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INTERNATIONAL

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Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Johnson & Phillips EMO Pakistan (Private) Limited ("the Company") as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit except as discussed in para (a) to (d) below.

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

Except for matters discussed in paragraphs (a) to (d) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. 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 and bank balances. Further, in the absence of information regarding realisable value of several balances under advances and deposits 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 affected by these conditions.

(b) as discussed in Note 1.2 to the financial statements, the accumulated losses of the company as at June 30 2011 stand at Rs. 4.204 (2010: Rs. 4.179 million) resulting in a negative equity of Rs. 3.204 million (2010: Rs. 3.179 million) and as at that date its current liabilities are in excess of its current assets by Rs. 3.204 million (2010: Rs. 3.179 million). These conditions indicate the existence of a material uncertainty, which may cast a significant doubt on the Company's ability to continue as a going concern.

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(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 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 difference, unused tax losses and unused tax credits for which no deferred tax assets is recognized in the balance sheet, we are unable to ascertain the possible effect of deferred tax on these financial statements.

(e) due to the significance of the matters discussed above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above.

(f) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Naveed Zafar Husain Jaffery & Co

Karachi:
Dated : 29 SEP 2011

Naveed Zafar Husain Jaffery &Co
Chartered Accountants
Engagement Partner: Ahsan Elahi Vohra

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JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
BALANCE SHEET
AS ON JUNE 30, 2011

	Note	2011	2010
		(Rupees in Thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	-	-
CURRENT ASSETS			
Advance income tax		58	58
Deposits	4	85	85
		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		(4,204)	(4,179)
		(3,204)	(3,179)
CURRENT LIABILITIES			
Trade and other payables	6	156	156
Temporary overdraft		391	391
Short term advances	7	2,786	2,761
Provision for taxation		14	14
		3,347	3,322
Contingencies and commitments	8		
TOTAL EQUITY AND LIABILITIES		143	143

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

Chief Executive

Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		(Rupees in Thousand)	
Administrative expenses	9	25	33
Loss due to ceased operations		(25)	(33)
Net loss before taxation		(25)	(33)
Provision for taxation		-	-
Net loss after taxation		(25)	(33)
Earnings per share- basic and diluted	10	0.25	0.33

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

Chief Executive

Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Net loss after taxation		(25)	(33)
Other comprehensive income		-	-
Total comprehensive loss		(25)	(33)

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

Chief Executive

Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		(Rupees in Thousand)	
Loss before taxation		(25)	(33)
Adjustment for non-cash charges and other items:		-	-
Loss before working capital changes		(25)	(33)
Working capital changes		-	-
Net cash (used) from operating activities		(25)	(33)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term advances		33	33
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 17 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011

	Issued, subscribed and paid-up capital	Revenue reserve Accumulated loss	Total
	----------Rupees in thousand----------		
Balance as at June 30, 2009	1,000	(4,146)	(3,146)
Loss for the year	-	(33)	(33)
Balance as at June 30,2010	**1,000**	**(4,179)**	**(3,179)**
Loss for the year	-	(25)	(25)
Balance as at June 30,2011	**1,000**	**(4,204)**	**(3,204)**

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

Chief Executive

Director

JOHNSON & PHILLIPS EMO PAKISTAN (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

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 2011 stand at Rs. 4.204 million (2010: Rs. 4.179 million) resulting in a negative equity of Rs. 3.204 million (2010: Rs. 3.179 million) and as at that date, the current liabilities of the company exceeds the current assets by Rs. 3.204 million (2010: Rs. 3.179).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 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.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention.

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2.3 Accounting Standards, amendments or interpretations that are became effective in the current period

During the year certain amendments to Standards or new interpretations became effective. However, the amendments or interpretations did not have any material effect on the financial statements of the Company.

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 only effective for annual periods beginning from the dates specified below. Except for the amendments in International Accounting Standards (IAS-19) which results in immediate recognition of calculation for net finance costs, these 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)	Presentation of Item of Other Comprehensive Income (Amendments to IAS-1, "Presentation of Financial Statements").	effective for annual periods beginning on or after July 01, 2012.
ii)	Deferred Tax: Recovery of Underlying Assets (Amendments to IAS-12).	effective for annual periods beginning on or after January 01, 2012.
iii)	IAS-19 "Employees Benefits" (Amended 2011).	effective for annual periods beginning on or after January 01, 2013.
iv)	Prepayments of a Minimum Funding Requirement (Amendments to International Financial Reporting Interpretations Committee (IFRIC) Interpretation 14).	effective for annual periods beginning on or after January 01, 2011.
v)	IAS-24 "Related Party Disclosure" (Revised 2009).	effective for annual periods beginning on or after January 01, 2011.
vi)	Disclosure - Transfers of Financial Assets (Amendments to IFRS-7).	effective for annual periods beginning on or after January 01, 2011.

2.5 Critical Accounting estimates and judgments

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

i) Property, plant and equipment

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

ii) Taxation

The Company takes into account the relevant provision of current income tax laws while providing for current and deferred tax as explained in relevant note 2.9 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 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 balance sheet liability method. Debit balances on account of deferred taxation are recognized only if there is reasonable certainty for realization.

2.10 Property, plant and 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 substantial periods of time to get ready for their intended use, are added to the cost of those assets, until such times as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

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

2.19 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 recognized amount and the company intends to either settle on a net basis, or to realize 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 PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COST			Rate	ACCUMULATED DEPRECIATION			W.D.V
	As at July 1, 2010	Addition/ Disposal	As at June 30, 2011	%	As at July 1, 2010	For the year	As at June 30, 2011	as on June 30, 2011
	.....(Rupees in Thousand).....				.....(Rupees in Thousand).....			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	-
2011	186	-	186		186	-	186	-
2010	186	-	186		186		186	-

	2011	2010
	.....(Rupees in Thousand).....	
4 DEPOSITS		
Unsecured-Considered good		
Deposits	85	85
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 (2010: 51,000) ordinary shares of the company representing 51% (2010: 51%) of the issued, subscribed and paid up capital are held by the holding company, Johnson and Phillips (Pakistan) Limited.

6 TRADE AND OTHER PAYABLES		
Creditors for services	132	132
Accrued expenses	4	4
Other	5	5
Audit fee payable	15	15
	156	156
7 SHORT TERM ADVANCES		
Unsecured		
Holding Company	2,786	2,761

The above advance is unsecured and interest free. The maximum amount outstanding at the end of any month during the year was Rs. 2.786 million. (2010: Rs. 2.761 million)

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 (2010: 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 (2010: Rs.59,550)

8.3 Commitments

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

	2011	2010
	....(Rupees in Thousand)....	
9 ADMINISTRATIVE EXPENSES		
Rent, rate and taxes	10	10
Fee subscription	-	8
Auditors' remuneration	15	15
	25	33
10 EARNINGS PER SHARE - BASIC AND DILUTED		
Loss for the year after taxation	(25)	(33)
	Number of Shares	
Weighted average number of ordinary shares	100,000	100,000
Earnings per share - basic and diluted	0.25	0.33

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

Payment on behalf of the company made by holding company	25	33

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

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13 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

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

13.1 Credit Risk

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

Exposure to credit risk

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

	2011	2010
	(Rupees in thousand)	
Short term deposits	85	85

13.2 Liquidity risk

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

	Carrying amount	Total	Contractual cash flows		
			On demand	Upto one year	More than one year
Trade and other payables	156	156	-	(156)	-
Temporary overdraft	391	391	-	(391)	-
Short term advances	2,786	2,786	-	(2,786)	-
June 30,2011	**3,333**	**3,333**		**(3,333)**	**-**
Trade and other payables	156	156	-	(156)	-
Temporary overdraft	391	391	-	(391)	-
Short term advances	2,761	2,761	-	(2,761)	-
June 30,2010	**3,308**	**3,308**		**(3,308)**	**-**

13.3 Market risk

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

Interest rate risk

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

	2011	2010	2011	2010
	Effective interest rate (%)		Carrying amount(Rs.'000')	
Financial liabilities				
Temporary overdraft	Non-interest bearing		391	391
Short term advances	Non-interest bearing		2,786	2,761

Sensitivity analysis

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

13.4 Fair value of financial assets and liabilities

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

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

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

14 CAPITAL MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the lights of changes in economic conditions. As at June 30, 2011, the shareholders' equity amounts to Rupees 3.204 million (2010 Rupees 3.179 million)

15 NUMBER OF EMPLOYEES

The total number of employees as at the balance sheet date were NIL (2010: NIL).

16 DATE OF AUTHORISATION

These financial statements were authorised for issue on 29 september,2011 by the Board of Directors of the company.

17 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Chief Executive

Director