

THE FUTURE IS NOW

JAVEDAN
CORPORATION LIMITED

QUARTERLY REPORT MARCH 2022



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Company Information

Board of Directors

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

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director
Director

Audit Committee

Abdullah Ghaffar
Kashif Habib
Muhammad Ejaz
Abdul Qadir Sultan

Chairman
Director
Director
Director

HR & Remuneration Committee

Javed Kureishi
Arif Habib
Muhammad Ejaz
Abdus Samad Habib

Chairman
Director
Director
Chief Executive

Chief Financial Officer & Company Secretary

Muneer Gader



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
Industrial & Commercial Bank of China

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 Statements for the nine-month period ended March 31, 2022, 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 "Globe Residency" have received exceptionally good response by the market. Over 600+ apartments have been booked with a tentative total sale value of PKR 9,346 million. To date PKR 1,523 million has been received against apartment bookings with over 90% recovery ratio.

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

Further during the period another significant development that has materialized is the sale of land by the Company to Globe Residency REIT, managed by Arif Habib Dolmen REIT Management Limited. The launched apartments will be transferred on as is basis to REIT structure. The land has been transferred at value of PKR 3,240 million.

Going forward the Company shall receive the profit from sale of apartment project "Globe Residency" in the form of dividend from REIT.

Financial Performance

During the period under review (on an unconsolidated basis), the Company recorded sale of PKR 3,268.090 million as compared to PKR 788.683 million in the corresponding period. The cost of sale for the period remained at PKR 1,508.407 million as compared to PKR 160,580 million in the corresponding period. The administrative expenses for the period remained at PKR 307.396 million showing decrease of 6% over the corresponding period. The finance cost for the year remained at PKR 39.846 million as compared to PKR 79.903 million - a decline of 50%. The finance cost declined due to improved working capital management leading to reduced financing cost on short-term running finance. The profit before tax and profit after tax for the period remained at PKR 1,572.465 million and 1,386.865 million respectively. This translated into earning per share of Re 3.64 as compared to earnings per share of Re. 0.49 in the corresponding period last year.

The REIT transaction has significantly contributed to sale and profitability of the Company in the current period as compared to corresponding period. However, tax expense has increased in the current period as Company has registered itself under fixed tax regime and under this 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	Nine Months Ended		Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Un-Audited)			
	(Rupees in thousands)			
Net Sales	3,268,090	788,623	3,240,000	243,111
Cost Of Sales	(1,508,407)	(160,580)	(1,490,638)	(50,498)
Gross Profit	1,759,683	628,043	1,749,362	192,612
Profit Before Taxation	1,572,465	261,608	1,691,920	87,729
Taxation	(185,600)	(75,467)	(26,158)	(29,477)
Profit After Taxation	1,386,865	186,141	1,665,762	58,252
EPS - Basic (in rupees)	3.64	0.49	4.37	0.15
EPS - Diluted (in rupees)	3.64	0.49	4.37	0.15

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 is PKR 3,331 million and the profit after tax for the period is PKR 1,362 million, which translates into EPS of Rs. 3.58.

Operational Performance

We are pleased to inform that work on our pilot project Naya Nazimabad Flyover has commenced. The flyover will connect North Nazimabad to Naya Nazimabad bypassing the congestion on Nusrat Bhutto & Anwar Shamim Road.

Further during the period construction work on Naya Nazimabad Hospital has commenced. The Hospital will be a tertiary level hospital and, on its completion, will accommodate 500 beds capacity. However, in first phase G+1 will be constructed with a capacity of 100 beds.

Apart from commencement of these two new projects another milestone achieved during the period ended includes installation of independent meters for direct supply of electricity in Block B and independent meters will be installed in other blocks in coming quarters.

The overall development work on other development projects 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 timeline.

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 REITs soon. With increasing demands and value of Naya Nazimabad project appreciating, a further surge is very probable.

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 milestone achievement for the project will be availability of bank financing for the purchaser of apartment buyer from time of apartment booking. Naya Nazimabad will be one of the very few projects and particularly the only project in its market segment on 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 have increased the potential customer base manifold for the project. In view of above outlook of your company is quite encouraging.

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: 25 April 2022

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD
ENDED MARCH 31, 2022**

Javedan Corporation Limited
**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

AS AT MARCH 31, 2022

		Unaudited March 31, 2022	Audited June 30, 2021
	Note	----- (Rupees in 000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,685,000	6,234,289
Intangible assets		3,451	4,313
Investment properties	6	631,366	631,366
Long-term deposits		11,719	9,316
Long-term investments	7	20,000	10,000
		7,351,536	6,889,284
CURRENT ASSETS			
Development properties	8	19,728,650	18,900,919
Trade debts	9	3,617,779	267,863
Loans and advances	10	1,867,451	293,389
Trade deposits, prepayments and other receivables	11	291,352	197,991
Short-term investments		38,000	1,296,802
Cash and bank balances		1,024,397	152,696
		26,567,628	21,109,660
		33,919,164	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		4,211,935	2,823,590
		8,458,788	8,461,779
		19,237,620	17,852,266
NON-CURRENT LIABILITIES			
Long-term financings	12	7,637,090	4,904,662
Deferred grant		68,189	168
Deferred tax liability		-	704
Deferred liability - gratuity		61,598	50,207
		7,766,877	4,955,741
CURRENT LIABILITIES			
Trade and other payables		660,618	962,474
Payable to REIT scheme	9.1	546,396	-
Preference shares		505	505
Accrued mark-up	13	154,795	92,014
Contract liabilities	14	2,223,996	2,091,971
Advance against sale of investment properties		160,446	48,346
Short-term borrowings	15	1,694,506	904,959
Current maturity of non-current liabilities	12	1,353,911	991,963
Taxation - net		115,014	94,264
Unpaid preference dividend		227	182
Unclaimed dividend		4,252	4,259
		6,914,667	5,190,937
TOTAL EQUITY AND LIABILITIES		33,919,164	27,998,944
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The annexed notes from 1 to 26 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

	Note	For the Nine Months Ended		For the Quarter Ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		------(Rupees in 000)-----		------(Rupees in 000)-----	
Revenue from contracts with customers - net	17	3,268,090	788,623	3,240,000	243,111
Cost of sales	18	(1,508,407)	(160,580)	(1,490,638)	(50,498)
Gross profit		1,759,683	628,043	1,749,362	192,612
Marketing and selling expenses		(19,250)	(26,735)	(6,743)	(16,009)
Administrative expenses		(307,396)	(326,501)	(96,869)	(92,609)
Finance costs	19	(39,846)	(79,903)	(15,258)	(23,907)
Other income	20	179,274	66,704	61,428	27,641
Profit before taxation		1,572,465	261,608	1,691,920	87,729
Taxation	21	(185,600)	(75,467)	(26,158)	(29,477)
Profit for the period		1,386,865	186,141	1,665,762	58,252
		------(Rupees)-----			
Earnings per share			(Restated)		(Restated)
Basic	22	3.64	0.49	4.37	0.15
Diluted	22	3.64	0.49	4.37	0.15

The annexed notes from 1 to 26 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

	For the Nine Months Ended		For the Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Note	------(Rupees in 000)-----		------(Rupees in 000)-----	
Profit for the period	1,386,865	186,141	1,665,762	58,252
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period - net of tax	1,386,865	186,141	1,665,762	58,252

The annexed notes from 1 to 26 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 NINE MONTHS ENDED MARCH 31, 2022

	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	-	-	-	-	186,141	-	186,141
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	-	186,141	-	186,141
Revaluation surplus on land realised on account of sale of development properties	-	-	-	-	64,698	(64,698)	-
Conversion of preference shares into ordinary shares	3	3	-	-	-	-	6
Balance as at March 31, 2021 (Unaudited)	3,173,837	3,381,093	11,966	63,500	2,599,238	8,479,923	17,709,559
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)
Profit for the period	-	-	-	-	1,386,865	-	1,386,865
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	-	1,386,865	-	1,386,865
Revaluation surplus on land realised on account of sale of development properties	-	-	-	-	2,991	(2,991)	-
Balance as at March 31, 2022 (Unaudited)	3,808,604	2,746,327	11,966	63,500	4,148,435	8,458,788	19,237,620

The annexed notes from 1 to 26 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 NINE MONTHS ENDED MARCH 31, 2022

	For the Nine Months Ended	
	March 31, 2022	March 31, 2021
	------(Rupees in 000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,572,465	261,608
Adjustments for non-cash items:		
Depreciation	15,957	15,858
Amortization	863	863
Provision for gratuity	11,510	9,521
Loss on investment property	-	108
Finance costs	62,781	79,903
Mark-up on saving accounts	(18,824)	(10,003)
Gain on disposal of property, plant and equipment	-	(132)
Operating profit before working capital changes	1,644,752	357,725
(Increase) / decrease in current assets		
Development properties	(827,731)	227,696
Trade debts	(3,349,916)	46,072
Loans and advances	(1,574,062)	29,801
Trade deposits, prepayments and other receivables	(93,361)	(75,417)
Short-term investments	1,258,802	-
	(4,586,267)	228,152
(Decrease) / increase in current liabilities		
Trade and other payables	(301,856)	(51,559)
Payable to REIT scheme	546,396	-
Deferred grant	68,021	2,009
Contract liabilities	132,025	(400,379)
Advance against sale of investment properties	112,100	-
Unpaid preference dividend	45	-
	556,732	(449,929)
Cash flows (used in) / generated from operations	(2,384,783)	135,948
Payments for:		
Income taxes	(165,554)	(75,697)
Finance costs	-	(390,433)
Gratuity	(119)	(1,954)
Long-term deposits	(2,403)	589
Net cash flows (used in) operations	(2,552,859)	(331,547)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(466,683)	(163,045)
Sale proceeds from disposal of property, plant and equipment	14	518
Mark-up on saving accounts received	18,824	10,003
Additions to investment properties	-	(136,180)
Sale proceeds from investment properties	-	104,825
Investment in subsidiary	(10,000)	-
Net cash flows (used in) investing activities	(457,845)	(183,878)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid:		
- ordinary shares	(7)	(205)
- preference shares	-	44
Cost on issuance of bonus shares	(1,511)	-
Long-term financing - net	3,094,376	1,246,381
Short-term borrowings - net	789,547	(88,814)
Net cash generated from financing activities	3,882,405	1,157,406
Net increase in cash and cash equivalents	871,701	641,981
Cash and cash equivalents at beginning of the period	152,696	59,908
Cash and cash equivalents at end of the period	1,024,397	701,888

The annexed notes from 1 to 26 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 NINE MONTHS ENDED MARCH 31, 2022

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 nine months period ended march 31, 2022 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 NINE MONTHS ENDED MARCH 31, 2022

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 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.
- 3.3** 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 NINE MONTHS ENDED MARCH 31, 2022

		Unaudited March 31, 2022	Audited June 30, 2021
		----- (Rupees in 000) -----	
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	5.1	4,764,442	4,771,008
Capital work-in-progress	5.4	1,920,558	1,463,281
		<u>6,685,000</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	9,406	20,937
Less: Disposals during the period / year	5.3	(14)	(419)
Less: Depreciation during the period / year		(15,957)	(21,883)
Closing Net Book Value		<u>4,764,442</u>	<u>4,771,008</u>
5.2 Additions during the period / year			
Buildings on lease-hold land		-	4,055
Furniture and fixtures		2,150	544
Office equipment		1,358	6,428
Medical equipment		190	4,957
Computer equipment		5,649	1,806
Vehicles		60	3,147
		<u>9,406</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	457,277	297,864
Closing	5.4.2	<u>1,920,558</u>	<u>1,463,281</u>

5.4.1 Includes borrowing costs amounting to Rs. 54.032 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 March 31 2022, 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 NINE MONTHS ENDED MARCH 31, 2022

		Unaudited March 31, 2022	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 commenced its operational activities.		
8. DEVELOPMENT PROPERTIES	Note	Unaudited March 31, 2022	Audited June 30, 2021
		------(Rupees in 000)-----	
Land			
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		787,538	1,032,244
		<u>11,735,144</u>	<u>10,947,606</u>
Borrowing costs related to development properties			
Opening balance		2,683,235	2,316,625
Add: Capitalised during the period / year		476,120	366,610
		<u>3,159,355</u>	<u>2,683,235</u>
		<u>31,336,418</u>	<u>28,662,759</u>
Transferred to:			
- property, plant and equipment		(68,545)	(68,545)
- investment properties		(40,291)	(40,291)
- cost of sales to date	18	(7,070,651)	(5,562,244)
- development charges incurred and apportioned to date	18	(4,428,281)	(4,090,760)
		<u>19,728,650</u>	<u>18,900,919</u>

Javedan Corporation Limited
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9. TRADE DEBTS	Unaudited March 31, 2022	Audited June 30, 2021
	-----	-----
	----- (Rupees in 000) -----	
Secured, considered good		
Receivable against:		
- sales of plots and bungalows	102,701	159,028
- transfer of land to REIT scheme	3,240,000	-
- utilities infrastructure charges	2,262	10,145
	<u>3,344,963</u>	<u>169,173</u>
- development charges incurred:		
- billed	54,433	74,249
- un-billed	218,383	24,441
	<u>272,817</u>	<u>98,690</u>
	<u>3,617,779</u>	<u>267,863</u>

9.1. This represents sale consideration receivable from CDC Trustee Globe Residency REIT (REIT Scheme) against land measuring 40,500 sq yds. This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited, a related party. As per the terms agreed 140 million units of REIT Scheme will be issued to the Company having face value of Rs. 10 / each and remaining proceeds will be paid in cash.

Further advances from customer received against booking of apartments on land sold to REIT is PKR 1,412 million and expenses incurred thereon as of reporting date is PKR 864 million. Hence net payable to REIT Scheme is PKR 546 million as of the reporting date.

9.2 Included herein are receivable from the following related parties:

	Unaudited March 31, 2022	Audited June 30, 2021
	-----	-----
	----- (Rupees in 000) -----	
- Arif Habib	-	1,200
- Alamgir A. Sheikh	-	119
- Arif Habib Limited	9,141	1,156
- Nida Ahsan	2,523	120
- Abdul Ghani	2,348	5,334
	<u>14,013</u>	<u>7,929</u>

Javedan Corporation Limited
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	Unaudited March 31, 2022	Audited June 30, 2021
10. Loans and advances	Note	------(Rupees in 000)-----
Loans - Secured		
Executives	8,622	3,953
Employees	2,703	4,090
	<u>11,326</u>	<u>8,043</u>
Advances - Unsecured		
Suppliers	318,825	151,829
Contractors	412,928	117,023
Against issue of REIT units	1,103,370	-
Employees for expenses	6,852	2,344
Purchase of properties	14,150	14,150
	<u>1,856,126</u>	<u>285,346</u>
	<u>1,867,451</u>	<u>293,389</u>

10.1. This represents advance paid for equity investment in a Shariah Compliant Development REIT "Sapphire Bay Islamic Development REIT". The REIT scheme is managed by Arif Habib Dolment REIT Management Company Limited - a related party. The said REIT is in the process of acquiring the land from Ravi Urban Development Authority (RUDA). The REIT scheme has been approved by the Securities and Exchange Commission of Pakistan (SECP) on 06th December 2021 vide its letter.

10.2. 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.139.09 million, Rs. 0.315 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. 10.541 million and Rs. 265.057 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 March 31, 2022	Audited June 30, 2021
	------(Rupees in 000)-----	
Subsidiary:		
- NN Maintenance Company (Private) Limited	248,400	172,866
- Sapphire Bay Development Company Limited	905	-
	<u>249,305</u>	<u>172,866</u>
Associates:		
- International Builders and Developers (Private) Limited	187	104
- Arif Habib Limited	-	1,377
	<u>187</u>	<u>1,481</u>
	<u>249,492</u>	<u>174,347</u>

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
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FOR THE NINE MONTHS ENDED MARCH 31, 2022

		Unaudited March 31, 2022	Audited June 30, 2021
12. LONG-TERM FINANCINGS	Note	----- (Rupees in 000) -----	
Term finance certificates		86,250	172,500
Term finance loan I		996,198	995,002
Term finance loan II		543,542	541,329
Term finance loan III	12.2	988,817	-
Syndicated loan facility	12.3	-	662,501
SBP-Refinance Scheme		20,158	39,270
Sukuk certificates		2,487,607	2,734,408
Diminishing musharakah I		750,000	750,000
Diminishing musharakah II	12.4	995,893	-
Diminishing musharakah III	12.5	1,000,000	-
Islamic refinance facility	12.6	422,536	-
Diminishing musharakah IV	12.7	700,000	-
		<u>8,991,001</u>	5,895,010
Current maturity of long-term financings		<u>(1,353,911)</u>	(990,348)
		<u>7,637,090</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 12.7 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
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FOR THE NINE MONTHS ENDED MARCH 31, 2022

- 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.

- 12.7** The Company has obtained diminishing musharaka funded facility of Rs.700 million and Non-funded facility of Rs. 300 million from a commercial bank to finance the initial expenses for issuance of housing/apartments construction REITS by the company and to issue guarantees in favour of SBCA as a security deposit for development of commercial sites at Naya Nazimabad . The loan is repayable in maximum upto 13 months with 12 months grace period. It carries mark-up at the rate of 3 month KIBOR plus 1 percent per annum. The facility is secured by equitable mortgage charge and token 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.

13. ACCRUED MARKUP

Out of Rs. 154.795 million (June 30 2021: 92.014 million) Rs. 1.967 million (June 30, 2021: Rs. 3.479 million) are payable to the following related parties:

	Unaudited March 31, 2022	Audited June 30, 2021
Note	----- (Rupees in 000) -----	
- Arif Habib	895	-
- Haji Abdul Ghani	756	756
- Arif Habib Limited	316	-
- Arif Habib Corporation Limited	-	2,723
	1,967	3,479

Javedan Corporation Limited
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14. CONTRACT LIABILITIES

Out of Rs.2,223.996 million (June 30, 2021: 2,091.971 million)Included herein, Rs. 1,418.103 million, (June 30, 2021: Rs. 1,067.320 million) on account of advances received against apartments and plots from the following related parties:

	Unaudited March 31, 2022	Audited June 30, 2021
Note	------(Rupees in 000)-----	
- Arif Habib Equity (Pvt) Limited	925,095	708,212
- Arif Habib	183,117	-
- Arif Habib Limited	-	5,306
- Haji Abdul Ghani	309,892	318,611
- Nida Ahsan	-	5,306
- Go Real Estate	-	29,885
	<u>1,418,103</u>	<u>1,067,320</u>

15. SHORT-TERM BORROWINGS

From related parties - unsecured			
Arif Habib Limited	15.1	280,000	-
Sapphire Bay Development Company Limited	15.2	814,670	-
Other than related parties			
Musharakah arrangement		-	264,193
Running finance under mark-up arrangements		599,836	640,766
		<u>1,694,506</u>	<u>904,959</u>

15.1. Represents financing facility availed from a related party to the extent of Rs. 1,000 million to finance the working capital and project requirement. The loan is repayable on demand and carries markup at the rate of 3 month's KIBOR plus 1.75 percent per annum.

15.2. Represents financing facility availed from a subsidiary company to the extend of PKR 814.670 million for payment of advance against issue of units in Sapphire Bay Islamic Development REIT. The loan is repayable on demand.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

Javedan Corporation Limited
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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.
- 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.

Javedan Corporation Limited
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FOR THE NINE MONTHS ENDED MARCH 31, 2022

- 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 March 2022 has been accounted for in these condensed interim financial statements having an aggregate impact of Rs.123.571 million.
- viii) The Company has filed a constitutional petition D-4971 of 2017 dated July 28, 2017 in Honourable 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(b), 29.1.2 and 29.2, respectively to the annual audited financial statements of the Company for the year ended June 30, 2021.

Javedan Corporation Limited
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FOR THE NINE MONTHS ENDED MARCH 31, 2022

	For the Nine Months Ended		For the Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
17. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET	----- (Unaudited) -----		----- (Unaudited) -----	
	----- (Rupees in 000) -----		----- (Rupees in 000) -----	
Plots	3,288,486	811,850	3,240,000	282,921
Bungalows	-	67,120	-	9,960
	3,288,486	878,970	3,240,000	292,881
Trade discount	294	-	-	-
Cancellation / forfeitures	(20,396)	(90,347)	-	(49,771)
	(20,396)	(90,347)	-	(49,771)
	3,268,090	788,623	3,240,000	243,111
18. COST OF SALES				
Cost of development properties sold:				
- plots	1,508,407	139,485	1,490,638	46,248
- bungalows	-	21,096	-	4,250
	1,508,407	160,581	1,490,638	50,498
Development and utility charges:				
- incurred and apportioned to customers	337,522	530,834	152,590	110,222
- reimbursable from customers	(337,522)	(530,834)	(152,590)	(110,222)
	-	-	-	-
	1,508,407	160,580	1,490,638	50,498

19. FINANCE COSTS

Included herein mark-up on long-term financings and short-term borrowings of Rs.11.999 million and Rs. 25.946 million (March 31, 2021: Rs. 20.329 million and Rs. 56.494 million) respectively.

20. OTHER INCOME - Net

Included herein Rs. 113.580 million (March 31, 2021: Rs. 39 million) related to transfer fees from plots and bungalows .

	For the Nine Months Ended		For the Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
21. TAXATION	----- (Unaudited) -----		----- (Unaudited) -----	
	----- (Rupees in 000) -----		----- (Rupees in 000) -----	
Current	116,597	79,928	26,158	27,008
Prior	69,707	-	-	-
Deferred	(704)	(4,461)	-	2,468
	185,600	75,467	26,158	29,477

Javedan Corporation Limited
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FOR THE NINE MONTHS ENDED MARCH 31, 2022

22. EARNINGS PER SHARE	For the Nine Months Ended		For the Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- (Unaudited) -----		----- (Unaudited) -----	
	----- (Rupees in 000) -----		----- (Rupees in 000) -----	
Basic		(Restated)		(Restated)
Profit after tax (Rupees in '000)	<u>1,386,865</u>	186,141	<u>1,665,762</u>	58,252
Weighted average number of ordinary shares	<u>380,860,447</u>	379,470,238	<u>380,860,447</u>	379,470,238
Earnings per share - (In Rupees)	<u>3.64</u>	0.49	<u>4.37</u>	0.15
Diluted				
Profit after tax (Rupees in '000)	<u>1,386,865</u>	186,141	<u>1,665,762</u>	58,252
Weighted average number of ordinary shares in issue	<u>380,860,447</u>	379,470,238	<u>380,860,447</u>	379,470,238
Adjustment for conversion of convertible preference shares	<u>15,251</u>	30,285	<u>15,251</u>	30,285
Weighted average number of ordinary shares for diluted earnings per share	<u>380,875,698</u>	379,500,523	<u>380,875,698</u>	379,500,523
Earnings per share - (In Rupees)	<u>3.64</u>	0.49	<u>4.37</u>	0.15

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

23. 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:

	Unaudited March 31, 2022	Unaudited March 31, 2021
	----- (Rupees in 000) -----	
Subsidiary Companies		
NN Maintenance Company (Private) Ltd [NNMC]		
Expenses incurred on behalf of NNMC by the Company	<u>174,987</u>	109,807
Amount paid by NNMC to the Company	<u>63,632</u>	-
Expenses incurred by NNMC on behalf of the Company	<u>35,801</u>	-
Amount paid to NNMC by the Company	<u>6,653</u>	-

Javedan Corporation Limited
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 FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Unaudited March 31, 2022	Unaudited March 31, 2021
	----- (Rupees in 000) -----	
Sapphire Bay Development Company Limited [SBDCL]		
Investment made during the period	10,000	-
Advance against future issuance of shares	90,000	-
Short-term borrowing obtained during the period	814,670	-
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	1,246
Rotocast Engineering Company (Private) Limited		
Services received during the period	502	1,251
Paid against services received	502	1,230
Other services	1,190	-
Rent prepaid during the period	1,207	1,098
Rent expense charged during the period	906	1,098
Power Cement Limited		
Purchase of construction material	14,072	9,138
Paid against the purchase of construction material	11,673	10,371
Safe Mix Concrete Limited		
Advance against construction material	140,000	-
Purchase of construction material	15,822	13,931
Paid against the purchase of construction material	15,407	10,799
Arif Habib Limited		
Purchase of plots	1,410,000	-
Paid against purchase of plots	1,410,000	-
Short-term borrowing extended during the period	880,000	-
Re-Payment of Short-term borrowing extended during the period	880,000	-
Short-term borrowing obtained during the period	280,000	-
Markup expense on short term-borrowing obtained during the period	315	-
Markup income on short-term-borrowing extended during the period	17,013	-
Markup income received on short-term-borrowing extended during the period	17,013	-
Sale of plots	-	150,000
Receipt against sale of plots	-	150,000

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Unaudited March 31, 2022	Unaudited March 31, 2021
	----- (Rupees in 000) -----	
International Builders and Developers (Private) Limited		
Expenses incurred by the Company on behalf of International Builders and Developers (Private) Limited	187	-
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	-	225,982
Receipt against sale of plots	-	225,982
Development charges received	-	43,740
Key management personnel		
Arif Habib - Director		
Short-term loans received during the period	1,575,000	-
Short-term loans paid during the period	1,575,000	-
Mark-up expense on short term loan	894	-
Close family member		
Nida Ahsan		
Sale of plots	-	60,148
Receipt against sale of plots	-	60,148
Advance received against plots	-	89,852
Post employment benefit plan		
Gratuity fund trust - contribution paid during the period	119	1,954

24. 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.

Javedan Corporation Limited
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FOR THE NINE MONTHS ENDED MARCH 31, 2022

25. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 25 April, 2022 by the Board of Directors of the Company.

26. GENERAL

- 26.1** 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.
- 26.2** 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 NINE MONTHS PERIOD
ENDED MARCH 31, 2022**

Javedan Corporation Limited
**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

AS AT MARCH 31, 2022

		Unaudited March 31, 2022	Audited June 30, 2021
	Note	----- (Rupees in 000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,687,002	6,235,270
Intangible assets		3,451	4,313
Investment properties	6	631,366	631,366
Long-term deposits		11,719	9,316
Deferred tax assets - net		40,892	27,035
		<u>7,374,430</u>	<u>6,907,300</u>
CURRENT ASSETS			
Development properties	7	19,728,650	18,900,919
Trade debts	8	3,685,318	329,375
Loans and advances	9	1,783,090	297,354
Trade deposits, prepayments and other receivables	10	143,510	42,101
Short-term investments		38,000	1,296,802
Cash and bank balances		1,163,943	153,562
		<u>26,542,511</u>	<u>21,020,113</u>
		<u>33,916,941</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			
		<u>3,808,604</u>	<u>3,173,837</u>
Capital reserves			
		<u>2,758,293</u>	<u>3,393,060</u>
Revenue reserves			
		<u>4,095,041</u>	<u>2,731,255</u>
Other component of equity - revaluation surplus on lands			
		<u>8,458,788</u>	<u>8,461,779</u>
		<u>19,120,726</u>	<u>17,759,931</u>
NON-CURRENT LIABILITIES			
Long-term financings	11	7,637,090	4,904,662
Deferred grant		68,189	168
Deferred liability - gratuity		66,051	53,091
		<u>7,771,330</u>	<u>4,957,921</u>
CURRENT LIABILITIES			
Trade and other payables		690,468	979,934
Payable to REIT scheme	8.1	546,396	-
Preference shares		505	505
Accrued mark-up	12	154,795	92,014
Contract liabilities	13	2,224,211	2,091,971
Advance against sale of investment properties		160,446	48,346
Short-term borrowings	14	879,836	904,959
Current maturity of non-current liabilities	11	1,353,911	991,963
Taxation - net		110,742	95,428
Unpaid preference dividend		227	182
Unclaimed dividend		4,252	4,259
Advance against issue of shares		899,095	-
		<u>7,024,885</u>	<u>5,209,560</u>
		<u>33,916,941</u>	<u>27,927,413</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	15		

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

	Note	For the Nine Months Ended		For the Quarter Ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		------(Rupees in 000)-----		------(Rupees in 000)-----	
Revenue from contracts with customers - net	16	3,331,923	842,104	3,262,176	259,064
Cost of sales	17	(1,631,203)	(250,886)	(1,543,760)	(85,608)
Gross profit		1,700,720	591,218	1,718,416	173,456
Marketing and selling expenses		(19,254)	(26,735)	(6,750)	(16,011)
Administrative expenses		(345,478)	(351,219)	(101,818)	(99,501)
Finance costs	18	(39,857)	(79,903)	(15,255)	(23,903)
Other income	19	213,574	67,337	79,762	27,842
Profit before taxation		1,509,705	200,698	1,674,355	61,883
Taxation	20	(147,399)	(39,160)	(26,636)	(13,696)
Profit for the period		1,362,306	161,538	1,647,719	48,187
		------(Rupees)-----			
Earnings per share			(Restated)		(Restated)
Basic	21	3.58	0.43	4.33	0.13
Diluted	21	3.58	0.43	4.33	0.13



Chief Financial Officer



Chief Executive



Director

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

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

	For the Nine Months Ended		For the Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	------(Rupees in 000)-----		------(Rupees in 000)-----	
Profit for the period	1,362,306	161,538	1,647,719	48,187
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period - net of tax	1,362,306	161,538	1,647,719	48,187

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 NINE MONTHS ENDED MARCH 31, 2022

	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	2,320,855	8,544,621	17,495,866
Profit for the period	-	-	-	-	161,538	-	161,538
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	-	161,538	-	161,538
Revaluation surplus on land realised on account of sale of development properties	-	-	-	-	64,698	(64,698)	-
Conversion of preference shares into ordinary shares	3	3	-	-	-	-	6
Balance as at March 31, 2021 (Unaudited)	3,173,837	3,381,093	11,966	63,500	2,547,091	8,479,923	17,657,410
Balance as at July 01, 2021 (Audited)	3,173,837	3,381,094	11,966	63,500	2,667,755	8,461,779	17,759,931
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)
Profit for the period	-	-	-	-	1,362,306	-	1,362,306
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	-	1,362,306	-	1,362,306
Revaluation surplus on land realised on account of sale of development properties	-	-	-	-	2,991	(2,991)	-
Balance as at March 31, 2022 (Unaudited)	3,808,604	2,746,327	11,966	63,500	4,031,541	8,458,788	19,120,726

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 NINE MONTHS ENDED MARCH 31, 2022

	For the Nine Months Ended	
	March 31, 2022	March 31, 2021
	------(Rupees in 000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,509,705	200,698
Adjustments for non-cash items:		
Depreciation	16,192	16,179
Amortization	863	862
Provision for gratuity	13,080	9,634
Finance costs	62,781	79,903
Mark-up on saving accounts	(52,866)	(10,003)
Gain on disposal of property, plant and equipment	-	(132)
Operating profit before working capital changes	1,549,755	297,141
(Increase) / decrease in current assets		
Development properties	(827,731)	(50,296)
Trade debts	(3,355,943)	15,471
Loans and advances	(1,485,736)	27,082
Trade deposits, prepayments and other receivables	(101,409)	376
Short-term investments	1,258,802	-
	(4,512,017)	(7,367)
(Decrease) / increase in current liabilities		
Trade and other payables	(289,466)	(45,985)
Payable to REIT scheme	546,396	-
Deferred grant	68,021	-
Contract liabilities	132,241	(400,433)
Advance against sale of investment properties	112,100	-
Preference shares	-	(5)
Unpaid preference dividend	45	46
Advance against issue of shares	899,095	-
	1,468,432	(446,377)
Cash flows (used in) operations	(1,493,831)	(156,603)
Payments for:		
Income taxes	(145,942)	(65,132)
Finance costs	-	(74,272)
Gratuity	(120)	(2,383)
Dividend	-	(205)
Long-term deposits	(2,403)	589
Net cash flows (used in) operations	(1,642,296)	(298,006)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(467,939)	(201,483)
Sale proceeds from disposal of property, plant and equipment	14	557
Mark-up on saving accounts received	52,866	10,003
Additions to investment properties	-	(31,247)
Net cash flows (used in) investing activities	(415,059)	(222,170)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid:		
- ordinary shares	(6)	-
Cost on issuance of bonus shares	(1,511)	-
Proceeds from issuance of shares	-	3
Increase in capital reserves	-	3
Long-term financing - net	3,094,376	1,246,380
Short-term borrowings - net	(25,123)	(85,943)
Deferred grant	-	2,009
Net cash generated from financing activities	3,067,736	1,162,452
Net increase in cash and cash equivalents	1,010,381	642,276
Cash and cash equivalents at beginning of the period	153,562	60,421
Cash and cash equivalents at end of the period	1,163,943	702,697

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 NINE MONTHS ENDED MARCH 31, 2022

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.

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).

1.3 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.

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

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 nine months period ended march 31, 2022 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 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.
- 3.3** 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.

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

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.

		Unaudited March 31, 2022	Audited June 30, 2021
	Note	------(Rupees in 000)-----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	4,766,444	4,771,989
Capital work-in-progress	5.4	1,920,558	1,463,281
		<u>6,687,002</u>	<u>6,235,270</u>
5.1 Operating fixed assets			
Opening Net Book Value		4,771,989	4,773,680
Add: Additions during the period / year	5.2	10,662	21,107
Less: Disposals during the period / year	5.3	(14)	(461)
Less: Depreciation during the period / year		(16,192)	(22,337)
Closing Net Book Value		<u>4,766,444</u>	<u>4,771,989</u>
5.2 Additions during the period / year			
Buildings on lease-hold land		-	4,055
Furniture and fixtures		2,814	544
Office equipment		1,691	6,598
Medical equipment		190	4,957
Computer equipment		5,908	1,806
Vehicles		60	3,147
		<u>10,662</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 during the period / year	5.4.1	457,277	297,864
Closing	5.4.2	<u>1,920,558</u>	<u>1,463,281</u>

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

5.4.1 Includes borrowing costs amounting to Rs. 54.032 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 March 31 2022, 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

Unaudited
 March 31,
 2022 Audited
 June 30,
 2021
 Note -----(Rupees in 000)-----

Land		
Opening balance	15,031,918	14,980,418
Add: Additions during the period / year	1,410,000	51,500
	16,441,918	15,031,918
Development expenditure incurred		
Opening balance	10,947,606	9,915,362
Add: Incurred during the period / year	787,538	1,032,244
	11,735,144	10,947,606
Borrowing costs related to development properties		
Opening balance	2,683,235	2,316,625
Add: Capitalised during the period / year	476,120	366,610
	3,159,355	2,683,235
	31,336,418	28,662,759
Transferred to:		
- property, plant and equipment	(68,545)	(68,545)
- investment properties	(40,291)	(40,291)
- cost of sales to date	17 (7,070,651)	(5,562,244)
- development charges incurred and apportioned to date	17 (4,428,281)	(4,090,760)
	19,728,650	18,900,919

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

8. TRADE DEBTS	Unaudited March 31, 2022	Audited June 30, 2021
	Note	------(Rupees in 000)-----
Secured, considered good		
Receivable against:		
- sales of plots and bungalows	102,701	159,028
- transfer of land to REIT scheme	3,240,000	-
- receivable from residents	67,538	61,512
- utilities infrastructure charges	2,262	10,145
	<u>3,412,501</u>	<u>230,685</u>
- development charges incurred:		
- billed	54,434	74,249
- un-billed	218,383	24,441
	<u>272,818</u>	<u>98,690</u>
	<u>3,685,318</u>	<u>329,375</u>

- 8.1. This represents sale consideration receivable from CDC Trustee Globe Residency REIT (REIT Scheme) against land measuring 40,500 sq yds. This REIT Scheme is managed by Arif Habib Dolmen REIT Management Limited, a related party. As per the terms agreed 140 million units of REIT Scheme will be issued to the Company having face value of Rs. 10 / each and remaining proceeds will be paid in cash.

Further advances from customer received against booking of apartments on land sold to REIT is PKR 1,412 million and expenses incurred thereon as of reporting date is PKR 864 million. Hence net payable to REIT Scheme is PKR 546 million as of the reporting date.

- 8.2 Included herein are receivable from the following related parties:

	Unaudited March 31, 2022	Audited June 30, 2021
	------(Rupees in 000)-----	
- Arif Habib	-	1,200
- Alamgir A. Sheikh	-	119
- Arif Habib Limited	9,141	1,156
- Nida Ahsan	2,523	120
- Abdul Ghani	2,348	5,334
	<u>14,013</u>	<u>7,929</u>

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Unaudited March 31, 2022	Audited June 30, 2021
9. Loans and advances	Note	----- (Rupees in 000) -----
Loans - Secured		
Executives	8,622	3,953
Employees	5,283	5,977
	13,906	9,930
Advances - Unsecured		
Suppliers	320,830	153,106
Contractors	412,928	117,023
Against issue of units	1,012,465	-
Employees for expenses	8,810	3,145
Purchase of properties	14,151	14,150
	1,769,185	287,424
	1,783,090	297,354

9.1. This represents advance paid for equity investment in a Shariah Compliant Development REIT "Sapphire Bay Islamic Development REIT". The REIT scheme is managed by Arif Habib Dolment REIT Management Company Limited - a related party. The said REIT is in the process of acquiring the land from Ravi Urban Development Authority (RUDA). The REIT scheme has been approved by the Securities and Exchange Commission of Pakistan (SECP) on 06th December 2021 vide its letter.

9.2. 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.139.09 million, Rs. 0.315 million and Rs. 90 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. 12.367 million and Rs. 115.39 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 March 31, 2022	Audited June 30, 2021
	----- (Rupees in 000) -----	
Associates:		
- International Builders and Developers (Private) Limited	187	104
- Arif Habib Limited	-	1,377
	187	1,481

Javedan Corporation Limited
**NOTES TO THE CONDENSED INTERIM FINANCIAL
 STATEMENTS (UNAUDITED)**
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

		Unaudited March 31, 2022	Audited June 30, 2021
11. LONG-TERM FINANCINGS	Note	----- (Rupees in 000) -----	
Term finance certificates		86,250	172,500
Term finance loan I		996,198	995,002
Term finance loan II		543,542	541,329
Term finance loan III	11.2	988,817	-
Syndicated loan facility	11.3	-	662,501
SBP-Refinance Scheme		20,158	39,270
Sukuk certificates		2,487,607	2,734,408
Diminishing musharakah I		750,000	750,000
Diminishing musharakah II	11.4	995,893	-
Diminishing musharakah III	11.5	1,000,000	-
Islamic refinance facility	11.6	422,536	-
Diminishing musharakah IV	11.7	700,000	-
		<u>8,991,001</u>	5,895,010
Current maturity of long-term financings		<u>(1,353,911)</u>	(990,348)
		<u>7,637,090</u>	<u>4,904,662</u>

11.1 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 11.3) and new financing facilities obtained during the current period as disclosed in notes 11.2 and 11.4 to 11.7 to these condensed interim financial statements.

11.2 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.

11.3 The Company has fully settled the syndicated loan facility.

11.4 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 NINE MONTHS ENDED MARCH 31, 2022

- 11.5** 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.
- 11.6** 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.

- 11.7** The Company has obtained diminishing musharaka funded facility of Rs.700 million and Non-funded facility of Rs. 300 million from a commercial bank to finance the initial expenses for issuance of housing/apartments construction REITS by the company and to issue guarantees in favour of SBCA as a security deposit for development of commercial sites at Naya Nazimabad . The loan is repayable in maximum upto 13 months with 12 months grace period. It carries mark-up at the rate of 3 month KIBOR plus 1 percent per annum. The facility is secured by equitable mortgage charge and token 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. ACCRUED MARKUP

Out of Rs. 154.795 million (June 30 2021: 92.014 million) Rs. 1.967 million (June 30, 2021: Rs. 3.479 million) are payable to the following related parties:

	Unaudited March 31, 2022	Audited June 30, 2021
Note	----- (Rupees in 000) -----	
- Arif Habib	895	-
- Haji Abdul Ghani	756	756
- Arif Habib Limited	316	-
- Arif Habib Corporation Limited	-	2,723
	1,967	3,479

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13. CONTRACT LIABILITIES

Out of Rs.2,224.211 million (June 30, 2021: 2,091.971 million)Included herein, Rs. 1,418.103 million, (June 30, 2021: Rs. 1,067.320 million) on account of advances received against apartments and plots from the following related parties:

	Unaudited March 31, 2022	Audited June 30, 2021
Note	------(Rupees in 000)-----	
- Arif Habib Equity (Pvt) Limited	925,095	708,212
- Arif Habib	183,117	-
- Arif Habib Limited	-	5,306
- Haji Abdul Ghani	309,892	318,611
- Nida Ahsan	-	5,306
- Go Real Estate	-	29,885
	<u>1,418,103</u>	<u>1,067,320</u>

14. SHORT-TERM BORROWINGS

From related parties - unsecured
 Arif Habib Limited

14.1 **280,000** -

Other than related parties
 Musharakah arrangement
 Running finance under mark-up arrangements

- 264,193
599,836 640,766
879,836 904,959

14.1. Represents financing facility availed from a related party to the extent of Rs. 1,000 million to finance the working capital and project requirement. The loan is repayable on demand and carries markup at the rate of 3 month's KIBOR plus 1.75 percent per annum.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Existing business

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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.
- 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.

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- 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 March 2022 has been accounted for in these condensed interim financial statements having an aggregate impact of Rs.123.571 million.
- viii) The Company has filed a constitutional petition D-4971 of 2017 dated July 28, 2017 in Honourable 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.

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	For the Nine Months Ended		For the Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
16. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET	----- (Unaudited) -----		----- (Unaudited) -----	
	----- (Rupees in 000) -----		----- (Rupees in 000) -----	
Plots	3,288,486	811,850	3,240,000	282,921
Bungalows	-	67,120	-	9,960
Service Income	63,833	53,481	22,176	16,494
	<u>3,352,319</u>	<u>932,451</u>	<u>3,262,176</u>	<u>309,375</u>
Trade discount	294	-	-	-
Cancellation / forfeitures	(20,690)	(90,347)	-	(49,771)
	<u>(20,396)</u>	<u>(90,347)</u>	<u>-</u>	<u>(49,771)</u>
	<u>3,331,923</u>	<u>842,104</u>	<u>3,262,176</u>	<u>259,604</u>
17. COST OF SALES				
Cost of development properties sold:				
- plots	1,508,407	139,485	1,490,638	46,248
- bungalows	-	21,096	-	4,250
	<u>1,508,407</u>	<u>160,581</u>	<u>1,490,638</u>	<u>50,498</u>
Development and utility charges:				
- incurred and apportioned to customers	337,522	530,834	152,590	110,222
- reimbursable from customers	(337,522)	(530,834)	(152,590)	(110,222)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>122,796</u>	<u>90,306</u>	<u>53,122</u>	<u>35,110</u>
Cost of Services	<u>1,631,203</u>	<u>250,886</u>	<u>1,543,760</u>	<u>85,608</u>

18. FINANCE COSTS

Included herein mark-up on long-term financings and short-term borrowings of Rs.11.999 million and Rs. 25.946 million (March 31, 2021: Rs. 20.329 million and Rs. 56.494 million) respectively.

19. OTHER INCOME - Net

Included herein Rs. 113.580 million (March 31, 2021: Rs. 39 million) related to transfer fees from plots and bungalows.

	For the Nine Months Ended		For the Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
20. TAXATION	----- (Unaudited) -----		----- (Unaudited) -----	
	----- (Rupees in 000) -----		----- (Rupees in 000) -----	
Current	117,454	62,224	35,761	21,456
Prior	69,707	-	-	-
Deferred	(39,762)	(23,064)	(9,125)	(7,760)
	<u>147,399</u>	<u>39,160</u>	<u>26,636</u>	<u>13,696</u>

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21. EARNINGS PER SHARE	For the Nine Months Ended		For the Quarter Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- (Unaudited) -----		----- (Unaudited) -----	
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Basic		(Restated)		(Restated)
Profit after tax (Rupees in '000)	1,362,306	161,538	1,647,719	48,187
Weighted average number of ordinary shares	380,860,447	379,470,238	380,860,447	379,470,238
Earnings per share - (In Rupees)	3.58	0.43	4.33	0.13
Diluted				
Profit after tax (Rupees in '000)	1,362,306	161,538	1,647,719	48,187
Weighted average number of ordinary shares in issue	380,860,447	379,470,238	380,860,447	379,470,238
Adjustment for conversion of convertible preference shares	15,251	30,285	15,251	30,285
Weighted average number of ordinary shares for diluted earnings per share	380,875,698	379,500,523	380,875,698	379,500,523
Earnings per share - (In Rupees)	3.58	0.43	4.33	0.13

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:

	Unaudited March 31, 2022	Unaudited March 31, 2021
	----- (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	2,723	1,246

Javedan Corporation Limited
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	Unaudited March 31, 2022	Uaudited March 31, 2021
	----- (Rupees in 000) -----	
Rotocast Engineering Company (Private) Limited		
Services received during the period	502	1,251
Paid against services received	502	1,230
Other services	1,190	-
Rent prepaid during the period	1,207	1,098
Rent expense charged during the period	906	1,098
Power Cement Limited		
Purchase of construction material	14,072	9,138
Paid against the purchase of construction material	11,673	10,371
Safe Mix Concrete Limited		
Advance against construction material	140,000	-
Purchase of construction material	15,822	13,931
Paid against the purchase of construction material	15,407	10,799
Arif Habib Limited		
Purchase of plots	1,410,000	-
Paid against purchase of plots	1,410,000	-
Short-term borrowing extended during the period	880,000	-
Re-Payment of Short-term borrowing extended during the period	880,000	-
Short-term borrowing obtained during the period	280,000	-
Markup expense on short term-borrowing obtained during the period	315	-
Markup income on short-term-borrowing extended during the period	17,013	-
Markup income received on short-term-borrowing extended during the period	17,013	-
Sale of plots	-	150,000
Receipt against sale of plots	-	150,000
International Builders and Developers (Private) Limited		
Expenses incurred by the Company on behalf of International Builders and Developers (Private) Limited	187	-
Associated persons		
Haji Abdul Ghani		
Sale of plots	-	10,755
Receipt against sale of plots	-	10,755
Development charges received	-	4,860

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	Unaudited March 31, 2022	Unaudited March 31, 2021
	----- (Rupees in 000) -----	
Go Real Estate		
Sale of plots	-	225,982
Receipt against sale of plots	-	225,982
Development charges received	-	43,740
<hr/>		
Key management personnel		
Arif Habib - Director		
Short-term loans received during the period	1,575,000	-
Short-term loans paid during the period	1,575,000	-
Mark-up expense on short term loan	894	-
<hr/>		
Close family member		
Nida Ahsan		
Sale of plots	-	60,148
Receipt against sale of plots	-	60,148
Advance received against plots	-	89,852
<hr/>		
Post employment benefit plan		
Gratuity fund trust - contribution paid during the period	120	1,954

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.

24. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 25 April, 2022 by the Board of Directors of the Company.

Javedan Corporation Limited
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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

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