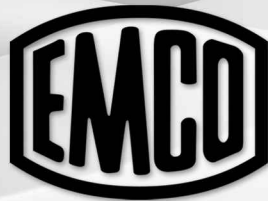
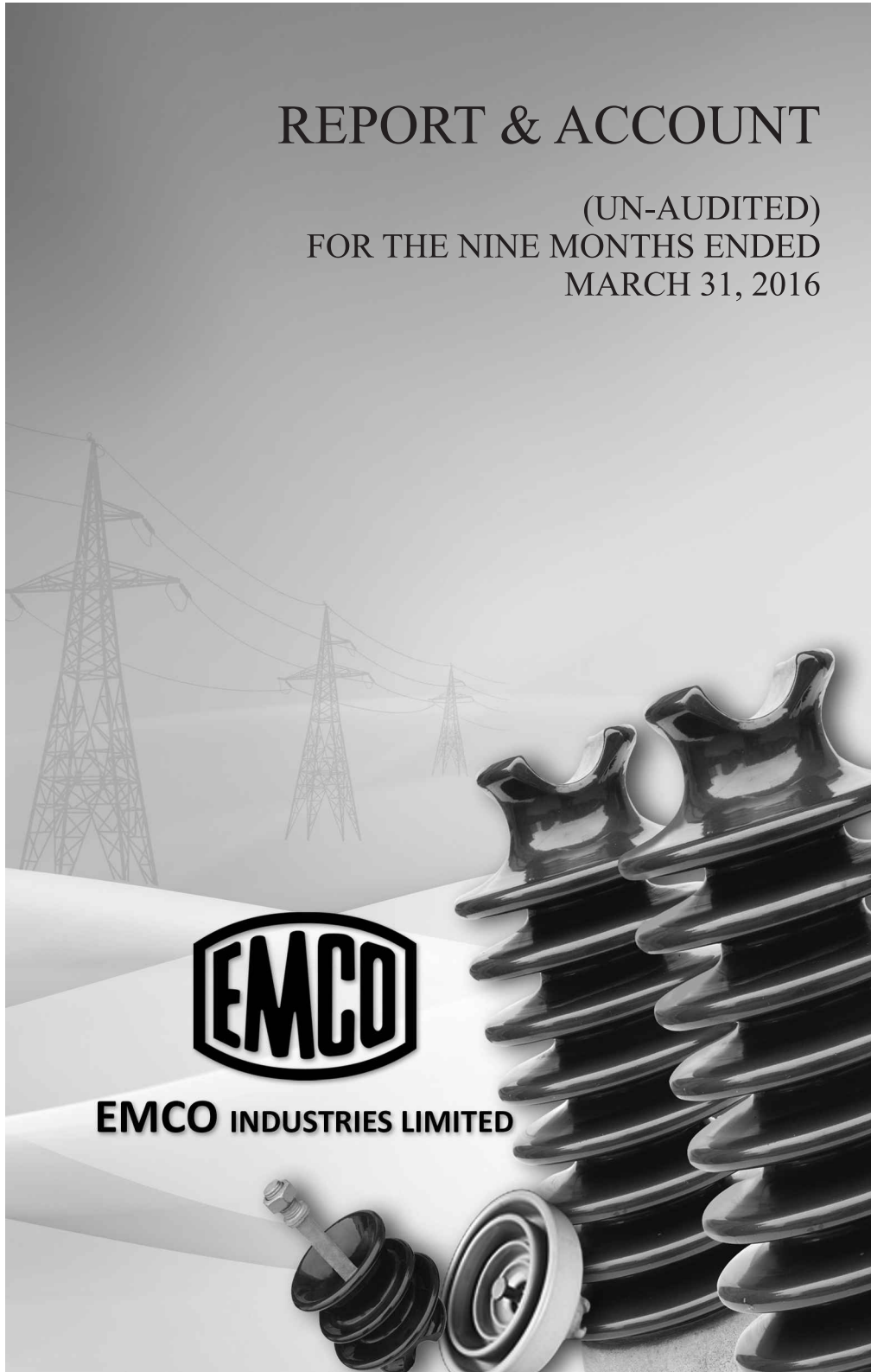
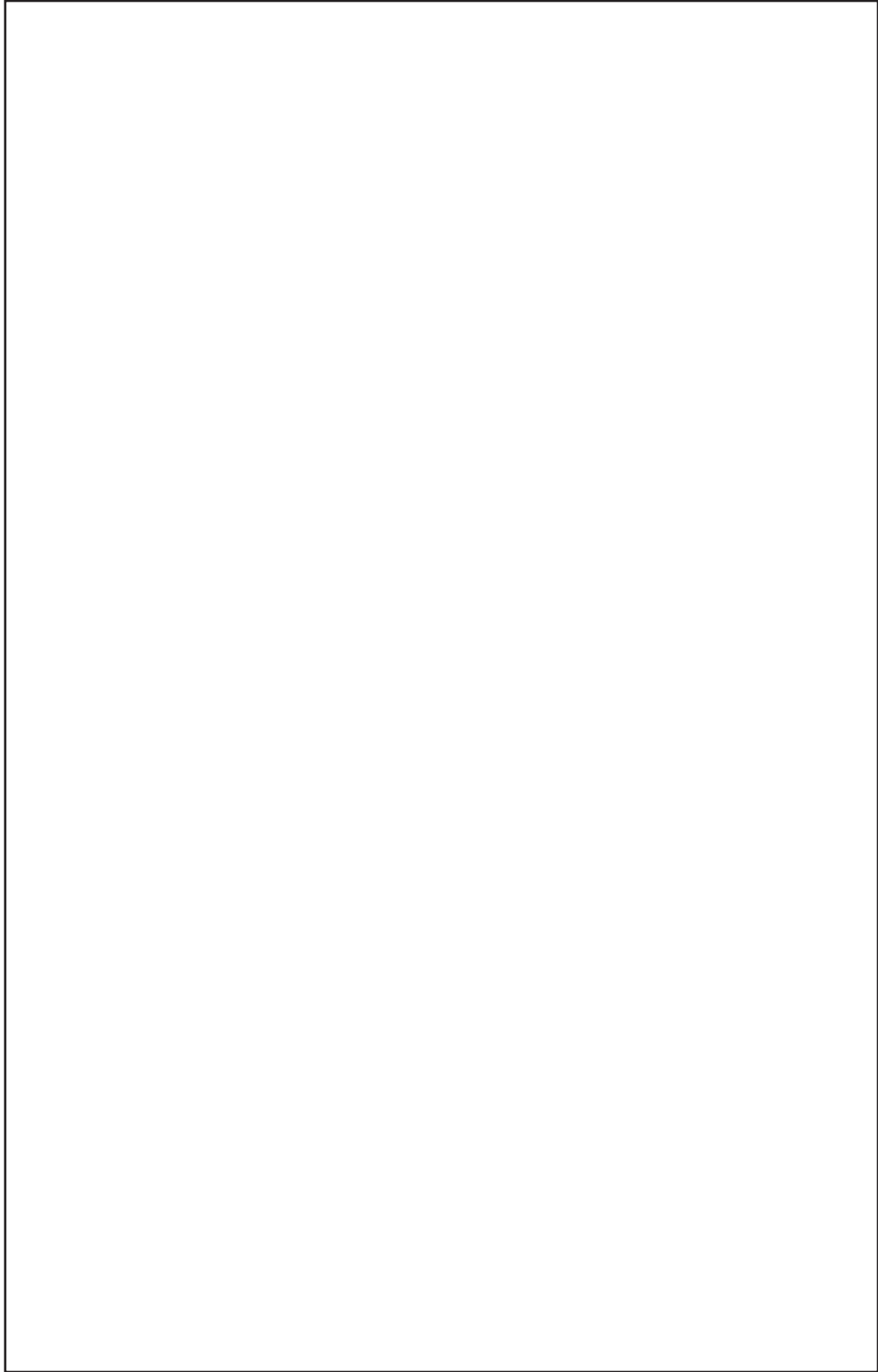


# REPORT & ACCOUNT

(UN-AUDITED)  
FOR THE NINE MONTHS ENDED  
MARCH 31, 2016



**EMCO INDUSTRIES LIMITED**





## COMPANY INFORMATION

### COMPANY INFORMATION

#### Board of Directors

Mr. Tariq Rehman  
Mr. Shafiq A. Siddiqi  
Mr. Haris Noorani  
Mr. Suhail Mannan  
Mr. Javaid Shafiq Siddiqi  
Mr. Usman Haq  
Mr. Salem Rehman  
Mr. Ahsan Suhail Mannan

#### Audit Committee

Mr. Usman Haq  
Mr. Javaid Shafiq Siddiqi  
Mr. Salem Rehman  
Mr. Ahsan Suhail Mannan

#### Chief Financial Officer

Mr. Riaz Ahmad

#### Auditors

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

#### Bankers

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

#### 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.

### BUSINESS ITEMS

#### Porcelain Insulators

- Suspension Insulator
- Pin Insulator
- Line Post Insulator
- Cap and pin Insulator
- Station Post Insulator
- Indoor Switch and Bus Insulator
- Apparatus Insulator
- Insulator for Railway Electrification
- Telephone Insulator
- Low Voltage Insulator
- Dropout Cutout Insulator
- Bushings

#### Switchgear

- Disconnect Switch upto 145 kv
- Metal Oxide Surge Arresters upto 430 kv  
(Under License from Siemens Germany)

#### 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

#### Ceramic Glazed Wall Tiles

- Coloured & Decorative Glazed Wall Tiles  
20 cm x 20 cm x 7 mm  
20 cm x 30 cm x 7 mm  
25 cm x 33 cm x 7 mm

#### Ceramic Glazed Floor Tiles

- Vitreous & Semi Vitreous  
Decorative Glazed Floor Tiles  
30 cm x 30 cm x 8 mm  
38 cm x 38 cm x 8 mm

## COMPANY INFORMATION

Dear Shareholders

On behalf of the Board of Directors, I present Unaudited financial statement of the Company for the third quarter ended March 31, 2016.

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

Net Sales for the period under review was driven entirely by the Insulator Division and recorded at Rs. 821.76 Million as compared to sales of Rs. 494.70 Million for the corresponding period of last year. The current period's net profit after tax amounts to Rs. 4.90 Million resulting earnings per share of Rs. 0.14 compared to loss after tax of Rs. 86.41 Million and loss per share of Rs. 2.47 in the same period last year.

By Grace of Almighty Allah, the Company has started to benefit from the steps taken by the management. Specific measures include enhanced capacity utilization through better process efficiencies, better delivery scheduling to reduce liquidated damages, and improved supply chain planning to reduce port demurrages. The Company would like to especially acknowledge the Engineering Team and the support Teams on the execution of these measures.

The 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 resulted in a profit from operation of Rs.66.829 Million in the period as compared to operational loss of Rs. 8.421Million for the corresponding period last year.

Given the process efficiency and machinery utilization improvements, the Insulator Division average monthly production showed a strong improvement to 348.36Tons from 242.19 Tons against the corresponding period. Sales for the period also increased significantly to Rs.821.67 Million from Rs.494.70 Million.



Major investment in the energy infrastructure in Pakistan is generating significant demand for Insulators within the country. We foresee that with the current orders in hand and future demand the company will see a significant improvement in the result of the company in the near future.

#### Tile Plant Operation

Operations were kept suspended during the period as stated above. The decision is being reviewed and will be communicated at an appropriate time.

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

A handwritten signature in black ink, appearing to be 'Salem Rehman', written over a horizontal line.

Salem Rehman  
Director

April 27, 2016  
Lahore

## CONDENSED INTERIM BALANCE SHEET

	Note	March 31, 2016 Rupees	June 30, 2015 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized capital 40,000,000 (June 2015: 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 2015: 35,000,000) ordinary shares of Rs 10 each		350,000,000	350,000,000
Reserves		129,898,526	129,898,526
Sponsors' loan		115,708,828	115,708,828
Accumulated loss		(605,310,522)	(624,771,602)
		(9,703,168)	(29,164,248)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		759,441,775	582,459,878
<b>NON-CURRENT LIABILITIES</b>			
Long term loans and liabilities	4	246,290,121	280,423,117
Deferred liabilities		34,559,831	36,852,343
Deferred Tax		78,819,429	63,483,695
		359,669,381	380,759,155
<b>CURRENT LIABILITIES</b>			
Current portion of			
- Long term loans and liabilities	4	69,691,745	73,438,391
- Liabilities against assets subject to finance lease		-	2,456,463
Short term loans from related parties-unsecured		322,778,007	305,663,359
Finances under mark up arrangements - secured		412,406,010	408,009,398
Trade and other payables		294,272,874	318,162,045
Accrued mark-up on loans and other payables		169,013,613	160,564,677
		1,268,162,248	1,268,294,333
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
		2,377,570,236	2,202,349,119

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

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 & loss account, statement of changes in equity and cashflow statement have been signed by the following directors.

Lahore  
April 27, 2016

  
(Suhail Mannan)  
Director



## (UN-AUDITED) AS AT MARCH 31, 2016

	Note	March 31, 2016 Rupees	June 30, 2015 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,351,719,401	1,182,068,047
Intangible Assets		3,017,347	1,997,830
Long term deposits		271,163	271,163
Long term loans		2,044,933	2,031,638
		<u>1,357,052,843</u>	<u>1,186,368,678</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		107,106,989	112,231,865
Stock-in-trade		337,670,006	369,573,296
Trade debts		420,320,656	379,227,299
Loans, advances, deposits, prepayments and other receivables		57,862,043	75,965,661
Taxation - net		95,318,933	72,283,110
Cash and bank balances		2,238,766	6,699,210
		<u>1,020,517,393</u>	<u>1,015,980,441</u>
		<u><u>2,377,570,236</u></u>	<u><u>2,202,349,119</u></u>

(Salem Rehman)  
Director

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

FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Note	January to March		July to March	
		2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Sales		294,111,875	178,649,044	821,767,453	494,702,320
Cost of goods sold	7	(236,724,112)	(175,565,483)	(692,621,911)	(428,733,303)
Gross profit		57,387,763	3,083,561	129,145,542	65,969,017
Administration expenses		(12,965,841)	(10,802,905)	(37,885,561)	(40,506,899)
Distribution and selling costs		(10,200,971)	(6,127,194)	(30,391,671)	(34,647,288)
Other operating expenses		(730,000)	(576,699)	(1,393,729)	(1,496,279)
		(23,896,812)	(17,506,798)	(69,670,961)	(76,650,466)
		33,490,951	(14,423,237)	59,474,581	(10,681,449)
Other operating income		1,301,989	1,171,119	7,355,261	2,260,647
Profit from operations		34,792,939	(13,252,118)	66,829,842	(8,420,802)
Finance cost		(18,344,409)	(21,949,916)	(59,645,476)	(71,118,536)
(Loss) / Profit before taxation		16,448,530	(35,202,034)	7,184,366	(79,539,338)
Taxation		25,119	(1,786,490)	(2,285,188)	(6,867,318)
(Loss) / Profit after taxation		16,473,649	(36,988,524)	4,899,178	(86,406,656)
(Loss) / Earnings per share - Basic and diluted		0.47	(1.06)	0.14	(2.47)

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

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 & loss account, statement of changes in equity and cashflow statement have been signed by the following directors.

Lahore  
April 27, 2016

  
(Suhail Mannan)  
Director

  
(Salem Rehman)  
Director





**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	Note	January to March		July to March	
		2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Profit / (Loss) after taxation		16,473,649	(36,988,524)	4,899,178	(86,406,656)
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		16,473,649	(36,988,524)	4,899,178	(86,406,656)

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

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 & loss account, statement of changes in equity and cashflow statement have been signed by the following directors.

Lahore  
April 27, 2016

  
(Suhail Mannan)  
Director

  
(Salem Rehman)  
Director

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

FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Note	March 31,	
		2016 Rupees	2015 Rupees
<b>Cash flow from operating activities</b>			
Cash generated from operations	9	116,103,365	7,404,710
Financial cost paid		(51,196,540)	(45,568,742)
Taxes paid		(31,414,204)	(29,692,907)
Gratuity paid		(4,461,965)	(5,172,177)
<b>Net cash (used in)/from operating activities</b>		<b>29,030,656</b>	<b>(73,029,116)</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(14,652,954)	(6,231,414)
Net (increase)/decrease in long-term loans and other receivables		(13,300)	-
Net (increase)/decrease in long-term deposits and prepayments		-	1,124,553
Proceeds from disposal of property, plant and equipment		-	298,575
<b>Net cash used in investing activities</b>		<b>(14,666,254)</b>	<b>(4,808,286)</b>
<b>Cash flow from financing activities</b>			
Net increase/(decrease) in long term loans and liabilities		(37,879,642)	(31,901,357)
Net (decrease)/increase in short term loans from directors		17,114,648	88,354,422
Repayment of finance lease liabilities		(2,456,463)	-
<b>Net cash from financing activities</b>		<b>(23,221,457)</b>	<b>56,453,065</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,857,055)</b>	<b>(21,384,337)</b>
Cash and cash equivalents at the beginning of the year	10	(401,310,188)	(337,392,686)
<b>Cash and cash equivalents at the end of the period</b>		<b>(410,167,243)</b>	<b>(358,777,023)</b>

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

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 & loss account, statement of changes in equity and cashflow statement have been signed by the following directors.

Lahore  
April 27, 2016

8 | 

  
(Suhail Mannan)  
Director

  
(Salem Rehman)  
Director



**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2016**

Note	Share Capital Rupees	Share Premium Rupees	General Reserves Rupees	Sponsors' Loan Rupees	Accumulated Loss Rupees	Total Rupees
Balance as on June 30, 2014 as previously reported	350,000,000	39,898,526	90,000,000	-	(546,330,321)	(66,431,795)
Effect of restatement	-	-	-	115,708,828	-	115,708,828
Balance as on June 30, 2014 as restated	350,000,000	39,898,526	90,000,000	115,708,828	(546,330,321)	49,277,033
(Loss) 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	115,708,828	(626,485,601)	(30,878,247)
Balance as on June 30, 2015 as previously reported	350,000,000	39,898,526	90,000,000	-	(640,045,149)	(160,146,623)
Effect of restatement	-	-	-	115,708,828	15,273,547	130,982,375
Balance as on June 30, 2015 as restated	350,000,000	39,898,526	90,000,000	115,708,828	(624,771,602)	(29,164,248)
Profit for the period	-	-	-	-	4,899,178	4,899,178
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:						
- Incremental depreciation for the period	-	-	-	-	14,561,902	14,561,902
Balance as on March 31, 2016	350,000,000	39,898,526	90,000,000	115,708,828	(605,310,522)	(9,703,168)

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

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 & loss account, statement of changes in equity and cashflow statement have been signed by the following directors.

Lahore  
April 27, 2016

  
(Suhail Mannan)  
Director

  
(Salem Rehman)  
Director

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

FOR THE NINE MONTHS ENDED MARCH 31, 2016

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, 2015.
3. These accounts have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting".

	Note	March 31, 2016 Rupees	June 30, 2015 Rupees
4. Long term loans and liabilities			
Secured loans			
- Local currency loans		159,296,512	196,899,726
Unsecured loans from			
- Associated companies		18,035,447	16,535,447
- Others		2,615,692	2,615,692
Other payables			
- Payable to provident fund		136,034,215	137,810,643
		315,981,866	353,861,508
Less: Current portion shown under current liabilities			
- Secured loans		52,220,530	62,933,541
- Payable to provident fund		17,471,215	10,504,850
		69,691,745	73,438,391
		246,290,121	280,423,117
5. Property, plant and equipment			
Opening book value		1,182,068,047	1,256,051,422
Add: Additions during the period	5.1	12,476,344	4,497,291
Revaluation Surplus		212,972,725	-
		1,407,517,116	1,260,548,713
Less: Disposals during the period (at book value)		461,000	165,928
Depreciation charged during the period		55,336,716	78,314,738
Adjustments		-	-
		55,797,716	78,480,666
		1,351,719,401	1,182,068,047



	Note	March 31, 2016 Rupees	June 30, 2015 Rupees
5.1 Additions during the period			
Building on freehold land		73,000	200,000
Plant and machinery		10,559,265	4,104,091
Office equipment		889,340	193,200
Furniture and fixtures		914,889	-
Vehicles		39,850	-
		<u>12,476,344</u>	<u>4,497,291</u>

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. 45.840 million (June 2015: Rs. 37.692 million).

(ii) Bank guarantees amounting to Rs. 171.348 million (June 2015: Rs. 159.793 million).

Note	January to March		July to March	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
7. Cost of goods sold				
Raw and packing materials consumed	89,196,794	71,533,045	272,563,154	185,941,878
Stores and spares consumed	12,368,787	9,645,419	31,279,294	24,151,819
Salaries, wages and benefits	54,853,592	46,334,240	157,480,166	136,677,922
Power	28,029,470	24,680,442	70,480,374	80,904,072
Depreciation	18,189,052	19,013,597	54,567,155	57,040,790
Depreciation of leased assets	-	189,272	350,910	567,816
Vehicle maintenance	205,717	55,709	490,511	199,650
Repairs and maintenance	247,052	504,953	1,183,374	1,930,333
Insurance	899,312	896,923	2,717,698	2,747,970
Communication and stationery	242,996	355,675	782,973	910,015
Rent, rates and taxes	531,465	248,446	1,528,274	430,436
Travelling and conveyance	1,241,667	854,720	3,808,905	2,564,160
Provision for obsolete stock	-	1,385,095	-	5,672,969
Others	6,185,775	978,536	14,502,092	3,008,246
Opening work in process	33,396,231	40,850,724	30,571,716	26,957,435
Less: Closing work in process	(31,109,369)	(33,149,826)	(31,109,369)	(33,149,826)
	<u>2,286,862</u>	<u>7,700,898</u>	<u>(537,654)</u>	<u>(6,192,391)</u>
Cost of goods produced	214,478,540	184,376,970	611,197,225	496,555,685
Opening stock of finished goods	183,165,600	244,245,550	242,344,714	185,234,655
	<u>397,644,140</u>	<u>428,622,520</u>	<u>853,541,939</u>	<u>681,790,340</u>
Less: Closing stock of finished goods	(160,920,027)	(253,057,037)	(160,920,027)	(253,057,037)
	<u>236,724,112</u>	<u>175,565,483</u>	<u>692,621,912</u>	<u>428,733,303</u>

	Insulator		Tile		Total	
	July to March		July to March		July to March	
	2016	2015	2016	2015	2016	2015
8. Segment information						
Segment revenue - external	821,767,453	494,702,320	-	-	821,767,453	494,702,320
Cost of Sales	(692,621,911)	(428,733,303)	-	-	(692,621,911)	(428,733,303)
Gross profit/(loss)	129,145,542	65,969,017	-	-	129,145,542	65,969,017
Distribution costs	(30,391,671)	(34,647,288)	-	-	(30,391,671)	(34,647,288)
Administration & other expenses	(39,279,290)	(42,003,178)	-	-	(39,279,290)	(42,003,178)
Segment result from operations	(69,670,961)	(76,650,466)	-	-	(69,670,961)	(76,650,466)
	59,474,581	(10,681,449)	-	-	59,474,581	(10,681,449)
	March 31,	June 30,	March 31,	June 30,	March 31,	June 30,
	2016	2015	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
8.1 Inter segment pricing						
There are no inter segment sales.						
8.2 Segment assets						
Segment assets	1,437,318,988	1,212,236,220	782,515,290	830,864,287	2,219,834,278	2,043,100,507
Unallocated assets					153,497,193	152,549,402
Cash and Bank Balances					2,238,766	6,699,210
					2,377,570,236	2,202,349,119
8.3 Segment liabilities						
Unallocated liabilities					1,627,831,630	1,649,053,489
					1,627,831,630	1,649,053,489
8.4 Other segment information						
Capital expenditure	12,474,901	4,120,935	-	-	12,474,901	4,120,935
					12,474,901	4,120,935
Depreciation	19,466,809	14,000,727	35,873,492	44,098,473	55,340,301	58,099,200
Depreciation of leased assets	350,910	31,965	-	535,851	350,910	567,816
					55,691,211	58,667,016



July to March

	Note	2016 Rupees	2015 Rupees
9. Cash generated from operations			
(Loss)/Profit before taxation		7,184,366	(79,539,338)
Add:			
Depreciation		55,308,032	58,099,200
Depreciation of leased assets		350,910	567,816
Amortization of intangibles		1,295,873	352,765
Provision for gratuity		2,169,453	4,001,624
Financial charges		59,645,476	71,118,536
		118,769,743	134,139,941
Profit before working capital changes		125,954,109	54,600,603
Effect on cash flow due to working capital changes:			
- (Increase)/decrease in stores and spares		5,124,877	(5,673,993)
- (Increase)/decrease in stock in trade		31,903,290	(72,589,886)
- (Increase)/decrease in trade debts		(41,093,358)	19,417,454
- (Increase)/decrease in loans, advances, deposits, prepayments and other receivables		18,103,618	(264,977)
- Increase/(decrease) in creditors, accrued and other liabilities		(23,889,171)	11,915,509
		(9,850,744)	(47,195,893)
		116,103,365	7,404,710
10. Cash and cash equivalents			
Cash and bank balances		6,699,210	1,854,055
Finances under mark-up arrangements - secured		(408,009,398)	(339,246,740)
		(401,310,188)	(337,392,686)
11. Transaction with related parties			
Nature of Transactions;			
Services received		-	154,198
Long term loans from		1,500,000	-
Mark-up on short term borrowings		4,188,790	793,467
Rent Paid		940,000	990,000

## 12. Date of authorization for issue

These financial statements were authorised for issue on April 27, 2016 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 & loss account, statement of changes in equity and cashflow statement have been signed by the following directors.

Lahore  
April 27, 2016

  
(Suhail Mannan)  
Director

  
(Salem Rehman)  
Director

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