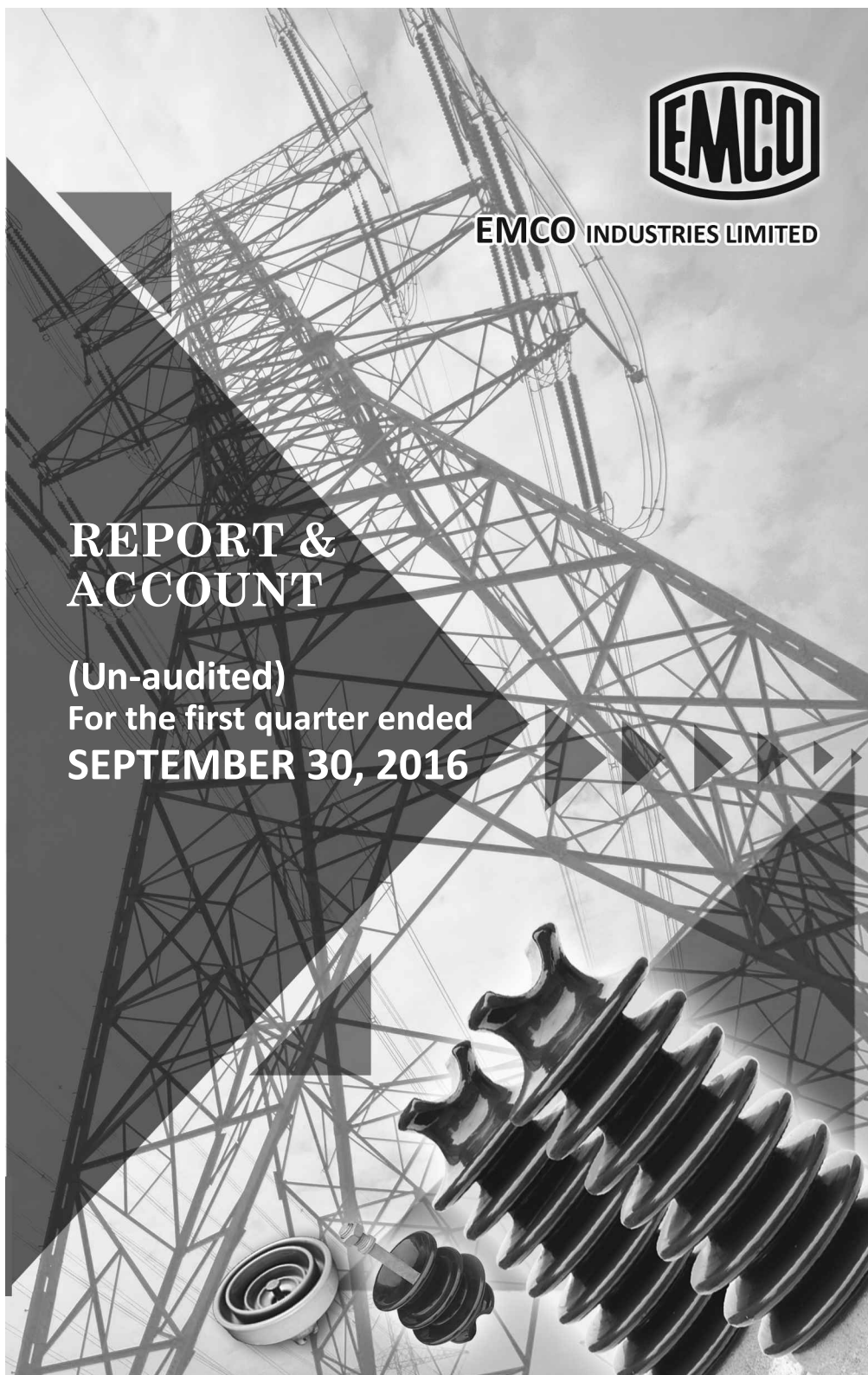


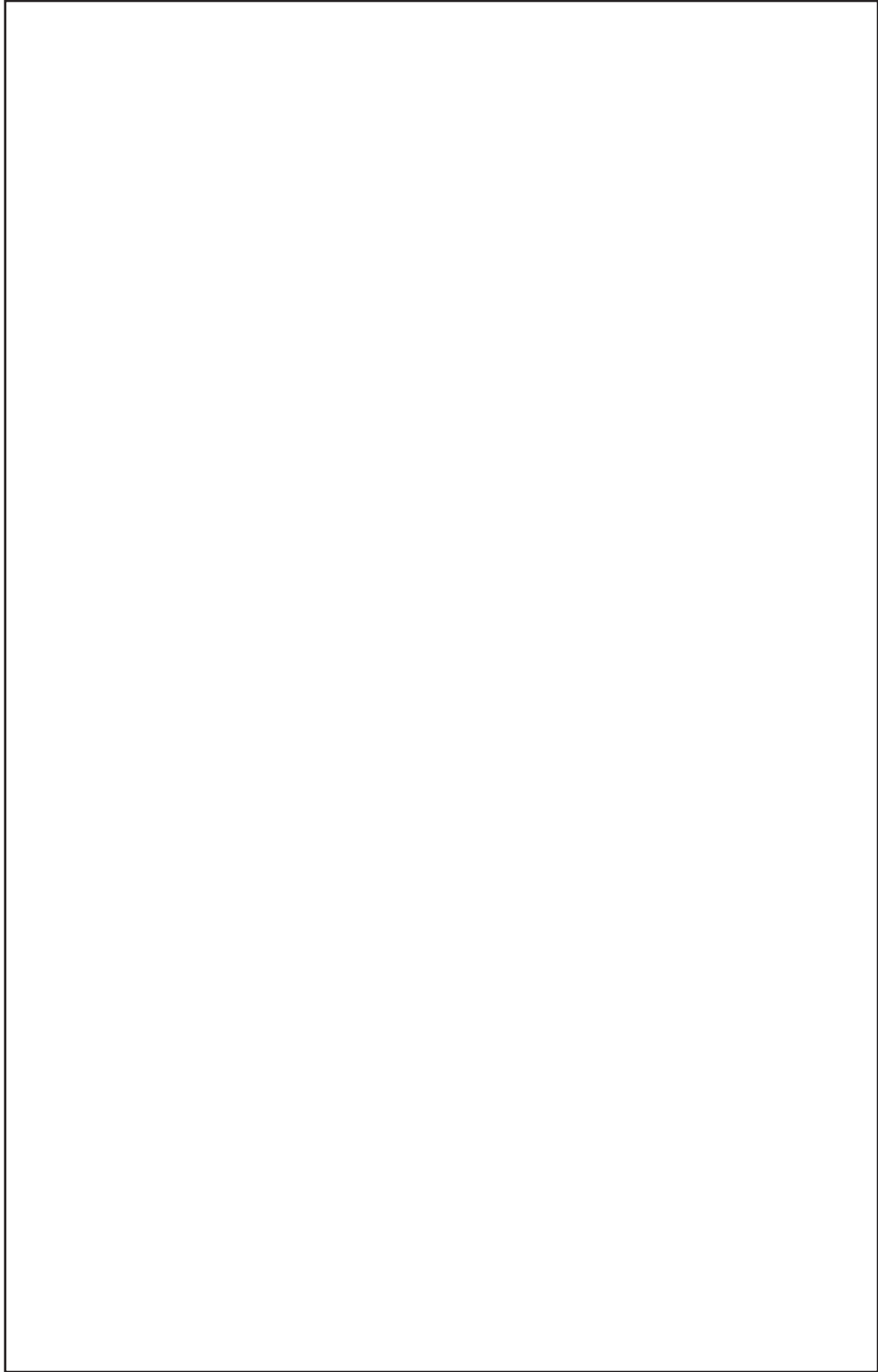


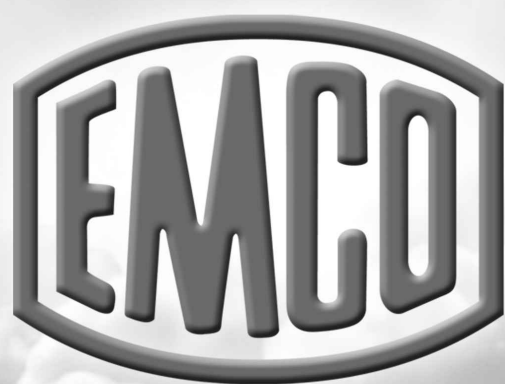
EMCO INDUSTRIES LIMITED

REPORT & ACCOUNT

(Un-audited)
For the first quarter ended
SEPTEMBER 30, 2016







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

A.F. Ferguson & 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 Sheikhupura 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



DIRECTORS' REVIEW

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present Unaudited financial statements of the Company for the first quarter ended September 30, 2016.

Sales for the period under review are Rs. 201.935 million as compared to Rs. 269.345 million in the previous corresponding period. Despite the lower sales in this period, our company has earned after tax profit of Rs. 4.797 as compared to net loss after tax of Rs. 5.141 million in the same period last year. By the grace of Allah, optimum utilization of resources and the hard work by the entire team is translating into better results.

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

Insulator Plant Operation

The Profit from operation is Rs. 22.121 million in this period as compared to operating Profit of Rs. 17.996 million for the same period last year. Average monthly production has increased from 319 tons to 392 tons against the corresponding period. Keeping in view the current orders in hand we expect continuous improvement in results in subsequent quarters.

The Results for this quarter are based on the Insulator Plant solely bearing the complete costs of depreciation, receivables and financial charges of the Tile Division as Tiles Plant operation remained suspended. The Directors will continue to monitor the availability of gas in the coming months in order to arrive at a firm decision regarding the future of the Tile operations.

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


October 28, 2016
Lahore

CONDENSED INTERIM BALANCE SHEET

	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
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
Long term loans from directors - unsecured		115,708,828	115,708,828
Accumulated loss		(563,991,148)	(574,299,548)
		31,616,206	21,307,806
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		740,891,464	746,402,897
NON-CURRENT LIABILITIES			
Long term loans and liabilities	4	239,073,556	238,885,384
Deferred liabilities		34,356,970	34,854,948
Deferred Tax		90,885,492	90,885,492
		364,316,018	364,625,824
CURRENT LIABILITIES			
Current portion of			
- Long term loans and liabilities	4	47,493,608	62,566,631
Short term loans from related parties-unsecured		328,995,673	283,227,608
Finances under mark up arrangements - secured		323,722,985	362,232,585
Trade and other payables		258,125,714	263,745,534
Accrued mark-up on loans and other payables		175,792,005	171,091,408
		1,134,129,986	1,142,863,766
CONTINGENCIES AND COMMITMENTS	6		
		2,270,953,673	2,275,200,293

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

Lahore
October 28, 2016


(Tariq Rehman)
Chief Executive



(UN-AUDITED) AS AT SEPTEMBER 30, 2016

	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,297,020,654	1,315,164,858
Intangible Assets		2,243,432	2,675,387
Capital work in progress		33,526,161	33,526,230
Long term deposits		271,163	271,163
Long term loans		1,789,647	1,882,771
		1,334,851,057	1,353,520,409
CURRENT ASSETS			
Stores, spares and loose tools		107,855,309	107,266,583
Stock-in-trade		405,071,343	381,895,545
Trade debts		271,977,952	292,246,677
Loans, advances, deposits, prepayments and other receivables		65,102,067	58,506,225
Taxation - net		76,003,445	72,908,786
Cash and bank balances		10,092,501	8,856,068
		936,102,617	921,679,884
		2,270,953,673	2,275,200,293

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


 (Ahsan Suhail Mannan)
 Director


CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Note	July to September	
		2016 Rupees	2015 Rupees
Sales		201,935,316	269,345,237
Cost of goods sold	7	(157,669,067)	(224,833,829)
Gross profit		44,266,249	44,511,408
Administration expenses		(13,970,271)	(13,388,397)
Distribution and selling costs		(7,895,524)	(13,280,165)
Other operating expenses		(400,000)	(366,229)
		(22,265,795)	(27,034,791)
		22,000,454	17,476,617
Other operating income		120,302	519,089
Profit from operations		22,120,756	17,995,706
Finance cost		(15,304,384)	(20,443,268)
Profit / (Loss) before taxation		6,816,372	(2,447,562)
Taxation		(2,019,355)	(2,693,452)
Profit / (Loss) after taxation		4,797,017	(5,141,015)
(Loss) / Earnings per share - Basic and diluted		0.14	(0.15)

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

Lahore
October 28, 2016


(Tariq Rehman)
Chief Executive


(Ahsan Suhail Mannan)
Director



**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Note	July to September	
		2016 Rupees	2015 Rupees
Profit / (Loss) after taxation		4,797,017	(5,141,015)
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		4,797,017	(5,141,015)

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

Lahore
October 28, 2016


(Tariq Rehman)
Chief Executive


(Ahsan Suhail Mannan)
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Note	July to September	
		2016 Rupees	2015 Rupees
Cash flow from operating activities			
Cash generated from operations	9	27,411,227	62,212,524
Financial cost paid		(10,603,790)	(21,980,418)
Taxes paid		(5,114,014)	(17,375,963)
Gratuity paid		(1,237,598)	(4,112,200)
Net cash (used in)/from operating activities		10,455,825	18,743,943
Cash flow from investing activities			
Fixed capital expenditure		(1,686,120)	(6,029,837)
Net (increase)/decrease in long-term loans and other receivables		93,119	301,027
Proceeds from disposal of property, plant and equipment		-	-
Net cash used in investing activities		(1,593,001)	(5,728,810)
Cash flow from financing activities			
Net increase/(decrease) in long term loans and liabilities		(14,884,848)	(20,226,889)
Net (decrease)/increase in short term loans from directors		45,768,059	2,220,069
Repayment of finance lease liabilities		-	(2,122,308)
Net cash from financing activities		30,883,211	(20,129,128)
Net (decrease)/increase in cash and cash equivalents		39,746,035	(7,113,995)
Cash and cash equivalents at the beginning of the year	10	(353,376,517)	(401,310,188)
Cash and cash equivalents at the end of the period		(313,630,484)	(408,424,186)

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

Lahore
October 28, 2016


(Tariq Rehman)
Chief Executive


(Ahsan Suhail Mannan)
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Share Capital Rupees	Share Premium Rupees	General Reserve Rupees	Accumulated Loss Rupees	Sponsors' Loan Rupees	Total Rupees
Balance as on June 30, 2015 (restated)	350,000,000	39,898,526	90,000,000	(623,934,633)	115,708,828	(28,327,279)
Total comprehensive Income/ (Loss) for the quarter ended September 30, 2015	-	-	-	(5,141,015)	-	(5,141,015)
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:						
- Incremental depreciation for the period	-	-	-	4,910,361	-	4,910,361
Balance as on September 30, 2015 (restated)	350,000,000	39,898,526	90,000,000	(624,165,287)	115,708,828	(28,557,933)
Total comprehensive Income/ (Loss) for the nine ended June 30, 2016	-	-	-	32,730,366	-	32,730,366
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:						
- Incremental depreciation for the period	-	-	-	17,135,373	-	17,135,373
Balance as on June 30, 2016	350,000,000	39,898,526	90,000,000	(574,299,548)	115,708,828	21,307,806
Total comprehensive Income/ (Loss) for the quarter ended September 30, 2016	-	-	-	4,797,017	-	4,797,017
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation:						
- Incremental depreciation for the period	-	-	-	5,511,383	-	5,511,383
Balance as on September 30, 2016	350,000,000	39,898,526	90,000,000	(563,991,148)	115,708,828	31,616,206

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

Lahore
October 28, 2016


 (Tariq Rehman)
 Chief Executive


 (Ahsan Suhail Mannan)
 Director

SELECTED NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 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 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, 2016
3. These accounts have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting".

	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
4. Long term loans and liabilities			
Secured loans			
- Local currency loans		131,823,270	145,039,859
Unsecured loans from			
- Associated companies		18,798,518	18,098,518
- Others		2,569,995	2,569,995
Other payables			
- Payable to provident fund		133,375,381	135,743,643
		286,567,164	301,452,015
Less: Current portion shown under current liabilities			
- Secured loans		36,013,584	43,379,988
- Payable to provident fund		11,480,024	19,186,643
		47,493,608	62,566,631
		239,073,556	238,885,384
5. Property, plant and equipment			
Opening book value		1,315,164,858	1,154,440,494
Add: Additions during the period	5.1	1,686,120	17,035,533
Revaluation during the period		-	212,972,725
Transfers in during the period		-	9,263,060
		1,316,850,978	1,393,711,812
Less: Disposals during the period (at book value)		-	108,764
Depreciation charged during the period		19,830,324	78,438,190
Adjustments		-	-
		19,830,324	78,546,954
		1,297,020,654	1,315,164,858
5.1 Additions during the period			
Building on freehold land		150,000	-
Plant and machinery		1,145,470	14,477,763
Tools & equipment		-	-
Office equipment		390,650	1,004,740
Furniture and fixtures		-	914,889
Vehicles		-	638,141
		1,686,120	17,035,533



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. 11.362 million (June 2016: Rs. 23.183 million).
- (ii) Bank guarantees amounting to Rs. 188.84 million (June 2016: Rs. 181.087 million).

	Note	July to September	
		2016 Rupees	2015 Rupees
7. Cost of goods sold			
Raw and packing materials consumed		82,155,391	86,184,529
Stores and spares consumed		8,491,810	11,253,419
Salaries, wages and benefits		56,316,394	52,090,170
Power		26,712,438	23,226,462
Depreciation		19,629,592	19,023,341
Depreciation of leased assets		-	189,272
Vehicle maintenance		151,919	138,835
Repairs and maintenance		1,223,266	620,192
Insurance		903,316	909,193
Communication and stationery		286,902	304,587
Rent, rates and taxes		483,783	565,120
Travelling and conveyance		1,477,113	1,299,484
Others		6,370,189	2,291,885
		204,202,113	198,096,488
Opening work in process		21,295,775	30,571,716
Less: Closing work in process		(19,214,398)	(29,738,420)
		2,081,377	833,296
Cost of goods produced		206,283,490	198,929,784
Opening stock of finished goods		186,953,949	242,344,714
		393,237,439	441,274,498
Less: Closing stock of finished goods		(235,568,371)	(216,440,668)
		157,669,067	224,833,829

	Insulator		Tile		Total	
	July to September 2016 Rupees	2015 Rupees	July to September 2016 Rupees	2015 Rupees	July to September 2016 Rupees	2015 Rupees
8. Segment information						
Segment revenue - external	201,935,316	269,345,237	-	-	201,935,316	269,345,237
Cost of Sales	(145,216,999)	(211,708,713)	(12,452,068)	(13,125,116)	(157,669,067)	(224,833,829)
Gross profit/(loss)	56,718,317	57,636,524	(12,452,068)	(13,125,116)	44,266,249	44,511,408
Distribution costs	(7,895,524)	(13,280,165)	-	-	(7,895,524)	(13,280,165)
Administration expenses	(13,970,271)	(13,388,397)	-	-	(13,970,271)	(13,388,397)
	(21,865,795)	(26,668,562)	-	-	(21,865,795)	(26,668,562)
Segment result from operations	34,852,522	30,967,962	(12,452,068)	(13,125,116)	22,400,454	17,842,846
	September 30, 2016 Rupees	June 30, 2016 Rupees	September 30, 2016 Rupees	June 30, 2016 Rupees	September 30, 2016 Rupees	June 30, 2016 Rupees
8.1 Inter segment pricing						
There are no inter segment sales.						
8.2 Segment assets						
Segment assets	1,270,959,796	1,262,754,348	854,893,477	867,345,545	2,125,853,273	2,130,099,893
Unallocated assets					145,100,400	145,100,400
					2,270,953,673	2,275,200,293
8.3 Segment liabilities						
Unallocated liabilities					1,498,446,003	1,507,489,590
					1,498,446,003	1,507,489,590
8.4 Other segment information						
Capital expenditure	1,686,120	4,849,133	-	-	1,686,120	4,849,133
					1,686,120	4,849,133
Depreciation	7,378,269	6,264,296	12,452,068	13,125,116	19,830,337	19,389,412
Depreciation of leased assets	-	-	-	191,272	-	191,272
					19,830,337	19,580,684



Note	July to September	
	2016 Rupees	2015 Rupees
9. Cash generated from operations		
(Loss)/Profit before taxation	6,816,372	(2,447,562)
Add:		
Depreciation	19,830,324	19,389,413
Depreciation of leased assets	-	189,272
Amortization of intangibles	431,958	431,958
Provision for gratuity	739,603	419,272
Financial charges	15,304,384	20,443,268
	36,306,269	40,873,182
Profit before working capital changes	43,122,641	38,425,620
Effect on cash flow due to working capital changes:		
- (Increase)/decrease in stores and spares	(588,727)	3,777,799
- (Increase)/decrease in stock in trade	(23,175,802)	13,337,986
- (Increase)/decrease in trade debts	19,693,018	6,843,449
- (Increase)/decrease in loans, advances, deposits, prepayments and other receivables	(6,015,179)	13,485,842
- Increase/(decrease) in creditors, accrued and other liabilities	(5,624,724)	(13,658,172)
	(15,711,414)	23,786,904
	27,411,227	62,212,524
10. Cash and cash equivalents		
Cash and bank balances	8,856,068	6,699,210
Finances under mark-up arrangements - secured	(362,232,585)	(408,009,398)
	(353,376,517)	(401,310,188)
11. Transaction with related parties		
Sale of goods	-	-
Goods purchased	-	-
Services received	-	138,855
Mark-up on short term borrowings	2,221,338	2,076,652
12. Date of authorization for issue		
These financial statements were authorised for issue on October 28, 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.		

Lahore
October 28, 2016


(Tariq Rehman)
Chief Executive


(Ahsan Suhail Mannan)
Director

www.emco.com.pk

BOOK POST
UNDER POSTAL CERTIFICATE



EMCO INDUSTRIES LIMITED

4th Floor, National Tower, 28-Egerton Road, Lahore -54000

Phone: (+92) (42) 3630 6545 - 6 Fax: (+92) (42) 3636 8119

Email: info@emco.com.pk