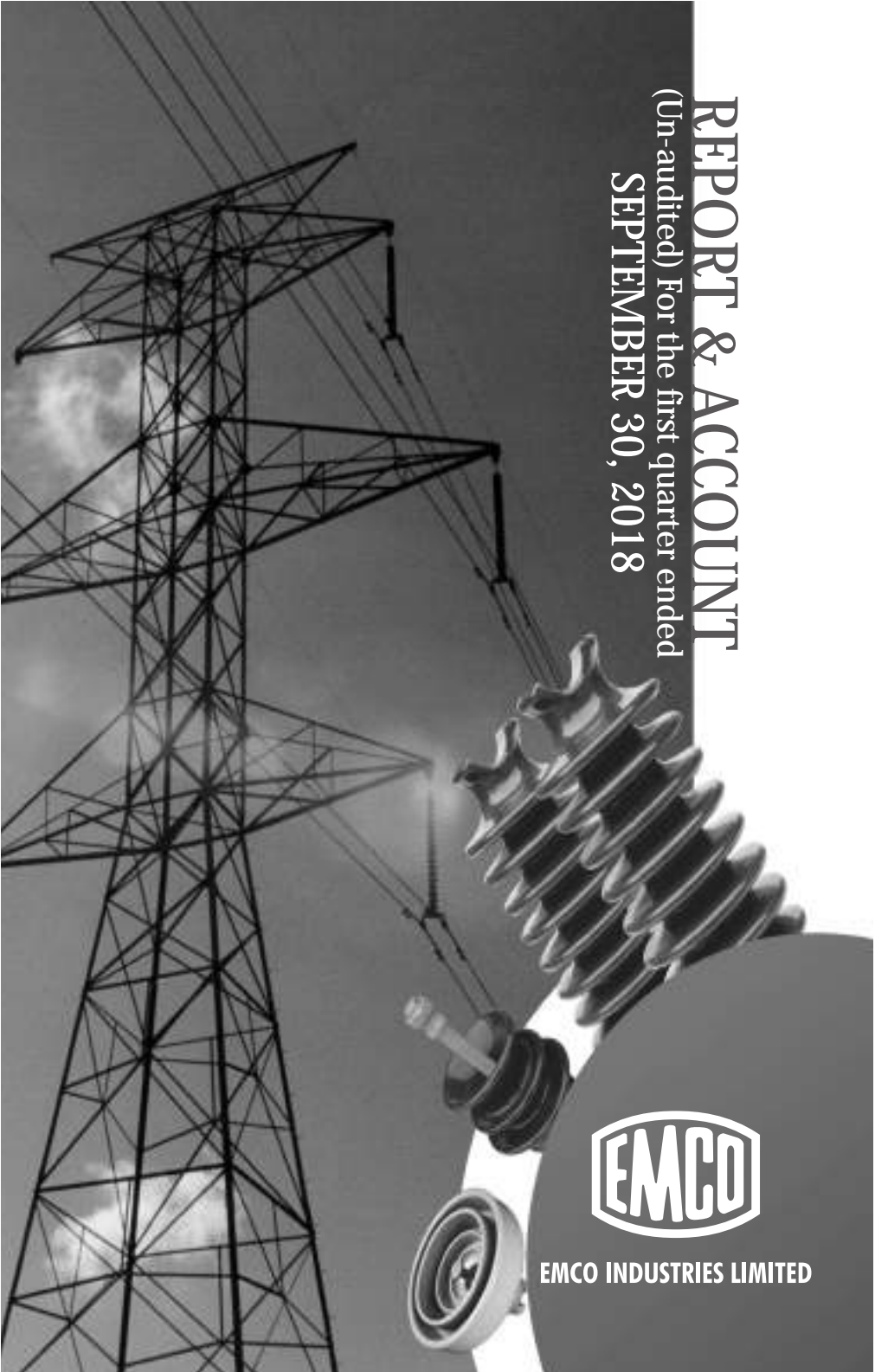


REPORT & ACCOUNT

(Un-audited) For the first quarter ended
SEPTEMBER 30, 2018



EMCO INDUSTRIES LIMITED



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COMPANY INFORMATION

Board of Directors

Mr. Tariq Rehman
Mr. Suhail Mannan
Mr. Javaid Shafiq Siddiqi
Mr. Usman Haq
Mr. Pervaiz Shafiq Siddiqi
Mr. Salem Rehman
Mr. Ahsan Suhail Mannan
Mr. Awais Noorani
Ch. Imran Ali

Audit Committee

Ch. Imran Ali
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

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

DIRECTORS' REVIEW

Dear Shareholders

The Board of Directors of EMCO Industries Limited (the Company) is pleased to present their report together with the Condensed Interim Financial Information for the 1st quarter ended September 30, 2018.

During the period under review, Sales were Rs. 308.430 million as compared to Rs. 297.503 million in the previous corresponding period. Your Company has earned after tax profit of Rs. 20.088 million as compared to Rs. 4.460 million in the same period last year.

The key highlights of the three months under review are as under:

Insulator Plant Operation

The Profit before tax is Rs. 23.943 million in this period as compared to Profit before tax of Rs. 8.179 million for the same period last year. Despite a challenging period due to rising input costs resulting from the devaluation of the local currency and inflationary pressures, the gross profit has seen a healthy increase from 15.3% in the corresponding period to 22.3% in this period as a result of more streamlined operations and better production planning. The demand for product continues to be strong and we expect to operate the plant at optimum capacity during this financial year to service the requirements.

The Company continues to invest in additional production equipment to modernize processes, and in product certifications from renowned international laboratories to ensure product conformance with international standards and specifications.

Pursuant to the approval of the board and general body, the sale of Tile Division assets is underway, and these assets have been classified as 'Held for sale'.

The directors are thankful to our valued customers, 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
Chief Executive Officer

October 26, 2018
Lahore



جائزہ منجانب ڈائریکٹرز

محترم جمعہ اداران:-

ادھکوار ستر لاکھ (سبعی) کے بورڈ آف ڈائریکٹرز کی رپورٹ بعد 30 ستمبر 2018 کو ختم ہونے والی پہلی سرمایہ کی مہوری طور شدہ مالیاتی معلومات پیش کرنے میں خوشی محسوس کرتے ہیں۔

زیر جائزہ مدت کے دوران تیار 308,430 ملین روپے ہیں جو کہ گزشتہ برس اسی مدت کے دوران 297,503 ملین روپے تھے۔ آپ کی پہلی سالانہ ٹیکس کٹوتی کے بعد 20,088 ملین روپے منافع کمایا ہے جو کہ گزشتہ برس اسی مدت کے دوران 4,460 ملین روپے زیادہ۔

زیر جائزہ سرمایہ کی اہم ہنگامیوں درج ذیل ہیں۔

انسٹیٹیوٹ آف انشورنس:

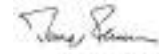
اس مدت کے دوران ٹیکس کٹوتی سے قبل منافع کی رقم 23,943 ملین روپے ہے جو کہ گزشتہ برس اس عرصے کے دوران قبل از کٹوتی ٹیکس 8,179 ملین روپے تھی۔ مقامی کرنسی کی قدر میں کمی اور فراڈ زری وجہ سے Input کے ناکافی ہونے اثرات مدت کے باوجود اس مدت کے دوران مزید کارگر آپریشنز اور بین الاقوامی بھرتیوں کے نتیجے میں مجموعی منافع میں 15.3 فیصد سے 22.3 فیصد تک صحت مند اضافہ کیلئے میں آپ ہے۔ معلومات کی جانچ مشورہ ہے کہ ہم اس مالی سال کے دوران زیادہ سے زیادہ مصالحت پر چارٹ کو چلانے کی توقع رکھتے ہیں تاکہ ضرورت کو پورا کریں۔

سبکی اضافی بین الاقوامی علامت میں سرمایہ کاری جاری رکھے ہوئے ہے تاکہ بین الاقوامی عمل کو چھپانے کا اور معروضات بین الاقوامی لین دین پرچوں سے مصنوعات کی سرچشمن کروا کر ان کی بین الاقوامی معیار اور وضاحتوں کے ساتھ مطابقت کو یقینی بنائے۔

بورڈ اور جنرل یا ای کی منظوری کے نتیجے میں سال ادویات کے اثاثوں کی فروخت جاری ہے اور ان اثاثوں کی برائے فروخت کے طور پر وجہ بندی کی گئی ہے۔

ڈائریکٹرز اپنے قابل قدر کسٹمر، مالیاتی اداروں اور دیگر سٹیک ہولڈرز کے ان کے مسلسل اعتماد کے لیے شکر گزار ہیں۔ تمام ملازمین کی منت کی قدرانہائی اور تحریک جاتی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



طارق رحمان،

چیف ایگزیکٹو آفیسر

26 اکتوبر 2018

لاہور

CONDENSED INTERIM BALANCE SHEET

	Note	September 30, 2018 Rupees	June 30, 2018 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital 40,000,000 (June 2018: 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 2018: 35,000,000) ordinary shares of Rs 10 each		350,000,000	350,000,000
Reserves		129,898,526	129,898,526
Long term loans from directors - unsecured		115,708,828	115,708,828
Accumulated loss		(445,268,361)	(470,286,362)
Surplus On Revaluation Of Property, Plant And Equipment		885,875,513	890,805,277
		1,036,214,506	1,016,126,269
NON-CURRENT LIABILITIES			
Long term loans and liabilities	4	276,428,432	315,810,026
Deferred liabilities		48,408,315	45,419,240
Deferred Tax		35,427,534	35,427,534
		360,264,281	396,656,800
CURRENT LIABILITIES			
Current portion of			
- Long term loans and liabilities	4	71,147,283	70,643,311
Short term loans from related parties-unsecured		358,082,737	312,226,411
Finances under mark up arrangements - secured		257,743,071	225,186,605
Trade and other payables		237,312,627	241,050,264
Unclaimed dividends		243,677	243,677
Accrued mark-up on loans and other payables		21,371,531	21,170,977
		945,900,926	870,521,245
Liabilities against non current assets classified as held for sale		88,899,988	65,499,988
CONTINGENCIES AND COMMITMENTS			
	6	2,431,279,702	2,348,804,302

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

Lahore
October 26, 2018



(Tariq Rehman)
Chief Executive



(UN-AUDITED) AS AT SEPTEMBER 30, 2018

	Note	September 30, 2018 Rupees	June 30, 2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,131,113,898	1,131,168,371
Intangible Assets		2,173,018	2,239,916
Capital work in progress		11,673,192	11,673,192
Long Term Prepayments And Other Receivables		43,854,875	37,356,451
Long term deposits		1,360,740	1,377,650
Long term loans		1,659,900	1,659,900
		1,191,835,623	1,185,475,480
CURRENT ASSETS			
Stores, spares and loose tools		87,171,665	84,922,144
Stock-in-trade		378,009,479	376,764,428
Trade debts		376,320,574	300,910,812
Loans, advances, deposits, prepayments and other receivables		73,014,046	73,565,632
Taxation - net		74,804,077	70,558,593
Cash and bank balances		3,652,293	10,135,269
		992,972,135	916,856,878
Non-current assets classified as held for sale		246,471,944	246,471,944
		2,431,279,702	2,348,804,302


 (Ahsan Suhail Mannan)
 Director


 (Riaz Ahmed)
 Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Note	July to September	
		2018 Rupees	2017 Rupees
Sales		308,430,833	297,503,328
Cost of goods sold	7	(239,623,408)	(252,008,263)
Gross profit		68,807,425	45,495,065
Administration expenses		(16,780,709)	(15,374,478)
Distribution and selling costs		(11,237,301)	(7,376,773)
Other operating expenses		(71,430)	(67,000)
		(28,089,440)	(22,818,251)
		40,717,985	22,676,814
Other operating income		185,705	509,773
Profit from operations		40,903,690	23,186,586
Finance cost		(16,960,196)	(15,007,699)
Profit / (Loss) before taxation		23,943,494	8,178,887
Taxation		(3,855,385)	(3,718,791)
Profit / (Loss) after taxation		20,088,109	4,460,096
Earnings per share - Basic and diluted		0.57	0.13

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

Lahore
October 26, 2018


(Tariq Rehman)
Chief Executive


(Ahsan Suhail Mannan)
Director


(Riaz Ahmed)
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	July to September	
	2018 Rupees	2017 Rupees
Profit / (Loss) after taxation	20,088,109	4,460,096
Other comprehensive income for the period	-	-
Total comprehensive income for the period	20,088,109	4,460,096

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

Lahore
October 26, 2018


(Tariq Rehman)
Chief Executive


(Ahsan Suhail Mannan)
Director


(Riaz Ahmed)
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Note	July to September	
		2018 Rupees	2017 Rupees
Cash flow from operating activities			
Cash generated from operations	8	(21,518,892)	(86,456,244)
Financial cost paid		(11,327,372)	(10,998,138)
Taxes refunded / (paid)		(8,100,870)	2,093,487
Gratuity paid		-	(79,229)
Net cash (used in)/from operating activities		(40,947,134)	(95,440,124)
Cash flow from investing activities			
Fixed capital expenditure		(16,558,906)	(2,626,271)
Net (increase)/decrease in long-term loans and other receivables		(6,481,514)	72,999
Advance against non-current assets held for sale		23,400,000	-
Net cash (used in) / from investing activities		359,580	(2,553,272)
Cash flow from financing activities			
Net increase/(decrease) in long term loans and liabilities		(44,309,892)	(15,784,339)
Short term borrowings received - net		78,414,470	117,267,101
Net cash from financing activities		34,104,578	101,482,762
Net (decrease)/increase in cash and cash equivalents		(6,482,976)	3,489,367
Cash and cash equivalents at the beginning of the year		10,135,269	2,559,086
Cash and cash equivalents at the end of the period		3,652,293	6,048,453

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

Lahore
October 26, 2018


(Tariq Rehman)
Chief Executive


(Ahsan Suhail Mannan)
Director


(Riaz Ahmed)
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Share Capital Rupees	Share Premium Rupees	Revaluation Surplus Rupees	General Reserve Rupees	Accumulated Loss Rupees	Sponsors' Loan Rupees	Total Rupees
Balance as on June 30, 2017	350,000,000	39,898,526	920,533,260	90,000,000	(523,515,346)	115,708,828	992,625,268
Total comprehensive Income/(Loss) for the quarter ended September 30, 2017	-	-	-	-	4,460,096	-	4,460,096
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:							
- Incremental depreciation for the period	-	-	(5,041,071)	-	5,041,071	-	-
Balance as on September 30, 2017	350,000,000	39,898,526	915,492,189	90,000,000	(514,014,179)	115,708,828	997,085,364
Total comprehensive Income / (Loss) for the nine ended June 30, 2018	-	-	(10,008,928)	-	29,049,833	-	19,040,905
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:							
- Incremental depreciation for the period	-	-	(14,677,984)	-	14,677,984	-	-
Balance as on June 30, 2018	350,000,000	39,898,526	890,805,277	90,000,000	(470,286,362)	115,708,828	1,016,126,269
Total comprehensive Income / (Loss) for the quarter ended September 30, 2018	-	-	-	-	20,088,109	-	20,088,109
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:							
- Incremental depreciation for the period	-	-	(4,929,764)	-	4,929,892	-	-
Balance as on September 30, 2018	350,000,000	39,898,526	885,875,513	90,000,000	(455,268,361)	115,708,828	1,036,214,506

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

Lahore
October 26, 2018

(Tariq Rehman)
Chief Executive

(Ahsan Suhail Mannan)
Director

(Riaz Ahmed)
Chief Financial Officer

SELECTED NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

1. These financial statements are being submitted to the shareholders in accordance with the requirements of the Companies Act, 2017.
2. The accounting policies adopted for the preparation of these three 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, 2018.
3. These accounts have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting".

	Note	September 30, 2018 Rupees	June 30, 2018 Rupees
4. Long term loans and liabilities			
Secured loans			
- Local currency loans		156,022,043	185,357,412
Unsecured loans from			
- Associated companies		32,526,256	36,901,255
Other payables			
- Payable to provident fund		159,027,417	164,194,670
		<u>347,575,715</u>	<u>386,453,337</u>
Less: Current portion shown under current liabilities			
- Banking companies		38,397,277	28,772,531
- Associated companies / related parties		<u>32,750,006</u>	<u>41,870,780</u>
		<u>71,147,283</u>	<u>70,643,311</u>
		<u>276,428,432</u>	<u>315,810,026</u>
5. Property, plant and equipment			
Opening book value		1,131,168,371	1,437,943,775
Add: Additions during the period	5.1	16,558,906	78,398,757
		<u>1,147,727,277</u>	<u>1,516,342,532</u>
Less: Disposals during the period (at book value)		-	37,252,618
Depreciation charged during the period		16,613,379	82,164,216
Impairment		-	37,555,665
Transfer to Disposal Group		-	228,201,662
		<u>16,613,379</u>	<u>385,174,161</u>
		<u>1,131,113,898</u>	<u>1,131,168,371</u>
5.1 Additions during the period			
Building on freehold land		15,016,840	61,325,934
Plant and machinery		1,199,004	16,379,851
Office equipment		343,062	692,972
		<u>16,558,906</u>	<u>78,398,757</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. 53.065 million (June 2018: Rs. 32.250 million).
- (ii) Bank guarantees amounting to Rs. 183.757 million (June 2018: Rs. 147.519 million).

	July to September	
	2018 Rupees	2017 Rupees
7. Cost of goods sold		
Raw and packing materials consumed	111,298,214	92,256,675
Stores and spares consumed	9,131,373	10,000,797
Salaries, wages and benefits	61,524,492	59,565,791
Power	30,662,771	28,511,216
Depreciation	16,535,568	19,417,331
Vehicle maintenance	106,345	128,127
Repairs and maintenance	620,158	523,985
Insurance	859,353	899,552
Communication and stationery	245,331	227,761
Rent, rates and taxes	773,184	239,551
Travelling and conveyance	3,513,301	6,444,984
Others	6,740,793	6,488,266
	242,010,883	224,704,037
Opening work in process	75,085,894	29,735,129
Less: Closing work in process	(44,220,934)	(35,077,870)
	30,864,960	(5,342,740)
Cost of goods produced	272,875,843	219,361,297
Opening stock of finished goods	155,380,362	258,274,158
	428,256,205	477,635,454
Less: Closing stock of finished goods	(188,632,795)	(225,627,190)
	239,623,408	252,008,263

	July to September	
	2018 Rupees	2017 Rupees
8. Cash generated from operations		
(Loss)/Profit before taxation	23,943,493	8,178,887
Add:		
Depreciation	16,613,379	19,514,592
Amortization of intangibles	66,898	66,888
Provision for gratuity	2,989,086	1,102,827
Loss/(Gain) on sale of fixed assets	(71,288)	-
Financial charges	16,960,196	15,007,699
	36,558,270	35,692,006
Profit before working capital changes	60,501,764	43,870,893
Effect on cash flow due to working capital changes:		
- (Increase) / decrease in		
Stores and spares	(2,249,521)	875,706
Stock in trade	(1,245,052)	9,706,260
Trade debts	(75,338,474)	(108,841,663)
Loans, advances, deposits, prepayments and other receivables	348,203	(4,723,400)
Creditors, accrued and other liabilities	(3,535,812)	(27,344,040)
	(82,020,656)	(130,327,137)
	(21,518,892)	(86,456,244)
9. Transaction with related parties		
Mark-up on long term loans	463,158	826,544
Mark-up on short term borrowings	3,628,163	4,045,357
Rent Paid	537,579	814,351

10. Date of authorization for issue

These financial statements were authorised for issue on October 26, 2018 by the Board of Directors of the company.

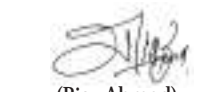
11. Corresponding figures

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

Lahore
October 26, 2018


(Tariq Rehman)
Chief Executive


(Ahsan Suhail Mannan)
Director


(Riaz Ahmed)
Chief Financial Officer

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BOOK POST

UNDER POSTAL CERTIFICATE



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