J&P
SINCE 1875

Johnson & Phillips (Pakistan) Limited

3310

Scan

BOOK POST Under Certificate of Posting

If undelivered please return to:

C-10, South Avenue, S.I.T.E, P.O. Box-3603, Karachi-75700, Pakistan
Tel : (92-21) 2560030-37 Fax : (92-21) 2564603
E-mail : johnsonphillips@cyber.net.pk Web : www.johnsonphillips.pk

Our
Vision

To achieve
market leadership
in
our core business
build on innovative technology,
deliver quality products
at
competitive prices
and
maintain our history of pioneering

Our
Mission

- Continuous improvement in our operating standards, anticipating and meeting our customers'expectation.
- Eager to learn, strive to succeed and keen to please
- Aim high, stay focused and leave nothing to chance.
- To provide, career growing opportunities to the talented professionals.

Contents

Company Information

Board of Directors

	Mr. Shehryar Saeed	Chairman/CEO
	Ms. Mariam Shafi	Director
	Ms. Zainab Qureshi	Director
	Mr. Naushad Ali Qassim Ali	Director
	Mr. Farooq A. Khan	Director
	Sardar Adnan Ahmad Khan	Director
	Mr. Zaheer A. Khan	Director

Board Audit Committee.

	Ms. Mariam Shafi	Chairman
	Mr. Shehryar Saeed	Member
	Sardar Adnan Ahmad Khan	Member

Chief Financial Officer & Company Secretary

Mr. Naushad Ali Qassim Ali

Legal Advisor

HOSAIN & RAHIM
Advocates & Corporate Counsel
156 - 1,Scotch Corner,Upper Mall, Lahore

Auditors

Riaz Ahmed, Saqib, Gohar & Co.
Chartered Accountants
5-Nasim, C.H.S Major Nazir Bhatti Road
Shaheed -e- Millat Road, Karachi

Share Registrar

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

Bankers

Soneri Bank Ltd
SILK Bank Ltd.
Habib Bank Ltd.
My Bank Ltd

Registered office

C-10, South Avenue SITE, Karachi-75700
Tel: (92 -21) 32560030-7 Fax: (92 -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 profitabily 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 safeguards its resources and does not allow the use of confidential information (manual or electronic) for personal gain.

Does not allow any inside information to be used (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 and follow relevant and applicable laws of the country.

The Company does not support any political party or contributes funds to groups 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 share holders and fulfill the regulatory requirements .

CONFLICT OF INTEREST

All the decisions of the management are in the interest of the Company and the activities and involvement of the Directors and employees in no way conflicts 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 48th Annual General Meeting of JOHNSON & PHILLIPS (PAKISTAN) LTD will be held on Saturday 31st October 2009, at the registered office of the company at C-10, South Avenue S.I.T.E. Karachi at 01:30 p.m. to transact the following business:

ORDINARY BUSINESS

1 To confirm the minutes of the 47th Annual General Meeting held on 31st October, 2008.

2 To receive consider and approve the audited accounts for the year ended on 30th June 2009 and the reports of the Directors and Auditors thereon for the year ended 30th June, 2009.

3 To appoint auditors for the year 2009-2010 and to fix their remuneration.

4 To transact any other business which may be placed before the meeting with the permission of the Chair.

By Order of the board

Karachi

Company Secretary

10th October 2009

Notes:

1 The shares transfer books of the Company will remain closed from 20th October 2009 to 31st October 2009 (both days inclusive). Transfers received at the registered office of the company before the close of the business on 19st October 2009, will be treated in time for the purpose of Annual General Meeting.

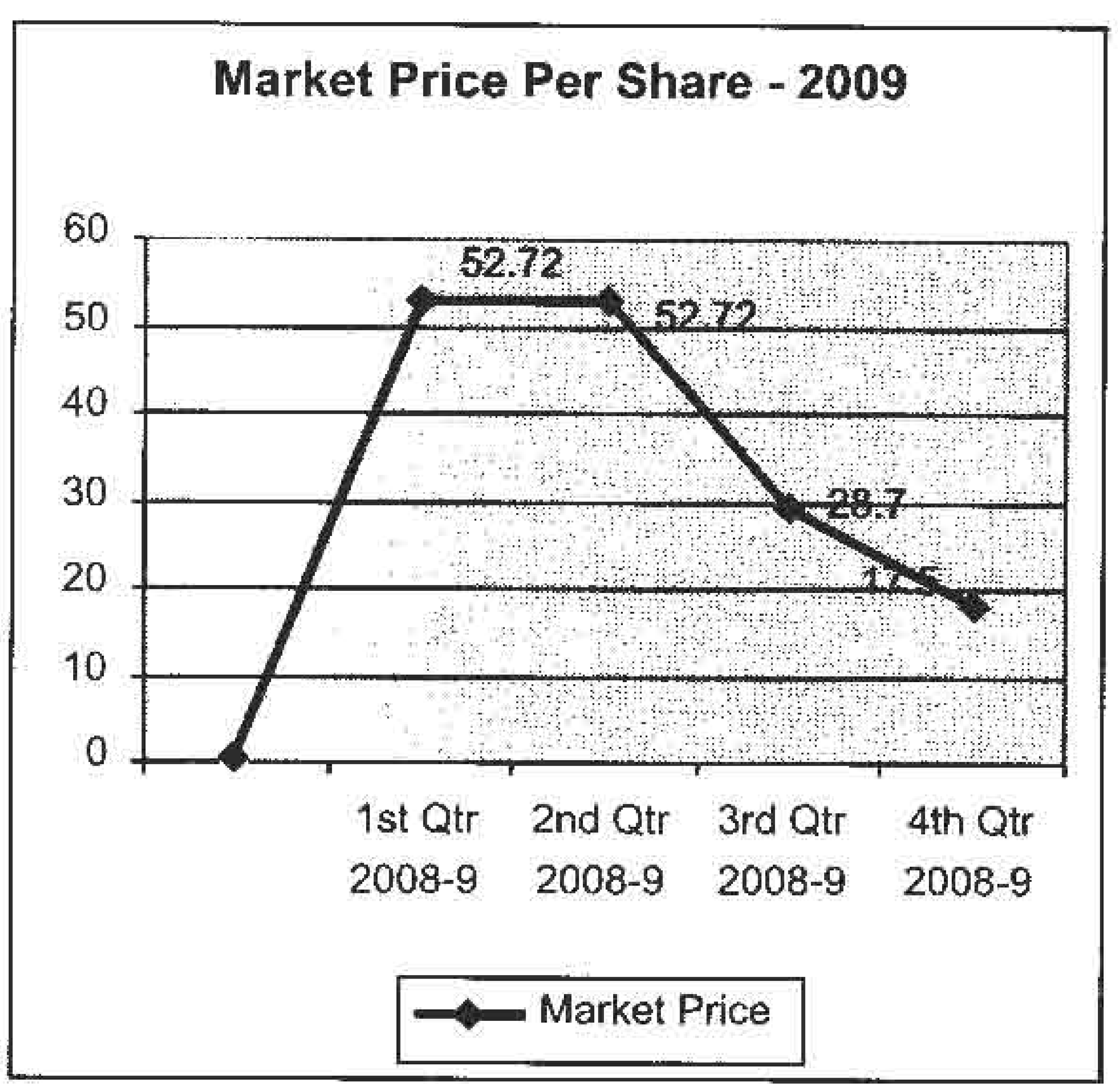
2 Shareholders are requested to immediately notify the Company of any changes in their addresses.

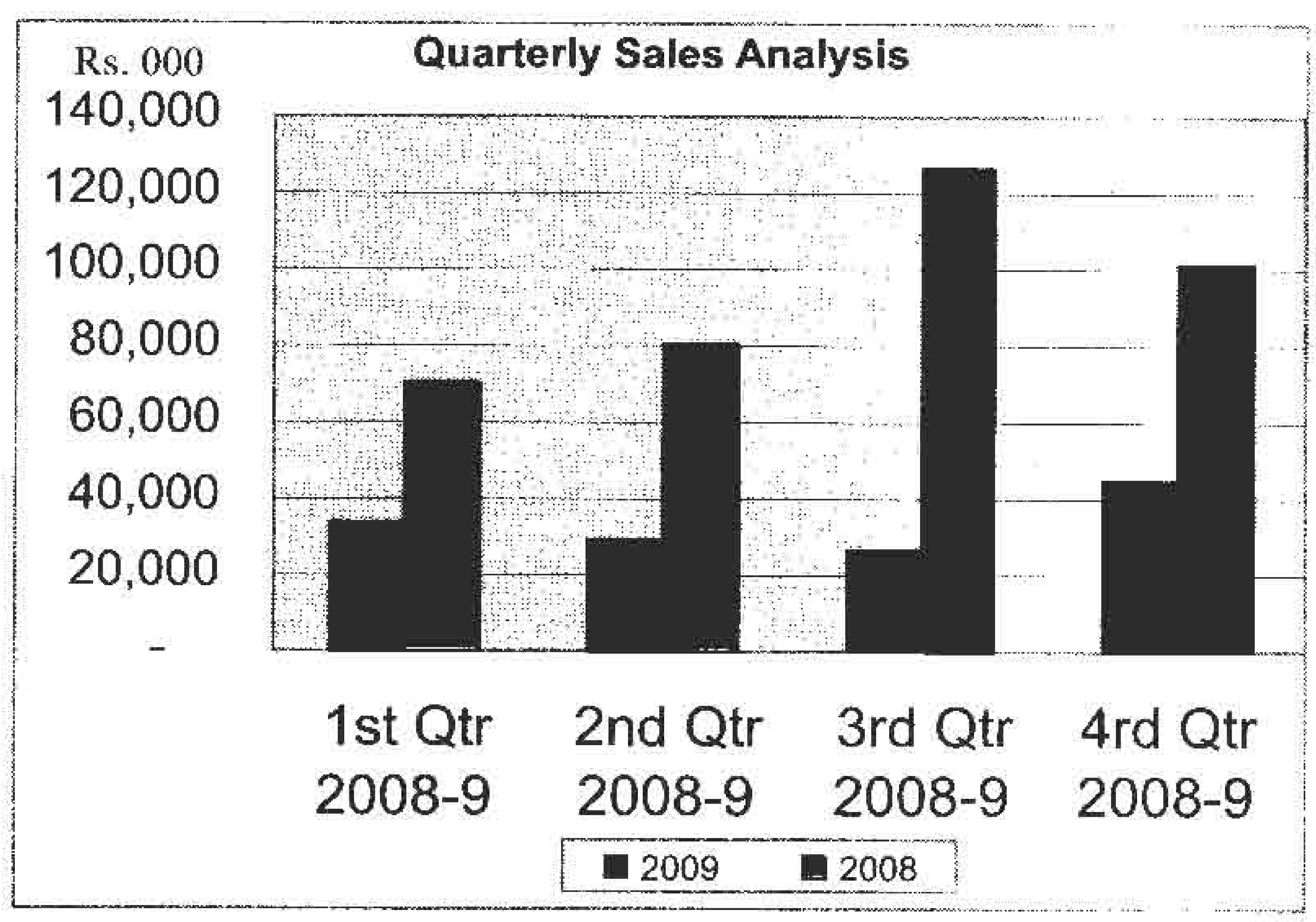
3 A member entitled to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxy forms in order to be valid must be received at the registered office of the Company not less than 48 hours before the announced time of meeting. A member shall 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 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.

THE YEAR AT A GLANCE

	2009	2008
	(Rupees in thousand)	
Sales	133,741	249,844
Profit \ (Lose) before financial charges & tax	(20,096)	34,904
Profit \ (Lose) after tax	(30,316)	58,914
Paid up Capital	**54,500**	**54,500**
Capital Expenditure	**326**	**2,798**
Government as taxes	676	33,937
Number of Permanent Employee at Year End	62	89
Market Value Per Share	17.50	55.49

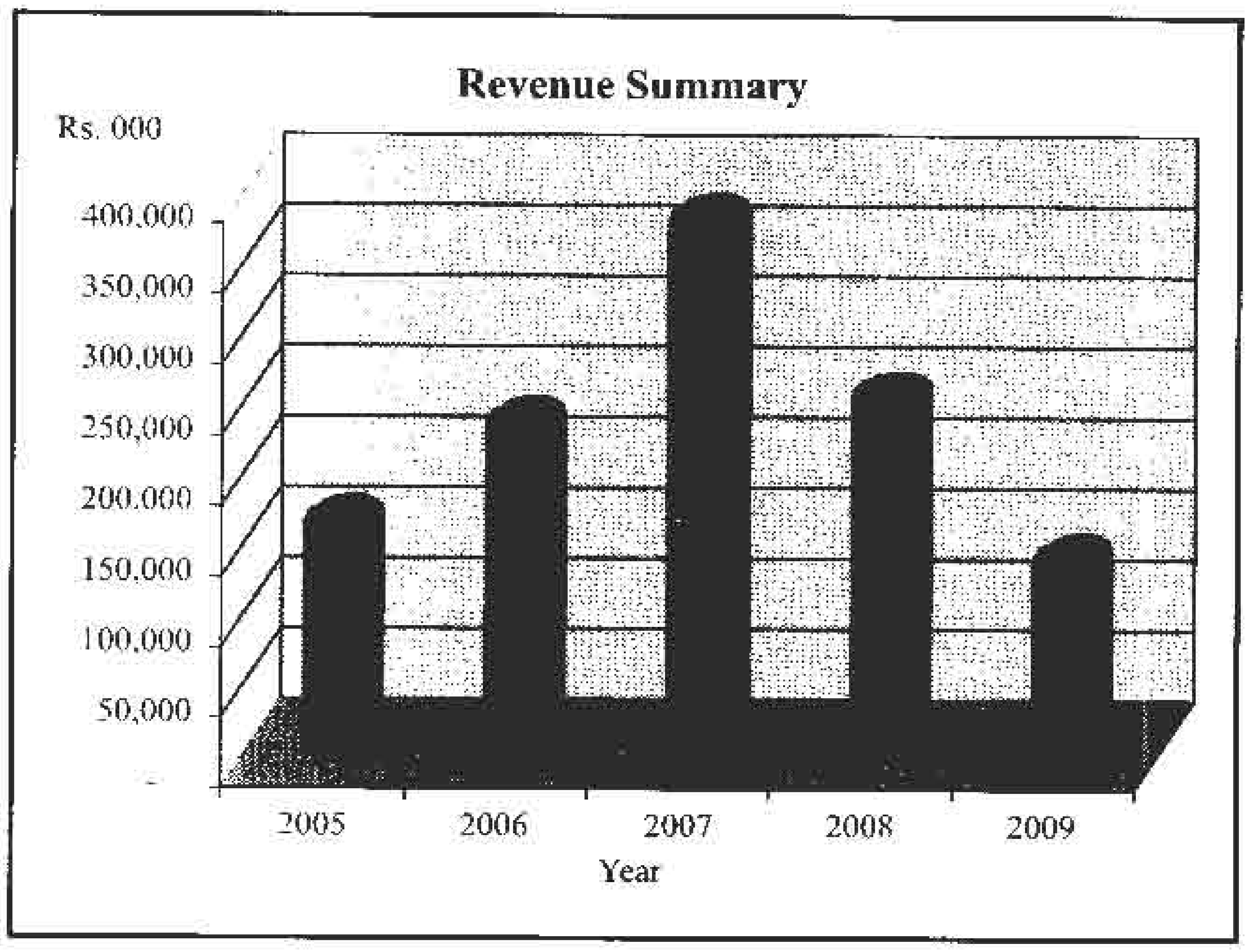


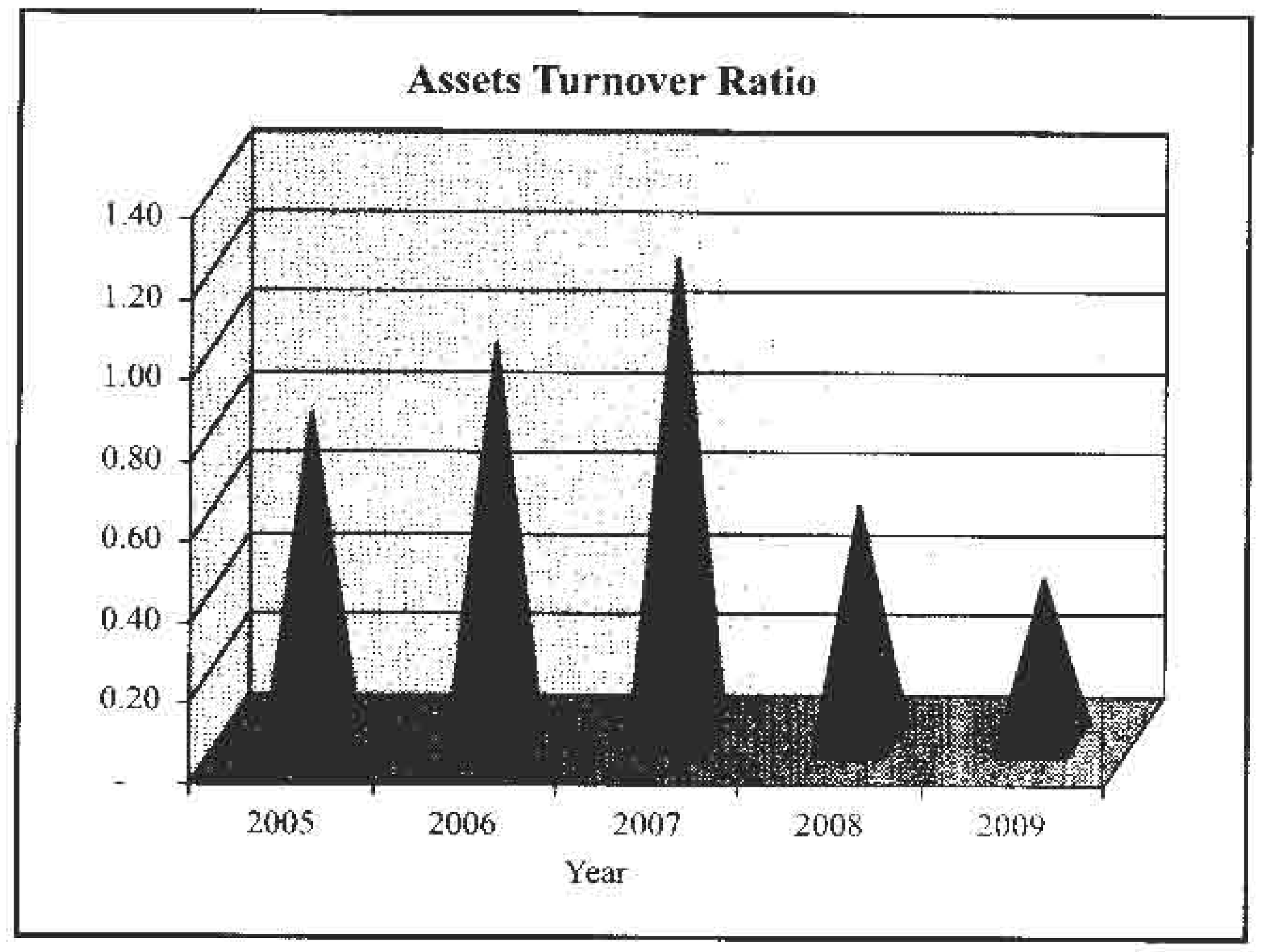


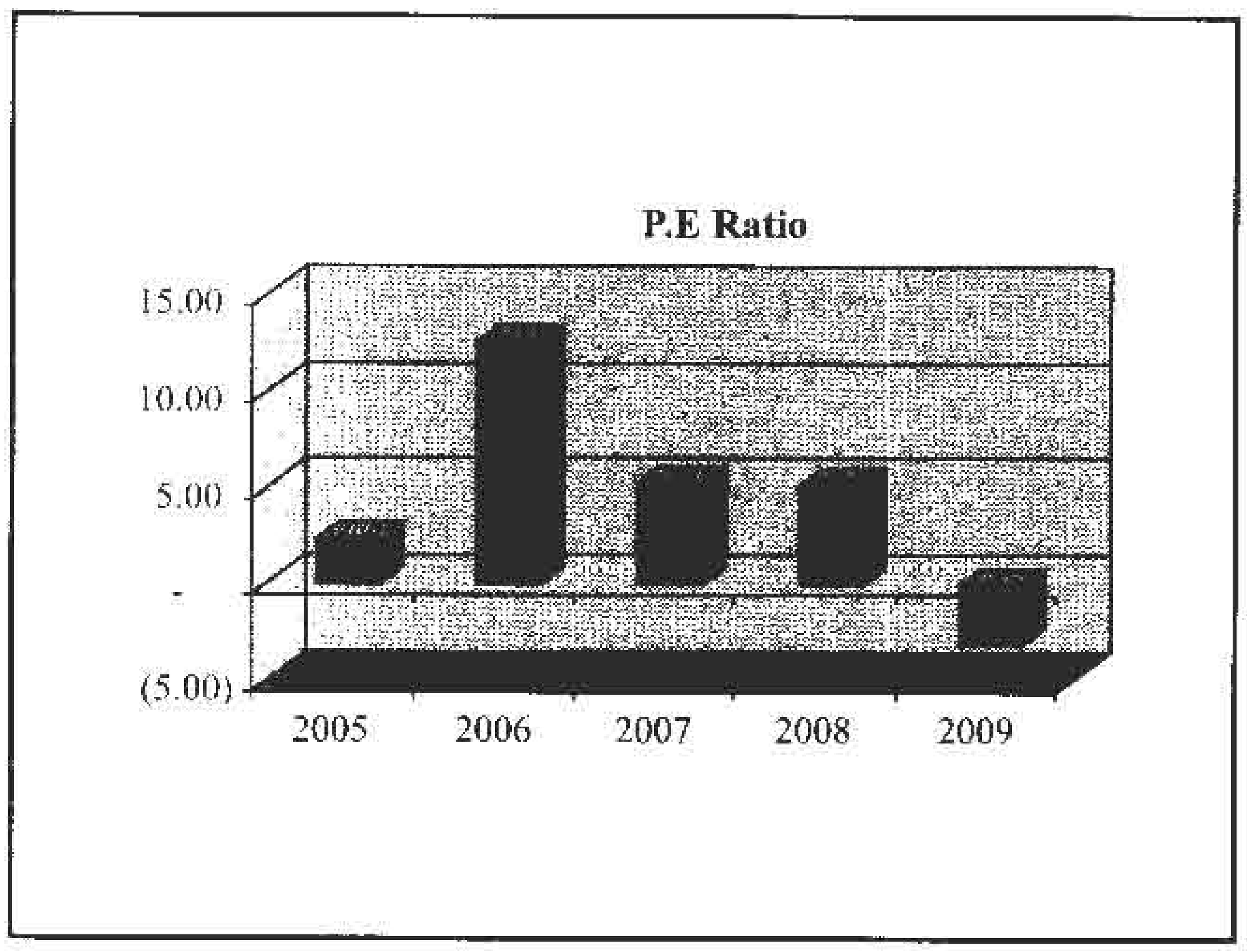
FIVE YEAR FINANCIAL REVIEW

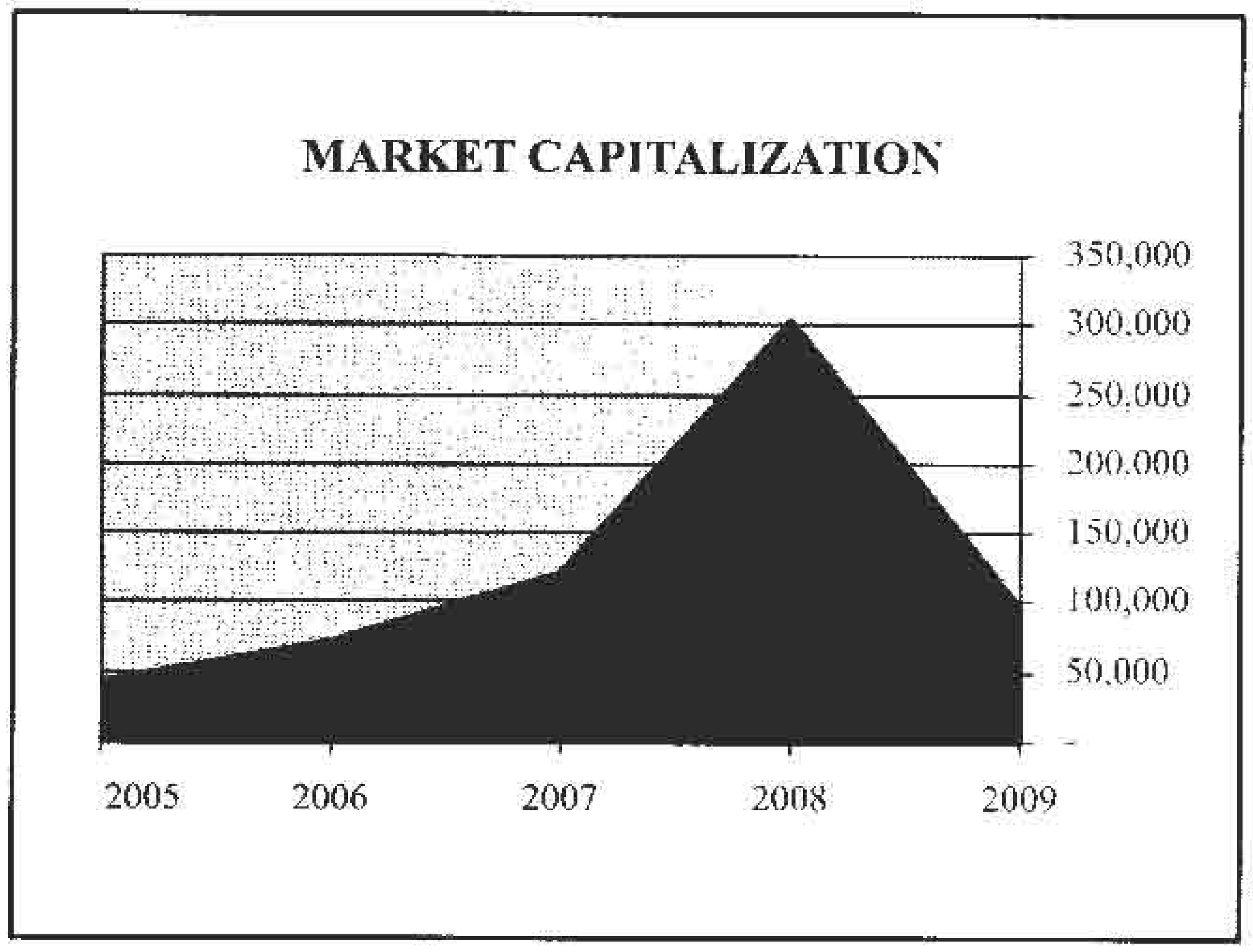
Rupees in '000'

		2009	2008	2007	2006	2005
Sales		136,415	251,801	377,077	233,014	162,472
Gross Profit		5,242	56,073	68,148	25,792	31,193
Profit / (Loss) before Taxation		(29,640)	24,977	24,820	6,917	19,294
Profit / (Loss) after Taxation		(30,316)	58,914	22,931	5,751	18,480
Fixed Assets (Net)		209,386	219,850	124,414	122,845	114,991
Total Assets		339,298	426,074	314,109	236,607	199,579
Total Liabilities		199,952	257,088	272,924	218,352	184,351
Current Assets		129,325	203,382	186,806	112,299	84,212
Current Liabilities		126,150	172,302	173,216	193,974	148,586
Liquidity						
Current Ratio		1:03	1:18	1:08	0:58	0:57
Quick Ratio		0:62	0:84	0:83	0:37	0:31
Profitability						
Gross profit Ratio	%	4%	22%	18%	11%	19%
Net profit Ratio	%	-22%	23%	6%	2%	11%
Assets Utilization						
Inventory turnover ratio		2.65	4.29	8.60	5.90	4.30
Total Assets turnover ratio		0.40	0.59	1.20	0.98	0.81
Debtor Turnover ratio		4.41	4.48	6.80	15.60	17.70
Creditor Turnover ratio		0.83	1.14	2.10	1.79	1.35
Investment						
Earning Per Share		(5.56)	10.81	4.21	1.06	3.39
Market Value Per Share		17.50	55.49	22.05	13.25	7.75
P.E Ratio		(3.15)	5.13	5.24	12.55	2.29
Market Capitalization (Mn)		95,375	302,421	120,173	72,213	42,238
Employee As remuneration		20,579	27,160	37,433	25,224	20,333
Government as taxes		-	796	1,889	1,166	814
Production						
Transformers (Nos)		95	183	774	478	507
Switch Gear Panels (Nos)		81	204	47	112	66


Revenue Summary
Rs. 000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
-
2005
2006
2007
2008
2009
Year


Assets Turnover Ratio
1.40
1.20
1.00
0.80
0.60
0.40
0.20
-
2005
2006
2007
2008
2009
Year


P.E Ratio
15.00
10.00
5.00
-
(5.00)
2005
2006
2007
2008
2009


MARKET CAPITALIZATION
350,000
300,000
250,000
200,000
150,000
100,000
50,000
-
2005
2006
2007
2008
2009

Chairman's Review

I present to you the 48th Annual Report of the performance of the Company for the year ended 30th June 2009.

Deteriorating economic conditions, power outages, rising prices of inputs, decline in purchases by the Utility Companies, breakup of law and order and rampant corruption have all had an effect on our declining sales and profits.
Unfortunately, there are no signs of the situation improving in the near future.

The Company is trying to find a long term solution to get out of this quagmire. Hopefully, before the end of the year the shareholders will be taken in confidence about the proposed plans.

The Directors put on record their appreciation for the cooperation of the Sales Tax Department for keeping our refund in their safe custody.

The Directors would also like to thank their staff members for working in trying conditions.

Shehryar Saeed
Chairman

DIRECTORS' REPORT

The Directors of your Board present to you the 48th Annual Report together with the Audited Financial Statements of the Company for the year ended 30th June 2009.

Company Performance:

The year under review was extremely challenging. Difficult working environment resulted in low investments in new projects and expansion programs by foreign & domestic investors. This led to projects in the public and private sectors being deferred or scrapped altogether. Against these odds the Company adopted cost cutting measures, increased marketing efforts to secure profitable orders from new areas, find cheaper source for purchase of materials, but was not able to maintain profitability, because of low volumetric growth.

As result of the downturn seen in the business environment within the country, estimated to last at least till FY 2010, the Company is considering different options to consolidate its position in sustaining a profitable future. As soon as the plans are finalized the Directors will take the share holders into confidence.

	(Rupees in thousand)
Profit / (Loss) for the year before taxation	(29,640)
Out of which the Directors have accounted For taxation, as under: - Current	(676)
Disposable profit/ (Loss) for appropriation	(30,316)
Accumulated losses brought forward	(71,278)
Adjustment for: - Incremental depreciation for the year on revalued assets.	1,931
Accumulated losses carried over to Balance Sheet	**(99,663)**

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, 2009.

Earnings Per Share :

Earnings per share for the year ended 30th June 2009 is reduce from Rs.10.81 to (5.56)

Material Changes

There has been no material changes since 30th June 2008 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 four meetings of the Board of Directors were held during the year ended June 30, 2009. The attendance of the board members was as follows:-

Sr. #	NAME OF DIRECTOR	MEETINGS ATTENDED
1	Mr. Shehryar Saeed	4
2	Ms Mariam Shafi	4
3	Ms Zainab Qureshi	3
4	Mr. Naushad Ali Qassim Ali	3
5	Mr. Farooq A. Khan	3
6	Mr. Zaheer A. Khan	1
7	Sardar Adnan Ahmad Khan	2

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 accounts 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) Key operating and financial data of last 05-year in a summarized form is given on page number 7.

g) Information about outstanding taxes and levies is given in the Notes to the Accounts

Future Outlook :

The future economical outlook is still bleak as investment conditions both domestic and internationally has not yet recovered fully. Presently these are difficult times. We on the other hand are trying to put together a strategy which we hope will pay dividend in the long term. For the time being we can only try to consolidate our position by increasing marketing efforts in our core business and concentrate in bringing efficiency in our business process.

Employee Relations:

The Management appreciates the co-operation of its employees during the year.

Auditors

The present auditors, Riaz Ahmed Saqib Gohar & Co. retire, and offer themselves for reappointment. As recommended by the Audit Committee, the Board of Directors had approved their reappointment as auditors of the Company for the year July 1st 2008 to 30th June 2009.

Acknowledgement

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

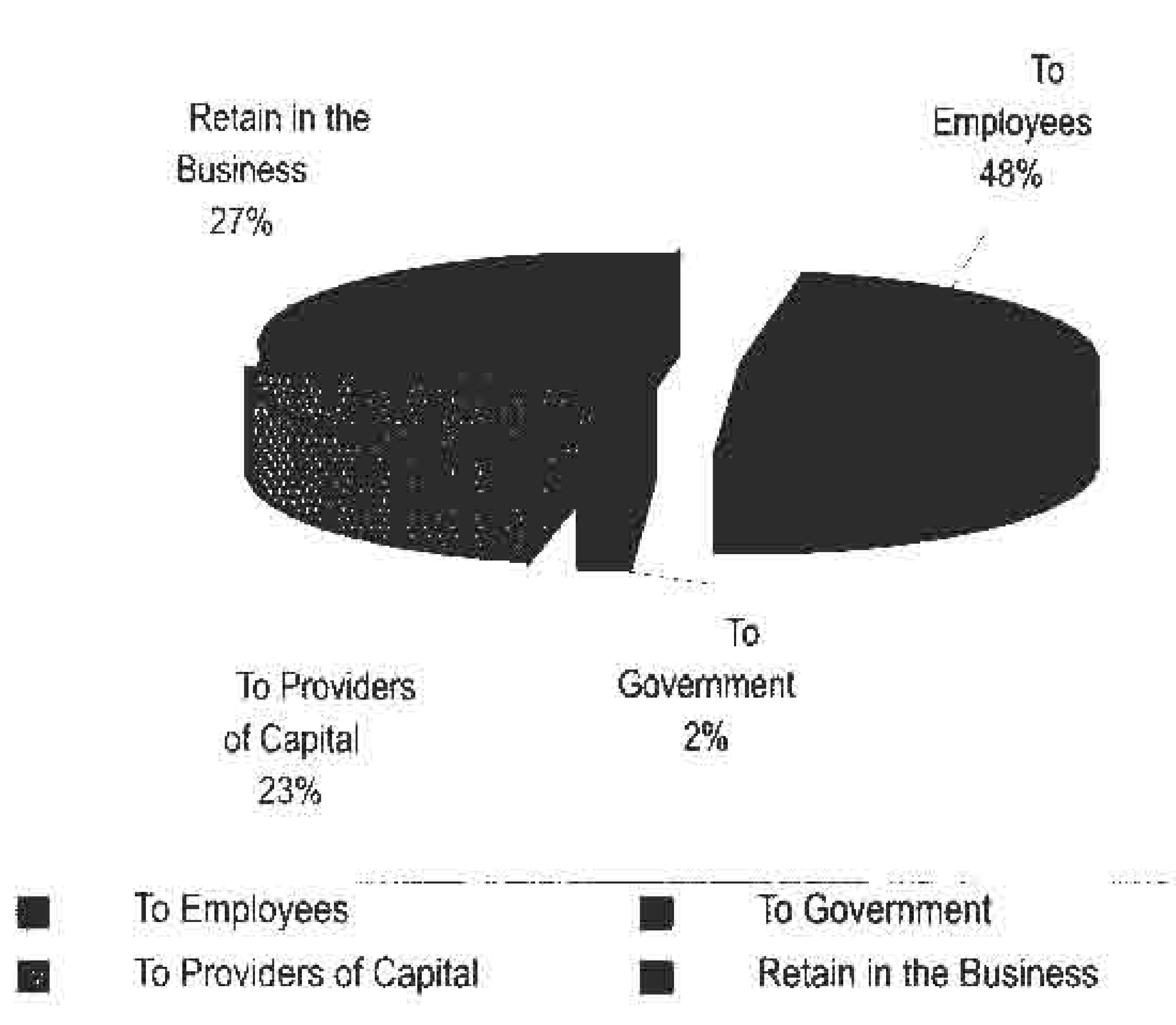
Chairman and Chief Executive
Shehryar Saeed

STATEMENT OF VALUE ADDED
by Johnson & Phillips Pakistan Ltd during FY 2008 - 2009

The statement shows the amount of wealth generated by the Company employees and its assets during the year and the way this wealth has been distributed:

	2009 Rs 000	%
Wealth Generated		
Total Revenue	136,415	
Bought in material & services	(93,941)	
Wealth available for Distribution	42,474	100%
Wealth Distributed		
To Employees		
Salaries Wages and benefits	20,579	48%
To Government		
Income Tax on profit, Worker's Funds, Import Duties	909	2%
To Providers of Capital		
Finance Cost	9,544	23%
Retain in the Business		
For replacement of Fixed Assets : Depreciation, Net of transfers to General Reserve	11,442	27%
	42,474	100%

Wealth Generated & Distributed 2009



Total : Rs 42.474 Thousand

To Employees	20,579	48%
To Government	909	2%
To Providers of Capital	9,544	23%
Retain in the Business	11,442	27%
	42,474	100%

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation in No.37 of the Karachi Stock Exchange for the purpose of establishing framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes 2 independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed Companies, including this Company.
3. To the best of our knowledge all the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI and NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
5. The Board has developed a vision/mission statement.
4. The Company has prepared a 'statement of Ethics and business practices', which has been signed by all the Directors, Executive and Employees of the Company.
6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
7. The meeting of Board was presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The Board arranged orientation course for its directors to apprise them otheir duties and responsibilities.
9. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
10. The directors' report for this year has been prepared in compliance with the requirements of the Code and if fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has set-up Audit Committee as required by the Code.
15. The Board has set-up Internal Audit Function as required by the Code.
16. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the quality control review programme of the Institute of their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
17. The statutory auditors or the persons associated with them have not been appointed to provide others services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. The management of the Company is committed to good corporate governance, and appropriated steps are being taken to comply with the best particles.

Shehryar Saeed
Chairman and Chief executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Johnson & Phillips (Pakistan) Limited ("the Company") to comply with the Listing Regulations of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to perform an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guaranteed) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transaction before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's price or not

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

Riaz Ahmed, Saqib Gohar & Company
Chartered Accountants

Karachi:
29th September 2009

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips (Pakistan) Limited as at June 30, 2009 and the related profit and loss account, 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.

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.

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) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) 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 ;

  (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;

(c) 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 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 30,2009 and of the loss, its cash flows and changes in equity for the year then ended; and

(d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants
Engagement Partner: Adeel Shahzad, ACA, APA

Karachi :
29th September 2009

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	Restated 2008
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	209,386	219,850
Long term investments	5	-	-
Long term deposits	6	587	2,382
		209,973	**222,232**
CURRENT ASSETS			
Stock-in-trade	7	51,383	58,693
Trade debts	8	30,900	56,261
Short term investments	9	-	9,000
Loans and advances	10	28,228	46,836
Deposits, prepayments and other receivables	11	14,867	18,820
Cash and bank balances	12	3,947	14,232
		129,325	**203,842**
TOTAL ASSETS		**339,298**	**426,074**
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised capital			
8,000,000 (2008: 8,000,000) ordinary shares of Rs. 10 each		**80,000**	**80,000**
Issued, subscribed and paid-up capital	13	54,500	54,500
RESERVES			
Capital reserve			
Share premium		29,727	29,727
Revenue reserve	14	(76,590)	(48,205)
SHARE HOLDERS' EQUITY		**7,637**	**36,022**
Surplus on revaluation of fixed assets	15	**131,709**	**132,964**
NON-CURRENT LIABILITIES			
Long term borrowings	16	**66,319**	**76,711**
Liabilities against assets subject to finance lease	17	**1,758**	**2,488**
Deferred liabilities - staff gratuity	18	**5,725**	**5,587**
CURRENT LIABILITIES			
Current and overdue portion of long term borrowings	19	9,198	8,206
Current and overdue portion of lease liabilities	17	623	2,094
Short term borrowings	20	1,834	7,371
Trade and other payables	21	109,818	149,024
Mark up accrued	22	409	543
Unclaimed dividend	23	4,268	4,268
Provision for taxation	24	-	796
		126,150	**172,302**
Contingencies and commitments	25		
TOTAL EQUITY AND LIABILITIES		**339,298**	**426,074**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Ms. Mariam Shafi
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	Restated 2008
		(Rupees in thousand)	
Revenue from sales and services-net	26	133,741	249,844
Cost of sales and services	27	(128,499)	(193,771)
Gross profit		**5,242**	**56,073**
Administrative expenses	28	(33,159)	(19,482)
Selling and distribution expenses	29	(4,422)	(6,915)
Operating profit / (Loss)		**(32,339)**	**29,676**
Other income	30	12,243	5,228
		(20,096)	**34,904**
Financial charges	31	(9,544)	(9,520)
		(29,640)	**25,384**
Other Charges	32	-	**(407)**
Profit / (Loss) before taxation		**(29,640)**	**24,977**
Taxation	33	(676)	33,937
Profit / (Loss) after taxation		**(30,316)**	**58,914**
Earnings per share - basic and diluted	34	**(5.56)**	**10.81**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Ms. Mariam Shafi
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	Restated 2008
		(Rupees in thousand)	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**35**	16,563	47,330
Taxes paid		(1,182)	(1,930)
Gratuity paid		(1,376)	(46)
Financial charges paid		(9,678)	(2,253)
Net cash from operating activities		**4,327**	**43,101**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant & equipment		(326)	(2,010)
Long term deposits		1,795	507
Proceeds from sale of property, plant & equipment		-	602
Net cash used in investing activities		**1,469**	**(901)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loans		(12,043)	(13,558)
Repayment of liabilities against assets subject to finance leases		(2,201)	(2,038)
Proceeds from long term loans		3,700	6,500
Repayment of short term loans and running finances		(5,537)	(29,124)
Net cash used in financing activities		**(16,081)**	**(38,220)**
Net increase/(decrease) in cash and cash equivalents		**(10,285)**	**3,980**
Cash and cash equivalents at beginning of the year		14,232	10,252
Cash and cash equivalents at end of the year	12	**3,947**	**14,232**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Ms. Mariam Shafi
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Issued, subscribed and paid-up capital	Capital reserve Share premium	General reserve	Revenue reserve Un appropriated profit/(Accumulated loss)	Total
	---(Rupees in thousand)---				
Balance as at June 30, 2007 as previosly reported	54,500	29,727	23,073	(170,077)	(62,777)
Effect of prior years' error upto June 30, 2007 - Note 40					
	-	-	-	36,387	36,387
Balance as at June 30, 2007 - Restated	**54,500**	**29,727**	**23,073**	**(133,690)**	**(26,390)**
Net profit for the year - restated	-	-	-	58,914	58,914
Transfer from surplus on revaluation of fixed assets		-	-	3,498	3,498
Balance as at June 30, 2008 - Restated	**54,500**	**29,727**	**23,073**	**(71,278)**	**36,022**
Balance as at June 30, 2008 - as previously reported	54,500	29,727	23,073	(160,125)	(52,825)
Effect of prior periods error upto June 30, 2008 - Note 40				88,847	88,847
Balance as at June 30, 2008 - Restated	**54,500**	**29,727**	**23,073**	**(71,278)**	**36,022**
Net loss for the year	-	-	-	(30,316)	(30,316)
Transfer from surplus on revaluation of fixed assets	-	-	-	1,931	1,931
Balance as at June 30, 2009	**54,500**	**29,727**	**23,073**	**(99,663)**	**7,637**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Shehryar A. Saeed
Shehryar A. Saeed
Chief Executive

Mariam Shafi
Ms. Mariam Shafi
Director

1. STATUS AND NATURE OF BUSINESS

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, Hong King, held 2,719,536 (2008: 2,719,536) ordinary share of Rs. 10 each of the Company as at year end, which constitute 49.90% of total share issued.

2. GOING CONCERN

The Company has been sustaining losses over the years and the accumulated losses of the Company as at June 30, 2009 stand at Rs. 99.663 million (2008: Rs 71.278 million).

The management has taken various steps to make the company financially sound and operationally viable which includes the following :

(i) The Company has repaid all of its liabilities relating to long term and short term loans with Muslim Commercial Bank Limited (MCB) and United Bank Limited (UBL).

(ii) Last year the company has also rescheduled its obligation in respect of loan and financing arrangement with various lenders.

(iii) The management is also making efforts to increase total sales of the company during the financial year ending June 30, 2010 and thereafter.

However, despite these mitigating factors the company has registered a significant decline in its sales during the year. The management feels that it is a temporary phase due to overall economic slow down. The Management is of the view that the company will be able to continue as a going concern; hence, these financial statements have been prepared on the basis of going concern assumption.

3. 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.

3.1 Basis of preparation

a) 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 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

c) Amendments to published accounting standards that are effective in the current period

Amendments to IAS 1 - "Presentation of Financial Statements - Capital Disclosures", introduces certain new disclosures about the level of and the management of the Company's capital. Adoption of this amendment has only resulted in additional disclosure which have been set out in note 36.7 of these financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 which are not considered relevant nor have any significant effect on the company's operation's are not detailed in these financial statements.

d) Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretation of approved accounting standards 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 increase in disclosures in certain cases.

i)	IAS 1 - Presentation of Financial Statements (Revised September 2007)	effective for annual periods beginning on or after January 01, 2009
ii)	IAS 23 - Borrowing Costs (Revised March 2007)	effective from January 01, 2009
iii)	Amendments to IAS 27 (Revised) - Consolidated and Separate Financial Statements	effective from July 01, 2009
iv)	IAS 32 (amendment) - Financial instruments: Presentation and consequential amendment to IAS 1 - Presentation of Financial Statements	effective for annual period beginning on or after 1 January 2009.
v)	IFRS 1 (revised), 'First -time adoption'	effective from July 01, 2009
vi)	IFRS 2 Share based payments (amended)	effective from January 01, 2009
vii)	IFRS 3 - Business Combinations (Revised)	effective from July 01, 2009
viii)	Amendment to IFRS 7 - Financial Instruments: Disclosure	effective from January 01, 2009
ix)	IFRS 8 - Operating Segments	effective from January 01, 2009
x)	IFRIC 15 - Agreements for The Construction of Real Estate	effective from January 01, 2009
xi)	IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	effective from October 01, 2008
xii)	IFRIC 17 - Distribution of Non-Cash Assets to Owners	effective from July 01, 2009
xiii)	IFRIC 18 - Transfer of Assets from Customers	effective from July 01, 2009

e) Critical Accounting estimates and judgements

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 judgement in the process of applying the company's accounting policies. Estimates and judgements 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.

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 3.7 to these financial statements.

3.5 Compensated absences

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

3.6 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.

3.7 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 liability method. Debit balances on account of deferred taxation are recognised only if there is reasonable certainty for realisation.

3.8 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.

3.9 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.

3.10 Investments

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

3.11 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 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.

3.12 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 exceed its estimated recoverable amount it is written down immediately to its recoverable amount.

3.13 Consumable stores

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

3.14 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.

3.15 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.

3.16 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.

3.17 Foreseeable losses on orders in hand

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

3.18 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.

3.19 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.

3.20 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.

3.21 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 substaintial periods of time to get ready for their intended use, are added to the cost of those assets, untill 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.

3.22 Cash and cash equivalents

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

3.23 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.

3.24 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.

3.25 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.

3.26 Dividend

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

4 PROPERTY PLANT & EQUIPMENT

4.1 Tangibles

2009

	Cost/Revaluation					Accumulated Depreciation				Written down	
	As at July 01, 2008	Additions	Disposals	Transfers Revaluation *	As at June 30, 2009	As at July 01, 2008	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2009	As at June 30, 2009	Useful Life
	Rupees in 000										
Owned											
Lease hold Land	170,000	-	-	-	170,000	-	-	1,717	1,717	168,283	99
Building on lease hold land	24,816	-	-	-	24,816	-	-	2,482	2,482	22,334	10
Plant and machinery	24,926	-	-	-	24,926	9,546	-	2,493	12,039	12,887	10
Gas and electric installations	1,178	-	-	-	1,178	1,069	-	17	1,086	92	10
Factory tools	3,843	-	-	-	3,843	2,328	-	480	2,808	1,035	5
Vehicles	1,369	95	-	7,883	9,347	893	5,799	1,609	8,301	1,046	4
Furniture and fixtures	4,319	-	-	-	4,319	3,035	-	604	3,639	680	5
Office and other equipments	8,655	231	-	2,706	11,592	7,378	2,620	425	10,423	1,169	5
	239,106	**326**	-	**10,589**	**250,021**	**24,249**	**8,419**	**9,827**	**42,495**	**207,526**	
Leased											
Plant and machinery	831	-	-	-	831	746	-	79	825	6	10
Vehicles	11,421	-	-	(7,883)	3,538	6,598	(5,799)	885	1,684	1,854	4
Office and other equipments	2,706	-	-	(2,706)	-	2,620	(2,620)	-	-	-	5
	14,958	-	-	**(10,589)**	**4,369**	**9,964**	**(8,419)**	**964**	**2,509**	**1,860**	
	254,064	**326**	-	-	**254,390**	**34,213**	-	**10,791**	**45,004**	**209,386**	

Restated 2008

	Cost/Revaluation					Accumulated Depreciation				Written down	
	As at July 01, 2007	Additions	Disposals	Transfers Revaluation *	As at June 30, 2008	As at July 01, 2007	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2008	As at June 30, 2008	Useful Life
	Rupees in 000										
Owned											
Lease hold Land	82,125	-	-	87,875 *	170,000	4,831	(6,441) *	1,610	-	170,000	99
Building on lease hold land	22,267	446	-	2,103 *	24,816	5,420	(7,678) *	2,258	-	24,816	10
Plant and machinery	24,299	627	-		24,926	6,225	855 *	2,466	9,546	15,380	10
Gas and electric installations	1,178	-	-	-	1,178	1,052	-	17	1,069	109	10
Factory tools	3,805	38	-	-	3,843	1,854	-	474	2,328	1,514	5
Vehicles	1,368	121	(480)	360	1,369	972	(272)	193	893	476	4
Furniture and fixtures	4,246	73	-	-	4,319	2,442	-	593	3,035	1,284	5
Office and other equipments	7,950	705	-		8,655	7,104	-	274	7,378	1,277	5
	147,238	**2,010**	**(480)**	**360**	**239,106**	**29,900**	**(272)**	**7,885**	**24,249**	**214,856**	
Leased				**89,978** *			**(13,264)** *				
Plant and machinery	831	-	-	-	831	663	-	83	746	85	10
Vehicles	11,467	788	(474)	(360)	11,421	4,673	(205)	2,129	6,598	4,823	4
Office and other equipments	2,706	-	-	-	2,706	2,592	-	29	2,620	86	5
	15,004	**788**	**(474)**	**(360)**	**14,958**	**7,928**	**(205)**	**2,241**	**9,964**	**4,994**	
	162,242	**2,798**	**(954)**	-	**254,064**	**37,828**	**(477)**	**10,126**	**34,213**	**219,850**	
				89,978 *			**(13,264)** *				

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

Last year, the revaluation of leasehold land and building resluted in a surplus of Rs 104.097 million whereas an impairment loss of Rs 0.855 million was witnessed on plant and machinery. Had the revaluation not incorporated, the book value of the revalued assets based on the cost / previous valuation would have been as

Asset category	Cost/Revaluation	Accumulated Depreciation	Written down
Lease hold Land	82,125	6,441	75,684
Building on lease hold land	22,713	7,678	15,035
Plant and machinery	24,926	8,691	16,235

4.2 Details of disposal of fixed assets

Particulars	Cost	Accumulated Depreciation	Book Value	Disposal Proceeds	Gain on disposal	Mode of disposal	Particulars of buyers
	Rupees in thousand						
2009	-	-	-	-	-		
2008 Restated	954	477	478	602	124	Bidding	Sayed Faisal
	954	**477**	**478**	**602**	**124**		

	Note	2009	Restaed 2008
		(Rupees in thousand)	

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

	Note	2009	2008
Cost of sales	27	8,632	8,102
Administrative expenses	28	2,159	2,024
		10,791	**10,126**

4.4 Cost of fully depreciated assets

	2009	2008
Gas and electric installation	1,006	1,006
Factory tools	1,442	1,441
Vehicles	2,151	3,366
Furniture and fixtures	1,300	1,300
Office and other equipments	9,408	9,235
	15,307	**16,348**

5 LONG TERM INVESTMENTS

In shares of unquoted subsidiary companies (at cost):

	2009	2008
Johnson and Phillips Industries (Pakistan) Limited 3,000,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2009 was Nil (2008:Nil)] The Company held 100% of the investee's total equity.) Chief Executive Mr. Shehryar Anwar Saeed	30,000	30,000
Johnson and Phillips Transformers (Private) Limited 2,100,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2009 was Nil (2008:Nil)] The Company held 70% of the investee's total equity. Chief Executive Mr. Naushad Qassim Ali	21,000	21,000
J & P EMO Pakistan (Private) Limited 51,000 fully paid ordinary shares of Rs.10 each [Break-up value as at June 30, 2009 was Nil (2008:Nil) The Company held 51% of the investee's total equity. Chief Executive Mr. Shehryar Anwar Saeed	510	510
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 as at June 30, 2009 was as follows:

	2009	2008
Johnson and Phillips Industries (Pakistan) Limited	(37,976)	(37,910)
Johnson and Phillips Transformers (Private) Limited	(31,823)	(31,736)
J & P EMO Pakistan (Private) Limited	(3,146)	(3,131)

	Note	2009	Restated 2008
		(Rupees in thousand)	
6 LONG-TERM DEPOSITS			
Deposits- Leasing company		100	1,742
Deposits- Others		487	640
		587	**2,382**
7 STOCK-IN-TRADE			
Raw material and components in hand - Gross		42,580	46,393
Less: provision for obsolete/ slow moving items		(12,450)	(11,261)
		30,130	35,132
Work-in-process		7,463	5,724
Finished goods	40	13,790	17,837
		51,383	**58,693**
8 TRADE DEBTS			
Unsecured			
- Considered good		30,900	56,261
- Considered doubtful		215	232
- Considered bad		232	6,331
		31,347	56,493
Provision for doubtful debts		(215)	(232)
Trade debts considered bad written off		(232)	(6,331)
		30,900	**56,261**

9 SHORT TERM INVESTMENTS

Represented investments in Soneri Saving Certificates with 10% per annum (2008: 10% per annum) rate of return, payable half yearly. The maturity date is February 27, 2010. However, these certificates can be en-cashed before maturity date as per terms of the agreement with the Soneri Bank.

	Note	2009	Restated 2008
10 LOANS AND ADVANCES			
Loans to subsidiary companies - unsecured			
Considered doubtful			
Johnson and Phillips Transformers (Private) Limited (JPT)	10.1	12,604	12,521
Johnson and Phillips EMO Pakistan (Private) Limited (EMO)	10.2	2,744	2,729
		15,348	15,250
Less Provision against doubtful loans		(15,348)	(2,729)
		-	**12,521**
Advances - Unsecured			
To suppliers			
Considered good		5,681	6,791
Considered doubtful		1,469	-
Considered bad		-	1,605
		7,150	8,396
Less: Provision for doubtful advances to suppliers		(1,469)	-
Less: bad advances written off		-	(1,605)
		5,681	**6,791**
Other advances-considered good			
To employees		125	525
To executive		120	49
Advance against capital expenditures		-	1,391
Against purchase of land		3,045	3,045
Income tax		1,085	699
		4,375	**5,709**
Others		252	1,522
		4,627	**7,231**
Sales tax refundable		**17,920**	**20,293**
		28,228	**46,836**

	2009	Restated 2008
	(Rupees in thousand)	

10.1 Reconciliation of loan amount due from JPT

	2009	2008
Opening balance	12,521	12,442
Disbursed during the year	83	79
Closing balance	12,604	12,521
Less: provision	-	-
	12,604	**12,521**

10.2 Reconciliation of loan amount due from EMO

	2009	2008
Opening balance	2,729	2,714
Disbursed during the year	15	15
Closing balance	2,744	2,729
Less: provision	(2,744)	(2,729)
	-	-

10.3 The maximum amount of loan due from Johnson & Phillips Transformers (Private) Limited at the end of any month during the year was Rs.12.604 million (2008: 12.521 million).

10.4 The maximum amount of loan due from J & P EMO Pakistan (Private) Limited. at the end of any month during the year was Rs. 2.744 million (2008: 2.729 million).

	2009	Restated 2008
	(Rupees in thousand)	

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2009	2008
Prepayments		
Prepaid insurance - considered good	292	247
Other Prepayments - considered doubtful	286	-
	578	247
Provision for dubtful prepayments	(286)	-
	292	**247**
Deposits		
Margin against bank guarantee - considered good	8,219	8,757
Deposit with court - considered good	723	623
Lease deposits - considered good	1,500	660
Tender deposits - considered good	4,121	8,219
Tender deposits - considered doubful	1,846	-
	16,409	18,259
Provision for doubtful deposits	(1,846)	-
	14,563	**18,259**
Other receivables	**12**	**314**
	14,867	**18,820**

12 CASH AND BANK BALANCES

	2009	2008
Cash in hand	4	205
At bank - in current accounts	3,889	10,496
- in saving accounts	54	3,531
	3,947	**14,232**

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2009	2008		Note	2009 (Rupees in thousand)	Restated 2008 (Rupees in thousand)
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**

14 REVENUE RESERVE

General reserve		23,073	23,073
Accumulated loss		(99,663)	(71,278)
		(76,590)	**(48,205)**

15 SURPLUS ON REVALUATION OF FIXED ASSETS

Opening balance		132,964	103,962
Effect of prior years' error relating to deferred taxation		-	(36,387)
Restated opening balance		132,964	67,575
Addition as a result of fresh revaluation at the year end	4.1		104,097
Transferred to accumulated loss in respect of incremental depreciation on revalued assets for the year		(1,931)	(3,498)
Deferred tax expense / (income) related to incremental depreciation and addition during the year		676	(35,210)
		131,709	**132,964**

16 LONG TERM BORROWINGS

Secured
From Non Banking Financial Institution

Leasing company	16.1	**6,740**	**7,824**
Loans from others-unsecured			
Loan from others	16.2	**10,700**	**15,700**
Loan-1			
Principal	16.3	3,408	3,408
Accumulated mark-up there on		3,782	3,782
		7,190	**7,190**
Loan-2			
Principal	16.4	17,330	13,630
Accumulated mark-up there on		763	6,260
		18,093	**19,890**
Loan-3			
Principal	16.5	24,900	24,900
Accumulated mark-up there on		7,894	9,413
		32,794	**34,313**
		75,517	**84,917**
Less current and overdue portion	19	(9,198)	(8,206)
		66,319	**76,711**

16.1 Represents amount payable to Capital Assets Leasing Corporation in respect of Morabha facility including old overdue leased liabilities and other miscellaneous payables which was clubbed in lieu of an agreement between the parties. The aggregate amount will be repaid in 24 equal quarterly installments commencing from July 01, 2010 and no mark-up will be charged.

16.2 Represents unsecured loan taken by the company at a interest rate of 12% per annum which was repayable in instalments 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, has been extended up to July, 2008.

16.3 Represents an unsecured loan from an individual. Last years an agreement was signed to reschedule the loan. According to the agreement dated June 30, 2008 the parties have agreed that the aggregate amount of loan(Principal and mark-up accumulated thereon up to June 30, 2008) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2009. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal.

16.4 Represents an unsecured loan from an individual. During the year an agreement was signed to reschedule the loan. According to the agreement dated June 30, 2009 the parties have agreed that the aggregate amount of loan(Principal and mark-up accumulated thereon up to June 30, 2009) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2010. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal.

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company has entered into lease agreements with Capital Assets Leasing Cooperation Limited to acquire vehicles and Minimum lease payments have been discounted by using finance rate of 15% to 20% (2008: 15% to 20%) per annum.

The amount of future payments for the lease and the period in which these payments will become due are:

	2009		**Restated - 2008**	
	(Rupees in thousand)		**(Rupees in thousand)**	
	Minimum lease payments	**Present value**	**Minimum lease payments**	**Present value**
	Rupees	**Rupees**	**Rupees**	**Rupees**
Within one year	696	623	2,307	2,094
After one year but not more than five years	1,768	1,758	2,575	2,488
Total minimum lease payments	2,464	2,381	4,882	4,582
Less: Amounts representing finance charges	83	-	300	-
Present value of minimum lease payments	2,381	2,381	4,582	4,582
Less: Current portion	623	623	(2,094)	(2,094)
	1,758	**1,758**	**2,488**	**2,488**

The company has an option to purchase the leased assets upon completion of the lease period at a price which is expected to be sufficiently lower than the fair value at the date the option become exercisable. The Company has intention to exercise such option.

18 DEFERRED LIABILITIES - STAFF GRATUITY

	Note	2009	Restated 2008
		(Rupees in thousand)	

18.1 The amounts recognised in the balance sheet are as follows:

Movement in net liability/(assets) recognised

	Note	2009	2008
Opening net liability		7,118	6,838
Charge for the year		745	326
Benefits paid during the year		(1,375)	(46)
Closing net liability		**6,488**	**7,118**

Charge for /(income from) the Defined Benefit Plan

	Note	2009	2008
Current service cost		166	316
Interest cost		585	10
Acturial (Gains) / losses recognised		(6)	-
Expense recognised in the financial statements		**745**	**326**

Reconciliation of payable to/(receivable from) Defined Benefit Plan

	Note	2009	2008
Present value of Defined Benefit Obligation		5,002	4,871
Unrecognised actuarial gain / (loss)		723	716
		5,725	5,587
Unclaimed gratuity	**21**	763	1,531
Liability recognised in the accounts		**6,488**	**7,118**

Actuarial assumptions:

	Note	2009	2008
- Valuation discount rate		13%	10%
- Salary increase rate		13%	10%

19 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS

	Note	2009	2008
Leasing company	16.1	-	2,206
Loan from others	16.2	8,000	6,000
Loan-1	16.3	1,198	-
		9,198	**8,206**

	Note	2009	Restated 2008
		(Rupees in thousand)	

20 SHORT TERM BORROWINGS

Unsecured

From related party
Loan from a subsidiary company

	Note	2009	2008
Johnson and Phillips Industries (Pakistan) Limited	20.1	1,334	1,556
Reconciliation of outstanding amount			
Opening balance		1,556	1,703
Adjusted /paid during the year		(222)	(147)
Closing balance		**1,334**	**1,556**
Loans from others-unsecured			
Loan-4	20.2	500	500
Loan-5	20.3	-	5,315
		500	5,815
		1,834	**7,371**

20.1 This loan is unsecured, interest free and is payable on demand.

20.2 This represents loan obtained from a Private Limited Company. It is interest free and payable on payable on demand.

20.3 This represents invoices discounting facilities obtained from NBP Capital Limited carrying mark up rate ranges from 14% to 15% per annum. (2008: 14% to 15%) per annum.

		Note	2009	Restated 2008
			(Rupees in thousand)	
21	**TRADE AND OTHERS PAYABLES**			
	Creditors			
	Creditors		**79,272**	**107,437**
	Accrued liabilities		**5,415**	**7,605**
	Other liabilities			
	Advances from customers		**10,934**	**16,002**
	Workers' profit participation fund	**21.1**	2,525	3,952
	Payable to ex-employees		697	1,183
	Provident fund		5,703	5,774
	Un-claimed gratuity payable	**18.1**	763	1,531
	Tax deducted on behalf of suppliers		4,079	4,595
	Others		430	945
			14,197	17,980
			25,131	**33,982**
			109,818	**149,024**

			2009	2008
21.1	**Workers' profit participation fund**			
	Opening balances		3,952	3,084
	Provision made during the year		-	407
	Paid during the year		(1,660)	-
	Interest credited at prescribed rate		233	461
			2,525	**3,952**

The Company retains the allocation to this fund for its business operations till the amounts are paid to the fund together with interest at prescribed rate under the Companies Profit (Workers' Participation) Act (XII of 1968).

		Note	2009	2008
22	**MARK UP ACCRUED**			
	Mark-up on unsecured loan			
	Opening balance		543	129
	Accrued during the year		7,393	7,267
			7,936	7,396
	Paid / transfered during the year	**22.1**	(7,527)	(6,853)
	Closing balance		**409**	**543**

22.1 These have been rescheduled last year as disclosed in note 16 to these financial statements.

		2009	Restated 2008
		(Rupees in thousand)	
23	**UNCLAIMED DIVIDEND**		
	Opening balance	4,268	4,346
	Addition for the year	-	-
	Paid / adjusted during the year	-	(78)
	Closing balance	**4,268**	**4,268**
24	**PROVISION FOR TAXATION**		
	Reconciliation		
	Opening balance	796	1,889
	Provision for the year	-	1,273
	Paid/ adjusted during the year	(796)	(2,366)
	Closing balance	**-**	**796**

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

a) Gurantees

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

	2009	Restated 2008
	(Rupees in thousand)	
Gurantees against performance bond	4,192	8,081

b) Sales tax refundable

Certain sales tax refunds claims are pending for setllement before the sales tax department. The aggregate amount involved is Rs. 14.501 million. (2008: Rs.14.501 million), realization of which is dependent upon proper verfication of the claims to the satisfaction of the sales tax authorities.

c) Labour

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. (2008: 0.987 million).

d) Others

Pursuant to a recovery suit filed by the National Bank of Pakistan against Johnson and Phillips Transformers (Pvt.) Limited & Johnson & Phillips (Pakistan) Limited, the Banking Court No. III, Lahore passed a compromise decree for recovery of Rs 27,345,000 from Johnson and Phillips Transformers (Pvt.) Limited by way of six half yearly installments to be paid in three (03) years and in case of its failure from Johnson and Phillips (Pakistan) Limited (the guarantor). The execution proceedings in this case are now pending before the Banking Court No. III.

In the case mentioned above, an order was passed on 21-07-2004 by the Banking Court No. III, Lahore for the sale of mortgaged property for the payment of decrial amount to the National Bank. The National Bank however, got the proceedings stayed from the High Court in EFA 410. The next date in this case will be fixed by the Court.

In the case mentioned above National Bank filed an application in the Lahore High Court, Lahore for the transfer of execution proceedings from Banking Court to Lahore High Court which was dismissed.

25.2 Commitments

There is no commitment as on June 30, 2009 (2008 : Nil)

	Note	2009	Restated 2008
		(Rupees in thousand)	

26 SALES AND SERVICES (NET)

	Note	2009	2008
Sales		136,415	251,801
Commission and discount on sales		(2,674)	(1,957)
		133,741	**249,844**

27 COST OF SALES AND SERVICES

	Note	2009	2008
Raw materials and components consumed			
Opening stock		46,393	47,350
Purchases and sub contract cost		90,987	169,930
		137,380	217,280
Closing stock		(42,580)	(46,393)
		94,800	170,887
Salaries, wages and other benefits	27.1	14,523	20,535
Rent, rates and taxes		-	90
Insurance		196	700
Fuel and power		2,274	3,333
Repair and maintenance		448	1,082
Inspection and testing		237	1,698
Printing and stationery		112	73
Travelling and conveyance		491	806
Consultancy		98	250
Depreciation	4.3	8,632	8,102
Impairment loss - Plant & Machinery		-	855
Provision for Obsolete/ Slow moving Stocks		1,189	1,548
Written off advance against capital expenditure		1,343	-
Other manufacturing expenses		1,848	1,185
		31,391	**40,257**
		126,191	**211,144**
Work in process			
Opening stock		5,724	3,488
Closing stock		(7,463)	(5,724)
		(1,739)	(2,236)
Cost of goods manufactured		**124,452**	**208,908**
Finished goods			
Opening stock		17,837	2,700
Closing stock		(13,790)	(17,837)
		4,047	15,137
		128,499	**193,771**

27.1 Salaries and other benefits include Rs. 0.694 million net (2008: Rs.0.727 million) in respect of staff retirement benefits.

	Note	2009	Restated 2008
		(Rupees in thousand)	
28 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	28.1	4,350	5,228
Travelling and conveyance		1,367	1,687
Legal and professional charges		1,014	1,260
Rent rates and taxes		1,311	1,272
Repair and maintenance		974	831
Printing and stationery		195	376
Postage, telegram, telephone and telex		886	975
Light and power		505	438
Entertainment		496	581
Donation	28.2	5	15
Subscriptions and periodicals		487	560
Advertisement		31	83
Auditors' remuneration	28.3	410	335
Annual General Meeting		15	9
Insurance		612	148
Provision for doubtful loans and advances		14,088	1,620
Provision for doubtful debts		215	812
Depreciation	4.3	2,159	2,024
Provision for doubtful deposits and prepayments		2,132	-
Written off advance against capital expenditure		68	-
Written off other advances		854	-
Others		985	1,228
		33,159	**19,482**

28.1 Salaries and other benefits include Rs. 0.036 million (2008: Rs. 0.137million) in respect of staff retirement benefits.

28.2 Director or a spouse of a director have no interest in the donee.

28.3 Auditors' remuneration

	2009	2008
Annual audit fee	250	175
Review of half yearly financial statements	60	60
Review of consolidated financial statements	60	60
Certification and others	15	15
Out of pocket expenses	25	25
	410	**335**

29 SELLING AND DISTRIBUTION EXPENSES

	Note	2009	2008
Salaries, wages and benefits	29.1	1,706	1,397
Late delivery charges and penalties		1,392	2,843
Advertising and sales promotion		216	495
Travelling and conveyance		218	502
Subscriptions and periodicals		187	450
Repair and maintenance		67	130
Insurance		36	43
Others		320	737
Entertainment		25	34
Printing and stationery		255	284
		4,422	**6,915**

29.1 Salaries and other benefits include Rs. 0.015 million net (2008: Rs.0.046 million) in respect of staff retirement benefits.

	Note	2009	Restated 2008
		(Rupees in thousand)	

30 OTHER INCOME

	Note	2009	2008
Gain on disposal of fixed assets	4.2	-	124
Liabilities no more payable written back		11,051	4,906
Mark-up on saving accounts		144	900
Others		1,048	(702)
		12,243	**5,228**

31 FINANCIAL CHARGES

		2009	2008
Mark-up on unsecured short term loans		7,314	7,963
Mark-up on invoices / bill discounting		812	552
Mark-up on finance lease		219	461
Bank charges & commission		966	83
Interest on workers' profit participation fund		233	461
		9,544	**9,520**

32 OTHER CHARGES

		2009	2008
Worker's Profit Participation Fund		-	**407**

33 TAXATION

	Note	2009	2008
Current year	33.1	-	(1,273)
Deferred tax	33.2 & 40	(676)	35,210
		(676)	33,937

33.1 Relationship between tax expense and accounting profit

There is no tax applicable on taxable profits of the Company under the provision of Income Tax Ordinance, 2001 as amended by Finance Act, 2008 due to available assessed tax losses. Accordingly, no reconciliation of tax expense with accounting profit has been presented.

33.2 In view of net deductible temporary differences amounting to Rs. 98.347 million and expected future turnover, it is probable that the company will not have sufficient taxable income in near future and hence will not be able to utilize the deductible temporary differences. Therefore, as a matter of prudence, the company has not recognised net deferred tax asset in these accounts. The net deductible temporary differences include available tax losses of Rs. 224.760 million (expiry 2010), unabsorped depreciation of Rs. 12.635 million, and deductible temporary differences of Rs. 39.193 million.

	2009	Restated 2008
	(Rupees in thousand)	

34 EARNING PER SHARE

There is no dilutive effect on the basic earnings per share of the company, which is based on:

	2009	Restated 2008
Profit after taxation	(30,316)	58,914
Weighted average number of ordinary shares	5,449,972	5,449,972
Earnings per share - basic Restated	**(5.56)**	**10.81**

35 CASH GENERATED FROM OPERATIONS

	2009	Restated 2008
	(Rupees in thousand)	
(Loss) / Profit before taxation and extraordinary items	(29,640)	7,727
Adjustments for:		
Depreciation/Amortization	10,791	10,126
Provision for staff gratuity - net	745	326
Profit on disposal of fixed assets	-	(124)
Liabilities no more payable written back	(1,057)	(4,906)
Financial charges	9,544	9,520
	(9,617)	**22,669**
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stock-in-trade	7,310	2,382
Trade debts	25,361	(789)
Short term investment	9,000	-
Loans and advances	18,994	5,456
Deposits, prepayments and other receivables	3,953	(3,291)
	64,618	**3,758**
Increase / (decrease) in current liabilities		
Trade and other payables excluding unclaimed gratuity	(38,438)	20,981
Unclaimed dividend	-	(78)
	(38,438)	**20,903**
Cash generated from operations	**16,563**	**47,330**

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 Maturities of financial assets and liabilities
As at June 30, 2009

	Effective mark-up rate	Mark-up bearing maturity: Upto one year	Mark-up bearing maturity: Over one year upto five years	Mark-up bearing maturity: Over five years	Mark-up bearing maturity: Sub-total	Non-mark-up bearing maturity: Upto one year	Non-mark-up bearing maturity: Over one year upto five years	Non-mark-up bearing maturity: Over five years	Sub-total	Total
	%	Rupees in thousand								
Financial assets										
Deposits	-	-	-	-	-	14,867	587	-	15,454	15,454
Trade debts	-	-	-	-	-	30,900	-	-	30,900	30,900
Short term investments	10%	-	-	-	-	-	-	-	-	-
Loan and advances	-	-	-	-	-	28,228	-	-	28,228	28,228
Cash and bank balances	3.75%	54	-	-	54	3,893	-	-	3,893	3,947
		54	-	-	54	77,888	587	-	78,475	78,529
Financial liabilities										
Long term finances	12% to 19%	9,198	36,440	-	45,638	-	29,879	-	29,879	75,517
Liabilities against assets subject to finance lease	15% to 17%	623	1,758	-	2,381	-	-	-	-	2,381
Short term borrowings	12% to 15%	-	-	-	-	1,834	-	-	1,834	1,834
Unclaimed dividend		-	-	-	-	4,268	-	-	4,268	4,268
Accrued mark up		-	-	-	-	409	-	-	409	409
Trade and other payables	12% to 13%	2,525	-	-	2,525	107,293	-	-	107,293	109,818
		3,148	38,198	-	50,544	113,804	29,879	-	143,683	194,227

Maturities of financial assets and liabilities
As at June 30, 2008 Restated

	Effective mark-up rate	Mark-up bearing maturity: Upto one year	Mark-up bearing maturity: Over one year upto five years	Mark-up bearing maturity: Over five years	Mark-up bearing maturity: Sub-total	Non-mark-up bearing maturity: Upto one year	Non-mark-up bearing maturity: Over one year upto five years	Non-mark-up bearing maturity: Over five years	Sub-total	Total
	%	Rupees in thousand								
Financial assets										
Deposits	-	-	-	-	-	17,599	640	-	18,239	18,239
Trade debts	-	-	-	-	-	56,261	-	-	56,261	56,261
Short term investments	10%	9,000	-	-	9,000	-	-	-	-	9,000
Loan and advances	-	-	-	-	-	34,336	-	-	34,336	34,336
Cash and bank balances	3.75%	3,531	-	-	3,531	10,701	-	-	10,701	14,232
		12,531	-	-	12,531	118,897	640	-	119,537	132,068
Financial liabilities										
Long term finances	9% to 19%	8,206	33,732	-	41,938	-	42,979	-	42,979	84,917
Liabilities against assets subject to finance lease	15% to 20%	2,094	2,488	-	4,582	-	-	-	-	4,582
Short term borrowings	12% to 15%	5,315	-	-	5,315	2,056	-	-	2,056	7,371
Unclaimed dividend		-	-	-	-	4,268	-	-	4,268	4,268
Accrued mark up	9% to 19%	-	-	-	-	543	-	-	543	543
Trade and other payables	12% to 13%	3,952	-	-	3,952	129,070	-	-	129,070	133,022
		19,567	36,220	-	55,787	135,937	42,979	-	178,916	234,703

36.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. As indicated in note 36.1, the company is not materially exposed to interest rate risk.

36.3 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. To guard against this risk the company has negotiated the terms of repayment with its lenders to maintain healthy balance of cash and cash equivalents. The liquidity profile of the company is disclosed in note 36.1.

36.4 Credit risk

Credit risk is the risk that one party to a financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The company is not materially exposed to credit risk.

36.5 Fair values 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 estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

36.6 Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. The company is not materially exposed to foreign exchange risk.

36.6 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other shareholders 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 or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. The capital is calculated as equity as shown in the balance sheet plus net debt.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

a) 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:

	Chief Executive		Directors		Executive		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	....................(Rs.'000')....................							
Managerial remuneration	264	264	511	427	600	600	1,375	1,291
Retirement benefits and Provident fund	22	22	43	25	50	50	115	97
Housing	180	180	226	180	270	270	676	630
Utilities	26	26	38	43	60	60	124	129
Leave passages	44	24	-	-	-	-	44	24
Domestic servants	222	222	-	-	-	-	222	222
Medical expenses	-	-	23	18	-	-	23	18
Lease rentals	-	101	-	-	-		-	101
Club subscription	105	41	-	-	-	-	105	41
Others	-	343	131	109	-	-	131	452
	863	**1,223**	**972**	**802**	**980**	**980**	**2,815**	**3,005**
No. of persons	**1**	**1**	**5**	**4**	**1**	**1**	**7**	**6**

b) The chief executive, directors and some executives are also provided with free use of company maintained cars.

38 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 and associated undertakings , other than remuneration and benefits to key management personnel under the terms of employment disclosed in note 37 to these financial statements , are as follows :

	2009	Restated 2008
	(Rs.'000s)	
Payments made on behalf of subsidiaries companies	97	94
Adjustment of loan to subsidiary company	223	61
Repayment of loan to Provident Fund Trust	-	-
Contribution paid to Provident Fund Trust	724	729

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

39 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.

40 PRIOR PERIODS' ERROR

Deferred taxation during the prior years was inadvertently not recognized. Further, certain items of inventory amounting to Rs.17.250 million, that had been purchased in June 2008 were inadvertently not included in the ending inventory as at June 30, 2008. The prior periods' errors have now been corrcted by restating the prior years' balances in accordance with International Accounting Standard 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". The amount of correction for each period is presented as under:

	For the year ended June 30, 2008	For periods upto June 30, 2007
	(Rupees in thousand)	
Deferred tax (income) /expense chargeable to Surplus on Revaluation of Fixed Assets	35,210	36,387
Deferred tax (income)/expense chargeable to Profit and Loss Account	(35,210)	(36,387)
Effect on Profit and Loss Account of correction in closing inventory	(17,250)	-
Net increase in Profit and Loss Account due to correction of prior periods' error	**(52,460)**	**(36,387)**
Earning per share - as previously reported	1.18	
Restated earning per share	10.81	
Correction in earning per share	**9.63**	

	As at June 30,	
	2009	2008
Deferred tax (asset) / liability at beginning of the year	-	-
Deferred tax (asset) / liability at year end	-	-
Purchases inadvertenly not included in closing inventory	17,250	-
Stock-in-trade before correction of the error	587	2,700
Closing stock - restated	**17,837**	**2,700**

41 DATE OF AUTHORISATION

These financial statements were authorised for issue on 29th September 2009 by the Board of Directors of the company.

42 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Shehryar A. Saeed
Chief Executive

Ms. Mariam Shafi
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising the consolidated balance sheet of Johnson & Phillips (Pakistan) Limited and its subsidiary companies as at June 30, 2009 and the related consolidated profit and loss account, 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 Johnson & Phillips (Pakistan) Limited and its subsidiary companies.

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, evidencesupporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by mangement, as well as evaluating the overall presentation of the above said statements.We believe that our audit provides a reasonable basis for our opinion.

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

(a) The financial statements of the subsidiary companies, Johnson & Phillips Industries (Pakistan) Limited, Johnson & Phillips Transformers (Private) Limited and Johnson & Phillips EMO Pakistan (Private) Limited for the year ended June 30, 2009 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 September 29, 2009 on the financial statements referred 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 sales, receivables, payables, cash and bank balances, fixed assets and inventories. Further, in the absence of information regarding realisable value of several balances under advances, deposits and other receivables aggregating to Rs. 35.581 million (2008: Rs. 35.581 million). We were not able to confirm whether the amount would be realised at carrying values. Moreover, due to lack of customary accounting records and supporting documents, we were unable to verify company's liabilities aggregating to Rs.14.009 (2008: Rs.14.024) 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 contingencies or other financial effects, if any, on those financial statements that may have arisen 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 & Phillips Industries (Pakistan) Limited and Johnson & Phillips Transformers (Private) Limited ceased production in July 1997 and February 1998 respectively and the accumulated losses of the subsidiary companies as at June 30, 2009 stand at Rs.133.945 million (2008: Rs. 133.777 million) resulting in negative shareholders' equity of Rs. 72.945 million (2008: Rs. 72.777 million). Further, the two subsidiary companies of the group have also defaulted in payment of their aggregate liability amounting to Rs 62.515 million (2008: Rs. 62.515 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, 2009 from the banks of the subsidiaries and to date we have not received any satisfactory response. In the absence of such 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 4.6 to these financial statements, the fixed assets of Rs 23.870 million are classified as held for sale and are being shown separately under current assets as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and are measured at the lower of carrying amount and fair value less costs to sell. Since we have not been provided with sufficient information in this regard, we were not able to satisfy ourselves about the fulfilment of measurement, presentation and disclosure requirement of the said IFRS.

(vi) In the absence of information regarding current status of taxation, the amount of deductible temporary diffrence, 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 subsidiaries' financial statements.

(b) In our opinion, except for the possible effects of the matters referred to in para (a) above, the consolidated financial statements give a true and fair view of the financial position of the group as of June 30, 2009, and of its financial performance and its cash flows for the year then ended.

We had expressed an adverse opinion on the consolidated financial statements of the Parent company and its subsidiary companies for the year ended June 30, 2009 because of the matters referred to in paragraph (a) had an impact on our opinion on that year's financial statements.

Karachi :
29th September 2009

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants
Engagement Partner: Adeel Shahzad, ACA, APA

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	Restated 2008
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	209,386	219,850
Long term deposits		1,213	3,008
		210,599	**222,858**
CURRENT ASSETS			
Assets held for sale	5.3	23,870	23,870
Stores, spares and loose tools	6	2,396	2,396
Stock-in-trade	7	64,088	71,398
Trade debts	8	30,902	56,261
Short term investments	9	-	9,000
Loan & advances	10	32,383	38,606
Deposits, pre-payments & other receivables	11	15,799	19,593
Cash and bank balances	12	4,110	14,395
		173,548	**235,519**
TOTAL ASSETS		**384,147**	**458,377**
EQUITY AND LIABILITIES			
Authorised			
8,000,000 ordinary shares of Rs.10 each		80,000	80,000
Issued, subscribed and paid-up	13	54,500	54,500
RESERVES			
Capital reserve		29,727	29,727
Revenue reserves	14	(114,203)	(98,300)
SHAREHOLDERS' EQUITY		**(29,976)**	**(14,073)**
Minority interest	15	-	-
Surplus on revaluation of fixed assets	16	131,709	132,964
NON-CURRENT LIABILITIES			
Long term loans	17	66,319	76,711
Liabilities against assets subject to finance lease	18	1,758	2,488
Deferred liabilities	19	6,321	6,183
CURRENT LIABILITIES			
Current and overdue portion of long term liabilities	20	9,198	8,206
Current and overdue portion of lease liability	18	623	2,094
Short term borrowings	21	67,091	72,406
Trade and other payables	22	125,867	165,231
Mark up accrued	23	409	543
Unclaimed dividends		4,268	4,268
Taxation		560	1,356
		208,016	**254,104**
CONTINGENCIES	24		-
TOTAL EQUITY AND LIABILITIES		**384,147**	**458,377**

The annexed notes 1 to 41 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Ms. Mariam Shafi
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	Restated 2008
		(Rupees in thousand)	
Sales and services (net)	25	133,741	249,844
Cost of sales and services	26	(128,499)	(193,771)
Gross profit		**5,242**	**56,073**
Administrative and general expenses	27	(20,677)	(19,623)
Selling and distribution expenses	28	(4,422)	(6,915)
		(25,099)	(26,538)
Operating profit		**(19,857)**	**29,535**
Other income	29	12,243	5,228
		(7,614)	**34,763**
Financial charges	30	(9,544)	(9,520)
		(17,158)	**25,243**
Other charges	31	-	**(407)**
Profit before taxation		**(17,158)**	**24,836**
Taxation- current	32	(676)	33,937
Profit after taxation		**(17,834)**	**58,773**
Attributable to:			
Minority shareholders		(33)	(29)
Parent entity shareholders		(17,801)	58,802
		(17,834)	**58,773**
Parent entity shareholders's share as above		(17,801)	58,802
Minority interest in excess of the capital transferred to profit & loss account of the group		(33)	(29)
		(17,834)	**58,773**
Earnings per share	33	**(3.27)**	**10.78**

The annexed notes 1 to 41 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Ms. Mariam Shafi
Director

JOHNSON & PHILLIPS PAKISTAN LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	Restated 2008
		(Rupees in thousand)	
CASH FLOWS FROM OPERATIONS			
Net profit before taxation		**(17,158)**	**7,586**
Adjustments for items not involving movement of funds:			
Depreciation/amortization		10,791	10,126
Provision for staff gratuity-net		745	326
Gain on disposal of fixed assets		-	(124)
Liabilities no more payable written back		(1,057)	(4,906)
Financial charges		9,544	9,520
		2,865	**22,528**
(Increase) / decrease in current assets			
Stock in trade		7,310	2,382
Trade debts		25,359	(789)
Advances, deposit & other receivables		6,609	5,597
Short term investment		9,000	-
Prepayments & other receivables		3,794	(3,291)
		52,072	**3,899**
Increase / (decrease) in current liabilities			
Trade and other payables		(38,596)	20,981
Unclaimed Dividend		-	(78)
		(38,596)	**20,903**
Cash generated from operations		**16,341**	**47,330**
Financial charges paid		(9,678)	(2,253)
Taxes paid		(1,182)	(1,930)
Gratuity paid		(1,376)	(46)
		(12,236)	**(4,229)**
Net cash (outflow) / inflow from operating activities		**4,105**	**43,101**
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to fixed assets		(326)	(2,010)
Long term deposits		1,795	507
Proceeds from sale of fixed assets		-	602
Net cash outflow / inflow from investing activities		**1,469**	**(901)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan		(12,043)	(13,558)
Repayment of liabilities against assets subject to finance leases		(2,201)	(2,038)
Proceeds from long term loans		3,700	6,500
Repayment of short term loan		(5,315)	(29,124)
Net cash inflow (outflow) from financing activities		**(15,859)**	**(38,220)**
Net (decrease) / increase in cash and cash equivalents		**(10,285)**	**3,980**
Cash and cash equivalents at the beginning of the year		14,004	10,024
Cash and cash equivalents at the end of the year	34	**3,719**	**14,004**

The annexed notes 1 to 41 form an integral part of these financial statements.

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Issued, subscribed and paid-up capital	Capital Share premium	Reserves General	Revenue Unappropriated profit/(loss)	Total
	(Rupees in thousand)				
Balance as at July 01, 2007	54,500	29,727	23,073	(220,031)	(112,731)
Effect of prior years' error upto June 30, 2007 - Note 40	-	-	-	36,387	36,387
Balance as at July 01, 2007 - Restated	54,500	29,727	23,073	(183,644)	(76,344)
Net profit for the year - restated	-	-	-	58,773	58,773
Transfer from surplus on revaluation on fixed assets	-	-	-	3,498	3,498
Balance as at June 30, 2008 - Restated	**54,500**	**29,727**	**23,073**	**(121,373)**	**(14,073)**
Balance as at June 30, 2008 - as previously reported	54,500	29,727	23,073	(210,220)	(102,920)
Effect of prior periods error upto June 30, 2008 - Note 39	-	-	-	88,847	88,847
Balance as at June 30, 2008 - Restated	**54,500**	**29,727**	**23,073**	**(121,373)**	**(14,073)**
Net loss for the year	-	-	-	(17,834)	(17,834)
Transfer from surplus on revaluation on fixed assets	-	-	-	1,931	1,931
Balance as at June 30, 2009	**54,500**	**29,727**	**23,073**	**(137,276)**	**(29,976)**

The annexed notes 1 to 41 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Ms. Mariam Shafi
Director

JOHNSON & PHILLIPS (PAKISTAN) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

Johnson & Phillips (Pakistan) Limited was incorporated in Pakistan as public limited company on April 15, 1961 and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The registered office of the holding company is situated at C-10 South Avenue, SITE, Karachi. The holding company is principally engaged in manufacturing , installing and selling of electrical equipments.

Subsidiaries of Johnson & Phillips (Pakistan) Limited are public and private limited companies and were engaged in the business of manufacturing and sale of electrical and mechanical equipments/appliances and participation in turnkey engineering industrial projects.

The following subsidiaries have been consolidated in the accounts of the holding company:

Subsidiaries	Company status	Group holding
Johnson & Phillips Industries (Pakistan) Limited	Public Limited	100%
Johnson & Phillips Transformers (Private) Limited	Private Limited	70%
Johnson & Phillips EMO Pakistan (Private) Limited	Private Limited	51%

2. SIGNIFICANT EVENTS

2.1 The subsidiaries of the group, Johnson & Phillips Industries (Pakistan) Limited and Johnson & Phillips Transformers (Private) Limited ceased production in July 1997 and February 1998 respectively. During the year ended June 30, 2004 the subsidiaries have settled their disputes with National Bank of Pakistan and agreed to pay Rs. 82.460 million as full and final settlement of their outstanding dues in installment. As explained in Note 17.1, to implement the terms of settlement, subsidiaries has disposed off the project's land, building, plant and machinery during the year ended June 30, 2003.

2.2 On August 31, 1997 there was a change in management of a subsidiary 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 subsidiary company. As the ex-management have not responded to all the requirements of the management and their auditors. Amounts under stock-in-trade, trade debts, advances and trade creditors have been taken as per books of accounts and available supporting records. As explained in note 11.1, the unexplained amounts disbursed are shown as "Receivable from Ex-Management" . The Management is making every effort to confirm the accuracy of the amounts stated.

3. GOING CONCERN

3.1 The accumulated losses of the Group as at June 30, 2009 stand at Rs.137.276 million resulting in a negative equity of Rs.29.976 million. These losses primarily consist of losses incurred by the subsidairy companies which are already non operational. Whereas, the holding company has regsitered a loss of Rs. 30, 316 million during the year. Consequently, the ability of the holding company to continue as a going concern is dependent on the following significant factors:

Shehryar Saeed

Shehryar A. Saeed
Chief Executive

Mariam Shafi

Ms. Mariam Shafi
Director

The management has taken various steps to make holding the company financially sound and operationally viable which includes the following :

(i) The Holding Company has repaid all of its liabilities relating to long term and short term loans with Muslim Commercial Bank Limited (MCB) and United Bank Limited (UBL).

(ii) During the year the Holding Company has also rescheduled its obligation in respect of loan and financing arrangement with various lenders.

(iii) The management is also making efforts to increase total sales of the company during the financial year ending June 30, 2010 and thereafter.

However, despite these mitigating factors the holding company has registered a significant decline in its sales during the year. The management feels that it is a temporary phase due to overall economic slow down. The Management is of the view that the holding company will be able to continue as a going concern; hence, these financial statements have been prepared on the basis of going concern assumption.

4. 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.

4.1 Basis of preparation

a) 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 Security 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.

b) 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
- certain properties are carried at revalued amount

c) **Amendments to published accounting standards that are effective in the current period**

Amendments to IAS 1 - "Presentation of Financial Statements - Capital Disclosures", introduces certain new disclosures about the level of and the management of the Company's capital. Adoption of this amendment has only resulted in additional disclosure which have been set out in note 35.7 of these financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 which are not considered relevant nor have any significant effect on the company's operation's are not detailed in these financial statements.

d) **Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:**

The following standards, amendments and interpretation of approved accounting standards are either not relevant to the Holding Company's operations or are not expected to have significant impact on the Holding Company's financial statements other than increase in disclosures in certain cases.

i)	IAS 1 - Presentation of Financial Statements (Revised September 2007)	effective from January 01, 2009
ii)	IAS 23 - Borrowing Costs (Revised March 2007)	effective from January 01, 2009
iii)	Amendments to IAS 27 (Revised) - Consolidated and Separate Financial Statements	effective from July 01, 2009
iv)	IAS 32 (amendment) - Financial instruments: Presentation and consequential amendment to IAS 1 - Presentation of Financial Statements	effective for annual period beginning on or after 1 January 2009.
v)	IFRS 1 (revised), 'First -time adoptiion'	effective from July 01, 2009
vi)	IFRS 2 Share based payments (amended)	effective from january 01, 2009
iv)	IFRS 3 - Business Combinations (Revised)	effective from July 01, 2009
v)	Amendment to IFRS 7 - Financial Instruments: Disclosure	effective from January 01, 2009
vi)	IFRS 8 - Operating Segments	effective from January 01, 2008
vii)	IFRIC 15 - Agreements for The Construction of Real Estate	effective from January 01, 2009
viii)	IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	effective from October 01, 2008
ix)	IFRIC 17 - Distribution of Non-Cash Assets to Owners	effective from July 01, 2009
x)	IFRIC 18 - Transfer of Assets from Customers	effective from July 01, 2009

e) **Critical Accounting estimates and judgements**

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also require the management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements 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.

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 4.7 to these financial statements.

4.2 Compensated absences

Liability in respect of accumulated compensated absences of employees is accounted for in the period in which these absences occur. The policy was in practice till the year ended June 30, 2007.

4.3 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.

4.4 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 Group 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 recognised only if there is reasonable certainty for realisation.

4.5 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 Group.

4.6 Provisions

Provisions are recognised when the Group 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.

4.7 Investments

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

4.8 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 5. 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 5.

Financial charges is 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.

4.9 Assets held for sale

A non-current asset (or disposal group) is classified as held for sale if its carrying amount is recovered principally through a sale transaction rather than through continuing use, the asset readily available for sale and the sale is highly probable.

Due to application of IFRS-5, assets held for sale amounting to Rs. 23.870 million which was previously classified under non-current assets are shown under the current assets in the balance sheet.

4.10 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 exceed its estimated recoverable amount it is written down immediately to its recoverable amount.

4.11 Consumable stores

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

4.12 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.

4.13 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.

4.14 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.

4.15 Foreseeable losses on orders in hand

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

4.16 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.

4.17 Impairment losses

The carrying amount of the Holding 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.

4.18 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.

4.19 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 substaintial periods of time to get ready for their intended use, are added to the cost of those assets, untill 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.

4.20 Cash and cash equivalents

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

4.21 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.

4.22 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.

4.23 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.

4.24 Dividend

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

5 PROPERTY PLANT & EQUIPMENT

2009

5.1 Tangibles

	Cost/Revaluation					Accumulated Depreciation				Written down	
	As at July 01, 2008	Additions	Disposals	Transfers Revaluation *	As at June 30, 2009	As at July 01, 2008	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2009	As at June 30, 2009	Useful Life
	Rupees in 000										
Owned											
Lease hold Land	170,000	-	-	-	170,000	-		1,717	1,717	168,283	99
Building on lease hold land	24,816	-	-	-	24,816	-	-	2,482	2,482	22,334	10
Plant and machinery	24,926	-	-	-	24,926	9,546		2,493	12,039	12,887	10
Gas and electric installations	1,178	-	-	-	1,178	1,069	-	17	1,086	92	10
Factory tools	3,843	-	-	-	3,843	2,328	-	480	2,808	1,035	5
Vehicles	1,369	95	7,883	-	9,347	893	5,799	1,609	8,301	1,046	4
Furniture and fixtures	4,319	-	-	-	4,319	3,035		604	3,639	680	5
Office and other equipments	8,655	231	2,706	-	11,592	7,378	2,620	425	10,423	1,169	5
	239,106	**326**	**10,589**	**-**	**250,021**	**24,249**	**8,419**	**9,827**	**42,495**	**207,526**	
Leased											
Plant and machinery	831	-	-	-	831	746	-	79	825	6	10
Vehicles	11,421	-	(7,883)	-	3,538	6,598	(5,799)	885	1,684	1,854	4
Office and other equipments	2,706	-	(2,706)	-	-	2,620	(2,620)	-	-	-	5
	14,958	**-**	**(10,589)**	**-**	**4,369**	**9,964**	**(8,419)**	**964**	**2,509**	**1,860**	
Total 2009	**254,064**	**326**	**-**	**-**	**254,390**	**34,213**	**-**	**10,791**	**45,004**	**209,386**	

2008 - Restated

	Cost/Revaluation					Accumulated Depreciation				Written down	
	As at July 01, 2007	Additions	Disposals	Transfers Revaluation *	As at June 30, 2008	As at July 01, 2007	Adjustments/ Transfers Revaluation *	For the year	As at June 30, 2008	As at June 30, 2008	Useful Life
	Rupees in 000										
Owned											
Lease hold Land	82,125		-	87,875 *	170,000	4,831	(6,441) *	1,610	-	170,000	99
Building on lease hold land	22,267	446	-	2,103 *	24,816	5,420	(7,678) *	2,258	-	24,816	10
Plant and machinery	24,299	627	-		24,926	6,225	855 *	2,466	9,546	15,380	10
Gas and electric installations	1,178	-	-	-	1,178	1,052	-	17	1,069	109	10
Factory tools	3,805	38	-	-	3,843	1,854	-	474	2,328	1,514	5
Vehicles	1,368	121	(480)	360	1,369	972	(272)	193	893	476	4
Furniture and fixtures	4,246	73	-	-	4,319	2,442	-	593	3,035	1,284	5
Office and other equipments	7,950	705	-		8,655	7,104	-	274	7,378	1,277	5
	147,238	**2,010**	**(480)**	**360** **89,978 ***	**239,106**	**29,900**	**(272)** **(13,264) ***	**7,885**	**24,249**	**214,856**	
Leased											
Plant and machinery	831	-	-	-	831	663	-	83	746	85	10
Vehicles	11,467	788	(474)	(360)	11,421	4,673	(205)	2,129	6,598	4,823	4
Office and other equipments	2,706	-	-	-	2,706	2,592	-	29	2,620	86	5
	15,004	**788**	**(474)**	**(360)**	**14,958**	**7,928**	**(205)**	**2,241**	**9,964**	**4,994**	
	162,242	**2,798**	**(954)**	**-** **89,978 ***	**254,064**	**37,828**	**(477)** **(13,264) ***	**10,126**	**34,213**	**219,850**	

The previous revaluations were carried out on March 31, 1995 and June 30, 2004 which resulted in a surplus of Rs 42.642 million and surplus of Rs 73.464 respectively. Furhter, during the year ended June 30, 2008 certain properties (leasehold land, building on leasehold land and Plant & Machinery) were revalued on June 17, 2008. The revaluation was incorporated in books on June 30, 2008, 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.

Last year, the revaluation of leasehold land and building resluted in a surplus of Rs 104.097 million whereas an impairment loss of Rs 0.855 million was witnessed on plant and machinery.
Had the revaluation not incorporated, the book value of the revalued assets based on the cost / previous valuation would have been as follows:

Asset category	Cost/Revaluation	Accumulated Depreciation	Written down
Lease hold Land	82,125	6,441	75,684
Building on lease hold land	22,713	7,678	15,035
Plant and machinery	24,926	8,691	16,235

5.2 Details of disposal of fixed assets

Particulars	Cost	Accumulated Depreciation	Book Value	Disposal Proceeds	Gain on disposal	Mode of disposal	Particulars of buyers
	Rupees in thousand						
2,009	-	-	-	-	-		
2008 - Restated	954	477	478	602	124	Bidding	Sayed Faisl
	954	**477**	**478**	**602**	**124**		

5.3 **Details of fixed assets held for sale:**

Description	Cost				Accumulated Depreciation				Written Down	
	As at July 01, 2008	Addition / Transfer	Disposal/ Transfer	As at June 30, 2009	As at July 01, 2008	Adjustments /Transfers /Disposals	For the Year	As at June 30, 2009	value as at June 30, 2009	Useful Life Years
	(Amount in thousand)									
Held for Disposal										
Freehold 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	10
Factory tools	1,857	-	-	1,857	1,103	-	-	1,103	754	20
Furniture and fixtures	231	-	-	231	185	-	-	185	46	20
Laboratory Equipments	185	-	-	185	79	-	-	79	106	10
Vehicles	3			3	3			3	-	0
Office and other equipment	1,130	-	-	1,130	943	-	-	943	187	20
	43,183	-	-	**43,183**	**20,610**	-	-	**20,610**	**22,573**	
Capital Work in Progress										
Plant and machinery	1,297	-		1,297	-		-	-	1,297	
Jun-09	**44,480**	-	-	**44,480**	**20,610**	-	-	**20,610**	**23,870**	
Jun-08	**44,480**	-	-	**44,480**	**20,610**	-	-	**20,610**	**23,870**	

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

	Note	2009	Restated 2008
		(Amount in thousand)	
Cost of sales		8,632	8,102
Administrative and selling expenses		2,159	2,024
		10,791	10,126

5.5 Cost of fully depreciated assets

Gas and electric installation	1,006	1,006
Factory tools	1,442	1,441
Vehicles	2,151	3,369
Furniture and fixtures	1,300	1,373
Office and other equipments	9,408	9,345
	15,307	16,534

5.6 As described in note 2 to the financial statements the management has closed operations of two subsidiary companies and, therefore, have decided to dispose of fixed assets of such companies. The written down value of fixed assets of Rs 23.870 million (2008: Rs.23.870 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 . According to management, 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.

	Note	2009	Restated 2008
		(Rupees in thousand)	

6. STORES, SPARES AND LOOSE TOOLS

Stores		182	182
Loose tools		2,214	2,214
		2,396	**2,396**

7. STOCK-IN-TRADE

Raw material and components in hand		54,386	58,199
Provision for obsolete stocks		(12,450)	(11,261)
		41,936	46,938
Work-in-process		7,463	5,724
Finished goods		14,689	18,736
		64,088	**71,398**

8. TRADE DEBTS

Unsecured

- Considered good		30,902	56,261
- Considered doubtful		2,073	232
- Considered bad		232	6,331
		33,207	62,824
Provision for doubtful debts		(2,073)	(232)
Trade debts considered bad written off		(232)	(6,331)
		30,902	**56,261**

9. SHORT TERM INVESTMENTS

Represent investments in Soneri Saving Certificates with 10% per annum rate of return. The maturity date is February 27, 2010. However, these certificates can be en-cashed before maturity date and as per agreement the company has with the company has with the Soneri Bank, the company will en-cash certificates on June 30, 2009.

10. LOANS AND ADVANCES

Advances - Unsecured

Considered good			
To suppliers		5,681	6,791
To employees		125	525
To executives		120	49
Against purchase of land		3,045	3,045
Advance against capital expenditures		-	1,391
Income tax		3,682	3,296
Others		1,810	3,049
		14,463	**18,146**
Considered Bad			
To suppliers		1,469	1,605
Bad advances written off		(1,469)	(1,605)
		-	-
Sales tax refundable		**17,920**	**20,460**
		32,383	**38,606**

	Note	2009	Restated 2008
		(Rupees in thousand)	

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2009	2008
Deposits			
Security deposits		85	85
Margin against bank guarantee		8,219	8,757
Deposit with court		723	623
Lease deposits		1,500	660
Tender deposits		4,121	8,219
		14,648	18,344
Prepayments			
Prepaid insurance		354	317
Other receivables			
Receivables from ex-management against sale of fixed assets	11.1	785	618
Others		12	314
		797	932
		15,799	**19,593**

11.1 The amount under "Receivables 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. should refund the amounts. Accordingly , these items have been shown as "Receivable from Ex-Management".

12. CASH AND BANK BALANCES

	2009	2008
Cash in hand	4	205
Cash at Banks		
In current accounts	3,889	10,659
In Saving accounts	217	3,531
	4,106	14,190
	4,110	**14,395**

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

		2009	2008
4,638,268	Ordinary shares of Rs. 10 each fully paid in cash.	46,383	46,383
93,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	930	930
718,704	Ordinary shares of Rs. 10 each issued as fully paid bonus shares.	7,187	7,187
5,449,972		**54,500**	**54,500**

14. REVENUE RESERVES

	2009	2008
General reserve	23,073	23,073
Unappropriated profit/(loss)	(137,276)	(121,373)
	(114,203)	**(98,300)**

15. MINORITY INTEREST

	2009	2008
Share in issued, subscribed and paid up capital	9,490	9,490
Shares of accumulated (loss) / profit		
- brought forward	(20,544)	(20,515)
- Adjustment	-	-
- for the year	(33)	(29)
	(20,577)	(20,544)
	(11,087)	(11,054)
Minority share in excess of their share in capital transferred to profit and loss account of the group	11,087	11,054
	-	-

		Note	2009	Restated 2008
			(Rupees in thousand)	
16	**SURPLUS ON REVALUATION OF FIXED ASSETS**			
	Opening balance		132,964	103,962
	Effect of prior years' error relating to deferred taxation		-	(36,387)
	Restated opening balance		132,964	67,575
	Addition as a result of fresh revaluation at the year end	5.1	-	104,097
	Transferred to accumulated loss in respect of incremental depreciation on revalued assets for the year		(1,931)	(3,498)
	Deferred tax expense / (income) related to incremental depreciation and addition during the year		676	(35,210)
			131,709	**132,964**
17	**LONG TERM BORROWINGS**			
	Relating to subsidiary Company			
	Local currency-general term finance	17.1	-	**62,515**
	From Non Banking Financial Institution			
	Leasing company	17.2	**6,740**	**7,824**
	Loans from others-unsecured			
	Loan from others	17.3	10,700	9,000
	Frozen mark-up on loan from other		-	6,700
			10,700	**15,700**
	Loan-1			
	Principal	17.4	3,408	3,408
	Accumulated mark-up there on		3,782	3,782
			7,190	**7,190**
	Loan-2			
	Principal	17.5	17,330	13,630
	Accumulated mark-up there on		763	6,260
			18,093	**19,890**
	Loan-3			
	Principal	17.6	24,900	24,900
	Accumulated mark-up there on		7,894	9,413
			32,794	**34,313**
			75,517	**147,432**
	Less current and overdue portion			
	Loans from others-unsecured	20	(9,198)	(8,206)
	Local currency-general term finance	21	-	(62,515)
			(9,198)	(70,721)
			66,319	**76,711**

17.1 This includes loan of two subsidiary companies as mentioned in note 17.1.1 and 17.1.2

17.1.1 This includes a loan of Rs. 36.755 million as at June 30, 2002 of Johnson & Phillips Industries (Private) 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. This 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.

17.1.2 This includes 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 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.

17.2 Represents amount payable to Capital Assets Leasing Corporation in respect of Morabaha facility including old overdue leased liabilities and other miscellaneous payables which was clubbed in lieu of an agreement between the parties. The aggregate amount will be repaid in 24 equal quarterly installments commencing from July 01, 2010 and no mark-up will be charged.

17.3 Represents unsecured loan taken by the company at a interest rate of 12% per annum which was repayable in instalments 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, has been extended up to July, 2008.

17.4 Represents an unsecured loan from an individual. During the year an agreement was signed to reschedule the loan. According to the agreement dated June 30, 2008 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2008) will be repaid in Twenty Four equal quarterly instalments commencing from July 01, 2009. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal.

17.5 Represents an unsecured loan from an individual. During the year an agreement was signed to reschedule the loan. According to the agreement dated June 30, 2009 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2009) will be repaid in Twenty Four equal quarterly instalments commencing from July 01, 2009. The mark-up will be charged at the rate of 12% per annum on the outstanding balance of principal.

17.6 Represents an un-secured loan from a private company. Last the year an agreement was signed to reschedule the loan. According to the agreement dated June 30, 2008 the parties have agreed that the aggregate amount of loan (Principal and mark-up accumulated thereon up to June 30, 2008) will be repaid in Twenty Four equal quarterly installments commencing from July 01, 2009. The mark-up will be charged at the rate of 19% per annum on the outstanding balance of principal.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company has entered into lease agreements with Capital Assets Leasing Cooperation Limited to acquire vehicles and minimum lease payments have been discounted by using finance rate of 15% to 20% (2008: 15% to 20%) per annum.

The amount of future payments for the lease and the period in which these payments will become due are:

	2009		Restated 2008	
	(Rupees in thousand)		(Rupees in thousand)	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees	Rupees	Rupees	Rupees
Within one year	696	623	2,307	2,094
After one year but not more than five years	1,768	1,758	2,575	2,488
Total minimum lease payments	2,464	2,381	4,882	4,582
Less: Amounts representing finance charges	(83)	-	(300)	-
Present value of minimum lease payments	2,381	2,381	4,582	4,582
Less: Current portion	(623)	(623)	(2,094)	(2,094)
	1,758	**1,758**	**2,488**	**2,488**

The company has an option to purchase the leased assets upon completion of the lease period at a price which is expected to be sufficiently lower than the fair value at the date the option become exercisable. The Company has intention to exercise such option.

	Note	2009	Restated 2008
		(Rupees in thousand)	

19 DEFERRED LIABILITIES

Staff gratuity		5,725	5,587
Deferred taxation		596	596
		6,321	**6,183**

19.1 The amounts recognised in the balance sheet are as follows:

Movement in net liability / (assets) recognised

Opening net liability		7,118	6,838
Charge for the year		745	326
Benefits paid during the year		(1,375)	(46)
Closing net liability		**6,488**	**7,118**

Charge for /(income from) the Defined Benefit Plan

Current service cost		166	316
Interest cost		585	10
Acturial gain or loss		(6)	-
Expense recognised in the financial statements		**745**	**326**

Reconciliation of payable to/(receivable from) Defined Benefit Plan

Present value of Defined Benefit Obligation		5,002	4,871
Unrecognised actuarial gain / (loss)		723	716
		5,725	5,587
Unclaimed gratuity	22	763	1,531
Liability recognised in the accounts		**6,488**	**7,118**

Actuarial assumptions:

- Valuation discount rate		13%	10%
- Salary increase rate		13%	10%

20 CURRENT AND OVERDUE PORTION OF LONG TERM LIABILITIES

Leasing company		-	2,206
Loan-1		1,198	6,000
Borrowing from Others		8,000	-
	17	**9,198**	**8,206**

21 SHORT TERM BORROWINGS

	Note	2009	Restated 2008
		(Rupees in thousand)	
Secured - utilised under mark-up arrangements			
Relating to subsidiary company			
Short term loan	17.1	66,200	62,515
From non banking financial institutions			
Short term loan	21.1	-	-
Temporary overdraft		391	391
		391	391
Loans from others-unsecured			
Relating to subsidiary company	21.2	-	3,685
Relating to holding company			
Loan-4	21.3	500	500
Loan-5	21.4	-	5,315
		500	5,815
		67,091	**72,406**

21.1 This loan was unsecured carrying mark up at the rate ranging from 18% to 24% and was payable on demand.

21.2 Represents loan of a subsidiary company obtained from advisor to the Board of Directors of holding company. The loan is interest free and payable on demand.

21.3 This represents loan obtained from a Private Limited Company. It is interest free and payable on demand.

21.4 This represents invoices discounting facilities obtained from NBP Capital Limited carrying mark up rate ranges from 14% to 15% per annum. (2008: 14% to 15%) per annum.

	Note	2009	Restated 2008
		(Rupees in thousand)	

22 TRADE AND OTHER PAYABLES

	Note	2009	2008
Creditors			
		87,590	**115,913**
Accrued expenses			
Accrued liabilities		**5,601**	**7,791**
Other liabilities			
Advances from customers		**10,934**	**16,002**
Workers' profit participation fund	22.1	6,022	7,449
Payable to ex-employees		697	1,183
Provident fund		5,703	5,774
Un-claimed gratuity	19.1	763	1,531
Withholding tax payable		505	5,100
Sales tax payable		39	39
Due to others		1,351	1,351
Income Tax Deducted at source		4,079	-
Others		2,583	3,098
		21,742	25,525
		125,867	**165,231**

22.1 Workers profit participation fund

	2009	2008
Balance at start	7,449	6,581
Provision made during the year	(1,660)	407
Interest credited at prescribed rate	233	461
	6,022	**7,449**

The Company retains the allocation to this Fund for its business operations till the amounts are paid to the Fund together with interest at prescribed rate under the Companies Profit (Workers' Participation) Act (XII of 1968).

23 MARK UP ACCRUED

Mark-up on unsecured loan

	Note	2009	2008
Opening balance		543	129
Accrued during the year		7,393	7,267
		7,936	7,396
Paid / writing back during the year	**23.1**	(7,527)	(6,853)
Closing balance		**409**	**543**

23.1 These have been rescheduled during the year as disclosed in note 17 to these financial statements.

	Note	2009	Restated 2008
		(Rupees in thousand)	

24 CONTINGENCIES

a) Gurantees

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

Gurantees against performance bond		4,192	8,081

b) Sales tax refundable

Certain sales tax refunds claims are pending for setllement before the sales tax department. The aggregate amount involved is Rs. 14.501 million. (2008: Rs.14.501 million), realization of which is dependent upon proper verfication of the claims to the satisfaction of the sales tax authorities.

c) Labour

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. (2008: 0.987 million).

d) Professional fees 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.(2008: Rs. 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 (2008: Rs.18.998 million) claimed by M/s Atta Cables (Pvt) Limited. The Company does not acknowledge the excess amount of claim.

f) Tax assessments of subsidiary companies

The income tax assessments 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 1996-97 to 1998-99 amounts to Rs.0.122 million which the 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 (2008: 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 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 (2008: 4.451 million).

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 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 (2008: Rs. 0.053 million).

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

Other

Pursuant to a recovery suit filed by the National Bank of Pakistan against Johnson and Phillips Transformers (Pvt.) Limited & Johnson & Phillips (Pakistan) Limited, the Banking Court No. III, Lahore passed a compromise decree for recovery of Rs 27,345,000 from Johnson and Phillips Transformers (Pvt.) Limited by way of six half yearly installments to be paid in three (03) years and in case of its failure, from Johnson and Phillips (Pakistan) Limited (the guarantor). The execution proceedings in this case are now pending before the Banking Court No. III.

In the case mentioned above, an order was passed on 21-07-2004 by the Banking Court No. III, Lahore for the sale of mortgaged property for the payment of decreed amount to the National Bank. The National Bank however, got the proceedings stayed from the High Court. The next date in this case will be fixed by the Court.

In the case mentioned above National Bank filed an application in the Lahore High Court, Lahore for the transfer of execution proceedings from Banking Court to Lahore High Court, which was dismissed.

	Note	2009	Restated 2008
25 SALES AND SERVICES (NET)		**(Rupees in thousand)**	
Sales		136,415	251,801
Commission and discount on sales		(2,674)	(1,957)
		133,741	**249,844**

26 COST OF SALES AND SERVICES

	Note	2009	Restated 2008
		(Rupees in thousand)	
Raw materials and components consumed			
Opening stock		46,393	47,350
Purchases and sub contract cost		90,987	169,930
		137,380	217,280
Closing stock		(42,580)	(46,393)
		94,800	170,887
Salaries, wages and other benefits	26.1	14,523	20,535
Rent, rates and taxes		-	90
Insurance		196	700
Fuel and power		2,274	3,333
Repair and maintenance		448	1,082
Inspection and testing		237	1,698
Printing and stationery		112	73
Travelling and conveyance		491	806
Consultancy		98	250
Depreciation	5	8,632	8,102
Impairment loss - Plant & Machinery		-	855
Provision for Obsolete/ Slow moving Stocks		1,189	1,548
Written off advances against capital expentidure		1,343	-
Other manufacturing expenses		1,848	1,185
		31,391	**40,257**
		126,191	**211,144**
Work in process			
Opening stock		5,724	3,488
Closing stock		(7,463)	(5,724)
		(1,739)	(2,236)
Cost of goods manufactured		**124,452**	**208,908**
Finished goods			
Opening stock		17,837	2,700
Closing stock		(13,790)	(17,837)
		4,047	(15,137)
		128,499	**193,771**

26.1 Salaries and other benefits include Rs. 0.694 million net (2008: Rs.0.727 million) in respect of staff retirement benefits.

	Note	2009	Restated 2008
		(Rupees in thousand)	

27 ADMINISTRATIVE AND SELLING EXPENSES

	Note	2009	2008
Salaries, wages and benefits	27.1	4,350	5,228
Travelling and conveyance		1,367	1,687
Legal and professional charges		1,014	1,260
Rent rates and taxes		1,311	1,272
Repair and maintenance		974	831
Printing and stationery		195	376
Postage, telegram, telephone and telex		886	975
Light and power		505	438
Entertainment		496	581
Donation	27.3	5	15
Subscriptions and periodicals		487	560
Advertisement		31	83
Auditors' remuneration	27.2	455	380
Annual General Meeting		15	9
Insurance		735	244
Provision / write-off for doubtful advances		1,484	1,620
Provision / write-off for doubtful debts		215	812
Depreciation	5.4	2,159	2,024
Provision for doubtful deposits and prepayments		2,132	-
Written off advances against capital expentidure		68	-
Written off other advances		854	-
Others		939	1,228
		20,677	**19,623**

27.1 Salaries and other benefits include Rs. 0.036 million (2008: Rs. 0.137 million) in respect of staff retirement benefits.

27.2 Auditors' remuneration

	2009	2008
Annual audit fee	295	220
Review of half yearly financial statements	60	60
Review of consolidated financial statements	60	60
Certification and others	15	15
Out of pocket expenses	25	25
	455	**380**

27.3 None of the donations were given to an organisation in which any director or his spouse had an interest.

28 SELLING AND DISTRIBUTION EXPENSES

	Note	2009	2008
Salaries, wages and benefits	28.1	1,706	1,397
Late delivery charges and penalties		1,392	2,843
Advertising and sales promotion		216	495
Travelling and conveyance		218	502
Subscriptions and periodicals		187	450
Repair and maintenance		67	130
Insurance		36	43
Entertainment		320	34
Printing and stationery		25	284
Others		255	737
		4,422	**6,915**

28.1 Salaries and other benefits include Rs.0.015million net (2008: Rs.0.046 million) in respect of staff retirement benefits.

		Note	2009	Restated 2008
			(Rupees in thousand)	
29	**OTHER INCOME**			
	Gain on disposal of fixed assets		-	124
	Liabilities no more payable written back		11,051	4,906
	Mark-up on saving accounts		144	900
	Others		1,048	(702)
			12,243	**5,228**
30	**FINANCIAL CHARGES**			
	Mark-up on unsecured short term loans		7,314	7,963
	Mark-up on invoices / bill discounting		812	552
	Mark-up on finance lease		219	461
	Bank charges & commission		966	83
	Interest on workers' profit participation fund		233	461
			9,544	**9,520**
31	**OTHER CHARGES**			
	Workers Profit Participation fund		**-**	**407**
32	**TAXATION**			
	Current year	32.1	-	**(1,273)**
	Deferred tax	33.2 & 39	**(676)**	**35,210**
			(676)	**33,937**

32.1 Relationship between tax expense and accounting profit

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.

32.2 In view of net deductible temporary differences amounting to Rs. 98.347 million and expected future turnover, it is probable that the company will not have sufficient taxable income in near future and hence will not be able to utilize the deductible temporary differences. Therefore, as a matter of prudence, the company has not recognised net deferred tax asset in these accounts. The net deductible temporary differences include available tax losses of Rs. 224.760 million (expiry 2010), unabsorped depreciation of Rs. 12.635 million, and deductible temporary differences of Rs. 39.193 million.

		2009	Restated 2008
33	**EARNING PER SHARE**		
	Net (loss) / profit for the year	(17,834)	58,773
	Weighted average number of ordinary shares	5,450	5,450
	Earning per share - Restated	**(3.27)**	**10.78**
34	**CASH AND CASH EQUIVALENTS**		
	Cash & bank	4,110	14,395
	Temporary overdraft	(391)	(391)
		3,719	**14,004**

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Maturities of financial assets and liabilities

As at June 30, 2009

	Effective mark-up rate	Markup bearing maturity: Upto one year	Over one year upto five years	Over five years	Sub-total	Non-mark-up bearing maturity: Upto one year	Over one year upto five years	Over five years	Sub-total	Total
	%	Rupees in thousand								
Financial assets										
Deposits	-	-	-	-	-	15,799	1,213	-	17,012	17,012
Trade debts	-	-	-	-	-	56,261	-	-	56,261	56,261
Investments	10%	-	-	-	-	-	-	-	-	-
Loan and advances	-	-	-	-	-	32,383	-	-	32,383	32,383
Cash and bank balances	3.75%	217	-	-	217	3,893	-	-	3,893	4,110
		217	**-**	**-**	**217**	**108,336**	**1,213**	**-**	**109,549**	**109,766**
Financial liabilities										
Long term finances	12% to 19%	9,198	36,440	-	45,638	-	29,879	-	29,879	75,517
Liabilities against assets subject to finance lease	15% to 17%	623	1,758	-	2,381	-	-	-	-	2,381
Short term borrowings	12% to 15%	-	-	-	-	66,591	-	-	66,591	66,591
Unclaimed dividend		-	-	-	-	4,268	-	-	4,268	4,268
Accrued mark up		409	-	-	409	-	-	-	-	409
Trade and other payables	12% to 13%	6,022	-	-	6,022	119,845	-	-	119,845	125,867
		16,252	**38,198**	**-**	**54,450**	**190,704**	**29,879**	**-**	**220,583**	**275,033**

Maturities of financial assets and liabilities

As at June 30, 2008 - Restated

	Effective mark-up rate	Markup bearing maturity: Upto one year	Over one year upto five years	Over five years	Sub-total	Non-mark-up bearing maturity: Upto one year	Over one year upto five years	Over five years	Sub-total	Total
	%	Rupees in thousand								
Financial assets										
Deposits	-	-	-	-	-	17,684	1,266	-	18,950	18,950
Trade debts	-	-	-	-	-	56,261	-	-	56,261	56,261
Investments	10%	9,000			9,000	-	-	-	-	9,000
Loan and advances	-	-	-	-	-	23,509	-	-	23,509	23,509
Cash and bank balances	3.75%	3,531	-	-	3,531	10,864	-	-	10,864	14,395
		12,531	**-**	**-**	**12,531**	**108,318**	**1,266**	**-**	**109,584**	**122,115**
Financial liabilities										
Long term finances	9% to 19%	8,206	53,187	-	61,393	-	23,524	-	23,524	84,917
Liabilities against assets subject to finance lease	15% to 20%	2,094	2,488	-	4,582	-	-	-	-	4,582
Short term borrowings	12% to 19%	5,815	-	-	5,815	66,591	-	-	66,591	72,406
Unclaimed dividend		-	-	-	-	4,268	-	-	4,268	4,268
Accrued mark up	9% to 19%	543	-	-	543	-	-	-	-	543
Trade and other payables	15%	7,449	-	-	7,449	141,780	-	-	141,780	149,229
		24,107	**55,675**	**-**	**79,782**	**212,639**	**23,524**	**-**	**236,163**	**315,945**

35.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. As indicated in note 35.1, the company is not materially exposed to interest rate risk.

35.3 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. To guard against this risk the company has negotiated with its banks and other lenders to maintain healthy balance of cash and cash equivalents. The liquidity profile of the company is disclosed in note 35.1.

35.4 Credit risk

Credit risk is the risk that one party to a financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The company is not materially exposed to credit risk.

35.5 Fair values 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 estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

35.6 Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. The company is not materially exposed to foreign exchange risk.

35.7 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other shareholders 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 or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. The capital is calculated as equity as shown in the balance sheet plus net debt.

	2009	Restated 2008
	(Rupees in thousand)	
Total borrowing	142,608	157,323
Less: Cash & bank balance	4,110	14,004
Net debt	138,498	143,319
Equity	(29,976)	(102,920)
Total Capital	108,522	40,399
Gearing ratio	127.62%	354.76%

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

a) The aggregate amount charged in the financial statements for the year for remuneration, including all benefit, to the chief executive, directors and executives of the company are as follows:

	Chief Executive		Directors		Executives		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	(Rs.'000')							
Managerial remuneration	264	264	511	427	600	600	1,375	1,291
Retirement benefits and	-	-	-	-	-	-	-	-
Provident fund contributions	22	22	43	25	50	50	115	97
Housing	180	180	226	180	270	270	676	630
Utilities	26	26	38	43	60	60	124	129
Leave passages	44	24	-	-	-	-	44	24
Domestic servants	222	222		-	-	-	222	222
Medical expenses	-	-	23	18	-	-	23	18
Club subscription	105	41	-	-	-	-	105	41
Lease rentals	-	101	-	-	-	-	-	101
Others	-	343	131	109	-	-	131	452
	863	**1,223**	**972**	**802**	**980**	**980**	**2,815**	**3,005**
No. of persons	1	1	5	4	1	1	7	6

b) The chief executive, directors and some executives are also provided with free use of company maintained cars.

37 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of employment disclosed elsewhere in these accounts are as follows:

	2009	Restated 2008
	(Rupees in thousand)	
Payments made on behalf of subsidiaries companies	97	94
Adjustment of loan to subsidiary company	223	61
Repayment of loan to Provident Fund Trust	-	-
Contribution paid to Provident Fund Trust	724	729

38 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.

39 PRIOR YEARS' ERROR

Deferred taxation of holding company during the prior years was inadvertently not recognized. Further, certain items of inventory amounting to Rs.17.250 million, that had been purchased in June 2008 by the holding company were inadvertently not included in the ending inventory as at June 30, 2008. The prior periods' errors have now been corrcted by restating the prior years' balances in accordance with International Accounting Standard 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". The amount of correction for each period is presented as under:

	For the year ended June 30, 2008	For the year ended June 30, 2007
	(Rupees in thousand)	
Deferred tax (income) /expense chargeable to Surplus on Revaluation of Fixed Assets	**35,210**	**36,387**
Deferred tax (income)/expense chargeable to Profit and Loss Account	(35,210)	(36,387)
Effect on Profit and Loss Account of correction in closing inventory	(17,250)	-
Net increase in Profit and Loss Account due to correction of prior periods' error	**(52,460)**	**(36,387)**
Earning per share - as previously reported	1.16	
Restated earning per share	10.78	
Correction in earning per share	**9.62**	
Purchases inadvertenly not included in closing inventory	17,250	-
Stock-in-trade before correction of the error	1,486	3,599
Closing stock - restated	**18,736**	**3,599**
Deferred tax (asset) / liability at beginning of the year	-	-
Deferred tax (asset) / liability at year end	-	-

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements has been authorised for issue on 29th September 2009 by the Board of Directors of the company.

41 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Shehryar A. Saeed
Chief Executive

Ms. Mariam Shafi
Director

PATTERN OF SHARE HOLDING
AS AT JUNE 30, 2009

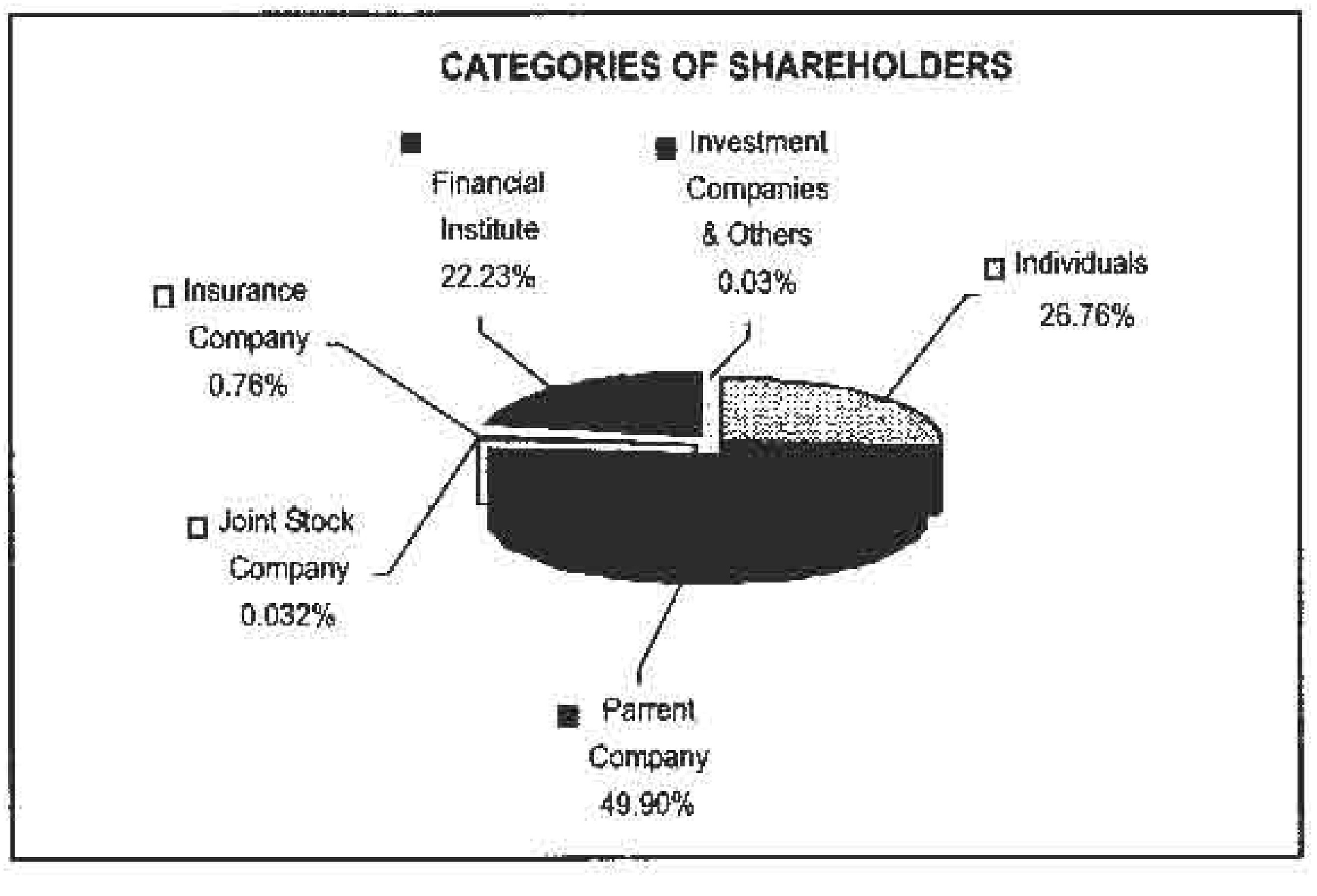
SHAREHOLDERS	SHARES HELD	%
Associated Companies, undertaking and related parties		
Etheridge Company Limited	2,719,536	49.90%
Directors,CEO and their Spouse & Minor Children		
Mrs. Mariam Shafi	110,773	2.03%
Ms. Zainab Qureshi	198,468	3.64%
Executives		
Mr. Bilal Ahmed Qureshi	37,048	0.68%
Financial institutions		
National Bank of Pakistan	42,500	0.78%
National Investment Trust (NIT)	1,165,927	21.39%
Investment Corporation of Pakistan	3,016	0.06%
Habib Bank Limited	245	0.004%
Insurance Companies		
EFU General Insurance	76	0.001%
State Life Insurance Corporation	41,460	0.76%
Joint Stock Companies (Local)		
Sarfraz Mehmood (Pvt) Ltd	28	0.001%
KAI Securities (Pvt) Limited	2,500	0.046%
Amer Securities (Pvt) Limited	2,000	0.037%
NH Securities (Pvt) Ltd	376	0.007%
M/S. Fikree Development Corporation Limited	4,158	0.076%
Time Securities (Pvt Ltd	1,000	0.018%
Adeel & Nadeem Securities (Pvt) Ltd	500	0.009%
Cliktrade Ltd	500	0.009%
Hum Securities Ltd	6,000	0.110%
Durvesh Securities (Pvt) Ltd	53	0.001%
Investment Companies		
HMV Investment Limited	168	0.003%
Pyramid Investment (Private) Limited	1,380	0.025%
Individual	**1,110,557**	20.38%
Others		
Corporate Law Authority of Pakistan	1	0.00%
Pakistan Share Holder Association	1	0.00%
Administrator Abandoned Property	701	0.01%
Trustee Treet Corporation Limited-Emp Provident Fund	1,000	0.02%
Total	**5,449,972**	**100%**

PATTERN OF SHARE HOLDING
AS AT JUNE 30, 2009

No of Share Holders	Shareholding From	Shareholding To	Total Shares Held
515	1	100	18,652
311	101	500	87,479
117	501	1,000	93,841
122	1,001	5,000	299,095
15	5,001	10,000	94,492
3	10,001	15,000	40,500
8	15,001	20,000	155,714
4	20,001	35,000	104,166
2	35,001	40,000	73,086
2	40,001	45,000	83,960
4	45,001	120,000	315,056
-	120,001	125,000	-
1	125,001	220,000	198,468
-	220,001	225,000	-
2	225,001	1,975,000	1,165,927
-	1,975,001	1,980,000	-
-	1,980,001	2,715,000	-
1	2,715,001	2,720,000	2,719,536
1107			**5,449,972**

CATEGORY OF SHAREHOLDERS

Categories of Share Holders	Numbers	Share Held	Percentage %
Individuals	1,086	1,458,549	26.76%
Parent Company	1	2,719,536	49.90%
Insurance Company	2	41,536	0.76%
Joint Stock Company	12	17,115	0.32%
Financial Institutions	3	1,211,688	22.23%
Investment Companies & Others	3	1,548	0.03%
	1,107	**5,449,972**	**100%**



JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips Industries (Pakistan) Limited as at June 30, 2009 and the related profit and loss account, 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 para (a) to (f).

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. 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 to disclaim our opinion and after due verification, we report that;

(a) the company has not maintained certain customary accounting records and supporting documents relating to transactions with its customers and suppliers, particularly with respect to receivables, payables, cash and bank balances and fixed assets and inventories. Further, in the absence of information regarding realisable value of several balances under deposits, other receivables and bank balances aggregating to Rs.8.958 million (2008: Rs: 8.958 million) we were not able to verify whether the amount would be realised at carrying values. Moreover, due to lack of customary accounting records and supporting documents we were unable to verify company's liability aggregating to Rs.5.834 million (2008: Rs: 5.834 million). Accordingly, it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been effected by these conditions.

(b) as discussed in Note 1.3 to the financial statements, the accumulated losses of the company as at June 30, 2009 stand at Rs. 67.976 million (2008: Rs. 67.910 million) resulting in a negative equity of Rs 37.976 (2008: Rs. 37.910 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 18.437 million (2008: Rs: 18.371 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. 36.621 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.

(c) as discussed in Note 3.1 to the financial statements, the fixed assets of 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 Sale and Discontinued Operations" and are measured at the lower of carrying amount and fair value less costs to sell. Since we have not been provided with sufficient information in this regard, we could not satisfy ourselves about the fulfilment of measurement, presentation and disclosure requirement of the above IFRS.

(d) in the absence of information regarding the latest positions of income tax assessments 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 have arisen

(e) In the absence 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, 2009 from National Bank of Pakistan, Main Branch, Shahrae Quaid-e-Azam, Lahore and to date satisfactory responses were not received. In the absence of satisfactory responses it cannot be assessed with any degree of accuracy that the balances 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.

Comparative figures in the financial statements of current year were audited by us and we disclaimed our opinion on those accounts.

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants
Engagement Partner: Gohar Manzoor

Karachi
29th September 2009

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
BALANCE SHEET
AS ON JUNE 30, 2009

	Note	2009	2008
		(Rs. '000s)	
ASSETS			
NON-CURRENT ASSETS			
Security Deposits	4	461	461
Assets held for sale	3	8,743	8,743
Consumable stores		182	182
Tools and dies		2,214	2,214
Stock -in-trade	5	5,795	5,795
Trade debts	6	1,336	1,557
Advances and other receivables	7	8,170	8,170
Prepaid insurance		26	29
Cash and bank balances	8	102	102
		26,568	26,792
TOTAL ASSETS		27,029	27,253
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised capital			
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		(67,976)	(67,910)
		(37,976)	(37,910)
ADVANCE AGAINST SHARE CAPITAL		20,000	20,000
NON-CURRENT LIABILITIES			
Long term loan	10	-	-
CURRENT LIABILITIES			
Short term loan	10	36,621	36,621
Creditors, accrued and other liabilities	11	8,265	8,423
Provision for taxation		119	119
		45,005	45,163
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		27,029	27,253

The annexed notes 1 to 21 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Naushad Ali Qassim Ali
Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rs. '000s)	
Administrative and selling expenses	13	66	55
Loss due to ceased operation		(66)	(55)
Net loss before tax		(66)	(55)
Provision for taxation		-	-
Net loss after tax		(66)	(55)
Earnings per share - basic and diluted	14	(0.022)	(0.018)

The annexed notes 1 to 21 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Naushad Ali Qassim Ali
Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30,2009

	Note	JUNE 2009	JUNE 2008
		----------(Rs. '000s)---------	
CASH FLOWS FROM CEASED OPERATIONS			
Net profit / (loss) for the year		(66)	(55)
(Increase) / decrease in current assets			
Trade debts		221	60
Advances & prepayments		3	(5)
		224	**55**
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities		(158)	-
		66	55
Net cash from ceased operations		-	-
Net (decrease) / increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		**102**	**102**
Cash and cash equivalents at the end of the year		**102**	**102**

The annexed notes 1 to 21 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Naushad Ali Qassim Ali
Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Issued, subscribed and paid-up capital	Revenue reserve Unappropriated profit/(Accumulated loss)	Total
	------------------------------- Rs 000s	-------------------------------	
Balance as July 01, 2007	30,000	(67,855)	(37,855)
Loss for the year	-	(55)	(55)
Balance as at June 30 , 2008	30,000	(67,910)	(37,910)
Loss for the period	-	(66)	(66)
Balance as at June 30 , 2009	**30,000**	**(67,976)**	**(37,976)**

The annexed notes 1 to 21 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Naushad Ali Qassim Ali
Director

JOHNSON & PHILLIPS INDUSTRIES (PAKISTAN) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

1. NATURE AND STATUS OF BUSINESS

1.1 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 instalments. 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, 2009 stand at Rs. 67.976 million (2008: Rs. 67.910 million) resulting in a negative equity of Rs 37.976 (2008: Rs. 37.910 million) and, as at that date, its current liabilities exceeds its current assets by Rs. 18.437 million (2008: Rs: 18.371 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 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

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 requiremets 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 convention

These accounts have been prepared under the historical cost convention except for land which is stated at revalued amount.

2.3 Amendments to published accounting standards that are effective in the current period

Amendments to IAS 1 - "Presentation of Financial Statements - Capital Disclosures", introduces certain new disclosures about the level of and the management of the Company's capital. Adoption of this amendment has only resulted in additional disclosure which have been set out in note 36.7 of these financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 which are not considered relevant nor have any significant effect on the company's operation's are not detailed in these financial statements.

2.4 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretation of approved accounting standards 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 increase in disclosures in certain cases.

(i)	IAS 1 - Presentation of Financial Statements (Revised September 2007)	effective for annual periods beginning on or after January 01, 2009
(ii)	IAS 23 - Borrowing Costs (Revised March 2007)	effective from January 01, 2009
(iii)	Amendments to IAS 27 (Revised) - Consolidated and Separate Financial Statements	effective from July 01, 2009
(iv)	IAS 32 (amendment) - Financial instruments: Presentation and consequential amendment to IAS 1 - Presentation of Financial Statements	effective for annual period beginning on or after 1 January 2009.
(v)	IFRS 1 (revised), 'First -time adoption'	effective from July 01, 2009
(vi)	IFRS 2 Share based payments (amended)	effective from January 01, 2009
(vii)	IFRS 3 - Business Combinations (Revised)	effective from July 01, 2009
(viii)	Amendment to IFRS 7 - Financial Instruments: Disclosure	effective from January 01, 2009
(ix)	IFRS 8 - Operating Segments	effective from January 01, 2009
(x)	IFRIC 15 - Agreements for The Construction of Real Estate	effective from January 01, 2009
(xi)	IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	effective from October 01, 2008
(xii)	IFRIC 17 - Distribution of Non-Cash Assets to Owners	effective from July 01, 2009
(xiii)	IFRIC 18 - Transfer of Assets from Customers	effective from July 01, 2009

2.5 Critical Accounting estimates and judgements

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 judgement in the process of applying the company's accounting policies. Estimates and judgements 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 3.7 to these financial statements.

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 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 gratuity scheme.

2.8 Compensated absences

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

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 recognised only if there is reasonable certainty for realisation.

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 the future for the goods and services received, whether billed or not to the Company.

2.11 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.

2.12 Tangible fixed assets

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

Depreciation on all other 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 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.

As fully explained in notes 1 and 3.1 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 of the company have been classified as "Assets held for sale" .Hence no depreciation is provided in these accounts.

2.13 Consumable stores

These are valued at average cost.

2.14 Tools and dyes

These are valued at cost less amortization for wear and tear.

2.15 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 make the sale.

2.16 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.

2.17 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.

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 substaintial periods of time to get ready for their intended use, are added to the cost of those assets, untill 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 derecognizing 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.

3 ASSETS HELD FOR SALE

Description	COST / REVALUATION As at July 1, 2008	Addition (disposals)	As at June 30, 2009	ACCUMULATED DEPRECIATION As at July 1, 2008	For the year	As at June 30, 2009	Written down Values as at June 30, 2009	Rate
	---Rs. In thousand---			---Rs. In thousand---			(Rs.'000s)	(%)
Plant and machinery	13,326	-	13,326	5,906	-	5,906	7,420	10
Factory tools	292	-	292	283	-	283	9	20
Office and other equipments	489	-	489	472	-	472	17	20
Capital work in progress								
Plant and machinery	1,297	-	1,297	-	-	-	1,297	0
2009	**15,404**	-	**15,404**	**6,661**	-	**6,661**	**8,743**	
2008	**15,404**	-	**15,404**	**6,661**	-	**6,661**	**8,743**	

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 8.743 million (2008: 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 . According to management, 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.

		Note	2009	2008
			(Rs. '000s)	
4	**LONG-TERM DEPOSITS**			
	Represent payments made to Court in respect of security deposits.		461	461
5	**STOCK -IN-TRADE-held for disposal**			
	Raw material		4,896	4,896
	Finished goods		899	899
			5,795	5,795
6	**TRADE DEBTS**			
	Un-secured			
	Considered good	6.1	1,336	1,557
	Considered doubtful		1,269	1,269
			2,605	2,826
	Less: Provision for doubtful debts		(1,269)	(1,269)
			1,336	1,557

6.1 Represents balance due from holding company .The maximum amounts outstanding at the end of any month during the year was Rs.1.336 million (2008: Rs. 1.557 million)

		Note	2009	2008
7	**ADVANCES AND OTHER RECEIVABLES**			
	Advances (Unsecured-considered good)			
	To suppliers	7.1	7,505	7,505
	Income tax		615	615
			8,120	8,120
	Receivables from Ex-Management against sale of fixed assets	7.2	50	50
			8,170	8,170

7.1 These include balances due from associated companies amounting to Rs. 7.505 million (2008:Rs. 7.505 million), The maximum amount outstanding at the end of any month during the year was Rs. 7.505 million (2008: 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	2009	2008
8	**CASH AND BANK BALANCES**			
	Cash at bank (in current account)		102	102
9	**ISSUED , SUBSCRIBED AND PAID-UP-CAPITAL**			
	3,000,000 ordinary shares of Rs.10 each fully paid in cash		30,000	30,000

3,000,000 (2008: 3,000,000) ordinary shares of the Company representing 100% (2008:100%) of the issued, subscribed and paid up capital are held by the Holding Company, Johnson and Phillips (Pakistan) Limited.

		Note	2009	2008
10	**LONG TERM LOAN**			
	Un-secured			
	National Bank of Pakistan (formerly National Development Finance Corporation) local currency general term finance	10.1	36,621	36,621
	Less: Transferred to current liabilities		(36,621)	(36,621)
			-	-

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.5.000 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 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 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	2009	2008
			(Rs. '000s)	
11	**CREDITORS, ACCRUED AND OTHER LIABILITIES**			
	Creditors		4,119	4,277
	Accrued expenses		182	182
	Due to others		1,351	1,351
	Sales tax payable		39	39
	Other liabilities			
	Income tax deducted		505	505
	Workers' profit participation fund		2,069	2,069
			2,574	2,574
			8,265	8,423

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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 (2008: Rs.0.350 million).

12.2 The company is contingently liable in respect of professional fee payable to M/s Abraham & company, Chartered Accountants amounting Rs.144,675. (2008:144,675)

12.3 Commitments

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

		Note	2009	2008
13	**ADMINISTRATIVE SELLING EXPENSES**		(Rs. '000s)	
	Audit fee		15	15
	Insurance expenses		51	40
	Software charges		-	-
			66	55
14	**EARNINGS PER SHARE-BASIC AND DILUTED**			
	Net loss for the year		(66)	(55)
	Weighted average number of ordinary shares		3,000,000	3,000,000
	Earnings per share - basic and diluted		(0.022)	(0.018)

15 CAPACITY AND PRODUCTION

15.1 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.

16 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

17 TRANSACTIONS WITH HOLDING COMPANY AND ASSOCIATED COMPANIES

	2009	2008
Payment on behalf of the company made by holding company	221	61

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

18 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

18.1 Maturities of financial assets and liabilities
As at June 30, 2009

	Effective mark-up rate	Up to one year	Over one year up to five years	Sub-total	Non-mark-up bearing maturity Up to one year	Over one year up to five years	Sub-total	Total
	%	Rupees						
Financial assets								
Deposits					50	461	511	511
Trade debts	-	-	-	-	1,336	-	1,336	1,336
Cash at bank	-	-	-	-	102	-	102	102
		-	-	-	1,488	461	1,949	1,949
Financial liabilities								
Short term loans	-	-	-	-	36,621	-	36,621	36,621
Creditors ,accrued and other liabilities	-	-	-	-	8,265	-	8,265	8,265
		-	-	-	44,886	-	44,886	44,886

Maturities of financial assets and liabilities
As at June 30, 2008

	Effective mark-up rate	Up to one year	Over one year up to five years	Sub-total	Non-mark-up bearing maturity Up to one year	Over one year up to five years	Sub-total	Total
	%	Rupees						
Financial assets								
Deposits					50	461	511	511
Trade debts	-	-	-	-	1,557	-	1,557	1,557
Cash and bank balances	-	-	-	-	102	-	102	102
		-	-	-	1,709	461	2,170	2,170
Financial liabilities								
Short term loans	-	-	-	-	36,621	-	36,621	36,621
Creditors, accrued and other liabilities	-	-	-	-	8,423	-	8,423	8,423
		-	-	-	45,044	-	45,044	45,044

18.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or re price in a given period. The company's financial assets and financial liabilities is not exposed to interest rate risk as indicated in note 18.1.

18.3 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. The liquidity profile of the company is disclosed in note 18.1.

18.4 Credit risk

Credit risk is the risk that one party to a financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The company is not exposed to credit risk .

18.5 Fair values 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 estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

18.6 Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. The company is not exposed to foreign exchange risk.

18.7 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other shareholders 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 or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. The capital is calculated as equity as shown in the balance sheet plus net debt.

19 NUMBER OF EMPLOYEES

The total number of employees as at the balance sheet date were NIL (2008: NIL).

20 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29th September 2009 by the Board of Directors of the Company.

21 GENERAL

Figures have been rounded off to the nearest rupees in thousands unless otherwise stated.

Shehryar A. Saeed
Chief Executive

Naushad Ali Qassim Ali
Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips Transformers (Private) Limited as at June 30, 2009 and the related profit and loss account, 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 para (a) to (f).

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 paragraphs (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. 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 to disclaim our opinion and after due verification, we report that;

(a) the company has not maintained certain customary accounting records and supporting documents relating to transactions with its customers and suppliers, particularly with respect to receivables, payables, cash and bank balances, inventories and fixed assets. Further, in the absence of information regarding realisable value of several balances under deposits and other receivables, stock in trade, fixed assets and cash & bank balances aggregating to Rs.26.480 million (2008: Rs. 26.480 million), we have not been able to verify whether the amount would be realised at carrying values. Moreover, due to lack of customary accounting records and supporting documents we were unable to verify company's liability aggregating to Rs.7.628 million (2008: Rs. 7.628 million). Accordingly , it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been effected by these conditions.

(b) as discussed in Note 1.3 to the financial statements, the accumulated losses of the company as at June 30 2009 stand at Rs. 61.823 million (2008: Rs. 61.736 million) resulting in a negative equity of Rs. 31.823 million (2008: Rs. 31.736 million) . Moreover, the current liabilities of the company exceeds the current assets by Rs. 31.392 million. Further, as fully explained in note 4.1 to these financial statements the company has also defaulted in payment of its liability amounting to Rs. 25.894 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.

(c) as discussed in Note 9.1 to the financial statements, the fixed assets of 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 Sale and Discontinued Operations" and are measured at the lower of carrying amount and fair value less costs to sell. Since we have not been provided with sufficient information in this regard, we could not satisfy ourselves about the fulfilment of measurement, presentation and disclosure requirement of the above IFRS.

(d) in the absence of information regarding the latest positions of income tax assessments 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 have arisen due to the decision against appeals filed by the company with income tax authorities. We are unable to report on matters of contingencies as disclosed in Note 8 to the Financial Statements.

(e) we have requested the confirmation of balances and other information as at June 30, 2009 from National Bank of Pakistan, Main Branch, Shahra-e-Quaidazam , Lahore and to date satisfactory responses were not received. In absence of satisfactory response it can not be assessed with any degree of accuracy that the balances and other information stated in the company's records are in agreement with the bank.

(f) In the absence of information regarding current status of taxation, the amount of deductible temporary diffrence, 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.

(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.

Comparative figures in the financial statements of current year were audited by us, we have disclaimed our opinion on those accounts.

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants
Engagement Partner: Gohar Manzoor

Karachi
29th September 2009

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2009

	Note	JUNE 2009	JUNE 2008
		----------(Rs. '000s)----------	
SHARE CAPITAL			
Authorised			
3,000,000 ordinary shares of Rs. 10 each		30,000	30,000
Issued, subscribed and paid-up	3	30,000	30,000
Accumulated losses		(61,823)	(61,736)
		(31,823)	(31,736)
LONG TERM LOAN	4	-	-
DEFERRED LIABILITIES	5	596	596
CURRENT LIABILITIES			
Short term loans	6	49,688	49,606
Creditors, accrued and other liabilities	7	7,628	7,628
Provision for taxation		427	427
		57,743	57,661
CONTINGENCIES AND COMMITMENTS	8	-	-
TOTAL EQUITY AND LIABILITIES		**26,516**	**26,521**
LONG TERM DEPOSITS		165	165
CURRENT ASSETS			
Assets held for sale	9	15,127	15,127
Stock-in trade	10	6,910	6,910
Trade debts	11	-	-
Advances	12	3,482	3,482
Prepaid insurance		36	41
Deposits and other receivables	13	735	735
Cash and bank balances	14	61	61
		26,351	26,356
TOTAL ASSETS		**26,516**	**26,521**

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

Naushad Ali Qassim Ali	**Shehryar A. Saeed**
Chief Executive	**Director**

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED JUNE 30, 2009

	Note	JUNE 2009	JUNE 2008
		----------(Rs. '000s)----------	
Administrative and selling expenses	15	87	71
Loss due to ceased operations		(87)	(71)
Net loss for the year before tax		(87)	(71)
Provision for taxation		-	-
Net loss after taxation		(87)	(71)
Earnings per share - basic and diluted	16	(0.03)	(0.02)

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

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2009

	Note	JUNE 2009	JUNE 2008
CASH FLOWS FROM CEASED OPERATIONS		------------(Rs. '000s)	-----------
Net loss before tax		(87)	(71)
(Increase) / decrease in current assets			
Prepaid Insurance		5	(8)
		(82)	(79)
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities		-	-
Net cash from ceased operations		(82)	(79)
CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term loan obtained		82	79
Net (decrease) / increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		61	61
Cash and cash equivalents at the end of the year		61	61

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

Naushad Ali Qassim Ali
Chief Executive

Shehryar A. Saeed
Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30 , 2009

	Issued, subscribed and paid-up capital	Revenue reserve Unappropriated profit / (Accumulated loss)	Total
	---------- Rupees in thousand ----------		
Balance as at July 01,2007	30,000	(61,665)	(31,665)
Loss for the year	-	(71)	(71)
Balance as at June 30,2008	30,000	(61,736)	(31,736)
Loss for the year	-	(87)	(87)
Balance as at June 30,2009	**30,000**	**(61,823)**	**(31,823)**

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

Naushad Ali Qassim Ali
Chief Executive

Shehryar A. Saeed
Director

JOHNSON & PHILLIPS TRANSFORMERS (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

1 STATUS AND NATURE OF BUSINESS

1.1 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. 4.1. 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 instalments. 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 2009 stand at Rs. 61.823 million (2008: Rs. 61.736 million) resulting in a negative equity of Rs. 31.823 million (2008: Rs. 31.736 million) . Moreover, the current liabilities of the company exceeds the current assets by Rs. 31.392 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 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 requiremets 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 conventions

These accounts have been prepared under the historical cost convention except for land which is stated at revalued amount.

2.2 Amendments to published accounting standards that are effective in the current period

Amendments to IAS 1 - "Presentation of Financial Statements - Capital Disclosures", introduces certain new disclosures about the level of and the management of the Company's capital. Adoption of this amendment has only resulted in additional disclosure which have been set out in note 36.7 of these financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 which are not considered relevant nor have any significant effect on the company's operation's are not detailed in these financial statements.

2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretation of approved accounting standards 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 increase in disclosures in certain cases.

(i)	IAS 1 - Presentation of Financial Statements (Revised September 2007)	effective for annual periods beginning on or after January 01, 2009
(ii)	IAS 23 - Borrowing Costs (Revised March 2007)	effective from January 01, 2009
(iii)	Amendments to IAS 27 (Revised) - Consolidated and Separate Financial Statements	effective from July 01, 2009
(iv)	IAS 32 (amendment) - Financial instruments: Presentation and consequential amendment to IAS 1 - Presentation of Financial Statements	effective for annual period beginning on or after 1 January 2009.
(v)	IFRS 1 (revised), 'First -time adoption'	effective from July 01, 2009
(vi)	IFRS 2 Share based payments (amended)	effective from January 01, 2009
(vii)	IFRS 3 - Business Combinations (Revised)	effective from July 01, 2009
(viii)	Amendment to IFRS 7 - Financial Instruments: Disclosure	effective from January 01, 2009
(ix)	IFRS 8 - Operating Segments	effective from January 01, 2009
(x)	IFRIC 15 - Agreements for The Construction of Real Estate	effective from January 01, 2009
(xi)	IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	effective from October 01, 2008
(xii)	IFRIC 17 - Distribution of Non-Cash Assets to Owners	effective from July 01, 2009
(xiii)	IFRIC 18 - Transfer of Assets from Customers	effective from July 01, 2009

2.4 **Critical Accounting estimates and judgements**

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 judgement in the process of applying the company's accounting policies. Estimates and judgements 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 3.7 to these financial statements.

2.5 **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.

2.6 **Compensated absences**

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

2.7 **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.

2.8 **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 recognised only if there is reasonable certainty for realisation.

2.9 **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 Company.

2.10 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.

2.11 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 capitalised 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 9.1 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.

2.12 Consumable stores

These are valued at average cost.

2.13 Stock-in-trade

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

Net realisable 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 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 Foreseeable losses on orders in hand

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

2.16 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.

2.17 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.

2.18 Revenue Recognition

Sales are recorded on delivery of goods to the customers.

2.19 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 substaintial periods of time to get ready for their intended use, are added to the cost of those assets, untill 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.

2.20 Cash and cash equivalents

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

2.21 Financial Instruments

All the financial assets and liabilities are recognised 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.

2.22 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 realise the asset and settle the liability simultaneously.

2.23 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.

	NOTE	2009	2008
		........(Rs. '000s)..........	

3 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

3,000,000 ordinary shares of Rs. 10/- each fully paid in cash	**30,000**	**30,000**

2,100,000 (2008: 2,100,000) ordinary shares of the Company representing 70% (2008: 70%) of the issued, subscribed and paid up capital are held by the holding company, Johnson and Phillips (Pakistan) Limited.

4 LONG TERM LOAN

Secured

National Bank of Pakistan (formerly NDFC) (Note: 4.1)	25,894	25,894
Less: transferred to short term loan	(25,894)	(25,894)
	-	-

4.1 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 instalments 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 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.

5 DEFERRED LIABILITIES

Deferred taxation	596	596

6 SHORT TERM LOAN

From commercial bank -secured	4	25,894	25,894
From holding company	6.1	12,604	12,522
From associated company	6.1	7,505	7,505
From others -unsecured	6.2	3,685	3,685
		49,688	49,606

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

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

		NOTE	2009	2008
			........(Rs. '000s)......	
7	**CREDITORS, ACCRUED & OTHER LIABILITIES**			
	Trade creditors		4,067	4,067
	Workers' profit participation fund		1,428	1,428
	Others		2,133	2,133
			7,628	**7,628**

8 CONTINGENCIES AND COMMITMENTS

8.1 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 (2008: 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 (2008: 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 the company & Johnson & Phillips (Pakistan) Limited, the Banking Court No. III, Lahore passed a compromise decree for recovery of Rs 27,345,000 from the company by way of six half yearly installments to be paid in three (03) years and in case of its failure from Johnson and Phillips (Pakistan) Limited (the guarantor). The execution proceedings in this case are now pending before the Banking Court No. III.

In the case mentioned above, an order was passed on 21-07-2004 by the Banking Court No. III, Lahore for the sale of mortgaged property for the payment of decrial amount to the National Bank. The National Bank however, got the proceedings stayed from the High Court in EFA 410. The next date in this case will be fixed by the Court.

In the case mentioned above National Bank filed an application in the Lahore High Court, Lahore for the transfer of execution proceedings from Banking Court to Lahore High Court which was dismissed.

8.2 Commitments

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

9 ASSETS HELD FOR SALE

Description	COST As at July 1, 2008	COST Additions (disposals)	COST As at June 30, 2009	ACCUMULATED DEPRECIATION As at July 1, 2008	ACCUMULATED DEPRECIATION For the year	ACCUMULATED DEPRECIATION As at June 30, 2009	Written down Values as at June 30, 2009	Rate
	Rupees in thousand			Rupees in thousand			(Rs.'000s)	(%)
Owned								
Free hold land	3,709	-	3,709	-	-	-	3,709	-
Building	12,327	-	12,327	6,859	-	6,859	5,468	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
2009	28,890	-	28,890	13,763	-	13,763	15,127	
2008	28,890	-	28,890	13,763	-	13,763	15,127	

9.1 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 (2008: 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. According to management, 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.

	Note	2009	2008
		(Rs.000s)	
10 STOCK-IN-TRADE-held for disposal			
Raw material and components			
In hand		6,910	6,910
Disposed of during the year		-	-
		6,910	**6,910**
11 TRADE DEBTS			
Considered doubtful		589	589
Less: Provision for doubtful debts		(589)	(589)
		-	-

	Note	2009	2008
		(Rs.000s)	
12 ADVANCES			
(Unsecured-considered good)			
Advance against land		1,500	1,500
Against income tax		1,982	1,982
		3,482	3,482
13 DEPOSITS AND OTHER RECEIVABLES			
Sales tax refundable		167	167
Receivable from Ex-Management against sale of assets		568	568
		735	**735**

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".

		2009	2008
14 CASH AND BANK BALANCES			
Cash at bank (in current accounts)		61	61
15 ADMINISTRATIVE SELLING EXPENSES			
Audit fee		15	15
Software charges		-	-
Insurance expenses		72	56
		87	71
16 EARNINGS PER SHARE-BASIC AND DILUTED			
Net loss for the year after taxation		(87)	(71)
Weighted average number of ordinary shares		3,000,000	3,000,000
Loss per share - basic and diluted		(0.03)	(0.02)

17 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.

18 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

20 TRANSACTIONS WITH HOLDING COMPANY AND ASSOCIATED COMPANIES

		2009	2008
Payment on behalf of the company made by holding company		91	79

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

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 Maturities of financial assets and liabilities

As at June 30, 2009

	Effective mark-up rate	Upto one year	Over one year upto five years	Sub-total	Non-mark-up bearing maturity Upto one year	Over one year upto five years	Sub-total	Total
	%	(Rupees in thousand)						
Financial assets								
Deposits and other receivables	-	-	-	-	568	165	733	733
Cash at bank	-	-	-	-	61	-	61	61
		-	-	-	629	165	794	794
Financial liabilities								
Short term loans	-	-	-	-	49,688	-	49,688	49,688
Creditors accrued and other liabilities	-	-	-	-	7,628	-	7,628	7,628
		-	-	-	57,316	-	57,316	57,316

Maturities of financial assets and liabilities
As at June 30, 2008

	Effective mark-up rate	Up to one year	Over one year up to five years	Sub-total	Non-mark-up bearing maturity Up to one year	Over one year up to five years	Sub-total	Total
	%	Rupees						
Financial assets								
Deposits and other receivables					568	165	733	733
Cash at bank	-	-	-	-	61	-	61	61
		-	-	-	629	165	794	794
Financial liabilities								
Short term loans	-	-	-	-	49,606	-	49,606	49,606
Creditors accrued and other liabilities	-	-	-	-	7,628	-	7,628	7,628
		-	-	-	57,234	-	57,234	57,234

21.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or re price in a given period. The company's financial assets and financial liabilities is not exposed to interest rate risk as indicated in note 21.1

21.3 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. The liquidity profile of the company is disclosed in note 21.1.

21.4 Credit risk

Credit risk is the risk that one party to a financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The company is not exposed to credit risk .

21.5 Fair values 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 estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

21.6 Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. The company is not exposed to foreign exchange risk.

21.7 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other shareholders 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 or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. The capital is calculated as equity as shown in the balance sheet plus net debt.

22 NUMBER OF EMPLOYEES

The total number of employees as at the balance sheet date were NIL (2008: NIL).

23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29th September 2009 by the Board of Directors of the company.

24 GENERAL

Figures have been rounded off to the nearest rupees in thousands unless otherwise stated.

Naushad Ali Qassim Ali	**Shehryar A. Saeed**
Chief Executive	**Director**

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips EMO Pakistan (Private) Limited as at June 30, 2009 and the related profit and loss account, 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 para (a), (c) and (d).

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 matters discussed in paragraphs (a), (c) and (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. 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 to disclaim our opinion and after due verification, we report that;

(a) The company has not maintained certain customary accounting records and supporting documents relating to transactions with its customers and suppliers, particularly with respect to receivables , payables , cash and bank balances. Further, in the absence of information regarding realisable value of several balances under advances , deposits and other receivables aggregating to Rs.0.143 million we have not been able to confirm that the amount would be realised at carrying values. Moreover, due to lack of customary accounting records and supporting documents we were unable to verify company's liability aggregating to Rs 0.547 million. Accordingly , it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been effected by these conditions.

(b) As discussed in Note 1 to the financial statements, the accumulated losses of the company as at June 30 2009 stand at Rs. 4.146 (2008: Rs. 4.131 million) resulting in a negative equity of Rs. 3.146 million (2008: Rs. 3.131 million) and as at that date its current liabilities are inexcess of its current assets by Rs. 3.146 million (2008: Rs. 3.131 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.

(c) In the absence of information regarding the latest positions of income tax assessments 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 have arise due to the decision against appeals filed by the company with income tax authorities. We are unable to report on matters of contingencies as disclosed in Note 8 to these Financial Statements.

(d) In the absence of information regarding current status of taxation, the amount of deductible temporary diffrence, 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.

Comparative figures in the financial statements of current year were audited by us , we have disclaimed our opinion on those financial statements.

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants
Engagement Partner: Gohar Manzoor

Karachi
29th September 2009

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	2008
		--------(Rs. '000s)--------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	3	-	-
CURRENT ASSETS			
Advances, deposits and other receivables	4	143	143
TOTAL ASSETS		143	143
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorised capital			
1,000,000 ordinary shares of Rs. 10 each		10,000	10,000
Issued, subscribed and paid-up capital	5	1,000	1,000
Accumulated loss		(4,146)	(4,131)
		(3,146)	(3,131)
CURRENT LIABILITIES			
Temporary overdraft		391	391
Short term advances	6	2,728	2,713
Creditors, accrued and others liabilities	7	156	156
Provision for taxation		14	14
		3,289	3,274
Contingencies and commitments	8	-	-
TOTAL EQUITY AND LIABILITIES		143	143

The annexed notes 1 to 16 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Naushad Ali Qassim Ali
Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		---------(Rs. '000s)----------	
Contract income		-	-
Cost of contract		-	-
Gross profit/(loss)		-	-
Administrative expenses	9	15	15
Operating loss		(15)	(15)
Provision for taxation		-	-
Loss for the year		(15)	(15)
Earnings per share- basic	10	(0.15)	(0.15)

The annexed notes 1 to 16 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Naushad Ali Qassim Ali
Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		--------(Rs. '000s)----------	
Loss before taxation		(15)	(15)
Adjustment for non-cash charges and other items:		-	-
Loss before working capital changes		**(15)**	**(15)**
Working capital changes			
Increase/(decrease) in current liabilities			
Creditors, accrued and other liabilities		-	-
Net cash generated from operating activities		**(15)**	**(15)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term advances		15	15
Increase /(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		(391)	(391)
Cash and cash equivalents at the end of the year		(391)	(391)

The annexed notes 1 to 16 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Naushad Ali Qassim Ali
Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Issued, subscribed and paid-up capital	Revenue reserve Unappropriated profit/ (Accumulated loss)	Total
	----------------Rupees in thousand-------------		
Balance as at July 01, 2007	1,000	(4,116)	(3,116)
Loss for the year	-	(15)	(15)
Balance as at June 30, 2008	1,000	(4,131)	(3,131)
Loss for the year	-	(15)	(15)
Balance as at June 30,2009	1,000	(4,146)	(3,146)

The annexed notes 1 to 16 form an integral part of these financial statements.

Shehryar A. Saeed
Chief Executive

Naushad Ali Qassim Ali
Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

1 NATURE AND STATUS OF BUSINESS

1.1 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 2009 stand at Rs. 4.146 (2008: Rs. 4.131 million) resulting in a negative equity of Rs. 3.146 million (2008: Rs. 3.131 million) and as at that date, the current liabilities are Rs. 3.289 million (2008: Rs. 3.274 million) and no current asstes.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

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 requiremets 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 convention

These accounts have been prepared under the historical cost convention.

2.3 Amendments to published accounting standards that are effective in the current period

Amendments to IAS 1 - "Presentation of Financial Statements - Capital Disclosures", introduces certain new disclosures about the level of and the management of the Company's capital. Adoption of this amendment has only resulted in additional disclosure which have been set out in note 36.7 of these financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 which are not considered relevant nor have any significant effect on the company's operation's are not detailed in these financial statements.

2.4 **Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:**

The following standards, amendments and interpretation of approved accounting standards 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 increase in disclosures in certain cases.

(i)	IAS 1 - Presentation of Financial Statements (Revised September 2007)	effective for annual periods beginning on or after January 01, 2009
(ii)	IAS 23 - Borrowing Costs (Revised March 2007)	effective from January 01, 2009
(iii)	Amendments to IAS 27 (Revised) - Consolidated and Separate Financial Statements	effective from July 01, 2009
(iv)	IAS 32 (amendment) - Financial instruments: Presentation and consequential amendment to IAS 1 - Presentation of Financial Statements	effective for annual period beginning on or after 1 January 2009.
(v)	IFRS 1 (revised), 'First -time adoption'	effective from July 01, 2009
(vi)	IFRS 2 Share based payments (amended)	effective from January 01, 2009
(vii)	IFRS 3 - Business Combinations (Revised)	effective from July 01, 2009
(viii)	Amendment to IFRS 7 - Financial Instruments: Disclosure	effective from January 01, 2009
(ix)	IFRS 8 - Operating Segments	effective from January 01, 2009
(x)	IFRIC 15 - Agreements for The Construction of Real Estate	effective from January 01, 2009
(xi)	IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	effective from October 01, 2008
(xii)	IFRIC 17 - Distribution of Non-Cash Assets to Owners	effective from July 01, 2009
(xiii)	IFRIC 18 - Transfer of Assets from Customers	effective from July 01, 2009

2.5 Critical Accounting estimates and judgements

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 judgement in the process of applying the company's accounting policies. Estimates and judgements 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.

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 Creditors, accrued and Other liabilities

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

2.8 Provisions

Provisions are recognized when the company's resources has a present legal or constructive obligation as a result of past events, 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 the obligation.

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 recognised only if there is reasonable certainty for realisation.

2.10 Property, plant & equipment

Owned

These are stated at cost less accumulated depreciation .

Depreciation on 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 year is charged from the month of acquisition to the month of disposal.

Maintenance and normal repair 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 as and when incurred.

2.11 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.

2.12 Foreseeable losses on orders in hand

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

2.13 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.

2.14 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.

2.15 Revenue Recognition

Contract income is recognized as and when billed to customers in accordance with terms of the contracts for supply of service and material.

2.16 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 substaintial periods of time to get ready for their intended use, are added to the cost of those assets, untill 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.

2.17 Cash and cash equivalents

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

2.18 Financial instruments

All the financial assets and liabilities are recognised 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.

2.19 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 amount and the company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.20 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 OPERATING FIXED ASSETS - TANGIBLE

DESCRIPTION	COST As at July 1, 2008	COST Addition/ Disposal	COST As at June 30, 2009	Rate %	ACCUMULATED DEPRECIATION As at July 1, 2008	ACCUMULATED DEPRECIATION For the year	ACCUMULATED DEPRECIATION As at June 30, 2009	W.D.V as on June 30, 2009
	............(Rupees in 000's)............				............(Rupees in 000's)............			Rs. in 000's
Owned								
Office equipment	110	-	110	20	110	-	110	-
Furniture and fixture	73	-	73	10	73	-	73	-
Vehicle	3	-	3	20	3	-	3	-
2009	186	-	186		186	-	186	-
2008	186	-	186		186		186	-

	2009	2008
	........(Rupees in 000's)........	
4 ADVANCES AND DEPOSITS		
Advances (Unsecured - considered good)		
Income tax	58	58
Deposits	85	85
	143	143

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

100,000 Ordinary shares of Rs. 10/- each fully paid in cash	1,000	1,000

51,000 (2008: 51,000) ordinary shares of the company representing 51% (2008: 51%) of the issued, subscribed and paid up capital are held by the holding company, Johnson and Phillips (Pakistan) Limited.

6 SHORT TERM ADVANCES

Unsecured		
Holding Company	2,728	2,713

The above advance is unsecured and interest free. The maximum amount outstanding at the end of any month during the year was Rs. 2.728 million. (2008: Rs. 2.713 million).

7 CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors for services	132	132
Accrued expenses	4	4
Other	5	5
Audit fee payable	15	15
	156	156

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

Taxation

The income tax assessments 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 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 (2008: Rs. 0.133 million).

8.2 The company is contingently liable in respect of professional fee payable to M/s Ebrahim & Company, Chartered Accountants amounting to Rs.59,550 (2008: Rs.59,550)

8.3 Commitments

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

	2009	2008
	...(Rupees in 000's)...	
9 ADMINISTRATIVE EXPENSES		
Software charges	-	-
Auditors' remuneration	15	15
	15	15

10 EARNINGS/ (LOSS) PER SHARE - BASIC AND DILUTED

	2009	2008
Loss for the year after taxation	(15)	(15)
	Number of Shares	
Weighted average number of ordinary shares	100,000	100,000
Earnings/ (Loss) per share - basic and diluted	(0.15)	(0.15)

11 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

12 TRANSACTIONS WITH HOLDING COMPANY AND ASSOCIATED COMPANIES

	2009	2008
Payment on behalf of the company made by holding company	15	20

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

13 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

13.1 Maturities of financial assets and liabilities
As at June 30, 2009

	Effective mark-up rate	Mark-up bearing maturity: Upto one year	Mark-up bearing maturity: Over one year upto five years	Mark-up bearing maturity: Sub-total	Non-mark-up bearing maturity: Upto one year	Non-mark-up bearing maturity: Over one year upto five years	Non-mark-up bearing maturity: Sub-total	Total
	%	Rupees						
Financial assets								
Deposits	-	-	-	-	85	-	85	85
		-	-	-	85	-	85	85
Financial liabilities								
Temporary overdraft	-	-	-	-	391	-	391	391
Creditors accrued and other liabilities	-	-	-	-	156	-	156	156
Short term advances	-	-	-	-	2,728	-	2,728	2,728
		-	-	-	3,275	-	3,275	3,275

Maturities of financial assets and liabilities
As at June 30, 2008

	Effective mark-up rate	Mark-up bearing maturity: Upto one year	Mark-up bearing maturity: Over one year upto five years	Mark-up bearing maturity: Sub-total	Non-mark-up bearing maturity: Upto one year	Non-mark-up bearing maturity: Over one year upto five years	Non-mark-up bearing maturity: Sub-total	Total
	%	Rupees						
Financial assets								
Deposits	-	-	-	-	85	-	85	85
		-	-	-	85	-	85	85
Financial liabilities								
Temporary overdraft	-	-	-	-	391	-	391	391
Creditors accrued and other liabilities	-	-	-	-	156	-	156	156
Short term advances	-	-	-	-	2,713	-	2,713	2,713
		-	-	-	3,260	-	3,260	3,260

13.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The company's financial assets and financial liabilities is not exposed to interest rate risk as indicated in note 13.1.

13.3 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. The liquidity profile of the company is disclosed in note 13.1.

13.4 Credit risk

Credit risk is the risk that one party to a financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The company is not exposed to credit risk .

13.5 Fair values 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 estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

13.6 Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. The company is not exposed to foreign exchange risk.

13.6 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other shareholders 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 or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. The capital is calculated as equity as shown in the balance sheet plus net debt.

14 NUMBER OF EMPLOYEES

The total number of employees as at the balance sheet date were NIL (2008: NIL).

15 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29th Sep 2009 by the Board of Directors of the Company.

16 GENERAL

Figures have been rounded off to the nearest rupees in thousands unless otherwise stated.

Shehryar A. Saeed
Chief Executive

Naushad Ali Qassim Ali
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 also behalf at the Annual General Meeting of the shareholders of the Company to be held on October 31 , 2009 and at any adjourned thereof.

Signed this ____________________ day of ______________ 2009

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

Signature over Revenue Stamp

Witness 1

Signature ____________________

Name ____________________

CNIC No ____________________

Address ____________________

Witness 2

Signature ____________________

Name ____________________

CNIC 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

4. The instrument of proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours befour the time of the meeting.

SINCE 1875

Johnson & Phillips (Pakistan) Limited

ANNUAL REPORT 2009