

# JAVEDAN

CORPORATION LIMITED



**NAYA NAZIMABAD**  
A MARK OF PRIDE

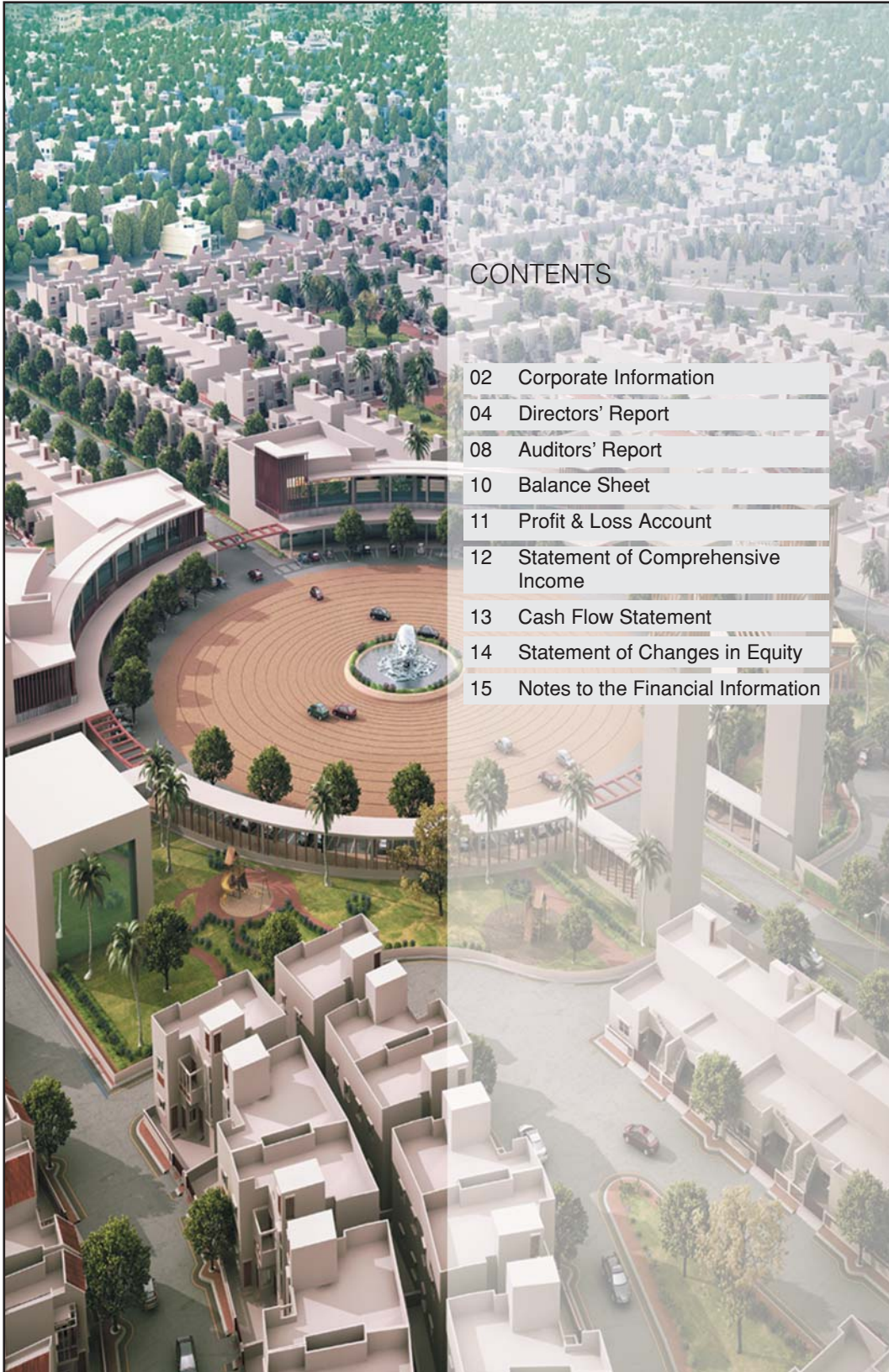


Half Year ended  
December 31st

A Project of Javedan Corporation Limited

# 2012





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## Corporate Information

### Board of Directors

Arif Habib  
Chairman

Samad A.Habib  
Chief Executive

Iqbal Usman  
Director

Shunaid Qureshi  
Director

Muhammad Ayub  
Director

Asim Ghani  
Director

Muhammad Ejaz  
Director

Kashif A.Habib  
Director

Mr. Abdul Qadir  
Director

### Chief Financial Officer

Syed Muhammad Talha

### Company Secretary

Haroon Usman

### Audit Committee

Mr. Iqbal Usman  
Chairman

Mr. Kashif Habib  
Member

Mr. Muhammad Ejaz  
Member

### H.R & Remuneration Committee

Mr. Arif Habib  
Chairman

Mr. Samad A. Habib  
Member

Mr. Iqbal Usman  
Member

Mr. Muhammad Ejaz  
Member

### **Auditors**

Haroon Zakaria & Co.  
Chartered Accountants

Yousuf Adil Saleem & Co.  
Chartered Accountants

### **Bankers**

Allied Bank Limited  
Al-Baraka Pakistan Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
BankIslami Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited

KASB Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Sindh Bank Limited  
Summit Bank Limited  
United Bank Limited

### **Registered Office**

Arif Habib Center, 23,  
M.T.Khan Road,  
Karachi Pakistan – 74000,  
Tel: 32460717-19  
Fax: 32466824  
Website: [www.jcl.com.pk](http://www.jcl.com.pk)

### **Naya Nazimabad**

Naya Nazimabad,  
Manghopir Road,  
Karachi -75890  
Tel: 32061997-98, 32061903-04  
Fax: 36770144  
Website: [www.nayanazimabad.com](http://www.nayanazimabad.com)

### **Share Registrar**

Technology Trade (Pvt.) Ltd.  
Dagia House 241 –C, PECHS,  
Block -2, Off. Shahrāh-e-Quaideen,  
Karachi.  
Email: [junaid.dagia@gmail.com](mailto:junaid.dagia@gmail.com),  
[mail@ttcl.com.pk](mailto:mail@ttcl.com.pk)

## Directors' Report to the Members

Dear Shareholders,

The Directors of Javedan Corporation Limited are pleased to present herewith the financial report for the half year ended December 31, 2012.

### Operational and Financial Performance Review

The Company launched "Naya Nazimabad" (the project) after obtaining all the necessary approvals on November 20, 2011. The key theme of the project is to "Develop a standardized housing society for cultured middle-class with particular features including quality of life, security and sense of community". The project got an excellent market response. Booking of Bungalows as well as plots in Blocks A, B & C was completed in a record short period. Considering the overwhelming response from the valued customers, we have launched further plots in Block D and in June 2012 Block D-2 inventory were offered for sale to customers. The starting booking price was set at PKR 6,300 per sq.yd which is now prevailing at PKR 9,000 per sq.yd.

Following is the summary of comparative financial results:

| Particulars                   | Dec 31, 2012          | Dec 31, 2011 |
|-------------------------------|-----------------------|--------------|
|                               | (Rupees in thousands) |              |
| Net Sales                     | 1,478,482             | -            |
| Cost of sales                 | (880,482)             | -            |
| Gross Profit / (Loss)         | 598,000               | -            |
| Profit / Loss before taxation | 310,142               | (324,887)    |
| Provision for taxation        | (7,806)               | 221,424      |
| Profit / Loss after taxation  | 302,336               | (103,463)    |
| EPS (in rupees)               | 5.20                  | (1.78)       |

### Development Work in Progress

The development work at Naya Nazimabad is in full swing. Detail planning of the project has been completed in coordination and consultation of M/S ARCOP and NESPAK. Earth work, Infrastructure development, leveling and grading, demarcations of plots are in progress. Similarly, Outer development work is also in progress in collaboration with Lyari Development Authority (LDA).



## Javedan Corporation Limited

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### Naya Nazimabad Lawai Stadium

The launching of the Cricket Ground is a part of Naya Nazimabad Gymkhana which will be one of the contemporary Club Houses in Karachi. The cricket stadium has been developed into grassy lush green ground with three pitches. The floods lights with 4 pylons (25 Arena Vision each pole) have also been installed. We have already organized a match between Pakistan Cricket Stars Eleven and Pakistan Celebrity Eleven on 1st of September 2012 to celebrate the launch of cricket ground.



### Naya Nazimabad Apartments & Commercial Plots

After the tremendous success in the launch of plots and bungalows and to meet the overwhelming market demand, Naya Nazimabad Park View Apartments have been launched on February 17, 2013. Naya Nazimabad Parkview Apartments are inspired by our shared vision for Karachi. A contemporary designed living space Placed at the finest location within Naya Nazimabad, in a secure perimeter, offering at an affordable price. A total of around 378 apartments are being offer.

Naya Nazimabad Parkview Apartments are mapped on the prime location, encircled by scenic landscapes with recreational activity areas and panoramic views, within Naya Nazimabad. It promises to give a home-like feel with added security amidst a community of people sharing the similar passion.



## Javedan Corporation Limited

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### Future Outlook

#### Naya Nazimabad Gymkhana

The Management of the Company has initiated developing the plans for Gymkhana with all the leisure amenities including an International Standard Cricket Stadium, state-of-the-art Gym, Swimming, Dining & Banquet facilities, Bowling, Tennis, Horse Riding & other healthy activities.



#### Naya Nazimabad Health & Education Complex

The recent development also includes the development of Education and Health Zone which will provide modern educational and clinical / hospital facilities".



#### Naya Nazimabad Open Air Mall

Naya Nazimabad Open Air Mall is a new concept in retail introduced in Karachi. The lifestyle development blends retail and entertainment making the mall an ideal place for families where there's something for everyone. The open walkways, common areas and manicured plantation along the quaint pathways speckled with fountains and gazebos bring together outdoor elements with exclusive retail outlets. The restaurants offering wide array of cuisine are an ideal place to take a break from shopping be it a fancy cocktail or a meal, everything is catered for. As the sun sets, the mall becomes an entertainment centre, the open walkways transform into a happening amusement district with street-side entertainers leading up to the cinema.

Javedan Corporation Limited

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Naya Nazimabad has broadened the horizon of Karachi. Our confidence in the potential of the city and its inhabitants got us started on this remarkable journey. This has given a whole new outlook to the City of Karachi rather than a specific area. It has been conceived as a standard of living to match the needs and aspirations of our progressive middle class.

This is a unique project, first of its kind in Pakistan and it will provide immense benefit to the middle class and lower middle class families and will solve the housing problem of this city. As rightly said by the chairman, Mr. Arif Habib,

“Naya Nazimabad is the image of what we all hope for! It’s what will add more sheen to Karachi.”

**Acknowledgement**

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every member of the Company in areas of expertise. We would also like to express our thanks to the customers for their trust in our products and look forward to their continued patronage. We also thank our shareholders, banks and financial institutions for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the coming years. May Allah bless us in our efforts. A'meen!

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Samad A. Habib'.

Samad A. Habib  
Chief Executive Officer

Karachi: February 21, 2013





M. YOUSUF ADIL SALEEM & CO.  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal  
Karachi



HAROON ZAKARIA & CO.  
Chartered Accountants  
210 & 211 - Progressive Plaza  
Beaumont Road  
Karachi

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Javedan Corporation Limited ("the Company") as at December 31, 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof [here-in-after referred to as "condensed interim financial information"], for the half year then ended. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2012 and 2011 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2012.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures'. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2012 are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

### Emphasis of Matters

We draw attention to the following matters in respect of which our conclusion is not qualified:

- i. Note 1.3 of the condensed interim financial information which describes the steps and measures taken by the management to improve the financial and operational condition of the Company.
- ii. Note 6.1 to the condensed interim financial information related to deferred tax asset recoverability of which depends on future profitability of the Company.

**M. YOUSUF ADIL SALEEM & CO.**  
Chartered Accountants

Engagement Partner:  
Nadeem Yousuf Adil

Karachi  
Dated: February 21, 2013

**HAROON ZAKARIA & CO.**  
Chartered Accountants

Engagement Partner:  
Muhammad Haroon



Financial Statements

As At December 31, 2012

Half Yearly report 2012

**CONDENSED INTERIM  
BALANCE SHEET**  
AS AT DECEMBER 31, 2012

|   |             | (Un-audited)<br>December<br>31, 2012 | (Audited)<br>June 30,<br>2012 |
|---|-------------|--------------------------------------|-------------------------------|
| (Rupees in '000)                                    |             |                                      |                               |
| <b>ASSETS</b>                                       | <b>Note</b> |                                      |                               |
| <b>Non-current assets</b>                           |             |                                      |                               |
| Property and equipment                              | 5           | 55,920                               | 55,643                        |
| Intangible assets                                   |             | 8,186                                | 9,154                         |
| Deferred taxation                                   | 6           | 842,841                              | 842,841                       |
| Long term receivable from customers                 |             | 393,621                              | -                             |
| Long term security deposits                         |             | 4,175                                | 3,863                         |
| <b>Total non-current assets</b>                     |             | <u>1,304,743</u>                     | <u>911,501</u>                |
| <b>Current assets</b>                               |             |                                      |                               |
| Development properties                              | 7           | 9,039,061                            | 9,662,113                     |
| Trade debts   |             | 164,992                              | -                             |
| Advances  | 8           | 41,681                               | 24,760                        |
| Deposits, prepayments and other receivables         | 9           | 16,519                               | 33,558                        |
| Interest accrued                                    |             | -                                    | 322                           |
| Tax refunds due from government                     |             | 7,158                                | 6,417                         |
| Cash and bank balances                              |             | 7,085                                | 31,476                        |
| <b>Total current assets</b>                         |             | <u>9,276,496</u>                     | <u>9,758,646</u>              |
| <b>TOTAL ASSETS</b>                                 |             | <u>10,581,239</u>                    | <u>10,670,147</u>             |
| <b>EQUITY AND LIABILITIES</b>                       |             |                                      |                               |
| <b>Share Capital and Reserves</b>                   |             |                                      |                               |
| <b>Authorised capital</b>                           |             |                                      |                               |
| Ordinary shares capital                             |             | 1,200,000                            | 1,200,000                     |
| Preference shares capital                           |             | 1,200,000                            | 1,200,000                     |
| <b>Issued, subscribed and paid up capital</b>       |             |                                      |                               |
| Ordinary shares capital                             | 10.1        | 581,282                              | 581,282                       |
| Preference shares capital                           | 10.2        | 1,127,713                            | 1,127,713                     |
| <b>Reserves</b>                                     |             | <u>(3,633,530)</u>                   | <u>(4,660,845)</u>            |
| <b>Surplus on revaluation of freehold land</b>      |             | <u>(1,924,535)</u>                   | <u>(2,951,850)</u>            |
| <b>Non-current liabilities</b>                      |             | <u>6,970,092</u>                     | <u>7,695,071</u>              |
| Long term finances                                  | 11          | 3,445,969                            | 3,734,191                     |
| <b>Current liabilities</b>                          |             |                                      |                               |
| Advance from customers                              | 12          | 712,806                              | 993,615                       |
| Short term borrowings                               | 13          | 344,000                              | 203,000                       |
| Trade and other payables                            | 14          | 74,609                               | 113,006                       |
| Mark-up accrued                                     |             | 207,253                              | 392,742                       |
| Provision for taxation                              |             | 7,806                                | -                             |
| Current maturity of :                               |             |                                      |                               |
| Long term finance                                   | 11          | 741,667                              | 487,500                       |
| Liabilities against assets subject to finance lease |             | 1,572                                | 2,872                         |
| <b>Total current liabilities</b>                    |             | <u>2,089,713</u>                     | <u>2,192,735</u>              |
| <b>Contingencies and commitments</b>                | 15          |                                      |                               |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |             | <u>10,581,239</u>                    | <u>10,670,147</u>             |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT - (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

|  | Note | Half Year Ended      |                      | Quarter Ended        |                      |
|--|------|----------------------|----------------------|----------------------|----------------------|
|  |      | December 31,<br>2012 | December 31,<br>2011 | December 31,<br>2012 | December 31,<br>2011 |
| (Rupees in '000)                       |      |                      |                      |                      |                      |
| Revenue                                |      | 1,478,482            | -                    | 1,478,482            | -                    |
| Cost of sales                          |      | (880,482)            | -                    | (880,482)            | -                    |
| <b>Gross profit</b>                    |      | <b>598,000</b>       | <b>-</b>             | <b>598,000</b>       | <b>-</b>             |
| <b>Expenses</b>                        |      |                      |                      |                      |                      |
| Marketing and selling expenses         |      | (19,464)             | (49,741)             | (1,171)              | (49,741)             |
| Administrative expenses                | 16   | (71,323)             | (43,619)             | (35,619)             | (18,609)             |
|  |      | (90,788)             | (93,360)             | (36,791)             | (68,350)             |
| Other operating income                 |      | 4,152                | 3,640                | 2,739                | 2,425                |
| Other operating charges                |      | (34)                 | (32)                 | -                    | (32)                 |
| <b>Profit / (loss) from operations</b> |      | <b>511,331</b>       | <b>(89,752)</b>      | <b>563,948</b>       | <b>(65,957)</b>      |
| Finance cost                           |      | (201,188)            | (235,135)            | (93,659)             | (120,728)            |
| <b>Profit / (loss) before taxation</b> |      | <b>310,142</b>       | <b>(324,887)</b>     | <b>470,289</b>       | <b>(186,685)</b>     |
| Taxation                               | 17   | (7,806)              | 221,424              | (7,804)              | 221,430              |
| <b>Profit / (loss) after taxation</b>  |      | <b>302,336</b>       | <b>(103,463)</b>     | <b>462,485</b>       | <b>34,745</b>        |
| <b>Earning / (loss) per share</b>      |      |                      |                      |                      |                      |
| - Basic                                | 18   | 5.20                 | (1.78)               | 7.96                 | 0.60                 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

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**CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

|  | Half Year Ended      |                      | Quarter Ended        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December 31,<br>2012 | December 31,<br>2011 | December 31,<br>2012 | December 31,<br>2011 |
|  | (Rupees in '000)     |                      |                      |                      |
| Profit / (loss) after taxation             | 302,336              | (103,463)            | 462,485              | 34,745               |
| Other comprehensive income                 | -                    | -                    | -                    | -                    |
| <b>Total comprehensive profit / (loss)</b> | <b>302,336</b>       | <b>(103,463)</b>     | <b>462,485</b>       | <b>34,745</b>        |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

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**CONDENSED INTERIM  
CASH FLOW STATEMENT - (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

|   | December<br>31, 2012 | December<br>31, 2011 |
|---|----------------------|----------------------|
|   | (Rupees in '000)     |                      |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                      |                      |
| Profit / (loss) before taxation   | 310,142              | (324,887)            |
| <b>Adjustments for non-cash items and other charges</b>                               |                      |                      |
| Depreciation  | 3,750                | 2,839                |
| Amortization  | 1,023                | 133                  |
| Finance cost  | 201,188              | 235,135              |
| Interest income   | (1,408)              | (1,204)              |
| <b>Cash generated / (used in) operating activities before working capital changes</b> | <u>514,695</u>       | <u>(87,984)</u>      |
| <b>(Increase) / Decrease in current assets</b>  |                      |                      |
| Development properties  | 721,116              | (120,229)            |
| Trade debts   | (164,992)            | 1,092                |
| Advances  | (16,921)             | (12,484)             |
| Deposits, prepayments and other receivables   | 17,039               | 11,112               |
|   | <u>556,242</u>       | <u>(120,509)</u>     |
| <b>Increase / (Decrease) in current liabilities</b>                                   |                      |                      |
| Advance from customers  | (280,809)            | 277,150              |
| Trade and other payables  | (38,397)             | (24,818)             |
|   | <u>(319,206)</u>     | <u>252,332</u>       |
|   | <u>237,036</u>       | <u>131,823</u>       |
| <b>Net cash generated from operations</b>   | <u>751,731</u>       | <u>43,839</u>        |
| Income tax paid   | (741)                | (797)                |
| Finance cost paid   | (423,463)            | (477,111)            |
| <b>Net cash generated from / (used in) operating activities</b>                       | <u>327,527</u>       | <u>(434,069)</u>     |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |                      |                      |
| Fixed capital expenditure   | (4,027)              | (17,446)             |
| Purchase of intangible asset  | (55)                 | (5,997)              |
| Expenditure on capital work in progress   | -                    | (438)                |
| Interest received   | 1,730                | 1,197                |
| Long term receivable from customers   | (393,621)            | -                    |
| Long term deposits paid   | (312)                | (1,065)              |
| <b>Net cash used in investing activities</b>  | <u>(396,285)</u>     | <u>(23,749)</u>      |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |                      |                      |
| (Repayment) / proceeds from long term finance - net                                   | (95,333)             | 344,878              |
| Proceeds from short term borrowing  | 141,000              | 181,550              |
| Principal repayment of finance lease  | (1,300)              | (1,253)              |
| <b>Net cash generated from financing activities</b>                                   | <u>44,367</u>        | <u>525,175</u>       |
| <b>Net (decrease) / increase in cash and cash equivalent</b>                          | <u>(24,391)</u>      | <u>67,357</u>        |
| <b>Cash and cash equivalent at beginning of the period</b>                            | <u>31,476</u>        | <u>10,901</u>        |
| <b>Cash and cash equivalent at end of the period</b>                                  | <u>7,085</u>         | <u>78,258</u>        |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

Half Yearly report 2012

**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

|  | Share capital  | Preference Share | Reserve       |               |                    | Total              |
|--|----------------|------------------|---------------|---------------|--------------------|--------------------|
|  |                |                  | Capital       | Revenue       |                    |                    |
|  |                |                  | Tax holiday   | General       | Accumulated losses |                    |
| (Rupees in '000)   |                |                  |               |               |                    |                    |
| <b>Balance as at July 01, 2011</b>   | 581,282        | -                | 11,966        | 63,500        | (4,400,568)        | (3,743,820)        |
| Loss for the period  | -              | -                | -             | -             | (103,463)          | (103,463)          |
| Other comprehensive income for the period  | -              | -                | -             | -             | -                  | -                  |
|  | -              | -                | -             | -             | (103,463)          | (103,463)          |
| <b>Transaction with owners</b>   |                |                  |               |               |                    |                    |
| Issuance of 112,771,300 12% preference shares of Rs. 10 each against sponsors loan | -              | 1,127,713        | -             | -             | -                  | 1,127,713          |
| <b>Balance as at December 31, 2011</b>   | <b>581,282</b> | <b>1,127,713</b> | <b>11,966</b> | <b>63,500</b> | <b>(4,504,031)</b> | <b>(2,719,570)</b> |
| <b>Balance as at July 01, 2012</b>   | 581,282        | 1,127,713        | 11,966        | 63,500        | (4,736,311)        | (2,951,850)        |
| <b>Comprehensive income</b>  |                |                  |               |               |                    |                    |
| Profit for the period  | -              | -                | -             | -             | 302,336            | 302,336            |
| Other comprehensive income for the period  | -              | -                | -             | -             | -                  | -                  |
|  | -              | -                | -             | -             | 302,336            | 302,336            |
| Reversal of Surplus on revaluation of freehold land                                | -              | -                | -             | -             | 724,979            | 724,979            |
| <b>Balance as at December 31, 2012</b>   | <b>581,282</b> | <b>1,127,713</b> | <b>11,966</b> | <b>63,500</b> | <b>(3,708,996)</b> | <b>(1,924,535)</b> |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

Half Yearly report 2012

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

**1. STATUS AND NATURE OF BUSINESS**

**1.1** Javedan Corporation Limited (the Company) was incorporated in Pakistan on June 08, 1961, as a public limited company under the repealed Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Karachi Stock Exchange. Registered office of the Company is located at Arif Habib Center, 23, M.T Khan Road, Karachi.

**1.2** The Company has ceased its cement business during the financial year ending July 01, 2010 and management developed business diversification strategy for utilizing the Company's land for developing a housing scheme, "Naya Nazimabad", which will include bungalows, open plots, flat sites and commercial sites. The housing project is located at Manghopir, Karachi. The Company's layout plan of the project is approved by Lyari Development Authority vide letter number LDA/PP/2010/255 on March 02, 2011 and has obtained No Objection Certificate from Sindh Building Control Authority having NOC # SBCA/D.D(D-II)/985/ADV-503/2011 on November 12, 2011.

**1.3** During the current period, the Company has earned profit before taxation of Rs. 310.142 million (Dec 31, 2011: loss before taxation 324.887 million) however, its accumulated losses stand at Rs. 3,708.995 million (Dec. 31, 2011: Rs. 4,504.031 million) resulting in negative shareholders' equity of Rs. 1,924.535 million (Dec. 31, 2011: Rs. 2,719.570 million). Accumulated losses of the Company pertain to the cement business which has been ceased. Moreover, the management of the Company has taken the following steps / measures to improve the financial and operational condition of the Company:

- First phase of Naya Nazimabad housing scheme (the project) which was launched in prior year received a positive response from customers. As of the balance sheet date Company has received advance amounting to Rs. 1,247 million including advance of Rs. 253 million received during the current period.
- Considering the success of plots and bungalows, subsequent to period end, management has launched apartments with the name of "Park View Apartments".
- The Company has strong financial support from its sponsors and is confident about the viability of the scheme. As of the balance sheet date outstanding loan from the related parties amounts to Rs. 597 million.
- The Company has also entered into agreements with banking companies according to which long term finance relating to TFCs along with outstanding mark-up has been rescheduled / settled in the form of Debt / Asset swap;
- The management has prepared five years projections of the Company, according to which Phase-I of the project will be completed by June 30, 2016 and all installments as per the payment plan will be realised by the same date. As per the projections, the Company will have adequate cash inflows to pay off its banking loans and other project development liabilities when they fall due.

**2. BASIS OF PREPARATION**

**2.1** These condensed interim financial information of the Company for the half year ended December 31, 2012 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

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- 2.2 The figures of condensed interim profit and loss account for the quarter ended December 31, 2012 and 2011 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2012 and 2011. This condensed interim financial report does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2012.
- 2.3 These condensed interim financial information have been prepared under 'historical cost convention' except as otherwise disclosed in these notes.
- 2.4 These condensed interim financial information are presented in Pakistan Rupees which is also the Company's functional currency and figures presented in these condensed interim financial information have been rounded off to the nearest thousand of Rupee.
- 2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2012, whereas the comparative condensed profit and loss account, condensed cash flow statement of changes in equity have been extracted from the unaudited condensed interim financial information for the half year ended December 31, 2011.

### 3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies, applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2012.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.
- 4.2 In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2012.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2012.

|                                  | Note | December 31,<br>2012<br>(Rupees in '000) | June 30,<br>2012 |
|----------------------------------|------|--|------------------|
| <b>5. PROPERTY AND EQUIPMENT</b> |      |  |                  |
| Operating fixed assets           | 5.1  | 44,090                                   | 43,813           |
| Capital work-in-progress         | 5.2  | 11,830                                   | 11,830           |
|                                  |      | <u>55,920</u>                            | <u>55,643</u>    |

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|   | Note  | December<br>31, 2012 | June 30,<br>2012 |
|---|-------|----------------------|------------------|
| (Rupees in '000)                                |       |                      |                  |
| <b>5.1 Operating fixed assets</b>               |       |                      |                  |
| Opening written down value                      |       | 43,813               | 27,606           |
| Additions during the period                     | 5.1.1 | 4,027                | 30,880           |
| Disposals during the period - cost              | 5.1.2 | -                    | (156,302)        |
| Depreciation charge for the period              |       | (3,750)              | (7,158)          |
| Depreciation charge on the disposal             |       | -                    | 148,787          |
| Closing written down value                      |       | <u>44,090</u>        | <u>43,813</u>    |
| <b>5.1.1 Additions during the period</b>        |       |                      |                  |
| Furniture, fixtures and equipments              |       | 2,200                | 15,333           |
| Buildings and roads on free-hold land           |       | 1,217                | 15,547           |
| Other assets                                    |       | 610                  | -                |
|   |       | <u>4,027</u>         | <u>30,880</u>    |
| <b>5.1.2 Disposals during the period - cost</b> |       |                      |                  |
| Quarry and transport equipments                 |       | -                    | 1,289            |
| Building and roads on freehold land             |       | -                    | 131,204          |
| Furniture, fixture and equipment                |       | -                    | 9,200            |
| Vehicles  |       | -                    | 2,063            |
| Other assets                                    |       | -                    | 12,546           |
|   |       | <u>-</u>             | <u>156,302</u>   |
| <b>5.2 Capital work-in-progress</b>             |       |                      |                  |
| Balance as at July 01                           |       | 11,830               | 10,124           |
| Additions during the period                     |       | -                    | 3,307            |
| Transferred during the period                   |       | -                    | (1,601)          |
|   |       | <u>11,830</u>        | <u>11,830</u>    |
| <b>6. DEFERRED TAXATION</b>                     |       |                      |                  |
| <b>Taxable temporary differences</b>            |       |                      |                  |
| Accelerated depreciation for tax purposes       |       | (805)                | (637)            |
| Assets subject to finance lease                 |       | (1,698)              | (1,887)          |
|   |       | <u>(2,503)</u>       | <u>(2,524)</u>   |
| <b>Deductible temporary differences</b>         |       |                      |                  |
| Liabilities subject to finance lease            |       | 550                  | 1,005            |
| Minimum tax impact                              |       | 16,117               | 8,312            |
| Advances  |       | 195                  | 195              |
| Assessed tax losses                             |       | 1,286,694            | 1,437,501        |
|   |       | <u>1,303,556</u>     | <u>1,447,013</u> |
|   |       | <u>1,301,053</u>     | <u>1,444,489</u> |
| Less: Deferred tax asset not recognised         | 6.1   | (458,212)            | (601,648)        |
|   |       | <u>842,841</u>       | <u>842,841</u>   |

6.1 Deferred tax asset as at December 31, 2012 to the extent of Rs. 458.212 million (June 30, 2012: 601.648 million) has not been recognised as the Company does not expect to generate sufficient taxable profits against which such benefits can be utilised. However, the recognised deferred tax asset would be recovered as per the projections discussed in note 1.3.

|   | December<br>31, 2012 | June 30,<br>2012 |
|---|----------------------|------------------|
| <b>7. DEVELOPMENT PROPERTIES</b>                      | (Rupees in '000)     |                  |
| Land  | 8,548,907            | 8,548,907        |
| Development expenditure                               |                      |                  |
| -Opening balance                                      | 753,560              | 475,926          |
| -Incurred during the period / year                    | 159,366              | 277,634          |
|   | 912,926              | 753,560          |
|   | 9,461,833            | 9,302,467        |
| Borrowing costs                                       |                      |                  |
| -Opening balance                                      | 359,646              | 118,147          |
| -Charged during the period / year                     | 98,064               | 241,499          |
|   | 457,710              | 359,646          |
| Transferred to cost of sales                          | (880,482)            | -                |
|   | 9,039,061            | 9,662,113        |
| <b>8. ADVANCES</b>                                    |                      |                  |
| <b>Considered good</b>                                |                      |                  |
| Advances to suppliers                                 | 395                  | 1,091            |
| Advances to contractors                               | 38,365               | 22,946           |
| Advances against services and expenses                | 2,921                | 723              |
|   | 41,681               | 24,760           |
| <b>Considered doubtful</b>                            |                      |                  |
| Advances to suppliers                                 | 147                  | 147              |
| Advances to contractors                               | 411                  | 411              |
|   | 558                  | 558              |
| Provision against advances considered doubtful        | (558)                | (558)            |
|   | -                    | -                |
|   | 41,681               | 24,760           |
| <b>9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b> |                      |                  |
| Deposits  |                      |                  |
| Guarantee margin                                      | 225                  | 12,844           |
| With contractors                                      | 4,737                | 4,843            |
| Security deposit with KBCA                            | 3,386                | 3,386            |
|   | 8,348                | 21,073           |
| Prepayments   |                      |                  |
| Prepaid rent and insurance                            | 1,011                | 227              |
| Other receivables-considered good                     |                      |                  |
| Related parties                                       |                      |                  |
| International Builders and Developers (Pvt.) Limited  | 524                  | 524              |
| Employees Gratuity Fund Trust                         | 646                  | 718              |
|   | 1,170                | 1,242            |
| Sales tax refundable                                  | 4,703                | 9,737            |
| Excise duty refundable                                | 574                  | 574              |
| Others  | 713                  | 705              |
|   | 5,990                | 11,016           |
|   | 16,519               | 33,558           |

**10. SHARE CAPITAL**

| December 31,<br>2012<br>(Number of Shares) | June 30,<br>2012   |  | December 31,<br>2012<br>(Rupees in '000) | June 30,<br>2012 |
|--|--------------------|--|--|------------------|
| <u>120,000,000</u>                         | <u>120,000,000</u> | Ordinary shares of Rs.10 each  | <u>1,200,000</u>                         | <u>1,200,000</u> |
| <u>120,000,000</u>                         | <u>120,000,000</u> | 12% Redeemable, cumulative<br>and convertible preference<br>shares of Rs.10 each | <u>1,200,000</u>                         | <u>1,200,000</u> |

**10.1 Issued, subscribed and paid-up ordinary share capital**

| December 31,<br>2012<br>(Number of Shares) | June 30,<br>2012  |   | December 31,<br>2012<br>Number of shares | June 30,<br>2012 |
|--|-------------------|---|--|------------------|
| <b>8,600,000</b>                           | 8,600,000         | Issued for cash   | <b>86,000</b>                            | 86,000           |
| <b>47,200,000</b>                          | 47,200,000        | Issued under the financial<br>restructuring arrangement | <b>472,000</b>                           | 472,000          |
| <b>200,000</b>                             | 200,000           | Issued as fully paid bonus shares                       | <b>2,000</b>                             | 2,000            |
| <b>(54,268,643)</b>                        | (54,268,643)      | Shares cancelled due to merger                          | <b>(542,686)</b>                         | (542,686)        |
| <b>27,332,729</b>                          | 27,332,729        | Shares issued in lieu of merger                         | <b>273,327</b>                           | 273,327          |
| <u><b>29,064,086</b></u>                   | <u>29,064,086</u> | Right shares issued                                     | <u><b>290,641</b></u>                    | <u>290,641</u>   |
| <b>58,128,172</b>                          | 58,128,172        |   | <b>581,282</b>                           | 581,282          |

**10.2 Issued subscribed and paid-up preference shares capital**

|                           |                    |  |                         |                  |
|---------------------------|--------------------|--|-------------------------|------------------|
| <u><b>112,771,300</b></u> | <u>112,771,300</u> | 12% Redeemable, cumulative<br>and convertible preference<br>shares of Rs.10 each | <u><b>1,127,713</b></u> | <u>1,127,713</u> |
|---------------------------|--------------------|--|-------------------------|------------------|

|  | December 31,<br>2012 | June 30,<br>2012 |
|--|----------------------|------------------|
| Note   | (Rupees in '000)     |                  |
| <b>11. LONG TERM FINANCE</b>                     |                      |                  |
| <b>Allied Bank Limited</b>                       |                      |                  |
| - Medium term finance facility                   | 1,200,000            | 1,208,333        |
| - ABL Debt asset swap arrangement                | 361,266              | 334,316          |
|  | <u>1,561,266</u>     | <u>1,542,649</u> |
| <b>National Bank of Pakistan Limited</b>         |                      |                  |
| -Term Finance Certificates (Restructured)        | 1,225,000            | 1,225,000        |
| <b>Faysal Bank Limited</b>                       |                      |                  |
| -Term Finance Certificates (Restructured)        | 600,000              | 604,167          |
| - FBL Debt asset swap arrangement                | 74,260               | 74,260           |
|  | <u>674,260</u>       | <u>678,427</u>   |
|  | <u>3,460,526</u>     | <u>3,446,076</u> |
| <b>Term loans - Secured</b>                      |                      |                  |
| - KASB Bank Limited                              | 16,667               | 50,000           |
| - Bank Islami Pakistan Limited                   | 156,250              | 218,750          |
|  | <u>172,917</u>       | <u>268,750</u>   |
| <b>Related parties</b>                           |                      |                  |
| - Arif Habib Corporation Limited - Secured       | 473,000              | 460,000          |
| <b>Long term accrued mark-up</b>                 |                      |                  |
| - ABL Debt asset swap arrangement                | 65,108               | 36,496           |
| - FBL Debt asset swap arrangement                | 16,085               | 10,369           |
|  | <u>81,193</u>        | <u>46,865</u>    |
| Current maturity shown under current liabilities | <u>(741,667)</u>     | <u>(487,500)</u> |
|  | <u>3,445,969</u>     | <u>3,734,191</u> |

11.1 The terms of long term finance are same as disclosed in annual financial statements for the year ended June 30, 2012.

## 12. ADVANCE FROM CUSTOMERS

This represents amount received from customers in respect of booking of plots and bungalows as per the payment plan which includes sale of plots and bungalows.

## 13. SHORT TERM BORROWINGS

|                                |      |                |                |
|--------------------------------|------|----------------|----------------|
| Summit Bank Limited - Secured  | 13.1 | 120,000        | 120,000        |
| Sindh Bank Limited - Secured   | 13.2 | 100,000        | -              |
| <b>Related parties</b>         |      |                |                |
| Loan from Director - Unsecured | 13.3 | 124,000        | 83,000         |
|                                |      | <u>344,000</u> | <u>203,000</u> |

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- 13.1 This represents short-term running finance and term finance obtained from Summit Bank amounting to Rs. 85 million and Rs. 35 million respectively. Both facilities carry mark-up at the rate of 3 months KIBOR + 4% and are secured by mortgage over 35.62 acres inclusive of margin and personal guarantee of Mr. Arif Habib.
- 13.2 This represents short-term running finance obtained from Sindh Bank Limited amounting to Rs. 100 million. Facilities carry mark-up at the flat rate of 13.50% and are secured by mortgage over 20.149 acres.
- 13.3 This loan was provided by Mr. Arif Habib. It carries mark-up at the rate of 3 months KIBOR + 3% and is repayable on demand.

|  | <b>December<br/>31, 2012</b> | June 30,<br>2012 |
|--|------------------------------|------------------|
|  | (Rupees in '000)             |                  |
| <b>14. TRADE AND OTHER PAYABLES</b>                  |                              |                  |
| Creditors  | 1,213                        | 1,172            |
| Accrued liabilities                                  | 63,740                       | 103,858          |
| Retention money payable                              | 3,780                        | 4,086            |
| Al-Abbas Cement Industries Limited - Related Party   | -                            | 108              |
| Arif Habib Real Estate (Pvt) Limited - Related Party | 744                          | -                |
| Withholding tax payable                              | 2,298                        | 948              |
| Dividend payable                                     | 2,834                        | 2,834            |
|  | <u>74,609</u>                | <u>113,006</u>   |

**15. CONTINGENCIES AND COMMITMENTS**

**15.1 Contingencies**

There were no changes in contingencies since the last audited financial statements.

**15.2 Commitments**

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Dividend on preference shares        | 139,033        | 70,814         |
| Land for development and civil works | 85,377         | 30,914         |
|                                      | <u>224,410</u> | <u>101,728</u> |

| Note                               | Half Year Ended   |                   | Quarter Ended     |                   |               |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------|
|                                    | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |               |
|                                    | (Rupees in '000)  |                   |                   |                   |               |
| <b>16. ADMINISTRATIVE EXPENSES</b> |                   |                   |                   |                   |               |
| Salaries, wages and other benefits | 16.1              | 37,560            | 22,944            | 21,423            | 11,755        |
| Printing and stationery            |                   | 803               | 331               | 12                | 263           |
| Travelling and conveyance          |                   | 771               | 219               | 277               | 136           |
| Communication                      |                   | 1,132             | 437               | 545               | 296           |
| Legal and professional charges     |                   | 2,247             | 877               | 809               | 432           |
| Rent, rates and taxes              |                   | 1,341             | 1,715             | 708               | 587           |
| Utilities                          |                   | 9,056             | 6,778             | 4,022             | 28            |
| Repair and maintenance             |                   | 1,257             | 2,441             | 685               | 1,442         |
| Depreciation                       |                   | 3,750             | 2,839             | 1,903             | 567           |
| Amortization                       |                   | 1,023             | 133               | 515               | 133           |
| Fee and subscription               |                   | 1,031             | 2,050             | 220               | 1,610         |
| Vehicle running expenses           |                   | 3,946             | 636               | 2,288             | 175           |
| Meeting and convention             |                   | 159               | 183               | -                 | 183           |
| Entertainment                      |                   | 495               | 418               | 251               | 185           |
| Donation                           | 16.2              | 4,298             | 626               | 599               | 605           |
| Insurance                          |                   | 906               | 622               | 457               | 157           |
| Purchase services - transportation |                   | 1,019             | 325               | 514               | 10            |
| General expenses                   |                   | 530               | 45                | 392               | 45            |
|                                    |                   | <u>71,323</u>     | <u>43,619</u>     | <u>35,619</u>     | <u>18,609</u> |

16.1 This includes an amount of Rs. 1.290 million (December 31, 2011: 0.550) million in respect of employees retirement benefits.

16.2 None of the directors or their spouses have any interest in the donees of above donations.

|                     | Half Year Ended   |                   | Quarter Ended     |                   |
|---------------------|-------------------|-------------------|-------------------|-------------------|
|                     | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
|                     | (Rupees in '000)  |                   |                   |                   |
| <b>17. TAXATION</b> |                   |                   |                   |                   |
| Current             | 7,806             | 24                | 7,804             | 18                |
| Prior               | -                 | (54)              | -                 | (54)              |
|                     | 7,806             | (30)              | 7,804             | (36)              |
| Deferred            | -                 | (221,394)         | -                 | (221,394)         |
|                     | <u>7,806</u>      | <u>(221,424)</u>  | <u>7,804</u>      | <u>(221,430)</u>  |

|   | Half Year Ended   |                   | Quarter Ended     |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | December 31, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
|   | (Rupees in '000)  |                   |                   |                   |
| <b>18. EARNING PER SHARE - Basic and diluted</b>      |                   |                   |                   |                   |
| Profit / (Loss) attributable to ordinary shareholders | <u>302,336</u>    | <u>(103,463)</u>  | <u>462,485</u>    | <u>34,745</u>     |
| Weighted average numbers of shares                    | <u>58,128,172</u> | <u>58,128,172</u> | <u>58,128,172</u> | <u>58,128,172</u> |
| Earning / (Loss) per shares - Rupees                  | <u>5.20</u>       | <u>(1.78)</u>     | <u>7.96</u>       | <u>0.60</u>       |

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**19. TRANSACTION WITH RELATED PARTIES**

The related party comprise of associated undertakings, key management personnel and post employment benefit plan. The Company carries out transactions with various related parties as per agreements. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

|   | December<br>31, 2012 | June 30,<br>2012 |
|---|----------------------|------------------|
|   | (Rupees in '000)     |                  |
| <b>Associates</b>                           |                      |                  |
| Sales of scrap material                     | 673                  | 686              |
| Loan received from related party            | 13,000               | 230,681          |
| Loan repaid to related party                | -                    | 48,681           |
| Purchase of cement                          | 601                  | -                |
| Transfer of Employees loan and assets       | 744                  | -                |
| Common sharing expenses incurred            | 202                  | -                |
| Mark-up expense                             | 33,234               | -                |
| <b>Key management personnel</b>             |                      |                  |
| Loan received from sponsor loan             | 41,000               | -                |
| Sale of residential plot                    | 770                  | -                |
| Sale of commercial plot                     | 37,109               | -                |
| Mark-up expense                             | 7,027                | -                |
| <b>Post employment benefit plan</b>         |                      |                  |
| Amount received from employee gratuity fund | -                    | 3,500            |

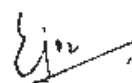
**20. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on February 21, 2012 by the Board of Directors of the Company.

**21. GENERAL**

Figures have been rounded-off to the nearest thousands of rupees and comparative figures have been reclassified where ever necessary.

  
Chief Executive

  
Director





If undelivered please return to:  
JAVEDAN CORPORATION LIMITED  
Naya Nazimabad Manghopir Road, Karachi-75890

CORPORATE