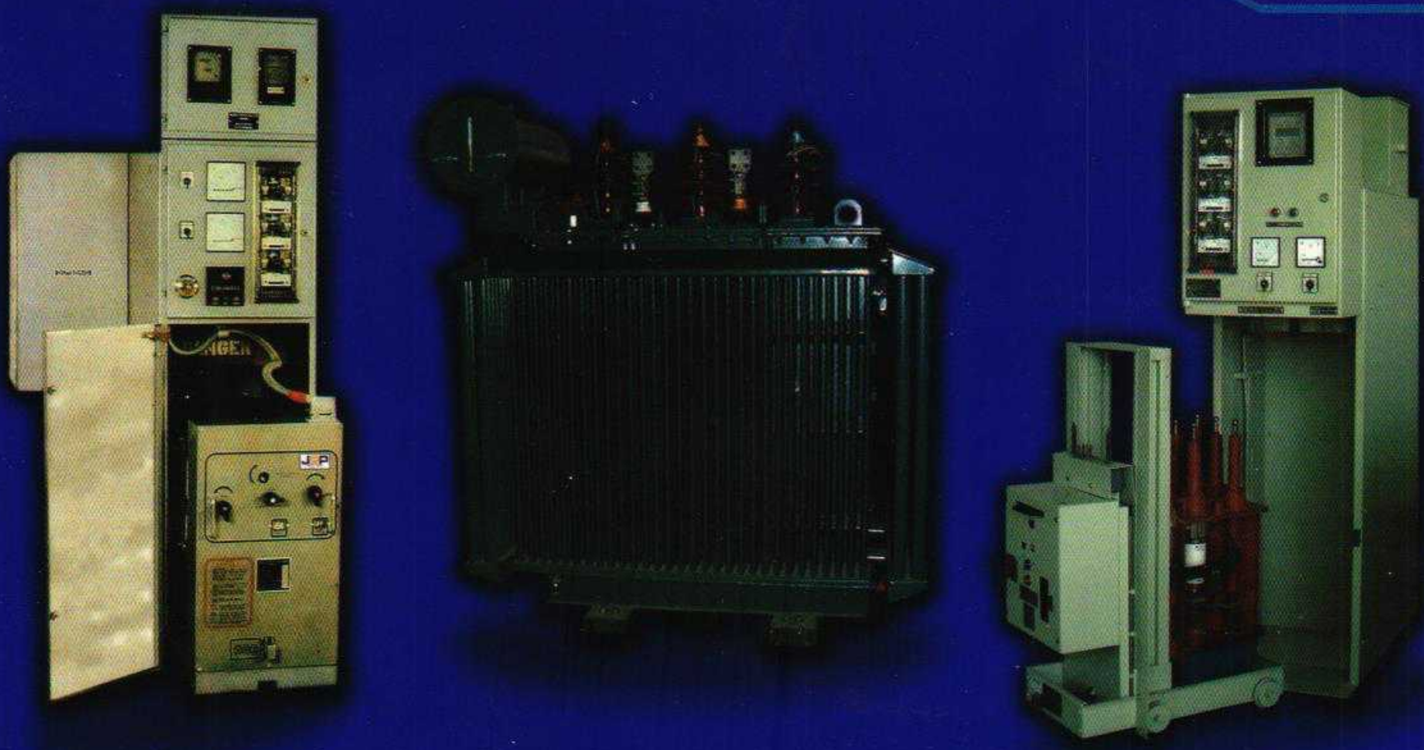
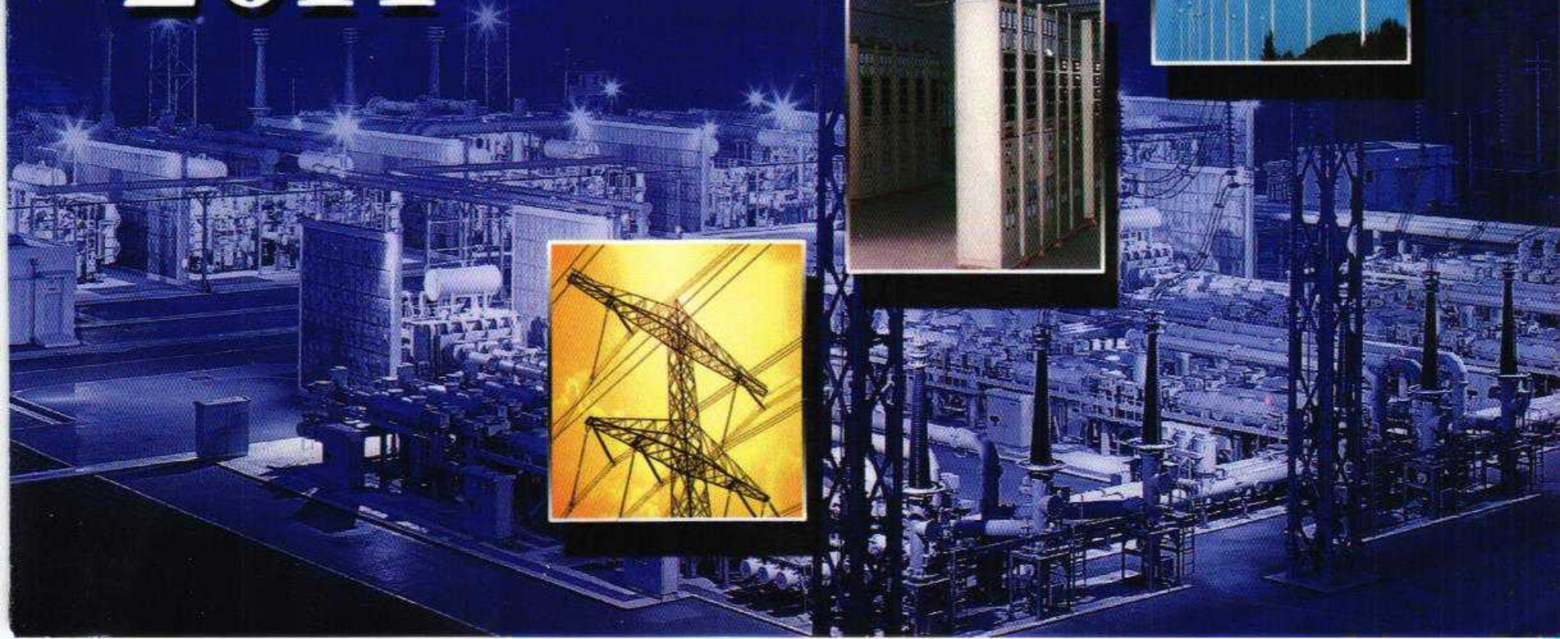
Johnson & Phillips (Pakistan) Ltd.



Annual Report 2014



Our
V i s i o n

To achieve
market leadership
in
our core business
build on innovative technology,
deliver quality products
at
competitive prices
and
maintain our history of pioneering

Our
M i s s i o n

- Continuous improvement in our operating standards, anticipating and meeting our customers'expectation.
- Eager to learn, strive to succeed and keen to please
- Aim high, stay focused and leave nothing to chance.
- To provide, career growing opportunities to the talented professionals.

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COMPANY INFORMATION

Board of Directors		
	Mr. Bilal Ahmed Qureshi	Chairman
	Mr. Shehryar Saeed	Director/CEO
	Ms. Marium Shafi	Director
	Ms. Muhammaad Tariq Anjum	Director
	Mr. Farooq A. Khan	Director
	Mr. Nabeel Sadiq	Director
	Mr. Imran Rafiq (NIT Nominee)	Director
Board Audit Committee.		
	Mr. Nabeel Sadiq	Chairman
	Mr. Farooq A. Khan	Member
	Ms. Marium Shafi	Member
Board HR Committee.		
	Ms. Marium Shafi	Chairman
	Mr. Farooq A. Khan	Member
	Mr. Nabeel Sadiq	Member
	Mr. Shehryar Saeed	Member
Company Secretary		
	Mr. Kashif Amin	
Chief Financial Officer		

Legal Advisor

EBRAHIM HOSAIN & CO
Advocates & Corporate Counsel
156 - 1,Scotch Corner,Upper Mall, Lahore

M/s. Naveed, Zafar Ashfaq Jaffery & Co
Chartered Accountant
1st Floor, Modern Motores House,
Beaumont Road, Karachi-75530

Share Registrar

C & K Management Associates (Pvt) Ltd.
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi – 75530

Silk Bank Ltd.
Soneri Bank Ltd
Habib Bank Ltd.

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

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Objective

The objective of Johnson & Phillips (Pakistan) Limited is to engage efficiently, responsibly and profitabily in the manufacturing, installation and sale of electrical equipments.

RESPONSIBILITIES TOWARDS STAKEHOLDERS

To achieve the objective, the Company recognizes its responsibilities towards its shareholders, customers, employees and to those with whom it does business, and the society at large.

Emplyee

The Company expects all its employees to demonstrate honesty, integrity and fairness in all aspects of its business.

- To obey Company policies and values.
- The Company provides all employees with equal opportunities.
- The Company is doing its best to provide job satisfaction.
- Good working environment to motivate the employees.
- The Company ensures that employees avoid conflict of interest between their private financial activities and their professional role in conducting Company business.

The Company safeguard its resources and do not allow the use of confidential information (manual or electronic) for personal
Does not allow to be used any inside information (directly or indirectly) about the organization for personal profit.
Does not make any misleading entries into the company books of accounts.

SOCIAL RESPONSIBILITIES

The Company acts in a responsible manner within the law of Pakistan, in pursuit of its legitimate commercial objectives
To fulfill all legal requirements of the Government and its regulatory bodies, follow relevant and applicable laws of the country
The Company does not support any political party or contributes funds to group whose activities promote party interests.
The Company recognizes its social responsibility and contributes to community activities.

FINANCIAL REPORTING & INTERNAL CONTROL

To implement an effective and transparent system of financial reporting and internal controls to safeguard the interest of our share holders and fulfill the regulatory requirements .

CONFLICT OF INTEREST

All the decision of the management are in the interest of the Company and the activities and involvement of the directors and employees in no way conflict with the interest of the Company.

ENVIRONMENT PROTECTION

To protect environment and ensure health and safety of the work force and well being of the people living in the adjoining areas of our plant.

QUALITY ASSURANCE

The Company is ISO 9000:2001 certified company and committed to provide products which consistently offer value in terms of price, quality, customer satisfaction and are at the same time safe for their intended use, to satisfy customer needs and expectations.

The Board of Directors ensures that the above principles are compiled with through its audit committee constituted for this purpose.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 53rd Annual General Meeting of JOHNSON & PHILLIPS (PAKISTAN) LTD will be held on Friday 31st October 2014, at the registered office of the company at C-10, South Avenue S.I.T.E. Karachi at 12:15 pm. to transact the following business:

ORDINARY BUSINESS

1 To confirm the minutes of the 52nd Annual General Meeting held on 25th October, 2013.

2 To receive consider and approve the audited accounts for the year ended on 30th June 2014 and the reports of the Directors and Auditors thereon for the year ended 30th June, 2014.

3 To appoint auditors for the year 2014-2015 and to fix their remuneration.

4 To transact any other business which may be placed before the meeting with permission of the Chair.

By Order of the board

Company Secretary

Karachi

03rd October 2014

Notes:

1 The shares transfer books of the Company will remain closed from 24th October 2014 to 31st October 2014 (both days inclusive). Transfers received at the registered office of the company before the close of the business on 23 2014, will be treated in time for the purpose of Annual General Meeting.

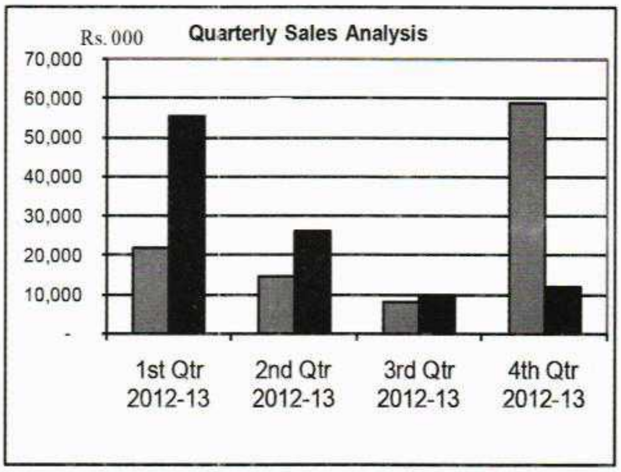
2 Shareholders are requested to immediately notify the Company of any changes in their addresses.

3 A member entitled to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote on his /her behalf. Proxy forms in order to be valid must be received at the registered office of the Company not less than 48 hours before the announced time of meeting. A member shall not be entitled to appoint more than one proxy. The proxy must be a member. Form of proxy is attached to this Annual Report.

4 CDC Account holder will further have to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

THE YEAR AT A GLANCE

	2014	2013
	(Rupees in thousand)	
		Restated
Sales	103,813	103,179
Profit before financial charges & tax	(28,714)	(1,516)
Profit after tax	(33,156)	(39,216)
	54,500	**54,500**
Capital Expenditure	**369**	**102**
Government as taxes	1,096	32,246
Number of Permanent Employee at Year End	27	50
Market Value Per Share	23.00	10.31

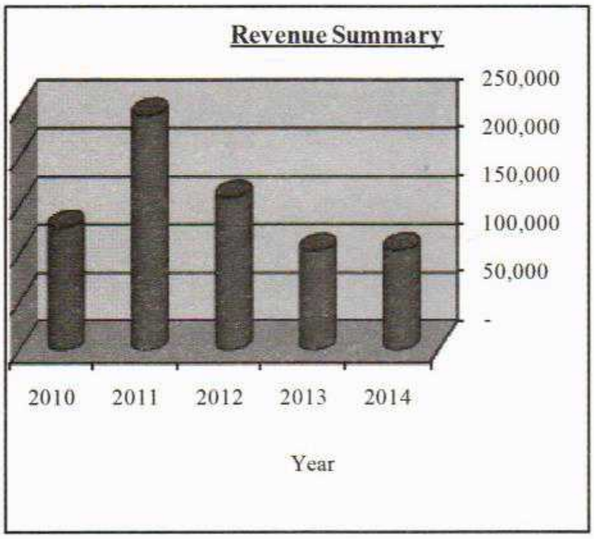


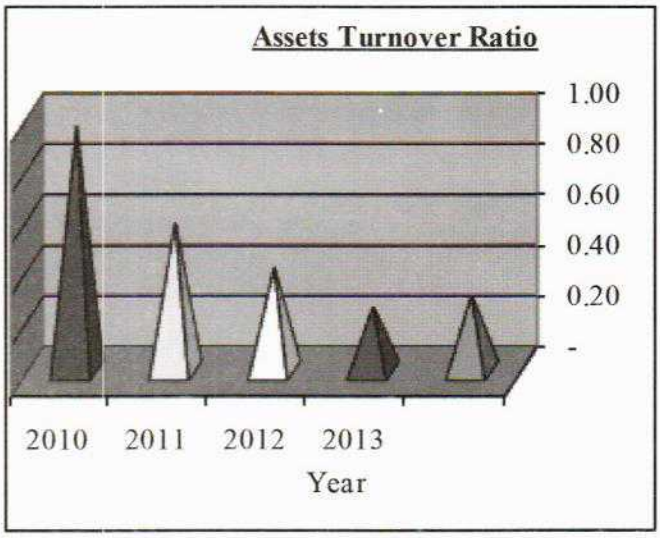
FIVE YEAR FINANCIAL REVIEW

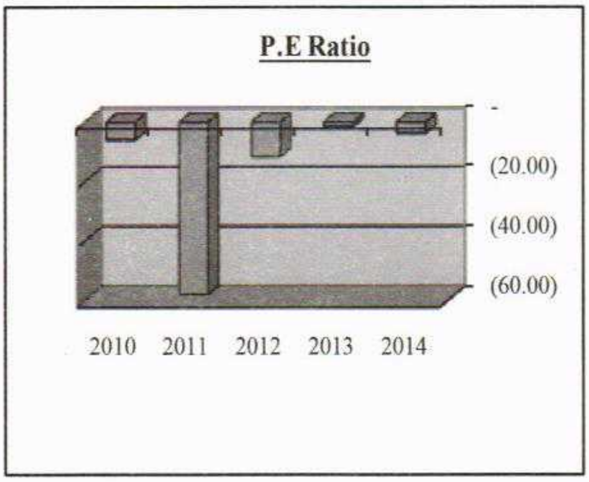
Rupees in '000'

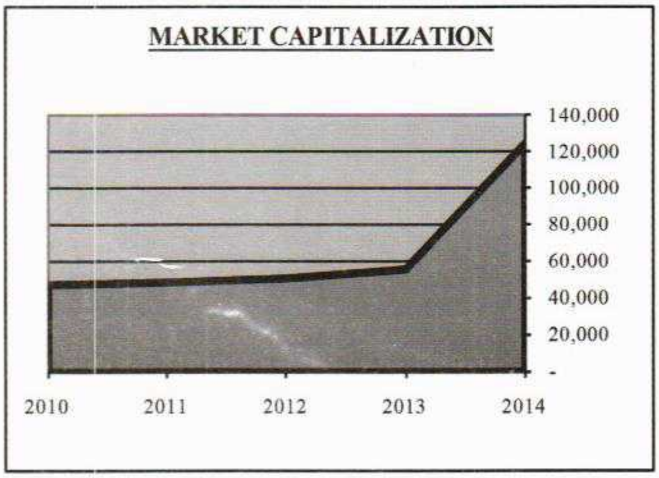
		2014	2013	2012	2011	2010
			Restated	Restated		
Sales		103,813	103,179	158,181	243,343	127,181
Gross Profit		10,738	12,047	19,955	35,458	24,750
Profit / Loss before Taxation		(32,060)	(6,970)	(2,028)	2,292	(6,723)
Profit / Loss after Taxation		(33,156)	(39,216)	(4,407)	(850)	(8,038)
Fixed Assets (Net)		201,630	210,048	184,117	199,255	199,849
Total Assets		344,887	404,121	384,454	412,706	331,834
Total Liabilities		222,747	249,806	256,359	280,896	199,849
Current Assets		142,317	193,133	199,384	220,516	131,424
Current Liabilities		144,602	170,495	177,626	199,145	122,391
Liquidity						
Current Ratio		0.98	1.13	1.12	1.11	1.07
Quick Ratio		0.53	0.510	0.44	0.49	0.57
Profitability						
Gross profit Ratio	%	10%	12%	13%	15%	19%
Net profit Ratio	%	-32%	-38%	-2.79%	-0.35%	-6%
Assets Utilization						
Inventory turnover ratio		1.09	0.97	1.31	1.99	2.05
Total Assets turnover ratio		0.30	0.26	0.41	0.59	0.97
Debtor Turnover ratio		2.26	2.43	4.56	5.71	5.09
Creditor Turnover ratio		0.22	0.34	0.67	1.26	0.77
Investment						
Earning Per Share		(6 08)	(7.20)	(0.81)	(0.16)	-1.47
Market Value Per Share		23 00	10.31	9.40	9.00	8.76
P.E Ratio		(3.78)	(1.43)	(11.62)	(57.70)	-5.94
Market Capitalization (Mn)		125,350	56,190	51,221	49,050	47,742
Employee As remuneration		15,799	22,556	23,103	11,647	19,147
Production						
Transformers (Nos)		30	32	63	286	64
Switch Gear Panels (Nos)		30	31	32	85	47

COMPANY INFORMATION









Chairman Review

I present to you 53rd Annual Report of performance of the company for the year ended June 30, 2014

Pakistan's economy at best is sluggish. Energy shortage as a result of circular debt has severely affected industrial production. Low domestic resource mobilization and high inflationary factors have further aggravated economy specially the industrial sector. The situation was further aggravated by law and order breakdown. Unfortunately, all these combined factors have had an effect on our business.

Losses went up due to lower sales volumes. The effect was further compounded because of high financial charges. We are making efforts to reduce these debts.

A long term plan to restructure the Company and its policies and products has been made, which is going to be implemented as soon as the approval comes from the Shareholders and this would put us in a position to turn around the Company...... inshaAllah.

The Directors would like to thanks its valued customers, suppliers and shareholders for their continued trust and appreciate and efforts.

Karachi.

For and on behalf of Board of Directors Dated:
Bilal Ahmed Qureshi
Chairman

DIRECTORS' REPORT

The Directors of your Board present to you the 53rd Annual Report together with the Audited Financial Statements of the Company for the year ended 30th June 2014.

	(Rupees in thousand)
(Loss) for the year before taxation	(32,060)
Out of which the Directors have accounted For taxation, as under: - Current	(1,096)
Disposable profit/ (Loss) for appropriation	(33,156)
Accumulated losses brought forward	(157,829)
Adjustment for: - Incremental depreciation and revaluation surplus for the year on revalued assets.	7,395
Other comprehensive loss for the year ended June 30, 2014	981
Accumulated losses carried over to Balance Sheet	**(182,609)**

In view of the need of liquid funds for working capital, the Directors have not recommended any dividend to the Share holders for the year ended 30th June, 2014

Earnings Per Share :

Earnings per share for the year ended 30th June 2014 is reduce from Rs.(6.08) to (10.05 2013 Restated)

Material Changes

There has been no other material change since 30th June 2013 and the Company has not entered into any commitments which would affect its financial position on that date.

Board Meetings

The Board of Directors, which consist of seven members, have the responsibility to independently and transparently monitor the performance of the Company and take strategic decisions to achieve sustainable growth in the Company value. All members of the Board are elected in the general meeting every three years.

During the year under review total of five meetings the Board of Directors were held from July 01,2013 to June 30, 2014. The attendance of the board members was as follows:-

Sr. #	NAME OF DIRECTOR	MEETINGS ATTENDED
1	Mr. Bilal Ahmed Qureshi	4
2	Mr. Shehryar Saeed	5
3	Ms. Marium Shafi	2
4	Ms. Muhammaad Tariq Anjum	4
5	Mr. Farooq A. Khan	2
6	Mr. Nabeel Sadiq	5
7	Mr. Imran Rafiq (NIT Nominee)	4

Audit Committee.

The board, in compliance to Code of Corporate Governance, has formed an audit committee. Four meetings of the committee were held during the year. All the meetings have attended by the committee members.

The terms of reference of audit committee are based on the scope as defined in CCG 2012 and guidelines given by the board from time to time to improve the system and procedures.

Corporate and Financial Reporting Framework

The Board of Directors have taken adequate measures for the implementation of the Regulations of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of account of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied to the Financial Statements in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Financial Reporting Standards, as applicable in Pakistan, and requirements of Companies Ordinance, 1984 have been followed in preparation of financial statements.

e) There are no significant doubts upon the Company's ability to continue as a going concern

f) Key operating and financial data of last 05-year in a summarized form is given on page number 7

g) Information about outstanding taxes and levies is given in the Notes to the Accounts

Employee Relations:

The Management appreciates the co-operation of the employees during the year.

Future Outlook :

Inflation, fragile security and an uncertain political environment remain challenges for businesses but on the other hand we are working with new spirit on strategic development plan as approved on the BOD meeting on 13th Sep, 2014.This is supported by an extensively engagaed Board of Directors dedicated to help acheive the goals set out in the plan

During the year, considerable time was spent in understanding and plannng the strategy ahead for the Comoany's operation, which would form the foundation of future long term growth.

Auditors

The present auditors, Naveed Zafar Ashfaq Jaffery & Co. stand retired upon completion of their 5 years term. The Board of Directors in their meeting will decide the appointment of Auditors.

Acknowledgement

We are grateful to all our customers and suppliers who have shown their continuous support.

Chief Executive

Shehryar Saeed

STATEMENT OF VALUE ADDED
by Johnson & Phillips Pakistan Ltd during FY 2013 - 2014

The statement shows the amount of wealth generated by the Company employees and its assets during the year and the way this wealth has been distributed:

	2014 Rs 000		%
Wealth Generated			
Total Revenue	103,813		
Bought in material & services	(74,785)		
Wealth available for Distribution	29,028		100%
Wealth Distributed			
To Employees			
Salaries Wages and benefits	15,799	-	34%
To Government			
Income Tax on profit, Worker's Funds, Import Duties	1,096		1%
To Providers of Capital			
Finance Cost	3,346		14%
Retain in the Business			
For replacement of Fixed Assets :			
Depreciation, Net of transfers to General Reserve	8,787		51%
	29,028		100%

Total : Rs 29,985

To Employees	15,799	34%
To Government	1,096	1%
To Providers of Capital	3,346	14%
Retain in the Business	8,787	51%
	29,028	100%

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation in No.37 of Listing Regulations of Karachi Stock Exchange Limited for the purpose of establishing framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1 The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Tariq Anjum Mr. Farooq Ahmed Khan
Executive Directors	Mr. Shehryar Saeed
Non Executives Directors	Mr. Bilal Ahmed Qureshi Ms. Marium Shafi Mr. Nabeel Sadiq Mr. Imran Rafiq

2 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this compnay.

3 All the resident directors of the Company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking Company, a DFI or an NBFI or being a amember of stock exchange, has been declared as a defaulter by that stock exchange .

4 No casual vacancy occurred in the Board of Directors during the year ended June 30, 2014.

5 The Company has prepared a "Statement of Ethics and business practices" and has ensured that appropriate steps have been taken to disseminate it throughout the compnay along with its supporting policies and procedures.

6 The board has developed a vision/mission statement, overall corporate strategy and significant polices of the Company. A complete record of particulars of significant polices along with the dates on which they were approved or amended have been maintained.

7 All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8 The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9 Two of the director meets the criteria of exemption under clause (xi) of the CCG and is accordingly exempted from the directors training program.The condition of trainning certification for other directors will be complied in due course.

10 The Board has approved the appointment, remuneration and terms and conditions of employment of the CFO, who is also the Company Secretary.

11 The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the Salient matters required to be disclosed.

12 The financial Statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13 The directors, CEO and executives do not hold any interest in the shares of the compnay other than that disclosed in the pattern of shareholding

14 The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

15 The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent Director.

16 The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to committee for compliance.

17 The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.

18 The board has set up an internal audit function which is conversant with the policies and procedures of the Company. Experience and qualification of the Head of Internal Auditor is not as per requirements, this condition will be complied in due course.

19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountanct (IFAC) guidelines on code of ethics as adopted by the ICAP.

20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21 The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of compnay' securities, was determined and intimated to directors, employees and stock exchange.

22 The Company has complied with all the major corporate and financial reporting requirements to the code. All releated party transaction have been reviewed and approved by the board.

23 The Board has ensured that a mechanism is put in place for an annual evaluation of the board's own performance as required by the code.

24 We confirm that all other material principles enshrined in the CCG have been complied with.

Shehryar Saeed

Shehryar Saeed
Chief executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Johnson & Phillips (Pakistan) Limited ("the Company"), to comply with the Listing Regulations of the Karachi Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Boards statement on internal control covers all risks and control, or to form an opinion on the effectiveness of such internal controls, the company corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the note 9 and 18 of non-compliance, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2014.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Code as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

i. As disclosed in point 9 of the statement, none of the directors have obtained certification under directors training program and Board did not arranged orientation courses for its directors during the financial year to apprise them of their duties and responsibilities as required under clause (xi) of the code

ii. As disclosed in point 18 of the statement, the qualification of Head of Internal Audit is not as per the requirement of clause (xiv) of the code.

Naveed Zafar Hussain Jaffery & Co
Chartered Accountants

Karachi
1st October 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips (Pakistan) Limited ("the Company") as at June 30, 2014; and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that:

The Company has not deposited unclaimed dividend amounting to Rs. 4.268 million in a separate bank account designated for this purpose nor the Company has sufficient fund available in their bank accounts to pay the unclaimed dividend in the event same is demanded by the shareholder.

Except for the matter stated above;

a. in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b. in our opinion :

i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 , and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii. the expenditure incurred during the year was for the purpose of the Company's business; and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014; and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and:

d. in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without further qualifying our opinion, we draw attention to note 1.2 to the Financial Statements which indicates the existence of material uncertainty which may cause significant doubt on the Company's ability to continue as a going concern.

Karachi

Ahsan Elahi Vohra - FCA
Engagement Partner

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013 (Restated)	2012 (Restated)
			(Rupees in thousand)	
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	201,630	210,048	184,117
Long term investments	5	-	-	-
Long term deposits		940	940	940
		202,570	**210,988**	**185,057**
CURRENT ASSETS				
Stock-in-trade	6	65,091	106,455	120,715
Trade debts	7	49,806	42,209	34,714
Loans and advances	8	15,859	23,419	19,819
Deposits and prepayments	9	8,630	9,490	15,194
Advance tax-net of provision	10	1,865	1,938	1,710
Cash and bank balances	11	1,066	9,622	7,232
		142,317	**193,133**	**199,384**
TOTAL ASSETS		**344,887**	**404,121**	**384,441**
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVE				
Authorized capital				
8,000,000 (2013: 8,000,000) ordinary shares of Rs. 10 each		**80,000**	**80,000**	**80,000**
Issued, subscribed and paid-up capital	12	54,500	54,500	54,500
Share premium reserve		29,727	29,727	29,727
General reserve		23,073	23,073	23,073
Unappropriated loss		(182,609)	(157,829)	(105,757)
		(75,309)	**(50,529)**	**1,543**
Surplus on revaluation of property, plant and equipment	13	**197,449**	**204,844**	**127,947**
NON-CURRENT LIABILITIES				
Long term borrowings	14	**73,435**	**72,732**	**71,969**
Deferred liabilities - staff gratuity	15	**4,710**	**6,579**	**5,357**
CURRENT LIABILITIES				
Trade and other payables	16	136,334	162,227	168,443
Current and overdue portion of long term borrowings	17	4,000	4,000	4,000
Mark up accrued	18	-	-	-
Unclaimed dividend		4,268	4,268	4,268
		144,602	**170,495**	**177,625**
Contingencies and commitments	18	-	-	-
TOTAL EQUITY AND LIABILITIES		**344,887**	**404,121**	**384,441**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Shehryar Saeed
Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30,2014

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 (Restated)
		(Rupees in thousand)	
Revenue from sales and services-net	20	103,813	103,179
Cost of sales and services	21	(93,075)	(91,132)
Gross profit		**10,738**	**12,047**
Distribution cost	22	(1,735)	(4,183)
Administrative expenses	23	(40,620)	(21,056)
Other operating income	24	2,903	11,676
		(28,714)	**(1,516)**
Finance cost	25	(3,346)	(5,454)
Loss before taxation		**(32,060)**	**(6,970)**
Taxation	26	(1,096)	(32,246)
Loss for the year		**(33,156)**	**(39,216)**
Earnings per share - basic and diluted	27	**(6.08)**	**(7.20)**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 (Restated)
		(Rupees in thousand)	
Loss after taxation for the year		**(33,156)**	**(39,216)**
Other comprehensive income			
Items that will not be reclassified to profit and loss account in subsequent periods			
Recognition of acturial (losses) on retirement benefit obligation due to implementation of IAS 19 (Revised) - net of tax		981	**(334)**
Reversal of imparement loss on plant & machinery recognized in previous years		-	855
Total comprehensive loss		**(32,175)**	**(38,695)**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

		Note	2014	2013
			(Rupees in thousand)	
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Cash generated from operations	28	(4,032)	2,805
	Taxes paid	9	(1,023)	(730)
	Gratuity paid	14.1	(509)	(146)
	Finance cost paid		(2,643)	(2,691)
	Net cash from operating activities		**(8,207)**	**(762)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Additions to property, plant and equipment	3.1	(369)	(102)
	Proceeds from disposal of property, plant and equipment		20	1,168
	Long term deposits		-	-
	Net cash generated from /(used in) investing activities		**(349)**	**1,066**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Repayment of long term borrowing		-	-
	Proceeds from long term borrowing	13.3	-	3,000
	Repayment of short term borrowings	16	-	(914)
	Net cash generated from /(used in) financing activities		-	**2,086**
	Net increase in cash and cash equivalents		**(8,556)**	**2,390**
	Cash and cash equivalents at beginning of the year		9,622	7,232
	Cash and cash equivalents at end of the year	10	**1,066**	**9,622**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Shehryar Saeed
Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up capital	Capital reserve Share premium	General reserve	Revenue reserve (Accumulated loss)	Total
	----------	----------	(Rupees in thousand)	----------	----------
Balance as at July 1, 2012 as previously reported	**54,500**	**29,727**	**23,073**	**(107,165)**	**135**
Effect of change in accounting policy note 2.1.3 a)	-	-	-	**1,408**	**1,408**
Balance as at July 01, 2012 - restated	**54,500**	**29,727**	**23,073**	**(105,757)**	**1,543**
Total comprehensive for the year ended June 30, 2013					
Net loss for the year ended June 30, 2013 (Restated)	-	-	-	(39,216)	(39,216)
Other comprehensive loss for the year ended June 30, 2013				521	1,113
				(38,695)	(38,103)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	2,170	2,170
Incremental depreciation - restatement of errors				(15,547)	(15,547)
Balance as at June 30, 2013 - restated	54,500	29,727	23,073	(157,829)	**(50,529)**
					-
Total comprehensive for the year ended June 30, 2014					
Net loss for the year ended June 30, 2014				(33,156)	(33,156)
Other comprehensive loss for the year ended June 30, 2014	-	-	-	981	981
				(32,175)	(32,175)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	7,395	7,395
Balance as at June 30, 2014	54,500	29,727	23,073	**(182,609)**	**(75,309)**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. STATUS AND NATURE OF BUSINESS

1.1 Johnson and Phillips (Pakistan) Limited (the Company) was incorporated in Pakistan as a public limited company on April 15, 1961 and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The registered office of the Company is situated at C-10, South Avenue, SITE, Karachi. The Company is principally engaged in manufacturing, installing and selling of electrical equipments. Etheridge Company Limited, held 2,719,536 (2014: 2,719,536) ordinary share of Rs. 10 each of the Company as at year and, which constitute 49.90% of total share issued.

1.2. The Company has incurred operating loss net of tax of Rs. 33.156 million (2013: Rs. 39.216 million) during the year, which has increased accumulated losses amounting to Rs. 182.609 million (2013 Rs. 157.829 million) and has resulted in negative equity of Rs. 75,309 million as at June 30, 2014, but still has marginally positive current ratio as at that date.

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

i) The Company already has its obligations rescheduled in respect of long term loans and financial arrangements, including repayment of principal and accumulated markup thereon with various lenders at terms referred to in note 14.2 and 14.3 of these financial statements.

ii) The Company and financer has been agreed to provide the interest free loan refered to in note 14.4.

iii) Efforts are underway to obtain orders so that sales volume as well as profitability can be maintained and the management expects favorable improvements during the year ending June 30, 2015. The Strategic Business Revival Plan put forward by Management is approved by Board of Directors and will be presented before General Meeting for shareholders approval. According to which Company relocate its assets/operations/manufacturing to Lahore and maintain only a Marketing/Sales and Service facility to facilitate its established customers.

iv) The Board has provided in past continued support to the Company and has indicated commitment in order to maintain the going concern status of the Company. This support is evident from the fact that a Director had in the past has continued to provide loan and financial support to the Company.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP shall prevail.

2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention except as follows:

- certain staff retirement benefits are carried at present value
- lease hold land, building and plant and machinery are stated at revalued amount.

2.1.3 Accounting Standards, amendments or interpretations that are became effective in the current period

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the Company except for the revised IAS 19 'Employees Benefits', details of which are stated below:

a) Change in accounting policy

Employee benefits

With effect from 1 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees. Further, any past service cost is now recognized immediately in the profit and loss account as soon as the change in the benefit plans are made and previously, only vested past service cost was recognized immediately inprofit and loss account and non-vested cost was amortised to profit and loss account over the vesting period. The Standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year.

The effects of change has been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 1 July 2012 has been presented and disclosed as part of the tatement of changes in equity, while the corresponding period adjustment through other comprehensive income is restated and disclosed as part of the Statement of Comprehensive Income respectively. The Balance Sheet also presents the prior year numbers as restated, due to the said change.

	2013			2012		
	As previously reported	Impact due to change in policy	As restated	As previously reported	Impact due to change in policy	As restated
	Rupees in thousands					
Effect on balance sheet						
Staff retirement benefit	8,647	(1,074)	7,573	7,905	(1,408)	6,497
Unappropriated profit	(112,371)	1,074	(111,297)	(107,165)	1,408	(105,757)

	2013
	Rs. '000
Effect on other comprehensive income	
Remeasurement of defined benefit obligation	(334)

There change in accounting policy has no impact on the statement of cashflows and on earning per share.

b) Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, interpretations and the amendments are effective for accounting periods beginning from the dates specified below are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments'(effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation.The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

2.2 Critical Accounting estimates and judgments

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements are as follows.

i) **Employee benefits**

The Company operates an approved non contributory gratuity scheme for all its employees. The scheme entitles the members to a gratuity payable on retirement, death in his service of the employer, voluntary retirement and termination of employee by the employer other than for misconduct and negligence.

ii) **Property, plant and equipment**

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.Company follow revalauation policy after every five years.

iii) **Taxation**

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 2.7 to these financial statements.

2.3 Compensated absences

Liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences occur.

2.4 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

2.5 Taxation

a) Current

Provision of current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years, arising from assessment framed during the year, for such years.

b) Deferred

The Company accounts for deferred taxation for all material timing differences. The amount is computed using the balance sheet liability method. Debit balances on account of deferred taxation are recognised only if there is reasonable certainty for realisation.

2.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether billed or not to the Company.

2.7 Provisions

Provisions are recognised when the Company has the present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed and adjusted to reflect current best estimate.

2.8 Investments

These are stated at cost less provision for diminution on carrying value as determined by the management.

2.9 Property, plant and equipment and depreciation

a) Owned

These are stated at cost less accumulated depreciation except for leasehold land, building on leasehold land and plant & machinery which are stated at revalued amount less accumulated depreciation and impairment losses, if any.
Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life as stated in Note 4. Depreciation on additions and disposals of assets during the year is charged from the month of acquisition to the month of disposal.

Maintenance and normal repairs are charged to income, as and when incurred.

Major renewals are capitalized and the assets so replaced, if any, are retired.

Profit and loss on disposal of assets is included in income currently.

b) Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amounts of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated by applying straight line method over the estimated useful lives of the assets as stated in note 4.

Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation of leased assets is charged to current year's income as part of depreciation.

2.10 Intangible assets

Expenditure incurred to acquire software license is capitalized as intangible assets and stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized applying the straight line method . Where the carrying amount of an asset exceed its estimated recoverable amount it is written down immediately to its recoverable amount.

2.11 Consumable stores

These are valued at average cost and net realizable value less provision for slow moving stores.

2.12 Stock in trade

These are stated at the lower of average cost and net realizable value. Average cost in relation to finished goods and work-in-process represents prime cost and includes appropriate portion of manufacturing expenses.

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and cost necessary to be incurred in order to make the sale.

2.13 Trade debts, loans, advances, deposits, prepayments and other receivables

Trade debts, loans, advances, deposits, prepayments and other receivables are stated at cost. Provision is made against those considered doubtful by the management, whereas, those considered irrecoverable are written off.

2.14 Warranties

The management estimates at each balance sheet date a liability that could arise as a result of the Company's obligation to repair and replace products under warranty. The provision for warranty is accounted for in the periods in which sales are made and no provision is recognised if the chances of warranty claims are remote.

2.15 Foreseeable losses on orders in hand

Provision is made for all known or expected losses at completion on orders in hand.

2.16 Transaction with related parties

The Company enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

2.17 Impairment losses

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

2.18 Revenue recognition

Sales are recorded on delivery of goods to the customers and in case of exports when shipped. Income from installation and repair projects are recognized as the work is completed and accepted by the customers.

2.19 Borrowing cost

Borrowing cost and other related cost directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that takes a necessarily substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.20 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents consists of cash in hand and balances with banks.

2.21 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

2.22 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognised amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.23 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark up to the extent of the amount remaining unpaid.

2.24 Dividend

Dividend is recognized in the financial statement in the period in which these are approved.

3 RETROSPECTIVE RESTATEMENT OF ERRORS

The incremental depreciation on surplus on revaluation of fixed assets was errounously adjusted with amount of deferred tax by regognizing the tax in profit and loss account, but no deferred in balance sheet was regonized. Also the increment depreciation on leasehold land was incorrectly calculated. As a result of these errors, suplus on revaluation was understated. Management has treated omission of the fact as prior period error as per IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as these relates to prior periods and was not accounted for in the prior periods. The impact of rectification of error in prior period's financial statements is as follows:

	Rs. '000'
Effect on balance sheet	
Increase in surplus on revaluation of property, plant and equipment	**46,532**
Effect on profit and loss account	
Increase in taxation	**30,985**
Statement of changes in equity	
Increase in accumulated losses	**15,547**

There is no impact on the cash flow statement of the Company for the prior period presented.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Tangibles

2014

	Cost/Revaluation					Accumulated Depreciation				Written down	
	As at July 01, 2013	Additions	Disposals	Transfers Revaluation *	As at June 30, 2014	As at July 01, 2013	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2014	As at June 30, 2014	Useful Life
	Rupees in thousands										
Owned											
Lease hold Land	170,000	-	-	-	170,000	143	-	4,000	4,143	165,857	99
Building on lease hold land	25,600	-	-	-	25,600	213	-	2,560	2,773	22,827	10
Plant and machinery	14,610	-	-	-	14,610	174	-	2,087	2,261	12,349	7
Gas and electric installations	1,178	-	-	-	1,178	1,148	-	14	1,162	16	10
Factory tools	3,843	-	-	-	3,843	3,843	-	-	3,843	-	5
Vehicles	11,314	355	(29)	-	11,640	11,314	(29)	15	11,300	340	4
Furniture and fixtures	4,320	-	-	-	4,320	4,319	-	-	4,319	1	5
Office and other equipments	11,955	14	-	-	11,969	11,618	-	111	11,729	240	5
	242,821	369	(29)	-	243,160	32,772	(29)	8,787	41,530	201,630	

2013

	Cost/Revaluation					Accumulated Depreciation				Written down	
	As at July 01, 2012	Additions	Disposals	Transfers Revaluation *	As at June 30, 2013	As at July 01, 2012	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2013	As at June 30, 2013	Useful Life
	Rupees in thousands										
Owned											
Lease hold Land	170,000	-	-	-	170,000	6,869	(8,443) *	1,717	143	169,857	99
Building on lease hold land	24,816	-	-	784 *	25,600	9,927	(12,201) *	2,487	213	25,387	10
Plant and machinery	25,811	-	-	(11,201) *	14,610	20,248	(22,405) *	2,331	174	14,436	7
Gas and electric installations	1,178	-	-	-	1,178	1,133	-	15	1,148	30	10
Factory tools	3,843	-	-	-	3,843	3,837	-	6	3,843	-	5
Vehicles	12,885	-	(1,571)	-	11,314	12,885	(1,571)	-	11,314	-	4
Furniture and fixtures	4,320	-	-	-	4,320	4,309	-	10	4,319	1	5
Office and other equipments	11,982	102	-	-	12,084	11,511	-	236	11,747	337	5
	254,836	102	(1,571)	(10,417)	242,949	70,719	(44,620)	6,802	32,901	210,048	

* The previous revaluations were carried out on March 31, 1995, June 30, 2004 and June 17, 2008 which resulted in a surplus of Rs 42.642 million, surplus of Rs 73.464 and Rs. 104.097 and impairment of Rs. 0.855 million respectively. Further, latest revaluation of leasehold land, building on leasehold land and Plant & Machinery were revalued on June 12, 2013. The revaluation was incorporated in books on June 30, 2013, following the elimination method. The revaluation exercise was conducted by M/s Asif Associates (Private) Limited , a valuer on approved list of Pakistan Bankers Association, on market value basis.

The last revaluation of leasehold land, Building and Plant & Machinery resulted in a surplus of Rs. 31.776 million. The carrying amount of the above mentioned assets as at 30 June 2014, if the said l..d been carried at historical cost would have been as follows:

Asset category	Cost	Accumulated Depreciation	Written down Value
	Rupees in thousands		
Lease hold Land	61	26	35
Building on lease hold land	13,081	10,946	2,135
Plant and machinery	30,018	28,616	1,402

4.2 Intangibles

	Cost/Revaluation					Accumulated Depreciation				Written down	
	As at July 01, 2013	Additions	Disposals	Transfers Revaluation *	As at June 30, 2,014	As at July 01, 2013	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2014	As at June 30, 2014	Useful Life
	Rupees in thousands										
Owned											
Computer Software	129	-	-	-	129	129	- *	-	129	-	5
	130	-	-	-	129	129	-	-	129	-	

4.3 Disposal of tangible property, plant and equipment

Description		Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Purchaser
		Rupees in thousand						
Honda M/Cycle KC-1297	2014	29	29	-	20	20	Auction / Bid	Mr. Shahzad
	2013	1,571	1,571	-	1,168	1,168		

Shehryar Saeed
Shehryar Saeed
Chief Executive

Nabeel Sadiq
Nabeel Sadiq
Director

		Note	2014	2013
			(Rupees in thousand)	
4.4	**The depreciation charge for the year has been allocated as follows:**			
	Cost of sales and services	20	7,030	5,442
	Administrative expenses	22	1,757	1,360
			8,787	**6,802**
4.5	**Cost of fully depreciated assets**			
	Plant and machinery		-	-
	Gas and electric installation		1,037	1,037
	Factory tools		3,843	3,843
	Vehicles		11,640	11,314
	Furniture and fixtures		4,320	4,320
	Office and other equipments		11,361	11,361
			32,201	**31,875**
5	**LONG TERM INVESTMENTS**			
	In shares of unquoted subsidiaries companies:(at cost)			
	Johnson & Phillips Industries (Pakistan) Limited		30,000	30,000
	3,000,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June30, 2014 was Nil (June 2013:Nil)] The Company held 100% of the investee's total equity.) Chief Executive Mr. Shehryar Anwar Saeed			
	Johnson & Phillips Transformers (Private) Limited		21,000	21,000
	2,100,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2014 was Nil (June 2013:Nil)] The Company held 70% of the investee's total equity. Chief Executive Mr. Nabeel Sadiq			
	Johnson & Phillips EMO Pakistan (Private) Limited		510	510
	51,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2014 was Nil (June 2013:Nil)] The Company held 51% of the investee's total equity. Chief Executive Mr. Shehryar Anwar Saeed			
	Share Application money			
	Johnson & Phillips Industries (Pakistan) Limited		20,000	20,000
			71,510	71,510
	Provision for diminution in value of investments		(71,510)	(71,510)
			-	-

5.1 Value of the above investments, based on the net assets of the investee companies as per latest available audited financial statements of the investee companies was as follows:

	2014	2013
Johnson & Phillips Industries (Pakistan) Limited	(38,427)	(38,332)
Johnson & Phillips Transformers (Private) Limited	(32,362)	(32,250)
Johnson & Phillips EMO Pakistan (Private) Limited	(3,314)	(3,281)

		Note	2014	2013
6	**STOCK-IN-TRADE**		**(Rupees in thousand)**	
	Raw material and components			
	in hand - Gross		42,442	44,690
	in transit		-	1,175
	Less: provision for obsolete/ slow moving items		(12,132)	(13,752)
			30,310	32,113
	Work-in-process		32,611	67,225
	Finished goods		2,170	7,117
			65,091	**106,455**
7	**TRADE DEBTS**			
	Unsecured			
	Considered good		49,806	42,209
	Considered bad		-	-
			49,806	42,209
	Trade debts considered bad written off		-	-
			49,806	**42,209**
8	**LOANS AND ADVANCES**			
	Loans to subsidiary companies - unsecured			
	Considered good			
	Johnson & Phillips Industries (Pakistan) Limited (JPI)	8.1	-	4,593
	Considered doubtful			
	Johnson & Phillips Transformers (Private) Limited (JPT)	8.2	13,107	12,994
	Johnson & Phillips EMO Pakistan (Pvt.) Limited (EMO)	8.3	2,896	2,864
			16,003	15,858
	Less Provision against doubtful loans		(16,003)	(15,858)
			-	-
	Advances - Unsecured - Considered good - unsecured			
	To suppliers		3,318	3,420
	To employees		418	1,069
	Against purchase of land		2,717	2,717
	Others		71	71
			6,524	7,277
	Sales tax refundable		14,485	11,549
	Less: Provision for doubtful advances		(2,433)	-
	Less: Provision for advance against land		(2,717)	-
			15,859	23,419
8.1	**Reconciliation of loan amount due from JPI**			
	Opening		4,593	(914)
	Disbursed		10,092	5,507
	Closing		14,685	4,593
	Less: provision		(14,685)	
		8.4	-	4,593
8.2	**Reconciliation of loan amount due from JPT**			
	Opening		12,994	12,883
	Disbursed		113	111
	Closing		13,107	12,994
	Less: provision		(13,107)	(12,994)
		8.5	-	-

	Note	2014	2013
		(Rupees in thousand)	

8.3 Reconciliation of loan amount due from EMO

	Note	2014	2013
Opening		2,864	2,834
Disbursed		32	30
Closing		2,896	2,864
Less: provision		(2,896)	(2,864)
	8.6	-	-

8.4 The maximum amount of loan due from JPI at the end of any month during the year was Rs. 14,865 thousand (2013: Rs. 4,593 thousands).

8.5 The maximum amount of loan due from Johnson & Phillips Transformers (Private) Limited at the end of any month during the year was Rs. 13,107 thousands (2013: Rs. 12,994) thousands.

8.6 The maximum amount of loan due from Johnson & Phillips EMO Pakistan (Private) Limited at the end of any month during the year was Rs. 2,896 (2013: Rs. 2,864) thousands.

9 DEPOSITS AND PREPAYMENTS - Considered good

	2014	2013
Prepayments	126	144
Deposits		
Margin against bank guarantee	7,402	7,563
Deposit with court	723	723
Other receivable	50	-
Tender deposits - net of provision	329	1,060
	8,504	9,346
	8,630	**9,490**

10 ADVANCE TAX - NET OF PROVISION

	2014	2013
Balance receivable as at 1st July	1,938	1,710
Paid / adjusted during the year	1,023	730
	2,961	2,440
Less: Provision for the year		
- current	1,038	516
- prior	58	(14)
	1,096	502
Closing balance	**1,865**	**1,938**

11 CASH AND BANK BALANCES

	2014	2013
Cash in hand	106	31
At bank - in current accounts	938	9,569
- in saving accounts	22	22
	1,066	**9,622**

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Number of shares) 2014	2013		Note	2014 (Rupees in thousand)	2013
4,638,268	4,638,268	Ordinary shares of Rs. 10 each fully paid in cash		46,383	46,383
93,000	93,000	Ordinary shares of Rs. 10 each issued for consideration other than cash.		930	930
718,704	718,704	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		7,187	7,187
5,449,972	**5,449,972**			**54,500**	**54,500**

13 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2014 (Rupees in thousand)	2013 (Restated)
Opening balance		204,844	127,947
Additions as a result of fresh revaluation during the year		-	31,776
Transferred to accumulated loss in respect of incremental depreciation on revalued assets for the year		(7,395)	(2,170)
Retrospective restatement of errors	3	-	47,291
		197,449	**204,844**

14 LONG TERM BORROWINGS

	Note	2014 (Rupees in thousand)	2013
Loans from others-unsecured			
Loan from others	14.1	**4,000**	**4,000**
Loan-1			
Principal	14.2	8,408	8,408
Accumulated mark-up there on		8,313	7,458
		16,721	**15,866**
Loan -2 (from Director)			
Principal	14.3	20,377	20,377
Accumulated mark-up there on		3,507	3,659
		23,884	**24,036**
Loan-3			
Principal	14.4	18,650	18,650
Accumulated mark-up there on		14,180	14,180
		32,830	**32,830**
		77,435	**76,732**
Less: current and overdue portion	17	(4,000)	(4,000)
Markup accrued	19	-	-
Less: current and overdue portion	17	(4,000)	(4,000)
		73,435	**72,732**

14.1 Represents unsecured loan taken by the Company at an interest rate of 12% per annum which was repayable in installments of Rs. 500,000 per month starting from October 2006. As the loan remained unpaid till the year ended June 30, 2007, a fresh agreement was made by the parties on June 30, 2007. According to the fresh agreement dated June 30, 2007 the effective date of repayment, which was October, 2006, was extended to July, 2008.

14.2 Represents an unsecured loan from an individual. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2014 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2014) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2015. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal. An other unsecured loan amounting to Rs. 5.00 million taken in past and according to the agreement dated June 30, 2014, the loan carries mark-up @Twelve months KIBOR per annum and will be repaid in Twenty four equal quarterly installments commencing from July 01, 2015. Total markup charged on loans during the year was Rs. 855 (2013: Rs. 855)

14.3 Represents an unsecured loan from a Director. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2014 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2014) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2015. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal. An other unsecured loans amounting to Rs. 7.797 million taken in past and Rs. 3.0 million taken during the year. According to the fresh agreements dated June 30, 2014, the loans carry mark-up @ KIBOR+2% per annum, which will be repaid in twenty four quarterly installments commencing from July 01, 2015 and markup on these loans will be paid on monthly basis. Total markup charged on loans during the year was Rs. 2,439 (2013: Rs. 2,307) thousands.

14.4 Represents an un-secured loan from a private company. During the year an agreement has been signed to reschedule the loan. According to the agreement dated July 01, 2013 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2013) will be repaid in twenty four equal quarterly installments commencing from July 01, 2015. The mark-up rate on this loan is nil (2013: 12% per annum) on outstanding balance of principal. The total mark-up charged on the loan during the year was Rs. nil (2013: 2,238 thousands).

	Note	2014	2013 (Restated)
15 DEFERRED LIABILITIES - STAFF GRATUITY		**(Rupees in thousand)**	
15.1 The amounts recognised in the balance sheet are as follows:			
Movement in net liability/(assets) recognised			
Opening net liability		7,573	6,497
Expense/(Income) for the year		(479)	964
Other Comprehensive Income		(981)	258
Benefits paid during the year		(509)	(146)
Closing net liability		**5,604**	**7,573**
Charge for /(income from) the Defined Benefit Plan			
Current service cost		275	161
Interest cost		842	803
Curtailment gain		(1,596)	-
Expense recognised in the financial statements		**(479)**	**964**

Reconciliation of payable to/(receivable from) Defined Benefit Plan	Note	2014	2013
		(Rupees in thousand)	
Present value of Defined Benefit Obligation		4,710	6,579
Fair value of Plan assets		-	-
		4,710	6,579
Unclaimed gratuity	16	894	994
Liability recognised in the accounts		**5,604**	**7,573**

Actuarial assumptions:

	2014	2013
- Valuation discount rate	13.25%	11.50%
- Salary increase rate	13.25%	11.50%

15.2 Historical Information

	2014	2013	2012	2011	2010
	Rupees in thousands				
Present Value of Defined obligation	4,709	6,579	5,357	5,644	5,284
Unclaimed gratuity	894	994	1,140	711	711
	5,603	7,573	6,497	6,355	5,995
Fair Value of plan assests	-	-	-	-	-
Deficit in the plan	**5,603**	**7,573**	**6,497**	**6,355**	**5,995**

16 TRADE AND OTHER PAYABLES

	Note	2014	2013
Creditors		127,046	152,471
Accrued liabilities		2,927	2,059
Advances from customers		4,278	5,676
Payable to ex-employees		892	676
Provident fund		52	1
Unclaimed gratuity payable	15.1	894	994
Tax deducted at source		86	179
Others		159	171
		136,334	**162,227**

17 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS

	Note	2014	2013
Loan from others - unsecured	14.1	**4,000**	**4,000**

18 MARK UP ACCRUED

	Note	2014	2013
Opening balance		-	-
Accrued during the year		3,293	5,400
		3,293	5,400
Paid / transferred during the year	18.1	(3,293)	(5,400)
Closing balance		-	-

18.1 These have been rescheduled as disclosed in note 14 to these financial statements.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

a) Guarantees

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

Guarantees against performance bond	7,402	7,563

b) Labour

Some legal cases are pending against the Company filed by ex-workers in respect of their claims. The aggregate amounts involved in these cases are Rs. 0.987 million. (2013: 0.987 million).

c) Others

1. 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. Some payments has been made to the Bank while the remaining amount of Rs. 25,894 thousand is still payable. The execution proceedings in this case are now pending before the Banking Court No. III.

2. The Company has filed a suit for the recovery of insurance claim of Rs 3.734 million (2013: Rs 3,734 million) in Honorable High Court of Sindh Karachi against the EFU General Insurance Limited and M/s Hanilay & Co. (Private) Limited.

19.2 Commitments

There is no commitment as on June 30, 2014 (2013 : Nil)

20 SALES AND SERVICES (NET)	Note	2014 (Rupees in thousand)	2013
Gross sales		103,880	119,531
Sales tax and special excise duty		-	(16,313)
Commission and discount on sales		(67)	(39)
		(67)	(16,352)
		103,813	**103,179**

21 COST OF SALES AND SERVICES

	Note	2014	2013
		(Rupees in thousand)	
Raw materials and components consumed			
Opening stock		45,865	48,826
Purchases and sub contract cost		32,851	53,221
		78,716	102,047
Closing stock		(42,442)	(45,865)
		36,274	56,182
Salaries, wages and benefits	21.1	9,818	15,079
Insurance		81	206
Fuel and power		1,211	1,778
Repair and maintenance		55	68
Inspection and testing		1	569
Printing and stationery		43	42
Traveling and conveyance		338	424
Depreciation	4.4	7,030	5,442
Provision for Obsolete/ Slow moving Stocks		(1,620)	(563)
Other manufacturing expenses		283	42
		17,240	**23,087**
		53,514	**79,269**
Work in process			
Opening stock		67,225	81,807
Closing stock		(32,611)	(67,225)
		34,614	14,582
Cost of goods manufactured		**88,128**	**93,851**
Finished goods			
Opening stock		7,117	4,398
Closing stock		(2,170)	(7,117)
		4,947	(2,719)
		93,075	**91,132**

21.1 Salaries, wages and benefits

		2014	2013
Salaries and wages		9,837	13,950
Gratuity		(138)	935
		9,818	**15,079**

22 DISTRIBUTION EXPENSES

	Note	2014	2013
Salaries, wages and benefits	23.1	950	1,194
Late delivery charges and penalties		224	2,640
Advertising and sales promotion		67	67
Travelling and conveyance		84	60
Subscriptions and periodicals		116	78
Repair and maintenance		122	73
Insurance		-	-
Entertainment		91	15
Printing and stationery		10	14
Others		71	42
		1,735	**4,183**

	Note	2014	2013
22.1 Salaries, wages and benefits		**(Rupees in thousand)**	
Salaries & wages		945	1,164
Gratuity		(7)	19
P.F Contribution-Staff		12	11
		950	1,194

23 ADMINISTRATIVE EXPENSES

	Note	2014	2013
Salaries, wages and benefits	23.1	5,031	6,283
Travelling and conveyance		2,344	2,484
Legal and professional charges		933	835
Rent, rates and taxes		1,170	1,244
Repair and maintenance		786	1,247
Printing and stationery		268	312
Postage, telegram, telephone and telex		952	935
Light and power		1,505	1,611
Entertainment		1,428	1,165
Donations	23.2	-	14
Subscriptions and periodicals		674	597
Advertisement		130	213
Auditors' remuneration	23.3	410	410
Annual general meeting		22	18
Insurance		637	623
Provision for doubtful loans and advances		19,979	141
Depreciation	4.4	1,757	1,360
Provision for doubtful tender deposits		353	-
Others		2,241	1,564
		40,620	**21,056**

23.1 Salaries, wages and benefits

	2014	2013
Salaries and wages	5,246	6,262
Gratuity	(335)	(47)
P.F Contribution-Staff	120	68
	5,031	6,283

23.2 Directors or a spouse of a director have no interest in the donee.

23.3 Auditors' remuneration

	2014	2013
Annual audit fee	250	250
Review of half yearly financial statements	60	60
Review of consolidated financial statements	60	60
Certification and others	15	15
Out of pocket expenses	25	25
	410	**410**

24 OTHER OPERATING INCOME

	2014	2013
Liabilities no more payable written back	2,575	9,141
Gain on disposal of property, plant and equipments	20	1,168
Mark-up on saving accounts	1	5
Others	307	1,362
	2,903	**11,676**

25 FINANCE COST

	Note	2014	2013
		(Rupees in thousand)	
Mark-up on unsecured long term loans		3,293	5,400
Bank charges and commission		53	54
		3,346	**5,454**

26 TAXATION

	Note	2014	2013 (Restated)
		(Rupees in thousand)	
Current year	26.1	1,038	516
Prior year		58	(14)
Deferred tax	26.2	-	31,744
		1,096	**32,246**

Relationship between tax expense and accounting profit

26.1 There is no tax applicable on taxable profits of the Company under the provision of Income Tax Ordinance, 2001 as amended by Finance Act, 2013 due to available assessed tax losses. Accordingly, no numeric reconciliation of tax expense with accounting profit has been presented.

26.2 In view of net deductible temporary differences amounting to Rs 43.496 million and expected future turnover, it is probable that the company will not have sufficient taxable income in near future and hence will not be able to utilize the deductible temporary differences. Therefore, as a matter of prudence, the company has not recognised net deferred tax asset in these accounts. The net deductible temporary differences include available tax losses of Rs. 166.678 million, unabsorbed depreciation of Rs. 28.854 million, and deductible temporary differences of Rs. 32.844 million.

27 EARNING PER SHARE

There is no dilutive effect on the basic earnings per share of the company, which is based on:

	2014	2013
Loss after taxation (Restated)	**(33,156)**	(39,216)
Weighted average number of ordinary shares	**5,449,972**	5,449,972
Earnings per share - basic (Restated)	**(6.08)**	**(7.20)**

28 CASH GENERATED FROM OPERATIONS

	Note	2014	2013
Loss before taxation		(32,060)	(6,970)
Adjustments for:			
Depreciation	4.4	8,787	6,802
Gain on disposal of Property, plant and equipments	24	(20)	(1,168)
Provision for doubtful loans and advances		19,979	141
Provision for staff gratuity - net	15.1	(479)	888
Liabilities no more payable written back	24	(2,575)	(5,000)
Finance cost	25	3,346	5,454
		(3,022)	**147**
Effect on cash flow due to working capital changes			
Decrease /(Increase)decrease in current assets			
Stock-in-trade		41,364	14,260
Trade debts		(7,597)	(7,495)
Loans and advances		(12,419)	(3,741)
Deposits and prepayments		860	5,704
		22,208	**8,728**
Trade and other payables excluding unclaimed gratuity		**(23,218)**	**(6,070)**
Cash generated from operations		**(4,032)**	**2,805**

29 STAFF RETIREMENT BENEFITS

29.1 Provident Fund

Salaries wages and other benefits includes Rs.502 thousands (2013: Rs. 546 thousands) in respect of provident fund.

The following information is based on latest financial statements of the Fund:

	(Unaudited) June 30, 2014	(Audited) Dec 31, 2013
Size of the fund - Total assets	8,116	8,537
Cost of the Investment made	6,000	6,000
Percentage of investments made	74%	70%
Fair value of the investments	6,000	6,000

Break-up of the fair value of investments is:

	'June 30, 2014 Unaudited	Dec 31,2013 Audited	June 30, 2014 Unaudited	Dec 31, 2013 Audited
	----Rupees in thousands----		----Rupees in thousands----	
Certificate of Investment	6,000	6,000	100%	100%

29.1.1 The investments out of the Company have been made in accordance with the provisions of sections 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

29.2 Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out by an independent firm of Chartered Actuaries under Projected Unit Credit (PUC) Actuarial Cost method as at June 30 are disclosed in note 14 to these financial statements.

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company has exposure to the following risks from its use of finances instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversee how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

30.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arise principally from the trade debts, advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date is as follows:

	2014	2013
	(Rupees in thousand)	
Long term deposits	940	940
Trade debts	49,806	42,209
Loans and advances	489	8,450
Trade deposits and other receivables	8,856	9,346
Bank balances	960	9,591
	61,051	70,536

Impairment losses

The aging of trade debtors at the balance sheet date was:

	2014		2013	
	Gross	impairment	Gross	impairment
	(Rupees in thousand)			
Not past due	-	-	-	-
Past due 1 - 60 days	2,743	-	38,325	-
Past due 61 - 365 days	33,123	-	2,956	-
More than one year	13,940	-	928	-
Total	49,806	-	42,209	-

Based on assessment conducted of individual customers, the management believes that receivable falling within the age bracket of up to one year does not require any impairment provision other than to the extent determined above.

Bank balances are held only with reputable banks with high quality credit ratings.

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Total	Contractual cash flows		
			On demand	Upto one year	More than one year
Long term financing	77,435	77,435	-	(4,000)	(73,435)
Trade and other payables	136,334	136,334	(1,786)	(134,548)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
June 30, 2014	**218,037**	**218,037**	**(6,054)**	**(138,548)**	**(73,435)**
Long term financing	76,732	76,732	-	(4,000)	(72,732)
Trade and other payables	162,227	162,227	(1,670)	(160,557)	-
Short term borrowings	-	-	-	-	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
June 30, 2013	**243,227**	**243,227**	**(5,938)**	**(164,557)**	**(72,732)**

The Contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. The rate of mark-up have been disclosed in note 14 to these financial statements.

30.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

Interest rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2014	2013	2014	2013
	Effective interest rate (%)		Carrying amount(Rs.'000')	
Financial liabilities				
Long term financing	12% and KIBOR +2%	12% and KIBOR +2%	77,435	76,732
Short term borrowings	Non-interest bearing		-	-

Sensitivity analysis

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value

30.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

31 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of his buisness.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2014, the shareholders' equity amounts to Rs. (75,309) thousands (2013 Rs. -50.529 thousands Restated.)

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Total	
	2014	2013	2014	2013	2014	2013
	Rupees in thousands					
Managerial Remuneration	960	960	120	334	1,080	1,294
Retirement benefits and provident fund contribtion	80	80	-	-	80	80
Rent, utilities, leave encashment etc.	1,262	1,281	742	350	2,004	1,631
	2,302	**2,321**	**862**	**684**	**3,164**	**3,005**
No. of persons	**1**	**1**	**6**	**6**	**7**	**7**

32.1 The chief executive and one directors are also provided with free use of company maintained cars.

33 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Transactions with related parties are as follows:

	2014	2013
	(Rupees in thousand)	
Loan advanced to wholly owned subsidiary company	14,685	4,593
Payments made on behalf of subsidiaries companies	145	141
Repayment/adjustment of loan to subsidiary company	-	914
Contribution paid to Provident Fund Trust	502	546

All transactions with related parties have been carried out by the company at arm's length prices using the comparable uncontrolled price method.

34 PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types and sizes of products manufactured according to required specifications.

35 DATE OF AUTHORIZATION

These financial statements were authorized for issue on ____________________ by the Board of Directors of the Company.

36 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Johnson & Phillips (Pakistan) Limited ("the Holding Company") and its subsidiary companies as at June 30, 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the holding Company and its subsidiary companies.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

These consolidated financial statements are the responsibility of the Holding's Company's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audit and we report that;

(a) The Company has not deposited unclaimed dividend amounting to Rs. 4.268 million in a separate bank account designated for this purpose nor the Company has sufficient fund available in their bank accounts to pay the unclaimed dividend in the event same is demanded by the shareholder.

(b) the financial statements of the subsidiary companies, Johnson & Phillips Industries (Pakistan) Limited, Johnson & Phillips Transformers (Private) Limited and Johnson & Phillips EMO Pakistan (Private) Limited for the year ended June 30, 2014 were audited by us. Due to the significance of the matters mentioned below, the scope of our work was not sufficient to enable us to express, and we did not express our opinion in our reports dated October 01, 2014; on the financial statements referred to above.

(i) the subsidiaries have not maintained certain customary accounting records and supporting documents relating to transactions with its customers and suppliers, particularly with respect to receivables, payables, bank balances, fixed assets and inventories. Further, in the absence of information regarding realizable value of several balances under advances, deposits and other receivables aggregating to Rs. 42.932 million (2013: Rs. 35.581 million). We were not able to confirm whether the amount would be realized at carrying values. Moreover, due to lack of customary accounting records and supporting documents, we were unable to verify the Companies' liabilities aggregating to Rs.16.103 million (2013: Rs.13.851 million). Accordingly, it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

(ii) in the absence of information regarding the latest positions of income tax assessments of the subsidiary companies, we are unable to ascertain the possible effects of contingencies or other financial effects, if any, on these financial statements that may arise due to the decision against appeals filed by the subsidiaries with income tax authorities.

(iii) as explained in note 1.2 to the consolidated financial statements, the subsidiaries of the group, Johnson & Phillips Industries (Pakistan) Limited and Johnson & Phillips Transformers (Private) Limited ceased production in July 1997 and February 1998 respectively and the accumulated losses of all the subsidiary companies as at June 30, 2013 stand at Rs.135.102 million (2013: Rs. 134.863 million) resulting in negative shareholders' equity of Rs.74.102 million (2012: Rs. 73.863 million). Further, the two subsidiary companies of the group have also defaulted in payment of their aggregate liability amounting to Rs. 40.579 million (2012: Rs.57.255 million). These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the subsidiary companies ability to continue as a going concern.

(iv) we have requested the confirmation of balances and other information as at June 30, 2014 from the banks of the subsidiaries and to date we have not received any satisfactory response. In the absence of replies, it cannot be assessed with any degree of accuracy that the bank balances and other information stated in the companies records are in agreement with the bank concerned.

(v) as discussed in Note 5.3 to these consolidated financial statements, the property, plant, and equipment of Rs. 23.870 million (2013: Rs. 23.870 million) are classified as held for sale and are being shown separately under current assets as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and are measured at the lower of carrying amount and fair value less costs to sell. Since we have not been provided with sufficient information in this regard, we were unable to satisfy ourselves about the fulfilment of measurement, presentation and disclosure requirements of the said IFRS.

(vi) in the absence of information regarding current status of taxation, the amount of deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax assets is recognised in the balance sheets of the subsidiary companies, we are unable to ascertain the possible effect of deferred tax on subsidiaries' financial statements.

(c) in our opinion, except for the possible effects of the matters referred to in para (a) and (b) above, the consolidated financial statements give a true and fair view of the financial position of the group as of June 30, 2014, and of its financial performance and its cash flows for the year then ended.

(d) Without further qualifying our opinion, we draw attention to note 1.2 to the Consolidated Financial Statements which indicates the existence of material uncertainty which may cause significant doubt on the holding Company's ability to continue as a going concern.

Naveed Zafar Ashfaq Jaffery & Co
Chartered Accountants
Karachi — **Engagement Partner: Ahsan Elahi Vohra**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013 (Restated)	2012 (Restated)
			(Rupess in thousand)	
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	201,630	210,048	184,117
Long term deposits		1,566	1,566	1,566
		203,196	**211,614**	**185,683**
CURRENT ASSETS				
Assets held for sale	5.3	23,870	23,870	23,870
Stores, spares and loose tools	6	2,396	2,396	2,396
Stock-in-trade	7	77,796	119,160	133,420
Trade debts	8	49,806	42,209	34,714
Loans and advances	9	17,526	20,493	21,486
Deposits, prepayments and other receivables	10	9,333	10,193	15,897
Advance income tax		4,520	4,593	4,365
Cash and bank balances	11	1,229	9,785	7,395
		186,476	**232,699**	**243,543**
TOTAL ASSETS		**389,672**	**444,313**	**429,226**
EQUITY AND LIABILITIES				
SHARE CAPITAL				
Authorised capital				
8,000,000 (2012: 8,000,000) ordinary shares of Rs. 10 each		**80,000**	**80,000**	80,000
Issued, subscribed and paid-up capital	12	54,500	54,500	54,500
RESERVES				
Capital reserve		29,727	29,727	29,727
Revenue reserve		23,073	23,073	23,073
Unappropriated loss		(206,024)	(195,834)	(143,671)
SHARE HOLDERS' EQUITY		**(98,724)**	**(88,534)**	**(36,371)**
Non-controlling interest	13	-	-	
Surplus on revaluation of property, plant and equipment	14	**197,449**	**204,844**	**127,947**
NON-CURRENT LIABILITIES				
Long term borrowings	15	**73,435**	**72,732**	**71,969**
Deferred liabilities	16	**5,306**	**7,175**	**5,953**
CURRENT LIABILITIES				
Trade and other payables	17	152,047	177,937	184,309
Short term borrowings	18	51,331	61,331	66,591
Current and overdue portion of long term borrowings	19	4,000	4,000	4,000
Mark up accrued	20	-	-	-
Unclaimed dividend		4,268	4,268	4,268
Taxation		560	560	560
		212,206	**248,096**	**259,728**
TOTAL EQUITY AND LIABILITIES		**389,672**	**444,313**	**429,226**
CONTINGENCIES AND COMMITMENTS	21			

The annexed notes from 1 to 38 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 Restated
		(Rupees in thousand)	
Revenue from sales and services-net	22	103,813	103,179
Cost of sales and services	23	(93,074)	(91,132)
Gross profit		**10,739**	**12,047**
Distribution expenses	24	(1,735)	(4,183)
Administrative expenses	25	(26,031)	(21,147)
Other operating income	26	2,903	11,676
		(24,863)	(13,654)
		(14,124)	**(1,607)**
Finance cost	27	(3,346)	(5,454)
Loss before taxation		**(17,470)**	**(7,061)**
Taxation	28	(1,096)	(32,246)
Loss for the year		**(18,566)**	**(39,307)**
Loss attributable to:			
'- Owners of the Holding Company		(18,516)	(39,259)
'- Non-controlling interest		(50)	(48)
Loss for the year		**(18,566)**	**(39,307)**
Earnings per share - basic	29	**(3.41)**	**(7.21)**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 (Restated)
		(Rupees in thousand)	
Loss after taxation		**(18,566)**	**(39,307)**
Other comprehensive income		-	-
Recognition of acturial (losses) on retirement benefit obligation due to implementationof IAS 19 (Revised) - net of tax		981	(334)
- Reversal of impairment loss on plant & machinery previously recognisedin June 30, 2008		-	855
Total comprehensive loss		**(17,585)**	**(38,786)**
Total comprehensive loss attributable to:			
- Owners of the Holding Company		(17,535)	(38,738)
- Non-controlling interest		(50)	(48)
Total comprehensive loss for the year		**(17,585)**	**(38,786)**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net loss before taxation		(17,470)	(7,061)
Adjustment for items not involving movement of funds			
Depreciation	4.1	8,787	6,802
Gain on disposal of Property, plant and equipments		(20)	(1,168)
Provision for staff gratuity - net	15.1	(480)	888
Long term liabilities no more payable written back		-	(5,000)
Finance cost		3,346	5,454
		(5,837)	**(85)**
Decrease/(Increase) in current assets			
Stock-in-trade		41,364	14,260
Trade debts		(7,597)	(7,495)
Loans and advances		(7,266)	994
Deposits, prepayments and other receivables		860	5,704
		27,361	**13,463**
Decrease in current liabilities			
Trade and other payables		(25,793)	(6,226)
Cash generated from operating activities		**(4,269)**	**7,152**
Taxes paid		(1,023)	(730)
Gratuity paid		(509)	(146)
Finance cost paid		(2,643)	(2,691)
		(4,175)	(3,567)
Net cash inflow from operating activities		**(8,444)**	**3,585**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(369)	(102)
Proceeds from disposal of property, plant and equipment		20	1,168
Long term deposits		-	
Net cash generated from (used in) investing activities		**(349)**	**1,066**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term loans		10,093	3,000
Repayment of short term loans		(9,856)	(5,260)
Net cash (outflow) from financing activities		**237**	**(2,260)**
Net increase in cash and cash equivalents		**(8,556)**	**2,390**
Cash and cash equivalents at beginning of the year		**9,394**	**7,004**
Cash and cash equivalents at end of the year	29	**838**	**9,394**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up capital	Capital reserve Share premium	General reserve	Revenue reserve (Accumulated loss)	Total
	(Rupees in thousand)				
Balance as at July 01, 2012 as previously reported	**54,500**	**29,727**	**23,073**	**(145,079)**	**(37,779)**
Effect of change in accounting policy (note 3.1.3 a) Other Comprehensive Income	-	-	-	1,408	1,408
Balance as at July 01,2012 - restated	54,500	29,727	23,073	(143,671)	(36,371)
Total comprehensive loss for the year ended June 30,2013					
Net loss for the year ended June 30,2013	-	-	-	(39,307)	(39,307)
Other comprehensive loss for the year ended June 30,2013	-	-	-	521	521
				(38,786)	(38,786)
Transfer from surplus on revaluation on property, plant and equipment	-	-	-	2,170	2,170
Incremental depreciation - restatement of errors	-	-	-	(15,547)	(15,547)
Balance as at June 30, 2013	**54,500**	**29,727**	**23,073**	**(195,834)**	**(88,534)**
Total comprehensive loss for the year ended June 30, 2014					-
Net loss for the year ended June 30,2014	-	-	-	(18,566)	(18,566)
Other comprehensive loss foe the year ended June 30,2014	-	-	-	981	981
				(17,585)	(17,585)
Transfer from surplus on revaluation on property, plant and equipment	-	-	-	7,395	7,395
Balance as at June 30, 2014	**54,500**	**29,727**	**23,073**	**(206,024)**	**(98,724)**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. STATUS AND NATURE OF BUSINESS

1.1 Johnson & Phillips (Pakistan) Limited was incorporated in Pakistan as a public limited company on April 15, 1961 and its shares are quoted on Karachi Stock Exchange Limited. The registered office of the holding company is situated at C-10, South Avenue, SITE, Karachi. The holding company is principally engaged in manufacturing, installing and selling of electrical equipments.

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

The following subsidiaries have been consolidated in the accounts of the holding company.

Subsidiaries	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 The accumulated losses of the Group as at June 30, 2014 stand at Rs. 206.024 million (2013: Rs. 195.834 million) resulting in negative equity of Rs. 98.724 million (2013: Rs. 88.534 million) and, as at that date, its current current liabilities exceeds its currents assets by Rs. 25.730 million (2013: 15.397 million). These accumulated losses mainly consists of losses incurred by the subsidiairy companies which are already non-operational, whereas, the Holding Company has also registered a loss of Rs. 18.566 million (2013: 39.307 million) during the year.

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 consolidated financial statements is appropriate in view of the following major facts:

i) 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 at terms referred to in note 15.3, 15.4 and 15.5 of these consolidated financial statements.

ii) Efforts are underway to obtain orders so that sales volume as well as profitability can be maintained and the management expects favorable improvements during the year ending June 30, 2015. The Strategic Business Revival Plan put forward by Management is approved by Board of Directors and will be presented before General Meeting for shareholders approval. According to which Holding company relocate its assets/operations/manufacturing to Lahore and maintain only a Marketing/Sales and Service facility to facilitate its established customers.

iii) 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.

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. SIGNIFICANT EVENTS

2.1 The Subsidiaries of the group, Johnson & Phillips Industries (Pakistan) Limited and Johnson & Phillips Transformers (Private) Limited ceased production in July 1997 and February 1998 respectively. During the year ended June 30, 2004 the subsidiaries have settled their disputes with National Bank of Pakistan and agreed to pay Rs. 82.460 million as full and final settlement of their outstanding dues in installment. As explained in Note 14.1, to implement the terms of settlement, subsidiaries has disposed off the project's land, building, plant and machinery during the year ended June 30, 2003.

2.2 On August 31, 1997 there was a change of management of a the Subsidiary Company. The ex-management was requested to furnish documents, information and explanations in relation to various matters pertaining to the books of the accounts of the subsidiary companies. As the ex-management have not responded to all the requirements of the management and their auditors. Amounts under stock in trade, trade debts, advances and trade creditors have been taken as per books of the accounts and available supporting records. As explained in Note 10.1, the unexplained amounts disbursed are shown as Receivables from "Ex-Management" .The Management is making every effort to confirm the accuracy of the amounts stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

These consolidated financial statements have been prepared from the information available in audited separate financial statements of the Holding Company for the year ended June 30, 2014 and the audited financial statements of the Subsidiary Companies for the year ended June 30, 2014.

3.1.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP shall prevail.

3.1.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except as follows:

- certain staff retirement benefits are carried at present value
- certain properties are carried at revalued amount

3.1.3 Accounting Standards, amendments or interpretations that are became effective in the current period

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the Company except for the revised IAS 19 'Employees Benefits', details of which are stated below:

a) Change in accounting policy

Employee benefits

With effect from 1 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees. Further, any past service cost is now recognized immediately in the profit and loss account as soon as the change in the benefit plans are made and previously, only vested past service cost was recognized immediately inprofit and loss account and non-vested cost was amortised to profit and loss account over the vesting period. The Standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year.

The effects of change has been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 1 July 2012 has been presented and disclosed as part of the tatement of changes in equity, while the corresponding period adjustment through other comprehensive income is restated and disclosed as part of the Statement of Comprehensive Income respectively. The Balance Sheet also presents the prior year numbers as restated, due to the said change.

		2013			2012	
	As previously reported	Impact due to change in policy	As restated	As previously reported	Impact due to change in policy	As restated
	----------------------------	Rupees in thousands	----------------------------			
Effect on balance sheet						
Staff retirement benefit	8,647	(1,074)	7,573	7,905	(1,408)	6,497
Unappropriated profit	(112,371)	1,074	(111,297)	(107,165)	1,408	(105,757)

	2013 Rs. '000
Effect on other comprehensive income	
Remeasurement of defined benefit obligation	(334)

There change in accounting policy has no impact on the statement of cashflows and on earning per share.

b) Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, interpretations and the amendments are effective for accounting periods beginning from the dates specified below are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments'(effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a notation that was not contemplated in the original hedging documentation meets specific criteria.

Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

3.2 Critical Accounting estimates and judgements

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgements in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements are as follows.

i) Employee benefits

The Company operates an approved non contributory gratuity scheme for all its employees. The scheme entitles the members to a gratuity payable on retirement, death in his service of the employer, voluntary retirement and termination of employee by the employer other than for misconduct and negligence.

ii) Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. Company follow revaluation policy after every five years.

iii) Taxation

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 3.4 to these financial statements.

3.3 Compensated absences

Liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences occur.

3.4 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

3.5 Taxation

a) Current

Provision of current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years, arising from assessment framed during the year, for such years.

b) Deferred

The Company accounts for deferred taxation for all material timing differences. The amount is computed using the balance sheet liability method. Debit balances on account of deferred taxation are recognised only if there is reasonable certainty for realisation.

3.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether billed or not to the Company.

3.7 Provisions

Provisions are recognised when the Company has the present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed and adjusted to reflect current best estimate.

3.8 Investments

These are stated at cost less provision for diminution on carrying value as determined by the management.

3.9 Property, plant and equipment and depreciation

a) Owned

These are stated at cost less accumulated depreciation except for leasehold land, building on leasehold land and plant & machinery which are stated at revalued amount less accumulated depreciation and impairment losses, if any.

Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life as stated in Note 4. Depreciation on additions and disposals of assets during the year is charged from the month of acquisition to the month of disposal.

Maintenance and normal repairs are charged to income, as and when incurred.

Major renewals are capitalized and the assets so replaced, if any, are retired.

Profit and loss on disposal of assets is included in income currently.

b) Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amounts of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated by applying straight line method over the estimated useful lives of the assets as stated in note 5.

Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation of leased assets is charged to current year's income as part of depreciation.

3.10 Assets held for sales

A non-current asset (or disposal group) is classified as held for sale if it is carrying amount is recovered principally through a sale transactions rather than through continuing use, the assets readily available for sales and the sale is highly probable.

Due to application of IFRS-5,assets held for sale amounting to Rest. 23.870 million which was previously classified under non-current assets are shown under current assets in the balance sheets.

3.11 Intangible Assets

Expenditure incurred to acquire software license is capitalized as intangible assets and stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized applying the straight line method . Where the carrying amount of an asset exceed its estimated recoverable amount it is written down immediately to its recoverable amount.

3.12 Consumable stores

These are valued at average cost and net realizable value less provision for slow moving stores.

3.13 Stock in trade

These are stated at the lower of average cost and net realizable value. Average cost in relation to finished goods and work-in-

3.13 Stock in trade

These are stated at the lower of average cost and net realizable value. Average cost in relation to finished goods and work-in-process represents prime cost and includes appropriate portion of manufacturing expenses.

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and cost necessary to be incurred in order to make the sale.

3.14 Trade debts, loans, advances, deposits, prepayments and other receivables

Trade debts, loans, advances, deposits, prepayments and other receivables are stated at cost. Provision is made against those considered doubtful by the management, whereas, those considered irrecoverable are written off.

3.15 Warranties

The management estimates at each balance sheet date a liability that could arise as a result of the Company's obligation to repair and replace products under warranty. The provision for warranty is accounted for in the periods in which sales are made and no provision is recognised if the chances of warranty claims are remote.

3.16 Foreseeable losses on orders in hand

Provision is made for all known or expected losses at completion on orders in hand.

3.17 Transaction with related parties

The Company enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

3.18 Impairment losses

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

3.19 Revenue recognition

Sales are recorded on delivery of goods to the customers and in case of exports when shipped. Income from installation and repair projects are recognized as the work is completed and accepted by the customers.

3.20 Borrowing cost

Borrowing cost and other related cost directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that takes a necessarily substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.21 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents consists of cash in hand and balances with banks. and temporary overdraf .

3.22 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

3.23 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognised amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.24 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark up to the extent of the amount remaining unpaid.

3.25 Dividend

Dividend is recognized in the financial statement in the period in which these are approved.

4 RETROSPECTIVE RESTATEMENT OF ERRORS

The incremental depreciation on surplus on revaluation of fixed assets was errounously adjusted with amount of deferred tax by regognizing the tax in profit and loss account, but no deferred in balance sheet was regonized. Also the increment depreciation on leasehold land was incorrectly calculated. As a result of these errors, suplus on revaluation was understated. Management has treated omission of the fact as prior period error as per IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as these relates to prior periods and was not accounted for in the prior periods. The impact of rectification of error in prior period's financial statements is as follows:

	2013 **Rs. '000'**
Effect on balance sheet	
Increase in surplus on revaluation of property,	**46,532**
Effect on profit and loss account	
Increase in taxation	**30,985**
Statement of changes in equity	
Increase in accumulated losses	**15,547**

There is no impact on the cash flow statement of the Company for the prior period

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Tangibles

2014

	Cost/Revaluation					Accumulated Depreciation				Written down	
	As at July 01, 2013	Additions	Disposals	Transfers Revaluation *	As at June 30, 2014	As at July 01, 2013	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2014	As at June 30, 2014	Useful Life
	Rupees in thousands										
Owned											
Lease hold Land	170,000	-	-	-	170,000	143	- *	4,000	4,143	165,857	99
Building on lease hold land	25,600	-	-	- *	25,600	213	- *	2,560	2,773	22,827	10
Plant and machinery	14,610	-	-	- *	14,610	174	- *	2,087	2,261	12,349	7
Gas and electric installations	1,178	-	-	-	1,178	1,148	-	14	1,162	16	10
Factory tools	3,843	-	-	-	3,843	3,843	-	-	3,843	-	5
Vehicles	11,314	355	(29)	-	11,640	11,314	(29)	15	11,300	340	4
Furniture and fixtures	4,320	-	-	-	4,320	4,319	-	-	4,319	1	5
Office and other equipments	11,955	14	-	-	11,969	11,618	-	111	11,729	240	5
	242,821	369	(29)	-	243,160	32,772	(29)	8,787	41,530	201,630	

2013

	Cost/Revaluation					Accumulated Depreciation				Written down	
	As at July 01, 2012	Additions	Disposals	Transfers Revaluation *	As at June 30, 2013	As at July 01, 2012	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2013	As at June 30, 2013	Useful Life
	Rupees in thousands										
Owned											
Lease hold Land	170,000	-	-	-	170,000	6,869	(8,443) *	1,717	143	169,857	99
Building on lease hold land	24,816	-	-	784 *	25,600	9,927	(12,201) *	2,487	213	25,387	10
Plant and machinery	25,811	-	-	(11,201) *	14,610	20,248	(22,405) *	2,331	174	14,436	7
Gas and electric installations	1,178	-	-	-	1,178	1,133	-	15	1,148	30	10
Factory tools	3,843	-	-	-	3,843	3,837	-	6	3,843	-	5
Vehicles	12,885	-	(1 571)	-	11,314	12,885	(1,571)	-	11,314	-	4
Furniture and fixtures	4,320	-	-	-	4,320	4,309	-	10	4,319	1	5
Office and other equipments	11,982	102	-	-	12,084	11,511	-	236	11,747	337	5
	254,835	102	(1,571.0)	-	242,949	70,719	(44,620)	6,802	32,901	210,048	

* The previous revaluations were carried out on March 31, 1995, June 30, 2004 and June 17, 2008 which resulted in a surplus of Rs 42.642 million, surplus of Rs 73.464 and Rs. 104.097 and impairment of Rs.0.855 million respectively. Further, latest revaluation of leasehold land, building on leasehold land and Plant & Machinery were revalued on June 12, 2013. The revaluation was incorporated in books on June 30, 2013, following the elimination method. The revaluation exercise was conducted by M/s Asif Associates (Private) Limited , a valuer on approved list of Pakistan Bankers Association, on market value basis.

The last revaluation of leasehold land, Building and Plant & Machinery resulted in a surplus of Rs 31.776 million. Had the revaluation not incorporated, the book value of the revalued assets based on the cost would have been as follows:

Asset category	Cost	Accumulated Depreciation	Written down Value
	Rupees in thousands		
Lease hold Land	61	26	35
Building on lease hold land	13,081	11,487	1,594
Plant and machinery	30,018	28,722	1,296

5.2 Intangibles

	Cost/Revaluation					Accumulated Depreciation				Written down	
	As at July 01, 2013	Additions	Disposals	Transfers Revaluation *	As at June 30, 2,014	As at July 01, 2013	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2014	As at June 30, 2014	Useful Life
	Rupees in thousands										
Owned											
Computer Software	129	-	-	-	129	129	- *	-	129	-	5
	130	-	-	-	129	129	-	-	129	-	

Description	Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain	Mode of Disposal	Perticulars of Purchaser
	Rupees in thousand						
Honda M/Cycle KC-1297	29	29	-	20	20	Auction/Bid	Mr. Shahzad
	29	29	-	20	20		

5.3 ASSETS HELD FOR SALE

Description	COST / REVALUATION As at July 1, 2013	Addition (disposals)	As at June 30, 2014	ACCUMULATED DEPRECIATION As at July 1, 2013	For the year	As at June 30, 2014	Written down Values as at June 30, 2014	Rate
	Rs. in thousand							(%)
Free hold land	3,709	-	3,709	-	-	-	3,709	
Building	12,327	-	12,327	6,859	-	6,859	5,468	
Plant and machinery	23,741	-	23,741	11,438	-	11,438	12,303	10
Factory tools and equipments	1,857	-	1,857	1,103	-	1,103	754	20
Furniture and fixture	231	-	231	185	-	185	46	20
Laboratory equipments	185	-	185	79	-	79	106	10
Vehicles	3	-	3	3	-	3	-	4
Office and other equipments	1,130	-	1,130	943	-	943	187	20
	43,183	-	43,183	20,610	-	20,610	22,573	
Capital work in progress								
Plant and machinery	1,297	-	1,297	-	-	-	1,297	10
2014	**44,480**	-	**44,480**	**20,610**	-	**20,610**	**23,870**	
2013	**44,480**	-	**44,480**	**20,610**	-	**20,610**	**23,870**	

5.4 As described in note 2 to the financial statements the management has closed its operations of subsidiary companies, therefore, have decided to dispose of its property, plant and equipment of such companies. The written down value of property, plant and equipment of Rs. 23.870 million (2013: Rs. 23.870 million) is being shown separately under current assets as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and is measured at the lower of carrying amount and fair value less costs to sell. According to management, the estimated selling price is not likely to be less than carrying amount (WDV) since company has offers for the sale of machineries and stock of raw materials and work in process which is far in excess of the book value of these assets. Hence no depreciation / impairment on property, plant and equipment of the company has been charged.

5.5 The depreciation charged for the year has been allocated as follows:

	Note	2014	2013
		(Rupees in thousand)	
Cost of sales and services	22	7,030	5,442
Administrative expenses	24	1,757	1,360
	4.1	**8,787**	**6,802**

	Note	2014	2013
		(Rupees in thousand)	

5.6 Cost of fully depreciated assets

Plant and machinery		-	-
Gas and electric installation		1,037	1,037
Factory tools		3,843	3,843
Vehicles		11,643	11,317
Furniture and fixtures		4,393	4,393
Office and other equipments		11,471	11,471
		32,387	**32,061**

6 STORES, SPARES AND LOOSE TOOLS

Stores		182	182
Loose tools		2,214	2,214
		2,396	**2,396**

7 STOCK-IN-TRADE

Raw material and components			
in hand - Gross		54,248	56,496
in transit		-	1,175
Less: provision for obsolete/ slow moving items		(12,132)	(13,752)
		42,116	43,919
Work-in-process		32,611	67,225
Finished goods		3,069	8,016
		77,796	**119,160**

8 TRADE DEBTS

Unsecured

- Considered good		49,806	42,209
- Considered doubtful		1,858	1,858
		51,664	44,067
Less: Provision for doubtful debts		(1,858)	(1,858)
		49,806	**42,209**

9 LOANS AND ADVANCES

Advances - Unsecured

Considered good

To suppliers		3,318	3,420
To employees		418	1,069
To executive		-	-
Against purchase of land		4,217	4,217
Others		71	71
		8,024	8,777
Sales tax refundable		14,652	11,716
Less: Provision for Doubtfull Advances		(2,433)	-
Less: Provision for advance against land		(2,717)	-
		17,526	**20,493**

		2014	2013
		(Rupees in thousand)	

10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2014	2013
Deposits			
Deposit		85	85
Margin against bank guarantee		7,402	7,563
Other receivable		50	-
Deposit with court		723	723
Tender deposits		329	1,060
		8,589	**9,431**
Prepayments		**126**	**144**
Other receivables			
Receivables from ex-management against sale of fixed assets	9.1	**618**	**618**
		9,333	**10,193**

10.1 The amount under "Receivable from Ex-Management" represents payments by the ex-management which were not properly documented. Satisfactory explanation and information pertaining to these payments have not been made available to date. The present managements does not accept these items and is of the opinion that the ex-management should refund the amounts. Accordingly, these items have been shown as "Receivable form Ex-Management."

11 CASH AND BANK BALANCES

	2014	2013
Cash in hand	106	31
Cash at banks - in current accounts	1,101	9,732
- in saving accounts	22	22
	1,123	9,754
	1,229	**9,785**

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013			
4,638,268	4,638,268	Ordinary shares of Rs.10 each fully paid in cash	46,383	46,383
93,000	93,000	Ordinary shares of Rs. 10 each issued for consideration other than cash.	930	930
718,704	718,704	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,187	7,187
5,449,972	**5,449,972**		**54,500**	**54,500**

	Note	2014	2013
		(Rupees in thousand)	

13 NON CONTROLLING INTEREST

Share in issued, subscribed and paid up capital		9,490	9,490
Share of accumulated loss			
- brought forward		(20,799)	(20,731)
- for the year		(50)	(48)
		(20,849)	(20,799)
		(11,359)	(11,289)
Minority share in excess of their share in capital transferred to profit and loss account of the group		11,359	11,289
		-	-

	Note	2014	2013 (Restated)
		(Rupees in thousand)	

14 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance		204,844	127,947
Additions as a result of fresh revaluation during the year		-	31,776
Transferred to accumulated loss in respect of incremental depreciation on revalued assets for the year		(7,395)	(2,170)
Retrospective restatement of errors			47,291
		197,449	**204,844**

15 LONG TERM BORROWINGS

	Note	2014	2013
Relating to subsidiary company			
Local currency- general term finance	15.1	-	-
Loans from others-unsecured			
Loan from others	15.2	**4,000**	**4,000**
Loan-1			
Principal	15.3	8,408	8,408
Accumulated mark-up there on		8,313	7,458
		16,721	**15,866**
Loan-2 (from Director)			
Principal	15.4	20,377	20,377
Accumulated mark-up there on		3,507	3,659
		23,884	**24,036**
Loan-3			
Principal	15.5	18,650	18,650
Accumulated mark-up there on		14,180	14,180
		32,830	**32,830**
		77,435	**76,732**
Less: current and overdue portion-unsecured loans	19	(4,000)	(4,000)
		73,435	**72,732**

15.1 This includes loan of two subsidiary companies as mentioned in note 14.1.1 and 14.1.2

15.1.1 This includes a loan of Rs. 36.755 million as at June 30, 2002 of Johnson & Phillips Industries (Pakistan) Limited and is secured against first mortgage charge on the entire immovable property, first floating charge on all business undertakings and other assets and properties and hypothecation of all movable and immovable properties including book debts and other receivables of the above mentioned subsidiary. During the year ended June 30, 2003 the subsidiary has settled its disputes with National Bank of Pakistan (Formerly National Development Finance Corporation) and agreed to pay Rs. 55.115 million as full and final settlement of their outstanding dues as per compromise agreements dated May 18, 2002.The loan is repayable as follows:

Rs. 5.00 million on the date of the decree.

Rs. 11.380 million within 30 days from the date of decree

Balance amount of Rs. 36.775 million in six equal half yearly installment commencing after the expiry of the eight months from the date of the decree.

15.1.2 This includes as a loan of Rs. 27.345 million as at June 30, 2002 of Johnson & Phillips Transformers (Private) Limited and was secured against hypothecation of stocks and lien on book debts and repayment guarantee of the holding company. During the year 2003, the subsidiary has settled its disputes with National Bank of Pakistan (Formerly National Development Finance Corporation) and agreed to pay Rs. 27.345 million as full and final settlement of their outstanding dues as per compromise agreement dated April 30, 2002. This amount was repayable in six equal half yearly installments commencing after the expiry of eight months from the date of decree.

In the event of default in payment of any single installment the entire outstanding amount shall become due and payable forthwith in lump sum. NBP has a right to recover the outstanding amount by sale of charged assets and properties of the subsidiary companies. Upto June 30, 2003 out of balance settled amount of Rs. 64.120 million the subsidiary companies have paid only Rs. 1.605 million. Due to default in payment, balance amount was transferred to short term loan.

15.2 Represents unsecured loan taken by the Holding Company at a interest rate of 12% per annum which was repayable in instalments of Rs. 500,000 per month starting from October 2006. As the loan remained unpaid till the year ended June 30, 2007, a fresh agreement was made by the parties on June 30, 2007. According to the fresh agreement dated June 30, 2007 the effective date of repayment, which was October, 2006, was extended to July, 2008.

15.3 Represents an unsecured loan from an individual. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2014 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2014) will be repaid in Twenty Four equal quarterly instalments commencing from July 01, 2015. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal. An other unsecured loan amounting to Rs. 5.00 million taken in past and according to the agreement dated June 30, 2014, the loan carries mark-up @Twelve months KIBOR per annum and will be repaid in Twenty four equal quarterly instalments commencing from July 01, 2015. Total markup charged on loans during the year was Rs. 855 (2013: Rs. 855) thousands.

15.4 Represents an unsecured loan from a Director. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2014 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2014) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2015. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal. An other unsecured loans amounting to Rs. 7.797 million taken in past and Rs. 3.0 million taken during the year. Acording to the fresh agreements dated June 30, 2014, the loans carry mark-up @ KIBOR+2% per annum, which will be repaid in twenty four quarterly installments commencing from July 01, 2015 and markup on these loans will be paid on monthly basis. Total markup charged on loans during the year was Rs. 2,439 (2013: Rs. 2,307) thousands.

15.5 Represents an un-secured loan from a private company. During the year an agreement has been signed to reschedule the loan. According to the agreement dated July 01, 2013 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2013) will be repaid in twenty four equal quarterly installments commencing from July 01, 2015. The mark-up rate on this loan is nil (2013: 12% per annum) on outstanding balance of principal. The total mark-up charged on the loan during the year was Rs. nil (2013: 2,238 thousands).

16 DEFERRED LIABILITIES - STAFF GRATUITY

	Note	2014	2013 (Restated)
		(Rupees in thousand)	
Staff gruity		4,710	6,579
Deferred taxation		596	596
		5,306	**7,175**

16.1 The amounts recognised in the balance sheet are as follows:

	Note	2014	2013
Movement in net liability/(assets) recognised			
Opening net liability		7,573	6,497
Charge for the year		(479)	964
Other Comprehensive Income		(981)	258
Benefits paid during the year		(509)	(146)
Closing net liability		**5,605**	**7,573**
Charge for /(income from) the Defined Benefit Plan			
Current service cost		275	161
Interest cost		842	803
Actuarial (Gains) / losses recognised		(1,596)	-
Expense recognised in the financial statements		**(479)**	**964**
Reconciliation of payable to/(receivable from) Defined Benefit Plan			
Present value of Defined Benefit Obligation		4,710	6,579
Present value of Plan Assets		-	-
		4,710	6,579
Unclaimed gratuity	17	894	994
Liability recognised in the accounts		**5,604**	**7,573**
Actuarial assumptions:			
- Valuation discount rate		13.25%	11.50%
- Salary increase rate		13.25%	11.50%

16.2 Historical information

	2014	2013	2012	2011	2010
	--------------- Rupees in thousands ---------------				
Present Value of Defined obligation	4,709	6,579	5,357	5,644	5,284
Unclaimed gratuity	894	994	1,140	711	711
	5,603	7,573	6,497	6,355	5,995
Fair Value of plan assests	-	-	-	-	-
Deficit in the plan	**5,603**	**7,573**	**6,497**	**6,355**	**5,995**

	Note	2014	2013
		(Rupees in thousand)	

17 TRADE AND OTHER PAYABLES

	Note	2014	2013
Creditors		135,185	160,607
Accrued liabilities		2,971	2,103
Advances from customers		4,278	5,676
Workers' profit participation fund	17.1	3,497	3,497
Payable to ex-employees		892	676
Provident fund		52	1
Unclaimed gratuity payable	16.1	894	994
Sales tax payable		39	1,351
Due to others		1,351	39
Tax deducted at source		86	684
Withholding Tax Payable		505	-
Others		2,297	2,309
		152,047	**177,937**

17.1 Workers' profit participation fund

	2014	2013
Opening balances	3,497	3,497
Provision made during the year	-	-
Paid during the year	-	-
Interest credited at prescribed rate	-	-
	3,497	**3,497**

The Company retains the allocation to this fund for its business operations till the amounts are paid to the fund together with interest at prescribed rate under the Companies Profit (Workers' Participation) Act (XII of 1968).

18 SHORT TERM BORROWINGS

Secured - utilised under mark-up arrangements

	Note	2014	2013
Relating to subsidiary company			
Short term loan	15.1	50,940	60,940
From non-banking financial institutions			
Temporary overdraft		391	391
		51,331	**61,331**

	Note	2014	2013
		(Rupees in thousand)	

19 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS

Borrowing from others	15.2	**4,000**	4,000

20 MARK UP ACCRUED

Mark-up on unsecured loan

Opening balance		-	-
Accrued during the year		3,293	5,400
		3,293	5,400
Paid / transferred during the year	20.1	(3,293)	(5,400)
Closing balance		-	-

20.1 These have been rescheduled as disclosed in note 15 to these financial statements.

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

a) Guarantees

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

Guarantee against performance bond	**7,402**	**7,563**

b) Labour

Some legal cases are pending against the Holding Company filed by ex-workers in respect of their claims. The aggregate amounts involved in these cases are Rs.0.987 million. (2013: 0.987 million).

c) Professional fee payable

The subsidiary Companies are contingently liable in respect of professional fee payable to M/s. Ebrahim & Company, Chartered Accountants amounting to Rs. 0.205 million (2013: 0.205 million)

d) Unsecured loan

The liability of Johnson & Phillips Transformers (Private) Limited for the amount due to Atta Cables (Pvt) Limited including unsecured loan relating to ex-management has been recorded in the books at an amount of Rs. 8.984 million as against the amount of Rs. 18.998 million (2013: Rs. 18.998 million) claimed by M/s Atta Cables (Pvt) Limited. The subsidiary Company does not acknowledge the excess amount of claim.

e) Tax assessments of subsidiary companies

The income tax assessment of Johnson & Phillips Industries (Pakistan) Limited for the assessment years upto 2000-2001 have been completed and the total liability demanded for the assessment years 1996-1997 to 1998-99 amounts to Rs. 0.122 million which the Subsidiary Company is disputing in appeal before tax authorities. In the event of adverse decision in the pending appeals the company would not be required to make further payment as advance tax paid would cover the demand. The company may however, face a charge amounting to Rs. 0.350 million (2013: Rs. 0.350 million).

The income tax assessments of Johnson & Phillips Transformers (Private) Limited for the assessment years up to 2000-2001 have been completed and the total liability demanded for the assessment years 1994-95 to 1998-99 amounts to Rs. 4.835 million. The Subsidiary Company has filed an appeal before Commissioner of Income Tax Appeals (CIT) against the above demand. The commissioner has set aside the order of Deputy Commissioner of Income Tax and directed reassessment of demand. In the event of adverse decision the company would be faced with additional liability of Rs. 4.451 million (2013: Rs. 4.451 million).

The income tax assessments of Johnson & Phillips EMO Pakistan (Private) Limited for the assessment year upto 2000-2001 have been completed and the total liability demanded for the assessment years 1996-97 to 1999-2000 amounts to Rs. 0.226 million which the Subsidiary Company is disputing in appeals before tax authorities. In the event of adverse decision in the appeals the company would be faced with additional liability of Rs. 0.053 million (2013: Rs. 0.053 million).

f) Others

The amount of all these contingencies is not ascertainable. Hence, no provision in this respect have been made in these consolidated financial statements.

1. 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. Some payments has been made to the Bank while the remaining amount of Rs. 25,894 thousand is still payable. The execution proceedings in this case are now pending before the Banking Court No. III.

2. The Company has filed a suit for the recovery of insurance claim of Rs. 3.734 million (2013: Rs. 3.734 million) in Honorable High Court of Sindh Karachi against the M/s EFU General Insurance Limited and M/s Hanilay & Co. (Pvt) Ltd

21.2 Commitments

There is no commitment as on June 30, 2014 (2013 : Nil)

	Note	2014	2013
		(Rupees in thousand)	

22 SALES AND SERVICES (NET)

		2014	2013
Gross sales		103,880	119,531
Sales tax and special excise duty		-	(16,313)
Commission and discount on sales		(67)	(39)
		(67)	(16,352)
		103,813	**103,179**

23 COST OF SALES AND SERVICES

	Note	2014	2013
Raw materials and components consumed			
Opening stock		45,865	48,826
Purchases and sub contract cost		32,851	53,221
		78,716	102,047
Closing stock		(42,442)	(45,865)
		36,274	56,182
Salaries, wages and benefits	23.1	9,818	15,079
Insurance		81	206
Fuel and power		1,211	1,778
Repair and maintenance		55	68
Inspection and testing		1	569
Printing and stationery		43	42
Traveling and conveyance		338	424
Depreciation	5.5	7,029	5,442
Provision for Obsolete/ Slow moving Stocks		(1,620)	(563)
Other manufacturing expenses		283	42
		17,239	**23,087**
		53,513	**79,269**
Work in process			
Opening stock		67,225	81,807
Closing stock		(32,611)	(67,225)
		34,614	14,582
Cost of goods manufactured		**88,127**	**93,851**
Finished goods			
Opening stock		7,117	4,398
Closing stock		(2,170)	(7,117)
		4,947	(2,719)
		93,074	**91,132**

23.1 Salaries, wages and benefits

		2014	2013
Salaries and wages		9,837	13,950
Gratuity		(138)	935
P.F Contribution (Worker & Staff)		119	194
		9,818	**15,079**

	Note	2014	2013
		(Rupees in thousand)	

24 DISTRIBUTION EXPENSES

	Note	2014	2013
Salaries, wages and benefits	24.1	950	1,194
Late delivery charges and penalties		224	2,640
Advertising and sales promotion		67	67
Travelling and conveyance		84	60
Subscriptions and periodicals		116	78
Repair and maintenance		122	73
Insurance		-	-
Entertainment		91	15
Printing and stationery		10	14
Others		71	42
		1,735	**4,183**

24.1 Salaries, wages and benefits

	2014	2013
Salaries & wages	945	1,164
Gratuity	(7)	19
P.F Contribution-Staff	12	11
	950	1,194

25 ADMINISTRATIVE EXPENSES

	Note	2014	2013
Salaries, wages and benefits	25.1	5,031	6,283
Travelling and conveyance		2,344	2,484
Legal and professional charges		933	835
Rent rates and taxes		1,222	1,297
Repair and maintenance		786	1,247
Printing and stationery		268	
Postage, telegram, telephone and telex		952	935
Light and power		1,505	1,611
Entertainment		1,428	1,165
Donation	25.2	-	14
Subscriptions and periodicals		692	610
Advertisement		130	213
Auditors' remuneration	25.3	455	455
Annual General Meeting		22	18
Insurance		759	745
Depreciation	5.5	1,757	1,359
Provision for doubtful loans and advances		5,150	-
Provision for doubtful tender deposits		353	-
Others		2,244	1,565
		26,031	**20,836**

25.1 Salaries, wages and benefits

	2014	2013
Salaries and wages	674	6,262
Gratuity	130	(47)
P.F Contribution-Staff	410	68
	1,214	**6,283**

25.2 Directors or a spouse of a director have no interest in the donee.

25.3 Auditors' remuneration

	2014	2013
Annual audit fee	295	295
Review of half yearly financial statements	60	60
Review of consolidated financial statements	60	60
Certification and others	15	15
Out of pocket expenses	25	25
	455	**455**

	Note	2014	2013
		(Rupees in thousand)	
26 OTHER OPERATING INCOME			
Liabilities no more payable written back		2,575	9,141
Gain on disposal of property, plant and equipments		20	1,168
Mark-up on saving accounts		1	5
Others		307	1,362
		2,903	**11,676**
27 FINANCE COST			
Mark-up on unsecured long term loans		3,293	5,400
Bank charges and commission		53	54
		3,346	**5,454**

	Note	2014	2013 (Resated)
		(Rupees in thousand)	
28 TAXATION			
Current year	28.1	1,038	516
Prior year		58	(14)
Deferred tax	28.2	-	31,744
		1,096	32,246

Relationship between tax expense and accounting profit

28.1 There is no tax applicable on taxable profits of the holding Company under the provision of Income Tax Ordinance, 2001 as amended by Finance Act, 2012 due to available assessed tax losses. Accordingly, no reconciliation of tax expense with accounting profit has been presented.

28.2 In view of net deductible temporary differences amounting to Rs 31.597 million and expected future turnover, it is probable that the company will not have sufficient taxable income in near future and hence will not be able to utilize the deductible temporary differences. Therefore, as a matter of prudence, the company has not recognised net deferred tax asset in these accounts. The net deductible temporary differences include available tax losses of Rs. 156,523 million , unabsorbed depreciation of Rs 26.109 million, and deductible temporary differences of Rs. 37.263 million.

29 EARNING PER SHARE

There is no dilutive effect on the basic earnings per share of the Group, which is based on:

	Note	2014	2013
Loss after taxation (Restated)		(18,566)	(39,307)
Weighted average number of ordinary shares		5,449,972	5,449,972
Earnings per share - basic (Restated)		**(3.41)**	**(7.21)**
30 CASH AND CASH EQUIVALENTS			
Cash and bank balances	11	1,229	9,785
Temporary overdraft	18	(391)	(391)
		838	**9,394**

31 STAFF RETIREMENT BENEFITS

31.1 Provident Fund

31.1.1 Holding company

Salaries wages and other benefits includes Rs.502 thousands (2013: Rs. 546 thousands) in respect of provident fund.

The following information is based on latest financial statements of the Fund:

	(Unaudited) June 30, 2014	(Audited) Dec 31, 2013
Size of the fund - Total assets	**8,116**	8,537
Cost of the Investment made	**6,000**	6,000
Percentage of investments made	**74%**	70%
Fair value of the investments	**6,000**	6,000

Break-up of the fair value of investments is:

	June,30 2014	Dec,31,2013	**Jun 30.2014**	Dec 31,2013
	Unaudited	Audited	**Unaudited**	Audited
	----Rupees in thousands----		----Rupees in thousands----	
Certificate of Investment	**6,000**	6,000	**100%**	100%

31.1.2 The investments out of the Company have been made in accordance with the provisions of sections 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

31.1.3 Subsidiary companies

None of the Subsidiary Companies has maintained the staff provident fund.

31.2 Gratuity Fund

31.2.1 Holding company

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out by an independent firm of Chartered Actuaries under Projected Unit Credit (PUC) Actuarial Cost method as at June 30 are disclosed in note 15.1 to these financial statements

31.2.2 Subsidiary companies

None of the Subsidiary Companies has maintained the gratuity scheme.

32 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Holding and Subsidiaries Company has overall responsibility for the establishment and oversight of the Group's risk management frame work. The Company has exposure to the following risks from its use of finances

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversee how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Group's arise principally from the trade debts, advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date is as follows:

	2014	2013
	(Rupees in thousand)	
Long term deposits	1,566	1,566
Trade debts	49,806	42,209
Loans and advances	1,989	8,777
Trade deposits and other receivables	9,207	10,049
Bank balances	1,123	9,754
	69,726	**72,355**

Impairment losses

The aging of trade debtors as at the balance sheet date was:

	2014		2013	
	Gross	impairment	Gross	impairment
	(Rupees in thousand)			
Not past due	-	-	-	-
Past due 1 - 60 days	2,743	-	38,325	-
Past due 61 - 365 days	33,123	-	2,956	-
More than one year	15,798	1,858	2,786	1,858
Total	**51,664**	**1,858**	**44,067**	**1,858**

Based on assessment conducted of individual customers, the management believes that receivable falling within the age bracket of up to one year does not require any impairment provision other than to the extent determined above.

Bank balances are held only with reputable banks with high quality credit ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Total	Contractual cash flows		
			On demand	Upto one year	More than one year
Long term financing	77,435	77,435	-	(4,000)	73,435
Trade and other payables	152,047	152,047	-	(152,047)	-
Short term borrowings	51,331	51,331	-	(51,331)	-
Unclaimed dividend	4,268	4,268	-	(4,268)	-
June 30, 2014	**285,081**	**285,081**	**-**	**(211,646)**	**73,435**
Long term financing	76,732	76,732	-	(4,000)	(72,732)
Trade and other payables	177,937	177,937	(1,670)	(176,267)	-
Short term borrowings	61,331	61,331	(61,331)	-	-
Unclaimed dividend	4,268	4,268	-	(4,268)	-
June 30, 2013	**320,268**	**320,268**	**(63,001)**	**(184,535)**	**(72,732)**

The Contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. The rate of mark-up have been disclosed in note 15 to these consolidated financial statements

32.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is exposed to currency risk and interest rate risk only.

Interest rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	2014	2013	2014	2013
	Effective interest rate (%)		Carrying amount(Rs.'000')	
Financial liabilities				
Long term financing	12% and KIBOR +2%	12% and KIBOR +2%	77,435	76,732
Short term borrowings	Non-interest bearing		51,331	61,331

Sensitivity analysis

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair

32.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

33 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2014, the shareholders' equity amounts to Rs. 98.724 million (2013 Rs.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

a) The aggregate amount charged in the consolidated financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Holding and Subsidiary Company are as follows:

	Chief Executive		Directors		Total	
	2014	2013	2014	2013	2014	2013
	Rupees in thousands					
Managerial Remuneration	960	960	120	334	1,080	1,294
Retirement benefits and provident fund contribtion	80	80	-	-	80	80
Rent, utilities, leave encashment etc.	1,262	1,281	742	350	2,004	1,631
	2,302	**2,321**	**862**	**684**	**3,164**	**3,005**
No. of persons	**1**	**1**	**6**	**6**	**7**	**7**

34.1 The chief executive and one directors are also provided with free use of company maintained cars

35 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Transactions with related parties are as follows:

	2014	2013
	(Rupees in thousand)	
Loan advanced to wholly owned subsidiary company	14,685	4,593
Payments made on behalf of subsidiaries companies	143	141
Repayment/adjustment of loan to subsidiary company	-	917
Contribution paid to Provident Fund Trust	502	546

All transactions with related parties have been carried out by the company at arm's length prices using the comparable uncontrolled price method.

36 PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types and sizes of products manufactured according to required specifications.

37 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on ________________ by the Board of Directors of the Holding Company.

38 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

PATTERN OF SHARE HOLDINGS
AS AT JUNE 30, 2014

	SHARES HELD	%
SHAREH		
Etheridge Company Limited	2,719,536	49.900%
Directors,CEO and their Spouse & Minor Children		
Mrs. Marium Shafi	110,273	2.023%
Mr. Nabeel Sadique	20,000	0.367%
Mr. Bilal Ahmed Qureshi	52,105	0.956%
Financial institutions		
National Bank of Pakistan	335,498	6.156%
National Investment Trust (NIT)	574,324	10.538%
Trustee National Bank of Pakistan Employee	54,349	0.997%
Soneri Bank Limited	78,000	1.431%
Habib Bank Limited	245	0.004%
Insurance Companies		
EFU General Insurance	76	0.001%
State Life Insurance Corporation	41,460	0.761%
Joint Stock Companies (Local)		
NH Securities (Pvt) Ltd	376	0.007%
Fikree'S (Smc-Pvt) Ltd	8,675	0.159%
Javed Omer Vohra & Company Ltd	11	0.000%
Investment Companies		
HMV Investment Limited	125	0.002%
H.M. Investments Ltd	43	0.001%
Pyramid Investment (Private) Limited	1,380	0.025%
Investment Corporation of Pakistan	3,016	0.055%
Individual	**1,449,777**	26.602%
Others		
Corporate Law Authority of Pakistan	1	0.000%
Pakistan Share Holder Association	1	0.000%
Administrator Abandoned Property	701	0.013%
Total	**5,449,972**	**100%**

PATTERN OF SHARE HOLDINGS
AS AT JUNE 30, 2014

No of Share Holders	Shareholding From	To	Total Shares Held
515	1	100	20,114
311	101	500	79,387
117	501	1,000	84,266
122	1,001	5,000	261,947
15	5,001	10,000	66,099
3	10,001	15,000	39,841
8	15,001	20,000	54,771
4	20,001	35,000	-
2	35,001	40,000	37,048
2	40,001	45,000	83,960
4	45,001	120,000	419,971
-	120,001	125,000	122,893
1	125,001	220,000	198,468
-	220,001	225,000	-
2	225,001	1,975,000	1,261,671
-	1,975,001	1,980,000	-
-	1,980,001	2,715,000	-
1	2,715,001	2,720,000	2,719,536
1107			**5,449,972**

CATEGORY OF SHAREHOLDERS

Categories of Share Holders	Numbers	Share Held	Percentage %
Individuals	1,092	1,632,858	29.96%
Parent Company	1	2,719,536	49.90%
Insurance Company	2	41,536	0.76%
Joint Stock Company	8	9,062	0.17%
Financial Institutions	4	1,042,416	19.13%
Investment Companies & Others	3	4,564	0.08%
	1,110	**5,449,972**	**100.00%**

(3)

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips Industries (Pakistan) Limited ("the Company") as at June 30, 2014; and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit except as discussed in para (a) to (f) below.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984.

Except for the matters discussed in paragraph (a) to (f) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis to disclaim our opinion and after due verification, we report that;

(a) the company has not maintained certain customary accounting records and supporting documents relating to transactions with its customers and suppliers, particularly with respect to receivables, payables, bank balances, and property, plant and equipment and inventories. Further, in the absence of information regarding realisable value of several balances under inventories, deposits, other receivables and bank balances aggregating to Rs. 16.309 million (2013: Rs: 16.309 million) we were not able to verify whether the amount would be realised at carrying values. Moreover, due to lack of customary accounting records and supporting documents we were unable to verify the Company's liability aggregating to Rs. 7.927 million (2013: Rs: 7.927 million). Accordingly, it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

(b) as discussed in Note 1.3 to the financial statements, the accumulated losses of the Company as at June 30, 2014 stand at Rs. 68.425 million (2013: Rs. 68.332 million) resulting in a negative equity of Rs 38.425 (2013: Rs. 38.332 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 18.886 million (2013: Rs: 18.793 million). Further, as fully explained in note 11.1 to these financial statements the Company has also defaulted in payment of its liability amounting to Rs: 21.361 million (2013: Rs.31.361 million). These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on Company's ability to continue as a going concern.

(c) as discussed in Note 3.1 to the financial statements, property, and plant and equipment of Rs 8.743 million (2013: 8.743 million) are classified as held for sale and are being shown separately under current assets as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and are measured at the lower of carrying amount and fair value less costs to sell. Since we have not been provided with sufficient information in this regard, we could not satisfy ourselves about the fulfilment of measurement, presentation and disclosure requirement of the above IFRS.

Contd...Pg...2

(d) in the absence of information regarding the latest positions of income tax assessments of the Company, we are unable to ascertain the possible effects of contingencies or other financial effects, if any, on these financial statements that may arise.

(e) in the absence of information regarding current status of taxation, the amount of deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax assets is recognized in the balance sheet, we are unable to ascertain the possible effect of deferred tax on these financial statements.

(f) we have requested the confirmation of balances and other information as at June 30, 2014 from National Bank of Pakistan, Main Branch, Shahrae Quaid-e-Azam, Lahore and to date satisfactory response was not received. In the absence of satisfactory responses it cannot be assessed with any degree of accuracy that the balance and other information stated in the Company's records are in agreement with the bank.

(g) due to the significance of the matters discussed above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above.

(h) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi:
Dated:

Naveed Zafar Ashfaq Jaffery & Co
Chartered Accountants
Engagement Partner: Ahsan Elahi Vohra

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
BALANCE SHEET
AS ON JUNE 30, 2014

	Note	2014	2013
		.......Rupees in thousand......	
ASSETS			
NON-CURRENT ASSETS			
Security deposits	4	461	461
CURRENT ASSETS			
Assets held for sale	3	8,743	8,743
Stores, spares and loose tools	5	2,396	2,396
Stock -in-trade	6	5,795	5,795
Trade debts	7	-	-
Advances and other receivables	8	7,555	7,555
Advance income tax		615	615
Bank balances	9	102	102
		25,206	25,206
TOTAL ASSETS		25,667	25,667
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised capital			
3,000,000 Ordinary Shares of Rs. 10 each		30,000	30,000
Issued, subscribed and paid-up	10	30,000	30,000
Accumulated losses		(68,425)	(68,332)
		(38,425)	(38,332)
ADVANCE AGAINST SHARE CAPITAL		20,000	20,000
NON-CURRENT LIABILITIES			
Long term loan	11	-	-
CURRENT LIABILITIES			
Trade and other payables	12	7,927	7,927
Short term loan	13	36,046	35,954
Provision for taxation		119	119
		44,092	43,999
TOTAL EQUITY AND LIABILITIES		25,667	25,667
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 25 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		.......Rupees in thousand......	
Administrative expenses	15	93	91
Loss due to ceased operation		(93)	(91)
Provision for taxation		-	-
Net loss after taxation		(93)	(91)
Earnings per share - basic and diluted	16	(0.031)	(0.030)

The annexed notes 1 to 25 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		.......Rupees in thousand......	
Net loss after tax		(93)	(91)
Other comprehensive income		-	-
Total comprehensive loss		(93)	(91)

The annexed notes 1 to 25 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		.......Rupees in thousand......	
CASH FLOWS FROM CEASED OPERATIONS			
Net (loss) for the year		(93)	(91)
Adjustment for non-cash charges and other items:		-	-
Loss before working capital charges		(93)	(91)
Working capital changes			
decrease in current assets			
Trade debts		-	914
Prepayments		-	-
		-	**914**
Increase / (decrease) in current liabilities			
Trade and other payables		-	(156)
		-	758
Net cash from ceased operations		(93)	**667**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short term loan		(10,000)	(5,260)
Proceeds from a short term loan		10,092	4,593
		92	(667)
Net (decrease) / increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		102	102
Cash and cash equivalents at the end of the year		**102**	**102**

The annexed notes 1 to 25 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up capital	Revenue reserve (Accumulated loss)	Total
		.......Rupees in thousand......	
Balance as July 01, 2013	30,000	(68,241)	(38,241)
Loss for the year	-	(91)	(91)
Balance as at June 30 , 2013	30,000	(68,332)	(38,332)
Loss for the year	-	(93)	(93)
Balance as at June 30 , 2014	**30,000**	**(68,425)**	**(38,425)**

The annexed notes 1 to 25 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

NATURE AND STATUS OF BUSINESS

1.1 The Company was incorporated on October 05, 1992 in Pakistan under the Companies Ordinance, 1984 as a public limited company. The registered office of the Company is situated at C-10 South Avenue, SITE, Karachi. The principal activity of the Company is to manufacture and sell of all types of electrical and mechanical equipments and appliances.

1.2 The Company ceased production in July, 1997 and at present, the company is dormant. Further, as more fully explained in Note: 11.1to these financial statements, the Company has settled its disputes with National Bank of Pakistan and agreed to pay Rs. 55.115 million as full and final settlement of its outstanding dues in installments. During the year ended June 30, 2002 , the Company has disposed of the project's land and building at a total price of Rs. 16.380 million to implement the terms of settlement.

1.3 The accumulated losses of the company as at June 30, 2014 stand at Rs. 68.425 million (2013: Rs. 68.332 million) resulting in a negative equity of Rs 38.425 (2013: Rs. 38.332 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 18.886 million (2013: Rs: 18.793 million). Moreover, the management has decided to dispose off the assets of the company. These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on company's ability to continue as a going concern. In the meantime the accounts have been prepared on the going concern basis.

Therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities.

SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP shall prevail.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention.

2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

2.3.1 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

'- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements except for certain additional disclosures.

'- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

'- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

'- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

'- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

'- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

'- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

2.3.2 Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

'- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

'- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

'- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

'- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

'- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

2.4 Critical Accounting estimates and judgments

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements are as follows.

i) Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

ii) Taxation

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 2.8 to these financial statements.

2.5 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

2.6 Staff retirement benefits

The Company operates unfunded gratuity scheme for its employees. Provision is made annually to cover obligations under the scheme.

Gratuity is payable to staff subject to completion of prescribed qualifying period of service under the gratuity scheme.

2.7 Compensated absences

Liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences are incurred.

2.8 Taxation

Current

Provision of current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years, arising from assessment framed during the year, for such years.

Deferred

The Company accounts for deferred taxation for all material timing differences. The amount is computed using the liability method. Debit balances on account of deferred taxation are recognized only if there is reasonable certainty for realization.

2.9 Trade and accrued liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether billed or not to the Company.

2.10 Provisions

Provisions are recognized when the Company has the present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.11 Tangible fixed assets

These are stated at cost less accumulated depreciation except land and capital work in progress which are stated at revalued amount and historical cost respectively.

Depreciation on all other assets is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated

useful life. Depreciation on additions and disposals of assets during the year is charged from the month of acquisition to the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred.
Major renewals are capitalized and the assets so replaced, if any, are retired.
Profit and loss on disposal of assets is included in income currently.

As fully explained in notes 1 and 3.1 to this financial statements , management has decided to dispose of the assets of the company , therefore, effective from financial year ended June 30 2002 ,fixed assets of the company have been classified as "Assets held for sale" .Hence no depreciation is provided in these accounts.

2.12 Consumable stores

These are valued at average cost.

2.13 Tools and dyes

These are valued at cost less amortization for wear and tear.

2.14 Stock in trade

These are stated at the lower of average cost and net realizable value. Average cost in relation to finished goods and work-in-process represents prime cost and includes appropriate portion of manufacturing expenses.
Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and cost necessarily to be incurred in order to make the sale.

2.15 Trade debts, loans, advances, deposits, prepayments and other receivables

Trade debts, loans, advances, deposits, prepayments and other receivables are stated at cost. Provision is made against those considered doubtful by the management, whereas, those considered irrecoverable are written off.

2.16 Foreseeable losses on orders in hand

Provision is made for all known or expected losses at completion on orders in hand.

2.17 Transaction with related parties

The Company enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

2.18 Impairment losses

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

2.19 Revenue recognition

Sales are recorded on delivery of goods to the customers.

2.20 Borrowing cost

Borrowing cost and other related cost directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that takes a necessarily substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.21 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents consists of cash in hand and balances with banks.

2.22 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognizing of the financial assets and liabilities is included in the income currently.

2.23 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.24 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/matkup up to the extent of the amount remaining unpaid

ASSETS HELD FOR SALE

Description	COST / REVALUATION			ACCUMULATED DEPRECIATION			Written down	Rate
	As at July 1, 2013	Addition (disposals)	As at June 30, 2014	As at July 1, 2013	For the year	As at June 30, 2014	Values as at June 30, 2014	
	Rs. In thousand			Rs. In thousand			(Rs.'000s)	(%)
Plant and machinery	13,326	-	13,326	5,906	-	5,906	7,420	10
Factory tools	292	-	292	283	-	283	9	20
Office and other equipments	489	-	489	472	-	472	17	20
Capital work in progress								
Plant and machinery	1,297	-	1,297	-	-	-	1,297	0
2014	**15,404**	-	**15,404**	**6,661**	-	**6,661**	**8,743**	
2013	**15,404**	-	**15,404**	**6,661**	-	**6,661**	**8,743**	

3.1 As fully described in note 1 to the financial statements the management has closed its operations and decided to dispose of its fixed assets. The written down value of fixed assets of Rs 8.743 million (2013: Rs. 8.743 million) is being shown separately under current assets as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and is measured at the lower of carrying amount and fair value less costs to sell . According to management, the estimated selling price is not likely to be less than carrying amount (WDV) since company has offers for the sale of machineries and stock of raw materials and work in process which is far in excess of the book value of these assets. Hence no depreciation / impairment on fixed assets of the company has been charged.

		Note	2014	2013
			Rupees in thousand	
4	**LONG-TERM DEPOSITS**			
	Represent payments made to Court in respect of security deposits.		**461**	**461**
5	**STORES, SPARES AND LOOSE TOOLS**			
	Consumable stores		182	182
	Tools and dies		2,214	2,214
			2,396	**2,396**
6	**STOCK -IN-TRADE**			
	Held for disposal			
	Raw material		4,896	4,896
	Finished goods		899	899
			5,795	**5,795**
7	**TRADE DEBTS**			
	Un-secured			
	Considered good		-	-
	Considered doubtful		-	1,269
			-	1,269
	Less: Provision for doubtful debts		-	(1,269)
			-	-
8	**ADVANCES AND OTHER RECEIVABLES**			
	Unsecured			
	To suppliers	8.1	7,505	7,505
	Receivables from Ex-Management against sale of fixed assets	8.2	50	50
			7,555	**7,555**

8.1 These include balances due from associated companies amounting to Rs. 7.505 million (2013: Rs. 7.505 million), The maximum amount outstanding at the end of any month during the year was Rs. 7.505 million (2013: Rs. 7.505 million)

8.2 The amount under "Receivable from Ex-Management" represents payments by the Ex-Management which were not properly documented. Satisfactory explanation and information pertaining to these payments have not been made available to date. The present management does not accept these items and is of the opinion that the Ex-Management should refund the amounts. Accordingly , these items have been shown as "Receivable from Ex-Management".

		Note	2014	2013
9	**BANK BALANCES**			
	Cash at bank (in current account)		**102**	**102**
10	**ISSUED , SUBSCRIBED AND PAID-UP-CAPITAL**			
	3,000,000 ordinary shares of Rs.10 each fully paid in cash		**30,000**	**30,000**

3,000,000 (2013: 3,000,000) ordinary shares of the Company representing 100% (2013: 100%) of the issued, subscribed and paid up capital are held by the Holding Company, Johnson and Phillips (Pakistan) Limited.

		Note	2014	2013
11	**LONG TERM LOAN**			
	Un-secured			
	National Bank of Pakistan (formerly National Development Finance Corporation) local currency general term finance	11.1	21,361	31,361
	Less: Transferred to current liabilities		(21,361)	(31,361)
			-	-

11.1 This loan is secured against first mortgage charge on the entire immovable property of the Company , first floating charge on all business undertakings and other assets and properties of the Company and hypothecation of all movable and immovable properties including book debts and other receivables of the Company.

The Company had settled its disputes with National Bank of Pakistan (NBP) and agreed to pay Rs. 55.115 million as full and final settlement of its outstanding dues as per compromise agreement dated May 18, 2002. This amount was repayable as follows :

- Rs.5.000 million on the date of decree
- Rs.11.380 million within 30 days from the date of the decree

- Balance amount of Rs. 36.775 million in six equal half yearly instalments commencing after the expiry of eight months from the date of decree

In the event of default in payment of any single instalment the entire outstanding amount shall become due and payable forthwith in lump sum. NBP has a right to recover the outstanding amount by sale of charged assets and properties of the Company. Up to June 30, 2003, out of balance settled amount of Rs. 36.775 million the company has paid only Rs. 0.154 million instead of Rs. 3.065 million as required by the terms of agreement. Due to default in payment balance amount has been transferred to short term loan.

		Note	2014	2013
			Rupees in thousand	
12	**TRADE AND OTHER PAYABLES**			
	Creditors		3,937	3,937
	Accrued expenses		26	26
	Due to others		1,351	1,351
	Sales tax payable		39	39
	Other payables			
	Income tax deducted		505	505
	Workers' profit participation fund		2,069	2,069
			2,574	2,574
			7,927	**7,927**
13	**SHORT TERM BORROWING**			
	From Holding Company - unsecured	13.1 & 7	14,685	4,593
	National Bank of Pakistan (formerly National Development Finance Corporation) local currency general term finance	11.1	21,361	31,361
			36,046	**35,954**

13.1 The loan is un-secured interest free and payable on demand.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

The income tax assessments for the assessment years up to 2000-2001 have been completed and the total liability demanded for the assessment years 1996-97 to 1998-99 amounts to Rs. 0.122 million which the Company has disputed in appeal before tax authorities. In the event of adverse decision in the pending appeals the Company would not be required to make further payment as advance tax paid would cover the demand. The Company would however, face a charge against profit amounting to Rs.0. 350 million (2013: Rs. 0.350 million).

14.2 The company is contingently liable in respect of professional fee payable to M/s Ebraham & company, Chartered Accountants amounting Rs. 144,675 (2013: Rs. 144,675).

14.3 Commitments

There were no capital commitments as at June 30, 2014 (2013: Nil)

		Note	2014	2013
15	**ADMINISTRATIVE EXPENSES**		Rupees in thousand	
	Audit fee		15	15
	Insurance expenses		51	51
	Rent, rate and taxes		21	20
	Fee and subscription		6	5
	Others		-	-
			93	**91**
16	**EARNINGS PER SHARE-BASIC AND DILUTED**			
	Net loss for the year		(93)	(91)
	Weighted average number of ordinary shares		30,000,000	3,000,000
	Earnings per share - basic and diluted		**(0.031)**	**(0.030)**

17 CAPACITY AND PRODUCTION

17.1 The production capacity of the plant can not be determined as this depends on the relative proportions of the various types and sizes of products manufactured according to required specifications.

18 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

18.1 None of the Directors, Chief Executives are paid remuneration and any other allowances.

19 STAFF RETIREMENT BENEFITS

19.1 None of the staff retirement benefits is maintained by the Company.

20 TRANSACTIONS WITH HOLDING COMPANY AND ASSOCIATED COMPANIES

	2014	2013
Repayment of loan made by and loan received from holding company	**10,093**	**5,507**

All transactions with related parties have been carried out by the company at arm's length prices using the comparable uncontrolled price method.

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company has exposure to the following risks from its use of finances instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

21.1 Credit Risk

The management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arise principally from the trade debts, advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date is as follows:

	2014	2013
	(Rupees in thousand)	
Long term security deposits	461	461
Advances	7,505	7,505
Other receivables	50	50
Bank balance	102	102
	8,118	**8,118**

Impairment losses

The aging of trade debtors at the balance sheet date was:

	2014		2013	
	Gross	Impairment	Gross	impairment
	(Rupees in thousand)			
More than one year	1,269	1,269	1,269	1,269
Total	**1,269**	**1,269**	**1,269**	**1,269**

Based on assessment conducted of individual customers, the management believes that receivable falling within the age bracket of up to one year does not require any impairment provision other than to the extent determined above.

21.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

(Rupees in thousand)

	Carrying amount	Total	Contractual cash flows		
			On demand	Upto one year	More than one year
Trade and other payables	7,927	7,927	-	(7,927)	-
Short term borrowings	36,046	36,046	(36,046)	-	-
June 30, 2014	**43,973**	**43,973**	**(36,046)**	**(7,927)**	-
Trade and other payables	7,383	7,383	-	(7,383)	-
Short term borrowings	35,953	35,953	(35,953)	-	-
June 30, 2013	**43,336**	**43,336**	**(35,953)**	**(7,383)**	-

21.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

Interest rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2014	2013	2014	2013
	Effective interest rate (%)		Carrying amount(Rs.'000')	
Financial liabilities				
Short term loans	Non-interest bearing		36,046	35,954

Sensitivity analysis

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

21.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

22 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2014, the shareholders' negative equity amounts to Rupees 38.425 million (2013 Rupees 38.332 million)

23 NUMBER OF EMPLOYEES

The total number of employees as at the balance sheet date were NIL (2013: NIL).

24 DATE OF AUTHORISATION

These financial statements were authorised for issue on ____________________ by the Board of Directors of the company.

25 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips Transformers (Private) Limited ("the Company") as at June 30, 2014; and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit except as discussed in para (a) to (f) below.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984.

Except for the matters discussed in paragraphs (a) to (f) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis to disclaim our opinion and after due verification, we report that;

(a) the Company has not maintained certain customary accounting records and supporting documents relating to transactions with its customers and suppliers, particularly with respect to receivables, payables and bank balances, inventories and property, plant, and equipment. Further, in the absence of information regarding realizable value of several balances under deposits and other receivables, stock in trade, property, plant, and equipment, and bank balances aggregating to Rs.26.480 million (2013: Rs. 26.480 million), we have not been able to verify whether the amount would be realized at carrying values. Moreover, due to lack of customary accounting records and supporting documents we were unable to verify the Company's liability aggregating to Rs.7.629 million (2013: Rs. 7.629 million). Accordingly , it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

(b) as discussed in Note 1.3 to the financial statements, the accumulated losses of the Company as at June 30, 2014 stand at Rs. 62.363 million (2013: Rs. 62.250 million) resulting in a negative equity of Rs. 32.363 million (2013: Rs. 32.250 million) . Moreover, the current liabilities of the Company exceeds the current assets by Rs. 31.932 million (2013: Rs.31.819 million). Further, as fully explained in note 10.1 to these financial statements the Company has also defaulted in payment of its liability amounting to Rs. 25.894 million (2013: Rs: 25.894 million). These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on Company's ability to continue as a going concern.

(c) as discussed in Note 3.1 to the financial statements, the property, plant, and equipment of Rs 15.127 million (2013: Rs.15.127 million) are classified as held for sale and are being shown separately under current assets as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and are measured at the lower of carrying amount and fair value less costs to sell. Since we have not been provided with sufficient information in this regard, we could not satisfy ourselves about the fulfillment of measurement, presentation and disclosure requirement of the above IFRS.

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(d) in the absence of information regarding the latest positions of income tax assessments of the Company, we are unable to ascertain the possible effects of contingencies or other financial effects, if any, on these financial statements that may arise due to the decision against appeals filed by the Company with income tax authorities. We are unable to report on matters of contingencies as disclosed in Note 14 to the Financial Statements.

(e) we have requested the confirmation of balance and other information as at June 30, 2014 from National Bank of Pakistan, Main Branch, Shahra-e-Quaidazam, Lahore and to date satisfactory response was not received. In the absence of satisfactory response it can not be assessed with any degree of accuracy that the balance and other information stated in the Company's records are in agreement with the bank.

(f) in the absence of information regarding current status of taxation, the amount of deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax assets is recognized in the balance sheet, we are unable to ascertain the possible effect of deferred tax on these financial statements.

(g) due to the significance of the matters discussed above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above.

(h) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Naveed Zafar Ashfaq Jaffery &Co
Chartered Accountants
Engagement Partner: Ahsan Elahi Vohra

Karachi:
Dated :

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Long term deposits		165	165
CURRENT ASSETS			
Assets held for sale	3	15,127	15,127
Stock-in trade	4	6,910	6,910
Trade debts	5	-	-
Advances	6	1,667	1,667
Other receivables	7	568	568
Advance income tax		1,982	1,982
Cash and bank balances	8	61	61
		26,315	26,315
TOTAL ASSETS		**26,480**	**26,480**
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised			
3,000,000 ordinary shares of Rs. 10 each		30,000	30,000
Issued, subscribed and paid-up	9	30,000	30,000
Accumulated losses		(62,363)	(62,250)
		(32,363)	(32,250)
NON-CURRENT LIABILITIES			
Long term loan	10	-	-
Deferred Liabilities	11	596	596
CURRENT LIABILITIES			
Trade and other payables	12	7,629	7,629
Short term loan	13	50,191	50,078
Provision for taxation		427	427
		58,247	58,134
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		**26,480**	**26,480**

The annexed notes 1 to 25 form an integral part of these financial statements.

Nabeel Sadiq
Chief Executive

Shehryar Saeed
Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
Administrative expenses	15	113	111
Loss due to ceased operations		(113)	(111)
Net loss for the year before tax		(113)	(111)
Provision for taxation		-	-
Net loss after taxation		(113)	(111)
Earnings per share - basic and diluted	16	(0.04)	(0.04)

The annexed notes 1 to 25 form an integral part of these financial statements.

Nabeel Sadiq
Chief Executive

Shehryar Saeed
Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
Net loss after taxation		(113)	(111)
Other comprehensive income		-	-
Total comprehensive loss		**(113)**	**(111)**

The annexed notes 1 to 25 form an integral part of these financial statements.

Nabeel Sadiq
Chief Executive

Shehryar Saeed
Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOW FROM CEASED OPERATING			
Net loss before tax		(113)	(111)
Adjustment for non-cash charges and other items:		-	-
Loss before working capital changes		(113)	(111)
Working capital changes			
(Increase) / decrease in current assets			
		-	-
Net cash (used) from operating activities		(113)	(111)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term loan		111	111
Net cash generated from financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		61	61
Cash and cash equivalents at the end of the year		**61**	**61**

The annexed notes 1 to 25 form an integral part of these financial statements.

Nabeel Sadiq
Chief Executive

Shehryar Saeed
Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30 , 2014

	Issued, subscribed and paid-up capital	Revenue reserve (Accumulated loss)	Total
	----------------	Rupees in thousand	----------------
Balance as at July 01,2013	30,000	(62,139)	(32,139)
Loss for the year	-	(111)	(111)
Balance as at June 30,2013	30,000	(62,250)	(32,250)
Loss for the year	-	(113)	(113)
Balance as at June 30,2014	**30,000**	**(62,363)**	**(32,363)**

The annexed notes 1 to 25 form an integral part of these financial statements.

Nabeel Sadiq
Chief Executive

Shehryar Saeed
Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

1 STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated on October 05,1992 in Pakistan under the Companies Ordinance, 1984 as a private limited company. The registered office of the Company is situated at C-10 South Avenue, SITE, Karachi. The principal activity of the Company is to manufacture and sell all types of electrical and mechanical equipment and appliances.

1.2 The Company ceased its production in February, 1998 and at present the company is dormant. As more fully explained in Note.10.1. The Company has settled their disputes with National Bank of Pakistan and agreed to pay Rs. 27.345 million as full and final settlement of their outstanding dues in instalments. In the event the terms of settlement are not implemented the NBP has a right to recover forthwith the whole outstanding amount by sale of assets of the Company. The company has made default in making payment as per terms of agreement.

1.3 The accumulated losses of the company as at June 30 2014 stand at Rs. 62,363 million (2013: Rs. 62.250 million) resulting in a negative equity of Rs. 32,363 million (2013: Rs. 32.250 million) . Moreover, the current liabilities of the company exceeds the current assets by Rs. 31.932 million (2013 : Rs. 31.819 million) These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on company's ability to continue as a going concern.

However, the management has decided to dispose of the assets of the company. In the meantime the accounts have been prepared on the going concern basis.

Therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities.

1.4 On August 31, 1997 there was a change in management of the Company. The Ex-Management was requested to furnish documents, information and explanations in relation to various matters pertaining to the books of accounts of the Company. As the Ex-Management have not responded to all the requirements of the management and the auditors , amounts under stock-in-trade, trade debts, advances and trade creditors were taken as per books of accounts and available supporting records.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP shall prevail.

2.1 Accounting conventions

These accounts have been prepared under the historical cost convention except for land which is stated at revalued amount.

2.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

2.2.1 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

'- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements except for certain additional disclosures.

'- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

'- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

'- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

'- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

'- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

'- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

2.2.2 Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

'- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

'- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

'- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

'- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

'- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

2.3 Critical Accounting estimates and judgments

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements are as follows.

i) Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

ii) Taxation

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 2.7 to these financial statements.

2.4 Staff retirement benefits

The Company operates unfunded gratuity scheme for its employees. Provision is made annually to cover obligations under the scheme.

Gratuity is payable to staff subject to completion of prescribed qualifying period of service under the scheme.

2.5 Compensated absences

Liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences are incurred.

2.6 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

2.7 Taxation

Current

Provision of current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years, arising from assessment framed during the year, for such years.

Deferred

The Company accounts for deferred taxation for all material timing differences. The amount is computed using the liability method. Debit balances on account of deferred taxation are recognised only if there is reasonable certainty for realisation.

2.8 Trade and accrued liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and services received, whether billed or not to the Company.

2.9 Provisions

Provisions are recognized when the company resources has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.10 Tangible Fixed assets

These are stated at cost less accumulated depreciation except land and capital work in progress which are stated at cost.

Depreciation on all assets is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions and disposal of assets during the period is charged from the month of acquisition to the month of disposal

Maintenance and normal repairs are charged to income as and when incurred.

Major renewals are capitalised and the assets so replaced, if any, are retired.

Profit and loss on disposals of assets is included in income currently.

As fully explained in note 1 and 3 to this financial statements, management has decided to dispose of the assets of the company, therefore, effective from financial year ended June 30 2002, fixed assets and stock in trade of the company have been classified as "Assets held for disposal" . Hence no depreciation is provided in these accounts.

2.11 Consumable stores

These are valued at average cost.

2.12 Stock-in-trade

These are stated at the lower of average cost and net realisable value. Average cost in relation to finished goods and work-in-process represents prime cost and includes appropriate portion of manufacturing expenses.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and cost necessarily to be incurred in order to make the sale.

2.13 Trade debts, loans, advances, deposits, prepayments and other receivables

Trade debts, loans, advances, deposits, prepayments and other receivables are stated at cost. Provision is made against those considered doubtful by the management, whereas, those considered irrecoverable are written off.

2.14 Foreseeable losses on orders in hand

Provision is made for all known or expected losses at completion on orders in hand.

2.15 Transaction with related parties

The Company enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

2.16 Impairment losses

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

2.17 Revenue Recognition

Sales are recorded on delivery of goods to the customers.

2.18 Borrowing cost

Borrowing cost and other related cost directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that takes a necessarily substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.19 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and balances with banks.

2.20 Financial Instruments

All the financial assets and liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

2.21 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognised amounts and the company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.22 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark up to the extent of the amount remaining unpaid.

3 ASSETS HELD FOR SALE

Description	COST As at July 1, 2013	Additions (disposals)	As at June 30, 2014	ACCUMULATED DEPRECIATION As at July 1, 2013	For the year	As at June 30, 2014	Written down Values as at June 30, 2014	Rate
	Rupees in thousand			Rupees in thousand			(Rs.'000s)	(%)
Owned								
Free hold land	3,709	-	3,709	-	-	-	3,709	-
Building	12,326	-	12,326	6,859	-	6,859	5,467	10
Plant and machinery	10,415	-	10,415	5,531	-	5,531	4,884	10
Tools and equipments	1,565	-	1,565	820	-	820	745	10
Office equipments	531	-	531	361	-	361	170	10
Furniture and fixture	158	-	158	112	-	112	46	20
Laboratory equipments	185	-	185	79	-	79	106	10
2014	**28,889**	-	**28,889**	**13,762**	-	**13,762**	**15,127**	
2013	**28,890**	-	**28,890**	**13,763**	-	**13,763**	**15,127**	

3.1 As fully described in note 1 to the financial statements the management has closed its operations and decided to dispose of its fixed assets. The written down value of fixed assets of Rs 15.127 million (2013: Rs.15.127 million) is being shown separately under current assets as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and is measured at the lower of carrying amount and fair value less costs to sell. According to management, the estimated selling price is not likely to be less than carrying amount (WDV) since company has offers for the sale of machineries and stock of raw materials and work in process which is far in excess of the book value of these assets. Hence no depreciation / impairment on fixed assets of the company has been charged.

	Note	2014	2013
		(Rupees in thousand)	
4 STOCK-IN-TRADE-held for disposal			
Raw material and components			
In hand		6,910	6,910
Disposed of during the year		-	-
		6,910	**6,910**
5 TRADE DEBTS			
Considered doubtful		589	589
Less: Provision for doubtful debts		(589)	(589)
		-	-

	Note	2014	2013
		(Rupees in thousand)	

6 ADVANCES

Unsecured-Considered good

	Note	2014	2013
Advance against land		1,500	1,500
Sales tax refundable		167	167
		1,667	**1,667**

7 OTHER RECEIVABLES

	Note	2014	2013
Receivable room Ex-Management against sale of assets	7.1	**568**	**568**

The amount under "Receivable from Ex-Management" represents payments by the Ex-Management which were not properly documented. Satisfactory explanation and information pertaining to these payments have not been made available to date. The present management does not accept these items and is of the opinion that the Ex-Management should refund the amounts. Accordingly , these items have been shown as "Receivable from Ex-Management".

8 CASH AND BANK BALANCES

	Note	2014	2013
Cash at bank (in current accounts)		**61**	**61**

9 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	2014	2013
3,000,000 ordinary shares of Rs. 10/- each fully paid in cash	9.1	**30,000**	**30,000**

2,100,000 (2013: 2,100,000) ordinary shares of the Company representing 70% (2013: 70%) of the issued, subscribed and paid up capital are held by the holding company, Johnson and Phillips (Pakistan) Limited.

10 LONG TERM LOAN

Secured

	Note	2014	2013
National Bank of Pakistan (formerly NDFC) (Note: 14.1 c)		25,894	25,894
Less: transferred to short term loan		(25,894)	(25,894)
		-	-

10.1 The borrowing is secured against hypothecation of stocks and lien on book debts and repayment guarantee of holding company.

The Company has settled its disputes with NBP and agreed to pay Rs. 27.345 million as full and final settlement of its outstanding dues as per compromise agreement dated April 30, 2002. This amount is repayable in six equal half yearly installments commencing after the expiry of eight months from the date of decree.

In the event of default in payment of any single instalment the entire outstanding amount shall become due and payable forthwith in lump sum. NBP has a right to recover the outstanding amount by sale of charged assets and properties of the company.

Out of balance settled amount of Rs. 27.345 million the company has paid only Rs.1.451 million instead of Rs. 2.279 million as required by the terms of agreement. Due to default in payment balance amount has been transferred to short term loan.

	NOTE	2014	2013
		(Rupees in thousand)	
11 DEFERRED LIABILITIES			
Deferred taxation		596	596
12 TRADE AND OTHER PAYABLES			
Trade creditors		4,068	4,068
Workers' profit participation fund		1,429	1,429
Others		2,132	2,132
		7,629	7,629
13 SHORT TERM LOAN			
From commercial bank -secured	10	25,894	25,894
From holding company	13.1	13,107	12,994
From associated company	13.1	7,505	7,505
From others -unsecured	13.2	3,685	3,685
		50,191	50,078

13.1 Loans obtained from holding company and associated company are interest free and payable on demand.

13.2 Represents loan obtained from Mr. Bilal A.Qureshi , advisor to the Board of directors of the holding company .The loan is interest free and payable on demand.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

a) The income tax assessments for the assessment years up to 2000-2001 have been completed and the total liability demanded for the assessment years 1994-95 to 1998-99 amounts to Rs.4.835 million. The company has filed an appeal before Commissioner of Income Tax Appeals (CIT) against the above demand. The Commissioner has set aside the order of Deputy Commissioner of Income Tax and directed reassessment of demand. In the event of adverse decision the company would be faced with additional liability of Rs.4.451 million and corresponding charge against profit amounting to Rs. 4.409 million (2013 4.409 million).

b) The liability for the amount due to Atta Cables (Pvt) Limited including unsecured loan relating to Ex-Management, has been recorded in the books at an amount of Rs.8.984 million as against the amount of Rs.18.998 million (2013: Rs.18.998 million) claimed by M/s Atta Cables (Private) Limited. The company does not acknowledge the excess amount of claim.

c) 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. Some payments has been made to the Bank while the remaining amount of Rs. 25,894 thousand is still payable. The execution proceedings in this case are now pending before the Banking Court No. III.

14.2 Commitments

There were no capital commitments as at the balance sheet date.(2013: Nil)

	NOTE	2014	2013
15 ADMINISTRATIVE EXPENSES		**(Rupees in thousand)**	
Audit fee		15	15
Fee & subscription		6	5
Rent, rate and taxes		21	21
Insurance expenses		71	70
		113	**111**

16 EARNINGS PER SHARE-BASIC AND DILUTED

	2014	2013
Net loss for the year after taxation	(113)	(111)
Weighted average number of ordinary shares	3,000	3,000
Loss per share - basic and diluted	**(0.04)**	**(0.04)**

17 PRODUCTION CAPACITY

The production capacity of the plant can not be determined as this depends on the relative proportions of the various types and sizes of products manufactured according to required specifications.

18 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

None of the Directors, Chief Executives are paid remuneration and any other allowances.

19 STAFF RETIREMENT BENEFITS

None of the staff retirement benefits is maintained by the Company.

20 TRANSACTIONS WITH HOLDING COMPANY AND ASSOCIATED COMPANIES

	2014	2013
Payment on behalf of the company made by holding company	**113**	**111**

All transactions with related parties have been carried out by the company at arm's length prices using the comparable uncontrolled price method.

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company has exposure to the following risks from its use of finances instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

21.1 Credit Risk

The management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arise principally from the trade debts, advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date is as follows:

	2014	2013
	(Rupees in thousand)	
Long term deposits	165	165
Advances	1,500	1.500
Other receivables	568	568
Bank balance	61	61
	2,294	2,294

Impairment losses

The aging of trade debtors at the balance sheet date was:

	2014		2013	
	Gross	Impairment	Gross	impairment
	(Rupees in thousand)			
More than one year	589	589	589	589
Total	589	589	589	589

Based on assessment conducted of individual customers, the management believes that receivable falling within the age bracket of up to one year does not require any impairment provision other than to the extent determined above.

21.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	(Rupees in thousand)				
	Carrying amount	Total	Contractual cash flows		
			On demand	Upto one year	More than one year
Trade and other payables	7,629	7,629	-	(7,629)	-
Short term borrowings	50,191	50,191	(24,297)	(25,894)	-
June 30,2014	**57,820**	**57,820**	**(24,297)**	**(33,523)**	-
Trade and other payables	7,629	7,629	-	(7,629)	-
Short term borrowings	50,078	50,078	(24,069)	(25,894)	-
June 30,2012	**57,707**	**57,707**	**(24,069)**	**(33,523)**	-

21.3 **Market risk**

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

Interest rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2014	2013	2014	2013
Financial liabilities	Effective interest rate (%)		Carrying amount(Rs.'000')	
Short term loans	Non-interest bearing		50,191	50,078

Sensitivity analysis

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value. Change of 100 basis points in interest rate would not have effect the profit and loss.

Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

22 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2014, the shareholders' equity amounts to Rs. 32.363 million (2013: Rs. 32.250 million).

23 NUMBER OF EMPLOYEES

The total number of employees as at the June 30, 2014 were NIL (2013: NIL).

24 DATE OF AUTHORIZATION

These financial statements were authorised for issue on __________________ by the Board of Directors of the company.

25 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Nabeel Sadiq
Chief Executive

Shehryar Saeed
Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED

JUNE 30, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips EMO Pakistan (Private) Limited ("the Company") as at June 30, 2014; and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit except as discussed in para (a) to (d) below.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984.

Except for matters discussed in paragraphs (a) to (d) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis to disclaim our opinion and after due verification, we report that;

(a) the Company has not maintained certain customary accounting records and supporting documents relating to transactions with its customers and suppliers, particularly with respect to receivables, payables and bank balances. Further, in the absence of information regarding realizable value of several balances under advances and deposits aggregating to Rs. 0.143 million we have not been able to confirm that the amount would be realized at carrying values. Moreover, due to lack of customary accounting records and supporting documents we were unable to verify Company's liability aggregating to Rs. 0.547 million. Accordingly, it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

(b) as discussed in Note 1.2 to the financial statements, the accumulated losses of the company as at June 30, 2014 stand at Rs. 4.314 million (2013: Rs. 4.282 million) resulting in a negative equity of Rs. 3.314 million (2013: Rs. 3.282 million) and as at that date its current liabilities are in excess of its current assets by Rs. 3.314 million (2013: Rs. 3.282 million). These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on the Company's ability to continue as a going concern.

Contd..Page..2

(c) in the absence of information regarding the latest positions of income tax assessments of the Company, we are unable to ascertain the possible effects of contingencies or other financial effects, if any, on these financial statements that may arise due to the decision against appeals filed by the Company with income tax authorities. We are unable to report on matters of contingencies as disclosed in Note 8 to these Financial Statements.

(d) in the absence of information regarding current status of taxation, the amount of deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax assets is recognized in the balance sheet, we are unable to ascertain the possible effect of deferred tax on these financial statements.

(e) due to the significance of the matters discussed above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above.

(f) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi:
Dated:

Naveed Zafar Ashfaq Jaffery & Co
Chartered Accountants
Engagement Partner: Ahsan Elahi Vohra

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
BALANCE SHEET
AS AT June 30, 2014

	Note	2014	2013
		(Rupees in Thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	3	-	-
CURRENT ASSETS			
Advance income tax		58	58
Deposits	4	85	85
		143	143
TOTAL ASSETS		143	143
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised capital			
1,000,000 ordinary shares of Rs. 10 each		10,000	10,000
Issued, subscribed and paid-up capital	5	1,000	1,000
Accumulated loss		(4,314)	(4,282)
		(3,314)	(3,282)
CURRENT LIABILITIES			
Trade and others payables	6	156	156
Temporary overdraft		391	391
Short term advances	7	2,896	2,864
Provision for taxation		14	14
		3,457	3,425
Contingencies and commitments	8		
TOTAL EQUITY AND LIABILITIES		143	143

The annexed notes 1 to 18 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in Thousand)	
Administrative expenses	9	32	30
Operating loss		(32)	(30)
Provision for taxation		-	-
Net loss after taxation		(32)	(30)
Earnings per share- basic and diluted	10	(0.32)	(0.30)

The annexed notes 1 to 18 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in thousand)	
Net loss after taxation		(32)	(30)
Other comprehensive income		-	-
Total comprehensive income		(32)	(30)

The annexed notes 1 to 18 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		(Rupees in Thousand)	
Loss before taxation		(32)	(30)
Adjustment for non-cash charges and other items:		-	-
Loss before working capital changes		**(32)**	**(30)**
Working capital changes		-	-
Net cash (used) from operating activities		(32)	(30)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term advances		32	30
Increase /(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		(391)	(391)
Cash and cash equivalents at the end of the year		(391)	(391)

The annexed notes 1 to 18 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up capital	Revenue reserve (Accumulated loss)	Total
	---------------Rupees in thousand-----------		
Balance as at June 30, 2012	1,000	(4,252)	(3,252)
Loss for the year	-	(30)	(30)
Balance as at June 30,2013	1,000	(4,282)	(3,282)
Loss for the year	-	(32)	(32)
Balance as at June 30, 2014	**1,000**	**(4,314)**	**(3,314)**

The annexed notes 1 to 18 form an integral part of these financial statements.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

1 NATURE AND STATUS OF BUSINESS

1.1 The Company was incorporated on March 22, 1993 in Pakistan under the Companies Ordinance, 1984 as a private limited company. The registered office of the Company is situated at C-10 South Avenue, SITE, Karachi. The principal activity of the Company is to participate in turnkey engineering industrial projects. At present, the company is dormant.

1.2 The accumulated losses of the company as at June 30 2014 stand at Rs. 4.314 million (2013: Rs. 4.282 million) resulting in a negative equity of Rs. 3.314 million (2013: Rs. 3.282 million) and as at that date, the current liabilities of the company exceeds the current assets by Rs. 3.314 million (2013: Rs. 3.282 million). These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on company's ability to continue as a going concern.

The ability of the company to continue as a going concern is dependent on the ability of the management to negotiate profitable contracts.

The management is making efforts but anticipate that they may not succeed in procuring contracts at desired level of profitability in the foreseeable future because of adverse economic conditions of the industry in general and utility companies in particulars. During the current year , the management of the company was unable to procure any contract , therefore, contract income and related cost are appearing as nil.

However, these accounts are prepared on going concern basis and, therefore, do not include any adjustments relating to the recoverability and classification of recorded assets amounts and classification of liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or directives issued by the Security and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP shall prevail.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention.

2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

2.3.1 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

'- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements except for certain additional disclosures.

'- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial Statements.

'- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

'- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

'- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

'- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

'- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

2.3.2 Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

'- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

'- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

'- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities

'- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. .

'- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

2.4 Critical Accounting estimates and judgments

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements are as follows.

i) Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

ii) Taxation

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 2.8 to these financial

2.5 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

2.6 Creditors, accrued and Other liabilities

Liabilities for trade and other amount payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether not billed to the company.

2.7 Provisions

Provisions are recognized when the company's resources has a present legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.8 Taxation

Current

Provision of current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years, arising from assessment framed during the year, for such years.

Deferred

The Company accounts for deferred taxation for all material timing differences. The amount is computed using the liability method. Debit balances on account of deferred taxation are recognized only if there is reasonable certainty for realization.

2.9 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation .

Depreciation on assets is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions and disposal of assets during the year is charged from the month of acquisition to the month of disposal.

Maintenance and normal repair are charged to income as and when incurred.

Major renewals are capitalized and the assets so replaced, if any, are retired.

Profit and loss on disposal of assets is included in income as and when incurred.

2.10 Trade debts, loans, advances, deposits, prepayments and other receivables

Trade debts, loans, advances, deposits, prepayments and other receivables are stated at cost. Provision is made against those considered doubtful by the management, whereas, those considered irrecoverable are written off.

2.11 Foreseeable losses on orders in hand

Provision is made for all known or expected losses at completion on orders in hand.

2.12 Transaction with related parties

The Company enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

2.13 Impairment losses

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

2.14 Revenue Recognition

Contract income is recognized as and when billed to customers in accordance with terms of the contracts for supply of service and material.

2.15 Borrowing cost

Borrowing cost and other related cost directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that takes a necessarily substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.16 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and balances with banks.

2.17 Financial instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

2.18 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.19 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark up to the extent of the amount remaining unpaid.

3 PROPERTY, PLANT AND EQUIPMENT

	COST				ACCUMULATED DEPRECIATION			W.D.V
DESCRIPTION	As at July 1, 2013	Addition/ Disposal	As at June 30, 2014	Rate %	As at July 1, 2013	For the year	As at June 30, 2014	as on June 30, 2014
	............(Rupees in Thousand).............				............(Rupees in Thousand).............			Rs. in 000's
Owned								
Office equipment	110	-	110	20	110	-	110	-
Furniture and fixture	73	-	73	10	73	-	73	-
Vehicle	3	-	3	20	3	-	3	-
2014	186	-	186		186	-	186	-
2013	186	-	186		186		186	-

4 DEPOSITS

	2014	2013
Unsecured-Considered good		
Deposits	85	85

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

100,000 Ordinary shares of Rs. 10/- each fully paid in cash	1,000	1,000

51,000 (2013: 51,000) ordinary shares of the company representing 51% (2013: 51%) of the issued, subscribed and paid up capital are held by the holding company, Johnson and Phillips (Pakistan) Limited.

6 TRADE AND OTHER PAYABLES

Creditors for services	132	132
Accrued expenses	4	4
Other	5	5
Audit fee payable	15	15
	156	156

SHORT TERM ADVANCES

Unsecured		
Holding Company	2,896	2,864

The above advance is unsecured and interest free. The maximum amount outstanding at the end of any month during the year was Rs. 2.897 million. (2013: Rs. 2.863 million).

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

Taxation

The income tax assessments for the assessment year upto 2000-2001 have been completed and the total liability demanded for the assessment years 1996-97 to 1999-2000 amounts to Rs. 0.226 million which the Company is disputing in appeal before tax authorities. In the event of adverse decision in the appeals the Company would be faced with additional liability of Rs. 0.053 million and corresponding charge against profit amounting to Rs. 0.133 million (2013: Rs. 0.133 million).

8.2 The company is contingently liable in respect of professional fee payable to M/s Ebrahim & Company, Chartered Accountants amounting to Rs.59,550 (2013: Rs.59,550)

8.3 Commitments

There was no capital commitments as at the balance sheet date.

	2014	2013
	....(Rupees in Thousand)....	
9 ADMINISTRATIVE EXPENSES		
Rent, rate and taxes	11	11
Fee subscription	6	5
Auditors' remuneration	15	14
	32	30
10 EARNINGS/ (LOSS) PER SHARE - BASIC AND DILUTED		
Loss for the year after taxation	(32)	(30)
Weighted average number of ordinary shares (Number)	100,000	100,000
Earnings per share - basic and diluted	(0.32)	(0.30)

11 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

None of the Directors, Chief Executive and Executive are paid remuneration and any other allowances

12 STAFF RETIREMENT BENEFITS

None of the staff retirement benefits is maintained by the company

13 TRANSACTIONS WITH HOLDING COMPANY ANDASSOCIATED COMPANIES

Payment on behalf of the company made by holding company	32	30

All transactions with related parties have been carried out by the company at arm's length prices using the comparable uncontrolled price method.

14 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company has exposure to the following risks from its use of finances instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

14.1 Credit Risk

The management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arise principally from the trade debts, advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date is as follows:

	2014	2013
	(Rupees in thousand)	
Short term deposits	85	85

14.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Total	Contractual cash flows		
			On demand	Upto one year	More than one year
Trade and other payables	156	156	-	(156)	-
Temporary overdraft	391	391	-	(391)	-
Short term advances	2,896	2,896	-	(2,896)	-
June 30,2014	**3,443**	**3,443**		**(3,443)**	-
Trade and other payables	156	156	-	(156)	-
Temporary overdraft	391	391	-	(391)	-
Short term advances	2,863	2,863	-	(2,863)	-
June 30,2013	**3,410**	**3,410**		**(3,410)**	-

14.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

Interest rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2014	2013		2014	2013
	Effective interest rate (%)			Carrying amount(Rs.'000')	
Financial liabilities					
Temporary overdraft	Non-interest bearing			391	391
Short term advances	Non-interest bearing			2,863	2,863

Sensitivity analysis

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

14.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

15 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2014, the shareholders' equity amounts to Rupees 3.314 million (2013 Rupees 3.282 million).

16 NUMBER OF EMPLOYEES

The total number of employees as at the June 30, 2014 were NIL (2013: NIL).

17 DATE OF AUTHORIZATION

These financial statements were authorised for issue on ____________________ by the Board of Directors of the company.

18 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Shehryar Saeed
Chief Executive

Nabeel Sadiq
Director

FORM OF PROXY

I/WE ____

of ____

a member of JOHNSON & PHILLIPS (PAKISTAN) LTD

hereby appoint ____

of ____

or failing him ____

Who is/are also member/s of Johnson & Phillips (Pakistan) Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on October 31, 2014 and at any adjourned thereof.

Signed this ____________________ day of ______________ 2014

Folio No	CDC Participant ID No.	CDC Account / Sub Account No	No of Shares Held

Witness 1

Signature ____________________
Name ____________________
NIC No ____________________
Address ____________________

Witness 2

Signature ____________________
Name ____________________
NIC No ____________________
Address ____________________

Notes :

1. The proxy must be a member of the company.

2. The signature must tally with the specimen signature/s registered with the Company

3. If a proxy is granted by a member who has deposited his/her share in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub account number along with photocopies of National identity Card or Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.

4. The instrument of proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

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