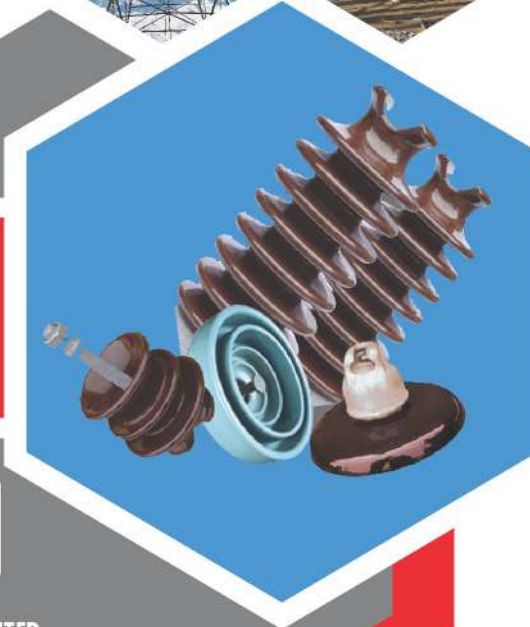


**INTERIM FINANCIAL  
INFORMATION (Un-audited)  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2022**



[WWW.EMCO.COM.PK](http://WWW.EMCO.COM.PK)



EMCO INDUSTRIES LIMITED

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## COMPANY INFORMATION

### Board of Directors

Mr. Javaid Shafiq Siddiqi	Chairman / Non-Executive Director
Mr. Tariq Rehman	Chief Executive / Executive Director
Mr. Pervaiz Shafiq Siddiqi	Non-Executive Director
Mr. Usman Haq	Non-Executive Director
Mr. Salem Rehman	Executive Director
Mr. Ahsan Suhail Mannan	Executive Director / Company Secretary
Mr. Awais Noorani	Non-Executive Director
Mrs. Ayesha Mussadaque Hamid	Independent Director
Ch. Imran Ali	Independent Director
Syed Muhammad Mohsin	Independent Director
Mr. Osman Hameed Chaudhri	Independent Director

### Chief Financial Officer

Mr. Riaz Ahmad

### Company Secretary

Mr. Ahsan Suhail Mannan

### Audit Committee

Ch. Imran Ali	Chairman
Syed Muhammad Mohsin	Member
Mr. Javaid Shafiq Siddiqi	Member
Mr. Usman Haq	Member

Mr. Ahsan Suhail Mannan

Is the Committee Secretary as required by the Chapter IX, 27 (1) (iv) of Code of Corporate Governance, Regulations 2019.

### HR Committee

Mrs. Ayesha Mussadaque Hamid	Chairman
Mr. Pervaiz Shafiq Siddiqi	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary
Mr. Awais Noorani	Member

### Risk Management Committee

Syed Muhammad Mohsin	Chairman
Mr. Tariq Rehman	Member
Mr. Salem Rehman	Member / Committee Secretary
Mr. Javaid Shafiq Siddiqi	Member

### Nomination Committee

Ch. Imran Ali	Chairman
Mr. Ahsan Suhail Mannan	Member / Committee Secretary
Mr. Salem Rehman	Member
Mr. Pervaiz Shafiq Siddiqi	Member

### External Auditors

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

### Internal Auditors

M/s. Zeeshan & Co.  
Chartered Accountants, Lahore.

### Legal Advisers

Cornelious Lane & Mufti  
Chaudhary Associates Law Inn  
Rizvi & Company  
Asad Ullah Khan

### Bankers

Habib Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Punjab  
The Bank of Khyber  
Silk Bank Limited  
Askari Bank Limited

### 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

#### RTV Coating

- Room Temperature Vulcanised
- Silicone Rubber Coating

#### 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 Sheikhpura Road, Lahore.

## DIRECTORS' REPORT

### Dear Shareholders

On behalf of the Board of Directors we pleased to present the performance review of your Company together with the un-audited financial statements for the half-year ended December 31, 2022.

### Operations and Sales Review

The Company produced 2,717 tons during the period under review (July-December 2022) as compared to 2,736 tons of the corresponding period of last year. On Account of high demand for its products, EMCO has been aggressively investing in BMR activities of its core equipment to improve the output and continuously increasing plant rated capacity. Alhamdulillah, a significant capacity enhancement has been achieved with effect from November 2022.

During the period, the Company sold 2,489 tons during the period under review (July-December 2022) as compared to 2,811 tons of the corresponding period of last year. Owing to the long production process, the results of enhanced output and the corresponding sales was temporarily affected, and it is expected to stabilize in upcoming periods to reduce the buildup in inventory. Net sales of the Company recorded as Rs.1,817.01 million for the period under review (July- December 2022) as compared to Rs. 1,274.58 million of the corresponding period of last year, thereby registering a growth of 42.6%. This increase is primarily on account of producing higher value added products and an increase in prices to address the heavy inflationary trends on the costing side.

### Financial Performance

For the period under review (July-December 2022), the Company posted gross profit of Rs. 484.54 million compared to Rs. 299.30 million of the corresponding period of last year. The net operating profit for the period under review (July-December 2022) is recorded at Rs. 388.03 million as compared to Rs. 222.78 million of the corresponding period of last year. As noted above, the Company produced and sold higher value products that resulted in significant improvement in Gross Margin as well as Operating Profit despite macroeconomic challenges. Similarly, S&D expenses increased to Rs. 96.51 million mainly on account of higher sales and increase in Freight Charges due to a sharp rise in POL prices.

Finance cost for the period under review (July-December 2022) has been recorded at Rs. 106.79 million as compared to Rs. 45.07 million of the corresponding period of last year. This may be broadly attributable to the significant increase in the policy lending rate by the State Bank of Pakistan, and to an overall increase in bank borrowings to achieve higher production and sales targets.



After taking into account financial charges, Profit Before Tax increased to Rs. 220.68 million as compared to Profit Before Tax of Rs. 143.38 million for the corresponding period of last year.

After accounting for tax, the Company has made a Net Profit of Rs. 149.51 million for the period under review as compared to a Net Profit of Rs. 104.24 million for the corresponding period of last year.

During the period under review, the Company has paid Rs. 66.79 million toward Long Term Loans and there is no overdue against any loans.

#### Macroeconomic Challenges

During the period under review, the Company's businesses continued to face macroeconomic challenges, including a severe costing pressure due to the impact of higher oil prices, devaluation of the Pak Rupee against the US Dollar, business-specific import restrictions, tax regime changes and volatility in global commodity prices. Monetary tightening measures that were introduced at the start of the current fiscal year have further intensified in this quarter, causing a significant slowdown in economic activity across the country. With forex reserves plummeting to an alarmingly low level, industries are struggling to secure supplies of imported components and machinery spares for uninterrupted business operations. These combined with higher energy costs, rising inflation, higher borrowing costs and devaluation of the local currency resulted in significant impact on the manufacturing sector in general. We continue to pray for an early recovery from these challenges.

#### Earnings per Share

The basic earnings per share is reported at Rs. 4.27 as compared to basic earnings per share of Rs. 2.98 of the comparable period of last year. There is no dilution effect on the earnings per share for the period under review and corresponding period of last year.

#### Near Term Outlook

Pakistan's economy faces mounting pressures on account of the global situation, affected by high inflation, aggressive monetary tightening, and uncertainties resulting from the Russia-Ukraine conflict, coupled with a highly fragile domestic scenario, with forex reserves barely covering one month of imports, looming external debt repayments and a delay in the resumption of its loan program with the IMF. Challenges resulting from depleting foreign reserves, high-interest rates, and inflation, coupled with continuing trade deficit further compounded the aftershocks of the unprecedented monsoon flooding.

Import curbs in the form of restrictions on the opening of LCs for raw materials and spares along with delays in payments to foreign suppliers have threatened uninterrupted business operations.

Going forward, the economic outlook is expected to be shaped largely by the revival of the IMF program, restoration of political stability, and support from friendly countries along with the continued implementation of reforms aimed at stabilizing the economy to restore fiscal and external buffers. However, with the revival of the IMF loan program, another wave of inflation is expected in the form of high energy prices, imposition of additional taxes, depreciation of the local currency, increase in interest rates and reduction in government spending which may lead to further demand curtailment and economic slowdown.

#### Acknowledgments

The Directors wish to acknowledge the devotion of the employees of all cadres and are appreciative of their dedication and commitment. They also extend heartfelt appreciation to the Company's suppliers, customers and bankers for their continued confidence and support.

On behalf of board



**Tariq Rehman**  
Chief Executive Officer  
February 21, 2023  
Lahore



**Ahsan Suhail Mannan**  
Director / Company Secretary



## ڈائریکٹرز کا جائزہ

### معزز حصص داران:

یورڈ آف ڈائریکٹرز کی جانب سے ہمیں 31 دسمبر 2022 کو ختم ہونے والے نصف سال کے غیر آڈٹ شدہ مالیاتی کھوشیوں کے ساتھ آپ کی کمپنی کی کارکردگی کا جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے۔

### کاروباری کارکردگی اور عمل کا جائزہ:

کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2022ء) کے دوران 2,717.0 ٹن پیداوار کی جو کہ گزشتہ سال کی اسی مدت میں 2,736 ٹن تھی۔ اپنی مصنوعات کی زیادہ طلب کی وجہ سے ایکویٹیڈ اور گوبہتر بنانے اور پائینٹ کی دہجہ بندی کی صلاحیت میں مسلسل اضافہ کرنے کے لئے اپنے بنیادی ساز و سامان کی اپنی ایم آر (BMR) سرگرمیوں میں جارحانہ طور پر سرمایہ کاری کر رہی ہے۔ الحمد للہ نومبر 2022ء سے صلاحیت میں نمایاں اضافہ کیا گیا ہے۔

کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2022ء) میں 2,489 ٹن کی فروخت کی جو کہ گزشتہ سال کی اسی مدت میں 2,811 ٹن تھی۔ طویل پیداواری عمل کی وجہ سے، بہتر پیداوار اور مہلک فروخت کے نتائج عارضی طور پر متاثر ہوئے، اور توقع ہے کہ سٹاک میں اضافے کو کم کرنے کے لئے آنے والے اوار میں استحکام آئے گا۔ جولائی تا دسمبر 2022ء کے دوران کمپنی کی خاص فروخت 1,817.01 ملین روپے ریکارڈ کی گئی جو کہ گزشتہ سال اسی مدت میں 1,274.58 ملین روپے کے مقابلے میں 42.6 فیصد زیادہ ہے۔ یہ اضافہ بنیادی طور پر زیادہ دوپلو ایڈڈ مصنوعات کی پیداوار اور قیمتوں میں اضافے کی وجہ سے ہے۔ تاکہ لاکٹ کی طرف بھاری افراط زر کے رجحانات سے نمٹا سکا۔

### مالیاتی کارکردگی:

زیر جائزہ مدت (جولائی تا دسمبر 2022ء) میں کمپنی نے 484.54 ملین روپے کا مجموعی منافع کمایا جو کہ گزشتہ سال اسی مدت میں 299.30 ملین روپے تھا۔ زیر جائزہ مدت (جولائی تا دسمبر 2022ء) میں آپریٹنگ منافع 388.03 ملین روپے ریکارڈ کیا گیا۔ جو کہ گزشتہ سال اسی مدت میں 222.78 ملین روپے تھا۔ جیسا کہ اوپر ذکر کیا گیا ہے، کمپنی نے اعلیٰ قیمت کی مصنوعات تیار اور فروخت کیں جس کے نتیجے میں نیکرو اکنامک چیلنجز کے باوجود مجموعی مارجن کے ساتھ ساتھ آپریٹنگ منافع میں نمایاں بہتری آئی۔ اسی طرح ایس اینڈ ڈی اخراجات بڑھ کر 96.51 ملین روپے تک پہنچ گئے۔ جس کی بنیادی وجہ زیادہ فروخت اور نی او ایل (POL) کی قیمتوں میں تیزی سے اضافے کی وجہ سے فریٹ چارجز میں اضافہ ہے۔

زیر جائزہ مدت (جولائی تا دسمبر 2022ء) میں مالیاتی اخراجات 106.79 ملین روپے ریکارڈ کی گئی ہے۔ جو کہ گزشتہ سال اسی مدت میں 45.07 ملین روپے تھے۔ اس کی بڑی وجہ اسٹیٹ بینک پاکستان کی جانب سے پالیسی ریٹ کی شرح میں نمایاں اضافہ اور زیادہ پیداوار اور فروخت کے اہداف کے حصول کے لیے بینکوں کے قرضوں میں مجموعی طور پر اضافہ ہو سکتا ہے۔

مالیاتی اخراجات منہا کرنے کے بعد عملی اڈنگس منافع بڑھ کر 220.68 ملین روپے ہو گیا جو کہ گزشتہ سال اسی مدت میں 143.38 ملین روپے تھا۔ ٹیکس کوکا لے کے بعد کمپنی نے زیر جائزہ مدت میں 149.51 ملین روپے کا خاص منافع کمایا ہے۔ جو کہ گزشتہ سال اسی مدت میں 104.24 ملین روپے کا خاص منافع حاصل ہوا تھا۔ زیر جائزہ مدت کمپنی نے طویل مدتی قرضوں کی مد میں مبلغ 66.79 ملین روپے واپس کیے ہیں۔ اور کوئی قرضہ زائد اہل یا نہیں ہے۔

### نیکرو اکنامک چیلنجز:

زیر جائزہ مدت کے دوران کمپنی کے کاروبار کو نیکرو اکنامک چیلنجز کا سامنا رہا، جن میں تیل قیمتوں میں اضافے، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، کاروبار سے متعلق مخصوص درآمدی پابندیاں، ٹیکس نظام میں تبدیلیاں اور عالمی ادنیٰ قیمتوں میں اتار چڑھاؤ کے اثرات کی وجہ سے شدید لاکٹ کا پائیدار شامل ہے۔ رواں مالی سال کے آغاز میں متعارف کرائے گئے سخت مالیاتی اقدامات اس مدت میں مزید شدت اختیار کر گئے ہیں جس کی وجہ سے ملک بھر میں اقتصادی سرگرمیوں میں نمایاں کمی آئی ہے۔ غیر ملکی زرمبادلہ کے ذخائر خطرناک حد تک چلی سٹگ ٹک گرنے کے ساتھ صنعتیں یا تھقل کاروباری سرگرمیوں کے لیے درآمد شدہ اجزاء اور مشینری کے پائرس کی فراہمی کو محفوظ بنانے کے لیے جدوجہد کر رہی ہیں۔ توانائی کی بڑھتی ہوئی لاکٹ، بڑھتی ہوئی افراط زر، قرض لینے کی لاکٹ میں اضافہ اور مقامی کرنسی کی قدر میں کمی کے نتیجے میں عام طور پر مینوفیکچرنگ کے شعبے پر نمایاں اثرات مرتب ہوئے۔ ہم ان چیلنجوں سے جلد بازیابی کے لیے دعا گو ہیں۔

### فی شہیر آمدنی:

گزشتہ سال اسی مدت کیلئے بنیادی فی شہیر آمدنی 2.98 روپے کے مقابلے میں زیر جائزہ مدت کی فی شہیر آمدنی 4.27 روپے رپورٹ کی گئی۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کیلئے فی شہیر آمدنی کے کمزور پرنے کے کوئی آثار نہیں ہیں۔

### قریب مدتی منظر نامہ:

پاکستان کی معیشت کو عالمی صورت حال کی وجہ سے بڑھتے ہوئے دباؤ کا سامنا ہے، جو کہ افراط زر کی بلند شرح، جارحانہ مالیاتی سختی اور روپے کی کمزوری کے نتیجے میں پیدا ہونے والی غیر یقینی صورتحال کے ساتھ ساتھ انتہائی نازک ملکی منظر نامے، غیر ملکی زرمبادلہ کے ذخائر میں مشکل ایک ماہ کی درآمدات، بیرونی قرضوں کی اونٹنیوں اور آئی ایم ایف (IMF) کے ساتھ اپنے قرض پروگرام کی بحالی میں تاخیر کی وجہ سے شدید دباؤ کا سامنا کر رہے ہیں۔ زرمبادلہ کے ذخائر میں کمی، بلند شرح سود اور افراط زر کے نتیجے میں پیدا ہونے والے چیلنجز کے ساتھ ساتھ مسلسل تجارتی خسارے نے مومن سون کے ٹیڑھے موٹی سیلاب کے آفرینا کو مزید پیچیدہ بنا دیا۔


خام مال اور ایشیہ کے لیے ایل بی بی کے لیے پریسٹرکشن نے باقاعدگی سے کاروباری سرگرمیوں کو خطرے میں ڈال دیا ہے۔


توقع ہے کہ آئی ایم ایف (IMF) پروگرام کی بحالی، سیاسی استحکام کی بحالی اور دوست ممالک کی حمایت کے ساتھ ساتھ مالیاتی اور بیرونی بفرز کی بحالی کے لیے معیشت کو مستحکم کرنے کے مقصد سے اصلاحات کے مسلسل نفاذ سے معاشی منظر نامہ تھکھیل پائے گا۔ تاہم آئی ایم ایف (IMF) کے قرض پروگرام کی بحالی کے ساتھ ہی افراط زر کی ایک اور لہر توانائی کی بلند قیمتوں، اضافی ٹیکسوں کے نفاذ، مقامی کرنسی کی قدر میں کمی شرح سود میں اضافے اور حکومتی اخراجات میں کمی کی صورت میں متوقع ہے جو طلب میں مزید کمی اور معاشی سست روی کا باعث بن سکتی ہے۔

### استنتاجات:

ڈائریکٹرز تمام اہل ذمہ داروں کے ملازمین کی محنت اور پرتلاش کارکردگی کا اعتراف کرنا چاہتے ہیں اور ان کی لگن اور عزم کی تعریف کرتے ہیں۔ وہ کئی کے سپلائرز، صارفین اور دیگر ذمہ داروں کے مسلسل اعتماد اور حمایت پر بادل سے خراج تحسین پیش کرتے ہیں

بورڈ آف ڈائریکٹرز کی جانب سے

  
احسن سہیل منان  
ڈائریکٹر / کمپنی سیکرٹری

  
طارق رحمان،  
چیف ایگزیکٹو آفیسر  
لاہور: 21 فروری 2023ء





## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS of EMCO INDUSTRIES LIMITED ON REVIEW OF INTERIM FINANCIAL STATEMENTS

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **EMCO INDUSTRIES LIMITED (the Company)** as at December 31, 2022 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 notes to the condensed interim 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.

### 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.

### Other Matter

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, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

The engagement partner on the audit resulting in this independent auditor's review report is Amin Ali.

LAHORE  
Dated: February 21, 2023  
UDIN: RR202210051C2cFzJhQ1

CROWE HUSSAIN CHAUDHURY & CO.  
Chartered Accountants

## CONDENSED INTERIM STATEMENT OF FINANCIAL

Note	(Un-Audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>Share Capital and Reserves</b>		
<b>Authorized share capital</b>		
	40,000,000 (June 30, 2022: 40,000,000) ordinary shares of Rs. 10 each	400,000,000
	Issued, subscribed and paid up capital 35,000,000 (June 30, 2022: 35,000,000) ordinary shares of Rs. 10 each	350,000,000
	Reserves	651,218,305
	Sponsors' loan	115,708,828
	Surplus on revaluation of property, plant and equipment 4	1,515,852,196
		2,632,779,329
<b>Non Current Liabilities</b>		
	Long term financing 5	458,201,173
	Post employment benefits	103,643,728
	Deferred tax liability	224,208,077
	Long term security deposit	719,584
		786,772,562
<b>Current Liabilities</b>		
	Trade and other payables	388,602,987
	Unclaimed dividends	524,915
	Accrued finance cost	61,634,681
	Short term borrowings 6	855,899,560
	Current portion of non-current liabilities	43,314,453
		1,349,976,596
	<b>Contingencies and Commitments</b> 7	-
		4,769,528,487
		4,244,310,093

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Lahore  
February 21, 2023


  
(Tariq Rehman)  
Chief Executive Officer



## POSITION AS AT DECEMBER 31, 2022

Note	(Un-Audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	2,490,530,056	2,398,443,176
Investment properties	84,376,437	84,376,437
Intangible assets	985,545	1,124,919
Long term prepayments and other receivables	9,323,687	31,587,223
Long term loans	1,411,270	1,431,940
Long term deposits	3,751,900	3,751,900
	<b>2,590,378,895</b>	<b>2,520,715,595</b>
<b>Current Assets</b>		
Stores, spares and loose tools	124,747,789	126,248,948
Stock in trade	932,264,895	760,040,464
Trade receivables	939,025,246	624,141,222
Advances, deposits, prepayments and other receivables	71,814,822	127,293,766
Income tax refundable from the Government	72,016,067	70,160,997
Cash and bank balances	39,280,773	15,709,101
	<b>2,179,149,592</b>	<b>1,723,594,498</b>
	<b>4,769,528,487</b>	<b>4,244,310,093</b>

  
(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, 2022

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2022 Rupees	2021 Rupees (Restated)	2022 Rupees	2021 Rupees (Restated)
Revenue		1,817,018,431	1,274,588,658	1,038,680,404	705,331,871
Cost of revenue	9	(1,332,482,949)	(975,293,074)	(732,597,365)	(564,030,283)
<b>Gross Profit</b>		484,535,482	299,295,584	306,083,039	141,301,588
Administrative expenses		(60,811,436)	(50,279,601)	(30,376,209)	(24,818,913)
Selling and distribution expenses		(35,696,035)	(26,236,584)	(21,706,163)	(18,033,006)
		(96,507,471)	(76,516,185)	(52,082,372)	(42,851,919)
<b>Operating Profit</b>		388,028,011	222,779,399	254,000,667	98,449,669
Other operating expenses		(71,586,258)	(48,997,353)	(45,729,354)	(20,858,421)
Other income		11,033,393	14,672,475	3,865,658	5,866,034
Finance cost		(106,792,562)	(45,073,593)	(60,020,172)	(25,772,196)
<b>Profit before Taxation</b>		220,682,584	143,380,928	152,116,799	57,685,086
Taxation		(71,173,903)	(39,139,633)	(48,932,213)	(14,781,492)
<b>Net Profit for the Period</b>		149,508,681	104,241,295	103,184,586	42,903,594
<b>Earnings per Share - Basic and Diluted</b>		4.27	2.98	2.95	1.23

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Lahore  
February 21, 2023

  
(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, 2022

	Half Year Ended December 31,		Quarter Ended December 31,	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Net profit for the period	149,508,681	104,241,295	103,184,586	42,903,594
Other comprehensive income				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified to profit or loss	-	-	-	-
Total comprehensive income for the period	149,508,681	104,241,295	103,184,586	42,903,594

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
Lahore  
February 21, 2023  
(Tariq Rehman)  
Chief Executive Officer

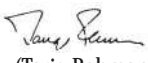
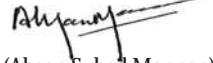

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

Particulars	Issued, Subscribed and Paid up Capital Rupees	Capital Share Premium Reserve Rupees	Reserves Revenue		Total Reserves Rupees	Sponsors' Loan Rupees	Surplus on revaluation of property, plant and equipment Rupees	Total Rupees
			General Reserve Rupees	Unappropriated Profit Rupees				
Balance as at June 30, 2021	350,000,000	39,898,526	90,000,000	173,093,613	302,992,139	115,708,828	1,302,397,360	2,071,098,327
Net profit for the period	-	-	-	104,241,295	104,241,295	-	-	104,241,295
Other comprehensive income for the period	-	-	-	-	-	-	-	-
<b>Total Comprehensive income for the period</b>	-	-	-	104,241,295	104,241,295	-	-	104,241,295
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment-net	-	-	-	10,432,806	10,432,806	-	(10,432,806)	-
Payment of final dividend for the year ended June 30, 2021	-	-	-	(35,000,000)	(35,000,000)	-	-	(35,000,000)
Effect of change in effective tax rate	-	-	-	-	-	-	61,548	61,548
<b>Balance as at December 31, 2021</b>	<b>350,000,000</b>	<b>39,898,526</b>	<b>90,000,000</b>	<b>252,767,714</b>	<b>382,666,240</b>	<b>115,708,828</b>	<b>1,292,026,102</b>	<b>2,140,401,170</b>
Balance as at June 30, 2022	350,000,000	39,898,526	90,000,000	375,213,472	505,111,998	115,708,828	1,535,459,273	2,506,280,099
Net profit for the period	-	-	-	149,508,681	149,508,681	-	-	149,508,681
Other comprehensive income for the period	-	-	-	-	-	-	-	-
<b>Total Comprehensive income for the period</b>	-	-	-	149,508,681	149,508,681	-	-	149,508,681
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net	-	-	-	14,097,626	14,097,626	-	(14,097,626)	-
Payment of final dividend for the year ended June 30, 2022	-	-	-	(17,500,000)	(17,500,000)	-	-	(17,500,000)
Effect of change in effective tax rate	-	-	-	-	-	-	(5,509,451)	(5,509,451)
<b>Balance as at December 31, 2022</b>	<b>350,000,000</b>	<b>39,898,526</b>	<b>90,000,000</b>	<b>521,319,779</b>	<b>651,218,305</b>	<b>115,708,828</b>	<b>1,515,852,196</b>	<b>2,632,779,329</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

 (Tariq Rehman) Chief Executive Officer	 (Ahsan Suhail Mannan) Director	 (Riaz Ahmed) Chief Financial Officer
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## CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half Year Ended December 31,	
	2022 Rupees	2021 Rupees
Profit before taxation	220,682,585	143,380,928
Adjustment for:		
- Depreciation	65,179,555	47,511,849
- Depreciation on right of use assets	1,324,296	1,324,296
- Amortization	139,374	139,372
- Provision for gratuity	14,565,696	9,755,934
- Workers' (profit) participation fund	12,066,187	7,702,954
- Workers' welfare fund	4,679,889	2,975,190
- Amortisation of government grant	(187,949)	(856,331)
- Interest on lease liabilities	437,556	437,556
- Gain on disposal of PPE	(1,306,031)	-
- Liabilities written back	(138,498)	(628,634)
- Provision for long term recoverable from employees	6,000,000	-
- Exchange gain	(1,280,871)	(561,591)
- Unwinding of liabilities	9,568,408	7,871,495
- Finance cost	106,355,006	36,764,542
	217,402,618	112,436,632
Operating profit before working capital changes	438,085,202	255,817,560
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	1,501,159	(7,036,738)
- Stock in trade	(172,224,431)	(31,971,388)
- Trade receivables	(313,603,153)	(109,561,310)
- Advances, deposits, prepayments and other receivables	50,822,209	(14,790,671)
Decrease in current liabilities:		
- Trade and other payables	45,583,606	(31,126,873)
	(387,920,610)	(194,486,980)
Cash generated from operations	50,164,592	61,330,580
Changes in long term prepayments and other receivables	21,015,581	1,745,474
Finance cost paid	(84,172,705)	(29,380,918)
Gratuity paid	(1,937,614)	(868,507)
Payments against discontinued provident fund	(41,524)	(542,116)
Workers' Profit Participation Fund paid	(15,242,142)	(15,041,244)
Income tax paid / withheld	(79,095,654)	(22,194,736)
	(180,489,639)	(68,027,521)
Net cash used in operating activities	(109,309,466)	(4,951,467)

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half Year Ended December 31,	
	2022 Rupees	2021 Rupees
<b>Cash flows from investing activities</b>		
Additions in property plant and equipment	(92,678,279)	(36,836,317)
Additions in CWIP	(66,086,421)	-
Long term loans - net	(74,640)	(586,260)
Proceeds from disposal of property, plant and equipment	1,480,000	-
<b>Net cash used in investing activities</b>	<b>(157,359,340)</b>	<b>(37,422,577)</b>
<b>Cash flows from financing activities</b>		
Repayment of long term financing	(64,545,511)	(60,364,077)
Repayment of lease liabilities	(1,588,278)	(1,631,502)
Proceeds from long term financing	208,395,362	88,670,067
Dividend paid	(17,500,406)	(35,000,000)
Short term borrowings - net	165,479,311	25,577,175
<b>Net cash generated from financing activities</b>	<b>290,240,478</b>	<b>17,251,663</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>23,571,672</b>	<b>(25,122,381)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>15,709,101</b>	<b>40,625,857</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>39,280,773</b>	<b>15,503,476</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Lahore  
February 21, 2023

  
(Tariq Rehman)

Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer





## NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

### 1 THE COMPANY AND ITS OPERATIONS

EMCO Industries Limited ("the Company") was incorporated as a Joint Stock Company in Pakistan under the repealed 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. The Company is domiciled in Pakistan and its registered office is located at 4th Floor, National Tower, 28 Egerton Road, Lahore, while its factory is located at 19-KM, Lahore Sheikhpura Road, Lahore.

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

### 2 BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2022. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2022 whereas comparative statement of profit or loss account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the half year ended December 31, 2021.

2.3 These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under section 23 of the Companies Act, 2017. 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, 2022.

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 methods of computation adopted in the preparation of these condensed interim (un-audited) financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2022.

	Note	(Un-audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
<b>4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Land - Freehold		903,427,276	903,427,276
Buildings on freehold land		316,212,903	343,902,158
Plant and machinery		315,819,094	338,375,950
		1,535,459,273	1,585,705,384
Effect of change in effective tax rates		(5,509,451)	(28,049,769)
Incremental depreciation charged on revalued property, plant and equipment in current period-net of deferred tax (transferred to retained earnings)		(14,097,626)	(22,196,342)
		1,515,852,196	1,535,459,273
<b>5. LONG TERM FINANCING</b>			
Banking companies - secured			
Standard Chartered Bank (Pakistan) Limited		9,015,756	23,426,113
Unwinding of interest		-	(1,402,410)
		9,015,756	22,023,703
Habib Bank Limited		-	13,574,010
Less: Deferred income - Government Grant	5.1	-	(187,949)
		-	13,386,061
The Bank of Punjab Limited		132,520,173	37,009,635
Habib Bank Limited		68,930,250	56,316,750
Askari Bank Limited		135,983,452	58,252,682
Saudi Pak Industrial and			
Agricultural Investment Company Limited		71,304,349	78,434,783
First Habib Modaraba - Diminishing Musharakah		30,279,375	26,357,480
		448,033,355	291,781,094



	(Un-audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
<b>Associated companies / related parties - unsecured</b>		
EMCO Industries Limited Provident Fund	60,629,818	71,629,818
Discounting / unwinding of discount	(9,089,063)	(17,255,061)
	51,540,755	54,374,757
	499,574,110	346,155,851
Less: current portion - banking companies	(41,372,937)	(54,915,328)
	458,201,173	291,240,523

- 5.1 This represents deferred grant recognized in line with Guideline issued by the Institute of Chartered Accountants of Pakistan "Accounting considerations for lenders and borrowers under the State Bank of Pakistan introduced Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns."

	(Un-audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
<b>6. SHORT TERM BORROWINGS</b>		
<b>Interest bearing</b>		
Banking companies - secured	621,791,100	547,393,367
- Running finances	246,648,152	198,947,833
- Export and import finances	375,142,948	348,453,033
	621,791,100	547,400,866
Related parties - unsecured:		
- Associated company - ICC (Private) Limited	80,750,000	80,750,000
- Directors and close relatives thereof	81,441,999	-
	162,191,999	80,750,000
	783,983,099	628,143,367
<b>Interest free</b>		
Related parties - unsecured:		
- Directors and close relatives thereof	52,539,736	42,900,157
Associated company		
- Associated Engineers (Private) Limited	16,761,033	16,761,033
- The Imperial Electric Company (Private) Limited	2,615,692	2,615,692
	71,916,461	62,276,882
	855,899,560	690,420,249

## 7 CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

There is no material change in the status of contingencies as reported in financial statements of the Company for the year ended June 30, 2022.

### 7.2 Commitments

- Letters of credit other than for capital expenditure amount to Rs. 135.96 million (June 30, 2022: Rs. 110.51 million).
- Letters of credit for capital expenditure amount to Rs. 362.65 million (June 30, 2022: Rs. 322.93 million).
- Commitments for future minimum payments in respect of Ijarah and Diminishing Musharka arrangements are as follows:

	(Un-audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
Not later than one year	6,088,944	9,484,271
Later than one year but not later than five years	25,435,079	31,996,120
Later than five years	-	-
	<u>31,524,023</u>	<u>41,480,391</u>

	Note	(Un-audited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	2,346,428,930	2,243,524,632
Right of use assets		1,162,410	2,486,706
Capital work in progress		142,938,716	152,431,838
		<u>2,490,530,056</u>	<u>2,398,443,176</u>
<b>8.1 Operating fixed assets</b>			
Opening written down value		2,243,524,632	1,882,605,192
Additions during the period / year		168,257,822	98,187,943
Disposal during the period / year		(173,969)	(57,082)
Revaluation adjustment		-	361,686,965
		<u>2,411,608,485</u>	<u>2,342,423,018</u>
Depreciation charge for the period / year		(65,179,555)	(98,898,386)
		<u>2,346,428,930</u>	<u>2,243,524,632</u>



## 9. COST OF REVENUE

	Half Year Ended December 31,		Quarter Ended December 31,	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Raw and packing materials consumed	738,539,293	463,891,351	458,811,461	286,295,372
Salaries, wages and benefits	238,524,106	172,718,696	125,753,609	88,156,534
Power and gas	296,079,622	152,682,432	145,905,661	83,887,535
Stores and spares consumed	67,497,132	38,666,940	40,080,162	24,650,106
Testing and inspection	38,817,875	24,441,459	28,054,652	13,924,398
Travelling and conveyance	49,116,030	35,216,863	30,028,371	17,673,881
Rent, rates and taxes	648,370	1,168,289	275,824	536,320
Repairs and maintenance	4,080,090	2,124,248	1,800,833	772,590
Entertainment	901,419	1,166,400	386,182	645,916
Insurance	3,480,882	2,334,170	2,378,866	1,174,448
Ijarah rentals	2,700,019	1,257,537	1,418,804	516,903
Communication and stationery	1,119,078	1,025,538	450,612	411,973
Vehicle maintenance	259,112	261,075	125,284	115,920
Miscellaneous	223,356	358,854	109,810	141,398
Depreciation	64,701,891	47,223,661	34,089,750	24,193,231
	1,506,688,275	944,537,513	869,669,881	543,096,525
<b>Work in process</b>				
- Opening work in process	97,223,799	85,445,820	108,853,863	86,455,366
- Closing work in process	(119,181,137)	(87,563,242)	(119,181,137)	(87,563,242)
	(21,957,338)	(2,117,422)	(10,327,274)	(1,107,876)
<b>Cost of goods manufactured</b>	1,484,730,937	942,420,091	859,342,607	541,988,649
<b>Finished goods</b>				
- Opening finished goods	223,917,718	205,731,863	249,420,464	194,900,514
- Closing finished goods	(376,165,706)	(172,858,880)	(376,165,706)	(172,858,880)
	(152,247,988)	32,872,983	(126,745,242)	22,041,634
	1,332,482,949	975,293,074	732,597,365	564,030,283

## 10. TRANSACTION WITH RELATED PARTIES

Related parties comprise associated 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. These are un-secured 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:

Transactions during the year			(Un-audited) December 31, 2022 Rupees	(Un-audited) December 31, 2021 Rupees
Related party	Relationship	Nature of transaction		
EMCO Industries Limited Provident Fund	Associated undertaking	Principal amount repaid	11,000,000	18,000,000
		Short term borrowing obtained	90,000,000	-
		Short term borrowing repaid	90,000,000	-
The Imperial Electric Company (Private) Limited	Associated company	Interest expense on lease liabilities	437,556	437,556
		Repayment of lease liability	1,588,278	1,631,502
		Other expense	-	161,346
ICC (Private) Limited	Associated company	Short term borrowings repaid	-	75,000,000
		Markup on short term borrowings	7,256,306	6,602,931
		Markup paid on short term borrowings	-	3,915,856
		Payment made on behalf of Company	356,500	972,395
		Payment received from the Company	350,662	1,148,892
		Short term borrowings obtained (Note 10.1)	182,242,000	140,495,586
		Short term borrowings repaid (Note 10.1)	91,160,421	106,495,586
Directors and close family members	Associated persons	Markup on short term borrowings	2,291,916	809,510
		Markup on short term borrowings paid	1,138,254	620,540
		Long term loans recovered	60,000	60,000

**10.1** One of the directors has arranged personal finance line of Rs. 50 million and Rs. 31.5 million from two banks for the purpose of extending short term borrowings to the Company. During the half year ended December 31, 2022, the Company obtained short term borrowings from the director through his aforesaid personal finance line. The borrowed amounts were repaid and then borrowed again multiple times during the half year, by rotating the said finance line. The maximum amount outstanding towards the said director during the half year ended December 31, 2022 was Rs. 81.44 million.



Outstanding Balance as at the year end		December 31, 2022 (Un-audited) Rupees	June 30, 2022 (Audited) Rupees
Associated Engineers (Private) Limited	Sponsor loan - interest free	10,574,414	10,574,413
	Short term Borrowing - interest Free	16,761,033	16,761,034
	Mark-up on long term financing	6,391,541	6,391,541
EMCO Industries Limited Provident Fund	Long term financing	60,629,818	71,629,818
The Imperial Electric Company (Private) Limited	Short term Borrowing - interest Free	2,615,692	2,615,692
	Markup on long term financing	2,343,326	2,343,326
	Payable against Rent	1,809,605	2,960,327
	Payable Against Expense	1,903,889	-
	Other payable	-	1,060,115
ICC (Private) Limited	Short term borrowing - interest bearing	80,750,000	80,750,000
	Markup on borrowing	14,511,151	9,504,845
	Advance given	49,953	55,791
Directors and close family members	Sponsors' loan	115,708,829	115,708,828
	Short term borrowing	133,981,735	42,900,157
	Markup on short term borrowing	2,199,842	1,046,180
Executive / Key Management personnel	Long Term Loan Receivable	400,000	460,000

## 11 SEGMENT REPORTING

There is only one reportable segment of the Company.

## 12 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited financial statements for the year ended June 30, 2022.

## 13 DATE OF AUTHORIZATION FOR ISSUE

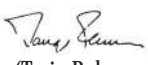
These condensed interim financial statements (un-audited) is approved by the Board of Directors of the Company for issuance on February 21, 2023.

## 14 GENERAL


Corresponding figures are rearranged / reclassified for better presentation and comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	2021 Rupees
Late delivery charges / liquidity damages	Revenue	Other operating expenses	37,545,209

The above mentioned re-arrangement / reclassification does not have any impact on the profitability of the Company, or on the statement of financial position, statement of other comprehensive income, statement of cash flows or statement of changes in equity.

Lahore  
February 21, 2023  
  
(Tariq Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

## **BOOK POST**

**UNDER POSTAL CERTIFICATE**



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**Factory:**

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