

## **DIRECTORS REPORT**

**The Board of Directors of Johnson & Phillips (Pakistan) Limited present to you the un-audited financial statements for the period ended March 31, 2016.**

**This has been another Quarter of declining sales. The company is striving hard to increase its order book inspite of declining FDI and a stagnant economy. Internationally price of oil has come down considerably, but its impact has not been allowed to reach the consumers because of imposition of additional taxes, resulting in an upward trend in prices of essential raw materials, which has had an unfavourable impact on our bottom line.**

**The Management while keeping a positive outlook for the future is exploring new avenues of business and focusing on restructuring of the Company.**

**The Board would like to thank its valued customers, suppliers and shareholders for their continued trust and support.**

**For and on behalf of Board of Directors**

**Karachi  
Dated: April 23rd, 2016**

**Shehryar Saeed  
(Chief Executive)**

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT MARCH 31, 2016**

**Un-Audited**      **Audited**  
**March 31, 2016**      **June 30, 2015**  
**(Rupees in thousand)**

**ASSETS**

**NON-CURRENT ASSETS**

Property, plant and equipment	186,193	192,820	
Long term investments	-	-	
Long term deposits	940	940	
	<b>187,133</b>	<b>193,760</b>	

**CURRENT ASSETS**

Stock-in-trade	46,499	45,324	
Trade debtors	15,952	9,009	
Loans and advances	22,571	16,828	
Deposits, prepayments and others receivable	6,845	6,844	
Advance income tax-net of provision	2,314	2,303	
Cash and bank balances	63	1,731	
	<b>94,242</b>	<b>82,039</b>	
	<b>281,376</b>	<b>275,799</b>	

**TOTAL ASSETS**

**EQUITY AND LIABILITIES**

**SHARE CAPITAL AND RESERVES**

**Authorised**

8,000,000 (June 2015: 8,000,000 ) ordinary shares of Rs. 10 each

	<b>80,000</b>	<b>80,000</b>	
Issued, subscribed and paid-up capital	54,500	54,500	
Share premium reserve	29,727	29,727	
General reserves	23,073	23,073	
Unappropriated loss	(272,764)	(230,381)	
<b>SHARE HOLDERS' EQUITY</b>	<b>(165,464)</b>	<b>(123,081)</b>	

Surplus on revaluation of property, plant and equipment

**176,632**      **176,632**

**NON-CURRENT LIABILITIES**

Long term borrowings	<b>75,775</b>	<b>77,331</b>	
Deferred liabilities - staff gratuity	<b>15,190</b>	<b>15,190</b>	

**CURRENT LIABILITIES**

Trade and other payables	167,252	121,459	
Short term borrowings	-	-	
Current and over due portion of long term borrowings	5,747	4,000	
Mark up accrued	1,977	-	
Unclaimed dividend	4,268	4,268	
	<b>179,244</b>	<b>129,727</b>	

**Contingencies and commitments**

-

**TOTAL EQUITY AND LIABILITIES**

**281,376**      **275,799**

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

**Chief Executive**

**Director**

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED AND QUARTER ENDED MARCH 31, 2016**

	Note	Nine Months Ended March 31		Quarter Ended March 31	
		2016	2015	2016	2015
		(Rupees in thousand)			
Sales and services (net)	8	18,761	29,528	2,421	11,317
Cost of sales and services	9	(36,555)	(25,371)	(15,288)	(10,735)
<b>Gross profit</b>		<b>(17,794)</b>	4,157	<b>(12,867)</b>	582
Dirtribution cost	11	(2,625)	(1,793)	(987)	(300)
Administrative expenses	10	(18,063)	(13,187)	(4,577)	(3,593)
Other operating income	12	53	400	27	54
		(20,634)	(14,580)	(5,536)	(3,839)
<b>Operating (loss)/profit</b>		<b>(38,428)</b>	(10,423)	<b>(18,403)</b>	(3,257)
<b>Finance cost</b>	13	<b>(3,554)</b>	(4,208)	<b>(1,187)</b>	(1,403)
<b>(Loss)/profit before taxation</b>		<b>(41,982)</b>	(14,631)	<b>(19,590)</b>	(4,660)
Taxation		(401)	(366)	(234)	(113)
<b>Loss after taxation</b>		<b>(42,383)</b>	(14,997)	<b>(19,823)</b>	(4,773)
<b>Earnings per share - basic and diluted</b>		<b>(7.78)</b>	(2.75)	<b>(3.64)</b>	(0.88)

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

Chief Executive

Director

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED AND QUARTER ENDED MARCH 31, 2016**

	<u>Nine months ended March 31</u>		<u>Quarter ended March 31</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	..... (Rupees in thousand).....			
<b>Loss after taxation</b>	<b>(42,383)</b>	(14,997)	<b>(19,823)</b>	(4,773)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<b>(42,383)</b>	(14,997)	<b>(19,823)</b>	(4,773)

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

**Chief Executive**

**Director**

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	Issued, subscribed and paid-up capital	Capital reserve Share Premium	General reserve	Revenue reserve Un appropriated loss	Total
	( Rupees in thousand )-----				
<b>Balance as at July 01, 2014</b>	<b>54,500</b>	<b>29,727</b>	<b>23,073</b>	<b>(182,609)</b>	<b>(75,309)</b>
Loss for Nine months	-	-	-	(14,997)	(14,997)
Transfer from surplus on revaluation of fixed assets		-	-	-	-
<b>Balance as at March 31, 2015</b>	<b>54,500</b>	<b>29,727</b>	<b>23,073</b>	<b>(197,606)</b>	<b>(90,306)</b>
<b>Balance as at July 01, 2015</b>	<b>54,500</b>	<b>29,727</b>	<b>23,073</b>	<b>(230,381)</b>	<b>(123,081)</b>
Loss for Nine months	-	-	-	(42,383)	(42,383)
Transfer from surplus on revaluation of fixed assets		-	-	-	-
<b>Balance as at March 31, 2016</b>	<b>54,500</b>	<b>29,727</b>	<b>23,073</b>	<b>(272,764)</b>	<b>(165,464)</b>

Chief Executive

Director

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2016**

	<b>March 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in thousand)</b>	
<b>CASH FLOWS FROM OPERATIONS</b>		
<b>Loss before taxation</b>	(41,982)	(14,631)
<b>Adjustment for:</b>		
Depreciation	6,626	4,394
Provision for staff gratuity	-	-
Gain on disposal of property, plant and equipments	-	-
Finance cost	3,554	4,208
<b>Operating (loss)/profit before working capital changes</b>	<b>(31,802)</b>	<b>(6,029)</b>
<b>(Increase) / decrease in current assets</b>		
Stock -in-trade	(1,175)	-
Trade debtors	(6,943)	46,082
Loans and advances	(5,743)	5,202
Deposits, prepayments and other receivable	(1)	(728)
	<b>(13,861)</b>	<b>50,557</b>
<b>(Decrease)/increase in current liabilities</b>		
Trade and other payables	45,793	(28,958)
	<b>130</b>	<b>15,569</b>
Gratuity paid	-	(466)
Taxes paid	(401)	(366)
Financial cost paid	(3,554)	(4,208)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(3,955)</b>	<b>10,529</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipments investment activities, proceeds from disposal of assets	-	-
Long term deposits	-	-
<b>Net cash generated from ( used in ) investing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	-	-
Repayment of short term borrowings	2,157	(10,529)
<b>Net cash generated from (used in) financing activities</b>	<b>2,157</b>	<b>(10,529)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,668)</b>	<b>-</b>
Cash and cash equivalents at beginning of the period	1,731	(1,599)
<b>Cash and cash equivalents at end of the period</b>	<b>63</b>	<b>(1,599)</b>

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

Chief Executive

Director

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2016**

- 1 The Company was incorporated in Pakistan as a public limited Company on April 15, 1961 and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The registered office of the Company is situated at C-10 South Avenue, SITE, Karachi. The Company is principally engaged in manufacturing, installing and selling of electrical equipments. Ethridge Company Limited, held 2,719,536 (June 30, 2015: 2,719,536) ordinary shares Rs. 10 each of the Company as at period end, which constitute 49.90% of total shares issued.
- 2 These financial statements have been prepared using the same accounting policies as are applied in the preparation of the annual financial statements for the year ended June 30, 2015.
- 3 These financial statements have been prepared in accordance with the requirements of International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan.
- 4 Provision for taxation are estimated. Final liability will be determined on the basis of annual results.
- 5 These financial statements were authorized for issue, by the Board of Directors on April 23rd, 2016.
- 6 Corresponding figures have been re-arranged, where necessary, for the purpose of comparison.
- 7 Figures have been rounded-off to the nearest thousand of Rupees.

	<b>Nine Months Ended March 31</b>		<b>Quarter Ended March 31</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
------(Rupees in thousand)-----				
<b>8 SALES AND SERVICES (NET)</b>				
Gross sales	18,830	29,528	2,473	11,317
Commission and discount on sales	(69)	-	(52)	-
	<u>18,761</u>	<u>29,528</u>	<u>2,421</u>	<u>11,317</u>
<b>9 COST OF SALES AND SERVICES</b>				
<b>Raw materials and components consumed</b>				
Opening stock	45,324	30,310	32,366	39,945
Purchases and sub contract cost	16,741	19,119	5,497	8,754
	<u>62,065</u>	<u>49,429</u>	<u>37,863</u>	<u>48,699</u>
<b>Closing stock</b>	<b>(38,852)</b>	<b>(50,037)</b>	<b>(38,852)</b>	<b>(50,037)</b>
	<u>23,213</u>	<u>(607)</u>	<u>- 989</u>	<u>- 1,338</u>
Salaries, wages and other benefits	6,855	7,228	2,408	2,777
Rent, rates and taxes	1,470	-	990	-
Insurance	-	5	-	5
Fuel and power	880	930	253	275
Repair and maintenance	149	282	43	35
Inspection and testing	5	25	-	-
Printing and stationery	29	14	11	3
Traveling and conveyance	167	150	53	53
Depreciation	5,301	3,515	-	(0)
Other manufacturing expenses	428	116	165	61
	<u>15,286</u>	<u>12,266</u>	<u>3,924</u>	<u>3,208</u>
	<u>38,499</u>	<u>11,658</u>	<u>2,935</u>	<u>1,871</u>
<b>Work in process</b>				
Opening stock	17,446	32,611	20,248	29,160
Closing stock	(13,357)	(20,566)	(13,357)	(20,566)
	<u>4,089</u>	<u>12,045</u>	<u>6,891</u>	<u>8,594</u>
<b>Cost of goods manufactured</b>	<b>42,588</b>	<b>23,703</b>	<b>9,826</b>	<b>10,465</b>
<b>Finished goods</b>				
Opening stock	1,220	2,170	12,715	772
Closing stock	(7,253)	(502)	(7,253)	(502)
	<u>(6,033)</u>	<u>1,668</u>	<u>5,462</u>	<u>270</u>
	<u>36,555</u>	<u>25,371</u>	<u>15,288</u>	<u>10,735</u>

	Nine Months Ended March 31		Quarter Ended March 31	
	2016	2015	2016	2015

------(Rupees in thousand)-----

## 10 ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	4,184	4,361	1,447	1,445
Traveling and conveyance	1,043	919	437	226
Legal and professional charges	195	181	44	71
Rent, rates and taxes	1,470	1,582	480	622
Repair and maintenance	326	673	137	158
Printing and stationery	301	344	19	36
Postage, telegram, telephone and telex	566	603	147	179
Light and power	1,307	1,099	343	238
Entertainment	270	844	71	243
Donation	-	-	-	-
Subscriptions and periodicals	589	531	104	80
Advertisement	44	76	8	-
Auditors' remuneration	71	246	71	-
Annual General Meeting	100	46	100	-
Insurance	-	133	-	104
Provision for doubtful loans and advances	5,104	-	-	-
Depreciation	1,325	879	442	-
Others	1,165	671	727	192
	<b>18,063</b>	<b>13,187</b>	<b>4,577</b>	<b>3,593</b>

## 11 DISTRIBUTION COST

Salaries, wages and benefits	1,059	620	392	133
Late delivery charges and penalties	1,298	666	511	-
Advertising and sales promotion	31	56	1	26
Traveling and conveyance	30	134	15	109
Subscriptions and periodicals	57	40	30	(3)
Repair and maintenance	19	44	12	18
Insurance	-	-	-	-
Entertainment	50	27	17	3
Printing and stationery	21	22	6	7
Others	60	185	3	6
	<b>2,625</b>	<b>1,793</b>	<b>987</b>	<b>300</b>

## 12 OTHER INCOME

Gain on disposal of fixed assets	-	-	-	-
Liabilities written back	-	-	-	-
Markup on saving accounts	1	17	0	0
Other receipts/Income	53	383	27	53
	<b>53</b>	<b>400</b>	<b>27</b>	<b>54</b>

## 13 FINANCIAL COST

Mark-up on unsecured long term borrowings	3,525	4,187	1,174	1,394
Bank charges and commission	29	20	12	9
	<b>3,554</b>	<b>4,208</b>	<b>1,187</b>	<b>1,403</b>

Chief Executive

Director