



Johnson & Phillips (Pakistan) Limited

December 31,

2018

*Half yearly Account
(Un-audited)*



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Johnson & Phillips (Pakistan) Ltd.**

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COMPANY INFORMATION

Board of Directors	Mr. Salman Ganny Ms. Mariam Shafi Mr. Mohammad Tariq Anjum Mr. Mohammad Azhar Ul Islam Mr. Abid Saeed Khan Mr. Syed Jamshed Zaidi Mr. Shehryar Saeed	Chairman Director Director Director Director Director Director/CEO
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Board of Audit Committee	Mr. Abid Saeed Khan Mr. Muhammad Tariq Anjum Ms. Mariam Shafi	Chairman Member Member
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Board of HR Committee	Mr. Syed Jamshed Zaidi Mr. Salman Ganny Mr. Shehryar Saeed	Chairman Member Member
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Company Secretary & Chief Financial Officer	Mr. Tariq Ahmed
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Internal Auditor	Mr. Tariq Ilyas
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Legal Advisor	LMA EBRAHIM HOSAIN Barristers, Advocate & Corporate Legal Consultants, 156 - 1, Scotch Corner, Upper Mall, Lahore
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Auditors	M/s. Nazir Chaudhri & Co. Chartered Accountants 4-Karachi Chambers, Hasrat Mohani Road, P.O.Box.No.5061, Karachi - 74000
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Share Registrar	C & K Management Associates(Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi - 75530
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Bankers	Silk Bank Ltd. Soneri Bank Ltd. Habib Bank Ltd. JS Bank Ltd.
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Registered Office

C-10, South Avenue, SITE, Karachi - 75700
Tel: 092-21-32560030-7, Fax: 092-21-32564603
Website: www.johnsonphillips.pk
E-mail: Johnsonphillips@cyber.net.pk

Directors' Review

The Board of Directors would like to present the condensed, un-audited financial statements of the Company for the six-month period ended December 31, 2018.

Business Review

The Sales -net for the half year was Rs.2.86M as compared to Rs.2.03M for the corresponding period of last year. The cost of sales for the year was 4.89M as compared to Rs.6.43M.

The Gross loss of the Company was Rs. (2.03M) against a loss of Rs. (4.40M) in the corresponding period of last year. The Company's Distribution cost, Administrative expenses and finance cost during the six months period ended December 31, 2018 was Rs.13.72M as against Rs.11.98M in the corresponding period of previous year. The Company is in the process of reorganizing its activities.

A loss after tax of Rs.15.40M was reported for the six month period ended December 31, 2018 compared to a loss after tax of Rs.14.34M in the corresponding period. Management of your Company is making concerted efforts and continues to endeavor to achieve improved performance in the future.

Future Plan

Mr. Muhammad Anis Mianoor through its manager to the offer – Next Capital Limited on November 27, 2018 has submitted Public Announcement of Intention to acquire additional 49.90% shares and control of Johnson & Phillips (Pakistan) Limited. They already hold 9.80% shares of the Company. The future plan is dependent on the completion of the acquisition proposal.

Financial Highlights

The comparative financial highlights of your Company for the six months period ended December 31, 2018 and December 31, 2017 are as follows:

	2018	2017
Rupees in '000.....	
(Loss) for the year before taxation	(15,742)	(14,925)
Out of which the Directors have accounted		
For taxation – current	(343)	588
Accumulated (Losses) brought forward	(384,883)	(352,785)
Accumulated losses carried over to Balance Sheet	(397,310)	(384,883)
Earnings per share – basic & diluted	(2.83)	(2.63)

Acknowledgement

The Board of Directors would like to express its sincere appreciation to the Company's valued clients, business partners and other stakeholders. The Board would also like to thank the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange and the Central Depository Company for their continued guidance and support.

For and on behalf of the Board.

Shehryar Saeed

Managing Director / CEO

Karachi: February 26, 2019

Mariam Shafi

Director

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کو 31 2018 کو ختم ہونے والی چھ ماہ کی مدت کے لئے کمپنی کے غیر آڈٹ شدہ مالی بیانات پیش کرنا چاہیں گے۔

کاروباری جائزہ

چھ ماہ کے عرصے کے دوران فروخت اور خدمات () 31 2018 کے اختتام پر 2.86 ملین تھی گزشتہ سال کی اسی مدت کے لئے 2.03 ملین روپے تھی اس سال قیمت فروخت اور خدمات 4.89 ملین روپے اور 6.43 ملین روپے گزشتہ سال کی اسی مدت میں تھی۔

اسی چھ ماہ کی مدت کے دوران کمپنی کا مجموعی نقصان (2.03) ملین روپے تھا۔ (4.40 ملین) روپے تھا۔ 31 2018 کو ختم ہونے والی چھ ماہ کی مدت کے دوران کمپنی کی تقسیم کی لاگت، انتظامی اخراجات اور مالیاتی اخراجات 13.72 ملین روپے اور پچھلے سال کی متعلقہ مدت میں 11.98 ملین روپے کی تھی۔ کمپنی اپنی سرگرمیاں دوبارہ منظم کرنے کے عمل میں ہے۔

31 2018 کو 6 ماہ کے دوران چھ ماہ کی مدت کے دوران 15.40 ملین روپے کے ٹیکس کے بعد نقصان پہنچے۔ پچھلے سال کی متعلقہ مدت میں ٹیکس کے بعد نقصان 14.34 ملین روپے تھا آپ کی کمپنی کا انتظامیہ مشترک کوششیں کر رہا ہے اور مستقبل میں بہتر کارکردگی کو حاصل کرنے کے لئے کوشش کرنا جاری ہے۔

کا منصوبہ

مسٹر محمد انیس میاں نور نے اپنے مریجر کے ذریعہ پیشکش کرنے کے بعد - نیکیسٹ کیپٹل لمیٹڈ 27 2018 کو 49.90 اضافی حصص (پاکستان) لمیٹڈ کے حصول کے لئے ارادہ کا عوامی اعلان پیش کیا ہے۔ کو کمپنی کے 9.80% پہلے ہی حاصل ہیں۔ مستقبل کا منصوبہ حصول کی تجویز کے مکمل ہونے پر منحصر ہے۔

مالی اہمیت

چھ ماہ کے عرصے تک آپ کی کمپنی کے مقابلے میں مالیاتی نمائشیں 31 2018 31 2017 کے اختتامی ہیں:

2017 2018
..... 000 روپے میں.....

(14.925) (15.742)

ٹیکس دینے سے قبل سال کے لئے ()
جن میں سے ڈائریکٹر اکاؤنٹس ہیں

588 (343)

(352.785) (384.883)

(384.883) (397.310)

(2.63) (2.83)

ٹیکس کے لئے -
() آگے بڑھے
بیلانس شیٹ تک جمع کئے جانے والے نقصانات
آمدنی فی حصول - بنیادی اور پتلی

ڈائریکٹرز کمپنی کے قیمتی گاہکوں، کاروباری شراکت دیگر
کو پاکستان کے سیکورویٹیز اینڈ ایکسچینج کمیشن پاکستان، اسٹاک ایکسچینج
حمایت کا شکریہ کرنا
کے ذریعہ کے
کرنا چاہیں
رہنمائی پیشہ
تعاریف کا
کو اپنی
سینٹرل ڈپازٹری کمپنی کو بھی کی

مریم شفیق
ڈائریکٹر

یا عید
منیجنگ ڈائریکٹر / سی ای او
کراچی: 26 فروری 2019

AUDITORS' REPORT TO THE MEMBERS

ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Johnson & Phillips (Pakistan) Limited** ("the Company") as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 2 to the interim financial information which indicates that the Company has reported loss after taxation of Rs. 15.399 million and the accumulated losses of the Company stand at Rs. 397.310 million.

These conditions along with other matters as set forth in note 2 to the interim financial information indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. This interim financial information do not include any adjustments relating to the realization of the Company's assets and liquidation of any liabilities that may be necessary should the Company be unable to continue as a going concern.

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Condensed Interim Statement Of Financial Position

As at December 31, 2018

		Un-audited December 31 2018 (Rupees in thousand)	Audited June 30 2018
	Note		
ASSETS			
Non-Current assets			
Property, plant and equipment	6	11,355	14,194
Long term deposits		559	559
		11,914	14,753
Current assets			
Stock-in-trade		683	1,926
Trade debts		45	-
Loans and advances	7	57	62
Deposits, prepayments and other receivable		1,959	40
Advance tax - net of provision		23,388	23,584
Cash and bank balances		320	4,556
		26,452	30,168
Non Current Assets classified as held for sale		472,158	472,158
		510,524	517,079
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
8,000,000 (June 30, 2018: 8,000,000) ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid-up capital 5,449,972 (June 30, 2018: 5,449,972) ordinary shares of Rs. 10 each		54,500	54,500
Share premium reserve		29,727	29,727
General reserve		23,073	23,073
Surplus on revaluation of property , plant and equipment	8	471,408	474,380
Accumulated loss		(397,310)	(384,883)
		181,398	196,797
NON-CURRENT LIABILITIES			
Long term borrowings	9	126,863	120,041
Deferred liabilities		13,450	13,908
		140,313	133,949
CURRENT LIABILITIES			
Trade and other payables	10	177,694	175,214
Current and overdue portion of long term borrowings	9	4,000	4,000
Short term borrowing		2,851	2,851
Unclaimed dividend		4,268	4,268
		188,813	186,333
Contingencies and Commitments	11		
		510,524	517,079

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information

Chief Executive

Director

Chief Financial Officer

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Consensed Interim Statement of Profit or Loss (Un-Audited)

For The Six Months Ended December 31, 2018

	Six months period ended		Three months period ended	
	December 31	December 31	December 31	December 31
	2018	2017	2018	2017
-----Rupees in thousand-----				
Revenue from sales and services-net	2,864	2,029	1,058	529
Cost of sales and services	(4,893)	(6,431)	(3,372)	(1,186)
Gross loss	(2,029)	(4,402)	(2,314)	(657)
Operating expenses				
Distribution cost	(316)	(328)	(132)	(186)
Administrative expenses	(9,295)	(9,315)	(4,642)	(5,223)
Other income	4	1,459	4	(1,459)
	(9,607)	(8,184)	(4,770)	(6,868)
	(11,636)	(12,586)	(7,084)	(7,525)
Finance cost	(4,106)	(2,339)	(2,269)	(1,228)
Loss before taxation	(15,742)	(14,925)	(9,353)	(8,753)
Taxation	343	588	-	573
Loss after taxation	(15,399)	(14,337)	(9,353)	(8,180)
Loss per share-basic and diluted	(2.83)	(2.63)	(1.72)	(1.93)

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information

Chief Executive

Director

Chief Financial Officer

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Condensed Interim Statement Of Comprehensive Income (Un-Audited)

For The Six Months Ended December 31, 2018

	Six months period ended December 31		Three months period ended December 31	
	2018	2017	2018	2017
	-----Rupees in thousand-----			
Loss after taxation	(15,399)	(14,337)	(9,353)	(8,180)
Other comprehensive income	-	-	-	-
Total comprehensive loss	<u>(15,399)</u>	<u>(14,337)</u>	<u>(9,353)</u>	<u>(8,180)</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information

Chief Executive	Director	Chief Financial Officer
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JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Condensed Interim Statement of Cash Flows (Un-Audited)

For The Six Months Ended December 31, 2018

	Un-audited December 31 2018 Rupees in thousand	Un-audited December 31 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(15,742)	(14,925)
Adjustments for:		
Depreciation	1,765	4,407
Provision for staff gratuity	-	-
Finance cost	4,106	2,339
	5,871	6,746
Operating loss before working capital changes	(9,871)	(8,179)
Decrease / (increase) in current assets		
Stock-in-trade	1,243	-
Trade debts	(45)	844
Loans and advances	5	(4,243)
Deposits, prepayments and other receivable	(1,919)	(554)
	(716)	(3,953)
Increase / (Decrease) in current liabilities		
Trade and other payables	2,480	2,324
	(8,107)	(9,808)
Income tax (paid) / refunded	81	(255)
Gratuity paid	-	(20)
Finance cost paid	(4,106)	(8)
	(4,025)	(283)
Net cash used in operating activities	(12,132)	(10,091)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	(55)	(41)
Sale proceed from disposal of property, plant and equipment	1,129	-
	1,074	(41)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term borrowings received	6,822	5,845
Net cash from financing activities	6,822	5,845
Net decrease in cash and cash equivalents	(4,236)	(4,287)
Cash and cash equivalents at beginning of the period	4,556	4,434
Cash and cash equivalents at end of the period	320	147

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information

Chief Executive

Director

Chief Financial Officer

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Consensed Interim Statement Of Changes In Equity (Un-Audited)

For The Six Months Ended December 31, 2018

	Capital Reserve			Revenue Reserve		
	Issued subscribed and paid up capital	Share premium reserve	Surplus on Revaluation of property, plant and equipment	General Reserve	Accumulated loss	Total
-----Rupees in thousand-----						
Balance as at July 01, 2017	54,500	29,727	-	23,073	(341,866)	(234,566)
Total comprehensive loss for the period						
Gain on revaluation of land & building						
Loss after taxation for the half year ended December 31, 2017	-	-		-	(14,337)	(14,337)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	3,418	3,418
Revaluation Surplus due to tax rate change						
Balance as at December 31, 2017	<u>54,500</u>	<u>29,727</u>	<u>-</u>	<u>23,073</u>	<u>(352,785)</u>	<u>(245,485)</u>
Balance as at July 01, 2018	54,500	29,727	474,380	23,073	(384,883)	196,797
Total comprehensive loss for the period						
Loss after taxation for the six months period ended December 31, 2018	-	-	-	-	(15,399)	(15,399)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	(2,972)	-	2,972	-
Balance as at December 31, 2018	<u>54,500</u>	<u>29,727</u>	<u>471,408</u>	<u>23,073</u>	<u>(397,310)</u>	<u>181,398</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information

Chief Executive

Director

Chief Financial Officer

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Notes To The Condensed Interim Financial Statements

For The Six Months Ended December 31, 2018

1 STATUS AND NATURE OF BUSINESS

Johnson & Phillips (Pakistan) Limited ("the Company") was incorporated in Pakistan as a public limited company on April 15, 1961 and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing, installation and selling of electrical equipments. Etheridge Company Limited, held 2,719,536 (June 30, 2018: 2,719,536) ordinary shares of Rs. 10 each of the Company as at period end, which constitute 49.90% of total shares issued.

The geographical location and address of the Company's business units, including plant is as under:

The registered office and plant of the Company is situated at C-10, South Avenue, S.I.T.E., Karachi.

2 GOING CONCERN

The Company has incurred gross loss of Rs. 2.029 million during the six months period ended December 31, 2018 (December 31, 2017: Rs.4.402 million) and loss after taxation amounting to Rs.15.399 million (December 31, 2017: Rs.14.337 million) which has further increased accumulated losses to Rs.397.310 million (June 30, 2018: Rs.384.883 million). The Company has negative net current assets of Rs.162.36 million (June 30, 2018: Rs. 156.17 million). These conditions indicate the existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The sales of the Company is continuously decreasing because of low demand from the private sector. In spite of the above stated circumstances the management of the company still consider that the going concern assumption used for preparation of these financial statement is appropriate in view of the following facts.

- i The Company already has its obligations rescheduled in respect of long term loans and financial arrangements, including repayment of principal and accumulated mark-up thereon with various lenders.
- ii Efforts are underway to obtain orders so that sales volume as well as profitability can be achieved and the management expects favorable improvements in forthcoming year. This will be achieved with the re-certification of our product line now under way, so sales to the public sector will commence driving volume, which will boost sales and profitability.
- iii The board has provided in the past continued support to the company and has indicated commitment in order to maintain the going concern status. This is evident from the fact that a Director continues to provide financial support to the Company.
- iv Mr. Muhammad Anis Mianoor through its manager to the offer – Next Capital Limited on November 27, 2018 has submitted Public Announcement of Intention to acquire additional 49.90% shares and control of Johnson & Phillips (Pakistan) Limited. He already hold 9.80% shares of the Company. The future plan is dependent on the completion of the acquisition proposal.

The management of the Company is confident that the above factors shall enable the Company to continue as going concern in foreseeable future; hence, this condensed interim financial information have been prepared on going concern assumption.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

This condensed interim financial information of the Company for the period ended December 31, 2018 has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange Limited and under section 237 of the Companies Act, 2017. The figures for the six months period ended 31 December 2018 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

This condensed interim financial information does not include all information and disclosures required in the financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2018.

3.2 Accounting convention

This condensed interim financial information has been prepared under the historical cost convention except leasehold land, building and plant and machinery which are stated at revalued amount and the Company's liability under its defined benefit plan (gratuity) which is determined on the present value of the defined benefit obligations determined by an independent actuary.

3.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved Accounting Standards requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The significant judgments made by the management in applying the Company's accounting policies and the key resources of estimation and uncertainty were the same as those applied to the financial statements for the year ended June 30, 2018.

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2018.

	2018	2018
	Rupees in thousand	
6 PROPERTY, PLANT AND EQUIPMENT		
Owned		
Opening written down value	14,194	49,630
Addition	55	-
Disposal	(1,129)	-
Depreciation	(1,765)	(35,436)
Closing written down value	11,355	14,194
7 LOANS AND ADVANCES		
Loans to subsidiary companies - unsecured		
Considered doubtful		
Johnson & Phillips Industries (Pakistan) Limited (JPI)	24,835	24,835
Johnson & Phillips Transformers (Private) Limited (JPT)	20,864	20,864
Johnson & Phillips EMO Pakistan (Pvt.) Limited (EMO)	3,012	3,012
	48,711	48,711
Less Provision against doubtful loans	(48,711)	(48,711)
	-	-
Advances - Unsecured, Considered good		
To suppliers	794	774
To employees	316	341
Against purchase of land	2,717	2,717
Others	71	71
	3,898	3,903
Less: Provision for doubtful advances against	(3,841)	(3,841)
	57	62
8 SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance	474,380	480,321
Transferred to accumulated loss in respect of incremental depreciation on revalued assets for the period/year	(2,972)	(5,941)
	471,408	474,380
9 LONG TERM BORROWINGS		
From related parties		
Other related parties		
Principal	80,743	78,013
Accumulated markup	46,120	42,028
	126,863	120,041
From others	4,000	4,000
	130,863	124,041
Less: current and overdue portion	(4,000)	(4,000)
	126,863	120,041

Un-audited	Audited
December 31	June 30
2018	2018
Rupees in thousand	

10 TRADE AND OTHER PAYABLES

Creditors		5,346	5,255
Accrued liabilities		22,124	19,067
Advances from customers		4,816	5,527
Payable to Elmetec (Pvt) Ltd - related party	10.1	142,175	142,289
Payable to ex-employees		802	802
Provident fund		344	187
Unclaimed gratuity payable		894	894
Others	10.2	1,182	1,182
Tax deducted at source		11	11
		177,694	175,214

10.1 Payable to Elmetec (Pvt) Ltd - related party

Against supply of material	119,593	119,397
Advance received	22,582	22,892
	142,175	142,289

10.2 This includes Rs.0.933 million (30 June 2018 : Rs. 0.933 million) payable to Chief Executive of the Company.

11 CONTINGENCIES AND COMMITMENTS

Contingencies

11.1 Guarantees

The banks have issued guarantees, on behalf of the Company as detailed below:

Guarantees against performance bond	1,794	1,794
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11.2 Labour

Some legal cases are pending against the Company filed by ex-workers to re-instate them on their jobs. No definite outcome of the cases can be anticipated, however, in the opinion of legal advisors, the Company has good case in its favour.

11.3 Income tax and sales tax

11.3.1 Audit u/s 177 (1) read with section 214(C) & 214(D) of the Income Tax Ordinance 2001 for tax year 2015 and 2016 are pending before assistant / deputy commissioner Inland Revenue, Zone-I, Unit-II, Large Tax Payer Unit-II, Karachi. The Company's tax advisor expects a favourable outcome of the case.

11.3.2 Monitoring of withholding taxes under audit u/s 161 (1A) of the Income Tax Ordinance, 2001 for tax year 2016 and 2017 are pending before assistant / deputy commissioner Inland Revenue, Zone-I, Unit-II, Large Tax Payer Unit-II, Karachi. The Company's tax advisor expects a favourable outcome of the case.

11.3.3 In 2017 an order was passed by additional commissioner IR raising demand of Rs.5.988 million for default in deduction / payment of withholding sales tax and recovered Rs.4.268 million from the Company's bank accounts. The Company has filed appeal u/s 45 (B) of the Sales Tax Act, 1990 against the said order which is pending before Honourable Commissioner (Appeals-IV) Inland Revenue. The recovered amount is shown under sales tax refundable. The Company's tax advisor expects a favourable outcome of the case.

Others

11.4 Pursuant to a recovery suit filed by the National Bank of Pakistan against Johnson & Phillips Transformers (Pvt.) Limited (Defendant No.1) and Johnson & Phillips (Pakistan) Limited (Defendant No.2), the Banking Court No. III, Lahore passed a compromise decree.

The Bank agreed that prior to executing the Decree against the Defendant No.2 as guarantor, the Bank will execute against all assets of the Defendant No. 1. The entire amount of loan has been settled by the subsidiary company, however, the bank has not yet issued No Obligation Certificate (NOC) to the subsidiary company.

11.5 The Company had filed a suit for the recovery of insurance claim of Rs 3.735 million (2018: Rs 3.735 million) in Honorable High Court of Sindh at Karachi against the EFU General Insurance Limited and M/s Hanilay & Co. (Private) Limited. However, the Honorable High Court of Sindh dismissed the suit for want of jurisdiction. The Company has filed appeal against the impugned judgment which is currently at the stage of regular hearing.

11.6 Commitments

There is no commitment as at December 31, 2018 (June 30, 2018 : Nil)

12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of group companies, entities with common directorship, directors and their close family members, associated undertakings and key management personnel .

The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere are as follows:

Name of the related party	Relationship	Transactions during the period and period end balances	Un-audited December 31 2018	Un-audited December 31 2017
Rupees in thousand				
Provident Fund	Related party	Contribution paid to Provident Fund	176	175
		Amount due at period end	313	166
Mr. Shehryar Saeed	Chief Executive	Remuneration	1,200	1,200
		Amount due at period end	933	933

Name of the related party	Relationship	Transactions during the period and period end balances	Un-audited December 31 2018	Un-audited December 31 2017
			Rupees in thousand	
Elmetec (Pvt.) Limited	Other related party on the basis of close family member of a director has controlling interest in the Company	Long term Loan received	<u>6,550</u>	<u>5,845</u>
		Funds repayment	<u>4,270</u>	<u>(124)</u>
		Purchases	<u>543</u>	<u>1,260</u>
		Markup accrued on long term borrowings	<u>2,719</u>	<u>1,549</u>
		Amount due at period end	<u>74,177</u>	<u>54,174</u>
Bilal Qureshi	Other related party on the basis of close family member of a director	Markup accrued on long term borrowings	<u>1,172</u>	<u>668</u>
		Amount due at period end	<u>33,163</u>	<u>28,770</u>
Faysal Qureshi	Other related party on the basis of close family member of a director	Markup accrued on long term borrowings	<u>201</u>	<u>115</u>
		Amount due at period end	<u>19,522</u>	<u>19,022</u>
Mr. Salman Ganny	Director	Amount due at period end	<u>2,851</u>	<u>2,851</u>

13 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on February 26, 2019 by the Board of Directors of the Company.

14 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Chief Executive

Director

Chief Financial Officer

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Condensed Interim Consolidated Statement of Financial Position (Un-Audited)

As At December 31, 2018

		Un-audited December 31 2018	Audited June 30 2018
	Note	(Rupees in thousand)	
Assets			
Non-Current Assets			
Property, plant and equipments	4	11,355	14,194
intangible Assets		-	-
Long term deposits		559	559
		11,914	14,753
Current Assets			
Store, Spares and loose tools		-	-
Stock-in-trade		683	1,926
Trade debts		45	-
Loans and advances		57	62
Deposits, prepayments and other receivables		1,959	40
Advance tax - net of provision		26,043	26,239
Cash and bank balances		320	4,556
		29,107	32,823
Non - current Assets classified as held for sale		472,158	472,158
Total Assets		513,179	519,734
Equity And Liabilities			
Share Capital And Reserves			
Authorised capital		80,000	80,000
8,000,000 (June 30, 2017: 8,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		54,500	54,500
Share premium reserve		29,727	29,727
General reserve		23,073	23,073
Surplus on revaluation Property plant equipment net of tax		471,408	474,380
Accumulated loss		(404,266)	(391,839)
		174,442	189,841
Non-Current Liabilities			
Long term borrowings		126,863	120,041
Deferred liabilities		14,046	14,504
		140,909	134,545
Current Liabilities			
Trade and other payables		182,464	179,984
Short term borrowings		6,536	6,536
Current and overdue portion of long term borrowings		4,000	4,000
Mark up accrued		-	-
Unclaimed dividend		4,268	4,268
Taxation		560	560
		197,828	195,348
Contingencies and Commitments	5		
Total Equity And Liabilities		513,179	519,734

The annexed notes 1 to 8 form an integral part of this condensed interim consolidated financial information.

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Condensed Interim Consolidated Statement of Profit Or Loss (Un-Audited)

For The Six Months Ended December 31, 2018

	Half year ended December 31		Quarter ended December 31	
	2018	2017	2018	2017
	------(Rupees in thousand)-----			
Revenue from sales and services-net	2,864	2,029	1,058	529
Cost of sales and services	(4,893)	(6,431)	(3,372)	(1,186)
Gross Loss	(2,029)	(4,402)	(2,314)	(657)
Operating expenses				
Distribution cost	(316)	(327)	(132)	(186)
Administrative expenses	(9,295)	(18,528)	(4,642)	(5,223)
Other operating income	4	1,459	4	(1,459)
Operating loss	(11,636)	(21,798)	(7,084)	(7,525)
Finance cost	(4,106)	(2,339)	(2,269)	(1,228)
Loss before taxation	(15,742)	(24,137)	(9,353)	(8,753)
Taxation	343	588	-	573
Loss after taxation	(15,399)	(23,549)	(9,353)	(8,180)
Loss attributable to:				
- Owners of the Holding company	(15,399)	(23,549)	(9,353)	(8,180)
- Non-controlling interest	-	-	-	-
Loss for the period	(15,399)	(23,549)	(9,353)	(8,180)
Loss per share - basic and diluted	(2.83)	(4.32)	(1.72)	(1.50)

The annexed notes 1 to 8 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Chief Financial Officer

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Condensed Interim Consolidated Statement Of Comprehensive Income (Un-Audited)

For The Six Months Ended December 31, 2018

	<u>Half year ended December 31</u>		<u>Quarter ended December 31</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	------(Rupees in thousand)-----			
Loss after taxation	(15,399)	(23,549)	(9,353)	(8,180)
Other comprehensive income	-	-	-	-
Total comprehensive loss	<u>(15,399)</u>	<u>(23,549)</u>	<u>(9,353)</u>	<u>(8,180)</u>
Total comprehensive loss attributable to:				
- Owners of the Holding company	(15,399)	(23,549)	(9,353)	(8,180)
- Non-controlling interest	-	-	-	-
	<u>(15,399)</u>	<u>-</u>	<u>(9,353)</u>	<u>(8,180)</u>

The annexed notes 1 to 8 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Chief Financial Officer

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Condensed Interim Consolidated Statement of Cash Flows (Un-Audited)

For The Six Months Ended December 31, 2018

December 31 December 31
2018 2017
(Rupees in thousand)

CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation (15,742) (24,137)

Adjustments for:

Depreciation	1,765	4,407
Provision for staff gratuity	-	-
Finance cost	4,106	2,339
	5,871	6,746

Operating loss before working capital changes (9,871) (17,391)

Decrease in current assets

Stock-in-trade	1,243	-
Trade debts	(45)	844
Loans and advances	5	(4,293)
Deposits, prepayments and other receivable	(1,919)	(504)
	(716)	(3,953)

Decrease / (increase) in current liabilities

Trade and other payables	2,480	2,324
	(8,107)	19,020

Taxes paid	81	(256)
Gratuity paid	-	(20)
Finance cost paid	(4,106)	(8)
	(4,025)	(284)

Net cash used in operating activities (12,132) (19,304)

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure incurred	(55)	(41)
Sale proceeds from disposal of property, plant and equipment	1,129	-
	1,074	(41)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long term borrowing	6,822	5,845
Short term borrowings obtained	-	-

Net cash generated from financing activities 6,822 5,845

Net decrease in cash and cash equivalents (4,236) (13,500)

Cash and cash equivalents at beginning of the period 4,556 13,810

Cash and cash equivalents at end of the period 320 310

The annexed notes 1 to 8 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Chief Financial Officer

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Condensed Interim Consolidated Statement Of Changes In Equity (Un-Audited)

For The Six Months Ended December 31, 2018

	Capital Reserve			Revenue Reserve		
	Issued subscribed and paid up capital	Share Premium reserve	Surplus on Revaluation of property, plant and equipment	General Reserve	Accumulated loss	Total
	-----Rupees in thousand-----					
Balance as at July 01, 2017	54,500	29,727	-	23,073	(349,328)	(242,028)
Total comprehensive loss for the period						
Loss after taxation for the period	-	-		-	(23,549)	(23,549)
Gain on revaluation of land & building			-			
Transfer from surplus on revaluation of property, plant and equipments	-	-	-	-	3,418	3,418
Revaluation Surplus due to tax rate change			-			-
Balance as at December 31, 2017	<u>54,500</u>	<u>29,727</u>	<u>-</u>	<u>23,073</u>	<u>(369,459)</u>	<u>(262,159)</u>
Balance as at July 01, 2018	54,500	29,727	474,380	23,073	(391,839)	189,841
Total comprehensive loss for the period						
Loss after taxation for the period	-	-	-	-	(15,399)	(15,399)
Transfer from surplus on revaluation of property, plant and equipments	-	-	(2,972)	-	2,972	-
Balance as at December 31, 2018	<u>54,500</u>	<u>29,727</u>	<u>471,408</u>	<u>23,073</u>	<u>(404,266)</u>	<u>174,442</u>

The annexed notes 1 to 8 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Chief Financial Officer

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited) For The Six Months Ended December 31, 2018

1 STATUS AND NATURE OF BUSINESS

- 1.1** Johnson & Phillips (Pakistan) Limited ("the Holding Company") was incorporated in Pakistan as a public limited company on April 15, 1961 and its shares are quoted on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at C-10, South Avenue, S.I.T.E., Karachi. The Holding Company is principally engaged in manufacturing, installing and selling of electrical equipments. Etheridge Company Limited, hold 2,719,536 (June 30, 2018: 2,719,536) ordinary shares of Rs. 10 each of the Holding Company as at December 31, 2018, which constitute 49.90% of total shares issued.

Subsidiaries of Johnson & Phillips (Pakistan) Limited are public and private limited companies and are engaged in the business of manufacturing and sale of electrical and mechanical equipments/appliances and participation in turnkey engineering industrial projects.

The following Subsidiary Companies have been consolidated in the condensed interim consolidated financial information of the Holding Company:

Subsidiary Companies	Company Status	Group Holding
Johnson & Phillips Industries (Pakistan) Limited	Public Limited	100%
Johnson & Phillips Transformers (Private) Limited	Private Limited	70%
Johnson & Phillips EMO Pakistan (Private) Limited	Private Limited	51%

1.2 Geographical locatoin of business units

Head Offices

The registered offices of the Holding Company and all of its subsidiares are situated at C-10, South Avenue, SITE, Karachi

Plants

The manufacturing facilities of the Holding Company and all of its subsidiares are situated at C-10, South Avenue, SITE, Karachi

- 1.3** The subsidiaries of the Group, Johnson & Phillips Industries (Pakistan) Limited and Johnson & Phillips Transformer (Private) Limited ceased production in July 1997 and February 1998 respectively. The accumulated losses of the Group as at December 31, 2018 stand at Rs. 404.266 million (June 30, 2018: Rs. 391.839 million) and as at that date the Group's current liabilities exceeded its current assets by Rs. 168.721 million (June 30, 2018: Rs. 162.525 million). Consequently, the ability of the Group to continue as a going concern is dependent on the following significant factors:

Inspite of the above stated circumstances the management of the Holding Company still considers that the going concern assumption used for the preparation of these unaudited consolidated interim financial statements is appropriate in view of the following major facts:

- The Holding Company has already got its obligations rescheduled in respect of long term loans and financial arrangements, including repayment of principal and accumulated markup thereon with various lenders.
- Efforts are underway to obtain orders so that sales volume as well as profitability can be achieved and the management expects favorable improvements in forthcoming year. This will be achieved with the re-certification of our product line now under way, so sales to the public sector will commence driving volume, which will boost sales and profitability.
- The Board of Holding company has provided in past continued support and expresses its commitment in order to maintain the going concern status of the Holding Company. This support is evident from the fact that a Director had in the past provided loan and financial support to the Holding Company.

- iv Mr. Muhammad Anis Mianoor through its manager to the offer – Next Capital Limited on November 27, 2018 has submitted Public Announcement of Intention to acquire additional 49.90% shares and control of Johnson & Phillips (Pakistan) Limited. He already hold 9.80% shares of the Company. The future plan is dependent on the completion of the acquisition proposal.

The management of the Holding Company is confident that the above factors shall enable the Holding Company to continue as going concern for foreseeable future; hence, these consolidated financial statements have been prepared on going concern assumption.

2 BASIS OF CONSOLIDATION

This interim consolidated financial information has been prepared from the information available in the un-audited separate financial information of the Holding Company for the six months ended December 31, 2018 and the un-audited financial information of the Subsidiary Companies for the six months ended December 31, 2018.

The financial information of the Subsidiary Companies were prepared for the same reporting period as the Holding Company, using consistent accounting policies and changes were made when necessary to align them with the policies adopted by the Holding Company.

The assets and liabilities of the Subsidiary Companies have been consolidated on a line by line basis. The carrying value of investment held by the Holding Company is eliminated against the Subsidiary Companies' shareholders' equity in the consolidated financial information. All material intra-group balances and transactions were eliminated in full.

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Holding Company. Non-controlling interest are presented as separate item in the interim consolidated financial information.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

This condensed interim consolidated financial information of the Company for the six months ended December 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and provisions of and directives issued under the Companies Act, 2017. Incase where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

This condensed interim consolidated financial information does not include all of the information and disclosures required for annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 30 June 2018. Comparative consolidated balance sheet is extracted from annual consolidated financial statements as at June 30, 2018 whereas comparative consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity were extracted from un-audited condensed interim consolidated financial information for the six months ended December 31, 2018.

3.2 Accounting Convention

The accounting policies, significant judgements made in the application of accounting policies, keys sources of estimations, the methods of computation adopted in preparation of this condensed interim consolidated financial information and financial risk management policy were the same as those applied in the preparation of the preceding annual consolidated financial statements of the Company for the year ended June 30, 2018.

4 PROPERTY, PLANT AND EQUIPMENTS

	Un-audited December 31 2018	Audited June 30, 2018
	(Rupees in thousand)	
Owned		
Opening written down value	14,194	49,630
Additions	55	-
Disposal	(1,129)	-
Depreciation	(1,765)	(35,436)
Closing written down value	11,355	14,194

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 a) Guarantees

Un-audited December 31 2018 (Rupees in thousand)	Audited June 30 2018
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The banks have issued guarantees, on behalf of the Company as detailed below:

Guarantees against performance bond

<u>1,794</u>	<u>1,794</u>
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5.1.2 Labour

Some legal cases are pending against the Holding Company filed by ex-workers to re-instate them on their jobs. No definite outcome of the cases can be anticipated, however, in the opinion of legal advisors, the Holding Company has good case in its favour.

5.1.3 Income tax and sales tax

- Audit u/s 177 (1) read with section 214(C) & 214(D) of the Income Tax Ordinance 2001 for tax year 2015 and 2016 are pending before assistant / deputy commissioner Inland Revenue, Zone-I, Unit-II, Large Tax Payer Unit-II, Karachi. The Holding Company's tax advisor expects a favourable outcome of the case.
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5.1.4 Others

- Pursuant to a recovery suit filed by the National Bank of Pakistan against Johnson & Phillips Transformers (Pvt.) Limited (Defendant No.1) and Johnson & Phillips (Pakistan) Limited (Defendant No.2), the Banking Court No. III, Lahore passed a compromise decree.
The Bank agreed that prior to executing the Decree against the Defendant No.2 as guarantor, the Bank will execute against all assets of the Defendant No. 1. The entire amount of loan has been settled by the subsidiary company, however, the bank has not yet issued No Obligation Certificate (NOC) to the subsidiary company.
- The Holding Company had filed a suit for the recovery of insurance claim of Rs 3.735 million (2018: Rs 3.735 million) in Honorable High Court of Sindh at Karachi against the EFU General Insurance Limited and M/s Hanilay & Co. (Private) Limited. However, the Honorable High Court of Sindh dismissed the suit for want of jurisdiction. The Holding Company filed appeal against the impugned judgment which is currently at the stage of regular hearing.

5.1.5 Labour, Others, Professional Fee Payable, Unsecured Loan & Tax Assessment of Subsidiary Companies

There were no change in status of Labour, Others, Professional fee payable, unsecured loan & tax assesment of subsidiary Companies as disclosed in the last audited annual consolidated financial statements for the year ended June 30, 2018.

5.2 Commitments

There is no commitment as at December 31, 2018 (June 30, 2018 : Nil)

6 TRANSACTION WITH RELATED PARTIES

The related parties comprise of group companies, entities with common directorship, directors and their close family members, associated undertakings and key management personnel .

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		Purchases	543	1,260
		Markup accrued on long	2,719	1,549
		Amount due at period end	74,177	54,174
Bilal Qureshi	Other related party on the basis of close family member of a director of Holding Company	Markup accrued on long term borrowings	1,172	668
		Amount due at period end	33,163	28,770
Faysal Qureshi	Other related party on the basis of close family member of a director of Holding Company	Markup accrued on long term borrowings	201	115
		Amount due at period end	19,522	19,022
Mr. Salman Ganny	Director of the Holding Company	Amount due at period end	2,851	2,851

7 DATE OF AUTHORIZATION

This condensed interim consolidated financial information was authorized for issue on February 26, 2019 by the Board of Directors of the Holding Company.

8 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Chief Executive

Director

Chief Financial Officer