



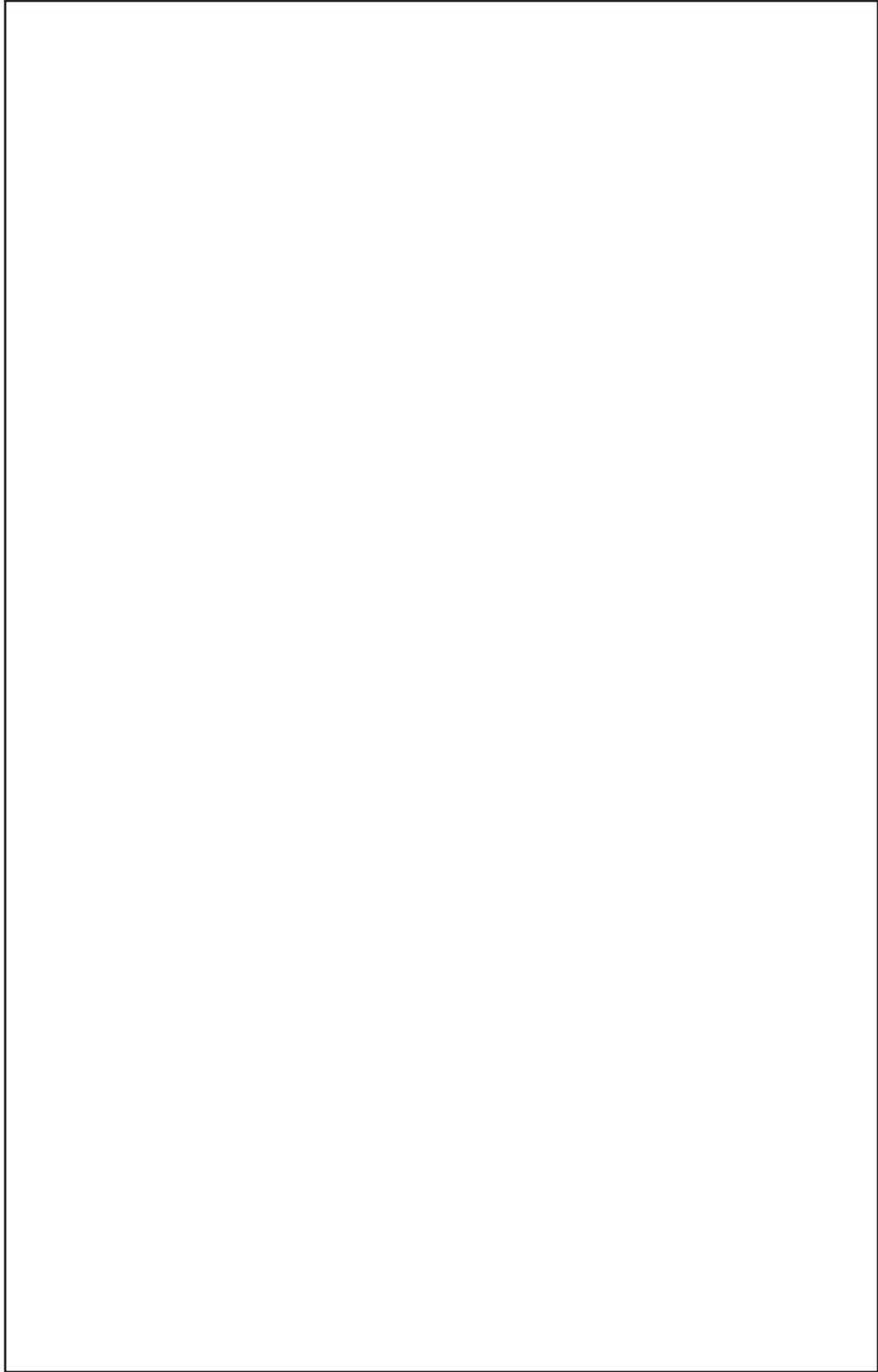
REPORT & ACCOUNTS

(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

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