

THE FUTURE IS NOW

JAVEDAN
CORPORATION LIMITED

Half Yearly Report December 2021



Table of Content

Company Information	02
Directors' Review Report	04
Condensed Interim Unconsolidated Financial Statements	07
Independent Auditors' Review Report	08
Condensed Interim Unconsolidated Statement of Financial Position (Unaudited)	10
Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)	11
Condensed Interim Unconsolidated Statement of Other Comprehensive Income (Unaudited)	12
Condensed Interim Unconsolidated Statement of Changes In Equity (Unaudited)	13
Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)	14
Notes To The Condensed Interim Unconsolidated Financial Statements (Unaudited)	15
Condensed Interim Consolidated Financial Statements	29
Condensed Interim Consolidated Statement of Financial Position (Unaudited)	30
Condensed Interim Consolidated Statement of Profit Or Loss (Unaudited)	31
Condensed Interim Consolidated Statement of Other Comprehensive Income (Unaudited)	32
Condensed Interim Consolidated Statement of Changes In Equity (Unaudited)	33
Condensed Interim Consolidated Statement of Cash Flows (Unaudited)	34
Notes To The Condensed Interim Consolidated Financial Statements (Unaudited)	35

Company Information

Board of Directors

Arif Habib
Muhammad Ejaz
Kashif Habib
Saeed Ahmad
Alamgir A. Shaikh
Darakshan Zohaib
Abdul Qadir Sultan
Abdullah Ghaffar
Javed Kureishi

Chairman
Director
Director
Director
Director
Director
Director
Director

Audit Committee

Abdullah Ghaffar
Kashif Habib
Muhammad Ejaz
Abdul Qadir Sultan

Chairman
Director
Director

HR & Remuneration Committee

Javed Kureishi
Arif Habib
Muhammad Ejaz
Abdus Samad Habib

Chairman
Director
Director
CEO

Chief Financial Officer & Company Secretary

Muneer Gader

Chief Executive Officer

Abdus Samad Habib



Auditors

EY Ford Rhodes
Chartered Accountants

Reanda Haroon Zakaria and Co.
Chartered Accountants

Bankers

Al Baraka Bank Pakistan Limited
Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
BankIslami Pakistan Limited
Bank of Punjab
Dubai Islamic Bank
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Sindh Bank Limited
Summit Bank Limited
United Bank Limited
Faysal Bank Limited
Meezan 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

Site Office:

Naya Nazimabad
Manghopir Road
Karachi - 75890
Phones: +92 21 36770141-42
Website: www.nayanazimabad.com

Share Registrar

CDC Share Registrar Services Limited,
CDC House, 99-B, Block 'B' S.M.C.H.S
Sharah-e-Faisal, Karachi.



DIRECTORS' REVIEW REPORT

Directors' Review Report

Dear Shareholders

On behalf of the board of directors, we are pleased to present the Condensed Interim Unconsolidated & Consolidated Financial Information for the six-month period ended December 31, 2021, along with operational performance of the Company for the same period.

Overview

We are pleased to inform that Naya Nazimabad Apartments were launched in November 2021. The first series of apartments named "Globe Residency" received exceptionally good response by the market. Over 600+ apartments have been booked representing 75% of total inventory offered in the market. The tentative sale value of apartment booked, so far, amounts to PKR 9,300 million.

The construction work on apartments has also begun with a completion timeline of three and a half years.

Further, during the period, another significant development is the sale of land by the Company to a REIT Scheme. Initially, Javedan Corporation Limited to own 100 percent units of the REIT Scheme. The company has plans to sell part of REIT units subsequently. Assets and Liabilities related to Apartments already launched will be transferred to the REIT Scheme on as-is-where-is basis to the REIT Scheme. The land has been valued for transfer to the Scheme at PKR 3,240 million. The sale to REIT shall be recorded in financial statement in the next quarter after the fulfilment of necessary formalities. This will generate attractive tax efficient profit for the company.

Going forward, the Company shall receive dividends from Globe Residency REIT out of profit to be generated by the REIT Scheme through development and sale of Globe Residency Apartments.

Financial Performance

During the period under review (on an unconsolidated basis), the Company recorded sale of PKR 28,090 million as compared to PKR 545,513 million in the corresponding period. The cost of sale for the period remained at PKR 17,769 million as compared to PKR 110,082 million in the corresponding period. The administrative expenses for the period remained at PKR 210,527 million showing decrease of 10% over the corresponding period. The finance cost for the year remained at PKR 24,588 million as compared to PKR 55,99 million - a decline of 56%. The finance cost declined due to improved working capital management leading to reduced financing cost on short-term running finance. The loss before tax and loss after tax for the period remained at PKR 119,455 million and 278,897 million respectively. This translated into loss per share of Re 0.73 as compared to earnings per share of Re. 0.34 in the corresponding period last year.

The sales and profitability shows decline as sale of land to the REIT Scheme on which Globe Residency Apartments have been launched will be recognized in the next quarter as per IFRS requirement although sale of land has effectively occurred during the period. Further, tax expense has increased significantly as the Company has registered itself under fixed tax regime and under regime fixed tax is paid in advance as per the project life determined under the relevant schedule which is not in line with the sale recognized.

Following is the comparative summary of (unconsolidated) financial results:

Particulars	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
	(Rupees in thousands)	
Net sales	28,090	545,513
Cost of sales	(17,769)	(110,082)
Gross Profit	10,321	435,431
(Loss) / Profit before Taxation	(119,455)	173,880
Taxation	(159,442)	(45,991)
(Loss) / Profit after taxation	(278,897)	127,889
LPS / EPS - Basic (in rupees)	(0.73)	0.34
LPS / EPS - Diluted (in rupees)	(0.73)	0.34

During the period JCL also set up a wholly owned subsidiary Company - Sapphire Bay Development Company Limited. The subsidiary company began its operations on 26 August 2021. On a consolidated basis revenue of JCL for the period are PKR 69.747 million and the loss after tax for the period is PKR 285.413 million, which translates into LPS of Rs. (0.75).

Operational Performance

During the half year ended the overall development work on the project including infrastructure development work, other projects (including Jama Masjid and Naya Nazimabad Gymkhana Club House) and utility infrastructure development work is ongoing as per schedule and all projects are expected to be completed within scheduled timeline.

The major development, during the half year ended, includes installation of independent meters by KE for the direct supply of electricity in Block B. Independent meters will be installed in other blocks in coming quarters. Further SSGC has also awarded the contract for laying necessary gas infrastructure for supply of gas. It is expected that soon the supply of gas will become operational for the project.

Outlook

After successful launch of Globe Residency REIT and Globe Residency Apartment, the board and the management are planning to launch other Apartment projects under the REIT mode soon. With increasing demand the value of Naya Nazimabad project is expected to appreciate further.

Naya Nazimabad is becoming a preferred project for banks for extending bank financing for purchase of houses / plots (and construction thereon) and for end use requiring bank financing for same.

Another landmark achievement for the project will be availability of bank financing for the purchaser of apartment from time of apartment booking. Naya Nazimabad will be one of the very few projects and particularly the only project in its market segment with regards to the availability of bank financing for under construction vertical projects.

The initiatives of Government of Pakistan and State Bank of Pakistan (SBP) "Mera Pakistan - Mera Ghar scheme", "Roshan Apna Ghar scheme" and guidelines for housing finance particularly for high rise under construction projects by SBP have completely changed the dynamics of the sector. These steps will increase the potential customer base manifold for the project. In view of the above outlook of your company is encouraging and positive.

Acknowledgement

On behalf of the Board of Directors, we thank our customers and shareholders for their continued support to transform the dream into reality. We would like to thank our Banks and Financial institutions who, over the years, have been critical in enabling the Company to deliver this project. We would also like to thank Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange for their support to the project and appreciate all the employees of the Company for highly admirable efforts put in by them.



Samad A. Habib
Chief Executive



Arif Habib
Chairman

Dated: 28 February 2022

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
DECEMBER 31, 2021**

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Javedan Corporation Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Javedan Corporation Limited as at 31 December 2021 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the three months ended 31 December 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2021.

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 statements 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 interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 16.1.1 to the condensed interim financial statements which describes the tax related contingencies and their impact on the Company. Our conclusion is not modified in respect of this matter.

The engagement partners on the audit resulting in this independent auditors review report are Mr. Arif Nazeer and Mr. Farhan Ahmed Memon.

EY Ford Rhodes

EY Ford Rhodes

Chartered Accountants

Karachi

Date: March 01, 2022

UDIN: RR202110099X7UqPrDx0

Reanda Haroon Zakaria

Reanda Haroon Zakaria & Company

Chartered Accountants

UDIN: RR202110147vfwBWoN01

Javedan Corporation Limited
**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

AS AT DECEMBER 31, 2021

		Unaudited December 31, 2021	Audited June 30, 2021
	Note	----- (Rupees in 000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,562,023	6,234,289
Intangible assets		3,738	4,313
Investment properties	6	631,366	631,366
Long-term deposits		11,719	9,316
Long-term investments	7	20,000	10,000
		7,228,846	6,889,284
CURRENT ASSETS			
Development properties	8	20,846,477	18,900,919
Trade debts	9	281,139	267,863
Loans and advances	10	617,619	293,389
Trade deposits, prepayments and other receivables	11	257,744	197,991
Short-term investments		124,750	1,296,802
Cash and bank balances		601,253	152,696
		22,728,982	21,109,660
		29,957,828	27,998,944
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised			
390,000,000 (June 30, 2021: 390,000,000) ordinary shares of Rs.10/- each			
		3,900,000	3,900,000
Issued, subscribed and paid-up capital			
Capital reserves		3,808,604	3,173,837
Revenue reserves		2,758,293	3,393,060
Other component of equity - revaluation surplus on lands		2,546,173	2,823,590
		8,458,788	8,461,779
		17,571,858	17,852,266
NON-CURRENT LIABILITIES			
Long-term financings	12	7,229,294	4,904,662
Deferred grant		60,259	168
Deferred tax liability		-	704
Deferred liability - gratuity		57,761	50,207
		7,347,313	4,955,741
CURRENT LIABILITIES			
Trade and other payables	13	826,106	962,474
Preference shares		505	505
Accrued mark-up	14	101,416	92,014
Contract liabilities	15	2,155,625	2,091,971
Advance against sale of investment properties		160,446	48,346
Short-term borrowings		599,170	904,959
Current maturity of non-current liabilities		1,071,048	991,963
Taxation - net		119,877	94,264
Unpaid preference dividend		212	182
Unclaimed dividend		4,252	4,259
		5,038,657	5,190,937
		29,957,828	27,998,944
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Javedan Corporation Limited
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Note	For the Half Year Ended		For the Quarter Ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		------(Rupees in 000)-----		------(Rupees in 000)-----	
Revenue from contracts with customers - net	17	28,090	545,513	18,233	284,105
Cost of sales	18	(17,769)	(110,082)	(9,598)	(50,145)
Gross profit		10,321	435,431	8,635	233,960
Marketing and selling expenses		(12,507)	(10,726)	(7,918)	(8,667)
Administrative expenses		(210,527)	(233,892)	(101,281)	(96,835)
Finance costs	19	(24,588)	(55,996)	(9,656)	(27,951)
Other income	19.1	117,846	39,063	73,898	20,722
(Loss) / profit before taxation		(119,455)	173,880	(36,322)	121,229
Taxation	20	(159,442)	(45,991)	(184,931)	(35,737)
(Loss) / profit for the period		(278,897)	127,889	(221,253)	85,492
------(Rupees)-----					
(Loss) / earnings per share			(Restated)		(Restated)
Basic	21	(0.73)	0.34	(0.58)	0.22
Diluted	21	(0.73)	0.34	(0.58)	0.22

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Javedan Corporation Limited
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
 INCOME (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	For the Half Year Ended		For the Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note	------(Rupees in 000)-----		------(Rupees in 000)-----	
(Loss) / profit for the period	(278,897)	127,889	(221,253)	85,492
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive (loss) / income for the period - net of tax	(278,897)	127,889	(221,253)	85,492

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Javedan Corporation Limited
**CONDENSED INTERIM STATEMENT OF
 CHANGES IN EQUITY (UNAUDITED)**
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Issued, Subscribed and Paid-up Capital	Capital Reserves		Revenue Reserves		Other component of equity	Total Equity
		Share premium	Tax holiday reserve	General	Un- appropriated profit	Revaluation surplus on lands	
----- (Rupees in 000) -----							
Balance as at July 01, 2020 (Audited)	3,173,834	3,381,090	11,966	63,500	2,348,399	8,544,621	17,523,410
Profit for the period	-	-	-	-	127,889	-	127,889
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	-	127,889	-	127,889
Revaluation surplus on freehold land realised on account of sale of development properties	-	-	-	-	41,870	(41,870)	-
Conversion of preference shares into ordinary shares	3	3	-	-	-	-	6
Balance as at December 31, 2020 (Unaudited)	3,173,837	3,381,093	11,966	63,500	2,518,158	8,502,751	17,651,305
Balance as at July 01, 2021 (Audited)	3,173,837	3,381,094	11,966	63,500	2,760,090	8,461,779	17,852,266
Issuance of 20% ordinary bonus shares for the year ended June 30, 2021 (i.e. 1 share for every 5 shares held)	634,767	(634,767)	-	-	-	-	-
Cost on issuance of shares	-	-	-	-	(1,511)	-	(1,511)
Loss for the period	-	-	-	-	(278,897)	-	(278,897)
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive loss for the period, net of tax	-	-	-	-	(278,897)	-	(278,897)
Revaluation surplus on freehold land realised on account of sale of development properties	-	-	-	-	2,991	(2,991)	-
Balance as at December 31, 2021 (Unaudited)	3,808,604	2,746,327	11,966	63,500	2,482,673	8,458,788	17,571,858

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Javedan Corporation Limited
**CONDENSED INTERIM STATEMENT OF
 CASH FLOWS (UNAUDITED)**
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	For the Half Year Ended	
	December 31, 2021	December 31, 2020
	------(Rupees in 000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(119,455)	173,880
Adjustments for non-cash items:		
Depreciation	10,431	10,361
Amortization	575	575
Provision for gratuity	7,673	5,751
Finance costs	24,588	55,996
Mark-up on saving accounts	(8,875)	(5,530)
Gain on disposal of property, plant and equipment	-	(4)
Operating (loss) / profit before working capital changes	(85,063)	241,029
(Increase) / decrease in current assets		
Development properties	(1,945,558)	284,189
Trade debts	(13,276)	51,367
Loans and advances	(324,230)	(56,606)
Trade deposits and other receivables	(59,753)	(58,598)
Short-term investments	1,172,052	-
	(1,170,765)	220,352
(Decrease) / increase in current liabilities		
Trade and other payables	(136,369)	(59,068)
Deferred grant	60,091	253
Contract liabilities	63,654	411,176
Advance against sale of investment properties	112,100	-
Unpaid preference dividend	30	-
	99,506	352,361
Cash flows (used in) / generated from operations	(1,156,322)	813,742
Payments for:		
Income taxes	(134,533)	(32,576)
Finance costs	(15,186)	(342,750)
Gratuity	(119)	(1,059)
Long-term deposits	(2,403)	589
Net cash flows (used in) / generated from operations	(1,308,563)	437,946
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(338,179)	(121,553)
Sale proceeds from disposal of property, plant and equipment	14	18
Mark-up on saving accounts received	8,875	5,530
Investments made in shares	(10,000)	-
Net cash flows used in investing activities	(339,290)	(116,005)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid:		
- ordinary shares	-	(175)
- preference shares	-	(1)
Cost on issuance of shares	(1,511)	-
Long-term financing - net	2,403,710	769,872
Short-term borrowings - net	(305,789)	(67,843)
Net cash generated from financing activities	2,096,410	701,853
Net increase in cash and cash equivalents	448,557	1,023,794
Cash and cash equivalents at beginning of the period	152,696	59,908
Cash and cash equivalents at end of the period	601,253	1,083,702

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Javedan Corporation Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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 Act, 2017) and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is located at Arif Habib Centre, 23, M.T Khan Road, Karachi.
- 1.2 The Company has ceased its cement business since July 01, 2010 and the management has developed business diversification strategy for utilizing the Company's land for developing a housing scheme, "Naya Nazimabad", that includes bungalows, open plots, flat sites and commercial sites. The Company's layout plan of the project was approved by Lyari Development Authority vide letter number LDA/PP/2010/255 on March 02, 2011 and revised master plan approved vide letter No CTP/LDA/112 and has obtained No Objection Certificate from Sindh Building Control Authority having NOC # SBICA/D.D(D-II)/985/ADV-503/2011 on November 12, 2011 and revised NOC # SBICA/DD(D-II)/985 & 991/ADV-584/2013. The Company is also the member of Association of Builders and Developers of Pakistan (ABAD).
- 1.3 These condensed interim financial statements are the separate financial statements of the Company, in which investment in the subsidiaries has been accounted for at cost less accumulated impairment losses, if any.

1.4 Impact of COVID-19 pandemic

The coronavirus (COVID-19) outbreak was first reported near the end of 2019 in China. Since then the virus has spread worldwide. On March 11, 2020, World Health Organisation declared COVID-19 outbreak to be a pandemic. COVID-19 significantly impacted the world economy in 2020 and may continue to do so in years to come. Due to the nature of business operations, the pandemic has no material impact on the financial position and performance of the Company.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the half year ended December 31, 2021 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

3. BASIS OF PREPARATION

- 3.1** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2021.
- 3.2** The figures of the condensed interim statement of profit or loss and statement of other comprehensive income for the quarter ended December 31, 2021 and December 31, 2020 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2021 and December 31, 2020.
- 3.3** These condensed interim financial statements have been prepared under 'historical cost convention'.
- 3.4** The preparation of these condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the Company as at and for the year ended June 30, 2021. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2021.
- 3.5** These condensed interim financial statements is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand of rupees, otherwise stated.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2021, except for the adoption of the following amendments to IFRSs by the Company, which became effective for the current period:

IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendments)

The adoption of the above amendments did not have any material effect on the Company's condensed interim financial statements.

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		Unaudited December 31, 2021	Audited June 30, 2021
	Note	------(Rupees in 000)-----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	4,768,297	4,771,008
Capital work-in-progress	5.4	1,793,726	1,463,281
		<u>6,562,023</u>	<u>6,234,289</u>
5.1 Operating fixed assets			
Opening Net Book Value		4,771,008	4,772,373
Add: Additions during the period / year	5.2	7,734	20,937
Less: Disposals during the period / year	5.3	(14)	(419)
Less: Depreciation during the period / year		(10,431)	(21,883)
Closing Net Book Value		<u>4,768,297</u>	<u>4,771,008</u>
5.2 Additions during the period / year			
Buildings on lease-hold land		-	4,055
Furniture and fixtures		421	544
Office equipment		2,132	6,428
Medical equipment		190	4,957
Computer equipment		4,931	1,806
Vehicles		60	3,147
		<u>7,734</u>	<u>20,937</u>
5.3 Disposals during the period / year - at book value			
Office equipment		14	47
Vehicles		-	372
		<u>14</u>	<u>419</u>
5.4 Capital work-in-progress			
Opening		1,463,281	1,165,417
Additions during the period / year	5.4.1	330,445	297,864
Closing	5.4.2	<u>1,793,726</u>	<u>1,463,281</u>
5.4.1	Includes borrowing costs amounting to Rs. 35.835 million (June 30, 2021: Rs. 75.309 million).		
5.4.2	Represents expenditures incurred / advances made in respect of gymkhana (club house), jamia masjid, block D masjid, hospital, football stadium and cricket ground.		

6. INVESTMENT PROPERTIES

The last independent valuation was carried out by the management through an independent professional valuer as of June 30, 2021. As of December 31 2021, the management expects no material change in the aforementioned fair value of investment properties and accordingly no adjustment has been incorporated in these condensed interim financial statements.

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		Unaudited December 31, 2021	Audited June 30, 2021
7. LONG-TERM INVESTMENTS	Note	------(Rupees in 000)-----	
Investment in subsidiaries at cost			
- NN Maintenance Company (Private) Limited	7.1	10,000	10,000
- Sapphire Bay Development Company Limited	7.2	10,000	-
		<u>20,000</u>	<u>10,000</u>

7.1 Represents investment of 1 million ordinary shares having face value of Rs. 10 each made by the Company in year 2020, in a wholly owned subsidiary namely NN Maintenance Company (Private) Limited. The subsidiary company commenced its operational activities effective from January 2020.

7.2 During the period, the Company has made investment of 1 million ordinary shares having face value of Rs. 10 each, in a wholly owned subsidiary namely Sapphire Bay Development Company Limited. The subsidiary company has yet to commence its operational activities.

		Unaudited December 31, 2021	Audited June 30, 2021
8. DEVELOPMENT PROPERTIES	Note	------(Rupees in 000)-----	
Land			
Opening balance		15,031,918	14,980,418
Add: Additions during the period / year	8.1	1,410,000	51,500
		<u>16,441,918</u>	15,031,918
Development expenditure incurred			
Opening balance		10,947,606	9,915,362
Add: Incurred during the period / year		463,658	1,032,244
		<u>11,411,264</u>	10,947,606
Borrowing costs related to development properties			
Opening balance		2,683,235	2,316,625
Add: Capitalised during the period / year		274,478	366,610
		<u>2,957,713</u>	2,683,235
		<u>30,810,895</u>	28,662,759
Transferred to:			
- property, plant and equipment		(68,545)	(68,545)
- investment properties		(40,291)	(40,291)
- cost of sales to date	18	(5,580,014)	(5,562,244)
- development charges incurred and apportioned to date	18	(4,275,568)	(4,090,760)
		<u>20,846,477</u>	<u>18,900,919</u>

8.1 Represents land purchase from Arif Habib Limited (a related party).

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

9. TRADE DEBTS - secured, considered good

Out of Rs.281.139 million (June 30,2021: Rs. 267.863 million), Rs. 8.346 million (June 30,2021: Rs. 7.929 million) are receivable from the following related parties:

	Unaudited December 31, 2021	Audited June 30, 2021
	----- (Rupees in 000) -----	
- Arif Habib	-	1,200
- Alamgir A. Sheikh	119	119
- Arif Habib Limited	3,964	1,156
- Nida Ahsan	-	120
- Abdul Ghani	1,679	5,334
- Abdul Qadir	2,584	-
	8,346	7,929

10. LOANS AND ADVANCES

It represents loans and advances of Rs. 11.523 million and Rs. 606.096 million (June 30, 2021: Rs. 8.043 million and Rs. 285.346 million) respectively. Advances include amount given to related parties, namely Safe Mix Concrete Limited, Rotocast Engineering Company (Pvt) Ltd and Sapphire Bay Development Company Limited (related parties) of Rs.139.9 million, Rs. 0.253 million and Rs. 90 million, respectively (June 30, 2021: Nil).

11. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

It represents trade deposits, prepayments and other receivables of Rs. 15.754 million, Rs. 9.692 million and Rs. 232.298 million (June 30, 2021: Rs. 15.754 million, Rs.4.343 million and Rs.177.894 million), respectively. Other receivables includes receivables from the following related parties:

	Unaudited December 31, 2021	Audited June 30, 2021
	----- (Rupees in 000) -----	
Subsidiaries:		
- NN Maintenance Company (Private) Limited	(994,562)	172,866
- Sapphire Bay Development Company Limited	902	-
	(993,659)	172,866
Associates:		
- International Builders and Developers (Private) Limited	157	104
- Arif Habib Limited	17,013	1,377
	17,170	1,481
	(976,490)	174,347

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		Unaudited December 31, 2021	Audited June 30, 2021
------(Rupees in 000)-----			
12. LONG-TERM FINANCINGS			
Term finance certificates		86,250	172,500
Term finance loan I		995,429	995,002
Term finance loan II		542,647	541,329
Term finance loan III	12.2	987,064	-
Syndicated loan facility	12.3	-	662,501
SBP-Refinance Scheme		26,587	39,270
Sukuk certificates		2,486,733	2,734,408
Diminishing musharakah I		750,000	750,000
Diminishing musharakah II	12.4	995,165	-
Diminishing musharakah III	12.5	1,000,000	-
Islamic refinance facility	12.6	419,755	-
		8,289,630	5,895,010
Current maturity of long-term financings		<u>(1,060,336)</u>	<u>(990,348)</u>
		<u>7,229,294</u>	<u>4,904,662</u>

12.1 There are no major changes in the terms and conditions of long-term financings as disclosed in note 20 to the annual audited financial statements of the Company for the year ended June 30, 2021, except for the facility repaid (note 12.3) and new financing facilities obtained during the current period as disclosed in notes 12.2 and 12.4 to 12.6 to these condensed interim financial statements.

12.2 The Company has obtained term finance facility of Rs. 2,500 million from a commercial bank for the completion of under construction projects. It carries mark-up at the rate of 6 month KIBOR plus 1 percent per annum and is repayable in 10 semi-annual installment with 12 months grace period. The facility is secured by equitable mortgage charge over land at project site with 30% margin over market value / with 20% margin over forced sales value, whichever is higher. As of the reporting date, the Company has drawdown Rs. 1,000 million.

12.3 The Company has fully settled the syndicated loan facility.

12.4 The Company has obtained diminishing musharaka facility of Rs. 1,000 million from a commercial bank to finance the ongoing infrastructure development of Naya Nazimabad. This loan is repayable in 5 years with 12 months grace period. It carries mark-up at the rate of 3 month KIBOR plus 1.10 percent per annum. The musharaka units are to be purchased by September 2026. The facility is secured by equitable mortgage charge and registered mortgage over land at project site, first exclusive charge with 25% margin on property having market value and forced sales value of Rs. 1,558 million and Rs. 1,247 million respectively and personal guarantee of director of the Company.

Javedan Corporation Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

12.5 The Company has obtained diminishing musharaka facility of Rs. 1,000 million from a commercial bank to finance the ongoing infrastructure development of Naya Nazimabad project. The loan is repayable in 5 years with eighteen months grace period. It carries mark-up at the rate of 3 month KIBOR plus 1 percent per annum. The musharaka units are to be purchased by December 2026. The facility is secured by equitable mortgage charge and registered mortgage over land at project site with 43.18% margin and personal guarantee of directors of the Company along with personal net worth statement amounting to Rs. 1,333.34 million.

12.6 The Company has obtained long-term financing from a commercial bank having a limit of Rs 1,000 million under Islamic Refinance facility for combating COVID-19 by State Bank of Pakistan. It carries a flat mark-up at the rate of 3 percent per annum with no floor or cap and is repayable in 18 quarterly installments commencing from April 2022 discounted at effective rate of interests at 6.65% percent per annum. The differential mark-up has been recognised as government grant which will be amortised to interest income over the period of the facility. The facility is secured by equitable mortgage charge over land at project site with market value of Rs. 1,336 million with 25% margin. As of the reporting date, the Company has drawdown Rs. 450 million.

In addition, the Company has obtained diminishing musharaka facility of Rs. 550 million for a period of 10 years to the SBP refinance facility. It carries markup mark-up rate of 3 month KIBOR plus 1.00% per annum and is repayable in 20 equal quarterly installment. As of the reporting date, the said facility remains fully unutilised.

13. TRADE AND OTHER PAYABLES

Out of Rs.826.106 million (June 30,2021: Rs. 962.474 million), Rs. 13.112 million (June 30, 2021: Rs. 6.169 million) are payable to the following related parties:

	Unaudited December 31, 2021	Audited June 30, 2021
	------(Rupees in 000)-----	
- Safe Mix Concrete Products Limited	2,607	486
- Power Cement Limited	-	2,605
- Arif Habib Dolmen Reit Management Limited	2,977	2,977
- Arif Habib Limited	7,528	-
- Rotocast Engineering Company	-	101
	<u>13,112</u>	<u>6,169</u>

14. ACCRUED MARKUP

Out of Rs.101.416 million (June 30,2021: Rs. 92.014 million), Rs. 1.651 million (June 30, 2021: Rs. 3.479 million) are markup accrued from the following related parties:

- Arif Habib	895	-
- Haji Abdul Ghani	756	756
- Arif Habib Corporation Limited	-	2,723
	<u>1,651</u>	<u>3,479</u>

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

15. CONTRACT LIABILITIES

Out of Rs.2,155.625 million (June 30,2021: Rs. 2,091,971 million), Rs. 1,047.538 million (June 30, 2021: Rs. 1,067.320 million) advances received against apartments and plots from the following related parties:

	Unaudited December 31, 2021	Audited June 30, 2021
	------(Rupees in 000)-----	
- Arif Habib Equity (Pvt) Limited	708,212	708,212
- Arif Habib Limited	1,757	5,306
- Haji Abdul Ghani	317,920	318,611
- Nida Ahsan	-	5,306
- Go Real Estate	19,508	29,885
- Abdul Qadir	141	-
	<u>1,047,538</u>	<u>1,067,320</u>

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Existing business

a) Tax related contingencies

- i) Returns of income for tax years 2008 to 2010, 2012 and 2014 were filed under Section 114 of the Income Tax Ordinance, 2001 (the Ordinance) which were deemed to be assessment orders issued by the Commissioner Inland Revenue under Section 120 of the Ordinance. The deemed assessment orders were amended by the taxation authorities under Section 122 of the Ordinance by creating a demand of Rs. 39.791 million, Rs. 80.257 million, Rs. 194.035 million, Rs. 1,003.447 million and Rs. 533.742 million respectively, on account of various matters including disallowances for certain expenses. Being aggrieved, the Company had filed appeals before Commissioner Inland Revenue (Appeals) [CIR(A)] and was allowed partial relief for tax years 2008 to 2010, 2012 and 2014 aggregating to Rs.1,368.895 million. The Company later filed appeal before Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication. However, in year 2019, an appeal effect order was issued for the tax year 2012 whereby, a demand of Rs. 6.64 million has been created and paid by the Company under protest. The Company, based on the opinion of its tax advisor, is confident that there will be no unfavourable outcome in above appeals. Accordingly, no provisions were made in these condensed interim financial statements.
- ii) In year 2017, taxation authorities issued an assessment order in respect of tax year 2011 and made certain disallowances and additions resulting in a reduction in loss for the year from Rs. 1,497.06 million to Rs. 147.48 million. Being aggrieved, the Company filed appeals against these order before CIR(A), however, the CIR(A) upheld the assessment order. The Company later filed appeal before ATIR which is pending adjudication. The Company, based on opinion of its tax advisor, is confident that the case will be decided in favour of the Company. Accordingly, no provisions were made in these condensed interim financial statements.

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

- iii) In year 2018, the deemed assessment orders for the tax years 2013 and 2017 were amended by the taxation authorities creating a demand of Rs. 220.22 million and Rs. 486.162 million, respectively. The Company later filed appeal before CIR(A), which was disposed off in year 2020 and the demand was enhanced from Rs. 220.22 million to Rs. 324.58 million for tax year 2013. Being aggrieved, the Company filed appeal before ATIR, which were adjudicated in favor of the Company in year 2020 except for immaterial assessments. The Company, based on the opinion of its tax advisor, is confident of the favourable outcome. Accordingly, no provision has been made in these condensed interim financial statements.
- iv) In year 2021, the taxation authorities issued an assessment order in respect of tax year 2015 and made certain disallowances and additions resulting in a tax demand of Rs. 527.15 million. Being aggrieved, the Company filed appeals against this order before CIR(A). The Company, based on opinion of its tax advisor, is confident that the case will be decided in favour of the Company. Accordingly, no provisions were made in these condensed interim financial statements.
- v) In year 2019, the taxation authorities issued an assessment order in respect of tax year 2018 and made certain disallowances and additions resulting in the tax demand of Rs. 658.81 million. Being aggrieved, the Company filed appeals against these order before CIR(A). During the year, CIR(A) remanded back the appeal to the relevant Commissioner. Later the Company filed appeal before ATIR which is pending adjudication. The Company, based on opinion of its tax advisor, is confident that the case will be decided in favour of the Company. Accordingly, no provisions were made in these condensed interim financial statements.
- vi) "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 the Income Tax Ordinance, 2001 through Finance Act 2014. Accordingly, the Company had made a provision for ACT for the year ended June 30, 2014 but obtained stay order from the Honourable High Court of Sindh (SHC) against applicability of ACT since tax year 2015 based on the grounds of brought forward losses. Later, the Company had reversed provision previously created of Rs. 131.273 million relating to prior years. Accordingly, the tax provision based on ACT having an aggregated impact of Rs.761.07 million has not been accounted for in these condensed interim financial statements, instead the Company continues to record the tax provision based on minimum tax under Section 113 of the Income Tax Ordinance, 2001 upto tax year 2018. In year 2019, the Company had adjusted its brought forward losses against taxable income and accordingly, provision for the tax year 2019 and onwards are based on higher of Corporate Tax or ACT.

In year 2019, the Company had received demand notice from Deputy Commissioner Inland Revenue (DCIR) of Rs. 187.098 million in respect of a non-payment of Alternate Corporate Tax (ACT) for the tax year 2018 .The Company had challenged the applicability of Alternative Corporate Tax vide C.P D-2982 of 2019 before SHC. In this regard, an interim order had been granted by SHC that no coercive action is to be taken against the Company till the pendency of the matter before SHC."

- vii) The Company has filed constitutional petition before the High Court of Sindh (SHC) vide Constitutional Petition No. 2564 of 2014 dated May 15, 2014 challenging vires of Workers Welfare Ordinance, 1971. SHC has admitted constitutional petition for regular hearing and issued interim stay order from recovery of Workers' Welfare Fund (WWF) impugned demand by Federal Board of Revenue for the tax year 2013. The management, based on the opinion of the tax advisor, is expecting favourable outcome on the said matter. Accordingly, no liability for WWF since 2014 to 31 December 2021 has been accounted for in these condensed interim financial statements having an aggregate impact of Rs.123.571 million.

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

viii) The Company has filed a constitutional petition D-4971 of 2017 dated July 28, 2017 in Honorable High Court of Sindh (SHC) against imposition of tax on undistributed profits under Section 5A of Income Tax Ordinance, 2001. The management is confident of the favourable outcome of this petition, as stay has been granted on similar petitions filed by other companies. Although, the Company has complied with the requirements related to distribution of profits for the years but the petition in this regarding is still pending before SHC.

b) Other contingencies and commitments

There are no major changes in the status and nature of other contingencies (i.e. related to legal/other contingencies relating to existing business and former business) and commitments as disclosed in notes 29.1.1(b), 29.1.2 and 29.2, respectively to the annual audited financial statements of the Company for the year ended June 30, 2021.

	For the Half Year Ended		For the Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
17. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET	----- (Unaudited) -----		----- (Unaudited) -----	
	----- (Rupees in 000) -----		----- (Rupees in 000) -----	
Plots	48,191	528,929	38,334	313,680
Bungalows	-	57,160	-	2,402
	48,191	586,089	38,334	316,082
Trade discount	294	-	294	-
Cancellation / forfeitures	(20,395)	(40,576)	(20,395)	(31,977)
	(20,101)	(40,576)	(20,101)	(31,977)
	28,090	545,513	18,233	284,105
18. COST OF SALES				
Cost of development properties sold:				
- plots	17,769	93,236	9,598	60,417
- bungalows	-	16,846	-	(10,272)
	17,769	110,082	9,598	50,145
Development and utility charges:				
- incurred and apportioned to customers	184,808	420,612	31,470	388,661
- reimbursable from customers	(184,808)	(420,612)	(31,470)	(388,661)
	-	-	-	-
	17,769	110,082	9,598	50,145
19. FINANCE COSTS				
Included herein mark-up on long-term financings and short-term borrowings of Rs. 7.582 million and Rs. 16.553 million (December 31, 2020: Rs. 13.211 million and Rs. 39.745 million) respectively.				
19.1 OTHER INCOME - Net				
Included herein Rs. 74.92 million (December 31, 2020: Rs. 22.17 million) related to transfer fees from plots and bungalows and Rs. 17.013 million (December 31, 2020: Rs. 2.955 million) receivable from Arif Habib Limited (related party) respectively.				

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	For the Half Year Ended		For the Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Unaudited) -----		----- (Unaudited) -----	
	----- (Rupees in 000) -----		----- (Rupees in 000) -----	
20. TAXATION				
Current	90,439	52,920	90,316	36,637
Prior	69,707	-	69,707	-
Deferred	(704)	(6,929)	24,908	(900)
	<u>159,442</u>	<u>45,991</u>	<u>184,931</u>	<u>35,737</u>

21. EARNINGS PER SHARE

		(Restated)		(Restated)
Basic				
(Loss) / profit after tax (Rupees in '000)	(278,897)	127,889	(221,253)	85,492
Weighted average number of ordinary shares	380,860,447	380,860,136	380,860,447	380,860,136
(Loss) / earnings per share - (In Rupees)	(0.73)	0.34	(0.58)	0.22
Diluted				
(Loss) / profit after tax (Rupees in '000)	(278,866)	127,889	(221,253)	85,492
Weighted average number of ordinary shares in issue	380,860,447	380,860,136	380,860,447	380,860,136
Adjustment for conversion of convertible preference shares	16,066	35,767	14,748	35,767
Weighted average number of ordinary shares for diluted earnings per share	380,876,513	380,895,903	380,875,195	380,895,903
(Loss) / earnings per share - (In Rupees)	(0.73)	0.34	(0.58)	0.22

21.1 During the period, the Company has issued bonus shares, accordingly comparatives numbers are restated.

22. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, associates and their close family members, key management personnel and post employment benefit plan. All transactions with related parties are entered into at agreed terms as approved by the Board of Directors of the Company. The details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Unaudited Unaudited
 December 31, December 31,
 2021 2020
 -----(Rupees in 000)-----

Subsidiary Companies

NN Maintenance Company (Private) Ltd [NNMC]

Expenses incurred on behalf of NNMC by the Company	123,052	80,168
Amount paid by NNMC to the Company	51,632	23,101
Expenses incurred by NNMC on behalf of the Company	26,112	24,712
Amount paid to NNMC by the Company	6,653	21,292

Sapphire Bay Development Company Limited [SBDCL]

Investment made during the period	10,000	-
Advance against future issuance of shares	90,000	-
Expenses incurred on behalf of SBDCL by the Company	902	-

Associates - Common directorship

Arif Habib Corporation Limited

Short-term borrowing obtained during the period	-	200,000
Short-term borrowing repaid during the period	-	200,000
Markup expense on short term-borrowing	-	1,246
Markup paid during the period	2,723	-

Rotocast Engineering Company (Private) Limited

Services received during the period	379	1,041
Paid against services received	316	1,082
Other services	1,190	-
Rent paid during the period	1,207	549
Rent expense charged during the period	604	549

Power Cement Limited

Purchase of construction material	8,241	6,543
Paid against the purchase of construction material	8,238	1,257

Safe Mix Concrete Limited

Advance against construction material	140,000	-
Purchase of construction material	8,256	7,236
Paid against the purchase of construction material	8,660	7,816

Arif Habib Limited

Purchase of plots	1,410,000	-
Paid against purchase of plots	1,400,000	-
Loan given	880,000	-
Loan repaid	880,000	-
Markup income	17,013	-
Advance received against plots	-	150,000

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Unaudited December 31, 2021	Audited June 30, 2021
	----- (Rupees in 000) -----	
International Builders and Developers (Private) Limited		
Expenses incurred by the Company on behalf of International Builders and Developers (Private) Limited	53	-
Associated persons		
Haji Abdul Ghani		
Sale of plots	-	10,755
Receipt against sale of plots	-	10,755
Development charges received	-	4,860
Go Real Estate		
Sale of plots	-	223,167
Receipt against sale of plots	-	223,167
Development charges received	-	43,200
Key management personnel		
Arif Habib - Director		
Short-term loans received during the period	675,000	-
Short-term loans paid during the period	675,000	-
Mark-up expense on short term loan	894	-
Close family member		
Nida Ahsan		
Advance received against plots	-	75,000
Post employment benefit plan		
Gratuity fund trust - contribution paid during the period	119	1,059

23. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Company are organized into one operating segment i.e. development of real estate. Accordingly, the figures reported in these condensed interim financial statements are related to the Company's only reportable segment.

Gross turnover of the Company is generated from customers located in Pakistan only.

Non-current assets of the Company are confined within Pakistan and consist of property, plant and equipment, long-term deposits and investment properties.

Revenue from any single customer does not comprises more than 10 percent of the Company's overall revenue related to sale of land and bungalows.

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)**
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

24. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 28, 2022 by the Board of Directors of the Company.

25. GENERAL

- 25.1** Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. However, there are no material reclassifications to report.
- 25.2** Figures have been rounded-off to the nearest thousands rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive



Director

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
DECEMBER 31, 2021**

Javedan Corporation Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT DECEMBER 31, 2021

		Unaudited December 31, 2021	Audited June 30, 2021
	Note	----- (Rupees in 000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,563,894	6,235,270
Intangible assets		3,738	4,313
Investment properties	6	631,366	631,366
Long-term deposits		11,719	9,316
Deferred tax Asset		30,426	27,035
		<u>7,241,143</u>	<u>6,907,299</u>
CURRENT ASSETS			
Development properties	7	20,846,477	18,900,920
Trade debts	8	407,146	329,375
Loans and advances	9	533,709	297,354
Short-term investment		124,750	1,296,802
Advance Income Tax		2,321	-
Trade deposits, prepayments and other receivables	10	68,881	42,101
Cash and bank balances		1,552,295	153,562
		<u>23,535,580</u>	<u>21,020,114</u>
		<u>30,776,723</u>	<u>27,927,413</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised			
390,000,000 (June 30, 2021: 390,000,000) ordinary shares of Rs.10/- each			
		<u>3,900,000</u>	<u>3,900,000</u>
Issued, subscribed and paid-up capital			
Capital reserves		3,808,604	3,173,837
Revenue reserves		2,758,293	3,393,060
Other component of equity - revaluation surplus on lands		2,443,170	2,727,104
Advance against issue of shares	11	8,458,788	8,461,779
		900,000	-
		<u>18,368,855</u>	<u>17,755,780</u>
NON-CURRENT LIABILITIES			
Long-term financing	12	7,229,294	4,904,662
Deferred grant		60,259	168
Deferred liability - gratuity		61,691	53,091
		<u>7,351,244</u>	<u>4,957,921</u>
CURRENT LIABILITIES			
Trade and other payables	13	848,729	979,934
Preference shares		505	505
Accrued mark-up	14	101,416	92,014
Contract liabilities	15	2,159,776	2,091,971
Advance against sale of investment properties		160,446	48,346
Short-term borrowings		599,170	904,959
Current maturity of non-current liabilities		1,071,047	991,963
Taxation - net		111,070	99,579
Unpaid preference dividend		212	182
Unclaimed dividend		4,252	4,259
		<u>5,056,624</u>	<u>5,213,712</u>
TOTAL EQUITY AND LIABILITIES		<u>30,776,723</u>	<u>27,927,413</u>
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Javedan Corporation Limited
**CONDENSED INTERIM CONSOLIDATED STATEMENT
 OF PROFIT OR LOSS (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Note	For the Half Year Ended		For the Quarter Ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		------(Rupees in 000)-----		------(Rupees in 000)-----	
Revenue from contracts with customers - net	17	69,747	583,040	40,539	304,938
Cost of sales	18	(87,443)	(165,278)	(39,918)	(75,902)
Gross (Loss) / profit		(17,696)	417,761	621	229,035
Marketing and selling expenses		(12,504)	(10,724)	(7,915)	(8,665)
Administrative expenses		(243,660)	(251,718)	(120,138)	(110,801)
Finance costs	19	(24,602)	(56,000)	(9,664)	(27,953)
Other income	19.1	133,812	39,495	89,224	20,912
(Loss) / Profit before taxation		(164,650)	138,814	(47,872)	102,528
Taxation	20	(120,763)	(25,464)	(128,927)	(24,996)
(Loss) / Profit for the period		(285,413)	113,350	(176,799)	77,532
(Loss) / Earnings per share			(Restated)		(Restated)
Basic	21	(0.75)	0.30	(0.46)	0.20
Diluted	21	(0.75)	0.30	(0.46)	0.20

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Javedan Corporation Limited
**CONDENSED INTERIM CONSOLIDATED STATEMENT
 OF COMPREHENSIVE INCOME (UNAUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	For the Half Year Ended		For the Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	------(Rupees in 000)-----		------(Rupees in 000)-----	
(Loss) / Profit for the period	(285,413)	113,350	(176,799)	77,532
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive (loss) / income for the period - net of tax	(285,413)	113,350	(176,799)	77,532

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Javedan Corporation Limited
**CONDENSED INTERIM CONSOLIDATED STATEMENT
 OF CHANGES IN EQUITY (UNAUDITED)**
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Issued, Subscribed and Paid-up Capital	Capital Reserves		Revenue Reserves		Other component of equity	Advance against issue of shares	Total Equity
		Share premium	Tax holiday reserve	General	Un-appropriated profit			
----- (Rupees in 000) -----								
Balance as at July 01, 2020 (Audited)	3,173,834	3,381,090	11,966	63,500	2,320,855	8,544,621	-	17,495,866
Profit for the period	-	-	-	-	113,350	-	-	113,350
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	-	113,350	-	-	113,350
Revaluation surplus on freehold land realised on account of sale of development properties	-	-	-	-	41,870	(41,870)	-	-
Conversion of preference shares into ordinary shares	3	3	-	-	-	-	-	6
Balance as at December 31, 2020 (Unaudited)	3,173,837	3,381,093	11,966	63,500	2,476,075	8,502,751	-	17,609,222
Balance as at July 01, 2021 (Audited)	3,173,837	3,381,094	11,966	63,500	2,663,604	8,461,779	-	17,755,780
Issue of 20% ordinary bonus shares for the year ended June 30, 2021	634,767	(634,767)	-	-	-	-	-	-
Cost on issuance of shares	-	-	-	-	(1,511)	-	-	(1,511)
(Loss) for the period	-	-	-	-	(285,413)	-	-	(285,413)
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	-	(285,413)	-	-	(285,413)
Revaluation surplus on freehold land realised on account of sale of development properties	-	-	-	-	2,991	(2,991)	-	-
Conversion of preference shares into ordinary shares	-	-	-	-	-	-	-	-
Advance against issue of shares	-	-	-	-	-	-	900,000	900,000
Balance as at December 31, 2021 (Unaudited)	3,808,604	2,746,327	11,966	63,500	2,379,670	8,458,788	900,000	18,368,855

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Javedan Corporation Limited
**CONDENSED INTERIM CONSOLIDATED STATEMENT
OF CASH FLOWS (UNAUDITED)**
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	For the Half Year Ended	
	December 31, 2021	December 31, 2020
	----- (Rupees in 000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(164,650)	138,814
Adjustments for non-cash items:		
Depreciation	10,575	10,588
Amortization	575	575
Provision for gratuity	8,720	5,751
Finance costs	24,602	56,000
Mark-up on saving accounts	(8,875)	(5,530)
Gain on disposal of property, plant and equipment	-	(4)
Operating profit before working capital changes	(129,053)	206,194
(Increase) / decrease in current assets		
Development properties	(1,945,557)	284,209
Trade debts	(77,771)	30,942
Loans and advances	(236,355)	(57,877)
Advance Income Tax	(2,321)	-
Trade deposits, prepayments and other receivables	(26,780)	(264)
Short-term investment	1,172,052	-
	(1,116,733)	257,010
(Decrease) / increase in current liabilities		
Trade and other payables	(131,205)	(59,384)
Deferred grant	60,091	2,498
Contract liabilities	67,805	411,122
Advance against sale of investment properties	112,100	-
Unpaid preference dividend	30	-
	108,821	354,236
Cash flows generated from operations	(1,136,964)	817,440
Payments for:		
Income taxes	(112,663)	(33,139)
Finance costs	(15,200)	(342,755)
Gratuity	(120)	(1,130)
Long-term deposits	(2,403)	589
Net cash flows generated from operations	(1,267,351)	441,006
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(339,213)	(121,680)
Sale proceeds from disposal of property, plant and equipment	14	18
Mark-up on saving accounts received	8,875	5,530
Net cash flows used in investing activities	(330,323)	(116,132)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(175)
Cost on issuance of shares	(1,511)	-
Advance against issue of shares	900,000	-
Long-term financing - net	2,403,707	767,627
Short-term borrowings - net	(305,789)	(67,843)
Net cash generated from financing activities	2,996,407	699,609
Net increase in cash and cash equivalents	1,398,733	1,024,483
Cash and cash equivalents at beginning of the period	153,562	60,421
Cash and cash equivalents at end of the period	1,552,295	1,084,904

* No non-cash item is included in these investing and financing activities.

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Javedan Corporation Limited

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1. STATUS AND NATURE OF BUSINESS

- 1.1 The group companies comprises of Javedan Corporation Limited (JCL) and its subsidiaries NN Maintenance Company (Private) Limited (NNMC) and Sapphire Bay Development Company Limited (SBDC) that have been consolidated in these condensed interim consolidated financial statements.

1.2 Holding Company

Javedan Corporation Limited (the holding company)

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 Act, 2017) and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is located at Arif Habib Centre, 23, M.T Khan Road, Karachi.

- 1.3 The Company has ceased its cement business since July 01, 2010 and the 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 Deh, Manghopir Road, Gadap town, Scheme #43, Karachi. The Company's layout plan of the project was approved by Lyari Development Authority vide letter number LDA/PP/2010/255 on March 02, 2011 and revised master plan approved vide letter No CTP/LDA/112 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 and revised NOC # SBCA/DD(D-II)/985 & 991/ADV-584/2013. The Company is also the member of Association of Builders and Developers of Pakistan (ABAD).

1.4 Subsidiary companies

NN Maintenance Company (Private) Limited

The Company was incorporated on November 29, 2019 as a Private Limited Company under Companies Act, 2017. The Company's principle line of business is to provide maintenance management and related services to residents of Naya Nazimabad.

Sapphire Bay Development Company Limited

The Company was incorporated on August 25, 2021 as a Public Unlited Company under Companies Act, 2017. The Company's principle line of business shall be marketing and development of all type of real estate including developed or undeveloped land, housing or commercial projects including commercial markets or multistoried building (for commercial or residential purposes), shopping centers, restaurants, hotels, recreational facilities etc.

1.5 Impact of COVID-19 pandemic

The coronavirus (COVID-19) outbreak was first reported near the end of 2019 in China. Since then the virus has spread worldwide. On March 11, 2020, World Health Organisation declared COVID-19 outbreak to be a pandemic. COVID-19 significantly impacted the world economy in 2020 and may continue to do so in years to come. Due to the nature of business operations, the pandemic has no material impact on the financial position and performance of the Company.

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the half year ended December 31, 2020 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION

3.1 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2021.

3.2 The figures of the condensed interim statement of profit or loss and statement of other comprehensive income for the quarter ended December 31, 2021 and December 31, 2020 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2021 and December 31, 2020.

3.3 The preparation of these condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the Company as at and for the year ended June 30, 2021. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2021.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2021, except for the adoption of the new / amended standards, interpretations and improvements to IFRSs by the Company, which became effective for the current period:

IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment)

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendments)

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's condensed interim financial statements.

		Unaudited December 31, 2021	Audited June 30, 2021
	Note	----- (Rupees in 000) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	4,770,167	4,771,989
Capital work-in-progress	5.4	1,793,727	1,463,281
		<u>6,563,894</u>	<u>6,235,270</u>
5.1 Operating fixed assets			
Opening Net Book Value		4,771,989	4,773,680
Add: Additions/Transfers during the period/year	5.2	8,767	21,107
Less: Disposals during the period/year	5.3	(14)	(461)
Less: Depreciation during the period/year		(10,575)	(22,337)
Closing Net Book Value		<u>4,770,167</u>	<u>4,771,989</u>
5.2 Additions during the period / year			
Buildings on lease-hold land		-	4,055
Furniture and fixtures		1,085	544
Office equipment		2,465	6,598
Medical equipment		190	4,957
Computer equipment		4,968	1,806
Vehicles		60	3,147
		<u>8,767</u>	<u>21,107</u>
5.3 Disposals during the period / year - at book value			
Office equipment		14	89
Vehicles		-	372
		<u>14</u>	<u>461</u>
5.4 Capital work-in-progress			
Opening		1,463,281	1,165,417
Additions	5.4.1	330,446	297,864
Closing	5.4.2	<u>1,793,727</u>	<u>1,463,281</u>
5.4.1	Includes borrowing costs amounting to Rs. 35.835 million (June 30, 2021: Rs. 75.309 million).		
5.4.2	Represents expenditures incurred / advances made in respect of gymkhana (club house), jamia masjid, block D masjid, hospital, football stadium and cricket ground.		

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

6. INVESTMENT PROPERTIES

The last independent valuation was carried out by the management through an independent professional valuer as of June 30, 2021. As of December 31 2021, the management expects no material change in the aforementioned fair value of investment properties and accordingly no adjustment has been incorporated in these condensed interim financial statements.

7. DEVELOPMENT PROPERTIES

Land

	Unaudited December 31, 2021	Audited June 30, 2021
Opening balance	15,031,918	14,980,418
Add: Additions during the period / year	1,410,000	51,500
	<u>16,441,918</u>	<u>15,031,918</u>

Development expenditure incurred

Opening balance	10,947,606	9,915,362
Add: Incurred during the period / year	457,714	1,032,244
	<u>11,405,320</u>	<u>10,947,606</u>

Borrowing costs related to development properties

Opening balance	2,683,236	2,316,625
Add: Capitalised during the period / year	280,421	366,611
	<u>2,963,657</u>	<u>2,683,236</u>
	<u>30,810,895</u>	<u>28,662,760</u>

Transferred to:

- property, plant and equipment	(68,545)	(68,545)
- investment properties	(40,291)	(40,291)
- cost of sales to date	17 (5,580,014)	(5,562,244)
- development charges incurred and apportioned to date	17 (4,275,568)	(4,090,760)
	<u>20,846,477</u>	<u>18,900,920</u>

7.1. Represents land purchase from Arif Habib Limited (a related party)

8. TRADE DEBTS - secured, considered good

Out of Rs.407.146 million (June 30,2021: Rs. 329.375 million), Rs. 8.346 million (June 30,2021: Rs. 7.929 million) are receivable from the following related parties:

	Unaudited December 31, 2021	Audited June 30, 2021
- Arif Habib	-	1,200
- Alamgir A. Sheikh	119	119
- Arif Habib Limited	3,964	1,156
- Nida Ahsan	-	120
- Abdul Ghani	1,679	5,334
- Abdul Qadir	2,584	-
	<u>8,346</u>	<u>7,929</u>

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

9. LOANS AND ADVANCES

It represents loans and advances of Rs. 11.523 million and Rs. 522.186 million (June 30, 2021: Rs. 9.930 million and Rs. 287.424 million) respectively. Advances include amount given to related parties, namely Safe Mix Concrete Limited and Rotocast Engineering Company (Pvt) Ltd of Rs.139.9 million and Rs. 0.253 million, respectively (June 30, 2021: Nil)

10. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

It represents trade deposits, prepayments and other receivables of Rs. 15.754 million, Rs. 9.692 million and Rs. 43.435 million (June 30, 2021: Rs. 15.754 million, Rs.5.553 million and Rs.20.794 million), respectively. Other receivables includes receivables from the following related parties:

	Unaudited December 31, 2021	Audited June 30, 2021
	------(Rupees in 000)-----	
Associates:		
- International Builders and Developers (Private) Limited	157	104
- Arif Habib Limited	17,013	1,377
	<u>17,170</u>	<u>1,481</u>

11. ADVANCE AGAINST ISSUE OF SHARES

This represents advance received against issue of shares of Sapphire Bay Development Company Limited to consortium members.

	Unaudited December 31, 2021	Audited June 30, 2021
	------(Rupees in 000)-----	

12. LONG-TERM FINANCING

	Unaudited December 31, 2021	Audited June 30, 2021
	------(Rupees in 000)-----	
Term finance certificates	86,250	172,500
Term finance loan I	995,429	995,002
Term finance loan II	542,647	541,329
Term Finance Facility III	12.2 987,064	-
Syndicated loan facility	12.3 -	662,501
SBP-Refinance Scheme	26,587	39,270
Sukuk certificates	2,486,733	2,734,408
Diminishing musharakah I	750,000	750,000
Diminishing musharakah II	12.4 995,165	-
Diminishing musharakah III	12.5 1,000,000	-
Islamic refinance facility	12.6 419,755	-
	<u>8,289,630</u>	<u>5,895,010</u>
Current maturity of long-term financings	<u>(1,060,336)</u>	<u>(990,348)</u>
	<u>7,229,294</u>	<u>4,904,662</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

- 12.1** There are no major changes in the terms and conditions of long-term financings as disclosed in note 21 to the annual audited financial statements of the Company for the year ended June 30, 2021, except as disclosed in note 12.2 to 12.6 to these condensed interim consolidated financial statements.
- 12.2** The Holding Company has obtained term finance facility of Rs. 2,500 million from a commercial bank for the completion of under construction projects including flyover project. It carries mark-up at the rate of 6 month KIBOR plus 1 percent per annum and is repayable in 10 semi-annual installment with 12 months grace period. The facility is secured by equitable mortgage charge over land at project site with 30% margin over market value / with 20% margin over forced sales value, whichever is higher. As of the reporting date, the Holding Company has drawdown Rs. 1,000 million.
- 12.3** During the period the Holding Company has fully settled the syndicated loan facility.
- 12.4** The Holding Company has obtained diminishing musharaka facility of Rs. 1,000 million from a commercial bank to finance the ongoing infrastructure development of Naya Nazimabad. This loan is repayable in 5 years with 12 months grace period. It carries mark-up at the rate of 3 month KIBOR plus 1.10 percent per annum. The musharaka units are to be purchased by September 2026. The facility is secured by equitable mortgage charge and registered mortgage over land at project site, first exclusive charge with 25% margin on property having market value and forced sales value of Rs. 1,558 million and Rs. 1,247 million respectively and personal guarantee of director of the Holding Company.
- 12.5** The Holding Company has obtained diminishing musharaka facility of Rs. 1,000 million from a commercial bank to finance the ongoing infrastructure development of Naya Nazimabad project. The loan is repayable in 5 years with eighteen months grace period. It carries mark-up at the rate of 3 month KIBOR plus 1 percent per annum. The musharaka units are to be purchased by December 2026. The facility is secured by equitable mortgage charge and registered mortgage over land at project site with 43.18% margin and personal guarantee of directors of the Holding Company alongwith personal net worth statement amounting to Rs. 1,333.34 million.
- 12.6** The Holding Company has obtained long-term financing from a commercial bank having a limit of Rs 1,000 million under Islamic Refinance facility for combating COVID-19 by State Bank of Pakistan. It carries a flat mark-up at the rate of 3 percent per annum with no floor or cap and is repayable in 18 quarterly installments commencing from April 2022 discounted at effective rate of interests at 6.65% percent per annum. The differential mark-up has been recognised as government grant which will be amortised to interest income over the period of the facility. The facility is secured by equitable mortgage charge over land at project site with market value of Rs. 1,336 million with 25% margin. As of the reporting date, the Holding Company has drawdown Rs. 450 million.

In addition, the Holding Company has obtained diminishing musharaka facility of Rs. 550 million for a period of 10 years to the SBP refinance facility. It carries markup mark-up rate of 3 month KIBOR plus 1.00% per annum and is repayable in 20 equal quarterly installment. As of the reporting date, the same remains unutilised.

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

13. TRADE AND OTHER PAYABLES

Out of Rs. 848.729 million (June 30,2021: Rs. 979.934 million), Rs. 13.112 million (June 30, 2021: Rs. 6.169 million) are payable to the following related parties:

	Unaudited December 31, 2021	Audited June 30, 2021
----- (Rupees in 000) -----		
- Safe Mix Concrete Products Limited	2,607	486
- Power Cement Limited	-	2,605
- Arif Habib Dolmen Reit Management Limited	2,977	2,977
- Arif Habib Limited	7,528	-
- Rotocast Engineering Company	-	101
	<u>13,112</u>	<u>6,169</u>

14. ACCRUED MARKUP

Out of Rs.101.416 million (June 30,2021: Rs. 92.014 million), Rs. 1.651 million (June 30, 2021: Rs. 3.479 million) are markup accrued from the following related parties:

- Arif Habib	895	-
- Haji Abdul Ghani	756	756
- Arif Habib Corporation Limited	-	2,723
	<u>1,651</u>	<u>3,479</u>

15. CONTRACT LIABILITIES

Out of Rs.2,159.776 million (June 30,2021: Rs. 2,091.971 million), Rs. 1,047.538 million (June 30, 2021: Rs. 1,067.320 million) advances received against apartments and plots from the following related parties:

	Unaudited December 31, 2021	Audited June 30, 2021
----- (Rupees in 000) -----		
- Arif Habib Equity (Pvt) Limited	708,212	708,212
- Arif Habib Limited	1,757	5,306
- Haji Abdul Ghani	317,920	318,611
- Nida Ahsan	-	5,306
- Go Real Estate	19,508	29,885
- Abdul Qadir	141	-
	<u>1,047,538</u>	<u>1,067,320</u>

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Existing business

a) Tax related contingencies

- i) Returns of income for tax years 2008 to 2010, 2012 and 2014 were filed under Section 114 of the Income Tax Ordinance, 2001 (the Ordinance) which were deemed to be assessment orders issued by the Commissioner Inland Revenue under Section 120 of the Ordinance. The deemed assessment orders were amended by the taxation authorities under Section 122 of the Ordinance by creating a demand of Rs. 39.791 million, Rs. 80.257 million, Rs. 194.035 million, Rs. 1,003,447 million and Rs. 533.742 million respectively, on account of various matters including disallowances for certain expenses. Being aggrieved, the Holding Company had filed appeals before Commissioner Inland Revenue (Appeals) [CIR(A)] and was allowed partial relief for tax years 2008 to 2010, 2012 and 2014 aggregating to Rs.1,368.895 million. The Holding Company later filed appeal before Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication. However, in year 2019, an appeal effect order was issued for the tax year 2012 whereby, a demand of Rs. 6.64 million has been created and paid by the Holding Company under protest. The Holding Company, based on the opinion of its tax advisor, is confident that there will be no unfavourable outcome in above appeals. Accordingly, no provisions were made in these financial statements.
- ii) In year 2017, taxation authorities issued an assessment order in respect of tax year 2011 and made certain disallowances and additions resulting in a reduction in loss for the year from Rs. 1,497.06 million to Rs. 147.48 million. Being aggrieved, the Holding Company filed appeals against these order before CIR(A), however, the CIR(A) upheld the assessment order. The Holding Company later filed appeal before ATIR which is pending adjudication. The Holding Company, based on opinion of its tax advisor, is confident that the case will be decided in favour of the Company. Accordingly, no provisions were made in these financial statements.
- iii) In year 2018, the deemed assessment orders for the tax years 2013 and 2017 were amended by the taxation authorities creating a demand of Rs. 220.22 million and Rs. 486.162 million, respectively. The Holding Company later filed appeal before CIR(A), which was disposed off in year 2020 and the demand was enhanced from Rs. 220.22 million to Rs. 324.58 million for tax year 2013. Being aggrieved, the Holding Company filed appeal before ATIR, which were adjudicated in favor of the Holding Company in year 2020 except for immaterial assessments. The Holding Company, based on the opinion of its tax advisor, is confident of the favourable outcome. Accordingly, no provision has been made in these financial statements.
- iv) In year 2021, the taxation authorities issued an assessment order in respect of tax year 2015 and made certain disallowances and additions resulting in a tax demand of Rs. 527.15 million. Being aggrieved, the Holding Company filed appeals against this order before CIR(A). The Holding Company, based on opinion of its tax advisor, is confident that the case will be decided in favour of the Holding Company. Accordingly, no provisions were made in these financial statements.

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

- v) In year 2019, the taxation authorities issued an assessment order in respect of tax year 2018 and made certain disallowances and additions resulting in the tax demand of Rs. 658.81 million. Being aggrieved, the Holding Company filed appeals against these orders before CIR(A). During the year, CIR(A) remanded back the appeal to the relevant Commissioner. Later the Holding Company filed appeal before ATIR which is pending adjudication. The Company, based on opinion of its tax advisor, is confident that the case will be decided in favour of the Company. Accordingly, no provisions were made in these financial statements.
- vi) "Alternate Corporate Tax (ACT) was applicable on the Holding Company at rate of 17% of accounting income after certain adjustments as mentioned in Section 113(c) of the Income Tax Ordinance, 2001 through Finance Act 2014. Accordingly, the Holding Company had made a provision for ACT for the year ended June 30, 2014 but obtained stay order from the Honourable High Court of Sindh (SHC) against applicability of ACT since tax year 2015 based on the grounds of brought forward losses. Later, the Holding Company had reversed provision previously created of Rs. 131.273 million relating to prior years. Accordingly, the tax provision based on ACT having an aggregated impact of Rs.761.07 million has not been accounted for in these financial statements, instead the Holding Company continues to record the tax provision based on minimum tax under Section 113 of the Income Tax Ordinance, 2001 upto tax year 2018. In year 2019, the Holding Company had adjusted its brought forward losses against taxable income and accordingly, provision for the tax year 2019 and onwards are based on higher of Corporate Tax or ACT.

In year 2019, the Holding Company had received demand notice from Deputy Commissioner Inland Revenue (DCIR) of Rs. 187.098 million in respect of a non-payment of Alternate Corporate Tax (ACT) for the tax year 2018. The Holding Company had challenged the applicability of Alternative Corporate Tax vide C.P D-2982 of 2019 before SHC. In this regard, an interim order had been granted by SHC that no coercive action is to be taken against the Holding Company till the pendency of the matter before SHC."

- vii) The Holding Company has filed constitutional petition before the Honorable High Court of Sindh (SHC) vide Constitutional Petition No. 2564 of 2014 dated May 15, 2014 challenging vires of Workers Welfare Ordinance, 1971. SHC has admitted constitutional petition for regular hearing and issued interim stay order from recovery of Workers' Welfare Fund (WWF) impugned demand by Federal Board of Revenue for the tax year 2013. The management, based on the opinion of the tax advisor, is expecting favourable outcome on the said matter. Accordingly, no liability for WWF since 2014 to 2021 has been accounted for in these financial statements having an aggregate impact of Rs.123.571 million (2021: Rs. 123.571 million).
- viii) The Holding Company has filed a constitutional petition D-4971 of 2017 dated July 28, 2017 in Honorable High Court of Sindh (SHC) against imposition of tax on undistributed profits under Section 5A of Income Tax Ordinance, 2001. The management is confident of the favourable outcome of this petition, as stay has been granted on similar petitions filed by other companies. Although, the Holding Company has complied with the requirements related to distribution of profits for the years but the petition in this regard is still pending before SHC.

Javedan Corporation Limited

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

b) Other contingencies and commitments

There are no major changes in the status and nature of other contingencies (i.e. related to legal/other contingencies relating to existing business and former business) and commitments as disclosed in notes 29.1.1(b), 29.1.2 and 29.2, respectively to the annual audited financial statements of the Company for the year ended June 30, 2021.

	For the Half Year Ended		For the Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
17. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET	------(Unaudited)-----		------(Unaudited)-----	
	------(Rupees in 000)-----		------(Rupees in 000)-----	
Plots	48,486	528,929	38,629	316,195
Bungalows	-	57,160	-	2,402
Service Income	41,657	37,527	22,306	18,317
	90,143	623,616	60,935	336,914
Trade discount	294	-	294	-
Cancellation / forfeitures	(20,690)	(40,576)	(20,690)	(31,977)
	69,747	583,040	40,539	304,938
18. COST OF SALES				
Cost of development properties sold:				
- plots	17,769	93,236	9,598	60,417
- bungalows	-	16,846	-	(10,271)
	17,769	110,082	9,598	50,146
Development and utility charges:				
- incurred and apportioned to customers	184,932	419,254	114,280	388,661
- reimbursable from customers	(184,932)	(419,254)	(114,280)	(388,661)
	-	-	-	-
Cost of Services	69,674	55,195	30,320	25,756
	87,443	165,278	39,918	75,902
19. FINANCE COSTS				

Included herein mark-up on long-term financings and short term borrowings of Rs. 7.582 million and Rs. 16.553 million (December 31, 2020: Rs. 13.211 million and Rs. 39.745 million) respectively.

19.1 OTHER INCOME - Net

Included herein Rs. 74.92 million (December 31, 2020: Rs. 22.17 million) related to transfer fees from plots and bungalows and Rs. 17.013 million (December 31, 2020: Rs. 2.955 million) receivable from Arif Habib Limited (related party) respectively.

	For the Half Year Ended		For the Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
20. TAXATION	------(Unaudited)-----		------(Unaudited)-----	
	------(Rupees in 000)-----		------(Rupees in 000)-----	
Current	81,693	40,768	81,230	29,191
Prior	69,707	-	69,707	-
Deferred	(30,637)	(15,304)	(22,010)	(4,195)
	120,763	25,464	128,927	24,996

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS (UNAUDITED)**
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	For the Half Year Ended		For the Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Unaudited) -----		----- (Unaudited) -----	
21. EARNINGS PER SHARE				
Basic		(Restated)		(Restated)
Profit after tax (Rupees in '000)	<u>(285,413)</u>	<u>113,350</u>	<u>(176,799)</u>	<u>77,532</u>
Weighted average number of ordinary shares	<u>380,860,447</u>	<u>380,860,136</u>	<u>380,860,447</u>	<u>380,860,136</u>
Earnings per share - (In Rupees)	<u>(0.75)</u>	<u>0.30</u>	<u>(0.46)</u>	<u>0.20</u>
Diluted				
Profit after tax (Rupees in '000)	<u>(285,413)</u>	<u>113,350</u>	<u>(176,799)</u>	<u>77,532</u>
Weighted average number of ordinary shares in issue	<u>380,860,447</u>	<u>380,860,136</u>	<u>380,860,447</u>	<u>380,860,136</u>
Adjustment for conversion of convertible preference shares	<u>16,066</u>	<u>35,767</u>	<u>14,748</u>	<u>35,767</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>380,876,513</u>	<u>380,895,903</u>	<u>380,875,195</u>	<u>380,895,903</u>
Earnings per share - (In Rupees)	<u>(0.75)</u>	<u>0.30</u>	<u>(0.46)</u>	<u>0.20</u>

21.1 During the period, the company has issued bonus shares, accordingly comparatives numbers are restated.

22. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, associates and their close family members, key management personnel and post employment benefit plan. All transactions with related parties are entered into at agreed terms as approved by the Board of Directors of the Company. The details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Unaudited December 31, 2021	Unaudited December 31, 2020
	----- (Rupees in 000) -----	
Associates - Common directorship		
Arif Habib Corporation Limited		
Short-term borrowing obtained during the period	-	200,000
Short-term borrowing repaid during the period	-	200,000
Markup expense on short term-borrowing	-	1,246
Markup paid during the period	<u>2,723</u>	<u>-</u>

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Unaudited December 31, 2021	Unaudited December 31, 2020
	----- (Rupees in 000) -----	
Rotocast Engineering Company (Private) Limited		
Services received during the period	379	1,041
Paid against services received	316	1,082
Other services	1,190	-
Rent paid during the period	1,207	549
Rent expense charged during the period	604	549
Power Cement Limited		
Purchase of construction material	8,241	6,543
Paid against the purchase of construction material	8,238	1,257
Safe Mix Concrete Limited		
Advance against construction material	140,000	-
Purchase of construction material	8,256	7,236
Paid against the purchase of construction material	8,660	7,816
Arif Habib Limited		
Purchase of plots	1,410,000	-
Paid against purchase of plots	1,400,000	-
Loan given	880,000	-
Loan repaid	880,000	-
Markup income	17,013	-
Advance received against plots	-	150,000
International Builders and Developers (Private) Limited		
Expenses incurred by the Company on behalf of International Builders and Developers (Private) Limited	53	-
Associated persons		
Haji Abdul Ghani		
Sale of plots	-	10,755
Receipt against sale of plots	-	10,755
Development charges received	-	4,860
Go Real Estate		
Sale of plots	-	223,167
Receipt against sale of plots	-	223,167
Development charges received	-	43,200
Key management personnel		
Arif Habib - Director		
Short-term loans received during the period	675,000	-
Short-term loans paid during the period	675,000	-
Mark-up expense on short term loan	894	-

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Unaudited December 31, 2021 Unaudited December 31, 2020
 -----(Rupees in 000)-----

Close family member

Nida Ahsan

Advance received against plots

-	75,000
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Post employment benefit plan

Gratuity fund trust - contribution paid during the period

120	1,130
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23. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Company are organized into one operating segment i.e. development of real estate. The Company operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these condensed interim financial statements are related to the Company's only reportable segment.

Gross turnover of the Company is generated from customers located in Pakistan only.

Non-current assets of the Company are confined within Pakistan and consist of property, plant and equipment, long-term deposits and investment properties.

Revenue from any single customer does not comprises more than 10 percent of the Company's overall revenue related to sale of land and bungalows.

24. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 28, 2022 by the Board of Directors of the Company.

25. GENERAL

25.1 Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. However, there are no material reclassifications to report.

25.2 Figures have been rounded-off to the nearest thousands rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive



Director

REGISTERED OFFICE

Arif Habib Center 23, M T Khan Road
Karachi - 74000 PAKISTAN

SITE OFFICE:

Naya Nazimabad Manghopir Road,
Karachi - 75890



Call Us:

UAN: 111-511-611

Tel: +92 21 36770141-42



Email Us:

Email: info@jcl.com.pk

Website: www.jcl.com.pk