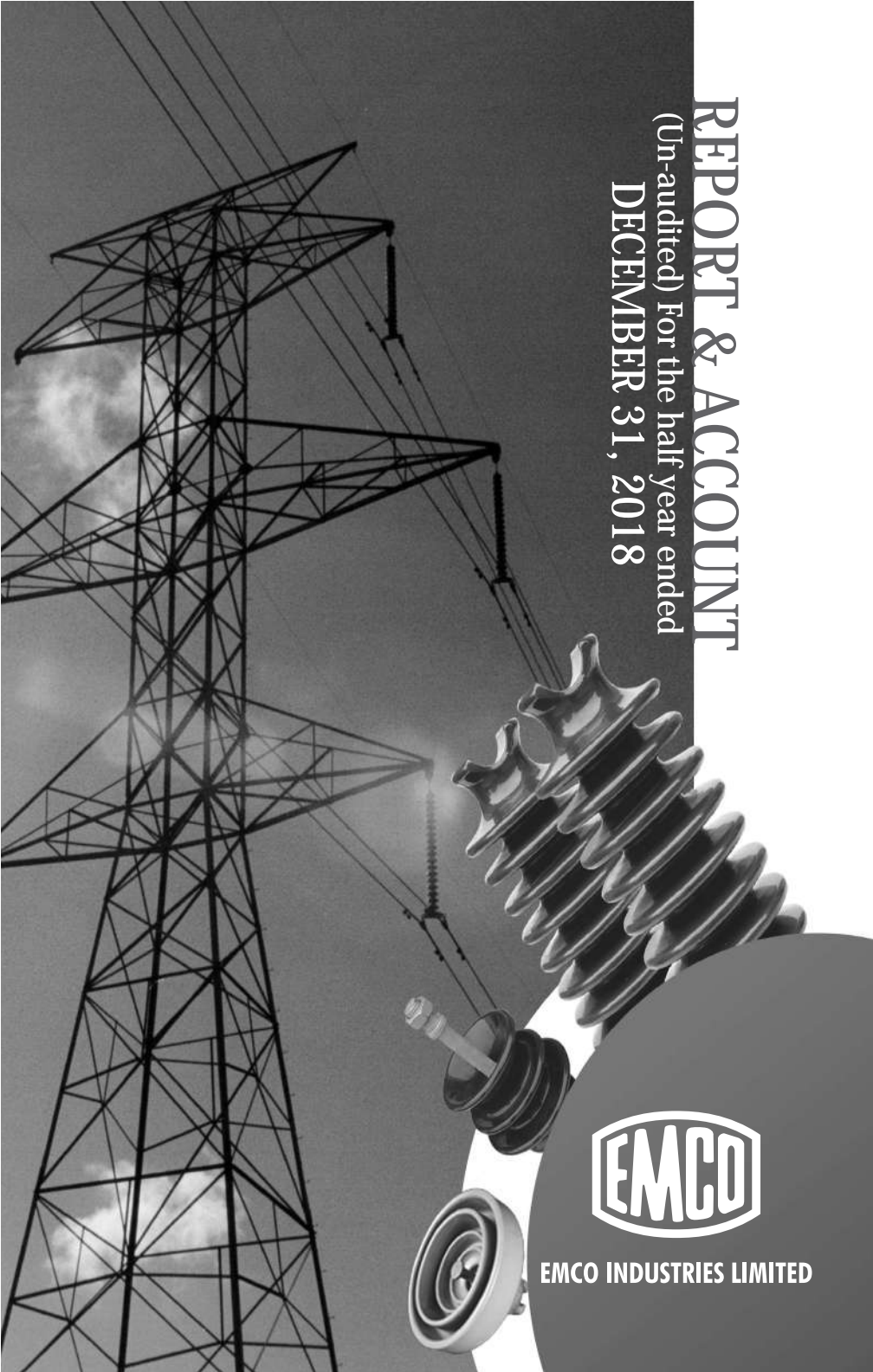


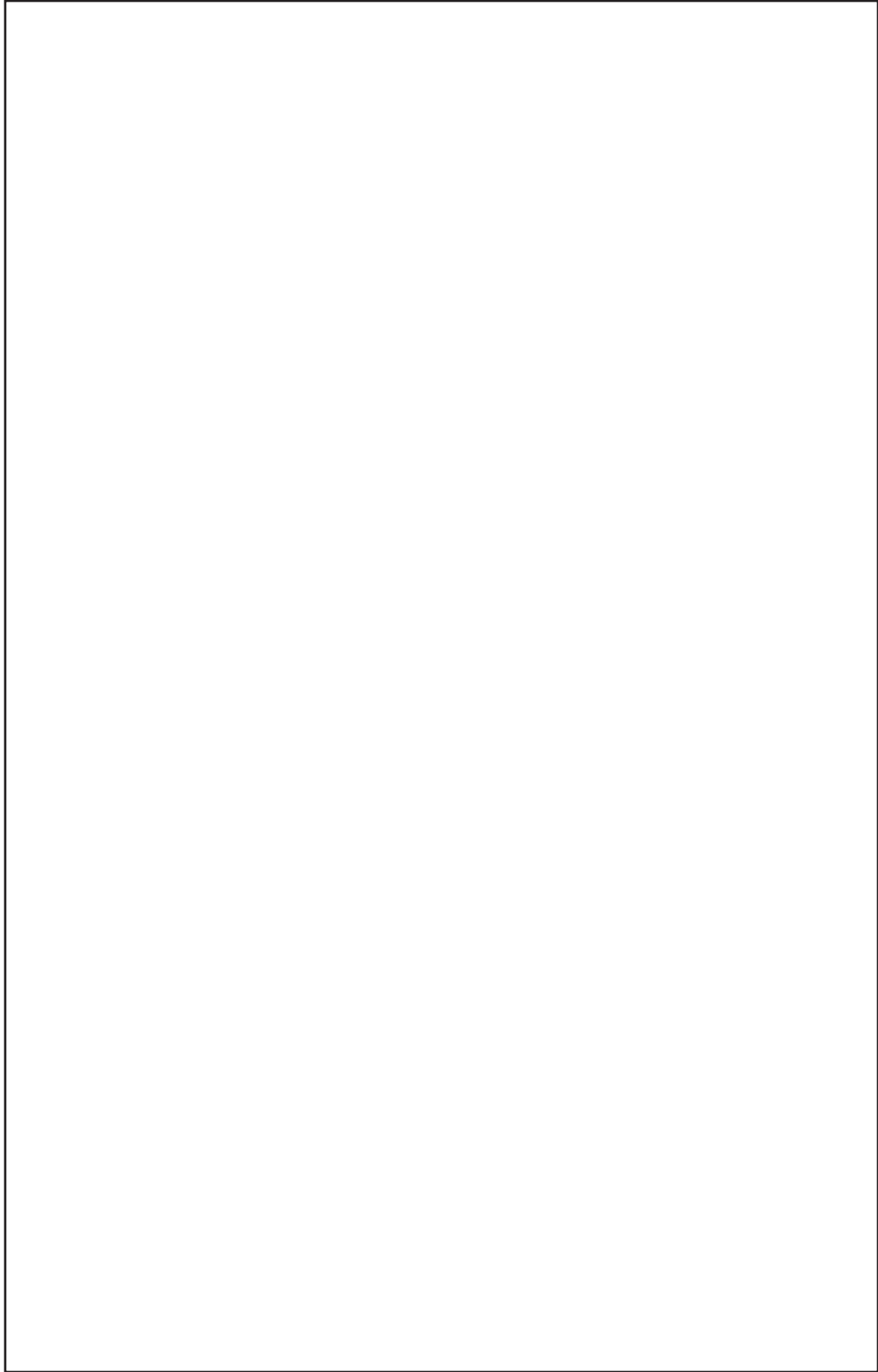
# REPORT & ACCOUNT

(Un-audited) For the half year ended  
DECEMBER 31, 2018



EMCO INDUSTRIES LIMITED







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## COMPANY INFORMATION

### Board of Directors

Mr. Javaid Shafiq Siddiqi (Chairman)  
Mr. Tariq Rehman (Chief Executive Officer)  
Mr. Suhail Mannan  
Mr. Pervaiz Shafiq Siddiqi  
Mr. Usman Haq  
Mr. Salem Rehman  
Mr. Ahsan Suhail Mannan  
Mr. Awais Noorani  
Ch. Imran Ali (Independent Director)

### Chief Financial Officer

Mr. Riaz Ahmad

### Company Secretary

Mr. Ahsan Suhail Mannan

### Audit Committee

Ch. Imran Ali (Chairman)  
Mr. Javaid Shafiq Siddiqi (Member)  
Mr. Usman Haq (Member)  
Mr. Salem Rehman (Member)  
Mr. Ahsan Suhail Mannan (Member)

### HR Committee

Mr. Pervaiz Shafiq Siddiqi (Chairman)  
Mr. Usman Haq (Member)  
Mr. Salem Rehman (Member)  
Mr. Ahsan Suhail Mannan (Member)

### Auditors

M/s. Horwath Hussain Chaudhury & Co.,  
Chartered Accountants, Lahore.

### Bankers

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

### BUSINESS ITEMS

#### Porcelain Insulators

- Tension Insulator
- Suspension Insulator
- Pin Insulator
- Line Post Insulator
- Cap and pin Insulator
- Station Post Insulator
- Insulator for Railway Electrification
- Telephone Insulator
- Low Voltage Insulator
- Dropout Cutout Insulator
- HT & LT Bushings

#### Switchgear

- Disconnect Switch upto 245 kv
- Metal Oxide Surge Arresters upto 245 kv

#### Chemical Porcelain

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

#### Special Porcelain

- High Alumina Porcelain
- Lining Special Refractories  
& Grinding Media

#### Share Registrar

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

#### Registered Office

4th Floor, National Tower,  
28-Egerton Road,  
Lahore.

#### Factory

19-Kilometre,  
Lahore Shekhupura Road,  
Lahore.



## DIRECTORS' REVIEW

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present condensed Interim financial statements of EMCO Industries Limited for the period ended December 31, 2018.

By the grace of Allah and continuous efforts of Management, Company results are showing growth. Operational profit is on an upward trajectory and will Insha-Allah continue to improve in the future owing to an aggressive improvement in processes through better controls.

Sales of the Tile Division machinery and equipment is under process and we booked further impairment of Rs. 16.0 M keeping in view of prevailing market conditions.

Sales during the period under review increased by 31% to Rs. 665.3 M from Rs. 507.7 M for same period last year. Your company has earned a gross profit of Rs. 165.4 M in this period against Rs.79.2 M for December 2017. Profit before tax for the period under review is Rs.54.7 M against loss before tax of Rs. 20.1 M for December 2017. Despite the net impairment of Rs. 16.0 M, your company has earned profit after tax of Rs. 52.7 M against net profit after tax of Rs. 22.2 M in the same period last year.

Going forward, the company is actively working on value addition products and exports expansion. Major investment in the energy infrastructure in Pakistan is generating significant demand for Insulators within the country. We foresee that with the current orders in hand and future demand the company will see a significant improvement in the results of the company in the near future.

The Directors are thankful to our valued customers, dealers, financial institutions and other stakeholders for their continued trust. The hard work of all employees is recognized and appreciated.

On behalf of board

Tariq Rehman  
Chief Executive Officer

February 19, 2019  
Lahore

## ڈائریکٹرز کا جائزہ

محترم حصص داران:-

میں بورڈ آف ڈائریکٹرز کی جانب سے ایکویٹڈ سٹری کے 31 دسمبر 2018 کو ختم ہونے والے ششماہی کی عبوری غیر آڈٹ شدہ مالیاتی نتائج پیش کرتا ہوں۔ اللہ کے فضل اور انتظامیہ کی مسلسل کوششوں سے کمپنی کے نتائج ترقی ظاہر کر رہے ہیں۔ آپریشنل منافع بڑھ رہا ہے اور بہتر کنٹرول کے ذریعے اس عمل میں جارحانہ ترقی کے باعث مستقبل میں انشا اللہ بہتر بنانے میں مدد ملے گی۔

ٹیکس ڈویژن کی مشینری اور آلات کی فروخت کا عمل جاری ہے۔ مارکیٹ حالات کے مد نظر ہم نے مزید 16.0 ملین روپے کی ایکویٹڈ منٹ درج کی ہے۔ زیر جائزہ مدت کے دوران فروخت میں 31 فیصد اضافہ ہوا جو گزشتہ برس اسی مدت میں 507.7 ملین کے مقابلے میں 665.3 ملین روپے رہا۔ آپ کی کمپنی نے اس عرصہ میں 165.4 ملین کا مجموعی منافع حاصل کیا ہے جو دسمبر 2017 کے لیے 79.2 ملین روپے رہا۔ زیر جائزہ مدت کے لیے ٹیکس سے پہلے 20.1 ملین خسارہ کے مقابلہ میں ٹیکس سے پہلے منافع 54.7 ملین روپے ہے۔ 16.0 ملین روپے کی خالص ایکویٹڈ منٹ کے باوجود آپ کی کمپنی نے گزشتہ برس اسی مدت کے دوران ٹیکس کی کٹوتی کے بعد 22.2 ملین روپے منافع کے مقابلے میں 52.6 ملین روپے ٹیکس کٹوتی کے بعد منافع کمایا ہے۔

مستقبل میں کمپنی فعال طور پر اضافی قدر دہالی مصنوعات اور برآمد کی توسیع پر کام کر رہی ہے۔ پاکستان میں توانائی کے بنیادی ڈھانچے میں بڑے پیمانے پر سرمایہ کاری ملک کے اندر انسولین کے لیے اہم طلب پیدا کر رہی ہے۔ ہم پیش بینی کرتے ہیں کہ حالیہ آڈر ز اور مستقبل کی طلب کے ساتھ مستقبل قریب میں کمپنی کے نتائج میں نمایاں اضافہ ہوگا۔

ڈائریکٹرز اپنے قابل قدر صارفین، ڈیلرز، مالیاتی اداروں و دیگر متعلقین کے ان کے مسلسل اعتماد کے لیے شکر گزار ہیں۔ تمام ملازمین کی محنت بھی قابل قدر اور قابل تعریف ہے۔

بورڈ کی طرف سے

*Tariq Rehman*

طارق رحمان،

چیف ایگزیکٹو آفیسر

19 فروری 2019ء

لاہور



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of EMCO INDUSTRIES LIMITED ("the Company") as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and the notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.

LAHORE  
Dated: February 19, 2019

HORWATH HUSSAIN CHAUDHURY & CO.

Chartered Accountants

## CONDENSED INTERIM STATEMENT OF FINANCIAL

	Note	(Un-Audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital 40,000,000 (June 30, 2018: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital 35,000,000 (June 30, 2018: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000
Reserves		(278,168,676)	(340,387,836)
Sponsors' loan		115,708,828	115,708,828
Surplus on revaluation of property, plant and equipment	4	886,724,771	890,805,277
		1,074,264,923	1,016,126,269
<b>Non Current Liabilities</b>			
Long term financing	5	270,403,258	315,810,026
Deferred liabilities		51,269,935	45,419,240
Deferred taxation		25,042,638	35,427,534
		346,715,831	396,656,800
<b>Current Liabilities</b>			
Trade and other payables		215,469,869	241,050,264
Unclaimed dividends		243,677	243,677
Accrued finance cost		24,706,199	21,170,977
Short term borrowings	6	625,453,857	537,413,016
Current portion of long term financing	5	61,218,356	70,643,311
		927,091,958	870,521,245
Liabilities against non current assets classified as held for sale		60,250,000	65,499,988
Contingencies and Commitments	7		
		2,408,322,712	2,348,804,302

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Lahore  
February 19, 2019

  
(Tariq Rehman)  
Chief Executive Officer





## POSITION AS AT DECEMBER 31, 2018

	Note	(Un-Audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	8	1,156,464,081	1,142,841,563
Intangible assets		2,106,116	2,239,916
Long term prepayments and other receivables		58,148,823	37,356,451
Long term loans		1,370,990	1,377,650
Long term deposits		1,659,900	1,659,900
		<u>1,219,749,910</u>	<u>1,185,475,480</u>
<b>Current Assets</b>			
Stores, spares and loose tools		85,742,347	84,922,144
Stock in trade		385,136,986	376,764,428
Trade debts		343,213,475	300,910,812
Advances, deposits, prepayments and other receivables		84,755,317	73,565,632
Income tax refundable from the Government		80,076,604	70,558,593
Cash and bank balances		24,679,626	10,135,269
		<u>1,003,604,355</u>	<u>916,856,878</u>
Non current assets classified as held for sale	9	184,968,447	246,471,944
		<u>2,408,322,712</u>	<u>2,348,804,302</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

  
(Ahsan Suhail Mannan)  
Director


  
(Riaz Ahmed)  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT  
OR LOSS (UN-AUDITED)**  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018


	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Sales - net		665,302,761	507,741,857	356,871,928	210,238,529
Cost of sales	10	(499,901,560)	(428,490,835)	(260,278,152)	(176,482,572)
Gross Profit		165,401,201	79,251,022	96,593,776	33,755,957
Administrative expenses		(32,339,959)	(29,508,339)	(15,559,250)	(14,133,861)
Selling and distribution expenses		(13,070,085)	(15,918,755)	(6,583,061)	(8,541,982)
		(45,410,044)	(45,427,094)	(22,142,311)	(22,675,843)
Operating Profit		119,991,157	33,823,928	74,451,465	11,080,114
Other operating expenses		(43,194,941)	(24,778,541)	(38,373,234)	(24,711,541)
Other income		17,950,933	1,285,309	17,765,228	775,537
Finance cost		(40,023,322)	(30,407,637)	(23,063,126)	(15,399,938)
Profit before taxation / (loss)		54,723,827	(20,076,941)	30,780,333	(28,255,828)
Taxation	12	(2,054,895)	42,284,912	1,800,490	46,003,703
Net Profit for the Period		52,668,932	22,207,971	32,580,823	17,747,875
Earnings per Share - Basic and Diluted		1.50	0.63	0.93	0.50

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Lahore  
February 19, 2019

  
(Tariq Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer




**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018**

	Half Year Ended December 31,		Quarter Ended December 31,	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Net Profit for the Period	52,668,932	22,207,971	32,580,823	17,747,875
Other comprehensive income				
Items that will not be re-classified subsequently to profit or loss	-	-	-	-
Items that may be re-classified subsequently to profit or loss	-	-	-	-
Total Comprehensive Income for the Period	52,668,932	22,207,971	32,580,823	17,747,875

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

  
Lahore  
February 19, 2019  
(Tariq Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Half Year Ended December 31,	
	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	54,723,827	(20,076,941)
Adjustment for:		
- Depreciation	33,982,060	39,450,601
- Amortization	133,800	133,790
- Provision for gratuity	5,978,172	3,558,156
- Interest on workers' (profit) participation fund	360,400	-
- Workers' (profit) participation fund	1,172,234	-
- Impairment loss	16,000,000	24,176,419
- Gain on disposal of property, plant and equipment held for sale	(13,887,572)	-
- (Gain) / loss on disposal of property, plant and equipment	(1,015,952)	436,321
- Liabilities written back	-	(714,943)
- Exchange gain	(553,657)	-
- Discounting and amortization of deferred markup - net	8,484,490	304,091
- Finance cost	29,170,580	30,407,637
	79,824,555	97,752,072
Operating profit before working capital changes	134,548,382	77,675,131
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(820,203)	(14,586,534)
- Stock in trade	(8,372,558)	(35,016,197)
- Trade debts	(42,302,663)	(2,185,147)
- Advances, deposits, prepayments and other receivables	(11,189,685)	11,133,141
- Long term prepayments and other receivables	(20,792,372)	-
Increase / (decrease) in current liabilities		
- Trade and other payables	(27,113,029)	(45,906,436)
	(110,590,510)	(86,561,173)
Net Cash Generated from / (Used in) Operating Activities	23,957,872	(8,886,042)



## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)


FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Half Year Ended December 31,	
	2018 Rupees	2017 Rupees
Finance cost paid	(26,643,893)	(25,065,847)
Income tax paid	(16,488,080)	(6,992,788)
Payments against discontinued provident fund	(65,000)	-
Gratuity paid	(62,477)	(1,431,758)
Worker's Profit Participation Fund paid	-	(2,252,160)
	(43,259,450)	(35,742,553)
Net Cash (Used in) Operating Activities	(19,301,578)	(44,628,595)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(44,248,217)	(10,824,431)
Long term loans and other receivables	6,660	85,531
Advance against non-current assets held for sale	52,900,000	-
Proceeds from disposal of property, plant and equipment	1,134,000	412,820
Net Cash Genrated from / (Used in) Investing Activities	9,792,443	(10,326,080)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing from related parties repaid	(23,729,483)	(7,467,428)
Long term financing from banking companies repaid - net	(39,586,730)	(19,744,483)
Short term borrowing acquired - net	88,040,841	85,499,496
Diminishing musharka repaid	(671,136)	(181,929)
Net Cash Generated from Financing Activities	24,053,492	58,105,656
Net Increase in Cash and Cash Equivalents	14,544,357	3,150,981
Cash and cash equivalents at the beginning of the period	10,135,269	2,559,086
Cash and Cash Equivalents at the End of the Period	24,679,626	5,710,067

The annexed notes 1 to 16 form an integral part of these financial statements.

Lahore  
February 19, 2019  
  
(Tariq Rehman)  
Chief Executive Officer




  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

Particulars	Issued, Subscribed and Paid up Capital Rupees	Capital Share Premium Reserve Rupees	Reserves		Total Reserves Rupees	Sponsors' Loan Rupees	Surplus on revaluation of property, plant and equipment Rupees	Total Rupees
			General Reserve Rupees	Accumulated Loss Rupees				
Balance as at June 30, 2017 as previously reported	350,000,000	39,898,526	90,000,000	(523,515,346)	(393,616,820)	115,708,828	-	72,092,008
Impact of restatement	-	-	-	-	-	-	920,533,260	920,533,260
Balance as at June 30, 2017 as restated	350,000,000	39,898,526	90,000,000	(523,515,346)	(393,616,820)	115,708,828	920,533,260	992,625,268
Total comprehensive income for the six months period ended December 31, 2017	-	-	-	22,207,971	22,207,971	-	-	22,207,971
Reversal of surplus on revaluation of property, plant and equipment due to impairment of property plant and equipment during the period-net	-	-	-	-	-	-	(8,805,230)	(8,805,230)
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment-net	-	-	-	10,063,272	10,063,272	-	(10,063,272)	-
Effect of change in effective tax rate	-	-	-	-	-	-	(860,220)	(860,220)
Balance as at December 31, 2017 as restated	350,000,000	39,898,526	90,000,000	(491,244,103)	(361,345,577)	115,708,828	900,804,538	1,005,167,789
Balance as at June 30, 2018	350,000,000	39,898,526	90,000,000	(470,286,362)	(340,387,836)	115,708,828	890,805,277	1,016,126,269
Total comprehensive income for the six months period ended December 31, 2018	-	-	-	52,668,932	52,668,932	-	-	52,668,932
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	9,550,228	9,550,228	-	(9,550,228)	-
Effect of change in effective tax rate	-	-	-	-	-	-	5,469,722	5,469,722
Balance as at December 31, 2018	350,000,000	39,898,526	90,000,000	(408,067,202)	(278,168,676)	115,708,828	886,724,771	1,074,264,923

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

<p style="text-align: center;"> (Tariq Rehman) Chief Executive Officer</p>	<p style="text-align: center;"> (Ahsan Suhail Mannan) Director</p>	<p style="text-align: center;"> (Riaz Ahmed) Chief Financial Officer</p>
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## NOTES TO AND THE FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

### 1. The Company and its Operations

1.1 EMCO Industries Limited ("the Company") was incorporated as a Joint Stock Company in Pakistan under the Companies Act, 1913, (now the Companies Act, 2017) 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. Corporate office of the Company is located at 4th Floor, National Tower, 28 Egerton Road, Lahore, while its factory is located at 19-Km, Lahore Sheikhpura Road, Lahore.

1.2 The Company is principally engaged in the manufacture and sale of high / low tension electrical porcelain insulators and switchgears.

1.3 The manufacturing unit of the Company is located at 19-Km, Lahore Sheikhpura Road, Lahore.

### 2. Basis of Preparation

2.1 These condensed interim financial statements have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and are in compliance with the International Accounting Standard - 34 (Interim Financial Reporting).

2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2018. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2018 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of cash flows and comparative statement of changes in equity are extracted from unaudited condensed interim financial statements for the half year ended December 31, 2017.

2.3 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors as required by the Code of Corporate Governance.

2.4 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2018.

2.5 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

### 3. Significant Accounting Policies

The Company's accounting and financial risk management policies and the methods of preparation of these condensed interim financial statements are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2018.

	(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
4. Surplus on Revaluation of Property, Plant and Equipment		
Land - Freehold	479,521,964	479,521,964
Buildings on freehold land	239,785,858	252,550,999
Plant and machinery	171,497,455	188,460,297
	890,805,277	920,533,260
Less: Reversal of revaluation surplus due to impairment of plant and equipment	-	(13,379,246)
Add: Related deferred taxation	-	3,904,064
	-	(9,475,182)
Effect of change in effective tax rates	5,469,722	(533,746)
Incremental depreciation charged on revalued property, plant and equipment in current period-net of deferred tax (transferred to retained earnings)	(9,550,228)	(19,719,055)
	886,724,771	890,805,277
5. Long Term Financing		
Banking companies - secured		
National Bank of Pakistan	80,649,068	114,102,368
Adjustment due to impact of IAS 39	(2,117,125)	(2,838,939)
	78,531,943	111,263,429
Standard Chartered Bank (Pakistan) Limited	81,159,844	87,293,274
Adjustment due to impact of IAS 39	(10,908,116)	(13,199,291)
	70,251,728	74,093,983
	148,783,671	185,357,412
Associated companies / related parties - unsecured		
Associated Engineers (Private) Limited	22,435,447	22,185,447
Adjustment due to impact of IAS-39	(1,055,761)	(983,011)
	21,379,686	21,202,436
EMCO Industries Limited Provident Fund	207,663,888	221,435,040
Adjustment due to impact of IAS-39	(51,693,767)	(57,240,370)
	155,970,121	164,194,670
ICC (Private) Limited	2,916,674	13,125,005
Imperial Electric Company (Private) Limited	2,615,692	2,615,692
Adjustment due to impact of IAS-39	(44,230)	(41,878)
	2,571,462	2,573,814
	331,621,614	386,453,337





	(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
Less: current portion:		
- Banking companies	(34,301,682)	(28,772,531)
- Associated companies / related parties	(26,916,674)	(41,870,780)
	(61,218,356)	(70,643,311)
	270,403,258	315,810,026
<b>6. Short Term Borrowings</b>		
Interest bearing		
Banking companies - secured:		
- Running finances	169,206,015	161,996,165
- Export and import finances	127,011,155	63,190,440
	296,217,170	225,186,605
Related parties - unsecured:		
- Associated company - ICC (Private) Limited	75,000,000	75,000,000
- Director	49,949,266	32,648,590
	124,949,266	107,648,590
	421,166,436	332,835,195
Interest free		
Related parties - unsecured:		
- Associated company - ICC (Private) Limited	80,750,000	80,750,000
- Directors and close relatives thereof	123,537,421	123,827,821
	204,287,421	204,577,821
	625,453,857	537,413,016
<b>7. Contingencies and Commitments</b>		
Contingencies		
7.1 There is no material change in the status of contingencies as reported in financial statements of the Company for the year ended June 30, 2018.		
Commitments		
7.2 Commitment for Letters of credit other than for capital expenditure amount to Rs. 27.43 million (June 30, 2018 : Rs. 32.25 million).		
7.3 Bank guarantees amounting to Rs. 188.492 million (June 30, 2018: Rs. 147.519 million) have been issued in favour of the following:		
Guarantees		
Sui Northern Gas Pipeline Limited	22,406,000	22,406,000
NTDC and electric distribution companies	157,108,190	116,134,993
Collector of Customs	8,978,358	8,978,358
	188,492,548	147,519,351

7.4 Commitments for future minimum lease payments in respect of Ijarah arrangements are as follows:

	Not later than one year	Later than one year and later than five years	Later than five years
	----- Rupees -----		
	1,342,272	2,460,832	-
	Note	(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees

8. Property, Plant and Equipment			
Operating fixed assets	8.1	1,144,790,889	1,131,168,371
Capital work in progress - civil works		11,673,192	11,673,192
		1,156,464,081	1,142,841,563
8.1 Operating fixed assets			
Opening written down value		1,131,168,371	1,437,943,775
Additions during the period / year		44,248,217	78,398,757
Disposals during the period / year		(143,635)	(37,252,618)
Impairment loss		-	(37,555,665)
Transferred in from assets classified as held for sale to non current assets		3,500,000	-
Transferred out to non current assets classified as held for sale		-	(228,201,662)
		1,178,772,953	1,213,332,587
Depreciation charge for the period / year		(33,982,064)	(82,164,216)
		1,144,790,889	1,131,168,371
9. Non Current Assets Classified As Held For Sale			
Land		91,837,500	125,337,500
Plant and machinery		90,860,665	102,864,162
Spare parts		2,270,282	18,270,282
		184,968,447	246,471,944

9.1 The Company has classified a piece of land measuring 61 kanals and 01 Marla (June 30 2018 : 81 kanals and 01 Marla), situated at 19 KM Sheikhpura Road, Lahore and plant & machinery of Tile Division alongwith related spare parts as "Held for Sale" in accordance with IFRS-5, "Non-current Assets Held for Sale and Discontinued Operations". During the half year ended December 31, 2018, the Company has successfully concluded the sale of a piece of land measuring 20 kanals, as well as of a part of plant and machinery.



10. Cost of Sales

	Half Year Ended December 31,		Quarter Ended December 31,	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Raw and packing material consumed	241,041,614	171,359,817	129,743,400	79,103,142
Salaries, wages and benefits	127,738,626	118,689,388	66,214,134	59,123,597
Stores and spares consumed	21,223,158	19,694,796	12,091,785	9,693,999
Power and gas	64,211,380	58,883,780	33,548,609	30,372,564
Testing and inspection	15,824,210	9,066,416	9,982,083	2,578,150
Travelling and conveyance	11,453,675	10,024,648	7,940,374	3,579,664
Rent, rates and taxes	898,515	543,833	125,331	304,282
Repairs and maintenance	1,026,008	1,261,555	405,850	737,570
Entertainment		1,106,614	-	617,822
Insurance	1,715,752	2,068,672	856,399	1,169,120
Ijarah rentals	671,136	-	335,568	-
Vehicle maintenance	163,939	312,940	57,594	184,813
Communication and stationery	564,504	461,115	319,173	233,354
Miscellaneous	528,175	1,170,719	453,869	1,170,719
Depreciation	33,826,438	39,256,075	17,290,870	19,838,744
	521,993,744	432,793,754	279,982,861	208,089,718
Work in process:				
- Opening work in process	49,737,606	29,735,130	44,220,934	35,077,870
- Closing work in process	(46,747,482)	(36,708,846)	(46,747,482)	(36,708,846)
	2,990,124	(6,973,716)	(2,526,548)	(1,630,976)
Cost of goods manufactured	524,983,868	425,820,038	277,456,313	206,458,742
Finished goods:				
- Opening finished goods	180,728,650	258,274,157	188,632,795	225,627,190
- Closing finished goods	(205,810,958)	(255,603,360)	(205,810,958)	(255,603,360)
	(25,082,308)	2,670,797	(17,178,163)	(29,976,170)
	499,901,560	428,490,835	260,278,150	176,482,572

11. Other Operating Expenses

Other operating expenses include Rs. 16.00 million on account of impairment loss on assets classified as held for sale.

	Half Year Ended December 31,	
	2018 (Un-audited) Rupees	2017 (Un-audited) Rupees
12. Taxation		
Current	8,315,847	6,191,111
Prior year adjustment:		
- Current tax	(1,345,778)	13,587,331
- Tax credits	-	(26,971,759)
	6,970,069	(7,193,317)
Deferred	(4,915,174)	(35,091,595)
	2,054,895	(42,284,912)

### 13. Transactions with Related Parties

Related parties comprise associated companies, related group companies, directors of the Company and their close relatives, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these financial statements. Significant transactions with related parties are given below:

			Half Year Ended December 31,	
			2018 (Un-audited) Rupees	2017 (Un-audited) Rupees
Related party	Relationship	Nature of transaction		
Associated Engineers (Private) Limited	Associated company	Short term borrowing obtained	-	300,000
		Loan term financing obtained	250,000	-
		Markup on long term financing	281,496	281,496
EMCO Industries Limited	Associated undertaking	Markup on long term financing	-	5,431,389
Provident Fund		Markup paid	-	250,000
		Principal repaid	13,771,152	475,763
Imperial Electric Company (Private) Limited	Associated company	Markup on long term financing	75,576	75,576
		Rent expense	1,075,158	1,351,930
		Short term borrowing received	106,500,000	59,000,000
		Short term borrowing repaid	106,500,000	59,000,000
ICC (Private) Limited	Associated company	Short term borrowing obtained	79,000,000	83,000,000
		Short term borrowing repaid	79,000,000	8,000,000
		Markup on short term borrowing	4,104,154	3,288,349
		Markup paid	3,816,328	3,446,218
		Long term financing obtained	-	-
		Long term financing repaid	10,208,331	7,291,665
		Markup on long term financing	467,306	1,192,998
		Markup paid on long term financing	462,552	-
Directors and close relatives thereof	Associated persons	Short term borrowing obtained	133,909,757	70,849,895
		Short term borrowing repaid	116,859,081	75,467,322
		Markup on short term borrowing	3,644,044	3,862,422
		Markup on short term borrowing paid	3,887,593	3,380,361
Associated undertakings	Related party	Managerial services and expenses charged-net	10,632,608	11,968,380
Associated undertakings	Related party	Expenses charged to Gratuity Fund	5,978,172	2,126,398



		December 31, 2018 (Un-audited) Rupees	June 30, 2018 (Audited) Rupees
Associated Engineers	Long term financing - interest bearing	7,396,095	7,396,095
	Long term financing - interest free	13,983,591	13,806,341
	Markup on long term financing	6,114,634	5,833,138
EMCO Industries Limited Provident Fund	Long term financing	155,970,121	164,194,671
	Markup on long term financing	-	-
Imperial Electric Company (Private) Limited	Long term financing - interest bearing	1,985,640	1,985,640
	Long term financing - interest free	585,822	588,174
	Markup on long term financing	2,268,983	2,193,407
ICC (Private) Limited	Short term borrowing - interest free	80,750,000	80,750,000
	Short term borrowing - interest bearing	75,000,000	75,000,000
	Markup on borrowing	7,386,389	7,054,390
	Long term financing	2,916,674	13,125,005
ICC (Private) Limited	Receivable against sales	63,059	63,059
Nur Enterprises	Receivable against sales	305,866	305,866
Directors, executives and close relatives thereof	Sponsors' loans	115,708,828	115,708,828
	Short term borrowing - interest bearing and interest free	173,486,688	123,827,821
	Markup on short term borrowing	1,612,356	1,855,905

#### 14. Segment Reporting

With the closure of Tile Division and the reclassification of related assets as Held for Sale, the Tile Division is now no more a reportable segment for Chief Executive Officer.

#### 15. Date of Authorization for Issue


These condensed interim financial statements (un-audited) is authorized for issuance on February 19, 2019 by the Board of Directors of the Company.

#### 16. General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in these condensed interim financial statements (un-audited), except that the surplus on Revaluation of property plant and equipment has been included in the equity and comparative information for the six month period ended December 31, 2017 has been restated in statement of changes in equity. The basis of such restatement has been explained in note 5 of annual financial statements for the year ended June 30, 2018.

Lahore  
February 19, 2019  
  
(Tariq Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

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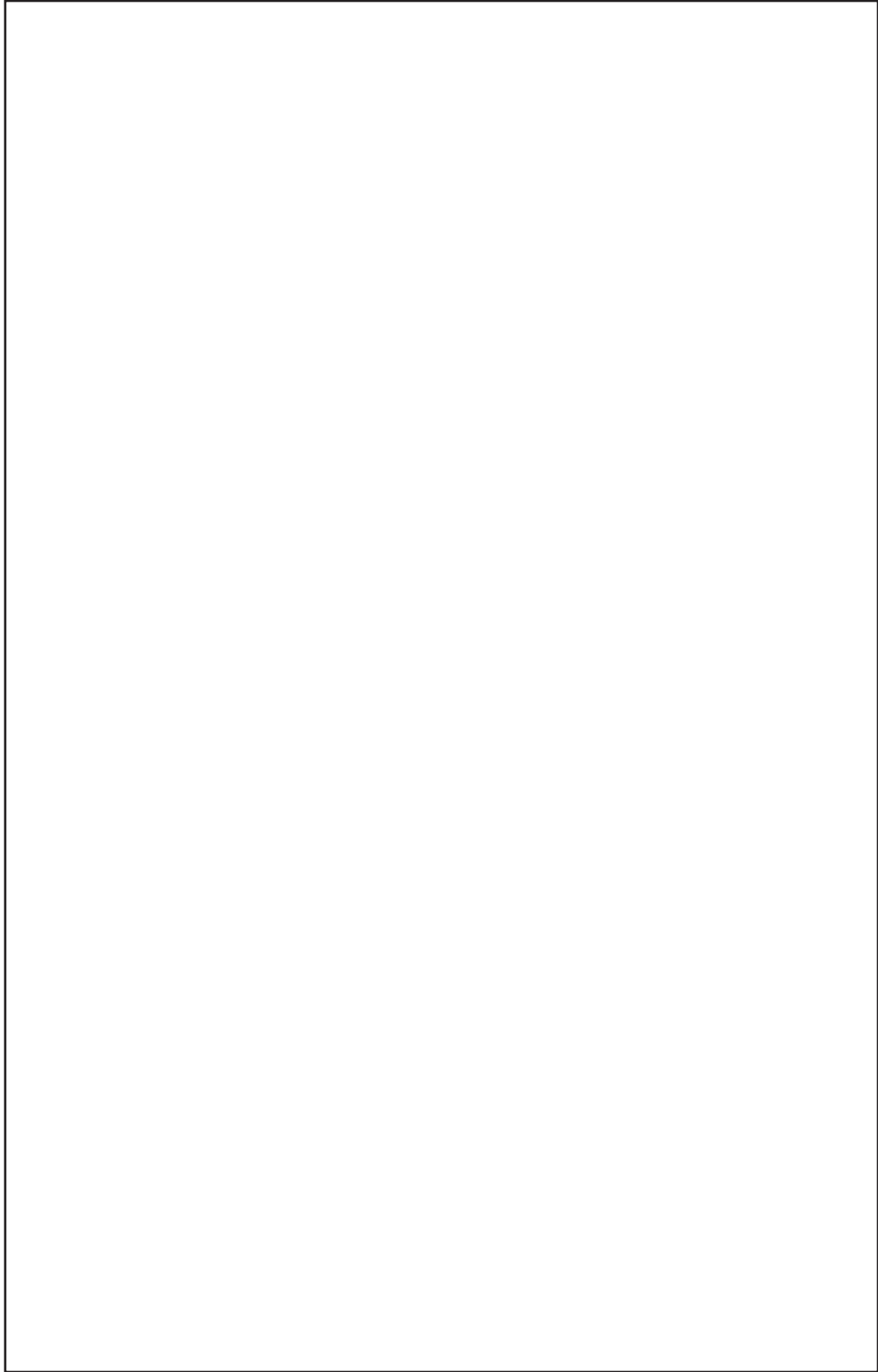
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