

JAVEDAN
CORPORATION LIMITED

December 2015



Condensed Interim
Financial Report

For Six Months - 2nd Quarter Ended December 31st, 2015





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Corporate Information

Board of Directors

Arif Habib	Chairman
Samad A. Habib	Chief Executive
Abdul Qadir	Director
Alamgir A. Sheikh	Director
Hassan Ayub Adhi	Director
Kashif A. Habib	Director
Muhammad Ejaz	Director
Muhammed Siddiq Khokhar	Director
Faisal Anees Bilwani	Director

Chief Financial Officer & Company Secretary

Syed Muhammad Talha

Audit Committee

Abdul Qadir	Chairman
Kashif A. Habib	Member
Muhammad Ejaz	Member
Owais Ahmed	Secretary

HR & Remuneration Committee

Arif Habib	Chairman
Samad A. Habib	Member
Muhammad Ejaz	Member

Auditors

Haroon Zakaria & Co.
Chartered Accountants

Deloitte Yousuf Adil
Chartered Accountants

Bankers

Allied Bank Limited
AlBaraka Pakistan Limited
Askari Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib 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

Share Registrar

Central Depository Company of
Pakistan Limited, CDC House,
99-B, Block 'B' S.M.C.H.S,
Shahrah-e-Faisal, Karachi.

Site Office

Naya Nazimabad, Manghopir Road, Karachi -75890
Tel : 92-21-32061997-98, 32061903-04
Fax: 92-21-36770144
Website: www.nayanazimabad.com

Directors' Report to the Members

Dear Shareholders,

The Board of Directors of Javedan Corporation Limited (JCL) takes pleasure in presenting the financial performance of the company and development progress of the project together with the interim financial information reviewed by the auditors for the period ended December 31, 2015.

Financial Performance

During the period under review, the Company recorded sale of Rs.286.9 million an increase of 89% as compared to the sale of Rs.151.3 million in the corresponding period of last year. Gross profit at Rs.200.6 million was more than double as compared to gross profit of Rs. 96.35 million earned in the corresponding period of last year. Profit after Tax (PAT) for the period at Rs.81.2 million was lower than PAT of Rs. 271 million reported in the corresponding period of last year. This difference is not related to business performance, which remains stable during the year. Rather, it represents the other income recognized during corresponding period amounting to Rs.223 million and deferred tax asset of Rs. 130 million. The Company is current with all its banking obligations. Collection / recovery from customers at more than 88 % of the due amount shows the continued confidence of the allottees in Naya Nazimabad.

Following is the comparative summary of financial results:

Particulars	December 31, 2015 (Reviewed)	December 31, 2014 (Reviewed)
	-----Rupees in Thousands-----	
Net sales	286,902	151,528
Cost of sales	(86,247)	(55,169)
Gross Profit	200,655	96,359
Profit before Taxation	84,162	141,301
Taxation	(2,869)	129,755
Profit after taxation	81,293	271,056
EPS - Basic (in rupees)	0.69	2.45
EPS - Diluted (in rupees)	0.43	1.49

Development Performance

The infrastructure development phase that include the laying of sewerage, storm water, water lines, power cabling, communication network, construction of roads, pavements and parks is fast approaching its planned conclusion. In order to ensure quality, detailed supervision of Infrastructure works is carried out by renowned Consultant M/s Engineering Associates. M/s Arcop is providing detailed supervision for bungalows. All supplies related to infrastructure works and finishing of Bungalows are subject to strict quality control. The Management is hopeful that most of the work will be completed by March 2016.

Improving access to Naya Nazimabad through broadening and improving the road infrastructure is one of the top priorities of the management. The Introduction of Green Line and Orange Line buses in the city shall also help and improve the connectivity of the project with the City. Prime Minister has recently launched the Green Line project. A key station on the route is just 2 KM away from Naya Nazimabad. The envisioned 24 - hrs shuttle service to and from Naya Nazimabad will help its allottees to travel around the City at ease.

Future Outlook

By the Grace of God, progress at Naya Nazimabad is well as per the plan. The process of giving over the possession of plots and bungalows to the allottees of phase 1 shall start from next month. This will be a key milestone paving the way for faster future development and introduction of new phases to the market.

The Company has initiated the process of planning for the development of large scale commercial development in the project. This will set a new trend for commercial area development in Karachi. Market conditions exhibit signs of improvement and stability as the security situation of the city improves. Future prospects for the company look positive and stable.

Acknowledgement

The Board takes this opportunity to appreciate employees, customers and strategic partners for their dedication, commitment and contributions towards helping us achieve our objectives. The Board also extends its appreciation to Government authorities, suppliers and shareholders for their unwavering support and cooperation. May Allah bless us in our efforts. A'meen!

Thanking you all

For and on behalf of the Board



Samad A. Habib
Chief Executive Officer

Karachi: February 26, 2016

DELOITTE YOUSUF ADIL
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, 2015 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 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 quarter ended December 31, 2015 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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, 2015 are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of Matter

We draw attention to note 6 to the condensed interim financial information related to recoverability of deferred tax asset which depends on future profitability of the Company. To assess the future profits, management has prepared projection which involves assumptions regarding future business and economic conditions and, therefore, any significant change in such assumptions or actual outcome that is different from assumptions may have an effect on the reliability of the deferred tax asset in future. In this respect, our opinion is not qualified.



Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Karachi
Dated : February 26, 2016



Chartered Accountants

Engagement Partner
Mohammad Iqbal Abdul Aziz

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2015

		(Unaudited) December 31, 2015	(Audited) June 30, 2015
ASSETS	Note	(Rupees in '000)	
Non-current assets			
Property and equipment	5	1,544,568	1,546,410
Intangible asset		2,193	3,246
Deferred taxation	6	662,028	662,028
Long term security deposits		3,940	3,440
		2,212,729	2,215,124
Current assets			
Development properties	7	8,223,696	7,961,582
Trade debts - Considered good		2,931,705	3,118,767
Advances		86,901	52,180
Trade deposits, short term prepayments and other receivables	8	585,457	663,695
Cash and bank balances		51,062	112,854
		11,878,821	11,909,078
		14,091,550	14,124,202
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised			
Ordinary shares	9	1,700,000	1,200,000
Preference shares	9	1,200,000	1,200,000
Issued, subscribed and paid up capital			
Ordinary shares	9	1,250,790	1,166,526
Preference shares	9	985,154	1,120,213
Reserves		112,118	(78,024)
		2,348,062	2,208,715
Surplus on revaluation of land	10	6,478,331	6,536,385
Non-current liabilities			
Long term finance - Secured	11	844,751	965,626
Liabilities against assets subject to finance lease		874	931
Deferred liabilities		5,434	6,776
		851,059	973,333
Current liabilities			
Trade and other payables	12	348,040	252,294
Mark-up accrued		200,888	337,018
Advance from customers	13	699,169	625,573
Short term borrowings	14	2,506,369	2,288,563
Current maturity of :			
Long term finance	11	658,940	901,527
Liabilities against assets subject to finance lease		692	794
		4,414,098	4,405,769
TOTAL EQUITY AND LIABILITIES		14,091,550	14,124,202
Contingencies and commitments	15		

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.

08  Chief Executive

 Director

**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Note	Half year ended		Quarter Ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		(Rupees in '000)		(Rupees in '000)	
Revenue		286,902	151,528	89,887	-
Cost of sales		(86,247)	(55,169)	39,657	-
Gross profit		200,655	96,359	129,544	-
Marketing and selling expenses		(15,066)	(6,821)	(12,908)	(472)
Administrative expenses	16	(73,820)	(66,797)	(37,648)	(33,718)
Other income	17	23,971	224,000	10,543	160,751
Profit from operations		135,740	246,741	89,531	126,561
Finance cost		(51,578)	(105,440)	(22,550)	(38,955)
Profit before taxation		84,162	141,301	66,981	87,606
Taxation	18	(2,869)	129,755	(83,699)	138,883
Profit after taxation		81,293	271,056	(16,718)	226,489
Earnings per share					
Basic	19	0.69	2.45	(0.14)	2.89
Diluted	19	0.43	1.49	(0.09)	1.75

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.


Chief Executive


Director

**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME - (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Half year ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation	81,293	271,056	(16,718)	226,489
Other comprehensive income for the period	-	-	-	-
<i>Items that will not be reclassified subsequently to profit and loss account</i>	-	-	-	-
<i>Items that will be reclassified subsequently to profit and loss account</i>	-	-	-	-
Total comprehensive income for the period	<u>81,293</u>	<u>271,056</u>	<u>(16,718)</u>	<u>226,489</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.

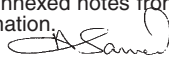

Chief Executive

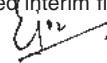

Director

**CONDENSED INTERIM
CASH FLOW STATEMENT - (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	December 31, 2015	December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES	(Rupees in '000)	
Profit before taxation	84,162	141,301
Adjustments for non-cash charges and other items		
Depreciation	3,900	4,420
Gain on disposal	(614)	-
Amortization	1,053	1,053
Finance cost	51,578	105,440
Interest income	(85)	(211,138)
	55,832	(100,225)
Cash generated from operating activities before working capital changes	139,994	41,076
(Increase) / decrease in current assets		
Development properties	(137,079)	(58,043)
Trade debts	187,062	40,193
Advances	(34,721)	(15,654)
Deposits, prepayments and other receivables	78,238	31,802
	93,500	(1,702)
Increase / (decrease) in current liabilities		
Advance from customers	73,596	(59,961)
Trade and other payables	95,348	(14,942)
	168,944	(74,903)
Net cash generated / (used in) from operations	402,438	(35,529)
Income tax paid	(2,471)	(1,073)
Finance cost paid	(312,743)	(284,382)
Gratuity paid	(1,342)	(144)
Net cash generated from / (used in) operating activities	85,882	(321,128)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed capital expenditure	(2,212)	(3,977)
Fixed asset sale proceeds	768	52
Increase in long term security deposits - net	(500)	-
Interest received	85	103
Net cash used in investing activities	(1,859)	(3,822)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscription received against right Issue	-	579,926
Repayment of long term finance - net	(363,462)	(947,628)
Net proceeds from short term borrowing	217,806	910,522
Principal repayment of finance lease	(159)	(269)
Net cash (used in) / generated from financing activities	(145,815)	542,551
Net (decrease) / increase in cash and bank balances	(61,792)	217,601
Cash and bank balances at beginning of the period	112,854	7,489
Cash and bank balances at end of the period	51,062	225,090

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.


Chief Executive


Director

**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Ordinary Share capital	Share Premium	Preference Share capital	Capital reserves	Subscription received against Right Issue	Revenue Reserves		Total
						General	Accumulated (losses)/profit	
(Rupees in '000)								
Balance as at June 30, 2014	583,253	7,942	1,120,253	11,966	-	63,500	(1,259,726)	527,188
Profit for the period	-	-	-	-	-	-	271,056	271,056
Other comprehensive income for the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	271,056	271,056
Subscription received against Right Issue	-	-	-	-	579,926	-	-	579,926
Transfer of surplus on revaluation of land	-	-	-	-	-	-	37,562	37,562
Transaction with the owners:								
Conversion of preference shares into ordinary shares	10	45	(40)	-	-	-	-	15
Dividend at 12% on conversion of preference shares into ordinary shares	-	-	-	-	-	-	(15)	(15)
Balance as at December 31, 2014	583,263	7,987	1,120,213	11,966	579,926	63,500	(951,123)	1,415,732
Balance as at July 01, 2015	1,166,526	7,987	1,120,213	11,966	-	63,500	(161,477)	2,208,715
Profit for the period	-	-	-	-	-	-	81,293	81,293
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	81,293	81,293
Transfer of surplus on revaluation of land	-	-	-	-	-	-	58,054	58,054
Transaction with the owners:								
Conversion of preference shares into ordinary shares	84,264	108,874	(135,059)	-	-	-	-	58,079
Dividend at 12% on conversion of preference shares into ordinary shares	-	-	-	-	-	-	(58,079)	(58,079)
Balance as at December 31, 2015	1,250,790	116,861	985,154	11,966	-	63,500	(80,209)	2,348,062

The annexed notes from 1 to 23 form an integral part of these condensed interim financial information.


Chief Executive


Director

**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

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 the Pakistan Stock Exchange. The 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 since July 01, 2010 and management has 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.

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Company for the half year ended December 31, 2015 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.
- 2.2** The figures of condensed interim profit and loss account for the quarter ended December 31, 2015 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2015. This condensed interim financial information 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, 2015.
- 2.3** These condensed interim financial information are presented in Pakistani Rupees which is also the Company's functional currency.
- 2.4** The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2015, whereas the comparative 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 have been extracted from the unaudited condensed interim financial information for the half year ended December 31, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2015.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1** The preparation of the condensed interim financial information in conformity with the 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, 2015.
- 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 2015.

(Unaudited)
December 31, December 31,
2015 2014
Note
(Rupees in '000)

5. PROPERTY AND EQUIPMENT

During the period following additions and disposals were made:

5.1 Additions during the period

Furniture, fixtures and equipment	1,084	1,635
Vehicles	696	2,342
Computer equipment	432	-
	<u>2,212</u>	<u>3,977</u>

5.2 Disposals during the period:

Furniture, fixtures and equipment	25	-
Vehicles	129	15
Computer equipment	-	38
	<u>154</u>	<u>53</u>

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
6. DEFERRED TAXATION	Note	(Rupees in '000)
Deferred tax liabilities arising in respect of:		
Accelerated tax depreciation	(1,199)	(1,374)
Assets subject to finance lease	(1,139)	(1,265)
	(2,338)	(2,639)
Less: Deferred tax assets arising in respect of:		
Liabilities against assets subject to finance lease	501	552
Goodwill	143,119	190,825
Employee gratuity fund	1,739	2,168
Minimum tax impact	53,812	52,292
Assessed tax losses	855,971	833,577
	1,055,142	1,079,414
Less: Deferred tax asset not recognised	6.1 (390,776)	(414,747)
	662,028	662,028

6.1 Deferred tax asset as at December 31, 2015 to the extent of Rs. 390.776 million (June 30, 2015: 414.747 million) has not been recognised as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

6.2 The Company has also prepared future profitability projections to assess recoverability of the deferred tax assets which has been recognized. These projections contain assumptions related to future sale of the land and estimates of associated cost of sale and also other expenditures.

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
7. DEVELOPMENT PROPERTIES	Note	(Rupees in '000)
Land		
Opening balance	8,151,484	8,151,484
Add: Acquired during the year	-	-
	8,151,484	8,151,484
Development expenditure		
Opening balance	1,971,642	1,449,763
Add: Incurred during the period / year	315,131	521,879
	2,286,773	1,971,642
Borrowing costs		
Opening balance	1,054,004	789,259
Add: Capitalized during the period / year	125,035	264,745
	1,179,039	1,054,004
Less:	11,617,296	11,177,130
Transferred to cost of sales to date	(2,182,920)	(2,096,673)
Transferred to receivables from customers to date	(1,210,680)	(1,118,875)
	8,223,696	7,961,582

			(Unaudited) December 31, 2015	(Audited) June 30, 2015
8. TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES		Note	(Rupees in '000)	
Deposits				
Guarantee margin			225	225
With contractors			2,680	2,680
Security deposit with Karachi Building Control Authority (KBCA)			3,345	3,345
Others			99	46
			<u>6,349</u>	<u>6,296</u>
Prepayments				
Prepaid rent and insurance			1,842	2,143
Other receivables - Considered good				
International Builders and Developers (Private) Limited - related party			556	556
Sales tax refundable			4,703	4,703
Development charges recoverable from customer			570,177	648,789
Excise duty refundable			574	574
Others			1,256	634
			<u>585,457</u>	<u>663,695</u>
9. SHARE CAPITAL				
Authorised capital				
	December 31, 2015	June 30, 2015	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	Number of shares		(Rupees in '000)	
<u>170,000,000</u>	<u>120,000,000</u>	Ordinary shares of Rs.10 each	<u>1,700,000</u>	<u>1,200,000</u>
<u>120,000,000</u>	<u>120,000,000</u>	12% Redeemable, cumulative and convertible preference shares of Rs.10 each	<u>1,200,000</u>	<u>1,200,000</u>
Issued, subscribed and paid up ordinary share capital				
8,600,000	8,600,000	Issued for cash	86,000	86,000
47,200,000	47,200,000	Issued under the financial restructuring arrangement	472,000	472,000
200,000	200,000	Issued as fully paid bonus shares	2,000	2,000
(54,268,643)	(54,268,643)	Shares cancelled due to merger	(542,686)	(542,686)
27,332,729	27,332,729	Shares issued in lieu of merger	273,327	273,327
87,390,414	87,390,414	Right shares issued	873,904	873,904
8,624,563	198,156	Shares issued on conversion from preference shares	86,245	1,981
<u>125,079,063</u>	<u>116,652,656</u>		<u>1,250,790</u>	<u>1,166,526</u>

Issued subscribed and paid up preference shares capital

December 31, 2015	June 30, 2015		(Unaudited) December 31, 2015	(Audited) June 30, 2015
Number of shares			(Rupees in '000)	
112,021,300	112,025,300	12% Redeemable, cumulative and convertible preference shares of Rs.10 each	1,120,213	1,120,253
(13,505,900)	(4,000)	Shares cancelled on conversion into ordinary shares	(135,059)	(40)
<u>98,515,400</u>	<u>112,021,300</u>		<u>985,154</u>	<u>1,120,213</u>

10. SURPLUS ON REVALUATION OF LAND

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	(Rupees in '000)	
Property and equipment	1,068,342	1,068,342
Development properties	5,409,989	5,468,043
	<u>6,478,331</u>	<u>6,536,385</u>

11. LONG TERM FINANCE - Secured

Allied Bank Limited

- Medium term finance facility	-	200,000
- Debt asset swap arrangement	361,266	361,266
	<u>361,266</u>	<u>561,266</u>

National Bank of Pakistan Limited

- Term Finance Certificates - Restructured Loan	891,425	905,887
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Faysal Bank Limited

- Term Finance Certificates	100,000	200,000
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Term loans

- Bank Islami Pakistan Limited	151,000	200,000
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Current maturity of long term finance shown under current liabilities	(658,940)	(901,527)
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11.1	<u>844,751</u>	<u>965,626</u>
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11.1 The terms of all facilities are same as disclosed in annual audited financial statements for the year ended June 30, 2015.

		(Unaudited) December 31, 2015	(Audited) June 30, 2015
(Rupees in '000)			
12. TRADE AND OTHER PAYABLES	Note		
Creditors		34,500	13,034
Accrued liabilities		167,020	209,298
Retention money payable		4,492	13,073
Power Cement Limited - related party		7,926	3,185
Withholding tax payable		2,495	951
Unclaimed dividend		2,834	2,834
Income tax payable		8,773	9,919
Advance received for amenities		120,000	-
		<u>348,040</u>	<u>252,294</u>

13. ADVANCE FROM CUSTOMERS

This represents amount received from customers in respect of booking of plots and bungalows as per the payment plan on which sales has not been recognised since it does not meet the recognition criteria. It includes amount received from related parties amounting to Rs. 102.37 million (June 30, 2015: Rs. 102.37 million) .

		(Unaudited) December 31, 2015	(Audited) June 30, 2015
(Rupees in '000)			
14. SHORT TERM BORROWINGS	Note		
From banking companies - secured			
Summit Bank Limited		135,000	135,000
Sindh Bank Limited		401,369	403,563
		<u>536,369</u>	<u>538,563</u>
Related parties - unsecured			
Loan from sponsors	14.1	520,000	500,000
Arif Habib Corporation Limited - associated company	14.2	200,000	-
International Complex Project Limited - associated company		1,250,000	1,250,000
		<u>1,970,000</u>	<u>1,750,000</u>
	14.3	<u>2,506,369</u>	<u>2,288,563</u>

14.1 This amount includes loan provided by Mr. Arif Habib amounting to Rs. 20 million at a markup of rate of 3 months KIBOR + 2% and loan provided by Mr. Haji Ghani Usman and Mr. Shunaid Qureshi. The amount is payable on demand.

14.2 During the period this loan was sanctioned by Arif Habib Corporation limited to the Company carries mark up at the rate of 3 months KIBOR + 2.65% payable on demand and lender being the group company of the borrower, agrees to extend this financing facility to the company.

14.3 The terms of all other facilities are same as disclosed in annual audited financial statements for the year ended June 30, 2015 except for note 14.1 & 14.2.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

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

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
(Rupees in '000)		
15.2 Commitments		
Dividend on preference shares	550,009	482,248
Guarantee in favor of Sindh Building Control Authority (SBCA)	6,960	6,960
	556,969	489,208

(Unaudited)					
		Half year ended		Quarter Ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Note		(Rupees in '000)		(Rupees in '000)	
16. ADMINISTRATIVE EXPENSES					
	Salaries, wages and other benefits	27,422	27,564	12,644	12,809
	Fees and subscription	4,030	2,480	2,655	1,214
	Depreciation	3,900	4,420	1,627	2,260
	Amortization	1,053	1,053	526	526
	Vehicle running expenses	5,540	4,810	2,800	2,477
	Legal and professional charges	1,299	256	641	94
	Repair and maintenance	2,714	1,386	1,790	645
	Rent, rate and taxes	1,971	1,639	1,129	846
	Utilities	12,726	12,634	6,015	6,569
	Donation 16.1	2,224	984	1,029	262
	Communication	1,643	1,835	891	1,129
	Travelling and conveyance	714	498	545	380
	Insurance	1,399	2,436	410	1,688
	Printing and stationery	1,502	1,441	1,315	1,162
	Auditors' remuneration	357	300	357	300
	Entertainment	953	845	583	479
	Meeting and convention	322	117	322	117
	General expenses	4,051	2,099	2,369	761
		73,820	66,797	37,648	33,718

16.1 None of the directors or their spouses have any interest in the donees' funds.

17 OTHER INCOME	Note	(Unaudited)	(Unaudited)
		December 31, 2015	December 31, 2014
		(Rupees in '000)	
Financial assets			
Profit on deposits		85	103
Discount income		-	211,036
		85	211,139
Non-financial assets			
Loss on sale of scrap		-	(10)
Gain on sale of fixed asset		614	-
Income from cancellation of bookings		9,295	7,991
Miscellaneous		13,977	4880
		23,971	224,000

	Note	(Unaudited)			
		Half year ended		Quarter Ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
18. TAXATION		(Rupees in '000)			
Current		(2,869)	(1,518)	(899)	7,610
Prior	18.1	-	131,273	-	131,273
		(2,869)	129,755	(899)	138,883
Deferred		-	(82,800)	-	-
		(2,869)	129,755	(83,699)	138,883

18.1 Alternate Corporate Tax (ACT) was applicable on the Company at rate of 17% of accounting income after certain adjustments as mentioned in section 113 (c) of Income tax Ordinance 2001 through finance act 2014. Accordingly, the Company had made a provision for ACT for the year ended June 30, 2014. However, during financial year 2015, the Company has obtained stay order from the Honourable High Court of Sindh and therefore, the provision booked has been reversed during the financial year 2015 amounting to Rs 131.273 million. However, if the Honorable High Court of Sindh withdraws its stay order after the completion of the proceeding of the case, the Company will have to pay Rs. 131.273 million, 123.483 million and 14.307 million for the tax year 2014, 2015 and half year ended December 31, 2015 respectively.

18.2 Audit proceeding under sections 177/214C of Income Tax Ordinance, 2001 for tax year 2014 are underway where by information called upon by the department have already been furnished. However, notice under section 122 has not been issued yet.

18.3 For tax year 2012, the Assistant Commissioner Inland Revenue (ACIR) raised a demand of Rs. 1,003 million under section 122(1) by disallowing certain items. The Company filed an appeal there against before the Commissioner Inland Revenue (CIR) who through his order dated May 29, 2015, has reduced demand to Rs.106.027 millions by modifying order passed by ACIR. The Company filed an appeal against the order of CIR at the Tribunal, which is in process. The management is confident that the case will be decided in favour of the Company. Accordingly, no effect of the order has been taken in these financial statements.

For the assessment year 2008, the Commissioner Appeal has annulled the assessment order passed by the Additional Commissioner Inland Revenue in which additional tax liability of Rs. 39.791 million was demanded. Cross appeal before Inland Revenue Appellate Tribunal against order in appeal has been filed by tax department which is pending at period end.

For the assessment years 2009 and 2010, the Commissioner Appeal has remanded back the assessment orders passed by Additional Commissioner Inland Revenue directing for reconsideration of major issues involved in additional tax demand of Rs. 80.257 million and Rs. 194.035 million respectively. Cross appeals before Inland Revenue Appellate Tribunal against order in appeals have been filed by tax department which is pending at period end.

(Unaudited)

	Half year ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in '000)		(Rupees in '000)	

19. EARNINGS PER SHARE

Basic

Profit after tax	<u>81,293</u>	<u>271,056</u>	<u>(16,718)</u>	<u>226,489</u>
Weighted average numbers of ordinary shares	<u>117,614,309</u>	<u>110,685,481</u>	<u>117,614,309</u>	<u>78,500,341</u>
Earnings per share - (Rupees)	<u>0.69</u>	<u>2.45</u>	<u>(0.14)</u>	<u>2.89</u>

Diluted

Profit after tax	<u>81,293</u>	<u>271,056</u>	<u>(16,718)</u>	<u>226,489</u>
Weighted average numbers of ordinary shares	<u>189,370,341</u>	<u>182,394,350</u>	<u>189,370,341</u>	<u>129,357,695</u>
Earning per share - (Rupees)	<u>0.43</u>	<u>1.49</u>	<u>(0.09)</u>	<u>1.75</u>

20. BALANCES / TRANSACTIONS 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 balances and transactions with related parties during the period, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	(Rupees in '000)	
Balances with Related Parties		
Associates - due to common directorship		
Mark-up Accrued	6,317	-
Receivables Against Sales of Plots	1,540,400	1,540,400
Key Management Personnel		
Mark-up Accrued	560	174,153
Other related party		
Receivables Against Sales of Plots	148,123	-
	(Unaudited)	
	December 31, 2015	December 31, 2014
	(Rupees in '000)	
Transactions with Related Parties		
Associates - due to common directorship		
Loan received	300,000	387,000
Loan repaid	100,000	293,400
Purchase of cement	22,064	6,143
Mark-up expense	72,790	10,655
Purchase of concrete	21,266	2,713
Amount received for amenities	120,000	-
Key management personnel		
Loan received from sponsors	70,000	1,460,000
Loan repaid	50,000	557,000
Mark-up expense	22,193	80,526

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

----- As at December 31, 2015 -----			
	Level 1	Level 2	Level 3
----- Rupees in '000 -----			
Fair value through profit or loss			
Free hold land	-	-	-
----- As at June 30, 2015 -----			
	Level 1	Level 2	Level 3
----- Rupees in '000 -----			
Fair value through profit or loss			
Free hold land	-	459,963	-

There were no transfers between levels during the period ended December 31, 2015.

There were no changes in valuation techniques during the period ended December 31, 2015.

Level 2 free hold land are fair valued using detailed inspection of the subject property and have also made numerous independent market inquiries from local active realtors in the vicinity to establish the present market value.

22. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 26, 2016 by the Board of Directors of the Company.

23. GENERAL

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


Chief Executive


Director

JAVEDAN CORPORATION LIMITED

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CORPORATE