

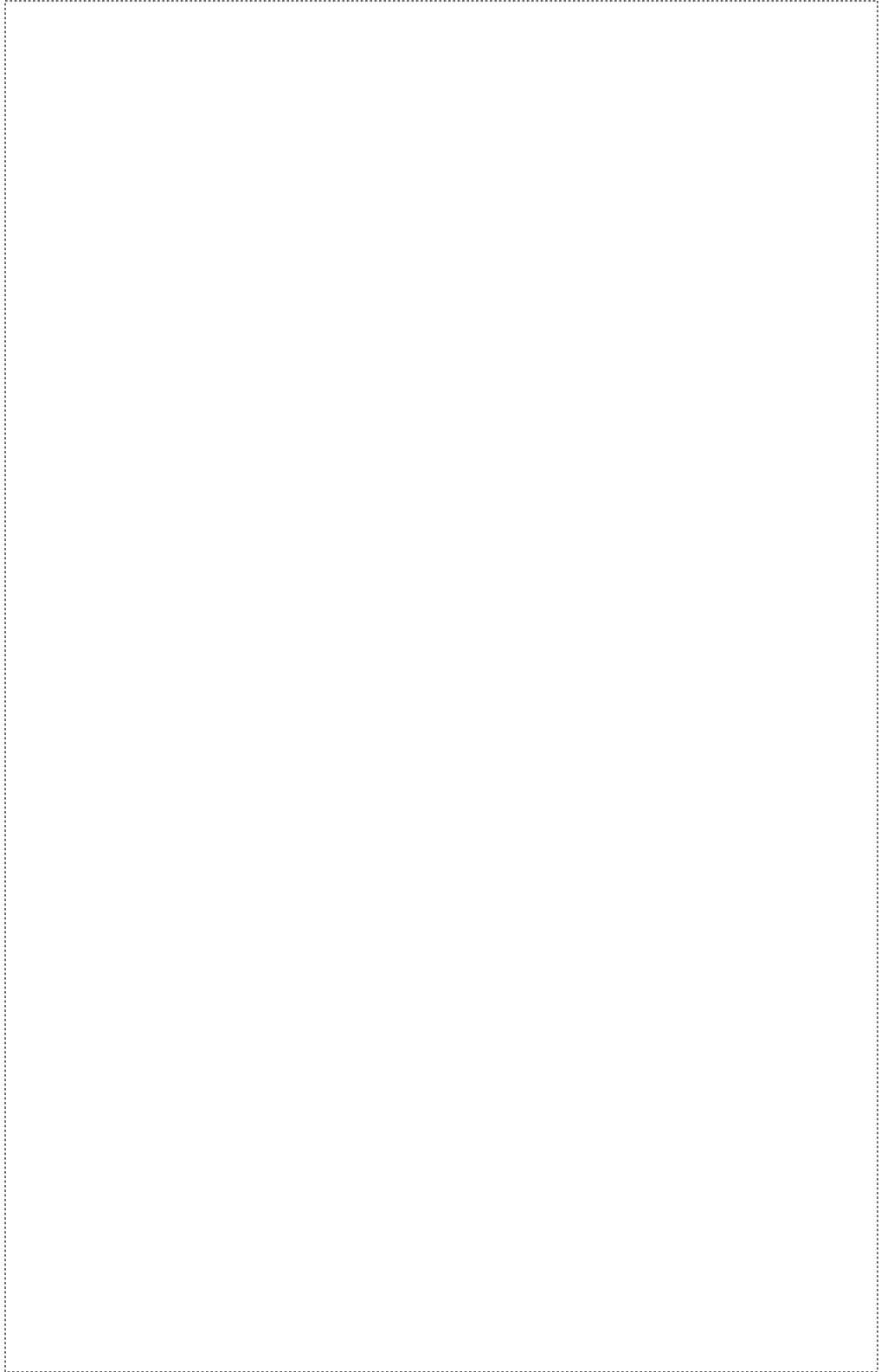
REPORT & ACCOUNTS

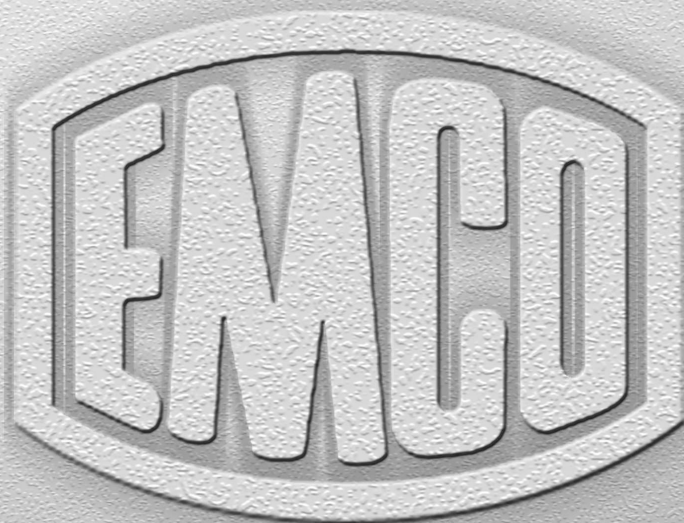
(UN-AUDITED)

FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2013



Emco Industries Limited

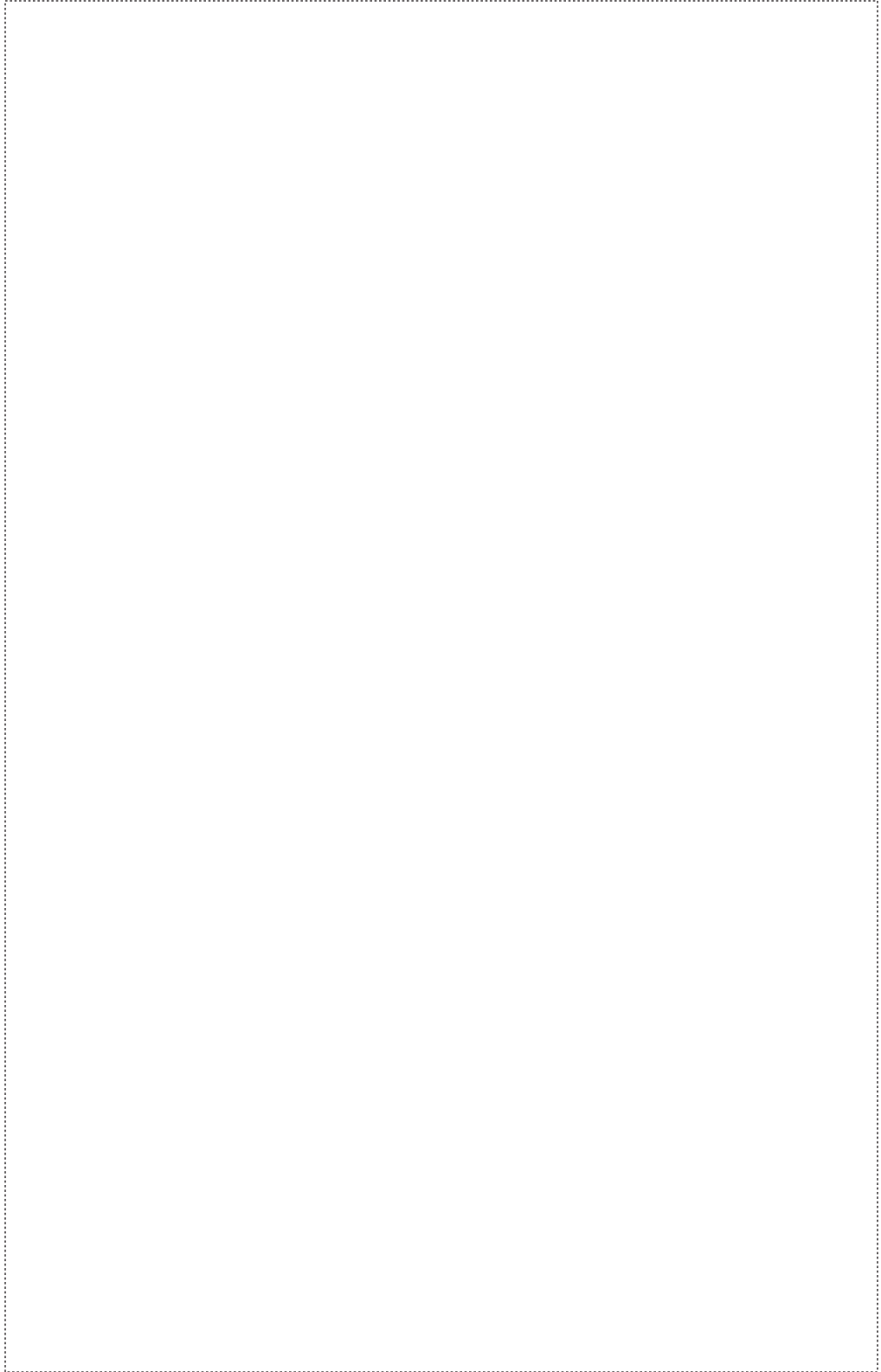




REPORT & ACCOUNTS
(UN-AUDITED)
FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2013



Emco Industries Limited



DIRECTOR'S REVIEW

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present Unaudited financial statement of the Company for the first quarter ended September 30, 2013.

Sales for the period under review are Rs. 326.903 million as compared to Rs.366.62 million. Your company has incurred after tax loss of Rs. 19.627 million as compared to net loss after tax of Rs.34.542 million in the same period last year. This is mainly attributed to severe shortage of gas and electricity.

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

Insulator Plant

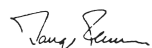
The Loss from operation is Rs.1.706 million in this period as compared to operating Profit of Rs 15.745 million for the same period last year. Average monthly production has decreased from 236 tons to 94 tons against the corresponding period to off - load finished goods inventory. Keeping in view the orders in hand we expect improvement in results in subsequent quarters.

Tile Plant

The operating profit of this division is Rs. 8.313 million as compared to operating Loss of Rs. 17.545 million over the same period last year. The net sales have decreased from Rs. 263.391 million to Rs.256.689 million over the same period last year. The average monthly production of Tile plant has increased from 188,029 M² to 237,545 M². We are expecting improvement in the operating results of this division in coming quarters.

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.

Lahore
October 31, 2013

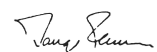

(Tariq Rehman)
Chief Executive

CONDENSED INTERIM BALANCE SHEET

	Note	September 30, 2013 Rupees	June 30, 2013 Rupees
EQUITY 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		(474,741,152)	(461,994,376)
		5,157,374	17,904,150
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		597,743,262	604,623,040
NON-CURRENT LIABILITIES			
Long term loans from directors - unsecured		115,708,828	115,708,828
Long term loans and liabilities	4	242,306,481	257,268,254
Liabilities against assets subject to finance lease		-	-
Deferred liabilities		46,434,571	45,047,704
Deferred Tax		108,127,364	110,277,352
		512,577,244	528,302,138
CURRENT LIABILITIES			
Current portion of			
- Long term loans and liabilities	4	176,057,856	175,633,232
- Liabilities against assets subject to finance lease		4,151,821	4,600,839
Short term loans from related parties-unsecured		116,683,226	125,538,486
Finances under mark up arrangements - secured		375,867,363	366,576,111
Trade and other payables		327,409,507	324,608,021
Accrued mark-up on loans and other payables		117,262,813	104,588,388
		1,117,432,586	1,101,545,077
CONTINGENCIES AND COMMITMENTS	6		
		2,232,910,466	2,252,374,405

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

Lahore
October 31, 2013


(Tariq Rehman)
Chief Executive

(UN-AUDITED) AS AT SEPTEMBER 30, 2013

	Note	September 30, 2013 Rupees	June 30, 2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,283,989,494	1,305,834,295
Assets subject to finance lease		13,406,383	13,929,065
Intangible Assets		3,721,118	3,839,623
Long term deposits		809,778	809,778
Long term loans		1,572,319	1,114,295
		<u>1,303,499,092</u>	<u>1,325,527,056</u>
CURRENT ASSETS			
Stores, spares and loose tools		111,772,964	118,406,907
Stock-in-trade		405,647,690	363,706,465
Trade debts		240,760,987	258,080,528
Loans, advances, deposits, prepayments and other receivables		77,517,039	74,206,533
Taxation - net		70,477,181	65,345,820
Cash and bank balances		23,235,515	47,101,096
		<u>929,411,375</u>	<u>926,847,349</u>
		<u><u>2,232,910,466</u></u>	<u><u>2,252,374,405</u></u>


 (Suhail Mannan)
 Director

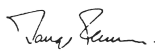
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	July to September	
		2013 Rupees	2012 Rupees
Sales		326,903,649	366,617,051
Cost of goods sold	7	(280,302,741)	(324,020,404)
Gross profit		46,600,908	42,596,647
Administration expenses		(17,099,900)	(14,417,205)
Distribution and selling costs		(22,894,094)	(29,692,479)
Other operating expenses		(409,798)	(1,779,618)
		(40,403,792)	(45,889,302)
		6,197,116	(3,292,655)
Other operating income		162,901	155,107
Profit from operations		6,360,017	(3,137,548)
Finance cost		(24,867,562)	(29,570,879)
(Loss) / Profit before taxation		(18,507,545)	(32,708,427)
Taxation		(1,119,048)	(1,833,085)
(Loss) / Profit after taxation		(19,626,594)	(34,541,513)
(Loss) / Earnings per share - Basic and diluted		(0.56)	(0.99)

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

Lahore
October 31, 2013


(Tariq Rehman)
Chief Executive


(Suhail Mannan)
Director


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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	July to September	
		2013 Rupees	2012 Rupees
Profit / (Loss) after taxation		(19,626,594)	(34,541,513)
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(19,626,594)	(34,541,513)

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

Lahore
October 31, 2013


(Tariq Rehman)
Chief Executive


(Suhail Mannan)
Director


CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Notes	September 30, 2013 Rupees	September 30, 2012 Rupees
Cash flow from operating activities			
Cash generated from operations	9	19,790,901	93,272,925
Financial cost paid		(12,193,137)	(24,104,345)
Taxes paid		(8,083,085)	(7,182,024)
Gratuity paid		(539,080)	(2,598,752)
Net cash (used in)/from operating activities		(1,024,401)	59,387,804
Cash flow from investing activities			
Fixed capital expenditure		(5,230,195)	(3,945,462)
Net (increase)/decrease in long-term deposits and prepayments		(458,024)	771,888
Proceeds from disposal of property, plant and equipment		-	365,000
Net cash used in investing activities		(5,688,219)	(2,808,574)
Cash flow from financing activities			
Net increase/(decrease) in long term loans and liabilities		(14,537,149)	(16,720,360)
Net (decrease)/increase in short term loans from directors		(8,855,260)	(27,660,000)
Repayment of finance lease liabilities		(449,018)	(1,587,092)
Net cash from financing activities		(23,841,427)	(45,967,452)
Net (decrease)/increase in cash and cash equivalents		(30,554,046)	10,611,779
Cash and cash equivalents at the beginning of the year	10	(322,077,802)	(546,295,766)
Cash and cash equivalents at the end of the period		(352,631,848)	(535,683,985)

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

Lahore
October 31, 2013


(Tariq Rehman)
Chief Executive


(Suhail Mannan)
Director

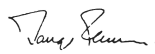
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Share Capital Rupees	Share Premium Rupees	General Reserve Rupees	Accumulated Loss Rupees	Total Rupees
Balance as on June 30, 2012	350,000,000	39,898,526	90,000,000	(447,269,291)	32,629,235
(Loss) for the period	-	-	-	(41,279,660)	(41,279,660)
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:					
- Incremental depreciation for the period	-	-	-	9,797,335	9,797,335
Balance as on December 31, 2012	350,000,000	39,898,526	90,000,000	(478,751,616)	1,146,910
(Loss) for the period	-	-	-	7,344,296	7,344,296
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation					
- Incremental depreciation for the period	-	-	-	9,412,944	9,412,944
Balance as on June 30, 2013	350,000,000	39,898,526	90,000,000	(461,994,376)	17,904,150
Profit for the period	-	-	-	(19,626,594)	(19,626,594)
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation					
- Incremental depreciation for the period	-	-	-	6,879,818	6,879,818
Balance as on September 30, 2013	350,000,000	39,898,526	90,000,000	(474,741,152)	5,157,374

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

Lahore
October 31, 2013


(Tariq Rehman)
Chief Executive


(Suhail Mannan)
Director

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

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 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, 2013.
3. These accounts have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting".


	September 30, 2013 Rupees	June 30, 2013 Rupees
4. Long term loans and liabilities		
Secured loans		
- Local currency loans	254,542,405	269,079,554
Unsecured loans from		
- Associated companies	14,951,139	14,951,139
- Others	8,000,000	8,000,000
Other payables		
- Payable to provident fund	140,870,793	140,870,793
	418,364,337	432,901,486
Less: Current portion shown under current liabilities		
- Secured loans	94,603,856	94,179,232
- Payable to provident fund	81,454,000	81,454,000
	176,057,856	175,633,232
	242,306,481	257,268,254
5. Property, plant and equipment		
Opening book value	1,305,834,295	1,087,203,565
Add: Additions during the period	5,230,156	23,327,423
Surplus on revaluation during the period	-	304,654,485
	1,311,064,451	1,415,185,473
Less: Disposals during the period (at book value)	-	1,051,352
Depreciation charged during the period	27,074,957	108,299,826
	27,074,957	109,351,178
	1,283,989,494	1,305,834,295

	September 30, 2013 Rupees	June 30, 2013 Rupees
5.1 Additions during the period		
Plant and machinery	5,168,306	20,482,293
Office equipment	61,850	800,930
Furniture and fixtures	-	6,200
Vehicles	-	2,038,000
	<u>5,230,156</u>	<u>23,327,423</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. 34.390 million (June 2013: Rs. 57.67 million).		
(ii) Bank guarantees amounting to Rs. 115.22 million (June 2013: Rs. 125.49 million).		
	July to September	
	2013 Rupees	2012 Rupees
7. Cost of goods sold		
Raw and packing materials consumed	85,993,621	115,084,152
Stores and spares consumed	12,546,467	15,496,421
Salaries, wages and benefits	54,293,685	62,033,944
Power	121,961,234	81,464,048
Depreciation	26,506,617	25,440,668
Depreciation of leased assets	320,341	320,341
Vehicle maintenance	61,600	98,220
Repairs and maintenance	936,024	1,012,089
Insurance	787,144	878,104
Communication and stationery	459,596	636,225
Rent, rates and taxes	7,936,747	4,464,062
Travelling and conveyance	1,192,513	1,523,668
Others	933,204	2,045,191
	<u>313,928,794</u>	<u>310,497,132</u>
Opening work in process	35,462,946	37,114,281
Less: Closing work in process	(47,608,179)	(35,048,635)
	<u>(12,145,233)</u>	<u>2,065,645</u>
Cost of goods produced	<u>301,783,562</u>	<u>312,562,778</u>
Opening stock of finished goods	<u>189,564,881</u>	<u>220,880,533</u>
	<u>491,348,442</u>	<u>533,443,311</u>
Less: Closing stock of finished goods	<u>(211,045,701)</u>	<u>(209,422,907)</u>
	<u>280,302,741</u>	<u>324,020,404</u>
Cost of goods sold - purchased for resale	-	-
	<u>280,302,741</u>	<u>324,020,404</u>

8. Segment Information	Insulator		Tile		Total	
	July to September		July to September		July to September	
	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees
Segment revenue - external	70,214,545	103,225,428	256,689,104	263,391,623	326,903,649	366,617,051
Cost of Sales	61,571,552	76,456,533	218,731,189	247,563,871	280,302,741	324,020,404
Gross profit/(loss)	8,642,993	26,768,895	37,957,915	15,827,752	46,600,908	42,596,647
Distribution costs	4,905,986	6,452,771	17,988,108	23,239,708	22,894,094	29,692,479
Administration expenses	5,443,172	4,283,396	11,656,728	10,133,809	17,099,900	14,417,205
	10,349,158	10,736,167	29,644,836	33,373,517	39,993,994	44,109,684
Segment result from operations	(1,706,165)	16,032,728	8,313,079	(17,545,765)	6,606,914	(1,513,037)
8.1 Inter segment pricing	September 30, 2013 Rupees	June 30, 2013 Rupees	September 30, 2013 Rupees	June 30, 2013 Rupees	September 30, 2013 Rupees	June 30, 2013 Rupees
There are no inter segment sales.						
8.2 Segment assets	680,089,612	773,542,978	1,172,507,749	1,286,414,282	1,852,597,361	2,059,957,260
Segment assets					380,313,105	192,417,145
Unallocated assets					2,232,910,466	2,252,374,405
8.3 Segment liabilities	163,704,754	162,304,011	163,704,754	162,304,011	327,409,507	324,608,021
Segment liabilities					1,302,600,323	1,305,239,194
Unallocated liabilities					1,630,009,830	1,629,847,215
8.4 Other segment information	Insulator		Tile		Total	
Capital expenditure	July to September		July to September		July to September	
	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees	2013 Rupees	2012 Rupees
	447,179	1,658,132	4,782,977	7,428,994	5,230,156	9,087,126
Depreciation	6,496,513	6,555,139	20,578,444	19,444,119	27,074,957	25,999,258
Depreciation of leased assets	29,425	29,425	493,259	493,259	522,683	522,684
					27,597,640	26,521,942

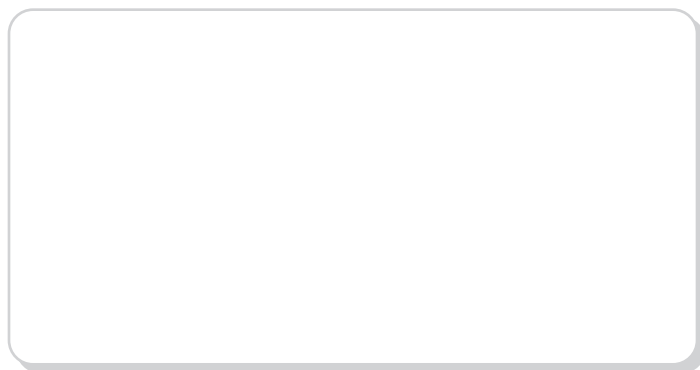
		July to September	
		2013 Rupees	2012 Rupees
9.	Cash generated from operations		
	(Loss)/Profit before taxation	(18,507,545)	(32,708,427)
	Add:		
	Depreciation	27,074,957	25,999,258
	Depreciation of leased assets	522,683	522,683
	Amortization of intangibles	118,507	118,507
	Provision for gratuity	1,925,948	1,674,453
	Loss/(Gain) on sale of fixed assets	-	46,502
	Financial charges	24,867,562	29,570,879
		54,509,657	57,932,282
	Profit before working capital changes	36,002,111	25,223,855
	Effect on cash flow due to working capital changes:		
	- (Increase)/decrease in stores and spares	6,633,951	(688,096)
	- (Increase)/decrease in stock in trade	(41,941,224)	30,313,904
	- (Increase)/decrease in trade debts	17,275,845	243,987
	- (Increase)/decrease in loans, advances, deposits, prepayments and other receivables	(3,514,983)	(11,928,574)
	- Increase/(decrease) in creditors, accrued and other liabilities	5,335,201	50,107,850
		(16,211,210)	68,049,071
		19,790,901	93,272,925
10.	Cash and cash equivalents		
	Cash and bank balances	45,584,328	47,101,096
	Finances under mark-up arrangements - secured	(367,662,130)	(366,576,111)
		(322,077,802)	(319,475,015)
11.	Transaction with related parties		
	Mark-up on short term borrowings	1,898,331	196,926
	Rent Paid	1,875,000	1,875,000
12.	Date of authorization for issue		
	These financial statements were authorised for issue on October 31, 2013 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
October 31, 2013


(Tariq Rehman)
Chief Executive


(Suhail Mannan)
Director

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