Johnson & Phillips (Pakistan) Ltd.

ANNUAL REPORT 2020

Our
Vision

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

Our
Mission

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

CONTENTS

Company Information

Board of Directors		
	Mrs. Zainab Anis Mianoor	Chairman
	Mr. Anis Mianoor	Director/CEO
	Mr. Umair Mianoor	Director
	Mr. Amin Khanani	Director
	Mr. Usman Mianoor	Director
	Mr. Hanif Chamdia	Director
	Mrs. Uroosa Mianoor	Director
Board of Audit Committee		
	Mr. Amin Khanani	Chairman
	Mr. Umair Mianoor	Member
	Mrs. Uroosa Mianoor	Member
Board of HR Committee		
	Mr. Hanif Chamdia	Chairman
	Mr. Usman Mianoor	Member
	Mrs. Zainab Anis Mianoor	Member
Chief Financial Officer (CFO)	Mr. Syed Muhammad Shahid	
Company Secretary	Mr. Hanif Hussain	
Internal Auditor	Mr. Tariq Ilyas	
Legal Advisor	Mr. Muhammad Yousuf (Advocate)	
Auditors	M/s. Reanda Haroon Zakaria & Company Chartered Accountants Room No. M1-M4, MEZZANINE Floor, Prograsive Plaza, Plit No. 5-C1-10, Civil Lines Quarter, Beaumont Road, Near Dawood Centre, Karachi-75530, Pakistan.	
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.

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.

FINANCIAL REPORTING & INTERNAL CONTROL

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

CONFLICT OF INTEREST

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

ENVIRONMENT PROTECTION

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

QUALITY ASSURANCE

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of Johnson & Phillips (Pakistan) Limited will be held on 27th November 2020 at the Registered Office of the Company at C-10, South Avenue SITE Karachi at 03:30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of the 58th Annual General Meeting held on October 26, 2019.

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, 2020 together with the Audited Consolidated Financial Statements of the Company and the Directors' and Auditors' Report thereon for the year ended June 30, 2020.

3. To appoint Auditors of the Company for the financial year ending June 30, 2021 and to fix their remuneration. The Board of Directors on the recommendation of the Audit Committee has proposed the name of retiring Auditors M/s. Reanda Haroon Zakaria Associates, Chartered Accountants for their appointment as external auditors for the year ending June 30, 2021.

ANY OTHER BUSINESS:

4. To transact any other business with the permission of the Chair.

Date: November 01st, 2020
Place: Karachi

By Order of the Board

Company Secretary

Note:

1. The Share Transfer Book of the Company will remain closed from November 20th, 2020 to November 27th, 2020 (both days inclusive) Transfer received at the Registered Office of the Company by our Shares Registrar, C & K Management (Pvt) Limited, 404,Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530 by the close of business on November 19th, 2020 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 of 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 Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original National Identity Car (CNIC) or Passport (in case of foreign nationals for identification purposes at the time of attending the meeting.

3. Members are requested to notify any changes in their address immediately to the Shares Registrar M/s. C & K Management (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, 2020 has been placed on the Company's website at the link:

6. The Annual Report of the Company for the year ended June 30, 2020 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 seven days before holding of General Meeting Consent Form is available for the purpose on Company's website.

ڈائریکٹرز کی اطلاع (منسلک)

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لئے مجتمع آڈٹ شدہ مالیاتی بیانات اور اس پر آڈیٹرز کی رپورٹ پیش کرنے پر خوش ہیں۔

مالی جھلکیاں:

30 جون 2020 اور 30 جون 2019 کو ختم ہونے والے سال کیلئے آپ کی کمپنی کی تقابلی مالی جھلکیاں درج ذیل ہیں

	2020	2019
	(Rupees in '000)	
ٹیکس لگانے سے پہلے سال کے لئے (نقصان)	(52,949)	(32,727)
جس میں سے ڈائریکٹرز کا حساب کتاب ہے		
ٹیکس لگانے کے لئے ـ موجودہ	1,289	835
تخصیص کے لئے ڈسپوزایبل (نقصان)	(51,660)	(31,892)
جمع (نقصانات) آگے لایا	(406,177)	(377,998)
غیر منقولہ املاک میں اضافی فرسودگی کے لئے ایڈجسٹمنٹ	3,202	2,104
دیگر جامع منافع (نقصان)	-	534
بیلنس شیٹ کو جمع شدہ نقصان	(454,942)	(406,177)

ہولڈنگ کمپنی کے مالی بیانات میں مندرجہ ذیل ذیلی کمپنیوں کو مجتمع کیا گیا ہے۔

جانسن اینڈ فلپس (پاکستان) لمیٹڈ

جانسن اینڈ فلپس ٹرانسفارمرز (نجی) لمیٹڈ

جے اینڈ پی ای ایم او پاکستان (نجی) لمیٹڈ

گروپ کی ذیلی تنظیموں نے پیداوار عمل ختم کر دیا ہے۔

فی شیئر نقصان:

30 جون 2020 کو ختم ہونے والے سال کے لئے فی شیئر آمدنی 10 روپے ہے۔ (9.48) 30 جون 2019 (5،85 روپے)

مادی تبدیلیاں:

30 جون 2020 سے اب تک مادی تبدیلیاں نہیں کی گئیں اور کمپنی نے کسی ایسے وعدے نہیں کیے جس سے اس تاریخ کو اس کی مالی حیثیت متاثر ہوگی۔

کارکردگی کا جائزہ:

گذشتہ سال کے اسی عرصے کے لئے سیلز نیٹ کی مالیت 0.0905 ملین روپے تھی جبکہ اس سے گذشتہ سال کی اسی مدت کے لئے 4.078 ملین روپے تھے۔ اس سال کے لئے فروخت کی لاگت Rs. Rs روپے تھی۔ 8.68 ملین روپے کے مقابلے میں 6.682 ملین۔ کمپنی کا مجموعی خسارہ .Rs (5.777) ملین روپے۔ (4.793) گذشتہ سال کی اسی مدت میں 30 جون 2020 کو ختم ہوئے سال کے دوران کمپنی کی تقسیم لاگت، انتظامی اخراجات اور فنانس لاگت۔ گذشتہ سال کے اسی عرصے میں 26.450 ملین روپے 29.463 ملین روپے تھے۔

اسی مدت میں 5. 31 ملین روپے کے ٹیکس کے بعد ہونے والے نقصان کے مقابلہ میں 30 جون 2020 کو ختم ہونے والے سال میں 66060. 61 ملین روپے کے ٹیکس کے بعد ہونے والا نقصان ہوا۔ آپ کی کمپنی کا انتظام مستحکم کوششیں کر رہا ہے اور مستقبل میں بہتر کارکردگی کے حصول کے لئے کوشاں ہے۔

بیرونی آڈٹ:

آڈیٹرز میسرز چارٹرڈ اکاؤنٹنٹ ریانئرڈ ہارون زکریا اینڈ کمپنی، سالانہ جنرل اجلاس کے اختتام پر ریٹائر ہوئے۔ اہل ہونے کے ناطے انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ نے ان کی دوبارہ تقرری کی تجویز پیش کی ہے۔

آڈیٹرز ان کے آڈیٹر کی رپورٹ پر جاری تشویش کے مسئلے پر رائے کا اعلان کرتے ہیں۔

اندرونی آڈٹ:

کمپنی کا بورڈ مینجمنٹ کے ہر سطح کی خدمت کے طور پر محکمہ داخلی آڈٹ کی سرگرمیوں کو قریب سے پیروی کرتا ہے۔ آزاد داخلی آڈٹ محکمہ کا بنیادی مقصد بورڈ اور انتظامیہ کو یہ معقول یقین دہانی فراہم کرنا ہے کہ داخلی کنٹرول کے موجودہ نظام مناسب اور قابل اطمینان بخش کام کر رہے ہیں۔ چونکہ داخلی آڈٹ ڈیپارٹمنٹ کمپنی کی کارروائیوں میں قدر میں اضافہ کرتا ہے، بہتر آپریشنل کارکردگی کے لئے تجاویز اور سفارشات دیتا ہے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک کا بیان:

کارپوریٹ قوانین، قواعد وضوابط کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی کاموں کے مست کے تحت تیار کیے گئے ہیں۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعہ تجویز کردہ کوڈ آف کارپوریٹ گورنس کے تحت کارپوریٹ ذمہ داریوں سے متعلق بورڈ کو پوری طرح آگاہی ہے اور پاکستان اسٹاک ایکسچینج نے تمام درج کمپنیوں کے لئے اپنایا ہے اور اس بات کی تصدیق کرنے پر خوش ہے کہ

1. کمپنی کے تیار کردہ مالی بیانات اس کی امور کی منصفانہ حیثیت، اس کے کاروائیوں کے نتائج، نقد بہاؤ اور ایکویٹی میں بدلاؤ پیش کرتے ہیں۔
2. کمپنی نے کمپنیز ایکٹ، 2017 کے تحت ضرورت کے مطابق اکاؤنٹس کی مناسب کتابیں برقرار رکھی ہیں۔
3. کمپنی نے مالی بیانات کی تیاری میں مستقل اکاؤنٹنگ کی پالیسیوں کی پیروی کی ہے، جہاں جہاں بھی تبدیلی کی گئی ہے ان کا مناسب طور پر انکشاف کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ محتاط اور معقول فیصلے کی بنیاد پر ہے۔
4. بین الاقوامی اکاؤنٹنگ معیارات (IAS) اور بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) جیسے کہ پاکستان میں قابل اطلاق ہیں، مالی بیانات کی تیاری کے سلسلے میں عمل کیا گیا ہے اور وہاں سے کسی بھی قسم کی روانگی، اگر کوئی ہے تو، اس کا مناسب طور پر انکشاف کیا گیا ہے۔
5. اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے موثر انداز میں نافذ اور نگرانی کی جارہی ہے۔ اس طرح کا نظام اہداف کے حصول میں ناکامی کے خطرے کو ختم کرنے کے بجائے اس کا انتظام کرنے کے لئے بنایا گیا ہے، اور اس کی فطرت سے مادی بدانتظامی یا نقصان کے خلاف صرف معقول، اور قطعی نہیں، یقین دہانی فراہم کی جاسکتی ہے۔ داخلی کنٹرول کے نظام کی تاثیر کا جائزہ لینے کے لئے بورڈ کے ذریعہ جو عمل استعمال کیا گیا ہے، ان میں مندرجہ ذیل شامل ہیں:

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

SIX YEARS FINANCIAL REVIEW

RUPEES IN '000'

	2020	2019	2018	2017	2016	2015
Sales	905	4,078	6,312	22,924	35,448	39,230
Gross Profit / (Loss)	(5,777)	(4,793)	(18,333)	(36,545)	(10,896)	(21,116)
Profit / Loss before Taxation	(55,522)	(32,679)	(49,804)	(71,365)	(53,680)	(58,231)
Profit / Loss After Taxation	(54,383)	(31,844)	(49,166)	(70,503)	(52,857)	(56,814)
Fixed Assets (Net)	475,750	480,724	14,194	175,318	184,009	192,820
Total Assets	480,865	507,207	517,079	216,143	260,433	275,799
Total Liabilities	370,097	342,056	517,079	216,143	260,433	222,241
Current Assets	5,115	26,483	30,168	39,885	75,484	82,039
Current Liabilities	362,922	329,546	189,631	177,809	163,781	129,727
Liquidity						
Current Ratio	0.01	0.08	0.02	22.00	0.46	0.63
Quick Ratio	0.01	0.07	0.15	0.15	0.20	0.28
Profitability						
Gross Profit Ratio	(638.34)	(117.53)	(290.45)	(159.42)	(30.74)	(53.83)
Net Profit Ratio	(6,009.17)	(780.87)	(778.93)	(307.55)	(149.11)	(144.82)
Assets Utilization						
Inventory Turnover Ratio	4.31	5.41	80.00	81.00	81.00	71.00
Total Assets Turnover Ratio	0.01	2.00	1.00	11.00	14.00	14.00
Debtor Turnover Ratio	34.08	49.43	5.86	5.38	4.61	1.33
Creditor Turnover Ratio	0.00	0.01	0.03	0.11	0.22	0.19
INVESTMENT						
Earning Per Share	9.98	(5.84)	(9.02)	(12.94)	(9.70)	(10.61)
Market Value Per Share	38.80	46.70	63.25	29.99	20.39	20.60
P.E. Ratio	(3.89)	(7.99)	(7.01)	(2.32)	(2.10)	(1.94)
Market Capitalization (Mn)	211,459	254,514	344,649	163,416	111,105	112,249
Employee as Remuneration	7,916	11,727	13,561	19,551	17,318	17,357
Production						
Transformer (Nos)	-	3	4	11	13	12
Switch Gear Panel (Nos)	-	1	1	5	17	97

Chairman's Review

I present to you the 59th annual report on the performance of the company for the year ended june 30, 2020.

the new management of the company is trying its best to secure the proper finances that would be required to meet the day-to-day challenges and to start the production at the soonest possible time so that the losses sustained by the company could be wiped off. we reiterate to bring the company in a profitable manner. we request our shareholders to please pray in this regard.

During the year 2019-20, the corona virus (COVID-19) has spread over in most of the countries of the world and has also swallowed the precious human lives in thousands in many countries of the world. this virus has very badly put its impact on the economy of the respective countries including pakistan. this disease has badly been affected to the different sectors of the country.

The state bank of pakistan has since decreased its rate of interest to a single digit. it is hoped that this will pave the way towards increase of the business trend of the country.

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Zainab

Mrs. Zainab Anis Mmianoor
Chairman

Karachi: October 27th, 2020

چیرمین کا جائیزہ

میں آپ کو 30 جون، 2020 کو ختم ہونے والے سال کی کمپنی کی کارکردگی سے متعلق 59 ویں سالانہ رپورٹ پیش کرتا ہوں۔

کمپنی کی نئی انتظامیہ مناسب مالیات کے حصول کے لئے پوری کوشش کررہی ہے جس کے لئے روزانہ چیلینجوں کا مقابلہ کرنے اور جلد از جلد پیداوار شروع کرنے کی ضرورت ہوگی تاکہ کمپنی کو ہونے والے نقصانات کا ازالہ کیا جاسکے۔ ہم کمپنی کو منافع بخش انداز میں لانے کا اعادہ کرتے ہیں۔ ہم اپنے شراکت داروں سے درخواست کرتے ہیں کہ براہ کرم اس سلسلے میں دعا کریں۔

سال 2019-20 کے دوران، کورونا وائرس (COVID-19) دنیا کے بیشتر ممالک میں پھیل چکا ہے اور دنیا کے بہت سے ممالک میں ہزاروں افراد میں قیمتی انسانی جانیں بھی نگل چکی ہیں۔
اس وائرس نے پاکستان سمیت متعلقہ ممالک کی معیشت پر بہت برا اثر ڈالا ہے۔ اس بیماری نے ملک کے مختلف شعبوں کو بری طرح متاثر کیا ہے۔

اس کے بعد اسٹیٹ بینک آف پاکستان نے اپنی سود کی شرح کو کم کرکے ایک ہندسے کردی ہے۔ امید ہے کہ اس سے ملک کے کاروباری رجحان میں اضافے کی راہ ہموار ہوگی۔

میں کمپنی کے قابل قدر گراہکوں، سپلائرز اور حصص یافتگان کا ان کے مسلسل اعتماد اور تعاون کے لئے شکریہ ادا کرنا چاہتا ہوں اور مشکل حالات میں کام کرنے کے لئے تمام ملازمین کی کوششوں کی تعریف کروں گا۔

ڈائریکٹرز کے بورڈ کے لئے اور اس کے ہیچ پر

Zaineb

مسز زینب انیس میانور

چیئرمین

کراچی: 27 اکتوبر 2020

DIRECTORS' REPORT

The Directors of your Company are pleased to present the 59th Annual Report together with the Audited Financial Statements for the year ended June 30, 2020 and Auditors' Report thereon.

Financial Highlights:

The comparative financial highlights of your Company for the year ended June 30, 2020 and June 30, 2019 are as follows:

	2020	2019
	(Rupees in '000)	
(Loss) for the year before taxation'	(55,522)	(32,679)
Out of which the Directors have accounted		
for taxation - current	1,139	835
Disposable (loss) for appropriation	(54,383)	(31,844)
Accumulated (losses) brought forward	(412,855)	(384,711)
Adjustment for incremental depreciation on revalued assets	3,202	2,104
Other Comprehensive Profit (Loss)	–	534
Accumulated losses carried over to Balance Sheet	(464,036)	(412,855)

In view of the losses and need of the liquid funds for working capital, the Directors have not recommended any dividend to the shareholders for the year ended June 30, 2020.

Earnings per share:

Earnings per share for the year ended June 30, 2020 is Rs. (9.97) (June 2019: Rs. (5.84).

Material Changes:

There has been no material change since June 30, 2020 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. 0.905 Million as compared to Rs.4.078 Million for corresponding period of last year. The cost of sales for the year was Rs.6.682 Million as compared to Rs.8.871 Million.

The Gross loss of the Company was Rs.5.777 Million against a loss of Rs.4.793 Million in the corresponding period of last year. This is mainly due to ceased operations. The Company's Distribution cost, Administrative expenses and finance cost during the year ended June 30, 2020 was Rs. 26.431 Million as against Rs.29.415 Million in the corresponding year of previous year. The Company is in process of reorganizing its activities.

A loss after tax of Rs. 54.314 Million was reported for the year ended June 30, 2020 compared to a loss after tax Rs.31.844 Million in the corresponding period. Management of your Company is making concerted efforts and continues to endeavour to achieve improved performance in the future.

Human Resource Development:

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. The Company is running / maintaining a Masjid for the convenience of the people living and working near our office premises.

External Audit:

The Auditors M/s. Reanda Haroon Zakaria & Company, Chartered Accountants retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board on the recommendations of the Audit Committee has proposed their re-appointment.

The Auditors gave disclaimer of opinion on the going concern issue and Un-claimed Dividend amount not deposited in a separate Bank Account designated for this purpose in their Auditor's Report.

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 results of its operations , cash flows and changes its 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 preparations of the financial statements. Changes wherever made, have been adequately disclosed and accounting estimates are on the basis of the 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, 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, include inter-alia, the following:

"A Board Audit Committee (BAC) is in place. It reviews the approach adopted by the Company's 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 action to be taken in the 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, 2020, four meetings of BAC were held with one in each quarter and attendance was as follows:

Name of member		No. of meetings Attended
Mr. Muhammad Amin Khanani	(Chairman)	1
Mr. Muhammad Umair Anis Mianoor	(Member)	0
Ms. Uroosa Anis Mianoor	(Member)	0

Mr. Muhammad Umair Anis Mianoor and Ms. Uroosa Anis Mianoor Leave of absence were 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 forecast 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 to 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 Listed Companies (Code of Corporate Governance) Regulations, 2017 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, 2018 is Rs. 5.37 Million (December 31st, 2017 audited amount Rs.4.76 Million).

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

12. All major decisions relating to the investment / disinvestments, changes in the policies are taken by the Board of Directors.

13. Decisions regarding appointment of CEO, CFO and 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 and 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 Officers (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 5 and Female 2

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

During the year under review, four meetings were held and attended as follows:

Name	No. of meetings eligible to attend during the tenure	No. of meeting attended
Mrs. Zainab Anis Mianoor (Chairman)	3	3
Mr. Muhammad Anis Mianoor (MD/CEO)	3	3
Mr. Muhammad Umair Anis Mianoor	0	0
Mr. Muhammad Usman Mianoor	3	3
Mr. Muhammad Amin Khanani	1	1
Ms. Uroosa Anis Mianoor	0	0
Mr. Muhammad Hanif Chamdia	1	1

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.

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, 2020 is attached with the report.

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 the Securities and Exchange Commission of Pakistan relevant for the year ended June 30, 2020 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:

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

Employees Relation:

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

Future plan / growth:

Regarding the future plan / growth, as it is in the knowledge of the stakeholders that new management has taken over the rights of the Company and wish to inform that the management is trying to bring the Company its commercial activities in near future, so that its benefits could be given to them We request to stakeholders to pray for the achievements of the business goals, so that, we could be able to start the commercial activities at the soonest possible time.

Acknowledgement:

The Board of Directors would like to express its sincere appreciation to the Company's valued client, 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 of Pakistan for their continued guidance and support.

MUHAMMAD ANIS MIANOOR
MD & CHIEF EXECUTIVE OFFIER

MRS. ZAINAB ANIS MIANOOR
CHAIRMAN

Karachi: 27th October, 2020

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز راضی ہیں کہ 30 جون 2020 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی بیانات اور اس پر آڈیٹرز کی رپورٹ کے ساتھ 59ویں سالانہ رپورٹ پیش کریں۔

مالی جھلکیاں:

30 جون، 2020 اور 30 جون، 2019 کو ختم ہونے والے سال کیلئے آپ کی کمپنی کی تقابلی مالی جھلکیاں درج ذیل ہیں۔

	2020	2019
	000......روپے میں......	
(نقصان) ٹیکس لگانے سے پہلے سال کیلئے	(55.522)	(32,679)
جس میں سے ڈائریکٹرز کا حساب کتاب ہے		
ٹیکس لگانے کے لئے۔موجودہ	1,139	835
تخصیص کے لئے ڈسپوزایبل (نقصان)	(54,383)	(31,844)
جمع (نقصانات) آگے لایا	(412,855)	(384,711)
غیر منقول اثاثوں میں اضافی فرسودگی کیلئے ایڈجسٹمنٹ	3,202	2,104
دیگر جامع منافع/ (نقصان)	--	534
بیلنس شیٹ کو جمع شدہ نقصانات	(464,036)	(412,855)

ورکنگ سرمایہ کے لئے مائع فنڈز کے نقصانات اور ضرورت کے پیش نظر، ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والے سال کے لئے حصص یافتگان کو کسی بھی منافع کی سفارش نہیں کی ہے۔

فی شیئر آمدنی:

30 جون، 2020 کو ختم ہونے والے سال کے لئے فی شیئر آمدنی 10 روپے ہے۔(9.97)(جون 2019: روپیہ 5.84)

مادی تبدیلیاں:

30 جون 2020 کے بعد سے کوئی مادی تبدیلی نہیں کی گئی ہے اور کمپنی نے کسی بھی وعدے میں داخل نہیں کیا ہے جس کی وجہ سے اس تاریخ سے اس کی مالی حیثیت متاثر ہوگی۔

کارکردگی کا جائزہ:

کارکردگی کا جائزہ:

سال کے لئے سیلز۔نیٹ روپے گذشتہ سال کی اسی مدت کے لئے 07878..0 ملین روپے کے مقابلے میں 0.905..0 ملین۔سال کی فروخت کی لاگت 871.8 ملین روپے کے مقابلے میں 6.682 ملین روپے تھی۔

کمپنی کا مجموعی خسارہ 5.777 ملین روپے تھا جب کہ اس سے گزشتہ سال کے اسی عرصے میں 46.793 ملین روپے کا نقصان ہوا تھا۔اس کی بنیادی وجہ آپریشن بند رکھنا ہے۔30 جون 2020 کو ختم ہوئے سال کے دوران کمپنی کی تقسیم لاگت، انتظامی اخراجات اور فنانس لاگت۔گذشتہ سال کے اسی سال کے دوران 26.431 ملین روپے 29.415 ملین روپے تھے۔کمپنی اپنی سرگرمیوں کی تنظیم نو کا عمل جاری رکھے ہوئے ہے۔

روپے پر ٹیکس لگنے کے بعد نقصان اسی عرصے میں ٹیکس کے بعد 31.844 ملین روپے کے نقصان کے مقابلے میں 30 جون 2020 کو ختم ہونے والے سال کے لئے 54.314 ملین ڈالر کی اطلاع دی گئی۔آپ کی کمپنی کا انتظام مستحکم کوششیں کر رہا ہے اور مستقبل میں بہتر کارکردگی کے حصول کے لئے کوشاں ہے۔

انسانی وسائل کی ترقی:

ہم اپنے ملازمین کی کاشت اور حوصلہ افزائی میں سرمایہ کاری کرتے ہیں اور انہیں مارکیٹ کی چیلنجوں کا موثر انداز میں مقابلہ کرنے کی تربیت دیتے ہیں۔ہم ملازمین کو ملازمت کی تربیت پر ضروری فراہم کرتے ہیں تاکہ وہ اپنے کاموں کو موثر طریقے سے انجام دینے کے لئے درکار علم اور مہارت حاصل کریں۔محکمہ کے سربراہان ملازمین/ افسران کو تربیت دیتے ہیں۔

کارپوریٹ سماجی ذمہ داری:

جموں وکشمیر ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے اپنا کردار ادا کرنے کے لئے پوری طرح پرعزم ہے اور مصنوعی روشنی کے غیر ضروری استعمال پر پابندی تمباکو کنٹرول کے قانون پر عمل درآمد اور "تمباکو نوشی زون" کے ذریعہ توانائی کے تحفظ، ماحولیاتی تحفظ اور پیشہ ورانہ حفاظت اور صحت کے ذریعے اپنی ذمہ داری پوری کرتا ہے۔اور صحتمند کام کا ماحول۔یہ کمپنی ہمارے دفتر کے احاطے کے قریب رہائش پذیر اور کام کرنے والے لوگوں کی سہولت کے لئے ایک مسجد چلا رہی ہے۔

بیرونی آڈٹ:

آڈیٹرز میسرز۔ریندا ہارون ذکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ سالانہ جنرل اجلاس کے اختتام پر ریٹائر ہوگئے۔اہل ہونے کے ناطے انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔آڈٹ کمیٹی کی سفارشات پر بورڈ نے ان کی دوبارہ تقرری کی تجویز پیش کی ہے۔

آڈیٹرز نے جاری تشویش کے معاملے پر رائے کی دستبرداری کروی اور ان کا دعوی کیا کہ ڈیویڈنڈ کی رقم علیحدہ بینک اکاؤنٹ میں جمع نہیں کی گئی ہے جو اس مقصد کے لئے اپنے آڈیٹر کی رپورٹ میں پیش کیا گیا ہے۔

اندرونی آڈٹ:

کمپنی کا بورڈ مینجمنٹ کے ہر سطح کی خدمت کے طور پر محکمہ داخلی آڈٹ کی سرگرمیوں کو قریب سے پیروی کرتا ہے۔آزاد داخلی آڈٹ محکمہ کا بنیادی مقصد بورڈ اور انتظامیہ کو یہ معقول یقین دہانی فراہم کرنا ہے کہ داخلی کنٹرول کے موجودہ نظام مناسب اور قابل اطمینان بخش کام کر رہے ہیں۔چونکہ داخلی آڈٹ ڈیپارٹمنٹ کمپنی کی کارروائیوں میں قدر میں اضافہ کرتا ہے، بہتر آپریشنل کارکردگی کے لئے تجاویز اور سفارشات دیتا ہے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک کا بیان:

کارپوریٹ قوانین، قواعد وضوابط کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی کاموں کے املا کے تحت تیار کیے گئے ہیں۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعہ تجویز کردہ کوڈ آف کارپوریٹ گورننس کے تحت بورڈ کو کارپوریٹ ذمہ داریوں سے پوری طرح آگاہی ہے اور اسٹاک ایکسچینج نے تمام درج کمپنیوں کے لئے اپنایا ہے اور اس بات کی تصدیق کرنے پر خوش ہوں۔

1. کمپنی کے ذریعہ تیار کردہ مالی بیانات اس کی امور کی منصفانہ حیثیت سے، اس کے کاموں کے نتائج، نقد بہاؤ اور اس کی ایکویٹی میں تبدیلی لاتے ہیں۔
2. کمپنی نے کمپنیز ایکٹ، 2017 کے تحت ضرورت کے مطابق اکاؤنٹس کی مناسب کتابیں برقرار رکھی ہیں۔
3. کمپنی نے مالی بیانات کی تیاریوں میں مستقل اکاؤنٹنگ پالیسیوں کی پیروی کی ہے۔ تبدیلیاں جہاں کہیں بھی ہوں، مناسب طور پر ظاہر کی گئیں اور حساب کتاب کا تخمینہ محتاط اور معقول فیصلے کی بنیاد پر ہے۔
4. بین الاقوامی اکاؤنٹنگ معیارات (IAS) اور بین الاقوامی مالیاتی رپورٹنگ معیار (IFRS) کی مالی اعانت کی تیاری میں عمل کیا گیا ہے اور وہاں سے کسی بھی طرح کی روانگی، اگر کوئی ہے تو، اس کا مناسب طور پر انکشاف کیا گیا ہے۔
5. داخلی کنٹرول کا نظام مستحکم ہے، اور اس کو موثر انداز میں نافذ اور نگرانی کی گئی ہے۔ اس طرح کا نظام مقصد کے حصول میں ناکامی کے خطرے کو ختم کرنے کے بجائے اس کا انتظام کرنے کے لئے ڈیزائن کیا گیا ہے، اور اس کی نوعیت سے مادی غلط استعمال یا نقصان کے خلاف صرف معقول، اور قطعی نہیں، یقین دہانی فراہم کی جاسکتی ہے۔ داخلی کنٹرول کے نظام کی تاثیر کا جائزہ لینے کے لئے بورڈ کے ذریعہ جو عمل استعمال کیا گیا ہے، ان میں بین الیات بھی شامل ہیں۔

''بورڈ آڈٹ کمیٹی (بی اے سی) قائم ہے۔ یہ کمپنی کے آڈٹ ڈیپارٹمنٹ کے ذریعہ اختیار کردہ نقطہ نظر اور بیرونی آڈیٹرز کے دائرہ کار اور اس کے ساتھ تعلقات کا جائزہ لیتا ہے۔ یہ داخلی آڈٹ ڈیپارٹمنٹ اور بیرونی آڈیٹرز کی طرف سے بھی داخلی کنٹرول کے نظام اور کسی بھی مادی کمزوری کی نشاندہی کی گئی ہے جس کی نشاندہی کی گئی ہے۔ مزید یہ کہ بی اے سی متعلقہ ایگزیکٹوز کے ساتھ تشویش کے علاقوں میں کی جانے والی کارروائی پر تبادلہ خیال کرتی ہے۔ بی اے سی تین ممبروں پر مشتمل ہے، بی اے سی کا چیئرمین ایک آزاد ڈائریکٹر ہے اور بی اے سی کے دیگر تمام ممبر آزاد ڈائریکٹر ہیں۔ سال 2020 کے دوران، بی اے سی کی چار میٹنگیں ہر سہ ماہی میں ایک کے ساتھ منعقد کی گئیں اور اس میں حاضری مندرجہ ذیل تھی۔

ممبر کا نام		اجلاسوں کی تعداد
جناب محمد امین خانانی	(چیئرمین)	1
جناب محمد عمیر انیس میاں نور	(ممبر)	0
محترمہ عروسہ انیس میاں نور	(ممبر)	0

اجلاس میں شرکت کرنے سے قاصر ممبران کو جناب محمد عمیر انیس میاں ور اور محترمہ یورسا انیس میانو ور کی عدم حاضری کی منظوری دے دی گئی۔

ایک تنظیمی ڈھانچہ قائم کیا گیا ہے، جو ذمہ داری اور جوابدہی کے وفد کے ساتھ مواصلات کی واضح لائنوں اور اتھارٹی کے لیول کی حمایت کرتا ہے۔

بجٹ سازی اور حکمت عملی کی منصوبہ بندی کا ایک سالانہ عمل ہے۔ مالی پیشگوئی تیار کی جاتی ہے اور کاروباری ماحول میں نمایاں تبدیلیوں کی عکاسی کے لئے ان حکمت عملیوں کا سال کے دوران جائزہ لیا جاتا ہے۔

6. کمپنی کی تشویش کی حیثیت سے جاری رکھنے کی صلاحیت پر کوئی شک نہیں ہے۔
7. آپ کی کمپنی کے ڈائریکٹرز محسوس کرتے ہیں کہ مستقبل کی نمو کے لئے سرمائے کا تحفظ بہت ضروری ہے۔ لہذا موجودہ سال کے لئے کوئی منافع کا اعلان نہیں کیا گیا ہے۔
8. کمپنی نے درج کمپنیوں (کوڈ کارپوریٹ گورنس) ریگولیشنز، 2017 کے بہترین طریقوں پر عمل کیا ہے اور وہاں سے کوئی مادی اخراج نہیں ہوا ہے۔
9. پچھلے چھ سالوں کے کلیدی آپریٹنگ اور مالی اعداد و شمار کو رپورٹ کے ساتھ جوڑ دیا گیا ہے۔
10. 31 دسمبر، 2018 کو آڈٹ شدہ مالی بیانات کی بنیاد پر پروویڈنٹ فنڈ کی حاصل شدہ آمدنی سمیت سرمایہ کاری کی قیمت Rs.5.37 ملین (31 دسمبر، 2017 آڈٹ شدہ رقم 76.4 ملین)۔
11. متعلقہ فریقوں کے لین دین بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے ذریعہ منظور شدہ ہیں۔
12. سرمایہ کاری / غیر منقولہ کاری، پالیسیوں میں تبدیلی سے متعلق تمام بڑے فیصلے بورڈ آف ڈائریکٹرز کے ذریعہ لئے جاتے ہیں۔
13. بورڈ کے ذریعہ سی ای او، سی ایف او اور کمپنی سکریٹری اور ہیڈ آف انٹرنل آڈٹ کی تقرری اور معاوضے کو ٹھیک کرنے یا تبدیل کرنے سے متعلق فیصلے بورڈ کے ذریعہ لئے اور منظور کیے گئے ہیں۔
14. مالی بیانات میں بقایا ٹیکس اور ڈیوٹی دی جاتی ہے۔

بورڈ آف ڈائریکٹرز

چیئرمین کا کردار

چیئرمین بورڈ آف ڈائریکٹرز کی سربراہی کرتا ہے، گروپ کی نمائندگی کرتا ہے اور بورڈ اور اسٹیک ہولڈرز کی جانب سے گروپ کے مجموعی محافظ کی حیثیت سے کام کرتا ہے۔ بورڈ کی تاثیر کو یقینی بنانے کے لئے ذمہ دار، وہ بورڈ کو کمپنی کی حکمت عملی اور مجموعی مقاصد کی ترقی اور عزم میں مکمل اور تعمیری کردار ادا کرنے کی پوری صلاحیت دیتا ہے۔

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

سی ای او / ایم ڈی حصص یافتگان کی قیمت پیدا کرنے کے نظریہ کے ساتھ کمپنی کی طویل مدتی حکمت عملی پر عمل درآمد کے ذمہ دار ہیں، سی ای او / ایم ڈی کمپنی کے مختصر اور طویل مدتی مقاصد / منصوبے کو پورا کرنے کے لئے دن بھر کے فیصلے لیتے ہیں۔ وہ بورڈ اور کمپنی مینجمنٹ کے مابین براہ راست رابطہ کا کام کرتا ہے۔ وہ کمپنی کی طرف سے حصص داروں، ملازمین، سرکاری حکام، دیگر اسٹیک ہولڈرز اور عوام سے بھی بات کرتا ہے۔ سی ای او / ایم ڈی ایک ڈائریکٹر، فیصلہ سازی اور رہنما کی حیثیت سے کام کرتے ہیں۔ بات چیت کرنے والے کردار میں بیرونی دنیا کے ساتھ ساتھ تنظیم کے انتظام، اور ملازمین کے ساتھ تعامل شامل ہوتا ہے، فیصلہ سازی کے کردار میں پالیسی اور حکمت عملی کے بارے میں اعلی سطح کے فیصلے شامل ہوتے ہیں۔ کمپنی کے رہنما کی حیثیت سے، وہ ملازمین کی حوصلہ افزائی کرتا ہے اور ان میں مطلوبہ جوش اور جذبہ پیدا کرتا ہے۔

بورڈ کے ذریعہ مقرر کردہ ملازمت کی وضاحت کے خلاف بورڈ کے ذریعہ سی ای او / ایم ڈی کی کارکردگی کی نگرانی اور جانچ کی جاتی ہے۔

بورڈ کی تشکیل

ڈائریکٹرز کی کل تعداد

مرد 5 اور خواتین 2

بورڈ آف ڈائریکٹرز میں سات ممبران، چار نان ایگزیکٹو ڈائریکٹرز دو آزاد ڈائریکٹرز اور ایک ایگزیکٹو ڈائریکٹر ایم ڈی اور چیف ایگزیکٹو آفیسر شامل ہیں۔

زیر جائزہ سال کے دوران، چار اجلاس ہوئے اور اس میں شرکت کی۔

نام	دور میں شرکت کرنا نمبر میٹنگوں کے	اہل نمبر، اجلاس میں شریک ہوئے
مسز زینب انیس میاں نور (چیئرمین)	3	3
مسٹر محمد انیس میاں نور ایم۔ڈی اور چیف ایگزیکٹو آفیسر	3	3
جناب محمد عمیر انیس میاں نور	0	0
جناب محمد عثمان میاں نور	3	3
جناب محمد امین خانانی	1	1
محترمہ عروسہ انیس میاں نور	0	0
جناب محمد حنیف بنڈیہ	1	1

بورڈ کی کارکردگی کا اندازہ:

فہرست کمپنیوں (کوڈ آف کارپوریٹ گورنس) ریگولیشنز، 2017 کے مطابق، بورڈ آف ڈائریکٹرز نے متفقہ سوالنامے کے ذریعے خود تشخیص کے طریقہ کار کو اپناتے ہوئے اپنی کارکردگی کا اندازہ کرنے کے لئے ایک جامع میکانزم کی منظوری دے دی ہے جس کا وضع کردہ طریقہ کار ابھرتے ہوئے اور معروف رجحانات پر مبنی ہے۔ بورڈ کا کام کرنا اور اس کی تاثیر کو بہتر بنانا۔ تشخیصی مشق ہر سال کی جاتی ہے۔ ہیومن ریسورس اینڈ ریمونیشن کمیٹی مجموعی طور پر بورڈ اور اس کی کمیٹیوں کی کارکردگی کے جائزہ کے لئے ماضابطہ عمل شروع کرے گی

حصص یافتگی کا نمونہ:

30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت حصص یافتگی کے انداز کو ظاہر کرتے ہوئے ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

درج کمپنیوں (کارپوریٹ گورننس کا کوڈ) ضابطہ 2017 کے ساتھ عمل درآمد:

درج کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی ضروریات کے مطابق 30 جون، 2020 کو ختم ہونے والے سال کے لئے متعلقہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طے شدہ پابندی کی تعمیل کی گئی ہے۔ اس رپورٹ کے ساتھ اس سلسلے میں ایک بیان منسلک ہے۔

ضابطہ اخلاق:

بورڈ نے ڈائریکٹرز اور ملازمین کے لئے ضابطہ اخلاق کا بیان اپنایا ہے۔ تعمیل کے لئے اعتراف کمپنی کے ذریعہ حاصل اور حاصل کی جاتی ہے۔

ڈائریکٹرز کا تربیتی پروگرام:

ڈائریکٹرز دی گئی آخری تاریخ میں ڈائریکٹرز ٹریننگ پروگرام کی ضرورت کی تعمیل کریں گے۔

ملازمین کا تعلق:

انتظامیہ سال کے دوران ملازمین کے تعاون کو سراہتی ہے۔

مستقبل کا منصوبہ/نمو:

مستقبل کے منصوبے/نمو کے بارے میں، جیسا کہ بیاسٹیک ہولڈرز کے علم میں ہے کہ نئی انتظامیہ نے کمپنی کے حقوق سنبھال لئے ہیں اور یہ بتانا چاہتے ہیں کہ انتظامیہ مستقبل قریب میں کمپنی کو اپنی تجارتی سرگرمیاں لانے کی کوشش کررہی ہے، تاکہ اس کا ان کو فوائد دیئے جاسکتے ہیں۔ ہم اسٹیک ہولڈرز سے درخواست کرتے ہیں کہ وہ کاروباری اہداف کے حصول کے لئے دعا کریں، تاکہ ہم جلد سے جلد تجارتی سرگرمیاں شروع کرسکیں۔

اعتراف:

بورڈ آف ڈائریکٹرز کمپنی کے قابل قدر رہ کل، کاروباری شراکت داروں اور دیگر اسٹیک ہولڈرز کے ساتھ اپنی مخلصانہ تعریف کا اظہار کرنا چاہے گا۔ بورڈ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج اور سنٹرل ڈپازٹری کمپنی آف پاکستان کی جانب سے ان کی مسلسل رہنمائی اور مدد کے لئے بھی ان کا شکریہ ادا کرنا چاہے گا۔

محمد انیس میاں نور
ایم۔ڈی اور چیف ایگزیکٹو آفیسر
کراچی: 27 اکتوبر 2020

مسز زینب انیس میاں نور
چیئرمین

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE REGULATIONS)

Name of Company: **Johnson & Phillips (Pakistan) Limited**
Year ended: **June 30, 2020**

Johnson & Phillips (Pakistan) Limited (the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven as per the following:

a. Male: 5
b. Female: 2

2. The composition of the Board of Directors (the Board) is as follows:

Category	Names
Independent Directors	Mr. Muhammad Hanif Chamdia
	Mr. Muhammad Amin Khanani
Non-Executive Directors	Mr. Usman Mianoor
	Mr. Umair Mianoor
Executive Directors	Mr. Anis Mianoor
Female Directors	Mrs. Uroosa Mianoor
	Mrs. Zainab Anis Mianoor

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;

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. While significant policies of the Company are in the process of formulation as the Company is planning for revival in due course;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board except that the meeting of the Board could not be held in the 4th quarter of the financial year;

8. The Board is yet to design and implement a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. The Board has not arranged any training program during the year due to operational inactivity of the Company;

10. The Board has approved appointment of Chief Financial Officer, Company Secretary, and the head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board;

12. The Board had formed committees comprising of members given below:

a. Audit Committee

Sr. #	Name	Designation
i	Mr. Muhammad Amin Khanani	Chairman
ii	Mr. Umair Mianoor	Member
iii	Mrs. Uroosa Mianoor	Member

b. HR and Remuneration Committee

Sr. #	Name	Designation
i	Mr. Muhammad Hanif Chamdia	Chairman
ii	Mr. Usman Mianoor	Member
iii	Mrs. Zainab Anis Mianoor	Member

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

14. The frequency of meetings of the committees were as per following:

Committee	Frequency of Meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Annual

Meeting of the Audit Committee could not be held in the 4th quarter of the financial year.

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;

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 Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except:

a. as stated above in paragraph 14;

b. the Company is yet to comply with the minimum no. of independent directors and of the manner of appointment of independent directors as specified under the Companies Act, 2017; and

c. none of the audit committee members is financial literate.

19. Explanation for non-compliance with the requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

a. as stated above in paragraphs 5, 7, 8 and 9;

b. formal and effective mechanism for the annual evaluation of Board members will be put in place when the operations are revived;

c. head of internal audit and Company secretary do not possess qualification and experience as envisaged in the Regulations as the Company cannot afford qualified professionals at the moment due to liquidity issues; and

d. no internal audit reports have been prepared during the year due to operational inactivity of the Company.

On Behalf of the Board,

Zainab

Mrs. Zainab Anis Mianoor
Chairman

Dated: October 27, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF JOHNSON & PHILLIPS (PAKISTAN) LIMITED

Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations'), prepared by the Board of Directors of **Johnson & Phillips (Pakistan) Limited** for the year ended **June 30, 2020** in accordance with the requirements of Regulation 36 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. 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.

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 June 30, 2020.

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

S. No.	Reference	Description
i	**Para 5 & 19 a**	Company is in the process of formulating significant policies.
ii	**Para 7 & 19 a**	Meeting of the Board was not held in the 4th quarter of the financial year.
iii	**Para 8 & 19 a**	Formal policy and transparent procedures are not formulated for remuneration of Directors in accordance with the Act and the Regulations.
iv	**Para 9 & 19 a**	The Board has not arranged any training program during the year.
v	**Para 14 & 18 a**	Meeting of the Audit Committee was not held in the 4th quarter of the financial year.
vi	**Para 18 b**	Company is non-compliant with respect to minimum no. of independent directors. Further, for directors appointed during the year, Company has not considered the manner specified under the Act for their appointment.
vii	**Para 18 c**	None of the audit committee members is financial literate.
viii	**Para 19 b**	There is no mechanism for the annual evaluation of Board members.
ix	**Para 19 c**	Head of internal audit and Company secretary are not qualified and experienced for the position.
x	**Para 19 d**	No internal audit reports have been prepared during the year.

Reanda Haroon Zakaria & Company

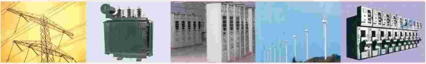
Chartered Accountants

Place: Karachi

Dated: October 27, 2020

Engagement Partner
Mr. Mohammad Iqbal

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JOHNSON & PHILLIPS (PAKISTAN) LIMITED

ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed financial statements of Johnson & Phillips (Pakistan) Limitedwhich comprise the statement of financial position as at June 30, 2020, and the statement ofprofit or loss and othercomprehensive 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 auditexcept for the matters stated in the Basis for Qualified OpinionSection of our report.

Except for the effects or possible effects of the matters stated in the Basis for Qualified Opinion Section of our report, 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 and othercomprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the 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 respectivelygive a true and fair view of the state of the Company's affairs as at June 30, 2020and of the loss anditscomprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for QualifiedOpinion

- We could not substantiate the existence and completeness of trade and other payables neither by direct confirmations from counter parties nor through alternative means, to the extent of Rs. 16.342 million, out of the total balance amounting to Rs. 24.854 million .
- We could not substantiate the existence, completeness and classification of short term borrowing from former directors, long term loans from related parties including current maturities and markup accrued on long term loans amounting to Rs. 8.848 million, Rs. 31.831 million and Rs. 59.737million, respectively.

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 qualifiedopinion.

Material Uncertainty Relating to Going Concern

Without qualifying our opinion, we draw attention to note no. 1.4 to the financial statements which describes that during the year, the Company has incurred loss after taxation amounting to Rs. 54.383 (2019: Rs. 31.844) million, rising its accumulated losses to Rs. 464.036 (2019: Rs. 412.855) million. Further, current liabilities of the Company exceeded its current assets by Rs. 357.807 (2019: Rs. 303.063) million. The operations of the Company, including its revenue, are facing downward trajectory since financial year 2015 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business.

These factors indicate the existence of material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and accordingly, the Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business and also discusses the reason for preparing the financial statements on a going concern basis.

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 matters described in the "Basis for Qualified Opinion"Section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Management Takeover**	
	(Refer note no. 1.2 and 1.4 to the accompanying financial statements) With effect from April 01, 2020, new management has taken over the affairs of the Company and intensified its efforts to revive the operations of the Company including diversifying the operations towards textile sector. New management has also prepared revival plan and financial projections depicting the revival of existing operations and starting the new textile segment. Since the takeover has significantly changed the overall financial and operational prospects of the Company, while, projections also involve using estimates and judgements, we have identified the management takeover and associated matters as a key audit matter in our report.	Our audit procedures to address the matter amongst others includes the following: • We reviewed all the correspondence related to takeover including share Purchase Agreement, regulatory approval for takeover, correspondence with the PSX and SECP, etc. in this regard. • We obtained and reviewed the projections including cash flow forecasts and checked the mathematical accuracy of the cash flows including reasonableness of assumptions, estimates and judgements applied by the management for preparing those projections. We also evaluated the appropriateness of all the inputs used for projections. • We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting framework.

S. No.	Key audit matters	How the matter was addressed in our audit
2.	**Contingencies**	
	(Refer note no. 20.1 to the accompanying financial statements) The Company has contingent liabilities in respect of legal and income tax matters, which are pending adjudication at various levels with the taxation authorities, courts, and other legal forums. Contingencies require management to make judgements and estimates in relation to the interpretation of tax and other laws, statutory rules and regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to legal and income tax matters as a key audit matter.	• Our audit procedures in respect of legal and tax contingencies included, amongst others, we obtained and reviewed details of the pending legal and tax related matters and discussed the same with the Company's management. • We reviewed the correspondence of the Company with the relevant authorities, tax advisors, and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved. • We obtained and reviewed confirmations from the Company's external legal and tax advisors for their views on the probable outcome of the legal matters, open tax assessments and other legal / tax related contingencies. • We involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the external tax advisors engaged by the Company. • We also evaluated the requirement of making provision against any contingencies, and the adequacy of disclosures made in respect of legal and tax contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditors' 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 financial statements and our auditors' report 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 the 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 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 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 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 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) except for the matters stated in Basis for Qualified Opinion Section of our report,proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) except for the matters stated in Basis for Qualified Opinion Section of our report, the statement of financial position, the statement of profit or loss and 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;

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 (XVIII of 1980).

Other Matter

Financial statements for the year ended June 30, 2019 were audited by another firm of Chartered Accountants, who, through their report dated September 30, 2019 expressed disclaimer of opinion on those financial statements due to inappropriateness of going concern assumption used by the management for the preparation of those financial statements and also due to the non-deposit of unpaid dividend in a separately designated bank account.

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

Mr. Mohammad Iqbal.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: October 27, 2020

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019	2018
		----- (Rupees in '000) -----		
ASSETS			*Restated*	*Restated*
Non Current Assets				
Property, plant and equipment	4	**475,433**	480,165	14,194
Intangible asset	5	**-**	-	-
Long term investments	6	**-**	-	-
Long term deposits	7	**317**	559	559
		475,750	480,724	14,753
Current Assets				
Stock-in-trade	8	**-**	1,956	1,926
Trade debts	9	**-**	165	-
Loans, advances and prepayments	10	**68**	122	62
Deposits		**-**	-	40
Tax refunds due from the Government	11	**3,254**	24,021	23,584
Cash and bank balances	12	**1,793**	219	4,556
		5,115	26,483	30,168
Non current assets classified as held for sale		**-**	-	473,600
Total Assets		**480,865**	507,207	518,521
EQUITY AND LIABILITIES				
Share Capital And Reserves				
Authorized capital	13	**80,000**	80,000	80,000
Issued, subscribed and paid-up capital	13	**54,500**	54,500	54,500
Share premium reserve		**29,727**	29,727	29,727
Surplus on revaluation of property, plant and equipment	14	**467,504**	470,706	475,650
General reserve		**23,073**	23,073	23,073
Accumulated losses		**(464,036)**	(412,855)	(384,711)
Total shareholders' equity		**110,768**	165,151	198,239
Non Current Liabilities				
Long term loans	15	**-**	-	116,743
Deferred liabilities	16	**7,175**	12,510	13,908
		7,175	12,510	130,651
Current Liabilities				
Current maturity of long term loans	15	**31,831**	80,795	-
Trade and other payables	17	**24,854**	187,464	175,214
Short term borrowings	18	**242,232**	6,749	10,149
Accrued markup	19	**59,737**	50,269	-
Unpaid / unclaimed dividend		**4,268**	4,268	4,268
		362,922	329,546	189,631
Contingencies and commitments	20			
Total Equity and Liabilities		**480,865**	507,207	518,521

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
			Restated
Sales	21	**905**	4,078
Cost of sales	22	**(6,682)**	(8,871)
Gross loss		**(5,777)**	(4,793)
Distribution cost	23	**(252)**	(853)
Administrative expenses	24	**(16,765)**	(20,279)
Operating loss		**(22,794)**	(25,925)
Finance cost	25	**(9,483)**	(8,283)
Other charges	26	**(23,940)**	(67)
Other income	27	**695**	1,596
Loss before taxation		**(55,522)**	(32,679)
Taxation - net	28	**1,139**	835
Loss after taxation		**(54,383)**	(31,844)
Other comprehensive income			
Items that will not be reclassified to profit or loss in the subsequent periods			
Gain on remeasurement of post employment benefit obligation	16.1.2	-	534
Total comprehensive loss for the year		**(54,383)**	(31,310)
Loss per share - Rupees	29	**(9.98)**	(5.84)

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Share Premium Reserve	Surplus on revaluation of property, plant and equipment	General Reserve	Accumulated losses	Total shareholders' equity
			(Rupees in "000")			
Balance as at July 30, 2018 - before restatement	**54,500**	**29,727**	**474,380**	**23,073**	**(384,883)**	**196,797**
Effect of restatement	-	-	**1,270**	-	**172**	**1,442**
Balance as at July 30, 2018 - restated	**54,500**	**29,727**	**475,650**	**23,073**	**(384,711)**	**198,239**
Loss after taxation for the year - restated	-	-	-	-	(31,844)	(31,844)
Other Comprehensive income						
Gain on remeasurement of post employment benefit obligation	-	-	-	-	534	534
Adjustment on disposal of revalued asset	-	-	(1,062)		1,062	-
Deferred tax on disposal adjustment during the year	-	-	308	-	-	308
	-	-	(754)	-	1,062	308
Reclassification adjustment of assets held for sale - restated	-	-	(2,200)	-	-	(2,200)
Deferred tax on reclassification adjustment	-	-	638	-	-	638
	-	-	(1,562)	-	-	(1,562)
Transfer from surplus on revaluation on account of incremental depreciation - net of deferred tax - restated	-	-	(2,104)	-	2,104	-
Tax rate adjustment on revaluation surplus	-	-	(524)	-	-	(524)
Balance as at June 30, 2019 - restated	**54,500**	**29,727**	**470,706**	**23,073**	**(412,855)**	**165,151**
Loss after taxation for the year	-	-	-	-	**(54,383)**	**(54,383)**
Transfer from surplus on revaluation on account of incremental depreciation - net of deferred tax - restated	-	-	**(3,202)**	-	**3,202**	-
Balance as at June 30, 2020	**54,500**	**29,727**	**467,504**	**23,073**	**(464,036)**	**110,768**

Share premium reserve can only be utilized by the Company for the purpose specified in Section 81 of the Companies Act, 2017.

Surplus on revaluation of property, plant and equipment will be utilized for any purpose only after they are realized and transferred to unappropriated profits. However, these reserves can be individually offset against losses arising in future periods (if any) from revalued assets.

General reserves can be utilized for meeting any contingencies and for distribution of profit by way of dividend.

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES			Restated
Loss before taxation		**(55,522)**	(32,679)
Adjustment for:			
Depreciation	4.1	**4,732**	4,355
Provision for staff gratuity	16.1.2	**-**	417
Finance cost	25	**9,483**	8,283
Provision for obsolete / slow moving stock	26	**1,956**	-
Provision for doubtful debts	26	**53**	22
Provision for doubtful advances	26	**87**	-
Provision for doubtful sales tax refunds	26	**20,844**	-
Advance written off	26	**30**	-
Deposits written off	26	**242**	-
Reversal of provision for obsolete stock	27	**-**	(1,252)
Operating cash outflows before working capital changes		**(18,095)**	(20,854)
(Increase) / decrease in current assets			
Stock-in-trade		**-**	1,222
Trade debts		**112**	(187)
Loans, advances and prepayments		**(63)**	67
Sales tax refundable		**(144)**	(128)
Increase / (decrease) in current liabilities			
Trade and other payables		**(162,566)**	8,163
		(162,661)	9,137
Cash used in operations		**(180,756)**	(11,717)
Income tax paid		**(102)**	(333)
Gratuity paid	16.1.2	**(4,071)**	-
Finance cost paid		**(16)**	(41)
		(4,189)	(374)
Net cash used in operating activities	**A**	**(184,945)**	(12,091)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		**-**	(55)
Sale proceed from disposal of fixed assets		**-**	1,129
Net cash generated from investing activities	**B**	**-**	1,074
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings (repaid) / received - net		**(48,964)**	6,080
Short term borrowings received - net		**235,483**	600
Net cash generated from financing activities	**C**	**186,519**	6,680
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**1,574**	(4,337)
Cash and cash equivalents at the beginning of the year	12	**219**	4,556
Cash and cash equivalents at the end of the year	12	**1,793**	219

The annexed notes from 1 to 37 form an integral part of these financial statements.

Mahmood [signature]
Chief Executive

Khalid [signature]
Chief Financial Officer

[signature]
Director

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 under the repealed Companies Act, 1913 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange Limited - PSX. However, trading in the shares held by the sponsors of the Company is suspended and the Company has been placed on the Defaulters' Segment by the PSX w.e.f. November 15, 2019 due to the non-compliance of certain provisions of the PSX Rule Book.

The Company is principally engaged in manufacturing, installation and selling of electrical equipment. The registered office of the Company and its manufacturing facilities are situated at C-10, South Avenue, SITE, Karachi.

1.2 During the year, Mr. Muhammad Anis Mianoor, an existing shareholder with 535,000 shares (9.82% shareholding), acquired 2,719,536 (49.90%) shares of the Company held by Etheridge Company Limited (the previous sponsor of the Company) and obtained the management control of the Company w.e.f. April 01, 2020. Further, 1,097,718 (20.14%) shares were acquired from public after fulfilling all the regulatory requirements. After these acquisitions, Mr. Anis Mianoor is the major shareholder as on the reporting date with 79.82% shareholding in the Company.

1.3 Impact of COVID-19 on the financial statements

Management has thoroughly evaluated the effects of COVID-19 on the operations of the Company and concluded that there are no material implications of COVID-19 that could have required any disclosure in these financial statements, other than the fact that the COVID-19 has delayed the materialization of revival plans of the new management.

1.4 Going concern

During the year ended June 30, 2020, the Company has incurred loss after taxation amounting to Rs. 54.383 (2019: Rs. 31.844) million, rising its accumulated losses to Rs. 464.036 (2019: Rs. 412.855) million. Further, current liabilities exceeded its current assets by Rs. 357.807 (2019: Rs. 303.063) million. The operations of the Company, including its revenue, are facing downward trajectory since financial year 2015 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The Company is reporting meagre sales since then and is totally dependent on the financial support of its Directors, sponsors and associated companies.

These factors indicate the existence of material uncertainty over the Company's ability to continue as a going concern and accordingly, the Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. However, the management has prepared these financial statements on a going concern basis due to the following reasons:

- The Company has revaluation surplus on fixed assets amounting to Rs. 467.504 million as on the reporting date.

- The Company already has rescheduled long term and short term borrowings with its related parties, including repayment of principal and accumulated mark-up thereon.

- As discussed above in note no. 1.2 above, new management, under the leadership of Mr. Anis Mianoor - the new sponsor director of the Company, has taken over the affairs of the Company with effect from April 01, 2020, with the firm intention and capabilities to revive the overall operations of the Company. In the first phase, the new management, with the financial support of new sponsor director, intends to settle the long outstanding dues of previous board members and their associated company and till the reporting date, new sponsor has settled Rs. 233.384 million in this regard. Other liabilities will also be paid off with the help of earnings from the revival of existing operations, injections of the funds from internal as well as external sources and continuing support from the new sponsor director.
- Even though that the COVID-19 has delayed the effectuation of revival plans, but the new management has firm intention and financial capabilities to start a new business segment of textile unit by injecting funds in the Company together with the revival of current business for which the detailed feasibilities and projections have already been prepared by the management, which are to be effectuated within the next financial year.

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 International Financial Reporting Standards (IFRSs), issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:-

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment and intangible assets - notes 3.1, 3.2, 4 and 5.
- Assumptions and estimates used in determining the provision for stock-in-trade - notes 3.4 and 8.
- Assumptions and estimates used in the provision for doubtful debts - notes 3.5 and 9.
- Assumptions and estimates used in the provision for doubtful loans and advances - notes 3.6, 3.7 and 10.
- Assumptions and estimates used in accounting for staff retirement benefits - notes 3.9 and 16.1.
- Assumptions and estimates used in the recognition of current and deferred taxation - notes 3.13, 16.2 and 28.

2.5 New standards, amendments to standards and IFRS interpretations that are effective for the June ended June 30, 2020

The following amendments to accounting standards are effective for the year ended June 30, 2020. Except as explained otherwise, these standards and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective for period beginning on or after
Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 14 'Regulatory Deferral Accounts'	July 1, 2019
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

2.5.1 First time adoption of new Standards

IFRS 14 'Regulatory Deferral Accounts'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 1480 (I)/2019 dated November 27, 2019, to be effective for annual periods beginning on or after July 1, 2019. The objective of this standard is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.

IFRS 14 is not applicable on these financial statements of the Company as the Company does not deal in any goods or services that are subject to rate regulations.

IFRS 16 'Leases'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 434 (I)/2018 dated April 9, 2018, to be effective for annual periods beginning on or after January 1, 2019. This standard replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'.

IFRS 16 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An exemption exists for short term period (of less than 12 months) and low value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation so key metrics like EBITDA will change. Operating cashflows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of payments that reflects the interest can continue to be presented as operating cashflows.

The accounting for lessors will not significantly change.

Changes in accounting policy resulting from the adoption of IFRS 16 will be applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. However, IFRS 16 is not applicable on these financial statements as the Company does not have any asset on lease basis.

2.6 *Amendments to standards and IFRS interpretations that are not yet effective*

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from period beginning on or after
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023
Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

	Effective from period beginning on or after
Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 17 - Insurance Contracts

3 *SIGNIFICANT ACCOUNTING POLICIES*

The significant accounting policies adopted in the preparation of these financial statements are set out below:

3.1 *Property, plant and equipment*

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

Cost includes expenditure that is directly attributable to the acquisition and installation of an asset including borrowing costs, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit and loss applying the straight line method over its useful life specified in note no. 4 to these financial statements. Depreciation on additions is charged from the month when the assets are available for intended use while no depreciation is charged in the month of disposal.

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each reporting date.

Surplus on revaluation of assets based on forced sale value is recognized in other comprehensive income (OCI) and presented as a separate component of equity as "surplus on revaluation of property, plant and equipment", except that it reverses a revaluation deficit for the same asset previously recognized in the statement of profit or loss, in which case the surplus is credited to the statement of profit or loss to the extent of the deficit charged previously. Deficit on revaluation of assets is recognized in the statement of profit or loss, except that it reverses a revaluation surplus for the same asset previously recognized in other comprehensive income, in which case the deficit is charged to other comprehensive income to the extent of the surplus credited previously. The revaluation reserve is not available for distribution to the Company's shareholders.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit). Further, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings (unappropriated profit).

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in other income / other expenses in the statement of profit or loss. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit / accumulated loss).

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating unit is written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

3.2 *Intangible assets*

Intangible assets are stated at cost less accumulated amortization and any identified impairment loss. Amortization on additions is charged from the month in which an asset is acquired or capitalized, while no amortization is charged for the month in which the asset is disposed off or retired from use. Amortization is charged based on straight line method at the rates specified in note no. 5.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably.

Gains and losses arising from the retirement or disposal of assets is recognized in profit or loss.

3.3 *Investments - subsidiary companies*

Investment in subsidiaries are measured at cost less impairment, if any.

3.4 *Stock-in-trade*

These are valued at lower of cost and net realizable value. Cost is determined by applying the following basis:

Raw material	At FIFO basis
Work in process and finished goods	At average manufacturing cost

Average cost in relation to work in process and finished goods signifies average manufacturing cost including a portion of related direct overheads.

Net realizable value (NRV) represents the estimated selling price at which the inventories can be realized in the normal course of business after allowing for the cost of conversion from their existing state to finished condition and for the estimated cost necessary to make the sale.

3.5 *Trade debts*

These are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade and other receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

3.6 *Loans*

These are recognized initially at fair value and subsequently measured at amortized cost but since the balances are considered to be recoverable / adjustable within the next financial year, therefore, balances recognized initially are considered to be their amortized cost. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the account balances. Bad debts are written off when considered irrecoverable.

3.7 *Advances, deposits and prepayments*

These are stated at the amortized costs which are the amounts originally disbursed and to be adjusted / refunded in future. Provision is made for the balances considered doubtful, if any. Amounts considered irrecoverable / unadjustable are written off.

3.8 *Cash and cash equivalents*

Cash and cash equivalents are carried in the statement of financial position at nominal amounts which is considered to be their amortized cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks in current and saving accounts.

3.9 *Trade and other payables*

Liabilities for trade and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations whether or not billed to the Company. Liabilities are written back and recognized as other income when these are considered to be no longer payable.

3.10 *Provisions*

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.11 *Financial assets and liabilities*

3.11.1 *Initial Recognition*

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.11.2 *Classification of financial assets*

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL"),

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI
Financial assets that meet the following conditions are subsequently measured at FVTOCI:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through profit or loss
A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

3.11.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or

- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.11.4 Subsequent measurement

Financial assets at FVTOCI

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.11.5 *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such as Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.11.6 *Derecognition*

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.11.7 *Offsetting of financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.12 *Revenue recognition*

- Sale of goods, including scrap sales, is recognized on dispatch of goods to customer when significant risks and rewards are transferred to the customers and associated performance obligations are met. For service income, performance obligations are fulfilled at the time when the agreed services are rendered to the satisfaction of clients. The transaction price of Company's contracts with customers for the sale of goods and services does not include any variable consideration, any significant financing component, any non-cash consideration or any consideration payable to its customers.

- Interest income is recognized on a time-apportioned basis using the effective rate of return.

- Gain on sale of fixed assets is recorded when title is transferred in favor of transferee.

- Other income is recognized on the occurrence of transactions on accrual basis when the associated performance obligations are met.

3.13 *Taxation*

Current

Provision for current taxation is computed in accordance with the provision of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences including on investments in associates and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit and loss account except to the extent it relates to items recognized directly in equity / other comprehensive income in which case it is also recognized in equity / other comprehensive income.

3.14 *Earning per share*

The Company presents basic and diluted earning per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares.

3.15 Dividend and appropriation of reserves

Dividend distribution to the shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

3.16 Contingent Liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.17 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

	Note	2020	2019
		--- Rupees in '000 ---	
4 PROPERTY, PLANT AND EQUIPMENT	4.1	**475,433**	480,165

4.1 Operating Fixed Assets

Description	Owned								
	Leasehold land*	Building on leasehold land*	Plant and machinery*	Gas and electric installations	Factory tools	Vehicles	Furniture and fixtures	Office and other equipment	Total
	Rupees in "000"								
Year ended June 30, 2020									
Opening net book value	**450,000**	**20,400**	**9,576**	-	**56**	**41**	-	**92**	**480,165**
Depreciation charge for the year	-	**(2,400)**	**(2,143)**	-	**(56)**	**(41)**	-	**(92)**	**(4,732)**
Closing net book value as at June 30, 2020	**450,000**	**18,000**	**7,433**	-	-	-	-	-	**475,433**
As at June 30, 2020									
Cost / revalued* amount	**450,000**	**21,400**	**21,572**	**1,178**	**3,933**	**3,547**	**4,320**	**12,141**	**518,091**
Accumulated Depreciation	-	**(3,400)**	**(14,139)**	**(1,178)**	**(3,933)**	**(3,547)**	**(4,320)**	**(12,141)**	**(42,658)**
Closing net book value as at June 30, 2020	**450,000**	**18,000**	**7,433**	-	-	-	-	-	**475,433**
Year Ended June 30, 2019									
Opening net book value	-	-	13,929	-	74	13	-	178	14,194
Additions during the year	-	-	-	-	-	55	-	-	55
Reclassification of assets held for sale	450,000	21,400	-	-	-	-	-	-	471,400
Disposals during the year	-	-	(1,129)	-	-	-	-	-	(1,129)
Depreciation charge for the year	-	(1,000)	(3,224)	-	(18)	(27)	-	(86)	(4,355)
Closing net book value as on June 30, 2019	450,000	20,400	9,576	-	56	41	-	92	480,165
As at June 30, 2019									
Cost / revalued* amount	450,000	21,400	21,572	1,178	3,933	3,547	4,320	12,141	518,091
Accumulated Depreciation	-	(1,000)	(11,996)	(1,178)	(3,877)	(3,506)	(4,320)	(12,049)	(37,926)
Closing net book value as at June 30, 2019	450,000	20,400	9,576	-	56	41	-	92	480,165
Useful life - Years	***Indefinite***	**10**	**7**	**10**	**5**	**4**	**5**	**5**	

	Note	2020	2019
		----- Rupees in '000 -----	
4.2 *The depreciation charge for the year has been allocated as follows:*			*Restated*
Cost of sales	22	**3,786**	3,484
Administrative expenses	24	**946**	871
		4,732	4,355

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

4.4 Cost of fully depreciated assets as on the reporting date amounting to Rs. 25.119 (2019: Rs. 24.95) million.

4.5 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 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 plant and machineries based on current rates and applying residual factors based on present condition and obsolescence.

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.

	2020	2019
	----- Rupees in '000 -----	
4.6 *Had there been no revaluation, the written down value of revalued assets would have been as follows:*		*Restated*
Lease hold land	**61**	61
Building on lease hold land	**693**	1,170
Plant and machinery	**-**	63
	754	1,294

4.7 The forced sale value of leasehold land, building on leasehold land and plant and machinery suggested collectively by the independent valuer as on the revaluation date, i.e. January 13, 2018 was Rs. 370 million.

4.8 *Correction of error*

The management had inadvertently depreciated the leasehold land in prior years which is held for an indefinite useful life as the lease period can be extended for an another term of 99 years by paying a nominal fee to the Government. Error has been rectified during the current financial year retrospectively by restating the corresponding figures in these financial statements.

Retrospective correction of error had the following effects on the amounts presented for June 30, 2019 and June 30, 2018:

	As previously reported	*Rectification Adjustment*	*As restated*
Statement of Financial Position	--------- Rupees in '000 ---------		
As at June 30, 2019			
Property, plant and equipment	467,184	12,981	480,165
Surplus on revaluation of fixed assets	457,896	12,810	470,706
Accumulated losses	(413,026)	171	(412,855)
As at June 30, 2018			
Non current assets classified as held for sale	472,158	1,442	473,600
Surplus on revaluation of fixed assets	474,380	1,270	475,650
Accumulated losses	(384,883)	172	(384,711)
Statement of Profit or Loss and Other Comprehensive Income			
For the year ended June 30, 2019			
Cost of sales	(11,756)	2,885	(8,871)
Administrative expenses	(21,000)	721	(20,279)

	2020	*2019*
5 INTANGIBLE ASSET	----- Rupees in '000 -----	
Computer software		
Cost	**129**	129
Accumulated amortization	**(129)**	(129)
	-	-

6 LONG TERM INVESTMENTS		
In shares of unquoted subsidiary companies - at cost		
Johnson and Phillips Industries (Pakistan) Limited		
Investment in shares		
3,000,000 fully paid ordinary shares of Rs. 10 each [Break-up value as at June 30, 2020 was Rs. nil (2019 : Rs. nil)]. The Company held 100% of the investee's total equity.	**30,000**	30,000
Advance against share capital	**20,000**	20,000
	50,000	50,000
Johnson & Phillips Transformers (Private) Limited		
2,099,995 fully paid ordinary shares of Rs. 10 each [Break-up value as at June 30, 2020 was Rs. nil (2019 : Rs. nil)]. The Company held 70% of the investee's total equity.	**21,000**	21,000
J & P EMO Pakistan (Private) Limited		
50,997 fully paid ordinary shares of Rs. 10 each [Break-up value as at June 30, 2020 was Rs. nil (2019 : Rs. nil)]. The Company held 51% of the investee's total equity.	**510**	510
	71,510	71,510
Provision for diminution in value of investments	**(71,510)**	(71,510)
	-	-

6.1 Breakup value per share as at the June 30, 2020 based on the latest available audited financial statements for the year ended June 30, 2020 was Rs. nil (2019: Rs. nil) for all the subsidiaries.

	Note	2020	2019
		----- Rupees in '000 -----	
7 LONG TERM DEPOSITS			
To			
Central Depository - CDCPL		**25**	25
Pakistan Telecommunication - PTCL		**34**	34
K-Electric - KE		**21**	21
Sui Southern Gas - SSGC		**237**	237
Others		**-**	242
		317	559

	Note	2020	2019
8 STOCK-IN-TRADE			
Raw material and components			
In hand - gross		**34,158**	34,158
Work-in-process		**4,386**	4,386
		38,544	38,544
Less: provision for obsolete / slow moving items	8.1	**(38,544)**	(36,588)
		-	1,956

8.1 *Movement in obsolete / slow moving items*

	Note	2020	2019
Balance as on July 01,		**36,588**	37,840
Provision made during the year	26	**1,956**	-
Reversals during the year on account of sale	27	**-**	(1,252)
Balance as on June 30,		**38,544**	36,588

9 *TRADE DEBTS*

- Considered doubtful

	Note	2020	2019
Trade debts		**75**	187
Less: Provision for doubtful trade debts	9.1	**(75)**	(22)
		-	165

9.1 *Movement in provision for doubtful trade debts*

	Note	2020	2019
Opening provision		**22**	-
Provision made during the year	26	**53**	22
		75	22

10 LOANS, ADVANCES AND PREPAYMENTS

	Note	2020	2019
		----- Rupees in '000 -----	
Loans to subsidiary companies - unsecured			
- considered doubtful			
Johnson and Phillips Industries (Pakistan) Limited (JPI)		**24,835**	24,835
Johnson & Phillips Transformers (Private) Limited (JPT)		**20,864**	20,864
J & P EMO Pakistan (Pvt.) Ltd. (EMO)		**3,012**	3,012
	10.1	**48,711**	48,711
Less: Provision against doubtful loans		**(48,711)**	(48,711)
		-	-
Advances - considered doubtful			
To suppliers		-	881
To employees		-	307
Against purchase of land		-	2,717
Others		-	71
		-	3,976
Less: Provision for doubtful advances	10.2	-	(3,854)
		-	122
Prepayments		**68**	-
		68	122

10.1 These represent interest free loans to related parties and are recoverable on demand. These are due for over one year. Closing balances represent maximum aggregate amounts outstanding at any month end during the year.

10.2 Movement in provision for doubtful advances

	Opening provision	*Provision made during the year*	*Advances written off during the year*	*Closing provision*
Suppliers	(794)	(87)	881	-
Purchase of land	(2,717)	-	2,717	-
Employees	(272)	-	272	-
Others	(71)	-	71	-
	(3,854)	**(87)**	**3,941**	-

11 TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2020	2019
		----- Rupees in '000 -----	
Income tax	11.1	**3,110**	3,177
Sales tax		**20,988**	20,844
Less: Provision for doubtful sales tax refunds		**(20,844)**	-
		144	20,844
		3,254	24,021
11.1 Balance as on July 01,		**3,177**	2,868
Taxes paid during the year		**102**	333
Prior year adjustment	28	**(155)**	(24)
Tax liability for the year	28	**(14)**	-
Balance as on June 30,		**3,110**	3,177

12 CASH AND BANK BALANCES	Note	2020	2019
		----- Rupees in '000 -----	
Cash in hand		1	31
Cash at banks			
- in current accounts		1,715	118
- in savings accounts	12.1	77	70
		1,792	188
		1,793	219

12.1 This carry profit at the rate ranging from 6.36% to 11.41% (2019: 5.75% to 10.25%) per annum.

13 SHARE CAPITAL

2020	2019		2020	2019
Number of shares		***Ordinary shares of Rs. 10 each***	----- Rupees in '000 -----	
8,000,000	8,000,000	Authorized Capital	**80,000**	80,000
		Issued, Subscribed And Paid-Up Capital		
4,638,268	4,638,268	Fully paid in cash	**46,383**	46,383
93,000	93,000	Issued for other than cash	**930**	930
718,704	718,704	Fully paid bonus shares	**7,187**	7,187
5,449,972	5,449,972		**54,500**	54,500

13.1 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends and other entitlements in the form of bonus and right shares, as and when declared by the Company. Each member is entitled to one vote per share at the general meetings of the Company.

14 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	Note	2020	2019
		----- Rupees in '000 -----	
			Restated
Balance as at July 01,		**479,189**	485,414
Reclassification adjustment - net of deferred tax		**-**	(1,562)
Related deferred tax liability of reclassification adjustment		**-**	(638)
Transfer to equity in respect of incremental depreciation - net of deferred tax		**(3,202)**	(2,104)
Related deferred tax liability on incremental depreciation		**(1,308)**	(859)
Effect of disposal during the year - net of deferred tax		**-**	(754)
Deferred tax on disposal during the year		**-**	(308)
		(4,510)	(6,225)
Balance as at June 30,		**474,679**	479,189
Less: Related deferred tax liability			
- at the beginning of the year		**(8,483)**	(9,764)
- related to reclassification adjustment		**-**	638
- on incremental depreciation for the year		**1,308**	859
- effect of disposal during the year		**-**	308
- effect of tax rate adjustment	14.2	**-**	(524)
- at the end of the year		**(7,175)**	(8,483)
		467,504	470,706

14.1 In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property and equipment in terms of following fair value hierarchy:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using 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); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

Details of the Company's property, plant and equipment in terms of fair value hierarchy, explained above, at June 30, 2020 is as follows:

		Level 1	*Level 2*	*Level 3*
			--------Rupees in '000---------	
Assets measured at fair value				
Operating fixed assets - Lease hold land		-	**450,000**	-
- Building on lease hold land		-	**18,000**	-
- Plant and Machinery		-	**7,433**	-
	2020	-	**475,433**	-
	2019	-	479,976	-

15 LONG TERM LOANS	*Note*	***2020***	*2019*
- Unsecured and interest bearing		----- Rupees in '000 -----	
From related parties			
Close family member of former director	15.1	**8,408**	8,408
Former director	15.2	**20,377**	20,377
Associated company	15.3	**3,046**	52,010
		31,831	80,795
Less: Current portion of long term loans	15.4	**(31,831)**	(80,795)
		-	-

15.1 This represents loan received from Mr. Faisal Bilal Qureshi and carries markup at the rate of 1 year Kibor plus 2% (2019: 1 year Kibor plus 2%) per annum. The terms of repayment of loan and markup have been rescheduled from time to time. As per the latest rescheduled term made on June 30, 2019, the loan with the markup thereon was repayable on or before December 31, 2019, however, the Company could not settle the loan due to liquidity issues. Therefore, whole amount of loan is classified as current liability.

15.2 This represents loan received from Mr. Bilal Qureshi in different tranches amounting to Rs. 9.58 million, Rs. 3.00 million and Rs. 7.80 million obtained under various agreements. The terms of repayment of loan and markup thereon have been rescheduled from time to time. As per the latest rescheduled term made on June 30, 2019, the loan with the markup thereon was repayable in twenty four equal quarterly installments commencing from July 01, 2020. While the mark-up on the tranche of Rs. 9.58 million will be charged at the rate of 1 year Kibor plus 2% per annum while the mark-up on the tranches of Rs. 3.00 million and Rs. 7.80 million shall be charged at the rate of 1 Month Kibor plus 2% per annum.

15.3 This represents loan received from Elmetec (Pvt.) Limited and carries markup at the rate of 1 year Kibor plus 2% (2019: 1 year Kibor plus 2%) per annum. The terms of repayment of loan and markup have been rescheduled from time to time. As per the latest rescheduled term made on June 30, 2019, the loan with the markup thereon was repayable on or before December 31, 2019, however, the Company could not settle the loan due to liquidity issues. Therefore, whole amount of loan is classified as current liability.

15.4 During the year, the new sponsor of the Company, after taking over the control of the affairs of the Company w.e.f. April 01, 2020, has renegotiated the terms described above in note no. 15.1 to 15.3 with all these lenders, according to which the loans together with the markup accrued thereon only upto March 31, 2020 will be repaid by the new sponsor within this financial year. Therefore, no mark-up has been accrued in these financial statements after April 01, 2020 and accordingly, loans and markup payable thereon have been classified as current liabilities in these financial statements.

16 DEFERRED LIABILITIES

	Note	2020	2019
		----- Rupees in '000 -----	
Staff retirement benefits - Gratuity	16.1	-	4,027
Deferred taxation	16.2	7,175	8,483
		7,175	12,510

16.1 Staff retirement benefits - Gratuity

	Note	2020	2019
Staff retirement benefits - Gratuity	16.1.2	850	4,921
Unclaimed gratuity shown under trade and other payables	17	(850)	(894)
		-	4,027

16.1.1 Given the current operational status of the Company, management has decided to cease the gratuity with effect from July 01, 2019, as the number of employees of the Company are below the minimum threshold of employees defined under the Industrial and Commercial Employment (Standing Orders), 1968. Gratuity payable as on the reporting date is related to employees already left the Company and therefore, it has been classified as current liability in these financial statements.

16.1.2 Liability for gratuity arose in the following manner:

	Note	2020	2019
		----- (Rupees in '000) -----	
Opening net liability		4,921	5,038
Provision for the year	16.1.3	-	417
Remeasurement gain charged to OCI		-	(534)
Benefits paid		(4,071)	-
Closing net liability		850	4,921

16.1.3 Charge to statement of profit or loss

	Note	2020	2019
Current service cost		-	44
Interest cost		-	373
Total amount chargeable to statement of profit or loss		-	417

16.1.4 *Principal assumptions*

	2020	2019
Valuation discount rate	**n/a**	14%
Expected rate of eligible salary increase in future years	**n/a**	9%

16.2 *Deferred taxation*

	Note	2020	2019
		----- (Rupees in '000) -----	
Taxable temporary differences			
Surplus on revaluation of fixed assets	14	**7,175**	8,483
Deductible temporary differences			
Accelerated tax depreciation		**2,235**	2,509
Available tax losses		**92,407**	99,678
Provisions		**22**	-
		(94,664)	(102,187)
		(87,489)	(93,704)
Deferred tax asset not recognised	16.2.1	**94,664**	102,187
		7,175	8,483

16.2.1 The management has not recognized the deferred tax asset on deductible differences as on the reporting date as the management is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

16.2.2 ***Breakup of unused tax losses and their expiry dates is as follows:***

Normal business loss	***Expiry date***	**2020 Rs. in '000**
TY 2015	June 30 2021	50,380
TY 2016	June 30 2022	44,869
TY 2017	June 30 2023	71,365
TY 2018	June 30 2024	42,053
TY 2019	June 30 2025	28,326
TY 2020	June 30 2026	27,731
		264,724
Unabsorbed tax depreciation	Indefinite	**53,922**

17 TRADE AND OTHER PAYABLES

	Note	2020	2019
		----- (Rupees in '000) -----	
Trade creditors	17.1	**5,338**	124,875
Advance from customers - unsecured	17.2	**8,638**	31,318
Accrued liabilities	17.3	**7,753**	27,215
Payable to ex-employees		**802**	802
Provident fund payable	17.4 & 17.5	**725**	535
Unclaimed gratuity payable	16.1	**850**	894
Withholding tax payable		**499**	491
Others	17.6	**249**	1,334
		24,854	187,464

17.1 This includes Rs. nil (2019: Rs. 119.690) million payable to an associated company - related party.

17.2 This includes Rs. nil (2019: Rs. 22.575) million advance received from an associated company - related party.

17.3 This includes Rs. nil (2019: Rs. 9.194) million payable to former CEO of the Company - related party, on account of salaries and other benefits.

17.4 Given the current operational status of the Company, management has decided to cease the provident fund facility with effect from January 01, 2020, as the number of employees of the Company are below the minimum threshold of employees defined under the Industrial and Commercial Employment (Standing Orders), 1968.

17.5 Investments out of Provident Fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

17.6 This includes Rs. nil (2019: Rs. 1.085) million payable to former CEO of the Company - related party, on account of reimbursable expenses incurred on behalf of the Company.

	Note	2020	2019
18 SHORT TERM BORROWINGS		----- (Rupees in '000) -----	
- Unsecured and interest free			
From related parties			
Director	18.1	-	2,851
New sponsor director	18.2	**233,384**	-
Former directors	18.3	**8,848**	3,898
		242,232	6,749

18.1 During the year, the director, Mr. Salman Ganny, has resigned from his position, therefore, loan has been classified as disclosed in note no. 18.3 below.

18.2 This represents unsecured and interest free loan received from the new sponsor director, Mr. Anis Mianoor, which is repayable on demand.

18.3 These represent unsecured and interest free loans received from former directors of the Company, Mr. Salman Ganny and Mr. Bilal Qureshi amounting to Rs. 4.950 (2019: Rs. 2.851) million and Rs. 3.898 (2019: Rs. 3.898) million respectively, which are repayable on demand.

	Note	2020	2019
		----- (Rupees in '000) -----	
19 ACCRUED MARKUP			
On long term loans from related parties			
Close family member of former director	15.1	**12,969**	11,981
Former director	15.2	**12,757**	10,388
Associated company	15.3	**34,011**	27,901
		59,737	50,269

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

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

20.1.2 Audit u/s 177 (1) read with section 214-D of the Income Tax Ordinance 2001 for tax year 2015 was selected and demand amounting to Rs. 9.955 million has been raised. Company has filed an appeal before Honorable Commissioner (Appeal-IV), Karachi which is pending as on the reporting date. The Company's tax advisor expects a favourable outcome of the case.

20.1.3 An audit proceeding u/s 122 of the Income Tax Ordinance, 2001 for tax year 2016 were conducted by the Assistant / Deputy Commissioner Inland Revenue, Zone-I, Unit-2, Range-A, Zone-I, MTO, Karachi, who raised the demand tax amounting to Rs. 161.401 million. Company filed an appeal with the Commissioner Appeals who remanded back the order for reassessment. Subsequent to year end, after reassessment, Assistant / Deputy Commissioner Inland Revenue raised the demand to Rs. 174.759 million. An appeal in this respect has been filed to the Honorable Commissioner (Appeal-IV), Karachi on September 29, 2020. The Company's tax advisor expects a favourable outcome of the case.

20.1.4 An order was passed by additional commissioner IR raising demand of Rs. 5.703 million as principal and Rs. 0.285 million as penalty for default in deduction / payment of withholding sales tax in relation to tax years 2013 to 2016 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 Company's tax advisor expects a favourable outcome of the case.

20.1.5 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.

In pursuant of this decree, the Bank agreed that prior to executing the Decree against the defendant no. 2 as guarantor, the Bank will execute decree against all the assets of the defendant no. 1. In this regard, the Bank sold the factory land and building thereon at the consideration of Rs. 23.5 million which has also been confirmed by the Court during the year. The entire amount of loan has been settled by the subsidiary company, which is also confirmed from the Credit Information Report obtained from SBP, which shows nil liability. However, the bank is yet to issue No Obligation Certified (NOC) or nil liability certificate to the subsidiary company. Therefore, no liability arises on the part of Company as guarantor in this case.

	2020	2019
	----- (Rupees in '000) -----	
20.2 Commitment		
Guarantee issued by a banking company on behalf of the Company against performance bond	**1,745**	1,657

	Note	2020	2019
		----- (Rupees in '000) -----	

21 SALES

	Note	2020	2019
Gross sales		**1,097**	4,728
Commission on sales		**(80)**	(66)
Sales tax		**(159)**	(687)
		858	3,975
Service income		**47**	103
		905	4,078

22 COST OF SALES

	Note	2020	2019
Raw material consumed	22.1	**237**	2,155
Salaries, wages and other benefits	22.2	**1,209**	2,580
Fuel and power		**528**	437
Repair and maintenance		**786**	42
Traveling and conveyance		**3**	17
Depreciation	4.2	**3,786**	3,484
Other manufacturing expenses		**133**	156
		6,682	8,871
Work in process			
Opening stock		**4,386**	4,386
Closing stock	8	**(4,386)**	(4,386)
		-	-
		6,682	8,871

22.1 Raw material consumed

	Note	2020	2019
Opening stock		**34,158**	35,380
Purchases during the year		**237**	933
		34,395	36,313
Closing stock	8	**(34,158)**	(34,158)
		237	2,155

22.2 Salaries, wages and other benefits

	Note	2020	2019
Salaries and wages		**1,202**	2,473
Gratuity	16.1.1	**-**	93
P.F Contribution	17.4	**7**	14
		1,209	2,580

23 DISTRIBUTION EXPENSES

	Note	2020	2019
Salaries, wages and other benefits	23.1	**221**	503
Advertising and sales promotion		**-**	76
Travelling and conveyance		**6**	3
Repair and maintenance		**20**	8
Entertainment		**4**	11
Others		**1**	252
		252	853

	Note	2020	2019
		----- (Rupees in '000) -----	

23.1 Salaries, wages and other benefits

	Note	2020	2019
Salaries and wages		**214**	470
Gratuity	16.1.1	**-**	18
P.F Contribution	17.4	**7**	15
		221	503

24 ADMINISTRATIVE EXPENSES

	Note	2020	2019
Salaries and other benefits	24.1 & 31	**6,486**	8,644
Travelling and conveyance		**375**	509
Legal and professional		**3,239**	4,536
Rent, rates and taxes		**482**	185
Repair and maintenance		**1,251**	396
Printing, stationery and postage		**697**	933
Utilities		**910**	811
Entertainment		**110**	321
Fees and subscription		**984**	1,033
Auditors' remuneration	24.2	**803**	945
Insurance expense		**84**	147
Depreciation	4.2	**946**	871
Others		**398**	948
		16,765	20,279

24.1 Salaries and other benefits

	Note	2020	2019
Salaries and wages		**6,412**	8,190
Gratuity	16.1.1	**-**	306
P.F Contribution	17.4	**74**	148
		6,486	8,644

24.2 Auditors' remuneration

	Note	2020	2019
Annual audit fee		**500**	324
Review of half yearly financial statements		**75**	65
Consolidated financial statements		**100**	65
Review of statement of compliance with CoCG		**75**	54
Certification and others		**16**	-
Special audit fee		**-**	324
Out of pocket expenses		**37**	113
		803	945

25 FINANCE COST

	Note	2020	2019
Mark up on long term loans from related parties	15	**9,467**	8,242
Bank charges and commission		**16**	41
		9,483	8,283

26 OTHER CHARGES

	Note	2020	2019
		----- (Rupees in '000) -----	
Provision for obsolete / slow moving stock	8.1	**1,956**	-
Provision for doubtful debts	9.1	**53**	22
Provision for doubtful advances	10.2	**87**	13
Provision for doubtful sales tax refunds	11	**20,844**	-
Penalty paid to FBR	26.1	**702**	-
Advances written off		**30**	-
Other assets written off		**26**	32
Deposits written off		**242**	-
		23,940	67

26.1 This represents penalty paid in pursuant of monitoring of withholding taxes carried out by the FBR related to tax year 2015 to tax year 2018.

27 OTHER INCOME

	Note	2020	2019
		----- (Rupees in '000) -----	
Interest income		**8**	3
Scrap sales		**687**	-
Recovery of deposits previously written off		**-**	341
Reversal of provision for obsolete stock	8.1	**-**	1,252
		695	1,596

28 TAXATION - NET

	Note	2020	2019
Current		**14**	-
Prior		**155**	24
Deferred	16.2	**(1,308)**	(859)
		(1,139)	(835)

28.1 Returns up to the tax year 2019 have been filed, which are deemed to be assessed under provisions of the Income Tax Ordinance, 2001. However, the Commissioner of Income Tax may at any time during a period of five years from the date of filing of return, select any return for audit purpose.

29 LOSS PER SHARE - BASIC AND DILUTED

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

	2020	2019 Restated
Loss after taxation - (Rupees in thousand)	**(54,383)**	(31,844)
Weighted average number of ordinary shares	**5,449,972**	5,449,972
Loss per share - basic and diluted - (Rupees)	**(9.98)**	(5.84)

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 Financial Instruments By Category

	Note	2020	2019
		----- (Rupees in '000) -----	
Financial Assets			
- At amortized cost			
Long term deposits	7	**317**	559
Trade debts	9	**-**	165
Cash and bank balances	12	**1,793**	219
		2,110	943
Financial Liabilities			
- At amortized cost			
Current maturity of long term loans	15	**31,831**	80,795
Trade and other payables	17	**14,142**	154,226
Short term borrowings	18	**242,232**	6,749
Accrued markup	19	**59,737**	50,269
Unpaid / unclaimed dividend		**4,268**	4,268
		352,210	296,308

30.2 Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

30.2.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings.

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 abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

	2020	2019
	----- (Rupees in '000) -----	
Long term deposits	**317**	559
Trade debts	**-**	165
Bank balances	**1,792**	1,792
	2,109	2,516

Deposits

These do not require any impairment as these are mainly held with government backed public utility companies and with financial institutions with sound credit ratings.

Credit Rating of Company's Banks

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

Name of banks	Rating Agency	Credit rating	
		Short term	Long term
Habib Bank Limited	VIS	A-1+	AAA
Habib Metropolitan Bank	PACRA	A1+	AA+
Silk Bank Limited	VIS	A-2	A-
Soneri Bank Limited	PACRA	A1+	AA-
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	VIS	A-1+	AAA
Bank Alfalah Limited	VIS	A-1+	AA+

30.2.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. 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 the financial liabilities as they fall due. The Company's approach to manage 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 at the risk of Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring statement of financial position liquidity ratios against internal and external requirements and maintaining debt financing plans.

Following are the contractual maturities of the financial liabilities:

	2020			
	Carrying amount	***Contractual cash flows***	***Six months or less***	***Six to twelve months***
	(Rupees in '000)			
Financial Liabilities				
Trade and other payables	**14,142**	**14,142**	**-**	**14,142**
Short term borrowings	**242,232**	**242,232**	**-**	**242,232**
Accrued markup	**59,737**	**59,737**	**-**	**59,737**
Unpaid / unclaimed dividend	**4,268**	**4,268**	**-**	**4,268**
Current maturity of long term loans	**31,831**	**31,831**	**-**	**31,831**
	352,210	**352,210**	**-**	**352,210**

	2019			
	Carrying amount	*Contractual cash flows*	*Six months or less*	*Six to twelve months*
	(Rupees in '000)			
Financial Liabilities				
Trade and other payables	154,226	154,226	-	154,226
Short term borrowings	6,749	6,749	-	6,749
Accrued markup	50,269	50,269	-	50,269
Unpaid / unclaimed dividend	4,268	4,268	-	4,268
Current maturity of long term loans	80,795	80,795	-	80,795
	296,308	296,308	-	296,308

30.2.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. Market risk comprises of three types of risks, currency risk, interest rate risk and price risk. The Company is not exposed to any risk as on the reporting date.

30.2.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arising formal the company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

i Requirements for appropriate segregation of duties between various functions, roles and responsibility;

ii Requirements for the reconciliation and monitoring of transactions;

iii Compliance with regulatory and other legal requirements;

iv Documentation of control and procedures;

v Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;

vi Ethical and business standards; and

vii Risk mitigation, including insurance where this is effective.

30.3 *Fair value of financial instruments*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of all the financial assets and liabilities reported in the financial statements approximate their fair values.

30.4 *Capital risk management*

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from banking companies including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. Since the Company has not taken any loan or borrowings from financial institutions as on the reporting date, hence its gearing ratio is nil as on the reporting date.

31 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:

	Executive		Chief Executive		Director		Total	
	2020	*2019*	**2020**	*2019*	**2020**	*2019*	**2020**	*2019*
	(Rupees in '000)							
Managerial remuneration	-	1,200	**1,800**	2,400	-	-	**1,800**	3,600
Rent and utilities	-	-	**618**	1,719	-	59	**618**	1,778
	-	1,200	**2,418**	4,119	-	59	**2,418**	5,378
No. of person(s)	-	1	**1**	1	-	1		

31.1 Due to financial constraints, the new CEO has voluntarily waived the remuneration, w.e.f. April 2020, till the revival of the operations of the Company.

32 *TRANSACTIONS WITH RELATED PARTIES*

The related parties comprise of associated companies including subsidiaries, directors of the company, key management personnel and their close family members. Year end balances relating to related parties are specifically disclosed in relative notes to these financial statements. Remuneration to directors and CEO is disclosed in note no. 31 to these financial statements. Other transactions with related parties are as follows:

	2020	2019
	- - - - - (Rupees in '000) - - - - -	
Associated Company - Close family member of former director of the Company is a director of the associated company		
Elmetec (Pvt.) Limited		
Long term loan obtained	**6,036**	6,080
Long term loan repaid	**55,000**	-
Purchases	**268**	891
Trade liability paid	**119,957**	-
Advance received from associated company repaid	**22,575**	-
Markup charged	**6,110**	4,653
Close family member of former director of the Company		
Faisal Bilal Qureshi		
Markup charged	**988**	1,068
Bilal Qureshi - former director of the Company		
Short term loan obtained	**-**	600
Markup charged	**2,369**	2,521
Key Management Personnel of the Company		
Anis Mianoor - New Sponsor (79.82% shareholding)		
Loan obtained	**233,384**	-
Salman Ganny - former director of the Company (0.02% shareholding)		
Short term loan obtained	**2,099**	-
Shehryar Saeed - former CEO of the Company		
Accrued salary and other benefits paid	**11,612**	-
Gratuity paid	**3,500**	-
Reimbursable expenses incurred	**567**	-
Expenses reimbursed by the Company	**1,652**	-
Post Employment Benefit - Provident Fund		
Contribution paid to Fund	**-**	177

32.1 Transactions with key management personnel are carried out under the terms of their employment.

32.2 The transactions with related parties are made under mutually agreed terms and conditions.

33 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.

34 NUMBER OF EMPLOYEES

	2020	2019
Total employees as at the year end	2	8
Average employees during the year	5	8

35 CORRESPONDING FIGURES

Corresponding figures have been re-arranged / reclassified, whenever necessary, for the purpose of better presentation. Major reclassifications made during the year are as follows:

Reclassification from the caption component	Reclassification to the caption component	Note	Amount Rs. in '000
Accrued liabilities	Advance to supplier	10	**87**
Short term borrowings	Advances from customers	17	**4,000**
Short term borrowings	Accrued markup	19	**50,269**
Administrative expenses	***Other charges***	26	
Provision for doubtful debts	Provision for doubtful debts		**22**
Provision for doubtful advances	Provision for doubtful advances		**13**
Finance cost	***Other charges***		
Dormant bank accounts written off	Other assets written off	26	**32**
Cost of sales	***Other income***	27	
Reversal of provision for obsolete stock	Reversal of provision for obsolete stock		**1,252**

36 GENERAL

- Figures have been rounded off to the nearest Rupees in thousands.
- The external auditors of the Company expressed disclaimer of opinion on the financial statements for the year ended June 30, 2019, therefore, corresponding figures in these financial statements are un-audited.

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 27, 2020 by the Board of Directors of the Company.

Chief Executive	Chief Financial Officer	Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020

DIRECTORS' REPORT (CONSOLIDATED)

The Directors of your Company are pleased to present the consolidated Audited Financial Statements for the year ended June 30, 2020 and Auditors' Report thereon.

Financial Highlights:

The comparative financial highlights of your Company for the year ended June 30, 2020 and June 30, 2019 are as follows:

	2020	2019
	(Rupees in '000)	
(Loss) for the year before taxation	(52,949)	(32,727)
Out of which the Directors have accounted for taxation - current	1,289	835
Disposable (loss) for appropriation	(51,660)	(31,892)
Accumulated (Losses) brought forward	(406,177)	(377,998)
Adjustment for Incremental depreciation on revalued assets	3,202	2,104
Other Comprehensive Profit (Loss)	-	534
Accumulated loss carried over to Balance Sheet	(454,942)	(406,177)

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

Johnson & Phillips (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, 2020 is Rs. (9.48) June 30, 2019 (Rs.5.85).

Material Changes:

There has been no material changes since June 30, 2020 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.0.905 Million as compared to Rs.4.078 Million for the corresponding period of last year. The cost of sales for the year was Rs. 6.682 Million as compared to Rs.8.871 Million.

The Gross loss of the Company was Rs. (5.777) Million as compared to Rs. (4.793) Million in the corresponding period of last year. The Company's Distribution cost, Administrative expenses and finance cost during the year ended June 30, 2020 was Rs. 26.650 Million as against Rs.29.463 Million in the corresponding period of previous year.

A loss after tax of Rs.51.660 Million was reported for the year ended June 30, 2020 compared to a loss after tax of Rs.31.892 Million in the corresponding period. Management of your Company is making concerted efforts and continues to endeavour to achieve improved performance in the future.

External Audit:

The auditors M/s. Reanda Haroon Zakaria & Company, Chartered Accountant 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 give disclaimer of opinion on the going concern issue n their Auditor's Report.

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 the corporate responsibilities envisaged under the Code of Corporate Governance prescribed by the Securities and Exchange Commission of Pakistan and adopted by the Pakistan Stock Exchange 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 results 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 any areas of concern with the relevant executives. The BAC consists of three members. The Chairman of 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, 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 Listed Companies (Code of Corporate Governance), Regulations, 2017 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 and 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 one Executive Director (MD & Chief Executive Directors).

Name

Mrs. Zainab Anis Mianoor
Mr. Muhammad Anis Mianoor (MD & Chief Executive Officer)
Mr. Muhammad Usman Mianoor
Mr. Muhammad Amin Khanani
Mr. Muhammad Umair Mianoor
Mr. Muhammad Hanif Chamdia
Ms. Uroosa Anis Mianoor

Pattern of Shareholding:

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

Future Plan growth:

As reported in our Audited Accounts Report for the year ended June 30, 2019 about the control of shares of Johnson and Phillips (Pakistan) Limited, we are pleased to inform our stakeholders that the procedure relating to public offer by the acquirer including payment of consideration to shareholder has been finalized.

Regarding the future plan / growth, as it is in the knowledge of the stakeholders that new management has taken over the rights of the Company and wish to inform that the management is trying to bring the Company its commercial activities in near future, so that its benefits could be given to them We request to stakeholders to pray for the achievements of the business goals, so that, we could be able to start the commercial activities at the soonest possible time.

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 thanks the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange and Central Depository Company for their continued guidance and support.

MUHAMMAD ANIS MIANOOR
MD & CHIEF EXECUTIVE OFFICER

MRS. ZAINAB ANIS MIANOOR
CHAIRMAN

ڈائریکٹرز کی اطلاع (منسلک)

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لئے مستحکم آڈٹ شدہ مالیاتی بیانات اور اس پر آڈیٹرز کی رپورٹ پیش کرنے پر خوش ہیں۔

مالی جھلکیاں:

30 جون 2020 اور 30 جون 2019 کو ختم ہونے والے سال کیلئے آپ کی کمپنی کی تقابلی مالی جھلکیاں درج ذیل ہیں

	2020	2019
	(Rupees in '000)	
ٹیکس لگانے سے پہلے سال کے لئے (نقصان)	(52,949)	(32,727)
جس میں سے ڈائریکٹرز کا حساب کتاب ہے		
ٹیکس لگانے کے لئے - موجودہ	1,289	835
تخصیص کے لئے ڈسپوزایبل (نقصان)	(51,660)	(31,892)
جمع (نقصانات) آگے لایا	(406,177)	(377,998)
غیر منقولہ اثاثوں میں اضافی فرسودگی کے لئے ایڈجسٹمنٹ	3,202	2,104
دیگر جامع منافع (نقصان)	-	534
بیلنس شیٹ کو جمع شدہ نقصان	(454,942)	(406,177)

ہولڈنگ کمپنی کے مالی بیانات میں مندرجہ ذیل ذیلی کمپنیوں کو مستحکم کیا گیا ہے۔

جانسن اینڈ فلپس (پاکستان) لمیٹڈ

جانسن اینڈ فلپس ٹرانسفارمرز (نجی) لمیٹڈ

جے اینڈ پی ای ایم او پاکستان (نجی) لمیٹڈ

گروپ کی ذیلی تنظیموں نے پیداوار عمل ختم کر دیا ہے۔

فی شیئر نقصان:

30 جون 2020 کو ختم ہونے والے سال کے لئے فی شیئر آمدنی 10 روپے ہے۔ (9.48) 30 جون 2019 (5.85 روپے)

مادی تبدیلیاں:

30 جون 2020 سے اب تک مادی تبدیلیاں نہیں کی گئیں اور کمپنی نے کسی ایسے وعدے نہیں کیے جس سے اس تاریخ کو اس کی مالی حیثیت متاثر ہوگی۔

کارکردگی کا جائزہ:

گذشتہ سال کے اسی عرصے کے لئے سیلز نیٹ کی مالیت 0.0905 ملین روپے تھی جبکہ اس سے گذشتہ سال کی اسی مدت کے لئے 4.078 ملین روپے تھے۔ اس سال کے لئے فروخت کی لاگت Rs. Rs روپے تھی۔ 8.68 ملین روپے کے مقابلے میں 6.682 ملین۔

کمپنی کا مجموعی خسارہ .Rs (5.777) ملین روپے۔ (4.793) گذشتہ سال کی اسی مدت میں 30 جون 2020 کو ختم ہوئے سال کے دوران کمپنی کی تقسیم لاگت، انتظامی اخراجات اور فنانس لاگت۔ گذشتہ سال کے اسی عرصے میں 26.450 ملین روپے 29.463 ملین روپے تھے۔

اسی مدت میں 5 .31 ملین روپے کے ٹیکس کے بعد ہونے والے نقصان کے مقابلہ میں 30 جون ، 2020 کو ختم ہونے والے سال میں 66060. .61 ملین روپے کے ٹیکس کے بعد ہونے والا نقصان ہوا۔ آپ کی کمپنی کا انتظام مستحکم کوششیں کر رہا ہے اور مستقبل میں بہتر کارکردگی کے حصول کے لئے کوشاں ہے۔

بیرونی آڈٹ:

آڈیٹرز میسرز۔ چارٹرڈ اکاؤنٹنٹ ریاض احمد اینڈ کمپنی، سالانہ جنرل اجلاس کے اختتام پر ریٹائر ہوئے۔ اہل ہونے کے ناطے، انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ نے ان کی دوبارہ تقرری کی تجویز پیش کی ہے۔

آڈیٹرز ان کے آڈیٹر کی رپورٹ پر جاری تشویش کے مسئلے پر رائے کا اعلان کرتے ہیں۔

اندرونی آڈٹ:

کمپنی کا بورڈ مینجمنٹ کے ہر سطح کی خدمت کے طور پر محکمہ داخلی آڈٹ کی سرگرمیوں کو قریب سے پیروی کرتا ہے۔ آزاد داخلی آڈٹ محکمہ کا بنیادی مقصد بورڈ اور انتظامیہ کو یہ معقول یقین دہانی فراہم کرتا ہے کہ داخلی کنٹرول کے موجودہ نظام مناسب اور قابل اطمینان بخش کام کر رہے ہیں۔ چونکہ داخلی آڈٹ ڈیپارٹمنٹ کمپنی کی کارروائیوں میں قدر میں اضافہ کرتا ہے، بہتر آپریشنل کارکردگی کے لئے تجاویز اور سفارشات دیتا ہے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک کا بیان:

کارپوریٹ قوانین، قواعد و ضوابط کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی کاموں کے امت کے تحت تیار کیے گئے ہیں۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعہ تجویز کردہ کوڈ آف کارپوریٹ گورنس کے تحت کارپوریٹ ذمہ داریوں سے متعلق بورڈ کو پوری طرح آگاہی ہے اور پاکستان اسٹاک ایکسچینج نے تمام درج کمپنیوں کے لئے اپنایا ہے اور اس بات کی تصدیق کرنے پر خوش ہے کہ:

1. کمپنی کے تیار کردہ مالی بیانات، اس کی امور کی منصفانہ حیثیت، اس کے کاروائیوں کے نتائج، نقد بہاؤ اور ایکویٹی میں بدلاؤ پیش کرتے ہیں۔
2. کمپنی نے کمپنیز ایکٹ، 2017 کے تحت ضرورت کے مطابق اکاؤنٹس کی مناسب کتابیں برقرار رکھی ہیں۔
3. کمپنی نے مالی بیانات کی تیاری میں مستقل اکاؤنٹنگ کی پالیسیوں کی پیروی کی ہے، جہاں جہاں بھی تبدیلی کی گئی ہے ان کا مناسب طور پر انکشاف کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ محتاط اور معقول فیصلے کی بنیاد پر ہے۔
4. بین الاقوامی اکاؤنٹنگ معیارات (IAS) اور بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) جیسے کہ پاکستان میں قابل اطلاق ہیں، مالی بیانات کی تیاری کے سلسلے میں عمل کیا گیا ہے اور وہاں سے کسی بھی قسم کی روانگی، اگر کوئی ہے تو، اس کا مناسب طور پر انکشاف کیا گیا ہے۔
5. اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے موثر انداز میں نافذ اور نگرانی کی جا رہی ہے۔ اس طرح کا نظام اہداف کے حصول میں ناکامی کے خطرے کو ختم کرنے کے بجائے اس کا انتظام کرنے کے لئے بنایا گیا ہے، اور اس کی فطرت سے مادی بدانتظامی یا نقصان کے خلاف صرف معقول، اور قطعی نہیں، یقین دہانی فراہم کی جاسکتی ہے۔ داخلی کنٹرول کے نظام کی تاثیر کا جائزہ لینے کے لئے بورڈ کے ذریعہ جو عمل استعمال کیا گیا ہے، ان میں مندرجہ ذیل شامل ہیں:

بورڈ آڈٹ کمیٹی (بی اے سی) موجود ہے۔ اس میں کمپنی کے داخلی آڈٹ کے شعبے کے ذریعہ اختیار کردہ نقطہ نظر اور بیرونی آڈیٹرز کے ساتھ دائرہ کار اور تعلقات کا جائزہ لیا گیا ہے۔ یہ داخلی آڈٹ ڈیپارٹمنٹ اور بیرونی آڈیٹرز کی طرف سے داخلی کنٹرول کے نظام اور کسی بھی مادی کمزوری کی نشاندہی کی گئی ہے جس کی نشاندہی کی گئی ہے۔ مزید یہ کہ بی اے سی متعلقہ ایگزیکٹو کے ساتھ تشویش کے کسی بھی شعبے میں کی جانے والی کارروائیوں پر تبادلہ خیال کرتی ہے۔ بی اے سی تین ممبروں پر مشتمل ہے۔ بی اے سی کا چیئرمین آزاد ڈائریکٹر ہے اور بی اے سی کے دیگر تمام ممبر آزاد ڈائریکٹر ہیں۔

- ایک تنظیمی ڈھانچہ قائم کیا گیا ہے، جو ذمہ داری اور جوابدہی کے وفد کے ساتھ مواصلات کی واضح لائنوں اور اتھارٹی کی باضابطہ سطح کی حمایت کرتا ہے۔
- یہاں ایک سالانہ بجٹ اور حکمت عملی کی منصوبہ بندی ہوتی ہے، مالی پیش گو تیار کی جاتی ہے اور کاروباری ماحول میں نمایاں تبدیلیوں کی عکاسی کرنے کے لئے ان حکمت عملیوں کا سال کے دوران جائزہ لیا جاتا ہے۔

6. کمپنی کی تشویش کی حیثیت سے جاری رکھنے کی صلاحیت پر کوئی شک نہیں ہے۔
7. آپ کی کمپنی کے ڈائریکٹرز یہ محسوس کرتے ہیں کہ مستقبل کی نمو کے لئے سرمائے کا تحفظ بہت ضروری ہے لہذا موجودہ سال کے لئے کوئی منافع کا اعلان نہیں کیا گیا ہے۔
8. کمپنی نے درج کمپنیوں (کارپوریٹ گورننس کا کوڈ) ضابطہ 2017 کے بہترین طریقوں کی پیروی کی ہے اور وہاں سے کوئی مادی روانگی نہیں ہے۔
9. متعلقہ فریقوں کے لین دین بورڈ آف آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے ذریعہ منظور یا توثیق ہوتے ہیں۔
10. سرمایہ کاری / غیر منقولہ کاری، پالیسیوں میں تبدیلی سے متعلق تمام اہم فیصلے انویسٹمنٹ کمیٹی / بورڈ آف ڈائریکٹرز کے ذریعہ لئے جاتے ہیں۔
11. سی ای او / سی ایف او اور کمپنی سکریٹری اور ہیڈ آف انٹرنل آڈٹ کی تقرری، اور معاوضے کو طے کرنے یا تبدیل کرنے سے متعلق فیصلے بورڈ کے ذریعہ لیا اور منظور کیا گیا ہے۔
12. مالی اعداد و شمار میں بتایا ٹیکس اور ڈیوٹی دی جاتی۔

بورڈ آف ڈائریکٹرز

بورڈ کی تشکیل

بورڈ آف ڈائریکٹرز میں سات ممبران، دو نان ایگزیکٹو ڈائریکٹرز، چار آزاد ڈائریکٹرز اور ایک ایگزیکٹو ڈائریکٹر (ایم ڈی اور چیف ایگزیکٹو ڈائریکٹرز) شامل ہیں۔

نام

مسز زینب انیس میاں نور
مسٹر محمد انیس میاں نور (ایم ڈی اور چیف ایگزیکٹو آفیسر)
جناب محمد عثمان میاں نور
جناب محمد امین خانانی
جناب محمد عمیر میاں نور
جناب محمد حنیف چندیہ
محترمہ عروسہ انیس میاں نور

حصص یافتگی کا نمونہ:

اس رپورٹ کے ساتھ شیئر ہولڈنگ کا انداز ظاہر کرنے والا ایک بیان منسلک ہے۔

مستقبل کی منصوبہ بندی میں اضافہ:

جانسن اور فلپس (پاکستان) لمیٹڈ کے حصص کے کنٹرول کے بارے میں 30 جون 2019 کو ختم ہونے والی سال کے لئے ہماری آڈٹ اکاؤنٹس رپورٹ میں جیسا کہ رپورٹ کیا گیا ہے، ہم اپنے اسٹیک ہولڈرز کو مطلع کرتے ہوئے خوشی محسوس کرتے ہیں کہ حصول کار کے ذریعہ عوامی پیش کش سے متعلق طریقہ کار نو رفکری ادائیگی سمیت حصص یافتگان کو حتمی شکل دے دی گئی ہے۔
مستقبل کے منصوبے / نمو کے بارے میں، جیسا کہ یہ اسٹیک ہولڈرز کے علم میں ہے کہ نئی انتظامیہ نے کمپنی کے حقوق سنبھال لئے ہیں اور یہ بتانا چاہتے ہیں کہ انتظامیہ مستقبل قریب میں کمپنی کو اپنی تجارتی سرگرمیاں لانے کی کوشش کر رہی ہے تاکہ اس کا ان کو فوائد دیے جاسکتے ہیں۔ ہم اسٹیک ہولڈرز سے درخواست کرتے ہیں کہ وہ کاروباری اہداف کے حصول کے لئے دعا کریں تاکہ ہم جلد سے جلد تجارتی سرگرمیاں شروع کرسکیں۔

اعتراف:

بورڈ آف ڈائریکٹرز کمپنی کے قابل قدر مالکوں، کاروباری شراکت داروں اور دیگر اسٹیک ہولڈرز کے ساتھ اپنی مخلصانہ تعریف کا اظہار کرنا چاہے گا۔ بورڈ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج اور سینٹرل ڈپازٹری کمپنی کو ان کی مسلسل رہنمائی اور مدد کے لئے بھی شکریہ ادا کرنا چاہتا ہے۔

محمد انیس میاں نور
ایم ڈی اور چیف ایگزیکٹو آفیسر

مسز زینب انیس میاں نور
چیئرمین

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JOHNSON & PHILLIPS (PAKISTAN) LIMITED

ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed consolidated financial statements of **Johnson & Phillips (Pakistan) Limited** and its subsidiaries (the Group),which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

Except for the effects or possible effects of the matters stated in the Basis for Qualified Opinion Section of our report, in our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020and of its consolidated financial performanceanditsconsolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for QualifiedOpinion

- We could not substantiate the existence and completeness of trade and other payables neither by direct confirmations from counter parties nor through alternative means, to the extent of Rs. 16.342 million, out of the total balance amounting to Rs. 25.004 million.

- We could not substantiate the existence, completeness and classification of short term borrowing from former directors of the Holding and subsidiary Company, long term loans from related parties of the Holding Company including current maturities and markup accrued on long term loans from related parties of the Holding Company amounting to Rs. 12.533 million, Rs. 31.831 million and Rs. 59.737million, respectively.

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 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 qualified opinion.

Material Uncertainty Relating to Going Concern

Without qualifying our opinion, we draw attention to note no. 1.4 to the consolidated financial statements which describes that during the year, the Group has incurred loss after taxation amounting to Rs. 51.660 (2019: Rs. 31.892) million, rising its accumulated losses to Rs. 454.942 (2019: Rs. 406.177) million. Further, current liabilities of the Company exceeded its current assets by Rs. 362.088 (2019: Rs. 309.471) million. The subsidiaries are in the course of being wound up while the operations of the Holding Company, including its revenue, are facing downward trajectory since financial year 2015 due to which the Holding Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business.

These factors indicate the existence of material uncertainty that may cast significant doubt on the Holding Company's ability to continue as a going concern and accordingly, the Holding Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business and also discusses the reason for preparing the consolidated financial statements on a going concern basis.

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 "Basis for Qualified Opinion "Section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report:

S. No.	***Key audit matters***	***How the matter was addressed in our audit***
1.	***Management Takeover***	
	(Refer note no. 1.2 and 1.4 to the accompanying consolidated financial statements) With effect from April 01, 2020, new management has taken over the affairs of the Group and intensified its efforts to revive the operations of the Holding Company including diversifying the operations towards textile sector. New management has also prepared revival plan and financial projections depicting the revival of existing operations and starting the new textile segment. Since the takeover has significantly changed the overall financial and operational prospects of the Holding Company, while, projections also involve using estimates and judgements, we have identified the management takeover and associated matters as a key audit matter in our report.	Our audit procedures to address the matter amongst others includes the following: • We reviewed all the correspondence related to takeover including share Purchase Agreement, regulatory approval for takeover, correspondence with the PSX and SECP, etc. in this regard. • We obtained and reviewed the projections including cash flow forecasts and checked the mathematical accuracy of the cash flows including reasonableness of assumptions, estimates and judgments applied by the management for preparing those projections. We also evaluated the appropriateness of all the inputs used for projections. • We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting framework.

S. No.	Key audit matters	How the matter was addressed in our audit
2.	**Contingencies**	
	(Refer note no. 20.1 to the accompanying consolidated financial statements) The Holding Company has contingent liabilities in respect of legal and income tax matters, which are pending adjudication at various levels with the taxation authorities, courts, and other legal forums. Contingencies require management to make judgements and estimates in relation to the interpretation of tax and other laws, statutory rules and regulations, and the probability of outcome and financial impact, if any, on the Holding Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to legal and income tax matters as a key audit matter.	• Our audit procedures in respect of legal and tax contingencies included, amongst others, we obtained and reviewed details of the pending legal and tax related matters and discussed the same with the Holding Company's management. • We reviewed the correspondence of the Holding Company with the relevant authorities, tax advisors, and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved. • We obtained and reviewed confirmations from the Holding Company's external legal and tax advisors for their views on the probable outcome of the legal matters, open tax assessments and other legal / tax related contingencies. • We involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the external tax advisors engaged by the Holding Company. • We also evaluated the requirement of making provision against any contingencies, and the adequacy of disclosures made in respect of legal and tax contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management of the Holding Company is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditors' report 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 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 requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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.

Board of directors are 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 consolidatedfinancial 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, hether 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 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 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.

Other Matter

Further, consolidated financial statements for the year ended June 30, 2019 were audited by another firm of Chartered Accountants, who, through their report dated September 30, 2019 expressed disclaimer of opinion on those consolidated financial statements due to following reasons:

- inappropriateness of going concern assumption used by the management of the Holding Company and of the subsidiaries for the preparation of those consolidated financial statements;
- non-deposit of unpaid dividend in a separately designated bank account by the Holding Company;
- scope limitation due to lack of proper accounting records of current and previous assets and liabilities of the subsidiaries in accordance with the requirements of the Act;
- existence, occurrence, accuracy, and completeness of different assets written off and liabilities written back by the subsidiaries could not be substantiated;
- no confirmation reply from NBP in relation to settlement of long-term loan which was payable by the JPT to the bank; and
- tax contingencies could not be ascertained due to the absence of related information and accordingly, the effects of deferred taxation could not be ascertained.

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

Mr.Mohammad Iqbal.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: October 27, 2020

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019	2018
		----- (Rupees in '000) -----		
ASSETS			Restated	Restated
Non Current Assets				
Property, plant and equipment	4	**475,433**	480,165	14,194
Intangible asset	5	**-**	-	-
Long term deposits	6	**317**	559	559
		475,750	480,724	14,753
Current Assets				
Stock-in-trade	7	**-**	1,956	1,926
Trade debts	8	**-**	165	-
Advances and prepayments	9	**68**	122	62
Deposits		**-**	-	40
Tax refunds due from the Government	10	**2,808**	26,116	25,679
Cash and bank balances	11	**1,793**	219	4,556
		4,669	28,578	32,263
Non current assets classified as held for sale		**-**	-	473,600
Total Assets		**480,419**	509,302	520,616
EQUITY AND LIABILITIES				
Share Capital And Reserves				
Authorized capital	12	**80,000**	80,000	80,000
Issued, subscribed and paid-up capital	12	**54,500**	54,500	54,500
Share premium reserve		**29,727**	29,727	29,727
Surplus on revaluation of property, plant and equipment	13	**467,504**	470,706	475,650
General reserve		**23,073**	23,073	23,073
Accumulated losses		**(454,942)**	(406,177)	(377,998)
Total shareholders' equity		**119,862**	171,829	204,952
Non-controlling interest	14	**(13,375)**	(13,682)	(13,669)
Non Current Liabilities				
Long term loans	15	**-**	-	116,743
Deferred liabilities	16	**7,175**	13,106	14,504
		7,175	13,106	131,247
Current Liabilities				
Current maturity of long term loans	15	**31,831**	80,795	-
Trade and other payables	17	**25,004**	192,282	179,984
Short term borrowings	18	**245,917**	10,434	13,834
Accrued markup	19	**59,737**	50,269	-
Unpaid / unclaimed dividend		**4,268**	4,268	4,268
		366,757	338,049	198,086
Contingencies and commitments	20			
Total Equity and Liabilities		**480,419**	509,302	520,616

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

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

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
			Restated
Sales	21	**905**	4,078
Cost of sales	22	**(6,682)**	(8,871)
Gross loss		**(5,777)**	(4,793)
Distribution cost	23	**(252)**	(853)
Administrative expenses	24	**(16,915)**	(20,327)
Operating loss		**(22,944)**	(25,973)
Finance cost	25	**(9,483)**	(8,283)
Other charges	26	**(26,595)**	(67)
Other income	27	**6,073**	1,596
Loss before taxation		**(52,949)**	(32,727)
Taxation - net	28	**1,289**	835
Loss after taxation		**(51,660)**	(31,892)
Loss after taxation attributable to:			
- Owners of the Holding Company		**(51,967)**	(31,879)
- Non-controlling interest		**307**	(13)
		(51,660)	(31,892)
Other comprehensive income			
Items that will not be reclassified to profit or loss in the subsequent periods			
Gain on remeasurement of post employment benefit obligation	16.1.2	**-**	534
Total comprehensive loss for the year		**(51,660)**	(31,358)
Total comprehensive loss for the year attributable to:			
- Owners of the Holding Company		**(51,967)**	(31,345)
- Non-controlling interest		**307**	(13)
		(51,660)	(31,358)
Loss per share - Rupees	29	**(9.48)**	(5.85)

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

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

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	*Share Premium Reserve*	*Surplus on revaluation of property, plant and equipment*	*General Reserve*	*Accumulated losses*	*Total shareholders' equity*
			(Rupees in "000")			
Balance as at July 30, 2018 - before restatement	**54,500**	**29,727**	**474,380**	**23,073**	**(391,839)**	**189,841**
Effect of restatement (note no. 4.8)	-	-	**1,270**	-	**172**	**1,442**
Effect of restatement (note no. 14.1.1)	-	-	-	-	**13,669**	**13,669**
Balance as at July 30, 2018 - restated	**54,500**	**29,727**	**475,650**	**23,073**	**(377,998)**	**204,952**
Total comprehensive loss for the year - restated	-	-	-	-	(31,345)	(31,345)
Adjustment on disposal of revalued asset	-	-	(1,062)		1,062	-
Deferred tax on disposal adjustment during the year	-	-	308	-	-	308
	-	-	(754)	-	1,062	308
Reclassification adjustment of assets held for sale - restated	-	-	(2,200)	-	-	(2,200)
Deferred tax on reclassification adjustment	-	-	638	-	-	638
	-	-	(1,562)	-	-	(1,562)
Transfer from surplus on revaluation on account of incremental depreciation - net of deferred tax - restated	-	-	(2,104)	-	2,104	-
Tax rate adjustment on revaluation surplus	-	-	(524)	-	-	(524)
Balance as at June 30, 2019 - restated	**54,500**	**29,727**	**470,706**	**23,073**	**(406,177)**	**171,829**
Total comprehensive loss for the year	-	-	-	-	**(51,967)**	**(51,967)**
Transfer from surplus on revaluation on account of incremental depreciation - net of deferred tax - restated	-	-	**(3,202)**		**3,202**	-
Balance as at June 30, 2020	**54,500**	**29,727**	**467,504**	**23,073**	**(454,942)**	**119,862**

Share premium reserve can only be utilized by the Holding Company for the purpose specified in Section 81 of the Companies Act, 2017.

Surplus on revaluation of property, plant and equipment will be utilized for any purpose only after they are realized and transferred to unappropriated profits. However, these reserves can be individually offset against losses arising in future periods (if any) from revalued assets.

General reserves can be utilized for meeting any contingencies and for distribution of profit by way of dividend.

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

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

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES			*Restated*
Loss before taxation		**(52,949)**	(32,727)
Adjustment for:			
Depreciation	4.1	**4,732**	4,355
Provision for staff gratuity	16.1.2	**-**	417
Finance cost	25	**9,483**	8,283
Provision for obsolete / slow moving stock	26	**1,956**	-
Provision for doubtful debts	26	**53**	22
Provision for doubtful advances	26	**87**	-
Provision for doubtful sales tax refunds	26	**20,844**	-
Advance written off	26	**2,685**	-
Deposits written off	26	**242**	-
Liabilities written back	27	**(5,378)**	-
Reversal of provision for obsolete stock	27	**-**	(1,252)
Operating cash outflows before working capital changes		**(18,245)**	(20,902)
(Increase) / decrease in current assets			
Stock-in-trade		**-**	1,222
Trade debts		**112**	(187)
Advances and prepayments		**(63)**	67
Sales tax refundable		**(144)**	(128)
Increase / (decrease) in current liabilities			
Trade and other payables		**(162,416)**	8,211
		(162,511)	9,185
Cash used in operations		**(180,756)**	(11,717)
Income tax paid		**(102)**	(333)
Gratuity paid	16.1.2	**(4,071)**	-
Finance cost paid		**(16)**	(41)
		(4,189)	(374)
Net cash used in operating activities	**A**	**(184,945)**	(12,091)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		**-**	(55)
Sale proceed from disposal of fixed assets		**-**	1,129
Net cash generated from investing activities	**B**	**-**	1,074
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings (repaid) / obtained - net		**(48,964)**	6,080
Short term borrowings obtained - net		**235,483**	600
Net cash generated from financing activities	**C**	**186,519**	6,680
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**1,574**	(4,337)
Cash and cash equivalents at the beginning of the year	11	**219**	4,556
Cash and cash equivalents at the end of the year	11	**1,793**	219

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

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

1 STATUS AND NATURE OF BUSINESS

1.1 Johnson and Phillips (Pakistan) Limited (the Holding Company) was incorporated in Pakistan as a public limited company on April 15, 1961 under the repealed Companies Act, 1913 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange Limited - PSX. However, trading in the shares held by the Sponsors of the Holding Company is suspended and the Holding Company has been placed on the Defaulters' Segment by the PSX w.e.f. November 15, 2019 due to the non-compliance of certain provisions of the PSX Rule Book.

The Holding Company is principally engaged in manufacturing, installation and selling of electrical equipment. The registered office of the Company and its manufacturing facilities are situated at C-10, South Avenue, SITE, Karachi.

Subsidiaries of the Holding Company are public and private limited companies and are engaged in the business of manufacturing and sale of electrical and mechanical equipment / appliances and participation in turnkey engineering industrial projects.

The following subsidiaries have been consolidated in these consolidated financial statements of the Holding Company:

Subsidiaries	**Company Status**	**Holding**
Johnson and Phillips Industries (Pakistan) Limited - JPI	Public Unlisted	100%
Johnson & Phillips Transformers (Private) Limited - JPT	Private	70%
J & P EMO Pakistan (Private) Limited - JPEMO	Private	51%

1.2 During the year, Mr. Muhammad Anis Mianoor, an existing shareholder with 535,000 shares (9.82% shareholding), acquired 2,719,536 (49.90%) shares of the Holding Company held by Etheridge Company Limited (the previous sponsor of the Holding Company) and obtained the management control of the Holding Company w.e.f. April 01, 2020. Further, 1,097,718 (20.14%) shares were acquired from public after fulfilling all the regulatory requirements. After these acquisitions, Mr. Anis Mianoor is the major shareholder as on the reporting date with 79.82% shareholding in the Holding Company.

1.3 Impact of COVID-19 on the consolidated financial statements

Management of the holding company has thoroughly evaluated the effects of COVID-19 on the operations of the Group and concluded that there are no material implications of COVID-19 that could have required any disclosure in these consolidated financial statements, other than the fact that the COVID-19 has delayed the materialization of revival plans of the new management.

1.3 Going concern

During the year ended June 30, 2020, the Group has incurred loss after taxation amounting to Rs. 51.660 (2019: Rs. 31.892) million, rising its accumulated losses to Rs. 454.942 (2019: Rs. 406.177) million. Further, current liabilities exceeded its current assets by Rs. 362.088 (2019: Rs. 309.471) million. The operations of the Group, including its revenue, are facing downward trajectory since financial year 2015 due to which the Group is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The Group is reporting meagre sales since then and is totally dependent on the financial support of Directors, sponsors of the Holding Company and associated companies.

These factors indicate the existence of material uncertainty over the Group's ability to continue as a going concern and accordingly, the Group may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. However, the management of the Holding Company has prepared these consolidated financial statements on a going concern basis due to the following reasons:

- The Holding Company has revaluation surplus on fixed assets amounting to Rs. 467.504 million as on the reporting date.
- The Holding Company already has rescheduled long term and short term borrowings with its related parties, includin repayment of principal and accumulated mark-up thereon.
- As discussed above in note no. 1.2 above, new management of the Group, under the leadership of Mr. Anis Mianoor the new sponsor director of the Holding Company, has taken over the affairs of the Group with effect from April 01, 2020, with the firm intention and capabilities to revive the overall operations of the Group. In the first phase, the new management, with the financial support of new sponsor director, intends to settle the long outstanding dues of previous board members and their associated company and till the reporting date, new sponsor has settled Rs. 233.384 million in this regard. Other liabilities will also be paid off with the help of earnings from the revival of existing operations, injections of the funds from internal as well as external sources and continuing support from the new sponsor director.
- Even though that the COVID-19 has delayed the effectuation of revival plans, but the new management of the Group has firm intention and financial capabilities to start a new business segment of textile unit by injecting funds in the Holding Company together with the revival of current business for which the detailed feasibilities and projections have already been prepared by the management, which are to be effectuated within the next financial year.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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 International Financial Reporting Standards (IFRSs), issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, here-in-after referred to as "the Group".

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.
Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiary are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiary are changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Since the ownership of the Holding Company in the JPT and JPEMO is less than 100% as disclosed above in note no. 1.1 above, therefore, a non controlling interest (NCI) exists for which the NCI is allocated its share of the total comprehensive income / (loss) of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognized in equity, and recognizes fair value of consideration received, any investment retained, surplus or deficit in profit and loss account, and reclassifies the Holding Company share of components previously recognized in other comprehensive income to profit and loss account or retained earnings, as appropriate.
The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is also the Group's functional currency.

2.5 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the consolidated financial statements and estimates with a significant risk of material judgment in the next year are as follows:-

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment and intangible assets - notes 3.1, 3.2, 4 and 5.
- Assumptions and estimates used in determining the provision for stock-in-trade - notes 3.4 and 7.
- Assumptions and estimates used in the provision for doubtful debts - notes 3.5 and 8.
- Assumptions and estimates used in the provision for doubtful loans and advances - 3.6 and 9.
- Assumptions and estimates used in accounting for staff retirement benefits - notes 3.8 and 16.1.
- Assumptions and estimates used in the recognition of current and deferred taxation - notes 3.12, 16.2 and 28.

2.6 *New standards, amendments to standards and IFRS interpretations that are effective for the June ended June 30, 2020*

The following amendments to accounting standards are effective for the year ended June 30, 2020. Except as explained otherwise, these standards and amendments are either not relevant to the Group's operations or are not expected to have significant impact on the consolidated financial statements other than certain additional disclosures:

	Effective for period beginning on or after
Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 14 'Regulatory Deferral Accounts'	July 1, 2019
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

2.6.1 *First time adoption of new Standards*

IFRS 14 'Regulatory Deferral Accounts'
This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 1480 (I)/2019 dated November 27, 2019, to be effective for annual periods beginning on or after July 1, 2019. The objective of this standard is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.

IFRS 14 is not applicable on these consolidated financial statements of the Group as the Group does not deal in any goods or services that are subject to rate regulations.

IFRS 16 'Leases'
This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 434 (I)/2018 dated April 9, 2018, to be effective for annual periods beginning on or after January 1, 2019. This standard replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'.

IFRS 16 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An exemption exists for short term period (of less than 12 months) and low value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation so key metrics like EBITDA will change. Operating cashflows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of payments that reflects the interest can continue to be presented as operating cashflows.

The accounting for lessors will not significantly change.

Changes in accounting policy resulting from the adoption of IFRS 16 will be applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. However, IFRS 16 is not applicable on these consolidated financial statements as the Group does not have any asset on lease basis.

2.7 *Amendments to standards and IFRS interpretations that are not yet effective*

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have significant impact on the consolidated financial statements other than certain additional disclosures:

	Effective from period beginning on or after
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023
Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	**Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.**
Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
	Effective from period beginning on or after
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 17 - Insurance Contracts

3 *SIGNIFICANT ACCOUNTING POLICIES*

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below:

3.1 *Property, plant and equipment*

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

Cost includes expenditure that is directly attributable to the acquisition and installation of an asset including borrowing costs, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. Normal repairs and maintenance are charged to the consolidated statement of profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit and loss applying the straight line method over its useful life specified in note no. 4 to these consolidated financial statements. Depreciation on additions is charged from the month when the assets are available for intended use while no depreciation is charged in the month of disposal.

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each reporting date.

Surplus on revaluation of assets based on forced sale value is recognized in other comprehensive income (OCI) and presented as a separate component of equity as "surplus on revaluation of property, plant and equipment", except that it reverses a revaluation deficit for the same asset previously recognized in the statement of profit or loss, in which case the surplus is credited to the statement of profit or loss to the extent of the deficit charged previously. Deficit on revaluation of assets is recognized in the statement of profit or loss, except that it reverses a revaluation surplus for the same asset previously recognized in other comprehensive income, in which case the deficit is charged to other comprehensive income to the extent of the surplus credited previously. The revaluation reserve is not available for distribution to the Holding Company's shareholders.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit). Further, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings (unappropriated profit).

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in other income / other expenses in the statement of profit or loss. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit / accumulated loss).

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating unit is written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

3.2 *Intangible assets*

Intangible assets are stated at cost less accumulated amortization and any identified impairment loss. Amortization on additions is charged from the month in which an asset is acquired or capitalized, while no amortization is charged for the month in which the asset is disposed off or retired from use. Amortization is charged based on straight line method at the rates specified in note no. 5.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.
Gains and losses arising from the retirement or disposal of assets is recognized in profit or loss.

3.3 *Investments - subsidiary companies*

Investment in subsidiaries are measured at cost less impairment, if any.

3.4 *Stock-in-trade*

These are valued at lower of cost and net realizable value. Cost is determined by applying the following basis:

Raw material	At FIFO basis
Work in process and finished goods	At average manufacturing cost

Average cost in relation to work in process and finished goods signifies average manufacturing cost including a portion of related direct overheads.

Net realizable value (NRV) represents the estimated selling price at which the inventories can be realized in the normal course of business after allowing for the cost of conversion from their existing state to finished condition and for the estimated cost necessary to make the sale.

3.5 *Trade debts*

These are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. The Group applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade and other receivables. The management of the Holding Company has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

3.6 *Advances, deposits and prepayments*

These are stated at the amortized costs which are the amounts originally disbursed and to be adjusted / refunded in future. Provision is made for the balances considered doubtful, if any. Amounts considered irrecoverable / unadjustable are written off.

3.7 *Cash and cash equivalents*

Cash and cash equivalents are carried in the statement of financial position at nominal amounts which is considered to be their amortized cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks in current and saving accounts.

3.8 *Trade and other payables*

Liabilities for trade and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations whether or not billed to the Group. Liabilities are written back and recognized as other income when these are considered to be no longer payable.

3.9 *Provisions*

Provisions are recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.10 *Financial assets and liabilities*

3.10.1 *Initial Recognition*

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.10.2 *Classification of financial assets*

The Group classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL"),

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value throug h OCI.

3.10.3 Financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

3.10.4 Subsequent measurement

Financial assets at FVTOCI
These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL
Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.10.5 Impairment of financial assets at amortized cost

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such as Group's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive). Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.10.6 Derecognition

Financial assets

The Holding Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Holding Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Holding Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.10.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.11 Revenue recognition

- Sale of goods, including scrap sales, is recognized on dispatch of goods to customer when significant risks and rewards are transferred to the customers and associated performance obligations are met. For service income, performance obligations are fulfilled at the time when the agreed services are rendered to the satisfaction of clients. The transaction price of Group's contracts with customers for the sale of goods and services does not include any variable consideration, any significant financing component, any non-cash consideration or any consideration payable to its customers.

- Interest income is recognized on a time-apportioned basis using the effective rate of return.

- Gain on sale of fixed assets is recorded when title is transferred in favor of transferee.

- Other income is recognized on the occurrence of transactions on accrual basis when the associated performance obligations are met.

3.12 Taxation

Current

Provision for current taxation is computed in accordance with the provision of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences including on investments in associates and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit and loss account except to the extent it relates to items recognized directly in equity / other comprehensive income in which case it is also recognized in equity / other comprehensive income.

3.13 Earning per share

The Holding Company presents basic and diluted earning per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares.

3.14 Dividend and appropriation of reserves

Dividend distribution to the shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

3.15 Contingent Liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Holding Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.16 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized until their realization become virtually certain.

	Note	2020	2019
		--- Rupees in '000 ---	
4 PROPERTY, PLANT AND EQUIPMENT	4.1	475,433	480,165

4.1 Operating Fixed Assets

Description	Owned								
	Leasehold land*	Building on leasehold land*	Plant and machinery*	Gas and electric installations	Factory tools	Vehicles	Furniture and fixtures	Office and other equipment	Total
	------ Rupees in "000" ------								
Year ended June 30, 2020									
Opening net book value - restated	**450,000**	**20,400**	**9,576**	**-**	**56**	**41**	**-**	**92**	**480,165**
Depreciation charge for the year	**-**	**(2,400)**	**(2,143)**	**-**	**(56)**	**(41)**	**-**	**(92)**	**(4,732)**
Closing net book value as at June 30, 2020	**450,000**	**18,000**	**7,433**	**-**	**-**	**-**	**-**	**-**	**475,433**
As at June 30, 2020									
Cost / revalued* amount	**450,000**	**21,400**	**21,572**	**1,178**	**3,933**	**3,547**	**4,320**	**12,141**	**518,091**
Accumulated Depreciation	**-**	**(3,400)**	**(14,139)**	**(1,178)**	**(3,933)**	**(3,547)**	**(4,320)**	**(12,141)**	**(42,658)**
Closing net book value as at June 30, 2020	**450,000**	**18,000**	**7,433**	**-**	**-**	**-**	**-**	**-**	**475,433**
Year Ended June 30, 2019									
Opening net book value	-	-	13,929	-	74	13	-	178	14,194
Additions during the year	-	-	-	-	-	55	-	-	55
Reclassification of assets held for sale - restated	450,000	21,400	-	-	-	-	-	-	471,400
Disposals during the year	-	-	(1,129)	-	-	-	-	-	(1,129)
Depreciation charge for the year - restated	-	(1,000)	(3,224)	-	(18)	(27)	-	(86)	(4,355)
Closing net book value as on June 30, 2019 - restated	450,000	20,400	9,576	-	56	41	-	92	480,165
As at June 30, 2019									
Cost / revalued* amount - restated	450,000	21,400	21,572	1,178	3,933	3,547	4,320	12,141	518,091
Accumulated Depreciation - restated	-	(1,000)	(11,996)	(1,178)	(3,877)	(3,506)	(4,320)	(12,049)	(37,926)
Closing net book value as at June 30, 2019 - restated	450,000	20,400	9,576	-	56	41	-	92	480,165
Useful life - Years	***Indefinite***	**10**	**7**	**10**	**5**	**4**	**5**	**5**	

		Note	2020	2019
			----- Rupees in '000 -----	
4.2	***The depreciation charge for the year has been allocated as follows:***			*Restated*
	Cost of sales	22	**3,786**	3,484
	Administrative expenses	24	**946**	871
			4,732	4,355

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

4.4 Cost of fully depreciated assets as on the reporting date amounting to Rs. 25.119 (2019: Rs. 24.95) million.

4.5 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 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 plant and machineries based on current rates and applying residual factors based on present condition and obsolescence.

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.

		2020	2019
		----- Rupees in '000 -----	
4.6	***Had there been no revaluation, the written down value of revalued assets would have been as follows:***		*Restated*
	Lease hold land	**61**	61
	Building on lease hold land	**693**	1,170
	Plant and machinery	**-**	63
		754	1,294

4.7 The forced sale value of leasehold land, building on leasehold land and plant and machinery suggested collectively by the independent valuer as on the revaluation date, i.e. January 13, 2018 was Rs. 370 million.

4.8 ***Correction of error***

The management of the holding company had inadvertently depreciated the leasehold land in prior years which is held for an indefinite useful life as the lease period can be extended for an another term of 99 years by paying a nominal fee to the Government. Error has been rectified during the current financial year retrospectively by restating the corresponding figures in these consolidated financial statements.

Retrospective correction of error had the following effects on the amounts presented for June 30, 2019 and June 30, 2018:

	As previously reported	Rectification Adjustment	As restated
Statement of Financial Position	- - - - - - - - - Rupees in '000 - - - - - - - - -		
As at June 30, 2019			
Property, plant and equipment	467,184	12,981	480,165
Surplus on revaluation of fixed assets	457,896	12,810	470,706
Accumulated losses	(406,348)	171	(406,177)
As at June 30, 2018			
Non current assets classified as held for sale	472,158	1,442	473,600
Surplus on revaluation of fixed assets	474,380	1,270	475,650
Accumulated losses	(378,170)	172	(377,998)
Statement of Profit or Loss and Other Comprehensive Income			
For the year ended June 30, 2019			
Cost of sales	(11,756)	2,885	(8,871)
Administrative expenses	(21,048)	721	(20,327)

5 INTANGIBLE ASSET

		2020	2019
		- - - - - Rupees in '000 - - - - -	
Computer software			
Cost		**129**	129
Accumulated amortization		**(129)**	(129)
		-	-

6 LONG TERM DEPOSITS

		2020	2019
Central Depository - CDCPL		**25**	25
Pakistan Telecommunication - PTCL		**34**	34
K-Electric - KE		**21**	21
Sui Southern Gas - SSGC		**237**	237
Others		**-**	242
		317	559

7 STOCK-IN-TRADE

	Note	2020	2019
Raw material and components			
In hand - gross		**34,158**	34,158
Work-in-process		**4,386**	4,386
		38,544	38,544
Less: provision for obsolete / slow moving items	7.1	**(38,544)**	(36,588)
		-	1,956

7.1 Movement in obsolete / slow moving items

	Note	2020	2019
Balance as on July 01,		**36,588**	37,840
Provision made during the year	26	**1,956**	-
Reversals during the year on account of sale	27	**-**	(1,252)
Balance as on June 30,		**38,544**	36,588

		Note	2020	2019
			----- Rupees in '000 -----	
8	***TRADE DEBTS***			
	- Considered doubtful			
	Trade debts		**75**	187
	Less: Provision for doubtful trade debts	8.1	**(75)**	(22)
			-	165

		Note	2020	2019
8.1	***Movement in provision for doubtful trade debts***			
	Opening provision		**22**	-
	Provision made during the year	26	**53**	22
			75	22

		Note	2020	2019
9	***ADVANCES AND PREPAYMENTS***			
	Advances - considered doubtful			
	To suppliers		-	881
	To employees		-	307
	Against purchase of land		-	2,717
	Others		-	71
			-	3,976
	Less: Provision for doubtful advances	9.2	-	(3,854)
			-	122
	Prepayments		**68**	-
			68	122

9.1 These represent interest free loans to related parties and are recoverable on demand. These are due for over one year. Closing balances represent maximum aggregate amounts outstanding at any month end during the year.

9.2 *Movement in provision for doubtful advances*	*Opening provision*	*Provision made during the year*	*Advances written off during the year*	*Closing provision*
Suppliers	(794)	(87)	881	-
Purchase of land	(2,717)	-	2,717	-
Employees	(272)	-	272	-
Others	(71)	-	71	-
	(3,854)	**(87)**	**3,941**	-

		Note	2020	2019
			----- Rupees in '000 -----	
10	***TAX REFUNDS DUE FROM THE GOVERNMENT***			
	Income tax	10.1	**2,664**	5,272
	Sales tax		**20,988**	20,844
	Less: Provision for doubtful sales tax refunds		**(20,844)**	-
			144	20,844
			2,808	26,116

		Note	2020	2019
10.1	***Balance as on July 01,***		**5,272**	4,963
	Taxes paid during the year		**102**	333
	Advance tax written off		**(2,655)**	-
	Provision for taxation written back		**560**	-
	Prior year adjustment	28	**(155)**	(24)
	Tax liability for the year	28	**(460)**	-
	Balance as on June 30,		**2,664**	5,272

11 CASH AND BANK BALANCES

	Note	2020	2019
		----- Rupees in '000 -----	
Cash in hand		1	31
Cash at banks			
- in current accounts		1,715	118
- in savings accounts	11.1	77	70
		1,792	188
		1,793	219

11.1 This carry profit at the rate ranging from 6.36% to 11.41% (2019: 5.75% to 10.25%) per annum.

12 SHARE CAPITAL

2020	2019		2020	2019
Number of shares		Ordinary shares of Rs. 10 each	----- Rupees in '000 -----	
8,000,000	8,000,000	***Authorized Capital***	80,000	80,000
		Issued, Subscribed And Paid-Up Capital		
4,638,268	4,638,268	Fully paid in cash	46,383	46,383
93,000	93,000	Issued for other than cash	930	930
718,704	718,704	Fully paid bonus shares	7,187	7,187
5,449,972	5,449,972		54,500	54,500

12.1 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends and other entitlements in the form of bonus and right shares, as and when declared by the Company. Each member is entitled to one vote per share at the general meetings of the Company.

13 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		----- Rupees in '000 -----	Restated
Balance as at July 01,		479,189	485,414
Reclassification adjustment - net of deferred tax		-	(1,562)
Related deferred tax liability of reclassification adjustment		-	(638)
Transfer to equity in respect of incremental depreciation - net of deferred tax		(3,202)	(2,104)
Related deferred tax liability on incremental depreciation		(1,308)	(859)
Effect of disposal during the year - net of deferred tax		-	(754)
Deferred tax on disposal during the year		-	(308)
		(4,510)	(6,225)
Balance as at June 30,		474,679	479,189
Less: Related deferred tax liability			
- at the beginning of the year		(8,483)	(9,764)
- related to reclassification adjustment		-	638
- on incremental depreciation for the year		1,308	859
- effect of disposal during the year		-	308
- effect of tax rate adjustment	13.2	-	(524)
- at the end of the year		(7,175)	(8,483)
		467,504	470,706

13.1 In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property and equipment in terms of following fair value hierarchy:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using 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); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

Details of the Company's property, plant and equipment in terms of fair value hierarchy, explained above, at June 30, 2020 is as follows:

		Level 1	Level 2	Level 3
		-------- Rupees in '000 ---------		
Assets measured at fair value				
Operating fixed assets - Lease hold land		-	**450,000**	-
Operating fixed assets - Building on lease hold land		-	**18,000**	-
Operating fixed assets - Plant and Machinery		-	**7,433**	-
	2020	-	**475,433**	-
	2019	-	479,976	-

14 NON-CONTROLLING INTEREST

	Note	2020	2019
		----- Rupees in '000 -----	Restated
NCI Share in issued, subscribed and paid-up capital of subsidiaries		**9,490**	9,490
NCI Share in accumulated losses of subsidiaries			
- Brought forward		**(23,172)**	(23,159)
- For the year		**307**	(13)
		(22,865)	(23,172)
	14.1	**(13,375)**	(13,682)
14.1 NCI balance as on July 01,		**(13,682)**	(13,669)
Share of profit / (loss) for the year		**307**	(13)
NCI balance as on June 30,	14.1.1	**(13,375)**	(13,682)

14.1.1 Correction of error

In prior years, management of the Holding Company, inadvertently, did not account for the effects of Non-Controlling Interest (NCI) with respect to share of losses incurred by the subsidiary companies in accordance with the requirements of the IFRS.

Error has been rectified during the current financial year retrospectively by restating the corresponding figures of the NCI in these consolidated financial statements.

15 LONG TERM LOANS
- Unsecured and interest bearing

	Note	2020	2019
		----- Rupees in '000 -----	
From related parties			
Close family member of former director	15.1	**8,408**	8,408
Former director	15.2	**20,377**	20,377
Associated company	15.3	**3,046**	52,010
		31,831	80,795
Less: Current portion of long term loans	15.4	**(31,831)**	(80,795)
		-	-

15.1 This represents loan received from Mr. Faisal Bilal Qureshi and carries markup at the rate of 1 year Kibor plus 2% (2019: 1 year Kibor plus 2%) per annum. The terms of repayment of loan and markup have been rescheduled from time to time. As per the latest rescheduled term made on June 30, 2019, the loan with the markup thereon was repayable on or before December 31, 2019, however, the Company could not settle the loan due to liquidity issues. Therefore, whole amount of loan is classified as current liability.

15.2 This represents loan received from Mr. Bilal Qureshi in different tranches amounting to Rs. 9.58 million, Rs. 3.00 million and Rs. 7.80 million obtained under various agreements. The terms of repayment of loan and markup thereon have been rescheduled from time to time. As per the latest rescheduled term made on June 30, 2019, the loan with the markup thereon was repayable in twenty four equal quarterly installments commencing from July 01, 2020. While the mark-up on the tranche of Rs. 9.58 million will be charged at the rate of 1 year Kibor plus 2% per annum while the mark-up on the tranches of Rs. 3.00 million and Rs. 7.80 million shall be charged at the rate of 1 Month Kibor plus 2% per annum.

15.3 This represents loan received from Elmetec (Pvt.) Limited and carries markup at the rate of 1 year Kibor plus 2% (2019: 1 year Kibor plus 2%) per annum. The terms of repayment of loan and markup have been rescheduled from time to time. As per the latest rescheduled term made on June 30, 2019, the loan with the markup thereon was repayable on or before December 31, 2019, however, the Company could not settle the loan due to liquidity issues. Therefore, whole amount of loan is classified as current liability.

15.4 During the year, the new sponsor of the Company, after taking over the control of the affairs of the Company w.e.f. April 01, 2020, has renegotiated the terms described above in note no. 15.1 to 15.3 with all these lenders, according to which the loans together with the markup accrued thereon only upto March 31, 2020 will be repaid by the new sponsor within this financial year. Therefore, no mark-up has been accrued in these financial statements after April 01, 2020 and accordingly, loans and markup payable thereon have been classified as current liabilities in these consolidated financial statements.

16 DEFERRED LIABILITIES

	Note	2020	2019
		----- Rupees in '000 -----	
Staff retirement benefits - Gratuity	16.1	**-**	4,027
Deferred taxation	16.2	**7,175**	9,079
		7,175	13,106

16.1 Staff retirement benefits - Gratuity

	Note	2020	2019
Staff retirement benefits - Gratuity	16.1.2	**850**	4,921
Unclaimed gratuity shown under trade and other payables	17	**(850)**	(894)
		-	4,027

16.1.1 Given the current operational status of the Company, management has decided to cease the gratuity with effect from July 01, 2019, as the number of employees of the Company are below the minimum threshold of employees defined under the Industrial and Commercial Employment (Standing Orders), 1968. Gratuity payable as on the reporting date is related to employees already left the Company and therefore, it has been classified as current liability in these consolidated financial statements.

	Note	2020	2019
		----- (Rupees in '000) -----	
16.1.2 Liability for gratuity arose in the following manner:			
Opening net liability		**4,921**	5,038
Provision for the year	16.1.3	**-**	417
Remeasurement gain charged to OCI		**-**	(534)
Benefits paid		**(4,071)**	-
Closing net liability		**850**	4,921
16.1.3 Charge to statement of profit or loss			
Current service cost		**-**	44
Interest cost		**-**	373
Total amount chargeable to statement of profit or loss		**-**	417

16.1.4 Principal assumptions	***2020***	*2019*
Valuation discount rate	**n/a**	14%
Expected rate of eligible salary increase in future years	**n/a**	9%

16.2 Deferred taxation

	Note	2020	2019
Taxable temporary differences			
Surplus on revaluation of fixed assets	13	**7,175**	8,483
		-	596
		7,175	9,079
Deductible temporary differences			
Accelerated tax depreciation		**2,235**	2,509
Available tax losses		**92,407**	99,678
Provisions		**22**	-
		(94,664)	(102,187)
		(87,489)	(93,108)
Deferred tax asset not recognised	16.2.1	**94,664**	102,187
		7,175	9,079

16.2.1 The management of the holding company has not recognized the deferred tax asset on deductible differences as on the reporting date as the management is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

16.2.2 *Breakup of unused tax losses and their expiry dates is as follows:*

Normal business loss	***Expiry date***	***2020 Rs. in '000***
TY 2015	June 30 2021	**50,380**
TY 2016	June 30 2022	**44,869**
TY 2017	June 30 2023	**71,365**
TY 2018	June 30 2024	**42,053**
TY 2019	June 30 2025	**28,326**
TY 2020	June 30 2026	**27,731**
		264,724
Unabsorbed tax depreciation	Indefinite	**53,922**

17 TRADE AND OTHER PAYABLES

	Note	2020	2019
		----- (Rupees in '000) -----	
Trade creditors	17.1	**5,338**	124,875
Advance from customers - unsecured	17.2	**8,638**	31,318
Accrued liabilities	17.3	**7,903**	30,848
Payable to ex-employees		**802**	802
Provident fund payable	17.4 & 17.5	**725**	535
Unclaimed gratuity payable	16.1	**850**	894
Withholding tax payable		**499**	996
Others	17.6	**249**	2,014
		25,004	192,282

17.1 This includes Rs. nil (2019: Rs. 119.690) million payable to an associated company - related party.

17.2 This includes Rs. nil (2019: Rs. 22.575) million advance received from an associated company - related party.

17.3 This includes Rs. nil (2019: Rs. 9.194) million payable to former CEO of the Company - related party, on account of salaries and other benefits.

17.4 Given the current operational status of the Company, management has decided to cease the provident fund facility with effect from January 01, 2020, as the number of employees of the Company are below the minimum threshold of employees defined under the Industrial and Commercial Employment (Standing Orders), 1968.

17.5 Investments out of Provident Fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

17.6 This includes Rs. nil (2019: Rs. 1.085) million payable to former CEO of the Company - related party, on account of reimbursable expenses incurred on behalf of the Company.

18 SHORT TERM BORROWINGS
- Unsecured and interest free

	Note	2020	2019
		----- (Rupees in '000) -----	
From related parties			
Director	18.1	**-**	2,851
New sponsor director	18.2	**233,384**	-
Former directors	18.3	**12,533**	7,583
		245,917	10,434

18.1 During the year, the director, Mr. Salman Ganny, has resigned from his position, therefore, loan has been classified as disclosed in note no. 18.3 below.

18.2 This represents unsecured and interest free loan received from the new sponsor director, Mr. Anis Mianoor, which is repayable on demand.

18.3 These represent unsecured and interest free loans received from former directors of the Company, Mr. Salman Ganny and Mr. Bilal Qureshi amounting to Rs. 4.950 (2019: Rs. 2.851) million and Rs. 7.583 (2019: Rs. 7.583) million respectively, which are repayable on demand.

	Note	2020	2019
		----- (Rupees in '000) -----	
19 ACCRUED MARKUP			
On long term loans from related parties			
Close family member of former director	15.1	**12,969**	11,981
Former director	15.2	**12,757**	10,388
Associated company	15.3	**34,011**	27,901
		59,737	50,269

20 CONTINGENCIES AND COMMITMENTS

20.1 **Contingencies**

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

20.1.2 Audit u/s 177 (1) read with section 214-D of the Income Tax Ordinance 2001 for tax year 2015 was selected and demand amounting to Rs. 9.955 million has been raised. Company has filed an appeal before Honorable Commissioner (Appeal-IV), Karachi which is pending as on the reporting date. The Company's tax advisor expects a favourable outcome of the case.

20.1.3 An audit proceeding u/s 122 of the Income Tax Ordinance, 2001 for tax year 2016 were conducted by the Assistant/ Deputy Commissioner Inland Revenue, Zone-I, Unit-2, Range-A, Zone-I, MTO, Karachi, who raised the demand tax amounting to Rs. 161.401 million. Company filed an appeal with the Commissioner Appeals who remanded back the order for reassessment. Subsequent to year end, after reassessment, Assistant / Deputy Commissioner Inland Revenue raised the demand to Rs. 174.759 million. An appeal in this respect has been filed to the Honorable Commissioner (Appeal-IV), Karachi on September 29, 2020. The Company's tax advisor expects a favourable outcome of the case.

20.1.4 An order was passed by additional commissioner IR raising demand of Rs. 5.703 million as principal and Rs. 0.285 million as penalty for default in deduction / payment of withholding sales tax in relation to tax years 2013 to 2016 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 Company's tax advisor expects a favourable outcome of the case.

20.1.5 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.

In pursuant of this decree, the Bank agreed that prior to executing the Decree against the defendant no. 2 as guarantor, the Bank will execute decree against all the assets of the defendant no. 1. In this regard, the Bank sold the factory land and building thereon at the consideration of Rs. 23.5 million which has also been confirmed by the Court during the year. The entire amount of loan has been settled by the subsidiary company, which is also confirmed from the Credit Information Report obtained from SBP, which shows nil liability. However, the bank is yet to issue No Obligation Certified (NOC) or nil liability certificate to the subsidiary company. Therefore, no liability arises on the part of Company as guarantor in this case.

	Note	2020	2019
20.2 Commitment		----- (Rupees in '000) -----	
Guarantee issued by a banking company on behalf of the Company against performance bond		**1,745**	1,657

21 SALES

		2020	2019
Gross sales		**1,097**	4,728
Commission on sales		**(80)**	(66)
Sales tax		**(159)**	(687)
		858	3,975
Service income		**47**	103
		905	4,078

22 COST OF SALES

	Note	2020	2019
Raw material consumed	22.1	**237**	2,155
Salaries, wages and other benefits	22.2	**1,209**	2,580
Fuel and power		**528**	437
Repair and maintenance		**786**	42
Traveling and conveyance		**3**	17
Depreciation	4.2	**3,786**	3,484
Other manufacturing expenses		**133**	156
		6,682	8,871
Work in process			
Opening stock		**4,386**	4,386
Closing stock	7	**(4,386)**	(4,386)
		-	-
		6,682	8,871

22.1 Raw material consumed

	Note	2020	2019
Opening stock		**34,158**	35,380
Purchases during the year		**237**	933
		34,395	36,313
Closing stock	7	**(34,158)**	(34,158)
		237	2,155

22.2 Salaries, wages and other benefits

	Note	2020	2019
Salaries and wages		**1,202**	2,473
Gratuity	16.1.1	**-**	93
P.F Contribution	17.4	**7**	14
		1,209	2,580

23 DISTRIBUTION EXPENSES

	Note	2020	2019
		----- (Rupees in '000) -----	
Salaries, wages and other benefits	23.1	**221**	503
Advertising and sales promotion		**-**	76
Travelling and conveyance		**6**	3
Repair and maintenance		**20**	8
Entertainment		**4**	11
Others		**1**	252
		252	853

23.1 *Salaries, wages and other benefits*

	Note	2020	2019
Salaries and wages		**214**	470
Gratuity	16.1.1	**-**	18
P.F Contribution	17.4	**7**	15
		221	503

24 ADMINISTRATIVE EXPENSES

	Note	2020	2019
Salaries and other benefits	24.1 & 31	**6,486**	8,644
Travelling and conveyance		**375**	509
Legal and professional		**3,239**	4,536
Rent, rates and taxes		**482**	185
Repair and maintenance		**1,251**	396
Printing, stationery and postage		**697**	933
Utilities		**910**	811
Entertainment		**110**	321
Fees and subscription		**984**	1,033
Auditors' remuneration	24.2	**953**	993
Insurance expense		**84**	147
Depreciation	4.2	**946**	871
Others		**398**	948
		16,915	20,327

24.1 *Salaries and other benefits*

	Note	2020	2019
Salaries and wages		**6,412**	8,190
Gratuity	16.1.1	**-**	306
P.F Contribution	17.4	**74**	148
		6,486	8,644

24.2 *Auditors' remuneration*

	2020	2019
Annual audit fee of the Holding Company	**500**	324
Annual audit fee of the subsidiaries	**150**	48
Review of half yearly financial statements	**75**	65
Consolidated financial statements	**100**	65
Review of statement of compliance with CoCG	**75**	54
Certification and others	**16**	-
Special audit fee	**-**	324
Out of pocket expenses	**37**	113
	953	993

25 FINANCE COST

	Note	2020	2019
		----- (Rupees in '000) -----	
Mark up on long term loans from related parties	15	**9,467**	8,242
Bank charges and commission		**16**	41
		9,483	8,283

26 OTHER CHARGES

	Note	2020	2019
Provision for obsolete / slow moving stock	7.1	**1,956**	-
Provision for doubtful debts	8.1	**53**	22
Provision for doubtful advances	9.2	**87**	13
Provision for doubtful sales tax refunds	10	**20,844**	-
Penalty paid to FBR	26.1	**702**	-
Advances written off		**2,685**	-
Other assets written off		**26**	32
Deposits written off		**242**	-
		26,595	67

26.1 This represents penalty paid in pursuant of monitoring of withholding taxes carried out by the FBR related to tax year 2015 to tax year 2018.

27 OTHER INCOME

	Note	2020	2019
		----- (Rupees in '000) -----	
Interest income		**8**	3
Scrap sales		**687**	-
Liabilities written back		**5,378**	-
Recovery of deposits previously written off		**-**	341
Reversal of provision for obsolete stock	7.1	**-**	1,252
		6,073	1,596

28 TAXATION - NET

	Note	2020	2019
Current		**460**	-
Prior		**155**	24
Deferred	16.2	**(1,904)**	(859)
		(1,289)	(835)

28.1 Returns up to the tax year 2019 have been filed, which are deemed to be assessed under provisions of the Income Tax Ordinance, 2001. However, the Commissioner of Income Tax may at any time during a period of five years from the date of filing of return, select any return for audit purpose.

29 LOSS PER SHARE - BASIC AND DILUTED

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

	2020	2019 Restated
Loss after taxation - (Rupees in thousand)	**(51,660)**	(31,892)
Weighted average number of ordinary shares	**5,449,972**	5,449,972
Loss per share - basic and diluted - (Rupees)	**(9.48)**	(5.85)

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 Financial Instruments By Category

	Note	2020	2019
		----- (Rupees in '000) -----	
Financial Assets			
- At amortized cost			
Long term deposits	6	**317**	559
Trade debts	8	**-**	165
Cash and bank balances	11	**1,793**	219
		2,110	943
Financial Liabilities			
- At amortized cost			
Current maturity of long term loans	15	**31,831**	80,795
Trade and other payables	17	**14,292**	158,539
Short term borrowings	18	**245,917**	10,434
Accrued markup	19	**59,737**	50,269
Unpaid / unclaimed dividend		**4,268**	4,268
		356,045	304,306

30.2 Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

- Credit risk

- Liquidity risk

- Market risk

- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

30.2.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings.

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 abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

	2020	*2019*
	- - - - - (Rupees in '000) - - - - -	
Long term deposits	**317**	559
Trade debts	**-**	165
Bank balances	**1,792**	1,792
	2,109	2,516

Deposits

These do not require any impairment as these are mainly held with government backed public utility companies and with financial institutions with sound credit ratings.

Credit Rating of Company's Banks

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

Name of banks	*Rating Agency*	*Credit rating Short term*	*Long term*
Habib Bank Limited	VIS	A-1+	AAA
Habib Metropolitan Bank	PACRA	A1+	AA+
Silk Bank Limited	VIS	A-2	A-
Soneri Bank Limited	PACRA	A1+	AA-
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	VIS	A-1+	AAA
Bank Alfalah Limited	VIS	A-1+	AA+

30.2.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. 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 the financial liabilities as they fall due. The Company's approach to manage 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 at the risk of Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring statement of financial position liquidity ratios against internal and external requirements and maintaining debt financing plans.

Following are the contractual maturities of the financial liabilities:

	2020			
	Carrying amount	***Contractual cash flows***	***Six months or less***	***Six to twelve months***
	(Rupees in '000)			
Financial Liabilities				
Trade and other payables	**14,292**	**14,292**	**-**	**14,292**
Short term borrowings	**245,917**	**245,917**	**-**	**245,917**
Accrued markup	**59,737**	**59,737**	**-**	**59,737**
Unpaid / unclaimed dividend	**4,268**	**4,268**	**-**	**4,268**
Current maturity of long term loans	**31,831**	**31,831**	**-**	**31,831**
	356,045	**356,045**	**-**	**356,045**

	2019			
	Carrying amount	*Contractual cash flows*	*Six months or less*	*Six to twelve months*
	(Rupees in '000)			
Financial Liabilities				
Trade and other payables	158,539	158,539	-	158,539
Short term borrowings	10,434	10,434	-	10,434
Accrued markup	50,269	50,269	-	50,269
Unpaid / unclaimed dividend	4,268	4,268	-	4,268
Current maturity of long term loans	80,795	80,795	-	80,795
	304,306	304,306	-	304,306

30.2.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. Market risk comprises of three types of risks, currency risk, interest rate risk and price risk. The Company is not exposed to any risk as on the reporting date.

30.2.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arising formal the company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

i Requirements for appropriate segregation of duties between various functions, roles and responsibility;

ii Requirements for the reconciliation and monitoring of transactions;

iii Compliance with regulatory and other legal requirements;

iv Documentation of control and procedures;

v Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;

vi Ethical and business standards; and

vii Risk mitigation, including insurance where this is effective.

30.3 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of all the financial assets and liabilities reported in the consolidated financial statements approximate their fair values.

30.4 **Capital risk management**

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Holding Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Group finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Holding Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from banking companies including any finance cost thereon, less cash and bank balances. The Group's strategy is to maintain leveraged gearing. Since the Group has not taken any loan or borrowings from financial institutions as on the reporting date, hence its gearing ratio is nil as on the reporting date.

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	Executive		*Chief Executive*		*Director*		*Total*	
	2020	*2019*	***2020***	*2019*	***2020***	*2019*	***2020***	*2019*
	(Rupees in '000)							
Managerial remuneration	-	1,200	**1,800**	2,400	-	-	**1,800**	3,600
Rent and utilities	-	-	**618**	1,719	-	59	**618**	1,778
	-	1,200	**2,418**	4,119	-	59	**2,418**	5,378
No. of person(s)	-	1	**1**	1	-	1		

31.1 Due to financial constraints, the new CEO has voluntarily waived the remuneration, w.e.f. April 2020, till the revival of the operations of the Company.

32 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies including subsidiaries, directors of the all the Group entities including key management personnel and their close family members. Year end balances relating to related parties are specifically disclosed in relative notes to these consolidated financial statements. Remuneration to directors and CEO of the Holding Company is disclosed in note no. 31 to these consolidated financial statements. Other transactions with related parties are as follows:

	2020	2019
	---- (Rupees in '000) ----	
Associated Company - Close family member of former director of the Company is a director of the associated company		
Elmetec (Pvt.) Limited		
Long term loan obtained	**6,036**	6,080
Long term loan repaid	**55,000**	-
Purchases	**268**	891
Trade liability paid	**119,957**	-
Advance received from associated company repaid	**22,575**	-
Markup charged	**6,110**	4,653
Close family member of former director of the Company		
Faisal Bilal Qureshi		
Markup charged	**988**	1,068
Bilal Qureshi - former director of the Company		
Short term loan obtained	**-**	600
Markup charged	**2,369**	2,521
Key Management Personnel of the Company		
Anis Mianoor - New Sponsor (79.82% shareholding)		
Loan obtained	**233,384**	-
Salman Ganny - former director of the Company (0.02% shareholding)		
Short term loan obtained	**2,099**	-
Shehryar Saeed - former CEO of the Company		
Accrued salary and other benefits paid	**11,612**	-
Gratuity paid	**3,500**	-
Reimbursable expenses incurred	**567**	-
Expenses reimbursed by the Company	**1,652**	-
Post Employment Benefit - Provident Fund		
Contribution paid to Fund	**-**	177

32.1 Transactions with key management personnel are carried out under the terms of their employment.

32.2 The transactions with related parties are made under mutually agreed terms and conditions.

33 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.

		2020	2019
34	***NUMBER OF EMPLOYEES***		
	Total employees as at the year end	**2**	8
	Average employees during the year	**5**	8

35 CORRESPONDING FIGURES

Corresponding figures have been re-arranged / reclassified, whenever necessary, for the purpose of better presentation. Major reclassifications made during the year are as follows:

Reclassification from the caption component	***Reclassification to the caption component***	***Note***	***Amount Rs. in '000***
Accrued liabilities	Advance to supplier	9	**87**
Short term borrowings	Advances from customers	17	**4,000**
Short term borrowings	Accrued markup	19	**50,269**
Administrative expenses	***Other charges***	26	
Provision for doubtful debts	Provision for doubtful debts		**22**
Provision for doubtful advances	Provision for doubtful advances		**13**
Finance cost	***Other charges***		
Dormant bank accounts written off	Other assets written off	26	**32**
Cost of sales	***Other income***		
Reversal of provision for obsolete stock	Reversal of provision for obsolete stock	27	**1,252**

36 GENERAL

- Figures have been rounded off to the nearest Rupees in thousands.
- The external auditors of the Holding Company expressed disclaimer of opinion on the consolidated financial statements for the year ended June 30, 2019, therefore, corresponding figures in these consolidated financial statements are un-audited.

37 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 27, 2020 by the Board of Directors of the holding Company.

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

PATTERN OF SHARE HOLDINGS
JOHNSON & PHILLIPS (PAKISTAN) LIMITED
AS AT JUNE 30, 2020

Categories of shareholders	Shareholders	shares Held	Percentage
Directors, CEO and their Spouse & Minor Children			
Muhammad Anis Mianoor	1	4,349,757	79.81
Zainab Anis Mianoor	1	500	0.01
Muhammad Usman Mianoor	1	500	0.01
Muhammad Umair Mianoor	1	500	0.01
Uroosa Anis Mianoor	1	500	0.01
Muhammad Amin Khanani	1	500	0.01
Muhammad Hanif Chamdia	1	500	0.01
		4,352,757	
Financial Institutions.			
National Bank Of Pakistan	2	42,823	0.79
National Investment Trust (NIT)	2	16,787	0.31
Trustee National Bank Of pakistan Employees	2	54,349	1.00
Habib Bank Limited	1	245	0.00
Joint Stock Companies (Local).			
NH Securities (pvt) Ltd	1	376	0.01
Khadija & Kassam Ali Investments (pvt) Ltd.	1	1,500	0.03
Javed Omer Vohra & Company Limited	1	11	0.00
		1,887	
Investment Companies.			
H.M Investments (Pvt) Ltd.	2	125	0.00
Pyramid Investments (Private) Limited	2	1,380	0.03
Investment Corporation Of pakistan	1	3,016	0.06
		4,521	
General Public.			
Individual	**1113**	**975,901**	**17.91**
Others.			
Pakistan Shareholder Asociation	1	1	0.00
Administrator Abandoned Property	1	701	0.01
		702	
Totals	**1137**	**5,449,972**	**100**

Share Holders Holding 5% or more.	Shares Held		Percentage
Muhammad Anis Mianoor	3,254,536		59.72
National Investment Trust (NIT)	16,787		9.06

JOHNSON & PHILLIPS (PAKISTAN) LIMITE

PATTERN OF SHARE HOLDING

SHAREHOLDERS STATISTICS

AS AT JUNE 30, 2020

No of Share Holders	Shareholding			Total Shares Held
	From		To	
613	1	-	100	18,496
312	101	-	500	91,033
97	501	-	1000	78,284
88	1001	-	5000	193,949
11	5001	-	10000	75,372
3	10001	-	15000	38,404
5	15001	-	20000	91,558
1	35001	-	40000	37,048
1	40001	-	45000	42,500
1	50001	-	55000	52,507
1	75001	-	80000	79,000
1	110001	-	115000	110,273
1	190001	-	195000	191,791
1	1630001	-	1635000	1,630,221
1	2715001	-	2720000	2,719,536
1137			**Total**	**5,449,972**

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED

ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Johnson & Phillips Industries (Pakistan)** Limited which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the 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, 2020 and of the profit 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.

Emphasis of Matter

Company has prepared its financial statements on a basis other than going concern as disclosed in note no. 1.3 read with note no. 2.2 to the financial statements thereby recording assets at realizable values and liabilities at amounts payable. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and our auditors' report 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 the 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 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 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.

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 and 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;

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 (XVIII of 1980).

Other Matter

Financial statements for the year ended June 30, 2019 were audited by another firm of Chartered Accountants, who through their report dated September 30, 2019 expressed disclaimer of opinion on those financial statements due to following reasons:

- scope limitation due to lack of proper accounting records of current and previous assets and liabilities of the Company in accordance with the requirements of the Act;

- existence, occurrence, accuracy, and completeness of different assets written off and liabilities written back could not be substantiated;

- inappropriateness of going concern assumption used by the management for the preparation of those financial statements; and

- tax contingencies could not be ascertained due to the absence of related information and accordingly, the effects of deferred taxation could not be ascertained.

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

Mr. Mohammad Iqbal.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: October 27, 2020

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		---- (Rupees in '000) ----	
ASSETS			
Current Assets			
Advance income tax		-	615
Total Assets		-	615
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized capital			
3,000,000 Ordinary shares of Rs. 10 each		**30,000**	30,000
Issued, subscribed and paid-up capital	4	**30,000**	30,000
Advance against share capital	5	**-**	20,000
Accumulated losses		**(75,245)**	(77,000)
Total shareholders' equity		**(45,245)**	(27,000)
Current Liabilities			
Advance against share capital	5	**20,000**	-
Accrued and other payable	6	**50**	2,661
Short term borrowing	7	**24,835**	24,835
Provision for taxation		**360**	119
		45,245	27,615
Contingencies and commitments	8		
Total Equity and Liabilities		-	615

The annexed notes from 1 to 16 form an integral part of these financial statements.

Mahmood Amin

Chief Executive

Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---- (Rupees in '000) ----	
Administrative and operating expenses	9	**(665)**	(16)
Other income - liability written back		**2,780**	-
Profit / (loss) before taxation		**2,115**	(16)
Taxation - current		**(360)**	-
Profit / (loss) after taxation		**1,755**	(16)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		**1,755**	(16)
Earning / (loss) per share - Rupees	10	**0.59**	(0.01)

The annexed notes from 1 to 16 form an integral part of these financial statements.

Mahmood Aziz

Chief Executive

Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	*Advance against share capital*	*Accumulated losses*	*Total shareholders' equity*
		(Rupees in "000")		
Balance as at June 30, 2018	30,000	20,000	(76,984)	(26,984)
Total comprehensive loss for the year	-	-	(16)	(16)
Balance as at June 30, 2019	**30,000**	**20,000**	**(77,000)**	**(27,000)**
Reclassification adjustment (note no. 5)	-	**(20,000)**	-	**(20,000)**
Total comprehensive income for the year	-	-	**1,755**	**1,755**
Balance as at June 30, 2020	**30,000**	-	**(75,245)**	**(45,245)**

The annexed notes from 1 to 16 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		-----------(Rupees in '000)--------	
A. CASH FLOWS FROM CEASED ACTIVITIES			
Profit / (loss) before taxation		**2,115**	(16)
Adjustment for:			
Advance tax written off	9	**615**	-
Liabilities written off		**(2,780)**	-
Cash outflows before working capital changes		**(50)**	(16)
Increase in current liabilities			
Accrued and other payable		**50**	16
Net generated from ceased activities	**A**	-	-
B. CASH FLOWS FROM INVESTING ACTIVITIES	**B**	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES	**C**	-	-
Net increase in cash and cash equivalents (A+B+C)		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

The annexed notes from 1 to 16 form an integral part of these financial statements.

Chief Executive **Director**

1 STATUS AND NATURE OF BUSINESS

1.1Johnson and Phillips Industries (Pakistan) Limited (the Company) was incorporated on October 05, 1992 in Pakistan under the Companies Ordinance 1984 (now the Companies Act, 2017) as a public limited company. The Company is a wholly owned subsidiary of Johnson & Phillips (Pakistan) Limited. The principal activity of the Company is to manufacture and sell all types of electrical and mechanical equipment and appliances. The registered office of the Company is situated at C-10 South, avenue, SITE, Karachi.

1.2 Impact of COVID-19 on the financial statements

Management has thoroughly evaluated the effects of COVID-19 on the operations of the Company and concluded that there are no material implications of COVID-19 that could have required any disclosure in these financial statements.

1.3 Going concern

Management intends to windup the affairs of the Company for which the process has been initiated subsequent to year end. Therefore, management believes that the Company is not a going concern and may not be able to realize its assets or discharge its liabilities in the normal course of business and hence, the management has prepared these financial statements on a basis other than going concern as stated in note no. 2.2 to these financial statements.

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 International Financial Reporting Standards (IFRSs), issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

As disclosed in note no. 1.3 to the financial statements, the Company is not considered a going concern, therefore, these financial statements have been prepared on a basis other than going concern, according to which:

- All assets (if any) are stated at their realizable values; and
- All liabilities are stated at amounts payable based on best estimate.

While preparing the financial statements on aforementioned basis, management has applied the accounting and reporting standards as applicable in Pakistan, as disclosed in note 2.1.

Consequently, all non-current assets and non-current liabilities are reclassified as current assets / liabilities.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 *New standards, amendments to standards and IFRS interpretations that are effective for the June ended June 30, 2020*

The following amendments to accounting standards are effective for the year ended June 30, 2020. Except as explained otherwise, these standards and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective for period beginning on or after
Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 14 'Regulatory Deferral Accounts'	July 1, 2019
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

2.5.1 *First time adoption of new Standards*

IFRS 14 'Regulatory Deferral Accounts'
This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 1480 (I)/2019 dated November 27, 2019, to be effective for annual periods beginning on or after July 1, 2019. The objective of this standard is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.

IFRS 14 is not applicable on these financial statements of the Company as the Company does not deal in any goods or services that are subject to rate regulations.

IFRS 16 'Leases'
This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 434 (I)/2018 dated April 9, 2018, to be effective for annual periods beginning on or after January 1, 2019. This standard replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'.

IFRS 16 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An exemption exists for short term period (of less than 12 months) and low value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation so key metrics like EBITDA will change. Operating cashflows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of payments that reflects the interest can continue to be presented as operating cashflows.

The accounting for lessors will not significantly change.

Changes in accounting policy resulting from the adoption of IFRS 16 will be applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. However, IFRS 16 is not applicable on these financial statements as the Company does not have any asset on lease basis.

2.6 *Amendments to standards and IFRS interpretations that are not yet effective*

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from period beginning on or after
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023

	Effective for period beginning on or after
Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 17 - Insurance Contracts

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

3.1 Financial assets and liabilities

3.1.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.1.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL"),

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost
Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI
Financial assets that meet the following conditions are subsequently measured at FVTOCI:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through profit or loss
A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

3.1.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.1.4 Subsequent measurement

Financial assets at FVTOCI

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

3.1.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.1.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.1.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.2 Accrued and other payable

Liabilities for accrued and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations whether or not billed to the Company. Liabilities are written back and recognized as other income when these are considered to be no longer payable.

3.3 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.4 Taxation

Current
Provision for current taxation is computed in accordance with the provision of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

Deferred
Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences including on investments in associates and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit and loss account except to the extent it relates to items recognized directly in equity / other comprehensive income in which case it is also recognized in equity / other comprehensive income.

3.5 Earning per share

The Company presents basic and diluted earning per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares.

3.6 Dividend and appropriation of reserves

Dividend distribution to the shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

3.7 Contingent Liabilities

Contingent liability is disclosed when:

-there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

-there is present obligation that arises from past events but it IS not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.8 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
Number of Shares			----- Rupees in '000 -----	
		Ordinary shares of Rs. 10 each		
3,000,000	3,000,000	fully paid in cash	**30,000**	30,000

4.1 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends and other entitlements in the form of bonus and right shares, as and when declared by the Company. Each member is entitled to one vote per share at the general meetings of the Company.

	Note	2020	2019
		----- Rupees in '000 -----	
5 ADVANCE AGAINST SHARE CAPITAL	5.1	**20,000**	20,000

5.1 As discussed in note no. 1.3 to these financial statements, Company intends to windup the affairs and does not intend to issue any further shares, therefore, advance has been classified as current liability as on the reporting date.

	Note	2020	2019
		----- Rupees in '000 -----	
6 ACCRUED AND OTHER PAYABLE			
Accrued liabilities		**50**	48
Sales tax payable		-	39
Withholding tax payable		-	505
Workers' Profit Participation Fund payable		-	2,069
		50	2,661
7 SHORT TERM BORROWING			
- From holding company - related party			
Johnson and Phillips (Pakistan) Limited	7.1	**24,835**	24,835

7.1 The loan is unsecured, interest free and repayable on demand. The loan was utilized for working capital requirements of the Company.

8 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments binding on the Company as on the reporting date.

	2020	2019
9 ADMINISTRATIVE AND OPERATING EXPENSES	----- Rupees in '000 -----	
Auditors remuneration	**50**	16
Advance tax written off	**615**	-
	665	16

10 *EARNING / (LOSS) PER SHARE - BASIC AND DILUTED*

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

	2020	2019
Profit / (loss) after taxation - (Rupees in thousand)	1,755	(16)
Weighted average number of ordinary shares	3,000,000	3,000,000
Earning / (loss) per share - basic and diluted - (Rupees)	0.59	(0.01)

11 *FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES*

11.1 *Financial Instruments By Category*

	Note	2020	2019
		----- (Rupees in '000) -----	
Financial Liabilities			
- At amortized cost			
Accrued and other payable	6	50	48
Short term borrowing	7	24,835	24,835
		24,885	24,883

11.2 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

- Credit risk

- Liquidity risk

- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

11.2.1 *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.

Company is not exposed to any credit risk as on the reporting date.

11.2.2 *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.

Following are the contractual maturities of the financial liabilities:

	Carrying amount	Contractual cash flows	Upto six months	Upto one year
Financial Liabilities	------------- (Rupees in '000) ------------			
Accrued and other payable	**50**	**50**	**50**	**-**
Short term borrowing	**50**	**50**	**-**	**50**
June 30, 2020	**100**	**100**	**50**	**50**
Accrued and other payable	48	48	48	-
Short term borrowing	24,835	24,835	-	24,835
June 30, 2019	24,883	24,883	48	24,835

11.2.3 *Market risk*

Market risk is the risk that changes in market prices, such as interest rates, forex 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 not exposed to any market risk as on the reporting date.

11.3 *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, willing parties in an arm's length transaction.

The carrying values of all the financial liabilities reported in the financial statements approximate their fair values.

11.4 *Capital risk management*

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from banking companies including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. Since the Company has not taken any loan or borrowings from financial institutions as on the reporting date, hence its gearing ratio is nil as on the reporting date.

12 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

None of the Directors, Chief Executives are paid remuneration and any other allowances due to the inoperative status of the Company.

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies including subsidiaries, directors of the company, key management personnel and their close family members. Year end balances relating to related parties are specifically disclosed in relative notes to these financial statements. No related party transaction has been incurred during the year.

	2020	*2019*
14 NUMBER OF EMPLOYEES		
Total no. of employees as at the year end	-	-
Average no. of employees during the year	-	-

15 GENERAL

15.1 Figures have been rounded off to the nearest Rupees in thousands.

15.2 The external auditors of the Company expressed disclaimer of opinion on the financial statements for the year ended June 30, 2019, therefore, corresponding figures in these financial statements are un-audited.

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 27, 2020 by the Board of Directors of the Company.

Chief Executive **Director**

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JOHNSON & PHILLIPS TRANSFORMERS (PVT.) LIMITED

ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed financial statements of **Johnson & Phillips Transformers (Pvt.) Limited** which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and 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 except for the matter stated in the Basis for Qualified Opinion Section of our report.

Except for the effects or possible effects of the matter stated in the Basis for Qualified Opinion Section of our report, 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the 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, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

We could not substantiate the existence of short term borrowing from former director amounting to Rs. 3.685 million.

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 qualified opinion.

Emphasis of Matter

Company has prepared its financial statements on a basis other than going concern as disclosed in note no. 1.3 read with note no. 2.2 to the financial statements thereby recording assets at realizable values and liabilities at amounts payable. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and our auditors' report 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 the 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 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 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.

Report on Other Legal and Regulatory Requirements

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

a) Except for the effects or possible effects of the matter stated in the Basis for Qualified Opinion Section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) Except for the effects or possible effects of the matter stated in the Basis for Qualified Opinion Section of our report, the statement of financial position, the statement of profit or loss and 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;

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 (XVIII of 1980).

Other Matter

Financial statements for the year ended June 30, 2019 were audited by another firm of Chartered Accountants, who through their report dated September 30, 2019 expressed disclaimer of opinion on those financial statements due to following reasons:

- scope limitation due to lack of proper accounting records of current and previous assets and liabilities of the Company in accordance with the requirements of the Act;

- existence, occurrence, accuracy, and completeness of different assets written off and liabilities written back could not be substantiated;

- inappropriateness of going concern assumption used by the management for the preparation of those financial statements; and

- tax contingencies could not be ascertained due to the absence of related information and accordingly, the effects of deferred taxation could not be ascertained; and

- no confirmation reply from NBP in relation to settlement of long term loan which was payable by the Company to the bank.

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

Mr. Mohammad Iqbal.

Reanda Haroon Zakaria & Company — **Place:** Karachi

Chartered Accountants — **Dated:** October 27, 2020

JOHNSON & PHILLIPS TRANSFORMER (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

		2020	*2019*
ASSETS	***Note***	***----- (Rupees in '000) -----***	
Current Assets			
Advance income tax		-	1,982
Total Assets		-	1,982
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
3,000,000 Ordinary shares of Rs. 10 each		**30,000**	30,000
Issued, subscribed and paid-up capital	4	**30,000**	30,000
Accumulated losses		**(54,684)**	(55,698)
Total shareholders' equity		**(24,684)**	(25,698)
Non- Current Liabilities			
Deferred tax liability		-	596
Current Liabilities			
Accrued and other payable	5	**50**	2,109
Short term borrowings	6	**24,548**	24,548
Provision for taxation		**86**	427
		24,684	27,084
Contingencies and commitments	7		
Total Equity and Liabilities		-	1,982

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS TRANSFORMER (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
Administrative and operating expenses	8	**(2,032)**	(16)
Other income - liability written back		**2,536**	-
Profit / (loss) before taxation		**504**	(16)
Taxation			
- Current		**(86)**	-
- Deferred		**596**	-
		510	-
Profit / (loss) after taxation		**1,014**	(16)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		**1,014**	(16)
Income / (loss) per share - Rupees	9	**0.34**	(0.01)

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS TRANSFORMER (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	*Accumulated losses*	*Total shareholders' equity*
Balance as at June 30, 2018	30,000	(55,682)	(25,682)
Total comprehensive loss for the year	-	(16)	(16)
Balance as at June 30, 2019	**30,000**	**(55,698)**	**(25,698)**
Total comprehensive income for the year	-	**1,014**	**1,014**
Balance as at June 30, 2020	**30,000**	**(54,684)**	**(24,684)**

The annexed notes from 1 to 15 form an integral part of these financial statements.

Chief Executive **Director**

JOHNSON & PHILLIPS TRANSFORMER (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
A. CASH FLOWS FROM CEASED ACTIVITIES			
Profit / (loss) before taxation		**504**	(16)
Adjustment for:			
Advance tax written off	8	**1,982**	-
Liability written back		**(2,536)**	-
Cash outflows before working capital changes		**(50)**	(16)
Increase in current liabilities			
Accrued and other payable		**50**	16
Net generated from ceased activities	**A**	-	-
B. CASH FLOWS FROM INVESTING ACTIVITIES	**B**	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES	**C**	-	-
Net increase in cash and cash equivalents (A+B+C)		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

The annexed notes from 1 to 15 form an integral part of these financial statements.

Mahmood

Chief Executive

Director

1 STATUS AND NATURE OF BUSINESS

1.1 1.1Johnson and Phillips Industries (Pakistan) Limited (the Company) was incorporated on October 05, 1992 in Pakistan under the Companies Ordinance 1984 (now the Companies Act, 2017) as a public limited company. The Company is a 70% owned subsidiary of Johnson & Phillips (Pakistan) Limited. The principal activity of the Company is to manufacture and sell all types of electrical and mechanical equipment and appliances. The registered office of the Company is situated at C-10 South, avenue, SITE, Karachi.

1.2 Impact of COVID-19 on the financial statements

Management has thoroughly evaluated the effects of COVID-19 on the operations of the Company and concluded that there are no material implications of COVID-19 that could have required any disclosure in these financial statements.

1.3 Going concern

Management intends to windup the affairs of the Company by utilizing the easy exit scheme of the SECP for which the process has been initiated subsequent to year end. Therefore, management believes that the Company is not a going concern and may not be able to realize its assets or discharge its liabilities in the normal course of business and hence, the management has prepared these financial statements on a basis other than going concern as stated in note no. 2.2 to these financial statements.

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 International Financial Reporting Standards (IFRSs), issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

As disclosed in note no. 1.3 to the financial statements, the Company is not considered a going concern, therefore, these financial statements have been prepared on a basis other than going concern, according to which:

- All assets (if any) are stated at their realizable values; and

- All liabilities are stated at amounts payable based on best estimate.

While preparing the financial statements on aforementioned basis, management has applied the accounting and reporting standards as applicable in Pakistan, as disclosed in note 2.1.

Consequently, all non-current assets and non-current liabilities are reclassified as current assets / liabilities.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Company's functional currency.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 *New standards, amendments to standards and IFRS interpretations that are effective for the June ended June 30, 2020*

The following amendments to accounting standards are effective for the year ended June 30, 2020. Except as explained otherwise, these standards and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective for period beginning on or after
Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 14 'Regulatory Deferral Accounts'	July 1, 2019
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

2.5.1 *First time adoption of new Standards*

IFRS 14 'Regulatory Deferral Accounts'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 1480 (I)/2019 dated November 27, 2019, to be effective for annual periods beginning on or after July 1, 2019. The objective of this standard is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.

IFRS 14 is not applicable on these financial statements of the Company as the Company does not deal in any goods or services that are subject to rate regulations.

IFRS 16 'Leases'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 434 (I)/2018 dated April 9, 2018, to be effective for annual periods beginning on or after January 1, 2019. This standard replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'.

IFRS 16 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An exemption exists for short term period (of less than 12 months) and low value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation so key metrics like EBITDA will change. Operating cashflows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of payments that reflects the interest can continue to be presented as operating cashflows.

The accounting for lessors will not significantly change.

Changes in accounting policy resulting from the adoption of IFRS 16 will be applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. However, IFRS 16 is not applicable on these financial statements as the Company does not have any asset on lease basis.

2.6 *Amendments to standards and IFRS interpretations that are not yet effective*

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from period beginning on or after
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023
Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 17 - Insurance Contracts

3 *SIGNIFICANT ACCOUNTING POLICIES*

The significant accounting policies adopted in the preparation of these financial statements are set out below:

3.1 *Financial assets and liabilities*

3.1.1 *Initial Recognition*

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.1.2 *Classification of financial assets*

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL"),

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) he financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

3.1.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

***3.1.4* Subsequent measurement**

Financial assets at FVTOCI

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.1.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowance s are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.1.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.1.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.2 Accrued and other payable

Liabilities for accrued and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations whether or not billed to the Company. Liabilities are written back and recognized as other income when these are considered to be no longer payable.

3.3 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.4 Taxation

Current
Provision for current taxation is computed in accordance with the provision of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

Deferred
Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences including on investments in associates and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit and loss account except to the extent it relates to items recognized directly in equity / other comprehensive income in which case it is also recognized in equity/ other comprehensive income.

3.5 Earning per share

The Company presents basic and diluted earning per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares.

3.6 Dividend and appropriation of reserves

Dividend distribution to the shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

3.7 Contingent Liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it IS not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.8 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
Number of shares			----- Rupees in '000 -----	
		Ordinary shares of Rs. 10 each		
3,000,000	3,000,000	fully paid in cash	**30,000**	30,000

4.1 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends and other entitlements in the form of bonus and right shares, as and when declared by the Company. Each member is entitled to one vote per share at the general meetings of the Company.

	Note	2020	2019
		----- Rupees in '000 -----	
5 ACCRUED AND OTHER PAYABLE			
Workers' Profit Participation Fund payable		-	1,429
Accrued liabilities		**50**	680
		50	2,109
6 SHORT TERM BORROWINGS			
- From related parties			
From holding company			
Johnson and Phillips (Pakistan) Limited		**20,864**	20,864
Former director of the holding company			
Bilal Qureshi		**3,685**	3,685
	6.1	**24,548**	24,548

6.1 The loans are unsecured, interest free and repayable on demand. The loans were utilized for working capital requirements of the Company.

7 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments binding on the Company as on the reporting date.

	2020	2019
	----- Rupees in '000 -----	
8 ADMINISTRATIVE AND OPERATING EXPENSES		
Auditors remuneration	**50**	16
Advance tax written off	**1,982**	-
	2,032	16

		2020	2019
9 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED			

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

Profit / (loss) after taxation - (Rupees in thousand)	**1,014**	(16)
Weighted average number of ordinary shares	**3,000,000**	3,000,000
Earning / (loss) per share - basic and diluted - (Rupees)	**0.34**	(0.01)

	Note	2020	2019
10 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES		----- Rupees in '000 -----	

10.1 Financial Instruments By Category

	Note	2020	2019
Financial Liabilities			
- At amortized cost			
Accrued and other payable	5	**50**	680
Short term borrowings	6	**24,548**	24,548
		24,598	25,228

10.2 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

- Credit risk

- Liquidity risk

- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

10.2.1 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.

Company is not exposed to any credit risk as on the reporting date.

10.2.2 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.

Following are the contractual maturities of the financial liabilities:

	Carrying amount	Contractual cash flows	Upto six months	Upto one year
	(Rupees in '000)			
Financial liabilities				
Accrued and other payable	**50**	**50**	**50**	**-**
Short term borrowings	**24,548**	**24,548**	**-**	**24,548**
June 30, 2020	**24,598**	**24,598**	**50**	**24,548**
Financial liabilities				
Accrued and other payable	680	680	680	-
Short term borrowings	24,548	24,548	-	24,548
June 30, 2019	25,228	25,228	680	24,548

10.2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, forex 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 not exposed to any market risk as on the reporting date.

10.3 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, willing parties in an arm's length transaction.

The carrying values of all the financial liabilities reported in the financial statements approximate their fair values.

10.4 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from banking companies including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. Since the Company has not taken any loan or borrowings from financial institutions as on the reporting date, hence its gearing ratio is nil as on the reporting date.

11 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

None of the Directors, Chief Executives are paid remuneration and any other allowances due to the inoperative status of the Company.

12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies including subsidiaries, directors of the company, key management personnel and their close family members. Year end balances relating to related parties are specifically disclosed in relative notes to these financial statements. No related party transaction has been incurred during the year.

13 NUMBER OF EMPLOYEES	***2020***	*2019*
Total employees as at the year end	-	-
Average employees during the year	-	-

14 GENERAL

14.1 Figures have been rounded off to the nearest Rupees in thousands.

14.2 The external auditors of the Company expressed disclaimer of opinion on the financial statements for the year ended June 30, 2019, therefore, corresponding figures in these financial statements are un-audited.

15 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 27, 2020 by the Board of Directors of the Company.

Mahmood Aziz

Chief Executive

Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF J & P EMO PAKISTAN (PVT.) LIMITED
ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of J & P EMO Pakistan (Pvt.) Limited which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the 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, 2020 and of the loss and its comprehensive loss, 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.

Emphasis of Matter

Company has prepared its financial statements on a basis other than going concern as disclosed in note no. 1.3 read with note no. 2.2 to the financial statements thereby recording assets at realizable values and liabilities at amounts payable. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and our auditors' report 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 the 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 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 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.

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 and 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;

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

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

Other Matter

Financial statements for the year ended June 30, 2019 were audited by another firm of Chartered Accountants, who through their report dated September 30, 2019 expressed disclaimer of opinion on those financial statements due to following reasons:

- scope limitation due to lack of proper accounting records of current and previous assets and liabilities of the Company in accordance with the requirements of the Act;

- existence, occurrence, accuracy, and completeness of different assets written off and liabilities written back could not be substantiated;

- inappropriateness of going concern assumption used by the management for the preparation of those financial statements; and

- tax contingencies could not be ascertained due to the absence of related information and accordingly, the effects of deferred taxation could not be ascertained.

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

Mr. Mohammad Iqbal.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: October 27, 2020

J&P EMO PAKISTAN (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
ASSETS			
Current Assets			
Advance income tax		-	58
Total Assets		-	58
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized capital			
1,000,000 Ordinary shares of Rs. 10 each		**10,000**	10,000
Issued, subscribed and paid-up capital	4	**1,000**	1,000
Accumulated losses		**(4,062)**	(4,016)
Total shareholders' equity		**(3,062)**	(3,016)
Current Liabilities			
Accrued liabilities		**50**	48
Short term borrowing	5	**3,012**	3,012
Provision for taxation		-	14
		3,062	3,074
Contingencies and commitments	6		
Total Equity and Liabilities		-	58

The annexed notes from 1 to 14 form an integral part of these financial statements.

Chief Executive **Director**

J&P EMO PAKISTAN (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
Administrative and operating expenses	7	**(108)**	(16)
Operating loss		**(108)**	(16)
Other income - liabilities written off		**62**	-
Loss before taxation		**(46)**	(16)
Taxation		-	-
Loss after taxation		**(46)**	(16)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(46)**	(16)
Loss per share - Rupees	8	**(0.46)**	(0.16)

The annexed notes from 1 to 14 form an integral part of these financial statements.

Chief Executive **Director**

J&P EMO PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	*Accumulated losses*	*Total shareholders' equity*
Balance as at June 30, 2018	1,000	(4,000)	(3,000)
Total comprehensive loss for the year	-	(16)	(16)
Balance as at June 30, 2019	**1,000**	**(4,016)**	**(3,016)**
Total comprehensive loss for the year	-	**(46)**	**(46)**
Balance as at June 30, 2020	**1,000**	**(4,062)**	**(3,062)**

The annexed notes from 1 to 14 form an integral part of these financial statements.

Chief Executive

Director

J&P EMO PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		----- (Rupees in '000) -----	
A. CASH FLOWS FROM CEASED ACTIVITIES			
Loss before taxation		**(46)**	(16)
Adjustment for:			
Assets written off	7	**58**	-
Liabilities written off		**(62)**	-
Cash outflows before working capital changes		**(50)**	(16)
Increase in current liabilities			
Accrued liabilities		**50**	16
Net generated from ceased activities	**A**	-	-
B. CASH FLOWS FROM INVESTING ACTIVITIES	**B**	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES	**C**	-	-
Net increase in cash and cash equivalents (A+B+C)		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

The annexed notes from 1 to 14 form an integral part of these financial statements.

Chief Executive **Director**

1 STATUS AND NATURE OF BUSINESS

1.1 Johnson and Phillips EMO Pakistan (Private) Limited (the Company) was incorporated on March 22, 1993 in Pakistan under the Companies Ordinance 1984 (now the Companies Act, 2017) as a public limited company. The Company is a 51% owned subsidiary of Johnson & Phillips (Pakistan) Limited. The principal activity of the company is to participate in turnkey engineering industries projects. At present, the company is dormant. The registered office of the company is situated at C-10 South, avenue, SITE, Karachi.

1.2 Impact of COVID-19 on the financial statements

Management has thoroughly evaluated the effects of COVID-19 on the operations of the Company and concluded that there are no material implications of COVID-19 that could have required any disclosure in these financial statements.

1.3 Going concern

Management intends to windup the affairs of the Company for which the process has been initiated subsequent to year end. Therefore, management believes that the Company is not a going concern and may not be able to realize its assets or discharge its liabilities in the normal course of business and hence, the management has prepared these financial statements on a basis other than going concern as stated in note no. 2.2 to these financial statements.

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 International Financial Reporting Standards (IFRSs), issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

As disclosed in note no. 1.3 to the financial statements, the Company is not considered a going concern, therefore, these financial statements have been prepared on a basis other than going concern, according to which:

- All assets (if any) are stated at their realizable values; and
- All liabilities are stated at amounts payable based on best estimate.

While preparing the financial statements on aforementioned basis, management has applied the accounting and reporting standards as applicable in Pakistan, as disclosed in note 2.1.

Consequently, all non-current assets and non-current liabilities are reclassified as current assets / liabilities.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 New standards, amendments to standards and IFRS interpretations that are effective for the June ended June 30, 2020

The following amendments to accounting standards are effective for the year ended June 30, 2020. Except as explained otherwise, these standards and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective for period beginning on or after
Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 14 'Regulatory Deferral Accounts'	July 1, 2019
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

2.5.1 ***First time adoption of new Standards***

IFRS 14 'Regulatory Deferral Accounts'
This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 1480 (I)/2019 dated November 27, 2019, to be effective for annual periods beginning on or after July 1, 2019. The objective of this standard is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.

IFRS 14 is not applicable on these financial statements of the Company as the Company does not deal in any goods or services that are subject to rate regulations.

IFRS 16 'Leases'
This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP'), vide S.R.O. 434 (I)/2018 dated April 9, 2018, to be effective for annual periods beginning on or after January 1, 2019. This standard replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'.

IFRS 16 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An exemption exists for short term period (of less than 12 months) and low value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation so key metrics like EBITDA will change. Operating cashflows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of payments that reflects the interest can continue to be presented as operating cashflows.

The accounting for lessors will not significantly change.

Changes in accounting policy resulting from the adoption of IFRS 16 will be applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. However, IFRS 16 is not applicable on these financial statements as the Company does not have any asset on lease basis.

2.6 ***Amendments to standards and IFRS interpretations that are not yet effective***

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from period beginning on or after
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023

	Effective from period beginning on or after
Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	June 1, 2020
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted
Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards.
IFRS 17 - Insurance Contracts

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

3.1 Financial assets and liabilities

3.1.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.1.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:
- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL"),

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI
Financial assets that meet the following conditions are subsequently measured at FVTOCI:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through profit or loss
A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

3.1.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.1.4 Subsequent measurement

Financial assets at FVTOCI

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.1.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.1.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.1.7 *Offsetting of financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.2 *Accrued liabilities*

Liabilities for accrued and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations whether or not billed to the Company. Liabilities are written back and recognized as other income when these are considered to be no longer payable.

3.3 *Provisions*

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.4 *Taxation*

Current
Provision for current taxation is computed in accordance with the provision of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

Deferred
Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences including on investments in associates and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit and loss account except to the extent it relates to items recognized directly in equity / other comprehensive income in which case it is also recognized in equity / other comprehensive income.

3.5 *Earning per share*

The Company presents basic and diluted earning per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares.

3.6 *Dividend and appropriation of reserves*

Dividend distribution to the shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

3.7 *Contingent Liabilities*

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it IS not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.8 *Contingent Assets*

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
Number of Shares			----- Rupees in '000 -----	
		Ordinary shares of Rs. 10 each		
100,000	100,000	fully paid in cash	1,000	1,000

4.1 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends and other entitlements in the form of bonus and right shares, as and when declared by the Company. Each member is entitled to one vote per share at the general meetings of the Company.

	Note	2020	2019
		----- Rupees in '000 -----	
5 SHORT TERM BORROWING			
From holding company - related party			
Johnson and Phillips (Pakistan) Limited	5.1	3,012	3,012

5.1 The loan is unsecured, interest free and repayable on demand. The loan was utilized for working capital requirements of the Company.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There are no contingencies and commitments binding on the Company as on the reporting date.

	2020	2019
	----- Rupees in '000 -----	
7 ADMINISTRATIVE AND OPERATING EXPENSES		
Auditors remuneration	50	16
Advance tax written off	58	-
	108	16

8 LOSS PER SHARE - BASIC AND DILUTED	2020	2019
There is no dilutive effect on the basic earnings per share of the company, which is based on:		
Loss after taxation - (Rupees in thousand)	(46)	(16)
Weighted average number of ordinary shares	100,000	100,000
Loss per share - basic and diluted - (Rupees)	(0.46)	(0.16)

9 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES	Note	2020	2019
		----- Rupees in '000 -----	
9.1 Financial Instruments By Category			
Financial Liabilities			
- At amortized cost			
Accrued liabilities		**50**	48
Short term borrowing	5	**3,012**	3,012
		3,062	3,060

9.2 *Financial risk management*

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

9.2.1 *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.

Company is not exposed to any credit risk as on the reporting date.

9.2.2 *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.

Following are the contractual maturities of the financial liabilities:

	Carrying amount	Contractual cash flows	Upto six months	Upto one year
	------------ (Rupees in '000) ------------			
Financial liabilities				
Accrued liabilities	**50**	**50**	**50**	**-**
Short term borrowing	**3,012**	**3,012**	**-**	**3,012**
June 30, 2020	**3,062**	**3,062**	**50**	**3,012**
Financial liabilities				
Accrued liabilities	48	48	48	-
Short term borrowing	3,012	3,012	-	3,012
June 30, 2019	3,060	3,060	48	3,012

9.2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, forex 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 not exposed to any market risk as on the reporting date.

9.3 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, willing parties in an arm's length transaction.

The carrying values of all the financial liabilities reported in the financial statements approximate their fair values.

9.4 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from banking companies including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. Since the Company has not taken any loan or borrowings from financial institutions as on the reporting date, hence its gearing ratio is nil as on the reporting date.

10 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

None of the Directors, Chief Executives are paid remuneration and any other allowances due to the inoperative status of the Company.

11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies including subsidiaries, directors of the company, key management personnel and their close family members. Year end balances relating to related parties are specifically disclosed in relative notes to these financial statements. No related party transaction has been incurred during the year.

12 NUMBER OF EMPLOYEES

	2020	2019
Total employees as at the year end	-	-
Average employees during the year	-	-

13 GENERAL

13.1 Figures have been rounded off to the nearest Rupee.

13.2 The external auditors of the Company expressed disclaimer of opinion on the financial statements for the year ended June 30, 2019, therefore, corresponding figures in these financial statements are un-audited.

14 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 27, 2020 by the Board of Directors of the Company.

Mahmood Khan

Chief Executive **Director**

The Company Secretary,
JOHNSON & PHILLIPS (PAKISTAN) LIMITED
59TH ANNUAL GENERAL MEETING
Karachi

FORM OF PROXY

I, ______________________ S/o ______________________ , holder of CNIC No ______________________

Resident o f ____ 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 Tuesday, November 27, 2020 at 11:45 am 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 ______________________ 2020.

Signed by ______________________________________ in the presence of;

Witness:

1. Name Signature ______________________	2. Name Signature ______________________
Address ______________________	Address ______________________
CNIC or Passport No.: ______________________	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) along with proxy form to the Company.

پراکسی فارم

کمپنی سیکریٹری،
جانسن اور فلپس(پاکستان) لمیٹڈ
59th سالانہ جنرل میٹنگ
کراچی

میں، ______________ والدکانام ______________ قومی شناختی کارڈکانمبر ______________

رہائشی کےحامل ______________

جینسن اور فلیپس (پاکستان) لمیٹڈ کا رکن، ______________ باضابطہ فولیو / سی ڈی ایس‌اکاؤنٹ نمبر کے مطابق. حصص ______________

اس کے ساتھ، ______________ رہائشی کےحامل ______________

یا مسٹر / محترموں کو ناکلم 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 . تاریخ 27 نومبر 2020 کو 11:45بجے 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 ______________ 2020

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.

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