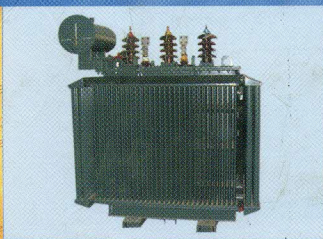
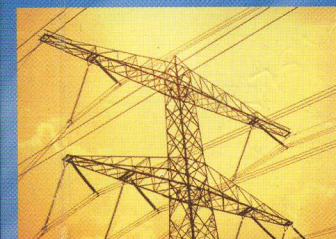
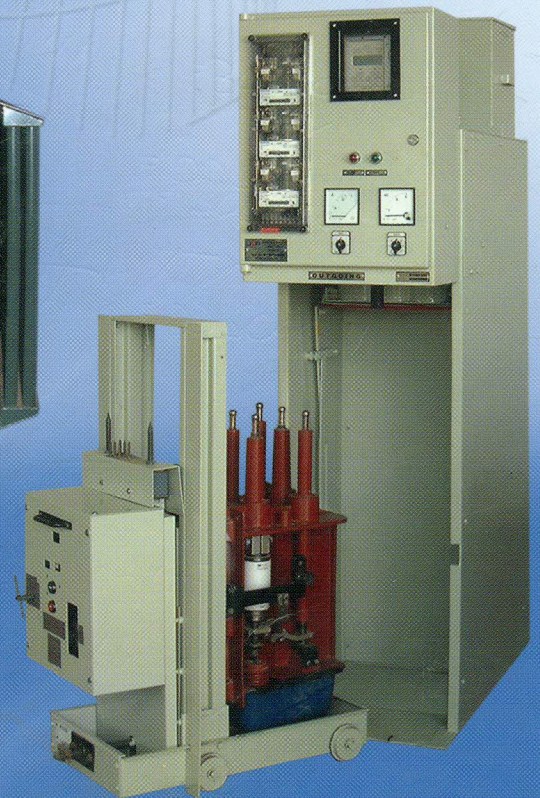
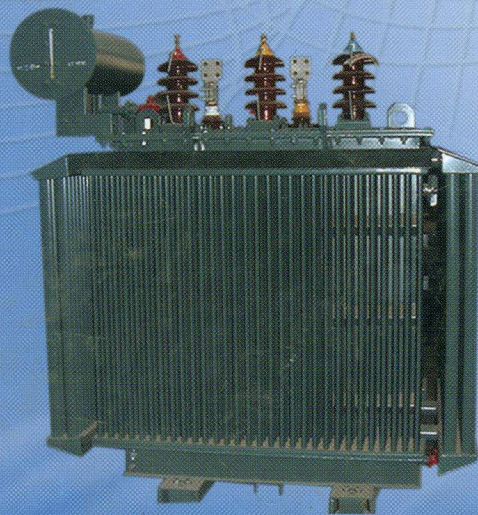
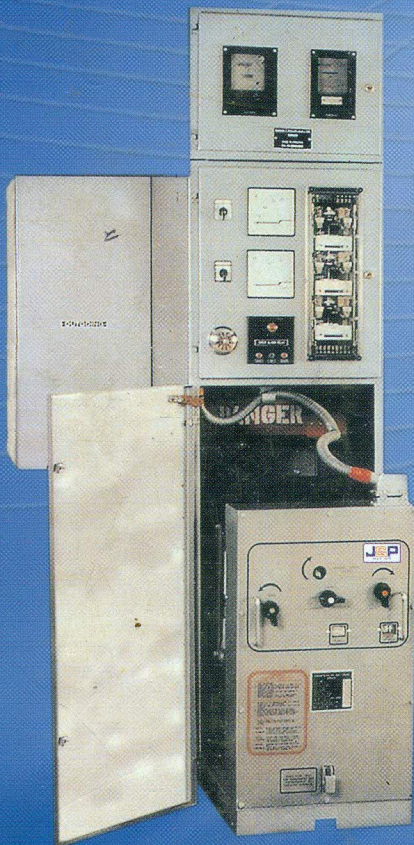




Johnson & Phillips (Pakistan) Ltd.

Annual Report
2016



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COMPANY INFORMATION

Board of Directors

Mr. Bilal Ahmed Qureshi	Chairman
Mr. Shehryar Saeed	Director/CEO
Ms. Mariam Shafi	Director
Mr. Muhammad Tariq Anjum	Director
Mr. Mohammad Azhar ul Islam	Director
Mr. Abid Saeed Khan	Director
Mr. Syed Jamshed Zaidi	Director

Board of Audit Committee

Mr. Abid Saeed Khan	Chairman
Mr. Mohammad Azhar ul Islam	Member
Ms. Mariam Shafi	Member

Board of HR Committee

Ms. Mariam Shafi	Chairman
Mr. Muhammad Tariq Anjum	Member
Mr. Syed Jamshed Zaidi	Member
Mr. Shehryar Saeed	Member

Company Secretary & Chief Financial Officer

Mr. Kashif Amin

Legal Advisor

EBRAHIM HOSAIN & CO.
Advocate & Corporate Counsel
156 - 1, Scotch Corner, Upper Mall, Lahore

Auditors

M/s. Nazir Chaudhri & Co.
Chartered Accountants
4-Karachi Chambers, Hasrat Mohani Road,
P.O.Box.No.5061, Karachi - 74000

Share Registrar

C & K Management Associates(Pvt) Ltd.
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi - 75530

Bankers

Silk Bank Ltd.
Soneri Bank Ltd.
Habib Bank Ltd.

Registered Office

C-10, South Avenue, SITE, Karachi - 75700
Tel: 092-21-32560030-7, Fax: 092-21-32564603
Website: www.johnsonphillips.pk
E-mail: Johnsonphillips@cyber.net.pk

STATEMENT OF ETHICS AND BUSINESS PRACTICES GUIDELINES

OBJECTIVE

The objective of Johnson & Phillips (Pakistan) Limited is to engage efficiently, responsibly and profitably in the manufacturing, installation and sale of electrical equipments.

RESPONSIBILITIES TOWARDS STAKEHOLDERS

To achieve the objective, the Company recognizes its responsibilities towards its shareholders, customers, employees and to those with whom it does business, and the society at large.

EMPLOYEE

The Company expects all its employees to demonstrate honesty, integrity and fairness in all aspects of its business.

- ⊙ To obey Company policies and values.
- ⊙ The Company provides all employees with equal opportunities.
- ⊙ The Company is doing its best to provide job satisfaction.
- ⊙ Good working environment to motivate the employees.
- ⊙ The Company ensures that employees avoid conflict of interest between their private financial activities and their professional role in conducting Company business.

BUSINESS RESOURCES

The Company safeguard its resources and does not allow the use of confidential information (manual or electronic) for personal gain.

Does not allow use of any inside information (directly or indirectly) about the organization for personal profit.

Does not make any misleading entries into the company books of accounts.

SOCIAL RESPONSIBILITIES

The Company acts in a responsible manner within the law of Pakistan, in pursuit of its legitimate commercial objectives

To fulfill all legal requirements of the Government and its regulatory bodies, follow relevant and applicable laws of the country.

The Company does not support any political party or contributes funds to group whose activities promote party interests.

The Company recognizes its social responsibility and contributes to community activities.

FINANCIAL REPORTING & INTERNAL CONTROL

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

CONFLICT OF INTEREST

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

ENVIRONMENT PROTECTION

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

QUALITY ASSURANCE

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 55th, Annual General Meeting of JOHNSON & PHILLIPS (PAKISTAN) LTD will be held on Saturday 29th, October 2016, at the registered office of the company at C-10, South Avenue S.I.T.E. Karachi at 10:30 am to transact the following business:

ORDINARY BUSINESS

- 1 To confirm the minutes of the 54th, Annual General Meeting held on 31st, October, 2015.
- 2 To receive consider and approve the audited accounts for the year ended on 30th June 2016 and the reports of the Directors and Auditors thereon for the year ended 30th June, 2016.
- 3 To appoint auditors for the year 2016-17 and to fix their remuneration.
- 4 To transact any other business which may be placed before the meeting with permission of the Chair.

By Order of the board

Karachi
06th October 2016

Company Secretary

Notes:

- 1 The shares transfer books of the Company will remain closed from 22nd, October 2016 to 29th, October 2016 (both days inclusive). Transfers received at the registered office of the company before the close of the business on 21st, October 2016, will be treated in time for the purpose of Annual General Meeting.
- 2 Shareholders are requested to immediately notify the Company of any changes in their addresses.
- 3 A member entitled to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxy forms in order to be valid must be received at the registered office of the Company not less than 48 hours before the announced time of meeting. A member shall not be entitled to appoint more than one proxy. The proxy must be a member. Form of proxy is attached to this Annual Report.
- 4 A member entitled to attend and vote at the AGM will have to provide their original CNIC to be allowed to attend.
- 5 CDC Account holder will further have to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

CHAIRMAN'S REVIEW

I present to you the 55th, Annual Report of the performance of the company for the year ended 30th June, 2016.

This year against our sales have declined, impacting our bottom line adversely. Unless we upgrade our products combined with sourcing funds for this purpose we will continue to suffer low sales volume. The Management is aware of the challenges and continues its efforts to secure proper finance that will be required for this. The Government if it commits to its plan to bring the Country out of the energy crisis then this will give rise to exports and provide ample opportunity for sales growth of the electrical equipment.

The Management has also started to focus on a restructuring plan and changed its strategy, which when implemented will give positive results.

The Directors would like to thanks its valued customers, suppliers and shareholders for their continued trust and appreciate the efforts of all employees for working in difficult conditions.

For and on behalf of Board of Directors

Bilal Ahmed Qureshi
Chairman

DIRECTOR'S REPORT

The Directors of your Board present to you the 55th, Annual Report together with the Audited Financial Statements of the Company for the year ended 30th June 2016.

	(Rupees in thousand)
Profit / (Loss) for the year before taxation	(50,551)
Out of which the Directors have accounted For taxation, as under: - Current	<u>490</u>
Disposable profit/ (Loss) for appropriation	(50,061)
Accumulated losses brought forward	(234,406)
Adjustment for: - Incremental depreciation for the year on revalued assets.	6,250
Other Comprehensive loss for the year ended June 30th, 2016	0
Accumulated losses carried over to Balance Sheet	<u><u>(278,217)</u></u>

In view of the need of liquid funds for working capital, the Directors have not recommended any dividend to the Share holders for the year ended 30th June, 2016.

Earnings Per Share :

Earnings per share for the year ended 30th June 2016 is Rs.(9.19) & EPS Year:2015 shows (10.61)

Material Changes

There has been no material changes since 30th June 2016 and the Company has not entered into any commitments which would affect its financial position on that date.

Board Meetings

The Board of Directors, which consist of seven members, have the responsibility to independently and transparently monitor the performance of the Company and take strategic decisions to achieve sustainable growth in the Company value. All members of the Board are elected in the general meeting after every three years.

A written notice of the Board meeting was sent to the members seven days before meetings. A total of Three meetings of the Board of Directors were held during the year ended June 30, 2016. The attendance of the board members was as follows:-

Sr. #	NAME OF DIRECTOR	MEETINGS ATTENDED
1	Mr. Bilal Ahmed Qureshi	3
2	Mr. Shehryar Saeed	3
3	Ms. Marium Shafi	3
4	Ms. Muhammaad Tariq Anjum	3
5	Mr.Mohammad Azhar ul Islam	2
6	Mr.Abid Saeed Khan	2
7	Mr.Syed Jamshed Zaidi	2

Audit Committee.

The board, in compliance to Code of Corporate Governance, has formed an audit committee. Three meetings of the committee were held during the year. All the meetings were attended by the committee members. The terms of reference of audit committee are based on the scope as defined in CCG 2012 and guidelines given by the board from time to time to improve the system and procedures.

Corporate and Financial Reporting Framework

The Board of Directors have taken adequate measures for the implementation of the Regulations of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied to the Financial Statements in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, and requirements of Companies Ordinance, 1984 have been followed in preparation of financial statements.
- e) There are no significant doubts upon the Company's ability to continue as a going concern.
- f) Information about outstanding taxes and levies is given in the Notes to the Accounts.

Employee Relations:

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

Future Outlook :

The Country's future economic turn around will take sometime to happen. Domestic and Foreign Direct Investment are still not forthcoming as was expected with the changing economic environment. We have to play our part, to get ourselves out of this stagnant position, by concentrating on product line diversification, increasing private sector sales and service and, take the restructuring plan forward this financial year.

Auditors

The present auditors, M/s. Nazir Chaudhri & Co. Chartered Accountants, stand retired upon completion of their 1 year term, being eligible have offered themselves for reappointment.

Acknowledgement

We are grateful to all our customers and suppliers who have shown their continuous support.

Shehryar Saeed
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips (Pakistan) Limited ("the Company") as at **June 30, 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit except as discussed in paragraph (b) below.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

Except for the matters discussed in paragraph (b), we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that:

- a. The Company has not deposited unclaimed dividend amounting to Rs. 4.268 million in a separate bank account designated for this purpose nor does the Company have sufficient fund available in their bank accounts to pay the unclaimed dividend in the event same is demanded by the shareholder.
- b. We have not received direct confirmation from legal advisors of the Company regarding cases mentioned in note 19.1.2 and 19.1.4 to the financial statements. In the absence of information regarding the latest position of litigation and claims against the Company, we are unable to ascertain the possible effects of contingencies or other financial effects, if any, on these financial statements that may arise.

Except for the adjustments in respect of matters stated above;

- c. in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- d. in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied

except for the changes as stated in note 2.4.1 to the financial statements with which we concur;

- ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- e. Except for the adjustment in respect of matter stated (a) and (b) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **June 30, 2016**; and of the **loss**, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- f. in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without further qualifying our opinion, we draw attention to note 1.2 to the financial statements which indicates that the Company has incurred net loss of Rs.52.857 million for the year and as at 30 June 2016, the Company has accumulated losses of Rs.279.054 million and the equity of the Company is negative by Rs. 171.754 million. These conditions along with other matters as set forth in note 1.2 to the financial statements indicate the existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

Karachi
October 06, 2016

NAZIR CHAUDHRI & CO.
Chartered Accountants
Engagement Partner: (Abdul Rafay), ACA

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

BALANCE SHEET

As at June 30, 2016

	2016	2015	2014	
		Restated	Restated	
Note	------(Rupees in thousand)-----			
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	3	184,009	192,820	201,630
Intangible Asset	4	-	-	-
Long term investments	5	-	-	-
Long term deposits		940	940	940
		184,949	193,760	202,570
CURRENT ASSETS				
Stock-in-trade	6	42,650	45,324	65,091
Trade debts	7	6,372	9,009	49,806
Loans and advances	8	16,289	16,828	15,859
Deposits and prepayments	9	6,776	6,844	8,630
Advance tax-net of provision	10	2,315	2,303	1,865
Cash and bank balances	11	1,082	1,731	1,066
		75,484	82,039	142,317
TOTAL ASSETS		260,433	275,799	344,887
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVE				
Authorized capital				
8,000,000 (2015: 8,000,000) ordinary shares of Rs. 10 each		80,000	80,000	80,000
Issued, subscribed and paid-up capital	12	54,500	54,500	54,500
Share premium reserve		29,727	29,727	29,727
General reserve		23,073	23,073	23,073
Accumulated loss		(279,054)	(233,193)	(182,074)
		(171,754)	(125,893)	(74,774)
Surplus on revaluation of property, plant and equipment	13	173,962	179,451	186,082
NON-CURRENT LIABILITIES				
Long term borrowings	14	81,582	77,331	73,435
Deferred liabilities	15	12,862	15,183	15,542
CURRENT LIABILITIES				
Trade and other payables	16	155,513	121,459	136,334
Current and overdue portion of long term borrowings	17	4,000	4,000	4,000
Mark up accrued	18	-	-	-
Unclaimed dividend		4,268	4,268	4,268
		163,781	129,727	144,602
Contingencies and commitments	19			
TOTAL EQUITY AND LIABILITIES		260,433	275,799	344,887

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2016

		2016	2015
		(Rupees in thousand)	Restated
	<i>Note</i>		
Sales - net	20	35,345	39,230
Cost of sales	21	<u>(46,344)</u>	<u>(60,346)</u>
Gross loss		(10,999)	(21,116)
Distribution cost	22	(3,538)	(2,132)
Administrative expenses	23	(34,093)	(28,958)
Other income	24	104	485
		(48,526)	(51,721)
Finance cost	25	<u>(5,154)</u>	<u>(6,510)</u>
Loss before taxation		(53,680)	(58,231)
Taxation	26	<u>823</u>	<u>1,417</u>
Loss for the year		<u>(52,857)</u>	<u>(56,814)</u>
		-----Rupees---	
Loss per share - basic and diluted	27	<u>(9.70)</u>	<u>(10.61)</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2016

	2016	2015 Restated
	(Rupees in thousand)	
Loss for the year	(52,857)	(56,814)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Gain / (loss) on remeasurment of post employment benefit	162	(936)
Total comprehensive loss	<u><u>(52,695)</u></u>	<u><u>(57,750)</u></u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

CASH FLOW STATEMENT

For the year ended June 30, 2016

	<i>Note</i>	2016 (Rupees in thousand)	2015 Restated
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	277	3,795
Taxes paid	10	(404)	(438)
Gratuity paid	15.1.2	(300)	(776)
Finance cost paid		<u>(1,063)</u>	<u>(5,787)</u>
Net cash from operating activities		(1,490)	(3,206)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	3	-	(25)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term borrowing		841	3,896
Net increase in cash and cash equivalents		<u>(649)</u>	<u>665</u>
Cash and cash equivalents at beginning of the year		1,731	1,066
Cash and cash equivalents at end of the year		<u>1,082</u>	<u>1,731</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2016

	Issued, subscribed and paid- up capital	Capital reserve Share premium reserve	General reserve	Revenue reserve (Accumulated loss)	Total
----- (Rupees in thousand) -----					
Balance as at June 30, 2014 - As reported	54,500	29,727	23,073	(180,585)	(73,285)
Effect of prior period error - Ref Note - 2.27	-	-	-	(1,489)	(1,489)
Balance as at June 30, 2014 - Restated	<u>54,500</u>	<u>29,727</u>	<u>23,073</u>	<u>(182,074)</u>	<u>(74,774)</u>
Net loss for the year	-	-	-	(56,814)	(56,814)
Other comprehensive income					
Loss on remeasurment of post employment benefit obligation	-	-	-	(936)	(936)
Transfer from surplus on revaluation of property, plant and equipment - restated	-	-	-	6,631	6,631
Balance as at June 30, 2015 - Restated	<u>54,500</u>	<u>29,727</u>	<u>23,073</u>	<u>(233,193)</u>	<u>(125,893)</u>
Net loss for the year	-	-	-	(52,857)	(52,857)
Other comprehensive income					
Gain on remeasurment of post employment benefit obligation	-	-	-	162	162
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	6,834	6,834
Balance as at June 30, 2016	<u><u>54,500</u></u>	<u><u>29,727</u></u>	<u><u>23,073</u></u>	<u><u>(279,054)</u></u>	<u><u>(171,754)</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

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 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. Etheridge Company Limited, held 2,719,536 (2015: 2,719,536) ordinary share of Rs. 10 each of the Company as at year end, which constitute 49.90% of total share issued.
- 1.2** The Company has incurred loss after tax of Rs. 52.857 million (2015: Rs. 56.814 million) during the year, which has increased accumulated losses amounting to Rs. 279.054 million (2015 Rs. 233.193 million) and has resulted in negative equity of Rs. 171.754 million (2015: Rs. 125.893 million) as at June 30, 2016. The Company has negative net current assets of Rs. 88.297 million (2015: Rs. 47.688 million).

These conditions indicate the existence of material uncertainty which may cast significant doubts on the Company's ability to continue as going concern.

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

- 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 at terms referred to in note 14.2, 14.3 and 14.4 of these financial statements.
- 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, 2017. The Strategic Business Revival Plan put forward by Management is approved by Board of Directors and will be presented before General Meeting for shareholders approval. According to which Company relocate its assets /operations /manufacturing to Lahore and maintain only Marketing/Sales and Service facility to facilitate its established customers.
- iii) The Board and the related parties of the Company has provided in past 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 a Director and the related parties had in the past 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP shall prevail.

2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

2.1.3 Standards, Amendments Or Interpretations Which Became Effective During The Year

During the year following amendments to Standards and new interpretations became effective; however, they did not have any material affect on these unconsolidated financial statements of the Company.

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 13 - Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements.

2.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interoperations:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payments - Classification and measurement of Share-based Payments transactions (Amendments)	1 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investment in Associates - Investment entities: Applying the Consolidated Exception (Amendment)	1 January 2016

IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for acquisition of Interest in Joint Operation (Amendment)	1 January 2016
IAS 1 Presentation of Financial Statements - Disclosure initiative (Amendment)	1 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure initiative (Amendment)	1 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendment)	1 January 2017
IAS 16 Property, plant and equipment and IAS 38 Intangible Assets - Clarification of acceptable methods of depreciation and amortization (Amendment)	1 January 2016
IAS 16 Property, plant and equipment, IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	1 January 2016
IAS 27 Separate Financial Statements - Equity Method in "Separate Financial Statements"	1 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to above standards and amendments , improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or interpretation	Effective date (annual periods Beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	1 January 2018
IFRS 14 - Regulatory Deferral Accounts	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 16 - Leases	1 January 2019

2.3 Critical Accounting estimates and judgments

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements are as follows:

i) **Employee benefits**

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefits obligations. The valuation is based on assumptions as mentioned in note 2.4.1 & 15.1.1.

ii) **Property, plant and equipment**

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. Company follow revaluation policy after every five years.

iii) **Taxation**

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 2.7 to these financial statements.

2.4 Employee benefits

2.4.1 Defined benefit plan

The Company operates unfunded gratuity scheme for all its permanent employees according to terms of employment, subject to minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligation under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for gratuity scheme was carried out as June 30, 2016. Projected unit credit method is used for valuation of the scheme.

All actuarial gains and losses are recognized in 'Other Comprehensive Income' as they occur.

Change in accounting policy

The Company did not carry out actuarial valuation for gratuity scheme as at 30 June 2015, instead, the Company used other valuation method, which practice was not in accordance with the International Financial Reporting Standards. Therefore, the Company has changed its accounting policy and carried out the actuarial valuation for gratuity scheme as at 30 June 2015.

The effects of this change in accounting policy have been adjusted retrospectively as per International Accounting Standard 8 (IAS - 8) "Accounting policies, changes in accounting estimates and errors". Further, the management has presented three years balance sheet in accordance with requirements of IAS-1 "Presentation of Financial Statements". Details of change in accounting policy are as follows:

	As per audited financial statements	Effect of change in accounting policy	Restated amount
-----Rupees in thousands-----			
Effects of change in accounting policy on financial statements for the year ended 30 June 2015			
Balance sheet			
Staff retirement benefits - Gratuity (Deferred liabilities)	5,816	48	5,768
Accumulated loss	230,381	(984)	229,397
Profit & loss account			
Cost of sales	60,488	(142)	60,346
Distribution cost	2,134	(2)	2,132
Administrative expenses	30,489	(1,531)	28,958
Finance cost	5,819	691	6,510
Loss per share - basic and diluted	(10.61)	-	(10.61)
Other comprehensive income			
Gain on remeasurment of post employment benefit obligation	-	936	936.00

2.4.2 Defined contribution plan

The Company operates provident fund for all its permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of the basic salary.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these rules.

2.4.3 Provident fund related disclosures

The following information is based on latest financial statements of the Fund:

	Unaudited June 30, 2016	Unaudited June 30, 2015
----Rupees in thousands----		
Size of the fund - Total assets	<u>8,009</u>	<u>6,948</u>
Cost of the Investment made	<u>6,000</u>	<u>6,000</u>
Percentage of investments made	<u>75%</u>	<u>86%</u>
Fair value of the investments	<u>6,000</u>	<u>6,000</u>

Break-up of the fair value of investments is:

	June 30, 2016 Unaudited	June 30, 2015 Unaudited	June 30, 2016 Unaudited	June 30, 2015 Unaudited
----Rupees in thousands----				
Certificate of Investment	6,000	6,000	75%	86%

The investments out of the Company have been made in accordance with the provisions of sections 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

2.5 Compensated absences

Liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences occur.

2.6 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

2.7 Taxation

a) Current

Provision of current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years, arising from assessment framed during the year, for such years.

b) Deferred

The Company accounts for deferred taxation for all material timing differences. The amount is computed using the balance sheet liability method. Debit balances on account of deferred taxation are recognised only if there is reasonable certainty for realization.

2.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether billed or not to the Company.

2.9 Provisions

Provisions are recognised when the Company has the present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed and adjusted to reflect current best estimate.

2.10 Investments

These are stated at cost less provision for diminution on carrying value as determined by the management.

2.11 Property, plant and equipment and depreciation

a) Owned

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

Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life as stated in Note 3. Depreciation on additions and disposals of assets during the year is charged from the month of acquisition to the month of disposal.

Maintenance and normal repairs are charged to income, as and when incurred.

Major renewals are capitalized and the assets so replaced, if any, are retired.

Profit and loss on disposal of assets is included in income currently.

b) Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amounts of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated by applying straight line method over the estimated useful lives of the assets as stated in note 3.

Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation of leased assets is charged to current year's income as part of depreciation.

2.12 Intangible assets

Expenditure incurred to acquire software license is capitalized as intangible assets and stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized applying the straight line method. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

2.13 Consumable stores

These are valued at average cost and net realizable value less provision for slow moving stores.

2.14 Stock in trade

These are stated at the lower of average cost and net realizable value. Average cost in relation to finished goods and work-in-process represents prime cost and includes appropriate portion of manufacturing expenses.

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and cost necessary to be incurred in order to make the sale.

2.15 Trade debts, loans, advances, deposits, prepayments and other receivables

Trade debts, loans, advances, deposits, prepayments and other receivables are stated at cost. Provision is made against those considered doubtful by the management, whereas, those considered irrecoverable are written off.

2.16 Warranties

The management estimates at each balance sheet date a liability that could arise as a result of the Company's obligation to repair and replace products under warranty. The provision for warranty is accounted for in the periods in which sales are made and no provision is recognised if the chances of warranty claims are remote.

2.17 Foreseeable losses on orders in hand

Provision is made for all known or expected losses at completion on orders in hand.

2.18 Transaction with related parties

The Company enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

2.19 Impairment losses

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

2.20 Revenue recognition

Sales are recorded on delivery of goods to the customers and in case of exports when shipped. Income from installation and repair projects are recognized as the work is completed and accepted by the customers.

2.21 Borrowing cost

Borrowing cost and other related cost directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that takes a necessarily substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.22 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents consists of cash in hand and balances with banks.

2.23 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

2.24 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognised amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.25 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark up to the extent of the amount remaining unpaid.

2.26 Dividend

Dividend is recognized in the financial statement in the period in which these are approved.

2.27 Prior period error

Error in computation of incremental depreciation and related deferred tax effects

The Company had recorded deferred taxation on surplus on revaluation of property, plant and equipment in financial statements for the year ended 30 June 2015. However, a calculation error was occurred while computing the deferred taxation on the surplus.

This error has been corrected retrospectively and the comparative figures have been restated in accordance with IAS - 8 "Accounting policies, changes in accounting estimates and errors". Further, the management has presented three years balance sheet in accordance with requirements of IAS-1 "Presentation of Financial Statements". Details of correction of error are as follows:

	As per audited financial statements	Effect of prior period error	Restated amount
-----Rupees in thousands-----			
Effects of prior period error on financial statements for the year ended 30 June 2014			
Balance sheet			
Surplus on revaluation of property, plant and equipment	184,634	1,448	186,082
Deferred taxation	10,791	41	10,832
Accumulated loss	180,585	1,489	182,074
Profit & Loss account			
Taxation	321	-	321
Loss per share - basic and diluted	(5.82)	-	(5.82)
Effects of prior period error on financial statements for the year ended 30 June 2015			
Balance sheet			
Surplus on revaluation of property, plant and equipment	176,632	2,819	179,451
Deferred taxation	9,374	41	9,415
Accumulated loss	230,381	2,812	233,193
Profit & Loss account			
Taxation	1,417	-	1,417
Loss per share - basic and diluted	(10.61)	-	(10.61)

3 PROPERTY, PLANT AND EQUIPMENT

	Lease hold Land	Building on lease hold land	Plant and machinery	Gas and electric installations	Factory tools	Vehicles	Furniture and fixtures	Office and other equipments	Total
----- Rupees in thousands -----									
As at 01 July 2014									
Cost	170,000	25,600	14,610	1,178	3,843	11,640	4,320	11,969	243,160
Accumulated depreciation	(4,143)	(2,773)	(2,261)	(1,162)	(3,843)	(11,300)	(4,319)	(11,729)	(41,530)
Net book value	<u>165,857</u>	<u>22,827</u>	<u>12,349</u>	<u>16</u>	<u>-</u>	<u>340</u>	<u>1</u>	<u>240</u>	<u>201,630</u>
Year Ended 30 June 2015									
Opening net book value	165,857	22,827	12,349	16	-	340	1	240	201,630
Additions during the year	-	-	-	-	-	-	-	25	25
Depreciation for the year	(4,000)	(2,560)	(2,087)	(4)	-	(85)	-	(99)	(8,835)
Closing net book value	<u>161,857</u>	<u>20,267</u>	<u>10,262</u>	<u>12</u>	<u>-</u>	<u>255</u>	<u>1</u>	<u>166</u>	<u>192,820</u>
Useful Life (Years)	99	10	7	10	5	4	5	5	
As at 01 July 2015									
Cost	170,000	25,600	14,610	1,178	3,843	11,640	4,320	11,994	243,185
Accumulated depreciation	(8,143)	(5,333)	(4,348)	(1,166)	(3,843)	(11,385)	(4,319)	(11,828)	(50,365)
Net book value	<u>161,857</u>	<u>20,267</u>	<u>10,262</u>	<u>12</u>	<u>-</u>	<u>255</u>	<u>1</u>	<u>166</u>	<u>192,820</u>
Year Ended 30 June 2016									
Opening net book value	161,857	20,267	10,262	12	-	255	1	166	192,820
Additions during the year	-	-	-	-	-	-	-	-	-
Depreciation for the year	(4,000)	(2,560)	(2,087)	(4)	-	(85)	-	(75)	(8,811)
Closing net book value	<u>157,857</u>	<u>17,707</u>	<u>8,175</u>	<u>8</u>	<u>-</u>	<u>170</u>	<u>1</u>	<u>91</u>	<u>184,009</u>
As at 30 June 2016									
Cost	170,000	25,600	14,610	1,178	3,843	11,640	4,320	11,994	243,185
Accumulated depreciation	(12,143)	(7,893)	(6,435)	(1,170)	(3,843)	(11,470)	(4,319)	(11,903)	(59,176)
Net book value	<u>157,857</u>	<u>17,707</u>	<u>8,175</u>	<u>8</u>	<u>-</u>	<u>170</u>	<u>1</u>	<u>91</u>	<u>184,009</u>
Useful Life (Years)	99	10	7	10	5	4	5	5	

3.1 The previous revaluations were carried out on March 31, 1995, June 30, 2004 and June 17, 2008 which resulted in a surplus of Rs 42.642 million, surplus of Rs 73.464 million and Rs. 104.097 million and impairment of Rs. 0.855 million respectively. Further, latest revaluation of leasehold land, building on leasehold land and Plant & Machinery were revalued on June 12, 2013. The revaluation was incorporated in books on June 30, 2013, following the elimination method. The revaluation exercise was conducted by M/s Asif Associates (Private) Limited, a valuer on approved list of Pakistan Bankers Association, on market value basis.

The last revaluation of leasehold land, Building and Plant & Machinery resulted in a surplus of Rs. 31.776 million. The carrying amount of the above mentioned assets as at 30 June 2016, if the said had been carried at historical cost would have been as follows:

Asset category	Cost	Accumulated Depreciation	Written down Value
-----Rupees in thousands-----			
Lease hold Land	61	28	33
Building on lease hold land	13,081	11,498	1,583
Plant and machinery	30,018	28,583	1,435

3.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2016 (Rupees in thousand)	2015
Cost of sales and services	21	7,049	7,068
Administrative expenses	23	1,762	1,767
		<u>8,811</u>	<u>8,835</u>

2016
2015
Note (Rupees in thousand)

3.2 Cost of fully depreciated assets

Gas and electric installation	1,037	1,037
Factory tools	3,843	3,843
Vehicles	11,640	11,640
Furniture and fixtures	4,320	4,320
Office and other equipments	11,361	11,361
	32,201	32,201

4 INTANGIBLE ASSET

	COST			AMORTIZATION			Written down Values as at June 30, 2015	Useful life (years)
	As at July 01, 2014	Additions / disposal	As at June 30, 2015	As at July 01, 2014	For the year	As at June 30, 2015		
----- Rupees in thousands -----								
Computer Software	129	-	129	129	-	129	-	5
	129	-	129	129	-	129	-	

5 LONG TERM INVESTMENTS

In shares of unquoted subsidiary companies:(at cost)

Johnson and Phillips Industries (Pakistan) Limited 30,000 30,000

3,000,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2016 was Nil (June 2015:Nil)]The Company held 100% of the investee's total equity.) Chief Executive Mr. Shehryar Anwar Saeed

Johnson & Phillips Transformers (Private) Limited 21,000 21,000

2,100,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2016 was Nil (June 2015:Nil)] The Company held 70% of the investee's total equity. Chief Executive Mr. Nabeel Sadiq

J & P EMO Pakistan (Pvt) Ltd 510 510

51,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2016 was Nil (June 2015:Nil)] The Company held 51% of the investee's total equity. Chief Executive Mr. Shehryar Anwar Saeed

Share Application money

Johnson and Phillips Industries (Pakistan) Limited 20,000 20,000

71,510 71,510

Provision for diminution in value of investments (71,510) (71,510)

- -

5.1 Value of the above investments, based on the net assets of the investee companies as per latest available audited financial statements of the investee companies was as follows:

Johnson and Phillips Industries (Pakistan) Limited	(38,498)	(38,478)
Johnson & Phillips Transformers (Private) Limited	(22,726)	(22,691)
J & P EMO Pakistan (Pvt) Ltd	(1,724)	(1,712)

	2016	2015
6 STOCK-IN-TRADE	(Rupees in thousand)	
Note		
Raw material and components in hand - Gross	40,269	38,201
Less: provision for obsolete/ slow moving items	(8,360)	(10,644)
	31,909	27,557
Work-in-process	3,273	17,446
Finished goods	7,468	321
	<u>42,650</u>	<u>45,324</u>
7 TRADE DEBTS		
Trade debts , <i>unsecured</i>	11,377	9,009
Less: Provision for doubtful trade debts	(5,005)	-
	<u>6,372</u>	<u>9,009</u>
8 LOANS AND ADVANCES		
Loans to subsidiary companies - unsecured Considered doubtful		
Johnson and Phillips Industries (Pakistan) Limited (JPI)	8.1 32,244	24,738
Johnson & Phillips Transformers (Private) Limited (JPT)	8.2 13,194	13,160
J & P EMO Pakistan (Pvt.) Ltd. (EMO)	8.3 2,948	2,939
	48,386	40,837
Less: Provision against doubtful loans	(48,386)	(40,837)
	-	-
Advances - Unsecured		
To suppliers	829	1,100
To employees	460	352
Against purchase of land	2,717	2,717
Others	71	71
	4,077	4,240
Sales tax refundable	15,754	15,305
Less: Provision for doubtful advances against:		
Suppliers	(765)	-
purchase of land	(2,717)	(2,717)
Others	(60)	-
	(3,542)	(2,717)
	<u>16,289</u>	<u>16,828</u>
8.1 Reconciliation of loan amount due from JPI		
Opening balance	24,738	14,685
Disbursed during the year	7,506	10,053
Closing balance	32,244	24,738
Less: provision	(32,244)	(24,738)
	<u>-</u>	<u>-</u>
	8.4 -	-

	2016 (Rupees in thousand)	2015
8.2 Reconciliation of loan amount due from JPT	Note	
Opening balance	13,160	13,107
Disbursed during the year	34	53
Closing balance	13,194	13,160
Less: provision	(13,194)	(13,160)
	8.5	-
8.3 Reconciliation of loan amount due from EMO		
Opening balance	2,939	2,896
Disbursed during the year	9	43
Closing	2,948	2,939
Less: provision	(2,948)	(2,939)
	8.6	-
8.4 The maximum amount of loan due from JPI at the end of any month during the year was Rs. 32.244 million (2015: Rs. 24.738 million).		
8.5 The maximum amount of loan due from Johnson & Phillips Transformers (Private) Limited at the end of any month during the year was Rs. 13.194 million (2015: Rs. 13.160 million).		
8.6 The maximum amount of loan due from Johnson & Phillips EMO Pakistan (Private) Limited at the end of any month during the year was Rs. 2.948 million (2015: Rs. 2.939 million).		
9 DEPOSITS AND PREPAYMENTS		
Prepayments	70	-
Deposits		
Margin against bank guarantee	6,478	5,843
Deposit with court	723	723
Other receivable	50	50
Tender deposits - net of provision	228	228
	7,479	6,844
Less: Provision for doubtful deposits	(773)	-
	6,776	6,844
10 ADVANCE TAX - NET OF PROVISION		
opening balance	2,303	1,865
Paid / adjusted during the year	404	438
	2,707	2,303
Less: Provision for the year		
- current	-	-
- prior	392	-
	392	-
Closing balance	2,315	2,303
11 CASH AND BANK BALANCES		
Cash in hand	39	43
At bank - in current accounts	1,019	1,665
- in saving accounts	24	23
	11.1	1,731
	1,082	1,731

11.1 This carry profit at the rate ranging from 3.75% to 4.5% (2.15: 5.25% to 6.5%) per annum.

		2016	2015		
		(Rupees in thousand)		Note	
12	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
	(Number of shares)				
		2016	2015		
		4,638,268	4,638,268	Ordinary shares of Rs. 10 each fully paid in cash	46,383 46,383
		93,000	93,000	Ordinary shares of Rs. 10 each issued for consideration other than cash.	930 930
		718,704	718,704	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,187 7,187
		5,449,972	5,449,972		54,500 54,500
13	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT				Restated
	Leasehold land				
	Revaluation surplus over written down value at beginning	161,967	165,966		
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(3,999)	(3,999)		
		157,968	161,967		
	Factory building				
	Revaluation surplus over written down value at beginning	18,452	20,783		
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(1,632)	(1,515)		
	Related deferred tax liability of incremental depreciation charged during the year	(699)	(816)		
		16,121	18,452		
	Related deferred tax liability at beginning	(6,458)	(7,274)		
	Effect of change in tax rate	923	-		
	Less: related to incremental depreciation	699	816		
		(4,836)	(6,458)		
	Plant and machinery				
	Revaluation surplus over written down value at beginning	8,447	10,165		
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(1,203)	(1,117)		
	Related deferred tax liability of incremental depreciation charged during the year	(516)	(601)		
		6,728	8,447		
	Related deferred tax liability at beginning of the year	(2,957)	(3,558)		
	Effect of change in tax rate	422	-		
	Less: related to incremental depreciation	516	601		
		(2,019)	(2,957)		
		173,962	179,451		

		2016	2015
	Note	(Rupees in thousand)	
14 LONG TERM BORROWINGS			
Loans from others-unsecured			
Loan from others	14.1	4,000	4,000
Loan-1 (From related party)			
Principal	14.2	8,408	8,408
Accumulated mark-up there on		9,908	9,219
		18,316	17,627
Loan -2 (From director)			
Principal	14.3	22,023	21,182
Accumulated mark-up there on		4,426	3,454
		26,449	24,636
Loan-3 (From related party)			
Principal	14.4	18,650	18,650
Accumulated mark-up there on		18,167	16,418
		36,817	35,068
		85,582	81,331
Less: current and overdue portion	17	(4,000)	(4,000)
		81,582	77,331

14.1 Represents unsecured loan taken by the Company at an interest rate of 12% per annum which was repayable in installments of Rs. 500,000 per month starting from October 2006. As the loan remained unpaid till the year ended June 30, 2007, a fresh agreement was made by the parties on June 30, 2007. According to the fresh agreement dated June 30, 2007 the effective date of repayment, which was October, 2006, was extended to July, 2008.

14.2 Represents an unsecured loan from a director of Elmetec (Pvt) Ltd - a related party. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2016 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2016) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2017. The mark-up will be charged at the rate of Twelve months KIBOR plus 2% per annum (2015: Twelve months KIBOR plus 2% per annum) . An other unsecured loan amounting to Rs. 5.00 million taken in past and according to the agreement dated June 30, 2016, the loan carries mark-up @ Twelve months KIBOR per annum (2015: Twelve months KIBOR per annum) and will be repaid in Twenty four equal quarterly installments commencing from July 01, 2017.

14.3 Represents an unsecured loan from a Director. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2016 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2016) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2017. The mark-up will be charged at the rate of KIBOR plus 2% per annum (2015: KIBOR plus 2% per annum). Other unsecured loans amounting to Rs. 7.797 million and Rs.3.0 million taken in past, according to the fresh agreements dated June 30, 2016, the loans carry mark-up @ KIBOR+2% per annum (2015: KIBOR+2% per annum), which will be repaid in twenty four quarterly installments commencing from July 01, 2017 and markup on these loans will be paid on monthly basis.

14.4 Represents an un-secured loan from Elmetec (Pvt) Ltd - a related party. During the year an agreement has been signed to reschedule the loan. According to the agreement dated June 30, 2016 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2016) will be repaid in twenty four equal quarterly installments commencing from July 01, 2017. The mark-up rate on this loan is KIBOR plus 2% per annum (2015: KIBOR plus 2% per annum).

	2016 (Rupees in thousand)	2015 Restated
15 DEFERRED LIABILITIES		
Staff retirement benefits - Gratuity	15.1 6,007	5,768
Deferred taxation	15.2 6,855	9,415
	12,862	15,183
15.1 Staff retirement benefits - Gratuity		
Staff retirement benefits - Gratuity	6,901	6,662
Unclaimed gratuity shown under current liabilities (trade and other payables)	(894)	(894)
	6,007	5,768
15.1.1 Principal assumptions		
Discount rate	7.25%	9.75%
Expected rate of eligible salary increase in future years	7.25%	9.75%
15.1.2 Liability for gratuity arose in the following manner:		
Opening net liability	6,662	5,603
Expense for the year	701	899
Other Comprehensive Income	(162)	936
Benefits paid	(300)	(776)
Closing net liability	6,901	6,662
15.1.3 Charge to profit and loss account		
Current service cost	66	208
Interest cost	635	691
Total amount chargeable to profit and loss account	701	899

15.1.4 Comparison for five years

	2016	2015	2014	2013	2012
	-----Rupees in thousand-----				
Present value of defined benefit obligation	6,901	6,662	4,701	6,579	6,765

15.1.5 Expected charge for the year ending 30 June 2017 is Rs. 0.333 million.

15.2 DEFERRED TAXATION

2016 2015
Note (Rupees in thousand)

Taxable temporary differences

Surplus on revaluation of fixed assets 6,855 9,415

Deductible temporary differences

Accelerated tax depreciation **(3,949)** (2,969)

Carried forward tax losses and unabsorbed depreciation **(103,013)** (86,423)

(106,962) (89,392)

(100,107) (79,977)

Deferred tax asset not recognised **106,962** 89,392

6,855 9,415

Deferred tax asset on tax losses available for carry forward is not recognised as management is of the view that sufficient taxable profits will not be available in future that there benefit is realised.

16 TRADE AND OTHER PAYABLES

Creditors 16.1 **120,066** 106,849

Accrued liabilities **5,796** 3,509

Advances from customers **9,134** 1,619

Payable to Elmetec (Pvt) Ltd - related party **18,459** 7,480

Payable to ex-employees **802** 802

Provident fund **13** 40

Unclaimed gratuity payable **894** 894

Tax deducted at source **116** 46

Others **233** 220

155,513 121,459

16.1 These include Rs. 113.054 million (2015: 100,543 million) payable to Elmetec (Private) Limited - a related party.

17 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS

Loan from others - unsecured 14.1 **4,000** 4,000

4,000 4,000

18 MARK UP ACCRUED

Opening balance - -

Accrued during the year **4,473** 5,787

4,473 5,787

Paid / transferred during the year 18.1 **(4,473)** (5,787)

Closing balance **-** -

18.1 These have been paid or rescheduled as disclosed in note 14 to these financial statements.

	Note	2016 (Rupees in thousand)	2015
19 CONTINGENCIES AND COMMITMENTS			
19.1 Contingencies			
19.1.1 Guarantees			
The banks have issued guarantees, on behalf of the Company as detailed below:			
Guarantees against performance bond		<u>6,100</u>	<u>5,520</u>
Labour			
19.1.2 Some legal cases are pending against the Company filed by ex-workers in respect of their claims. The aggregate amounts involved in these cases are Rs. 0.987 million. (2015: 0.987 million).			
Others			
19.1.3 Pursuant to a recovery suit filed by the National Bank of Pakistan against Johnson & Phillips Transformers (Pvt.) Limited (Defendant No.1) and Johnson & Phillips (Pakistan) Limited (Defendant No.2), the Banking Court No. III, Lahore passed a compromise decree. The Bank agreed that prior to executing the Decree against the Defendant No.2 as guarantor, the Bank will execute against all assets of the Defendant No. 1. Some payments has been made to the Bank while the remaining amount of Rs. 25,894 thousand is still payable. The execution proceedings in this case are now pending before the Banking Court No. III.			
19.1.4 The Company has filed a suit for the recovery of insurance claim of Rs 3.734 million (2015: Rs 3.734 million) in Honorable High Court of Sindh Karachi against the EFU General Insurance Limited and M/s Hanilay & Co. (Private) Limited.			
19.2 Commitments			
There is no commitment as on June 30, 2016 (2015 : Nil)			
20 SALES - NET			
Gross sales		41,469	39,893
Sales tax		(6,035)	(663)
Commission and discount on sales		(89)	-
		<u>(6,124)</u>	<u>(663)</u>
		<u>35,345</u>	<u>39,230</u>
21 COST OF SALES			
Raw materials and components consumed			
Opening stock		38,201	42,442
Purchases and sub contract cost		24,712	21,917
		<u>62,913</u>	<u>64,359</u>
Closing stock		<u>(40,269)</u>	<u>(38,201)</u>
		22,644	26,158
Salaries, wages and benefits	21.1	9,305	9,108
Insurance		-	505
Fuel and power		1,252	1,281
Repair and maintenance		522	293
Inspection and testing		5	48
Printing and stationery		39	24
Traveling and conveyance		209	209
Depreciation	3.1.1	7,049	7,068
Provision for Obsolete/ slow moving stocks		(2,284)	(1,488)
Other manufacturing expenses		577	126
		<u>16,674</u>	<u>17,174</u>
		<u>39,318</u>	<u>43,332</u>

	Note	2016 (Rupees in thousand)	2015
Work in process			
Opening stock		17,446	32,611
Closing stock		(3,273)	(17,446)
		<u>14,173</u>	<u>15,165</u>
Cost of goods manufactured		53,491	58,497
Finished goods			
Opening stock		321	2,170
Closing stock		(7,468)	(321)
		<u>(7,147)</u>	<u>1,849</u>
		<u>46,344</u>	<u>60,346</u>
21.1 Salaries, wages and benefits			
Salaries and wages		9,219	8,893
Gratuity		36	122
P.F Contribution (Worker & Staff)		50	93
		<u>9,305</u>	<u>9,108</u>
22 DISTRIBUTION EXPENSES			
Salaries, wages and benefits	22.1	1,309	756
Late delivery charges and penalties		1,830	789
Advertising and sales promotion		98	83
Travelling and conveyance		44	134
Subscriptions and periodicals		81	48
Repair and maintenance		37	61
Entertainment		55	42
Printing and stationery		21	23
Others		63	196
		<u>3,538</u>	<u>2,132</u>
22.1 Salaries, wages and benefits			
Salaries & wages		1,289	734
Gratuity		5	10
P.F Contribution-Staff		15	12
		<u>1,309</u>	<u>756</u>
23 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	23.1	6,704	5,818
Directors' remuneration		350	120
Travelling and conveyance		1,133	1,159
Legal and professional charges		375	433
Rent, rates and taxes		1,362	1,365
Repair and maintenance		451	809
Printing and stationery, postage etc.		830	1,189
Light and power		1,747	1,501
Entertainment		623	977
Advertisement, subscriptions and periodicals		1,859	697
Auditors' remuneration	23.2	447	413
Insurance		80	183
Provisions for doubtful debts, loans, advances and deposits		14,152	10,149
Depreciation	3.1.1	1,762	1,767
Others		2,218	2,378
		<u>34,093</u>	<u>28,958</u>

	Note	2016 (Rupees in thousand)	2015
23.1 Salaries, wages and benefits			
Salaries and wages		6,534	5,591
Gratuity		25	76
P.F Contribution-Staff		145	151
		<u>6,704</u>	<u>5,818</u>
23.2 Auditors' remuneration			
Annual audit fee		250	250
Review of half yearly financial statements		60	60
Review of consolidated financial statements		60	60
Certification and others		15	15
Out of pocket expenses		62	28
		<u>447</u>	<u>413</u>
24 OTHER INCOME			
Mark-up on saving accounts		1	19
Services income		103	466
		<u>104</u>	<u>485</u>
25 FINANCE COST			
Mark-up on unsecured long term loans		4,473	5,787
Bank charges and commission		46	32
Interest on defined benefit plan liability		635	691
		<u>5,154</u>	<u>6,510</u>
26 TAXATION			
Current year	26.1	-	-
Prior year		392	-
Deferred tax		(1,215)	(1,417)
		<u>(823)</u>	<u>(1,417)</u>
26.1			
Income tax assessments of the Company upto tax year 2015 is deemed to have been completed. There is no tax applicable on taxable profits of the Company under the provision of Income Tax Ordinance, 2001 due to available assessed tax losses. Accordingly, no reconciliation of tax expense with accounting profit has been presented.			
27 LOSS PER SHARE - basic and diluted			
There is no dilutive effect on the basic earnings per share of the company, which is based on:			
Loss after taxation - (Rupees in thousand)		<u>(52,857)</u>	<u>(56,814)</u>
Weighted average number of ordinary shares		<u>5,449,972</u>	<u>5,449,972</u>
Loss per share - basic and diluted - (Rupees)		<u>(9.70)</u>	<u>(10.61)</u>

	Note	2016 (Rupees in thousand)	2015
28 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(53,680)	(58,231)
Adjustments for:			
Depreciation	3.1.1	8,811	8,835
Provisions for doubtful debts, loans and advances		14,152	10,149
Provision for staff gratuity - net		66	208
Provision for Obsolete/ slow moving stocks		2,284	1,488
Finance cost	25	5,108	6,478
		<u>(23,259)</u>	<u>(31,073)</u>
Effect on cash flow due to working capital changes			
<i>Decrease /(Increase)decrease in current assets</i>			
Stock-in-trade		390	18,279
Trade debts		(2,368)	40,797
Loans and advances		(7,835)	(11,119)
Deposits and prepayments		(705)	1,786
		<u>(10,518)</u>	49,743
<i>Decrease in current liabilities</i>			
Trade and other payables		34,054	(14,875)
Cash generated from operations		<u><u>277</u></u>	<u><u>3,795</u></u>

29 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversee how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

29.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects the Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arise principally from the long term deposits, trade debts, advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date is as follows:

	2016 (Rupees in thousand)	2015
Long term deposits	940	940
Trade debts	6,372	9,009
Loans and advances	535	1,523
Trade deposits and other receivables	6,776	6,844
Bank balances	1,043	1,688
	15,666	20,004

Impairment losses

The aging of trade debtors at the balance sheet date was:

	2016		2015	
	Gross (Rupees in thousand)	impairment	Gross (Rupees in thousand)	impairment
Past due 1 - 60 days	673	-	541	-
Past due 61 - 365 days	5,700	-	6,012	-
More than one year	5,005	(5,005)	2,456	-
Total	11,378	(5,005)	9,009	-

Based on assessment conducted of individual customers, the management believes that receivable falling within the age bracket of up to one year does not require any impairment provision other than to the extent determined

Bank balances are held only with reputable banks with high quality credit ratings.

29.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Total	Contractual Cash Flows		
			On demand	Upto one year	More than one year
Long term financing	85,582	85,582	-	(4,000)	(81,582)
Trade and other payables	155,513	155,513	(1,696)	(153,817)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
June 30, 2016	245,363	245,363	(5,964)	(157,817)	(81,582)
Long term financing	81,331	81,331	-	(4,000)	(77,129)
Trade and other payables	121,459	121,459	(1,911)	(119,548)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
June 30, 2015	207,058	207,058	(6,179)	(123,548)	(77,129)

The Contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. The rate of mark-up have been disclosed in note 14 to these financial statements.

29.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

Interest rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

2016	2015	2016	2015
Effective interest rate (%)		Carrying amount(Rs.'000')	

Financial liabilities

Long term financing	KIBOR and KIBOR +2%	12%, KIBOR and KIBOR +2%	85,582	81,331
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Sensitivity analysis

As at balance sheet date, the Company does not account for any fixed rate financial assets or liabilities carried at fair value through profit or loss. Therefore, change in interest rates at reporting date would not affect profit and loss account.

29.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair

30 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2016 the negative shareholders' equity amounts to Rs. 171.754 million (2015: Rs. 125.893 million).

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	<u>Executives</u>		<u>Chief Executive</u>		<u>Directors</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	----- Rupees in thousands -----							
Managerial Remuneration	1,848	1,640	2,400	1,680	-	-	4,248	3,320
Retirement benefits and provident fund contribution	154	137	200	140	-	-	200	140
Rent, utilities, leave encashment etc.	-	-	1,989	2,249	-	-	1,989	2,249
Directors' fees	-	-	-	-	2,096	3,488	2,096	3,488
	<u>2,002</u>	<u>1,777</u>	<u>4,589</u>	<u>4,069</u>	<u>2,096</u>	<u>3,488</u>	<u>8,533</u>	<u>9,197</u>
No. of persons	<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>

31.1 The chief executive and one directors are also provided with free use of company maintained cars.

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

	2016	2015
	(Rupees in thousand)	
Subsidiaries		
Loan provided to subsidiary companies	<u>7,500</u>	<u>24,738</u>
Payments made on behalf of subsidiary companies	<u>49</u>	<u>96</u>
Provident Fund		
Contribution paid to Provident Fund	<u>210</u>	<u>256</u>
Directors		
Directors' fee paid	<u>2,096</u>	<u>3,488</u>
Markup on long term borrowings	<u>2,035</u>	<u>2,643</u>
Loan received	<u>841</u>	<u>805</u>
Other related parties due to close family relationship with director		
Purchases	<u>12,599</u>	<u>13,107</u>
Funds received - net	<u>23,490</u>	<u>21,846</u>
Markup on long term borrowings	<u>2,438</u>	<u>3,144</u>

33 PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types and sizes of products manufactured according to required specifications.

34 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 06th, 2016 by the Board of Directors of the Company.

35 GENERAL

- 35.1** Figures have been rounded off to the nearest thousand rupee.
- 35.2** The number of employees as at June 30, 2016 was 56 (2015: 60) and average number of employees during the year was 58 (2015: 61)
- 35.3** Corresponding figures been re-arranged & re-classified, whenever, necessary for the purpose of comparison.

Chief Executive

Director

AUDITORS' REPORT TO MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Johnson & Phillips (Pakistan) limited (“the Holding Company”) and its subsidiary companies as at **June 30, 2016** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary companies.

Except for the matters discussed in paragraph (b)& (c) below, we conducted our audit in accordance with the auditing standards applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis of our opinion.

These consolidated financial statements are the responsibility of the Holding Company’s management. Our responsibility is to express our opinion on these consolidated financial statements based on our audit and we report that:

- a) The Holding Company has not deposited unclaimed dividend amounting to Rs. 4.268 million in a separate bank account designated for this purpose nor does the Holding Company have sufficient fund available in their bank accounts to pay the unclaimed dividend in the event same is demanded by the shareholder.
- b) We have not received direct confirmation from legal advisors of the Holding Company regarding cases mentioned in note 22.1.2 to the consolidated financial statements. In the absence of information regarding the latest position of litigation and claims against the Holding Company, we are unable to ascertain the possible effects of contingencies or other financial effects, if any, on these consolidated financial statements that may arise.
- c) The financial statements of the subsidiary companies, Johnson and Phillips Industries (Pakistan) limited, Johnson & Phillips Transformers (Private) Limited and J & P EMO Pakistan (Private) Limited for the year ended June 30, 2016 were audited by us. Due to the significance of the matters mentioned below, the scope of our work was not sufficient to enable us to express, and we did not express our opinion in our reports dated 06 October 2016 on the financial statements referred to above.
 - i) The subsidiaries have not maintained certain customary accounting records and supporting documents relating to transactions with its customers and suppliers, particularly with respect to receivables, payables, bank balances, fixed assets and inventories. Further, in the absence of information regarding realizable value of several balances under advances, deposits and other receivables aggregating to Rs. 42.932 million (2015: Rs. 42.932 million). We were not able to confirm whether the amount would be realized at carrying values. Moreover, due to lack of customary accounting records and supporting documents, we were unable to verify the Companies’ liabilities aggregating to Rs. 16.103 million (2015: Rs. 16.103 million). Accordingly, it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

- ii) In the absence of information regarding the latest positions of income tax assessments of the subsidiary companies, we are unable to ascertain the possible effects of the contingencies or other financial effects, if any, on these financial statements that may arise due to the decision against appeals filed by the subsidiaries with income tax authorities.
 - iii) As explained in note 2 to the consolidated financial statements, the subsidiaries of the group, Johnson and Phillips Industries (Pakistan) Limited and Johnson & Phillips Transformers (Private) Limited ceased production in July 1997 and February 1998 respectively. Further, the accumulated losses of all the subsidiary companies as at June 30, 2016 stand at Rs. 135.344 million (2015: Rs. 135.251 million) resulting in negative shareholders' equity of Rs. 74.344 million (2015: Rs. 74.251 million). Further, two subsidiary companies of the group have also defaulted in payment of their aggregate liability amounting to Rs. 29.755 million (2015: Rs. 37.255 million). These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the subsidiary companies ability to continue as a going concern.
 - iv) We have requested the confirmation of balances and other information as at June 30, 2016 from the banks of subsidiaries and to date we have not received any satisfactory response. In the absence of replies, it cannot be assessed with any degree of accuracy that the bank balances and other information stated in the companies records are in agreement with the bank concerned.
 - v) As discussed in Note 6 to these consolidated financial statements, the property, plant and equipment of Rs. 23.870 million (2015: Rs. 23.870 million) are classified as held for sale and are being shown separately under the current assets as per IFRS 5 "Non-current Assets Held for Sales and Discontinued operation" and are measured at the lower of carrying amount and fair values less costs to sell. Since, we have not been provided with sufficient information in this regard, we were unable to satisfy ourselves about the fulfillment of measurement, presentation and disclosures requirement of the above IFRS.
 - vi) In the absence of information regarding current status of taxation, the amount of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets is recognized in the balance sheets of the subsidiary companies, we are unable to ascertain the possible effect of deferred tax on the subsidiaries' financial statements.
- d) In our opinion, except for the possible effects of the matters referred to in Para (a) to (c) above, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at **June 30, 2016**, and the results of their operations for the year then ended.

Without further qualifying our opinion, we draw attention to 1.2 to the consolidated financial statements which indicate the existence of material uncertainty which may cast significant doubt on the Holding Company's ability to continue as a going concern.

Karachi
October 06, 2016

NAZIR CHAUDHRI & CO.
Chartered Accountants
Engagement Partner: (Abdul Rafay), ACA

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED BALANCE SHEET

As at June 30, 2016

	<i>Note</i>	2016	2015 Restated	2014 Restated
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	184,009	192,820	201,630
Intangible Asset	5	-	-	-
Long term deposits		1,566	1,566	1,566
		185,575	194,386	203,196
CURRENT ASSETS				
Assets held for sale	6	23,870	23,870	23,870
Store, spares and loose tools	7	2,396	2,396	2,396
Stock-in-trade	8	55,355	58,029	77,796
Trade debts	9	6,372	9,009	49,806
Loans and advances	10	17,956	18,495	17,526
Deposits and prepayments and other receivables	11	7,479	7,547	9,333
Advance tax-net of provision		4,970	4,958	4,520
Cash and bank balances	12	1,245	1,894	1,229
		119,643	126,198	186,476
TOTAL ASSETS		305,218	320,584	389,672
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVE				
Authorized capital				
8,000,000 (2015: 8,000,000) ordinary shares of Rs. 10 each		80,000	80,000	80,000
Issued, subscribed and paid-up capital	13	54,500	54,500	54,500
Share premium reserve		29,727	29,727	29,727
General reserve		23,073	23,073	23,073
Accumulated loss		(285,012)	(246,607)	(205,489)
		(177,712)	(139,307)	(98,189)
Non-controlling interest	14	-		
Surplus on revaluation of property, plant and equipment	15	173,962	179,451	186,082
NON-CURRENT LIABILITIES				
Long term borrowings	16	81,582	77,331	73,435
Deferred liabilities	17	13,458	15,779	16,138
CURRENT LIABILITIES				
Trade and other payables	18	171,269	137,171	152,047
Short term borrowings	19	33,831	41,331	51,331
Current and overdue portion of long term borrowings	20	4,000	4,000	4,000
Mark up accrued	21	-	-	-
Unclaimed dividend		4,268	4,268	4,268
Taxation		560	560	560
		213,928	187,330	212,206
Contingencies and commitments	22			
TOTAL EQUITY AND LIABILITIES		305,218	320,584	389,672

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2016

	<i>Note</i>	2016 (Rupees in thousand)	2015 Restated
Sales-net	23	35,345	39,230
Cost of sales	24	<u>(46,344)</u>	<u>(60,346)</u>
Gross loss		(10,999)	(21,116)
Distribution cost	25	(3,538)	(2,132)
Administrative expenses	26	(26,637)	(18,957)
Other income	27	104	485
		(30,071)	(20,604)
		(41,070)	(41,720)
Finance cost	28	<u>(5,154)</u>	<u>(6,510)</u>
Loss before taxation		(46,224)	(48,230)
Taxation	29	<u>823</u>	<u>1,417</u>
Loss After taxation		<u>(45,401)</u>	<u>(46,813)</u>
Loss after taxation for the year attributable to:			
- Owners of the Holding Company		(45,374)	(47,760)
- Non-controlling interests		(27)	(37)
		<u>(45,401)</u>	<u>(47,797)</u>
		-----Rupees-----	
Loss per share - basic and diluted	30	<u>(8.33)</u>	<u>(8.59)</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
		Restated
Loss for the year	(45,401)	(46,813)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Gain / (loss) on remeasurment of post employment benefit	162	(936)
Total comprehensive loss	<u>(45,239)</u>	<u>(47,749)</u>
Total comprehensive loss for the year attributable to:	-----Rupees-----	
- Owners of the Holding Company	(45,212)	(47,712)
- Non-controlling interests	<u>(27)</u>	<u>(37)</u>
	<u>(45,239)</u>	<u>(47,749)</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2016

	<i>Note</i>	2016 (Rupees in thousand)	2015 Restated
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	7,777	13,795
Taxes paid	10	(404)	(438)
Gratuity paid	17.1.2	(300)	(776)
Finance cost paid		<u>(1,063)</u>	<u>(5,787)</u>
Net cash from operating activities		6,010	6,794
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	3	-	(25)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term borrowing		841	3,896
Repayment of short term borrowing		<u>(7,500)</u>	<u>(10,000)</u>
		(6,659)	(6,104)
Net (decrease) / increase in cash and cash equivalents		(649)	665
Cash and cash equivalents at beginning of the year		1,503	838
Cash and cash equivalents at end of the year	31	854	1,503

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2016

	Issued, subscribed and paid- up capital	Capital reserve Share premium reserve	General reserve	Revenue reserve (Accumulated loss)	Total
----- (Rupees in thousand) -----					
Balance as at June 30, 2014 - As reported	54,500	29,727	23,073	(204,000)	(96,700)
Effect of prior period error - Ref Note - 3.25	-	-	-	(1,489)	(1,489)
Balance as at June 30, 2014 - Restated	54,500	29,727	23,073	(205,489)	(98,189)
Total comprehensive loss for the year ended June 30, 2015					
Net loss for the year	-	-	-	(46,813)	(46,813)
Other comprehensive loss	-	-	-	(936)	(936)
				(47,749)	(47,749)
Transfer from surplus on revaluation of property, plant and equipment - restated	-	-	-	6,631	6,631
Balance as at June 30, 2015	54,500	29,727	23,073	(246,607)	(139,307)
Total comprehensive loss for the year ended June 30, 2016					
Net loss for the year				(45,401)	(45,401)
Other comprehensive income	-	-	-	162	162
				(45,239)	(45,239)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	6,834	6,834
Balance as at June 30, 2016	54,500	29,727	23,073	(285,012)	(177,712)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2016

	Issued, subscribed and paid- up capital	Capital reserve Share premium reserve	General reserve	Revenue reserve (Accumulated loss)	Total
----- (Rupees in thousand) -----					
Balance as at June 30, 2014 - As reported	54,500	29,727	23,073	(204,000)	(96,700)
Effect of prior period error - Ref Note - 3.25	-	-	-	(1,489)	(1,489)
Balance as at June 30, 2014 - Restated	54,500	29,727	23,073	(205,489)	(98,189)
Total comprehensive loss for the year ended June 30, 2015					
Net loss for the year	-	-	-	(46,813)	(46,813)
Other comprehensive loss	-	-	-	(936)	(936)
				(47,749)	(47,749)
Transfer from surplus on revaluation of property, plant and equipment - restated	-	-	-	6,631	6,631
Balance as at June 30, 2015	54,500	29,727	23,073	(246,607)	(139,307)
Total comprehensive loss for the year ended June 30, 2016					
Net loss for the year				(45,401)	(45,401)
Other comprehensive income	-	-	-	162	162
				(45,239)	(45,239)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	6,834	6,834
Balance as at June 30, 2016	54,500	29,727	23,073	(285,012)	(177,712)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive

Director

4 PROPERTY, PLANT AND EQUIPMENT

	Lease hold Land	Building on lease hold land	Plant and machinery	Gas and electric installations	Factory tools	Vehicles	Furniture and fixtures	Office and other equipments	Total
----- Rupees in thousands -----									
As at 01 July 2014									
Cost	170,000	25,600	14,610	1,178	3,843	11,640	4,320	11,969	243,160
Accumulated depreciation	(4,143)	(2,773)	(2,261)	(1,162)	(3,843)	(11,300)	(4,319)	(11,729)	(41,530)
Net book value	<u>165,857</u>	<u>22,827</u>	<u>12,349</u>	<u>16</u>	<u>-</u>	<u>340</u>	<u>1</u>	<u>240</u>	<u>201,630</u>
Year Ended 30 June 2015									
Opening net book value	165,857	22,827	12,349	16	-	340	1	240	201,630
Additions during the year	-	-	-	-	-	-	-	25	25
Depreciation for the year	(4,000)	(2,560)	(2,087)	(4)	-	(85)	-	(99)	(8,835)
Closing net book value	<u>161,857</u>	<u>20,267</u>	<u>10,262</u>	<u>12</u>	<u>-</u>	<u>255</u>	<u>1</u>	<u>166</u>	<u>192,820</u>
Useful Life (Years)	99	10	7	10	5	4	5	5	
As at 01 July 2015									
Cost	170,000	25,600	14,610	1,178	3,843	11,640	4,320	11,994	243,185
Accumulated depreciation	(8,143)	(5,333)	(4,348)	(1,166)	(3,843)	(11,385)	(4,319)	(11,828)	(50,365)
Net book value	<u>161,857</u>	<u>20,267</u>	<u>10,262</u>	<u>12</u>	<u>-</u>	<u>255</u>	<u>1</u>	<u>166</u>	<u>192,820</u>
Year Ended 30 June 2016									
Opening net book value	161,857	20,267	10,262	12	-	255	1	166	192,820
Additions during the year	-	-	-	-	-	-	-	-	-
Depreciation for the year	(4,000)	(2,560)	(2,087)	(4)	-	(85)	-	(75)	(8,811)
Closing net book value	<u>157,857</u>	<u>17,707</u>	<u>8,175</u>	<u>8</u>	<u>-</u>	<u>170</u>	<u>1</u>	<u>91</u>	<u>184,009</u>
As at 30 June 2016									
Cost	170,000	25,600	14,610	1,178	3,843	11,640	4,320	11,994	243,185
Accumulated depreciation	(12,143)	(7,893)	(6,435)	(1,170)	(3,843)	(11,470)	(4,319)	(11,903)	(59,176)
Net book value	<u>157,857</u>	<u>17,707</u>	<u>8,175</u>	<u>8</u>	<u>-</u>	<u>170</u>	<u>1</u>	<u>91</u>	<u>184,009</u>
Useful Life (Years)	99	10	7	10	5	4	5	5	

- 4.1 The previous revaluations were carried out on March 31, 1995, June 30, 2004 and June 17, 2008 which resulted in a surplus of Rs 42.642 million, surplus of Rs 73.464 million and Rs. 104.097 million and impairment of Rs. 0.855 million respectively. Further, latest revaluation of leasehold land, building on leasehold land and Plant & Machinery were revalued on June 12, 2013. The revaluation was incorporated in books on June 30, 2013, following the elimination method. The revaluation exercise was conducted by M/s Asif Associates (Private) Limited, a valuer on approved list of Pakistan Bankers Association, on market value basis.

The last revaluation of leasehold land, Building and Plant & Machinery resulted in a surplus of Rs. 31.776 million. The carrying amount of the above mentioned assets as at 30 June 2016, if the said had been carried at historical cost would have been as follows:

Asset category	Cost	Accumulated Depreciation	Written down Value
-----Rupees in thousands-----			
Lease hold Land	61	28	33
Building on lease hold land	13,081	11,498	1,583
Plant and machinery	30,018	28,583	1,435
4.1.1 The depreciation charge for the year has been allocated as follows:		2016	2015
	Note	(Rupees in thousand)	
Cost of sales and services	24	7,049	7,068
Administrative expenses	26	1,762	1,767
		<u>8,811</u>	<u>8,835</u>

2016
Note (Rupees in

4.2 Cost of fully depreciated assets

Gas and electric installation	1,037
Factory tools	3,843
Vehicles	11,640
Furniture and fixtures	4,320
Office and other equipments	11,361
	32,201

5 INTANGIBLE ASSET

	COST			AMORTIZATION			Written down Values as at June 30, 2015	Useful life (years)
	As at July 01, 2014	Additions / disposal	As at June 30, 2015	As at July 01, 2014	For the year	As at June 30, 2015		
Rupees in thousands								
Computer Software	129	-	129	129	-	129	-	5
	129	-	129	129	-	129	-	

6 ASSETS HELD FOR SALE

Description	COST			DEPRECIATION			Written down Values as at June 30, 2016
	As at July 01, 2015	Additions / disposal	As at June 30, 2016	As at July 01, 2015	For the year	As at June 30, 2016	
Rupees in thousand							
Free hold land	3,709	-	3,709	-	-	-	3,709
Building	12,327	-	12,327	6,859	-	6,859	5,468
Plant and machinery	23,741	-	23,741	11,438	-	11,438	12,303
Factory Tools and equipments	1,857	-	1,857	1,103	-	1,103	754
Office & other equipments	1,130	-	1,130	943	-	943	187
Furniture and fixture	231	-	231	185	-	185	46
Laboratory equipments	185	-	185	79	-	79	106
Vehicles	3	-	3	3	-	3	-
	43,183	-	43,183	20,610	-	20,610	22,573
Capital work in progress							
Plant & machinery	1,297	-	1,297	-	-	-	1,297
2016	44,480	-	44,480	20,610	-	20,610	23,870
2015	44,480	-	44,480	20,610	-	20,610	23,870

As described in note 2 to the financial statements the management has closed its operations of subsidiary therefore, have decided to dispose of its property, plant and equipment of such companies. The written down property, plant and equipment of Rs. 23.870 million (2015: Rs. 23.870 million) is being shown as current assets as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and is measured at the lower of carrying amount and fair value less costs to sell. According to management, the estimated selling price is likely to be less than carrying amount (WDV) since company has offers for the sale of machineries and materials and work in process which is far in excess of the book value of these assets. Hence no impairment on property, plant and equipment of the company has been charged.

	2016 (Rupees in
7 STORE, SPARES & LOOSE TOOLS	
Stores	182
Loose tools	2,214
	<u>2,396</u>
8 STOCK-IN-TRADE	
Raw material and components in hand - Gross	52,075
Less: provision for obsolete/ slow moving items	(8,360)
	43,715
Work-in-process	4,172
Finished goods	7,468
	<u>55,355</u>
9 TRADE DEBTS	
Trade debts - <i>unsecured</i> ,	11,377
Less: Provision for doubtful trade debts	(5,005)
	<u>6,372</u>
10 LOANS AND ADVANCES	
Advances - Unsecured - Considered good	
To suppliers	829
To employees	460
Against purchase of land	4,217
Others	71
	5,577
Sales tax refundable	15,921
Less: Provision for doubtful advances	(3,542)
	<u>17,956</u>
11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	
Prepayments	70
Deposits	
Deposit	85
Margin against bank guarantee	6,478
Deposit with court	723
Other receivable	50
Tender deposits - net of provision	228
	7,564
Less: Provision for doubtful deposits	(773)
Other receivables	
Receivables from ex-management against sale of fixed assets	618
	<u>7,479</u>

11.1

11.1 The amount under "Receivable from Ex-Management" represents payments by the ex-manager were not properly documented. Satisfactory explanation and information pertaining to these pay not been made available to date. The present managements does not accept these items and is of that the ex-management should refund the amounts. Accordingly, these items have been "Receivable form Ex-Management."

12 CASH AND BANK BALANCES	Note	2016 (Rupees in
Cash in hand		39
At bank		
- in current accounts		1,182
- in saving accounts		24
		<u>1,245</u>

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Number of shares)			
2016	2015		
4,638,268	4,638,268	Ordinary shares of Rs. 10 each fully paid in cash	46,383
93,000	93,000	Ordinary shares of Rs. 10 each issued for consideration other than cash.	930
718,704	718,704	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,187
<u>5,449,972</u>	<u>5,449,972</u>		<u>54,500</u>

2015
thousand)

1,037
3,843
11,640
4,320
11,361
32,201

Written down values as at June 30, 2015	Useful life (years)
---	---------------------------

- 5

-

Written down Values as at June 30, 2016
--

3,709
5,468
12,303
754
187
46
106
-
22,573

1,297

23,870

23,870

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2015
thousand)

182
2,214

2,396

50,007
(10,644)
39,363
17,446
1,220

58,029

9,009
-

9,009

1,100
352
4,217
71
5,740
15,472
(2,717)

18,495

-

85
5,843
723
50
228
6,929

-

618

7,547

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the opinion
shown as

2015
thousand)
43
1,828
23
1,894

46,383

930

7,187
54,500

2016 **2015**
Note (Rupees in thousand)

14 NON-CONTROLLING INTEREST

Share in issued, subscribed and paid up capital	9,490	9,490
Share of accumulated loss		
- brought forward	(20,886)	(20,849)
- for the year	(27)	(37)
	(20,913)	(20,886)
	(11,423)	(11,396)
Minority share in excess of their share in capital transferred to profit and loss account of the group	11,423	11,396
	-	-
	-	-

15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Leasehold land

Revaluation surplus over written down value at beginning	161,967	165,966
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(3,999)	(3,999)
	157,968	161,967

Factory building

Revaluation surplus over written down value at beginning	18,452	20,783
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(1,632)	(1,515)
Related deferred tax liability of incremental depreciation charged during the year	(699)	(816)
	16,121	18,452
Related deferred tax liability at beginning	(6,458)	(7,274)
Effect of change in tax rate	923	-
Less: related to incremental depreciation	699	816
	(4,836)	(6,458)

Plant and machinery

Revaluation surplus over written down value at beginning	8,447	10,165
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(1,203)	(1,117)
Related deferred tax liability of incremental depreciation charged during the year	(516)	(601)
	6,728	8,447
Related deferred tax liability at beginning of the year	(2,957)	(3,558)
Effect of change in tax rate	422	-
Less: related to incremental depreciation	516	601
	(2,019)	(2,957)
	173,962	179,451

	Note	2016 (Rupees in thousand)	2015
16 LONG TERM BORROWINGS			
<i>Relating to subsidiary companies</i>			
Local currency - general term finance	16.1	-	-
<i>Relating to Holding Company</i>			
Loans from others-unsecured			
Loan from others	16.2	4,000	4,000
Loan-1 (From related party)			
Principal	16.3	8,408	8,408
Accumulated mark-up there on		9,908	9,219
		18,316	17,627
Loan -2 (From director)			
Principal	16.4	22,023	21,182
Accumulated mark-up there on		4,426	3,454
		26,449	24,636
Loan-3 (From related party)			
Principal	16.5	18,650	18,650
Accumulated mark-up there on		18,167	16,418
		36,817	35,068
		85,582	81,331
Less: current and overdue portion	20	(4,000)	(4,000)
		81,582	77,331

16.1 This includes loan of two subsidiary companies as mentioned in note 16.1.1 and 16.1.2

16.1.1 This includes a loan of Rs. 36.755 million as at June 30, 2002 of Johnson & Phillips Industries (Pakistan) Limited and is secured against first mortgage charge on the entire immovable property, first floating charge on all business undertakings and other assets and properties and hypothecation of all movable and immovable properties including book debts and other receivables of the above mentioned subsidiary. During the year ended June 30, 2003 the subsidiary has settled its disputes with National Bank of Pakistan (Formerly National Development Finance Corporation) and agreed to pay Rs. 55.115 million as full and final settlement of their outstanding dues as per compromise agreements dated May 18, 2002. The loan is repayable as follows:

-Rs. 5.00 million on the date of the decree.

-Rs. 11.380 million within 30 days from the date of decree

-Balance amount of Rs. 36.775 million in six equal half yearly installment commencing after the expiry of the eight months from the date of the decree.

16.1.2 This includes as a loan of Rs. 27.345 million as at June 30, 2002 of Johnson & Phillips Transformers (Private) Limited and was secured against hypothecation of stocks and lien on book debts and repayment guarantee of the holding company. During the year 2003, the subsidiary has settled its disputes with National Bank of Pakistan (Formerly National Development Finance Corporation) and agreed to pay Rs. 27.345 million as full and final settlement of their outstanding dues as per compromise agreement dated April 30, 2002. This amount was repayable in six equal half yearly installments commencing after the expiry of eight months from the date of decree.

In the event of default in payment of any single installment the entire outstanding amount shall become due and payable forthwith in lump sum. NBP has a right to recover the outstanding amount by sale of charged assets and properties of the subsidiary companies. Upto June 30, 2003 out of balance settled amount of Rs. 64.120 million the subsidiary companies have paid only Rs. 1.605 million. Due to default in payment, balance amount was transferred to short term loan.

- 16.2** Represents unsecured loan taken by the Holding Company at an interest rate of 12% per annum which was repayable in installments of Rs. 500,000 per month starting from October 2006. As the loan remained unpaid till the year ended June 30, 2007, a fresh agreement was made by the parties on June 30, 2007. According to the fresh agreement dated June 30, 2007 the effective date of repayment, which was October, 2006, was extended to July, 2008.
- 16.3** Represents an unsecured loan from a director of Elmetec (Pvt) Ltd - a related party of the Holding Company. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2016 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2016) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2017. The mark-up will be charged at the rate of Twelve months KIBOR plus 2% per annum (2015: Twelve months KIBOR plus 2% per annum) . An other unsecured loan amounting to Rs. 5.00 million taken in past and according to the agreement dated June 30, 2016, the loan carries mark-up @ Twelve months KIBOR per annum (2015: Twelve months KIBOR per annum) and will be repaid in Twenty four equal quarterly installments commencing from July 01, 2017
- 16.4** Represents an unsecured loan from a Director of the Holding Company. During the year an agreement has been signed to reschedule the loan. According to the fresh agreement dated June 30, 2016 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2016) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2017. The mark-up will be charged at the rate of KIBOR plus 2% per annum (2015: KIBOR plus 2% per annum). Other unsecured loans amounting to Rs. 7.797 million and Rs.3.0 million taken in past, according to the fresh agreements dated June 30, 2016, the loans carry mark-up @ KIBOR+2% per annum (2015: KIBOR+2% per annum), which will be repaid in twenty four quarterly installments commencing from July 01, 2017 and markup on these loans will be paid on monthly basis.
- 16.5** Represents an un-secured loan from Elmetec (Pvt) Ltd - a related party of the Holding Company. During the year an agreement has been signed to reschedule the loan. According to the agreement dated June 30, 2016 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2016) will be repaid in twenty four equal quarterly installments commencing from July 01, 2017. The mark-up rate on this loan is KIBOR plus 2% per annum (2015: KIBOR plus 2% per annum).

	Note	2016 (Rupees in thousand)	2015 Restated
17 DEFERRED LIABILITIES			
Staff retirement benefits - Gratuity	17.1	6,007	5,768
Deferred taxation	17.2	7,451	10,011
		<u>13,458</u>	<u>15,779</u>

17.1 Staff retirement benefits - Gratuity	Note	2016 (Rupees in thousand)	2015 Restated
Staff retirement benefits - Gratuity		6,901	6,662
Unclaimed gratuity shown under current liabilities (Trade and other payables)		(894)	(894)
		<u>6,007</u>	<u>5,768</u>
17.1.1 Principal assumptions			
Discount rate		7.25%	9.75%
Expected rate of eligible salary increase in future years		7.25%	9.75%
17.1.2 Liability for gratuity arose in the following manner:			
Opening net liability		6,662	5,603
Expense for the year		701	899
Other Comprehensive Income		(162)	936
Benefits paid		(300)	(776)
Closing net liability		<u>6,901</u>	<u>6,662</u>
17.1.3 Charge to profit and loss account			
Current service cost		66	208
Interest cost		635	691
Total amount chargeable to profit and loss account		<u>701</u>	<u>899</u>

17.1.4 Comparison for five years

	2016	2015	2014	2013	2012
	-----Rupees in thousand -----				
Present value of defined benefit obligation	6,901	6,662	4,701	6,579	6,765

15.1.5 Expected charge for the year ending 30 June 2017 is Rs. 0.333 million.

17.2 DEFERRED TAXATION

Taxable temporary differences

Surplus on revaluation of fixed assets	6,855	9,415
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Deductible temporary differences

Accelerated tax depreciation	(3,949)	(2,969)
Carried forward tax losses and unabsorbed depreciation	(100,403)	(86,423)
	<u>(104,352)</u>	<u>(89,392)</u>
	(97,497)	(79,977)

Deferred tax asset not recognised	104,352	89,392
	6,855	9,415

Deferred tax liability related to subsidiary	596	596
	<u>7,451</u>	<u>10,011</u>

Deferred tax asset on tax losses available for carry forward is not recognised as management is of the view that sufficient taxable profits will not be available in future that there benefit is realised.

		2016	2015
	Note	(Rupees in thousand)	
18 TRADE AND OTHER PAYABLES			
Creditors		128,039	114,986
Accrued liabilities		5,856	3,539
Advances from customers	16.1	9,134	1,619
Payable to Elmetec (Pvt) Ltd - related party		18,459	7,480
Workers' profit participation fund		3,498	3,498
Payable to ex-employees		802	802
Provident fund		13	40
Unclaimed gratuity payable		894	894
Sales tax payable		39	39
Due to others		1,351	1,351
Withholding Tax Payable		621	551
Others		2,563	2,372
		<u>171,269</u>	<u>137,171</u>
19 SHORT TERM BORROWINGS			
Secured - utilized under mark-up arrangements			
Relating to subsidiary company			
Short term loan	16.1	33,440	40,940
From non-banking financial institutions			
Temporary overdraft		391	391
		<u>33,831</u>	<u>41,331</u>
20 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS			
Loan from others - unsecured	16.2	4,000	4,000
21 MARK UP ACCRUED			
Opening balance		-	-
Accrued during the year		4,473	5,787
		<u>4,473</u>	<u>5,787</u>
Paid / transferred during the year	21.1	(4,473)	(5,787)
Closing balance		<u>-</u>	<u>-</u>

21.1 These have been paid or rescheduled as disclosed in note 16 to these financial statements.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 a) Guarantees

The banks have issued guarantees, on behalf of the Holding Company as detailed below:

Guarantees against performance bond	6,100	5,520
-------------------------------------	-------	-------

b) Labour

22.1.2 Some legal cases are pending against the Company filed by ex-workers in respect of their claims. The aggregate amounts involved in these cases are Rs. 0.987 million. (2015: 0.987 million).

c) Others

22.1.3 Pursuant to a recovery suit filed by the National Bank of Pakistan against Johnson & Phillips Transformers (Pvt.) Limited (Defendant No.1) and Johnson & Phillips (Pakistan) Limited (Defendant No.2), the Banking Court No. III, Lahore passed a compromise decree.

The Bank agreed that prior to executing the Decree against the Defendant No.2 as guarantor, the Bank will execute against all assets of the Defendant No. 1. Some payments has been made to the Bank while the remaining amount of Rs. 25,894 thousand is still payable. The execution proceedings in this case are now pending before the Banking Court No. III.

22.1.4 The Company has filed a suit for the recovery of insurance claim of Rs 3.734 million (2015: Rs 3.734 million) in Honorable High Court of Sindh Karachi against the EFU General Insurance Limited and M/s Hanilay & Co. (Private) Limited.

d) Professional fee payable

The subsidiary Companies are contingently liable in respect of professional fee payable to M/s. Ebrahim & Company, Chartered Accountants amounting to Rs. 0.205 million (2015: 0.205 million)

e) Unsecured loan

The liability of Johnson & Phillips Transformers (Private) Limited for the amount due to Atta Cables (Pvt) Limited including unsecured loan relating to ex-management has been recorded in the books at an amount of Rs. 8.984 million as against the amount of Rs. 18.998 million (2015: Rs. 18.998 million) claimed by M/s Atta Cables (Pvt) Limited. The subsidiary Company does not acknowledge the excess amount of claim.

f) Tax assessments of subsidiary companies

The income tax assessment of Johnson & Phillips Industries (Pakistan) Limited for the assessment years upto 2000-2001 have been completed and the total liability demanded for the assessment years 1996-1997 to 1998-99 amounts to Rs. 0.122 million which the Subsidiary Company is disputing in appeal before tax authorities. In the event of adverse decision in the pending appeals the company would not be required to make further payment as advance tax paid would cover the demand. The company may however, face a charge amounting to Rs. 0.350 million.

The income tax assessments of Johnson & Phillips Transformers (Private) Limited for the assessment years up to 2000-2001 have been completed and the total liability demanded for the assessment years 1994-95 to 1998-99 amounts to Rs. 4.835 million. The Subsidiary Company has filed an appeal before Commissioner of Income Tax Appeals (CIT) against the above demand. The commissioner has set aside the order of Deputy Commissioner of Income Tax and directed reassessment of demand. In the event of adverse decision the company would be faced with additional liability of Rs. 4.451 million (2015: Rs. 4.451

The income tax assessments of Johnson & Phillips EMO Pakistan (Private) Limited for the assessment year upto 2000-2001 have been completed and the total liability demanded for the assessment years 1996-97 to 1999-2000 amounts to Rs. 0.226 million which the Subsidiary Company is disputing in appeals before tax authorities. In the event of adverse decision in the appeals the company would be faced with additional liability of Rs. 0.053 million (2015: Rs. 0.053 million).

The amount of all these contingencies is not ascertainable. Hence, no provision in this respect have been made in these consolidated financial statements.

22.2 Commitments	Note	2016	2015
		(Rupees in thousand)	
There is no commitment as on June 30, 2016 (2015 : Nil)			
23 SALES - NET			
Gross sales		41,469	39,893
Sales tax		(6,035)	(663)
Commission and discount on sales		(89)	-
		(6,124)	(663)
		35,345	39,230
24 COST OF SALES			
Raw materials and components consumed			
Opening stock		38,201	42,442
Purchases and sub contract cost		24,712	21,917
		62,913	64,359
Closing stock		(40,269)	(38,201)
		22,644	26,158
Salaries, wages and benefits	24.1	9,305	9,108
Insurance		-	505
Fuel and power		1,252	1,281
Repair and maintenance		522	293
Inspection and testing		5	48
Printing and stationery		39	24
Traveling and conveyance		209	209
Depreciation	4.1.1	7,049	7,068
Provision for Obsolete/ slow moving stocks		(2,284)	(1,488)
Other manufacturing expenses		577	126
		16,674	17,174
		39,318	43,332
Work in process			
Opening stock		17,446	32,611
Closing stock		(3,273)	(17,446)
		14,173	15,165
Cost of goods manufactured		53,491	58,497
Finished goods			
Opening stock		321	2,170
Closing stock		(7,468)	(321)
		(7,147)	1,849
		46,344	60,346

	Note	2016 (Rupees in thousand)	2015
24.1 Salaries and wages		9,219	8,893
Gratuity		36	122
P.F Contribution (Worker & Staff)		50	93
		<u>9,305</u>	<u>9,108</u>
25 DISTRIBUTION EXPENSES			
Salaries, wages and benefits	25.1	1,309	756
Late delivery charges and penalties		1,830	789
Advertising and sales promotion		98	83
Travelling and conveyance		44	134
Subscriptions and periodicals		81	48
Repair and maintenance		37	61
Entertainment		55	42
Printing and stationery		21	23
Others		63	196
		<u>3,538</u>	<u>2,132</u>
25.1 Salaries, wages and benefits			
Salaries & wages		1,289	734
Gratuity		5	10
P.F Contribution-Staff		15	12
		<u>1,309</u>	<u>756</u>
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	26.1	7,054	5,938
Travelling and conveyance		1,133	1,159
Legal and professional charges		375	433
Rent, rates and taxes		1,362	1,416
Repair and maintenance		451	809
Printing and stationery, postage etc.		830	1,189
Light and power		1,747	1,501
Entertainment		623	977
Advertisement, subscriptions and periodicals		1,907	749
Auditors' remuneration	26.2	492	458
Insurance		80	183
Others		2,218	2,378
Provisions for doubtful debts, loans and advances		6,603	-
Depreciation	4.1.1	1,762	1,767
		<u>26,637</u>	<u>18,957</u>
26.1 Salaries, wages and benefits			
Salaries and wages		6,884	5,711
Gratuity		25	76
P.F Contribution-Staff		145	151
		<u>7,054</u>	<u>5,938</u>

		2016	2015
	Note	(Rupees in thousand)	
26.2 Auditors' remuneration			
Annual audit fee		295	295
Review of half yearly financial statements		60	60
Review of consolidated financial statements		60	60
Certification and others		15	15
Out of pocket expenses		62	28
		<u>492</u>	<u>458</u>
27 OTHER INCOME			
Mark-up on saving accounts		1	19
Others		103	466
		<u>104</u>	<u>485</u>
28 FINANCE COST			
Mark-up on unsecured long term loans		4,473	5,787
Interest on defined benefit plan liability		635	691
Bank charges and commission		46	32
		<u>5,154</u>	<u>6,510</u>
29 TAXATION			
Current year	29.1	-	-
Prior year		392	-
Deferred tax		(1,215)	(1,417)
		<u>(823)</u>	<u>(1,417)</u>
29.1	Income tax assessments of the Company upto tax year 2015 is deemed to have been completed. There is no tax applicable on taxable profits of the Company under the provision of Income Tax Ordinance, 2001 due to available assessed tax losses. Accordingly, no reconciliation of tax expense with accounting profit has been presented.		
30 LOSS PER SHARE			
There is no dilutive effect on the basic earnings per share of the company, which is based on:			
Loss after taxation		<u>(45,401)</u>	<u>(46,813)</u>
Weighted average number of ordinary shares		<u>5,449,972</u>	<u>5,449,972</u>
Loss per share - basic and diluted (Rupees)		<u>(8.33)</u>	<u>(8.59)</u>
31 CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	1,245	1,894
Temporary overdraft	19	(391)	(391)
		<u>854</u>	<u>1,503</u>

	Note	2016 (Rupees in thousand)	2015
32 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(46,224)	(48,230)
Adjustments for:			
Depreciation	4.1.1	8,811	8,835
Provisions for doubtful debts, loans and advances		6,603	-
Provisions for obsolete / slow moving stock		2,284	1,488
Provision for staff gratuity - net		66	208
Finance cost	28	5,108	6,478
		<u>(23,352)</u>	<u>(31,221)</u>
Effect on cash flow due to working capital changes			
Decrease /(Increase)decrease in current assets			
Stock-in-trade		390	18,279
Trade debts		(2,368)	40,797
Loans and advances		(286)	(970)
Deposits and prepayments and other receivables		(705)	1,786
		<u>(2,969)</u>	<u>59,892</u>
Decrease in current liabilities			
Trade and other payables excluding unclaimed gratuity		34,098	(14,876)
Cash generated from operations		<u><u>7,777</u></u>	<u><u>13,795</u></u>

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversee how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

33.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features which cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or market conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to changes in economic conditions affecting a particular industry.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects the Company's of counter parties. Credit risk exposure is significant in relation to the Company's total credit exposure. Credit risk of the Company is principally from the trade debts, advances, trade deposits, other receivables and balances with banks. The maximum amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date is as follows:

	2016
	(Rupees in thousand)
Long term deposits	1,566
Trade debts	6,372
Loans and advances	2,035
Trade deposits and other receivables	6,791
Bank balances	1,206
	<u>17,970</u>

Impairment losses

The aging of trade debtors at the balance sheet date was:

	2016		2015
	Gross	impairment	Gross
	------(Rupees in thousand)-----		
Past due 1 - 60 days	673	-	541
Past due 61 - 365 days	5,700	-	6,012
More than one year	5,005	(5,005)	2,456
Total	<u>11,378</u>	<u>(5,005)</u>	<u>9,009</u>

Based on assessment conducted of individual customers, the management believes that receivable falling in the bracket of up to one year does not require any impairment provision other than to the extent determined above.

Bank balances are held only with reputable banks with high quality credit ratings.

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet its commitments associated with financial liabilities as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements.

The following are the contractual maturities of financial liabilities, including interest payments and excluded of netting agreements.

	Carrying amount	Total	Contractual Cash Flows		
			On demand	Upto one year	More than one year
Long term financing	85,582	85,582	-	(4,000)	81,582
Trade and other payables	171,269	171,269	(1,911)	(169,358)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
Short term borrowings	33,831	33,831	-	(33,831)	-
June 30, 2016	294,950	294,950	(6,179)	(207,189)	81,582
Long term financing	81,331	81,331	-	(4,000)	77,331
Trade and other payables	137,171	137,171	(1,911)	(135,260)	-
Unclaimed dividend	4,268	4,268	(4,268)	-	-
Short term borrowings	41,331	41,331	-	(41,331)	-
June 30, 2015	264,101	264,101	(6,179)	(180,591)	77,331

The Contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. The rate of mark-up have been disclosed in note 16 to these financial statements.

33.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the income or the value of its holdings of financial instruments. The objectives of market risk management is to control market risk exposures within acceptable parameters, while optimizing the return. The Company has exposure to currency risk and interest rate risk only.

Interest rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial liability will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from financial liabilities that mature or re-price in a given period. The Company manages these mismatches through various management strategies where significant changes in gap position can be adjusted. The long-term financing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

2016	2015	2016
Effective interest rate (%)		Carrying amount

Financial liabilities

Long term financing	KIBOR and KIBOR +2%	12%, KIBOR and KIBOR +2%	85,582
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Sensitivity analysis

As at balance sheet date, the Company does not account for any fixed rate financial assets or liabilities that will change in value through profit or loss. Therefore, change in interest rates at reporting date would not affect profit and

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33.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

34 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2016 the negative shareholders' equity amounts to Rs. 177.712 million (2015: Rs. 139.307 million).

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	<u>Executives</u>		<u>Chief Executive</u>		<u>Directors</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	----- Rupees in thousands -----							
Managerial Remuneration	1,848	1,640	2,400	1,680	-	-	4,248	3,320
Retirement benefits and provident fund contribution	154	137	200	140	-	-	200	140
Rent, utilities, leave encashment etc.	-	-	1,989	2,249	-	-	1,989	2,249
Directors' fees	-	-	-	-	2,096	3,488	2,096	3,488
	<u>2,002</u>	<u>1,777</u>	<u>4,589</u>	<u>4,069</u>	<u>2,096</u>	<u>3,488</u>	<u>8,533</u>	<u>9,197</u>
No. of persons	<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>

35.1 The chief executive and one directors are also provided with free use of company maintained cars.

36 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. Transactions with related parties are as follows:

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

2016 **2015**
(Rupees in thousand)

Provident Fund

Contribution paid to Provident Fund

210 256

Directors

Directors' fee paid

2,096 3,488

Markup on long term borrowings

2,035 2,643

Loan received

841 805

Other related parties due to close family relationship with director

Purchases

12,599 13,107

Funds received - net

23,490 21,846

Markup on long term borrowings

2,438 3,144

37 PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types and sizes of products manufactured according to required specifications.

38 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 06th, 2016 by the Board of Directors of the Company.

39 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Chief Executive

Director

PATTERN OF SHARE HOLDINGS
JOHNSON & PHILLIPS (PAKISTAN) LIMITED
AS AT JUNE 30, 2016

SHAREHOLDERS	SHARES HELD	%
<u>Associated Companies, undertaking and related parties</u>		
Etheridge Company Limited	2,719,536	49.900%
<u>Directors, CEO and their Spouse & Minor Children</u>		
Ms. Marium Shafi	110,273	2.023%
Ms. Zainub Bilal Qureshi	198,468	3.642%
Mr. Bilal Ahmed Qureshi	52,105	0.956%
<u>Financial institutions</u>		
National Bank of Pakistan	42,823	0.786%
National Investment Trust (NIT)	501,324	9.199%
Trustee National Bank of Pakistan Employees	54,349	0.997%
Habib Bank Limited	245	0.004%
<u>Insurance Companies</u>		
EFU General Insurance	76	0.001%
<u>Joint Stock Companies (Local)</u>		
NH Securities (Pvt) Ltd	376	0.007%
Fikree's (SMC-PVT) Ltd.	8,675	0.159%
<u>Investment Companies</u>		
HMV Investment Ltd.	125	0.002%
H.M. Investment Ltd.	43	0.001%
Pyramid Investment (Private) Limited	1,380	0.025%
Investment Corporation of Pakistan	3,016	0.055%
Individual	1,756,456	32.23%
<u>Others</u>		
Pakistan Share Holder Association	1	0.00%
Administrator Abandoned Property	701	0.013%
Total	5,449,972	100%

**PATTERN OF SHARE HOLDING
AS AT JUNE 30, 2016**

No of Share Holders	Shareholding		Total Shares Held
	From	To	
515	1	100	20,114
311	101	500	79,387
117	501	1,000	84,266
122	1,001	5,000	261,947
15	5,001	10,000	66,099
3	10,001	15,000	39,841
8	15,001	20,000	54,771
4	20,001	35,000	-
2	35,001	40,000	37,048

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson and Phillips Industries (Pakistan) Limited ("the Company") as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit except as discussed in paragraph (a) to (f) below.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984.

Except for the matters discussed in paragraph (a) to (f) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. As audit also includes assessing the accounting policies and significant estimates made by management, as well as evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis to disclaim our opinion and after due verification, we report that:

- (a) the Company has not maintained certain customary accounting records as required by Companies Ordinance, 1984, and supporting documents relating to transactions with its customer and suppliers, particularly with respect to receivable, payables, bank balances, property, plant and equipment and inventories. Further, in the absence of information regarding realizable value of several balances under inventories, deposits, other receivable and bank balances aggregating to Rs. 16.309 million (2015: Rs.16.309 million) we were not able to verify whether the amount would be realized at carrying values. Moreover, due to lack of customary accounting records and supporting documents we were unable to verify the Company's liability aggregating to Rs. 7.927 million (2015: Rs. 7.927 million). Accordingly, it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by the conditions.
- (b) as discussed in Note 1.3 to the financial statements the accumulated losses of the Company as at June 30, 2016 stand at Rs. 68.498 million (2015: Rs. 68.478 million) resulting in a negative equity of Rs.38.498 million (2015: Rs. 38.478 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 18.959 million (2015: Rs.18.939 million). Further as fully explained in note 10.1 to these financial statements the Company has also defaulted in payment of its liability amounting to Rs. 3.861 million (2015: Rs. 11.361 million). These conditions indicated the existence of a material uncertainty, which may cast a significant doubt on the Company's ability to continue as going concern.

- (c) as discussed in Note 4.1 to the financial statements, property plant and equipment of Rs. 8.743 million (2015: Rs. 8.743 million) are classified as held for sale and are being shown separately under current assets as per IFRS 5 “Non-current Assets Held for Sales and Discontinued operation” and are measured at the lower of carrying amount and fair values less costs to sell. Since we have not been provided with sufficient information in this regard, we could not satisfy ourselves about the fulfillment of measurement, presentation and disclosures requirement of the above IFRS.
- (d) in the absences of information regarding the latest position of income tax assessment of the Company, we are unable to ascertain the possible effects of contingencies or other financial effects, if any, on these financial statements that may arise.
- (e) In the absences of information regarding current status of taxation, the amount of deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax assets is recognized in the balance sheet, we are unable to ascertain the possible effect of deferred tax on these financial statements.
- (f) we have requested the confirmation of balances and other information as at June 30, 2016 from National Bank of Pakistan Main branch Shahrah e Quaid-e-Azam, Lahore and to date satisfactory response was not received. In the absence of satisfactory response it cannot be assessed with any degree of accuracy that the balance and other information stated in the Company’s records are in agreement with the bank.
- (g) due to the significance of the matters discussed above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above.
- (h) in our opinion, no zakat was deductible at source under the zakat and Ushr Ordinance, 1980.

Karachi
06 October 2016

NAZIR CHAUDHRI & CO.
Chartered Accountants
Engagement Partner: (Abdul Rafay), ACA

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED

BALANCE SHEET

AS AT JUNE 30, 2016

	Note	2016 (Rupees in thousand)	2015
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Long term deposits	3	461	461
CURRENT ASSETS			
Assets held for sale	4	8,743	8,743
Stores, spares and loose tools	5	2,396	2,396
Stock -in-trade	6	5,795	5,795
Advances and other receivables	7	7,555	7,555
Advance income tax		615	615
Bank balances	8	102	102
		25,206	25,206
TOTAL ASSETS		25,667	25,667
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL			
Authorised capital 3,000,000 (2015: 3,000,000) Ordinary Shares of Rs. 10 each		30,000	30,000
Issued, subscribed and paid-up	9	30,000	30,000
Accumulated losses		(68,498)	(68,478)
		(38,498)	(38,478)
Advance against share capital		20,000	20,000
NON-CURRENT LIABILITIES			
Long term loan	10	-	-
CURRENT LIABILITIES			
Trade and other payables	11	7,942	7,927
Short term borrowing	12	36,104	36,099
Provision for taxation		119	119
		44,165	44,145
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		25,667	25,667

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in thousand)	2015
Administrative expenses	14	(20)	(53)
Loss for the year due to ceased operations		<u>(20)</u>	<u>(53)</u>
Loss per share - basic and diluted - Rupees	15	<u>(0.007)</u>	<u>(0.018)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in thousand)	2015
Loss for the year		(20)	(53)
Other comprehensive income		-	-
Total comprehensive income		<u>(20)</u>	<u>(53)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

Note	2016 (Rupees in thousand)	2015
CASH FLOWS FROM CEASED OPERATIONS		
Loss for the year	(20)	(53)
Adjustment for non-cash charges and other items:	-	-
Loss before working capital charges	<u>(20)</u>	<u>(53)</u>
Working capital changes		
Increase / (decrease) in current liabilities		
Trade and other payables	<u>15</u>	-
	<u>15</u>	-
Net cash from ceased operations	(5)	(53)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowing repaid to Bank	(7,500)	(10,000)
Short term borrowing received from holding Company	7,505	10,053
	<u>5</u>	<u>53</u>
Net (decrease) / increase in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	<u>102</u>	102
Cash and cash equivalents at the end of the year	<u><u>102</u></u>	<u><u>102</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid-up capital	(Accumulated losses)	Total
	(Rupees in thousand)		
Balance as July 01, 2014	30,000	(68,425)	(38,425)
Loss for the year	-	(53)	(93)
Balance as at June 30 , 2015	30,000	(68,478)	(38,478)
Loss for the year	-	(20)	(20)
Balance as at June 30 , 2016	30,000	(68,498)	(38,498)

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON AND PHILLIPS INDUSTRIES (PAKISTAN) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2016

1 NATURE AND STATUS OF BUSINESS

- 1.1** Johnson & Phillips Industries (Pakistan) Limited (the Company) was incorporated on October 05, 1992 in Pakistan under the Companies Ordinance, 1984 as a public limited company. The registered office of the Company is situated at C-10 South Avenue, SITE, Karachi. The principal activity of the Company is to manufacture and sell of all types of electrical and mechanical equipments and appliances.
- 1.2** the Company ceased production in July, 1997 and at present, the Company is dormant. Further, as more fully explained in Note: 10.1 to these financial statements, the Company has settled its disputes with National Bank of Pakistan and agreed to pay Rs. 55.115 million as full and final settlement of its outstanding dues in installments. During the year ended June 30, 2002, the Company has disposed of the project's land and building at a total price of Rs. 16.380 million to implement the terms of settlement.
- 1.3** The accumulated losses of the Company as at June 30, 2016 stand at Rs. 68.498 million (2015: Rs. 68.478 million) resulting in a negative equity of Rs 38.498 (2015: Rs. 38.478 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 18.959 million (2015: Rs: 18.939 million). Moreover, the management has decided to dispose off the assets of the Company. These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on the Company's ability to continue as a going concern. In the meantime the accounts have been prepared on the going concern basis.

Therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP shall prevail.

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention.

Standards, Amendments Or Interpretations Which Became Effective During The Year

During the year following amendments to Standards and new interpretations became effective; however, they did not have any material affect on these unconsolidated financial statements of the Company.

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 13 - Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements.

2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payments - Classification and measurement of Share-based Payments transactions (Amendments)	1 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investment in Associates - Investment entities: Applying the Consolidated Exception (Amendment)	1 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for acquisition of Interest in Joint Operation (Amendment)	1 January 2016
IAS 1 Presentation of Financial Statements - Disclosure initiative (Amendment)	1 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure initiative (Amendment)	1 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendment)	1 January 2017
IAS 16 Property, plant and equipment and IAS 38 Intangible Assets - Clarification of acceptable methods of depreciation and amortization (Amendment)	1 January 2016
IAS 16 Property, plant and equipment, IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	1 January 2016
IAS 27 Separate Financial Statements - Equity Method in "Separate Financial Statements"	1 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to above standards and amendments , improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective date (annual periods Beginning on or after)
Standard or interpretation	
IFRS 9 - Financial Instruments: Classification and Measurement	1 January 2018
IFRS 14 - Regulatory Deferral Accounts	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 16 - Leases	1 January 2019

2.4 Critical Accounting estimates and judgments

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements are as follows.

i) Employee benefits

The Company operates an approved non contributory gratuity scheme for all its employees. The scheme entitles the members to a gratuity payable on retirement, death in his service of the employer, voluntary retirement and termination of employee by the employer other than for misconduct and negligence.

ii) Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. Company follow revaluation policy after every five years.

iii) Taxation

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 2.7 to these financial statements.

2.5 Compensated absences

Liability in respect of accumulated compensated absences of employees is accounted for in the period in

which these absences occur.

2.6 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

2.7 Taxation

i) Current

Provision of current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years, arising from assessment framed during the year, for such years.

ii) Deferred

The Company accounts for deferred taxation for all material timing differences. The amount is computed using the balance sheet liability method. Debit balances on account of deferred taxation are recognized only if there is reasonable certainty for realization.

2.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether billed or not to the Company.

2.9 Provisions

Provisions are recognized when the Company has the present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed and adjusted to reflect current best estimate.

2.10 Investments

These are stated at cost less provision for diminution on carrying value as determined by the management.

2.11 Property, plant and equipment and depreciation

i) Owned

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

Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life as stated in Note 4. Depreciation on additions and disposals of assets during the year is charged from the month of acquisition to the month of disposal.

Maintenance and normal repairs are charged to income, as and when incurred.

Major renewals are capitalized and the assets so replaced, if any, are retired.

Profit and loss on disposal of assets is included in income currently.

ii) Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amounts of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated by applying straight line method over the estimated useful lives of the assets as stated in note 4.

Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation of leased assets is charged to current year's income as part of depreciation.

2.12 Intangible assets

Expenditure incurred to acquire software license is capitalized as intangible assets and stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized applying the straight line method. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

2.13 Consumable stores

These are valued at average cost and net realizable value less provision for slow moving stores.

2.14 Stock in trade

These are stated at the lower of average cost and net realizable value. Average cost in relation to finished goods and work-in-process represents prime cost and includes appropriate portion of manufacturing. Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and cost necessary to be incurred in order to make the sale.

2.15 Trade debts, loans, advances, deposits, prepayments and other receivables

Trade debts, loans, advances, deposits, prepayments and other receivables are stated at cost. Provision is made against those considered doubtful by the management, whereas, those considered irrecoverable are written off.

2.16 Warranties

The management estimates at each balance sheet date a liability that could arise as a result of the Company's obligation to repair and replace products under warranty. The provision for warranty is accounted for in the periods in which sales are made and no provision is recognized if the chances of warranty claims are remote.

2.17 Foreseeable losses on orders in hand

Provision is made for all known or expected losses at completion on orders in hand.

2.18 Transaction with related parties

The Company enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

2.19 Impairment losses

The carrying amount of the Company's assets are reviewed for impairment when events or changes in

circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

2.20 Revenue recognition

Sales are recorded on delivery of goods to the customers and in case of exports when shipped. Income from installation and repair projects are recognized as the work is completed and accepted by the customers.

2.21 Borrowing cost

Borrowing cost and other related cost directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that takes a necessarily substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.22 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents consists of cash in hand and balances with banks.

2.23 Financial Instruments

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

2.24 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.25 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark up to the extent of the amount remaining unpaid.

2.26 Dividend

Dividend is recognized in the financial statement in the period in which these are approved.

3 LONG-TERM DEPOSITS

Security deposit

461 461

Represent payments made to Court in respect of security deposits.

4 ASSETS HELD FOR SALE

Description	COST			DEPRECIATION			Written down Values as at June 30, 2016
	As at July 01, 2015	Additions / disposal	As at June 30, 2016	As at July 01, 2015	For the year	As at June 30, 2016	
----- Rupees in thousand -----							
Plant and machinery	13,326	-	13,326	5,906	-	5,906	7,420
Factory tools	292	-	292	283	-	283	9
Office and other equipments	489	-	489	472	-	472	17
Capital work in progress							
Plant and machinery	1,297	-	1,297	-	-	-	1,297
2016	15,404	-	15,404	6,661	-	6,661	8,743
2015	15,404	-	15,404	6,661	-	6,661	8,743

4.1 As fully described in note 1 to the financial statements the management has closed its operations and decided to dispose of its fixed assets. The written down value of fixed assets of Rs 8.743 million (2015: Rs. 8.743 million) is being shown separately under current assets as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and is measured at the lower of carrying amount and fair value less costs to sell. The estimated selling price is not likely to be less than carrying amount (WDV) since company has offers for the sale of machineries and stock of raw materials and work in process which is far in excess of the book value of these assets. Hence no depreciation / impairment on fixed assets of the Company has been charged.

5 STORES, SPARES AND LOOSE TOOLS

Consumable stores

182 182

Tools and dies

2,214 2,214

2,396 2,396

6 STOCK -IN-TRADE

Held for disposal

Raw material

4,896 4,896

Finished goods

899 899

5,795 5,795

7 ADVANCES AND OTHER RECEIVABLES

Unsecured

Johnson & Philips Transformers (Private) Limited

7.1 7,505 7,505

Receivables from Ex-Management against

Sale of fixed assets

7.2 50 50

7,555 7,555

- 7.1** These include balances due from associated companies amounting to Rs. 7.505 million (2015:Rs. 7.505 million), The maximum amount outstanding at the end of any month during the year was Rs. 7.505 million (2015: Rs. 7.505 million)
- 7.2** The amount under "Receivable from Ex-Management" represents payments by the Ex-Management which were not properly documented. Satisfactory explanation and information pertaining to these payments have not been made available to date. The present management does not accept these items and is of the opinion that the Ex-Management should refund the amounts. Accordingly , these items have been shown as "Receivable from Ex-Management".

	Note	2016	2015
Rupees in thousand			
8 BANK BALANCES			
Cash at bank (in current account)		<u>102</u>	<u>102</u>
9 ISSUED , SUBSCRIBED AND PAID-UP-CAPITAL			
3,000,000 (2015: 3,000,000) Ordinary shares of Rs.10 each fully paid in cash		<u>30,000</u>	<u>30,000</u>
3,000,000 (2015: 3,000,000) ordinary shares of the Company representing 100% (2015:100%) of the issued, subscribed and paid up capital are held by the Holding Company, Johnson and Phillips (Pakistan) Limited.			
10 LONG TERM LOAN			
Un-secured			
National Bank of Pakistan (formerly National Development Finance Corporation) local currency general term finance	10.1	3,861	11,361
Less: Transferred to current liabilities		<u>(3,861)</u>	<u>(11,361)</u>
		<u>-</u>	<u>-</u>
10.1 This loan is secured against first mortgage charge on the entire immovable property of the Company , first floating charge on all business undertakings and other assets and properties of the Company and hypothecation of all movable and immovable properties including book debts and other receivables of the Company.			
The Company had settled its disputes with National Bank of Pakistan (NBP) and agreed to pay Rs. 55.115 million as full and final settlement of its outstanding dues as per compromise agreement dated May 18, 2002. This amount was repayable as follows:			
- Rs.5 million on the date of decree			
- Rs.11.380 million within 30 days from the date of the decree			
-Balance amount of Rs.36.775 million in six equal half yearly instalments commencing after the expiry of eight months from the date of decree			
In the event of default in payment of any single instalment the entire outstanding amount shall become due and payable forthwith in lump sum. NBP has a right to recover the outstanding amount by sale of charged assets and properties of the Company. Up to June 30 2003 , out of balance settled amount of Rs.36.775 million the company has paid only Rs.0.154 million instead of Rs 3.065 million as required by the terms of agreement. Due to default in payment balance amount has been transferred to short term loan.			

Note 2016 2015

Rupees in thousand

11 TRADE AND OTHER PAYABLES

Creditors	3,937	3,937
Accrued expenses	41	26
Due to others	1,351	1,351
Sales tax payable	39	39
Other payables		
Income tax deducted	505	505
Workers' profit participation fund	2,069	2,069
	2,574	2,574
	7,942	7,927

12 SHORT TERM BORROWING

Holding Company	12.1 & 7	32,243	24,738
National Bank of Pakistan (formerly National Development Finance Corporation) local currency general term finance	10.1	3,861	11,361
		36,104	36,099

12.1 The loan is un-secured interest free and payable on demand.

13 CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 The income tax assessments for the assessment years up to 2000-2001 have been completed and the total liability demanded for the assessment years 1996-97 to 1998-99 amounts to Rs.0.122 million which the Company has disputed in appeal before tax authorities. In the event of adverse decision in the pending appeals the Company would not be required to make further payment as advance tax paid would cover the demand. The Company would however, face a charge against profit amounting to Rs.0.350 million.

13.2 The company is contingently liable in respect of professional fee payable to M/s Ebrahim & Company, Chartered Accountants amounting Rs.144,675. (2015:144,675)

Commitments

There were no capital commitments as at the balance sheet date.(2015: Nil)

14 ADMINISTRATIVE EXPENSES

Audit fee	15	15
Rent, rate and taxes	-	21
Fee and subscription	5	17
	20	53
	20	53

15 LOSS PER SHARE-BASIC AND DILUTED

Net loss for the year	(20)	(53)
Weighted average number of ordinary shares	3,000,000	3,000,000
Loss per share - basic and diluted - Rupees	(0.007)	(0.018)

16 CAPACITY AND PRODUCTION

The production capacity of the plant can not be determined as this depends on the relative proportions of the various types and sizes of products manufactured according to required specifications.

17 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

None of the Directors, Chief Executives are paid remuneration and any other allowances.

18 STAFF RETIREMENT BENEFITS

None of the staff retirement benefits is maintained by the Company.

2016 **2015**
(Rupees in thousand)

19 TRANSACTIONS WITH HOLDING COMPANY AND ASSOCIATED COMPANIES

Payment on behalf of the company made by holding company

12,505 **10,053**

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

20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company has exposure to the following risks from its use of finances instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

20.1 Credit Risk

The management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arise principally from the trade debts, advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets

represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date is as follows:

	2016	2015
	(Rupees in thousand)	
Long term security deposits	461	461
Advances	7,505	7,505
Other receivables	50	50
Bank balance	102	102
	8,118	8,118

Impairment losses

As at balance date there was no impairment loss in respect of financial assets (2015 nil).

20.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	(Rupees in thousand)				
Carrying amount	Total	Contractual cash flows			
		On demand	Upto one year	More than one year	
Trade and other payables	7,942	7,942	-	(7,942)	-
Short term borrowings	36,104	36,104	(36,104)	-	-
June 30, 2016	44,046	44,046	(36,104)	(7,942)	-
Trade and other payables	7,927	7,927	-	(7,927)	-
Short term borrowings	36,099	36,099	(36,099)	-	-
June 30, 2015	44,026	44,026	(36,099)	(7,927)	-

20.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

Interest rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest

rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

2016	2015	2016	2015
Effective interest rate (%)		Carrying amount(Rs.'000')	

Financial liabilities

Short term loans	Non-interest bearing	36,104	36,099
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Sensitivity analysis

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

20.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

21 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2016, the shareholders' negative equity amounts to Rupees 38.498 million (2015: Rupees 38.478 million).

22 NUMBER OF EMPLOYEES

The total number of employees as at the balance sheet date were NIL (2015: NIL).

23 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 06th, 2016 by the Board of Directors of the Company.

24 GENERAL

Figures have been rounded off to the nearest thousand rupee.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips Transformers (Private) Limited ("the Company") as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit except as discussed in paragraph (a) to (f) below.

It is the responsibility of the Company's management to establish and maintain a system of internal control, prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984.

Except for the matters discussed in paragraph (a) to (f) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. As audit also includes assessing the accounting policies and significant estimates made by management, as well as evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis to disclaim our opinion and after due verification, we report that:

- (a) the Company has not maintained certain customary accounting records as required by Companies Ordinance, 1984, and supporting documents relating to transactions with its customer and suppliers, particularly with respect to receivable, payables, bank balances, inventories and property, plant and equipment. Further, in the absence of information regarding realizable value of several balances under deposits and other receivables, stock in trade, property, plant and equipment and bank balances aggregating to Rs. 26.480 million (2015: Rs.26.480million) we have not been able to verify whether the amount would be realized at carrying values. Moreover, due to lack of customary accounting records and supporting documents we were unable to verify the Company's liability aggregating to Rs. 7.629 million (2015: Rs. 7.629 million). Accordingly, it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by the conditions.
- (b) as discussed in Note 1.3 to the financial statements the accumulated losses of the Company as at June 30, 2016 stand at Rs. 62.465 million (2015: Rs.62.416 million) resulting in a negative equity of Rs.32.465 million (2015: Rs. 32.416 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 32.034 million (2015: Rs.31.985 million). Further as fully explained in note 9.1 to these financial statements the Company has also defaulted in payment of its liability amounting to Rs. 25.894 million (2015: Rs. 25.894 million). These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on company' ability to continue as going concern.

- (c) as discussed in Note 3.1 to the financial statements, property and plant and equipment of Rs. 15.127 million (2015: Rs. 15.127 million) are classified as held for sale and are being shown separately under current assets as per IFRS 5 “Non-current Assets Held for Sales and Discontinued operation” and are measured at the lower of carrying amount and fair values less costs to sell. Since we have not been provided with sufficient information in this regard, we could not satisfy ourselves about the fulfillment of measurement, presentation and disclosures requirement of the above IFRS.
- (d) in the absences of information regarding the latest position of income tax assessment of the Company, we are unable to ascertain the possible effects of contingencies or other financial effects, if any, on these financial statements that may arise due to decision against appeals filed by the Company with income tax authorities. We are unable to report matters of contingencies as disclosed in Note 13 to the financial statements.
- (e) In the absences of information regarding current status of taxation, the amount of deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax assets is recognized in the balance sheet, we are unable to ascertain the possible effect of deferred tax on these financial statements.
- (f) we have requested the confirmation of balances and other information as at June 30, 2016 from National Bank of Pakistan Main branch Shahrahe Quaid-e-Azam, Lahore and to date satisfactory response was not received. In the absence of satisfactory response it cannot be assessed with any degree of accuracy that the balance and other information stated in the Company’s records are in agreement with the bank.
- (g) due to the significance of the matters discussed above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above.
- (h) in our opinion, no zakat was deductible at source under the zakat and Ushr Ordinance, 1980.

Karachi

Dated :06 October 2016

NAZIR CHAUDHRI & CO.

Chartered Accountants

Engagement Partner: (Abdul Rafay), ACA

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED

BALANCE SHEET

AS AT JUNE 30, 2016

	<i>Note</i>	2016 (Rupees in thousand)	2015
ASSETS			
NON-CURRENT ASSETS			
Long term deposits		165	165
CURRENT ASSETS			
Assets held for sale	3	15,127	15,127
Stock-in trade	4	6,910	6,910
Advances	5	1,667	1,667
Other receivables	6	568	568
Advance income tax		1,982	1,982
Cash and bank balances	7	61	61
		26,315	26,315
		26,480	26,480
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised			
3,000,000 (2015: 3,000,000) ordinary shares of Rs. 10 each		30,000	30,000
Issued, subscribed and paid-up	8	30,000	30,000
Accumulated losses		(62,465)	(62,416)
		(32,465)	(32,416)
NON-CURRENT LIABILITIES			
Long term loan	9	-	-
Deferred Liabilities	10	596	596
		596	596
CURRENT LIABILITIES			
Trade and other payables	11	7,644	7,629
Short term loan	12	50,278	50,244
Provision for taxation		427	427
		58,349	58,300
Contingencies and Commitments	13		
		26,480	26,480

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in thousand)	2015
Administrative expenses	14	(49)	(53)
Loss for the year due to ceased operations		<u>(49)</u>	<u>(53)</u>
Loss per share - basic and diluted - Rupees	15	<u>(16.33)</u>	<u>(17.67)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees in thousand)	2015
Loss for the year		(49)	(53)
Other comprehensive income		-	-
Total comprehensive loss		<u>(49)</u>	<u>(53)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
Note	(Rupees in thousand)	
CASH FLOWS FROM CEASED OPERATIONS		
Loss for the year	(49)	(53)
Adjustment for non-cash charges and other items:	-	-
Loss before working capital charges	<u>(49)</u>	<u>(53)</u>
Working capital changes		
(Increase) / decrease in current assets	<u>-</u>	<u>-</u>
Increase in current liabilities		
Trade and other payables	<u>15</u>	-
	<u>15</u>	<u>-</u>
Net cash from ceased operations	<u>(34)</u>	<u>(53)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan received	<u>34</u>	<u>53</u>
Net (decrease) / increase in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	<u>61</u>	<u>61</u>
Cash and cash equivalents at the end of the year	<u><u>61</u></u>	<u><u>61</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	(Rupees in thousand)		
Balance as at July 01, 2014	30,000	(62,363)	(32,363)
Loss for the year	-	(53)	(53)
Balance as at June 30, 2015	<u>30,000</u>	<u>(62,416)</u>	<u>(32,416)</u>
Loss for the year	-	(49)	(49)
Balance as at June 30, 2016	<u>30,000</u>	<u>(62,465)</u>	<u>(32,465)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2016

1 STATUS AND NATURE OF BUSINESS

- 1.1** Johnson & Phillips Transformers (Private) Limited (the Company) was incorporated on October 05, 1992 in Pakistan under the Companies Ordinance, 1984 as a private limited company. The registered office of the Company is situated at C-10 South Avenue, SITE, Karachi. The principal activity of the Company is to manufacture and sell all types of electrical and mechanical equipment and appliances.
- 1.2** The Company ceased its production in February, 1998 and at present the Company is dormant. As more fully explained in Note. 9.1. The Company has settled their disputes with National Bank of Pakistan and agreed to pay Rs.27.345 million as full and final settlement of their outstanding dues in installments. In the event the terms of settlement are not implemented the NBP has a right to recover forthwith the whole outstanding amount by sale of assets of the Company. The Company has made default in making payment as per terms of agreement.
- 1.3** The accumulated losses of the company as at June 30, 2016 stand at Rs. 62.465 million (2015: Rs. 62.416 million) resulting in a negative equity of Rs. 32.465 million (2015: Rs. 32.416 million) . Moreover, the current liabilities of the Company exceeds the current assets by Rs. 32.034 million (2015 : Rs. 31.985 million) These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on Company's ability to continue as a going concern.

However, the management has decided to dispose of the assets of the Company. In the meantime the accounts have been prepared on the going concern basis.

Therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities.

- 1.4** On August 31, 1997 there was a change in management of the Company. The Ex-Management was requested to furnish documents, information and explanations in relation to various matters pertaining to the books of accounts of the Company. As the Ex-Management have not responded to all the requirements of the management and the auditors, amounts under stock-in-trade, trade debts, advances and trade creditors were taken as per books of accounts and available supporting records.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP shall prevail.

2.2 Accounting conventions

These accounts have been prepared under the historical cost convention.

2.3 Standards, Amendments Or Interpretations Which Became Effective During The Year

During the year certain amendments to Standards and new interpretations became effective; however, they did not have any material effect on these unconsolidated financial statements of the Company.

During the year following amendments to Standards and new interpretations became effective; however, they did not have any material effect on these unconsolidated financial statements of the Company.

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 13 - Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interoperations:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payments - Classification and measurement of Share-based Payments transactions (Amendments)	1 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investment in Associates - Investment entities: Applying the Consolidated Exception (Amendment)	1 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for acquisition of Interest in Joint Operation (Amendment)	1 January 2016
IAS 1 Presentation of Financial Statements - Disclosure initiative (Amendment)	1 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure initiative (Amendment)	1 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendment)	1 January 2017
IAS 16 Property, plant and equipment and IAS 38 Intangible Assets - Clarification of acceptable methods of depreciation and amortization (Amendment)	1 January 2016
IAS 16 Property, plant and equipment, IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	1 January 2016
IAS 27 Separate Financial Statements - Equity Method in "Separate Financial	1 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to above standards and amendments , improvements to various accounting standards have also

been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or interpretation	Effective date (annual periods Beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	1 January 2018
IFRS 14 - Regulatory Deferral Accounts	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 16 - Leases	1 January 2019

2.5 Critical Accounting estimates and judgments

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements are as follows.

i) Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

ii) Taxation

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 2.8 to these financial statements.

2.6 Staff retirement benefits

The Company operates unfunded gratuity scheme for its employees. Provision is made annually to cover obligations under the scheme.

Gratuity is payable to staff subject to completion of prescribed qualifying period of service under the scheme.

2.7 Compensated absences

Liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences are incurred.

2.8 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the

values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

2.9 Taxation

Current

Provision of current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years, arising from assessment framed during the year, for such years.

Deferred

The Company accounts for deferred taxation for all material timing differences. The amount is computed using the liability method. Debit balances on account of deferred taxation are recognized only if there is reasonable certainty for realization.

2.10 Trade and accrued liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and services received, whether billed or not to the

2.11 Provisions

Provisions are recognized when the company resources has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.12 Tangible Fixed assets

These are stated at cost less accumulated depreciation except land and capital work in progress which are stated at cost.

Depreciation on all assets is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions and disposal of assets during the period is charged from the month of acquisition to the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred.

Major renewals are capitalized and the assets so replaced, if any, are retired.

Profit and loss on disposals of assets is included in income currently.

As fully explained in note 1 and 3 to this financial statements, management has decided to dispose of the assets of the company, therefore, effective from financial year ended June 30 2002, fixed assets and stock in trade of the company have been classified as "Assets held for disposal" . Hence no depreciation is provided in these accounts.

2.13 Consumable stores

These are valued at average cost.

2.14 Stock-in-trade

These are stated at the lower of average cost and net realizable value. Average cost in relation to finished goods and work-in-process represents prime cost and includes appropriate portion of manufacturing expenses.

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and cost necessarily to be incurred in order to

2.15 Trade debts, loans, advances, deposits, prepayments and other receivables

Trade debts, loans, advances, deposits, prepayments and other receivables are stated at cost.

Provision is made against those considered doubtful by the management, whereas, those considered irrecoverable are written off.

2.16 Foreseeable losses on orders in hand

Provision is made for all known or expected losses at completion on orders in hand.

2.17 Transaction with related parties

The Company enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

2.18 Impairment losses

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

2.19 Revenue Recognition

Sales are recorded on delivery of goods to the customers.

2.20 Borrowing cost

Borrowing cost and other related cost directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that takes a necessarily substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.21 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand and balances with banks.

2.22 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

2.23 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.24 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark up to the extent of the amount remaining unpaid.

3 ASSETS HELD FOR SALE

Description	COST			DEPRECIATION			Written down Values as at June 30, 2016	Rate
	As at July 01, 2015	Additions / disposal	As at June 30, 2016	As at July 01, 2015	For the year	As at June 30, 2016		
----- Rupees in thousand----- (%)								
Free hold land	3,709	-	3,709	-	-	-	3,709	-
Building	12,326	-	12,326	6,859	-	6,859	5,467	10
Plant and machinery	10,415	-	10,415	5,532	-	5,532	4,883	10
Tools and equipments	1,565	-	1,565	820	-	820	745	10
Office equipments	531	-	531	361	-	361	170	10
Furniture and fixture	158	-	158	112	-	112	46	20
Laboratory equipments	185	-	185	79	-	79	106	10
2016	28,890	-	28,890	13,763	-	13,763	15,127	
2015	28,890	-	28,890	13,763	-	13,763	15,127	

3.1 As fully described in note 1 to the financial statements the management has closed its operations and decided to dispose of its fixed assets. The written down value of fixed assets of Rs 15.127 million (2015: Rs.15.127 million) is being shown separately under current assets as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and is measured at the lower of carrying amount and fair value less costs to sell. The estimated selling price is not likely to be less than carrying amount (WDV) since the Company has offered for the sale of machineries and stock of raw materials and work in process which is far in excess of the book value of these assets. Hence, no depreciation / impairment on fixed assets of the Company has been charged.

	2016	2015
4 STOCK-IN-TRADE-held for disposal	(Rupees in thousand)	
Raw material and components - in hand	6,910	6,910
5 ADVANCES		
Unsecured-Considered good		
Advance against land	1,500	1,500
Sales tax refundable	167	167
	1,667	1,667
6 OTHER RECEIVABLES		
Receivable from Ex-Management against sale of assets	568	568

The amount under "Receivable from Ex-Management" represents payments by the Ex-Management which were not properly documented. Satisfactory explanation and information pertaining to these payments have not been made available to date. The present management does not accept these items and is of the opinion that the Ex-Management should refund the amounts. Accordingly, these items have been shown as "Receivable from Ex-Management".

Note **2016** 2015
(Rupees in thousand)

7 CASH AND BANK BALANCES

Cash at bank (in current accounts)		61	61
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8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

3,000 (2015: 3,000) ordinary shares of Rs. 10 each fully paid in cash		30,000	30,000
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2,100 (2015: 2,100) ordinary shares of the Company representing 70% (2015: 70%) of the issued, subscribed and paid up capital are held by the holding company, Johnson and Phillips (Pakistan) Limited.

9 LONG TERM LOAN

Secured

National Bank of Pakistan (formerly NDFC) (Note: 13.1 c)	9.1	25,894	25,894
Less: transferred to short term loan		(25,894)	(25,894)
		-	-

9.1 The borrowing is secured against hypothecation of stocks and lien on book debts and repayment guarantee of holding company.

The Company has settled its disputes with NBP and agreed to pay Rs. 27.345 million as full and final settlement of its outstanding dues as per compromise agreement dated April 30, 2002. This amount is repayable in six equal half yearly installments commencing after the expiry of eight months from the date of decree.

In the event of default in payment of any single instalment the entire outstanding amount shall become due and payable forthwith in lump sum. NBP has a right to recover the outstanding amount by sale of charged assets and properties of the company.

Out of balance settled amount of Rs. 27.345 million the company has paid only Rs.1.451million instead of Rs. 2.279 million as required by the terms of agreement. Due to default in payment balance amount has been transferred to short term loan.

10 DEFERRED LIABILITIES

Deferred taxation		596	596
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11 TRADE AND OTHER PAYABLES

Trade creditors		4,068	4,068
Workers' profit participation fund		1,429	1,429
Others		2,147	2,132
		7,644	7,629

12 SHORT TERM LOAN

From commercial bank -secured	9	25,894	25,894
From holding company - Johnson & Phillips (Pakistan) Limited	12.1	13,194	13,160
From associated company - Johnson & Phillips Industries (Pakistan) Limited	12.1	7,505	7,505
From others -unsecured	12.2	3,685	3,685
		50,278	50,244

12.1 Loans obtained from holding company and associated company are interest free and payable on demand.

12.2 Represents loan obtained from Mr. Bilal A.Qureshi, chairman to the Board of directors of the holding company. The loan is interest free and payable on demand.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- a) The income tax assessments for the assessment years up to 2000-2001 have been completed and the total liability demanded for the assessment years 1994-95 to 1998-99 amounts to Rs.4.835 million. The company has filed an appeal before Commissioner of Income Tax Appeals (CIT) against the above demand. The Commissioner has set aside the order of Deputy Commissioner of Income Tax and directed reassessment of demand. In the event of adverse decision the company would be faced with additional liability of Rs.4.451 million and corresponding charge against profit amounting to Rs.4.409 million .
- b) The liability for the amount due to Atta Cables (Pvt) Limited including unsecured loan relating to Ex-Management, has been recorded in the books at an amount of Rs.8.984 million as against the amount of Rs.18.998 million (2014: Rs.18.998 million) claimed by M/s Atta Cables (Pvt) Limited. The company does not acknowledge the excess amount of claim.
- c) Pursuant to a recovery suit filed by the National Bank of Pakistan against Johnson & Phillips Transformers (Pvt.) Limited (Defendant No.1) and Johnson & Phillips (Pakistan) Limited (Defendant No.2), the Banking Court No. III, Lahore passed a compromise decree.

The Bank agreed that prior to executing the Decree against the Defendant No.2 as guarantor, the Bank will execute against all assets of the Defendant No. 1. Some payments has been made to the Bank while the remaining amount of Rs. 25,894 thousand is still payable. The execution proceedings in this case are now pending before the Banking Court No. III.

13.2 Commitments

There were no capital commitments as at the balance sheet date.(2015: Nil)

	2016	2015
	(Rupees in thousand)	
14 ADMINISTRATIVE EXPENSES		
Audit fee	15	15
Fee & subscription	34	18
Rent, rate and taxes	-	21
	<u>49</u>	<u>53</u>
15 LOSS PER SHARE-BASIC AND DILUTED		
Net loss for the year after taxation	(49)	(53)
Weighted average number of ordinary shares	3,000	3,000
Loss per share - basic and diluted - Rupees	<u>(16.33)</u>	<u>(17.67)</u>
16 PRODUCTION CAPACITY		
The production capacity of the plant can not be determined as this depends on the relative proportions of the various types and sizes of products manufactured according to required specifications.		
17 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES		
None of the Directors, Chief Executives are paid remuneration and any other allowances.		
18 STAFF RETIREMENT BENEFITS		
None of the staff retirement benefits is maintained by the Company.		
19 TRANSACTIONS WITH HOLDING COMPANY AND ASSOCIATED COMPANIES		
Payment on behalf of the company made by holding company	<u>49</u>	<u>113</u>

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

20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company has exposure to the following risks from its use of finances instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

20.1 Credit Risk

The management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arise principally from the trade debts, advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date is as follows:

	2016	2015
	(Rupees in thousand)	
Long term deposits	165	165
Advances	1,500	1,500
Other receivables	568	568
Bank balance	61	61
	<u>2,294</u>	<u>2,294</u>

Impairment losses

As at balance date there was no impairment loss in respect of financial assets (2015 nil).

20.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Total	Contractual cash flows		
			On demand	Upto one year	More than one year
			(Rupees in thousand)		
Trade and other payables	7,644	7,644	-	(7,644)	-
Short term borrowings	50,278	50,278	(24,384)	(25,894)	-
June 30, 2016	57,922	57,922	(24,384)	(33,538)	-
Trade and other payables	7,629	7,629	-	(7,629)	-
Short term borrowings	50,244	50,244	(24,350)	(25,894)	-
June 30, 2015	57,873	57,873	(24,350)	(33,523)	-

20.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

Interest rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. As at balance sheet date, the Company does not hold any interest based financial assets or liabilities.

Sensitivity analysis

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

20.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

21 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2016, the shareholders' negative equity amounts to Rs. 32.465 million (2015 Rs. 32.416 million).

22 NUMBER OF EMPLOYEES

The total number of employees as at the balance sheet date were NIL (2015: NIL).

23 DATE OF AUTHORIZATION

These financial statements were authorised for issue on October 06th, 2016 by the Board of Directors of the Company.

24 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Chief Executive

Director

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips EMO Pakistan (Pvt) Ltd. ("the Company") as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit except as discussed in paragraph (a) to (d) below.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984.

Except for the matters discussed in paragraph (a) to (d) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. As audit also includes assessing the accounting policies and significant estimates made by management, as well as evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis to disclaim our opinion and after due verification, we report that:

- (a) the Company has not maintained certain customary accounting records as required by Companies Ordinance, 1984, and supporting documents relating to transactions with its customer and suppliers, particularly with respect to receivable, payables, bank balances. Further, in the absence of information regarding realizable value of several balances under advances and deposits aggregating to Rs. 0.143 million (2015: Rs.0.143million) we have not been able to verify whether the amount would be realized at carrying values. Moreover, due to lack of customary accounting records and supporting documents we were unable to verify the Company's liability aggregating to Rs. 0.546 million (2015: Rs. 0.546 million). Accordingly, it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by the conditions.
- (b) as discussed in Note 1.2 to the financial statements the accumulated losses of the Company as at June 30, 2016 stand at Rs.4.381million (2015: Rs.4.357 million) resulting in a negative equity of Rs.3.381 million (2015: Rs. 3.357 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 3.381 million (2015: Rs.3.357 million). These conditions indicated the existence of a material uncertainty, which may cast a significant doubt on company's ability to continue as going concern.

- (c) in the absences of information regarding the latest position of income tax assessment of the Company, we are unable to ascertain the possible effects of contingencies or other financial effects, if any, on these financial statements that may arise due to decision against appeals filed by the Company with income tax authorities. We are unable to report matters of contingencies as disclosed in Note7 to the financial statements.
- (d) In the absences of information regarding current status of taxation, the amount of deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax assets is recognized in the balance sheet, we are unable to ascertain the possible effect of deferred tax on these financial statements.
- (e) due to the significance of the matters discussed above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above.
- (f) in our opinion, no zakat was deductible at source under the zakat and Ushr Ordinance, 1980.

Karachi
06 October 2016

NAZIR CHAUDHRI & CO.
Chartered Accountants
Engagement Partner: (Abdul Rafay), ACA

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LTD.

BALANCE SHEET

AS AT JUNE 30, 2016

		2016	2015
	<i>Note</i>	(Rupees in Thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	3	-	-
		-	-
CURRENT ASSETS			
Advance income tax		58	58
Deposits - <i>unsecured, considered good</i>		85	85
		143	143
		143	143
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised capital			
1,000,000 (2015: 1,000,000) ordinary shares of Rs. 10 each		10,000	10,000
Issued, subscribed and paid-up capital	4	1,000	1,000
Accumulated loss		(4,381)	(4,357)
		(3,381)	(3,357)
Trade and others payables	5	171	156
Temporary overdraft		391	391
Short term advances	6	2,948	2,939
Provision for taxation		14	14
		3,524	3,500
Contingencies and commitments	7		
		143	143

The annexed notes from 1 to 17 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LTD.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	<i>Note</i>	2016 (Rupees in Thousand)	2015
Administrative expenses	8	<u>(24)</u>	<u>(43)</u>
Operating loss		(24)	(43)
Loss for the year		<u>(24)</u>	<u>(43)</u>
Loss per share- basic and diluted - Rupees	9	<u>(0.24)</u>	<u>(0.43)</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LTD.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
Loss for the year	(24)	(43)
Other comprehensive income	-	-
Total comprehensive loss	<u>(24)</u>	<u>(43)</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LTD.
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

<i>Note</i>	2016	2015
	(Rupees in thousand)	
CASH FLOWS FROM CEASED OPERATIONS		
Loss for the year	(24)	(43)
Adjustment for non-cash charges and other items:	-	-
	<hr/>	<hr/>
Loss before working capital changes	(24)	(43)
Working capital changes		
Increase / (decrease) in current liabilities		
Trade and other payables	15	-
	<hr/>	<hr/>
	15	-
	<hr/>	<hr/>
Net cash (used) from ceased operations	(9)	(43)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term advances received	9	43
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	(391)	(391)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	(391)	(391)
	<hr/> <hr/>	<hr/> <hr/>

The annexed notes 1 to 17 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LTD.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	(Rupees in thousand)		
Balance as at June 30, 2014	1,000	(4,314)	(3,314)
Loss for the year	-	(43)	(43)
Balance as at June 30, 2015	1,000	(4,357)	(3,357)
Loss for the year	-	(24)	(24)
Balance as at June 30, 2016	1,000	(4,381)	(3,381)

The annexed notes 1 to 17 form an integral part of these financial statements.

Chief Executive

Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LTD.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2016

1 NATURE AND STATUS OF BUSINESS

- 1.1** J & P EMO Pakistan (Pvt) Ltd. (the Company) was incorporated on March 22, 1993 in Pakistan under the Companies Ordinance, 1984 as a private limited company. The registered office of the Company is situated at C-10 South Avenue, SITE, Karachi. The principal activity of the Company is to participate in turnkey engineering industrial projects. At present, the Company is dormant.
- 1.2** The accumulated losses of the Company as at June 30 2016 stand at Rs. 4.381 million (2015: Rs. 4.357 million) resulting in a negative equity of Rs. 3.381 million (2015: Rs. 3.357 million) and as at that date, the current liabilities of the Company exceeds the current assets by Rs. 3.381 million (2015: Rs. 3.357 million). These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on the ability of the management to negotiate profitable contracts.

The management is making efforts but anticipate that they may not succeed in procuring contracts at desired level of profitability in the foreseeable future because of adverse economic conditions of the industry in general and utility companies in particulars. During the current year , the management of the Company was unable to procure any contract , therefore, contract income and related cost are appearing as nil.

However, these accounts are prepared on going concern basis and, therefore, do not include any adjustments relating to the recoverability and classification of recorded assets amounts and classification of liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP shall prevail.

2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention except as follows:

- certain staff retirement benefits are carried at present value
- lease hold land, building and plant and machinery are stated at revalued amount.

2.1.3 Standards, Amendments Or Interpretations Which Became Effective During The Year

During the year following amendments to Standards and new interpretations became effective; however, they did not have any material affect on these unconsolidated financial statements of the Company.

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs

which became effective for the current year:

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 13 - Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements.

2.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interoperations:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payments - Classification and measurement of Share-based Payments transactions (Amendments)	1 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investment in Associates - Investment entities: Applying the Consolidated Exception (Amendment)	1 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for acquisition of Interest in Joint Operation (Amendment)	1 January 2016
IAS 1 Presentation of Financial Statements - Disclosure initiative (Amendment)	1 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure initiative (Amendment)	1 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendment)	1 January 2017
IAS 16 Property, plant and equipment and IAS 38 Intangible Assets - Clarification of acceptable methods of depreciation and amortization (Amendment)	1 January 2016
IAS 16 Property, plant and equipment, IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	1 January 2016
IAS 27 Separate Financial Statements - Equity Method in "Separate Financial Statements"	1 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective date (annual periods Beginning on or after)
Standard or interpretation	
IFRS 9 - Financial Instruments: Classification and Measurement	1 January 2018
IFRS 14 - Regulatory Deferral Accounts	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 16 - Leases	1 January 2019

2.3 Critical Accounting estimates and judgments

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements are as follows.

i) **Employee benefits**

the Company operates an approved non contributory gratuity scheme for all its employees. The scheme entitles the members to a gratuity payable on retirement, death in his service of the employer, voluntary retirement and termination of employee by the employer other than for misconduct and negligence.

ii) **Property, plant and equipment**

the Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. Company follow revaluation policy after every five years.

iii) **Taxation**

the Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 2.7 to these financial statements.

2.4 Compensated absences

Liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences occur.

2.5 Foreign currency translation

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

2.6 Taxation

a) Current

Provision of current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax also includes adjustments, where considered necessary, for provision for tax made in previous years, arising from assessment framed during the year, for such years.

b) Deferred

the Company accounts for deferred taxation for all material timing differences. The amount is computed using the balance sheet liability method. Debit balances on account of deferred taxation are recognised only if there is reasonable certainty for realisation.

2.7 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether billed or not to the Company.

2.8 Provisions

Provisions are recognised when the Company has the present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed and adjusted to reflect current best estimate.

2.9 Investments

These are stated at cost less provision for diminution on carrying value as determined by the management.

2.10 Property, plant and equipment and depreciation

a) Owned

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

Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life as stated in Note 4. Depreciation on additions and disposals of assets during the year is charged from the month of acquisition to the month of disposal.

Maintenance and normal repairs are charged to income, as and when incurred.

Major renewals are capitalized and the assets so replaced, if any, are retired.

Profit and loss on disposal of assets is included in income currently.

b) Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amounts of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated by applying straight line method over the estimated useful lives of the assets as stated in note 4.

Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation of leased assets is charged to current year's income as part of depreciation.

2.11 Intangible assets

Expenditure incurred to acquire software license is capitalized as intangible assets and stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized applying the straight line method. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

2.12 Consumable stores

These are valued at average cost and net realizable value less provision for slow moving stores.

2.13 Stock in trade

These are stated at the lower of average cost and net realizable value. Average cost in relation to finished goods and work-in-process represents prime cost and includes appropriate portion of

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and cost necessary to be incurred in order to make the sale.

2.14 Trade debts, loans, advances, deposits, prepayments and other receivables

Trade debts, loans, advances, deposits, prepayments and other receivables are stated at cost. Provision is made against those considered doubtful by the management, whereas, those considered irrecoverable are written off.

2.15 Warranties

The management estimates at each balance sheet date a liability that could arise as a result of the Company's obligation to repair and replace products under warranty. The provision for warranty is accounted for in the periods in which sales are made and no provision is recognised if the chances of warranty claims are remote.

2.16 Foreseeable losses on orders in hand

Provision is made for all known or expected losses at completion on orders in hand.

2.17 Transaction with related parties

the Company enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

2.18 Impairment losses

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

2.19 Revenue recognition

Sales are recorded on delivery of goods to the customers and in case of exports when shipped. Income from installation and repair projects are recognized as the work is completed and accepted by the customers.

2.20 Borrowing cost

Borrowing cost and other related cost directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that takes a necessarily substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.21 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents consists of cash in hand and balances with banks.

2.22 Financial Instruments

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

2.23 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognised amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.24 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and are disclosed as accrued interest/mark up to the extent of the amount remaining unpaid.

2.25 Dividend

Dividend is recognized in the financial statement in the period in which these are approved.

3 PROPERTY, PLANT AND EQUIPMENT

Description	COST			DEPRECIATION			Written down Values as at June 30, 2016	Rate
	As at July 01, 2015	Additions / disposal	As at June 30, 2016	As at July 01, 2015	For the year	As at June 30, 2016		
----- Rupees in thousand----- (%)								
Office equipments	110	-	110	110	-	110	-	20
Furniture and fixture	73	-	73	73	-	73	-	10
Vehicles	3	-	3	3	-	3	-	20
2016	186	-	186	186	-	186	-	
2015	186	-	186	186	-	186	-	

2016 2015
(Rupees in Thousand)

4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

100,000 (2015: 100,000) Ordinary shares of Rs. 10 each fully paid in cash

1,000 1,000

51,000 (2015: 51,000) ordinary shares of the company representing 51% (2015: 51%) of the issued, subscribed and paid up capital are held by the holding company, Johnson and Phillips (Pakistan) Limited.

5 TRADE AND OTHER PAYABLES

Creditors for services	132	132
Accrued expenses	4	4
Other	5	5
Audit fee payable	30	15
	<u>171</u>	<u>156</u>

6 SHORT TERM ADVANCES

Unsecured

Holding Company **2,948** 2,939

The above advance is unsecured and interest free. The maximum amount outstanding at the end of any month during the year was Rs. 2.948 million. (2015: Rs. 2.939 million).

7 CONTINGENCIES AND COMMITMENTS

Contingencies

7.1 Taxation

The income tax assessments for the assessment year up to 2000-2001 have been completed and the total liability demanded for the assessment years 1996-97 to 1999-2000 amounts to Rs. 0.226 million which the Company is disputing in appeal before tax authorities. In the event of adverse decision in the appeals the Company would be faced with additional liability of Rs. 0.053 million and corresponding charge against profit amounting to Rs. 0.133 million.

7.2 The company is contingently liable in respect of professional fee payable to M/s Ebrahim & Company, Chartered Accountants amounting to Rs.59,550.

Commitments

There was no capital commitments as at the balance sheet date.

2016 2015
(Rupees in Thousand)

8 ADMINISTRATIVE EXPENSES

Rent, rate and taxes	-	11
Fee subscription	9	17
Auditors' remuneration	15	15
	24	43

9 LOSS PER SHARE - BASIC AND DILUTED

Loss for the year after taxation	(24)	(43)
Weighted average number of ordinary shares	100,000	100,000
Loss per share - basic and diluted - Rupees	(0.24)	(0.43)

10 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

None of the Directors, Chief Executive and Executive are paid remuneration and any other allowances

11 TRANSACTIONS WITH RELATED PARTIES

Payment on behalf of the company made by holding company	21	27
--	----	----

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

12 STAFF RETIREMENT BENEFITS

None of the staff retirement benefits is maintained by the Company.

13 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company has exposure to the following risks from its use of finances instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

13.1 Credit Risk

The management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

Exposure to credit risk

Credit risk arises when changes in economic or industry factors similarly affects Company's of counter parties whose aggregate credit exposure is significant in relation the Company's total credit exposure. Credit risk of the Company arise principally from the trade debts, advances, trade deposits, other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date is as follows:

2016 **2015**
(Rupees in thousand)

13.2 Short term deposits

85 85

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

Carrying amount	Total	Contractual cash flows			
		On demand	Up to one year	More than one year	
Trade and other payables	171	171	-	(171)	-
Temporary overdraft	391	391	-	(391)	-
Short term advances	2,948	2,948	-	(2,948)	-
June 30, 2016	3,510	3,510		(3,510)	-
Trade and other payables	156	156	-	(156)	-
Temporary overdraft	391	391	-	(391)	-
Short term advances	2,939	2,939	-	(2,939)	-
June 30, 2015	3,486	3,486		(3,486)	-

13.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

Interest rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long-term financing and short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

2016	2015
Effective interest rate (%)	

2016	2015
Carrying amount (Rs.'000')	

Financial liabilities

Temporary overdraft	Non-interest bearing	391	391
Short term advances	Non-interest bearing	2,948	2,939

Sensitivity analysis

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

13.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

14 CAPITAL MANAGEMENT

The objective of the Company when managing capital i.e. its shareholders' equity and surplus on revaluation on property, plant and equipment, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2016, the shareholders' negative equity amounts to Rs. 3.381 million (2015 Rs. 3.357 million)

15 NUMBER OF EMPLOYEES

The total number of employees as at the balance sheet date were NIL (2015: NIL).

16 DATE OF AUTHORIZATION

These financial statements were authorised for issue on October 06th, 2016 by the Board of Directors of the Company.

17 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Chief Executive

Director

FORM OF PROXY

I/WE _____
of _____
a member of JOHNSON & PHILLIPS (PAKISTAN) LTD
hereby appoint _____
of _____
or failing him _____

Who is/are also member/s of Johnson & Phillips (Pakistan) Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on October 29th, 2016 and at any adjourned thereof.

Signed this _____ day of _____ 2016

Folio No	CDC Participant ID No.	CDC Account / Sub Account No	No of Shares Held

Witness 1

Signature _____
Name _____
NIC No _____
Address _____

Witness 2

Signature _____
Name _____
NIC No _____
Address _____

- Notes :**
1. The proxy must be a member of the company.
 2. The signature must tally with the specimen signature/s registered with the Company
 3. If a proxy is granted by a member who has deposited his/her share in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub account number along with photocopies of National identity Card or Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
 4. The instrument of proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.



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