

Building a Prosperous Future

JAVEDAN
CORPORATION LIMITED

QUARTERLY REPORT
31 MARCH 2020







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Company Information

Board of Directors

Arif Habib
Samad A. Habib
Abdul Qadir Sultan
Alamgir A. Sheikh
Muhammad Ejaz
Saeed Ahmad
Darakshan Zohaib
Muhammed Siddique Khokhar
Faisal Anees Bilwani

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director
Director

Chief Financial Officer & Company Secretary

Muneer Gader

Audit Committee

Abdul Qadir Sultan
Alamgir A. Sheikh
Muhammad Ejaz
Owais Ahmed

Chairman
Member
Member
Secretary

HR & Remuneration Committee

Saeed Ahmad
Arif Habib
Muhammad Ejaz
Samad A. Habib

Chairman
Member
Member
Member



Auditors

Reanda Haroon Zakaria & Co.,
Chartered Accountants

EY Ford Rhodes
Chartered Accountants

Bankers

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

Registered Office

Arif Habib Center,
23, M.T.Khan Road,
Karachi Pakistan - 74000,
Tel : 32460717-19
Fax: 32466824
Website: www.jcl.com.pk

Site Office:

Naya Nazimabad, Manghopir Road, Karachi -75890
Tel : 92-21-32061997-98, 32061903-04,
36770141-42, Fax: 92-21-36770144
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

Dear Shareholders,

Directors of Javedan Corporation Limited (JCL) present, herewith, the Director's Review Report of the Company together with the Condensed Interim unconsolidated and consolidated Financial Information for the nine months period ended 31 March 2020.

The third quarter of the FY 2019-2020 has been severely affected due to global pandemic - COVID19 which has resulted in global lockdown including in Pakistan. Despite the challenges owing to COVID19 the Financial Performance of your Company during the period remained satisfactory. We anticipate more pronounced effect of the pandemic on the development and financial performance in the last quarter of FY 2019-2020.

Financial Performance

During the period under review (on an unconsolidated basis) the Company recorded sale of PKR 1,422.45 million as compared to PKR 1,354.80 million in the corresponding period last year. The Cost of sales for the period was recorded at PKR 233.01 million as compared PKR 550.68 million in the corresponding period. The improved gross profit, however, has been offset due to increase in administrative cost and taxation expense as compared to corresponding period. The profit after tax for the period is PKR 545.890 million as compared to PKR 443.327 million and this translated to an earnings per share of PKR 1.72 as compared to PKR 1.40 in the corresponding period.

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

Particulars	Nine Months Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Un-Audited)			
	Rupees in Thousands			
Net sales	1,422,459	1,354,805	369,268	530,763
Cost of sales	(233,008)	(550,684)	(83,244)	(41,794)
Gross Profit	1,189,451	804,121	286,023	488,969
Profit before Taxation	756,268	491,991	178,116	334,522
Taxation	(210,378)	(48,664)	(42,649)	(14,553)
Profit after taxation	545,890	443,327	135,467	319,969
EPS - Basic (in rupees)	1.72	1.40	0.43	1.01
EPS - Diluted (in rupees)	1.72	1.40	0.43	1.01

JCL has set up a wholly owned subsidiary Company - NN Maintenance Company (Private) Limited, which commenced its operations from 01 January 2020. On a consolidated basis the revenue for the period is PKR 1,438.89 million and the profit after tax for the period is PKR 521.506 million which has resulted into an EPS of PKR 1.64 (both on basic and diluted basis).

Development Performance

During the period under review work on value enhancing projects including club house (Naya Nazimabad Gymkhana), Jama Mosque, Medical Center and school progressed satisfactorily. However, since the review period progress on projects has been hindered due to the pandemic and resultant lockdown. But we are still confident that all projects will be completed within this calendar year. Further, development work on Block M also continues. Other infrastructure development is also progressing well. Installation of individual KE meter are at an advance stage whereas approval of gas connection is in hand. ICT work is also expected to commence soon. Planning and design work on the flyover has been completed and we expect to see the tender and ground breaking of the project in the next half of the financial year. The overall progress on the development projects has been satisfactory.

Future Outlook

The economy, at large, is currently facing a mammoth challenge resulted due to COVID – 19. It has created an unprecedented uncertainty. The quantum and duration of disturbance by COVID – 19 are still to be determined. However, it is imminent that the economy will slow down significantly.

The Real Estate Sector is also likely to be affected. However the recently announced construction package by the Federal Government may provide some stimulus to the sector to restore normalcy earlier than, otherwise, expected. It is important to note that the construction package by the Federal Government will need to be backed up by necessary changes required at Provincial level in respect of approval mechanism and provincial level taxes, duties and related matters.

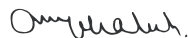
Naya Nazimabad is now poised to launch new phase of its projects. The new phase would bring thoughtfully designed apartments and commercial arcade to the market. Planning for the launch is almost complete. However, the timing of launch will need to be tactfully assessed due to prevailing overall economic environment as well as in order to generate optimal value from the launch of the project. This is keeping in view the overall positive dynamics at Naya Nazimabad such as increased habitation and resultant value appreciation that is expected from completion of ongoing value enhancing projects.

With reference to several letters purportedly issued by DC West Karachi it is to update our valued stakeholders that Sindh high Court has suspended all the notices issued by DC West Karachi. Currently no such letter issued is in place or effective and that management and the board is confident that the matter shall be decided in favor of the Company.

On behalf of the Board of Directors, We would like to appreciate the effort of all the stakeholders for the project and for their continued support to transform the dream into reality.



Samad A. Habib
Chief Executive



Arif Habib
Chairman

Dated: 27 April 2020

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL INFORMATION
FOR THE NINE MONTHS
PERIOD ENDED
MARCH 31, 2020**

Condensed Interim Unconsolidated Statement of Financial Position

As At March 31, 2020

		March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	5,580,918	5,343,609
Investment Property	6	56,077	55,000
Long term Investment	7	10,000	-
Long-term deposits		10,756	8,268
Deferred tax assets - net	8	9,526	17,991
		<u>5,667,277</u>	<u>5,424,868</u>
CURRENT ASSETS			
Trade debts		561,430	789,495
Short Term Investment		37,500	-
Development properties	9	19,312,358	18,036,047
Loans and advances		1,055,002	954,336
Deposits, prepayments and other receivables	10	66,643	21,577
Cash and bank balances		47,104	56,751
		<u>21,080,036</u>	<u>19,858,206</u>
		<u>26,747,313</u>	<u>25,283,074</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised			
390,000,000 (2019: 390,000,000) ordinary shares of Rs.10/- each		<u>3,900,000</u>	<u>3,900,000</u>
Issued, subscribed and paid-up capital			
Capital reserves		3,173,834	2,885,304
Revenue reserves		3,393,056	3,393,056
Surplus on revaluation of freehold land		2,707,425	2,330,440
		<u>8,555,552</u>	<u>8,675,613</u>
		<u>17,829,867</u>	<u>17,284,413</u>
NON-CURRENT LIABILITIES			
Long-term financing		3,530,273	3,563,112
Deferred liability - gratuity		39,442	33,804
		<u>3,569,715</u>	<u>3,596,916</u>
CURRENT LIABILITIES			
Trade and other payables	11	232,940	521,337
Preference shares		510	510
Accrued mark-up		290,282	171,565
Contract Liabilities	12	2,946,721	1,840,634
Short-term borrowings		1,168,083	1,485,603
Unclaimed dividend		4,454	4,115
Taxation - net		200,991	32,564
Current maturity of non-current liabilities		503,750	345,417
		<u>5,347,731</u>	<u>4,401,745</u>
CONTINGENCIES AND COMMITMENTS			
	13		
TOTAL EQUITY AND LIABILITIES			
		<u>26,747,313</u>	<u>25,283,074</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Financial Officer

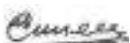

Chief Executive


Director

Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)
For The Nine Months And Quarter Ended March 31, 2020

		Nine Month Ended		Quarter Ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Note	(Rupees in '000)			
Sales - net		1,422,459	1,354,805	369,268	530,763
Cost of sales		(233,008)	(550,684)	(83,244)	(41,794)
Gross profit		1,189,451	804,121	286,023	488,969
Marketing and selling expenses		(42,244)	(34,506)	(20,444)	(14,557)
Administrative expenses		(280,689)	(227,650)	(59,404)	(76,899)
Finance costs		(170,923)	(107,196)	(47,023)	(84,528)
Other income		60,673	57,222	18,964	21,537
Profit before taxation		756,268	491,991	178,116	334,522
Taxation	14	(210,378)	(48,664)	(42,649)	(14,553)
Profit for the year		545,890	443,327	135,467	319,969
		(Rupees in '000)			
Earnings per share		(Restated)		(Restated)	
Basic	15	1.72	1.40	0.43	1.01
Diluted	15	1.72	1.40	0.43	1.01

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

**Condensed Interim Unconsolidated Statement of Other Comprehensive Income (Unaudited)
For The Nine Months And Quarter Ended March 31, 2020**

	Nine Month Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in '000)			
Profit after taxation	545,890	443,327	135,467	319,969
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	545,890	443,327	135,467	319,969

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

Condensed Interim Unconsolidated Statement of Changes In Equity (Unaudited) For The Nine Months And Quarter Ended March 31, 2020

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Surplus on revaluation of freehold land	Total Equity
		Share premium	Tax holiday reserve	General	Un-appro- priated profit		
	(Rupees in '000)						
Balance as at July 01, 2018 (Audited)	2,671,254	3,380,604	11,966	63,500	1,905,300	5,802,648	13,835,272
Profit for the period	-	-	-	-	545,890	-	545,890
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income, net of tax	-	-	-	-	545,890	-	545,890
Surplus on revaluation of freehold land realised on account of sale of development properties	-	-	-	-	74,467	(74,467)	-
Issuance of 8% bonus shares for the year ended June 30, 2018	213,726	-	-	-	(213,726)	-	-
Cost on issuance of bonus shares	-	-	-	-	(322)	-	(322)
Final dividend @ 7% on ordinary shares for the year ended June 30, 2018	-	-	-	-	(187,010)	-	(187,010)
Conversion of preference shares into ordinary shares	322	483	-	-	-	-	805
Balance as at March 31, 2019 (Unaudited)	2,885,303	3,381,087	11,966	63,500	2,124,599	5,728,181	14,194,636
Balance as at July 01, 2019 (Audited)	2,885,304	3,381,090	11,966	63,500	2,266,940	8,675,613	17,284,413
Profit for the period	-	-	-	-	545,890	-	545,890
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income, net of tax	-	-	-	-	545,890	-	545,890
Surplus on revaluation of freehold land realised on account of sale of development properties	-	-	-	-	120,061	(120,061)	-
Issuance of 10% bonus shares for the year ended June 30, 2019	288,530	-	-	-	(288,530)	-	-
Cost on issuance of bonus shares	-	-	-	-	(435)	-	(435)
Balance as at March 31, 2020 (Unaudited)	3,173,834	3,381,090	11,966	63,500	2,643,925	8,555,552	17,829,867

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)
For The Nine Months And Quarter Ended March 31, 2020

	Nine Month Ended	
	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	756,268	491,991
Adjustments for non-cash items:		
Depreciation	15,506	9,391
Provision for gratuity	11,174	7,825
Finance costs	170,923	107,196
Mark-up on saving accounts	(7,167)	(893)
Loss on disposal of property, plant and equipment	77	(167)
Operating profit before working capital changes	946,781	615,343
Decrease / (Increase) in current assets		
Trade debts	228,065	427,863
Development properties	(834,803)	(1,331,526)
Loans and advances	(100,666)	26,674
Deposits, prepayments and other receivables	(45,066)	(25,571)
	(752,470)	(902,560)
(Decrease) / Increase in current liabilities		
Trade and other payables	(288,397)	(1,569,854)
Contract Liabilities	1,106,087	798,480
	817,690	(771,373)
Cash flows used in operations	1,012,001	(1,058,591)
Payments for:		
Income tax	(33,485)	(40,957)
Finance costs	(493,715)	(345,264)
Gratuity	(5,537)	(1,837)
Dividend	339	(185,945)
Long-term deposits	(2,488)	(445)
Net cash flows used in operations	477,114	(1,633,039)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(252,981)	(244,065)
Sale proceeds from disposal of property, plant and equipment	90	447
Long term investment	(10,000)	-
Investment in TDR	(37,500)	-
Addition to Investment Properties	(1,077)	-
Mark-up on saving accounts received	7,167	892
Net cash flows used in investing activities	(294,300)	(242,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cost on issuance of bonus shares	(435)	(322)
Long-term financing - net*	125,494	2,771,936
Liabilities against assets subject to finance lease - net*	-	(603)
Short-term borrowings - net*	(317,520)	(967,171)
Net cash generated from financing activities	(192,461)	1,803,839
Net (decrease) / increase in cash and cash equivalents	(9,647)	(71,926)
Cash and cash equivalents at beginning of the period	56,751	106,428
Cash and cash equivalents at end of the period	47,104	34,502

* No non-cash item is included in these activities

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

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", 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** These condensed interim financial statements are the separate financial statements of the Company, in which investment in the subsidiary has been accounted for at cost less accumulated impairment losses, if any.
- 1.4** During the period, the Company has issued 28.853 million ordinary bonus shares having face value of Rs. 10 each amounting to Rs. 288.530 million.

2. STATEMENT OF COMPLIANCE

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

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

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

3. BASIS OF PREPARATION

- 3.1** The preparation of these condensed interim financial statements, in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

During the preparation of these condensed interim financial statement, changes in the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty are same as those applied to the annual audited financial statements of the Company for the year ended June 30, 2019.

Notes To The Condensed Interim Unconsolidated Financial Information (Unaudited) For The Nine Months Period Ended March 31, 2020

3.2 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 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, 2019, except for the accounting policy of investment in subsidiary, short term investment and adoption of the new / amended standards, interpretations and improvements to IFRSs by the Company, which became effective for the current period:

4.1 Investment in subsidiary

Investment in subsidiary is initially recognised at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Such impairment losses or reversal of impairment losses are recognised in the statement of profit or loss.

4.2 Short Term Investment

The short term investment is measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Profits/mark up income and impairment are recognized in profit or loss account.

4.3 Standards, interpretations and improvements

IFRS 16	Leases
IFRS 9	Prepayment features with negative compensation (Amendments)
IAS 19	Plan amendment, curtailment or settlement (Amendments)
IAS 28	Long term interests in associates and joint ventures (Amendments)
IFRIC 23	Uncertainty over income tax treatments

Improvements to accounting standards issued by IASB in December 2017

IFRS 3	Business combinations – Previously held interests in a joint operation
IFRS 11	Joint arrangements – Previously held interests in a joint operation
IAS 12	Income taxes – Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing costs – Borrowing costs eligible for capitalization

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

Notes To The Condensed Interim Unconsolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	Note	March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT			
	5.1	4,773,853	4,773,088
Operating fixed assets	5.4	807,064	570,521
Capital work-in-progress		5,580,918	5,343,609
5.1 Operating fixed assets			
Opening book value		4,773,088	1,585,188
Additions during the period / year	5.2	16,438	3,202,552
		4,789,526	4,787,740
Disposals during the period / year at book value	5.3	(167)	(1,185)
Depreciation charge for the period / year		(15,506)	(13,467)
		4,773,853	4,773,088
5.2 Additions during the period / year			
Free-hold land		-	3,074,718
Other land		-	50,918
Buildings on other land		-	62,036
Furniture and fixtures		958	1,303
Computer equipment		4,937	3,934
Office equipment		10,413	5,345
Vehicles		130	4,298
		16,438	3,202,552
5.3 Disposals during the period / year at book value			
Office equipment		167	116
Computer equipment		-	20
Vehicles		-	1,049
		167	1,185
5.4 Capital work-in-progress			
Opening		570,521	250,319
Additions made during the period		236,543	320,202
Closing balance	5.4.1	807,064	570,521
5.4.1 Represents expenditures incurred / advances made in respect of club house, gymkhana and jama masjid.			

Notes To The Condensed Interim Unconsolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	Note	March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
6. INVESTMENT PROPERTIES			
The movement in investment properties during the period is as follows:			
Opening balance		55,000	-
Additions during the period / year		1,077	-
Transferred from development properties during the period / year		-	40,291
Remeasurement gain during the period / year		-	14,709
Closing balance	6.1.	<u>56,077</u>	<u>55,000</u>

- 6.1.** Investment properties comprise of a banquet hall having area of 2,200 sq. yards situated at D-24, Deh Manghopir, Karachi. An independent valuation was carried out by the management through an independent professional valuer on June 30, 2019 and the fair value of Rs. 55 million was determined with reference to market based evidence, active market prices and relevant information. Accordingly, the fair value adjustment of Rs. 14.71 million is recognised in the statement of profit or loss as of June 30, 2019. The fair value of investment property falls under level 2 of fair value hierarchy (i.e. significant observable inputs). During the period, there has been no change in the fair value hierarchy from level 2 to level 1 and level 3. As of March 31, 2020, the management expects no material change in the aforementioned fair value of investment property and accordingly no adjustments have been incorporated in these condensed interim financial statements.

	Note	March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
7. LONG-TERM INVESTMENT			
Investment in subsidiary - at cost	7.1.	<u>10,000</u>	-

- 7.1.** On November 29, 2019, the Company formed a subsidiary namely NN Maintenance Company (Private) Limited by subscribing 99.98% shareholding (representing 999,800 ordinary shares of Rs. 10 each). The subsidiary company was established to provide maintenance, security and other services for the Company's Naya Nazimabad Project.

		March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
8. DEFERRED TAX ASSETS - NET			
Deferred tax on deductible temporary differences		17,349	25,269
Provisions			
Deferred tax on taxable temporary differences		<u>(7,823)</u>	<u>(7,278)</u>
Accelerated depreciation on property, plant and equipment		<u>9,526</u>	<u>17,991</u>

Notes To The Condensed Interim Unconsolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

		March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
9. DEVELOPMENT PROPERTIES			
Land			
Land for development		15,140,978	14,653,144
Add: Acquired during the period / year		-	487,834
		<u>15,140,978</u>	<u>15,140,978</u>
Development expenditure incurred			
Opening balance		8,480,059	6,621,621
Add: Incurred during the period / year		1,258,692	1,858,438
		<u>9,738,751</u>	<u>8,480,059</u>
Borrowing costs related to development properties			
Opening balance		1,969,317	1,387,153
Add: Capitalised during the period / year		441,509	582,164
		<u>2,410,826</u>	<u>1,969,317</u>
		<u>27,290,555</u>	<u>25,590,354</u>
Transferred to:			
- property, plant and equipment		(68,545)	(68,545)
- investment properties		(40,291)	(40,291)
- cost of sales to date		(5,090,694)	(4,857,686)
- development charges incurred and apportioned to date		(2,778,667)	(2,587,785)
		<u>19,312,358</u>	<u>18,036,047</u>
10. DEPOSITS PREPAYMENTS & OTHER RECEIVABLE			
10.1. Included herein other receivable from NN Maintenance Company (Private) Limited on account of expenses incurred on behalf of a subsidiary Company..			
11. TRADE AND OTHER PAYABLES			
11.1. Included herein other payables on account of repurchase of land amounting to Rs.Nil million (June 30, 2019: 249.78 million).			
		March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
12. CONTRACT LIABILITIES			
Advance from customers	12.1	2,373,767	1,256,407
Liability against performance obligation		572,954	584,227
		<u>2,946,721</u>	<u>1,840,634</u>
12.1 Included herein Rs. 309.891 million, Rs.925.094 million, and Rs. 183.117 million (June 30, 2019: Rs. 199.892 million, Rs. 360.1 million, and Rs. Nil) received from Haji Abdul Ghani, Arif Habib Equity (Private) Limited, and Arif Habib Coporation Limited respectively.			

13. CONTINGENCIES AND COMMITMENTS

13.1. Tax related contingencies

- a) 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, during the year ended June 30, 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.
- b) 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. 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.
- c) 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 during the year ended June 30, 2019 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 the year 2019 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.
- d) 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 has reversed provision previously created of Rs. 131.273 million relating to prior year. 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. During the year ended June 30, 2019, the Company has adjusted its brought forward losses against taxable income and accordingly, current year provision for that year was based on higher of Corporate Tax or ACT.

During the year ended June 30, 2019, the Company has 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 has challenged the applicability of Alternative Corporate Tax vide C.P D-2982 of 2019 before SHC. In this regard, an interim order has been granted by SHC that no coercive action is to be taken against the Company till the pendency of the matter before SHC.

- e) The Company has filed constitutional petition before the Honorable High Court of Sindh (SHC) vide Constitutional Petition No. 2564 of 2014 dated May 15, 2014 challenging vires of Workers Welfare Ordinance, 1971. SHC has admitted constitutional petition for regular hearing and issued interim stay order from recovery of Workers' Welfare Fund (WWF) impugned demand by Federal Board of Revenue for the tax year 2013. The management, based on the opinion of the tax advisor, is expecting favourable outcome on the said matter. Accordingly, no liability for WWF since tax years 2014 to 2020 has been accounted for in these condensed interim financial statements having an aggregate impact of Rs.123.249 million.
- f) The Company has filed a constitutional petition D-4971 of 2017 dated July 28, 2017 in Honorable High Court of Sindh (SHC) against imposition of tax on undistributed profits under Section 5A of Income Tax Ordinance, 2001. The management is confident of the favourable outcome of this petition, as stay has been granted on similar petitions filed by other companies. Although, the Company has complied with the requirements related to distribution of profits for the years but the petition in this regard is still pending before SHC.
- g) Through Finance Act 2015, super tax on listed companies having income equal to or exceeding Rs. 500 million was introduced at the rate of 3%. Being aggrieved, the Company had filed a case before Honourable High Court of Sindh (SHC) and obtained stay order for not taking any coercive action against the Company. Accordingly, no provision of super tax relating to the years 2017 to 2019 for an aggregate amount of Rs. 88.53 million has been recorded in these condensed interim financial statements.

13.2 The Company has filed a constitutional petition No D-953 of 2020 before Honorable High Court of Sindh (SHC) in respect of notice issued by Office of the Assistant Commissioner (AC) Manghopir, District West Karachi under Section 22 of Sindh Land Revenue Act, 1967 dated December 18, 2019 whereby AC has called the Company to appear before Collector / Deputy Commissioner (DC) West Karachi along with title documents, survey, layout plan, etc. Thereafter, another letter No. DC(W)/341/2020 dated 27 January 2020 addressed to Director General Sindh Building Control Authority (DG-SBCA) was issued by the office of DC West Karachi, wherein DG SBCA was directed to suspend all layout plans approved earlier until further instructions.

Later, SHC in its order dated February 11, 2020 has suspended the aforementioned notice and the letter and has restrained the respondents from any coercive and adverse action against the Company. Company's title of land is absolutely lawful, clean and clear since the Company has obtained all necessary approvals strictly in accordance with the prevailing laws which had been further proven through several investigations by different agencies and courts in Pakistan. In this regard, the Company has also sought a legal opinion based on which the Company is confident that the said notice and letter will be declared void and the matter shall be decided in the favor of the Company. Currently, the company has no exposure in this regard.

13.3 There are no major changes in the status and nature of other contingencies (i.e. related to former business and legal/other contingencies relating to existing business) and commitments as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2019.

Notes To The Condensed Interim Unconsolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	Nine month ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in '000')			
14. TAXATION				
Current	201,913	38,578	42,638	11,808
Prior year	-	(11,251)	-	-
Deferred	8,465	21,337	11	2,745
	<u>210,378</u>	<u>48,664</u>	<u>42,649</u>	<u>14,553</u>
15. EARNINGS PER SHARE				
Basic				
Profit after tax (Rupees in '000)	<u>545,890</u>	<u>443,327</u>	<u>135,467</u>	<u>319,969</u>
Weighted average number of ordinary shares	<u>317,383,396</u>	<u>317,383,396</u>	<u>317,383,396</u>	<u>317,383,396</u>
Earnings per share - (In Rupees)	<u>1.72</u>	<u>1.40</u>	<u>0.43</u>	<u>1.01</u>
Diluted				
Profit after tax (Rupees in '000)	<u>545,890</u>	<u>443,327</u>	<u>135,467</u>	<u>319,969</u>
Weighted average number of ordinary shares in issue	<u>317,383,396</u>	<u>317,383,396</u>	<u>317,383,396</u>	<u>317,383,396</u>
Adjustment for conversion of convertible preference shares	<u>43,804</u>	<u>35,651</u>	<u>43,804</u>	<u>35,651</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>317,427,200</u>	<u>317,419,047</u>	<u>317,427,200</u>	<u>317,419,047</u>
Earnings per share - (In Rupees)	<u>1.72</u>	<u>1.40</u>	<u>0.43</u>	<u>1.01</u>

16. 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 year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Notes To The Condensed Interim Unconsolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	March 31, 2020 ----- (Unaudited) ----- ----- Rupees in '000 -----	March 31, 2019
<u>Subsidiary Company</u>		
NN Maintenance Company (Private) Ltd		
Investment made during the period	10,000	-
Expenses incurred on behalf of NN Maintenance company (Private) Ltd	30,816	-
<u>Associates</u>		
Arif Habib Corporation Limited		
Repurchase of commercial land	-	16,031
Paid against the repurchase of commercial land	-	-
Advance paid against subscription of right issue	-	-
Short-term borrowing obtained during the period	73,000	742,000
Short-term borrowing repaid during the period	83,067	1,710,100
Advance received against future purchase of commercial apartments	183,117	-
Mark-up expense on short term borrowing	2,397	67,240
Mark-up paid during the period	41,192	81,040
Dividend paid	-	15,021
Arif Habib Equity (Private) Limited		
Repurchase of commercial land	-	249,785
Paid against the repurchase of commercial land	249,785	1,556,161
Mark-up expense on short term-borrowing	27,613	-
Mark-up paid during the period	27,613	-
Advance received against future purchase of commercial apartments	925,095	360,100
Dividend paid	-	45,595
Power Cement Limited		
Purchase of construction material	38,811	31,180
Paid against the purchase of construction material	46,066	56,430
Safe Mix Concrete Limited		
Purchase of construction material	19,813	40,513
Paid against the purchase of construction material	21,843	39,347
Haji Abdul Ghani - Associated person		
Repurchase of commercial land	-	26,896
Advance received against future purchase of commercial apartments	110,000	11,000
Adjustment of amount payable as an advance for future purchase of commercial apartments	-	188,892
Sale of plots	33,971	-
Receipt against sale of plots	33,158	-
Short-term loans received during the period	150,000	-
Mark-up expense on short term-borrowing	756	-
Adjustment of short-term borrowing against the advance against plots	150,000	-
Advance received against plots	120,000	-
Dividend paid	-	21,912

Notes To The Condensed Interim Unconsolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	March 31, 2020 ----- (Unaudited) ----- ----- Rupees in '000 -----	March 31, 2019
Rotocast Engineering Co. (Pvt.) Ltd.		
Short-term loans received during the period	525,000	-
Short-term loans paid during the period	525,000	-
Rent prepaid during the period	549	1,098
Rent expense charged during the period	549	549
Mark-up expense on short term-borrowing	28,230	-
Mark-up paid during the period / year	28,230	-

Key management personnel

Arif Habib - Director

Sale of plots and bungalows	576	10,606
Receipt against sale of plots	576	-
Short-term loans received during the period	425,000	-
Short-term loans paid during the period	425,000	-
Mark-up expense on short term-borrowing	7,018	-
Dividend paid	-	9,152

Close family member

Nida Ahsan

Sale of plots and bungalows	-	54,514
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Post employment benefit plan

Gratuity fund trust - contribution paid during the period	5,537	1,837
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17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were authorised for issue on 27 April 2020 by the Board of Directors of the Company.

18. GENERAL

18.1 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.

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


Chief Financial Officer


Chief Executive


Director

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL INFORMATION
FOR THE NINE MONTHS
PERIOD ENDED
MARCH 31, 2020**

Condensed Interim Consolidated Statement of Financial Position
As At March 31, 2020

		March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	5,582,072	5,343,609
Investment properties	6	56,077	55,000
Long-term deposits		10,756	8,268
Deferred tax assets - net	7	9,526	17,991
		<u>5,658,431</u>	<u>5,424,868</u>
CURRENT ASSETS			
Development properties	8	19,312,358	18,036,047
Short Term Investment		37,500	-
Trade debts		572,716	789,495
Loans and advances		1,056,369	954,336
Deposits, prepayments and other receivables		38,249	21,577
Cash and bank balances		48,214	56,751
		<u>21,065,406</u>	<u>19,858,206</u>
		<u>26,723,837</u>	<u>25,283,074</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised			
390,000,000 (2019: 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		3,173,834	2,885,304
Capital reserves		3,393,056	3,393,056
Revenue reserves		2,683,040	2,330,440
Revaluation surplus on free-hold land		8,555,552	8,675,613
		<u>17,805,482</u>	<u>17,284,413</u>
NON-CURRENT LIABILITIES			
Long-term financing		3,530,273	3,563,112
Deferred liability - gratuity		39,442	33,804
		<u>3,569,715</u>	<u>3,596,916</u>
CURRENT LIABILITIES			
Trade and other payables	9	233,793	521,337
Preference shares		510	510
Unearned service fee		56	-
Accrued mark-up		290,282	171,565
Contract liabilities	10	2,946,721	1,840,634
Short-term borrowings		1,168,083	1,485,603
Current maturity of non-current liabilities		503,750	345,417
Taxation - net		200,991	32,564
Unclaimed dividend		4,454	4,115
		<u>5,348,640</u>	<u>4,401,745</u>
CONTINGENCIES AND COMMITMENTS			
	11		
TOTAL EQUITY AND LIABILITIES			
		<u>26,723,837</u>	<u>25,283,074</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim Consolidated financial statements.


Chief Financial Officer


Chief Executive


Director

Condensed Interim Consolidated Statement of Profit Or Loss (Unaudited)
For The Nine Months And Quarter Ended March 31, 2020

		Nine Month Ended		Quarter Ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Note	(Rupees in '000)			
Sales - net		1,438,888	1,354,805	385,696	530,763
Cost of sales		(260,751)	(550,684)	(110,987)	(41,794)
Gross profit		1,178,137	804,121	274,710	488,969
Marketing and selling expenses		(42,244)	(34,506)	(20,444)	(14,557)
Administrative expenses		(294,060)	(227,650)	(72,775)	(76,899)
Finance costs		(170,928)	(107,196)	(47,028)	(84,528)
Other income		60,979	57,222	19,269	21,537
Profit before taxation		731,884	491,991	153,732	334,522
Taxation	12	(210,378)	(48,664)	(42,649)	(14,553)
Profit for the period		521,506	443,327	111,083	319,969
		(Rupees in '000)			
Earnings per share		(Restated)		(Restated)	
Basic	13	1.64	1.40	0.35	1.01
Diluted	13	1.64	1.40	0.35	1.01

The annexed notes from 1 to 16 form an integral part of these condensed interim Consolidated financial statements.


Chief Financial Officer



Chief Executive


Director

Condensed Interim Consolidated Statement of Other Comprehensive Income (Unaudited)
For The Nine Months And Quarter Ended March 31, 2020

	Nine Month Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in '000)			
Profit for the period	521,506	443,327	111,083	319,969
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period - net of tax	521,506	443,327	111,083	319,969

The annexed notes from 1 to 16 form an integral part of these condensed interim Consolidated financial statements.



Chief Financial Officer



Chief Executive

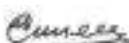


Director

Condensed Interim Consolidated Statement of Changes In Equity (Unaudited) For The Nine Months And Quarter Ended March 31, 2020

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Surplus on revaluation of freehold land	Total Equity
		Share premium	Tax holiday reserve	General	Un-appro- priated profit		
	(Rupees in '000)						
Balance as at July 01, 2018 (Audited)	2,671,254	3,380,604	11,966	63,500	1,905,300	5,802,648	13,835,272
Profit for the period	-	-	-	-	545,890	-	545,890
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Total comprehensive income, net of tax	-	-	-	-	545,890	-	545,890
Surplus on revaluation of freehold land realised on account of sale of development properties	-	-	-	-	74,467	(74,467)	-
Issuance of 8% bonus shares for the year ended June 30, 2018	213,726	-	-	-	(213,726)	-	-
Cost on issuance of bonus shares	-	-	-	-	(322)	-	(322)
Final dividend @ 7% on ordinary shares for the year ended June 30, 2018	-	-	-	-	(187,010)	-	(187,010)
Conversion of preference shares into ordinary shares	322	483	-	-	-	-	805
Balance as at March 31, 2019 (Unaudited)	2,885,303	3,381,087	11,966	63,500	2,124,599	5,728,181	14,194,636
Balance as at July 01, 2019 (Audited)	2,885,304	3,381,090	11,966	63,500	2,266,939	8,675,613	17,284,411
Profit for the period	-	-	-	-	521,506	-	521,506
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	-	521,506	-	521,506
Revaluation surplus on freehold land realised on account of sale of development properties	-	-	-	-	120,061	(120,061)	-
Issuance of 10% bonus shares for the year ended June 30, 2019	288,530	-	-	-	(288,530)	-	-
Cost on issuance of bonus shares	-	-	-	-	(435)	-	(435)
Balance as at March 31, 2020 (Unaudited)	3,173,834	3,381,090	11,966	63,500	2,619,540	8,555,552	17,805,482

The annexed notes from 1 to 16 form an integral part of these condensed interim Consolidated financial statements.



Chief Financial Officer



Chief Executive



Director

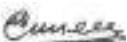
Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

For The Nine Months And Quarter Ended March 31, 2020

	Nine Month Ended	
	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	731,884	491,991
Adjustments for non-cash items:		
Depreciation	15,561	9,391
Provision for gratuity	11,174	7,825
Finance costs	170,928	107,196
Mark-up on saving accounts	(7,408)	(893)
Loss on disposal of property, plant and equipment	77	(167)
Operating profit before working capital changes	922,216	615,343
Decrease / (Increase) in current assets		
Trade debts	216,779	427,863
Development properties	(834,804)	(1,331,526)
Loans and advances	(102,033)	26,674
Deposits, prepayments and other receivables	(16,672)	(25,571)
	(736,730)	(902,560)
(Decrease) / Increase in current liabilities		
Trade and other payables	(287,544)	(1,569,854)
Unearned service fee	56	
Contract Liabilities	1,106,087	798,480
	818,599	(771,373)
Cash flows used in operations	1,004,085	(1,058,591)
Payments for:		
Income tax	(33,486)	(40,957)
Finance costs	(493,720)	(345,264)
Gratuity	(5,536)	(1,837)
Dividend	339	(185,945)
Long-term deposits	(2,488)	(445)
Net cash flows used in operations	469,194	(1,633,039)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(254,190)	(244,065)
Investment in TDR	(37,500)	-
Sale proceeds from disposal of property, plant and equipment	90	447
Addition to Investment Properties	(1,077)	-
Mark-up on saving accounts received	7,408	892
Net cash flows used in investing activities	(285,270)	(242,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cost on issuance of bonus shares	(435)	(322)
Long-term financing - net*	125,494	2,771,936
Liabilities against assets subject to finance lease - net*	-	(603)
Short-term borrowings - net*	(317,520)	(967,171)
Net cash generated from financing activities	(192,461)	1,803,839
Net (decrease) / increase in cash and cash equivalents	(8,537)	(71,926)
Cash and cash equivalents at beginning of the period	56,751	106,428
Cash and cash equivalents at end of the period	48,214	34,502

* No non-cash item is included in these activities

The annexed notes from 1 to 16 form an integral part of these condensed interim Consolidated financial statements.


Chief Financial Officer


Chief Executive


Director

1. STATUS AND NATURE OF BUSINESS

- 1.1** The group companies comprises of Javedan Corporation Limited (JCL) and its subsidiary NN Maintenance Company (Private) Limited (NNMC) that have been consolidated in these condensed interim consolidated financial information.

1.2 Holding Company

Javedan Corporation Limited (the holding company)

- 1.2** Javedan Corporation Limited (the Company) was incorporated in Pakistan on June 08, 1961, as a public limited company under the repealed Companies Act, 1913 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is located at Arif Habib Centre, 23, M.T Khan Road, Karachi.

- 1.3** The Company has ceased its cement business since July 01, 2010 and the management has developed business diversification strategy for utilizing the Company's land for developing a housing scheme, "Naya Nazimabad", which will include bungalows, open plots, flat sites and commercial sites. The housing project is located at Deh, Manghopir Road, Gadap town, Scheme #43, Karachi. The Company's layout plan of the project was approved by Lyari Development Authority vide letter number LDA/PP/2010/255 on March 02, 2011 and revised master plan approved vide letter No CTP/LDA/112 and has obtained No Objection Certificate from Sindh Building Control Authority having NOC # 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).

1.4 Subsidiary company

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.

- 1.5** During the period, the Company has issued 28.853 million ordinary bonus shares having face value of Rs. 10 each amounting to Rs. 288.530 million.

2. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial information of the Company for the nine months period ended March 31, 2020 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

3. BASIS OF PREPARATION

3.1. These condensed interim consolidated financial information are un-audited. These condensed interim consolidated financial information do not include all the information and disclosures required in the annual consolidated financial statements. As it is a first year of consolidation therefore the comparative figures are as of unconsolidated / stand alone basis.

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 unconsolidated annual financial statements of the Company as at and for the year ended June 30, 2019. The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated annual financial statements of the Company as at and for the year ended June 30, 2019.

3.3 These condensed consolidated interim financial information 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 rupees, otherwise stated.

3.4 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 rupees, otherwise stated.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial information are the same as those applied in the preparation of the unconsolidated annual financial statements for the year ended June 30, 2019 except for the accounting policy of short term investment and adoption of the new / amended standards, interpretations and improvements to IFRSs by the Company, which became effective for the current period.

4.2 Short Term Investment

The short term investment is measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Profits/mark up income and impairment are recognized in profit or loss account.

4.3. Standards, interpretations and improvements

IFRS 16	Leases
IFRS 9	Prepayment features with negative compensation (Amendments)
IAS 19	Plan amendment, curtailment or settlement (Amendments)
IAS 28	Long term interests in associates and joint ventures (Amendments)
IFRIC 23	Uncertainty over income tax treatments

Improvements to accounting standards issued by IASB in December 2017

IFRS 3	Business combinations – Previously held interests in a joint operation
IFRS 11	Joint arrangements – Previously held interests in a joint operation
IAS 12	Income taxes – Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing costs – Borrowing costs eligible for capitalization

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

Notes To The Condensed Interim Consolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	Note	March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	4,775,008	4,773,088
Capital work-in-progress	5.4	807,064	570,521
		<u>5,582,072</u>	<u>5,343,609</u>
5.1 Operating fixed assets			
Opening net book value		4,773,088	1,585,188
Add: Additions / transfers during the period / year	5.2	17,647	3,202,552
Less: Disposals during the period / year	5.3	(167)	(1,185)
Less: Depreciation during the period / year		(15,561)	(13,467)
Closing net book value		<u>4,775,008</u>	<u>4,773,088</u>
5.2 Additions during the period / year			
Free-hold land		-	3,074,718
Other land		-	50,918
Buildings on other land		-	62,036
Furniture and fixtures		1,146	1,303
Electric Equipment		1,022	-
Computer equipment		4,937	3,934
Office equipment		10,413	5,345
Vehicles		130	4,298
		<u>17,647</u>	<u>3,202,552</u>
5.3 Disposals during the period / year at book value			
Office equipment		167	116
Computer equipment		-	20
Vehicles		-	1,049
		<u>167</u>	<u>1,185</u>
5.4 Capital work-in-progress			
Opening		570,521	250,319
Additions		236,543	320,202
Closing	5.4.1	<u>807,064</u>	<u>570,521</u>
5.4.1 Represents expenditures incurred / advances made in respect of club house, gymkhana and jamia masjid.			

Notes To The Condensed Interim Consolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	Note	March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
6. INVESTMENT PROPERTIES			
The movement in investment properties during the period is as follows:			
Opening balance		55,000	-
Additions during the period / year		1,077	-
Transferred from development properties during the period / year		-	40,291
Remeasurement gain during the period / year		-	14,709
Closing balance	6.1	<u>56,077</u>	<u>55,000</u>
6.1 Investment properties comprise of a banquet hall having area of 2,200 sq. yards situated at D-24, Deh Manghopir, Karachi. An independent valuation was carried out by the management through an independent professional valuer on June 30, 2019 and the fair value of Rs. Rs. 55 million was determined with reference to market based evidence, active market prices and relevant information. Accordingly, the fair value adjustment of Rs. 14.71 million is recognised in the statement of profit or loss as of June 30, 2019. The fair value of investment property falls under level 2 of fair value hierarchy (i.e. significant observable inputs). During the period, there has been no change in the fair value hierarchy from level 2 to level 1 and level 3. As of March 31, 2020, the management expects no material change in the aforementioned fair value of investment property and accordingly no adjustments have been incorporated in these condensed interim financial statements.			
		March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
7. DEFERRED TAX ASSETS - NET			
Deferred tax on deductible temporary differences			
Provisions		17,349	25,269
Deferred tax on taxable temporary differences			
Accelerated depreciation on property, plant and equipment		<u>(7,823)</u>	<u>(7,278)</u>
		<u>9,526</u>	<u>17,991</u>
8. DEVELOPMENT PROPERTIES			
Land			
Opening balance		15,140,978	14,653,144
Add: Additions during the period / year		-	487,834
		<u>15,140,978</u>	<u>15,140,978</u>
Development expenditure incurred			
Opening balance		8,480,059	6,621,621
Add: Incurred during the period / year		<u>1,258,692</u>	<u>1,858,438</u>
		<u>9,738,751</u>	<u>8,480,059</u>

Notes To The Condensed Interim Consolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
Borrowing costs related to development properties		
Opening balance	1,969,317	1,387,153
Add: Capitalised during the period / year	441,509	582,164
	<u>2,410,826</u>	<u>1,969,317</u>
	27,290,555	25,590,354
Transferred to:		
- property, plant and equipment	(68,545)	(68,545)
- investment properties	(40,291)	(40,291)
- cost of sales to date	(5,090,694)	(4,857,686)
- development charges incurred and apportioned to date	(2,778,667)	(2,587,785)
	<u>19,312,358</u>	<u>18,036,047</u>

9. TRADE AND OTHER PAYABLES

- 9.1. During the period, the Company has repaid Rs. 249.785 million to Arif Habib Equity (Private) Limited on account of amount payable for repurchase of land.

Note	March 31, 2020 (Unaudited) ----- Rupees in '000 -----	June 30, 2019 (Audited)
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10. CONTRACT LIABILITIES

Advance from customers	10.1	2,373,767	1,256,407
Liability against performance obligation		572,954	584,227
		<u>2,946,721</u>	<u>1,840,634</u>

- 10.1. Included herein Rs. 309.891 million, Rs.925.094 million, and Rs. 183.117 million (June 30, 2019: Rs. 199.892 million, Rs. 360.1 million, and Rs. Nil) received from Haji Abdul Ghani, Arif Habib Equity (Private) Limited, and Arif Habib Coporation Limited respectively.

11. CONTINGENCIES AND COMMITMENTS

11.1 Tax related contingencies

- a) 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, during the year ended June 30, 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.

Notes To The Condensed Interim Consolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

- b) 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. 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.
- c) 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 during the year ended June 30, 2019 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 the year 2019 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.
- d) 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 has reversed provision previously created of Rs. 131.273 million relating to prior year. 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. During the year ended June 30, 2019, the Company has adjusted its brought forward losses against taxable income and accordingly, current year provision for that year was based on higher of Corporate Tax or ACT.

During the year ended June 30, 2019, the Company has 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 has challenged the applicability of Alternative Corporate Tax vide C.P D-2982 of 2019 before SHC. In this regard, an interim order has been granted by SHC that no coercive action is to be taken against the Company till the pendency of the matter before SHC.

- e) The Company has filed constitutional petition before the Honorable High Court of Sindh (SHC) vide Constitutional Petition No. 2564 of 2014 dated May 15, 2014 challenging vires of Workers Welfare Ordinance, 1971. SHC has admitted constitutional petition for regular hearing and issued interim stay order from recovery of Workers' Welfare Fund (WWF) impugned demand by Federal Board of Revenue for the tax year 2013. The management, based on the opinion of the tax advisor, is expecting favourable outcome on the said matter. Accordingly, no liability for WWF since tax years 2014 to 2020 has been accounted for in these condensed interim financial statements having an aggregate impact of Rs.123.249 million.
- f) The Company has filed a constitutional petition D-4971 of 2017 dated July 28, 2017 in Honorable High Court of Sindh (SHC) against imposition of tax on undistributed profits under Section 5A of Income Tax Ordinance, 2001. The management is confident of the favourable outcome of this petition, as stay has been granted on similar petitions filed by other companies. Although, the Company has complied with the requirements related to distribution of profits for the years but the petition in this regarding is still pending before SHC.

Notes To The Condensed Interim Consolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

- g) Through Finance Act 2015, super tax on listed companies having income equal to or exceeding Rs. 500 million was introduced at the rate of 3%. Being aggrieved, the Company had filed a case before Honourable High Court of Sindh (SHC) and obtained stay order for not taking any coercive action against the Company. Accordingly, no provision of super tax relating to the years 2017 to 2019 for an aggregate amount of Rs. 88.53 million has been recorded in these condensed interim financial statements.

- 11.2 The Company has filed a constitutional petition No D-953 of 2020 before Honourable High Court of Sindh (SHC) in respect of notice issued by Office of the Assistant Commissioner (AC) Manghopir, District West Karachi under Section 22 of Sindh Land Revenue Act, 1967 dated December 18, 2019 whereby AC has called the Company to appear before Collector / Deputy Commissioner (DC) West Karachi along with title documents, survey, layout plan, etc. Thereafter, another letter No. DC(W)/341/2020 dated 27 January 2020 addressed to Director General Sindh Building Control Authority (DG-SBCA) was issued by the office of DC West Karachi, wherein DG SBCA was directed to suspend all layout plans approved earlier until further instructions.

Later, SHC in its order dated February 11, 2020 has suspended the aforementioned notice and the letter and has restrained the respondents from any coercive and adverse action against the Company. Company's title of land is absolutely lawful, clean and clear since the Company has obtained all necessary approvals strictly in accordance with the prevailing laws which had been further proven through several investigations by different agencies and courts in Pakistan. In this regard, the Company has also sought a legal opinion based on which the Company is confident that the said notice and letter will be declared void and the matter shall be decided in the favor of the Company. Currently, the company has no exposure in this regard.

- 11.3 There are no major changes in the status and nature of other contingencies (i.e. related to former business and legal/other contingencies relating to existing business) and commitments as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2019.

12. TAXATION

	Nine month ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Unaudited)			
	(Rupees in '000')			
Current	201,913	38,578	42,638	11,808
Prior year	-	(11,251)	-	-
Deferred	8,465	21,337	11	2,745
	<u>210,378</u>	<u>48,664</u>	<u>42,649</u>	<u>14,553</u>

Notes To The Condensed Interim Consolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	Nine month ended		Quarter ended	
	March 31, 2020	March 31, 2019 (Restated)	March 31, 2020	March 31, 2019 (Restated)
	----- (Unaudited) -----			
13. EARNINGS PER SHARE				
Basic				
Profit after tax (Rupees in '000)	521,506	443,327	111,083	319,969
Weighted average number of ordinary shares	317,383,396	317,383,396	317,383,396	317,383,396
Earnings per share - (In Rupees)	1.64	1.40	0.35	1.01
Diluted				
Profit after tax (Rupees in '000)	521,506	443,327	111,083	319,969
Weighted average number of ordinary shares in issue	317,383,396	317,383,396	317,383,396	317,383,396
Adjustment for conversion of convertible preference shares	43,804	35,651	43,804	35,651
Weighted average number of ordinary shares for diluted earnings per share	317,427,200	317,419,047	317,427,200	317,419,047
Earnings per share - (In Rupees)	1.64	1.40	0.35	1.01

14. 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 year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

These financial statements, are as follows:

	March 31, 2020	March 31, 2019
	----- (Unaudited) -----	
	----- Rupees in '000 -----	
<u>Associates</u>		
Arif Habib Corporation Limited		
Repurchase of commercial land	-	16,031
Paid against the repurchase of commercial land	-	-
Advance paid against subscription of right issue	-	-
Short-term borrowing obtained during the period	73,000	742,000
Short-term borrowing repaid during the period	83,067	1,710,100
Advance received against future purchase of commercial apartments	153,868	-
Mark-up expense on short term borrowing	2,397	67,240
Mark-up paid during the period	41,192	81,040
Dividend paid	-	15,021

Notes To The Condensed Interim Consolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	March 31, 2020 ----- (Unaudited) ----- ----- Rupees in '000 -----	March 31, 2019
Arif Habib Equity (Private) Limited		
Repurchase of commercial land	-	249,785
Paid against the repurchase of commercial land	249,785	1,556,161
Mark-up expense on short term-borrowing	27,613	-
Mark-up paid during the period	27,613	-
Advance received against future purchase of commercial apartments	381,107	360,100
Dividend paid	-	45,595
Power Cement Limited		
Purchase of construction material	38,811	31,180
Paid against the purchase of construction material	46,066	56,430
Safe Mix Concrete Limited		
	19,813	40,513
Paid against the purchase of construction material	21,843	39,347
Haji Abdul Ghani - Associated person		
Repurchase of commercial land	-	26,896
Advance received against future purchase of commercial apartments	110,000	11,000
Adjustment of amount payable as an advance for future purchase of commercial apartments	-	188,892
Sale of plots	33,971	-
Receipt against sale of plots	33,158	-
Short-term loans received during the period	150,000	-
Mark-up expense on short term-borrowing	756	-
Adjustment of short-term borrowing against the advance against plots	150,000	-
Advance received against plots	120,000	-
Dividend paid	-	21,912
Rotocast Engineering Co. (Pvt.) Ltd.		
Adjustment of amount payable as an advance for future purchase	525,000	-
Short-term loans paid during the period	525,000	-
Rent prepaid during the period	549	1,098
Rent expense charged during the period	549	549
Mark-up expense on short term-borrowing	28,230	-
Mark-up paid during the period / year	28,230	-
Key management personnel		
Arif Habib - Director		
Sale of plots and bungalows	576	10,606
Receipt against sale of plots	576	-
Short-term loans received during the period	425,000	-
Short-term loans paid during the period	425,000	-
Mark-up expense on short term-borrowing	7,018	-
Dividend paid	-	9,152

Notes To The Condensed Interim Consolidated Financial Information (Unaudited)
For The Nine Months Period Ended March 31, 2020

	March 31, 2020 ----- (Unaudited) ----- ----- Rupees in '000 -----	March 31, 2019
Kashif Habib - Director		
Dividend paid	-	2,443
<u>Close family member</u>		
Nida Ahsan		
Sale of plots and bungalows	-	54,514
Post employment benefit plan		
Gratuity fund trust - contribution paid during the period	5,537	1,837

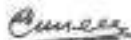
15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements were authorised for issue on 27 April 2020 by the Board of Directors of the Company.

16. GENERAL

16.1 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.

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



Chief Financial Officer



Chief Executive



Director



Registered Office

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