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COMPANY INFORMATION

Board of Directors

Mr. S. A. Mannan, Chairman
 Mr. Tariq Rehman, Chief Executive Officer
 Mr. Shafiq A. Siddiqi
 Mr. Haris Noorani
 Mr. Suhail Mannan
 Mr. Tahir Rehman
 Mr. Javaid Shafiq
 Mr. Usman Haq

Audit Committee

Mr. Tariq Rehman, Chairman
 Mr. Suhail Mannan, Member
 Mr. Tahir Rehman, Member
 Mr. Usman Haq, Member

Chief Financial Officer

Mr. Mansoor Jamal Butt

Auditors

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

Bankers

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

Share Registrar

Corplink (Pvt.) Ltd.
 Wings Arcade, I-K, Commerical,
 Model Town, Lahore

Registered Office

119/E-I, Hali Road,
 Gulberg III, Lahore.

Factory

19-Kilometre, Lahore-Sheikhupura Road,
 Lahore.

BUSINESS ITEMS

Porcelain Insulators

- Suspension Insulator
 - Pin Insulator
 - Line Post Insulator
- Cap and Pin Type Support Insulator
 - Station Post Insulator
- Indoor Switch and Bus Insulator
 - Apparatus Insulator
- Insulator for Railway Electrification
 - Telephone Insulator
 - Low Voltage Insulator
- Dropout Cutout Insulator
 - Bushings

Switchgear

- Disconnect Switch upto 145 kV
- Metal Oxide Surge Arresters upto 430 kV
(Under Licence from Siemens, Germany)

Chemical Porcelain

- Acid Proof Wares and Bricks
 - Raschig Ring and Saddles
- Acid Proof Porcelain Pipes and Fitting
 - Acid Proof Cement

Special Porcelain

- Special Refractories
- High Alumina Porcelain
- Lining & 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 MEETING

Notice is hereby given that 54th Annual General Meeting of Members of EMCO Industries Limited will be held on 30th October, 2009 at 11.00 a.m. at the Registered Office of the Company , 119/E-1, Hali Road, Gulberg-III, Lahore, to transact the following business;

1. To confirm the minutes of the last Annual General Meeting held on 30th October, 2008
2. To receive, approve and adopt the Audited Accounts of the Company for the year ended 30th June 30, 2009 together with Directors' and Auditors' Report thereon.
3. To appoint Auditors for the next financial year and fix their remuneration M/s. A.F. Ferguson & Co. Chartered Accountants, the present auditors of the Company retire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the chairman.

By Order of the Board



(HARIS NOORANI)
DIRECTOR CORPORATE AFFAIRS

Place : Lahore;
Dated : 07.10.2009

NOTES; -

1. The Share Transfer Books of the Company will remain closed and no transfer of Shares will be accepted for registration from 22.10.2009 to 30.10.2009 (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 unattested 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

The directors have pleasure in presenting the Report of the company for the year ended June 30, 2009 together with the Audited Accounts and the Auditors' Report thereon.

Financial Results are as follows:-

	2009 Rupees	2008 Rupees
Profit/(Loss) before taxation	(103,150,623)	(15,582,981)
Taxation	21,931,954	1,756,121
Profit/(Loss) after Tax	<u>(81,218,669)</u>	<u>(13,826,860)</u>
Un-appropriated profit / (Loss) brought forward	(299,089,835)	(317,263,872)
Incremental Depreciation on revaluation	17,970,918	32,028,750
Disposal of Revalued Assets	980,249	2,664,543
Dividend @ 0.50 per share	-	(2,692,396)
	<u>(280,138,668)</u>	<u>(285,262,976)</u>
Profit / (Loss) carried forward	<u>(361,357,337)</u>	<u>(299,089,835)</u>
Profit / (Loss) per share	<u>(2.39)</u>	<u>(0.72)</u>

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, 2009 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, 2009 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, 2009 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, 2008 was Rs.167.477 million. The value of investment includes accrued interest.

Board Meetings

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

A written notice of the Board meeting along with working papers was sent to the members seven days before meetings. A total of six meetings of the Board of Directors were held during the year ended June 30, 2009. The attendance of the board members was as follows: -

Sr. #	NAME OF DIRECTOR	MEETINGS ATTENDED
1.	Mr. S.A. Mannan	06
2.	Mr. Tariq Rehman	04
3.	Mr. Shafiq A. Siddiqi	06
4.	Mr. Haris Noorani	04
5.	Mr. Suhail Mannan	06
6.	Mr. Tahir Rehman	05
7.	Mr. Javaid Shafiq	04
8.	Mr. Usman Haq	05

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

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

S. No.	Name	Purchase	Sale	Transmission
1.	Mr. Tariq Rehman	1,612,397 (Right Shares)	-	-
2.	Mr. Haris Noorani	1,101,858 (Right Shares)	-	-
3.	Mr. Sohail Mannan	3,307,895 (Right Shares)	-	-
4.	Mr. Tahir Rehman	1,060,180 (Right Shares)	-	-
5.	Mr. Usman Haq	720,269 (Right Shares)	-	-
6.	Mrs. Saeeda Shafiq W/O Shafiq A. Siddiqi	3,440,641 (Right Shares)	-	-
7.	Mrs. Amina Suhail Mannan W/O Suhail Mannan	10,260 (Right Shares)	-	-
8.	Mrs. Ambreen Haq	418,667 (Right Shares)	-	-

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. Tariq Rehman	Chairman
2.	Mr. Suhail Mannan	Member
3.	Mr. Tahir Rehman	Member
4.	Mr. Usman Haq	Member

Dividend

Considering the brought forward losses, no dividend is recommended for the year ended June 30, 2009.

Chairman's Review

The accompanied Chairman's review deals with the performance of the company during the year and future outlook. The directors of the company endorse the contents of the review.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2009 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.


Financial Highlights

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

Auditors

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

For and on behalf of the board of Directors



Tariq Rehman
Chief Executive

Lahore:- October 07, 2009

FINANCIAL HIGHLIGHTS OF LAST TEN YEARS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
(Rupees in Million)										
Net Total Sales	1,550	1,260	1,208	1,045	898	760	612	532	484	489
Exports	93	79	151	164	108	97	108	117	99	86
Employees Costs	301	271	241	219	192	169	151	139	124	133
Profit/(Loss) before tax	(103)	(16)	11	(14)	105	38	(11)	(105)	(97)	(143)
Profit/(Loss) after tax	(81)	(14)	20	(56)	86	109	48	(107)	(100)	(148)
Earning per Share	(2.39)	(0.72)	1.30	(3.66)	5.62	7.13	3.13	(6.99)	(6.52)	(11.37)
Capital Expenditure	149	222	55	99	15	36	3.3	1.8	1.5	11.1
Cash Dividend Rate	-	-	5%	-	-	-	-	-	-	-
Stock Dividend Rate	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity	118	(16)	(34)	(84)	(49)	(146)	(255)	(303)	(196)	(96)

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of EMCO Industries Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, Chapter XIII of the Lahore Stock Exchange and Chapter XI of the Islamabad Stock Exchange, where the company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

Lahore: October 07, 2009

A.F. FERGUSON & CO.
Chartered Accountants

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

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

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

- 1. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.*
- 2. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.*
- 3. The Board has developed a vision statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies alongwith the date on which they were approved or amended has been maintained.*
- 4. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other Executive Directors, have been taken by the Board.*
- 5. The meetings of the Board were presided over by the Chairman, the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.*
- 6. The Board has approved the appointment, remuneration and terms and conditions of employment of Chief Financial Officer, Head of Internal Audit and the Company Secretary.*
- 7. The directors' report for the year ended June 30, 2009 has prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.*
- 8. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.*
- 9. The directors, CEO and executive do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.*

10. *The company has complied with all the corporate and financial reporting requirements of the Code.*
11. *The Board has formed an audit committee. It comprises of four members.*
12. *The meetings of the audit committee were held at least once every quarter prior to recommend the approval of interim and final results of the company and as required by the Code. The terms of references of the committee have been formed and advised to the committee for compliance.*
13. *The Board has set up an internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the Internal Audit function on a full time basis.*
14. *The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.*
15. *The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.*



(Tariq Rehman)
Chief Executive

CHAIRMAN'S REVIEW

On behalf of the board of Directors I welcome you to the 54th Annual General Meeting of the Company and present to you the Audited Report, Financial Statements and review of the performance of the company for the year ended June 30, 2009.

Due to on going financial crunch and aggravating economic down turn. Various economic indicators like, core inflation, very high lending rates, shortage of power and gas, rising trade deficit has reduced the purchasing power of the masses. Further with the reduction of annual development expenditures both by federal as well as provincial governments have badly affected the economic activities. Owing to the circular debt within the government of Pakistan and specifically with WAPDA orders which were expected from various formations of WAPDA were delayed abnormally. These factors have obviously resulted in a severe cash flow and finally the production was reduced as compared to our projected production.

Keeping in view the shutdown of gas to the industrial units during the months of December and January, EMCO had made arrangements to install the first of its kind Synthetic Natural Gas (SNG) plant which uses LPG and mixes it with certain proportion of air to become equivalent to natural gas. This facility therefore, allowed EMCO to make an immediate switchover in case of natural gas shutdown. We would like to place on record here that the plant has been operating very successfully.

With the grace of Allah Almighty new Wall Tile plant has been commissioned and started production from January 15, 2009. The market response and feedback towards the products are encouraging.

These force-majeure conditions have resulted in the company suffering a loss before tax of Rs.103.151 million as compared to net loss before tax of Rs.15.583 million of last year. After the adjustment of deferred tax and current year taxation, the after tax loss is Rs.81.219 million as compared to a loss after tax of Rs.13.827 million last year.

Net sales of the Company increased from Rs.1,260.415 million to Rs.1,550.428 million and have posted a 23% increase in sales as compared to the previous year.

Plant wise performance is given below.

Insulator Plant

Insulator plant for the year under review has earned an operating profit of Rs.19.874 million as compared to Rs.1.524 million last year. The net sale has increased from Rs.498.784 million to Rs.666.200 million. The gross profit has increased from Rs.60.996 million to Rs.83.868 million. Average monthly production has also increased from 362 tons to 388 tons. Keeping in view the orders in hand from the local utility companies and export orders, we expect a better performance of this plant in the next financial year.

Wall Tile

The plant was shut down for 17 days due to installation and commissioning of plant. New plant has started production from January 15, 2009. The operating results of this plant are very encouraging. Profit from operations is Rs.100.567 million as compared to operating profit of Rs.49.686 million over the same period. Average monthly production has increased from 148,624 M² to 200,493 M².

Floor Tile

The management had planned an annual shutdown of its Floor Tile plant keeping in view the non availability of gas in December but due to earlier shutdown of gas compelled us to completely stop the Floor Tile production since November. The plant has been shut down almost for four months for annual maintenance and non availability of natural gas resultantly this division suffered an operating loss of Rs.40.525 million from operating profit of Rs.40.963 Million of last year. Average monthly production has decreased from 89,156M² to 56,956M². We expect improved results in the years to come.

The Company's contribution to exchequer is Rs. 272.983 million for the year under review in the shape of import duty, sales tax, income tax and other government levies.

EMPLOYMENT RELATIONS

The Management would like to place on record the positive attitude and co-operation of the employees during the year. Our management and labour union believe in resolving issues mutually and we expect that this trend will continue in future years.

FUTURE OUTLOOK

The clouds of recession and economic down turn have started showing improvements. Few economic indicators have shown some improvements which is good for the industrial as well as agricultural sector of the country. The bench mark lending rates have seen some declining trends in recent period which is good for the economic growth. Keeping in view the plants performance especially Wall Tile plant we look forward to a bright future of the Company Inshallah.

ACKNOWLEDGEMENT

I thank our valued customers, dealers, banks, leasing companies, creditors and all employees for their cooperation and contribution towards the progress of the Company. And also thank our shareholders for their support.



S.A. Mannan
Chairman

Lahore:- October 07, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of EMCO Industries Limited as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

- (a) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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, 2009 and of the 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).

Lahore: October 07, 2009

A.F. FERGUSON & CO.
Chartered Accountants

BALANCE SHEET

	Note	2009 Rupees	2008 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 40,000,000 (2008: 40,000,000) ordinary shares of Rs 10 each		<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up capital 35,000,000 (2008: 15,333,333) ordinary shares of Rs 10 each	5	350,000,000	153,333,330
Reserves	6	129,898,526	129,898,526
Accumulated loss		(361,357,337)	(299,089,835)
		<u>118,541,189</u>	<u>(15,857,979)</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	7	411,445,884	437,779,005
NON-CURRENT LIABILITIES			
Long term loans from directors	8	74,570,569	171,175,969
Long term finances	9	428,301,887	330,914,966
Long term morabaha	10	-	-
Liabilities against assets subject to finance lease	11	16,315,641	13,212,297
Deferred liabilities	12	23,986,703	23,520,540
Deferred taxation	13	27,631,143	45,293,818
		<u>570,805,943</u>	<u>584,117,590</u>
CURRENT LIABILITIES			
Current portion of long term liabilities	14	83,131,432	100,958,465
Short term borrowings from related parties - unsecured	15	17,324,801	52,226,754
Finances under mark-up arrangements - secured	16	558,086,289	544,813,779
Trade and other payables	17	317,183,765	193,702,191
Accrued mark-up on loans and other payables	18	65,296,268	27,213,644
		<u>1,041,022,555</u>	<u>918,914,833</u>
CONTINGENCIES AND COMMITMENTS	19	-	-
		<u>2,141,815,571</u>	<u>1,924,953,449</u>

The annexed notes 1 to 47 form an integral part of these financial statements.

Lahore:
October 07, 2009


Tariq Rehman
(Chief Executive)

AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	20	1,160,830,877	905,453,375
Assets subject to finance lease	21	39,869,002	32,879,427
Intangible asset	22	3,345,300	3,717,000
Capital work in progress	23	7,265,466	201,123,950
Long term deposits		7,218,688	4,604,423
Long term loans	24	2,275,750	2,194,280
		<u>1,220,805,083</u>	<u>1,149,972,455</u>
CURRENT ASSETS			
Stores, spares and loose tools	25	96,558,665	106,128,537
Stock-in-trade	26	437,345,036	361,827,225
Trade debts	27	278,969,594	225,486,523
Loans, advances, deposits, prepayments and other receivables	28	30,231,265	39,015,627
Taxation - net		19,288,567	3,937,814
Cash and bank balances	29	58,617,361	38,585,268
		<u>921,010,488</u>	<u>774,980,994</u>
		<u><u>2,141,815,571</u></u>	<u><u>1,924,953,449</u></u>



Haris Noorani
(Director)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
Sales	30	1,550,427,563	1,260,415,348
Cost of goods sold	31	(1,283,504,802)	(993,257,611)
Gross profit		266,922,761	267,157,737
Administration expenses	32	(70,423,678)	(62,459,439)
Distribution and selling costs	33	(1176,582,550)	(112,525,165)
Other operating expenses	34	(4,288,856)	(2,329,900)
		(191,295,084)	(177,314,504)
Other operating income	35	75,627,677 6,408,767	89,843,233 6,612,664
Profit from operations		82,036,444	96,455,897
Finance cost	36	(185,187,067)	(112,038,878)
(Loss) before taxation		(103,150,623)	(15,582,981)
Taxation	37	21,931,954	1,756,121
(Loss) for the year		(81,218,669)	(13,826,860)
(Loss) per share - Basic and diluted	38	(2.39)	(0.72)

The annexed notes 1 to 47 form an integral part of these financial statements.

Lahore:
October 07, 2009


Tariq Rehman
(Chief Executive)


Haris Noorani
(Director)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	<i>Share capital Rupees</i>	<i>Share premium Rupees</i>	<i>General reserve Rupees</i>	<i>Accumulated loss Rupees</i>	<i>Total Rupees</i>
Balance as on June 30, 2007	153,333,330	39,898,526	90,000,000	(317,263,872)	(34,032,016)
(Loss) for the year	-	-	-	(13,826,860)	(13,826,860)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred taxation:					
- Incremental depreciation for the year	-	-	-	32,028,750	32,028,750
- Dividend 2007 @ Rs 0.5 per share (2006 @ Rs Nil)	-	-	-	(2,692,396)	(2,692,396)
- Disposal of revalued assets	-	-	-	2,664,543	2,664,543
Balance as on June 30, 2008	153,333,330	39,898,526	90,000,000	(299,089,835)	(15,857,979)
Right issue @ 1.28 shares for each share held	196,666,670	-	-	-	196,666,670
(Loss) for the year	-	-	-	(81,218,669)	(81,218,669)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred taxation:					
- Incremental depreciation for the year	-	-	-	17,970,918	17,970,918
- Disposal of revalued assets	-	-	-	980,249	980,249
Balance as on June 30, 2009	350,000,000	39,898,526	90,000,000	(361,357,337)	118,541,189

The annexed notes 1 to 47 form an integral part of these financial statements.

Lahore:
October 07, 2009


Tariq Rehman
 (Chief Executive)


Haris Noorani
 (Director)

ANNUAL REPORT 2009**CASH FLOW STATEMENT**
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
<i>Cash flow from operating activities</i>			
Cash generated from operations	40	194,979,795	112,350,202
Finance cost paid		(146,850,645)	(105,326,014)
Taxes paid		(18,463,380)	(8,864,177)
Payments against discontinued provident fund	12.1	(1,542,036)	(6,507,188)
Gratuity paid	12.2	(4,803,896)	(1,182,809)
Dividend paid		(225)	(2,655,883)
Long-term deposits (paid)		(4,864,448)	(1,773,800)
<i>Net cash inflow / (outflow) from operating activities</i>		18,455,165	(13,959,669)
<i>Cash flow from investing activities</i>			
Purchase of property, plant and equipment		(148,866,353)	(222,339,688)
Net (increase) in long-term loans		(359,120)	(968,033)
Proceeds from disposal of property, plant and equipment	20.3	4,946,634	2,623,250
<i>Net cash used in investing activities</i>		(144,278,839)	(220,684,471)
<i>Cash flow from financing activities</i>			
Proceeds from long term finances		163,500,000	168,412,345
Repayment of long term finances		(77,089,301)	(49,457,315)
Proceeds from loan from Directors		1,450,000	-
Repayment of loan to Directors		(1,760,000)	-
Proceeds from right issue		60,371,270	-
Repayment of long term morabaha		(7,174,998)	(14,350,004)
Proceeds from short term loans		13,100,000	61,621,212
Repayment of short term loans		(8,001,953)	(21,907,458)
Lease rentals paid		(11,811,761)	(14,346,953)
<i>Net cash from financing activities</i>		132,583,257	129,971,827
<i>Net increase / (decrease) in cash and cash equivalents</i>		6,759,583	(104,672,313)
<i>Cash and cash equivalents at the beginning of the year</i>		(506,228,511)	(401,556,198)
<i>Cash and cash equivalents at the end of the year</i>	41	(499,468,928)	(506,228,511)

The annexed notes 1 to 47 form an integral part of these financial statements.

Lahore:
October 07, 2009


Tariq Rehman
(Chief Executive)


Haris Noorani
(Director)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise such International Accounting Standards as notified under the provisions of Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence and recognition of certain employee retirement benefits at present value.

2.2 Standards, Interpretations and amendments to published approved accounting standards

2.2.1 Amendments to published standards effective in current year

- IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' is effective from January 1, 2008. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum requirement. Its adoption does not have any significant impact on the company's financial statements.

2.2.2 Amendments and interpretations to published standards applicable to the company not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

- IAS 1 (Revised), 'Presentation of financial statements' is effective from January 1, 2009. The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in performance statement, but company can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The above standard will only impact the presentation of financial statements.

Certain amendments to IAS 23 'Borrowing Costs' have been published that are applicable to the company's financial statements covering annual periods, beginning on or after January 01, 2009. Adoption of these amendments would require the company to capitalise the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset (one that take substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs will be removed. Its adoption will not have any impact on the company's financial statements.

- IFRS 7 'Financial Instruments: Disclosures' is effective from July 01, 2008 and supersedes the disclosure requirements of IAS 32 'Financial Instruments: Presentation'. It introduces new disclosures relating to financial instruments which have been set out in note 39 to these financial statements. Its adoption does not have any impact on the classification and valuation of the company's financial instruments.

- IFRS 8, 'Operating Segments' replaces IAS 14 and is effective from financial year July 01, 2009. IFRS 8 provides guidance for disclosure of information about entity's operating segments, products and services, geographical areas in which it operates, and major customers.

2.2.3 *Standards and interpretations to existing standards that are not applicable to the company and not yet effective*

- IFRIC 12, 'Service concession arrangements' applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is effective from financial year July 01, 2008 but it is not relevant to the company's operations.

- IFRIC 13, 'Customer loyalty programmes' clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is effective from July 1, 2008 but it is not relevant to the company's operations.

In addition to the above, a new standard 'IFRS 4 - Insurance Contracts' has been issued by the International Accounting Standards Board and has been adopted by the Institute of Chartered Accountants of Pakistan (ICAP) but the notification from SECP is still awaited and, hence, presently do not form part of the local financial reporting framework.

3. **BASIS OF MEASUREMENT**

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

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES**

4.1 **Taxation** **Current**

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

4.2 **Staff retirement benefits**

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

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

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

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

4.3 Property, plant and equipment

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

Depreciation on all property, plant and equipment except freehold land is charged to profit on straight line method with the exception of tools and equipment, furniture and fixture, office equipment and vehicles which are charged to profit on diminishing balance method so as to write off the cost or revalued amount of an asset over its estimated useful life. Depreciation on machinery spares, included in plant and machinery, is charged to profit on diminishing balance method so as to write off the cost over the estimated useful life. Depreciation is being charged at the rates given in note 20. Incremental depreciation representing the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset is transferred from accumulated loss to surplus on revaluation of property, plant and equipment. All transfers to/from surplus on revaluation of property, plant and equipment are net of applicable deferred income taxes.

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

The assets' residual values and estimated useful lives are reviewed, at each financial year end and adjusted if impact on depreciation is significant. Previously, upto June 30, 2008, depreciation was provided on the following items of property, plant and equipment at annual rates mentioned below on straight line basis:

Building on freehold land	5 - 10%
Plant and machinery	10 - 35%

Subsequent to June 30, 2008 the management carried out a comprehensive review of useful lives of buildings and plant and machinery. Now the company charges depreciation in respect of such assets so as to write off the book value over their following remaining re-estimated useful lives taking into account their residual values:

	years
Building on freehold land	20
Plant and machinery	10 - 30

Such change has been accounted for as a change in accounting estimate in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, changes in accounting estimates and error".

Had there been no change in accounting estimates, the loss after tax for the year ended June 30, 2009 would have been higher by Rs 18.439 million and the carrying value of property, plant and equipment as at that date would have been lower by Rs 27.065 million.

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

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

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

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

4.4 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss.

4.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using diminishing balance method so as to write off the cost over the estimated useful life. Amortisation is being charged at the rate given in note 22.

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

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

4.6 Leases

The company is the lessee:

Finance leases

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

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease as referred to in note 11. The liabilities are classified as current and non-current depending upon the timing of the payment.

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

Assets acquired under a finance lease are depreciated over the useful life of the asset on diminishing balance method at the rates given in note 21. Depreciation on leased assets is charged to profit and loss account.

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

Operating leases

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

4.7 Stores, spares and loose tools

Usable stores and spares are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision for obsolete and slow moving stores & spares is based on management estimate.

4.8 Stock-in-trade

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

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

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

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

4.9 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognised when the company loses control of contractual contract that comprise the financial assets and incase of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statement associated with each item.

4.10 Offsetting of financial assets and liabilities

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

4.11 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term finances under mark-up arrangements, included in current liabilities in the balance sheet.

4.13 Borrowings

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in accrued mark-up on loans and other payables to the extent of the amount remaining unpaid.

4.14 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

4.15 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 embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.16 Foreign currencies

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 the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

The company charges all exchange differences to profit and loss account.

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

4.17 Revenue recognition

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

4.18 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalised upto the date of commissioning of the related property, plant and equipment acquired, out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit and loss account.

4.19 Business segments

The company is divided into three business segments:

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

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

4.19.1 Segment assets and liabilities

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

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

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

Insulator	50%
Wall Tile	32%
Floor Tile	18%

4.19.2 Allocation of segment expenses

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

Insulator	50%
Wall Tile	32%
Floor Tile	18%

4.20 Dividend distribution

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

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2009 (Number of shares)		2008	2009 Rupees	2008 Rupees
18,570,460	12,533,333	ordinary shares of Rs 10 each fully paid in cash	185,704,600	125,333,330
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	-	ordinary shares of Rs 10 each issued for consideration other than cash	136,295,400	-
35,000,000	15,333,333		350,000,000	153,333,330

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

Associated Engineers (Private) Limited	2,011,325	2,011,325
The Imperial Electric Company (Private) Limited	532,618	532,618
ICC (Private) Limited	2,692,285	741,382
	5,236,228	3,285,325

- 5.1** In accordance with the terms of agreement between the company and the lender of long term loan, there are certain restrictions on distribution of dividend by the company.
- 5.2** During the year the Board of Directors approved a right issue to existing shareholders, in proportion of 1.2826 for every one share already held at an exercise price, set at par of Rs 10 per share. Of the aggregate 19.667 million shares, 6.037 million shares have been issued against cash and 13.629 million have been issued against consideration other than cash, being the conversion of long term loan from directors as mentioned in note 8.

6. RESERVES

Composition of reserves is as follows:

Capital - share premium	- note 6.1	39,898,526	39,898,526
Revenue - general reserve		90,000,000	90,000,000
		129,898,526	129,898,526

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

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

Opening balance		437,779,005	475,430,482
Revaluation on assets disposed off		(1,438,844)	(2,664,543)
Deferred tax thereon		(6,923,359)	(2,958,184)
Revaluation - net of deferred tax		429,416,802	469,807,755
Transferred to accumulated loss - net of deferred taxation:			
Incremental depreciation for the year		(17,970,918)	(32,028,705)
		411,445,884	437,779,005

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

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

	2009 Rupees	2008 Rupees
8. LONG TERM LOANS FROM DIRECTORS AND CLOSE RELATIVES THEREOF		
Opening balance as at July 1	171,175,969	171,175,969
Add:		
Conversion of short term loan into long term loans	40,000,000	-
Loan received during the year	1,450,000	-
	415,450,000	-
Less:		
Amount converted into share capital	(136,295,400)	-
Payments made during the year	(1,760,000)	-
	(138,055,400)	-
Balance as at June 30	(74,570,569)	171,175,969

During the year long term loans from directors and close relatives amounting to Rs 136.295 million were converted into 13.629 million ordinary shares of the company against right issue at an exercise price of Rs 10 per share.

Long term loan to the extent of Rs 34.88 million is subordinated to the following:

- Financing from NIB Bank Limited as referred to in note 9.2;
- All financing from Faysal Bank Limited;
- All financing from National Bank of Pakistan;
- All financing from Habib Bank Limited;
- All financing from Standard Chartered Bank (Pakistan) Limited; and
- Running finances from Royal Bank of Scotland.

9. LONG TERM FINANCES

These are composed of long term finances from:

Related parties - unsecured	- note 9.1	159,551,932	101,363,273
Banking companies - secured	- note 9.2	339,886,124	311,664,084
		499,438,056	413,027,357

Less: Current maturity

Related parties - unsecured		(10,167,358)	(12,624,934)
Banking companies - secured		(60,968,811)	(69,487,457)
	- note 14	(71,136,169)	(82,112,391)
		428,301,887	330,914,966

9.1 Related parties - unsecured

Associated undertakings:

- Imperial Electric Company (Private) Limited	- note 9.1.1	3,615,692	3,615,692
- Associated Engineers (Private) Limited	- note 9.1.2	12,335,447	7,835,447
		15,951,139	11,451,139
EMCO Industries Limited Provident Fund	- note 9.1.4	143,600,793	89,912,134
		159,551,932	101,363,273

9.1.1 Mark-up on the loan is payable annually at the rate of 7.55% (2008: 7.55%) per annum on the outstanding principal of loan, amounting to Rs 2.985 million, rescheduled on August 20, 2008. Under an agreement with Imperial Electric Company (Private) Limited the repayment schedule has been revised effective January 01, 2009. Under the revised schedule the loan is repayable in 14 equal monthly installments of Rs 0.250 million each and the 15th installment of Rs 0.115 million commencing January 01, 2009. However no repayment has been made till June 30, 2009.

9.1.2 These are comprise of the following loans :

Loan	Rate of Interest per annum	Repayment period	2009 Rupees	2008 Rupees
1	7.55%	Mark-up on the loan is payable annually at the rate of 7.55% (2008: 7.55%) per annum on the outstanding principal of loan, amounting to Rs 2.896 million, rescheduled on August 20, 2008. Under the agreement with Associated Engineers Limited the repayment schedule has been revised effective January 01, 2009. Under the revised schedule the loan is repayable in 18 equal monthly installments of Rs 0.250 million each and the 19th installment of Rs 0.161 million commencing January 01, 2009. However no installment has been paid up to June 30, 2009.	4,661,580	4,661,580
2	Nil	After improvement in the financial position of the company	3,173,867	3,173,867
3	7.55%	After improvement in the financial position of the company	4,500,000	-
			12,335,447	7,835,447

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

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

During the year the company obtained additional loan from Emco Industries Limited Provident Fund resulting in the aggregate outstanding balance of Rs 143.6 million. Under a revised agreement effective December 31, 2008 between the company and the Trustees of the Fund the balance is repayable by December 2014 in 24 unequal quarterly installments commencing July 01, 2009. Mark-up on which is payable quarterly, at the rate of weighted average cost of funds to the company + 1% per annum. Mark-up is payable from January 01, 2009. Effective rate is charged during the year at 18.03 %. Mark-up installments due on March 31, 2009 and June 30, 2009 were not paid till June 30, 2009.

9.2 Banking companies - secured

Loan	Lender	2009 Rupees	2008 Rupees	Rate of mark-up per annum	Repayment Period
1	NIB Bank Limited	135,251,776	112,907,191	3 months KIBOR +3.50% with floor of 13%	Under an agreement with NIB Bank Limited, effective December 14, 2008 the outstanding facilities amounting to Rs 103.862 (2008: Rs 112.907 million) and Rs 31.389 million (2008: Rs 34.122 million) was rescheduled. As per new agreement the aggregate outstanding balance of Rs 135.251 million (2008: Rs 147.029 million) is now repayable in 10 equal quarterly installments of Rs 16.058 million each commencing December 14, 2009. Mark-up is payable quarterly from December 14, 2008. Mark-up installment due on June 14, 2009 has not been paid upto June 30, 2009.
2	NIB Bank Limited	-	34,122,543	3 months KIBOR +3.50% with floor of 13%	
3	The Bank of Punjab	164,634,348	164,634,348	3 months avg. KIBOR +3% with no floor and cap	During the year, outstanding amount of Rs 164.634 million (2008: 164.364 million) was rescheduled by The Bank of Punjab. Under the new agreement effective January 06, 2009, the outstanding balance is now repayable in 24 equal quarterly installments of Rs 6.859 million each commencing January 06, 2010. Mark-up is payable quarterly from January 06, 2009.
4	Faysal Bank Limited	40,000,000	-	6 months KIBOR +3.5%	Amount is repayable in 18, unequal, quarterly installments ending September, 2013. Mark-up is payable quarterly commencing December 24, 2008.
		<u>339,886,124</u>	<u>311,664,082</u>		

Security

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

Loan 3 is secured by a first pari passu charge on all fixed assets including present and future movable and immovable assets of the company amounting to Rs 227 million and first pari passu charge on all present and future current assets of the company amounting to Rs. 93 million.

Loan 4 is secured by mortgage over commercial property situated at Patiala Ground Link Mcload Road, Lahore owned by Associated Engineers (Private) Limited and property owned by a director and his close relatives. This is also secured by ranking charge on current assets of the company amounting to Rs 47 million.

10. LONG TERM MORABAHA

Morabaha	Lender	2009 Rupees	2008 Rupees	Rate of mark-up per annum	Number of instalments outstanding	Mark-up payable
1	Faysal Bank Limited	-	5,674,998	6 months KIBOR +3.5%	Nil	Monthly
2	Faysal Bank Limited	-	1,500,000	6 months KIBOR +3.5%	Nil	Monthly
		-	7,174,998			
	Less: Current portion shown under current liabilities	-	(7,174,998)			
		<u>-</u>	<u>-</u>			
					2009 Rupees	2008 Rupees

11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments		28,310,904	24,883,373
Less: Current portion shown under current liabilities	- note 14	(11,995,263)	(11,671,076)
		<u>16,315,641</u>	<u>13,212,297</u>

The present value of minimum lease payments have been discounted at implicit interest rates ranging from 7.07% to 17.95% per annum to arrive at their present value.

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

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

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

	Minimum Lease Payments Rupees	Future Financial Charges Rupees	2009 Present Value of Lease Liability Rupees	2008 Present Value of Lease Liability Rupees
Not later than one year	15,161,439	3,166,176	11,995,263	11,671,076
Later than one year and not later than five years				
2010	-	-	-	9,679,793
2011	7,142,251	1,973,696	5,168,555	2,888,795
2012	5,542,087	1,369,958	4,172,129	643,710
2013	4,862,040	769,074	4,092,966	-
2014	2,979,687	97,696	2,881,991	-
	20,526,065	4,210,424	16,315,641	13,212,298
	35,687,504	7,376,600	28,310,904	24,883,374

12. DEFERRED LIABILITIES

Payable to employees against discontinued provident fund

- note 12.1

3,016,952

4,305,190

Non-workmen staff gratuity - unfunded

- note 12.2

20,969,751

19,215,350

23,986,703

23,520,540

12.1 Payable to employees against discontinued provident fund

Opening balance

4,305,190

10,369,521

Mark-up accrued thereon

- note 36

253,798

442,857

4,558,988

10,812,378

Less: Payments made during the year

(1,542,036)

(6,507,188)

Closing balance

3,016,952

4,305,190

This represents outstanding balance of employer contribution payable to non-workmen employees for termination of provident fund scheme with effect from December 31, 2002. The balance along with the profit at the rate of 14.53% (2008: 11.25%) is being paid as and when requested by the employees.

12.2 Non-workmen staff gratuity - unfunded

The latest valuation under the defined benefit gratuity scheme was conducted on June 30, 2009. Prior to year ended June 30, 2007, the closing liability was calculated for all non-workmen employees who had reached the prescribed qualifying period of service at the end of the year, on the basis of their last drawn salary in respect of completed number of years of service.

	2009	2008
	Rupees	Rupees
Movement in the net liability recognised in balance sheet is as follows:		
Opening balance	19,215,350	15,044,146
Charge for the year	6,558,297	5,354,013
Payments made during the year	(4,803,896)	(1,182,809)
Closing balance	20,969,751	19,215,350
The amounts recognised in profit and loss account against defined benefit scheme are as follows:		
Current service cost	2,237,654	3,816,944
Interest cost	4,320,643	1,537,069
	6,558,297	5,354,013
The amounts recognised in balance sheet are as follows:		
Present value of defined benefit obligation	21,816,987	18,647,118
Unrecognised actuarial (loss)/gain	(847,236)	568,232
	20,969,751	19,215,350
Movement in the present value of defined benefit obligation is as follows:		
Opening balance	18,647,118	15,370,692
Interest cost	4,320,643	1,537,069
Current service cost	2,237,654	3,816,944
Benefits paid	(4,803,896)	(1,182,809)
Actuarial loss/(gain)	1,415,468	(894,778)
Present value of the defined benefit obligation at the end of year	21,816,987	18,647,118
The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	12% per annum	12% per annum
Future salary increases	11% per annum	11% per annum
Average expected remaining working life of employees	7.4 years	7 years
Historical Information		
Present Value of defined benefit obligation	21,816,987	18,647,118
Experience adjustments arising on defined benefit obligation	1,145,468	(894,778)

A comparison for the period prior to 2008 in respect of the above is not practicable, as the method for estimation has changed at the beginning of the previous period.

Best estimate of contributions expected to be paid to the plan during the next financial year i.e. year ended June 30, 2010 is Rs 7.274 million (2008: Rs 6.558 Million)

		2009 Rupees	2008 Rupees
13. DEFERRED TAXATION			
Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 35%			
Opening balance		(45,293,818)	(50,393,832)
Credited to profit and loss account		25,044,582	8,058,198
Deferred tax on revaluation		(7,381,907)	(2,958,184)
Closing balance		<u>(27,631,143)</u>	<u>(45,293,818)</u>
The deferred tax asset comprises of temporary differences arising due to:			
Accelerated tax depreciation		(117,493,695)	(62,728,680)
Revaluation of property, plant and equipment		(122,957,773)	(124,441,871)
Provision for doubtful debts		3,257,997	1,954,254
Provision for obsolete stores & spares		697,709	-
Provision for obsolete stock		4,584,033	4,331,570
Minimum tax available for carry forward		-	13,326,578
Unused tax losses		204,280,586	122,264,331
		<u>(27,631,143)</u>	<u>(45,293,818)</u>
14. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term finances	- note 9	71,136,169	82,112,391
Long term morabaha	- note 10	-	7,174,998
Liabilities against assets subject to finance lease	- note 11	11,995,263	11,671,076
		<u>83,131,432</u>	<u>100,958,465</u>
15. SHORT TERM BORROWINGS FROM RELATED PARTIES - UNSECURED			
Directors and close relatives thereof	- note 15.1	17,324,801	52,226,754
15.1	This represents interest free loans from directors and their close relatives and are repayable by June 30, 2009.		
	During the year Rs 40 million has been transferred to long term loan from directors as disclosed in note 8.		
16. FINANCES UNDER MARK-UP ARRANGEMENTS - SECURED			
Running finances	- note 16.1	365,187,086	347,096,001
Export and import finances	- note 16.2	192,899,203	197,717,778
		<u>558,086,289</u>	<u>544,813,779</u>

16.1 Running finances - secured

Short-term running finances available from various commercial banks under mark-up arrangements amounting to Rs 368.8 million (2008: Rs 358 million). The rates of mark-up range from 3 month KIBOR + 2.5% to 3 month KIBOR + 2.75% per annum on the balance outstanding. The aggregate short term finances are secured by hypothecation of stores, spares, loose tools, stock-in trade, receivables and charge on present and future packing material and second charge on future and present property plant and equipment of the company. These are also secured by first joint pari passu charge on entire assets of the company.

16.2 Export and import finances - secured

Export and import finances available from various commercial banks under mark-up arrangements amount to Rs 50 million (2008: Rs 50 million) and Rs 210 million (2008: Rs 190 million) respectively. The rates of mark-up range from 1 month KIBOR plus 2.5% to 6 month KIBOR plus 2.5%. In the event, the Company fails to pay the balances till due date, mark-up is to be computed at rates ranging from 14.77% to 22% per annum on the balances unpaid. The aggregate export and import finances are secured by hypothecation of stores, spares and loose tools, stock-in-trade, trade debts and second charge on the property, plant and equipment of the company.

16.3 Of the aggregate facilities of Rs 210 million (2008: Rs 270 million) for opening letters of credit and Rs 144.930 million (2008: Rs 116.530 million) for guarantees, the amount utilized at June 30, 2009 was Rs 52.380 million (2008: Rs 82.638 million) and Rs 141.018 million (2008: Rs 97.100 million) respectively. These facilities are secured by hypothecation of stores, spares and loose tools, stock-in-trade, trade debts and second charge on property, plant and equipment of the company.

		2009	2008
		Rupees	Rupees
17. TRADE AND OTHER PAYABLES			
Trade creditors	- note 17.1	167,312,248	98,947,439
Accrued liabilities		105,527,197	63,900,810
Sales tax and special excise duty payable		30,092,885	14,490,741
Advances from customers		1,925,840	3,442,052
Workers' profit participation fund	- note 17.2	131,948	132,868
Unclaimed dividends		244,839	245,064
Employees' welfare fund		884,136	787,535
Payable to EMCO Industries Limited Provident Fund	- note 17.3	1,171,414	1,161,186
Withholding tax payable		2,726,194	4,100,545
Others		7,167,064	6,493,951
		317,183,765	193,702,191

17.1 Trade creditors include Rs. 1.706 million (2008: Rs 1.081 million) payable to Imperial Soft (Private) Limited and Rs 1.418 million (2008: Rs 3.016 million) payable to Imperial Electric Company (Private) Limited, associated undertakings.

17.2 Workers' profit participation fund

Opening balance	132,868	777,880
Less: Payments made during the year	(920)	(645,012)
Closing balance	131,948	132,868

17.3 This represents contribution payable to EMCO Industries Limited Provident Fund.

18. ACCRUED MARK-UP ON LOANS AND OTHER PAYABLES**Mark-up accrued on:**

- Long term finances			
From related parties - unsecured	21,627,764	1,595,635	
From banking companies - secured	15,362,762	3,281,758	
- Long term morabaha	-	18,660	
- Liabilities against assets subject to finance lease	678,339	120,137	
- Short term borrowings from EMCO Industries Limited Provident Fund	2,143,575	286,534	
- Finances under mark-up arrangements - secured	25,483,828	21,910,920	
	65,296,268	27,213,644	

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

- (i) Claims not acknowledged as debts amounting to Rs 5.948 million (2008: Rs 5.948 million)
- (ii) The Collector of Sales Tax raised a demand of Rs 0.11 million being sales tax and penalties under section 47 of the Sales Tax Act, 1990 on sale of fixed asset and vehicles. The demand was set aside by the Appellate Tribunal. The department has now filed an appeal before the Lahore High Court which is pending hearing. No provision has been made in financial statements for this as the management is confident that the case will be decided in its favour.
- (iii) A criminal suit has been filed regarding embezzlement of receivables amounting to Rs 8.733 million at Regional Sales Office, Karachi. The management is confident that the amount will be realized, consequently no provision has been made in the financial statements there against.
- (iv) In the year ended June 30, 2005, Sales Tax Department had conducted post exportation audit under the Duty and Tax Remission for Exports (DTRE), 2001 and had imposed a penalty of Rs 8.624 million due to non compliance of certain provisions of the scheme by the company. On application by the company, Federal Board of Revenue (FBR) appointed an Alternate Dispute Resolution Committee (ADRC) for the resolution of the dispute between the company and the department. ADRC has given its recommendations to FBR in favour of the company and as such no provision is made in these financial statements in this regard. The final order of FBR in this regard is awaited.
- (v) The company has indemnified the Trustees of EMCO Industries Limited Provident Fund and the beneficiaries thereof, from any and all events wherein they or any one suffers any loss and or damage for allowing the company rescheduled time frame to repatriate the borrowed sum amounting to Rs 143.601 million as at June 30, 2009, into the fund.

19.2 Commitments in respect of

- (i) Letters of credit other than capital expenditure Rs 52.380 million (2008: Rs 82.639 million).
- (ii) Bank guarantees amounting to Rs 141.018 million (2008: Rs 105.510 million).

20. PROPERTY, PLANT AND EQUIPMENT

	Cost / revalued amount as at July 1, 2008	Additions/ (deletions)	Transfers	Cost / revalued amount as at June 30, 2009	Accumulated depreciation as at July 1, 2008	Depreciation charge/ (deletions) for the year	Transfers	Accumulated depreciation as at June 30, 2009	Book value as at June 30, 2009	Rate of depreciation
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	%
Freehold land	151,880,000	-	-	151,880,000	-	-	-	-	151,880,000	-
Buildings on freehold land	311,912,793	71,193,453	-	383,106,246	120,270,376	11,034,084	-	131,304,460	251,801,786	5
Plant and machinery	1,162,984,112	268,745,910 (6,679,047)	-	1,425,050,975	614,934,807	71,962,560 (3,912,345)	-	682,985,022	742,065,953	7.3 - 35
Tools and equipment	9,201,723	-	-	9,201,723	8,800,563	80,270	-	8,880,833	320,890	20 - 40
Furniture and fittings	8,034,029	266,035	-	8,300,064	5,986,611	447,495	-	6,434,106	1,865,958	20
Office equipment	23,696,426	2,135,468 (50,000)	-	25,781,894	18,087,507	1,242,128 (36,893)	-	19,292,742	6,489,152	20
Vehicles	11,855,013	44,560 (7,445,000)	11,128,000	15,582,573	6,030,857	1,410,150 (4,202,445)	5,936,873	9,175,435	6,407,138	20
2009	1,679,564,096	342,385,426 (14,174,047)	11,128,000	2,018,903,475	774,110,721	86,176,687 (8,151,683)	5,936,873	858,072,598	1,160,830,877	

	Cost /revalued amount as at July 1, 2007	Additions/ (deletions)	Transfers	Cost / revalued amount as at June 30, 2008	Accumulated depreciation as at July 1, 2007	Depreciation charge/ (deletions) for the year	Transfers	Accumulated depreciation as at June 30, 2008	Book value as at June 30, 2008	Rate of depreciation
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	%
Freehold land	151,880,000	-	-	151,880,000	-	-	-	-	151,880,000	-
Buildings on freehold land	307,856,840	4,055,953	-	311,912,793	99,233,747	21,036,629	-	120,270,376	191,642,417	5 - 10
Plant and machinery	1,125,343,838	22,949,139 (8,308,865)	23,000,000	1,162,984,112	553,288,093	61,924,176 (7,426,690)	7,149,228	614,934,807	548,049,305	10 - 35
Tools and equipment	9,103,351	98,372	-	9,201,723	8,715,886	84,677	-	8,800,563	401,160	20 - 40
Furniture and fittings	7,518,229	515,800	-	8,034,029	5,594,030	392,581	-	5,986,611	2,047,418	20
Office equipment	21,616,522	2,079,904	-	23,696,426	17,044,782	1,042,725	-	18,087,507	5,608,919	20
Vehicles	11,514,513	1,561,000 (2,218,500)	998,000	11,855,013	5,564,307	1,190,191 (1,357,536)	633,895	6,030,857	5,824,156	20
2008	1,634,833,293	31,260,168 (10,527,365)	23,998,000	1,679,564,096	689,440,845	85,670,979 (8,784,226)	7,783,123	774,110,721	905,453,375	

- Included in additions to plant and machinery is borrowing cost of Rs 24.526 million (2008: Nil).

	2009 Rupees	2008 Rupees
20.1 The depreciation charge for the year has been allocated as follows:		
Cost of goods sold	- Note 31	83,956,161
Administrative expenses	- Note 32	1,614,233
Distribution and selling costs	- Note 33	606,293
	86,176,687	85,670,979

20.2 Property and plant of the company were most recently revalued on May 9, 2007 by M/s Engineering Pakistan International (Private) Limited on the basis their professional assessment of its depreciated replacement cost. This revaluation was incorporated on June 1, 2007 and resulted in a surplus of Rs 315.717 million over the written down value of Rs 621.362. Had there been no revaluation the carrying amount of the revalued assets would have been as follows:

Freehold land	3,257,516	3,257,516
Buildings on freehold land	23,053,151	24,266,475
Plant and machinery	242,464,869	261,610,933
	268,775,536	289,134,924

20.3 Disposal of property, plant and equipment

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

Particulars of the assets	Sold to	Cost/revalued amount Rupees	Accumulated depreciation Rupees	Book value Rupees	Sale proceeds Rupees	Mode of disposal
Plant and Machinery						
Fork Lifters	M/S Data Ali Hajveri & Co.	1,541,342	862,776	678,566	220,333	Negotiation
Fork Lifters	M/S Data Ali Hajveri & Co.	5,137,705	3,049,569	2,088,136	440,667	Negotiation
		6,679,047	3,912,345	2,766,702	661,000	
Vehicles						
Employees						
Honda Civic	Mr. Babar Jalal Mansoor	1,460,500	626,678	833,822	1,001,265	Company Policy
Suzuki Cultus	Mr. Rizwan Ahmed	560,000	390,174	169,826	208,800	Company Policy
Suzuki Cultus	Mr. Zubair Ahmed	604,000	406,080	197,920	202,620	Company Policy
Honda City	Mr. Muhammad Rizwan Asghar	790,500	503,259	287,241	532,292	Company Policy
Honda City	Mr. Usman Sami	790,500	503,259	287,241	532,292	Company Policy
Suzuki Pothohar	Mr. Abdul Qayyum	678,000	431,638	246,362	390,865	Company Policy
		4,883,500	2,861,088	2,022,412	2,868,134	
Outsiders						
Honda Civic	Faysal Bank	1,460,500	619,810	840,690	950,000	Insurane claim
Santro	Mrs. Amna Shanzay, Lahore	565,000	389,092	175,908	211,800	Negotiation
Master Truck	Mr. Nadeem, Karachi	536,000	332,455	203,545	245,700	Negotiation
		2,561,500	1,341,357	1,220,143	1,407,500	

21. ASSETS SUBJECT TO FINANCE LEASE

	Cost as at July 1, 2008 (Rupees)	Additions/ (transfer) (Rupees)	Cost as at June 30, 2009 (Rupees)	Accumulated depreciation as at July 1, 2008 (Rupees)	Depreciation charge/ (transfer) for the year (Rupees)	Accumulated depreciation as at June 30, 2009 (Rupees)	Book value as at June 30, 2009 (Rupees)	Rate of depreciation %
Plant and machinery	20,420,086	16,538,177	36,958,263	2,335,162	1,836,543	4,171,705	32,786,558	7.3
Vehicle	23,044,500	-	11,916,500	8,249,997	2,520,932	4,834,056	7,082,444	20
		(11,128,000)			(5,936,873)			
2009	43,464,586	16,538,177	48,874,763	10,585,159	4,357,475	9,005,761	39,869,002	
		(11,128,000)			(5,936,873)			
	Cost as at July 1, 2007 (Rupees)	Additions/ (transfer) (Rupees)	Cost as at June 30, 2008 (Rupees)	Accumulated depreciation as at July 1, 2007 (Rupees)	Depreciation charge/ (transfer) for the year (Rupees)	Accumulated depreciation as at June 30, 2008 (Rupees)	Book value as at June 30, 2008 (Rupees)	Rate of depreciation %
Plant and machinery	43,420,086	-	20,420,086	6,558,407	2,925,983	2,335,162	18,084,924	10
		(23,000,000)			(7,149,228)			
Vehicle	22,156,500	1,886,000	23,044,500	5,443,989	3,439,903	8,249,997	14,794,503	20
		(998,000)			(633,895)			
2008	65,576,586	1,886,000	43,464,586	12,002,396	6,365,886	10,585,159	32,879,427	
		(23,998,000)			(7,783,123)			

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

	2009 Rupees	2008 Rupees
Cost of goods sold	- note 31	3,520,407
Administrative expenses	- note 32	1,411,698
Distribution and selling costs	- note 33	1,433,781
	4,357,475	6,365,886

22. INTANGIBLE ASSETS

	Cost as at July 1, 2008 (Rupees)	Additions/ (deletions) (Rupees)	Cost as at June 30, 2009 (Rupees)	Accumulated Amortization as at July 1, 2008 (Rupees)	Amortization charge/ (deletions) for the year (Rupees)	Accumulated Amortization as at June 30, 2009 (Rupees)	Book value as at June 30, 2009 (Rupees)	Rate of depreciation %
Computer software and ERP system	4,130,000	-	4,130,000	413,000	371,700	784,700	3,345,300	10
2009	4,130,000	-	4,130,000	413,000	371,700	784,700	3,345,300	
	Cost as at July 1, 2007 (Rupees)	Additions/ (deletions) (Rupees)	Cost as at June 30, 2008 (Rupees)	Accumulated Amortization as at July 1, 2007 (Rupees)	Amortization charge/ (deletions) for the year (Rupees)	Accumulated Amortization as at June 30, 2008 (Rupees)	Book value as at June 30, 2007 (Rupees)	Rate of depreciation %
Computer software and ERP system	-	4,130,000	4,130,000	-	413,000	413,000	3,717,000	10
2008	-	4,130,000	4,130,000	-	413,000	413,000	3,717,000	

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

	2009 Rupees	2008 Rupees
Administrative expenses	- note 32	413,000
	371,700	

23. CAPITAL WORK IN PROGRESS

Building		2,083,251	-
Plant and Machinery	- note 23.1	3,117,215	198,960,479
Software development	- note 23.2	2,065,000	2,065,000
Miscellaneous expenses		-	98,471
		7,265,466	201,123,950

23.1 Included in Plant and Machinery is borrowing cost of Rs Nil (2008: Rs 2.207 million).

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

		2009 Rupees	2008 Rupees
24. LONG TERM LOANS - CONSIDERED GOOD			
Loans to employees - considered good			
- Executives	- note 24.1	2,255,000	1,975,000
- Other employees		1,350,640	1,271,520
		3,605,640	3,246,520
Less: Receivable within one year		(1,329,890)	(1,052,240)
		2,275,750	2,194,280

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

24.1 Reconciliation of carrying amount of loans to Executives

Opening balance on July 1		1,975,000	925,000
Add: Disbursements		1,000,000	1,500,000
Less: Repayments		(720,000)	(450,000)
		2,255,000	1,975,000

25. STORES, SPARES AND LOOSE TOOLS

Consumable stores		22,875,895	22,246,473
Machinery spares [including in transit Rs Nil million (2008: Rs 0.592 million)]		72,923,241	83,404,847
Loose tools		2,948,598	2,805,100
		98,747,734	108,456,420

Less: Provision for obsolete items

- Consumable stores	- note 25.1	705,042	74,747
- Machinery spares	- note 25.2	1,461,116	2,230,225
- Loose tools		22,911	22,911
		2,189,069	2,327,883
		96,558,665	106,128,537

25.1 Provision for obsolete items - consumable stores

Opening balance		74,747	74,747
Add: Provision for the year	- note 32	630,295	-
Closing balance		705,042	74,747

25.2 Provision for obsolete items - machinery spares

Opening balance		2,230,225	2,230,225
Less: Obsolete stock written off against provision		(769,109)	-
Closing balance		1,461,116	2,230,225

		2009 Rupees	2008 Rupees
26. STOCK-IN-TRADE			
Raw materials and components [including in transit Rs 26.984 million (2008: Rs 55.215 million)]		166,563,321	182,329,312
Packing material		1,503,703	805,641
Work-in-process		26,962,783	33,596,152
Finished goods		251,908,976	140,983,138
Goods purchased for resale:		3,503,494	14,487,742
		450,442,277	372,201,985
Less: Provision for obsolete items			
- Raw material	- note 26.1	1,853,375	1,867,355
- Finished goods	- note 26.2	10,598,274	7,861,812
- Goods purchased for resale:		645,592	645,593
		13,097,241	10,374,760
		437,345,036	361,827,225
26.1 Provision for obsolete items - Raw material			
Opening balance		1,867,355	2,602,366
Less: Obsolete stock written off against provision		(13,981)	(735,011)
Closing balance		1,853,374	1,867,355
26.2 Provision for obsolete items - Finished goods			
Opening balance		7,861,812	6,343,901
Add: Provision for the year	- note 32	2,736,462	1,517,911
Closing balance		10,598,274	7,861,812
Raw materials amounting to Rs 4.503 million (2008: Rs 2.255 million) are in the possession of various vendors for further processing.			
Raw materials amounting to Rs 106.259 million (2008: Rs 143.59 million) are pledged as security against finances availed from commercial banks as referred to in note 16.			
Finished goods amounting to Rs 1.178 million (2008: Rs 0.039 million) are valued at net realizable value.			
27. TRADE DEBTS			
Considered good:			
- Due from Related parties	- note 27.1	189,927	251,814
- Others		278,779,667	225,234,709
		278,969,594	225,486,523
Considered doubtful- others		9,308,562	5,583,583
Less: Provision for doubtful debts	- note 27.2	288,278,156	231,070,106
		(9,308,562)	(5,583,583)
		278,969,594	225,486,523

Trade debts include secured debts of Rs 7.394 million (2008: Rs 24.487 million).

	2009 Rupees	2008 Rupees
27.1 Due from related parties		
Fatima Memorial Hospital Trust	48,472	149,769
Directors	101,798	102,045
Executives	39,657	-
	<u>189,927</u>	<u>251,814</u>
These relate to normal business of the company and are interest free.		
27.2 Provision for doubtful debts		
Opening balance	5,583,583	4,638,386
Add: Provision for the year - note 32	5,552,228	1,822,167
	<u>11,135,811</u>	<u>6,460,553</u>
Less: Bad debts written off against provision	<u>(1,827,249)</u>	<u>(876,970)</u>
Closing balance	<u>9,308,562</u>	<u>5,583,583</u>
28. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Current portion of loans to employees - considered good	1,329,890	1,052,240
Advances - considered good		
- to employees - note 28.1	1,544,155	292,846
- to suppliers	8,431,911	10,822,321
	<u>9,976,066</u>	<u>11,115,167</u>
Due from related parties - considered good - note 28.2	15,121	15,121
Short term security deposits	4,548,493	9,116,002
Letters of credit opening charges	1,096,375	954,426
Claims recoverable from government		
- Income tax recoverable	3,500,000	-
- Sales tax	28,623	28,623
- Excise duty	1,132,585	1,418,019
- Export freight subsidy	1,162,798	986,327
	<u>5,824,006</u>	<u>2,432,969</u>
Prepayments	2,904,722	1,535,997
Margins held by bank	4,517,965	10,882,397
Others	18,627	1,911,308
	<u>30,231,265</u>	<u>39,015,627</u>
28.1	Included in advances to employees is an amount of Rs 1.111 million (2008: Nil) due from executives.	
28.2 Due from related parties		
ICC (Private) Limited	15,121	15,121
These relate to normal business of the company and are interest free.		
29. CASH AND BANK BALANCES		
At banks - current accounts	57,764,051	37,477,612
Cash in hand	853,310	1,107,656
	<u>58,617,361</u>	<u>38,585,268</u>

30. SALES

	Insulator Rupees	Wall Tile Rupees	Floor Tile Rupees	2009 Total Rupees	2008 Total Rupees
Gross sales					
- Local	651,605,539	792,252,833	227,009,550	1,670,867,922	1,348,602,382
- Export	92,973,500	-	-	92,973,500	79,163,571
	<u>744,579,039</u>	<u>792,252,833</u>	<u>227,009,550</u>	<u>1,763,841,422</u>	<u>1,427,765,953</u>
Goods purchased for resale	-	22,067,645	207,323	22,274,968	26,426,249
Less: Sales tax	(73,693,787)	(115,868,689)	(32,191,219)	(221,753,695)	(181,645,523)
Less: Special Excise Duty	(4,685,134)	(7,244,746)	(2,005,252)	(13,935,132)	(12,131,331)
Net sales	<u>666,200,118</u>	<u>691,207,043</u>	<u>193,020,402</u>	<u>1,550,427,563</u>	<u>1,260,415,348</u>

30.1 There are no inter segment sales.

30.2 Local sales are exclusive of Rs 40.874 million (2008: Rs 48.6 million) towards discount.

30.3 Goods purchased for resale are exclusive of Rs 0.061 million (2008: 0.348) towards discount.

31. COST OF GOODS SOLD

	Insulator Rupees	Wall Tile Rupees	Floor Tile Rupees	2009 Total Rupees	2008 Total Rupees
Raw and packing materials consumed	364,301,637	235,260,550	75,234,279	674,796,466	448,349,773
Stores and spares consumed	35,767,670	33,495,407	15,393,120	84,656,197	49,963,690
Salaries, wages and benefits - note 31.1	120,536,839	76,254,942	41,255,365	238,047,146	207,235,384
Power and gas	53,771,105	137,264,697	55,078,542	246,114,344	152,708,269
Depreciation on owned assets - note 20.1	32,669,748	36,504,020	14,782,393	83,956,161	83,190,914
Depreciation on leased assets - note 21.1	1,908,761	174,429	95,357	2,178,547	3,520,407
Vehicle Maintenance	222,449	218,528	119,754	560,731	385,379
Repairs and maintenance	3,755,749	1,807,992	987,090	6,550,831	4,089,532
Insurance	943,811	1,111,258	599,923	2,654,992	2,193,700
Communication and stationery	1,031,136	955,838	365,241	2,352,215	1,567,034
Rent, rates and taxes	3,394,139	5,502,348	2,973,390	11,869,877	7,976,301
Travelling and conveyance	2,945,610	2,360,080	1,279,143	6,584,833	6,770,480
Others	9,946,995	595,206	413,095	10,955,296	9,121,750
	<u>631,195,649</u>	<u>531,505,295</u>	<u>208,576,692</u>	<u>1,372,626,598</u>	<u>977,072,613</u>
Opening work in process	22,694,058	9,632,380	1,269,714	33,596,152	24,402,420
Less: Closing work in process	11,377,414	12,213,413	3,371,956	26,962,783	33,596,152
	<u>11,316,644</u>	<u>(2,581,033)</u>	<u>(2,102,242)</u>	<u>6,633,369</u>	<u>(9,193,732)</u>
Cost of goods produced	642,512,293	528,924,262	206,474,450	1,377,911,005	967,878,881
Opening stock of finished goods	135,925,989	2,291,032	2,766,117	140,983,138	147,493,084
	<u>778,438,282</u>	<u>531,215,294</u>	<u>209,240,567</u>	<u>1,5518,894,143</u>	<u>1,115,371,965</u>
Less: Closing stock of finished goods	(196,106,072)	(40,550,107)	(15,252,797)	(251,908,976)	(140,983,138)
	<u>582,332,210</u>	<u>490,665,187</u>	<u>193,987,770</u>	<u>1,266,985,167</u>	<u>974,388,827</u>
Cost of goods sold - purchased for resale	-	16,359,867	159,768	16,519,635	18,868,784
	<u>582,332,210</u>	<u>507,025,054</u>	<u>194,147,538</u>	<u>1,283,504,802</u>	<u>993,257,611</u>

31.1 Salaries, wages and benefits include provident fund charge of Rs 3.068 million (2008: Rs 2.920 million) and gratuity charge Rs 3.230 million (2008: Rs 3.712 million).

31.2 There are no inter segment purchases.

32. ADMINISTRATIVE EXPENSES

		Insulator Rupees	Wall Tile Rupees	Floor Tile Rupees	2009 Total Rupees	2008 Total Rupees
Salaries, allowances and benefits	- note 32.1	18,558,814	11,877,641	6,681,174	37,117,629	37,199,387
Communication and stationery		1,069,785	684,662	385,123	2,139,570	1,912,198
Travelling		572,685	366,518	206,167	1,145,370	793,250
Vehicle maintenance		2,222,339	1,422,297	800,042	4,444,678	4,017,325
Rent, rates and taxes	- note 32.2	1,722,576	1,102,448	620,127	3,445,151	2,548,968
Depreciation on owned assets	- note 20.1	935,590	431,762	246,881	1,614,233	1,327,239
Depreciation on leased assets	- note 21.1	607,543	388,827	218,715	1,215,085	1,411,698
Amortization of intangible assets	- note 22.1	185,850	118,944	66,906	371,700	413,000
Electricity and gas		499,025	319,376	179,649	998,050	1,086,157
Insurance		220,846	141,341	79,504	441,691	477,870
Legal and professional charges	note 32.3	1,180,102	755,266	424,837	2,360,205	2,731,619
Repairs and maintenance		297,014	190,089	106,925	594,028	335,903
Computer charges		356,390	228,090	128,301	712,781	722,551
Security charges		377,673	241,711	135,962	755,346	463,132
Fees and taxes		719,334	460,374	258,960	1,438,668	2,121,082
Provision for doubtful debts - trade	- note 27.2	552,041	3,250,122	1,750,065	5,552,228	1,822,167
Provision for obsolete stock	- note 26.2	2,736,462	-	-	2,736,462	1,517,911
Provision for obsolete stores and spares	- note 25.1	315,148	201,694	113,453	630,295	-
Obsolete stock writtenoff		251,200	-	-	251,200	-
Others		1,229,654	786,979	442,675	2,459,308	1,557,982
		<u>34,610,071</u>	<u>22,968,141</u>	<u>12,845,466</u>	<u>70,423,678</u>	<u>62,459,439</u>

32.1 Salaries, wages and benefits include provident fund charge of Rs 0.071 million (2008: Rs 0.072 million) and gratuity charge of Rs 1.266 million (2008: charge of Rs 0.322 million).

32.2 Rent, rates and taxes include operating lease rentals amounting to Rs 3.445 million (2008: Rs 2.549 million).

32.3 Professional services

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

	2009 Rupees	2008 Rupees
Statutory audit	700,000	357,500
Half yearly review	225,000	132,000
Tax and other services	670,000	605,000
Out of pocket expenses	118,452	115,694
	<u>1,713,452</u>	<u>1,210,194</u>

33. DISTRIBUTION AND SELLING COSTS

		Insulator Rupees	Wall Tile Rupees	Floor Tile Rupees	2009 Total Rupees	2008 Total Rupees
Salaries, allowances and benefits	- note 33.1	7,057,269	12,426,811	6,684,203	26,168,283	26,561,574
Travelling		1,889,157	3,054,562	1,644,764	6,588,483	6,338,830
Insurance		1,010,520	166,257	89,523	1,266,300	273,234
Handling, freight and transportation		13,484,144	29,871,532	11,982,329	55,338,005	48,791,050
Electricity and gas		44,451	582,640	313,729	940,820	814,892
Vehicle maintenance		19,859	526,273	283,378	829,510	664,943
Rent, rates and taxes		700,499	2,777,995	1,495,844	4,974,338	4,824,439
Communication		232,631	818,748	440,864	1,492,243	1,502,403
Repair and maintenance		2,757	416,194	224,105	643,056	732,314
Security charges		10,663	57,166	30,779	98,608	134,216
Advertisement and sales promotion		159,920	1,698,067	626,238	2,484,225	2,352,991
Depreciation on owned assets	- note 20.1	-	394,090	212,203	606,293	1,152,826
Depreciation on leased assets	- note 21.1	263,011	455,541	245,291	963,843	1,433,781
Compensation for breakage		-	6,446,327	1,873,154	8,319,481	8,577,986
Late delivery charges		3,474,477	-	-	3,474,477	5,720,089
Others		1,034,847	954,203	405,535	2,394,585	2,649,597
		29,384,305	60,646,406	26,551,939	116,582,550	112,525,165

33.1 Salaries, wages and benefits include provident fund charge of Rs 0.058 million (2008: Rs 0.055 million) and gratuity charge of Rs 2.222 million (2008: Rs 1.319 million).

		2009 Rupees	2008 Rupees
34. OTHER OPERATING EXPENSES			
Workers' Welfare Fund		89,601	-
Donations		533,069	17,170
Loss on disposal of fixed assets		2,108,809	-
Others	- note 34.1	1,557,377	2,312,730
		4,288,856	2,329,900

34.1 Included in others is an amount of Rs 0.950 million (2008: Rs 0.265 million) on account of penalties imposed by sales tax authorities.

35. OTHER OPERATING INCOME**Income from financial assets**

Exchange gain	4,747,341	940,570
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Income from non-financial assets

Liabilities no longer payable - written back	-	1,072,727
Rental income	90,240	2,165,345
Gain on disposal of fixed assets	1,033,079	880,111
Others	538,107	1,553,911
	1,661,426	5,672,094
	6,408,767	6,612,664

	2009 Rupees	2008 Rupees
36. FINANCE COST		
Mark-up on		
- Long term finances		
- From related parties - unsecured	1,138,113	634,290
- From EMCO Industries Limited Provident Fund	15,953,945	11,704,079
- From banking companies - secured	35,835,546	23,610,988
- Long-term morabaha	348,399	2,007,320
- Discontinued Provident fund	253,798	442,857
- Short term borrowings from provident fund	1,857,041	784,843
- Finances under mark-up arrangements - secured	98,315,502	56,068,423
- Finance lease	5,188,797	3,480,175
Commission on bank guarantees	2,207,106	1,229,717
Bank and other charges	24,088,820	12,076,186
	185,187,067	112,038,878

36.1 This include Rs 20.702 million on account of losson cross currency swap agreement entered between the company and bank, which was terminated during the year.

37. TAXATION

For the year		
- Current	1,170,550	6,302,077
- Deferred	(33,794,437)	(1,395,920)
	(32,623,887)	4,906,157
Prior years		
- Current	1,942,078	-
- Deferred	8,749,855	(6,662,278)
	10,691,933	(6,662,278)
	(21,931,954)	(1,756,121)

37.1 In view of the available tax losses, current tax provision represents final tax under section 148 and 154 of the Income Tax Ordinance, 2001.

For the purpose of current taxation, the tax losses available for carry forward as at June 30, 2009 are estimated approximately at Rs 596.117 million (2008: Rs 345.627 million).

37.2 Tax Charge Reconciliation

Since the company is in losses, the current tax provision represents the tax under sections 148 and 154 of the Income Tax Ordinance, 2001, therefore it is impracticable to prepare the tax charge reconciliation.

38. EARNINGS PER SHARE

38.1 Basic earnings per share

(Loss) for the year attributable to ordinary shareholders	Rupees	(81,218,669)	(13,826,860)
Weighted average number of ordinary shares	Numbers	33,957,937	19,151,959
Basic earnings per share	Rupees	(2.39)	(0.72)

Prior year loss per share has been adjusted to give effect of bonus element included in right issue made during the year.

38.2 Diluted earnings per share

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

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director		Executive	
	2009	2008	2009	2008	2009	2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	3,452,760	3,002,400	10,790,220	9,382,800	9,172,397	7,463,618
Production incentives	-	222,400	-	695,000	3,598,830	4,395,740
House rent	1,553,748	1,351,080	4,855,608	4,222,260	4,127,585	3,358,628
Utilities	251,171	321,139	631,435	548,341	1,113,572	945,122
Medical expenses	162,236	188,283	797,216	1,020,845	413,943	316,738
Reimbursable expenses	981,274	1,099,015	4,290,432	3,995,914	3,100,894	2,782,801
	6,401,189	6,184,317	21,364,911	19,865,160	21,527,221	19,262,647
Number of persons	1	1	3	3	8	7

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.

40. CASH GENERATED FROM OPERATIONS

	2009	2008
	Rupees	Rupees
Profit/ (Loss) before taxation	(103,150,623)	(15,582,981)
Add: Adjustment for non-cash charges and other items:		
Depreciation on property, plant and equipment - note 20.1	86,176,687	85,670,979
Depreciation on leased assets - note 21.1	4,357,475	6,365,886
Amortisation of Intangibles	371,700	413,000
Capital work in progress expensed out	339,411	-
Security deposit adjusted against rent expense	423,392	-
Provision for gratuity - note 12.2	6,558,297	5,354,013
Provision for doubtful debts - trade - note 27.2	5,552,228	1,822,167
Provision for obsolete stock - note 26.2	2,987,662	1,517,911
Provision for obsolete stores and spares - note 25.1	630,295	-
Liabilities no longer payable - written back - note 35	-	(1,072,727)
Loss/(Gain) on disposal of property, plant and equipment - note 34	1,075,730	(880,111)
Finance cost - note 36	185,187,067	112,038,878
	293,659,944	211,229,996
Profit before working capital changes	190,509,321	195,647,015

	2009 Rupees	2008 Rupees
Effect on cash flow due to working capital changes:		
- Decrease/ (Increase) in stores and spares	8,939,577	(21,394,141)
- (Increase) in stock-in-trade	(78,505,473)	(70,223,064)
- (Increase) in trade debts	(59,035,299)	(23,227,138)
- Decrease/ (Increase) in loans, advances, deposits, prepayments and other receivables	8,904,903	(12,058,229)
- Increase in trade and other payables	124,166,766	43,605,759
	4,470,474	(83,296,813)
	194,979,795	112,350,202
41. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 29	58,617,361	38,585,268
Finances under mark-up arrangements - secured - note 16	(558,086,289)	(544,813,779)
	(499,468,928)	(506,228,511)

42. RELATED PARTY DISCLOSURES

A. Related parties with whom the company had transactions

The related parties comprise subsidiaries, associated undertakings, other related group companies, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 39. Other significant transactions with related parties are given below:

Relationship with the company	Nature of transactions	2009 Rupees	2008 Rupees
i. Associated undertakings	Long term finances obtained	9,500,000	-
	Repayment of long term finances	5,000,000	-
	Mark-up on long term finances	1,138,113	634,290
	Sale of goods	458,459	1,376,089
	Rental income	-	1,836,420
	Purchase of goods & services	798,662	6,193,503
ii. Directors and close relative thereof	Long term loan obtained	1,450,000	-
	Long term loan repaid	1,760,000	-
	Short term borrowing obtained	13,100,000	60,850,000
	Short term borrowing repaid	5,690,463	21,907,458
	Short term loan converted into long term	40,000,000	-
	Loan adjusted against right issue	136,295,400	-
	Sale of goods	1,485	11,770
	Rent paid	3,000,000	-
iii. Employee benefits plans - EMCO Industries Limited Provident Fund	Balance as at July 01,	-	-
	Short term loan obtained	114,000,000	34,500,000
	Repayment of short term loan	-	(34,500,000)
	Transferred to long term loan	(114,000,000)	-
	Balance as at June 30,	-	-
	Balance as at July 01,	89,912,134	90,061,073
	Repayment of long term loan	(60,311,341)	(148,939)
	Transferred from short term loan	114,000,000	-
	Balance as at June 30,	143,600,793	89,912,134
	Markup on short term loan	1,857,041	784,843
Markup on long term loan	15,953,945	11,704,079	
iv. Undertaking in which close family members of a director are holding directorship	Sale of goods	458,459	1,376,039
	Purchase of goods & services	798,662	87,959

43. SEGMENT RESULTS

	<i>Insulator</i>		<i>Wall Tile</i>		<i>Floor Tile</i>		2009 Total Rupees	2008 Total Rupees
	2009 Rupees	2008 Rupees	2009 Rupees	2008 Rupees	2009 Rupees	2008 Rupees		
External sales - note 30	666,200,118	498,784,411	691,207,043	469,784,195	193,020,402	291,846,742	1,550,427,563	1,260,415,348
Cost of goods sold - note 31	(583,006,691)	(437,788,493)	(507,456,722)	(349,050,523)	(194,390,351)	(206,418,595)	(1,284,853,764)	(993,257,611)
Gross profit	83,193,427	60,995,918	183,750,32	120,733,672	(1,369,949)	85,428,147	265,573,799	267,157,737
Operating expenses								
- Administrative expenses - note 32	(33,470,369)	(31,300,951)	(22,238,732)	(19,825,773)	(12,435,173)	(11,332,715)	(68,144,274)	(62,459,439)
- Distribution and selling costs - note 33	(29,849,426)	(28,170,782)	(60,944,147)	(51,222,162)	(26,719,419)	(33,132,221)	(117,512,992)	(112,525,165)
	(63,319,795)	(59,471,733)	(83,182,879)	(71,047,935)	(39,154,592)	(44,464,936)	(185,657,266)	(174,984,604)
Segment results	19,873,632	1,524,185	100,567,442	49,685,737	(40,524,541)	40,963,211	79,916,533	92,173,133
Other operating expenses							(4,288,856)	(2,329,900)
Other operating income							6,408,767	6,612,664
Profit from operations							82,036,444	96,455,897
Finance cost							(185,187,067)	(112,038,878)
Profit/ (Loss) before taxation							(103,150,623)	(15,582,981)
Taxation							21,937,034	1,756,121
Profit/ (Loss) for the year							(81,213,589)	(13,826,860)
43.1 Inter segment sales and purchases								
There are no inter segment sales and purchases.								
Other segment information								
43.2 Segment assets	795,211,043	867,134,175	1,020,573,855	543,280,946	199,610,112	450,047,552	2,015,395,010	1,860,462,673
Unallocated assets							126,420,561	64,490,776
							2,141,815,571	1,924,953,449
43.3 Segment liabilities	158,591,882	96,851,096	101,498,805	61,984,701	57,093,078	34,866,394	317,183,765	193,702,191
Unallocated liabilities							1,294,639,653	1,309,330,232
							1,611,823,418	1,503,032,423
43.4 Capital expenditure	20,935,298	8,018,477	129,565,172	129,571,404	14,564,655	68,966,048	165,065,125	206,555,929
43.5 Depreciation (owned and leased assets)	36,384,653	41,071,776	38,348,669	34,504,677	15,800,840	16,460,412	90,534,162	92,036,865
43.6 Non cash items (excluding depreciation /amortization)	3,854,851	1,639,944	3,451,816	956,160	1,863,518	743,974	9,170,185	3,340,078
43.7 Secondary reporting format								
Segment revenue from external customers by geographical areas is as follows:								
Export sales	92,973,500	79,163,571	-	-	-	-	92,973,500	79,163,571
Local sales	573,226,618	419,620,840	691,207,043	469,784,195	193,020,402	291,846,742	1,457,454,063	1,181,251,777
	666,200,118	498,784,411	691,207,043	469,784,195	193,020,402	291,846,742	1,550,427,563	1,260,415,348

44. FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

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

(a) Market risk

(i) Currency risk

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

	2009 Rupees	2008 Rupees
Trade and other receivables - USD	92,100	350,592
Net exposure - USD	92,100	350,592

The following significant exchange rates were applied during the year:

Rupees per USD

Average rate	79.92	62.55
Reporting date rate	81.30	68.20

(ii) Interest rate risk

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

	2009 Rupees	2008 Rupees
Fixed rate instruments		
Financial liabilities		
Long term finances	12,777,272	8,277,272
Liabilities against assets subject to finance lease	12,127,990	24,883,361
Finances under mark-up arrangements - secured	37,555,000	49,642,000
Total exposure	62,460,262	82,802,633
Floating rate instruments		
Financial liabilities		
Long term finances	483,486,917	401,576,218
Liabilities against assets subject to finance lease	16,182,914	-
Finances under mark-up arrangements - secured	520,531,289	495,171,779
	1,020,201,120	896,747,997

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term loans from associates, banks and short term running finance, during the year, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs 4.570 million higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

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

(i) Exposure to credit risk

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

	2009 Rupees	2008 Rupees
Long term deposits	11,767,181	13,720,425
Long term loans	3,605,640	3,246,520
Trade debts	277,043,754	222,461,597
Loans, advances, deposits and other receivables	6,095,868	13,101,672
Cash and bank balances	57,764,051	37,477,612
	356,276,494	290,007,826

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

(ii) Credit quality of major financial assets

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

Banks	Rating		Rating Agency	2009	2008
	Short	Long		Rupees	Rupees
Allied Bank	A I +	A A	PACRA	5,541,360	4,456,836
Askari Commercial Bank	A I +	A A	PACRA	1,567,636	1,227,386
Bank Al Falah	A I +	A A	PACRA	7,391,446	388,726
The Bank of Punjab	A I +	AA -	PACRA	871,868	166,713
Faysal Bank	A - I +	A A	PACRA	10,238,203	229,034
Habib Bank	A - I +	AA +	JCR-VIS	136,979	195,150
MCB Bank Limited	A I +	AA +	PACRA	8,788,110	2,688,956
National Bank of Pakistan	A - I +	A A A	JCR-VIS	535,504	69,012
Slik Bank Limited	A - 3	A -	JCR-VIS	19,213,430	23,590,891
Standard Chartered	A I +	A A A	PACRA	128,917	1,652,174
United Bank Limited	A - I +	AA +	JCR-VIS	3,350,598	2,812,734
				57,764,051	37,477,612

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

(c) Liquidity risk

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

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

The following are the contractual maturities of financial liabilities as at June 30, 2009:

	<i>Carrying amount</i>	<i>Less than one year</i>	<i>One to five years</i>	<i>More than five years</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Long term loans from directors	74,570,569	-	-	74,570,569
Long term finances	499,438,056	71,136,169	387,143,300	41,158,587
Long term morabaha	-	-	-	-
Liabilities against assets subject to finance lease	28,310,904	11,995,263	16,315,641	-
Short term borrowings from related parties - unsecured	17,324,801	17,324,801	-	-
Finances under mark-up arrangements - secured	558,086,289	558,086,289	-	-
Trade and other payables	288,320,597	288,320,597	-	-
Accrued finance cost	65,296,268	65,296,268	-	-
	<u>1,531,347,484</u>	<u>1,012,159,387</u>	<u>403,458,941</u>	<u>115,729,156</u>

The following are the contractual maturities of financial liabilities as at June 30, 2008:

Long term loans from directors	171,175,969	136,295,400	-	34,880,569
Long term finances	413,027,357	82,112,391	330,914,966	-
Long term morabaha	7,174,998	7,174,998	-	-
Liabilities against assets subject to finance lease	24,883,373	11,671,076	13,212,297	-
Short term borrowings from related parties - unsecured	52,226,754	52,226,754	-	-
Finances under mark-up arrangements - secured	544,813,779	544,813,779	-	-
Trade and other payables	163,460,295	163,460,295	-	-
Accrued finance cost	27,213,644	27,213,644	-	-
	<u>1,403,976,169</u>	<u>1,024,968,337</u>	<u>344,127,263</u>	<u>34,880,569</u>

44.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

44.3 Financial instruments by categories

	<u>Available for sale</u>		<u>At fair value through profit & loss</u>		<u>Loans and receivables</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Financial assets as per balance sheet								
Long term deposits	-	-	-	-	11,767,181	13,720,425	11,767,181	13,720,425
Long term loans	-	-	-	-	3,605,640	3,246,520	3,605,640	3,246,520
Trade debts	-	-	-	-	277,043,754	222,461,597	277,043,754	222,461,597
Loans, advances, deposits, prepayments, and other receivables	-	-	-	-	6,095,868	13,101,672	6,095,868	13,101,672
Cash and bank balances	-	-	-	-	58,617,361	38,585,268	58,617,361	38,585,268
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,129,804</u>	<u>291,115,482</u>	<u>357,129,804</u>	<u>291,115,482</u>

	Other financial liabilities	
	2009	2008
	Rupees	Rupees
Financial liabilities as per balance sheet		
Long term loans from directors	74,570,569	171,175,969
Long term finances	499,438,056	413,027,357
Long term morabaha	-	7,174,998
Liabilities against assets subject to finance lease	17,324,801	52,226,754
Finances under mark-up arrangements - secured	558,086,289	544,813,779
Trade and other payables	288,320,597	163,460,295
Accrued finance cost	65,296,268	27,213,644
	1,531,347,484	1,403,976,169

44.4 Capital risk management

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

Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term loan obtained by the Company as referred to in note 9 & 10. Total capital employed includes equity as shown in the balance sheet plus borrowings. The gearing ratio as at year ended June 30, 2009 and June 30, 2008 are as follows:

		2009	2008
Borrowings	Rupees	499,438,056	420,202,355
Total capital employed	Rupees	617,984,325	404,344,376
Gearing ratio	Percentage	81%	104%

	Capacity		Actual production	
	2009	2008	2009	2008
45. CAPACITY AND PRODUCTION				
Insulators produced - tons	5,000	5,000	4,567	4,324
Wall tiles produced - sq. mtrs.	2,466,000	1,560,000	2,405,919	1,783,488
Floor tiles produced - sq. mtrs.	900,000	900,000	683,478	1,069,873

Low production activity during the year in floor tile division is because of closure of plant due to gas shortage for a period of 44 days i.e October 13, 2008 to November 26, 2008 and for a period of 59 days i.e December 25, 2008 to February 22, 2009.

46. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on October 07, 2009 by the Board of Directors of the company.

47. CORRESPONDING FIGURES

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

	Note	From	To Rupees	2008
Loans, advances, deposits, prepayments and other receivables	28	Export freight subsidy	Excise duty	1,132,585
Cost of goods sold	31	Stores and spares consumed	Raw and packing materials consumed	34,934,038
Cost of goods sold	31	Stores and spares consumed	Power and gas	8,355,547

Corresponding figure of closing stock of packing material amounting to Rs 0.806 million has been re-arranged from stores, spares and loose tools to stock in trade as given in note 26.

Lahore:
October 07, 2009


Tariq Rehman
(Chief Executive)


Haris Noorani
(Director)

PATTERN OF SHARE HOLDING
as on June 30, 2009

No of Shareholders	Shareholding		Total Shares held
	From	To	
68	1	100	3707
286	101	500	67593
97	501	1000	79425
133	1001	5000	322142
27	5001	10000	214241
18	10001	15000	226249
7	15001	20000	126825
4	20001	25000	85564
5	25001	30000	138652
3	30001	35000	95121
1	35001	40000	36239
1	45001	50000	46500
1	55001	60000	58500
2	60001	65000	129400
1	75001	80000	76100
1	80001	85000	82500
1	90001	95000	93587
1	95001	100000	98500
1	100001	105000	101119
2	115001	120000	233399
1	120001	125000	121000
2	135001	140000	279400
1	155001	160000	159650
2	160001	165000	321958
1	165001	170000	167000
1	170001	175000	175000
1	175001	180000	177125
1	195001	200000	200000
1	205001	210000	205500
2	220001	225000	447456
1	245001	250000	246000
1	250001	255000	250294
3	290001	295000	875332
1	335001	340000	339093
1	395001	400000	399378
1	435001	440000	436046
1	510001	515000	511076
1	530001	535000	532618
1	635001	640000	637654
1	660001	665000	660492
1	750001	755000	754929
1	755001	760000	756711
1	775001	780000	777641
1	800001	805000	800087
1	820001	825000	821019
1	880001	885000	881039
1	985001	990000	989511
1	990001	995000	995000
1	1035001	1040000	1037163
1	1060001	1065000	1064120
1	1125001	1130000	1125643
1	1170001	1175000	1174419
1	2010001	2015000	2011325
1	2375001	2380000	2377013
1	2690001	2695000	2692285
1	3445001	3450000	3445641
1	3835001	3840000	3839019
702			3500000
Categories of shareholders	Number of Share Holders	Shares held	% of paid up capital
Individuals	665	26,960,562	77.030
Insurance Companies	2	128,125	0.360
Joint Stock Companies	30	6,372,486	18.210
Financial Institutions	5	1,538,827	4.400
	702	35,000,000	100.00%

PATTERN OF SHAREHOLDERS AS ON 30TH JUNE 2009

Category of Shareholder	Holding	Percentage %
DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN:		
MR. S. A. MANAN	159,650	0.4561
MR. TARIQ REHMAN - (CDC)	2,377,013	6.7915
MR. SHAFIQUE A. SIDDIQUI	177,125	0.5061
MR. HARIS NOORANI	246,000	0.7029
MR. HARIS NOORANI - (CDC)	1,125,643	3.2161
MR. SUHAIL MANNAN	3,839,019	10.9686
MR. TAHIR REHMAN - (CDC)	1,174,419	3.3555
MR. USMAN HAQ	881,039	2.5173
MR. JAVED SHAFIQ SIDDIQUI	291,777	0.8336
MRS. SHAHIMA REHMAN W/O TARIQ REHMAN	290	0.0008
MRS. SHAHIMA REHMAN W/O TARIQ REHMAN - (CDC)	399,378	1.1411
MRS. SAEEDA SHAFIQ W/O SHAFIQ A. SIDDIQUI	76,100	0.2174
MRS. SAEEDA SHAFIQ W/O SHAFIQ A. SIDDIQUI - (CDC)	3,445,641	9.8447
MRS. AYESHA NOORANI W/O HARIS NOORANI	339,093	0.9688
MRS. AMINA SUHAIL MANNAN W/O SUHAIL MANNAN - (CDC)	18,260	0.0522
MRS. ANJUM TAHIR REHMAN W/O TAHIR REHMAN. (CDC)	637,654	1.8219
MRS. AMBREEN HAQ W/O USMAN HAQ	1,037,163	2.9633
MR. ZULFIQAR SUHAIL MANNAN (MINOR)	139,700	0.3991
MR. ABDULLAH SUHAIL MANNAN (MINOR)	139,700	0.3991
	16,504,664	47.1562
ASSOCIATED COMPANIES:		
ICC (PVT) LIMITED	2,692,285	7.6922
ASSOCIATED ENGINEERS (PVT) LTD.	2,011,325	5.7466
THE IMPERIAL ELECTRIC COMPANY (PVT) LIMITED - (CDC)	532,618	1.5218
	5,236,228	14.9607
NIT & ICP:		
IDBP (ICP UNIT)	1,057	0.0030
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT. - (CDC)	754,929	2.1569
NBP TRUSTEE - NI(U)T (LOC) FUND - (CDC)	777,641	2.2218
	1,533,627	4.3818
FINANCIAL INSTITUTION:		
PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD.	500	0.0014
BANK ALFALAH LIMITED. (CDC)	4,700	0.0134
	5,200	0.0149
INSURANCE COMPANIES:		
GULF INSURANCE COMPANY LIMITED	12,550	0.0359
STATE LIFE INSURANCE CORP. OF PAKISTAN - (CDC)	115,575	0.3302
	128,125	0.3661
MODARABAS & MUTUAL FUNDS:		
	0	0.0000
JOINT STOCK COMPANIES:		
MUNIR HOLDING (PVT) LTD.	2,300	0.0066
ASIAN SECURITIES LIMITED	49	0.0001
NAEEM'S SECURITIES (PVT) LTD.	1,310	0.0037
ALI USMAN STOCK BROKERAGE (PVT) LIMITED - (CDC)	150	0.0004
AMIN TAI SECURITIES (PVT) LIMITED - (CDC)	800,087	2.2860
CLIKTADE LIMITED - (CDC)	82	0.0002
DURVESH SECURITIES (PVT) LIMITED - (CDC)	6,927	0.0198

Category of Shareholder	Holding	Percentage %
FAIR EDGE SECURITIES (PVT) LTD - (CDC)	2,565	0.0073
FAIR EDGE SECURITIES (PVT) LTD - (CDC)	2,000	0.0057
FAIRTRADE CAPITAL SECURITIES (PVT) LIMITED - (CDC)	200,000	0.5714
JAMSHAIID & HASAN SECURITIES (PVT) LIMITED - (CDC)	2,000	0.0057
MAM SECURITIES (PVT) LIMITED - (CDC)	250	0.0007
MSMANIAR FINANCIALS (PVT) LIMITED - (CDC)	400	0.0011
NH SECURITIES (PVT) LIMITED - (CDC)	1,000	0.0029
STOCK MASTER SECURITIES (PRIVATE) LIMITED - (CDC)	2,200	0.0063
STOCK MASTER SECURITIES (PRIVATE) LIMITED - (CDC)	82	0.0002
UNITED CAPITAL SECURITIES PVT. LIMITED - (CDC)	498	0.0014
UNITED EQUITIES (SMC-PVT) LIMITED - (CDC)	81	0.0002
Y. S. SECURITIES & SERVICES (PVT) LIMITED - (CDC)	13,158	0.0376
YASIR MAHMOOD SECURITIES (PVT) LIMITED - (CDC)	101,119	0.2889
	<u>1,136,258</u>	<u>3.2465</u>
SHARES HELD BY THE GENERAL PUBLIC:	<u>10,455,898</u>	<u>29.8740</u>
TOTAL:	<u>35,000,000</u>	<u>100.0000</u>
SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL:		
MR. SUHAIL MANNAN	3,839,019	10.9686
MRS. SAEEDA SHAFIQ W/O SHAFIQ A. SIDDIQUI	3,521,741	10.0621
	<u>7,360,760</u>	<u>21.0307</u>

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

S. No.	NAME	SALE	PURCHASE	
1	MR. TARIQ REHMAN	-	1,612,397	(RIGHT SHARES)
2	MR. HARIS NOORANI	-	1,101,858	(RIGHT SHARES)
3	MR. SOHAIL MANNAN	-	3,307,895	(RIGHT SHARES)
4	MR. TAHIR REHMAN	-	1,060,180	(RIGHT SHARES)
5	MR. USMAN HAQ	-	720,269	(RIGHT SHARES)
6	MRS. SAEEDA SHAFIQ W/O SHAFIQ A. SIDDIQUI	-	3,440,641	(RIGHT SHARES)
7	MRS. AMINA SUHAIL MANNAN W/O SUHAIL MANNAN	-	10,260	(RIGHT SHARES)
8	MRS. AMBREEN HAQ	-	418,667	(RIGHT SHARES)

FORM OF PROXY

I/We _____
 Of _____ being member of EMCO Industires Limited
 and holder of _____ Ordinary shares as per share Register Folio NO. _____
 and/or CDC participant I.D. No. _____ and Sub Account No. _____
 hereby appoint _____
 of _____
 or failing him/her _____
 of _____ as my proxy to vote for me/us and my/our behalf at the Annual General Meeting
 of the Company to be held at Registered office of the Company, 119-E/1, Hali Road, Gulberg-III,
 Lahore on 30th October, 2009 at 11.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____

Witness 1:

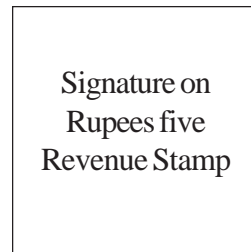
Signature _____
 Name _____
 Address _____

 NIC # _____
 Passport _____

Witness 2:

Signature _____
 Name _____
 Address _____

 NIC # _____
 Passport _____



(Signature should agree with the specimen signature registered with the Company)

Note:

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

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