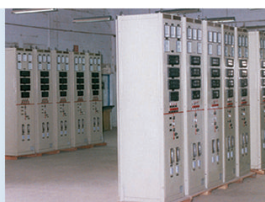
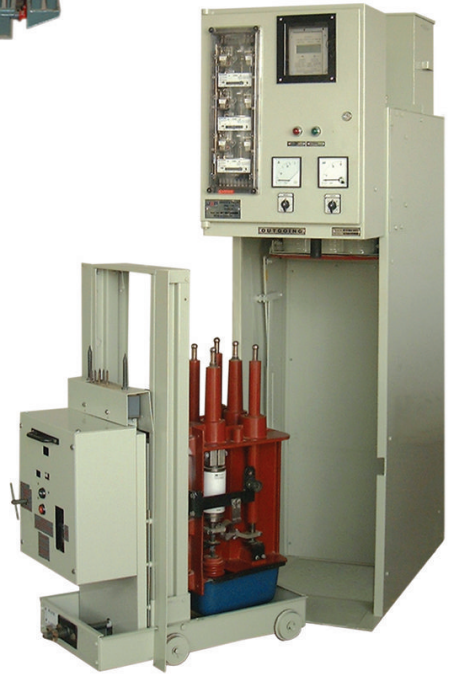
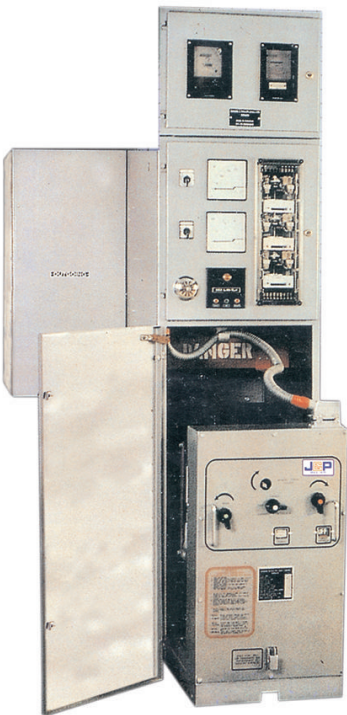




Johnson & Phillips (Pakistan) Limited

December 31,
2019
Half yearly Account
(Un-audited)



Our V i s i o n

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 M i s s i o n

- 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	1
Director's Review (English)	2
Director's Review (Urdu)	3
Auditor's Review Report to the Members	4
Condensed Interim Statement of Financial Position	5
Condensed Interim Statement of Profit and Loss	6
Condensed Interim Statement of Changes in Equity	7
Condensed Interim Statement of Cash Flows	8
Notes to the Condensed Interim Financial Statements	9
Auditor's Review Report to the Members - Consolidated	17
Condensed Interim Consolidated Financial Statements	18

COMPANY INFORMATION

Board of Directors

Mr. Salman Ganny	Chairman
Ms. Mariam Shafi	Director
Mr. Arif Ahmed Siddiqui	Director
Mr. Mohammad Azhar Ul Islam	Director
Mr. Abid Saeed Khan	Director
Mr. Syed Jamshed Zaidi	Director
Mr. Shehryar Saeed	Director/CEO

Board of Audit Committee

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

Board of HR Committee

Mr. Syed Jamshed Zaidi	Chairman
Mr. Salman Ganny	Member
Mr. Shehryar Saeed	Member

Company Secretary & Chief Financial Officer(CFO)

Mr. Tariq Ahmed

Internal Auditor

Mr. Tariq Ilyas

Legal Advisor

Mr. Muhammad Yousuf (Advocate)

Auditors

M/s. Reanda Haroon Zakaria & Company
Room No.M1-M4, Mezzanine Floor, Progressive Plaza,
Plot No. 5-CI-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

JS Bank Ltd.
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

Directors' Review

The Board of Directors would like to present the condensed, un-audited financial statements of the Company for the six-months period ended December 31, 2019.

Business Review

The Sales - net for the half year was Rs.1.47M as compared to Rs.2.86M for the corresponding period of last year. The cost of sales for the year was 5.68M as compared to Rs.4.89M.

The Gross loss of the Company was Rs. (4.21M) against a loss of Rs. (2.03M) in the corresponding period of last year. The Company's Distribution cost, Administrative expenses and finance cost during the six months period ended December 31, 2019 was Rs.17.95M as against Rs.13.72M in the corresponding period of previous year. The Company is in the process of reorganizing its activities.

A loss after tax of Rs.32.34M was reported for the six months period ended December 31, 2019 compared to a loss after tax of Rs.15.40M in the corresponding period. Management of your Company is making concerted efforts and continues to endeavor to achieve improved performance in the future.

Future Plan

Mr. Muhammad Anis Mianoor through its manager to the offer on July 31, 2019 had submitted Public Announcement of Offer to acquire 20.14% shares and through share purchase agreement 49.90% sponsor shares and control of the Company.

On October 3, 2019 the fulfillment of obligation of acquirer in relation to public offer to acquire 1,097,718 (20.14%) ordinary shares of Johnson & Phillips (Pakistan) Limited was completed.

After finalization of the acquisition of the substantial shares and control of the Company in due course the Company's future course of action will be decided by the new sponsors. Further, the acquirer will be able to put to use its existing Plant & Machinery and Testing equipment. In addition to this, the company will be exploring new businesses in the near future.

Financial Highlights

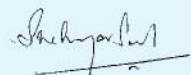
The comparative financial highlights of your Company for the six months period ended December 31, 2019 and December 31, 2018 are as follows:

	2019	2018
Rupees in '000.....	
(Loss) for the year before taxation	(40,754)	(15,742)
Out of which the Directors have accounted		
For taxation - current		
	8,410	343
Accumulated (Losses) brought forward	(397,310)	(384,883)
Accumulated losses carried over to Balance Sheet	(441,971)	(397,310)
Earnings per share - basic & diluted	(5.93)	(2.83)

Acknowledgement

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

For and on behalf of the Board.



Shehryar Saeed
Managing Director / CEO
Karachi: February 28, 2020



Salman Ganny
Chairman

ڈائریکٹر کا جائزہ

بورڈ آف ڈائریکٹرز کو 31 دسمبر 2019 کو ختم ہونے والی چھ ماہ کی مدت کے لئے کمپنی کے غیر آڈٹ شدہ مالی بیانات پیش کرنا چاہیں گے۔

کاروباری جائزہ

چھ ماہ کے عرصے کے دوران فروخت اور خدمات (خالص) 31 دسمبر، 2019 کے اختتام پر 1.47 ملین روپے تھی گزشتہ سال کی اسی مدت کے لئے 2.86 ملین روپے تھی اس سال قیمت فروخت اور خدمات 5.68 ملین روپے اور 4.89 ملین روپے گزشتہ سال کی اسی مدت میں تھی۔ اسی چھ ماہ کی مدت کے دوران کمپنی کا مجموعی نقصان (4.21) ملین روپے تھا۔ گزشتہ سال (2.03) ملین روپے تھا۔ 31 دسمبر 2019 کو ختم ہونے والی چھ ماہ کی مدت کے دوران کمپنی کی تقسیم کی لاگت، انتظامی اخراجات اور مالیاتی اخراجات 17.95 ملین روپے اور پچھلے سال کی متعلقہ مدت میں 13.72 ملین روپے تھی۔ کمپنی اپنی سرگرمیاں دوبارہ منظم کرنے کے عمل میں ہے۔

31 دسمبر 2019 کو 6 ماہ کے دوران چھ ماہ کی مدت کے دوران 32.34 ملین روپے کے ٹیکس کے بعد نقصان پہنچے۔ پچھلے سال کی متعلقہ مدت میں ٹیکس کے بعد نقصان 15.40 ملین روپے تھا۔ آپ کی کمپنی کی اختتامیہ مشترکہ کوششیں کر رہی ہے اور مستقبل میں بہتر کارکردگی کو حاصل کرنے کے لئے کوشش کرنا جاری ہے۔

مستقبل کا منصوبہ

مستحضر آئیں میاں نور نے اپنے فیصلے کے ذریعہ 31 جولائی، 2019 کو 20.14% حصص کے حصول اور حصص کی خریداری کے معاہدے کے ذریعے 49.90% حصص اور کمپنی کا کنٹرول حاصل کرنے کے لئے آفر کا عوامی اعلان پیش کیا تھا۔

03 اکتوبر، 2019 کو جانسن اینڈ فیلپس پاکستان لمیٹڈ کے عام حصص کے 1,097,718 (20.14%) حصص کی عوامی پیش کش کے سلسلے میں حصول کافی حد تک کمپنی کے کافی حصص اور حصول کو حتمی شکل دینے کے بعد کمپنی کے مستقبل کے لائحہ عمل کا فیصلہ سننے اسپانسرز کریں گے۔ مزید یہ کہ، حصول کار اپنے موجودہ پلانٹ اینڈ مشینری اور جائے کے آلات کو استعمال کر سکے گا۔ اس کے علاوہ، کمپنی مستقبل قریب میں نئے کاروباروں کی بھی تلاش کرے گی۔

مالیاتی اہلیت

چھ ماہ کے عرصے تک آپ کی کمپنی کے مقابلے میں مالیاتی نمائش 31 دسمبر، 2019 اور 31 دسمبر، 2018 کے اختتامی ہیں:

2019	2018
..... 000	روپے میں

(40,754) (15,742)

ٹیکس دینے سے قبل سال کے لئے (نقصان)

جن میں سے ڈائریکٹر کا فنانس ہیں

8,410 343

ٹیکس کے لئے - موجودہ

(397,310) (384,883)

جمع (نقصانات) آگے بڑھے

(441,971) (397,310)

نیٹ اسٹیٹ تک جمع کئے جانے والے نقصانات

(5.93) (2.83)

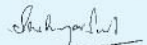
آمدنی فی حصول - بنیادی اور پتلی

اعتراف

بورڈ آف ڈائریکٹرز اس کمپنی کے قیمتی کاموں، کاروباری شراکت داروں اور دیگر حصول داروں کو اپنی مخلص تعریف کا اظہار کرنا چاہیں گے۔ بورڈ کو پاکستان کے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹاک ایکسچینج اور سینٹرل ڈپازٹری کمپنی کو بھی ان کی مسلسل رہنمائی اور پیشہ ورانہ مہارت کا شکریہ ادا کرنا ہوگا۔ بورڈ کے طرف سے ذریعہ اور کے لئے۔



سلمان غنی
چیئر مین



شہر یار سعید
ڈائریکٹر/ای ای او
کراچی، 28 فروری 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JOHNSON & PHILLIPS (PAKISTAN) LIMITED ON THE REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Johnson & Phillips (Pakistan) Limited ("the Company") as at December 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended [here-in-after referred to as the "interim financial statements"]. Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of these condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

During the half year ended December 31, 2019, the Company has incurred loss after taxation amounting to Rs. 32,344 (December 31, 2018: Rs. 15,399) million, rising its accumulated losses to Rs. 441,971 (June 30, 2019: Rs. 413,026) million. Further, current liabilities of the Company exceeded its current assets by Rs. 339,909 (June 30, 2019: Rs. 303,063) million.

These factors, together with the other factors as disclosed in note no. 1.3 to the accompanying financial statement 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 and also discusses the reasons for these condensed interim financial statements on a going concern basis.

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 review resulting in this independent auditor's report is **Mohammad Iqbal**.

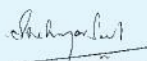
RHzaReanda Haroon Zakaria Rao
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: February 28, 2020

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2019

		December 31, 2019	June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Non Current Assets			
Property, plant and equipment	5	463,203	467,184
Intangible asset	6	-	-
Long term investments	7	-	-
Long term deposits		559	559
		463,762	467,743
Current Assets			
Stock-in-trade		-	1,956
Trade debts		-	165
Loan, advances and prepayments		84	122
Tax refunds due from the Government	8	7,429	24,021
Cash and bank balances		206	219
		7,719	26,483
Total Assets		471,481	494,226
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized capital			
100,000 Ordinary shares of Rs. 1,000 each		80,000	80,000
Issued, subscribed and paid-up capital		54,500	54,500
Share premium reserve		29,727	29,727
Surplus on revaluation of property, plant and equipment	9	454,497	457,896
General reserve		23,073	23,073
Accumulated losses		(441,971)	(413,026)
Total shareholders' equity		119,826	152,170
Non Current Liabilities			
Long term loans	10	-	-
Deferred liabilities	11	4,027	12,510
		4,027	12,510
Current Liabilities			
Trade and other payables	12	192,713	187,464
Short term borrowings	13	13,212	6,749
Accrued markup	10.1	6,370	-
Unpaid dividend		4,268	4,268
Current maturity of long term loans	10	131,065	131,065
		347,628	329,546
Contingencies and commitments	14		
Total Equity and Liabilities		471,481	494,226

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


Chief Executive

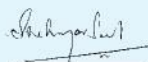

Director


Chief Financial Officer

JOHNSON & PHILLIPS (PAKISTAN) LIMITED**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UN-AUDITED)****FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

		Half year ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
Note		----- (Rupees in "000") -----			
Sales		1,470	2,864	627	1,058
Cost of sales and services	15	(5,688)	(4,893)	(2,320)	(3,372)
Gross loss		(4,218)	(2,029)	(1,693)	(2,314)
Distribution cost		(253)	(316)	(126)	(132)
Administrative expenses	16	(11,317)	(9,295)	(4,704)	(4,642)
Operating loss		(15,788)	(11,640)	(6,523)	(7,088)
Finance cost		(6,384)	(4,106)	(2,988)	(2,269)
Other charges	17	(18,690)	-	-	-
Other income		108		2	4
Loss before taxation		(40,754)	(15,742)	(9,509)	(9,353)
Taxation - net	18	8,410	343	-	-
Loss after taxation		(32,344)	(15,399)	(9,509)	(9,353)
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		(32,344)	(15,399)	(9,509)	(9,353)
Loss per share		(5.93)	(2.83)	(1.74)	(1.72)

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



Chief Executive



Chief Financial Officer



Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

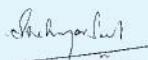
	Share Capital	Share Premium Reserve	Surplus on revaluation of property, plant and equipment	General Reserve	Accumulated losses	Total shareholders' equity
----- (Rupees in "000") -----						
Balance as at July 01, 2018	54,500	29,727	474,380	23,073	(384,883)	196,797
Loss after taxation for the half year ended December 31, 2018	-	-	-	-	(15,399)	(15,399)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	(2,972)	-	2,972	-
Balance as at December 31, 2018	54,500	29,727	471,408	23,073	(397,310)	181,398
Balance as at July 01, 2019	54,500	29,727	457,896	23,073	(413,026)	152,170
Loss after taxation for the half year ended December 31, 2019	-	-	-	-	(32,344)	(32,344)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	(3,399)	-	3,399	-
Balance as at December 31, 2019	54,500	29,727	454,497	23,073	(441,971)	119,826

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 22 form an integral part of these condensed interim financial statements.


Chief Executive

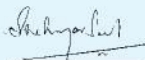

Chief Financial Officer


Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

		Half year ended December 31,	
		2019	2018
		----- (Rupees in '000) -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Loss before taxation		(40,754)	(15,742)
Adjustment for:			
Depreciation	5.2	3,981	1,765
Provision for obsolete / slow moving stock	17	1,956	-
Provision for doubtful debts	17	70	-
Provision for doubtful advances	17	88	-
Provision for doubtful sales tax refunds	17	16,576	-
Finance cost		6,384	4,106
Operating cash outflows before working capital changes		(11,699)	(9,871)
Increase / (decrease) in current assets			
Stock-in-trade		-	1,243
Trade debts		95	(45)
Loan, advances and prepayments		(50)	(1,914)
Sales tax refundable		(28)	-
Increase in current liabilities			
Trade and other payables		5,249	2,480
		5,266	1,764
Cash used in operations		(6,433)	(8,107)
Income tax (paid) / refunded		(29)	81
Finance cost paid		(14)	(4,106)
		(43)	(4,025)
Net cash used in operating activities	A	(6,476)	(12,132)
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 received		-	6,822
Short term borrowings received		6,463	-
Net cash generated from financing activities	C	6,463	6,822
Net decrease in cash and cash equivalents (A+B+C)		(13)	(4,236)
Cash and cash equivalents at the beginning of the period	10	219	4,556
Cash and cash equivalents at the end of the period		206	320

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



Chief Executive



Chief Financial Officer



Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019****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 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, installing and selling of electrical equipment. As on the reporting date, Etheridge Company Limited holds 49.90% of total share issued. The registered office of the Company and its manufacturing facilities are situated at C-10, South Avenue, SITE, Karachi.

- 1.2 Subsequent to period end, an existing shareholder, Mr. Muhammad Anis Mianoor, who held 9.8% shares of the Company as on the reporting date, has further acquired 70% ordinary shares of the Company, including all the shareholding from Etheridge Company Limited.

1.3 Going concern

During the half year ended December 31, 2019, the Company has incurred loss after taxation amounting to Rs. 32.344 (December 31, 2018: Rs. 15.399) million, rising its accumulated losses to Rs. 441.971 (June 30, 2019: Rs. 413.026) million. Further, current liabilities exceeded its current assets by Rs. 339.909 (June 30, 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 condensed interim financial statements on a going concern basis due to the following reasons:

- The Company has revaluation surplus on fixed assets amounting to Rs. 454.497 million as on the reporting date, which is more than the accumulated losses of the Company as stated above.
- 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 subsequent to period end, new management, under the leadership of Mr. Anis Mianoor, has taken over the affairs of the Company with the firm intention and capabilities to revive the overall operations of the Company.
- New management plans 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, and have also been submitted to the PSX, which are to be effectuated within this financial year.

-New management of the Company plans to pay off the liabilities of the Company with the help of earnings from the revival of existing operations and injections of the funds.

2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Company for the half year ended December 31, 2019 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act shall prevail.

- 2.2 The figures of condensed interim profit and loss account for the quarter ended September 30, 2019 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2019. These condensed interim financial statements do not include all the information and disclosures required in annual financial statements, which should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019.
- 2.3 These condensed interim financial statements have been prepared under the historical cost convention except leasehold land, building and plant and machinery which are stated at revalued amount and the Company's liability under its defined benefit plan (gratuity) which is determined on the present value of the defined benefit obligations determined by an independent actuary.
- 2.4 These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency.
- 2.5 The comparative statement of financial position presented has been extracted from the annual financial statements for the year ended June 30, 2019, whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019.

Further, the Company has adopted the following standards, amended standards and interpretations of IFRSs which became effective during the current period:

- Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities
- IFRS 14 'Regulatory Deferral Accounts'
- IFRS 16 'Leases'
- Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements
- Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures
- 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'

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

The adoption of the above amendments and interpretation of the standards did not have any effect on these condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of these condensed interim financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.
- 4.2 In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2019.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2019.

		(Un-audited)	
	Note	December 31, 2019	June 30, 2019
---- (Rupees in '000) ----			
5 PROPERTY, PLANT AND EQUIPMENT			
5.1 Opening WDV of operating fixed assets		467,184	14,194
Additions during the period / year		-	55
Disposals during the period / year		-	(1,129)
Depreciation during the period / year	5.2	(3,981)	(7,961)
Reclassification of assets held for sale		-	462,025
		463,203	467,184
5.2 The depreciation charge for the period / year has been allocated as follows:			
Cost of sales and services	15	3,185	6,369
Administrative expenses	16	796	1,592
		3,981	7,961
6 INTANGIBLE ASSET			
Computer software having cost amounting to Rs. 129,000 is fully amortized.		-	-
7 LONG TERM INVESTMENTS			
<i>In shares of unquoted subsidiary companies - at cost</i>			
Johnson and Phillips Industries (Pakistan) Limited			
<i>Investment in shares</i>			
3,000,000 fully paid ordinary shares of Rs. 10 each [Break-up value as at December 31, 2019 was Rs. nil (June 30, 2019 : Rs. nil)]. The Company held 100% of the investee's total equity.		30,000	30,000
<i>Advance against share capital</i>		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 December 31, 2019 was Rs. nil (June 30, 2019 : Rs. nil)]. The Company held 70% of the investee's total equity.		21,000	21,000
J & PEMO Pakistan (Pvt) Ltd			
50,997 fully paid ordinary shares of Rs. 10 each [Break-up value as at December 31, 2019 was Rs. nil (June 30, 2019 : Rs. nil)]. The Company held 51% of the investee's total equity.		510	510
		71,510	71,510
<i>Provision for diminution in value of investments</i>		(71,510)	(71,510)

		<i>(Un-audited)</i>	
		December 31, 2019	June 30, 2019
8	<i>TAX REFUNDS DUE FROM THE GOVERNMENT</i>	<i>Note</i>	----- (Rupees in '000) -----
	Income tax	3,133	3,177
	Sales tax	20,872	20,844
		24,005	24,021
	Less: Provision for doubtful sales tax refunds	(16,576)	-
		7,429	24,021
9	<i>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</i>		
	<i>Balance as at July 01,</i>	466,379	484,144
	Reclassification adjustment - net of deferred tax	-	(9,495)
	Related deferred tax liability of reclassification adjustment	-	(638)
	Transfer to equity in respect of incremental depreciation - net of deferred tax	(3,399)	(5,711)
	Related deferred tax liability of incremental depreciation	(486)	(859)
	Effect of disposal during the year	-	(754)
	Deferred tax on disposal during the year	-	(308)
		(3,885)	(17,765)
	<i>Balance as at December 31,</i>	462,494	466,379
	<i>Less: Related deferred tax liability</i>		
	- at the beginning of the year	(8,483)	(9,764)
	- Related to reclassification adjustment	-	638
	- effect of disposal during the year	-	308
	- effect of tax rate adjustment	-	(524)
	- on incremental depreciation for the year	486	859
	- at the end of the year	(7,997)	(8,483)
		454,497	457,896
10	<i>LONG TERM LOANS</i>		
	<i>From related parties</i>		
	<i>Unsecured and interest bearing</i>	51,154	51,154
	<i>Close family member of former director</i>		
	Principal	8,408	8,408
	Accumulated mark-up	11,981	11,981
		20,389	20,389
	<i>Former director</i>		
	Principal	20,377	20,377
	Accumulated mark-up	10,388	10,388
		30,765	30,765
	<i>Associated company</i>		
	Principal	52,010	52,010
	Accumulated mark-up	27,901	27,901
		79,911	79,911
		10.1	131,065
	<i>Less: Current portion of long term loans</i>	(131,065)	(131,065)
		-	-

10.1 The terms of these loans are same as disclosed in the annual financial statements for the year ended June 30, 2019. Further, markup charge for the period has been recognized in current liabilities in pursuant of the revised agreement terms disclosed in the annual financial statements for the year ended June 30, 2019.

		(Un-audited)	
		December 31, 2019	June 30, 2019
	Note	----- (Rupees in '000) -----	
11 DEFERRED LIABILITIES			
Staff retirement benefits - Gratuity	11.1	4,027	4,027
Deferred taxation	11.2	-	8,483
		4,027	12,510

11.1 Provision for gratuity is recognized on annual basis based on an independent actuarial valuation.

	(Un-audited)	
	December 31, 2019	June 30, 2019
11.2 Deferred taxation	----- (Rupees in '000) -----	
<i>Taxable temporary differences</i>		
Accelerated tax depreciation	8,748	5,974
<i>Deductible temporary differences</i>		
Available tax losses	82,178	99,678
Provisions	27	-
	(82,205)	(99,678)
	(73,457)	(93,704)
<i>Deferred tax asset not recognised</i>	73,457	102,187
	-	8,483

11.2.1 Management has not recognized the entire deferred tax asset on the net deductible differences as on the reporting date as the management is of the view that sufficient taxable profits will not be available in the foreseeable future against which the asset could be utilized.

		(Un-audited)	
		December 31, 2019	June 30, 2019
	<i>Note</i>	----- (Rupees in '000) -----	
12 TRADE AND OTHER PAYABLES			
Trade creditors	12.1	125,295	124,875
Advance from customers - unsecured	12.2	31,213	31,318
Accrued liabilities	12.3	31,617	27,215
Payable to ex-employees		802	802
Provident fund		725	535
Unclaimed gratuity payable		894	894
Withholding tax payable		496	491
Others	12.4	1,672	1,334
		192,713	187,464

- 12.1 This includes Rs. 119.957 (June 30, 2019: Rs. 119.690) million payable to an associated company - related party.
- 12.2 This includes Rs. 22.575 (June 30, 2019: Rs. 22.575) million advance from an associated company - related party.
- 12.3 This includes Rs. 9.245 (June 30, 2019: Rs. 7.846) million payable to a Director of the Company - related party, on account of salaries and other benefits.
- 12.4 This includes Rs. 1.423 (June 30, 2019: Rs. 1.085) million payable to a Director of the Company - related party, on account of reimbursable expenses incurred on behalf of the Company.

		(Un-audited)	
		December 31, 2019	June 30, 2019
13 SHORT TERM BORROWINGS		----- (Rupees in '000) -----	
From related parties			
Director	13.1	4,344	2,851
Associated company	13.2	4,563	-
New sponsor	13.3	408	-
Other related party	13.4	3,898	3,898
		<u>13,212</u>	<u>6,749</u>

- 13.1 This represents unsecured and interest free loan received from a director of the Company which is repayable on demand.
- 13.2 This represents unsecured loan obtained during the period from an associated company - related party, which is interest free and repayable on demand.
- 13.3 This represents unsecured and interest free loan received from the new sponsor, Mr. Anis Mianoor, which is repayable on demand.
- 13.4 This represents unsecured and interest free loan received from a former director of the company which is repayable on demand.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There are no contingencies other than those as disclosed in the annual financial statements for the year ended June 30, 2019.

		(Un-audited)	
		December 31, 2019	June 30, 2019
14.2 Commitment		----- (Rupees in '000) -----	
Guarantee issued by a banking company on behalf of the Company against performance bond		-	1,657

		Half year ended December 31,	
		2019	2018
		----- (Rupees in '000) -----	
15 COST OF SALES	Note		
Raw material consumed	15.1	237	1,787
Salaries, wages and benefits		978	1,268
Fuel and power		374	227
Repair and maintenance		786	42
Traveling and conveyance		3	16
Depreciation	5.2	3,185	1,412
Other manufacturing expenses		125	141
		<u>5,688</u>	<u>4,893</u>
Work in process			
Opening stock		4,386	4,386
Closing stock	8	(4,386)	(4,386)
		<u>-</u>	<u>-</u>
		<u>5,688</u>	<u>4,893</u>
15.1 Raw material consumed			
Opening stock		34,158	35,380
Purchases during the year		237	543
		<u>34,395</u>	<u>35,923</u>
Closing stock	8	(34,158)	(34,137)
		<u>237</u>	<u>1,787</u>
16 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		3,902	4,154
Travelling and conveyance		278	298
Legal and professional		2,638	1,830
Rent, rates and taxes		171	478
Repair and maintenance		1,282	191
Printing, stationery and postage		523	466
Utilities		333	419
Entertainment		95	45
Fees and subscription		985	392
Auditors' remuneration	16.1	123	42
Depreciation	5.2	796	353
Others		191	628
		<u>11,317</u>	<u>9,295</u>
16.1 Auditors' remuneration			
Half yearly review		75	42
Out of pocket		8	-
Other services		40	-
		<u>123</u>	<u>42</u>
17 OTHER CHARGES	Note		
Provision for obsolete / slow moving stock		1,956	-
Provision for doubtful debts		70	-
Provision for doubtful advances		88	-
Provision for doubtful sales tax refunds	8	16,576	-
		<u>18,690</u>	<u>-</u>
18 TAXATION - NET			
Current		22	36
Prior		51	79
Deferred		(8,483)	(458)
		<u>(8,410)</u>	<u>(343)</u>

19 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated company, directors of the company, key management personnel and their close family members. Period end balances relating to related parties are specifically disclosed in relative notes to these condensed interim financial statements. Other transactions with related parties are as follows:

	Half year ended December 31,	
	2019	2018
	----- (Rupees in '000) -----	
<i>Associated Company - Close family member of former director of the Company is a director of the associated company</i>		
<i>Elmetec (Pvt.) Limited</i>		
Loan obtained	4,563	6,550
Loan repaid	-	4,270
Purchases	268	543
Markup accrued	4,103	2,719
<i>Close family member of former director of the Company</i>		
<i>Faisal Qureshi</i>		
Markup accrued	664	201
<i>Bilal Qureshi - former director of the Company</i>		
Markup accrued	1,603	1,172
<i>Key Management Personnel of the Company</i>		
<i>Anis Mianoor - New Sponsor</i>		
Loan obtained	408	-
<i>Salman Ganny - Director of the Company</i>		
Loan obtained	1,493	-

20 CORRESPONDING FIGURES

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

<i>Reclassification from the caption component</i>	<i>Reclassification to the caption component</i>	<i>Note</i>	<i>Amount Rs. in '000</i>
Short term borrowings	Advances from customers	12	4,000
Accrued liabilities	Advance to supplier		87

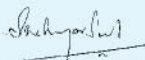
21 GENERAL

21.1 Number of employees as on the reporting date and average number of employees during the period were 5 (June 30, 2019: 8) and 7 (Year Ended June 30, 2019: 8)

21.2 Figures have been rounded off to the nearest Rupee.

22 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 28, 2020 by the board of Directors of the Company.


Chief Executive


Chief Financial Officer


Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JOHNSON & PHILLIPS (PAKISTAN) LIMITED ON THE REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Johnson & Phillips (Pakistan) Limited ("the Holding Company") and its subsidiary companies naming Johnson & Phillips Industries (Pakistan) Limited, Johnson & Phillips Transformers (Private) Limited and J & P EMO Pakistan (Private) Limited as at December 31, 2019 and the related consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows, and notes to the consolidated condensed interim financial statements for the six-month period then ended [here-in-after referred to as the "consolidated condensed interim financial statements"]. Management is responsible for the preparation and presentation of this consolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review. The figures of these consolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated condensed interim financial statements 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 the accompanying consolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

During the half year ended December 31, 2019, the Group has incurred loss after taxation amounting to Rs. 31.748 (December 31, 2018: Rs. 15.399) million, rising its accumulated losses to Rs. 448.379 (June 30, 2019: Rs. 420.030) million. Further, current liabilities of the Company exceeded its current assets by Rs. 346.317 (June 30, 2019: Rs. 309.471) million.

These factors, together with the other factors as disclosed in note no. 1.5 to the accompanying consolidated condensed interim financial statement 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 and also discusses the reasons for these consolidated condensed interim financial statements on a going concern basis.

Other Matter

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 financial statements due to

- inappropriateness of going concern assumption used by the management of the Group Companies for the preparation of those financial statements;
- due to the non-deposit of unpaid dividend by the holding company in a separately designated bank account;
- non-maintenance of proper subsidiary companies' financial records;
- certain unsubstantiated adjustments made by the subsidiary companies;
- Unverifiable tax position of the subsidiary companies;
- due to unconfirmed bank balances and other information of the subsidiary companies; and
- also due to inability to identify the effects of non-recognition of deferred taxation in the financial statements of subsidiary.

The engagement partner on the review resulting in this independent auditor's report is **Mohammad Iqbal**.

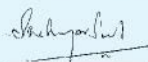
RHzaReanda Haroon Zakaria Rao
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: February 28, 2020

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2019

		December 31, 2019	June 30, 2019
<u>ASSETS</u>	<u>Note</u>	<u>---- (Rupees in '000) ----</u>	
		<i>Restated</i>	
Non Current Assets			
Property, plant and equipment	6	463,203	467,184
Intangible asset	7	-	-
Long term deposits		559	559
		<u>463,762</u>	<u>467,743</u>
Current Assets			
Stock-in-trade		-	1,956
Trade debts		-	165
Loan, advances and prepayments		84	122
Tax refunds due from the Government	8	10,084	26,676
Cash and bank balances		206	219
		<u>10,374</u>	<u>29,138</u>
Total Assets		<u>474,136</u>	<u>496,881</u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital And Reserves			
Authorized capital			
100,000 Ordinary shares of Rs. 1,000 each		80,000	80,000
Issued, subscribed and paid-up capital		54,500	54,500
Share premium reserve		29,727	29,727
Surplus on revaluation of property, plant and equipment	9	454,497	457,896
General reserve		23,073	23,073
Accumulated losses		(434,697)	(406,348)
Total shareholders' equity		<u>127,100</u>	<u>158,848</u>
Non-controlling interest	10	(13,682)	(13,682)
Non Current Liabilities			
Long term loans	11	-	-
Deferred liabilities	12	4,027	13,106
		4,027	13,106
Current Liabilities			
Trade and other payables	13	197,531	192,282
Short term borrowings	14	16,897	10,434
Accrued markup	11.1	6,370	-
Unpaid dividend		4,268	4,268
Provision for taxation		560	560
Current maturity of long term loans	11	131,065	131,065
		356,691	338,609
Contingencies and commitments	15		
Total Equity and Liabilities		<u>474,136</u>	<u>496,881</u>

The annexed notes from 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Chief Executive

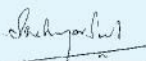

Chief Financial Officer


Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

		<i>Half year ended</i>		<i>Quarter ended</i>	
		<i>December 31,</i>		<i>December 31,</i>	
		<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<i>----- (Rupees in "000") -----</i>					
Sales		1,470	2,864	627	1,058
Cost of sales and services	16	(5,688)	(4,893)	(2,320)	(3,372)
Gross loss		(4,218)	(2,029)	(1,693)	(2,314)
Distribution cost		(253)	(316)	(126)	(132)
Administrative expenses	17	(11,317)	(9,295)	(4,704)	(4,642)
Operating loss		(15,788)	(11,640)	(6,523)	(7,088)
Finance cost		(6,384)	(4,106)	(2,988)	(2,269)
Other charges	18	(18,690)	-	-	-
Other income		108	4	2	4
Loss before taxation		(40,754)	(15,742)	(9,509)	(9,353)
Taxation - net	19	9,006	343	-	-
Loss after taxation		(31,748)	(15,399)	(9,509)	(9,353)
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		(31,748)	(15,399)	(9,509)	(9,353)
Total comprehensive loss attributable to:					
- Owner of the Holding Company		(31,748)	(15,399)	(9,509)	(9,353)
- Non-controlling interest		-	-	-	-
		(31,748)	(15,399)	(9,509)	(9,353)
Loss per share		(5.83)	(2.83)	(1.74)	(1.72)

The annexed notes from 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

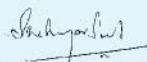
	Share Capital	Share Premium Reserve	Surplus on revaluation of property, plant and equipment	General Reserve	Accumulated losses	Total shareholders' equity
----- (Rupees in "000") -----						
Balance as at July 01, 2018 - before restatement	54,500	29,727	474,380	23,073	(391,839)	189,841
Effect of restatement (note 10)	-	-	-	-	13,669	-
Balance as at July 01, 2018 - restated	54,500	29,727	474,380	23,073	(378,170)	189,841
Loss after taxation for the half year ended December 31, 2018	-	-	-	-	(15,399)	(15,399)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	(2,972)	-	2,972	-
Balance as at December 31, 2018	54,500	29,727	471,408	23,073	(390,597)	174,442
Balance as at July 01, 2019 - before restatement	54,500	29,727	457,896	23,073	(420,030)	145,166
Effect of restatement (note 10)	-	-	-	-	13,682	-
Balance as at July 01, 2019 - restated	54,500	29,727	457,896	23,073	(406,348)	145,166
Loss after taxation for the half year ended December 31, 2019	-	-	-	-	(31,748)	(31,748)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	-	(3,399)	-	3,399	-
Balance as at December 31, 2019	54,500	29,727	454,497	23,073	(434,697)	113,418

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 23 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

*Half year ended
December 31,*

2019 2018

Note -- (Rupees in '000) --

A. CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation		(40,754)	(15,742)
Adjustment for:			
Depreciation	6.2	3,981	1,765
Provision for obsolete / slow moving stock	18	1,956	-
Provision for doubtful debts	18	70	-
Provision for doubtful advances	18	88	-
Provision for doubtful sales tax refunds	18	16,576	-
Finance cost		6,384	4,106
Operating cash outflows before working capital changes		(11,699)	(9,871)
Increase / (decrease) in current assets			
Stock-in-trade		-	1,243
Trade debts		95	(45)
Loan, advances and prepayments		(50)	(1,914)
Sales tax refundable		(28)	-
Increase in current liabilities			
Trade and other payables		5,249	2,480
		5,266	1,764
Cash used in operations		(6,433)	(8,107)
Income tax (paid) / refunded		(29)	81
Finance cost paid		(14)	(4,106)
		(43)	(4,025)
Net cash used in operating activities	A	(6,476)	(12,132)

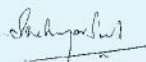
B. CASH FLOWS FROM INVESTING ACTIVITIES

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 received		-	6,822
Short term borrowings received		6,463	-
Net cash generated from financing activities	C	6,463	6,822
Net decrease in cash and cash equivalents (A+B+C)		(13)	(4,236)
Cash and cash equivalents at the beginning of the period	10	219	4,556
Cash and cash equivalents at the end of the period		206	320

The annexed notes from 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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 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 Holding Company is principally engaged in manufacturing, installing and selling of electrical equipment. As on the reporting date, Etheridge Company Limited holds 49.90% of total share issued of the Holding Company. The registered office of the Holding Company and its manufacturing facilities are situated at C-10, South Avenue, SITE, Karachi.

- 1.2 Subsequent to period end, an existing shareholder, Mr. Muhammad Anis Mianoor, who held 9.8% shares of the Holding Company as on the reporting date, has further acquired 70% ordinary shares of the Holding Company, including all the shareholding from Etheridge Company Limited.
- 1.3 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 equipment / appliances and participation in turnkey engineering industrial projects.

The following subsidiaries have been consolidated in the consolidated condensed interim financial statements of the Holding Company.

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

1.4 Geographical location of business units**Head Offices and manufacturing plants**

The registered offices and the manufacturing facilities of all the Group Companies are situated at C-10, South Avenue, SITE, Karachi.

1.5 Going concern

During the half year ended December 31, 2019, the Group has incurred loss after taxation amounting to Rs. 31.748 (December 31, 2018: Rs. 15.399) million, rising its accumulated losses to Rs. 434.697 (June 30, 2019: Rs. 406.348) million. Further, current liabilities exceeded its current assets by Rs. 346.317 (June 30, 2019: Rs. 309.471) million. The operations of all the Group entities, including their revenues, 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 its Directors, sponsors 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 condensed interim financial statements on a going concern basis due to the following reasons:

- The Group has revaluation surplus on fixed assets amounting to Rs. 454.497 million as on the reporting date, which is more than the accumulated losses of the Group as stated above.

- The Holding 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 subsequent to period end, new management, under the leadership of Mr. Anis Mianoor, has taken over the affairs of the Holding Company with the firm intention and capabilities to revive the overall operations of all the Group entities.
- New management of the Holding Company plans 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 of the Holding Company, and have also been submitted to the PSX, which are to be effectuated within this financial year.
- New management of the Holding Company plans to pay off the liabilities of the Company with the help of earnings from the revival of existing operations and injections of the funds.

2 BASIS OF PREPARATION

- 2.1 These consolidated condensed interim financial statements of the Group for the half year ended December 31, 2019 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act shall prevail.
- 2.2 The figures of consolidated condensed interim profit and loss account for the quarter ended September 30, 2019 have not been reviewed by the auditors of the Holding Company as they have reviewed the cumulative figures for the half year ended December 31, 2019 in accordance with the requirements of Section 237 of the Companies Act, 2017. These consolidated condensed interim financial statements do not include all the information and disclosures required in annual consolidated financial statements, which should be read in conjunction with the Company's annual consolidated financial statements for the year ended June 30, 2019.
- 2.3 These consolidated condensed interim financial statements have been prepared under the historical cost convention except leasehold land, building and plant and machinery which are stated at revalued amounts and the Group's liability under its defined benefit plan (gratuity) which is determined on the present value of the defined benefit obligations determined by an independent actuary.
- 2.4 These consolidated condensed interim financial statements are presented in Pakistani Rupees which is also the Group's functional currency.
- 2.5 The comparative consolidated statement of financial position presented has been extracted from the annual consolidated financial statements for the year ended June 30, 2019, whereas the comparative consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been extracted from the unaudited consolidated condensed interim financial statements for the half year ended December 31, 2018.

3 BASIS OF CONSOLIDATION

These consolidated condensed interim financial statements have been prepared from the information available in the reviewed un-audited separate financial statements of the Holding Company for the six months ended December 31, 2019 and the un-audited financial statements of the subsidiary companies for the six months ended December 31, 2019.

The financial statements 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 consolidated condensed interim financial information.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, applied in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Company for the year ended June 30, 2019.

Further, the Group has adopted the following standards, amended standards and interpretations of IFRSs which became effective during the current period:

- Amendments to IFRS 9 'Financial Instruments': Amendments regarding prepayment features with negative compensation and modifications of financial liabilities
- IFRS 14 'Regulatory Deferral Accounts'
- IFRS 16 'Leases'
- Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements
- Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures
- 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'.

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

The adoption of the above amendments and interpretation of the standards did not have any effect on these consolidated condensed interim financial statements.

5 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 5.1 The preparation of these consolidated condensed interim financial statements in conformity with approved accounting standards as applicable in Pakistan requires management of the Holding Company to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.
- 5.2 In preparing these consolidated condensed interim financial statements, the significant judgments made by the management of the Holding Company in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended June 30, 2019.
- 5.3 The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended June 30, 2019.

		(Un-audited)	
		December 31, 2019	June 30, 2019
Note		---- (Rupees in '000) ----	
6 PROPERTY, PLANT AND EQUIPMENT			
6.1	Opening WDV of operating fixed assets	467,184	14,194
	Additions during the period / year	-	55
	Disposals during the period / year	-	(1,129)
	Depreciation during the period / year	(3,981)	(7,961)
6.2	Reclassification of assets held for sale	-	462,025
		463,203	467,184
6.2 The depreciation charge for the period / year has been allocated as follows:			
	Cost of sales and services	16	3,185
	Administrative expenses	17	796
		3,981	7,961
7 INTANGIBLE ASSET			
	Computer software having cost amounting to Rs. 129,000 is fully amortized.	-	-
8 TAX REFUNDS DUE FROM THE GOVERNMENT			
	Income tax	5,788	5,832
	Sales tax	20,872	20,844
		26,660	26,676
	Less: Provision for doubtful sales tax refunds	(16,576)	-
		10,084	26,676
9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
	Balance as at July 01,	466,379	484,144
	Reclassification adjustment - net of deferred tax	-	(9,495)
	Related deferred tax liability of reclassification adjustment	-	(638)
	Transfer to equity in respect of incremental depreciation - net of deferred tax	(3,399)	(5,711)
	Related deferred tax liability of incremental depreciation	(486)	(859)
	Effect of disposal during the year	-	(754)
	Deferred tax on disposal during the year	-	(308)
		(3,885)	(17,765)
	Balance as at December 31,	462,494	466,379
	Less: Related deferred tax liability		
	- at the beginning of the year	(8,483)	(9,764)
	- Related to reclassification adjustment	-	638
	- effect of disposal during the year	-	308
	- effect of tax rate adjustment	-	(524)
	- on incremental depreciation for the year	486	859
	- at the end of the year	(7,997)	(8,483)
		454,497	457,896

10 NON-CONTROLLING INTEREST

Note	(Un-audited)	
	December 31,	June 30,
	2019	2019
	---- (Rupees in '000) ----	
	Restated	
Share in issued, subscribed and paid-up capital	9,490	9,490
Share of accumulated loss		
- Brought forward	(23,172)	(23,159)
- For the period / year	-	(13)
	(23,172)	(23,172)
10.1	(13,682)	(13,682)

10.1 Correction of error

Management of the Holding Company did not account for the effect 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 corrected in the current period by restating the balances of the NCI and accumulated losses of the corresponding period.

11 LONG TERM LOANS

Note	(Un-audited)	
	December 31,	June 30,
	2019	2019
	---- (Rupees in '000) ----	
From related parties		
Unsecured and interest bearing		
Close family member of former director of Holding Company		
Principal	8,408	8,408
Accumulated mark-up	11,981	11,981
	20,389	20,389
Former director of Holding Company		
Principal	20,377	20,377
Accumulated mark-up	10,388	10,388
	30,765	30,765
Associated company		
Principal	52,010	52,010
Accumulated mark-up	27,901	27,901
	79,911	79,911
11.1	131,065	131,065
Less: Current portion of long term loans	(131,065)	(131,065)
	-	-

11.1 The terms of these loans are same as disclosed in the annual consolidated financial statements for the year ended June 30, 2019. Further, markup charge for the period has been recognized in current liabilities in pursuant of the revised agreement terms disclosed in the annual consolidated financial statements for the year ended June 30, 2019.

		<i>(Un-audited)</i>	
		December 31, 2019	June 30, 2019
12 DEFERRED LIABILITIES	Note	---- (Rupees in '000) ----	
Staff retirement benefits - Gratuity	12.1	4,027	4,027
Deferred taxation	12.2	-	9,079
		4,027	13,106

12.1 Provision for gratuity is recognized on annual basis based on an independent actuarial valuation.

		<i>(Un-audited)</i>	
		December 31, 2019	June 30, 2019
12.2 Deferred taxation	Note	---- (Rupees in '000) ----	

Taxable temporary differences

Accelerated tax depreciation	8,748	5,974
Deferred tax liability related to subsidiary	596	596

Deductible temporary differences

Available tax losses	82,178	99,678
Provisions	27	-
	(82,205)	(99,678)
	(72,861)	(93,108)
<i>Deferred tax asset not recognised</i>	72,861	102,187
	-	9,079

12.3 Management of the Holding Company has not recognized the entire deferred tax asset on the net deductible differences as on the reporting date as the management is of the view that sufficient taxable profits will not be available in the foreseeable future against which the asset could be utilized.

		<i>(Un-audited)</i>	
		December 31, 2019	June 30, 2019
13 TRADE AND OTHER PAYABLES	Note	---- (Rupees in '000) ----	
Trade creditors	13.1	125,295	124,875
Advance from customers - unsecured	13.2	31,213	31,318
Accrued liabilities	13.3	31,761	27,359
Workers' profit participation fund		3,498	3,498
Payable to ex-employees		802	802
Provident fund		725	535
Unclaimed gratuity payable		894	894
Withholding tax payable		1,040	1,035
Others	13.4	2,304	1,966
		197,531	192,282

- 13.1 This includes Rs. 119.957 (June 30, 2019: Rs. 119.690) million payable to an associated company - related party.
- 13.2 This includes Rs. 22.575 (June 30, 2019: Rs. 22.575) million advance from an associated company - related party.
- 13.3 This includes Rs. 9.245 (June 30, 2019: Rs. 7.846) million payable to a Director of the Holding Company - related party, on account of salaries and other benefits.
- 13.4 This includes Rs. 1.423 (June 30, 2019: Rs. 1.085) million payable to a Director of the Holding Company - related party, on account of reimbursable expenses incurred on behalf of the Company.

(Un-audited)	
December 31, 2019	June 30, 2019
Note ----- (Rupees in '000) -----	

14 SHORT TERM BORROWINGS

From related parties

Director	14.1	4,344	2,851
Associated company	14.2	4,563	-
New sponsor	14.3	408	-
Other related party	14.4	7,583	7,583
		<u>16,897</u>	<u>10,434</u>

- 14.1 This represents unsecured and interest free loan received from a director of the Holding Company which is repayable on demand.
- 14.2 This represents unsecured loan obtained during the period from an associated company - related party, which is interest free and repayable on demand.
- 14.3 This represents unsecured and interest free loan received from the new sponsor of the Holding Company, Mr. Anis Mianoor, which is repayable on demand.
- 14.4 This represents unsecured and interest free loan received from a former director of the Holding Company which is repayable on demand.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

There are no contingencies other than those as disclosed in the annual consolidated financial statements for the year ended June 30, 2019.

(Un-audited)	
December 31, 2019	June 30, 2019
----- (Rupees in '000) -----	

15.2 Commitment

Guarantee issued by a banking company on behalf of the Holding Company against performance bond

-	1,657
---	-------

		Half year ended December 31,	
		2019	2018
		---- (Rupees in '000) ----	
16 COST OF SALES	Note		
Raw material consumed	16.1	237	1,787
Salaries, wages and benefits		978	1,268
Fuel and power		374	227
Repair and maintenance		786	42
Traveling and conveyance		3	16
Depreciation	6.2	3,185	1,412
Other manufacturing expenses		125	141
		5,688	4,893
Work in process			
Opening stock		4,386	4,386
Closing stock	9	(4,386)	(4,386)
		-	-
		5,688	4,893
16.1 Raw material consumed			
Opening stock		34,158	35,380
Purchases during the year		237	543
		34,395	35,923
Closing stock	9	(34,158)	(34,137)
		237	1,787
17 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		3,902	4,154
Travelling and conveyance		278	298
Legal and professional		2,638	1,830
Rent, rates and taxes		171	478
Repair and maintenance		1,282	191
Printing, stationery and postage		523	466
Utilities		333	419
Entertainment		95	45
Fees and subscription		985	392
Auditors' remuneration	17.1	123	42
Depreciation	6.2	796	353
Others		191	628
		11,317	9,295
17.1 Auditors' remuneration			
Half yearly review		75	42
Out of pocket		8	-
Other services		40	-
		123	42
		Half year ended December 31,	
		2019	2018
		---- (Rupees in '000) ----	
18 OTHER CHARGES	Note		
Provision for obsolete / slow moving stock		1,956	-
Provision for doubtful debts		70	-
Provision for doubtful advances		88	-
Provision for doubtful sales tax refunds	8	16,576	-
		18,690	-
19 TAXATION - NET			
Current		22	36
Prior		51	79
Deferred		(9,079)	(458)
		(9,006)	(343)

20 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated company, directors of the all the Group Companies, key management personnel of the Group Companies and their close family members. Period end balances relating to related parties are specifically disclosed in relative notes to these consolidated condensed interim financial statements. Other transactions with the related parties are as follows:

	<i>Half year ended</i>	
	<i>December 31,</i>	
	<i>2019</i>	<i>2018</i>
	<i>---- (Rupees in '000) ----</i>	
<i>Associated Company - Close family member of a former director of the Holding Company is a director of the associated company</i>		
<i>Elmetec (Pvt.) Limited</i>		
Loan obtained	4,563	6,550
Loan repaid	-	4,270
Purchases	268	543
Markup accrued	4,103	2,719
<i>Close family member of former director of the Holding Company</i>		
<i>Faisal Qureshi</i>		
Markup accrued	664	201
<i>Bilal Qureshi - former director of the Holding Company</i>		
Markup accrued	1,603	1,172
<i>Key Management Personnel</i>		
<i>Anis Mianoor - New Sponsor of the Holding Company</i>		
Loan obtained		
<i>Salman Ganny - Director of the Holding Company</i>		
Loan obtained	408	
	1,493	

21 CORRESPONDING FIGURES

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

<i>Reclassification from the caption component</i>	<i>Reclassification to the caption component</i>	<i>Note</i>	<i>Amount Rs. in '000</i>
Short term borrowings	Advances from customers	13	4,000
Accrued liabilities	Advance to supplier		87

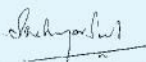
22 GENERAL

22.1 Number of employees of the Holding Company as on the reporting date and average number of employees during the period were 5 (June 30, 2019: 8) and 7 (Year Ended June 30, 2019: 8)

22.2 Figures have been rounded off to the nearest Rupee.

23 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on February 28, 2020 by the board of Directors of the Holding Company.


Chief Executive


Chief Financial Officer


Director



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