed not to demand this balance upto June 30, 2015.

8.8 This represents balance payable to M/s Pakistan Tribal Minerals, supplier of raw material. The entire balance has been waived off by M/s Pakistan Tribal Minerals during the year.

	2014 Rupees	2013 Rupees
9. LONG TERM LOANS FROM DIRECTORS / MEMBERS		
Opening balance	115,708,828	114,071,523
Add: Conversion of short term loan into long term loan	-	21,437,305
Less: Loan written back during the year	-	(19,800,000)
	115,708,828	115,708,828

9.1 These loans are interest free and subordinated to the long term financing obtained from various banking companies.

	Note	2014 Rupees	2013 Rupees
10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
The amounts of future lease rentals are payable during:			
- 2013 - 2014		-	2,936,868
- 2014 - 2015		455,600	-
		455,600	2,936,868
Add: Security deposits		1,722,315	1,722,315
Gross minimum lease payments		2,177,915	4,659,183
Less: Financial charges not currently due		(28,792)	(58,344)
Present value of minimum lease payments		2,149,123	4,600,839
Less: Current and overdue portion	13	(2,149,123)	(4,600,839)
		-	-
Reconciliation between total of minimum lease payments and their present value is as under:			
Gross minimum lease payments:			
- Due not later than one year		2,177,915	4,659,183
- Due later than one year but not later than five years		-	-
		2,177,915	4,659,183
Present value of minimum lease payments:			
- Due not later than one year		2,149,123	4,600,839
- Due later than one year but not later than five years		-	-
		2,149,123	4,600,839

The present value of minimum lease payments have been discounted at implicit interest rates ranging from 13.63% to 14.47% per annum (2013: 13.63% to 19.00% per annum) to arrive at their present values. Taxes, repairs, replacements and insurance costs are 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 on outstanding principal balance.

	Note	2014 Rupees	2013 Rupees
11. DEFERRED LIABILITIES			
Payable to employees against discontinued provident fund	11.1	8,126,709	12,248,634
Non-workmen staff gratuity - unfunded	11.2	29,331,764	34,149,905
		37,458,473	46,398,539

11.1 Payable to employees against discontinued provident fund

	2014 Rupees	2013 Rupees
Opening balance	12,248,634	15,299,507
Add: amount transferred from Gratuity fund	-	2,255,472
Mark-up accrued thereon	725,043	572,016
	12,973,677	18,126,995
Less: Payments made during the year	(4,846,968)	(5,878,361)
Closing balance	8,126,709	12,248,634

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 outstanding balance of employer contribution payable includes both, principal and interest portions. Interest is being charged on the principal portion at a rate of 10% (2013: 10%) per annum. The balance, along with the profit, 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. 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, were transferred to the discontinued provident fund as at January 1, 2012. This balance was transferred net of loan and interest thereon taken by the members against their provident fund balances. Furthermore, these employees were then entitled to the gratuity scheme with effect from January 1, 2012. In the current year, the amount transferred from provident fund represents the interest portion on provident fund contribution of such employees. 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 of defined benefit gratuity scheme was conducted as on June 30, 2014. Results of actuarial valuation are as under:

	2014 Rupees	2013 Rupees
11.2.1 Movement in net liability for staff gratuity		
Opening balance	34,149,905	27,127,510
Charge for the year - Profit and loss account	7,903,771	7,703,815
Charge for the year - Other comprehensive income	(1,960,472)	2,329,216
Payments made during the year	(10,761,440)	(3,010,636)
Closing balance	29,331,764	34,149,905
11.2.2 Charge for the year		
The amounts recognised in the profit and loss account against defined benefit scheme are as follows:		
Current service cost	4,936,954	4,634,164
Interest cost	2,966,817	3,069,651
	7,903,771	7,703,815
11.2.3 Staff gratuity		
Present value of defined benefit obligation	20,334,448	29,668,170
Benefits due but not paid	8,997,316	4,481,735
Liability as at June 30	29,331,764	34,149,905
11.2.4 Movement in present value of defined benefit obligation		
Opening balance	29,668,170	25,580,428
Benefits due but not paid as at June 30	4,481,735	1,547,082
Interest cost	2,966,817	3,069,651
Current service cost	4,936,954	4,634,164
Benefits paid	(10,761,440)	(3,010,636)
Benefits due but not paid	(8,997,316)	(4,481,735)
Actuarial (gain) / loss recognized in other comprehensive income	(1,960,472)	2,329,216
Closing balance	20,334,448	29,668,170

11.2.5 Amounts for current period and previous four annual periods of the present value of defined benefit obligation are as follows:

	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees	2010 Rupees
Present value of defined benefit obligation	20,334,448	29,668,170	25,915,893	24,645,668	21,816,987
Experience adjustment's arising on obligation	(1,960,472)	2,329,216	70,034	(2,072,293)	1,145,468

	Rupees
11.2.6 Estimated Charge for the year 2014-2015	
Current service cost	2,643,118
Interest cost	2,468,013
	5,111,131

11.2.7 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes at the balance sheet date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	Rupees
Discount rate + 100 bps	19,110,341
Discount rate - 100 bps	22,220,140
Salary increase + 100 bps	22,220,140
Salary increase - 100 bps	19,086,198

	2014 Rupees	2013 Rupees
12. DEFERRED TAXATION		
Accelerated tax depreciation	86,507,326	102,886,437
Revaluation of property, plant and equipment	193,860,206	211,755,304
Provision for doubtful debts	(3,963,372)	(4,644,366)
Provision for obsolete stores and spares	(696,170)	(727,263)
Provision for obsolete stock	(4,923,769)	(5,428,205)
Unused tax losses	(180,440,582)	(193,564,555)
	90,343,639	110,277,352

	Note	2014 Rupees	2013 Rupees
13. TRADE AND OTHER PAYABLES			
Trade creditors	13.1	152,677,451	177,018,677
Accrued liabilities		51,067,622	78,142,987
Sales tax and special excise duty payable		19,500,171	31,079,953
Advances from customers		43,714,238	16,334,068
Unclaimed dividends		208,552	208,551
Employees' welfare fund		167,832	115,948
Provident fund payable		553,315	920,229
Claims payable		138,403	-
Income tax payable		4,047,097	15,345,554
Others		4,514,578	5,442,054
		276,589,259	324,608,021

13.1 Trade creditors include amount due to related parties amounting to Rs. 255,465 (2013: Rs 19,879).

	Note	2014 Rupees	2013 Rupees
14. ACCRUED FINANCE COST			
Long term financing:			
- From related parties		91,716,049	79,278,648
- From banking companies		19,467,824	7,419,589
Liabilities against assets subject to finance lease		28,779	-
Short term borrowings from related parties		4,506,255	1,013,316
Finances under mark-up arrangements		28,640,791	16,876,835
		144,359,698	104,588,388
15. FINANCES UNDER MARK-UP ARRANGEMENTS - SECURED			
Running finances	15.1	181,475,469	201,488,104
Export and import finances	15.2	157,771,270	165,088,007
		339,246,739	366,576,111

15.1 Short-term running finances available from various commercial banks under mark-up arrangements amount to Rs 212.5 million (2013: Rs 225.5 million). The rates of mark-up range from 1 month KIBOR + 1% to 3 months KIBOR + 3.25% per annum on the balance outstanding. Aggregate short term finances are secured by hypothecation of stores, stock-in trade, receivables, charge on present and future property, plant and equipment of the Company, personal guarrantees of the directors, charge on entire assets of the Company, mortgage over commercial properties owned by Associated Engineering (Private) Limited and properties owned by directors and their close relatives.

15.2 Export and import finances available from various commercial banks under mark-up arrangements amount to Rs. 30 million (2013: Rs. 50 million) and Rs. 223.25 million (2013: Rs. 375 million) respectively. The rates of mark-up range from 1 month KIBOR plus 1% to 3 month KIBOR plus 2.5%. In the event the Company fails to pay the balances till due date, liquidated charges of 2% over and above the mark-up rate or a flat rate of 16% 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. As at June 30, 2014, principal installments against import finances amounting to Rs. 115.017 million (2013: Rs. 7.77 million) were due but not paid.

	Note	2014 Rupees	2013 Rupees
16. SHORT TERM BORROWINGS FROM RELATED PARTIES - UNSECURED			
Directors and close relatives thereof:			
- Interest free loans	16.1	136,452,269	63,538,486
- Loans chargeable to interest	16.2	50,000,000	62,000,000
		186,452,269	125,538,486

16.1 This represents interest free loans obtained from directors, close relatives of directors and other related parties. Repayment terms of loans have yet not been agreed.

16.2 This represents loans from close relatives of directors and other related parties. Rates of mark-up range from 3 month KIBOR + 3% to 3 months KIBOR + 4% per annum on the balance outstanding. These loans are repayable by June 30, 2015.

	Note	2014 Rupees	2013 Rupees
17. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	8	131,726,081	175,633,232
Liabilities against assets subject to finance lease	10	2,149,123	4,600,839
		133,875,204	180,234,071

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 The Collector of Sales Tax raised demands in previous years 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 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.

18.1.2 In the year ended June 30, 2005, Sales Tax Department conducted post exportation audit under the Duty and Tax Remission for Exports (DTRE) Scheme, 2001 and 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, the 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 the FBR in this regard is awaited.

18.1.3 The Company has indemnified the Trustees of EMCO Industries Limited Provident Fund and the beneficiaries thereof, from any and all events wherein they or anyone suffers any loss and / or damage for allowing the Company rescheduled time frame to repatriate the borrowed sum amounting to Rs. 140.871 million (2013: Rs. 140.871 million) as at June 30, 2014 into the fund.

18.2 Commitments

18.2.1 Letters of credit other than for capital expenditure amount to Rs. 51.21 million (2013: Rs. 57.67 million).

18.2.2 Bank guarantees amount to Rs. 102.39 million (2013: Rs. 125.49 million). The Company has issued guarantees in favour of the following companies:

	2014 Rupees	2013 Rupees
WAPDA	50,511,000	49,621,080
Sui Northern Gas Pipeline Limited	51,880,846	75,867,289
	102,391,846	125,488,369

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

	Note	2014 Rupees	2013 Rupees
Not later than one year		-	9,554,792
Later than one year but not later than five years		-	40,048,501
Later than five years		-	-
		-	49,603,293

19. PROPERTY, PLANT AND EQUIPMENT

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	19.1	1,227,666,782	1,305,834,295
Capital work in progress - civil works	19.2	5,150,000	-
		1,232,816,782	1,305,834,295

19.1 Operating fixed assets

Year Ended June 30, 2014

Description	Freehold Land Rupees	Buildings on Freehold Land Rupees	Plant and Machinery Rupees	Tools and Equipment Rupees	Furniture and Fittings Rupees	Office Equipment Rupees	Vehicles Rupees	Total Rupees
Cost								
Balance as at July 01, 2013	182,250,000	515,956,392	1,803,784,175	9,231,723	8,394,412	28,425,904	16,829,145	2,564,871,751
Additions	-	-	7,265,506	-	-	130,324	-	7,395,830
Disposal during the year	-	-	-	-	(78,900)	(78,100)	(849,000)	(1,006,000)
Balance as at June 30, 2014	**182,250,000**	**515,956,392**	**1,811,049,681**	**9,231,723**	**8,315,512**	**28,478,128**	**15,980,145**	**2,571,261,581**
Accumulated depreciation								
Balance as at July 01, 2013	-	194,857,813	1,012,991,206	9,089,701	7,572,318	23,800,791	10,725,627	1,259,037,456
Charge for the year	-	19,763,632	63,066,675	30,532	164,419	944,371	1,220,703	85,190,332
Disposals	-	-	-	-	(70,000)	(65,000)	(497,989)	(632,989)
Balance as at June 30, 2014	-	214,621,445	1,076,057,881	9,120,233	7,666,737	24,680,162	11,448,341	1,343,594,799
Total as at June 30, 2014	**182,250,000**	**301,334,947**	**734,991,800**	**111,490**	**648,775**	**3,797,966**	**4,531,804**	**1,227,666,782**
Depreciation rates	-	5%	4%-35%	20%-40%	20%	20%	20%	
Year Ended June 30, 2013								
Cost								
Balance as at July 01, 2012	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
Additions	-	-	20,482,293	-	6,200	800,930	2,038,000	23,327,423
Revaluation	22,776,000	64,449,572	217,428,913	-	-	-	-	304,654,485
Disposals	-	-	-	-	-	-	(4,133,958)	(4,133,958)
Balance as at June 30, 2013	**182,250,000**	**515,956,392**	**1,803,784,175**	**9,231,723**	**8,394,412**	**28,425,904**	**16,829,145**	**2,564,871,751**
Accumulated depreciation								
Balance as at July 01, 2012	-	177,511,040	924,961,945	9,049,764	7,368,028	22,782,568	12,146,892	1,153,820,237
Charge for the year	-	17,346,773	88,029,261	39,937	204,290	1,018,223	1,661,342	108,299,826
Disposals	-	-	-	-	-	-	(3,082,607)	(3,082,607)
Balance as at June 30, 2013	-	194,857,813	1,012,991,206	9,089,701	7,572,318	23,800,791	10,725,627	1,259,037,456
Total as at June 30, 2013	**182,250,000**	**321,098,579**	**790,792,969**	**142,022**	**822,094**	**4,625,113**	**6,103,518**	**1,305,834,295**
Depreciation rates	-	5%	7.3%-35%	20%-40%	20%	20%	20%	

	Note	2014 Rupees	2013 Rupees
19.1.1 Apportionment of depreciation charge for the year			
Depreciation charge for the year has been apportioned as follows:			
Cost of sales	30	83,365,104	105,923,783
Administrative expenses	31	1,774,184	2,018,542
Selling and distribution expenses	32	51,044	357,501
		85,190,332	108,299,826

19.2 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

Particulars	Cost Rupees	Accumulated depreciation Rupees	Written down value Rupees	Sale proceeds Rupees	(Loss) / Gain on disposal Rupees	Buyer Name	Mode of sale
Assets with book value exceeding Rs. 50,000							
Vehicle	849,000	(497,989)	351,011	225,000	(126,011)	Fahad Shafiq	At market value
Assets with book value below Rs. 50,000	157,000	(135,000)	22,000	150,000	128,000	Various parties	At market value
Total 2014	1,006,000	(632,989)	373,011	375,000	1,989		
Total 2013	4,133,958	(3,082,607)	1,051,352	2,818,701	1,767,350		

19.3 Cost, accumulated depreciation and book value of revalued assets, had there been no revaluation

Had there been no revaluation, the carrying amounts of the following classes of assets would have been as follows:

	2014 Rupees	2013 Rupees
Freehold land	159,474,000	159,474,000
Factory buildings on freehold land	231,058,567	257,454,626
Plant and machinery	512,209,443	577,332,056
	902,742,010	994,260,682

19.3 The management revised its estimate for depreciation of certain plant and machinery from 7.3% to 4% during the year. Had there been no change in the estimate, the depreciation charge for the year would have increased by Rs. 33.851 million.

20. ASSETS SUBJECT TO FINANCE LEASE

Year Ended June 30, 2014

Description	Plant and Machinery Rupees	Vehicles Rupees	Total Rupees
Cost			
Balance as at July 01, 2013	16,538,177	5,487,000	22,025,177
Disposals / adjustment	-	(5,487,000)	(5,487,000)
Balance as at June 30, 2014	16,538,177	-	16,538,177
Accumulated depreciation			
Balance as at July 01, 2013	5,350,413	2,745,699	8,096,112
Charge for the year	816,707	435,966	1,252,673
Disposals	-	(3,181,665)	(3,181,665)
Balance as at June 30, 2014	6,167,120	-	6,167,120
Total as at June 30, 2014	10,371,057	-	10,371,057

Description	Plant and Machinery Rupees	Vehicles Rupees	Total Rupees
Year Ended June 30, 2013			
Cost			
Balance as at July 01, 2012	16,538,177	5,487,000	22,025,177
Additions	-	-	-
Balance as at June 30, 2013	16,538,177	5,487,000	22,025,177
Accumulated depreciation			
Balance as at July 01, 2012	4,143,126	2,060,369	6,203,495
Charge for the year	1,207,287	685,330	1,892,617
Balance as at June 30, 2013	5,350,413	2,745,699	8,096,112
Total as at June 30, 2013	11,187,764	2,741,301	13,929,065
Depreciation rates	7.3%	20%	

	Note	2014 Rupees	2013 Rupees
20.2 Apportionment of depreciation charge for the year			
Depreciation charge for the year has been apportioned as follows:			
Cost of sales	30	816,707	1,160,511
Administrative expenses	31	435,966	449,504
Selling and distribution expenses	32	-	282,598
		1,252,673	1,892,613
21. INTANGIBLE ASSETS			
Net Carrying Value			
Net carrying value - opening balance		3,839,623	4,266,250
Additions during the year		-	-
		3,839,623	4,266,250
Amortization during the year	21.1	(383,962)	(426,627)
Net carrying value as at June 30, 2014		3,455,661	3,839,623
Gross Carrying Value			
Cost		6,195,002	6,195,002
Accumulated amortization		(2,739,341)	(2,355,379)
Net book value		3,455,661	3,839,623
Amortization rate		10%	10%

21.1 Apportionment of amortization charge for the year has been allocated to administrative expenses.

	Note	2014 Rupees	2013 Rupees
22. LONG TERM LOANS			
Loans to employees - (secured - considered good)			
- Executives	22.1	506,252	41,540
- Other employees		4,171,983	3,256,108
		4,678,235	3,297,648
Less: current portion		(1,472,126)	(2,183,353)
		3,206,109	1,114,295

These represent loans for purchase of motorcycles, bicycles and for the construction of residential houses etc. These loans are secured against gratuity and are interest free. The loans are repayable in two to eight years.

22.1 Reconciliation of carrying amount of loans to executives

	2014 Rupees	2013 Rupees
Opening balance on July 1	41,540	620,000
Add: Disbursements	600,000	41,540
Less: Repayments	(135,288)	(620,000)
	506,252	41,540

23. LONG TERM DEPOSITS

These represent amounts deposited by the Company as security given to various parties against services provided by them.

	Note	2014 Rupees	2013 Rupees
24. STORES, SPARES AND LOOSE TOOLS			
Stores		19,788,473	22,546,186
Spare parts		85,418,100	88,147,457
Spare parts in transit		284,279	7,185,000
Loose tools		2,669,927	2,717,333
		108,160,779	120,595,976
Less: Provision for obsolescence of stock	24.1	(2,189,069)	(2,189,069)
		105,971,710	118,406,907

	Note	2014 Rupees	2013 Rupees
24.1 Provision for obsolescence of stock			
Opening balance		2,189,069	2,189,069
Provision for the year		-	-
		2,189,069	2,189,069
Less: Obsolete stocks written off		-	-
		2,189,069	2,189,069

24.2 Stores and spare parts include items which may result in fixed capital expenditure but are not distinguishable.

25. STOCK-IN-TRADE

	Note	2014 Rupees	2013 Rupees
Raw materials	25.1	105,090,727	114,239,617
Materials in transit		10,973,440	35,691,342
Work-in-process		26,957,435	35,462,946
Finished goods	25.2	185,234,655	189,564,881
Goods purchased for resale		4,503,226	4,230,206
		332,759,483	379,188,992
Less: Provision for obsolescence of stock	25.3	(15,482,527)	(15,482,527)
		317,276,956	363,706,465

25.1 Raw materials amounting to Rs. Nil (2013: Rs 1.547) are in the possession of various vendors for further processing.

25.2 Finished goods amounting to Rs. Nil (2013: Rs 1.412 million) are valued at net realizable value.

	2014 Rupees	2013 Rupees
25.3 Provision for obsolescence of stock		
Opening balance	15,482,527	16,338,958
Provision for the year	-	-
	15,482,527	16,338,958
Less: Obsolete stocks written off	-	(115,199)
Less: Provision reversed during the year	-	(741,232)
	15,482,527	15,482,527

		Note	2014 Rupees	2013 Rupees
26.	**TRADE DEBTS**			
	Local - (Unsecured - considered good)	26.1	320,403,955	248,975,871
	Local - (Unsecured - considered doubtful)		12,462,611	13,979,597
	Related parties - (Unsecured - considered good)		423,010	1,465,719
	Foreign - (secured - considered good)		2,104,750	7,638,938
			335,394,326	272,060,125
	Less: Provision for doubtful debts	26.2	(12,462,611)	(13,979,597)
			322,931,715	258,080,528
26.1	**Due from related parties**			
	These relate to normal business of the Company and are interest free.			
	Fatima Memorial Hospital Trust		31,788	189,116
	ICC (Private) Limited		63,059	63,059
	Nur Enterprises		305,866	1,213,544
			400,713	1,465,719
26.2	**Provision for doubtful debts**			
	Opening balance		13,979,597	9,940,974
	Provision for the year		-	4,504,803
			13,979,597	14,445,777
	Less: Bad debts written off		(1,516,986)	(466,180)
			12,462,611	13,979,597
27.	**LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Current portion of loans to employees - considered good		1,472,126	2,183,353
	Advances - considered good			
	- to employees	27.1	6,503,067	5,921,557
	- to suppliers		16,335,853	13,402,829
			22,838,920	19,324,386
	Due from related parties - considered good	27.2	26,150	255,465
	Security deposits		26,416,571	19,127,772
	Margins against letters of credit		-	190,091
	Claims receivable		-	2,946,367
	Claims recoverable from government - Excise Duty		2,173	2,173
	Prepayments		105,664	510,985
	Recoverable from employees	27.3	19,916,733	15,342,325
	Margins held by bank		13,168,890	14,899,302
			83,947,227	74,782,219
	Less: Provision for doubtful advances	27.4	(575,686)	(575,686)
			83,371,541	74,206,533

27.1 This includes an amount of Rs. 5.952 million (2013: Rs. 5.252 million) due from an executive (Senior Manager Commercial). This amount is paid as advance for maintenance of plant and machinery. This also includes an amount of Rs. 0.010 million (2013: Rs 0.053 million) due from directors. The amount is paid to directors as advance for expenditure to be reimbursed by the Company.

	2014 Rupees	2013 Rupees
27.2 Balances due from related parties:		
ICC (Private) Limited	6,467	-
Imperial Soft (Private) Limited	19,683	255,465
	26,150	255,465

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

	2014 Rupees	2013 Rupees
27.4 Provision for doubtful advances		
Opening balance	575,686	-
Add: Provision for the year	-	575,686
	575,686	575,686
Less: Advances written off against provision	-	-
	575,686	575,686

28. CASH AND BANK BALANCES

	2014 Rupees	2013 Rupees
Cash in hand	379,246	11,438,029
At banks - current accounts	1,474,809	35,663,067
	1,854,055	47,101,096

29. SALES

	Insulator Rupees	Tile Rupees	2014 Rupees	2013 Rupees
Gross sales				
- Local	441,000,280	602,253,695	1,043,253,975	1,830,094,162
- Export	50,733,724	-	50,733,724	46,192,501
	491,734,004	602,253,695	1,093,987,699	1,876,286,663
Less: Trade discounts	-	(6,314,593)	(6,314,593)	(37,661,270)
Less: Sales tax	(67,805,255)	(87,519,480)	(155,324,735)	(242,837,223)
Net sales	423,928,749	508,419,622	932,348,371	1,595,788,170

29.1 There are no inter segment sales.

30. COST OF SALES

	Note	Insulator Rupees	Tile Rupees	2014 Rupees	2013 Rupees
Raw and packing material consumed		129,186,436	105,290,159	234,476,595	461,373,152
Stores and spares consumed		19,328,087	16,593,230	35,921,317	59,438,208
Salaries, wages and benefits	30.1	95,448,660	69,255,715	164,704,375	253,370,608
Power and gas		57,864,889	167,623,310	225,488,199	388,401,757
Vehicle maintenance		155,338	208,875	364,213	474,334
Repairs and maintenance		732,093	2,243,592	2,975,685	6,886,691
Insurance		2,022,867	933,930	2,956,797	3,456,276
Communication and stationery		709,608	560,185	1,269,793	2,055,113
Rent, rates and taxes		648,823	14,470,993	15,119,816	20,242,364
Travelling and conveyance		2,138,061	1,250,518	3,388,579	4,759,040
Others		4,740,111	130,253	4,870,364	10,419,726
Depreciation on property, plant and equipment	19.1	24,857,114	58,507,990	83,365,104	105,923,783
Depreciation on assets subject to finance lease	20.1	-	816,707	816,707	1,160,511
		337,832,087	437,885,457	775,717,544	1,317,961,563
Work in process					
- Opening work in process		21,914,066	13,548,880	35,462,946	37,114,281
- Closing work in process		(26,957,435)	-	(26,957,435)	(35,462,946)
		(5,043,369)	13,548,880	8,505,511	1,651,335
Cost of goods manufactured		332,788,718	451,434,337	784,223,055	1,319,612,898
Finished goods					
- Opening finished goods		138,232,933	51,331,948	189,564,881	220,880,533
- Closing finished goods		(185,234,655)	-	(185,234,655)	(189,564,881)
		(47,001,722)	51,331,948	4,330,226	31,315,652
		285,786,996	502,766,285	788,553,281	1,350,928,550

30.2 This includes Rs. 6,698,581 (2013: Rs. 5,388,289) in respect of employee benefits.

31. ADMINISTRATIVE EXPENSES

	Note	Insulator Rupees	Tile Rupees	2014 Rupees	2013 Rupees
Salaries, wages and benefits		16,792,292	18,931,818	35,724,110	39,725,841
Communication and stationery		926,572	1,044,857	1,971,429	2,207,192
Travelling		436,574	492,307	928,881	1,184,676
Vehicle maintenance		1,787,230	2,015,000	3,802,230	4,572,438
Rent, rates and taxes	31.2	1,504,508	1,656,234	3,160,742	7,125,000
Electricity and gas		514,236	579,883	1,094,119	845,313
Insurance		58,285	65,725	124,010	303,517
Legal and professional charges		1,991,321	1,860,532	3,851,853	203,150
Repairs and maintenance		320,078	360,939	681,017	472,507
Computer charges		131,765	148,585	280,350	453,418
Security charges		299,695	337,953	637,648	1,137,973
Fees and taxes		740,125	834,608	1,574,733	1,551,673
Others		609,378	691,808	1,301,186	2,252,754
Depreciation on property, plant and equipment	19.1	827,626	946,558	1,774,184	2,018,542
Depreciation on assets subject to finance lease	20.1	-	435,966	435,966	449,504
Amortization of intangible assets	21.1	99,830	284,132	383,962	426,627
		27,039,515	30,686,905	57,726,420	64,930,125

31.1 This includes Rs. 2,958,449 (2013: Rs. 1,557,339) in respect of employee benefits.

31.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 3.160 million (2013: Rs. 7.125 million) due to related parties.

32. SELLING AND DISTRIBUTION EXPENSES

	Note	Insulator Rupees	Tile Rupees	2014 Rupees	2013 Rupees
Salaries, wages and benefits	32.1	1,907,689	10,929,776	12,837,465	19,217,596
Travelling		1,380,940	4,492,515	5,873,455	8,997,646
Insurance		36,163	28,643	64,806	249,966
Handling, freight and transportation		7,549,151	23,349,842	30,898,993	63,276,894
Electricity and gas		41,435	753,293	794,728	1,529,171
Vehicle maintenance		18,910	678,834	697,744	885,747
Rent, rates and taxes	32.2	758,030	2,826,777	3,584,807	5,837,746
Communication		233,565	589,076	822,641	1,514,228
Repair and maintenance		1,850	63,939	65,789	613,646
Security charges		15,593	192,035	207,628	319,116
Advertisement and sales promotion		117,570	209,027	326,597	1,021,118
Depreciation on property, plant and equipment	19.1	-	51,044	51,044	357,501
Depreciation on assets subject to finance lease	20.1		-	-	282,598
Compensation for defects		64,060	31,047,147	31,111,207	39,980,474
Late delivery charges		13,134,016	-	13,134,016	9,380,281
Others		116,509	658,679	775,188	1,973,328
		25,375,481	75,870,627	101,246,108	155,437,056

32.1 This includes Rs. 2,958,449 (2013: Rs. 808,187) in respect of employee benefits.

32.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 0.166 million (2013: Rs 0.375 million) due to related parties.

		Note	2014 Rupees	2013 Rupees
33.	**Other Operating Expenses**			
	Auditor's remuneration	33.1	1,265,000	2,850,330
	Donations		-	308,982
	Provision for doubtful debts		-	4,504,803
	Provision for doubtful advances		-	575,686
	Exchange loss		61,938	-
	Claims receivable written off		1,487,921	-
	Sales tax penalties		1,761,156	5,421,055
			4,576,015	13,660,856
33.1	**Auditor's remuneration**			
	Statutory audit		880,000	880,000
	Half yearly review		385,000	385,000
	Tax services		-	1,285,500
	Out of pocket expenses		-	299,830
			1,265,000	2,850,330
34.	**OTHER OPERATING INCOME**			
	Income from financial assets			
	Exchange gain		-	502,684
	Income from non - financial assets			
	Gain on disposal of property, plant and equipment		1,615,498	1,767,350
	Rent income		43,673	45,749
	Liabilities written back (refer to Note 8.8)		8,000,000	55,164,520
	Recovery of material broken		3,114,802	-
	Others		357,046	712,847
			13,131,019	57,690,466
			13,131,019	58,193,150

	Note	2014 Rupees	2013 Rupees
35. FINANCE COST			
Long term finances:			
- Banking companies		25,448,336	17,476,891
- EMCO Industries Limited Provident Fund		17,347,744	18,051,989
- Related parties		558,405	756,885
Short term finances from related parties		5,894,719	2,491,232
Discontinued provident fund	11.1	425,150	572,016
Short term finances under mark-up arrangements		45,262,334	64,530,220
Finance lease		161,619	763,866
Commission on bank guarantees		1,256,929	1,203,255
Bank charges		2,900,855	2,314,410
		99,256,091	108,160,764
36. TAXATION			
Current	36.1	9,386,629	8,010,001
Deferred		(11,505,592)	(12,436,902)
		(2,118,963)	(4,426,901)

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, tax losses available for carry forward as at June 30, 2013 are estimated approximately at Rs. 546.790 million (2013: Rs 553.321 million).

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

	2014 % age	2013 % age
Applicable tax rate	34.00	35.00
Tax effects of amounts that are not deductible for tax purpose	(31.29)	(4.80)
Effect of change in prior years' tax	(0.45)	(1.87)
Tax credits for which no deferred tax asset has been recognized	-	(19.29)
Tax effect of deferred tax recognition	(9.20)	-
Tax effect under presumptive tax regime and others	8.87	4.25
	(32.08)	(21.71)
Average effective tax rate charged to profit and loss account	1.92	13.29

		2014	2013
37. LOSS PER SHARE			
Loss for the year attributable to ordinary shareholders	Rupees	(103,759,562)	(34,709,130)
Weighted average number of ordinary shares outstanding during the year	Numbers	35,000,000	35,000,000
Loss per share - Basic	Rupees	(2.96)	(0.99)

37.1 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 that would result in dilution of earnings of the Company.

	2014 Rupees	2013 Rupees
38. CASH GENERATED FROM OPERATIONS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(105,878,525)	(39,136,031)
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	85,190,332	108,299,826
- Depreciation on assets subject to finance lease	1,252,673	1,892,617
- Amortization of intangible assets	383,962	426,627
- Provision for gratuity	8,628,814	8,275,831
- Provision for doubtful debts - trade	-	4,504,803
- Gain on disposal of property, plant and equipment	(1,615,498)	(1,767,350)
- Liabilities written back	(8,000,000)	(55,164,520)
- Claims receivable written off	1,487,921	-
- Provision for doubtful advances	-	575,686
- Finance cost	99,256,091	108,160,764
	186,584,295	175,204,284
Operating profit before working capital changes	80,705,770	136,068,253
Decrease / (increase) in current assets		
- Stores and spares	12,435,197	(6,927,130)
- Stock in trade	46,429,509	77,222,124
- Trade debts	(64,851,187)	79,786,413
- Loans and advances, deposits, prepayments and other receivable	(11,364,156)	(30,499,912)
(Decrease) / increase in current liabilities		
- Trade and other payables	(48,018,762)	(2,767,272)
	(65,369,399)	116,814,223
Cash generated from operations	15,336,371	252,882,476

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Director		Executives	
	2014	2013	2014	2013	2014	2013
	Rupees		Rupees		Rupees	
Managerial remuneration	2,700,575	2,643,792	9,241,925	8,695,584	2,907,432	10,880,637
Production incentives	-	-	-	-	-	1,318,314
House rent allowance	654,337	1,189,706	3,187,874	3,934,013	1,308,348	2,498,754
Utilities	529,528	433,940	1,468,510	1,285,944	290,748	564,250
Medical expenses	241,934	1,202,977	275,770	1,266,652	-	883,912
Reimbursable expenses	191,065	1,826,414	3,958,332	6,203,775	-	2,198,687
	4,317,439	7,296,829	18,132,411	21,385,968	4,506,528	18,344,554
Number of persons	1	1	4	4	1	8

39.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 500,000 in a financial year.

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

39.3 No meeting fee has been paid to any director of the Company.

40. TRANSACTION WITH RELATED PARTIES

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 due to related parties are shown under trade debts and trade and other payables in Note 26 and 13, accrued finance cost in respect of loans from related parties is disclosed in Note 14, long term loans from related parties are disclosed in Note 9, short term borrowings from related parties are disclosed in Note 16, and remuneration of directors and key management personnel is disclosed in Note 40. Other significant transactions with related parties are given below:

Relationship with the company	Nature of transaction	2014 Rupees	2013 Rupees
i. Associated undertakings	Markup on long term finances	708,322	557,636
	Markup on short term finances	5,547,438	2,339,470
	Purchase of goods and services	652,918	346,000
	Sale of goods	465,002	474,691,128
ii. Directors and close relatives thereof	Short term borrowing obtained	139,634,741	149,013,814
	Short term borrowing repaid	79,496,442	121,083,905
	Short term loan converted into long term	-	21,437,305
iii. Employee benefit plan - EMCO Industries Limited Provident Fund	Markup on long term finance	17,347,744	18,051,989
iv. Undertaking in which close family members of a director are holding directorship	Sale of goods	-	355,347
		243,852,607	787,876,594

41. SEGMENT REPORTING

41.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Chief Executive Officer for allocation of resources and assessments of performance. Based on internal management reporting structure and products produced and sold, the Company is organized into following two operating segments:

Types of segments	Nature of business
- Insulator	Manufacture and sale of high/low tension electrical porcelain insulators and switchgears
- Tile	Manufacture and sale of ceramic tiles

The management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of impairment and provisions but do not include deferred taxes. Segment liabilities include all operating liabilities and consist principally of trade and bills payable.

41.2 Segment analysis

The segment information for the reportable segments for the year ended June 30, 2014 is as follows.

	Insulator	Tiles	Total
		Rupees in thousands	
Segment Results for the Year ended June 30, 2014			
Revenue	423,928,749	508,419,622	932,348,371
Segment result from operations	85,726,757	(100,904,195)	(15,177,438)
Other operating expenses			(4,576,015)
Finance costs			(99,256,091)
Other income			13,131,019
Loss before taxation			(105,878,525)
Segment Results for the year ended June 30, 2013			
Revenue	494,580,275	1,101,207,895	1,595,788,170
Segment results from operations	84,299,581	(59,807,142)	24,492,439
Other operating expenses			(13,660,856)
Finance costs			(108,160,764)
Other income			58,193,150
Loss before taxation			(39,136,031)
Segment asset as at June 30, 2014			
Segment assets	885,106,929	1,087,272,147	1,972,379,076
Segment asset as at June 30, 2013			
Segment assets	773,542,978	1,286,414,282	2,059,957,260

Reportable segments' assets are reconciled to total assets as follows:

	2014	2013
	Rupees in thousands	
Segment assets for reportable segments	1,972,379,076	2,059,957,260
Corporate assets unallocated	144,711,006	145,316,049
Cash and bank balances	1,854,055	47,101,096
Total assets as per the balance sheet	2,118,944,137	2,252,374,405
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Corporate liabilities unallocated	1,591,138,751	1,631,198,050

41.3 Entity-wide disclosures regarding reportable segment are as follows:

- Information about major customers
  One customer of the Company accounts for 28.88% (2012: 39.13%) of total sales for the year.

- Information about geographical area

- All non-current assets of the Company are located in Pakistan as at the reporting date.

- Revenue from external customers attributed to foreign countries are as follows:

	2014	2013
	Rupees in thousands	
-Pakistan	881,614,647	1,549,763,492
-Turkey	14,434,210	15,903,459
-Middle East	36,236,137	22,801,395
-Others	63,377	7,319,824
	932,348,371	1,595,788,170

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, 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 minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

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

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

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

At June 30, 2013, if the Rupee had weakend / strengthen by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs. 5.331 million (2013: Rs. 0.552 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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's interest rate risk arises from short term and long term borrowings. These borrowings, issued at variable rates, expose the Company to cash flow interest rate risk. 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.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date fluctuate by 1% higher / lower with all other variables held constant, loss before taxation for the year would have been Rs. 6.063 million (2013: Rs. 5.298 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the balance sheet date are outstanding for the entire year.

(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. Carrying amounts of financial assets represent the maximum credit exposure.

Credit risk of the Company arises from cash and cash equivalents, from deposits with banks, trade debts, loans and advances and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

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

	2014 Rupees	2013 Rupees
Long term deposits	271,163	809,778
Long term loans	3,206,109	1,114,295
Trade debts	322,931,715	258,080,528
Loans, advances, deposits and other receivables	60,426,957	54,754,584
Bank balances	1,474,809	35,663,067
The aging of trade debts as at balance sheet date is as follows:		
Past due 1 - 90 days	114,971,856	142,666,471
Past due 91 - 180 days	53,984,581	58,687,194
Past due 181 - 365 days	52,787,498	13,613,443
More than 365 days	101,187,780	43,113,420
	322,931,715	258,080,528

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off are credited directly to profit and loss account.

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

	Rating Short term	Rating Long term	Rating Agency	2014 Rupees	2013 Rupees
Allied Bank Limited	A1+	AA+	PACRA	12,605	5,434,006
Askari Bank Limited	A1+	AA	PACRA	1,184	360,161
Bank Alfalah Limited	A1+	AA	PACRA	11,595	5,585,460
Bank of Punjab	A1+	AA-	PACRA	979,235	523,141
Faysal Bank	A1+	AA	PACRA	6,966	15,962,857
Habib Bank Limited	A-1+	AAA	JCR-VIS	149,654	466,871
MCB Bank Limited	A1+	AAA	PACRA	3,015	1,712,257
National Bank of Pakistan	A-1+	AAA	JCR-VIS	13,075	107,029
Silk Bank Limited	A-2	A-	JCR-VIS	284,692	1,562,219
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,846	136,846
United Bank Limited	A-1+	AA+	JCR-VIS	6,942	3,812,221
				1,474,809	35,663,068

(c) Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The management monitors the forecasts of the Company's cash and cash equivalents (note 39) on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the Company operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

Description	Carrying Amount Rupees	Contractual cash flows Rupees	Within 1 year Rupees	1-2 Years Rupees	2-5 Years Rupees	Above 5 Years Rupees
Contractual maturities of financial liabilities as at June 30, 2014:						
Long term loans from directors	115,708,828	115,708,828	115,708,828	-	-	115,708,828
Long term finances	398,830,723	398,830,723	131,726,081	84,353,728	84,594,914	98,156,000
Liabilities subject to finance lease	2,149,123	2,149,123	2,149,123	-	-	-
Short term borrowings- from related parties - unsecured	186,452,269	186,452,269	186,452,269	-	-	-
Finances under markup arrangements - secured	339,246,739	339,246,739	339,246,739	-	-	-
Trade and other payable	232,875,021	232,875,021	232,875,021	-	-	-
Accrued finance cost	144,359,698	144,359,698	144,359,698	-	-	-
	1,419,622,401	1,419,622,401	1,152,517,759	84,353,728	84,594,914	213,864,828

Description	Carrying Amount Rupees	Contractual cash flows Rupees	Within 1 year Rupees	1-2 Years Rupees	2-5 Years Rupees	Above 5 Years Rupees
Contractual maturities of financial liabilities as at June 30, 2013:						
Long term loans from directors	115,708,828	115,708,828	-	-	-	115,708,828
Long term finances	432,901,486	432,901,486	175,633,232	133,091,254	124,177,000	-
Liabilities subject to finance lease	4,600,839	4,600,839	4,600,839	-	-	-
Short term borrowings- from related parties - unsecured	125,538,486	125,538,486	125,538,486	-	-	-
Finances under markup arrangements - secured	366,576,111	366,576,111	366,576,111	-	-	-
Trade and other payable	324,608,021	324,608,021	324,608,021	-	-	-
Accrued finance cost	104,588,388	104,588,388	104,588,388	-	-	-
	1,474,522,159	1,474,522,159	1,101,545,077	133,091,254	124,177,000	115,708,828

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the balance sheet date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

(d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2014 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

42.2 Financial instruments by categories

Financial assets as at June 30, 2014

	Cash and Cash Equivalents	Loans and advances	Available-for-sale	Total
	Rupees in thousands			
Long term deposits and advances	-	271	-	271
Long term loans	-	3,206	-	3,206
Trade debts	-	322,932	-	322,932
Other receivables	-	60,427	-	60,427
Bank balances	1,854	-	-	1,854
	1,854	386,836	-	388,690

Financial assets as at June 30, 2013.

	Cash and Cash Equivalents	Loans and advances	Available-for-sale	Total
	Rupees in thousands			
Long term deposits and advances	-	810	-	810
Long term loans		1,114		1,114
Trade debts	-	258,081	-	258,081
Loans, advances and other receivables	-	54,755	-	54,755
Bank balances	47,101	-	-	47,101
	47,101	314,759	-	361,860

Financial liabilities at amortized cost

	2014 Rupees	2013 Rupees
Long term finances - secured	398,831	432,901
Trade and other payables	232,875	257,765
Accrued finance cost	144,360	104,588
Short term borrowings	525,699	492,115
	1,301,765	1,287,369

43. CAPITAL RISK MANAGEMENT

While managing capitals, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norm, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As at the balance sheet date, the gearing ratio of the Company was worked out as under:

	2014 Rupees	2013 Rupees
Borrowings	398,830,723	548,610,314
Total capital employed	332,398,928	565,163,629
Gearing ratio	120%	97%

44. Plant Capacity and Production

	Capcity		Total Production	
	2014	2013	2014	2013
Insulators - tons	5,000	5,000	1,481	2,441
Wall tile - sq. meters.	4,100,000	4,100,000	701,056	1,973,468
Floor tile - sq. meters.	900,000	900,000	367,508	644,204

The low production was due to poor quality of raw material and power shortage.

45. PROVIDENT FUND RELATED DISCLOSURES

The Company operates a recognised provident fund for all its permanent workers.

The following information is based on audited financial statements of the Fund as at December 31 2013 and audited December 31, 2012:

	Note	2014 Rupees	2013 Rupees
Size of the Fund		239,628,602	231,279,190
Cost of investments made	45.1	184,619	247,665
Percentage of the investments made		0.08%	0.11%
Fair value of investments		184,619	247,665
Break up of investments			
Special accounts in a scheduled bank		184,619	247,665

45.1 During the year, the Company has, owing to its working capital needs, utilized funds of its Provident Fund (Fund) at the rate of weighted average cost of long term capital to the Company + 1% per annum. As at December 31, 2013, the Company owes Rs. 143.601 million (2012: Rs. 143.601 million) as principal and Rs. 79.144 million (2012: Rs. 70.237 million) as mark-up to the Fund. Except for the above, the investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2014 Number	2013 Number
46. NUMBER OF EMPLOYEES		
Employees as at June 30,	546	795
Average employees during the year	671	816

47. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on October 02, 2014 by the Board of Directors of the Company.

48. GENERAL

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	Amount (Rupees)
Electricity colony	Other (Cost of sales)	Power and gas (Cost of sales)	1,096,893
Compensation of defects	Sales (Discounts given)	Selling and Distribution expenses (Compensation for defects)	39,980,474
Provision for doubtful debts	Administrative Expenses	Other Operating Expenses	4,504,803
Provision for doubtful advances	Administrative Expenses	Other Operating Expenses	575,686
Auditor's remuneration	Administrative Expenses	Other Operating Expenses	2,850,330

As the chief executive of the company is out of country for the time being, these financial statements have been signed by two directors of the company pursuant to section 241 of companies ordinance 1984.

DIRECTOR

DIRECTOR

PATTERN OF SHARE HOLDING

AS ON JUNE 30, 2014

No of Shareholders	Shareholding From	Shareholding To	Total Shares Held
100	1	100	3,333
283	101	500	69,110
106	501	1,000	89,997
210	1,001	5,000	571,989
56	5,001	10,000	468,535
24	10,001	15,000	326,043
18	15,001	20,000	331,339
9	20,001	25,000	192,756
8	25,001	30,000	230,000
3	30,001	35,000	100,815
3	35,001	40,000	114,000
4	40,001	45,000	166,956
9	45,001	50,000	445,690
1	50,001	55,000	55,000
1	55,001	60,000	60,000
2	60,001	65,000	125,135
1	65,001	70,000	69,019
2	80,001	85,000	164,691
1	90,001	95,000	94,000
2	95,001	100,000	197,669
2	105,001	110,000	213,811
1	115,001	120,000	115,575
1	125,001	130,000	128,000
1	130,001	135,000	132,500
2	135,001	140,000	279,400
1	140,001	145,000	143,500
1	160,001	165,000	160,458
1	175,001	180,000	177,125
1	195,001	200,000	200,000
1	220,001	225,000	224,970
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
1	280,001	285,000	284,708
2	290,001	295,000	583,554
1	300,001	305,000	301,365
1	310,001	315,000	315,000
1	335,001	340,000	339,093
1	395,001	400,000	399,378
1	435,001	440,000	436,046
1	495,001	500,000	500,000
1	530,001	535,000	532,618
1	555,001	560,000	556,500
1	635,001	640,000	637,654
1	660,001	665,000	660,492
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	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	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	2,400,001	2,405,000	2,401,301
1	2,690,001	2,695,000	2,692,285
1	3,890,001	3,895,000	3,892,237
885			**35,000,000**

Categories of Shareholders	Number of Share Holders	Shares Held	% of paid up Capital
Individuals	858	27,997,178	79.9919%
Insurance Companies	2	128,125	0.3661%
Joint Stock Companies	18	6471567	18.4902%
Financial Institutions	7	403,130	1.1518%
Total	**885**	**35,000,000**	**100.000%**

PATTERN OF SHARE HOLDING
AS ON JUNE 30, 2014

	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	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	41.649
	ASSOCIATED COMPANIES:		
1	ASSOCIATED ENGINEERS (PVT) LTD.	2,011,325	5.7466
2	ICC (PVT) LIMITED	2,692,285	7.6922
3	ICC (PVT) LIMITED (CDC)	251,126	0.7175
		4,954,736	14.156
	NIT & ICP		
1	IDBP (ICP UNIT)	1,057	0.0030
		1,057	0.003
	FINANCIAL INSTITUTION		
1	PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD.	500	0.0014
2	THE BANK OF PUNJAB, TREASURY DIVISION (CDC)	45,000	0.1286
3	NATIONAL BANK OF PAKISTAN (CDC)	424	0.0012
4	NATIONAL BANK OF PAKISTAN (CDC)	284,708	0.8135
		330,632	0.945
	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	0.366
	MODARABAS & MUTUAL FUNDS		
	PENSION FUNDS		
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)	69,019	0.1972
		69,019	0.197

PATTERN OF SHARE HOLDING

AS ON JUNE 30, 2014

	CATEGORY OF SHAREHOLDER	HOLDING	% AGE
	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	ALI USMAN STOCK BROKERAGE (PVT) LIMITED - (CDC)	150	0.0004
5	AMIN TAI SECURITIES (PVT) LIMITED - (CDC)	800,087	2.2860
6	CLIKTADE LIMITED - (CDC)	82	0.0002
7	DARSON SECURITIES (PVT) LIMITED - (CDC)	4,000	0.0114
8	FAIR EDGE SECURITIES (PRIVATE) LIMITED - (CDC)	2,565	0.0073
9	FIKREE'S (SMC-PVT) LTD. (CDC)	1,815	0.0052
10	M.R.A. SECURITIES (PVT) LIMITED (CDC)	106,000	0.3029
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
16	The Imperial Electric Co. (Pvt) Ltd	582,299	1.6637
		1,516,831	4.334
	OTHERS		
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	2,422	0.0069
		2,422	0.007
	SHARES HELD BY THE GENERAL PUBLIC:	13,419,916	38.3426
	TOTAL	35,000,000	100
	SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL		
1	MR. SUHAIL MANNAN	3,972,928	11.3512
		3,972,928	11.351
	SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL:		
1	MR. SUHAIL MANNAN	3,972,928	11.3512
2	ICC (PVT) LIMITED	2,943,411	8.4097
3	MR. JAVAID SHAFIQ	2,401,301	6.8609
4	MR. PERVAIZ SHAFIQ SIDDIQI (CDC)	2,401,301	6.8609
5	MR. TARIQ REHMAN - (CDC)	2,377,013	6.7915
6	ASSOCIATED ENGINEERS (PVT) LTD.	2,011,325	5.7466
		16,107,279	46.021

During the financial year the no trading in the share of the company, carries out by its Directors , CEO, CFO, Company Secretary and their spouses and minor Children.

FORM OF PROXY

I/We . . . .

of . . . . being 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 . . . .

or failing him /her . . . .

of . . . . as my/our proxy to vote for me/us and my/our behalf at the

Annual General Meeting of the Company of the Company to be held at Registered Office 4th Floor, National Tower, 28-Egertion Road, Lahore on 31st October, 2014 at 11.00 A.M. and at any adjournment thereof.

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

....

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

1. Signature --------------------------------
   Name ------------------------------------
   Address ---------------------------------
   NIC/Passport #.................................

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 submission to the Company.

EMCO INDUSTRIES LIMITED

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