



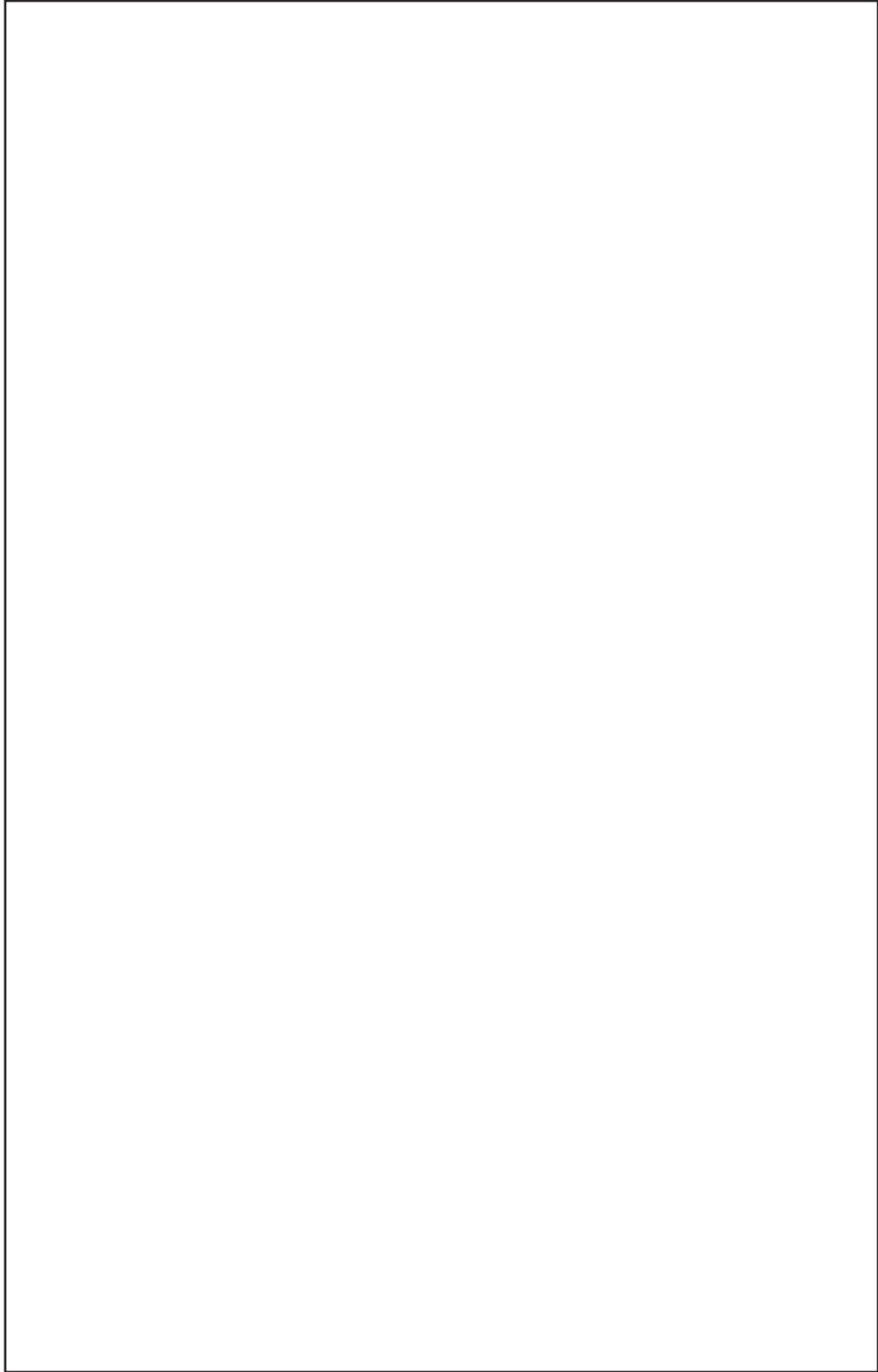
REPORT & ACCOUNTS

(UN-AUDITED)

FOR THE NINE MONTHS ENDED

MARCH 31, 2015

EMCO INDUSTRIES LIMITED





DIRECTORS' REVIEW

Dear Shareholders

On behalf of the Board of Directors, I present Unaudited financial statement of the Company for the Third quarter ended March 31, 2015.

In view of the limited supply of gas to Punjab industrial sector, the Tile Division of the company has remained closed since January 2014. However the depreciation on the plant is fully charged related to the period under review in compliance with the IFRS.

Sale for the period under review was driven entirely by the Insulator Division and recorded at Rs. 494.70 Million as compared to sale of Rs. 236.66 Million by Insulator Division and 483.31 Million by Tile Division for the corresponding period. Your company has incurred after tax consolidated loss of Rs. 86.41 million as compared to net loss after tax of Rs. 133.32 million in the same period last year. The reported loss also includes full depreciation of 44.01 million of tile division for the period under review.

Whilst company management has taken strong steps to reduce the overheads relating to the Tile plant, some administrative overheads and financial cost attributed to the tile division continue to be borne by the company, the burden of which has been transferred to the Insulator plant. Operational profit from the Insulator plant is on an upward trajectory and continues to support the overhead burden of the entire company.

Company continues to re-align its vision and strengthen its focus on the Insulator Division and operational results will continue to improve in the near future - InshAllah.

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

Insulator Plant Operation

Demand for the company's Insulators remained strong during the current period, which has reduced the consolidated loss from operation to Rs. 80.30 Million in the period under review from Rs. 143.42 Million for the corresponding period last year despite bearing some of administrative overheads of Tile plant.

Given the reallocation of resources to the Insulator Division, average monthly production showed a strong improvement from 101.34 tons of last comparative period to 242.19 tons for the period under review. Sales for the period also doubled from Rs.236.67 Million to Rs.494.70.

Major investment in the energy infrastructure in Pakistan is generating significant demand for Insulators within the country. Simultaneously, the company has successfully cleared international product certification and testing for its major products during the period under review. We foresee that with the current orders in hand and future demand the company will see a significant improvement in the result of the company in the near future.

Tile Plant Operation

Operations were kept suspended as stated above during the period. The decision for operation is under review based on availability of natural gas.

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
Managing Director


April 29, 2015
Lahore

CONDENSED INTERIM BALANCE SHEET

| | Note | (Un-audited) March 31, 2015 Rupees | (Audited) June 30, 2014 Rupees |
|--|------|---|---|
| EEQUITY AND LIABILITIES | | | |
| CAPITAL AND RESERVES | | | |
| Authorized capital 40,000,000 (June 2013: 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 2013: 35,000,000) ordinary shares of Rs 10 each | | 350,000,000 | 350,000,000 |
| Reserves | | 129,898,526 | 129,898,526 |
| Accumulated loss | | (626,485,601) | (546,330,321) |
| | | (146,587,075) | (66,431,795) |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | | 589,860,899 | 594,237,181 |
| NON-CURRENT LIABILITIES | | | |
| Long term loans from directors - unsecured | | 115,708,828 | 115,708,828 |
| Long term loans and liabilities | 4 | 218,698,627 | 267,104,643 |
| Deferred liabilities | | 36,287,921 | 37,458,474 |
| Deferred Tax | | 90,388,724 | 90,343,639 |
| | | 461,084,100 | 510,615,584 |
| CURRENT LIABILITIES | | | |
| Current portion of non-current liabilities | 4 | 150,379,869 | 133,875,204 |
| Short term loans from related parties-unsecured | | 274,806,691 | 186,452,269 |
| Finances under mark up arrangements - secured | | 361,874,774 | 339,246,740 |
| Trade and other payables | | 288,504,768 | 276,589,259 |
| Accrued mark-up on loans and other payables | | 169,909,491 | 144,359,697 |
| | | 1,245,475,593 | 1,080,523,169 |
| CONTINGENCIES AND COMMITMENTS | 6 | | |
| | | 2,149,833,515 | 2,118,944,138 |

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

Lahore
April 29, 2015


(Tariq Rehman)
Chief Executive



(UN-AUDITED) AS AT MARCH 31, 2015

| | Note | (Un-audited) March 31, 2015 Rupees | (Audited) June 30, 2014 Rupees |
|--|------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 1,173,389,942 | 1,227,666,782 |
| Capital work in progress | | 7,260,367 | 5,150,000 |
| Assets subject to finance lease | | 9,803,242 | 10,371,058 |
| Intangible Assets | | 3,102,898 | 3,455,661 |
| Long term deposits | | 271,163 | 271,163 |
| Long term loans | | 2,081,556 | 3,206,109 |
| | | 1,195,909,168 | 1,250,120,773 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 111,645,703 | 105,971,710 |
| Stock-in-trade | | 389,866,842 | 317,276,956 |
| Trade debts | | 303,514,261 | 322,931,715 |
| Loans, advances, deposits, prepayments and other receivables | | 83,636,518 | 83,371,541 |
| Taxation - net | | 62,163,272 | 37,417,388 |
| Cash and bank balances | | 3,097,751 | 1,854,055 |
| | | 953,924,347 | 868,823,365 |
| | | 2,149,833,515 | 2,118,944,138 |

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


(Haris Noorani)
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR NINE MONTHS ENDED MARCH 31, 2015

| | Note | January to March | | July to March | |
|--|------|------------------|----------------|----------------|----------------|
| | | 2015 Rupees | 2014 Rupees | 2015 Rupees | 2014 Rupees |
| Sales | | 178,649,044 | 136,147,271 | 494,702,320 | 719,979,980 |
| Cost of goods sold | 7 | (175,565,483) | (170,744,661) | (428,733,303) | (663,271,894) |
| Gross profit | | 3,083,561 | (34,597,390) | 65,969,017 | 56,708,086 |
| Administration expenses | | (10,802,905) | (12,782,551) | (40,506,899) | (47,771,168) |
| Distribution and selling costs | | (6,127,194) | (30,386,878) | (34,647,288) | (77,583,112) |
| Other operating expenses | | (576,699) | - | (1,496,279) | (1,364,397) |
| | | (17,506,798) | (43,169,429) | (76,650,466) | (126,718,677) |
| | | (14,423,237) | (77,766,819) | (10,681,449) | (70,010,591) |
| Other operating income | | 1,171,119 | (41,776) | 2,260,647 | 3,872,152 |
| Profit from operations | | (13,252,118) | (77,808,595) | (8,420,802) | (66,138,439) |
| Finance cost | | (21,949,916) | (24,217,297) | (71,118,536) | (74,777,033) |
| (Loss)/Profit before taxation | | (35,202,034) | (102,025,892) | (79,539,338) | (140,915,472) |
| Taxation | | (1,786,490) | 3,567,909 | (6,867,318) | 7,588,345 |
| (Loss)/Profit after taxation | | (36,988,524) | (98,457,984) | (86,406,656) | (133,327,127) |
| (Loss)/Earnings per share - Basic and diluted | | (1.06) | (2.81) | (2.47) | (3.81) |

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

Lahore
April 29, 2015


(Tariq Rehman)
Chief Executive


(Haris Noorani)
Director



**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR NINE MONTHS ENDED MARCH 31, 2015

| | January to March | | July to March | |
|--|---------------------|---------------------|---------------------|----------------------|
| | 2015 Rupees | 2014 Rupees | 2015 Rupees | 2014 Rupees |
| Profit / (Loss) after taxation | (36,988,524) | (98,457,984) | (86,406,656) | (133,327,127) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive loss for the period | <u>(36,988,524)</u> | <u>(98,457,984)</u> | <u>(86,406,656)</u> | <u>(133,327,127)</u> |

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

Lahore
April 29, 2015


(Tariq Rehman)
Chief Executive


(Haris Noorani)
Director

FOR THE NINE MONTHS ENDED MARCH 31, 2015 | 5

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR NINE MONTHS ENDED MARCH 31, 2015

| | Note | March 31, | |
|--|------|----------------------|----------------------|
| | | 2015 Rupees | 2014 Rupees |
| Cash flow from operating activities | | | |
| Cash generated from operations | 9 | 7,404,710 | 19,314,382 |
| Financial cost paid | | (45,568,742) | (44,495,597) |
| Taxes paid | | (29,692,907) | 5,291,512 |
| Gratuity paid | | (5,172,177) | (5,910,120) |
| Net cash (used in)/from operating activities | | (73,029,117) | (25,799,822) |
| Cash flow from investing activities | | | |
| Fixed capital expenditure | | (6,231,414) | (7,185,673) |
| Net (increase)/decrease in long-term loans and other receivables | | - | 1,084,593 |
| Net (increase)/decrease in long-term deposits and prepayments | | 1,124,553 | (2,068,783) |
| Proceeds from disposal of property, plant and equipment | | 298,575 | 3,918,844 |
| Net cash used in investing activities | | (4,808,286) | (4,251,019) |
| Cash flow from financing activities | | | |
| Net increase/(decrease) in long term loans and liabilities | | (31,901,357) | (22,062,450) |
| Net (decrease)/increase in short term loans from directors | | 88,354,422 | 32,872,906 |
| Repayment of finance lease liabilities | | - | (2,451,709) |
| Net cash from financing activities | | 56,453,065 | 8,358,747 |
| Net (decrease)/increase in cash and cash equivalents | | (21,384,337) | (21,692,094) |
| Cash and cash equivalents at the beginning of the year | 10 | (337,392,685) | (325,593,488) |
| Cash and cash equivalents at the end of the period | | (358,777,023) | (347,285,582) |

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




**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)
FOR NINE MONTHS ENDED MARCH 31, 2015**

| Particulars | Share Capital Rupees | Reserves | | Accumulated Loss Rupees | Total Rupees |
|--|----------------------------|----------------------------|------------------------------|-------------------------------|-----------------|
| | | Share Premium Rupees | General Reserve Rupees | | |
| Balance as on June 30, 2013 | 350,000,000 | 39,898,526 | 90,000,000 | (461,994,376) | 17,904,150 |
| Effect of change in accounting policy | - | - | - | (1,350,835) | (1,350,835) |
| (Loss) for the period | - | - | - | (34,869,144) | (34,869,144) |
| Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation: - Incremental depreciation for the period | - | - | - | 13,955,165 | 13,955,165 |
| Balance as on December 31, 2013 | 350,000,000 | 39,898,526 | 90,000,000 | (484,259,190) | (4,360,664) |
| (Loss) for the period | - | - | - | (68,890,418) | (68,890,418) |
| Effect of change in accounting policy | - | - | - | 1,337,042 | 1,337,042 |
| Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation - Incremental depreciation for the period | - | - | - | 5,482,245 | 5,482,245 |
| Balance as on June 30, 2014 | 350,000,000 | 39,898,526 | 90,000,000 | (546,330,321) | (66,431,795) |
| Profit for the period | - | - | - | (86,406,656) | (86,406,656) |
| Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation - Incremental depreciation for the period | - | - | - | 6,251,376 | 6,251,376 |
| Balance as on March 31, 2015 | 350,000,000 | 39,898,526 | 90,000,000 | (626,485,601) | (146,587,075) |

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

Lahore
April 29, 2015


(Tariq Rehman)
Chief Executive


(Haris Noorani)
Director

FOR THE NINE MONTHS ENDED MARCH 31, 2015 | 7

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

FOR NINE MONTHS ENDED MARCH 31, 2015

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, 2014.
3. These accounts have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting".

| | March 31, 2015 Rupees | June 30, 2014 Rupees |
|---|-----------------------------|----------------------------|
| 4. Long term loans and liabilities | | |
| Secured loans | | |
| - Local currency loans | 215,902,584 | 248,604,792 |
| Unsecured loans from | | |
| - Associated companies | 16,335,447 | 12,335,447 |
| - Others | 2,615,692 | 2,615,692 |
| Other payables | | |
| - Payable to provident fund | 132,075,643 | 135,274,793 |
| | 366,929,366 | 398,830,724 |
| Less: Current portion shown under current liabilities | | |
| - Secured loans | 142,109,096 | 127,326,081 |
| - Payable to provident fund | 6,121,643 | 4,400,000 |
| | 148,230,739 | 131,726,081 |
| | 218,698,627 | 267,104,643 |



| | | March 31, 2015 Rupees | June 30, 2014 Rupees |
|---|-----|-----------------------------|----------------------------|
| 5. Property, plant and equipment | | | |
| Opening book value | | 1,227,666,782 | 1,305,834,295 |
| Add: Additions during the period | 5.1 | 4,120,935 | 7,395,830 |
| Transfers in during the period | | - | - |
| | | 1,231,787,717 | 1,313,230,125 |
| Less: Disposals during the period (at book value) | | 298,575 | 1,006,000 |
| Depreciation charged during the period | | 58,099,200 | 85,190,332 |
| Adjustments | | - | (632,989) |
| | | 58,397,775 | 85,563,343 |
| | | 1,173,389,942 | 1,227,666,782 |
| 5.1 Additions during the period | | | |
| Plant and machinery | | 4,021,246 | 7,265,506 |
| Office equipment | | 99,689 | 130,324 |
| | | 4,120,935 | 7,395,830 |

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. 49.151 million (June 2014: Rs. 51.21 million).
- (ii) Bank guarantees amounting to Rs. 138.574 million (June 2014: Rs. 102.39 million).

| | January to March | | July to March | |
|---|------------------|----------------|----------------|----------------|
| | 2015 Rupees | 2014 Rupees | 2015 Rupees | 2014 Rupees |
| 7. Cost of goods sold | | | | |
| Raw and packing materials consumed | 71,533,045 | 46,915,317 | 185,941,878 | 194,829,270 |
| Stores and spares consumed | 9,645,419 | 6,351,703 | 24,151,819 | 26,923,367 |
| Salaries, wages and benefits | 46,334,240 | 160,351,068 | 136,677,922 | 143,059,264 |
| Power | 24,680,442 | 30,874,517 | 80,904,072 | 216,446,857 |
| Depreciation | 19,013,597 | 29,216,345 | 57,040,790 | 87,649,037 |
| Depreciation of leased assets | 189,272 | 552,670 | 567,816 | 961,023 |
| Vehicle maintenance | 55,709 | 77,912 | 199,650 | 274,005 |
| Repairs and maintenance | 504,953 | 468,090 | 1,930,333 | 3,678,787 |
| Insurance | 896,923 | 804,259 | 2,747,970 | 2,378,547 |
| Communication and stationery | 355,675 | 268,624 | 910,015 | 1,056,285 |
| Rent, rates and taxes | 248,446 | 1,121,354 | 430,436 | 15,140,890 |
| Travelling and conveyance | (974,553) | 476,843 | 2,564,160 | 3,228,932 |
| Testing and experiment expense | 1,385,095 | 3,367,919 | 5,672,969 | 3,724,627 |
| Others | 2,807,809 | 891,953 | 3,008,246 | 1,130,819 |
| | 176,676,071 | 160,351,068 | 502,748,075 | 700,481,711 |
| Opening work in process | 40,850,724 | 46,998,549 | 26,957,435 | 35,462,946 |
| Less: Closing work in process | (33,149,826) | (29,019,834) | (33,149,826) | (29,019,834) |
| | 7,700,898 | 17,978,715 | (6,192,391) | 6,443,113 |
| Cost of goods produced | 184,376,970 | 178,329,783 | 496,555,685 | 706,924,824 |
| Opening stock of finished goods | 244,245,550 | 225,632,689 | 185,234,655 | 189,564,881 |
| | 428,622,520 | 403,962,472 | 681,790,340 | 896,489,704 |
| Less: Closing stock of finished goods | (253,057,037) | (233,217,811) | (253,057,037) | (233,217,811) |
| | 175,565,483 | 170,744,661 | 428,733,303 | 663,271,894 |
| Cost of goods sold - purchased for resale | - | - | - | - |
| | 175,565,483 | 170,744,661 | 428,733,303 | 663,271,894 |

| | Insulator | | Title | | Total | |
|-----------------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | July to March 2015 Rupees | 2014 Rupees | July to March 2015 Rupees | 2014 Rupees | July to March 2015 Rupees | 2014 Rupees |
| 8. Segment information | | | | | | |
| Segment revenue - external | 494,702,320 | 236,669,678 | - | 483,310,302 | 494,702,320 | 719,979,980 |
| Cost of Sales | 428,733,303 | 144,436,576 | - | 518,835,318 | 428,733,303 | 663,271,894 |
| Gross profit/(loss) | 65,969,017 | 92,233,102 | - | (35,525,016) | 65,969,017 | 56,708,086 |
| Distribution costs | 34,647,288 | 16,587,432 | - | 60,995,680 | 34,647,288 | 77,583,112 |
| Administration expenses | 40,506,899 | 15,203,354 | - | 32,567,814 | 40,506,899 | 47,771,168 |
| Segment result from operations | 75,154,187 | 31,790,786 | - | 93,563,494 | 75,154,187 | 125,354,280 |
| | (9,185,170) | 60,442,316 | - | (129,088,510) | (9,185,170) | (68,646,194) |
| | March 31, 2015 Rupees | June 30, 2014 Rupees | March 31, 2015 Rupees | June 30, 2014 Rupees | March 31, 2015 Rupees | June 30, 2014 Rupees |
| 8.1 Inter segment pricing | 923,893,751 | 885,106,929 | 1,153,564,401 | 1,087,272,147 | 2,077,458,152 | 1,972,379,076 |
| There are no inter segment sales. | | | | | 72,375,363 | 146,565,061 |
| 8.2 Segment assets | | | | | 2,149,833,515 | 2,118,944,137 |
| Segment assets | | | | | 1,706,559,693 | 1,591,138,751 |
| Unallocated assets | | | | | 1,706,559,693 | 1,591,138,751 |
| 8.3 Segment liabilities | | | | | | |
| Unallocated liabilities | | | | | | |
| | | | | | | |
| 8.4 Other segment information | | | | | | |
| Capital expenditure | 4,120,935 | 1,064,764 | - | 6,120,871 | 4,120,935 | 7,185,635 |
| | | | | | 4,120,935 | 7,185,635 |
| Depreciation | 14,000,727 | 21,459,372 | 44,098,473 | 67,591,171 | 58,099,200 | 89,050,543 |
| Depreciation of leased assets | 31,965 | 88,274 | 535,851 | 1,479,777 | 567,816 | 1,568,051 |
| | | | | | 58,667,016 | 90,618,594 |



| | July to March | |
|---|----------------|----------------|
| | 2015 Rupees | 2014 Rupees |
| 9. Cash generated from operations | | |
| (Loss) / Profit before taxation | (79,539,338) | (140,915,472) |
| Add: | | |
| Depreciation | 58,099,200 | 89,050,543 |
| Depreciation of leased assets | 567,816 | 1,568,050 |
| Amortization of intangibles | 352,765 | 355,521 |
| Provision for gratuity | 4,001,624 | 6,424,841 |
| Loss/(Gain) on sale of fixed assets | - | (1,312,547) |
| Financial charges | 71,118,536 | 74,777,033 |
| | 134,139,941 | 170,863,441 |
| Profit before working capital changes | 54,600,603 | 29,947,969 |
| Effect on cash flow due to working capital changes: | | |
| - (Increase)/decrease in stores and spares | (5,673,993) | 11,873,419 |
| - (Increase)/decrease in stock in trade | (72,589,886) | 634,840 |
| - (Increase)/decrease in trade debts | 19,417,454 | 21,462,271 |
| - (Increase)/decrease in loans, advances, deposits, prepayments and other receivables | (264,977) | (13,045,252) |
| - Increase/(decrease) in creditors, accrued and other liabilities | 11,915,509 | (31,558,865) |
| | (47,195,893) | (10,633,587) |
| | 7,404,710 | 19,314,382 |
| 10. Cash and cash equivalents | | |
| Cash and bank balances | 1,854,055 | 42,068,642 |
| Finances under mark-up arrangements - secured | (339,246,740) | (367,662,130) |
| | (337,392,685) | (325,593,488) |



| | July to March | |
|--------------------------------------|----------------|----------------|
| | 2015 Rupees | 2014 Rupees |
| 11. Transaction with related parties | | |
| Sale of goods | - | 49,780 |
| Services received | 154,198 | - |
| Mark-up on short term borrowings | 793,467 | 531,727 |
| Rent Paid | 990,000 | 1,956,730 |

12. Date of authorization for issue

These financial statements were authorised for issue on April 29, 2015 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.

Lahore
April 29, 2015


(Tariq Rehman)
Chief Executive


(Haris Noorani)
Director

BOOK POST

UNDER POSTAL CERTIFICATE



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