JOHNSON & PHILLIIPS (PAKISTAN) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018

CONTENTS

COMPANY INFORMATION

Board of Directors

	Mr. Salman Ganny	Chairman
	Ms.Mariam Shafi	Director
	Mr.Muhammad Tariq Anjum	Director
	Mr.Mohammad Azhar ul Islam	Director
	Mr.Abid Saeed Khan	Director
	Mr.Syed Jamshed Zaidi	Director
	Mr.Shehryar Saeed	Director/CEO

Board of Audit Committee

	Mr.Abid Saeed Khan	Chairman
	Mr.Muhammad Tariq Anjum	Member
	Ms.Mariam Shafi	Member

Board of HR Committee

	Ms.Mariam Shafi	Chairman
	Mr.Muhammad Tariq Anjum	Member
	Mr.Syed Jamshed Zaidi	Member
	Mr.Shehryar Saeed	Member

Company Secretary & Chief Financial Officer(CFO) — Mr.Tariq Ahmed

Internal Auditor — Mr. Tariq Ilyas

Legal Advisor
LMA EBRAHIM HOSAIN
Barristers, Advocates,& Corporate Legal Consultants,
156 - 1, Scotch Corner, Upper Mall, Lahore

Auditors
M/s. Nazir Chaudhri & Co.
Chartered Accountants
4-Karachi Chambers, Hasrat Mohani Road,
P.O.Box.No.5061, Karachi - 74000

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

Bankers
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

CODE OF CONDUCT

OBJECTIVE

The objective of Johnson & Phillips (Pakistan) Limited is to engage efficiently, responsibly and profitabily in the manufacturing, installation and sale of electrical equipments. J&P provide maintenance services to make investments in real

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.

EMPLOYEE

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.**

BUSINESS RESOURCES

The Company safeguard its resources and does not allow the use of confidential information (manual or electronic) for personal gain.
Does not allow use of 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.

WHISTLE BLOWING POICY

J&P is committed to the highest possible standards of openness, probity and accountability. In line with this commitment, J&P

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 / premises.

QUALITY ASSURANCE

The Company is 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.

Johnson & Phillips (Pakistan) Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 57th Annual General Meeting of Johnson & Phillips (Pakistan) Limited will be held on Thursday, October 25, 2018 at the registered office of the company at C-10, south avenue SITE, Karachi at 06:15 PM to transact the following businesses:-

ORDINARY BUSINESS:

1- To confirm the minutes of the Extra Ordinary General Meeting held on April 26, 2018.
2- To receive, consider and adopt Annual Audited Financial Statements of the Company together with the Directors' and Auditors' reports thereon for the year ended June 30, 2018 together with the Audited Consolidated Financial Statements of the Company and the Directors' and Auditors' Report thereon for the year ended June 30, 2018.
3- To appoint Auditors' of the Company for the financial year ending June 30, 2019 and to fix their remuneration. The Board of Directors, on the recommendation of the Audit Committee of the Company, has proposed the name of retiring auditors M/s Nazir Chaudhri & Company, Chartered Accountants, for their appointment as external auditors for the year ending June 30, 2019.

ANY OTHER BUSINESS:
4- To transact any other business with the permission of the chair.

Date: October 04, 2018
Place: Karachi

By Order of the Board
Tariq Ahmed
Company Secretary

Notes:
1. The Share Transfer Books of the Company will remain closed from October 18, 2018 to October 25, 2018 (both days inclusive). Transfer received at the registered office of the company / by our Share Registrar, C & K Management Associates (Pvt) Limited, 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi -75530 by the close of business on October 17, 2018 will be treated in time for this purpose.
2. Appointment of Proxies and Attending AGM:
i) A member eligible to attend and vote at the Meeting may appoint another member as his/her proxy to attend, and vote instead of him/her.
ii) A blank instrument of proxy applicable for the meeting is being provided with the notice sent to members. Further copies of the instrument of proxy may be obtained from the registered office of the Company during normal office hours.
iii) A duly completed instrument of proxy and the power of attorney or other authority (if any), under which it is signed or a notarized certified copy of such power or authority must, to be valid, be deposited at the registered office not less than 48 hours before the time of the meeting. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.
iv) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted with proxy form.
v) The owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport (in case of foreign nationals) for identification purpose at the time of attending the meeting.
3. Members are requested to notify any changes in their addresses immediately to the Share Registrar M/s C & K Management Associates (Pvt) Limited.
4. Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number are requested to send the same, at the earliest, directly to the Company's Share Registrar.
5. The Annual Report of the Company for the year ended June 30, 2018 has been placed on the Company's website at the link: http://www.johnsonphillips.pk/Annual_Financial_Reports.html
6. The Annual Report of the Company for the year ended June 30, 2018 is being dispatched to the shareholders through CD. However, if any shareholder, in addition, desires to get the hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven working days of receipt of such request. Standard request FORM is available for the purpose on Company's website.
7. Video Conference Facility will be provided to members who hold at least 10% or more shareholding, enabling them to participate in the AGM. They will be entertained subject to availability of such facility in that city and receipt of the Consent Form 7 days before holding of General Meeting. Consent FORM is available for the purpose on Company's website.

جانسن اور فلپس (پاکستان) لمیٹڈ

عام جنرل کی میٹنگ کا نوٹس

نوٹس یہ ہے کہ جانسن اور فلپس (پاکستان) لمیٹڈ کی 57 ویں سالانہ جنرل میٹنگ کو جمعرات، 25 اکتوبر 2018 کو سی -10، جنوبی ایونیو سائٹ، کراچی میں کراچی کے رجسٹرڈ دفتر میں منعقد کیا جائے گا. مندرجہ ذیل کاروباروں کو منتقل کرنے کے لئے: -

بنیادی کاروبار:

1- اپریل، 2018 کو منعقد ہونے والے اضافی عام اجلاس کے منٹوں کی تصدیق کرنے کے لئے.
2- کمپنی کے سالانہ آڈٹ شدہ مالیاتی بیانات کو ملنے، غور اور غور کرنے کے لئے 30 جون، 2018 کے اختتامی سالوں کے ساتھ ڈائریکٹروں اور اڈوں کی رپورٹوں کے ساتھ ساتھ کمپنی کے آڈٹ شدہ مجموعی مالی بیانات اور ڈائریکٹروں اور اڈوں کے ساتھ ساتھ ' 30 جون، 2018 تک ختم ہونے والے سال کے لئے رپورٹ کریں.
3- مالیاتی سال کے لئے 30 جون، 2019 کو ختم کرنے اور ان کے معاوضہ کو ٹھیک کرنے کے لئے کمپنی کے آڈیٹروں کو مقرر کرنے کے لئے. کمپنی کے آڈٹ کمیشن کی سفارش پر، بورڈ آف ڈائریکٹرز نے 30 جون، 2019 تک ختم ہونے والی سال کے لئے بیرونی آڈیٹروں کے طور پر ان کی تقرری کے لئے ریٹائرڈ آڈیٹر ایم نذیر چوہدری اور کمپنی چارٹرڈ اکاؤنٹنٹس کا نام پیش کیا ہے.

کوئی اور کاروبار:

4- کرسی کی اجازت کے ساتھ کسی اور کاروبار کو منتقل کرنے کے لئے.

تاریخ: 04 اکتوبر، 2018
جگہ: کراچی

بورڈ کے حکم سے
طارق احمد
کمپنی کا منشی

نوٹ:

1. کمپنی کا حصہ ٹرانسفر کتابیں اکتوبر 18، 2018سے 25 اکتوبر، 2018 تک جاری رہیں گے (دونوں دن شامل ہیں). 17 اکتوبر کو کاروباری قریبی طرف سے کمپنی کے رجسٹرڈ آفس / ہمارے حصص کے رجسٹرار، سی او کے مینجمنٹ ایسوسی ایٹس (پی وی ٹی) لمیٹڈ، 404، ٹریڈ ٹاور، عبد اللہ ہارون روڈ، میٹروپولول ہوٹل کے قریب، کراچی -75530 کے ذریعے موصول ہونے والی منتقلی کو منتقلی. اس مقصد کے لئے 2018 کا علاج کیا جائے گا.
2. پراکسیوں کی تقرری اور سالانہ جنرل میٹنگ میں شرکت:
i) ایک رکن میں شرکت کرنے اور ووٹ دینے کے قابل ہونے کے قابل ہو سکتا ہے کسی دوسرے رکن کی حیثیت سے اس کے پراکسی کے طور پر شرکت کی جائے اور اس کے بدلے ووٹ ڈال سکے.
ii) اجلاس کے لئے پراکسی قابل اطلاق کا ایک خالی ذریعہ اراکین کو بھیج دیا گیا نوٹس کے ساتھ فراہم کی جا رہی ہے. پراکسی کے آلے کی مزید کاپیاں عام دفتر کے گھنٹوں کے دوران کمپنی کے رجسٹرڈ دفتر سے حاصل کی جا سکتی ہیں.
iii) پراکسی کی مکمل طور پر مکمل آلہ اور اٹارنی یا دیگر اتھارٹی (اگر کوئی ہے)، جس کے تحت یہ دستخط کیا جاتا ہے یا اس طرح کے اقتدار یا اتھارٹی کا ایک سندھ تصدیق شدہ کاپی ہونا لازمی ہے، رجسٹرڈ دفتر میں جمع نہیں ہونا چاہئے میٹنگ کے وقت 48 گھنٹوں سے پہلے. درست قومی شناختی کارڈ یا رکن کے پاسپورٹ اور پراکسی کے پاس کردہ کاپیاں پیش کی جائیں گی پراکسی فارم کے ساتھ.
iv) کارپوریٹ ادارے کی صورت میں، نمونہ دستخط کے ساتھ اٹارنی کے ڈائریکٹرز کے اعلامیہ / پاور بورڈ پراکسی فارم کے ساتھ پیش کی جائے گی.
v) جسمانی حصص اور سینٹرل ڈیپارٹمنٹ کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) کے نام میں رجسٹرڈ حصص کے مالکان اور ان کی پراکسیوں کو ان کی اصل کمپیوٹرڈائزڈ نیشنل شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی پیداوار کرنے کی ضرورت ہے. غیر ملکی شہریوں) اجلاس میں شرکت کے وقت شناخت کے مقصد کے لئے.
3. ممبران سے درخواست کی جاتی ہے کہ فوری طور پر حصص رجسٹرار ایم اینڈ سی کے مینجمنٹ ایسوسی ایٹس (پی وی ٹی) لمیٹڈ کو اپنے پتے میں کسی بھی تبدیلی کو مطلع کریں.
4. ممبران، جنہوں نے ابھی تک فولیو نمبر کے ساتھ ساتھ ان کے درست سی این آئی سی کے مطلوب فوٹوپوپی کو بھی پیش نہیں کیا ہے، وہ سب سے جلد، براہ راست کمپنی کے حصول رجسٹرار کو بھیجنے کے لئے درخواست کی جاتی ہیں.
5. 30 جون، 2018 کو ختم ہونے والی سال کے لئے کمپنی کی سالانہ رپورٹ کو کمپنی کی ویب سائٹ پر لنک پر دیا گیا ہے:
http://www.johnsonphillips.pk/Annual_Financial_Reports.html

6. 30 جون، 2018 کو ختم ہونے والی سال کے لئے کمپنی کی سالانہ رپورٹ شیئر ہولڈروں کو سی ڈی کے ذریعہ بھیج دیا جارہا ہے. تاہم، اگر کسی بھی شریک کارکن کے علاوہ، سالانہ آڈیٹ کردہ مالی بیانات کی سخت کاپی حاصل کرنے کے خواہاں ہیں، تو اس طرح کی درخواست کی وصولی کے سات کاروباری دنوں کے اندر ہی اسی طرح مفت کی لاگت کی جائے گی. فارم شدہ درخواست فارم کمپنی کی ویب سائٹ پر اس مقصد کیلئے دستیاب ہے.

7. ویڈیو کنفرنس کی سہولت فراہم کرنے والے ارکان کو کم از کم 10٪ یا اس سے زیادہ حصص رکھنے کے لئے فراہم کیا جائے گا، انہیں سالانہ جنرل میٹنگ میں حصہ لینے کے قابل بنانے میں مدد ملے گی. وہ اس شہر میں اس سہولیات کی دستیابی کے تابع ہوں گے اور جنرل میٹنگ کے قیام 7 دن قبل رضامندانہ فارم کی وصولی. رضامندي برائے فارم کمپنی کی ویب سائٹ پر اس مقصد کے لئے دستیاب ہے.

JOHNSON & PHILLIPS PAKISTAN LIMITED
SIX YEARS FINANCIAL REVIEW

Rupees in '000'

		2018	2017	2016	2015	2014	2013
			(Restate)	(Restate)	(Restate)	(Restate)	(Restate)
Sales		6,312	22,924	35,448	39,230	103,813	103,179
Gross Profit / (Loss)		(18,333)	(36,545)	(10,896)	(21,116)	10,738	12,047
Profit / Loss before Taxation		(49,804)	(71,365)	(53,680)	(58,231)	(32,060)	(6,970)
Profit / Loss After Taxation		(49,166)	(70,503)	(52,857)	(56,814)	(31,739)	(39,216)
Fixed Assets (Net)		14,194	175,318	184,009	192,820	201,630	210,048
Total Assets		517,079	216,143	260,433	275,799	344,887	404,121
Total Liabiliteis		517,079	216,143	260,433	222,241	233,538	262,055
Current Assets		30,168	39,885	75,484	82,039	142,317	193,133
Current Liabilities		186,333	177,809	163,781	129,727	144,602	170,495
Liquidity							
Current Ratio		0.16	0.22	0.46	0.63	0.98	1.13
Quick Ratio		0.15	0.15	0.20	0.28	0.53	0.51
Profitability							
Gross Profit Ratio	%	-290.45%	-159.42%	-30.74%	-53.83%	10.34%	11.68%
Net Profit Ratio	%	-778.93%	-307.55%	-149.11%	-144.82%	-30.57%	-38.01%
Assets Utilization							
Inventory Turnover Ratio		0.80	0.81	0.81	0.71	1.21	0.91
Total Assets Turnover Ratio		0.01	0.11	0.14	0.14	0.30	0.26
Debtor Turnover Ratio		5.86	5.38	4.61	1.33	2.26	2.68
Creditor Turnover Ratio		0.03	0.11	0.22	0.19	0.24	0.35
Investment							
Earning Per Share		(9.02)	(12.94)	(9.70)	(10.61)	(5.82)	(7.20)
Market Value Per Share		63.25	29.99	20.39	20.60	25.18	10.31
P.E.Ratio		(7.01)	(2.32)	(2.10)	(1.94)	(4.33)	(1.43)
Market Capitalization (Mn)		344,649	163,416	111,105	112,249	137,206	56,179
Employee As Remuneration		13,561	19,551	17,318	17,357	15,799	22,556
Production							
Transformers (Nos)		4	11	13	12	30	32
Switch Gear Panels (Nos)		1	5	17	97	30	31

CHAIRMAN'S REVIEW

I present to you the 57th Annual Report of the performance of the company for the year ended June 30, 2018.

This year our sales have further declined, impacting our bottom line. The Land, Building and Plant & Machinery have been revalued by incorporating surplus on revaluation of fixed assets in the financial statements and accordingly restating the prior years' numbers.

The management will implement a new business plan after the sale of its Land and Building. The five years Business Revival Plan / Strategy and Execution includes continued activity in an area related to the core business of the company – i.e. in the electrical equipment industry. In this regard a new setup for Engineering, Repair and Maintenance Services is to be established. For this purpose, the company will be able to put to use its existing Plant & Machinery and Testing equipment. In addition to this, the company will be exploring new businesses in the Indenting and trading sector. This will provide the Company with sufficient capital to clear major current trade liabilities and generate enough funds for the relocation and setup of the new plant in a new location. It will benefit the Company and its shareholders. This is in the process of being finalized.

The management is aware of the challenges and continues its efforts to secure proper finance that will be required for this. The new Government if it commits to its plan to bring the Country out of the energy crisis then this will give rise to exports and provide ample opportunity for sales growth of the electrical equipments.

The year 2017 - 2018 depicted a positive trend for Pakistan with improvement in the security environment, low inflation and expected investment from China in the Country – (CPEC). The inflation is continuing on its downward trajectory. State Bank of Pakistan has reduced the interest rate which will give a boost to the investment climate. However, fundamental reforms will be needed to fully overcome Pakistan's chronic energy crisis, the Government still faces challenges in narrowing the fiscal deficit and building sustainable foreign currency inflows.

The SECP is continuously implementing regulatory changes to further regulate the industry.

The management has also started to focus on restructuring plan and changed its strategy, which when implemented will give positive results.

I would like to thank company's valued customers, suppliers and shareholders for their continued trust and appreciate the efforts of all employees for working in difficult conditions.

For and on behalf of the Board of Directors

Salman Ganny
Chairman

Karachi: October 01, 2018

DIRECTORS' REPORT

The Directors' of your Company are pleased to present the 57th Annual Report together with the Audited Financial statements for the year ended June 30, 2018 and Auditors' Report thereon.

Financial Highlights

The comparative financial highlights of your Company for the year ended June 30, 2018 and June 30, 2017are as follows:

	2018	2017
	……Rupees in '000…….	
(Loss) for the year before taxation	(49,804)	(71,365)
Out of which the Directors have accounted For taxation – current	638	862
Disposable (loss) for appropriation	(49,166)	(70,503)
Accumulated (Losses) brought forward	(341,866)	(279,054)
Adjustment for: Incremental depreciation on revalued assets	5,941	6,834
Other Comprehensive Profit/(Loss)	208	857
Accumulated losses carried over to Balance Sheet	(384,883)	(341,866)

In view of the losses and need of the liquid funds for working capital, the Directors have not recommended any dividend to the Share holders for the year ended June 30, 2018.

Earnings per Share

Earnings per share for the year ended June 30, 2018 is Rs. (9.02) [June 30, 2017 Rs. (12.94)].

Material Changes

There has been no material change since June 30, 2018 and the Company has not entered into any commitments which would affect its financial position on that date.

Performance Review

The Sales -net for the year was Rs.6.3M as compared to Rs.22.9M for the corresponding period of last year. The cost of sales for the year was 24.6M as compared to Rs.59.4M. This was mainly due to lower sales made during the year.

The Gross loss of the Company was Rs. (18.3M) against a loss of Rs. (36.5M) in the corresponding period of last year. This is mainly due to lower sales. The Company's Distribution cost, Administrative expenses and finance cost during the year ended June 30, 2018 was Rs.34.5M as against Rs.34.8M in the corresponding period of previous year. The Company is in the process of reorganizing its activities.

A loss after tax of Rs.49.16M was reported for the year ended June 30, 2018 compared to a loss after tax of Rs.70.5M in the corresponding period. Management of your Company is making concerted efforts and continues to endeavor to achieve improved performance in the future.

As per decision of the Board in this financial year the Land, Building and Plant & Machinery have been revalued. The revalued amount has been taken from the Report issued by the value M/S Joseph Lobo (Pvt) Limited in their report dated January 13, 2018 by incorporating surplus on revaluation of fixed assets in the financial statements and accordingly restating the prior years' numbers.

Human Resource developments

We invest in cultivating and motivating our employees and train them to face market challenges effectively. We provide necessary on job training to employees so that they acquire knowledge and skills needed to accomplish their tasks efficiently. Department Heads impart training to employees / officers.

Corporate Social Responsibility

J&P is fully committed to play its role as a responsible corporate citizen and fulfills its responsibility through energy conservation, environment protection and occupational safety and health through restricting unnecessary usage of artificial lighting, implementing tobacco control law and “No Smoking Zone”, and providing a safe and healthy work environment. During the year the company supported community by distributing the poor people sadaqa. The company is running/ maintaining a Masjid for the convenience of the people living & working near our office premises.

The Company contributed Rs.3.58 Million to the National Exchequer during the year in the form of direct and indirect taxes and other mandatory contributions.

External Audit

The auditors M/s. Nazir Chaudhri& Co. Chartered Accountants retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board on the recommendation of the Audit Committee has proposed their re-appointment.

The Auditors emphasized on the going concern issue in their Auditor’s Report. **Referred in note 1.2.**

Internal Audit

The Company’s Board closely follows the activities of the Internal Audit Department as a service to all levels of Management. The main objective of the independent Internal Audit Department is to provide reasonable assurance to the Board and Management that the existing systems of internal control are adequate and operating satisfactorily. As an Internal Audit Department adds value to the Company’s operations, makes suggestions and recommendations for improved operational performance.

Statement of Corporate and Financial Reporting Framework

The corporate laws, rules and regulations framed there under spell out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and adopted by the Stock Exchanges for all listed companies, and is pleased to certify that:

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

2. The Company has maintained proper books of accounts as required under the Companies Act, 2017.

3. The Company has followed consistently appropriate accounting policies in preparation of the financial statements. Changes wherever made, have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgment

4. International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Pakistan have been followed in preparation of financial statements and any departure there from, if any, has been adequately disclosed.

5. The system of internal control is sound in design and has been effectively implemented and monitored. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve objectives, and by its nature can provide only reasonable, and not absolute, assurance against material misstatement or loss. The process used by the Board to review the effectiveness of the system of internal control includes, inter-alia, the following:

    - A Board Audit Committee (BAC) is in place. It reviews the approach adopted by the Company’s internal audit department and the scope of and the relationship with, the external auditors. It also receives reports from the internal audit department and the external auditors on the system of internal control and any material weaknesses that have been identified. Further, the BAC discusses the actions to be taken in areas of concern with the relevant executives. The BAC consists of three members. The Chairman of the BAC is an independent director and all the other members of the BAC are independent directors. During the year 2018,four meetings of BAC were held with one in each quarter and attendance was as follows:

Name of member	No. of meetings attended
Mr. Abid Saeed Khan (Chairman)	4
Mr. Muhammad Azharul Islam	3
Mr. Muhammad Tariq Anjum	1
Ms.Marium Shafi	1

Leave of absence was granted to the members unable to attend the meeting.

- An organizational structure has been established, which supports clear lines of communication and tiered levels of authority with delegation of responsibility and accountability.

- There is an annual budgeting and strategic planning process. Financial forecasts are prepared and these strategies are reviewed during the year to reflect significant changes in the business environment.

6. There is no doubt upon the Company's ability to continue as a going concern.

7. The Directors of your Company feel that preservation of capital for future growth is very important, therefore no dividend is declared for the current year.

8. The Company has followed the best practices of the Code of Corporate Governance and there is no material departure there from.

9. Key operating and financial data for last six years is annexed with the report.

10. The value of investments including accrued income of provident fund on the basis of audited financial statements as at December 31, 2017 is Rs.4.7M(December 31, 2016: audited amount Rs. 5.8M).

11. The related parties' transactions are approved or ratified by the Board Audit Committee and the Board of Directors.

12. All major decisions relating to the investments / disinvestments, changes in the policies are taken by the Investment Committee / Board of directors.

13. Decisions regarding appointment of CEO, CFO & Company Secretary and Head of Internal Audit, and fixing or changing of remuneration are taken and approved by the Board.

14. Outstanding taxes and duties are given in the financial statements.

Board of Directors

Role of Chairman

The Chairman leads the Board of Directors, represents the Group and acts as an overall custodian of the Group on behalf of the Board and the stakeholders. Responsible for ensuring the Board's effectiveness, he empowers the Board as a whole to play a full and constructive role in the development and determination of the Company's strategy and overall objectives.

Role of Chief Executive Officer (CEO / MD)

CEO / MD is responsible for execution of the Company's long term strategy with a view to creating shareholders value. The CEO / MD takes all day to day decisions to accomplish Company's short and long term objectives / plan. He acts as a direct liaison between the Board and the Company management. He also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public. CEO / MD acts as a director, decision maker and leader. The communicator role involves interaction with the outside world, as well as the Organization's management and employees; the decision making role involves high level decisions about Policy and Strategy. As leader of the Company, he motivates employees and inculcates requisite enthusiasm and spirit in them.

CEO / MD's performance is monitored and evaluated by the Board against the job description set by the Board.

Composition of the Board

Total number of Directors:
Male: 6 and Female: 1
The Board of Directors comprises of seven members, two Non-Executive Directors, four independent Directors and one Executive Director (MD & Chief Executive Officer).
During the year under review five meetings were held and attended as follows:

Name	No. of meetings eligible to attend during the tenure	No. of meetings attended
Mr. Salman Ganny(Chairman)	5	5
Mr. Shehryar Saeed (MD & Chief Executive Officer)	5	5
Ms. Marium Shafi	5	2
Mr. Muhammad Tariq Anjum	5	1
Mr. Muhammad Azharul Islam	5	4
Mr. Abid Saeed Khan	5	4
Mr. Syed Jamshed Zaidi	5	5

During the year no casual vacancy occurred.

Leave of absence was granted to the directors unable to attend the meeting.

Board of Directors' Remuneration

All Directors of the Company are independent and Non-Executive Directors except the CEO / MD. The Directors are paid remuneration for attending the Board / Committee meetings, as per approved policy.

Performance Evaluation of the Board

Pursuant to Listed Companies (Code of Corporate Governance) Regulations, 2017, The Board of Directors approved a Comprehensive mechanism to evaluate its own performance by adopting self- evaluation methodology through an agreed questionnaire. The mechanism devised is based on the emerging and leading trends on the functioning of the Board and improving its effectiveness. The evaluation exercise is carried out every year. The Human Resource and Remuneration Committee will undertake a formal process for evaluation of performance of the Board as a whole and its Committees.

Board Committee Meetings

Board has constituted various committees at Board level for effective control and operation.

Human Resource and Remuneration Committee

During the year 2018, one meeting of Human Resource and Remuneration Committee was held and attendance was as follows**:**

Attendance

Mr. Syed Jamshed Zaidi(Chairman)	1
Mr. Salman Ganny	1
Mr. Shehryar Saeed	1

Investment Committee

During the year 2018, one meeting was held and attendance was as follows**:**

Attendance

Mr. Muhammad Tariq Anjum (Chairman)	1
Mr. Shehryar Saeed	1
Mr. Tariq Ahmed	1

Business Strategy Committee

During the year 2018, one meeting was held and attendance was as follows**:**

Attendance

Mr. Salman Ganny (Chairman)	1
Mr. Shehryar Saeed	1
Mr. Tariq Ahmed	1

Pattern of Shareholding

A statement showing the pattern of shareholding as required under Section 227 of the Companies Act, 2017, for the year ended June 30, 2018 is attached with this report.

Trading of Company's Share

No trading in the shares of the Company was carried out by the Directors, CEO and Executives (employees with basic salary of Rs.0.5M or above) or their spouses or minor children, if any.

Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 set out by the Securities & Exchange Commission of Pakistan, relevant for the year ended June 30, 2018, have been duly complied with. A statement to this effect is annexed with this report.

Code of Conduct

The Board has adopted a statement of Code of Conduct for directors and employees. Acknowledgment for compliance are obtained and held by the Company.

Directors training program

Directors training requirements are fully complied. One director, Mr. Shehryar Saeed is exempted from the requirement of directors training program.

The Remaining directors will comply with the requirement of directors training program within the given deadline.

The company arranged for the Directors Orientation Course for their directors to acquaint them with Code of Corporate Governance, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the listed companies for and on behalf of shareholders.

Employee Relations

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

Future Plan /growth

The management after approval of the shareholders in the Extra Ordinary General Meeting (EOGM) held on April 26, 2018 will implement a new business plan after the sale of its land and building. The five years Business Revival Plan / Strategy and Execution includes continued activity in an area related to the core business of the company – i.e. in the electrical equipment industry. In this regard a new setup for Engineering, Repair and Maintenance Services is to be established. For this purpose, the company will be able to put to use its existing Plant & Machinery and Testing equipment. In addition to this, the company will be exploring new businesses in the Indenting and trading sector.

To generate this working capital, the company advertised in the newspaper to sell its land and building at its existing facility located at SITE, Karachi. Following this sale, the facility will be shifted to a new location in Korangi, Karachi. This approach will provide the company with sufficient capital to clear major current trade liabilities and generate enough funds for the relocation and setup of the new plant in a new location. It will benefit the company and its shareholders.

Three quotations were received for the purchase of Company's' Land and Building. However, the highest bidder backed out and at present the management is pursuing the other bidders to re-quote which is in the process of being finalized.

Acknowledgement

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

Shehryar Saeed
MD & Chief Executive Officer

Salman Ganny
Chairman

Karachi: October 01, 2018

ڈائریکٹر کی رپورٹ

آپ کی کمپنی کے ڈائریکٹروں کو 30 جون، 2018 کے اختتامی سال کے لئے آڈٹ کردہ مالیاتی بیانات کے ساتھ مل کر 57 ویں سالانہ رپورٹ پیش کرنے کی خوشی ہے.

مالی اہمیت

30 جون، 2018 اور جون 30، 2017 تک ختم ہونے والی سال کے لئے آپ کی کمپنی کے موازنہ مالیاتی نمائشیں مندرجہ ذیل ہیں:

	2018	2017
	 000	روپے میں ....
ٹیکس دینے سے قبل سال کے لئے (نقصان)	(43313)	(71365)
جن میں سے ڈائریکٹروں نے حساب کیا ہے ٹیکس کے لئے - موجودہ	1923	862
اختصاص کے لئے ڈسپوزایبل (نقصان)	(41390)	(70503)
جمع (نقصانات) آگے بڑھے	(341866)	(905427)
ایڈجسٹمنٹ: کے لئے بحال شدہ اثاثوں پر اضافی استحکام	8603	6834
دیگر جامع منافع / (نقصان)	208	857
بیلنس شیٹ تک جمع کئے جانے والے نقصانات	(374445)	(341866)

کام چلانے کے لیے سرمایہ مائع فنڈز کے نقصانات اور مائع فنڈز کی ضرورت کے مطابق، 30 جون، 2018 کو ختم ہونے والی سال کے لئے ڈائریکٹرز نے کسی بھی لابینٹ کو حصہ ہولڈرز کی سفارش نہیں کی ہے.

فی حصہ آمدنی

30 جون، 2018 کو ختم ہونے والی سال کے لئے آمدنی فی حصہ ہے. (7.59) [30 جون 2017. (12.94)].

مواد تبدیل

جون 30، 2018 کے بعد سے کوئی مادی تبدیلی نہیں آئی ہے اور کمپنی کسی بھی وعدے میں داخل نہیں ہوئی ہے جو اس تاریخ پر اپنی مالی حیثیت کو متاثر کرے گی.

کارکردگی کا جائزہ

گزشتہ سال کی اسی مدت کے لئ 6.3 ملین روپے کے مقابلے میں سال کے لئے فروخت-اینٹ 22.9 ملین روپے تھا. سال کے لئے فروخت کی قیمت 19.0 ملین روپے تھی جبکہ اس کے مقابلے میں 54.4 ملین روپے. اس سال بنیادی طور پر کم فروخت کی وجہ سے یہ بنیادی طور پر تھا.

کمپنی کا مجموعی نقصان تھا. (12.7 ملین روپے) کے نقصان کے خلاف (36.5 ملین روپے) گزشتہ سال کی اسی مدت میں. یہ بنیادی طور پر کم فروخت کی وجہ سے ہے. 30 جون، 2018 تک ختم ہونے والے سال کے دوران کمپنی کی تقسیم کی لاگت، انتظامی اخراجات اور مالیاتی اخراجات پچھلے سال کی اسی مدت میں 33.6 ملین روپے کے مقابلے میں 34.8 ملین روپے تھا. کمپنی اپنی سرگرمیاں دوبارہ منظم کرنے کے عمل میں ہے.

30 جون کو 2018 تک اسی سال کے لئے اس کے نقصان میں کمی کے مقابلے میں اس کے عہدے میں 41.3 ملین روپے کے ٹیکس کے بعد 77.5 ملین روپے کا ٹیکس نقصان ہوا. آپ کی کمپنی کا انتظام کنسرٹ کی کوششیں کر رہا ہے اور مستقبل میں بہتر کارکردگی کو حاصل کرنے کے لئے کوشش کرنا جاری ہے.

اس مالی سال میں بورڈ کے فیصلے کے مطابق زمین، بلڈنگ اور پلانٹ اور مشینری کو بحال کیا گیا ہے. بحال شدہ رقم کی رقم ایم او ایس جوزف لوبو (پی وی ٹی) لمیٹڈ کی طرف سے جاری کی گئی رپورٹ سے 13 جنوری، 2018 کی طرف سے جاری کی گئی رپورٹ سے لے گئی ہے. مالی بیانات میں فکسڈ اثاثوں کی نظر ثانی کرنے پر اضافی اضافے اور اس کے مطابق سابقہ سالوں کی تعداد میں ترمیم کی گئی ہے. .

انسانی وسائل کی ترقی

ہم اپنے ملازمین کو فروغ دینے اور حوصلہ افزائی میں سرمایہ کاری کرتے ہیں اور انہیں مؤثر طریقے سے مارکیٹ کے چیلنجوں کا مقابلہ کرنے کے لئے تربیت دیتے ہیں. ہم ملازمتوں کو نوکری کی تربیت پر لازمی طور پر فراہم کرتے ہیں تاکہ وہ اپنے کاموں کو مؤثر طور پر پورا کرنے کے لئے علم اور مہارت حاصل کریں. محکمہ سربراہ ملازمین / افسران کو تربیت فراہم کرتے ہیں

کارپوریٹ سماجی ذمہ داری

جے پی ایک ذمہ دار کارپوریٹ شہریت کے طور پر اپنی کردار ادا کرنے کے لئے مکمل طور پر پرعزم ہے اور مصنوعی روشنی کے غیر ضروری استعمال کو روکنے، تمباکو کے کنٹرول کے قانون کو نافذ کرنے اور "کوئی تمباکو نوشی زون" کو روکنے کے ذریعے توانائی کے تحفظ، ماحولیاتی تحفظ اور پیشہ ورانہ حفاظت اور صحت کے ذریعے اپنی ذمہ داری پوری کرتا ہے، صحت مند کام کا **ماحول**. سال کے دوران کمپنی نے غریب لوگوں **صد قا** تقسیم کی طرف سے کمیونٹی کی حمایت کی. کمپنی مسجد میں چل رہا ہے / **بحل** کرنے والے لوگوں کی سہولت کے لئے اور ہمارے دفتر کے احاطے کے قریب کام کر رہا□□.

کمپنی نے رقم ادا کی سال کے دوران براہ راست اور غیر مستقیم ٹیکس اور دیگر لازمی شراکت کے طور پر قومی افتتاحی 19.2 ملین.

بیرونی آڈٹ

آڈیٹر ایم / ایس. نذر چوہدری اور کمپنی چارٹرڈ اکاؤنٹنٹس سالانہ جنرل اجلاس کے اختتام پر ریٹائرڈ ہیں. اہل ہونے کے باوجود، **ان□وں** ن□ دوبارہ ملاقات کی پیشکش کی ہے. آڈٹ کمیشن کی سفارش پر بورڈ نے ان کی دوبارہ اپیل کی تجویز کی ہے.

آڈیٹر نے ان آڈیٹر کی رپورٹ میں جانے والی تشویش پر زور دیا. حوالہ کردہ نوٹ 1.2 میں.

اندرونی آڈٹ

مینجمنٹ کے تمام سطحوں کے لئے سروس کے طور پر کمپنی کے بورڈ کو داخلی آڈیٹ ڈیپارٹمنٹ کی سرگرمیوں سے قریبی عمل کرتا □□. آزاد داخلی آڈٹ ڈیپارٹمنٹ کا بنیادی مقصد بورڈ اور مینجمنٹ کو مناسب یقین دہانی کرانا ہے کہ داخلی کنٹرول کے موجودہ نظام کافی اور مناسب طریقے سے اطمینان بخش طریقے سے کام کر رہے ہیں. جیسا کہ اندرونی آڈٹ ڈیپارٹمنٹ کمپنی کے آپریشنوں میں اضافہ کرتی ہے، بہتر آپریشنل کارکردگی کے لئے تجاویز اور سفارشات بناتا ہے.

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

کارپوریٹ قوانین، قواعد و ضوابط نے اس کمپنی کے ڈائریکٹر بورڈ کے مجموعی افعال سے منسلک کیا ہے. **بورڈ اپنی** کارپوریٹ ذمہ داریوں سے مکمل طور پر واقف ہے جو کارپوریٹ گورننس کے تحت پیش کردہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مقرر کیا گیا ہے اور تمام درجے کی کمپنیوں کے لئے اسٹاک ایکسچینجز کو منظور کیا جاتا ہے، اور یہ تصدیق کرنے پر رضامند ہے کہ:

1. کمپنی کی طرف سے تیار کردہ مالی بیانات، اس کے معاملات میں نمایاں طور پر اس کی حالت، اس کے آپریشن کا نتیجہ، نقد بہاؤ اور مساوات میں تبدیلی.

2. کمپنیوں نے کمپنیوں کے ایکٹ، 2017 کے تحت مطلوبہ اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا ہے.

3. مالیاتی بیانات کی تیاری میں کمپنی نے مسلسل اکاؤنٹنگ کی پالیسیوں کی پیروی کی ہے. جہاں کہیں بھی بنا دیا گیا ہے، مناسب طور پر انکشاف کیا گیا ہے اور اکاؤنٹنگ تخمینوں پر مبنی اور مناسب فیصلے کی بنیاد پر ہیں

4. بین الاقوامی اکاؤنٹنگ معیارات (آئی اے ایس) اور بین الاقوامی مالیاتی رپورٹنگ کے معیارات (آئی آر ایف ایس) پاکستان میں قابل اطلاق ہیں، مالیاتی بیانات کی تیاری اور اس کے بعد کسی بھی روانگی کی تیاری میں پیروی کی گئی ہے.

5. اندرونی کنٹرول کا نظام ڈیزائن میں آواز ہے اور مؤثر طور پر لاگو اور نگرانی کی گئی ہے. اس طرح کے نظام کو ختم کرنے کے بجائے انتظام کرنے کے لئے ڈیزائن کیا گیا ہے، مقاصد کو حاصل کرنے میں ناکام ہونے کا خطرہ، اور اس کی نوعیت سے صرف مناسب، اور مواد غلطی یا نقصان کے خلاف مطمئن نہیں، یقین دہانی کر سکتی ہے. داخلی کنٹرول کے نظام کی مؤثریت کا جائزہ لینے کے لئے بورڈ کی طرف سے استعمال ہونے والی عمل میں شامل ہے، اس کے ساتھ ساتھ، مندرجہ ذیل:

• بورڈ کے آڈٹ کمیشن (بی اے سی) جگ□□. یہ کمپنی کے اندرونی آڈٹ ڈیپارٹمنٹ اور خارجہ آڈیٹر کے ساتھ تعلقات اور رشتہ کے ذریعہ اپنایا گیا نقطہ نظر کا جائزہ لےتا ہے. یہ اندرونی آڈٹ ڈیپارٹمنٹ اور بیرونی آڈیٹروں کی داخلی کنٹرول کے نظام اور کسی بھی مواد کی کمزوریوں کی نشاندہی کی گئی ہے جس کی نشاندہی کی گئی ہے. مزید برآں، بی اے سی متعلقہ ایگزیکٹوز کے ساتھ تشویش کے علاقوں میں لے جانے والے اقدامات پر بحث کرتی ہے. بی اے سی تین ارکان پر مشتمل ہے. بی اے سی کے چیئرمین ایک آزاد ڈائریکٹر ہے اور بی سی اے کے تمام دیگر ارکان مستقل ڈائریکٹر ہیں.سال 2018 کے دوران، ہر سہ ماہی میں بی سی سی کے چار اجلاس منعقد کئے گئے تھے اور حاضری مندرجہ بالا تھی:

ممبروں کے نام	اجلاسوں میں شرکت کی تعداد
مسٹر عابد سعید خان (چیئرمین)	4
مسٹر محمد ظ□رول اسلام	3
مسٹر محمدطارق انجم	1
محترمہ میریم شفیع	1

اجلاس میں شرکت کرنے میں ناکام افراد کو غیر موجودگی کی اجازت دی گئی تھی.
• ایک تنظیمی ڈھانچہ قائم کی گئی ہے، جس کی ذمہ داری اور احتساب کی وفد کے ساتھ مواصلات اور سطح کے درجے کی سطحوں کی واضح لائنوں کی حمایت ہوتی ہے.

• سالانہ بجٹ اور اسٹریٹجک منصوبہ بندی کا عمل ہے. مالی پیش رفت تیار کی جاتی ہیں اور کاروباری ماحول میں اہم تبدیلیوں کی عکاسی کرنے کے لئے سال کے دوران ان کی حکمت عملی کا جائزہ لیا جاتا ہے.

6. کمپنی کی صلاحیت پر جانے والی تشویش پر کوئی شک نہیں ہے.

7. آپ کی کمپنی کے ڈائریکٹر محسوس کرتے ہیں کہ مستقبل کی ترقی کے لئے دارالحکومت کے تحفظ بہت اہم ہے، لہذا موجودہ سال کے لئے کوئی لین دین نہیں کیا جائے گا.

8. کمپنی نے کارپوریٹ گورننس کی بہترین طرز عمل کی پیروی کی ہے اور وہاں سے وہاں کوئی مواد نہیں نکلتی ہے.

9. گزشتہ چھ سالوں کے لئے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کی رپورٹ کے مطابق شامل ہے.

10. 31 دسمبر، 2017 کے طور پر آڈٹ شدہ مالی بیانات کے بنیاد پر ثابت فنڈ کی جمع شدہ آمدنی سمیت سرمایہ کاری کی قیمت 4.7 ملین روپے (31 دسمبر ، 2016: آڈٹ شدہ رقم 538 ملین روپے)□□.

11. بورڈ کی آڈٹ کمیشن اور بورڈ آف ڈائریکٹرز کی طرف سے متعلقہ پارلیمنٹ کے معاملات کو منظور یا منظور کیا جاتا ہے.

12. سرمایہ کاری / معاوضہ سے متعلق اہم فیصلے، پالیسیوں میں تبدیلی سرمایہ کاری کمیٹی / ڈائریکٹر بورڈ کے ذریعہ لے جایا جاتا □□.

13. سی ای او، کمپنی کے سیکرٹری اور داخلی آڈٹ کے سربراہ، اور ریفریجریشن کے طے کرنے یا تبدیل کرنے کے بارے میں فیصلہ بورڈ کے ذریعہ لے لیا اور منظور کیا جاتا ہے.

14. مالیاتی بیانات میں بقایا ٹیکس اور فرائض دیا جاتا ہے.

بورڈ آف ڈائریکٹرز

چیئرمین کا کردار

چیئرمین بورڈ آف ڈائریکٹرز کی قیادت کرتی ہے، گروپ کی نمائندگی کرتا ہے اور بورڈ کے بورڈ اور حصول داروں کی طرف سے گروپ کے مجموعی محافظ کے طور پر کام کرتا ہے. بورڈ کی تاثیر کو یقینی بنانے کے لئے ذمہ دار، وہ کمپنی کی حکمت عملی اور مجموعی مقاصد کے ترقی اور عزم میں مکمل اور تخلیقی کردار ادا کرنے کے لئے بورڈ کو مکمل طور پر طاقت دیتا ہے.

چیف ایگزیکٹو آفیسر (سی ای او / ایم ڈی) کا کردار

سی ای او / ایم ڈی کے حصول داروں کو قیمت بنانے کے لئے کمپنی کی طویل مدتی حکمت عملی کے عملدرآمد کے لئے ذمہ دار ہے. کمپنی کے مختصر اور طویل مدتی مقاصد / منصوبے کو پورا کرنے کے لئے سی ای او / ایم ڈی پورے دن سے فیصلے کرتا ہے. وہ

بورڈ اور کمپنی کے انتظامیہ کے درمیان براہ راست رابطے کے طور پر کام کرتا ہے. انہوں نے کمپنی کی جانب سے حصص، ملازمین، سرکاری حکام، دیگر حصول داروں اور عوام کی جانب سے بات چیت کی. سی ای او / ایم ڈی ڈائریکٹر، فیصلہ ساز اور رہنما کے طور پر کام کرتا ہے. مواصلاتی کردار میں بیرونی دنیا کے ساتھ تنظیم کے انتظام اور ملازمتوں کے ساتھ بات چیت شامل ہے؛ فیصلہ سازی کے کردار میں پالیسی اور حکمت عملی کے بارے میں اعلی درجے کی فیصلے شامل ہیں. کمپنی کے رہنما کے طور پر، وہ ملازمتوں کو حوصلہ افزائی کرتا ہے اور ان میں ضروری حوصلہ افزائی اور روح کو فروغ دیتا ہے.

سی ای او / ایم ڈی کی کارکردگی بورڈ کے ذریعہ کام کی وضاحت کے خلاف بورڈ کی نگرانی اور تشخیص کی جاتی ہے.

بورڈ کی تشکیل

ڈائریکٹرز کی کل تعداد:
مرد: 6 اور عورت: 1
بورڈ آف ڈائریکٹرز پر مشتمل ہے سات ارکان، دو ایگزیکٹو ڈائریکٹرز، چار آزاد ڈائریکٹرز اور ایک مستقل ڈائریکٹر (ایم ڈی اور چیف ایگزیکٹو آفیسر).
جائزہ لینے کے تحت سال کے دوران پانچ اجلاس منعقد ہوئے اور مندرجہ ذیل میں شرکت کی:

نام	دورے کے دوران اجلاسوں میں حاضر والے کی تعداد	جلاسوں میں شرکت کی تعداد
مسٹرسلمان غنی (چیئرمین)	5	5
مسٹرشہریار سعید (ایم ڈی اور چیف ایگزیکٹو آفیسر)	5	5
محترمہ میریم شفیع	5	2
مسٹر محمدطارق انجم	5	1
مسٹر محمد ظہورالاسلام		4
مسٹر عابد سعید خان	5	4
مسٹر سید جمشید زیدی	5	5

سال کے دوران کوئی آرام دہ اور پرسکون چھٹی نہیں ہوئی.

اجلاس میں شرکت کرنے میں ناکام رہنماؤں کو غیر موجودگی کی اجازت دی گئی.
بورڈ آف ڈائریکٹرز کا ریمانڈ

کمپنی کے تمام ڈائریکٹر سی ای او ایم ڈی کے علاوہ آزاد اور غیر ایگزیکٹو ڈائریکٹر ہیں. منظور شدہ پالیسی کے مطابق، ڈائریکٹر بورڈ / کمیٹی کے اجلاسوں میں شرکت کے لئے رقم کی ادائیگی کی جاتی ہے.

بورڈ کے کارکردگی کی تشخیص

فہرست شدہ کمپنیوں کے مطابق (کارپوریٹ گورننس) کے قوانین، 2017، بورڈ آف ڈائریکٹرز نے ایک جامع میکانیزم کو منظوری دینے والے سوالات کے ذریعہ خود تشخیص کے طریقہ کار کو اپنانے کی طرف سے اپنی کارکردگی کا اندازہ کرنے کی منظوری دے دی. تیار میکانزم جو بورڈ کے کام پر مبنی اور معروف رجحانات پر مبنی ہے اور اس کی تاثیر کو بہتر بناتا ہے. تشخیصی مشق ہر سال کی جاتی ہے. انسانی وسائل اور ریمانڈرن کمیٹی نے بورڈ کے کارکردگی کو مکمل طور پر اور اس کی کمیٹیوں کی تشخیص کے لئے ایک رسمی عمل شروع کیا جائے گا.

بورڈ کمیٹی اجلاس

بورڈ نے مؤثر کنٹرول اور آپریشن کے لئے بورڈ کی سطح پر مختلف کمیٹی قائم کی ہے.

انسانی وسائل اور ریموٹرن کمیٹی

سل 2018 کے دوران، انسانی وسائل اور ریمانگریشن کمیٹی کا ایک اجلاس منعقد ہوا اور حاضری مندرجہ ذیل تھی:

حاضری

مسٹر سید جمشید زیدی (چیئرمین)	1
مسٹر سلمان غنی	1
مسٹر شہریار سعید	1

سرمایہ کاری کمیٹی

سال 2018 کے دوران، ایک اجلاس منعقد کی گئی تھی اور حاضری مندرجہ ذیل تھی:

حاضری

مسٹر محمدطارق انجم (چیئرمین)	1
مسٹر شہریار سعید	1
مسٹرطارق احمد	1

کاروباری حکمت عملی کمیٹی

سال 2018 کے دوران، ایک اجلاس منعقد کی گئی تھی اور حاضری مندرجہ ذیل تھی:

حاضری

مسٹر سلمان غنی (چیئرمین)	1
مسٹر شہریار سعید	1
مسٹرطارق احمد	1

شیئر ہولڈنگ کا پیٹرن

30 جون، 2018 کو ختم ہونے والے سال کے لئے کمپنیوں کے ایکٹ، 2017 کے دفعہ 227 کے تحت ضروری طور پر حصص کے پیٹرن کی نمائش کا ایک بیان دکھایا گیا ہے.

کمپنی کے حصص کی ٹریڈنگ

کمپنی کے حصص میں کوئی ٹریڈنگ نہیں، ڈائریکٹر، سی ای او اور ایگزیکٹوز (ملازمین سے 0.5 ملین یا اس سے اوپر کی بنیادی تنخواہ کے ساتھ ملازمین) یا ان کے شوہروں یا چھوٹے بچے، اگر کوئی.
فہرست شدہ کمپنیوں کے ساتھ تعمیل (کارپوریٹ گورننس) کے ضابطے، 2017

فہرست کمپنیاں (کارپوریٹ گورننس) کے قوانین، 2017 کے سیکرٹریٹس اینڈ ایکسچینج کمشنر آف پاکستان کی طرف سے مقرر کردہ ضروریات، کی ضروریات، 30 جون، 2018 کو ختم ہونے والی سال کے مطابق، قانونی طور پر ہدایت کی گئی ہے. اس اثر کا ایک بیان اس رپورٹ میں شامل ہے.

ضابط اخلاق

بورڈ نے ڈائریکٹرز اور ملازمتوں کے لئے ضابطہ اخلاق کا ایک بیان اپنایا ہے. تعمیل کے لئے تسلیم شدہ کمپنی کمپنی کی طرف سے حاصل کی جاتی ہے.

ڈائرکٹری ٹریننگ پروگرام

ڈائریکٹروں کی تربیتی ضروریات کو مکمل طور پر عمل کیا جاتا ہے. ایک ڈائریکٹر، شریری سعید کو ڈائریکٹر ٹریننگ پروگرام کی ضرورت سے مستثنی ہے.

باقی ڈائریکٹرز کے مطابق ڈائریکٹرز کے تربیتی پروگرام کی ضرورت ہوتی ہے.

اس کمپنی نے ڈائریکٹرز ایوارڈریشن کورس کے لئے ان کے ڈائریکٹروں کے لئے اہتمام کیا کہ ان کو کوڈ کارپوریٹ گورننس، قابل اطلاق قوانین، ان کے فرائض اور ذمے داروں کے ساتھ واقف ہونے کے لئے وہ حصص داروں کی جانب سے درج کردہ کمپنیوں کے معاملات کو مؤثر طریقے سے منظم کرنے کے قابل بنائے.

ملازم تعلقات

مینجمنٹ سال کے دوران ملازمتوں کے تعاون کی تعریف کرتا ہے.

مستقبل کی منصوبہ بندی / ترقی

26 اپریل، 2018 کو منعقد اضافی عام جنرل اجلاس (ای او جی ایم) میں حصص داروں کی منظوری کے بعد مینجمنٹ اس کی زمین اور عمارت کی فروخت کے بعد ایک نیا کاروباری منصوبہ لاگو کرے گا. پانچ سال بزنس ریویوپلپلان / حکمت عملی اور پھانسی میں کمپنی کے بنیادی کاروبار سے متعلق علاقے میں مسلسل سرگرمی بھی شامل ہے - یعنی الیکٹریکل آلات کی صنعت میں. اس سلسلے میں انجینرنگ، مرمت اور بحالی کی خدمات کے لئے ایک نئی سیٹ اپ قائم کی جائے گی. اس مقصد کے لئے، کمپنی اپنے موجودہ پلانٹ **اور** مشینری اور ٹیسٹنگ کا سامان استعمال کرنے کے قابل ہو گی. اس کے علاوہ، کمپنی **اندراج** اور تجارتی شعبے میں نئے کاروباری اداروں کی تلاش کرے گی.

یہ کام کرنے والے سرمایہ، کمپنی اخبار میں تشہیر کرنے کے لئے اپنی زمین اور عمارت کو اس سائٹ، کراچی میں واقع موجودہ **سہولت** پر فروخت کرنے کے لئے. اس فروخت کے بعد، سہولیات کراچی، کورنگی میں ایک نیا مقام منتقل ہوجائے گی. یہ نقطۂموجودہ موجودہ کاروباری ذمہ داریوں کو صاف کرنے اور نئے پلانٹ میں نئے پلانٹ کے قیام اور سیٹ اپ کے لئے کافی سرمایہ کاری فراہم کرے گا. اس کی کمپنی اور اس کے حصول داروں کو فائدہ ہوگا.

کمپنی کی 'لینڈ اور بلڈنگ' کی خریداری کے لئے تین کوٹیشن موصول ہوئی تھیں. تاہم، سب سے زیادہ بولیڈر بیک اپ ہوگیا اور اس وقت انتظامیہ کو دوسرے بولیڈروں کو دوبارہ دوبارہ حوالہ دینے کی کوشش کی جا رہی ہے جو حتمی شکل کے عمل میں ہے.

اعتراف

بورڈ آف ڈائریکٹرز اس کمپنی کے قیمتی گاہکوں، کاروباری شراکت داروں اور دیگر حصول داروں کو اپنی مخلص تعریف کا اظہار کرنا چاہیں گے. بورڈ کو پاکستان کے سیکوروریز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹاک ایکسچینج اور سینٹرل ڈپازیٹری کمپنی کا شکریہ ادا کرنا چاہے گا.

مسٹر شہریار سعید
ایم ڈی اور چیف ایگزیکٹو افسر

مسٹر سلمان غنی
چیئرمین

کراچی: اکتوبر 01، 2018

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of company : Johnson & Phillips (Pakistan) Limited
Year ending : June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:
1. The total number of directors are 7 as per the following:
a. Male : 6
b. Female : 1

2. The composition of board is as follows:
a) Independent Directors
1) Mr. Muhammad Tariq Anjum.
2) Mr. Muhammad Azhar ul Islam.
3) Mr. Abid Saeed Khan.
4) Mr. Syed Jamshed Zaidi.
b) Other Non-executive Director
1) Mr. Salman Ganny.
2) Ms. Marium Shafi.
c) Executive Director
1) Mr. Shehryar Saeed

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. No Director obtained the training during the year. One of the Director (Mr. Shehryar Saeed) meets the criteria of exemption under Code of Corporate Governance Regulations, 2017 and is accordingly exempted from the directors training program. However, the company had made arrangements to carry out orientation course for the directors to acquaint them with CCG, applicable laws, theirs duties and responsibilities to enable them to effectively manage the affairs of the company for and on behalf of the shareholders.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee (Name of members and Chairman)

1) Mr. Abid Saeed Khan	:	Chairman
2) Mr. Muhammad Tariq Anjum	:	Member
3) Ms. Marium Shafi	:	Member

b) HR and Remuneration Committee (Name of members and Chairman)

1) Mr. Syed Jamshed Zaidi	:	Chairman
2) Mr. Salman Ganny	:	Member
3) Mr. Shehryar Saeed	:	Member

c) Investment Committee (Name of members and Chairman)

1) Mr. Muhammad Tariq Anjum	:	Chairman
2) Mr. Shehryar Saeed	:	Member
3) Mr. Tariq Ahmed	:	Member

d) Business Strategy Committee (Name of members and Chairman)

1) Mr. Salman Ganny	:	Chairman
2) Mr. Shehryar Saeed	:	Member
3) Mr. Tariq Ahmed	:	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee	:	4
b) HR and Remuneration Committee	:	1
c) Investment Committee	:	1
d) Business Strategy Committee	:	1

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are 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.

16. 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 and registered with Audit Oversight Board of Pakistan, 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 Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

(SALMAN GANNY)
Chairman

(SHEHRYAR SAEED)
Chief Executive

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Johnson & Phillips (Pakistan) Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017.

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Johnson & Phillips (Pakistan) Limited** (the Company) for the year ended **30 June 2018** in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the 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 Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, 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 requirements contained in the Regulations as applicable to the Company for the year ended **30 June 2018.**

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Reference	**Description**
Point 15	Head of Internal Audit of the Company does not possess the required qualification and experience as required under section 24 of the Regulations.

Nazir Chaudhri & Co.
Chartered Accountants
Karachi

INDEPENDENT AUDITOR'S REPORT

To the members of Johnson & Phillips (Pakistan) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Johnson & Phillips (Pakistan) Limited** (the Company), which comprise the statement of financial position as at **June 30, 2018** and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us the statement of financial position, the statement of profit or loss , the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming parts thereof conform with accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1.2 to the financial statements which indicates that the Company has incurred net loss of Rs.70.503 million for the year and as at 30 June 2018, the Company has accumulated losses of Rs.341.866 million and the equity of the Company is negative by Rs. 234.566 million. These conditions along with other matters as set forth in note 1.2 to the financial statements indicate the existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section and *Basis for Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the key audit matters:

Key audit matters	**How our audit addressed the key audit matter**
1. Non-current assets classified as held for sale.	
Refer to note 6 to the financial statements and the accounting policy in note 4.24 to the financial statements. The Company announced in March 2018 their intention to sale its land and building amounting to Rs.472.129 million, consequently, these have been classified as non-current assets held for sale. According to IFRS 5, non-current assets should be classified as held-for-sale if their carrying value will be recovered principally through a sales transaction rather than through continuing use. One of the conditions that must be satisfied for classification as held for-sale is that the sale is highly probable within one year. In addition, assets held for sale should be measured at the lower of carrying value and estimated fair value less costs to sell. We focused on this area since classification and measurement of assets held for sale require significant judgements and estimates by management and the amounts have a significant impact on the financial position of the Company.	Our audit procedures to assess the classification of land and building as non-current assets held for sale, amongst others, include the following: • review of the Company´s actions in order to sale land and building; • challenging management on whether the requirements under IFRS 5 for land and building classified as held for sale were met; and • review and evaluation of the Board of Directors' and management´s process to determine fair value less costs of disposal;
2. Valuation of stock-in-trade	
Refer to note 10 to the financial statements and the accounting policy in note 4.11 to the financial statements.	Our audit procedures to assess valuation of trade debts, amongst others, include the following:

As at 30 June 2018, the Company's stock-in-trade amounted to Rs.1.926 million. We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost involved significant management judgement and estimation.	• obtaining an understanding of the management's basis for the determination of NRV and the key estimates adopted, including future selling prices and costs necessary to make the sales and the basis of the calculation and justification for the amount of the write-downs and provisions; • assessing the NRV of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with the current selling prices; and • comparing NRV to the cost of a sample of stock-in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete.
3. Valuation of trade debts	
Refer to note 11 to the financial statements and the accounting policy in note 4.16 to the financial statements. The Company has a significance balance of doubtful trade debts. The management has determined these debts to be irrecoverable and therefore, has written off all the trade debts. We identified the recoverability of the Company's trade debts as a key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.	Our audit procedures to assess valuation of trade debts, amongst others, include the following: • Obtaining the understanding of the management's basis for the determination of the doubtful trade debts to be written off and the receivables collection process; • For a sample of trade debts, tested the adequacy of the provisions for doubtful debts by taking into account the ageing of receivables at the year end, as well as assessing the judgements made by the management in relation to the credit worthiness of the debtors;
4. Uncertainty related to recovery lawsuit	
Refer to note 23.1.4 to the financial statements which describes the uncertainty	We inquired the management and evaluated the Company's assessment of the most recent

related to outcome of the recovery lawsuit filed by the National Bank of Pakistan against the subsidiary companies of the Company in which the Company has given counter guarantee to the banks. Although, we were informed by the management that the subsidiary company has paid the entire liability stood in its books, however, the bank has not acknowledged the full settlement of its claim. We considered this matter as key audit matter because the outcome of the case, if the decree is executed against the Company, could have a significant impact on the financial position of the Company.	status and outcome of the claim. The specific audit work that we performed during our assessment of the claim included: • Read related minutes of meetings of the Board of Directors and the audit committee • Obtained external confirmation on the fact and views in writing from related legal advisor • Considered the adequacy of the related disclosures.
5. Tax contingencies	
As disclosed in note 23.1.3 to the financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. The tax contingencies require the management of the Company to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered tax contingencies disclosed in note 23.1.3 as a key audit matter.	Our key audit procedures in this area included, amongst others, a review of the correspondence of the Group with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities. We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 23.1.3 to the annexed financial statements.
6. Preparation of financial statements under Companies Act, 2017.	
As referred to in note 2 to the accompanying Financial statements, the companies act 2017 (the Act) became applicable for first time for the preparation of the Company's annual financial statements for the year ended 30	We assessed the procedures applied by the management for identification of changes require in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the

June 2018. The act forms an integral part of statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In the case of the Company, specific additional disclosures and changes to the exiting disclosures have been included in the financial statements as referred to note 3.1 to the accompanying financial statement, The aforementioned changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of changes in the financial statements resulting from the transition to the new reporting requirement under the Act.	previous disclosures based on the new requirements. We also evaluated sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statement.

Information Other than the unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements of the Company and financial statements of subsidiary companies of the Company and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account and returns and are further in accordance with accounting policies consistently applied;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

The engagement partner on the audit resulting in this independence auditor's report is Abdul Rafay.

Nazir Chaudhri & Co.
Chartered Accountants
Karachi

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF FINANCIAL POSITION
As at June 30, 2018

	Note	**2018**	2017	2016
		--------------(Rupees in thousand)--------------		
			Restated	Restated
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	*7*	**14,194**	175,318	184,009
Intangible asset	*8*	**-**	-	-
Long term investments	*9*	**-**	-	-
Long term deposits	*10*	**559**	940	940
		14,753	176,258	184,949
CURRENT ASSETS				
Stock-in-trade	*11*	**1,926**	13,788	42,650
Trade debts	*12*	**-**	2,156	6,372
Loans and advances	*13*	**62**	97	535
Deposits and prepayments	*14*	**40**	382	6,776
Tax refunds due from government	*15*	**23,584**	19,028	18,069
Cash and bank balances	*16*	**4,556**	4,434	1,082
		30,168	39,885	75,484
Non-current assets classified as held for sale	*6*	**472,158**	-	-
TOTAL ASSETS		**517,079**	216,143	260,433
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVE				
Authorized capital				
8,000,000 (2017: 8,000,000) ordinary shares of Rs. 10 each		**80,000**	80,000	80,000
Issued, subscribed and paid-up capital	*17*	**54,500**	54,500	54,500
Share premium reserve		**29,727**	29,727	29,727
General reserve		**23,073**	23,073	23,073
Surplus on revaluation of property, plant and equipment	*18*	**474,380**	167,128	173,962
Accumulated loss		**(384,883)**	(341,866)	(279,054)
		196,797	(67,438)	2,208
NON-CURRENT LIABILITIES				
Long term borrowings	*19*	**120,041**	96,121	81,582
Deferred liabilities	*20*	**13,908**	9,651	12,862
		330,746	38,334	96,652
CURRENT LIABILITIES				
Trade and other payables	*21*	**175,214**	166,690	155,513
Current and overdue portion of long term borrowings	*19.1*	**4,000**	4,000	4,000
Short term borrowing	*22*	**2,851**	2,851	-
Mark up accrued	*23*	**-**	-	-
Unclaimed dividend		**4,268**	4,268	4,268
		186,333	177,809	163,781
Contingencies and commitments	*24*			
TOTAL EQUITY AND LIABILITIES		**517,079**	216,143	260,433

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

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JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF PROFIT OR LOSS
For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Sales - net	25	**6,312**	22,924
Cost of sales	26	**(24,645)**	(59,469)
Gross loss		**(18,333)**	(36,545)
Distribution cost	27	**(812)**	(1,484)
Administrative expenses	28	**(28,572)**	(28,453)
		(29,384)	(29,937)
		(47,717)	(66,482)
Finance cost	29	**(5,144)**	(4,883)
Other income		**3,057**	-
Loss before taxation		**(49,804)**	(71,365)
Taxation	31	**638**	862
Loss for the year		**(49,166)**	(70,503)
		-----Rupees---	
Loss per share - basic and diluted	32	**(9.02)**	(12.94)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive | **Director** | **Chief Financial Officer**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended June 30, 2018

	2018	'2017
	(Rupees in thousand)	
Loss for the year	(49,166)	(70,503)
Items that will not be reclassified to profit or loss in subsequent periods:		
Gain on remeasurment of post employment benefit	208	857
Items that will be reclassified to profit or loss in subsequent periods:		
Gain on revaluation of land and buildings	318,232	-
Deferred tax on gain on revaluation of buildings	(5,428)	-
	312,804	-
Total comprehensive income / (loss)	263,846	(69,646)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive **)irector** **Chief Financial Officer**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF CASH FLOWS
For the year ended June 30, 2018

	Note	2018	'2017
		(Rupees in thousand)	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	*33*	**(20,263)**	(7,009)
Taxes paid	*15*	**(494)**	(689)
Gratuity paid	*16.1.2*	**(21)**	(1,808)
Finance cost paid		**(21)**	(6)
Net cash used in operating activities		**(20,799)**	(9,512)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expediture incurred	*4*	**(115)**	(122)
Sale proceed from disposal of property, plant and equipment		**2,239**	-
Net cash generated from / (used in) investing activities		**2,124**	(122)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowing received		**18,797**	10,135
Short term borrowings received		**-**	2,851
Net cash generated from financing activities		**18,797**	12,986
Net increase in cash and cash equivalents		**122**	3,352
Cash and cash equivalents at beginning of the year		**4,434**	1,082
Cash and cash equivalents at end of the year		**4,556**	4,434

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2018

		Capital reserve		Revenue reserve		
	Issued, subscribed and paid-up capital	Share premium reserve	Surplus on revaluation of property, plant and equipment	General reserve	Accumulated loss	Total
	--------------------------------------(Rupees	in thousand)------------------------------------				
Balance as at June 30, 2016 - As previously reported	54,500	29,727	-	23,073	(279,054)	**(171,754)**
Impact of restatement - note 5	-		173,962			**173,962**
Balance as at June 30, 2016 - Restated	54,500	29,727	173,962	23,073	(279,054)	**2,208**
Net loss for the year	-	-	-	-	(70,503)	**(70,503)**
Other comprehensive income						
Gain on remeasurment of post employment benefit obligation	-	-	-	-	857	**857**
Transfer from surplus on revaluation of property, plant and equipment - note 17	-	-	(6,834)	-	6,834	**-**
Balance as at June 30, 2017	54,500	29,727	167,128	23,073	(341,866)	**(67,438)**
Net loss for the year	-	-	-	-	(49,166)	**(49,166)**
Other comprehensive income						
Gain on revaluation of land, building and plant & machinery	-	-	318,232	-	-	**318,232**
Deferred tax on gain on revaluation of buildings and plant & machinery	-	-	(5,428)	-	-	**(5,428)**
	-	-	312,804	-	-	**312,804**
Gain on remeasurment of post employment benefit obligation	-	-	-	-	208	**208**
Transfer from surplus on revaluation of property, plant and equipment	-	-	(5,941)	-	5,941	**-**
Balance as at June 30, 2018	**54,500**	**29,727**	**473,991**	**23,073**	**(384,883)**	**196,408**

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2018

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 Pakistan Stock Exchange (Guarantee) Limited. The registered office of the Company and its manufacturing facilities are 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 (2017: 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 Significant transactions and events affecting the Company's financial position and performance

1.2.1 The Board of Directors of the Company, in their meeting held on February 28, 2018 and shareholders of the Company in the Extra Ordinary General Meeting held on April 26, 2018, approved, subject to approval / consent of the applicable regulatory authorities, the business revival plan. Following are the mojor components of the plan:

- Sale of land and building at its existing facility located at SITE, Karachi.

- Following the sale, the facility will be shifted to a new location in Korangi, Karachi.

- The sale and relocation will release funds for setup and working capital for the new venture from the proceeds of the sale of land and building.

1.2.2 Due to applicability of the Companies Act, 2017 to the fnancial statements of the Company, amounts reported for the previous period have been restated. For detailed information please refer to note 3.1.2 and note 5; and

1.2.3 For a detailed discussion about the Company's performance please refer to the Directors' report

2 Going concern

The Company has incurred loss after tax of Rs. 40,358 million (2017: Rs. 70.503 million) during the year, which has increased accumulated losses amounting to Rs. 375.599 million (2017 Rs. 341,866 million) as at June 30, 2018. The Company has negative net current assets of Rs.144,635 million (2017: Rs. 137,924 million). These conditions indicate the existence of material uncertainty, which may cast significant doubt about the Company’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

i) The Company already has its obligations rescheduled in respect of long term loans and financial arrangements, including repayment of principal and accumulated mark-up thereon with various lenders.

ii) Efforts are underway to obtain orders so that sales volume as well as profitability can be achieved and the management expects favorable improvements in forthcoming year. This will be achieved with the re-certification of our product line now under way, so sales to the public sector will commence driving volume, which will boost sales and profitability.

iii) The board has provided in the past continued support to the company and has indicated commitment in order to maintain the going concern status .This is evident from the fact that a Director continues to provide financial support to the Company.

iv) As stated in note 1.2.1 the Management after approval of the shareholders in the Extra Ordinary General Meeting(EOGM) held on April 26, 2018 will implement a new business plan after the sale of its Land & Building, which is in the process of being finalized.

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

3.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting.The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the rovisions of and directives issued under the Companies Act, 2017 have been followed.

3.1.2 The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of nomenclature of these financial statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 7.4 & 7.5), management assessment of sufficiency of tax provision in the the financial statements (refer note 31.2), change in threshold for identification of executives (refer note 36), additional disclosure requirements for related parties (refer note 37) etc.

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for:

- Recognition of staff retirement benefits which are stated at present value as referred to in note 16.1.
- Certain items of property, plant and equipment which are stated at revalued amounts as referred to in note 14.

In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is also the Company's functional currency.

3.4 Significant 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. The areas where various assumptions and estimates are significant to the financial statements are as follows:

	Note
Provision for taxation	4.4
Provision for deferred taxation	4.4
Residual values and useful lives of depreciable assets	4.8
Provision for obsolete and slow moving stock	4.11
Write down of stock in trade to their net realisable value	4.11
Provision for doubtful debts	4.12
Provision for doubtful advance and deposits	4.12
Employees' retirement benefits	4.1

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.

3.5 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statement are consistent with those of the previous financial year except as describe below:

3.5.1 New standards, interpretations and amendments

The Company has adopted the following accounting standards and amendments which became effective for the current year:

- IAS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)

- IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above accounting standards did not have any effect on these financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		**Effective date (annual periods beginning on or after)**
IFRS 2 -	Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments)	01 January 2018
IFRS 9 -	Financial Instruments	01 July 2018
IFRS 9 -	Prepayment Features with Negative Compensation - (Amendments)	01 January 2018
IFRS 10 -	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15-	Revenue from Contracts with Customers	01 July 2018
IFRS 16 -	Leases	01 January 2019
IFRS 4 -	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — (Amendments)	01 January 2018
IAS 40 -	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IAS 19 -	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 -	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 22 -	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 -	Uncertainty over Income Tax Treatments	01 January 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		**IASB Effective date (annual periods beginning on or after)**
IFRS 14 -	Regulatory Deferral Accounts	01 January 2016
IFRS 17 -	Insurance Contracts	01 January 2021

4 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.

4.1 Employee benefits

3.1.1 Defined benefit plan

The Company operates unfunded gratuity scheme for all its permanent employees according to terms of employment, subject to minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligation under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for gratuity scheme was carried out as June 30, 2018. Projected unit credit method is used for valuation of the scheme.

All actuarial gains and losses are recognized in 'Other Comprehensive Income' as they occur.

3.1.2 Defined contribution plan

The Company operates provident fund for all its permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of the basic salary.
Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these rules.

3.1.3 Provident fund related disclosures

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

	Unaudited June 30, 2018	Unaudited June 30, 2017
	----Rupees in thousands----	
Size of the fund - Total assets	**4,761**	5,397
Cost of the Investment made	**4,000**	4,000
Percentage of investments made	**84%**	74%
Fair value of the investments	**4.761**	5,397

Break-up of the fair value of investments is:

	June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	----Rupees in thousands----			
Certificate of Investment	4,000	4,000	**84%**	**74%**

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.

4.2 Compensated absences

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

4.3 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.

4.4 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 realization.

4.5 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.

4.6 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.

4.7 Investments

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

4.8 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 5. 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.

4.9 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.

4.10 Consumable stores

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

4.11 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.

4.12 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.

4.13 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.

4.14 Foreseeable losses on orders in hand

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

4.15 Transaction with related parties

The Company enters into transactions with related parties on an arm's lengths basis except in circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.16 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax asset, are reviewed at each balance sheet date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

4.17 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.

4.18 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.

4.19 Cash and cash equivalents

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

4.20 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.

4.21 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 realize the asset and settle the liability simultaneously.

4.22 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.

4.23 Dividend

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

4.24 Non-current assets (or disposal group) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets (or disposal groups) are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

5 CHANGE IN ACCOUNTING POLICY

The specifc provision / section in the repealed Companies Ordinance, 1984 relating to the surplus onrevaluation of fxed assets has not been carried forward in the Companies Act, 2017. Previously, section235 of the repealed Companies Ordinance, 1984 specifed the accounting treatment and presentationof the surplus on revaluation of fxed assets, which was not in accordance with the IFRS requirements.Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property,Plant and Equipment, surplus on revaluation of fxed assets would now be presented under equity

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of land andbuilding stands amended as follows:

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, inother comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extentthat increase reverses a decrease previously recognised in the statement of proft or loss, the increase isfrst recognised in the statement of proft or loss. Decreases that reverse previous increases of the sameasset are frst recognised in other comprehensive income to the extent of the remaining surplus attributableto the asset; all other decreases are charged to the statement of proft or loss. Each year, the differencebetween depreciation based on the revalued carrying amount of the asset charged to the statement of proftor loss and depreciation based on the asset's original cost, net of tax, is reclassifed from revaluation surpluson property, plant and equipment to unappropriated proft.

The change in accounting policy has been accounted for retrospectively in accordance with the requirementsof IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative fgures havebeen restated.

The effect of change in accounting policy is summarised below:

	Surplus on revaluation of property, plant and equipment	**Share capital and reserves**	Surplus on revaluation of property, plant and equipment	Share capital and reserves
	As at June 30, 2017		As at June 30, 2016	
	Rupees		Rupees	
Effect on statement of financial position				
As previously Reported	167,128	-	173,962	-
As Restated	-	167,128	-	173,962
Restatement	(167,128)	167,128	(173,962)	173,962
Effect on statement of changes in equity				
As previously Reported	-		-	-
As Restated	167,128	-	173,962	-
Restatement	167,128	-	173,962	-

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

6 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As disclosed in note 2.2.1 to the financial statements the Company has resolved to sale land and building. Therefore these have been classified as held for sale:

	2018	2017
	----------(Rupees in thousand)------------	
Leasehold land	**448,558**	-
Building on leasehold land	**23,600**	-
	472,158	-

7 PROPERTY, PLANT AND EQUIPMENT

	Lease hold Land	Building on lease hold land	Plant and machinery	Gas and electric installations	Factory tools	Vehicles	Furniture and fixtures	Office and other equipments	Total
	---------- Rupees in thousands ----------								
As at 01 July 2016									
Cost	170,000	25,600	14,610	1,178	3,843	11,640	4,320	11,994	243,185
Accumulated depreciation	(12,143)	(7,893)	(6,435)	(1,170)	(3,843)	(11,470)	(4,319)	(11,903)	(59,176)
Net book value	157,857	17,707	8,175	8	-	170	1	91	184,009
Year Ended 30 June 2017									
Opening net book value	157,857	17,707	8,175	8	-	170	1	91	184,009
Additions during the year	-	-	-	-	90	-	-	32	122
Depreciation for the year	(4,000)	(2,560)	(2,087)	(8)	(8)	(89)	(1)	(60)	(8,813)
Closing net book value	153,857	15,147	6,088	-	82	81	-	63	175,318
Useful Life (Years)	99	10	7	10	5	4	5	5	
As at 01 July 2017									
Cost	**170,000**	**25,600**	**14,610**	**1,178**	**3,933**	**11,640**	**4,320**	**12,026**	**243,307**
Accumulated depreciation	**(16,143)**	**(10,453)**	**(8,522)**	**(1,178)**	**(3,851)**	**(11,559)**	**(4,320)**	**(11,963)**	**(67,989)**
Net book value	**153,857**	**15,147**	**6,088**	**-**	**82**	**81**	**-**	**63**	**175,318**
Year Ended 30 June 2018									
Opening net book value	**153,857**	**15,147**	**6,088**	**-**	**82**	**81**	**-**	**63**	**175,318**
Additions during the year	**-**	**-**	**-**	**-**	**-**		**-**	**115**	**115**
Surplus on revaluation	**298,143**	**10,133**	**9,956**	**-**	**-**	**-**	**-**	**-**	**318,232**
Disposal									
Cost	**-**	**-**	**-**	**-**	**-**	**(8,148)**	**-**	**-**	**(8,148)**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**8,080**	**-**	**-**	**8,080**
	-	**-**	**-**	**-**	**-**	**(68)**	**-**	**-**	**(68)**
Classified as held for sale	**(448,558)**	**(23,600)**	**-**	**-**	**-**	**-**	**-**	**-**	**(472,158)**
Depreciation for the year	**(3,442)**	**(1,680)**	**(2,115)**		**(8)**	**-**			**(7,245)**
Closing net book value	**-**	**-**	**13,929**	**-**	**74**	**13**	**-**	**178**	**14,194**
As at 30 June 2018									
Cost	**-**	**-**	**24,566**	**1,178**	**3,933**	**3,492**	**4,320**	**12,141**	**49,630**
Accumulated depreciation	**-**	**-**	**(10,637)**	**(1,178)**	**(3,859)**	**(3,479)**	**(4,320)**	**(11,963)**	**(35,436)**
Net book value	**-**	**-**	**13,929**	**-**	**74**	**13**	**-**	**178**	**14,194**
Useful Life (Years)	**99**	**10**	**7**	**10**	**5**	**4**	**5**	**5**	

	2018	2017
	(Rupees in thousand)	

7.1 Included herein assets costing Rs.24.657 million (2017: Rs. 32.743 million), which are fully depreciated.

7.2 The previous revaluations were carried out on March 31, 1995, June 30, 2004, June 17, 2008 and June 12, 2013 which resulted in a surplus of Rs 42.642 million, surplus of Rs 73.464 million and surplus of Rs. 104.097 million and impairment of Rs. 0.855 million respectively.

Further, latest revaluation of leasehold land, building on leasehold land and plant & machinery were revalued on January 13, 2018 resulted in a surplus of Rs. 317.919 million. The revaluation was incorporated in books following the elimination method. The revaluation exercise was conducted by M/s Joseph Lobo (Private) Limited, a valuer on approved list of Pakistan Bankers Association, on following basis:

Land	Present market values for similar sized plots in the vicinity
Building	Replacement values of similar types of buildings based on present cost of constructions and applying residual factors based on estimated remaining useful life
Plant and machinery	Replacement values of similar types of buildings based on current rates and applying residual factors based on estimated remaining useful life.

7.3 The carrying amount of leasehold land, building on leasehold land and Plant & Machinery as at 30 June 2018, if the said had been carried at historical cost would have been Rs.032 million (2017: Rs. .033 million), Rs 1.222 million (2017: Rs.1.357) and Rs.0.832 million (2017: Rs.1.076) respectively.

7.4 The forced sale value of leasehold land, building on leasehold land and Plant & Machinery is Rs.340.491 million, Rs.18.160 million and Rs.11.350 million respectively.

7.5 Factory of the Company is situated at 3 acres of land at C-10, South Avenue, SITE, Karachi

7.6 Details of operating fixed assets disposed off during the year are as follows:

Assets	Cost	Accumulated depreciation	Net book value	Sale Proceed	Mode of disposal	Purchaser address
Items of net book value below Rs. 500,000 each	8,148	8,080	68	2,239	Negotiation	Various

7.7 The depreciation charge for the year has been allocated as follows:

	Note	2018	2017
		(Rupees in thousand)	
Cost of sales and services	26	5,796	7,050
Administrative expenses	28	1,449	1,763
		7,245	8,813

8 INTANGIBLE ASSET

	COST			AMORTIZATION			Written down Values as at June 30, 2018	Useful life (years)
	As at July 01, 2017	Additions / disposal	As at June 30, 2018	As at July 01, 2017	For the year	As at June 30, 2018		
	Rupees in thousands							
Computer Software	129	-	129	129	-	129	-	5
	129	**-**	**129**	**129**	**-**	**129**	**-**	

9 LONG TERM INVESTMENTS

In shares of unquoted subsidiary companies:(at cost)

Johnson and Phillips Industries (Pakistan) Limited	**30,000**	30,000
3,000,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2018 was Nil (June 2017: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, 2018 was Nil (June 2017:Nil)]. The Company held 70% of the investee's total equity. Chief Executive Mr. Nabeel Sadiq		
J & P EMO Pakistan (Pvt) Ltd	**510**	510
51,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2018 was Nil (June 2017:Nil)]. The Company held 51% of the investee's total equity. Chief Executive Mr. Shehryar Anwar Saeed		
Share Application money		
Johnson and Phillips Industries (Pakistan) Limited	**20,000**	20,000
	71,510	71,510
Provision for diminution in value of investments	**(71,510)**	(71,510)
	-	-

9.1 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:

Johnson and Phillips Industries (Pakistan) Limited	**(42,375)**	(42,375)
Johnson & Phillips Transformers (Private) Limited	**(21,091)**	(21,091)
J & P EMO Pakistan (Pvt) Ltd	**(1,732)**	(1,732)

10 LONG TERM DEPOSITS

Deposits	**940**	940
Written off during the year	**(381)**	-
	559	940

11 STOCK-IN-TRADE

	Note	**2018**	2017
		(Rupees in thousand)	
Raw material and components in hand - Gross		**30,011**	37,987
Less: provision for obsolete/ slow moving items	11.1	**(28,585)**	(28,585)
		1,426	9,402
Work-in-process	11.2	**500**	4,386
		1,926	13,788

11.1 Movement in obsolete /slow moving items

		2018	2017
Opening provision		**(28,585)**	(8,360)
Provision made during the year		**-**	(20,225)
		(28,585)	(28,585)

11.2 These represent obslete items carried at net realizable values against their cost of Rs.4.386 million.

12 TRADE DEBTS

Trade debts , *unsecured*		**11,669**	11,851
Doubtful debts written off		**(11,669)**	-
Less: Provision for doubtful trade debts	12.1	**-**	(9,695)
		-	2,156

12.1 Movement in provision for doubtful trade debts

Opeing provision		**(9,695)**	(5,005)
Provsion made / balances written off during the year		**9,695**	(4,690)
		-	(9,695)

13 LOANS AND ADVANCES

Loans to subsidiary companies - unsecured
Considered doubtful

Johnson and Phillips Industries (Pakistan) Limited (JPI)	13.1	**24,835**	24,756
Johnson & Phillips Transformers (Private) Limited (JPT)	13.2	**20,864**	20,785
J & P EMO Pakistan (Pvt.) Ltd. (EMO)	13.3	**3,012**	2,964
		48,711	48,505
Less: Provision against doubtful loans		**(48,711)**	(48,505)
		-	-
Advances - *Unsecured*			
To suppliers		**774**	794
To employees		**341**	356
Against purchase of land		**2,717**	2,717
Others		**71**	-
		3,903	3,938
Less: Provision for doubtful advances	13.4	**(3,841)**	(3,841)
		62	97

13.1 Reconciliation of loan amount due from JPI	**Note**	**2018**	2017
		(Rupees in thousand)	
Opening balance		**24,756**	32,244
Disbursed during the year		**79**	(7,488)
Closing balance		**24,835**	24,756
Less: provision		**(24,835)**	(24,756)
	13.5	**-**	-

13.2 Reconciliation of loan amount due from JPT

Opening balance		**20,785**	13,194
Disbursed during the year		**79**	7,591
Closing balance		**20,864**	20,785
Less: provision		**(20,864)**	(20,785)

	13.6	**-**	-

13.3 Reconciliation of loan amount due from EMO

Opening balance		**2,964**	2,948
Disbursed during the year		**48**	16
Closing		**3,012**	2,964
Less: provision		**(3,012)**	(2,964)
	13.7	**-**	-

13.4 Movement in provision for doubtful advances

Provision for doubtful advances against:	Opening	(Provision) / reversal made during the year	Closing provsion
Suppliers	(765)	**-**	(765)
Employees	(2,717)	**-**	(2,717)
Purchase of land	(288)	-	(288)
Others	(71)	-	(71)
	(3,841)	**-**	**(3,841)**

13.5 The maximum amount of loan due from JPI at the end of any month during the year was Rs. 24.835 million (2017: Rs. 24.756 million).

13.6 The maximum amount of loan due from Johnson & Phillips Transformers (Private) Limited at the end of any month during the year was Rs. 20.864 million (2017: Rs. 20.785 million).

13.7 The maximum amount of loan due from Johnson & Phillips EMO Pakistan (Private) Limited at the end of any month during the year was Rs. 3.012 million (2017: Rs. 2.964 million).

14 DEPOSITS AND PREPAYMENTS

Prepayments	**-**	86
Deposits		
Margin against bank guarantee	**281**	3,126
Deposit with court	**-**	723
Other receivable	**40**	50
Tender deposits	**228**	228
	549	4,127
Less: Doubtful deposits written off during the year	**(509)**	(3,831)
	40	382

15 TAX REFUNDS DUE FROM GOVERNMENT

Income tax		
Advance income tax	**446**	815
Income tax refundable	**2,422**	1,836
	2,868	2,651
Sales tax		
Sales tax refundable	**20,716**	16,377
	23,584	19,028

16 CASH AND BANK BALANCES

Cash in hand		**31**	26
At bank - in current accounts		**4,500**	4,383
- in saving accounts	16.1	**25**	25
		4,556	4,434

16.1 This carry profit at the rate ranging from 3.75% to 4.0% (2017: 3.75% to 4.75%) per annum.

				2018	2017
				(Rupees in thousand)	

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Number of shares)				
2018	2017			
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

18 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Leasehold land

Revaluation surplus over written down value at beginning		**153,969**	157,968
Surplus on revaluation during the year		**298,143**	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		**(3,443)**	(3,999)
		448,669	153,969

Factory building

Revaluation surplus over written down value at beginning		**13,790**	16,121
Surplus on revaluation during the year		**10,133**	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		**(1,097)**	(1,632)
Related deferred tax liability of incremental depreciation charged during the year		**(448)**	(699)
		22,378	13,790
Related deferred tax liability at beginning		**(4,137)**	(4,836)
Deferred tax on revaluation during the year		**(2,939)**	-
Effect of change in tax rate	18.2	**138**	
Less: related to incremental depreciation		**448**	699
		(6,490)	(4,137)

Plant and machinery

	Note		
Revaluation surplus over written down value at beginning		**5,009**	6,728
Surplus on revaluation during the year		**9,956**	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		**(1,401)**	(1,203)
Related deferred tax liability of incremental depreciation charged during the year		**(467)**	(516)
		13,097	5,009
Related deferred tax liability at beginning of the year		**(1,503)**	(2,019)
Deferred tax on revaluation during the year		**(2,489)**	-
Effect of change in tax rate	18.2	**251**	
Less: related to incremental depreciation		**467**	516
		(3,274)	(1,503)
		474,380	167,128

18.1 The revaluation surplus on land, building and plant and machinery is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 251 of the Companies Act, 2017.

18.2 This represent the effect on deferred tax liability due to change in tax rates for future years.

19.4 Represents an un-secured loan from Elmetec (Pvt) Ltd - a related party. During the year an agreement has been signed to reschedule the loan. According to the agreement dated June 30, 2018 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2018) will be repaid in twenty four equal quarterly installments commencing from July 01, 2019. The mark-up rate on this loan is KIBOR plus 2% per annum (2017: KIBOR plus 2% per annum).

		Note	2018	2017
			(Rupees in thousand)	
20	**DEFERRED LIABILITIES**			
	Staff retirement benefits - Gratuity	20.1	**4,144**	4,011
	Deferred taxation	20.2	**9,764**	5,640
			13,908	9,651
20.1	**Staff retirement benefits - Gratuity**			
	Staff retirement benefits - Gratuity		**5,038**	4,905
	Unclaimed gratuity shown under current liabilities (trade and other payables)		**(894)**	(894)
			4,144	4,011
20.1.1	**Principal assumptions**			
	Discount rate		**7.75%**	7.75%
	Expected rate of eligible salary increase in future years		**7.75%**	7.75%
20.1.2	**Liability for gratuity arose in the following manner:**			
	Opening net liability		**4,905**	6,901
	Expense for the year		**362**	669
	Other Comprehensive Income		**(208)**	(857)
	Benefits paid		**(21)**	(1,808)
	Closing net liability		**5,038**	4,905
20.1.3	**Charge to profit and loss account**			
	Current service cost		**52**	234
	Interest cost		**310**	435
	Total amount chargeable to profit and loss account		**362**	669

20.1.4 Comparison for five years

	2018	2017	2016	2015	2014
	----------Rupees in thousand----------				
Present value of defined benefit obligation	5,038	4,905	6,662	4,701	6,579

20.1.5 Expected charge for the year ending 30 June 2019 is Rs. 0.259 million.

20.2 DEFERRED TAXATION

	Note	2018	2017
		(Rupees in thousand)	
Taxable temporary differences			
Surplus on revaluation of fixed assets		**9,764**	5,640
Deductible temporary differences			
Accelerated tax depreciation		**952**	(4,003)
Carried forward tax losses and unabsorbed depreciation		**(102,256)**	(108,698)
		(101,304)	(112,701)
		(91,540)	(107,061)
Deferred tax asset not recognised		**101,304**	112,701
		9,764	5,640

Deferred tax asset on tax losses available for carry forward is not recognised as management is of the view that sufficient taxable profits will not be available in future that there benefit is realised.

21 TRADE AND OTHER PAYABLES

	Note	2018	2017
Creditors			
- Related parties		**119,397**	117,270
- Others	21.1	**5,255**	6,392
		124,652	123,662
Advances from customers			
- Related parties	21.1	**22,892**	23,016
- Others		**5,527**	5,389
		28,419	28,405
Accrued liabilities		**19,067**	11,018
Payable to ex-employees		**802**	802
Provident fund		**187**	281
Unclaimed gratuity payable		**894**	894
Tax deducted at source		**11**	9
Others	21.2	**1,182**	1,619
		175,214	166,690

21.1 These represent balances from Elmetec (Private) Limited - a related party.

21.2 This includes Rs. 0.933 million payable to a director.

22 SHORT TERM BORROWING

		2018	2017
Unsecured			
from director		**2,851**	**2,851**

22.1 This represents unsecured and interest free loan received from a director, Mr. Salman Ganny. The loan is repayable on demand.

23 MARK UP ACCRUED

	Note	2018	2017
Opening balance		**-**	-
Accrued during the year		**5,123**	4,410
		5,123	4,410
Paid / transferred during the year	23.1	**(5,123)**	(4,410)
Closing balance		**-**	-

23.1 These have been paid or rescheduled as disclosed in note 15 to these financial statements.

19 LONG TERM BORROWINGS	Note	2018	2017
		(Rupees in thousand)	
Loans from others-unsecured			
Loan from others	19.1	**4,000**	4,000
Loan-1 (From related party)			
Principal	19.2	**8,408**	8,408
Accumulated mark-up there on		**10,913**	10,614
		19,321	19,022
Loan -2 (From director)			
Principal	19.3	**23,675**	22,358
Accumulated mark-up there on		**7,867**	6,117
		31,542	28,475
Loan-3 (From related party)			
Principal	19.4	**45,930**	28,450
Accumulated mark-up there on		**23,248**	20,174
		69,178	48,624
		124,041	100,121
Less: current and overdue portion	19.1	**(4,000)**	(4,000)
		120,041	96,121

19.1 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.

19.2 Represents an unsecured loan from a director of Elmetec (Pvt) Ltd - a related party. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2018 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2018) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2019. The mark-up will be charged at the rate of Twelve months KIBOR plus 2% per annum (2017: Twelve months KIBOR plus 2% per annum) . An other unsecured loan amounting to Rs. 5.00 million taken in past and according to the agreement dated June 30, 2017, the loan carries mark-up @ Twelve months KIBOR per annum (2017: Twelve months KIBOR per annum) and will be repaid in Twenty four equal quarterly installments commencing from July 01, 2019.

19.3 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, 2018 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2018) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2019. The mark-up will be charged at the rate of KIBOR plus 2% per annum (2017: KIBOR plus 2% per annum). Other unsecured loans amounting to Rs. 7.797 million and Rs.3.0 million taken in past, according to the fresh agreements dated June 30, 2018, the loans carry mark-up @ KIBOR+2% per annum (2017: KIBOR+2% per annum), which will be repaid in twenty four quarterly installments commencing from July 01, 2019 and markup on these loans will be paid on monthly basis.

	Note	2018	2017
24 CONTINGENCIES AND COMMITMENTS		**(Rupees in thousand)**	

Contingencies

24.1 Guarantees

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

		2018	2017
Guarantees against performance bond		**1,794**	2,679

24.2 Labour

Ex-workers of the Company has filed following cases against the Company to reinstate them on their jobs:

24.2.1 Abdul Rahim in Labour Court - No definite outcome can be anticipated, however, in the opinion of legal advisor, the Company has good case in its favour.

24.2.2 Mushtaq Ahmed - The case has been decided in the Company's favour in Labour Court and later in Sindh Labour Appellate Tribunal. Mr. Mushtaq Ahmed has filed a Writ Petition in Sindh Hogh Court against the decision of Sindh Labour Appellate Tribunal which is pending for hearing. In the opinion of legal advisor, the Company has good case in its favour.

24.2.3 Abdul Naeem in Labour Court - The case is pending subjudice before the Court, therefore, in the opinion of legal advisor, anticipated loss or profit which may likely to occur can not be anticipated.

24.3 Income tax and sales tax

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

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

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

Others

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

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

24.5 The Company had filed a suit for the recovery of insurance claim of Rs 3.735 million (2017: Rs 3.735 million) in Honorable High Court of Sindh at Karachi against the EFU General Insurance Limited and M/s Hanilay & Co. (Private) Limited. However, the Honorable High Court of Sindh has disposed off the suit vide order dated 18 October, 2016.

25 SALES - NET

	2018	2017
Gross sales	**5,643**	26,156
Sales tax	**(820)**	(3,681)
	4,823	22,475
Commission and discount on sales	**(37)**	(32)
	4,786	22,443
Services income	**1,526**	481
	6,312	22,924

26 COST OF SALES

	Note	2018	2017
		(Rupees in thousand)	
Raw materials and components consumed			
Opening stock		**37,987**	40,269
Purchases and sub contract cost		**3,531**	13,940
		41,518	54,209
Closing stock		**(30,011)**	(37,987)
		11,507	16,222
Salaries, wages and benefits	26.1	**2,677**	7,911
Fuel and power		**378**	998
Repair and maintenance		**191**	270
Inspection and testing		**-**	8
Printing and stationery		**6**	35
Traveling and conveyance		**41**	190
Depreciation	7.7	**5,796**	7,050
Provision for Obsolete/ slow moving stocks		**-**	20,225
Other manufacturing expenses		**163**	205
		9,252	36,892
		20,759	53,114
Work in process			
Opening stock		**4,386**	3,273
Closing stock		**(500)**	(4,386)
		3,886	(1,113)
Cost of goods manufactured		**24,645**	52,001
Finished goods			
Opening stock		**-**	7,468
Closing stock		**-**	-
		-	7,468
		24,645	59,469

26.1 Salaries, wages and benefits

Salaries and wages		**2,591**	7,778
Gratuity		**72**	95
P.F Contribution (Worker & Staff)		**14**	38
		2,677	7,911

27 DISTRIBUTION EXPENSES

Salaries, wages and benefits	27.1	**568**	926
Late delivery charges and penalties		**-**	314
Advertising and sales promotion		**33**	28
Travelling and conveyance		**5**	27
Subscriptions and periodicals		**5**	52
Repair and maintenance		**42**	65
Entertainment		**27**	28
Printing and stationery		**-**	1
Others		**132**	43
		812	1,484

27.1 Salaries, wages and benefits

Salaries & wages		**538**	900
Gratuity		**15**	11
P.F Contribution-Staff		**15**	15
		568	926

28 ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	28.1	**10,316**	10,714
Directors' remuneration		**-**	366
Travelling and conveyance		**526**	691
Legal and professional charges		**7,556**	212
Rent, rates and taxes		**883**	1,004
Repair and maintenance		**419**	316
Printing and stationery, postage etc.		**937**	909
Light and power		**773**	721
Entertainment		**509**	337
Advertisement, subscriptions and periodicals		**822**	943
Auditors' remuneration	28.2	**529**	485
Insurance		**-**	347
Provisions for doubtful debts, loans and advances		**206**	4,335
Doubtful deposits written off	14 & 10	**890**	3,831
Doubtful trade debts written off		**1,974**	-
Depreciation	7.7	**1,449**	1,763
Others		**783**	1,479
		28,572	28,453

	Note	2018	2017
		(Rupees in thousand)	

28.1 Salaries, wages and benefits

Salaries and wages		**9,895**	10,440
Gratuity		**275**	128
P.F Contribution - Staff		**146**	146
		10,316	10,714

28.2 Auditors' remuneration

Annual audit fee		**324**	270
Review of half yearly financial statements		**65**	65
Review of consolidated financial statements		**65**	65
Certification and others		**16**	16
Out of pocket expenses		**59**	69
		529	485

29 FINANCE COST

Mark-up on unsecured long term loans		**5,123**	4,410
Bank charges and commission		**21**	38
Interest on defined benefit plan liability			435
		5,144	4,883

30 OTHER INCOME

Interest income		**1**	-
Bad debts recovered		**885**	
Gain on sale of fixed assets		**2,171**	-
		3,057	-

31 TAXATION

Current year	31.1	**-**	-
Prior year		**277**	353
Deferred tax		**(915)**	(1,215)
		(638)	(862)

31.1 Income tax assessments of the Company upto tax year 2017 is deemed to have been completed. There is no tax applicable on taxable profits of the Company under the provision of Income Tax Ordinance, 2001 due to available assessed tax losses. Accordingly, no reconciliation of tax expense with accounting profit has been presented.

31.2 In view of the management, suffcient tax provision has been made in the Company's fnancial statements. Comparisons of tax provision as per the fnancial statements viz-a-viz tax assessment for last three years is as follows:

	2017	2016	2015
Tax assessed as per most recent tax assessment	277	353	392
Provision in accounts for income tax	-	-	-

32 LOSS PER SHARE - basic and diluted

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

	2018	2017
Loss after taxation - (Rupeees in thousand)	**(49,166)**	(70,503)
Weighted average number of ordinary shares	**5,449,972**	5,449,972
Loss per share - basic and diluted - (Rupees)	**(9.02)**	(12.94)

33 CASH GENERATED FROM OPERATIONS	Note	(Rupees in thousand)	
Loss before taxation		**(49,804)**	(71,365)
Adjustments for:			
Depreciation	7.7	**7,245**	8,813
Provisions for doubtful debts, loans and advances		**206**	4,335
Doubtful deposits written off		**890**	3,831
Doubtful trade debts written off		**1,974**	
Provision for staff gratuity		**362**	234
Provision for Obsolete/ slow moving stocks		**-**	20,225
Finance cost	29	**5,144**	4,845
Gain on sale of fixed assets		**(2,171)**	-
		(36,154)	(29,082)
Effect on cash flow due to working capital changes			
Decrease /(Increase)decrease in current assets			
Stock-in-trade		**11,862**	8,637
Trade debts		**182**	(474)
Loans and advances		**(171)**	(603)
Tax refunds due from government		**(4,339)**	-
Deposits and prepayments		**(167)**	3,336
		7,367	10,896
increase in current liabilities			
Trade and other payables		**8,524**	11,177
Cash generated from operations		**(20,263)**	(7,009)

34 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 financial 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.

34.1 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 the 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 long term deposits, 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:

	2018	2017
	(Rupees in thousand)	
Long term deposits	**559**	940
Trade debts	**-**	2,156
Loans and advances	**62**	97
Trade deposits and other receivables	**40**	296
Bank balances	**4,525**	4,408
	5,186	7,897

Impairment losses

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

	2018		2017	
	Gross	**impairment**	Gross	impairment
	(Rupees in thousand)		(Rupees in thousand)	
Past due 1 - 60 days	-	-	544	-
Past due 61 - 365 days	-	-	1,612	-
More than one year	11,669	(11,669)	9,695	(9,695)
Total	**11,669**	**(11,669)**	11,851	(9,695)

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

34.2 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	124,041	124,041	-	(4,000)	(120,041)
Trade and other payables	175,214	175,214	(1,696)	(173,518)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
June 30, 2018	**303,523**	**303,523**	**(5,964)**	**(177,518)**	**(120,041)**
Long term financing	100,121	100,121	-	(4,000)	(81,582)
Trade and other payables	155,513	155,513	(1,696)	(153,817)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
June 30, 2017	**259,902**	**259,902**	**(5,964)**	**(157,817)**	**(81,582)**

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.

34.3 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:

	2018	2017	**2018**	2017
	Effective interest rate (%)		Carrying amount(Rs.'000')	
Financial liabilities				
Long term financing	**KIBOR and KIBOR +2%**	KIBOR and KIBOR +2%	**124,041**	100,121

Sensitivity analysis

As at balance sheet date, the Company does not account for any fixed rate financial assets or liabilities carried at fair value through profit or loss. Therefore, change in interest rates at reporting date would not affect profit and loss account.

34.4 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

34.5 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	(Rupees in thousand)			
Long term borrowings	-	120,041	-	**120,041**

	2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Long term borrowings	-	96,121	-	96,121

There have been no transfers during the year (2017: no transfers in either direction).

33.5.1 Certain categories of operating fixed assets are carried at revalued amounts (level 2 measurment) determined by a professional valuer based on their assessment of the market values as disclosed in note 7.1 to these financial statements.

35 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, 2018 the negative shareholders' equity amounts to Rs. -196.797 million (2017: Rs. 67.438 million.

36 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:

	Executives		Chief Executive		Directors		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	Rupees in thousands							
Managerial Remuneration	1,200	1,380	2,400	2,400	-	-	3,600	3,780
Retirement benefits and provident fund contribtion	-	-	-	200	-	-	-	200
Rent, utilities, leave encashment etc.	-	-	1,176	1,722			1,176	1,722
Directors' fees	-	-	-	-	185	370	185	370
	1,200	**1,380**	**3,576**	**4,322**	**185**	**370**	**4,961**	**6,072**
No. of persons	**1**	**3**	**1**	**1**	**3**	**1**	**5**	**5**

37 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. All transactions with related parties have been carried out by the Company at arm's length prices using the comparable uncontrolled price method. Transactions with related parties are as follows:

	2018	2017
	(Rupees in thousand)	
Subsidiaries		
Loan provided to subsidiary companies	**206**	70
Payments made on behalf of subsidiary companies	**206**	49
Amount adjusted between two subsidiaries	**-**	7,505
Provident Fund		
Contribution paid to Provident Fund	**175**	199
Directors		
Directors' fee paid	**185**	370
Markup on long term borrowings	**1,750**	1,697
Loan received	**-**	335
Funds received during the year	**-**	1,962
Funds repaid during the year	**-**	1,180
Other related parties due to close family relationship with director		
Long term Loan received	**17,480**	9,800
Purchases	**4,833**	10,521
Funds received - net	**17,480**	4,557
Markup on long term borrowings	**3,373**	2,713

38 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.

39 DATE OF AUTHORIZATION

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

40 GENERAL

40.1 Figures have been rounded off to the nearest thousand rupee.

40.2 The number of employees as at June 30, 2018 was 8 (2017: 18) and average number of employees during the year was 8 (2017: 37)

40.3 Corresponding figures have been re-arranged & re-classified, whenever, necessary for the purpose of comparison and better presentation. Following major reclassifications have been made during the year:

Description	Reclassification from	Reclassification to	Rupees
Sales tax refundable	Loans and advances	Tax refunds due from government	16,377

______________________	____________	______________________
Chief Executive	**Director**	**Chief Financial Officer**

DIRECTORS' REPORT

The Directors'of your Company are pleased to present the consolidated Audited Financial statements for the year ended June 30, 2018 and Auditors' Report thereon.

Financial Highlights

The comparative financial highlights of your Company for the year ended June 30, 2018 and June 30, 2017are as follows:

	2018	2017
	……Rupees in '000…….	
(Loss) for the year before taxation	(49,298)	(72,869)
Out of which the Directors have accounted For taxation – current	638	862
Disposable (loss) for appropriation	(48,660)	(72,007)
Accumulated (Losses) brought forward	(349,328)	(285,012)
Adjustment for: Incremental depreciation on revalued assets	5,941	6,834
Other Comprehensive Profit/(Loss)	208	857
Accumulated losses carried over to Balance Sheet	(391,839)	(349,328)

The following subsidiaries have been consolidated in the financial statements of the holding company:

Johnson and Phillips Industries (Pakistan) Limited
Johnson & Phillips Transformers (Private) Limited
J&P EMO Pakistan (Private) Limited

The subsidiaries of the group have ceased production/ operation.

Loss per Share

Earnings per share for the year ended June 30, 2018 is Rs.(8.93) [June 30, 2017Rs.(13.21)].

Material Changes

There has been no material changes since June 30, 2018 and the Company has not entered into any commitments which would affect its financial position on that date.

Performance Review

The Sales -net for the year was Rs.6.3M as compared to Rs.22.9M for the corresponding period of last year. The cost of sales for the year was 24.6M as compared to Rs.59.4M. This was mainly due to lower sales made during the year.

The Gross loss of the Company was Rs.(18.3M) against a loss of Rs. (36.5M) in the corresponding period of last year. This is mainly due to lower sales. The Company's Distribution cost, Administrative expenses and finance costduring the year ended June 30, 2018 was Rs.34.5M as against Rs.34.8M in the corresponding period of previous year. The Company is in the process of reorganizing its activities.

A loss after tax of Rs.48.6M was reported for the year ended June 30,2018 compared to a loss after tax of Rs.72.0M in the corresponding period. Management of your Company is making concerted efforts and continues to endeavor to achieve improved performance in the future.

As per decision of the Holding Company Board in this financial year the Land, Building and Plant & Machinery have been revalued. The revalued amount has been taken from the Report issued by the value M/S Joseph Lobo (Pvt) Limited in their report dated January 13, 2018 by incorporating surplus on revaluation of fixed assets in the financial statements and accordingly restating the prior years' numbers.

External Audit

The auditors M/s. Nazir Chaudhri & Co. Chartered Accountants retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board on the recommendation of the Audit Committee has proposed their re-appointment.

The Auditors emphasized on the going concern issue in their Auditor's Report. **Referred in note 1.2.**

Internal Audit

The Company's Board closely follows the activities of the Internal Audit Department as a service to all levels of Management. The main objective of the independent Internal Audit Department is to provide reasonable assurance to the Board and Management that the existing systems of internal control are adequate and operating satisfactorily. As an Internal Audit Department adds value to the Company's operations, makes suggestions and recommendations for improved operational performance.

Statement of Corporate and Financial Reporting Framework

The corporate laws, rules and regulations framed thereunder spell out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and adopted by the Stock Exchanges for all listed companies, and is pleased to certify that:

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

2. The Company has maintained proper books of accounts as required under the Companies Act, 2017.

3. The Company has followed consistently appropriate accounting policies in preparation of the financial statements. Changes wherever made, have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgment.

4. International Accounting Standards (IAS) andInternational Financial Reporting Standards (IFRS) as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom, if any, has been adequately disclosed.

5. The system of internal control is sound in design and has been effectively implemented and monitored. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve objectives, and by its nature can provide only reasonable, and not absolute, assurance against material misstatement or loss. The process used by the Board to review the effectiveness of the system of internal control includes, inter-alia, the following:

    - A Board Audit Committee (BAC) is in place. It reviews the approach adopted by the Company's internal audit department and the scope of and the relationship with, the external auditors. It also receives reports from the internal audit department and the external auditors on the system of internal control and any material weaknesses that have been identified. Further, the BAC discusses the actions to be taken in areas of concern with the relevant executives. The BAC consists of three members. The Chairman of the BAC is an independent director and all the other members of the BAC are independent directors.

    - An organizational structure has been established, which supports clear lines of communication and tiered levels of authority with delegation of responsibility and accountability.

    - There is an annual budgeting and strategic planning process. Financial forecasts are prepared and these strategies are reviewed during the year to reflect significant changes in the business environment.

6. There is no doubt upon the Company's ability to continue as a going concern.

7. The Directors of your Company feel that preservation of capital for future growth is very important, therefore no dividend is declared for the current year.

8. The Company has followed the best practices of the Code of Corporate Governance and there is no material departure there from.

9. The related parties' transactions are approved or ratified by the Board Audit Committee and the Board of Directors.

10. All major decisions relating to the investments / disinvestments, changes in the policies are taken by the Investment Committee / Board of directors.

11. Decisions regarding appointment of CEO, CFO & Company Secretary and Head of Internal Audit, and fixing or changing of remuneration are taken and approved by the Board.

12. Outstanding taxes and duties are given in the financial statements.

Board of Directors
Composition of the Board

The Board of Directors comprises of seven members, two Non-Executive Directors, four independent Directors and oneExecutive Director (MD & Chief Executive Officer).

Name

Mr. Salman Ganny(Chairman)

Mr. ShehryarSaeed (MD & Chief Executive Officer)

Ms. MariumShafi

Mr. Muhammad Tariq Anjum

Mr. Muhammad Azharul Islam

Mr. AbidSaeed Khan

Mr. Syed JamshedZaidi

Pattern of Shareholding

A statement showing the pattern of shareholding is attached with this report.

Future Plan /growth

The management of the Holding Company after approval of the shareholders in the Extra Ordinary General Meeting (EOGM) held on April 26, 2018 will implement a new business plan after the sale of its land and building. The business plan includes continued activity in an area related to the core business of the company – i.e. in the electrical equipment industry. In this regard a new setup for Engineering, Repair and Maintenance Services is to be established. For this purpose, the company will be able to put to use its existing Plant & Machinery and Testing equipment. In addition to this, the company will be exploring new businesses in the Indenting and trading sector.

To generate this working capital, the Company advertised in the newspaper to sell its land and building at its existing facility located at SITE, Karachi. Following this sale, the facility will be shifted to a new location in Korangi, Karachi. This approach will provide the company with sufficient capital to clear major current trade liabilities and generate enough funds for the relocation and setup of the new plant in a new location. It will benefit the company and its shareholders.

Three quotations were received for the purchase of our land and building. However, the highest bidder backed out and at present the management is pursuing the other bidders to re-quote which is in the process of being finalized.

Acknowledgement

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

Shehryar Saeed
MD & Chief Executive Officer
Karachi: October 01, 2018

Salman Ganny
Chairman

INDEPENDENT AUDITOR'S REPORT

To the members of Johnson & Phillips (Pakistan) Limited

Qualified Opinion

We have audited the annexed consolidated financial statements of **Johnson & Phillips (Pakistan) limited** (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2018, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the annexed consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

The financial statements of the subsidiary companies, Johnson and Phillips Industries (Pakistan) limited, Johnson & Phillips Transformers (Private) Limited and J & P EMO Pakistan (Private) Limited for the year ended June 30, 2017 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, 2018 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. Nil (2017: Rs. 12.912 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. Nil (2017: Rs. 41.610 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) During the year, the management of subsidiary companies have written off assets amounting to Rs.10.872 million which include long term deposits of Rs.0.711 million, advance of Rs.0.167 million cash at bank of Rs.9.376 million and other receivable of Rs.0.618 million and wrote back liabilities amounting to Rs.11.377 million which include Creditors of Rs.8.139 million and other liabilities of Rs.3.238 million resulting in recognition of expense in statement of profit or loss of Rs.10.872 million and income of Rs.11.377 million. We were unable to verify the existence and realizable amounts of these assets and liabilities during our audit of the subsidiary Companies' financial statements for the year ended 30 June 2017 and accordingly we disclaimed our opinion in our report on those financial statements. Further, in the absence of relevant supporting documents of these transactions we have not been able to verify their occurrence, accuracy and completeness of the amounts reported in the financial statements. 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 transactions.

iii) During the year ended 30 June 2017, the management of the subsidiaries of the group, Johnson and Phillips Industries (Pakistan) Limited and Johnson & Phillips Transformers (Private) Limited recorded disposal and reversal of certain assets and liabilities in the financial statements of these subsidiaries including assets held for sale amounting to Rs. 23.870 million, stores, spare parts and loose tools amounting to Rs. 2.396 million, stock in trade amounting to Rs. 12.705 million, advances amounting to Rs. 9.005 million, short term loan from commercial bank amounting to Rs. 37.242 million and recognised a loss on sale of assets held for sale amounting to Rs. 1.504 million in profit and loss account resulting in increase in bank balance amounting to Rs. 9.213 million. We were unable to verify the existence and realizable amounts of these assets and liabilities during our audit of the subsidiary companies' financial statements for the year ended 30 June 2016 and accordingly we disclaimed our opinion in our report on those financial statements. Further, in the absence of relevant supporting documents of these transactions we have not been able to verify their occurrence, accuracy and completeness of the amounts reported in the financial statements. 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 transactions.

iv) 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 the 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.

v) As explained in note 2.1 to the consolidated financial statements, the subsidiaries of the group, Johnson and Phillips Industries (Pakistan) Limited and Johnson & Phillips Transformers (Private) Limited ceased production in July 1997 and February 1998 respectively. Further, the accumulated losses of all the subsidiary companies as at June 30, 2018 stand at Rs.136.666 million (2017: Rs. 136.967 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.

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

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1.2 to the consolidated financial statements which indicates that the Group has incurred net loss of Rs.49.166 million for the year and as at 30 June 2018 the Group has accumulated losses of Rs.384.883 million. These conditions along with other matters as set forth in note 1.2 to the consolidated financial statements indicate the existence of material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Material Uncertainty Related to Going Concern* section and *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the key audit matters:

Key audit matters	**How our audit addressed the key audit matter**
1. Non-current assets classified as held for sale.	
Refer to note 6 to the financial statements and the accounting policy in note 4.24 to the financial statements. The Company announced in February 2018 their intention to sale its land and building amounting to Rs.472.129 million, consequently, these have been classified as non-current assets held for sale. According to IFRS 5, non-current assets should be classified as held-for-sale if their carrying	Our audit procedures to assess the classification of land and building as non-current assets held for sale, amongst others, include the following: • review of the Company´s actions in order to sale land and building; • challenging management on whether the requirements under IFRS 5 for land and building classified as held for sale were met; and

value will be recovered principally through a sales transaction rather than through continuing use. One of the conditions that must be satisfied for classification as held for-sale is that the sale is highly probable within one year. In addition, assets held for sale should be measured at the lower of carrying value and estimated fair value less costs to sell. We focused on this area since classification and measurement of assets held for sale require significant judgements and estimates by management and the amounts have a significant impact on the financial position of the Company.	• review and evaluation of the Board of Directors' and management´s process to determine fair value less costs of disposal;
2. Valuation of stock-in-trade	
Refer to note 10 to the financial statements and the accounting policy in note 4.11 to the financial statements. As at 30 June 2018, the cost of the Company's stock-in-trade comprise of Rs.39.766 million. We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost involved significant management judgement and estimation.	Our audit procedures to assess valuation of trade debts, amongst others, include the following: • obtaining an understanding of the management's basis for the determination of NRV and the key estimates adopted, including future selling prices and costs necessary to make the sales and the basis of the calculation and justification for the amount of the write-downs and provisions; • assessing the NRV of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with the selling prices achieved subsequent to the end of the reporting period; and • comparing NRV to the cost of a sample of stock-in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete.
3. Valuation of trade debts	
Refer to note 11 to the financial statements and the accounting policy in note 4.16 to the	Our audit procedures to assess valuation of trade debts, amongst others, include the

financial statements. The Company has a significance balance of doubtful trade debts. Provision against doubtful trade debts is based on management's judgement to determine the appropriate level of provision against balances which may not ultimately be recovered; We identified the recoverability of the Company's trade debts as a key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.	following: • Obtaining the understanding of the management's basis for the determination of the provision required at the year end and the receivables collection process; • For a sample of trade debts, tested the adequacy of the provisions for doubtful debts by taking into account the ageing of receivables at the year end and cash received after year end, as well as assessing the judgements made by the management in relation to the credit worthiness of the debtors;
4. Uncertainty related to recovery lawsuit	
Refer to note 23.1.3 to the financial statements which describes the uncertainty related to outcome of the recovery lawsuit filed by the National Bank of Pakistan against the subsidiary companies of the Company in which the Company has given counter guarantee to the banks. Although the subsidiary company has paid the entire liability stood in its books, however, the bank has not acknowledged the full settlement of its claim. We considered this matter as key audit matter because the outcome of the case, if the decree is executed against the Company, could have a significant impact on the financial position of the Company.	We inquired the management and evaluated the Company's assessment of the most recent status and outcome of the claim. The specific audit work that we performed during our assessment of the claim included: • Read related minutes of meetings of the Board of Directors and the audit committee • Obtained external confirmation on the fact and views in writing from related legal advisor • Considered the adequacy of the related disclosures.
5. Preparation of financial statements under Companies Act, 2017.	
As referred to in note 2 to the accompanying Financial statements, the companies act 2017 (the Act) became applicable for first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. The act forms an integral part of statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of	We assessed the procedures applied by the management for identification of changes require in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statement.

the financial statements. In the case of the Company, specific additional disclosures and changes to the exiting disclosures have been included in the financial statements as referred to note 3.1 to the accompanying financial statement, The aforementioned changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of changes in the financial statements resulting from the transition to the new reporting requirement under the Act.	

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Abdul Rafay.

Nazir Chaudhri & Co.
Chartered Accountants
Karachi
October 01, 2018

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2018

	Note	2018	2017	2016
		(Rupees in thousand)		
ASSETS			Restated	Restated
NON-CURRENT ASSETS				
Property, plant and equipment	*6*	**14,194**	175,318	184,009
Intangible Asset	*7*	**-**	-	-
Long term deposits		**559**	1,566	1,566
		14,753	176,884	185,575
CURRENT ASSETS				
Store, spares and loose tools		**-**	-	2,396
Stock-in-trade	*8*	**1,926**	13,788	55,355
Trade debts	*9*	**-**	2,156	6,372
Loans and advances	*10*	**62**	97	17,956
Deposits and prepayments and other receivables	*11*	**40**	1,085	7,479
Tax refunds due from government	*12*	**26,239**	21,850	4,970
Cash and bank balances	*13*	**4,556**	13,810	1,245
		32,823	52,786	95,773
Non-current assets classified as held for sale	*5*	**472,158**	-	23,870
TOTAL ASSETS		**519,734**	229,670	305,218
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVE				
Authorized capital				
8,000,000 (2016: 8,000,000) ordinary shares of		**80,000**	80,000	80,000
Issued, subscribed and paid-up capital	*14*	**54,500**	54,500	54,500
Share premium reserve		**29,727**	29,727	29,727
Surplus on revaluation of property, plant and equipment	*16*	**474,380**	167,128	173,962
General reserve		**23,073**	23,073	23,073
Accumulated loss		**(391,839)**	(349,328)	(285,012)
		189,841	(74,900)	(3,750)
Non-controlling interest	*15*	**-**	-	-
NON-CURRENT LIABILITIES				
Long term borrowings	*17*	**120,041**	96,121	81,582
Deferred liabilities	*18*	**14,504**	10,247	13,458
		134,545	106,368	95,040
CURRENT LIABILITIES				
Trade and other payables	*19*	**179,984**	182,447	171,269
Short term borrowings	*20*	**6,536**	6,927	33,831
Current and overdue portion of long term	*17.2*	**4,000**	4,000	4,000
Mark up accrued	*21*	**-**	-	-
Unclaimed dividend		**4,268**	4,268	4,268
Taxation		**560**	560	560
		195,348	198,202	213,928
Contingencies and commitments	*22*			
TOTAL EQUITY AND LIABILITIES		**519,734**	229,670	305,218

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive | **Director** | **Chief Financial Officer**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Revenue from sales and services - net	23	**6,312**	22,924
Cost of sales and services	24	**(24,645)**	(59,469)
Gross loss		**(18,333)**	(36,545)
Distribution cost	25	**(812)**	(1,484)
Administrative expenses	26	**(28,571)**	(28,453)
		(29,383)	(29,937)
		(47,716)	(66,482)
Finance cost	27	**(5,144)**	(4,883)
Other income	28	**3,057**	-
Assets written off		**(10,872)**	-
Liabilities written back		**11,377**	-
loss on disposal of assets classified as held for sale		**-**	(1,504)
		(1,582)	(6,387)
Loss before taxation		**(49,298)**	(72,869)
Taxation	29	**638**	862
Loss after taxation from continued operations		**(48,660)**	(72,007)
Loss after taxation for the year attributable to:			
- Owners of the Holding Company		**(50,233)**	(71,334)
- Non-controlling interests		**1,573**	(673)
		(48,660)	(72,007)
		-----------Rupees-----------	
Loss per share - basic and diluted	30	**(8.93)**	(13.21)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive | **Director** | **Chief Financial Officer**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended June 30, 2018

	2018	2017
	(Rupees in thousand)	
Loss for the year	**(48,660)**	(72,007)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Gain / (loss) on remeasurment of post employment benefit obligation	**208**	857
Items that will be reclassified to profit or loss in subsequent periods:		
Gain on revaluation of land and buildings	**318,232**	-
Deferred tax on gain on revaluation of buildings	**(5,428)**	-
	312,804	-
Total comprehensive income / (loss)	**264,352**	(71,150)
Total comprehensive loss for the year attributable to:	-----------Rupees-----------	
- Owners of the Holding Company	**262,779**	(70,477)
- Non-controlling interests	**1,573**	(673)
	264,352	(71,150)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended June 30, 2018

		Note	2018	2017
			(Rupees in thousand)	
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Cash used in operations	*32*	**(20,263)**	9,593
	Taxes paid	*10*	**(494)**	(689)
	Gratuity paid	*17.1.2*	**(21)**	(1,808)
	Finance cost paid		**(21)**	(6)
	Net cash from operating activities		**(20,799)**	7,090
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Additions to property, plant and equipment	*3*	**(115)**	(122)
	Proceeds from disposal of property, plant and equipment		**2,239**	-
	Proceeds from disposal of assets classified as held for sale		**-**	22,366
	Net cash from investing activities		**2,124**	22,244
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Proceeds from long term borrowing		**18,797**	10,135
	Repayment of short term borrowing		**-**	(26,904)
	Net cash used in investing activities		**18,797**	(16,769)
	Net (decrease) / increase in cash and cash equivalents		**122**	12,565
	Cash and cash equivalents at beginning of the year		**4,434**	854
	Cash and cash equivalents at end of the year	*31*	**4,556**	13,419

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2018

	Capital reserve			Revenue reserve		
	Issued, subscribed and paid-up capital	Share premium reserve	Surplus on revaluation of fixed assets	General reserve	(Accumulated loss)	Total
	(Rupees in thousand)					
Balance as at June 30, 2016 - As previously reported	54,500	29,727	-	23,073	(285,012)	(177,712)
Impact of restatement - note 4	-	-	173,962	-	-	173,962
Balance as at June 30, 2016 - Restated	54,500	29,727	173,962	23,073	(285,012)	(3,750)
Total comprehensive loss for the year ended June 30, 2017						
Net loss for the year					(72,007)	**(72,007)**
Other comprehensive income	-	-		-	857	**857**
					(71,150)	**(71,150)**
Transfer from surplus on revaluation of property, plant and equipment	-	-		-	6,834	**6,834**
Balance as at June 30, 2017	**54,500**	**29,727**	**173,962**	**23,073**	**(349,328)**	**(68,066)**
Total comprehensive loss for the year ended June 30, 2018						
Net loss for the year	**-**	**-**		**-**	(48,660)	**(48,660)**
Other comprehensive income					208	**208**
					(48,452)	**(48,452)**
Transfer from surplus on revaluation of property, plant and equipment	-	-		-	5,941	**5,941**
	54,500	**29,727**	**173,962**	**23,073**	**(391,839)**	**(110,577)**

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

1 STATUS AND NATURE OF BUSINESS

1.1 Johnson & Phillips (Pakistan) Limited (the Holding Company) was incorporated in Pakistan as a public limited company on April 15, 1961 and its shares are quoted on Pakistan Stock Exchange Limited. The registered office of the holding company is situated at C-10, South Avenue, 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 financial statements of the Holding Company.

Subsidiaries	Company status	Group Holding
Johnson and Phillips Industries (Pakistan) Limited	Public Limited	100%
Johnson & Phillips Transformers (Private) Limited	Private Limited	70%
J & P EMO Pakistan (Private) Limited	Private Limited	51%

1.2 Going Concern

The accumulated losses of the Group as at June 30, 2018 stand at Rs. 392.044 million (2017: Rs. 349.328million) resulting in negative equity of Rs. 242.028 million (2017: Rs. 74.900 million restated) and, as at that date, its current liabilities exceeds its currents assets by Rs. 165.525 million (2017: 145.416 million).

These conditions indicate the existence of material uncertainty which may cast significant doubts on the group's ability to continue as going concern.

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 16.3, 16.4 and 16.5 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, 2017. 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 and other related parties of the 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 transactions and events affecting the Group's financial position and performance

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.

2.2 On August 31, 1997 there was a change of management of a 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 11, 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.

2.3 The Board of Directors of the Holding Company, in their meeting held on February 28, 2018 and shareholders of the Company in the Extra Ordinary General Meeting held on April 26, 2018, approved, subject to approval / consent of the applicable regulatory authorities, the business revival plan. Following are the mojor components of the plan:

- Sale of land and building at its existing facility located at SITE, Karachi.

- Following the sale, the facility will be shifted to a new location in Korangi, Karachi.

- The sale and relocation will release funds for setup and working capital for the new venture from the proceeds of the sale of land and building.

2.4 Due to applicability of the Companies Act, 2017 to the consolidated fnancial statements of the Group, amounts reported for the previous period have been restated. For detailed information please refer to note 3.1.2 and note 4; and

2.5 For a detailed discussion about the Groups's performance please refer to the Directors' report

2.6 During the year the subsidiaries of the Holding Company have written off their assests and written back their liabilities.

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 Statement of compliance

3.1.1 These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the rovisions of and directives issued under the Companies Act, 2017 have been followed.

3.1.2 The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of nomenclature of these financial statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 6.4 & 6.5), management assessment of sufficiency of tax provision in the the financial statements (refer note 28.2), change in threshold for identification of executives (refer note 34), additional disclosure requirements for related parties (refer note 35) etc.

3.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for:

- Recognition of staff retirement benefits which are stated at present value as referred to in note 17.1.
- Certain items of property, plant and equipment which are stated at revalued amounts as referred to in note 6.

In these consolidated financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is also the Group's functional currency.

3.4 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statement are consistent with those of the previous financial year except as describe below:

3.4.1 New standards, interpretations and amendments

The Holding Company has adopted the following accounting standards and amendments which became effective for the current year:

- IAS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)
- IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above accounting standards did not have any effect on these financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		**Effective date (annual periods beginning on or after)**
IFRS 2 -	Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments)	01 January 2018
IFRS 9 -	Financial Instruments	01 July 2018
IFRS 9 -	Prepayment Features with Negative Compensation - (Amendments)	01 January 2018
IFRS 10 -	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15-	Revenue from Contracts with Customers	01 July 2018

IFRS 16 -	Leases	01 January 2019
IFRS 4 -	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — (Amendments)	01 January 2018
IAS 40 -	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IAS 19 -	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 -	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 22 -	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 -	Uncertainty over Income Tax Treatments	01 January 2018

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Group's financial statements in the period of initial application

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		**IASB Effective date (annual periods beginning on or after)**
IFRS 14 -	Regulatory Deferral Accounts	01 January 2016
IFRS 17 -	Insurance Contracts	01 January 2021

3.5 Critical Accounting estimates and judgments

The preparation of the consolidated financial statements 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 Group'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 these consolidated financial statements are as follows:

	Note
Provision for taxation	3.9
Provision for deferred taxation	3.9
Residual values and useful lives of depreciable assets	3.13
Provision for obsolete and slow moving stock	3.16
Write down of stock in trade to their net realisable value	3.16
Provision for doubtful debts	3.17
Provision for doubtful advance and deposits	3.17
Employees' retirement benefits	3.6

3.6 Employee benefits

3.6.1 Defined benefit plan

The Holding Company operates unfunded gratuity scheme for all its permanent employees according to terms of employment, subject to minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligation under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for gratuity scheme was carried out as June 30, 2018. Projected unit credit method is used for valuation of the scheme.

All actuarial gains and losses are recognized in 'Other Comprehensive Income' as they occur.

3.6.2 Defined contribution plan

The Holding Company operates provident fund for all its permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of the basic salary.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these rules.

3.6.3 Provident fund related disclosures

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

	Unaudited June 30, 2018	Unaudited June 30, 2017
	----Rupees in thousands----	
Size of the fund - Total assets	**4,761**	8,009
Cost of the Investment made	**4,000**	6,000
Percentage of investments made	**84%**	75%
Fair value of the investments	**4,761**	6,000

Break-up of the fair value of investments is:

	June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	----Rupees in thousands----			
Certificate of Investment	4,000	6,000	**84%**	74%

The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Act and rules formulated for this purpose.

3.7 Compensated absences

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

3.8 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.

3.9 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 Holding 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 realization.

3.10 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.

3.11 Provisions

Provisions are recognised when the Holding 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.

3.12 Investments

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

3.13 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 6. 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 6.

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.

3.14 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.

3.15 Consumable stores

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

3.16 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.

3.17 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.

3.18 Warranties

The management estimates at each balance sheet date a liability that could arise as a result of the Holding 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.

3.19 Foreseeable losses on orders in hand

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

3.20 Transaction with related parties

The Holding Company enters into transactions with related parties on an arm's lengths basis except in circumstances where, subject to approval of the Board of Directors, it is in the interest of the Holding Company to do so.

3.21 Impairment losses

The carrying amount of the Group'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.

3.22 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.

3.23 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.

3.24 Cash and cash equivalents

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

3.25 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.

3.26 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.

3.27 Dividend

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

3.28 Non-current assets (or disposal group) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets (or disposal groups) are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

4 CHANGE IN ACCOUNTING POLICY

The specifc provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fxed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specifed the accounting treatment and presentationof the surplus on revaluation of fxed assets, which was not in accordance with the IFRS requirements.Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property,Plant and Equipment, surplus on revaluation of fxed assets would now be presented under equity

Following the application of IAS 16, the Group's accounting policy for surplus on revaluation of land and building stands amended as follows:

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, inother comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extentthat increase reverses a decrease previously recognised in the statement of proft or loss, the increase isfrst recognised in the statement of proft or loss. Decreases that reverse previous increases of the same asset are frst recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of proft or loss. Each year, the differencebetween depreciation based on the revalued carrying amount of the asset charged to the statement of proftor loss and depreciation based on the asset's original cost, net of tax, is reclassifed from revaluation surpluson property, plant and equipment to unappropriated proft.

The change in accounting policy has been accounted for retrospectively in accordance with the requirementsof IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative fgures havebeen restated.

The effect of change in accounting policy is summarised below:

	Surplus on revaluation of property, plant and equipment	**Share capital and reserves**	Surplus on revaluation of property, plant and equipment	Share capital and reserves
	As at June 30, 2017		As at June 30, 2016	
	Rupees		Rupees	
Effect on statement of financial position				
As previously Reported	167,128	-	173,962	-
As Restated	-	167,128	-	173,962
Restatement	166,690	167,128	(173,962)	173,962
Effect on statement of changes in equity				
As previously Reported	-		-	-
As Restated	167,128	-	173,962	-
Restatement	167,128	-	173,962	-

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

5 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As disclosed in note 2.3 to the financial statements the Company has resolved to sale land and building. Therefore these have been classified as held for sale:

	2018	2017
	----------(Rupees in thousand)-------------	
Leasehold land	**448,558**	-
Building on leasehold land	**23,600**	-
	472,158	-

6 PROPERTY, PLANT AND EQUIPMENT

	Lease hold Land	Building on lease hold land	Plant and machinery	Gas and electric installations	Factory tools	Vehicles	Furniture and fixtures	Office and other equipments	Total
	----------	----------	----------	----------	Rupees in thousands	----------	----------	----------	----------
Year Ended 30 June 2017									
Opening net book value	157,857	17,707	8,175	8	-	170	1	91	184,009
Additions during the year	-	-	-	-	90	-	-	32	122
Depreciation for the year	(4,000)	(2,560)	(2,087)	(8)	(8)	(89)	(1)	(60)	(8,813)
Closing net book value	153,857	15,147	6,088	-	82	81	-	63	175,318
Useful Life (Years)	99	10	7	10	5	4	5	5	
As at 30 June 2017									
Cost	170,000	25,600	14,610	1,178	3,933	11,640	4,320	12,026	243,307
Accumulated depreciation	(16,143)	(10,453)	(8,522)	(1,178)	(3,851)	(11,559)	(4,320)	(11,963)	(67,989)
Net book value	153,857	15,147	6,088	-	82	81	-	63	175,318
Year Ended 30 June 2018									
Opening net book value	**153,857**	**15,147**	**6,088**	**-**	**82**	**81**	**-**	**63**	**175,318**
Additions during the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**115**	**115**
Supplus on revaluaiton	**298,143**	**10,133**	**9,956**	**-**	**-**	**-**	**-**	**-**	**318,232**
Disposal									
Cost	**-**	**-**	**-**	**-**	**-**	**(8,148)**	**-**	**-**	**(8,148)**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**8,080**	**-**	**-**	**8,080**
	-	**-**	**-**	**-**	**-**	**(68)**	**-**	**-**	**(68)**
Classified as held for sale	**(448,558)**	**(23,600)**	**-**	**-**	**-**	**-**	**-**	**-**	**(472,158)**
Depreciation for the year	**(3,442)**	**(1,680)**	**(2,115)**		**(8)**	**-**			**(7,245)**
Closing net book value	**-**	**-**	**13,929**	**-**	**74**	**13**	**-**	**178**	**14,194**
As at 30 June 2018									
Cost	**-**	**-**	**24,566**	**1,178**	**3,933**	**3,492**	**4,320**	**12,141**	**49,630**
Accumulated depreciation	**-**	**-**	**(10,637)**	**(1,178)**	**(3,859)**	**(3,479)**	**(4,320)**	**(11,963)**	**(35,436)**
Net book value	**-**	**-**	**13,929**	**-**	**74**	**13**	**-**	**178**	**14,194**
Useful Life (Years)	**99**	**10**	**7**	**10**	**5**	**4**	**5**	**5**	

6.1 Included herein assets costing Rs.24.657 million (2017: Rs. 32.743 million), which are fully depreciated.

6.2 The previous revaluations were carried out on March 31, 1995, June 30, 2004, June 17, 2008 and June 12, 2013 which resulted in a surplus of Rs 42.642 million, surplus of Rs 73.464 million and surplus of Rs. 104.097 million and impairment of Rs. 0.855 million respectively.

Further, latest revaluation of leasehold land, building on leasehold land and plant & machinery were revalued on January 13, 2018 resulted in a surplus of Rs. 317.919 million. The revaluation was incorporated in books following the elimination method. The revaluation exercise was conducted by M/s Joseph Lobo (Private) Limited, a valuer on approved list of Pakistan Bankers Association, on following basis:

Land	Present market values for similar sized plots in the vicinity
Building	Replacement values of similar types of buildings based on present cost of constructions and applying residual factors based on estimated remaining useful life
Plant and machinery	Replacement values of similar types of buildings based on current rates and applying residual factors based on estimated remaining useful life.

6.3 The carrying amount of leasehold land, building on leasehold land and Plant & Machinery as at 30 June 2018, if the said had been carried at historical cost would have been Rs.032 million (2017: Rs. .033 million), Rs 1.222 million (2017: Rs.1.357) and Rs.0.832 million (2017: Rs.1.076) respectively.

6.4 The forced sale value of leasehold land, building on leasehold land and Plant & Machinery is Rs.340.491 million, Rs.18.160 million and Rs.11.350 million respectively.

6.5 Factory of the Company is situated at 3 acres of land at C-10, South Avenue, SITE, Karachi

6.6 The depreciation charge for the year has been allocated as follows:

	Note	**2017**	2016
		(Rupees in thousand)	
Cost of sales and services	*24*	**5,796**	7,050
Administrative expenses	*26*	**1,449**	1,763
		7,245	8,813

6.7 Details of operating fixed assets disposed off during the year are as follows:

Assets	Cost	Accumulated depreciation	Net book value	Sale Proceed	Mode of disposal	Purchaser address
Items of net book value below Rs. 500,000 each	8,148	8,080	68	2,239	Negotiation	Various

7 INTANGIBLE ASSET

	COST			AMORTIZATION			Written down Values as at June 30, 2018	Useful life (years)
	As at July 01, 2017	Additions / disposal	As at June 30, 2018	As at July 01, 2017	For the year	As at June 30, 2018		
	----- Rupees in thousands -----							
Computer Software	129	-	129	129	-	129	-	5
	129	**-**	**129**	**129**	**-**	**129**	**-**	

	Note	2018	2017
		(Rupees in thousand)	
8 STOCK-IN-TRADE			
Raw material and components - in hand		**30,011**	37,987
Less: provision for obsolete/ slow moving items	8.1	**(28,585)**	(28,585)
		1,426	9,402
Work-in-process		**500**	4,386
		1,926	13,788
8.1 Movement in obsolete /slow moving items			
Opening provision		**(28,585)**	(8,360)
(Provision) / reversal made during the year		**-**	(20,225)
		(28,585)	(28,585)
9 TRADE DEBTS			
Trade debts - *unsecured*		**11,851**	11,851
Less: Provision for doubtful trade debts	9.1	**(11,851)**	(9,695)
		-	2,156
9.1 Movement in provision for doubtful trade debts			
Opening provision		**(9,695)**	(5,005)
Provision made during the year		**(2,156)**	(4,690)
		(11,851)	(9,695)

	Note	2018	2017
		(Rupees in thousand)	

10 LOANS AND ADVANCES

	Note	2018	2017
Advances - *Unsecured*			
To suppliers		**774**	794
To employees		**341**	356
Against purchase of land		**2,717**	2,717
Others		**71**	71
		3,903	3,938
Less: Provision for doubtful advances	10.1	**(3,841)**	(3,841)
		62	97

10.1 Movement in provision for doubtful advances

Provision for doubtful advances against:	Opening	(Provision) / reversal made during the year	Closing provision
	-------------------------Rupees	---------------------	
Suppliers	(765)	-	**(765)**
Employees	(2,717)	-	**(2,717)**
Purchase of land	(288)	-	**(288)**
Others	(71)	-	**(71)**
	(3,841)	-	**(3,841)**

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2018	2017
Prepayments		**-**	86
Deposits			
Deposit		**-**	85
Margin against bank guarantee		**281**	3,126
Deposit with court		**-**	723
Other receivable		**40**	50
Tender deposits - net of provision		**228**	228
		549	4,212
Less: Provision for doubtful deposits doubtful deposits written off	11.1	**(509)**	(3,831)
Other receivables			
Receivables from ex-management against sale of fixed assets	11.2	**-**	618
		40	1,085

11.1 Movement in provision for doubtful deposits

	2018	2017
Opening provision	**-**	(773)
Provisions made during the year	**-**	(3,058)
Deposits written off during the year	**(509)**	3,831
	(509)	-

11.2 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 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."

	Note	2018	2017
		---(Rupees in thousand)--	
12 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax			
Advance income tax		**446**	815
Income tax refundable		**5,077**	4,491
		5,523	5,306
Sales tax			
Sales tax refundable		**20,716**	16,544
		26,239	21,850

	2018	2017
13 CASH AND BANK BALANCES		
Cash in hand	**31**	26
At bank		
- in current accounts	**4,500**	13,759
- in saving accounts	**25**	25
	4,556	13,810

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Number of shares) 2018	2017		2018	2017
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

	2018	2017
15 NON-CONTROLLING INTEREST		
Share in issued, subscribed and paid up capital		
Share of accumulated loss		
- brought forward	**(21,586)**	(20,913)
- for the year	**1,573**	(673)
	(20,013)	(21,586)
	(10,523)	(12,096)
Minority share in excess of their share in capital transferred to profit and loss account of the group	**10,523**	12,096
	-	-

	2018	2017
	(Rupees in thousand)	
		Restated

16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2018	2017
Leasehold land		
Revaluation surplus over written down value at beginning of the year	**153,969**	157,968
Surplus on revaluation during the year	**298,143**	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	**(3,443)**	(3,999)
	448,669	153,969
Factory building		
Revaluation surplus over written down value at beginning of the year	**13,790**	16,121
Surplus on revaluation during the year	**10,133**	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	**(1,097)**	(1,632)
Related deferred tax liability of incremental depreciation charged during the year	**(448)**	(699)
	22,378	13,790
Related deferred tax liability at beginning	**(4,137)**	(4,836)
Deferred tax on revaluation during the year	**(2,939)**	-
Effect of change in tax rate	**138**	-
Less: related to incremental depreciation	**448**	699
	(6,490)	(4,137)
Plant and machinery		
Revaluation surplus over written down value at beginning of the year	**5,009**	6,728
Surplus on revaluation during the year	**9,956**	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	**(1,401)**	(1,203)
Related deferred tax liability of incremental depreciation charged during the year	**(467)**	(516)
	13,097	5,009
Related deferred tax liability at beginning of the year	**(1,503)**	(2,019)
Deferred tax on revaluation during the year	**(2,489)**	-
Effect of change in tax rate	**251**	-
Less: related to incremental depreciation	**467**	516
	(3,274)	(1,503)
	474,380	167,128

		Note	2018	2017
			(Rupees in thousand)	
17	**LONG TERM BORROWINGS**			
	Relating to subsidiary companies			
	Local currency - general term finance	17.1	**-**	-
	Relating to Holding Company			
	Loans from others-unsecured			
	Loan from others	17.2	**4,000**	4,000
	Loan-1 (From related party)			
	Principal	17.3	**8,408**	8,408
	Accumulated mark-up there on		**10,913**	10,614
			19,321	19,022
	Loan -2 (From majority shareholder)			
	Principal	17.4	**23,675**	22,358
	Accumulated mark-up there on		**7,867**	6,117
			31,542	28,475
	Loan-3 (From related party)			
	Principal	17.5	**45,930**	28,450
	Accumulated mark-up there on		**23,248**	20,174
			69,178	48,624
			124,041	100,121
	Less: overdue portion sown under current liabilities		**(4,000)**	(4,000)
			120,041	96,121

17.1 This includes loan of two subsidiary companies as mentioned in note 16.1.1 and 16.1.2

16.1.1 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.

16.1.2 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.

17.2 Represents unsecured loan taken by the Holding 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. The Holding Company made default in repayment of this loan, accordingly the loan has been classified as overdue under current liabilities.

17.3 Represents an unsecured loan from a director of Elmetec (Pvt) Ltd - a related party of the Holding Company. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2018 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2018) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2018. The mark-up will be charged at the rate of Twelve months KIBOR plus 2% per annum (2017: Twelve months KIBOR plus 2% per annum) . An other unsecured loan amounting to Rs. 5.00 million taken in past and according to the agreement dated June 30, 2018, the loan carries mark-up @ Twelve months KIBOR per annum (2017: Twelve months KIBOR per annum) and will be repaid in Twenty four equal quarterly installments

17.4 Represents an unsecured loan from a majority shareholder of the Holding Company. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2018 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2018) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2018. The mark-up will be charged at the rate of KIBOR plus 2% per annum (2017: KIBOR plus 2% per annum). Other unsecured loans amounting to Rs. 7.797 million and Rs.3.0 million taken in past, according to the fresh agreements dated June 30, 2018, the loans carry mark-up @ KIBOR+2% per annum (2017: KIBOR+2% per annum), which will be repaid in twenty four quarterly installments commencing from July 01, 2019 and markup on these loans will be paid on

17.5 Represents an un-secured loan from Elmetec (Pvt) Ltd - a related party of the Holding Company. During the year an agreement has been signed to reschedule the loan. According to the agreement dated June 30, 2016 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2016) will be repaid in twenty four equal quarterly installments commencing from July 01, 2017. The mark-up rate on this loan is KIBOR plus 2% per annum (2017: KIBOR plus 2% per annum).

			2018	2017
		Note	**(Rupees in thousand)**	
18	**DEFERRED LIABILITIES**			
	Staff retirement benefits - Gratuity	18.1	**4,144**	4,011
	Deferred taxation	18.2	**10,360**	6,236
			14,504	10,247

		Note	2018	2017
18.1	**Staff retirement benefits - Gratuity**		**(Rupees in thousand)**	
	Staff retirement benefits - Gratuity		**5,038**	4,905
	Unclaimed gratuity shown under current liabilities (Trade and other payables)		**(894)**	(894)
			4,144	4,011

17.1.1 Principal assumptions

	2018	2017
Discount rate	**7.75%**	7.75%
Expected rate of eligible salary increase in future years	**7.75%**	7.75%

17.1.2 Liability for gratuity arose in the following manner:

	2018	2017
Opening net liability	**4,905**	6,901
Expense for the year	**362**	669
Other Comprehensive Income	**(208)**	(857)
Benefits paid	**(21)**	(1,808)
Closing net liability	**5,038**	4,905

17.1.3 Charge to profit and loss account

	2018	2017
Current service cost	**52**	234
Interest cost	**310**	435
Total amount chargeable to profit and loss account	**362**	669

17.1.4 Comparison for five years

	2018	2017	2016	2015	2014
	---------------------Rupees in thousand				--------------------
Present value of defined benefit obligation	5,038	4,905	6,662	4,701	6,579

17.1.5 Expected charge for the year ending 30 June 2019 is Rs. 0.259 million.

18.2 DEFERRED TAXATION

	2018	2017
Taxable temporary differences		
Surplus on revaluation of fixed assets	**9,764**	5,640
Deductible temporary differences		
Accelerated tax depreciation	**952**	(5,591)
Carried forward tax losses and unabsorbed depreciation	**(102,256)**	(109,728)
	(101,304)	(115,319)
	(91,540)	(109,679)
Deferred tax asset not recognised	**101,304**	115,319
	9,764	5,640
Deferred tax liability related to subsidiary	**596**	596
	10,360	6,236

Deferred tax asset on tax losses available for carry forward is not recognised as management is of the view that sufficient taxable profits will not be available in future that there benefit is realized.

19	TRADE AND OTHER PAYABLES	Note	**2018**	2017
			(Rupees in thousand)	
	Creditors	19.1	**124,652**	131,801
	Accrued liabilities		**19,163**	11,093
	Advances from customers	19.2	**5,527**	5,389
	Advance from related party		**22,892**	23,016
	Workers' profit participation fund		**3,498**	3,498
	Payable to ex-employees		**802**	802
	Provident fund		**187**	281
	Unclaimed gratuity payable		**894**	894
	Sales tax payable		**39**	39
	Due to others		**-**	1,349
	Withholding tax payable		**516**	514
	Others		**1,814**	3,771
			179,984	182,447

19.1 These include Rs. 119.397 million (2017: 117.270 million) payable to Elmetec (Private) Limited - a related party.

19.2 This includes Rs. 0.933 million payable to a director.

20 SHORT TERM BORROWINGS

	Note	2018	2017
Relating to subsidiary company			
From financial institutions			
Short term loan	**17.1**	**-**	-
Temporary overdraft		**-**	391
From director	**20.1**	**3,685**	3,685
		3,685	4,076
Relating to holding company			
From director	**20.1**	**2,851**	2,851
		6,536	6,927

This represents unsecured and interest free loan received from directors of the holding company. These loans are repayable on demand.

21 MARK UP ACCRUED

	Note	2018	2017
Opening balance		**-**	-
Accrued during the year		**5,123**	4,410
		5,123	4,410
Paid / transferred during the year	21.1	**(5,123)**	(4,410)
Closing balance		**-**	-

21.1 These have been paid or rescheduled as disclosed in note 16 to these financial statements.

	2018	2017
	(Rupees in thousand)	

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

21.1.1 a) Guarantees

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

	2018	2017
Guarantees against performance bond	**1,794**	2,679

b) Labour

21.1.2 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. (2017: 0.987 million).

c) Others

21.1.3 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.

21.1.4 The Holding Company has filed a suit for the recovery of insurance claim of Rs 3.734 million (2017: Rs 3.734 million) in Honorable High Court of Sindh Karachi against the EFU General Insurance Limited and M/s Hanilay & Co. (Private) Limited.

d) 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 (2017: 0.205 million)

e) 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 (2017: Rs. 18.998 million) claimed by M/s Atta Cables (Pvt) Limited. The subsidiary Company does not acknowledge the excess amount of claim.

f) 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.

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 (2015: 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 (2017: Rs. 0.053 million).

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

22.2 Commitments

There is no commitment as on June 30, 2017 (2017 : Nil)

23 REVENUE FROM SALES AND SERVICES - NET

	Note	2018	2017
		(Rupees in thousand)	
Gross sales		**5,643**	26,156
Sales tax		**(820)**	(3,681)
		4,823	22,475
Commission and discount on sales		**(37)**	(32)
		4,786	22,443
Services income		**1,526**	600
Sales tax on service income		**-**	(119)
		1,526	481
		6,312	22,924

24 COST OF SALES AND SERVICES

	Note	2018	2017
Raw materials and components consumed	24.1	**11,507**	16,222
Salaries, wages and benefits	24.2	**2,677**	7,911
Fuel and power		**378**	998
Repair and maintenance		**191**	270
Inspection and testing		**-**	8
Printing and stationery		**6**	35
Traveling and conveyance		**41**	190
Depreciation	6.6	**5,796**	7,050
Provision for Obsolete/ slow moving stocks		**-**	20,225
Other manufacturing expenses		**163**	205
		20,759	53,114
Work in process			
Opening stock		**4,386**	3,273
Closing stock		**(500)**	(4,386)
Cost of goods manufactured		**24,645**	52,001
Finished goods			
Opening stock		**-**	7,468
Closing stock		**-**	-
		24,645	59,469

24.1 Raw materials and components consumed

	2018	2017
Opening stock	**37,987**	40,269
Purchases and sub contract cost	**3,531**	13,940
	41,518	54,209
Closing stock	**(30,011)**	(37,987)
	11,507	16,222

		Note	2018	2017
			(Rupees in thousand)	
24.2	Salaries and wages		**2,591**	7,778
	Gratuity		**72**	95
	P.F Contribution (Worker & Staff)		**14**	38
			2,677	7,911
25	**DISTRIBUTION EXPENSES**			
	Salaries, wages and benefits	25.1	**568**	926
	Late delivery charges and penalties		**-**	314
	Advertising and sales promotion		**33**	28
	Travelling and conveyance		**5**	27
	Subscriptions and periodicals		**5**	52
	Repair and maintenance		**42**	65
	Entertainment		**27**	28
	Printing and stationery		**-**	1
	Others		**132**	43
			812	1,484
25.1	**Salaries, wages and benefits**			
	Salaries & wages		**538**	900
	Gratuity		**15**	11
	P.F Contribution-Staff		**15**	15
			568	926
26	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	26.1	**10,316**	10,714
	Directors' remuneration		**-**	366
	Travelling and conveyance		**526**	691
	Legal and professional charges		**7,556**	213
	Rent, rates and taxes		**1,040**	1,004
	Repair and maintenance		**419**	316
	Printing and stationery, postage etc.		**937**	909
	Light and power		**773**	721
	Entertainment		**509**	337
	Advertisement, subscriptions and periodicals		**822**	943
	Auditors' remuneration	26.2	**577**	533
	Insurance		**-**	417
	Provisions for doubtful debts, loans and advances	9.1 & 10.1	**-**	4,216
	Doubtful deposits written off	11.1	**890**	3,831
	Doubtful trade debts written off		**1,974**	-
	Depreciation	6.6	**1,449**	1,763
	Others		**783**	1,479
			28,571	28,453
26.1	**Salaries, wages and benefits**			
	Salaries and wages		**9,895**	10,440
	Gratuity		**275**	128
	P.F Contribution-Staff		**146**	146
			10,316	10,714

	Note	2018	2017
		(Rupees in thousand)	

26.2 Auditors' remuneration

Annual audit fee		**372**	318
Review of half yearly financial statements		**65**	65
Review of consolidated financial statements		**65**	65
Certification and others		**16**	16
Out of pocket expenses		**59**	69
		577	533

27 FINANCE COST

Mark-up on unsecured long term loans		**5,123**	4,410
Interest on defined benefit plan liability		**-**	435
Bank charges and commission		**21**	38
		5,144	4,883

28 OTHER INCOME

Income from financial assets		**1**	-
Interest income			
Income from non financial assets			
Bad debts recovered		**885**	-
Gain on sale of fixed assets		**2,171**	-
		3,057	-

29 TAXATION

Current year	29.1	**-**	-
Prior year		**277**	353
Deferred tax		**(915)**	(1,215)
		(638)	(862)

29.1 Income tax assessments of the Holding Company upto tax year 2017 is deemed to have been completed. There is no tax applicable on taxable profits of the Company under the provision of Income Tax Ordinance, 2001 due to available assessed tax losses. Accordingly, no reconciliation of tax expense with accounting profit has been presented.

29.2 In view of the management, suffcient tax provision has been made in the Holding Company's fnancial statements. Comparisons of tax provision as per the fnancial statements viz-a-viz tax assessment for last three years is as follows:

	2017	2016	2015
Tax assessed as per most recent tax assessment	277	353	392
Provision in accounts for income tax	-	-	-

30 LOSS PER SHARE

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

Loss after taxation		**(48,660)**	(72,007)
Weighted average number of ordinary shares		**5,449,972**	5,449,972
Loss per share - basic and diluted (Rupees)		**(8.93)**	(13.21)

	Note	2018	2017
		(Rupees in thousand)	

31 CASH AND CASH EQUIVALENTS

	Note	2018	2017
Cash and bank balances	**13**	**4,556**	13,810
Temporary overdraft	**20**	**-**	(391)
		4,556	13,419

32 CASH GENERATED FROM OPERATIONS

	Note	2018	2017
Loss before taxation		**(49,298)**	(72,869)
Adjustments for:		`	
Depreciation	6.6	**7,245**	8,813
Provisions for doubtful debts, loans and advances	9.1 & 10.1	**-**	4,216
Doubtful deposits written off	11.1	**890**	3,831
Doubtful trade debts written off		**1,974**	
Provisions for obsolete / slow moving stock	6.6	**-**	20,225
Provision for staff gratuity - net	17.1.3	**362**	234
Finance cost	27	**5,144**	4,845
Assets written off		**10,872**	-
Liabilities written back		**(11,377)**	-
Gain on disposal of property, plant and equipment		**(2,171)**	-
Loss on disposal of assets classified as held for sale		-	1,504
		(36,359)	(29,201)
Effect on cash flow due to working capital changes			
Decrease /(Increase) in current assets			
Stock-in-trade		**11,862**	21,342
Trade debts		**182**	(474)
Store, spares and loose tools		**-**	2,396
Loans and advances		**34**	1,016
Tax refunds due from government		**(4,339)**	
Deposits and prepayments and other receivables		**(167)**	3,336
		7,572	27,616
Decrease in current liabilities			
Trade and other payables excluding unclaimed gratuity		**8,524**	11,178
Cash generated from operations		**(20,263)**	9,593

33 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 financial 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 Holding Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Holding 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.

33.1 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 Group's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects the Group's of counter parties whose aggregate credit exposure is significant in relation the Group's total credit exposure. Credit risk of the Group 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:

	2018	2017
	(Rupees in thousand)	
Long term deposits	**559**	1,566
Trade debts	**-**	2,156
Loans and advances	**62**	97
Trade deposits and other receivables	**40**	999
Bank balances	**4,525**	13,784
	5,186	18,602

Impairment losses

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

	2018		2017	
	Gross	**impairment**	Gross	impairment
	-----------------(Rupees in thousand)---------------			
Past due 1 - 60 days	-	-	544	-
Past due 61 - 365 days	-	-	1,612	-
More than one year	11,669	(11,669)	9,695	(9,695)
Total	**11,669**	**(11,669)**	11,851	(9,695)

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.

33.2 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 Company'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	124,041	124,041	-	(4,000)	120,041
Trade and other payables	179,984	179,984	(1,696)	(178,288)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
Short term borrowings	6,536	6,536	-	(6,536)	-
June 30, 2018	**314,829**	**314,829**	**(5,964)**	**(188,824)**	**120,041**
Long term financing	100,121	100,121	-	(4,000)	96,121
Trade and other payables	182,447	182,447	(1,911)	(180,536)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
Short term borrowings	6,927	6,927	-	(6,927)	-
June 30, 2017	293,763	293,763	(6,179)	(191,463)	96,121

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 16 to these financial statements.

33.3 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:

	2018	2017	**2018**	2017
	Effective interest rate (%)		Carrying amount (Rs.'000')	
Financial liabilities				
Long term financing	**KIBOR and KIBOR +2%**	12%, KIBOR and KIBOR +2%	**124,041**	100,121

Sensitivity analysis

As at balance sheet date, the Group do not account for any fixed rate financial assets or liabilities carried at fair value through profit or loss. Therefore, change in interest rates at reporting date would not affect profit and loss account.

33.4 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.

33.5 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Level 3**	**Total**
2018	**---------------(Rupees in thousand)----------------**			
Long term borrowings	**-**	**120,041**	**-**	**120,041**
2017				
Long term borrowings	-	96,121	-	96,121

There have been no transfers during the year (2017: no transfers in either direction).

34 CAPITAL MANAGEMENT

The objective of the Group 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 Group 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, 2018 the negative shareholders' equity amounts to Rs. 189.842 million (2017: Rs. 74.9 million).

35 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:

	Executives		Chief Executive		Directors		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Rupees in thousands							
Managerial Remuneration	1,200	1,380	2,400	2,400	-	-	3,600	3,780
Retirement benefits and provident fund contribtion	-	-	-	200	-	-	-	200
Rent, utilities, leave encashment etc	-	-	1,176	1,722			1,176	1,722
Directors' fees	-	-	-	-	185	370	185	370
	1,200	**1,380**	**3,576**	**4,322**	**185**	**370**	**4,961**	**6,072**
No. of persons	**1**	**3**	**1**	**1**	**3**	**1**	**5**	**5**

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

36 TRANSACTIONS WITH RELATED PARTIES

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

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

	2018	2017
	(Rupees in thousand)	
Provident Fund		
Contribution paid to Provident Fund	**175**	199
Directors		
Directors' fee paid	**185**	370
Markup on long term borrowings	**1,750**	1,697
Loan received	**-**	335
Funds received during the year	**-**	1,962
Funds repaid during the year	**-**	1,180
Other related parties due to close family relationship with director		
Long term Loan received	**17,480**	9,800
Purchases	**4,833**	10,521
Funds received - net	**17,480**	4,557
Markup on long term borrowings	**3,373**	2,713

37 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.

38 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on October 01, 2018 by the Board of Directors of the Holding Company.

39 GENERAL

39.1 Figures have been rounded off to the nearest thousand rupee.

39.2 The number of employees of the Group as at June 30, 2018 was 18 (2017: 18) and average number of employees during the year was 37 (2017: 37)

39.3 Corresponding figures have been re-arranged & re-classified, whenever, necessary for the purpose of comparison and better presentation. Following major reclassifications have been made during the year:

Description	Reclassified from	Reclassified to	Rupees in thousand
Sales tax refundable	Loans and advances	Tax refunds due from government	16,544

Chief Executive | **Director** | **Chief Financial Officer**

PATTERN OF SHARE HOLDINGS
JOHNSON & PHILLIPS (PAKISTAN) LIMITED
AS AT JUNE 30, 2018

Categories of Shareholders	Shareholders	Shares Held	ercentag
Associated Companies, undertaking and related parties			
Etheridge Company Limited	1	2,719,536	49.90%
Directors, CEO and their Spouse & Minor Children			
Mr.Salman Ganny	1	1,000	0.02%
Mr.Abid Saeed Khan	1	500	0.01%
Mr.Mohammad Azhar-ul-Islam	1	500	0.01%
Mr.Mohammad Tariq Anjum	1	500	0.01%
Mr.Syed Jamshed Zaidi	1	500	0.01%
Mrs.Marium Shafi	1	110,273	2.02%
Financial institutions			
National Bank of Pakistan	2	42,823	0.79%
National Investment Trust (NIT)	2	493,824	9.06%
Trustee National Bank of Pakistan Employees	2	54,349	1.00%
Habib Bank Limited	1	245	0.00%
Insurance Companies			
EFU General Insurance	1	76	0.00%
Joint Stock Companies (Local)			
NH Securities (Pvt) Ltd	1	376	0.01%
Fikree's (SMC-PVT) Ltd.	1	8,675	0.16%
Foresight Capital Pakistan (Pvt) Ltd.	1	1,500	0.03%
Khadija & Kassam Ali Investments (Pvt) Ltd.	1	1,500	0.03%
Javed Omer Vohra & Company Limited	1	11	0.00%
Investment Companies			
H.M. Investment Ltd.	2	168	0.00%
Pyramid Investment (Private) Limited	2	1,380	0.03%
Investment Corporation of Pakistan	1	3,016	0.06%
General Public			
Individual	**1184**	**2,008,518**	36.85%
Others			
Pakistan Share Holder Assocation	1	1	0.00%
Administrator Abandoned Property	1	701	0.01%
Totals	**1211**	**5,449,972**	**100%**

Share holders holding 5% or more	Shares Held	ercentag
Etheridge Company Limited	2,719,536	49.90%
National Investment Trust (NIT)	493,824	9.06%
Mr.Munaf Ibrahim	535,000	9.82%

PATTERN OF SHARE HOLDING
AS AT JUNE 30, 2018

No of Share Holders	Shareholding From	Shareholding To	Total Shares Held
673	1	100	18,537
210	101	500	111,418
145	501	1000	123,454
127	1,001	5000	316,439
29	5,001	10000	228,374
4	10,001	15000	50,500
7	15,001	20000	130,771
5	20,001	35000	135,500
1	35,001	40000	37,048
1	40,001	45000	42,500
5	45,001	120000	375,280
-	120,001	125000	-
-	125,001	220000	-
-	220,001	225000	-
3	225,001	1975000	1,160,615
-	1,975,001	1980000	-
-	1,980,001	2715000	-
1	2,715,001	2720000	2,719,536
1,211			**5,449,972**

INDEPENDENT AUDITOR'S REPORT

To the members of Johnson and Phillips Industries (Pakistan) Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We have audited the annexed financial statements of **Johnson and Phillips Industries (Pakistan) Limited** (the Company), which comprise the statement of financial position as at **June 30, 2018** and the statement of profit or loss , the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express and opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(a) the Company has not maintained certain customary accounting records as required by Companies Ordinance, 1984, and supporting documents relating to transactions with its customer and suppliers, particularly with respect to receivable, payables, bank balances, property, plant and equipment and inventories. Further, in the absence of information regarding realizable value of several balances under inventories, deposits, other receivable and bank balances aggregating to Rs. 9.826 million (2016: Rs.16.309 million) we were not 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 liabilities aggregating to Rs. 7.927 million (2017: 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 the conditions.

(b) During the year, the management has written off assets amounting to Rs.9.826 million which include long term deposits of Rs.0.461 million, cash at bank of Rs.9.315 million and other receivable of Rs.0.050 million and wrote back liabilities amounting to Rs.5.328 million which include Creditors of Rs.3.939 million, accrued expenses of Rs.0.041 million and other liabilities of Rs.1.349 million resulting in recognition of expense in statement of profit or loss of Rs.9.826 million and income of Rs.5.328 million. We were unable to verify the existence and realizable amounts of these assets and liabilities during our audit of the Company's financial statements for the year ended 30 June 2017 and accordingly we disclaimed our opinion in our report on those financial statements. Further, in the absence of relevant supporting documents of these transactions we have not been able to verify their occurrence, accuracy and completeness of the amounts reported in the financial statements. 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 transactions.

(c) During the year ended 30 June 2016, the management recorded disposal and reversal of certain assets and liabilities in the financial statements including assets held for sale amounting to Rs. 8.743 million, stores, spare parts and loose tools amounting to Rs. 2.396 million, stock-in-trade amounting to Rs. 5.795 million, advances amounting to Rs. 7.505 million, short term borrowings of Rs. 11.348 million, and recognised a loss on disposal of assets held for sale amounting to Rs. 3.861 million in profit and loss account resulting in increase in bank balance amounting to Rs. 9.213 million. We were unable to verify the existence and realizable amounts of these assets and liabilities during our audit of the Company's financial statements for the year ended 30 June 2016 and accordingly we disclaimed our opinion in our report on those financial statements. Further, in the absence of relevant supporting documents of these transactions we were not able to verify their occurrence, accuracy and completeness of the amounts reported in the financial statements. 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 transactions.

(d) as discussed in Note 1.3 to the financial statements the accumulated losses of the Company as at June 30, 2017 stand at Rs. 72.376 million (2016: Rs. 68.498 million) resulting in a negative equity of Rs.42.376 million (2016: Rs. 38.498 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 22.837 million (2016: Rs.18.959 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. 3.861 million (2016: Rs. 3.861 million). These conditions indicated the existence of a material uncertainty, which may cast a significant doubt on the Company's ability to continue as going concern.

(e) in the absences of information regarding the latest position of income tax assessment 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.

(f) In the absences 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) we have requested the confirmation of balances and other information as at June 30, 2017 from National Bank of Pakistan Main branch Shahrah e Quaid-e-Azam, Lahore and to date satisfactory response was not received. In the absence of satisfactory response 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.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

The engagement partner on the audit resulting in this independence auditor's report is Abdul Rafay.

Karachi

NAZIR CHAUDHRI & CO.
Chartered Accountants

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Long term deposits	4	-	461
CURRENT ASSETS			
Advances and other receivables	5	-	50
Advance income tax		**615**	615
Bank balances	6	-	9,315
		615	9,980
TOTAL ASSETS		**615**	10,441
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised capital			
3,000,000 (2017: 3,000,000) Ordinary Shares of Rs. 10 each		**30,000**	30,000
Issued, subscribed and paid-up capital	7	**30,000**	30,000
Advance against share capital		**20,000**	20,000
Accumulated losses		**(76,952)**	(72,376)
		(26,952)	(22,376)
CURRENT LIABILITIES			
Trade and other payables	8	**2,613**	7,942
Short term borrowing	9	**24,835**	24,756
Provision for taxation		**119**	119
		27,567	32,817
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		**615**	10,441

The annexed notes from 1 to 20 form anintegral part of these financial statements

Chief Executive **Director**

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Administrative expenses			
Audit fee		**(16)**	(16)
Rent, Rate and Taxes		**(62)**	-
Fee and subscription		**-**	(1)
		(78)	(17)
Assets written off		**(9,826)**	(3,861)
Liabilities written back		**5,328**	-
Loss for the year due to ceased operations		**(4,576)**	(3,878)
Loss per share - basic and diluted - Rupees	11	**(1.53)**	**(1.29)**

The annexed notes from 1 to 20 form anintegral part of these financial statements

Chief Executive **Director**

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees in thousand)	
Loss for the year	**(4,576)**	(3,878)
Other comprehensive income	**-**	-
Total comprehensive income	**(4,576)**	(3,878)

The annexed notes from 1 to 20 form anintegral part of these financial statements

Chief Executive

Director

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees in thousand)	
CASH FLOWS FROM CEASED OPERATIONS		
Loss for the year	**(4,576)**	(3,878)
Adjustment for non-cash items:		
Assets written off	**9,826**	3,861
Liabilities written back	**(5,328)**	
(Loss) before working capital charges	**(78)**	(17)
Working capital changes		
Decrease in current assets		
Advances and other receivables	**-**	7,505
	-	7,505
(Decrease) in current liabilities		
Net cash from ceased operations	**(78)**	7,488
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceed from disposal of held for sale assets	**-**	13,073
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowing repaid to bank	**-**	(3,861)
Short term borrowing received/ (repaid) to holding company	**78**	(7,487)
	78	(11,348)
Net (decrease) / increase in cash and cash equivalents	**-**	9,213
Cash and cash equivalents at the beginning of the year	**0**	102
Cash and cash equivalents at the end of the year	**-**	9,315

The annexed notes from 1 to 20 form anintegral part of these financial statements

Chief Executive

Director

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Advance against share capital	(Accumulated losses)	Total
	(Rupees in thousand)			
Balance as July 01, 2016	30,000	20,000	(68,498)	(38,498)
Loss for the year	-	-	(3,878)	(3,878)
Balance as at June 30, 2017	30,000	20,000	(72,376)	(42,376)
Loss for the year	-	-	(4,576)	(4,576)
Balance as at June 30, 2018	**30,000**	**20,000**	**(76,952)**	**(46,952)**

The annexed notes from 1 to 20 form anintegral part of these financial statements

Chief Executive **Director**

1 NATURE AND STATUS OF BUSINESS

1.1 Johnson & Phillips Industries (Pakistan) Limited (the Company) was incorporated on October 05, 1992 in Pakistan under the Companies Act, 2017 as a public limited company. The principal activity of the Company is to manufacture and sell of all types of electrical and mechanical equipments and appliances.

Registered Office and plant

The registered office and plant of the Company is situated at C-10 South Avenue, SITE, Karachi.

1.2 Significant transactions and events affecting the Company's financial position and performance

1.2.1 Due to the first time application of financial reporting requirements under the Companies Act, 2017 (the Act), certain disclosures of the financial statements have been presented in accordance with the fourth schedule of the Act.

1.2.2 During the year the Company has written off its assests and liabilities.

1.3 Going concern

The Company ceased production in July, 1997 and at present, the Company is dormant.

The accumulated losses of the Company as at June 30, 2018 stand at Rs.76.952 million (2017: Rs. 72.376 million) resulting in a negative equity of Rs 46.952 (2017: Rs. 42.376 million) and, as at that date, its current liabilities exceeds its current assets by Rs.26.952 million (2017: Rs: 22.837 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. In the meantime the financial statements have been prepared on the going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting.The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the rovisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is also the Company's functional currency.

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 area where assumptions and estimates are significant to the Company's financial statements are as follows.

2.4.1 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 3.2 to these financial statements.

2.5 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statement are consistent with those of the previous financial year except as describe below:

2.5.1 New standards, interpretations and amendments

The Company has adopted the following accounting standards and amendments which became effective for the current year:

- IAS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)

- IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above accounting standards did not have any effect on these financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 2 -	Share Based Payments - Classification and Measurement of Share	01 January 2018

	Based Payment Transactions (Amendments)	
IFRS 9 -	Financial Instruments	01 July 2018
IFRS 9 -	Prepayment Features with Negative Compensation - (Amendments)	01 January 2018
IFRS 10 -	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between [illegible]	Not yet finalized
IFRS 15-	Revenue from Contracts with Customers	01 July 2018
IFRS 16 -	Leases	01 January 2019
IFRS 4 -	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — (Amendments)	01 January 2018
IAS 40 -	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IAS 19 -	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 -	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 22 -	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 -	Uncertainty over Income Tax Treatments	01 January 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		**IASB Effective date (annual periods beginning on or after)**
IFRS 14 -	Regulatory Deferral Accounts	01 January 2016
IFRS 17 -	Insurance Contracts	01 January 2021

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 Taxation

i) 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.

ii) 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 recognized only if there is reasonable certainty for realization.

3.3 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.

3.4 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. However, provisions are reviewed and adjusted to reflect current best estimate.

3.5 Investments

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

3.6 Property, plant and equipment and depreciation

i) 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 . 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.

ii) 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.

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.

3.7 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.

3.8 Consumable stores

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

3.9 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.

sale.

3.10 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.

3.11 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 recognized if the chances of warranty claims are remote.

3.12 Foreseeable losses on orders in hand

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

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 Cash and cash equivalents

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

3.18 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.

3.19 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.

3.20 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.

3.21 Dividend

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

		Note	2018	2017
			Rupees in thousand	
4	**LONG-TERM DEPOSITS**			
	Security deposit		**-**	461
5	**ADVANCES AND OTHER RECEIVABLES**			
	Unsecured			
	Sale of fixed assets		**-**	50
			-	50
6	**BANK BALANCES**			
	Cash at bank (in current account)		**-**	9,315
7	**ISSUED , SUBSCRIBED AND PAID-UP-CAPITAL**			
	3,000,000 (2017: 3,000,000) Ordinary shares of Rs.10 each fully paid in cash		**30,000**	30,000

3,000,000 (2017: 3,000,000) ordinary shares of the Company representing 100% (2017:100%) of the issued, subscribed and paid up capital are held by the Holding Company, Johnson and Phillips (Pakistan) Limited.

	Note	2018	2017
		Rupees in thousand	

8 TRADE AND OTHER PAYABLES

Creditors		**-**	3,939
Accrued expenses		**-**	41
Due to others		**-**	1,349
Sales tax payable		**39**	39
		39	5,368
Other payables			
Income tax deducted		**505**	505
Workers' profit participation fund		**2,069**	2,069
		2,574	2,574
		2,613	7,942

9 SHORT TERM BORROWING

Holding Company		**24,835**	24,756
		24,835	24,756

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

10 CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 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.

Commitments

There were no capital commitments as at the balance sheet date.(2017: Nil)

11 LOSS PER SHARE-BASIC AND DILUTED

	2018	2017
Net loss for the year **- Rupees**	**(4,576)**	(3,878)
Weighted average number of ordinary shares **- Shares**	**3,000,000**	3,000,000
Loss per share - basic and diluted **- Rupees**	**(1.53)**	(1.29)

12 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

13 STAFF RETIREMENT BENEFITS

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

14 TRANSACTIONS RELATED PARTIES

All transactions involving related parties arising in the normal course of business are conducted at arm's length. The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties during the year, other than salaries to key management and contributions to employment benefit plans, if any, disclosed elsewhere in these financial statements, are as follows:

Name	**Relationship**	**Transactions during the year and year end balances**	**2018**	2017
			(Rupees in thousand)	
Johnson & Phillips (Pakistan) Limited	Holding Company	Payment made on behalf of Company	**78**	17
		Year end balance	**24,835**	24,756

15 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

Credit risk arises when changes in economic or industry factors similarly affects Company's 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:

Long term deposits	-	461
Advances and other receivables	-	50
Bank balance	-	9,315
	-	9,826

Impairment losses

As at balance date there was no impairment loss in respect of financial assets (2017 Nil).

16 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	Contractual cash flows		
		On demand	Upto one year	More than one year
	(Rupees in thousand)			
Trade and other payables	-	-	-	-
Short term borrowings	**24,835**	**24,835**	-	-
June 30, 2018	**24,835**	**24,835**	-	-
Trade and other payables	5,329	-	(5,329)	-
Short term borrowings	24,756	(24,756)	-	-
June 30, 2017	30,085	(24,756)	(5,329)	-

16.1 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:

	Effective interest rate (%) 2018	Effective interest rate (%) 2017	Carrying amount(Rs.'000') 2018	Carrying amount(Rs.'000') 2017
Financial liabilities				
Trade and other payables	Non-interest bearing		**-**	5,329
Short term loans	Non-interest bearing		**24,835**	24,756

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.

16.2 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.

16.3 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, 2018, the shareholders' negative equity amounts to Rupees 46.952 million (2017: Rupees 42.376 million).

		2018	2017
17	**NUMBER OF EMPLOYEES**	**Numbers**	
-	Total employees of the Company at the year end	**-**	-
-	Average employees of the Company during the year	**-**	-
-	Employees working in the Company’s factory at the year end	**-**	-
-	Average employees working in Company’s factory during the year	**-**	-

18 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.

19 DATE OF AUTHORISATION

These financial statements were authorised for issue on______________________by the Board of Directors of the Company.

20 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Chief Executive	**Director**

INDEPENDENT AUDITOR'S REPORT

To the members of Johnson and Phillips Transformers (Private) Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We have audited the annexed financial statements of **Johnson and Phillips Transformers (Private) Limited** (the Company), which comprise the statement of financial position as at **June 30, 2018** and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express and opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(a) the Company has not maintained certain customary accounting records as required by Companies Ordinance, 1984, and supporting documents relating to transactions with its customer and suppliers, particularly with respect to receivable, payables, bank balances, inventories and property, plant and equipment. Further, in the absence of information regarding realizable value of several balances under deposits, advances, other receivables, stock in trade, property, plant and equipment and bank balances aggregating to Rs. 2.943 million (2016: 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. 33.137 million (2016: Rs. 58.945 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 the conditions.

(b) During the year, the management has written off assets amounting to Rs.0.961 million which include long term deposits of Rs.0.165 million, advance of Rs.0.167 million cash at bank of Rs.0.061 million and other receivable of Rs.0.568 million and wrote back liabilities amounting to Rs.5.583 million which include Creditors of Rs.4.068 million and other liabilities of Rs.1.515 million resulting in recognition of expense in statement of profit or loss of Rs.0.961 million and income of Rs.5.583 million. We were unable to verify the existence and realizable amounts of these assets and liabilities during our audit of the Company's financial statements for the year ended 30 June 2017 and accordingly we disclaimed our opinion in our report on those financial statements. Further, in the absence of relevant supporting documents of these transactions we have not been able to verify their occurrence, accuracy and completeness of the amounts reported in the financial statements. 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 transactions.

(c) During the year ended 30 June 2017, the management recorded disposal and reversal of certain assets and liabilities in the financial statements of the Company including assets held for sale amounting to Rs. 15.127 million, stock in trade amounting to Rs. 6.910 million, advances amounting to Rs. 1.500 million, short term loan from commercial bank amounting to Rs. 25.894 million and recognised a gain on sale of assets held for sale amounting to Rs. 2.357 million in profit and loss account. We were unable to verify the existence and realizable amounts of these assets and liabilities during our audit of the Company’s financial statements for the year ended 30 June 2016 and accordingly we disclaimed our opinion in our report on those financial statements. Further, in the absence of relevant supporting documents of these transactions we were not able to verify their occurrence, accuracy and completeness of the amounts reported in the financial statements. 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 transactions.

(d) as discussed in Note 1.3 to the financial statements the accumulated losses of the Company as at June 30, 2017 stand at Rs. 60.194 million (2016: Rs.62.465 million) resulting in a negative equity of Rs.30.194 million (2016: Rs. 32.465 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 29.763 million (2016: Rs.32.034 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 (2016: Rs. 25.894 million). These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on the Company’ ability to continue as going concern.

(e) in the absences of information regarding the latest position of income tax assessment 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 decision against appeals filed by the Company with income tax authorities. We are unable to report matters of contingencies as disclosed in Note 14 to the financial statements.

(f) in the absences 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) we have requested the confirmation of balances and other information as at June 30, 2017 from National Bank of Pakistan Main branch Shahrah-e-Quaid-e-Azam, Lahore and to date satisfactory response was not received. In the absence of satisfactory response 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.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

The engagement partner on the audit resulting in this independence auditor's report is Abdul Rafay.

Karachi

NAZIR CHAUDHRI & CO.
Chartered Accountants

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
ASSETS		**(Rupees in thousand)**	
Non-Current Assets			
Long term deposits		**-**	165
Current Assets			
Advances	***4***	**-**	167
Other receivables	***5***	**-**	568
Advance income tax		**1,982**	1,982
Cash and bank balances	***6***	**-**	61
		1,982	2,778
		1,982	2,943
EQUITY AND LIABILITIES			
Share Capital & Reserves			
Authorised share capital			
3,000,000 (2016: 3,000,000) ordinary shares of Rs. 10 each		**30,000**	30,000
Issued, subscribed and paid-up	***7***	**30,000**	30,000
Accumulated losses		**(55,650)**	(60,194)
		(25,650)	(30,194)
Non-Current Liabilities			
Long term loan	***8***	**-**	-
Deferred Liabilities	***9***	**596**	596
		596	596
Current Liabilities			
Trade and other payables	***10***	**2,061**	7,644
Short term loan	***11***	**24,548**	24,470
Provision for taxation		**427**	427
		27,036	32,541
Contingencies and Commitments	***12***		
		1,982	2,943

The annexed notes from 1 to 22 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Administrative expenses			
Audit fee		**(16)**	(16)
Rent, Rate and Taxes		**(62)**	-
Commission & Bank Charges			-
Insurance expenses		**-**	(70)
		(78)	(86)
Gain on sale of assets held for sale		**-**	2,357
		(78)	2,271
Assests written off		**(961)**	-
Liabilites written back		**5,583**	-
Profit for the year from ceased operations		**4,544**	2,271
Earning per share - basic and diluted	***13***	**1,515**	757

The annexed notes from 1 to 22 form an integral part of these financial statements.

Chief Executive | **Director**

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees in thousand)	
Profit for the year	**4,544**	2,271
Other comprehensive income	-	-
Total comprehensive loss	**4,544**	2,271

The annexed notes from 1 to 22 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees in thousand)	
CASH FLOWS FROM CEASED OPERATIONS		
Profit for the year	**4,544**	2,271
Adjustment for non-cash charges and other items:		
Gain on sale of held for sale assets	**-**	(2,357)
Assests written off	**961**	
Liabilites written back	**(5,583)**	
Profit / (Loss) before working capital charges	**(78)**	(86)
Working capital changes		
(Increase) / decrease in current assets		
Stock in trade	**-**	6,910
Advances	**-**	1,500
Other receivables	**-**	
	-	8,410
Increase / (decrease) in current liabilities		
Trade and other payables	-	-
	-	8,410
Net cash from ceased operations	**(78)**	8,324
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets held for sale	**-**	17,484
Long term deposits written off	**-**	-
	-	17,484
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan received/ (repaid)	**78**	(25,808)
Net (decrease) / increase in cash and cash equivalents	**-**	-
Cash and cash equivalents at the beginning of the year	**-**	61
Cash and cash equivalents at the end of the year	**-**	61

The annexed notes from 1 to 22 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	----------------------- Rupees in thousand	------------------	
Balance as at June 30, 2016	30,000	(62,465)	(32,465)
Profit for the year	-	2,271	2,271
Balance as at June 30, 2017	30,000	(60,194)	(30,194)
Profit for the year	-	4,544	4,544
Balance as at June 30, 2018	**30,000**	**(55,650)**	**(25,650)**

The annexed notes from 1 to 22 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 NATURE AND STATUS OF BUSINESS

1.1 Johnson & Phillips Transformers (Private) Limited (the Company) was incorporated on October 05,1992 in Pakistan under the Companies Act, 2017 as a private limited company. The principal activity of the Company is to manufacture and sell all types of electrical and mechanical equipment and appliances.

Registered Office and plant

The registered office and plant of the Company is situated at C-10 South Avenue, SITE, Karachi

The Company ceased its production in February, 1998 and at present the Company is dormant. As more fully explained in Note. 7.1. 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.

1.2 Significant transactions and events affecting the Company's financial position and performan

1.2.1 Due to the first time application of financial reporting requirements under the Companies Act, 2017 (the Act), certain disclosures of the financial statements have been presented in accordance with the fourth schedule of the Act.

1.2.2 During the year the Company has written off its assests and liabilities.

1.3 Going concern

The accumulated losses of the Company as at June 30, 2018 stand at Rs.55.650 million (2017:Rs. 60.194 million) resulting in a negative equity of Rs.25.650 million (2017: Rs.30.194 million) . Moreover, the current liabilities of the Company exceeds the current assets by Rs.25.054 million (2017: Rs.29.763 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting.The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the rovisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is also the Company's functional currency.

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. The areas where various assumptions and estimates are significant to the financial statements are as follows:

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 3.2 to these financial statements.

2.5 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statement are consistent with those of the previous financial year except as describe below:

2.5.1 New standards, interpretations and amendments

The Company has adopted the following accounting standards and amendments which became effective for the current year:

- IAS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)

- IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments

The adoption of the above accounting standards did not have any effect on these financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 2 -	Share Based Payments - Classification and Measurement of Share Based Payment Transactions	01 January 2018
IFRS 9 -	Financial Instruments	01 July 2018
IFRS 9 -	Prepayment Features with Negative Compensation -	01 January 2018
IFRS 10 -	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or	Not yet finalized
IFRS 15-	Revenue from Contracts with Customers	01 July 2018
IFRS 16 -	Leases	01 January 2019
IFRS 4 -	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts —	01 January 2018
IAS 40 -	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IAS 19 -	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 -	Long-term Interests in Associates and Joint Ventures	01 January 2019
IFRIC 22 -	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 -	Uncertainty over Income Tax Treatments	01 January 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		**IASB Effective date (annual periods beginning on or after)**
IFRS 14 -	Regulatory Deferral Accounts	01 January 2016
IFRS 17 -	Insurance Contracts	01 January 2021

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 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

b) 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

3.3 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.

3.4 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.

3.5 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 capitalized and the assets so replaced, if any, are retired. Profit and loss on disposals of assets is included in income currently.

3.6 Consumable stores

These are valued at average cost.

3.7 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.

3.8 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.

3.9 Foreseeable losses on orders in hand

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

3.10 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.

3.11 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.

3.12 Revenue recognition

Sales are recorded on delivery of goods to the customers.

3.13 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.

3.14 Cash and cash equivalents

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

3.15 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.

3.16 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.

3.17 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.

	Note	2018	2017
		(Rupees in thousand)	

4 ADVANCES

Sales tax refundable		**-**	167

5 OTHER RECEIVABLES

Receivable from Ex-Management against sale of assets		**-**	568

6 CASH AND BANK BALANCES

Cash at bank (in current accounts)		**-**	61

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

3,000 (2017: 3,000) ordinary shares of Rs. 10/- each fully paid in cash		**30,000**	30,000

2,100 (2017: 2,100) ordinary shares of the Company representing 70% (2017: 70%) of the issued, subscribed and paid up capital are held by the holding company, Johnson and Phillips (Pakistan) Limited.

8 LONG TERM LOAN

Secured

National Bank of Pakistan (formerly NDFC) (Note: 13.1 c)		**-**	-
Less: transferred to short term loan		**-**	-
		-	-

8.1 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 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.

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.

9 DEFERRED LIABILITIES

Deferred taxation		**596**	596

		2018	2017
		(Rupees in thousand)	

10 TRADE AND OTHER PAYABLES

		2018	2017
Trade creditors		**-**	4,068
Workers' profit participation fund		**1,429**	1,429
Others		**632**	2,147
		2,061	7,644

11 SHORT TERM LOAN

	Note	2018	2017
From commercial bank -secured	*8*	**-**	-
From holding company	*12.1*	**20,863**	20,785
From associated company	*12.1*	**-**	-
From others -unsecured	*11.2*	**3,685**	3,685
		24,548	24,470

11.1 Loans obtained from holding company and associated company are interest free and payable or

11.2 Represents loan obtained from Mr. Bilal Ahmed Qureshi, a related party, major shareholder of the holding company). The loan is interest free and payable on demand.

12 CONTINGENCIES AND COMMITMENTS

12.1 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.

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 (2016: Rs.18.998 million) claimed by M/s Atta Cables (Pvt) 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 million is still payable. The execution proceedings in this case are now pending before the Banking Court No. III.

12.2 Commitments

There were no capital commitments as at the balance sheet date.(2017: Nil)

13 LOSS PER SHARE-BASIC AND DILUTED

	2018	2017
Profit / (Loss) for the year after taxation - **Rupees**	**4,544**	2,271
Weighted average number of ordinary shares - **Number**	**3,000**	3,000
Loss per share - basic and diluted - **Rupees**	**1,515**	757

14 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.

15 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

16 STAFF RETIREMENT BENEFITS

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

17 TRANSACTIONS WITH RELATED PARTIES

All transactions involving related parties arising in the normal course of business are conducted at arm's length. The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties during the year, other than salaries to key management and contributions to employment benefit plans, if any, disclosed elsewhere in these financial statements, are as follows:

Name of related party	**Relationship**	**Transactions during the year and year end balance**	**2018**	2017
			(Rupees in Thousand)	
Johnson & Phillips (Pakistan) Limited	Holding Company	Payment made on behalf of Company	**78**	86
		Year end balance	**20,863**	20,785

18 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

18.1 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:

18.2 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	Contractual cash flows		
		On demand	Upto one year	More than one year
	(Rupees in thousand)			
Trade and other payables	632	-	(632)	-
Short term borrowings	24,548	1,346	(25,894)	-
June 30, 2018	**25,180**	**1,346**	**(26,526)**	**-**
Trade and other payables	6,215	-	(6,215)	-
Short term borrowings	24,470	1,424	(25,894)	-
June 30, 2017	30,685	1,424	(32,109)	-

18.3 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. As at balance sheet date, the Company does not hold any interest based financial assets or liabilities.

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.

18.4 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.

19 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity 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, 2018, the shareholders' negative equity amounts to Rupees 25.650 million (2017: Rs. 30.194 million)

20 NUMBER OF EMPLOYEES

	2018	2017
	Numbers	
- Total employees of the Company at the year end	-	-
- Average employees of the Company during the year	-	-
- Employees working in the Company's factory at the year end	-	-
- Average employees working in Company's factory during the year	-	-

21 DATE OF AUTHORIZATION

These financial statements were authorised for issue on ______________________ by the Board of Directors of the Company.

22 GENERAL

Figures have been rounded off to the nearest thousand rupee.

__________________ ____________________________

Chief Executive **Director**

INDEPENDENT AUDITOR'S REPORT

To the members of Johnson and Phillips EMO Pakistan Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We have audited the annexed financial statements of **Johnson and Phillips EMO Pakistan Limited** (the Company), which comprise the statement of financial position as at **June 30, 2018** and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express and opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(a) the Company has not maintained certain customary accounting records as required by Companies Ordinance, 1984, and supporting documents relating to transactions with its customer and suppliers, particularly with respect to receivable, payables, bank balances. Further, in the absence of information regarding realizable value of several balances under advances and deposits aggregating to Rs. 0.143 million (2017: Rs.0.143 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. 0.546 million (2017: Rs. 0.546 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 the conditions.

(b) During the year, the management has written off assets amounting to Rs.0.085 million which represent deposits and wrote back liabilities amounting to Rs.0.562 million which include Creditors of Rs.0.132 million, temporary overdraft of Rs.0.391 and other liabilities of Rs.0.039 million resulting in recognition of expense in statement of profit or loss of Rs.0.085 million and income of Rs.0.562 million. We were unable to verify the existence and realizable amounts of these assets and liabilities during our audit of the Company's financial statements for the year ended 30 June 2017 and accordingly we disclaimed our opinion in our report on those financial statements. Further, in the absence of relevant supporting documents of these transactions we have not been able to verify their occurrence, accuracy and completeness of the amounts reported in the financial statements. 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 transactions.

(c) as discussed in Note 1.2 to the financial statements the accumulated losses of the Company as at June 30, 2018 stand at Rs. 4.397 million (2017: Rs.4.381 million) resulting in a negative equity of Rs.3.397 million (2017: Rs. 3.381 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 3.397 million (2017: Rs.3.381 million). These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on the Company' ability to continue as going concern.

(d) in the absences of information regarding the latest position of income tax assessment 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 decision against appeals filed by the Company with income tax authorities. We are unable to report matters of contingencies as disclosed in Note 8 to the financial statements.

(e) In the absences 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.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

The engagement partner on the audit resulting in this independence auditor’s report is Abdul Rafay.

Karachi

NAZIR CHAUDHRI & CO.
Chartered Accountants

J & P EMO PAKISTAN (PVT) LTD.
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
		(Rupees in Thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	*4*	**-**	-
CURRENT ASSETS			
Advance income tax		**58**	58
Deposits - *unsecured, considered good*		**-**	85
		58	143
		58	143
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised capital			
1,000,000 (2017: 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 losses		**(3,968)**	(4,397)
		(2,968)	(3,397)
Trade and others payables	*6*	**-**	171
Temporary overdraft		**-**	391
Short term advances	*7*	**3,012**	2,964
Provision for taxation		**14**	14
		3,026	3,540
Contingencies and commitments	*8*		
		58	143

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive **Director**

J & P EMO PAKISTAN (PVT) LTD.

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees in Thousand)	
Administrative expenses			
Rent, Rate and Taxes		**(32)**	-
Auditors' remuneration		**(16)**	(16)
		(48)	(16)
Assets written off		**(85)**	-
Liabilities written back		**562**	-
		477	**-**
Profit/(oss) for the year due to ceased operations		**429**	(16)
Profit / (Loss) for the year		**429**	(16)
Profit / (Loss) per share- basic and diluted	*10*	**4.29**	(0.16)

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive **Director**

J & P EMO PAKISTAN (PVT) LTD.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees in thousand)	
Profit / (Loss) for the year	**429**	(16)
Other comprehensive income	**-**	-
Total comprehensive Profit / (Loss)	**429**	(16)

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive **Director**

J & P EMO PAKISTAN (PVT) LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees in thousand)	
CASH FLOWS FROM CEASED OPERATIONS		
Profit / (Loss) for the year	**429**	(16)
Adjustment for non-cash charges and other items:		
Assets written off	**85**	-
Liabilities written back	**(562)**	-
Loss before working capital changes	**(48)**	(16)
Working capital changes		
(Increase) / decrease in current assets	**-**	-
Increase / (decrease) in current liabilities		
Net cash (used) from ceased operations	**(48)**	(16)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term advances	**48**	16
Net (decrease) / increase in cash and cash equivalents	**-**	**-**
Cash and cash equivalents at the beginning of the year	**-**	(391)
Cash and cash equivalents at the end of the year	-	(391)

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive **Director**

J & P EMO PAKISTAN (PVT) LTD.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Accumulated losses	Total
	---------------Rupees in thousand-----------------		
Balance as at June 30, 2016	1,000	(4,381)	(3,381)
Loss for the year	-	(16)	(16)
Balance as at June 30, 2017	1,000	(4,397)	(3,397)
Profit for the year	-	429	429
Balance as at June 30, 2018	**1,000**	**(3,968)**	**(2,968)**

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive **Director**

J & P EMO PAKISTAN (PVT) LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 NATURE AND STATUS OF BUSINESS

1.1 J & P EMO Pakistan (Pvt) Ltd. (the Company) was incorporated on March 22, 1993 in Pakistan under the Companies Act, 2017 as a private limited company. The principal activity of the Company is to participate in turnkey engineering industrial projects. At present, the Company is dormant.

Registered Office and plant

The registered office and plant of the Company is situated at C-10 South Avenue, SITE, Karachi.

1.2 Significant transactions and events affecting the Company's financial position and performance

1.2.1 Due to the first time application of financial reporting requirements under the Companies Act, 2017 (the Act), certain disclosures of the financial statements have been presented in accordance with the fourth schedule of the Act.

1.2.2 During the year the Company has written off its assests and liabilities.

1.3 Going concern

The accumulated losses of the Company as at June 30, 2018 stand at Rs.3.968 million (2017: Rs.4.397 million) resulting in a negative equity of Rs.2.968 million (2017: Rs.3.397 million) and as at that date, the current liabilities of the Company exceeds the current assets by Rs.2.968 million (2017: Rs.3.397 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.

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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting.The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the rovisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is also the Company's functional currency.

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. The areas where various assumptions and estimates are significant to the financial statements are as follows:

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 3.2 to these financial statements.

2.5 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statement are consistent with those of the previous financial year except as describe below:

2.5.1 New standards, interpretations and amendments

The Company has adopted the following accounting standards and amendments which became effective for the current year:

- IAS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)

- IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above accounting standards did not have any effect on these financial statements.

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

effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 2 -	Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments)	01 January 2018
IFRS 9 -	Financial Instruments	01 July 2018
IFRS 9 -	Prepayment Features with Negative Compensation - (Amendments)	01 January 2018
IFRS 10 -	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets	Not yet finalized
IFRS 15-	Revenue from Contracts with Customers	01 July 2018
IFRS 16 -	Leases	01 January 2019
IFRS 4 -	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — (Amendments)	01 January 2018
IAS 40 -	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IAS 19 -	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 -	Long-term Interests in Associates and Joint Ventures	01 January 2019
IFRIC 22 -	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 -	Uncertainty over Income Tax Treatments	01 January 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual

Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		**IASB Effective date (annual periods beginning on or after)**
IFRS 14 -	Regulatory Deferral Accounts	01 January 2016
IFRS 17 -	Insurance Contracts	01 January 2021

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 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.

3.3 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.

3.4 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.

3.5 Investments

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

3.6 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.

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.

3.7 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.

3.8 Consumable stores

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

3.9 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

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.

3.10 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.

3.11 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.

3.12 Foreseeable losses on orders in hand

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

3.13 Transaction with related parties

The Company enters into transactions with related parties on an arm's lengths basis except in circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

3.14 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.

3.15 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.

3.16 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.

3.17 Cash and cash equivalents

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

3.18 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.

3.19 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.

3.20 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.

3.21 Dividend

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

4 PROPERTY, PLANT AND EQUIPMENT

Description	COST			DEPRECIATION			Written down Values as at June 30, 2018	Rate
	As at July 01, 2017	Additions / disposal	As at June 30, 2018	As at July 01, 2017	For the year	As at June 30, 2018		
	------------------------------------ Rupees in thousand						--------------------------------------	(%)
Office equipments	110	(110)	-	110	(110)	-	-	20
Furniture and fixture	73	(73)	-	73	(73)	-	-	10
Vehicles	3	(3)	-	3	(3)	-	-	20
2018	**186**	**(186)**	**-**	**186**	**(186)**	**-**	**-**	
2017	186	-	186	186	-	186	-	

4.1 DETAIL OF DISPOSAL OF ASSETS

Description	Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Purchaser
	------------------------------------ Rupees in thousand						--------------------------------------
Office equipments - Scrap	110	110	-	1	1	Bid	Mr. Maqsood
Furniture and fixture - Scrap	73	73	-	-	-	Bid	Mr. Maqsood
Vehicles - Cycle Scrap	3	3	-	-	-	Bid	Mr. Maqsood
	186	**186**	**-**	**1**	**1**		

	2018	2017
	(Rupees in Thousand	
5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
100,000 (2017: 100,000) Ordinary shares of Rs. 10/- each fully paid in cash	**1,000**	1,000

51,000 (2017: 51,000) ordinary shares of the company representing 51% (2017: 51%) of the issued, subscribed and paid up capital are held by the holding company, Johnson and Phillips (Pakistan)

6 TRADE AND OTHER PAYABLES

	2018	2017
Creditors for services	-	132
Accrued expenses	-	4
Other	-	5
Audit fee payable	-	30
	-	171

	2018	2017
	(Rupees in Thousand)	

7 SHORT TERM ADVANCES

Unsecured

Holding Company	**3,012**	2,964

The above advance is unsecured and interest free. The maximum amount outstanding at the end of any month during the year was Rs. 3.012 million. (2017: Rs. 2.964 million).

8 CONTINGENCIES AND COMMITMENTS

Contingencies

8.1 Taxation

The income tax assessments for the assessment year up to 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.

Commitments

There was no capital commitments as at the balance sheet date.

9 LOSS PER SHARE - BASIC AND DILUTED

Profit / (loss) for the year after taxation - **Rupees**	**429**	(16)
Weighted average number of ordinary shares - **Number**	**100,000**	100,000
Profit/(loss) per share - basic and diluted - **Rupees**	**4.29**	(0.16)

10 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

11 STAFF RETIREMENT BENEFITS

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

12 TRANSACTIONS WITH RELATED PARTIES

All transactions involving related parties arising in the normal course of business are conducted at arm's length. The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties during the year, other than salaries to key management and contributions to employment benefit plans, if any, disclosed elsewhere in these financial statements, are as follows:

Name of related party	Relationship	Transactions during the year and year end balances	2018	2017
			(Rupees in Thousand)	
Johnson & Phillips (Pakistan) Limited	Holding Company	Payment made on behalf of Company	**48**	**16**
		Year end balance	**3,012**	2,964

13 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

13.1 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.

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:

	2018	2017
	(Rupees in thousand)	
Short term deposits	**-**	85

13.2 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	Up to one year	More than one year
Trade and other payables	-	-	-	-	-
Temporary overdraft	-	-	-	-	-
Short term advances	3,012	3,012	-	(3,012)	-
June 30, 2018	**3,012**	**3,012**	**-**	**(3,012)**	**-**
Trade and other payables	171	171	-	(171)	-
Temporary overdraft	391	391	-	(391)	-
Short term advances	2,964	2,964	-	(2,964)	-
June 30, 2017	3,526	3,526	-	(3,526)	-

13.3 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.

13.3.a 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:

	2018	2017	2018	2017
	Effective interest rate (%)		Carrying amount (Rs.'000')	
Financial liabilities				
Trade and others payables	Non-interest bearing		-	171
Temporary overdraft	Non-interest bearing		-	391
Short term advances	Non-interest bearing		**3,012**	2,964
			3,012	3,526

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 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, 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, 2018, the shareholders' negative equity amounts to Rupees 2.968 million (2017: Rupees 3.397 million)

16 NUMBER OF EMPLOYEES

	2018	2017
	Numbers	
- Total employees of the Company at the year end	-	-
- Average employees of the Company during the year	-	-
- Employees working in the Company's factory at the year end	-	-
- Average employees working in Company's factory during the year	-	-

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 DATE OF AUTHORIZATION

These financial statements were authorised for issue on ______________________ by the Board of Directors of the Company.

19 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Chief Executive **Director**

FORM OF PROXY

The Company Secretary,
JOHNSON & PHILLIPS (PAKISTAN) LIMITED
57TH ANNUAL GENERAL MEETING
Karachi

I, _______________________________ S/o. _________________________ ,holder of CNIC No.__________________________

Residentof____ being

member of JOHNSON & PHILLIPS (PAKISTAN) LIMITED, holding _____________________ordinary shares as per Registered Folio / CDS

Account No._______________ hereby appoint _________________ , resident of ____

____ or failing him/ her Mr./Ms. ___________________________________ of (full

address) who is/are also member(s) of the Company, as my / our proxy to attend, act and vote for me/ us and on my / our behalf at Annual General Meeting (AGM) of the Company to be held **on Thursday, October 25, 2018 at 06:15 pm at the Registered Office of the company at C-10, South Avenue S.I.T.E., Karachi and / or any Adjournment thereof.**

As witness my / our hand / seal this ______________ day of ________________________________2018.

Signed by ____ in the presence of;

Witness:

1. Name: Signature__________________________________

   Address: ______________________________________

   ____

   CNIC or Passport No.; ___________________________

2. Name: Signature__________________________________

   Address: ______________________________________

   ____

   CNIC or Passport No.; ______________________________

Note:

1. The proxy form, duly completed and signed, must be received at the Registered Office of the Company.
2. All members are entitled to attend and vote at the meeting.
3. A member eligible to attend and vote at the Meeting may appoint another member as his/her proxy to attend, and vote instead of him/her.
4. An instrument of proxy applicable for the meeting is being provided with the notice sent to members. Further copies of the instrument of proxy may be obtained from the registered office of the Company during normal office hours
5. An instrument of proxy and the power of attorney or other authority (if any), under which it is signed or a notarily certified copy of such power or authority must, to be valid, be deposited at the registered office not less than 48 hours before the time of the meeting.
6. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
7. Members are requested to notify any changes in their addresses immediately.
8. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

For CDC Account Holders/Corporate Entities:

In addition to above, the following requirements have to be met:

i) The proxy form shall be witnessed by two (2) persons whose names, addresses and CNIC numbers shall be mentioned on the form.
ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

پروسیسنگ کے فارم

کمپنی سیکریٹری،
جانسن اور فلپس(پاکستان) لمیٹڈ
57th سالانہ جنرل میٹنگ
کراچی

میں، ________________ والدکانام ________________ قومی شناختی کارڈکانمبر ________________

رہائشی کےحامل ____

جینسن اور فیلیپس (پاکستان) لمیٹڈ کا رکن،________________ باضابطہ فولیو / سی ڈی ایساکاؤنٹ نمبر کے مطابق. حصص ________________

اس کے ساتھ، ________________رہائشی کےحامل ________________

یا مسٹر / محترموں کو ناکام کرنے میرا / ہمارے پراکسی میں شرکت کرنے کے طور پر، کمپنی کا سالانہ رکن (مکمل پتہ) جو / شرکت کے رکن ہیں، میرے / ہم اور میرے / ہماری جانب سے کمپنی کے کل سالانہ جنرل اجلاس میں کام کرتے ہیں . جمعرات کو 25 اکتوبر، 2018 کو 06:15 بجے منعقد ہونے کے لئے سی -10، جنوبی ایونیو سائٹ، کراچی اور / یا اس کے کسی بھی اعلامیے میں کمپنی کے رجسٹرڈ آفس میں.

میرے / ہمارے ہاتھ گواہ / ________________ کا دن ________________ 2018

کی طرف سے دستخط________________ کی موجودگی میں؛

گواہ:

1. نام: دستخط ________________ . 2 نام: دستخط ________________

ایڈریس: ________________ ایڈریس: ________________

________________ ________________

قومی شناختی کارڈ یا پاسپورٹ نمبر. قومی شناختی کارڈ یا پاسپورٹ نمبر.

________________ ________________

نوٹ:

1. پراکسی فارم، مکمل طور پر مکمل اور دستخط، کمپنی کے رجسٹرڈ دفتر میں موصول ہونا لازمی ہے.

2. تمام اراکین اجلاس میں شرکت اور ووٹ دینے کا حقدار ہیں.

3. کسی رکن میں شرکت کرنے اور ووٹ دینے کے قابل ہونے کے قابل ہو سکتا ہے کسی دوسرے رکن کی حیثیت سے اس کے پراکسی کے طور پر شرکت کی جائے، اور اس کے بدلے ووٹ ڈال سکے.

4. اجلاس کے لئے پراکسی قابل اطلاق کا ایک فارم اراکین کو بھیج دیا گیا نوٹس کے ساتھ فراہم کی جا رہی ہے. پراکسی فارم کی مزید کاپیاں عام دفتر کے گھنٹوں کے دوران کمپنی کے رجسٹرڈ دفتر سے حاصل کی جا سکتی ہیں

5. پراکسی اور اٹارنی یا دیگر اتھارٹی کی طاقت (اگر کوئی ہے)، جس کے تحت یہ دستخط کیا جاتا ہے یا اس طرح کے اقتدار یا اتھارٹی کی معتبر طور پر تصدیق شدہ کاپی لازمی طور پر، درست ہوناضروری ہے، رجسٹرڈ دفتر میں جمع نہیں کیا 48 سے کم اجلاس کے وقت سے پہلے گھنٹے.

6. اگر ایک رکن ایک سے زیادہ پراکسی کی حیثیت رکھتا ہے اور پراکسی کے ایک سے زیادہ فارم کمپنی کے ساتھ کسی رکن کی طرف سے جمع کردی جاتی ہے تو، پراکسی کے اس طرح کے فارم کو غلط کیا جائے گا.

7. ممبران سے درخواست کی جاتی ہے کہ فوری طور پر اپنے پتے میں کسی بھی تبدیلی کو مطلع کردیں.

8. سی ڈی سی اکاؤنٹ ہولڈرز کو مزید 26 جنوری، 2000 کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعہ جاری کردہ سرکلر 1 میں بیان کردہ مندرجہ ذیل ہدایات پر عمل کرنا ہوگا.

سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کے لئے:

اوپر کے علاوہ، مندرجہ ذیل ضروریات کو پورا کرنا ہوگا:

i) پراکسی فارم کو دو (2) افراد کی طرف سے مشاہدہ کیا جائے گا جن کے نام، پتے اور قومی شناختی کارڈکے نمبر درج کریں گے.

ii) فائدہ مند مالکان کی قومی شناختی کارڈ یا پاسپورٹ کی شامل کردہ کاپیاں اور پراکسی کو پراکسی فارم کے ساتھ پیش کیا جائے گا.

iii) پراکسی ملاقات کے وقت اپنے اصل قومی شناختی کارڈ یا اصل پاسپورٹ تیار کرے گی.

iv) کارپوریٹ ادارے کی صورت میں، نمائش کے دستخط کے ساتھ اٹارنی بورڈ کے فیصلے / اقتدار جمع کردیئے جائیں گے (جب تک یہ پہلے ہی فراہم نہیں کیا گیا ہے) پراکسی کمپنی کو تشکیل دیں.