

## *DIRECTORS' REPORT*

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present Un audited financial statement of the Company for the third quarter ended March 31, 2011.

Sales for the period under review is Rs.1,383 million as compared to Rs.1,260 million resulting an increase of 9%. Your company has suffered post tax loss of Rs.40.033 million as compared to net loss after tax of Rs.111.658 million in the same period last year. This loss may be attributed to bad economic condition prevailing in the country coupled with huge gas and electricity load shedding.

The key highlights of the nine months under review and plant wise performance are as under:

### Insulator Plant

The loss from operation is Rs.4.554 million in this period as compared to operating loss of Rs.45.158 million for the same period last year. Average monthly production has increased from 289 tons to 392 tons against the corresponding period. Keeping in view the orders in hand we expect improvement in results in subsequent quarter.

### Wall Tile

The operating profit from operation is Rs.119.64 million as compared to operating profit of Rs. 66.597 million over the same period last year. The net sales have increased from Rs. 642.257 million to Rs.706.419 million over the same period last year. The average monthly production of wall tile plant has decreased from 227,992 M<sup>2</sup> to 221,299 M<sup>2</sup>. We are expecting improvement in the operating results of this division in coming quarter.

### Floor Tile

The operating loss of this plant is Rs.17.426 million as compared to operating profit of Rs.6.916 million from the correspondence period. The average monthly production of this plant has decreased from 62,890 M<sup>2</sup> to 53,993 M<sup>2</sup>. We are expecting improvement in the operating results of this division in coming quarter.

The directors are thankful to our valued customers, dealers, financial institutions and other stakeholders. The hard work of all employees is recognized and appreciated.

On behalf of Board

  
(Haris Noorani)  
Director

April 29, 2011  
Lahore

## *CONDENSED INTERIM BALANCE SHEET*

	Note	March 31, 2011 Rupees	June 30, 2010 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized capital 40,000,000 (June 2010: 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 2010: 35,000,000) ordinary shares of Rs 10 each		350,000,000	350,000,000
Reserves		129,898,526	129,898,526
Accumulated loss		(442,415,958)	(416,266,572)
		37,482,568	63,631,954
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		437,446,587	451,328,383
<b>NON-CURRENT LIABILITIES</b>			
Long term loans from directors - unsecured		74,071,000	74,070,569
Long term loans and liabilities	4	288,330,513	310,994,443
Liabilities against assets subject to finance lease		7,944,659	12,509,506
Deferred liabilities		29,153,556	28,908,012
Deferred Tax		30,514,947	41,760,854
		430,014,675	468,243,384
<b>CURRENT LIABILITIES</b>			
Current portion of			
- Long term loans and liabilities	4	157,397,681	158,990,103
- Liabilities against assets subject to finance lease		6,377,509	6,134,163
Short term loans from related parties-unsecured		146,790,000	23,457,894
Finances under mark up arrangements - secured		520,967,342	561,963,103
Trade and other payables		282,411,381	361,002,377
Accrued mark-up on loans and other payables		60,339,977	89,005,374
		1,174,283,890	1,200,553,014
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
		2,079,227,719	2,183,756,735

The annexed notes 1 to 13 form an integral part of the condensed interim financial information

Statement under section 241(2) of the Companies Ordinance, 1984

In the absence of Mr. Tariq Rehman, the Chief Executive Officer of the company who is for the time being not in Pakistan, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement have been signed by the following directors.

Lahore  
April 29, 2011

  
(Suhail Mannan)  
Director

*(UN-AUDITED) AS AT MARCH 31, 2011*

	Note	March 31, 2011 Rupees	June 30, 2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,162,696,270	1,209,669,615
Assets subject to finance lease		20,735,715	24,116,711
Intangible Assets		2,784,963	3,010,770
Capital work in progress		5,172,492	7,265,466
Long term deposits		4,288,678	3,577,378
Long term loans		3,497,466	3,639,190
		1,199,175,584	1,251,279,130
CURRENT ASSETS			
Stores, spares and loose tools		114,167,398	124,288,795
Stock-in-trade		380,968,855	346,808,267
Trade debts		298,628,427	337,709,771
Loans, advances, deposits, prepayments and other receivables		30,506,823	36,140,996
Taxation - net		40,353,503	36,521,475
Cash and bank balances		15,427,129	51,008,301
		880,052,136	932,477,605
		2,079,227,719	2,183,756,735

  
(Haris Noorani)  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**(UN-AUDITED)**

FOR THE THIRD QUARTER ENDED MARCH 31, 2011

	Notes	January to March		July to March	
		2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
Sales		467,895,754	344,069,135	1,382,899,822	1,260,377,700
Cost of goods sold	7	(363,273,344)	(359,180,451)	(1,130,012,202)	(1,098,255,523)
Gross profit		104,622,410	(15,111,316)	252,887,620	162,122,177
Administration expenses		(14,377,671)	(11,010,862)	(46,441,104)	(47,468,158)
Distribution and selling costs		(41,402,018)	(27,194,256)	(108,960,605)	(86,299,139)
Other operating expenses		(240,969)	(1,997)	(6,814,826)	(3,004,817)
		(56,020,658)	(38,207,115)	(162,216,535)	(136,772,114)
		48,601,752	(53,318,431)	90,671,085	25,350,063
Other operating income		812,424	1,378,101	3,945,840	3,031,022
Profit from operations		49,414,176	(51,940,330)	94,616,925	28,381,085
Finance cost		(43,120,544)	(41,051,233)	(133,498,868)	(132,770,779)
(Loss) / Profit before taxation		6,293,632	(92,991,563)	(38,881,943)	(104,389,694)
Taxation		(4,678,958)	(1,542,646)	(1,149,195)	(7,268,492)
(Loss) / Profit after taxation		1,614,674	(94,534,209)	(40,031,138)	(111,658,186)
(Loss) / Earnings per share - Basic and diluted		0.05	(2.70)	(1.14)	(3.19)

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

In the absence of Mr. Tariq Rehman, the Chief Executive Officer of the company who is for the time being not in Pakistan, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement have been signed by the following directors.

Lahore  
April 29, 2011

  
(Suhail Mannan)  
Director

  
(Haris Noorani)  
Director

***CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)***

FOR THE THIRD QUARTER ENDED MARCH 31, 2011

	January to March		July to March	
	2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
(Loss) / Profit after taxation	1,614,674	(94,534,209)	(40,031,138)	(111,658,186)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	1,614,674	(94,534,209)	(40,031,138)	(111,658,186)

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In the absence of Mr. Tariq Rehman, the Chief Executive Officer of the company who is for the time being not in Pakistan, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement have been signed by the following directors.

Lahore  
April 29, 2011



(Suhail Mannan)  
Director



(Haris Noorani)  
Director

**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UN-AUDITED)**

FOR THE THIRD QUARTER ENDED MARCH 31, 2011

	Share Capital Rupees	Share Premium Rupees	General Reserve Rupees	Accumulated Loss Rupees	Total Rupees
Balance as on June 30, 2009	350,000,000	39,898,526	90,000,000	(361,357,337)	118,541,189
(Loss) for the period	-	-	-	(17,123,977)	(17,123,977)
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:					
- Incremental depreciation for the period	-	-	-	8,371,611	8,371,611
Balance as on December 31, 2009	350,000,000	39,898,526	90,000,000	(370,109,703)	109,788,823
(Loss) for the period	-	-	-	(54,620,915)	(54,620,915)
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:					
- Incremental depreciation for the period	-	-	-	8,464,046	8,464,046
Balance as on June 30, 2010	350,000,000	39,898,526	90,000,000	(416,266,572)	63,631,954
(Loss) for the period	-	-	-	(40,031,138)	(40,031,138)
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:					
- Incremental depreciation for the period	-	-	-	13,881,753	13,881,753
Balance as on March 31, 2011	350,000,000	39,898,526	90,000,000	(442,415,957)	37,482,569

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

In the absence of Mr. Tariq Rehman, the Chief Executive Officer of the company who is for the time being not in Pakistan, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement have been signed by the following directors.

Lahore  
April 29, 2011

  
(Suhail Mannan)  
Director

  
(Haris Noorani)  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT**  
**(UN-AUDITED)**

FOR THE THIRD QUARTER ENDED MARCH 31, 2011

	Notes	March 31, 2011 Rupees	March 31, 2010 Rupees
Cash flow from operating activities			
Cash generated from operations	9	118,458,997	110,857,144
Financial cost paid		(162,164,265)	(123,888,281)
Taxes paid		(16,227,176)	(17,602,380)
Gratuity paid		(6,743,057)	(1,119,562)
Net cash (used in)/from operating activities		(66,675,501)	(31,753,079)
Cash flow from investing activities			
Fixed capital expenditure		(22,095,019)	(2,855,974)
Net (increase)/decrease in long-term loans and other receivables		141,724	(371,370)
Net (increase)/decrease in long-term deposits and prepayments		(711,300)	900,233
Net cash used in investing activities		(22,664,595)	(2,327,111)
Cash flow from financing activities			
Net (decrease)/increase in long term loans from directors		431	(500,000)
Net increase/(decrease) in long term loans and liabilities		(24,256,352)	(12,189,337)
Net (decrease)/increase in short term loans from directors		123,332,106	45,104,033
Repayment of finance lease liabilities		(4,321,501)	(5,658,922)
Net cash from financing activities		94,754,684	26,755,774
Net (decrease)/increase in cash and cash equivalents		5,414,587	(7,324,416)
Cash and cash equivalents at the beginning of the year	10	(510,954,800)	(499,468,929)
Cash and cash equivalents at the end of the period		(505,540,213)	(506,793,345)

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Statement under section 241(2) of the Companies Ordinance, 1984

In the absence of Mr. Tariq Rehman, the Chief Executive Officer of the company who is for the time being not in Pakistan, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement have been signed by the following directors.

Lahore  
April 29, 2011

  
(Suhail Mannan)  
Director

  
(Haris Noorani)  
Director

***SELECTED NOTES TO CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)***

FOR THE THIRD QUARTER ENDED MARCH 31, 2011

1. These financial statements are being submitted to the shareholders in accordance with the requirements of the Companies Ordinance, 1984.
2. The accounting policies adopted for the preparation of these nine months financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2010.
3. These accounts have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting".

	March 31, 2011 Rupees	June 30, 2010 Rupees
4. Long term loans and liabilities		
Secured loans		
- Local currency loans	243,265,116	310,432,614
Unsecured loans from		
- Associated companies	15,951,139	15,951,139
Other payables		
- Payable to provident fund	186,511,939	143,600,793
	445,728,194	469,984,546
Less: Current portion shown under current liabilities		
- Secured loans	132,412,681	121,750,805
- Payable to provident fund	24,985,000	37,239,298
	157,397,681	158,990,103
	288,330,513	310,994,443
5. Property, plant and equipment		
Opening book value	1,209,669,615	1,160,830,877
Add: Additions during the period (note 5.1)	22,104,740	36,811,682
Transfers in during the period	3,354,471	17,131,308
Surplus on revaluation during the period (note 5.2)	-	84,122,069
	1,235,128,826	1,298,895,936
Less: Disposals during the period (at book value)	-	745,589
Depreciation charged during the period	72,432,556	88,328,553
Adjustments	-	152,179
	72,432,556	89,226,321
	1,162,696,270	1,209,669,615
5.1 Additions during the period		
Building on freehold land	3,080,000	10,279,586
Plant and machinery	17,731,128	25,638,424
Office equipment	1,249,124	812,217
Furniture and fixtures	44,488	21,800
Vehicles	-	59,655
	22,104,740	36,811,682



	March 31, 2011 Rupees	June 30, 2010 Rupees
5.2 Surplus on revaluation during the period		
Free hold land	-	7,594,000
Building on freehold land	-	47,593,155
Plant & Machinery	-	28,934,914
	-	84,122,069

6. Contingencies and commitments

6.1 Contingencies

There has been no material change in contingencies since last audited annual financial statements.

6.2 Commitments in respect of

(i) Letters of credit other than capital expenditure Rs. 50.09 million (June 2010: Rs. 56.69 million).

(ii) Bank guarantees amounting to Rs. 132.254 million (June 2010: Rs. 185.755 million).

7. Cost of goods sold

	January to March		July to March	
	2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
Raw and packing materials consumed	155,695,109	131,817,698	472,610,197	472,552,473
Stores and spares consumed	23,103,577	21,378,321	65,852,375	75,288,721
Salaries, wages and benefits	68,362,237	55,252,605	201,174,438	175,546,885
Power & Gas	112,181,091	68,321,224	293,271,021	223,386,215
Depreciation	23,599,769	20,497,220	70,799,307	64,140,511
Depreciation of leased assets	329,271	575,925	987,815	1,960,038
Vehicle maintenance	148,272	141,380	432,601	361,634
Repair & maintenance	809,915	1,245,506	4,975,193	4,250,086
Insurance	945,432	809,386	2,789,080	2,061,456
Communication and stationery	625,245	469,521	1,664,138	1,417,207
Rent, rates and taxes	3,240,255	3,242,125	11,421,919	10,700,927
Travelling and conveyance	1,462,633	989,245	4,267,708	3,161,939
Provision for obsolete stock	-	-	1,078,699	883,189
Others	4,762,726	1,339,679	10,593,587	5,579,118
	395,265,532	306,079,834	1,141,918,078	1,041,290,398
Opening work in process	42,021,021	39,861,431	37,514,097	26,962,783
Less: Closing work in process	(40,862,121)	(38,233,594)	(40,862,121)	(38,233,594)
	1,158,900	1,627,837	(3,348,024)	(11,270,811)
Cost of goods produced	396,424,432	307,707,671	1,138,570,055	1,030,019,587
Opening stock of finished goods	151,626,518	235,010,601	176,219,756	251,908,976
	548,050,950	542,718,272	1,314,789,811	1,281,928,563
Less: Closing stock of finished goods	(184,777,609)	(183,744,740)	(184,777,609)	(183,744,740)
	363,273,341	358,973,532	1,130,012,201	1,098,183,823
Cost of goods sold - purchased for resale	-	206,920	-	71,701
	363,273,341	359,180,452	1,130,012,201	1,098,255,524

8. Segment Information	Insulator		Wall Tile		Floor Tile		Total	
	July to March 2011 Rupees	June 30, 2010 Rupees	July to March 2011 Rupees	June 30, 2010 Rupees	July to March 2011 Rupees	June 30, 2010 Rupees	July to March 2011 Rupees	June 30, 2010 Rupees
Segment revenue - external	507,774,056	441,158,591	706,420,721	642,256,708	168,705,045	185,805,224	1,382,899,822	1,269,220,523
Segment result from operations	(4,554,246)	(45,158,053)	119,465,586	66,597,380	(17,425,429)	6,915,556	97,485,911	28,354,883
8.1 Inter segment pricing There are no inter segment sales.								
8.2 Segment assets Segment assets Unallocated assets	867,622,694	937,855,980	897,372,341	890,139,370	242,068,669	221,863,275	2,007,063,704	2,049,858,625
							159,389,669	133,898,110
							2,166,453,373	2,183,756,735
8.3 Segment liabilities Segment liabilities Unallocated liabilities	141,205,691	180,501,189	90,371,642	115,520,761	50,834,049	64,980,428	282,411,381	361,002,378
							1,321,887,184	1,307,794,020
							1,604,298,565	1,668,796,398
Capital expenditure	11,365,553	1,647,424	8,561,293	784,941	2,177,895	423,609	22,104,740	2,855,974
							22,104,740	2,855,974
Depreciation	19,478,825	21,689,986	41,696,403	35,239,487	9,624,080	8,987,876	70,799,307	65,917,349
Depreciation of leased assets	42,129	1,287,240	761,738	1,051,820	183,948	571,361	987,815	2,910,421
							71,787,122	68,827,770

	July to March	
	2011 Rupees	2010 Rupees
9. Cash generated from operations		
(Loss)/Profit before taxation	(38,881,943)	(104,389,694)
Add:		
Depreciation	72,432,556	65,694,329
Depreciation of leased assets	2,109,778	2,910,420
Amortization of intangibles	225,807	223,020
Provision for gratuity	6,988,601	3,849,130
Loss/(Gain) on sale of fixed assets	-	-
Financial charges	133,498,868	132,770,779
	215,255,610	205,447,678
Profit before working capital changes	176,373,667	101,057,984
Effect on cash flow due to working capital changes:		
- (Increase)/decrease in stores and spares	10,121,397	(11,523,242)
- (Increase)/decrease in stock in trade	(34,160,588)	67,356,681
- (Increase)/decrease in trade debts	39,081,344	(28,191,679)
- (Increase)/decrease in loans, advances, deposits, prepayments and other receivables	5,634,173	(8,669,958)
- Increase/(decrease) in creditors, accrued and other liabilities	(78,590,996)	(9,172,642)
	(57,914,670)	9,799,160
	118,458,997	110,857,144
10. Cash and cash equivalents		
Cash and bank balances	15,427,129	10,866,192
Finances under mark-up arrangements - secured	(520,967,342)	(517,659,536)
	(505,540,213)	(506,793,344)
11. Transaction with related parties		
Sale of goods	-	516,038
Goods purchased	320,487	1,687,469
Services received	262,924	1,088,407
Proceeds from Short Term Borrowing	123,000,000	55,350,000
Short Term Borrowing repaid	33,667,894	10,184,278
Mark-up on long term loans	588,403	17,761,484
Rent Paid	4,500,000	4,500,000

12. Date of authorization for issue  
These financial statements were authorised for issue on April 29, 2011 by the Board of Directors of the company.

13. Corresponding figures  
Corresponding figures have been rearranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

Statement under section 241(2) of the Companies Ordinance, 1984

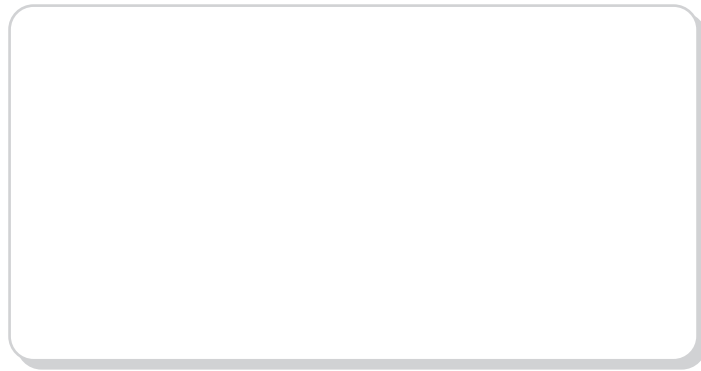
In the absence of Mr. Tariq Rehman, the Chief Executive Officer of the company who is for the time being not in Pakistan, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement have been signed by the following directors.

Lahore  
April 29, 2011

  
(Suhail Mannan)  
Director

  
(Haris Noorani)  
Director

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