

Directors's Report

The Board of Directors of Johnson & Phillips (Pakistan) Limited present to you the un - audited financial statements for the half year ended December 31, 2014.

The Industrial Activity is still in the process of recovery; poor economic conditions, energy crises, rising prices of inputs and breakdown of law and order have all had an effect on our declining sales and profits. However, the management has continued its focus on profitable growth, with net sales.

The management is continuing its efforts for increasing sales and focusing its priority on completion of the Strategic Business Plan for the restructuring and reorganization of the Company. Hopefully, before the end of the year shareholders will be taken in confidence about the proposed plan.

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

Karachi

Dated: 28-02-2015

For and on behalf of Board of Directors

**Shehryar Saeed
(Chief Executive)**

REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of Johnson & Phillips (Pakistan) Limited ("the Company") as at December 31, 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "condensed interim financial information") for the six months period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for condensed interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed interim financial information as at and for the six months period ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for three months period ended December 31, 2012 and December 31, 2011 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months' period ended December 31, 2012.

We draw attention to the following matter:

As fully described in note 2 to the interim financial information, the company is facing financial problems, its accumulated losses are in the tune of Rs.116 million. This condition may cast a significant doubt about the company's ability to continue as a going concern.

Our conclusion is not qualified in respect of this matter.

Dated:
Karachi

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2014

		Un-audited December 31 2014	Audited June 30 2014
Note		(Rupees in thousand)	
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipments	3	197,253	201,630
Long term investments		-	-
Long term deposits		940	940
		198,193	202,570
CURRENT ASSETS			
Stock-in-trade		57,745	65,091
Trade debts		7,267	49,806
Loans and advances		17,291	15,859
Deposits, prepayments and other receivable		8,927	8,630
Advance tax - net of provision		1,762	1,865
Cash and bank balances		1,582	1,066
		94,574	142,317
TOTAL ASSETS		292,767	344,887
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVE			
Authorized capital			
8,000,000 (June 30, 2013: 8,000,000) ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid-up capital		54,500	54,500
Share premium reserve		29,727	29,727
General reserve		23,073	23,073
Unappropriated loss		(206,319)	(182,609)
SHARE HOLDERS' EQUITY		(99,019)	(75,309)
Surplus on revaluation of property, plant and equipments	4	193,751	197,449
NON-CURRENT LIABILITIES			
Long term borrowings	5	74,858	73,435
Deferred liabilities - staff gratuity		4,362	4,710
CURRENT LIABILITIES			
Trade and other payables		110,547	136,334
Short term borrowings		-	-
Current and overdue portion of long term borrowings	5	4,000	4,000
Mark-up accrued	6	-	-
Unclaimed dividend		4,268	4,268
		118,815	144,602
Contingencies and Commitments	6		
TOTAL EQUITY AND LIABILITIES		292,767	344,887

The annexed notes (1 to 10) form an integral part of this condensed interim financial information.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended December 31		Quarter ended December 31	
	2014	2013	2014	2013
------(Rupees in thousand)-----				
Revenue from sales and services-net	18,211	81,869	7,975	55,484
Cost of sales and services	(26,768)	(71,622)	(7,142)	(48,716)
Gross Profit	(8,557)	10,247	833	6,768
Distribution cost	(1,493)	(821)	(288)	(491)
Administrative expenses	(14,647)	(9,744)	(3,761)	(4,916)
Other operating income	347	108	105	30
Operating loss	(24,350)	(210)	(3,111)	1,391
Finance cost	(2,805)	(2,772)	(1,407)	(1,359)
Loss before taxation	(27,155)	(2,982)	(4,518)	31
Taxation	(253)	(1,956)	(80)	(963)
Loss after taxation	(27,408)	(4,938)	(4,598)	(932)
Earning per share-basic and diluted	(5.03)	(0.91)	(0.84)	(0.17)

The annexed notes (1 to 10) form an integral part of this condensed interim financial information.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended December 31		Quarter ended December 31	
	2014	2013	2014	2013
	----- (Rupees in thousand) -----			
Loss after taxation	(27,408)	(4,938)	(4,598)	(932)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(27,408)	(4,938)	(4,598)	(932)

The annexed notes (1 to 10) form an integral part of this condensed interim financial information.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	December 31	
	2014	2013
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(27,155)	(2,982)
Adjustments for:		
Depreciation	4,394	3,244
Gain on disposal of property, plant and equipments	-	-
Provision for staff gratuity	-	461
Finance cost	2,805	2,772
	7,199	6,477
Operating profit /(loss) before working capital changes	(19,956)	3,495
Decrease /(Increase) in current assets		
Stock-in-trade	7,346	43,800
Trade debts	42,538	12,425
Loans and advances	(1,432)	(5,852)
Deposits, prepayments and other receivable	(297)	(1,569)
	48,155	48,804
Decrease in current liabilities		
Trade and other payables excluding unclaimed gratuity	(25,787)	(58,453)
	2,412	(6,154)
Taxes paid	(150)	(694)
Gratuity paid	(347)	(367)
Finance cost paid	(1,382)	(1,250)
	(1,879)	(2,311)
Net cash used in operating activities	533	(8,465)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in property, plant and equipments	(17)	-
Proceeds from disposal of property, plant and equipments	-	-
Long term deposits	-	-
Net cash generated from/(used in) investing activities	(17)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowing	-	-
Repayment of short term borrowing	-	-
Net cash generated from /(used in) financing activities	-	-
Net decrease in cash and cash equivalents	516	(8,465)
Cash and cash equivalents at beginning of the period	1,066	9,622
Cash and cash equivalents at end of the period	1,582	1,157

The annexed notes (1 to 10) form an integral part of this condensed interim financial information.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid-up capital	Reserves		Total	
		Capital Share Premium	General Unappropriated loss		
------(Rupees in thousand)-----					
Balance as at July 01, 2013	54,500	29,727	23,073	(112,371)	(5,071)
Total comprehensive loss for the period					
Loss after taxation for the period	-	-	-	(4,938)	(4,938)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	3,362	3,362
Balance as at December 31, 2013	54,500	29,727	23,073	(113,947)	(6,647)
Balance as at July 01, 2014	54,500	29,727	23,073	(182,609)	(75,309)
Total comprehensive loss for the period					
Loss after taxation for the period	-	-	-	(27,408)	(27,408)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	3,698	3,698
Balance as at December 31, 2014	54,500	29,727	23,073	(206,319)	(99,019)

The annexed notes (1 to 10) form an integral part of this condensed interim financial information.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1 STATUS AND NATURE OF BUSINESS

Johnson & Phillips (Pakistan) Limited ("the Company") was incorporated in Pakistan as a public limited company on April 15, 1961 and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The registered office of the Company is situated at C-10, South Avenue, S.I.T.E., Karachi. The Company is principally engaged in manufacturing, installing and selling of electrical equipments. Etheridge Company Limited, held 2,719,536 (June 30, 2014: 2,719,536) ordinary shares of Rs. 10 each of the Company as at period end, which constitute 49.90% of total shares issued.

2. GOING CONCERN

The Company has been sustaining losses since 2009. During the half year ended December 31, 2014, the Company incurred loss amounting to Rs. 27.408 million (December, 2013: Rs. 4.938 million) which has further increased accumulated losses to Rs. 206.319 million (June 30, 2014: Rs. 182.609 million) and has resulted in negative equity of Rs. 99.019 million. The sales of the Company is constantly decreasing because of an energy crisis which has severely affected industrial production. Pakistan's economy is also showing no signs of recovery at present. These conditions may cast a significant doubt on the company's ability to continue as a going concern.

Consequently, the management has already taken significant steps to keep the Company financially sound and operationally viable. In this connection the Company has taken the following steps;

- i The Company already has its obligations rescheduled in respect of long term loans and financial arrangements, including repayment of principal and accumulated markup thereon with various lenders.
- ii Efforts are underway to obtain orders so that sales volume as well as profitability can be achieved and the management expects favorable improvements during the year ending June 30, 2015 and the management has prepared a business plan, through independent consultant, which presents a clear growth strategy in sales and services revenue from Rs.103 million (year ended June 30, 2014) to more than Rs. 500 million in fifth year of plan. This would be made possible by injection of additional cash for working capital entirely from its own resources.
- iii A director of the company has provided continued support to the company and has indicated commitment in order to maintain the going concern status of the company. This support is evident from the fact that he has continued to provide loan and financial support to the company.

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This condensed interim financial information of the Company for the half year ended December 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2014. Comparative balance sheet is extracted from annual financial statements as at June 30, 2014 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity were extracted from un-audited condensed interim financial information for the half year ended December 31, 2013.

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the Listing regulations of Karachi Stock Exchange.

2.2 Accounting policies and estimates

The accounting policies, significant judgements made in the application of accounting policies, keys sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy were the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2014.

Un-audited December 31 2014	Audited June 30 2014
--	-------------------------------------

(Rupees in thousand)

3 PROPERTY, PLANT AND EQUIPMENTS

Owned - tangible assets

Opening written down value	197,253	242,821
Additions	17	369
Adjustments/Transfers Revaluation	-	-
Written down value of disposal	-	(29)
Depreciation	(4,394)	(8,787)
Closing written down value	<u>192,876</u>	<u>234,374</u>

4 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance	197,449	204,844
Additions as a result of fresh revaluation during the period/year	-	-
Transferred to accumulated loss in respect of incremental depreciation on revalued assets for the period/year	(3,698)	(7,395)
Deferred tax expenses related to incremental depreciation during the period/year	-	-
	<u>193,751</u>	<u>197,449</u>

5 LONG TERM BORROWINGS

Loan from others-unsecured	4,000	4,000
Loan-1	17,174	16,721
Loan-2 (from a director)	23,735	23,884
Loan-3	33,949	32,830
	<u>78,858</u>	<u>77,435</u>
Less: Current and overdue portion	4,000	4,000
Mark-up accrued	-	-
	<u>(4,000)</u>	<u>(4,000)</u>
	<u>74,858</u>	<u>73,435</u>

6 CONTINGENCIES AND COMMITMENTS

There is no change in status of contingencies and commitments as disclosed in the last audited annual financial statements for the year ended June 30, 2014.

7 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, contribution of staff benefit funds, return on loans, amounts due from executives and remuneration of directors and executives alongwith other transactions with related parties are given below:

	Un-audited December 31 2014	Un-audited December 31 2013
	(Rupees in thousand)	
Payments made on behalf of subsidiary companies	18	111
Repayment of loan from a subsidiary company	18	914
Payment of loan on behalf of a subsidiary company	5,002	2,078
Remuneration and benefits to key management personnel	1,934	1,418
Payment of contribution to provident fund trust	-	100
Mark up charged on loan to subsidiary company	-	35

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

8 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on 22nd, August 2015 by the Board of Directors of the Company.

9 GENERAL

Figures have been rounded off to the nearest thousand rupee.

CHIEF EXECUTIVE

DIRECTOR

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2014

	Note	Un-audited December 31 2014	Audited June 30 2014
(Rupees in thousand)			
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipments	4	197,253	201,630
Long term deposits		1,566	1,566
		198,819	203,196
CURRENT ASSETS			
Assets held for sales		23,870	23,870
Store, spares and loose tools		2,396	2,396
Stock-in-trade		70,450	77,796
Trade debts		7,267	49,806
Loans and advances		18,958	17,526
Deposits, prepayments and other receivables		9,630	9,333
Advance income tax		4,417	4,520
Cash and bank balances		1,745	1,229
		138,733	186,476
TOTAL ASSETS		337,552	389,672
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVE			
Authorised capital			
8,000,000 (June 30, 2013: 8,000,000) ordinary shares of Rs. 10 each		80,000	80,000
Issued, subscribed and paid-up capital		54,500	54,500
Share premium reserve		29,727	29,727
General reserve		23,073	23,073
Unappropriated loss		(229,786)	(206,024)
SHARE HOLDERS' EQUITY		(122,486)	(98,724)
Non-controlling interest		-	-
Surplus on revaluation of property, plant and equipments		193,751	197,449
NON-CURRENT LIABILITIES			
Long term borrowings	5	74,858	73,435
Deferred liabilities		4,958	5,306
CURRENT LIABILITIES			
Trade and other payables		126,261	152,047
Short term borrowings		51,382	51,331
Current and overdue portion of long term borrowings		4,000	4,000
Mark-up accrued		-	-
Unclaimed dividend		4,268	4,268
Taxation		560	560
		186,471	212,206
Contingencies and Commitments	6		
TOTAL EQUITY AND LIABILITIES		337,552	389,672

The annexed notes (1 to 11) form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED AND QUARTER ENDED DECEMBER 31, 2014

	<u>Half year ended December 31</u>		<u>Quarter ended December 31</u>	
	<u>2014</u>	2013	<u>2014</u>	2013
	------(Rupees in thousand)-----			
Revenue from sales and services-net	18,211	81,869	7,975	55,484
Cost of sales and services	<u>(26,768)</u>	(71,622)	<u>(7,142)</u>	(48,716)
Gross Profit	(8,557)	10,247	833	6,768
Distribution cost	(1,493)	(821)	(288)	(491)
Administrative expenses	(14,699)	(9,744)	(3,761)	(4,916)
Other operating income	<u>347</u>	108	<u>105</u>	30
Operating loss	(24,402)	(210)	(3,111)	1,391
Finance cost	<u>(2,805)</u>	(2,772)	<u>(1,407)</u>	(1,360)
Loss before taxation	(27,207)	(2,982)	(4,518)	31
Taxation	<u>(253)</u>	(1,956)	<u>(80)</u>	(963)
Loss after taxation	(27,460)	(4,938)	(4,598)	(932)
Loss attributable to:				
- Owners of the Holding company	(27,446)	(4,922)	(4,591)	(919)
- Non-controlling interest	(14)	(16)	(7)	(13)
Loss for the period	(27,460)	(4,938)	(4,598)	(932)
Earning per share - basic and diluted	(5.04)	(0.91)	(0.84)	(0.17)

The annexed notes (1 to 11) form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended December 31		Quarter ended December 31	
	2013	2013	2014	2013
	------(Rupees in thousand)-----			
Loss after taxation	(27,460)	(4,938)	(4,598)	(932)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(27,460)	(4,938)	(4,598)	(932)
Total comprehensive loss attributable to:				
- Owners of the Holding company	(27,446)	(4,922)	(4,591)	(919)
- Non-controlling interest	(14)	(16)	(7)	(13)
	(27,460)	(4,938)	(4,598)	(932)

The annexed notes (1 to 11) form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	December 31 2014	December 31 2013
(Rupees in thousand)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(27,207)	(2,982)
Adjustments for:		
Depreciation	4,394	3,244
Gain on disposal of property, plant and equipments	-	-
Provision for staff gratuity	-	461
Finance cost	2,805	2,772
	7,199	6,477
Operating (Loss)/Profit before working capital changes	(20,008)	3,495
(Increase) / decrease in current assets		
Stock-in-trade	7,345	43,800
Trade debts	42,539	12,425
Loans and advances	(1,432)	(5,850)
Deposits, prepayments and other receivable	(297)	(1,631)
	48,155	48,744
Decrease in current liabilities		
Trade and other payables excluding unclaimed gratuity	(25,786)	(58,450)
	2,361	(6,211)
Taxes paid	(150)	(694)
Gratuity paid	(347)	(367)
Finance cost paid	(1,382)	(1,250)
	(1,879)	(2,311)
Net cash used in operating activities	482	(8,522)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in property, plant and equipments	(17)	-
Proceeds from disposal of property, plant and equipments	-	-
Long term deposits	-	-
Net cash generated from/(used in) investing activities	(17)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowing	51	5,058
Repayments of short term borrowing	-	(5,000)
Net cash generated from/ (used in) financing activities	51	58
Net decrease in cash and cash equivalents	516	(8,465)
Cash and cash equivalents at beginning of the period	839	9,394
Cash and cash equivalents at end of the period	8 1,355	929

The annexed notes (1 to 11) form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid-up capital	Reserves			Total
		Capital Share Premium	General	Revenue Unappropriated loss	
------(Rupees in thousand)-----					
Balance as at July 01, 2013	54,500	29,727	23,073	(150,376)	(43,076)
Total comprehensive loss for the period					
Loss after taxation for the period	-	-	-	(4,938)	(4,938)
Transfer from surplus on revaluation of property, plant and equipments	-	-	-	3,362	3,362
Balance as at December 31, 2013	54,500	29,727	23,073	(151,952)	(44,652)
Balance as at July 01, 2014	54,500	29,727	23,073	(206,024)	(98,724)
Total comprehensive loss for the period					
Loss after taxation for the period	-	-	-	(27,460)	(27,460)
Transfer from surplus on revaluation of property, plant and equipments	-	-	-	3,698	3,698
Balance as at December 31, 2014	54,500	29,727	23,073	(229,786)	(122,486)

The annexed notes (1 to 11) form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1 STATUS AND NATURE OF BUSINESS

- 1.1** Johnson & Phillips (Pakistan) Limited ("the Holding Company") was incorporated in Pakistan as a public limited company on April 15, 1961 and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The registered office of the Holding Company is situated at C-10, South Avenue, S.I.T.E., Karachi. The Holding Company is principally engaged in manufacturing, installing and selling of electrical equipments. Etheridge Company Limited, held 2,719,536 (June 30, 2014: 2,719,536) ordinary shares of Rs. 10 each of the Holding Company as at December 31, 2014, which constitute 49.90% of total shares issued.

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

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

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

- 1.2** The subsidiaries of the Group, Johnson & Phillips Industries (Pakistan) Limited and Johnson & Phillips Transformer (Private) Limited ceased production in July 1997 and February 1998 respectively. The accumulated losses of the Group as at December 31, 2014 stand at Rs. 229.786 million (June 30, 2014: Rs. 206.024 million) resulting in a negative equity of Rs. 112.486 million (June 30, 2014: Rs. 98.724 million) and as at that date the Group's current liabilities exceeded its current assets by Rs. 47.738 million (June 30, 2014: Rs.25.73 million). Consequently, the ability of the Group to continue as a going concern is dependent on the following significant factors:

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

- i) The Holding Company has already got its obligations rescheduled in respect of long term loans and financial arrangements, including repayment of principal and accumulated markup thereon with various lenders.
- ii) Efforts are underway to obtain orders so that sales volume as well as profitability can be maintained and the management expects favorable improvements during the year ending June 30, 2015 and thereafter. The management of the Holding Company has prepared a business plan through independent consultant, which presents a clear growth strategy in sales and services revenue from Rs.103 million (year ended June 30 2014) to more than Rs. 500 million in fifth year of plan. This would be made possible by injection of additional cash for working capita entirely from its own resources.
- iii) The Board of Holding company has provided in past continued support and expresses its commitment in order to maintain the going concern status of the Holding Company. This support is evident from the fact that a Director had in the past provided loan and financial support to the Holding Company.

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

2 BASIS OF CONSOLIDATION

This interim consolidated financial information has been prepared from the information available in the un-audited separate financial information of the Holding Company for the half year ended December 31, 2014 and the un-audited financial information of the Subsidiary Companies for the half year ended December 31, 2014.

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

This condensed interim consolidated financial information of the Company for the half year ended December 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim consolidated financial information does not include all of the information and disclosures required for annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 30 June 2014. Comparative consolidated balance sheet is extracted from annual consolidated financial statements as at June 30, 2014 whereas comparative consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity were extracted from un-audited condensed interim consolidated financial information for the half year ended December 31, 2013.

This condensed interim consolidated financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the Listing regulations of Karachi Stock Exchange.

3.2 Accounting Convention

The accounting policies, significant judgements made in the application of accounting policies, keys sources of estimations, the methods of computation adopted in preparation of this condensed interim consolidated financial information and financial risk management policy were the same as those applied in the preparation of the preceding annual consolidated financial statements of the Company for the year ended June 30, 2014.

4 PROPERTY, PLANT AND EQUIPMENT-TANGIBLE

Owned

Capitalisation of Operating fixed assets during the period amounting to Rs. 17 thousand (June 30, 2014: Rs. 369 thousand)

5 LONG TERM BORROWINGS

In preceding period the Holding Company has entered into agreement with lenders to rescheduling of their outstanding long-term liabilities. According to said agreement the Holding Company shall pay outstanding loan along with mark-up commencing from July 1, 2014.

6 CONTINGENCIES AND COMMITMENTS

There were no change in status of contingencies and commitments as disclosed in the last audited annual consolidated financial statements for the year ended June 30, 2014.

7 TRANSACTION WITH RELATED PARTIES

The related parties comprise associated companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, contribution of staff benefit funds, return on loans, amounts due from executives and remuneration of directors and executives alongwith other transactions with related parties are given below:

	Un-audited December 31 2014	Un-audited December 31 2013
	(Rupees in thousand)	
Payments made on behalf of subsidiary companies	51	83
Repayment of loan from a subsidiary company	-	-
Payment of loan on behalf of a subsidiary company	5,000	5,057
Remuneration and benefits to key management personnel	1,934	1,152
Payment of contribution provident fund trust	135	-
Markup charged on loan to subsidiary company	-	-
All transactions with related parties have been carried out by the Holding Company at arm's length prices using the comparable uncontrolled price method.		
8 CASH AND CASH EQUIVALENT		
Cash and bank balances	1,745	1,320
Temporary overdraft	(390)	(391)
	<u>1,355</u>	<u>929</u>

9 DATE OF AUTHORIZATION

This condensed interim consolidated financial information was authorized for issue on 28 February, 2015 by the Board of Directors of the Holding Company.

10 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Chief Executive

Director