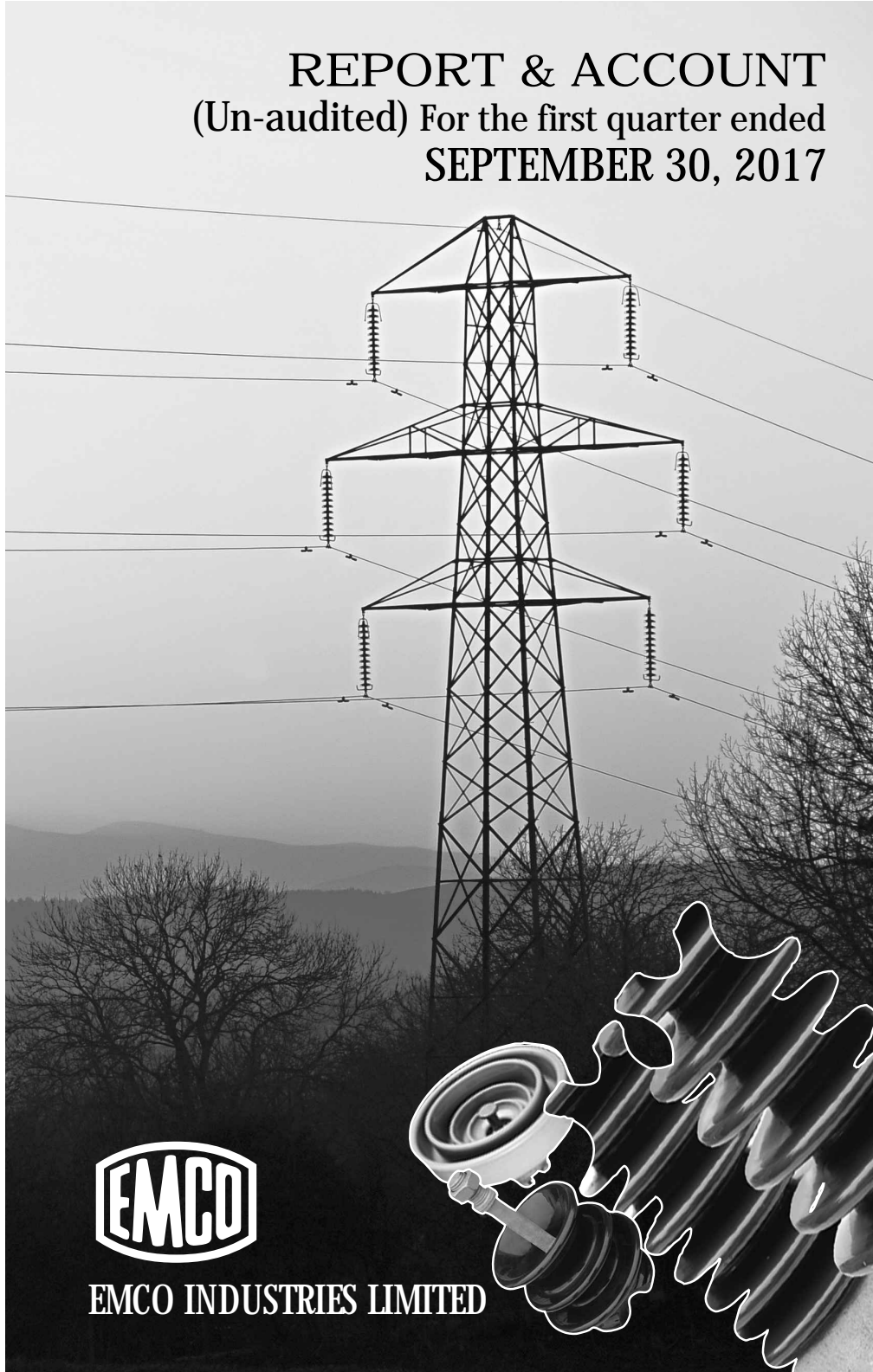
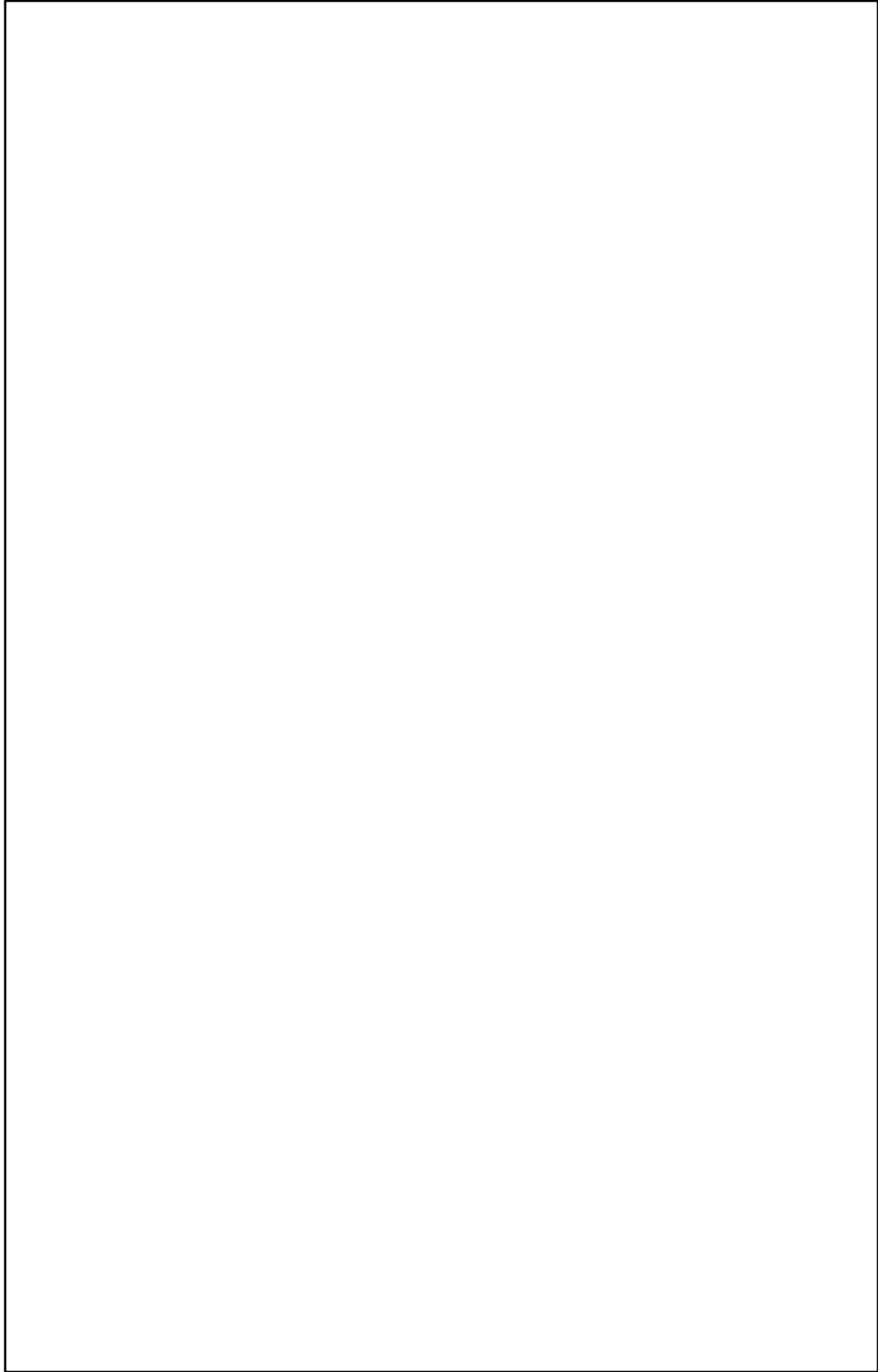
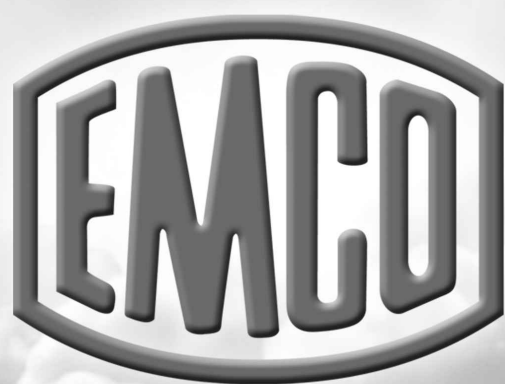


**REPORT & ACCOUNT**  
**(Un-audited) For the first quarter ended**  
**SEPTEMBER 30, 2017**



**EMCO INDUSTRIES LIMITED**







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## COMPANY INFORMATION

### Board of Directors

Mr. Javaid Shafiq Siddiqi (Chairman)  
Mr. Tariq Rehman (Chief Executive)  
Mr. Suhail Mannan  
Mr. Pervaiz Shafiq Siddiqi  
Mr. Usman Haq  
Mr. Salem Rehman  
Mr. Ahsan Suhail Mannan  
Mr. Awaiz Noorani  
Ch. Imran Ali (Independent Director)

### Company Secretary

Mr. Ahsan Suhail Mannan

### Chief Financial Officer

Mr. Riaz Ahmad

### Audit Committee

Ch. Imran Ali (Chairman)  
Mr. Javaid Shafiq Siddiqi (Member)  
Mr. Usman Haq (Member)  
Mr. Salem Rehman (Member)  
Mr. Ahsan Suhail Mannan (Member)

### HR Committee

Mr. Pervaiz Shafiq Siddiqi (Chairman)  
Mr. Usman Haq (Member)  
Mr. Salem Rehman (Member)  
Mr. Ahsan Suhail Mannan (Member)

### 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  
MCB Bank Limited

### 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

#### 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.

## 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 period ended September 30, 2017.

During the period under review, Sales were Rs. 297.503 million as compared to Rs. 201.935 million in the previous corresponding period. Your company has earned after tax profit of Rs. 4.460 million as compared to Rs. 4.797 million in the same period last year.

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

### Insulator Plant Operation

The Profit from operation is Rs. 23.186 million in this period as compared to operating Profit of Rs. 22.121 million for the same period last year. Average monthly production has decreased slightly from 392 tons to 389 tons against the corresponding period owing to the product mix. 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 as Tiles Plant Operation remained suspended. Subsequent to the approval of Shareholders in last AGM, due process of carrying out the sales of Land and Tile Machinery has been initiated.

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 30, 2017  
Lahore



## جائزہ منجانب ڈائریکٹرز

ایکواڈسٹر پریزمینڈ (کمپنی) کے بورڈ آف ڈائریکٹرز اپنی رپورٹ بشمول تکلیف شدہ عبوری مالیاتی معلومات 30 ستمبر 2017ء کو ختم ہونے والی پہلی سہ ماہی مدت کے لیے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

پچھلے متعلقہ مدت میں فروخت مبلغ 201.935 ملین روپے رہی جس کے موازنہ میں زیر جائزہ مدت کے دوران فروخت مبلغ 297.503 ملین روپے رہیں۔ کمپنی نے زیر جائزہ مدت میں مبلغ 4.460 ملین روپے بعد از ٹیکس منافع کمایا ہے جو پچھلے سال اسی دورانیہ مبلغ 4.797 ملین روپے تھا۔

زیر جائزہ تین ماہ کی مدت کی اہم جھلکیاں درج ذیل ہیں:

### انسولیٹر پلانٹ آپریشن

گذشتہ برس اسی عرصہ کے دوران آپریٹنگ منافع 22.121 ملین روپے کے موازنہ میں اسی عرصہ کے دوران آپریشن سے منافع 23.186 ملین روپے ہے۔ مصنوعات کے کس کی وجہ سے اوسط ماہانہ پیداوار تھوڑی سی کمی 392 ٹن سے 389 ٹن تک واقع ہوئی ہے۔ موجودہ آڈرز کو مد نظر رکھتے ہوئے ہم بعد میں آنے والے کوارٹرز میں مسلسل بہتری کی توقع رکھتے ہیں

اس سہ ماہی کے نتائج صرف انسولیٹر پلانٹ پر مبنی ہیں چونکہ ٹائل پلانٹ آپریشن معطل رہے۔ آخری عام سالانہ اجلاس میں حصص داران کی منظوری کے بعد ٹائل پلانٹ کی مشینری اور زمین کی فروخت کا عمل شروع کر دیا گیا ہے

ڈائریکٹرز اپنے قابل قدر کسٹمرز، ڈیلرز، مالیاتی اداروں و دیگر حصہ داروں کی ان کے مسلسل اعتماد کے لیے شکریہ ادا کرتے ہیں۔ تمام ملازمین کی محنت کو تسلیم کیا جاتا ہے اور تعریف کی جاتی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



طارق رحمان، چیف ایگزیکٹو  
30-10-2017

## CONDENSED INTERIM BALANCE SHEET

	Note	September 30, 2017 Rupees	June 30, 2017 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized capital 40,000,000 (June 2016: 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 2016: 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		(514,014,179)	(523,515,346)
		81,593,175	72,092,008
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		915,492,261	920,533,260
<b>NON-CURRENT LIABILITIES</b>			
Long term loans and liabilities	4	313,468,734	331,989,413
Deferred liabilities		38,874,013	37,850,488
Deferred Tax		101,628,933	101,628,934
		453,971,680	471,468,835
<b>CURRENT LIABILITIES</b>			
Current portion of			
- Long term loans and liabilities	4	91,604,540	87,867,785
Short term loans from related parties-unsecured		362,959,069	283,150,075
Finances under mark up arrangements - secured		247,027,878	209,569,771
Trade and other payables		289,061,958	316,405,998
Accrued mark-up on loans and other payables		135,367,858	132,358,712
		1,126,021,303	1,029,352,341
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
		2,577,078,419	2,493,446,444

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

Lahore  
October 30, 2017

  
(Tariq Rehman)  
Chief Executive





## (UN-AUDITED) AS AT SEPTEMBER 30, 2017

	Note	September 30, 2017 Rupees	June 30, 2017 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,421,055,454	1,437,943,775
Intangible Assets		2,453,018	2,519,906
Capital work in progress		30,389,186	30,389,186
Long term deposits		271,163	271,163
Long term loans		1,426,862	1,499,861
		<b>1,455,595,683</b>	<b>1,472,623,891</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		110,114,961	110,990,667
Stock-in-trade		416,421,207	426,127,467
Trade debts		445,025,902	336,184,239
Loans, advances, deposits, prepayments and other receivables		88,482,575	83,759,175
Taxation - net		55,389,639	61,201,919
Cash and bank balances		6,048,453	2,559,086
		<b>1,121,482,737</b>	<b>1,020,822,553</b>
		<b>2,577,078,420</b>	<b>2,493,446,444</b>

  
 (Ahsan Suhail Mannan)  
 Director

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Note	July to September	
		2017 Rupees	2016 Rupees
Sales		297,503,328	201,935,316
Cost of goods sold	7	(252,008,263)	(157,669,067)
Gross profit		45,495,065	44,266,249
Administration expenses		(15,374,478)	(13,970,271)
Distribution and selling costs		(7,376,773)	(7,895,524)
Other operating expenses		(67,000)	(400,000)
		(22,818,251)	(22,265,795)
		22,676,814	22,000,454
Other operating income		509,773	120,302
Profit from operations		23,186,586	22,120,756
Finance cost		(15,007,699)	(15,304,384)
Profit / (Loss) before taxation		8,178,887	6,816,372
Taxation		(3,718,791)	(2,019,353)
Profit / (Loss) after taxation		4,460,096	4,797,019
(Loss) / Earnings per share - Basic and diluted		0.13	0.14

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

Lahore  
October 30, 2017

  
(Tariq Rehman)  
Chief Executive

  
(Ahsan Suhail Mannan)  
Director



**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Note	July to September	
		2017 Rupees	2016 Rupees
Profit / (Loss) after taxation		4,460,096	4,797,019
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		4,460,096	4,797,019

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

Lahore  
October 30, 2017

  
(Tariq Rehman)  
Chief Executive

  
(Ahsan Suhail Mannan)  
Director

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Note	July to September	
		2017 Rupees	2016 Rupees
Cash flow from operating activities			
Cash generated from operations	9	(86,456,244)	27,411,227
Financial cost paid		(10,998,138)	(10,603,790)
Taxes refunded / (paid)		2,093,487	(5,114,014)
Gratuity paid		(79,229)	(1,237,598)
Net cash (used in)/from operating activities		(95,440,124)	10,455,825
Cash flow from investing activities			
Fixed capital expenditure		(2,626,271)	(1,686,120)
Net (increase)/decrease in long-term loans and other receivables		72,999	93,119
Net cash used in investing activities		(2,553,272)	(1,593,001)
Cash flow from financing activities			
Net increase/(decrease) in long term loans and liabilities		(15,784,339)	(14,884,848)
Short term borrowings received - net		117,267,101	7,258,460
Net cash from financing activities		101,482,762	(7,626,389)
Net (decrease)/increase in cash and cash equivalents		3,489,367	1,236,435
Cash and cash equivalents at the beginning of the year		2,559,086	8,856,068
Cash and cash equivalents at the end of the period		6,048,453	10,092,501

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

Lahore  
October 30, 2017

  
(Tariq Rehman)  
Chief Executive

  
(Ahsan Suhail Mannan)  
Director



# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Share Capital Rupees	Share Premium Rupees	General Reserve Rupees	Accumulated Loss Rupees	Sponsors' Loan Rupees	Total Rupees
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	-	-	-	4,797,019	-	4,797,019
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	(563,991,147)	115,708,828	31,616,207
Total comprehensive Income/(Loss) for the nine ended June 30, 2017	-	-	-	23,816,278	-	23,816,278
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation						
- Incremental depreciation for the period	-	-	-	16,659,523	-	16,659,523
Balance as on June 30, 2017	350,000,000	39,898,526	90,000,000	(523,515,346)	115,708,828	72,092,008
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	90,000,000	(514,014,179)	115,708,828	81,593,175

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

Lahore  
October 30, 2017

  
(Tariq Rehman)  
Chief Executive

  
(Ahsan Suhail Mannan)  
Director

FIRST QUARTERLY REPORT 2017 | 11

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

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, 2017.
3. These accounts have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting".

	Note	September 30, 2017 Rupees	June 30, 2017 Rupees
4. Long term loans and liabilities			
Secured loans			
- Local currency loans		225,208,802	235,461,964
Unsecured loans from			
- Associated companies		44,490,528	48,865,527
- Others		2,575,576	2,575,576
Other payables			
- Payable to provident fund		132,798,368	132,954,131
		405,073,274	419,857,198
Less: Current portion shown under current liabilities			
- Banking companies		45,407,172	45,340,654
- Associated companies / related parties		46,197,368	42,527,131
		91,604,540	87,867,785
		313,468,734	331,989,413
5. Property, plant and equipment			
Opening book value		1,437,943,775	1,315,164,858
Add: Additions during the period	5.1	2,626,271	25,367,080
Revaluation during the period		-	180,866,462
		1,440,570,046	1,521,398,400
Less: Disposals during the period (at book value)		-	1,081,121
Depreciation charged during the period		19,514,592	82,373,504
Adjustments		-	-
		19,514,592	83,454,625
		1,421,055,454	1,437,943,775
5.1 Additions during the period			
Building on freehold land		100,000	11,541,230
Plant and machinery		2,440,971	12,424,250
Office equipment		85,300	1,401,600
		2,626,271	25,367,080



## 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. 32.845 million (June 2017: Rs. 60.771 million).
- (ii) Bank guarantees amounting to Rs. 148.38 million (June 2017: Rs. 133.171 million).

	Note	July to September 2017 Rupees	2016 Rupees
7. Cost of goods sold			
Raw and packing materials consumed		92,256,675	82,155,391
Stores and spares consumed		10,000,797	8,491,810
Salaries, wages and benefits		59,565,791	56,316,394
Power		28,511,216	26,712,438
Depreciation		19,417,331	19,629,592
Vehicle maintenance		128,127	151,919
Repairs and maintenance		523,985	1,223,266
Insurance		899,552	903,316
Communication and stationery		227,761	286,902
Rent, rates and taxes		239,551	483,783
Travelling and conveyance		6,444,984	1,477,113
Others		6,488,266	6,370,189
		224,704,037	204,202,113
Opening work in process		29,735,129	21,295,775
Less: Closing work in process		(35,077,870)	(19,214,398)
		(5,342,740)	2,081,377
Cost of goods produced		219,361,297	206,283,490
Opening stock of finished goods		258,274,158	186,953,949
		477,635,454	393,237,439
Less: Closing stock of finished goods		(225,627,190)	(235,568,371)
		252,008,263	157,669,067

	Insulator		Tile		Total	
	July to September 2017 Rupees	2016 Rupees	July to September 2017 Rupees	2016 Rupees	July to September 2017 Rupees	2016 Rupees
8. Segment information						
Segment revenue - external	297,503,328	201,935,316	-	-	297,503,328	201,935,316
Cost of Sales	(242,632,904)	(145,216,999)	(9,375,359)	(12,452,068)	(252,008,263)	(157,669,067)
Gross profit/(loss)	54,870,424	56,718,317	(9,375,359)	(12,452,068)	45,495,065	44,266,249
Distribution costs	(7,376,773)	(7,895,524)	-	-	(7,376,773)	(7,895,524)
Administration expenses	(15,374,478)	(13,970,271)	-	-	(15,374,478)	(13,970,271)
	(22,751,251)	(21,865,795)	-	-	(22,751,251)	(21,865,795)
Segment result from operations	32,119,173	34,852,522	(9,375,359)	(12,452,068)	22,743,814	22,400,454
8.1 Inter segment pricing	September 30, 2017 Rupees	June 30, 2017 Rupees	September 30, 2017 Rupees	June 30, 2017 Rupees	September 30, 2017 Rupees	June 30, 2017 Rupees
There are no inter segment sales.						
8.2 Segment assets	1,845,273,972	1,771,017,355	608,739,244	618,114,603	2,454,013,216	2,389,131,958
Segment assets					123,065,204	104,314,486
Unallocated assets					2,577,078,420	2,493,446,444
8.3 Segment liabilities						
Unallocated liabilities					1,579,992,983	1,500,821,176
					1,579,992,983	1,500,821,176
8.4 Other segment information						
Capital expenditure	2,626,271	1,686,120	-	-	2,626,271	1,686,120
Depreciation	10,139,233	7,378,269	9,375,359	12,452,068	2,626,271	1,686,120
					19,514,592	19,830,337
					19,514,592	19,830,337





Note	July to September	
	2017 Rupees	2016 Rupees
9. Cash generated from operations		
(Loss)/Profit before taxation	8,178,887	6,816,372
Add:		
Depreciation	19,514,592	19,830,324
Depreciation of leased assets	-	-
Amortization of intangibles	66,888	431,958
Provision for gratuity	1,102,827	739,603
Financial charges	15,007,699	15,304,384
	35,692,006	36,306,269
Profit before working capital changes	43,870,893	43,122,641
Effect on cash flow due to working capital changes:		
- (Increase)/decrease in stores and spares	875,706	(588,727)
- (Increase)/decrease in stock in trade	9,706,260	(23,175,802)
- (Increase)/decrease in trade debts	(108,841,663)	19,693,018
- (Increase)/decrease in loans, advances, deposits, prepayments and other receivables	(4,723,400)	(6,015,179)
- Increase/(decrease) in creditors, accrued and other liabilities	(27,344,040)	(5,624,724)
	(130,327,137)	(15,711,414)
	(86,456,244)	27,411,227
10. Transaction with related parties		
Mark-up on long term borrowings	826,544	178,538
Mark-up on short term borrowings	4,045,357	2,042,802
Rent expense	814,351	313,500

11. Date of authorization for issue

These financial statements were authorised for issue on October 30, 2017 by the Board of Directors of the company.

12. Corresponding figures

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

Lahore  
October 30, 2017

  
(Tariq Rehman)  
Chief Executive

  
(Ahsan Suhail Mannan)  
Director

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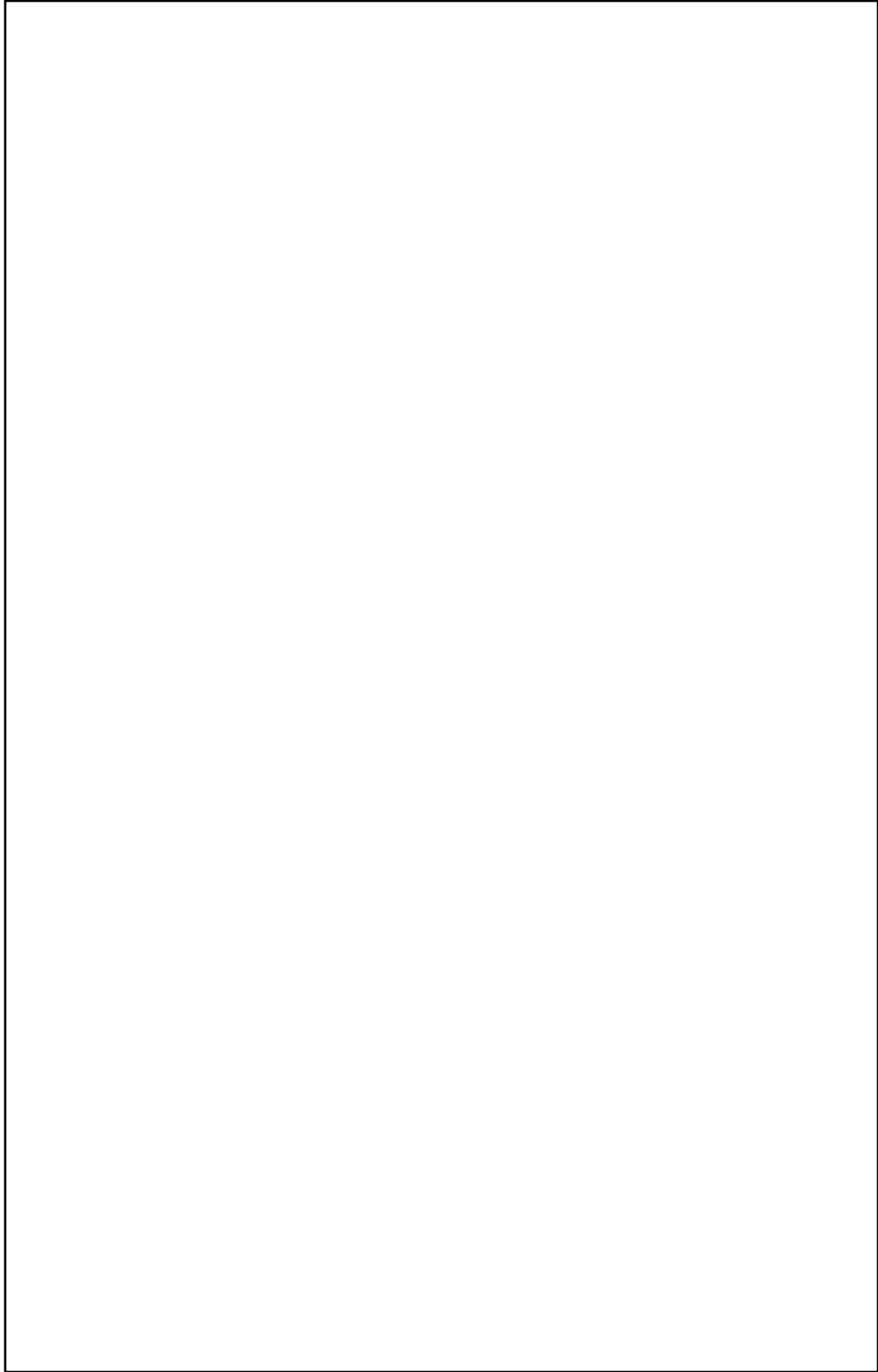
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## **BOOK POST**

**UNDER POSTAL CERTIFICATE**



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