



JOHNSON & PHILLIPS (PAKISTAN) LTD.

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ISO 9001 : 2000 Company

October 29, 2019

**Mr. Hafiz Maqsood Munshi
Manager
Companies & Securities Compliance – RAD
Pakistan Stock Exchange Limited
Stock Exchange Building, Stock Exchange Road
Karachi**

Dear Sir,

Independent Auditors' Report for the year ended June 30, 2019.

Please refer to your letter Reference No. PSX/Gen-5167 dated October 14, 2019 regarding a Disclaimer of opinion by the Independent Auditors on the Company's financial statements which attracts action(s) under clause 5.11.1(i) of the PSX Regulations.

In order to fully understand the concern of the Auditors we have to review the basis for Disclaimer of Opinion, which is reproduced below:

"Basis for Disclaimer of Opinion

- (a) as discussed in Note 2 to the financial statements, the Company has incurred a loss of Rs. 35.450 million for the year ended 30 June 2019, and as of that date the Company was in net current liability position Rs. 303.063 million and accumulated losses of the Company stand at Rs. 413.026 million. These conditions along with other matters as set forth in note 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. Further, owing to the substantial acquisition of the shares of the Company by a prospective investor as disclosed in note 1.2 to the financial statements, the existing sponsors of the Company have withdrawn their commitment to support the Company and accordingly their liabilities amounting to Rs. 280 million have become due in the next twelve months. We have been informed that the Company's future course of action will be decided by the new management.

In view of the material uncertainty in respect of the Company's ability to as going concern and the lack of sufficient appropriate audit evidence in confirming whether the prospective investor will provide additional funding for the Company's working capital and to discharge the Company's liabilities, we were unable to conclude whether the use of the going concern assumptions in the preparation of these financial statements is appropriate.

The financial statements have been prepared on the assumption that the Company will continue as going concern. If the Company is unable to continue in operational existence for the foreseeable future, and the Company may be unable to discharge its liabilities in the normal course of business, adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

- (b) The Company has not deposited unclaimed dividend amounting to Rs. 4.268 million in a separate bank account designated for this purpose."

We give hereunder our response in seriatim:

- 1) From the perusal of the Disclaimer report you will note that the Auditors' concern arose because the existing sponsors of the Company have withdrawn their commitment to support the Company and accordingly their liabilities amounting to Rs. 280 million have become due in the next twelve months. Further, the lack of sufficient appropriate audit evidence in confirming whether the prospective investor will provide additional funding for the Company's working capital and to discharge the Company's liabilities.

The existing sponsors withdraw their commitment to support the Company after December 31, 2019 is due to the reason that they are in the process of finalization of transfer / acquisition of major shares and control of Johnson & Phillips (Pakistan) Limited to the prospective investor Mr. Muhammad Anis Mianoor through its manager to the offer – Next Capital Limited, which hopefully will be completed in due course before the year end.

As confirmed from the letter of Next Capital Limited dated October 3, 2019 (copy attached) in respect of Fulfillment of Obligation of the Acquirer in relation to Public offer to acquire 1,097,718 ordinary shares of Johnson & Phillips (Pakistan) Limited, it is evident that the acquirer is proceeding as required under the regulations.

After finalization of the Acquisition of the Substantial shares and control of the Company in due course the Company's future course of action will be decided by the new management. Business plan is in the process of preparation and finalization which will be shared to you in due course.

Point to note here is that the existing sponsors are still giving their support till December 31, 2019, i.e. till the expected date of finalization of transfer / acquisition of major shares and control of the Company. After completion of acquisition the investor Mr. Muhammad Anis Mianoor would continue to support the Company as was previously done by the existing sponsors in order to maintain the going concern status in foreseeable future (Copy of Undertaking attached).

Further, the above position / situation it is expected to be changed in the half year ended December 31, 2019 financial statements Review Audit by the Independent Auditors'.

- 2) The Account not being operational / active was notified as stale account and according was closed. In due course the Company will deposit the unclaimed dividend amounting to Rs. 4.268 million in a separate bank account designated for this purpose.

We hope the above fully clarifies our position and accordingly would request you to kindly do not invoke clause 5.11.1(j) of the PSX Regulations until the finalization / completion of our half yearly Review Report of the Independent Auditors' for the period ended December 31, 2019.

Yours Sincerely




Tariq Ahmed
Company Secretary

Encl: as above

C.C to:

The Director (CSD) – SECP
The Additional Director (AD-SMD) – SECP
The Acting Chief Regulatory Officer – PSX
M/S Nazir Chaudri & Company – Independent Auditors

October 3, 2019

The Executive Director
Public Offering and Regulated Persons Department
Securities and Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Blue Area
Islamabad

Deputy General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Subject: Fulfillment of Obligations of the Acquirer in relation to Public Offer to acquire 1,097,718 Ordinary Shares of Johnson & Phillips (Pakistan) Limited

Dear Sir,

This is with reference to the Public Announcement of Offer made by Mr. Muhammad Anis Mianoor ("Acquirer") on July 31, 2019 to acquire 1,097,718 shares of Johnson & Phillips (Pakistan) Limited ("Target Company").

We would like to inform that payments of all the shareholders against their accepted tendered shares have been couriered / collected as of October 3, 2019. In addition, excess shares of shareholders have been transferred back to their respective CDS accounts at the close of business on October 2, 2019.

In consideration of the above, we, in the capacity of Manager to the Offer, hereby confirm that obligations of the Acquirer in respect of the Public Offer have been fulfilled by the Acquirer under the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017.

Sincerely,

For and on behalf of Manager to the Offer



Humaira Asad
AVP – Investment Banking
Next Capital Limited

CC to:

Chief Executive Officer
Johnson & Phillips (Pakistan) Limited
C - 10 South Avenue S.I.T.E. Karachi - 75700
P.O Box. 3603, Pakistan



Lahore Branch:

63-A, Agora Eden City, DHA Phase-VIII, Lahore. Tel: +(92-42) 37135843-48 Fax: +(92-42) 37135840



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26 OCT 2019

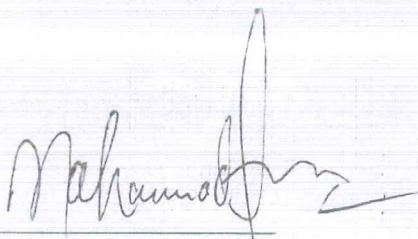
Anis mianoor

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07 OCT 2019

UNDERTAKING

I, **Mr. Muhammad Anis Mianoor**, son of Abdul Majeed Mianoor, having CNIC No. 42201-2391741-3. resident of House No. C-51, Dawood Cooperative Housing Society, Karachi do hereby undertake that I shall support the company so that it can meet its on-going liabilities and for such purpose the undersigned shall provide / arrange for adequate funding facilities for the company.



Muhammad Anis Mianoor
CNIC No.: 42201-2391741-3