

## **DIRECTORS REPORT**

The Board of Directors of Johnson & Phillips (Pakistan) Limited present to you the 1st Quarter report together with un-audited financial statements of the company for the period ended 30th, September 2016.

First Quarter sales, when compared to last year quarter ended 2015, increased slightly. The Company's Product line is now aging and new business avenues need to be explored to keep the operation sustainable. The management is aware of these challenges and is considering option to get into new areas of business.

At the same time the Company is presently putting its efforts and plans to focus on increasing sales to a sluggish demand. Hopefully, the efforts will lead to improved results towards the end of this year.

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

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

Karachi  
Dated: 29th, October 2016

**Shehryar Saeed**  
(Chief Executive)

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2016**

**Un-Audited**                      **Audited**  
**Sep 30, 2016**                      **June 30, 2016**

(Rupees in thousand)

**ASSETS**

**NON-CURRENT ASSETS**

Property, plant and equipment	181,781	184,009
Long term investments	-	-
Long term deposits	940	940
	<b>182,722</b>	<b>184,949</b>

**CURRENT ASSETS**

Stock-in-trade	29,816	42,650
Trade debtors	11,327	6,372
Loans and advances	6,101	16,289
Deposits, prepayments and others receivable	6,715	6,776
Advance income tax-net of provision	2,851	2,315
Cash and bank balances	(724)	1,082
	<b>56,087</b>	<b>75,484</b>

**TOTAL ASSETS**

<b>238,809</b>	<b>260,433</b>
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**EQUITY AND LIABILITIES**

**SHARE CAPITAL AND RESERVES**

**Authorised**

8,000,000 (June 2016: 8,000,000 ) ordinary shares of Rs.  
10 each

<b>80,000</b>	80,000
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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 **(290,917)**                      (279,054)

**SHARE HOLDERS' EQUITY** **(183,617)**                      (171,754)

Surplus on revaluation of property, plant and  
equipment **168,630**                      173,962

**NON-CURRENT LIABILITIES**

Long term borrowings **81,169**                      81,582

Deferred liabilities - staff gratuity **13,473**                      12,862

**CURRENT LIABILITIES**

Trade and other payables **148,035**                      155,513

Short term borrowings **2,851**                      -

Current and over due portion of long term borrowings **4,000**                      4,000

Mark up accrued -

Unclaimed dividend **4,268**                      4,268

**159,154**                      163,781

**Contingencies and commitments** -                      -

**TOTAL EQUITY AND LIABILITIES**

<b>238,809</b>	<b>260,433</b>
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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 FIRST QUARTER ENDED SEPTEMBER 30, 2016**

	Note	First Quarter Ended September	
		2016	2015
------(Rupees in thousand)-----			
Sales and services (net)	8	10,468	4,828
Cost of sales and services	9	(16,117)	(10,371)
<b>Gross profit</b>		<b>(5,649)</b>	<b>(5,543)</b>
Distribution cost	11	(462)	(442)
Administrative expenses	10	(4,440)	(4,124)
Other operating income	12	10	36
		<b>(4,892)</b>	<b>(4,530)</b>
<b>Operating (loss)/profit</b>		<b>(10,540)</b>	<b>(10,073)</b>
<b>Finance cost</b>	13	<b>(1,195)</b>	<b>(1,178)</b>
<b>(Loss)/profit before taxation</b>		<b>(11,735)</b>	<b>(11,251)</b>
Taxation		(128)	(49)
<b>Loss after taxation</b>		<b>(11,863)</b>	<b>(11,300)</b>
<b>Earnings per share - basic and diluted</b>		<b>(2.18)</b>	<b>(2.07)</b>

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 FIRST QUARTER ENDED SEPTEMBER 30, 2016**

	<b>First Quarter Ended September</b>	
	<b>2016</b>	<b>2015</b>
	----- <b>(Rupees in thousand)</b> -----	
<b>Loss after taxation</b>	<b>(11,863)</b>	(11,300)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(11,863)</b>	<b>(11,300)</b>

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 FIRST QUARTER ENDED SEPTEMBER 30, 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, 2015</b>	<b>54,500</b>	<b>29,727</b>	<b>23,073</b>	<b>(230,381)</b>	<b>(123,081)</b>
Loss for three months	-	-	-	(11,300)	(11,300)
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-
<b>Balance as at September 30, 2015</b>	<b>54,500</b>	<b>29,727</b>	<b>23,073</b>	<b>(241,681)</b>	<b>(134,381)</b>
<b>Balance as at July 01, 2016</b>	<b>54,500</b>	<b>29,727</b>	<b>23,073</b>	<b>(279,054)</b>	<b>(171,754)</b>
Loss for three months	-	-	-	(11,863)	(11,863)
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-
<b>Balance as at September 30, 2016</b>	<b>54,500</b>	<b>29,727</b>	<b>23,073</b>	<b>(290,917)</b>	<b>(183,617)</b>

Chief Executive

Director

**JOHNSON & PHILLIPS (PAKISTAN) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016**

	<b>September 30</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in thousand)</b>	
<b>CASH FLOWS FROM OPERATIONS</b>		
<b>Loss before taxation</b>	(11,735)	(11,251)
<b>Adjustment for:</b>		
Depreciation	2,203	2,209
Provision for staff gratuity	-	-
Gain on disposal of property, plant and equipments	-	-
Finance cost	1,195	1,178
<b>Operating (loss)/profit before working capital changes</b>	<b>(8,338)</b>	<b>(7,864)</b>
<b>(Increase) / decrease in current assets</b>		
Stock -in-trade	12,834	(1,175)
Trade debtors	(4,955)	9,389
Loans and advances	10,188	(1,331)
Deposits, prepayments and other receivable	61	(264)
	<b>18,127</b>	<b>6,620</b>
<b>(Decrease)/increase in current liabilities</b>		
Trade and other payables	(7,478)	106
	<b>2,312</b>	<b>(1,138)</b>
Gratuity paid	-	-
Taxes paid	(150)	(187)
Financial cost paid	174	373
<b>Net cash (used in)/ generated from operating activities</b>	<b>2,335</b>	<b>(952)</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	(2,651)	(3,308)
<b>Net cash generated from (used in) financing activities</b>	<b>(2,651)</b>	<b>(3,308)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(316)</b>	<b>(4,260)</b>
Cash and cash equivalents at beginning of. the period	(408)	3,852
<b>Cash and cash equivalents at end of the period</b>	<b>(724)</b>	<b>(408)</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 FIRST QUARTER ENDED SEPTEMBER 30, 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, 2016: 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, 2016.
- 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 October 29th, 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>First Quarter Ended September</b>	
	<b>2016</b>	<b>2015</b>
	------(Rupees in thousand)-----	
<b>8 SALES AND SERVICES (NET)</b>		
Gross sales	10,622	4,833
Commission and discount on sales	(154)	(5)
	10,468	4,828
<b>9 COST OF SALES AND SERVICES</b>		
<b>Raw materials and components consumed</b>		
Opening stock	40,269	38,201
Purchases and sub contract cost	6,459	6,103
	46,728	44,304
<b>Closing stock</b>	(38,669)	(38,144)
	8,058	6,160
Salaries, wages and other benefits	2,574	2,153
Insurance	-	-
Fuel and power	326	313
Repair and maintenance	108	38
Printing and stationery	11	7
Traveling and conveyance	91	56
Depreciation	1,762	1,767
Other manufacturing expenses	146	64
	5,018	4,399
	13,076	10,559
<b>Work in process</b>		
Opening stock	3,273	17,446
Closing stock	(2,200)	(16,457)
	1,073	989
<b>Cost of goods manufactured</b>	14,149	11,548
<b>Finished goods</b>		
Opening stock	7,468	321
Closing stock	(5,500)	(1,498)
	1,968	(1,177)
	16,117	10,371

**First Quarter Ended September**  
2016                      2015  
 -----(Rupees in thousand)-----

**10 ADMINISTRATIVE EXPENSES**

Salaries, wages and benefits	2,017	1,398
Traveling and conveyance	164	257
Legal and professional charges	298	-
Rent, rates and taxes	340	506
Repair and maintenance	86	128
Printing and stationery	28	49
Postage, telegram, telephone and telex	128	199
Light and power	285	495
Entertainment	73	106
Subscriptions and periodicals	196	282
Advertisement	5	6
Auditors' remuneration	-	-
Annual General Meeting	-	-
Insurance	-	-
Provision for doubtful loans and advances	-	-
Depreciation	440	442
Others	377	255
	<u>4,440</u>	<u>4,124</u>

**11 DISTRIBUTION COST**

Salaries, wages and benefits	264	258
Late delivery charges and penalties	60	68
Advertising and sales promotion	3	29
Traveling and conveyance	14	6
Subscriptions and periodicals	16	16
Repair and maintenance	17	4
Insurance	-	-
Entertainment	29	20
Printing and stationery	0	10
Others	58	32
	<u>462</u>	<u>442</u>

**12 OTHER INCOME**

Gain on disposal of fixed assets	-	-
Markup on saving accounts	0	-
Other receipts/Income	10	36
	<u>10</u>	<u>36</u>

**13 FINANCIAL COST**

Mark-up on unsecured long term borrowings	1,183	1,168
Bank charges and commission	11	10
	<u>1,195</u>	<u>1,178</u>

Chief Executive

Director