
**JOHNSON & PHILLIPS
(PAKISTAN) LIMITED**

**Financial Statements
For the Year Ended June 30, 2025**



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

Adverse Opinion

We have audited the annexed financial statements of **Johnson & Phillips (Pakistan) Limited** which comprise the statement of financial position as at June 30, 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, 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 the audit except for the matters stated in the *Basis for Adverse Opinion* Section of our report.

Owing to the significance of the matters stated in the Basis for Adverse Opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- We could not substantiate the existence and completeness of trade and other payables neither by direct confirmations from counter parties nor through alternative means, to the extent of Rs. 82.528 (2024: Rs. 83.774) million, out of the total balance amounting to Rs. 82.528 (2024: Rs. 83.774) million.
- We could not substantiate the existence, obligation, completeness, and classification of short-term borrowing from a former director amounting to Rs. 4.950 million as disclosed in note no. 17. Further, we could not substantiate the terms and conditions of the underlying agreements of the Company with the former director.

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Reanda Haroon Zakaria Aamir Salman Rizwan & Company Chartered Accountants

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- During the year, the Company has incurred loss before levy and taxation amounting to Rs. 11.911 (2024: Rs. 20.184) million, raising the accumulated losses to Rs. 465.713 (2024: Rs. 465.873) million. While as on the reporting date, current liabilities exceeded current assets by Rs. 359.286 (2024: Rs. 353.043) million. Except for the financial year 2022, the operations of the Company, including its revenue, are facing downward trajectory since financial year 2015, due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The Company has been reporting meagre sales since then and is totally dependent on the financial support of its directors and sponsors. Further, as disclosed in note no. 1 to these financial statements, the Company has been delisted on April 17, 2024, while the upper management has not yet finalized any plan for the business revival after the delisting.

These factors indicate the existence of material uncertainty that may cast significant doubts regarding the Company's ability to continue as a going concern and therefore it may not be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements and the notes thereto do not disclose this fact. Therefore, we do not agree with the basis of preparation of the annexed financial statements on going concern basis.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) except for the possible effects of the matters stated in *Basis for Adverse Opinion* Section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the possible effects of the matters stated in *Basis for Adverse Opinion* Section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

RHZA220
Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

Place: Karachi
Dated: October 06, 2025
UDIN: AR202510086Uis4WEFJj

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

| | | 2025 | 2024 |
|---|------|------------------------------|-----------------------|
| <u>ASSETS</u> | Note | ----- (Rupees in '000) ----- | |
| Non Current Assets | | | |
| Property, plant and equipment | 4 | 720,970 | 726,638 |
| Intangible asset | 5 | - | - |
| Long-term investments | 6 | - | - |
| Long-term deposits | 7 | 317 | 317 |
| | | <u>721,287</u> | <u>726,955</u> |
| Current Assets | | | |
| Stock-in-trade | 8 | 7,600 | 7,600 |
| Trade debts | 9 | - | - |
| Loans, deposits, and other receivables | 10 | 1,286 | 1,286 |
| Tax refunds due from the Government | 11 | 13,061 | 12,820 |
| Cash and bank balances | 12 | 201 | 5,345 |
| | | <u>22,148</u> | <u>27,051</u> |
| Total Assets | | <u><u>743,435</u></u> | <u><u>754,006</u></u> |
| <u>EQUITY AND LIABILITIES</u> | | | |
| Share Capital And Reserves | | | |
| Authorized capital | 13 | 80,000 | 80,000 |
| Issued, subscribed and paid-up capital | 13 | 54,500 | 54,500 |
| Share premium reserve | | 29,727 | 29,727 |
| Surplus on revaluation of property, plant and equipment | 14 | 720,276 | 728,845 |
| General reserve | | 23,073 | 23,073 |
| Accumulated losses | | (465,713) | (465,873) |
| Total shareholders' equity | | <u>361,863</u> | <u>370,272</u> |
| Non Current Liabilities | | | |
| Deferred liabilities | 15 | 138 | 3,640 |
| Current Liabilities | | | |
| Trade and other payables | 16 | 82,528 | 83,774 |
| Short-term borrowings | 17 | 294,638 | 292,052 |
| Unclaimed dividend | | 4,268 | 4,268 |
| | | <u>381,434</u> | <u>380,094</u> |
| Contingencies and commitments | 18 | | |
| Total Equity and Liabilities | | <u><u>743,435</u></u> | <u><u>754,006</u></u> |

The annexed notes from 1 to 31 form an integral part of these financial statements.


Chief Executive


Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

| | | 2025 | 2024 |
|---------------------------------------|------|------------------------------|----------|
| | Note | ----- (Rupees in '000) ----- | |
| Sales | 19 | - | 1,622 |
| Cost of sales | 20 | (4,534) | (15,144) |
| Gross loss | | (4,534) | (13,522) |
| Administrative expenses | 21 | (7,835) | (7,613) |
| Operating loss | | (12,369) | (21,135) |
| Other charges | | (418) | - |
| Other income | 22 | 876 | 951 |
| Loss before levy and taxation | | (11,911) | (20,184) |
| Levy | 23 | - | (20) |
| Loss before taxation | | (11,911) | (20,204) |
| Taxation - net | 24 | 3,502 | 2,760 |
| Loss after taxation | | (8,409) | (17,444) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the year | | (8,409) | (17,444) |
| (Loss) / earning per share - Rupees | 25 | (1.54) | (3.20) |

The annexed notes from 1 to 31 form an integral part of these financial statements.

RITZ ASTRA


Chief Executive


Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

| | Share Capital | Share Premium Reserve | Surplus on Revaluation of Property, Plant and Equipment | General Reserve | Accumulated Losses | Total Shareholders ' Equity |
|--|--------------------------------------|-----------------------------|---|--------------------|-----------------------|-----------------------------------|
| | <i>----- (Rupees in "000") -----</i> | | | | | |
| Balance as at July 30, 2023 | 54,500 | 29,727 | 735,598 | 23,073 | (455,182) | 387,716 |
| Total comprehensive loss for the year | - | - | - | - | (17,444) | (17,444) |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax | - | - | (6,753) | - | 6,753 | - |
| Balance as at June 30, 2024 | 54,500 | 29,727 | 728,845 | 23,073 | (465,873) | 370,272 |
| Total comprehensive loss for the year | - | - | - | - | (8,409) | (8,409) |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax | - | - | (8,569) | - | 8,569 | - |
| Balance as at June 30, 2025 | 54,500 | 29,727 | 720,276 | 23,073 | (465,713) | 361,863 |

Share premium reserve can only be utilized by the Company for the purpose specified in Section 81 of the Companies Act, 2017.

Surplus on revaluation of property, plant and equipment will be utilized for any purpose only after they are realized and transferred to unappropriated profits. However, these reserves can be individually offset against losses arising in future periods (if any) from revalued assets.

General reserves can be utilized for meeting any contingencies and for distribution of profit by way of dividend.

The annexed notes from 1 to 31 form an integral part of these financial statements.

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Chief Executive


Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

| | | 2025 | 2024 |
|--|------|------------------------------|----------|
| | Note | ----- (Rupees in '000) ----- | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before levy and taxation | | (11,911) | (20,184) |
| Adjustment for: | | | |
| Depreciation | 4.1 | 5,668 | 16,278 |
| Operating Cash inflow before working capital changes | | (6,243) | (3,906) |
| Working capital changes | | | |
| (Increase) / decrease in current assets | | | |
| Sales tax refundable | | - | 420 |
| Increase / (decrease) in current liabilities | | | |
| Trade and other payables | | (1,246) | (1,160) |
| Cash used in operations | | (7,489) | (4,646) |
| Income taxes and levies paid - net | 11.1 | (241) | (285) |
| Net cash used in operating activities | A | (7,730) | (4,931) |
| B. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Short-term borrowings received / (repaid) - net | 17 | 2,586 | 4,650 |
| Net cash generated from financing activities | B | 2,586 | 4,650 |
| Net decrease in cash and cash equivalents (A+B) | | (5,144) | (281) |
| Cash and cash equivalents at the beginning of the year | 12 | 5,345 | 5,626 |
| Cash and cash equivalents at the end of the year | 12 | 201 | 5,345 |

The annexed notes from 1 to 31 form an integral part of these financial statements.


Chief Executive

R H ZASR

Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 STATUS AND NATURE OF BUSINESS

1.1 Johnson and Phillips (Pakistan) Limited (the Company) was incorporated in Pakistan as a public limited company on April 15, 1961, under the repealed Companies Act, 1913 (now the Companies Act, 2017). Its shares were quoted on the Pakistan Stock Exchange Limited - PSX till April 16, 2024 which subsequently was delisted on April 17, 2024. The Company is principally engaged in textile manufacturing and allied activities including trading of textile machineries. The registered office of the Company and its manufacturing facilities are situated at C-10, South Avenue, S.I.T.E., Karachi.

The Board of Directors, in its meeting dated July 04, 2023, had decided to delist the Company from the PSX, for which the application for voluntary delisting was filed with the Voluntary Delisting Committee of the PSX on August 08, 2023. The reasons for the proposed delisting, as also mentioned in the application filed with the PSX, are as follows:

- a. The ever increasing compliance requirements coupled with the administration cost of running the Company in order to maintain the listing status is too high.
- b. The current economic situation of the country has made it extremely difficult for the sponsors to manage the affairs of the Company as a listed Company.
- c. The Company is no longer a manufacturing concern and is only engaged in trading, which too is getting extremely difficult given fluctuations in local currency.
- d. The size of the Company (or the market capitalization) is very small as compared to other listed companies and therefore the listing status is no longer justified.
- e. The majority of the shares of the Company are held by the Sponsor and his family members and the trading in the Company's shares is nominal.

In view of the aforementioned reasons, the management of the Company has decided that the best course of action for all the stakeholders is to proceed with the voluntary delisting from the PSX and buy back the shares from minority shareholders.

The Voluntary Delisting Committee of the PSX, in its meeting dated December 18, 2023, finalized the buy back price of Rs. 160 per share for the sponsors to buy back 545,983 shares which were previously held with the general public. The Company was accordingly delisted after these shares were bought back by the sponsors and all other regulatory requirements were completed by the sponsors and the Company.

1.2 Going concern

During the year, the Company has incurred loss before taxation amounting to Rs. 11.911 (2024: Rs. 20.184) million, raising the accumulated losses to Rs. 465.713 (2024: Rs. 465.873) million. While as on the reporting date, current liabilities exceeded current assets by Rs. 359.286 (2024: Rs. 353.043) million. Except for the financial year 2022, the operations of the Company, including its revenue, are facing downward trajectory since financial year 2015, due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The Company has been reporting meagre sales since then and is totally dependent on the financial support of its Directors and sponsors.

These factors indicate the existence of material uncertainty over the Company's ability to continue as a going concern and accordingly, the Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. However, the management has prepared these financial statements on a going concern basis due to the following reasons:

- The Company has revaluation surplus on fixed assets amounting to Rs. 720.276 million as on the reporting date
- New management of the Company, under the leadership of its Chief Executive, Mr. Anis Mianoor, has taken over the affairs of the Company with effect from April 01, 2020, with the firm intention and capabilities to revive the overall operations of the Company. However, emergence of Covid-19 in financial year 2020, and then worsening economic outlook of the Country since last five financial years, including import restrictions and foreign currency shortage to settle the existing foreign liabilities with Pak Rupee devaluation, have overall slowed down the revival plans of the new management. Nevertheless, the new management, with the financial support of new sponsor Director, has settled the long outstanding dues of the previous board members and their associated company, while other liabilities will also be settled with the help of earnings from the revival of existing operations, injections of the funds from internal as well as external sources and continuing support from the new sponsor Director.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Company's functional currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:-

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment and intangible assets - notes 3.1, 3.2, 4, and 5.
- Assumptions and estimates used in determining the provision for stock-in-trade - notes 3.4 and 8.
- Assumptions and estimates used in the provision for doubtful debts - notes 3.5 and 9.
- Assumptions and estimates used in the provision for doubtful loans - notes 3.6 and 10
- Assumptions and estimates used in the recognition of current and deferred taxation - notes 3.13, 15.2 and 24.

2.5 *Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period*

The following standards, amendments to standards and interpretations are effective for the year ended June 30, 2025. However, except as disclosed otherwise, these standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

| | <i>Effective for period beginning on or after</i> |
|--|---|
| Amendments to IFRS 7 'Financial Instruments: Disclosures' and IAS 7 'Statement of Cash Flows': Amendments regarding supplier finance arrangements. | January 1, 2024 |
| Amendments to IFRS 16 'Leases': Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions. | January 1, 2023 |
| Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and debts with covenants. | January 1, 2024 |
| Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity. | |

2.6 *Amendments to standards and IFRS interpretations that are not yet effective*

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

| | <i>Effective from accounting period beginning on or after</i> |
|---|---|
| Amendments to IFRS 7 'Financial Instruments - Disclosures' and IFRS 9 'Financial Instruments': Amendments regarding the classification and measurement of financial instruments. | January 1, 2026 |
| Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture. | Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted. |

| | |
|---|-----------------|
| IFRS 17 - Insurance Contracts | January 1, 2026 |
| IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information | January 1, 2025 |
| IFRS S2 Climate-related Disclosures | January 1, 2025 |

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 18 Presentation and Disclosures in Financial Statements
IFRS 19 Subsidiaries without Public Accountability: Disclosures

3 MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies adopted in the preparation of these financial statements are set out below:

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

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

Cost includes expenditure that is directly attributable to the acquisition and installation of an asset including borrowing costs, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit and loss applying the straight line method over its useful life specified in note no. 4 to these financial statements. Depreciation on additions is charged from the date on which the depreciable assets are available for use till the date preceding the date of disposal.

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each reporting date.

The carrying values of tangible fixed assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts.

3.1.2 Revalued assets

Surplus on revaluation of assets based on forced sale value is recognized in other comprehensive income (OCI) and presented as a separate component of equity as "surplus on revaluation of property, plant and equipment", except that it reverses a revaluation deficit for the same asset previously recognized in the statement of profit or loss, in which case the surplus is credited to the statement of profit or loss to the extent of the deficit charged previously. Deficit on revaluation of assets is recognized in the statement of profit or loss, except that it reverses a revaluation surplus for the same asset previously recognized in other comprehensive income, in which case the deficit is charged to other comprehensive income to the extent of the surplus credited previously. The revaluation reserve is not available for distribution to the Company's shareholders.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit). Further, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings (unappropriated profit).

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in other income / other expenses in the statement of profit or loss. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit / accumulated loss).

3.1.3 Capital work in progress

These are stated at cost and represent expenditure on fixed assets in course of construction and installation. These are transferred to specific assets as and when they are ready for their intended use.

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and any identified impairment loss. Amortization on additions is charged from the date on which the amortizable assets are available for use till the date preceding the date of disposal or retirement from use. Amortization is charged on straight line method.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably.

Gains and losses arising from the retirement or disposal of assets is recognized in profit or loss.

The carrying values of intangible assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts.

3.3 Investments - subsidiary companies

Investment in subsidiaries are measured at cost less impairment, if any.

3.4 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined by applying the following basis:

| | |
|------------------------------------|-------------------------------|
| Raw material | At FIFO basis |
| Work in process and finished goods | At average manufacturing cost |

Average cost in relation to work in process and finished goods signifies average manufacturing cost consisting of cost of raw material and a portion of related direct overheads.

Net realizable value (NRV) represents the estimated selling price at which the inventories can be realized in the normal course of business after allowing for the cost of conversion from their existing state to finished condition and for the estimated cost necessary to make the sale.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognized immediately in the profit or loss.

A review is made periodically on inventories for obsolescence and slow moving and an allowance is recorded based on the approved policy.

3.5 Trade debts

These are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade and other receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

3.6 Loans

These are recognized initially at fair value and subsequently measured at amortized cost but since the balances are considered to be recoverable / adjustable within the next financial year, therefore, balances recognized initially are considered to be their amortized cost. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the account balances. Bad debts are written off when considered irrecoverable.

3.7 Deposits and prepayments

These are carried at nominal amounts while for deposits, nominal amounts are considered to be their amortized cost as it is the fair value of the balance to be received / adjusted in future.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at nominal amounts which is considered to be their amortized cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks in current and saving accounts.

3.9 Trade and other payables

Liabilities for trade and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations whether or not billed to the Company. Liabilities are written back and recognized as other income when these are considered to be no longer payable.

3.10 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.11 Financial assets and liabilities

3.11.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.11.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at amortized cost,
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL"),

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

3.11.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.11.4 Subsequent measurement

Financial assets at FVTOCI

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.11.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such as Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.11.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.11.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.12 Revenue recognition

- Sale of goods, including scrap sales, is recognized on dispatch of goods to customer when significant risks and rewards are transferred to the customers and associated performance obligations are met. For service income, performance obligations are fulfilled at the time when the agreed services are rendered to the satisfaction of clients. The transaction price of Company's contracts with customers for the sale of goods and services does not include any variable consideration, any significant financing component, any non-cash consideration or any consideration payable to its customers.
- Interest income is recognized on a time-apportioned basis using the effective rate of return.
- Gain on sale of fixed assets is recorded when title is transferred in favor of transferee.
- Other income is recognized on the occurrence of transactions on accrual basis when the associated performance obligations are met.

3.13 Levies and taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

Current tax and levies

Income tax expense for the year, determined in accordance with the Income Tax Ordinance, 2001, is recognized as current to the extent it is based on taxable income at the current rate of taxation after taking into account tax credit available, if any. Any excess, representing tax determined on the basis other than taxable income, e.g. taxes under FTR / MTR regime, ACT, etc., are recognized as an expense and termed as levies in the profit or loss.

However, if the tax expense is determined on the basis of minimum tax on turnover or ACT, while the management expects that the available credit may not be realizable / adjustable in future tax years, then the tax expense determined on the basis of minimum tax or ACT, will be recognized as the levy in the profit or loss.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base, to the extent of probability that taxable profits will be available against which these deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

3.14 Earning / (loss) per share

The Company presents basic and diluted earning / (loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares (if any).

3.15 Dividend and appropriation of reserves

Dividend distribution to the shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

3.16 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.17 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

4 PROPERTY, PLANT AND EQUIPMENT

| Note | 2023 | 2024 |
|------|------------------------|---------|
| | --- Rupees in '000 --- | |
| 4.1 | 720,970 | 726,638 |

4.1 Operating fixed assets

| Description | Owned | | | | | | | | Total |
|---|-----------------------------|-----------------------------|----------------------|--------------------------------|---------------|----------|------------------------|----------------------------|----------------|
| | Leasehold land* | Building on leasehold land* | Plant and machinery* | Gas and electric installations | Factory tools | Vehicles | Furniture and fixtures | Office and other equipment | |
| | ----- Rupees in "000" ----- | | | | | | | | |
| Year ended June 30, 2025 | | | | | | | | | |
| Opening net book value | 720,000 | 6,638 | - | - | - | - | - | - | 726,638 |
| Depreciation charge for the year | - | (5,668) | - | - | - | - | - | - | (5,668) |
| Closing net book value as at June 30, 2025 | 720,000 | 970 | - | - | - | - | - | - | 720,970 |
| As at June 30, 2025 | | | | | | | | | |
| Cost / revalued* amount | 720,000 | 25,506 | 21,510 | 1,178 | 3,933 | 3,547 | 4,320 | 12,141 | 792,135 |
| Accumulated Depreciation | - | (24,536) | (21,510) | (1,178) | (3,933) | (3,547) | (4,320) | (12,141) | (71,165) |
| Disposals during the year | - | - | - | - | - | - | - | - | - |
| Depreciation charge for the year | - | - | - | - | - | - | - | - | - |
| Closing net book value as at June 30, 2025 | 720,000 | 970 | - | - | - | - | - | - | 720,970 |
| Year ended June 30, 2024 | | | | | | | | | |
| Opening net book value | 720,000 | 12,306 | 10,610 | - | - | - | - | - | 742,916 |
| Depreciation charge for the year | - | (5,668) | (10,610) | - | - | - | - | - | (16,278) |
| Closing net book value as at June 30, 2024 | 720,000 | 6,638 | - | - | - | - | - | - | 726,638 |
| As at June 30, 2024 | | | | | | | | | |
| Cost / revalued* amount | 720,000 | 25,506 | 21,510 | 1,178 | 3,933 | 3,547 | 4,320 | 12,141 | 792,135 |
| Accumulated Depreciation | - | (18,868) | (21,510) | (1,178) | (3,933) | (3,547) | (4,320) | (12,141) | (65,497) |
| Disposals during the year | - | - | - | - | - | - | - | - | - |
| Depreciation charge for the year | - | - | - | - | - | - | - | - | - |
| Closing net book value as at June 30, 2024 | 720,000 | 6,638 | - | - | - | - | - | - | 726,638 |
| Useful life - Years | Indefinite | 4.5 | 1.5 | 10 | 5 | 4 | 5 | 5 | |

| | | 2025 | 2024 |
|---|------|----------------------------|---------------|
| | Note | ----- Rupees in '000 ----- | |
| 4.2 The depreciation charge for the year has been allocated as follows: | | | |
| Cost of sales | 20 | 4,534 | 15,144 |
| Administrative expenses | 21 | 1,134 | 1,134 |
| | | <u>5,668</u> | <u>16,278</u> |

4.3 Factory of the Company is on 3 acres of land situated at C-10, South Avenue, SITE, Karachi.

4.4 Cost of fully depreciated assets as on the reporting date amounting to Rs. 46,629 (2024: Rs. 46,629) million.

4.5 Revaluation of leasehold land, building on leasehold land and plant and machinery had been carried out by a professional valuer, M/s. Sipra & Company (Pvt) Limited, who was an approved valuer from Pakistan Bankers Association, who through their report dated July 05, 2023, determined the market value and forced sale value of these assets as on 30 June 2023 amounting to Rs. 742.916 million and Rs. 592.657 million, respectively, resulting in net surplus of Rs. 279.145 million.

Revaluation was carried out on the basis mentioned below:

| | |
|---------------------|---|
| Land | Present market values for similar sized plots in the vicinity. |
| Building | Replacement values of similar types of buildings based on present cost of constructions and applying residual factors based on estimated remaining useful life. |
| Plant and machinery | Replacement values of similar types of plant and machineries based on current rates and applying residual factors based on present condition and obsolescence. |

Previously, revaluations were carried out on March 31, 1995 with surplus of Rs. 42.642 million, on June 30, 2004 with surplus of Rs. 73.464 million, on June 17, 2008 with surplus of Rs. 104.097 million and on June 12, 2013 with impairment of Rs. 0.855 million and on January 13, 2018 with surplus of Rs. 317.919 million.

| | 2025 | 2024 |
|--|----------------------------|-----------|
| | ----- Rupees in '000 ----- | |
| 4.6 Had there been no revaluation, the written down value of revalued assets would have been as follows: | | |
| Lease hold land | 61 | 61 |
| Building on lease hold land | - | - |
| Plant and machinery | - | - |
| | <u>61</u> | <u>61</u> |

5 INTANGIBLE ASSET

Computer software

| | | |
|--------------------------|----------|----------|
| Cost | 129 | 129 |
| Accumulated amortization | (129) | (129) |
| | <u>-</u> | <u>-</u> |

6 LONG-TERM INVESTMENTS

2025 2024
Note ----- Rupees in '000 -----

In shares of unquoted subsidiary companies - at cost

Johnson and Phillips Industries (Pakistan) Limited

Investment in shares

3,000,000 fully paid ordinary shares of Rs. 10 each. The Company holds 100% of the investee's shares.

30,000 30,000

Advance against share capital

20,000 20,000

50,000 50,000

Johnson & Phillips Transformers (Private) Limited

2,099,995 fully paid ordinary shares of Rs. 10 each. The Company holds 70% of the investee's shares.

21,000 21,000

J & P EMO Pakistan (Private) Limited

50,997 fully paid ordinary shares of Rs. 10 each. The Company holds 51% of the investee's shares.

510 510

71,510 71,510

Provision for diminution in value of investments

6.1 (71,510) (71,510)

- -

6.1 Based on the latest available audited financial statements of the subsidiaries, the breakup value per share is Rs. nil. All of these subsidiaries are in the course of being wound up, for which the application for winding up has already been filed with the SECP since financial year 2021.

2025 2024
----- Rupees in '000 -----

7 LONG-TERM DEPOSITS

To

Central Depository - CDCPL

25 25

Pakistan Telecommunication - PTCL

34 34

K-Electric - KE

21 21

Sui Southern Gas - SSGC

237 237

317 317

8 STOCK-IN-TRADE

Raw material and components

In hand - gross

34,158 34,158

Work-in-process

4,386 4,386

Machinery in stock for sale

7,600 7,600

46,144 46,144

Less: provision for obsolete / slow moving items

(38,544) (38,544)

7,600 7,600

9 TRADE DEBTS

- Considered doubtful

Trade debts

75 75

Less: Provision for doubtful trade debts

(75) (75)

- -

10 LOANS, DEPOSITS, AND OTHER RECEIVABLES

Loans to subsidiary companies - unsecured - considered doubtful

| | | |
|--|-----------------|-----------------|
| Johnson and Phillips Industries (Pakistan) Limited (JPI) | 24,835 | 24,835 |
| Johnson & Phillips Transformers (Private) Limited (JPT) | 20,864 | 20,864 |
| J & P EMO Pakistan (Pvt.) Ltd. (EMO) | 3,012 | 3,012 |
| 10.1 | <u>48,711</u> | <u>48,711</u> |
| Less: Provision against doubtful loans | <u>(48,711)</u> | <u>(48,711)</u> |

Short-term deposits

| | | | |
|------------------|------|--------------|--------------|
| Other receivable | 10.2 | <u>1,286</u> | <u>1,286</u> |
| | | <u>1,286</u> | <u>1,286</u> |

10.1 These represent interest free loans given to related parties which are recoverable on demand. These are due for over two year and are fully impaired as the associated companies are in the course of being for which the application for winding up has already been filed with the SECP since financial year 2021. Closing balances represent maximum aggregate amounts outstanding at any month end during the year.

10.2 An order was passed on June 07, 2017, by the additional commissioner IR raising demand of Rs. 5.703 million as principal and Rs. 0.285 million as penalty for default in deduction / payment of withholding sales tax in relation to tax years 2013 to 2016 and recovered Rs. 4.268 million from the Company's bank accounts. The Company filed an appeal against the said order before the Honorable Commissioner (Appeals-IV) Inland Revenue, who passed an order and reduced the demand to Rs. 2.982 million vide order no. 16 / 2022 dated April 30, 2022. The Company accepted the reduced demand and recorded receivable amounting to Rs. 1.286 million, representing the difference between the attached bank balance and the reduced demand.

11 TAX REFUNDS DUE FROM THE GOVERNMENT

| | | | |
|--|------|-----------------|-----------------|
| Income tax | 11.1 | 3,703 | 3,462 |
| Sales tax | | <u>30,202</u> | <u>30,202</u> |
| Less: Provision for doubtful sales tax refunds | | <u>(20,844)</u> | <u>(20,844)</u> |
| | | <u>9,358</u> | <u>9,358</u> |
| | | <u>13,061</u> | <u>12,820</u> |

11.1 Income tax refundable / (payable)

| | | | |
|---|------|--------------|--------------|
| Balance as on July 01 | | 3,462 | 3,197 |
| Paid against opening liability | | - | - |
| Prior year adjustment | 24.1 | <u>-</u> | <u>-</u> |
| | | <u>3,462</u> | <u>3,197</u> |
| Income taxes and levies paid / deducted at source | | 241 | 285 |
| Provision for levies and taxation | 24.1 | <u>-</u> | <u>(20)</u> |
| Balance as on June 30 | | <u>3,703</u> | <u>3,462</u> |

12 CASH AND BANK BALANCES

2025 2024
Note ----- Rupees in '000 -----

| | | | |
|-----------------------|-------------|-----|-------|
| <i>Cash in hand</i> | | 25 | 25 |
| <i>Cash at banks</i> | | | |
| - in current accounts | | 89 | 965 |
| - in savings accounts | 12.1 & 12.2 | 87 | 4,355 |
| | | 176 | 5,320 |
| | | 201 | 5,345 |

12.1 This carry profit at the rate ranging from 9.5% to 19% (2024: 9.5% to 18.50%) per annum.

12.2 This includes bank account designated for dividend payment, carrying balance amounting to Rs. nil (2024: Rs. 4.268) million as on the reporting date.

13 SHARE CAPITAL

| 2025 | 2024 | | 2025 | 2024 |
|-------------------------|------------------|---|-----------------------------------|---------------|
| <i>Number of shares</i> | | <i>Ordinary shares of Rs. 10 each</i> | <i>----- Rupees in '000 -----</i> | |
| <u>8,000,000</u> | <u>8,000,000</u> | <i>Authorized Capital</i> | <u>80,000</u> | <u>80,000</u> |
| | | <i>Issued, Subscribed And Paid-Up Capital</i> | | |
| 4,638,268 | 4,638,268 | Fully paid in cash | 46,383 | 46,383 |
| 93,000 | 93,000 | Issued for other than cash | 930 | 930 |
| 718,704 | 718,704 | Fully paid bonus shares | 7,187 | 7,187 |
| <u>5,449,972</u> | <u>5,449,972</u> | | <u>54,500</u> | <u>54,500</u> |

13.1 The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share in general meetings, without any restriction. Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

14 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

2025 2024
----- Rupees in '000 -----

| | | |
|---|----------|---------|
| <i>Balance as at July 01,</i> | 732,485 | 741,996 |
| Transfer to equity in respect of incremental depreciation - net of deferred tax | (8,569) | (6,753) |
| Related deferred tax liability on incremental depreciation | (3,502) | (2,758) |
| | (12,071) | (9,511) |
| | 720,414 | 732,485 |
| <i>Balance as at June 30,</i> | | |
| <i>Less: Related deferred tax liability</i> | | |
| - at the beginning of the year | (3,640) | (6,398) |
| - on incremental depreciation for the year | 3,502 | 2,758 |
| - at the end of the year | (138) | (3,640) |
| | 720,276 | 728,845 |

14.1 In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property and equipment in terms of following fair value hierarchy:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2:** Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3:** Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

Details of the Company's property, plant and equipment in terms of fair value hierarchy, explained above, at June 30, 2025 is as follows:

| <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> |
|---------------------------------|----------------|----------------|
| <i>-----Rupees in '000-----</i> | | |

Assets measured at fair value

Operating fixed assets

- Lease hold land
- Building on Lease-hold land

| | | | |
|-------------|---|----------------|---|
| | - | 720,000 | - |
| | - | 970 | - |
| 2025 | - | 720,970 | - |
| 2024 | - | 726,638 | - |

15 DEFERRED LIABILITIES

- Staff retirement benefits - gratuity
- Deferred taxation

| <i>Note</i> | <i>2025</i> | <i>2024</i> |
|-----------------------------------|-------------|--------------|
| <i>----- Rupees in '000 -----</i> | | |
| 15.1 | - | - |
| 15.2 | 138 | 3,640 |
| | 138 | 3,640 |

15.1 Staff retirement benefits - Gratuity

- Staff retirement benefits - gratuity
- Unclaimed gratuity shown under current liabilities

| | | |
|----|--------------|--------------|
| 16 | 745 | 745 |
| | (745) | (745) |
| | - | - |

15.2 Deferred taxation

This comprises of the following:

Taxable temporary differences

- Surplus on revaluation of fixed assets

| | | |
|----|-----|-------|
| 14 | 138 | 3,640 |
|----|-----|-------|

Deductible temporary differences

- Accelerated tax depreciation
- Available tax losses
- Minimum tax credit
- Alternative corporate tax credit
- Provisions

| | |
|-----------------|-----------------|
| 1,143 | 1,657 |
| 695 | 7,272 |
| - | 35 |
| 1,554 | 1,554 |
| 31,952 | 31,916 |
| (35,344) | (42,433) |
| (35,206) | (38,793) |

Deferred tax asset not recognized

| | | |
|--------|------------|--------------|
| 15.2.1 | 35,344 | 42,433 |
| | 138 | 3,640 |

15.2.1 The management has not recognized the deferred tax asset on deductible differences as on the reporting date as the management is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

15.2.2 Breakup of unused tax losses and tax credits as on the reporting date with their maturities is as follows:

| <i>Description</i> | <i>Expiry Date</i> | <i>Rupees</i> |
|---|--------------------|-------------------|
| Available business losses | | |
| Tax Year 2020 | 30-Jun-26 | 27,731,000 |
| Tax Year 2023 | 30-Jun-29 | 20,493,000 |
| Tax Year 2024 | 30-Jun-30 | 3,906,000 |
| Tax Year 2025 | 30-Jun-31 | 6,243,400 |
| | | <u>58,373,400</u> |
| Available depreciation losses | Infinite | <u>55,977,508</u> |
| Alternative corporate tax credit | | |
| Tax Year 2023 | 30-Jun-33 | <u>1,554,480</u> |
| Minimum tax credit | | |
| Tax Year 2024 | 30-Jun-27 | <u>-</u> |

16 TRADE AND OTHER PAYABLES

| | | 2025 | 2024 |
|------------------------------------|------|------------------------------|---------------|
| | Note | ----- (Rupees in '000) ----- | |
| Trade creditors | 16.1 | 61,549 | 62,889 |
| Advance from customers - unsecured | | 8,638 | 8,638 |
| Accrued liabilities | | 10,300 | 10,206 |
| Payable to ex-employees | | 322 | 322 |
| Provident fund payable | | 725 | 725 |
| Unclaimed gratuity payable | 15.1 | 745 | 745 |
| Withholding tax payable | | - | - |
| Sales tax payable | | - | - |
| Others | | 249 | 249 |
| | | <u>82,528</u> | <u>83,774</u> |

16.1 This includes Rs. 60.571 (2024: Rs. 58.205) million payable against the purchase of textile machineries to Gulf Tex Machine Fzco, an associated undertaking (related party), incorporated in Dubai, U.A.E.

17 SHORT-TERM BORROWINGS

- Unsecured and interest free

From related parties

| | | 2025 | 2024 |
|-----------------------|------|------------------------------|----------------|
| | Note | ----- (Rupees in '000) ----- | |
| New sponsor Directors | 17.1 | 288,818 | 286,902 |
| Former Directors | 17.2 | 4,950 | 4,950 |
| Associated company | 17.2 | 870 | 200 |
| | | <u>294,638</u> | <u>292,052</u> |

17.1 This represents unsecured and interest free loans received from the sponsor Directors of the Company which are payable on demand. Loans were obtained for the repayment of long outstanding dues and for the working capital management.

- 17.2 This represents unsecured and interest free loans received from the former Directors of the Company which are recoverable on demand. Loans were obtained for the working capital management.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

On December 16, 2021, separate orders were passed for each of the tax years from 2017 to 2020, by the Assistant Commissioner Inland Revenue, raising demand of Rs. 4.804 million as principal and Rs. 0.231 million as penalty on account of various disallowances of input tax. The Company has filed appeals against the said orders which is pending before Honorable Commissioner (Appeals-IV) Inland Revenue. The Company's tax advisor expects a favourable outcome of the case, therefore, no provision has been recognized in these financial statements.

18.2 Commitment

There are no commitments binding on the Company as on the reporting date requiring disclosures in these financial statements.

| | Note | 2025 ----- Rupees in '000 ----- | 2024 |
|-----------------|------|------------------------------------|-------|
| 19 SALES | | | |
| Local | 19.1 | - | 1,854 |
| | | - | 1,854 |
| Less: sales tax | | - | (232) |
| | | - | 1,622 |

19.1 This represents sale of scrap during the year.

20 COST OF SALES

| | | | |
|--------------|-----|-------|--------|
| Depreciation | 4.2 | 4,534 | 15,144 |
|--------------|-----|-------|--------|

20.1 Raw material consumed

| | | | |
|---------------|---|---------|---------|
| Opening stock | | 7,600 | 7,600 |
| Closing stock | 8 | (7,600) | (7,600) |
| | | - | - |

21 ADMINISTRATIVE EXPENSES

| | | | |
|----------------------------------|------|-------|-------|
| Salaries and other benefits | | 1,215 | 1,784 |
| Legal and professional | | 19 | 645 |
| Printing, stationery and postage | | 98 | 641 |
| Utilities | | 1,363 | 1,953 |
| Fees and subscription | | 2,520 | 983 |
| Auditors' remuneration | 21.1 | 566 | 472 |
| Depreciation | 4.2 | 1,134 | 1,134 |
| Repair and maintenance expenses | | 911 | - |
| Bank charges | | 9 | 2 |
| | | 7,835 | 7,613 |

| | 2025 | 2024 |
|---|-----------------------------------|------------|
| <i>21.1 Auditors' remuneration</i> | <i>----- Rupees in '000 -----</i> | |
| Annual audit fee | 480 | 400 |
| Review of half yearly financial statements | - | - |
| Review of statement of compliance with CoCG | - | - |
| Out of pocket expenses | 48 | 40 |
| Sales tax | 38 | 32 |
| | <u>566</u> | <u>472</u> |

22 OTHER INCOME

Income from financial assets

| | | |
|-----------------|-----|-----|
| Interest income | 876 | 951 |
|-----------------|-----|-----|

| | | | |
|----------------|------|---|----|
| 23 LEVY | 23.1 | - | 20 |
|----------------|------|---|----|

23.1 This represents income tax charge for the year determined on the basis other than on taxable income, therefore, recognized as a levy in accordance with the requirements of IFRS.

| | 2025 | 2024 |
|--------------------------|-------------------------------------|----------------|
| <i>24 TAXATION - NET</i> | <i>----- (Rupees in '000) -----</i> | |
| Current | - | - |
| Prior | - | - |
| Deferred | (3,502) | (2,760) |
| | <u>(3,502)</u> | <u>(2,760)</u> |

24.1 Reconciliation of income tax charge for the year as per tax laws with the current tax recognized in the profit or loss is as follows:

| | | |
|--|----------|----------|
| Income tax liability for the year as per applicable tax laws | - | 20 |
| Liability recognized as the levies | 23 | (20) |
| Liability recognized as the current tax | 24 | - |
| | <u>-</u> | <u>-</u> |

24.2 Relationship between the current tax expense and the accounting profit / (loss)

| | | |
|--|-----------------|-----------------|
| <i>Loss before levy and taxation</i> | <u>(11,911)</u> | <u>(20,184)</u> |
| Tax at applicable tax rate of 29% | (3,454) | (5,853) |
| Tax effect of admissible and inadmissible deductions | 1,471 | 4,523 |
| Tax effect of taxable losses | 1,983 | 1,328 |
| Effect of turnover tax / ACT | - | 20 |
| Prior year tax adjustment | - | - |
| Effect of deductible differences | 7,089 | 46,071 |
| Effect of taxable differences | (3,502) | (2,758) |
| Deferred tax expense recognized in OCI | - | - |
| Deferred tax asset not recognized | (7,089) | (46,071) |
| Effect of Levy | - | (20) |
| | <u>(3,502)</u> | <u>(2,760)</u> |

24.3 Returns up to the tax year 2024 have been filed, which are deemed to be assessed under provisions of the Income Tax Ordinance, 2001. However, the Commissioner of Income Tax may at any time during a period of five years from the date of filing of return, select any return for audit purpose.

25 EARNING / LOSS PER SHARE - BASIC AND DILUTED

2025 2024
Note - - - - - (Rupees in '000) - - - - -

There is no dilutive effect on the basic earnings / (loss) per share of the Company, which is based on:

| | | |
|---|------------------|------------------|
| (Loss) / profit after taxation - (Rupees in thousands) | <u>(8,409)</u> | <u>(17,444)</u> |
| Weighted average number of ordinary shares | <u>5,449,972</u> | <u>5,449,972</u> |
| (Loss) / earning per share - basic and diluted - (Rupees) | <u>(1.54)</u> | <u>(3.20)</u> |

26 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**26.1 Financial instruments by category****Financial assets****- At amortized cost**

| | | | |
|------------------------|----|------------|--------------|
| Long-term deposits | 7 | 317 | 317 |
| Cash and bank balances | 12 | <u>201</u> | <u>5,345</u> |
| | | <u>518</u> | <u>5,662</u> |

Financial liabilities**- At amortized cost**

| | | | |
|--------------------------|----|----------------|----------------|
| Trade and other payables | 16 | 72,420 | 73,666 |
| Short-term borrowings | 17 | <u>294,638</u> | <u>292,052</u> |
| | | <u>367,058</u> | <u>365,718</u> |

26.2 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

26.3 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings.

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 abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

| | | 2025 | 2024 |
|--------------------|------|----------------------------|--------------|
| | Note | ----- Rupees in '000 ----- | |
| Long-term deposits | 7 | 317 | 317 |
| Bank balances | 12 | 176 | 5,320 |
| | | <u>493</u> | <u>5,637</u> |

Deposits

These do not require any impairment as these are mainly held with government backed public utility companies.

Credit rating of Company's banks

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

| Name of Banks | Rating Agency | Credit Rating | |
|---------------------------|---------------|---------------|-----------|
| | | Short-Term | Long-Term |
| Habib Bank Limited | VIS | A-1+ | AAA |
| Habib Metropolitan Bank | PACRA | A1+ | AA+ |
| Silk Bank Limited | VIS | A-2 | A- |
| Soneri Bank Limited | PACRA | A1+ | AA- |
| JS Bank Limited | PACRA | A1+ | AA |
| National Bank of Pakistan | VIS | A-1+ | AAA |
| Bank Alfalah Limited | PACRA | A1+ | AAA |

As these banks operate under strict compliance structure, being closely regulated by the SBP, therefore, there is no risk of material loss or default expected.

26.4 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. 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 the financial liabilities as they fall due. The Company's approach to manage 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 at the risk of Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring statement of financial position liquidity ratios against internal and external requirements and maintaining debt financing plans.

Following are the contractual maturities of the financial liabilities:

| 2025 | | | | | |
|------------------------------|-----------------|------------------------|----------------|--------------------|----------------------|
| | Carrying amount | Contractual cash flows | On demand | Six months or less | Six to twelve months |
| ----- (Rupees in '000) ----- | | | | | |
| Financial Liabilities | | | | | |
| Trade and other payables | 72,420 | 72,420 | - | 54,315 | 18,105 |
| Short term borrowings | 294,638 | 294,638 | 294,638 | - | - |
| | <u>367,058</u> | <u>367,058</u> | <u>294,638</u> | <u>54,315</u> | <u>18,105</u> |
| | | | | | |
| 2024 | | | | | |
| | Carrying amount | Contractual cash flows | On demand | Six months or less | Six to twelve months |
| ----- (Rupees in '000) ----- | | | | | |
| Financial Liabilities | | | | | |
| Trade and other payables | 73,666 | 73,666 | - | 55,250 | 18,417 |
| Short term borrowings | 292,052 | 292,052 | 292,052 | - | - |
| | <u>365,718</u> | <u>365,718</u> | <u>292,052</u> | <u>55,250</u> | <u>18,417</u> |

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.

26.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. However, the Company is only exposed to foreign currency risk as on the reporting date, as discussed hereunder:

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently, the Company is exposed to currency risk on payable to foreign creditors which is mainly denominated in US Dollar and Euro. The Company's exposure to foreign currency risk for US Dollar and Euro are as follows:

| | 2025 | 2024 |
|---------------------------|------------------------------|---------------|
| | ----- (Rupees in '000) ----- | |
| Trade creditors - foreign | <u>60,571</u> | <u>58,205</u> |

Significant exchange rates applied during the year were as follows:

| | <i>Average Rate (Rs.)</i> | | <i>Spot Rate at the Reporting</i> | |
|-------------|---------------------------|-------------|-----------------------------------|-------------|
| | <i>2025</i> | <i>2024</i> | <i>2025</i> | <i>2024</i> |
| PKR to USD | 279.9792 | 283.2354 | 284.1000 | 278.3412 |
| PKR to Euro | 305.3617 | 289.2320 | 332.8300 | 297.1410 |

Sensitivity analysis

At the reporting date, if the PKR had been strengthened by 10% against the US \$ and Euro with all other variable held constant, pre tax profit for the year would have been higher by the amount shown below:

| | <i>2025</i> | <i>2024</i> |
|--------------|-------------------------------------|--------------|
| | <i>----- (Rupees in '000) -----</i> | |
| USD and Euro | 6,057 | 5,820 |

The weakening of the PKR against US \$ and Euro would have had an equal but opposite impact on the pre-tax profit.

The Sensitivity analysis prepared is not necessarily indicative of the effects on profits for the year and assets / liabilities of the Company.

26.6 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of all the financial assets and liabilities reported in the financial statements approximate their fair values.

26.7 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensurate to the circumstances. The Company finances its expansions projects through equity, borrowings from directors and associated company and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from banking companies including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. Since the Company has not taken any loan or borrowings from the financial institutions as on the reporting date, hence its gearing ratio is nil as on the reporting date.

27 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated company and undertaking, Directors of the Company and their close family members. Year end balances relating to related parties are specifically disclosed in relative notes to these financial statements. Particulars of the related parties along with transactions occurred with them during the year are as follows:

| | 2025 | 2024 |
|---|----------------------------|--------|
| | ----- Rupees in '000 ----- | |
| Key Management Personnel of the Company | | |
| Anis Mianoor - Chief Executive (89.89% shareholding) | | |
| Short-term loan obtained | 4,590 | 2,050 |
| Short-term loan repaid | 5,175 | 70,100 |
| Zainab Anis Mianoor - Director (0.01% shareholding) | | |
| Short-term loan obtained | - | 72,500 |
| Umair Mianoor - Director (0.01% shareholding) | | |
| Short-term loan obtained | 2,500 | - |
| Former associated company | | |
| M/s. AMS Enterprise | | |
| Short-term loan obtained | 670 | 200 |

27.1 The transactions with related parties are made under mutually agreed terms and conditions.

27.2 The Directors and the Chief Executive Officer of the Company have not drawn any remuneration during the year.

28 PRODUCTION CAPACITY

The production capacity of the old plant cannot be determined due to its deteriorating condition.

29 NUMBER OF EMPLOYEES

| | 2025 | 2024 |
|------------------------------------|----------|----------|
| Total employees as at the year end | <u>2</u> | <u>2</u> |
| Average employees during the year | <u>2</u> | <u>2</u> |

30 GENERAL

- Figures have been rounded off to the nearest Rupees in thousands.

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on October 06, 2025, by the Board of Directors of the Company.


Chief Executive


Director