

JAVEDAN
CORPORATION LIMITED



Annual report

2013



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Corporate Information

Board of Directors

Arif Habib
Chairman

Abdul Qadir
Director

Kashif A. Habib
Director

Muhammad Iqbal
Director

Syed Ali Zulqarnain
Director

Samad A. Habib
Chief Executive

Hassan Ayub Adhi
Director

Muhammad Ejaz
Director

Muhammed Siddiq Khokhar
Director

Chief Financial Officer

Syed Muhammad Talha

Company Secretary

Haroon Usman

Audit Committee

Abdul Qadir
Chairman

Muhammad Ejaz
Member

Kashif A. Habib
Member

HR & Remuneration Committee

Arif Habib
Chairman

Muhammad Ejaz
Member

Samad A. Habib
Member

Auditors

Haroon Zakaria & Co.
Chartered Accountants

Yousuf Adil Saleem & Co. (Deloitte)
Chartered Accountants

Bankers

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

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

Registered Office

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

Share Registrar

Technology Trade (Pvt.) Limited
Dagia House 241 -C, PECHS,
Block -2, Off. Shahrah-e-Quaideen,
Karachi.
Email: junaid.dagia@gmail.com,
mail@ttcl.com.pk

Site Office

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



“Every day, you’ll have opportunities to take chances and to work outside your safety net. Sure, it’s a lot easier to stay in your comfort zone... in my case, business suits and real estate... But sometimes you have to take risks. When the risks pay off, that’s when you reap the biggest rewards.”

Annual report 2013



Vision Statement

The Company wishes to forge ahead, experiments with new ideas and challenge new frontiers. It will endeavor to achieve excellence in all its undertaking and intends to provide customer satisfaction by being efficient and competitive.

Mission Statement

- To become a profitable organization and exceed the expectations of our customers and stakeholders by developing and marketing high quality products at competitive prices through concentration on quality, business value and fair play.
- To develop and promote the best use of human talent in a safe environment, as an equal opportunity employer while using advance technology for efficient and cost effective operations.

Notice of Annual General Meeting

Notice is hereby given that 51st Annual General Meeting of Javedan Corporation Limited will be held at Beach Luxury Hotel, M.T Khan Road, Karachi on Friday, October 25, 2013 at 06:00 p.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on October 25, 2012.
2. To receive, consider and adopt annual audited financial statements for the year ended June 30, 2013 together with the Reports of the Auditors and Director thereon.
3. To appoint Auditors for the year ending June 30, 2014 and to fix their remuneration.
4. To transact any other business with the permission of the chair

By Order of the Board



Syed Muhammad Talha
Chief Financial Officer

Karachi: October 04, 2013

Notes:

1. Share transfer books will remain closed from October 18, 2013 to October 25, 2013 (both days inclusive).
2. All Members are entitled to attend and vote at the meeting. A member may appoint a proxy who needs to be a Member of the Company.
3. Transfer received in order at the office of our Share Registrar M/s. Technology Trade (Pvt.) Limited, Dagia House 241 C, PECHS Block-2, Off: Shahrah-e-Quaideen, Karachi at the close of the business on Thursday, October 17, 2013, will be considered in time for the determination of entitlement of shareholders to attend and vote at the meeting.
4. Any change of addresses of Members should be notified immediately to the Company's Registered Office or Share Registrar's Office.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his identity by showing his Original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall submit the proxy form as per requirement by the Company.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.

Core Values and Code of Conduct

Overview

JCL understands that retaining the confidence of its employees, shareholders, customers and other stakeholders is very important to the growth of its business. JCL's Code of Ethics forms the foundation of how we conduct business and work together to achieve our goals. JCL is committed to achieving the highest level of ethical conduct and standards and we believe this is extremely important to the success of our Company.

Objectives:

JCL follows ethical and responsible business practices when conducting its operations.

Responsibilities

To Our Employees:

To respect each other and to provide employees with a safe place to work, satisfying and rewarding employment, ongoing professional development and an open team environment.

To Our Customers:

"Our mission is to serve clients in an innovative, cost-effective and transparent manner. Our clients are our partners in business."

This means that we:

- Put clients at the center of everything we do;
- Interact with our clients in a fair, correct, transparent, professional and timely manner;
- Provide our clients with tailor-made services when appropriate;
- Develop effective solutions and services for our clients;
- Ensure that any information entrusted to us by our Clients is kept confidential, except when disclosure is authorized by them or required by applicable laws, rules or regulations. Even internally, this information will be shared strictly on a "need to know basis".





To Our Suppliers:

Create long-term supply chain relationships to ensure continued product and service excellence. We always try to build confidence, reliability and trust by ensuring fulfillment of our commitments with suppliers and service providers.

To Our Shareholders:

To steward our resources in a manner that will provide a very attractive return on investment.

Health, safety, environment & community

The Company is committed to promoting and providing a safe working environment for all employees and to complying with all applicable environmental regulations. JCL takes a proactive approach to health, safety and environmental matters. We also actively participate in contributing to the betterment of society. To the extent practical, JCL will be involved in community, education or donations programs.

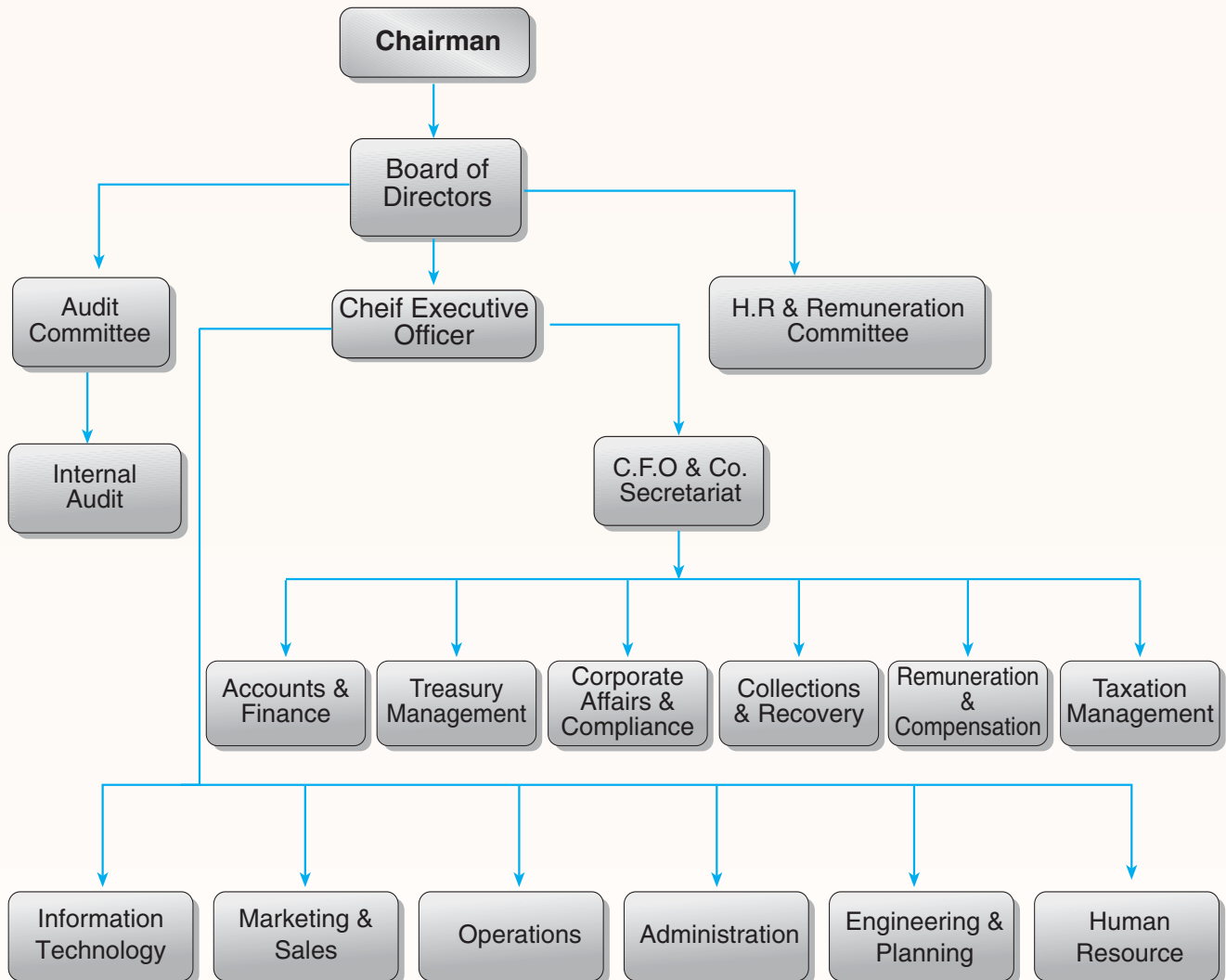
Compliance with the laws of Country

We always confine to the prevailing laws. Utmost care is taken by us to discharge all our legal responsibilities.

Internal control and financial reporting

- We have implemented a very sound and reliable internal control system in our organization, which is well understood by all of our employees and parties dealing with us.
- Financial planning is a core activity of our system through which we ensure efficient and effective utilization of financial and human resources.
- Financial reporting system employed by us is very effective and transparent is being relied upon by society at large.

Organizational Structure



Directors' Profile



Mr. Arif Habib Chairman

Date of Appointment:
October 25, 2012

Mr. Arif Habib is the Chairman of Javedan Corporation Limited. He is also the Chairman of Arif Habib Corporation Limited, Pak Arab Fertilizers Limited, Fatima Fertilizer Company Limited, and Memon Health and Education Foundation.

Mr. Arif Habib has remained the elected President/Chairman of Karachi Stock Exchange six times in the past. He is the Founding Member and Former Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatization Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. Over the years he has been nominated on the Board of Directors of a number of companies by the Government of Pakistan. Presently he is a director of Sui Northern Gas Pipelines Company Limited (SNGPL).

He has participated in number of professional advancement courses including a course on Development of Securities Market organized by the SEC, USA at Washington, D.C. in 1992. He has visited over a dozen of stock exchanges in different countries for exchange of views.

On the social services front, Mr. Arif Habib is a significant participant in welfare activities of different organizations. To quote a few he is one of the trustees of Fatimid Foundation and Memon Health & Education Foundation and a director of Pakistan Center for Philanthropy and Karachi Education Initiative.

Corporate Responsibilities

As Chairman

- Arif Habib Corporation Limited
- Arif Habib Foundation
- Fatima Fertilizer Company Limited
- Pakistan Private Equity Management Limited
- Arif Habib DMCC
- Real Estate Modaraba Management Company Limited
- Pak Arab Fertilizers Limited
- Sachal Energy Development (Pvt.) Limited

As Director

- Aisha Steel Mills Limited
- Pakistan Centre for Philanthropy
- International Complex Projects Limited
- Sui Northern Gas Pipelines Limited
- Pakistan Engineering Company Limited

As Honorary Trustee / Director

- Fatimid Foundation
- Karachi Education Initiative
- Pakistan Veterans Cricket Association



Mr. Samad A. Habib
C.E.O

Date of Appointment:
October 25, 2012

Mr. Samad A. Habib is leading Javedan Corporation Limited as Chief Executive of the company.

Mr. Samad A. Habib has earned his Master's degree in Business Administration in 2001. He has more than 15 years of experience, including 9 years working in the financial services industry at various senior level positions. He began his career with Arif Habib Corporation Limited (the holding company of Arif Habib group) as an Investment Analyst, then served the company at various executive positions including Executive Sales and Business Promotions, Company Secretary, Head of Marketing, etc. Subsequently he was appointed as a Director of Arif Habib Corporation Limited. On September 2004, he was appointed as the Chairman and Chief Executive of Arif Habib Limited. As Chairman he was responsible for the strategic direction of the company and was actively involved in capital market operations and corporate finance activities such as serving corporate clients, institutional clients, high net worth individuals, and raising funds for clients through IPO's, private placements etc. He resigned from that position in January 2011. Presently, he is leading Javedan Corporation Limited as Chief Executive of the company.

Corporate Responsibilities

As Director

- Aisha Steel Mills Limited
- Arif Habib Corporation Limited
- Arif Habib REIT Management Limited
- MCB - Arif Habib Savings & Investments Limited
- Pakistan Private Equity Management Limited
- Pak Arab Fertilizers Limited
- International Complex Projects Limited
- Real Estate Modaraba Management Company Limited
- Arif Habib Equity (Pvt.) Limited
- Rotocast Engineering (Pvt.) Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Power Cement Limited
- Serendib Stock Borkers (Pvt.) Limited



Mr. Kashif A. Habib

Director

Date of Appointment:
October 25, 2012

Mr. Kashif A. Habib is a member of the Institute of Chartered Accountants of Pakistan (ICAP). He has completed his Articleship from A.F. Ferguson & Co. (a member firm of Price Water house Coopers), where he gained experience of a diverse set of clients spanning the Financial, Manufacturing and Services sectors. He has at his credit experience of three years Internship in Arif Habib Corporation Limited and four years experience of Executive Director in cement and fertilizer companies of the group.

Corporate Responsibilities

As Chief Executive

Power Cement Limited

As Director

- Aisha Steel Mills Limited
- Arif Habib Corporation Limited
- Pak Arab Fertilizers Limited
- Fatima Fertilizer Company Limited
- Arif Habib REIT Management Limited
- Rotocast Engineering Company (Pvt.) Limited
- Memon Health and Education Foundation
- Arif Habib Foundation
- Arif Habib Real Estate Services (Pvt.) Limited
- Real Estate Modaraba Management Co. Limited



Mr. Muhammad Ejaz

Director

Date of Appointment:
October 25, 2012

Mr. Ejaz is a certified Financial Risk Manager and holds an MBA from IBA. He has over 19 years of experience in the fields of Treasury, Corporate Finance and Investment Banking. Mr. Ejaz has served in senior positions at leading local and international banks including Faysal Bank, Union Bank and Emirates NBD Bank. He is also a regular visiting faculty member at IBA, Karachi.

Corporate Responsibilities

As Chief Executive

Arif Habib REIT Management Limited

As Director

- Aisha Steel Mills Limited
- Sachal Energy Development (Private) Limited
- Arif Habib Real Estate Services (Private) Limited
- Power Cement Limited
- Arif Habib Corporation Limited
- Real Estate Modaraba Management Co. Limited



Mr. Abdul Qadir Sultan

Director

Date of Appointment:
December 07, 2012

Mr. Abdul Qadir Sultan is a Chartered Accountant by profession from the Institute of Chartered Accountants of Pakistan (ICAP). He completed his article ship from A.F. Ferguson and Co. (a member firm of Price Water House Coopers) one of the premier Chartered Accountancy firms in Pakistan. He is currently associated with Aqeel Karim Dhedhi Group having its strong presence in the financial and real state sector. He also serves as a non-executive director at AKD Capital Limited. He has a working experience of more than 8 years in various diversified capacities.”

As Director

- AKD Capital Limited
- Golden Arrow Selected Funds Limited



Muhammad Iqbal

Director

Date of Appointment:
April 29, 2013

Mr. Muhammad Iqbal is a professional person servicing more than 40 years in financial sector. He has completed masters and is a very energetic and enthusiastic in sports activities. He is a Former General body/Council member P.C.B and former first class cricketer and toured England, India, Bangladesh, Nepal and Dubai with MCB Cricket Team. He also served as Divisional head of sports Division MCB. He is an intellectual with an extrovert personality and was highly discipline. He has served Pakistan Premium Fund Limited(PPFL) as Director for 7 years.



Syed Ali Zulqurnain

Director

Date of Appointment:
April 29, 2013

Syed Ali Zulqurnain Shah is a member of Lahore Tax Bar Association (LTBA) and has diversified construction skills; he keeps keen knowledge and overview on current projects in progress.



Hassan Ayub

Director

Date of Appointment:
April 29, 2013

Hassan Ayub is very young and energetic. He has practical knowledge of dealing with Construction and Real-Estate Business. He is currently associated with Defense property and also doing Automobile business.



Muhammed Siddiq Khokhar

Director

Date of Appointment:

April 29, 2013

Muhammed Siddiq Khokhar holds Master Degrees in Economics and in Islamic studies. Also acquired L.L.B and L.L.M Degrees from Karachi University. He is the Member Karachi Bar Association and enrolled with Sindh Bar Council. He is an Advocate High Court and practicing in the field of Civil, Criminal, Corporate and Labour matters. He is the partner in a Law house namely SANDHU AND SIDDIQUE ASSOCIATES.

He has gained extensive experience in the area of Finance, Economics, Management and legal matters and attained the position of SENIOR ECONOMIST; in PCSIR Ministry of Science and Technology; Government of Pakistan. At present, he is the Director of Golden Arrow Selected Fund and Chairman, Audit Committee. He has also served the Board of First Dawood Investment Bank Limited as Director, nominated by National Investment Trust. He has remained an independent Director in Network Micro Finance Bank Limited (Now APNA MICROFINANCE BANK LTD).

Directors' Report to the Members

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am pleased to present the annual report together with your Company's audited financial statements for the year ended June 30, 2013.

Overview

Over the past 22 months the project has witnessed some significant developments. The company has already received over PKR 1.5 billion out of the total sale value of PKR 4.5 billion. Market price of the plots in the project has increased by 43%. More than 90% allottees are current and prompt in their payments. This is much above the norm/average for any real estate project and shows the confidence and faith of buyers in the project.

Following is the summary of comparative audited financial results:

Particulars	June 30, 2013	June 30, 2012
	(Rupees in thousands)	
Net Sales	2,395,273	-
Cost of sales	(1,106,204)	-
Gross Profit	1,289,069	-
Profit before taxation	722,979	(745,586)
Provision for taxation	(12,087)	409,843
Profit after taxation	710,892	(335,743)
EPS - Basic (in rupees)	12.23	(5.78)

The Company believes that the conditions related to the recognition of revenue have been met during this year and hence revenue is recognized upon the fulfillment of such conditions. Therefore, the Company recognized Rs.2,395 million as revenue from sale of plots to the customers. This translated into basic earnings per share of Rs 12.23 as compared to loss per share of Rs 5.78 last year.

Auditors' Observation on the Financial Statements

The auditors have drawn attention regarding accumulated losses and negative shareholders' equity and the steps and measures taken by the management to improve the financial and operational condition of the Company through successful launch of Phase I of the Project resulting in Collections from Customers amounting to Rs. 1,481 million and the Company has strong financial support from its sponsors / associated companies.

Further, the deferred tax asset as at June 30, 2013 to the extent of Rs. 818.567 million has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized. However, the recognized deferred tax asset would be recovered as per the projections of the Company.

Development Work in Progress

Detailed planning in coordination with the consultation of M/S ARCOP and NESPAK of the project is complete. Earth work, Infrastructure development, leveling and grading, demarcations of plots are in progress. Construction work of the boundary wall is also in progress. Further, the Company has already demarcated Banglows areas and the tender for construction of Banglows will be initiated soon.

Similarly, Outer development work is in progress in collaboration with Lyari Development Authority (LDA). Dedicated Engineering team is continuously working with Contractors for the achievement of these goals.



Horse Riding Club

We have introduced 'Horse Riding Club' in Naya Nazimabad at our attractive location near lush green lawn. The Naya Nazimabad 'Horse Riding Arena' is accommodating both children and adults, and is offering riding lessons by the most experienced riding coaches, finely bred stallions and professional trainers in safe and secure environment.



Corporate Social Responsibility (CSR)

The Company actively participates in various social work initiatives as part of its social and corporate responsibility. Being a conscious member of the corporate community, the Company contributes generously to various social and charitable causes including health and education sectors. In this regard, the Company has worked with many reputable organizations and NGOs in Pakistan.

The Company donated a piece of land and constructed a school building for Naya Nazimabad Campus of The Citizen Foundation (TCF) School. The classes have commenced since April 9, 2012. Naya Nazimabad campus has received a tremendous response from the local community and the existing unit is running at almost full operational capacity and now TCF has already started construction for another building with this campus. JCL is generously funding operations of the morning shift throughout the year.

Further, the Company also donated water purification system to TCF and the surrounding people of nearby areas in collaboration with So Safe. Further, the Company also supports needy students of Shining star Secondary School nearby the project.



During the year, the Company contributed to flood victims and has always stood by the people of Pakistan in their hour of need. Further, the Company also made contributions to different Foundations.

The Company also sponsored 5th DG Rangers Squash Tournament. Further, Naya Nazimabad organized "Ramadan peace Cup Cricket Tournament" at Naya Nazimabad Lawai Stadium. The tournament response was very encouraging from the cricket circuits of Pakistan. The participation of all the major clubs in the region has developed this tournament as one of the major cricket competitions. The large crowd made the environment more excited and made Lawai stadium a worth playing venue for cricket players and enthusiasts. The publications have also been appeared on the leading newspapers and electronic media.



Environment Protection measures:

The Company has designed its project with energy efficient approach with minimum cooling and heating requirements in consideration of utilizing sunlight and natural wind. Extensive plantation has already been done around the project. Parks and grounds are also being built to maintain the greenery of environment.



AUDITORS

The auditors, M/s. Haroon Zakaria & Company, Chartered Accountants, and M/s Yousuf Adil Saleem & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as joint auditors of the Company for the financial year 2013-2014 in the ensuing Annual General Meeting.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

In compliance with the Corporate and Financial Reporting Framework of the Code, we are pleased to state that:

- The financial statements prepared by the Management, present fairly the Company's state of affairs, the result of operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements except otherwise mentioned in the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards and International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- The Company has not declared any dividend on account of loss suffered during the year and accumulated loss brought forward.
- Statements regarding the following are annexed:
 - Key financial data for the last six years.
 - Pattern of shareholding.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- The statutory payments on account of taxes, duties, levies and charges have been paid as per respective laws.

BOARD OF DIRECTORS AND THEIR ATTENDANCE

The election of Directors was held in AGM on October 25, 2012. During the year, Mr. Aqeel Karim Dhedhi, Mr. Iqbal Usman, Mr. Shunaid Qureshi, Mr. Asim Ghani and Mr. Ayub Younus retired and Mr. Abdul Qadir, Mr. Hasan Ayub, Mr. Muhammad Iqbal, Mr. Siddique Khokar and Syed Ali Zulqarnain appointed in their place. The term of present Directors will expire on October 24, 2015.

During the year under review, four meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of Directors	No. of Meetings Attended
Arif Habib	4
Samad A. Habib	4
Aqeel Karim Dhedhi (R)	0
Abdul Qadir Sultan	2
Iqbal Usman (R)	2
Kashif A. Habib	3
Muhammad Ayub (R)	3
Muhammad Ejaz	3
Shunaid Qureshi (R)	1
Asim Ghani (R)	2
Hasan Ayub	0
Muhammad Iqbal	0
Siddiqui Khokhar	0
Syed Ali Zulqarnain	0

Audit Committee

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance, which comprises of the following members:

Name	Designation	Type	No. of Meetings Attended
Mr. Abdul Qadir	Chairman	Independent Director	2
Mr. Kashif Habib	Member	Non-Executive Director	4
Mr. Iqbal Usman (R)	Chairman	Non-Executive Director	1
Mr. Muhammad Ejaz	Member	Non-Executive Director	4

The Audit Committee reviewed the quarterly, half-yearly and annual financial statements before submission to the Board and their publication. The Audit Committee also reviewed internal auditor's findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

HR and Remuneration Committee

The Board of Directors has established HR and Remuneration Committee in compliance with the Code of Corporate Governance, which comprises of the following members:

Name	Designation	Type	No. of Meetings Attended
Mr. Arif Habib	Chairman	Non-Executive Director	02
Mr. Samad A. Habib	Member	Chief Executive Officer	02
Mr. Muhammad Ejaz	Member	Non-Executive Director	02

The HR and Remuneration Committee work to encourage highly qualified specialists to take employment at Javedan Corporation Limited and to ensure that conditions are in place for them to work successfully in the Company.

Statement as to the value of investments of gratuity funds

The Company operates an approved funded gratuity scheme for all its eligible employees who have completed their minimum qualifying period of service with the Company. The value of the investments of the gratuity fund is PKR 7.106 million.

Future Outlook

The Company & its management along with the support of its qualified human resources are working towards creating a model city where society's collective consciousness has transcended and is reflected by its physical environs. Management's foremost challenge, as the result of successful launch of plots and Banglows, now is to come up to market expectations. Key focus of the management team and development partners now is to deliver the first phase of the project on time and at better than the committed quality level.

Acknowledgement

The support and guidance exhibited by our shareholders, banks and financial institutions over the years has been critical in enabling the Company to deliver this project. Continuation of this support is even more critical as the market expectations have increased manifolds as well to do our best to ensure full reward of your investment in the coming years. We would also like to express our thanks to the customers for their trust in our products and look forward to their continued patronage. We acknowledge the contribution of each and every member of the Company in areas of expertise. We are also grateful to the Sponsors for their support and confidence in our management. We also thank the Securities & Exchange Commission Of Pakistan and the management of Karachi Stock Exchange for their continued support and guidance. May Allah bless us in our efforts. A'meen!

Thanking you all

For and on behalf of the Board



Samad A. Habib
Chief Executive Officer

Karachi
September 25, 2013

Performance Review Report

We are pleased to present herewith the performance review report for the year ended June 30, 2013.

Key financial Data 2013 at a Glance

		2013	2012	2011	2010	2009	2008
Investment Measure							
Ordinary Share Capital	Rs/Mn	581	581	581	291	291	291
Preference share	Rs/Mn	1,127	1,127	-	-	-	-
Reserves							
	Rs/Mn	(3,125)	(4,673)	(4,337)	(4,206)	(4,077)	(3,649)
Ordinary Share Holder's Equity	Rs/Mn	(1,416)	(2,952)	(3,744)	(3,613)	(3,775)	(3,347)
Dividend On Ordinary Shares							
	Rs/Mn	-	-	-	-	-	-
Dividend Per Ordinary Share							
	Rs	-	-	-	-	-	-
Profit/(Loss) Before Taxation							
	Rs/Mn	723	(746)	(558)	(124)	(370)	(3,408)
Profit/(Loss) After Taxation							
	Rs/Mn	711	(336)	(131)	(129)	(428)	(3,393)
Earning Per Share							
	Rs	12.23	(5.78)	(2.25)	(2.36)	(14.73)	(116.76)
Measurement Of Financial Status							
Current Assets to Current Liabilities	X :1	2.69	4.45	3.54	0.55	0.72	0.57
Debt Equity Ratio							
	X :1	1.48	(3.32)	11.09	13.23	(29.27)	(0.08)
Total Debt Ratio							
	X :1	0.43	0.41	0.41	2.43	1.58	2.66
Sales	Rs/Mn	2,395	-	-	610	1,622	1,185
Cost of Goods Sold As % of Sales							
	%	46.18	-	-	(108)	84.63	92
Profit/(loss)Before Taxation As % to Sales							
	%	30.18	-	-	(20)	(22.83)	(288)
Profit / (loss) After Taxation As % to Sales							
	%	29.68	-	-	(21)	(26.38)	(286)

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

HAROON ZAKARIA & COMPANY
Chartered Accountants
210 & 211, Progressive Plaza
Beaumont Road
Karachi.

Review Report to the Members on Statement of Compliance with Best Practises of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Javedan Corporation Limited** (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code of Corporate Governance.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations of Karachi and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.



M.YOUSUF ADIL SALEEM & CO.
Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Karachi
Dated: October 02, 2013



HAROON ZAKARIA & CO.
Chartered Accountants

Engagement Partner
Muhammad Iqbal Abdul Aziz

Karachi
Dated: October 02, 2013

Statement of Compliance with Best Practices of Corporate Governance

Javedan Corporation Limited (the Company) for the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Regulation No. 35 of listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the board includes:

Category	Names
Independent Director	Abdul Qadir Sultan
	Muhammad Iqbal
	Muhammed Siddiq Khokhar
Non-Executive Directors	Arif Habib
	Hassan Ayub
	Kashif A. Habib
	Muhammad Ejaz
	Syed Ali Zulqarnain
Executive Director	Samad A. Habib

The independent director meet the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loans to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. Casual vacancies occurring on the Board during the year are filled within prescribed time.

5. The Company has prepared a 'Code of Conduct' and has ensured that the appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified in clause (xi) of the Code, one director of the Company are exempt from the requirement of Directors' Training Program and the rest of the Directors will be trained within the prescribed time period during June 30, 2012 to June 30, 2016. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its directors in the previous years to apprise them of their role and responsibilities.
10. The Board has approved the appointment of the Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CFO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of Code.
15. The board has formed an Audit Committee which comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.
18. The Board has outsourced the internal audit function to Junaidy Shoaib Asad, Chartered Accountants who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. The Company currently has a Head of Internal Audit; who is suitably qualified in accordance with the requirement of the Code.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.
23. We confirm that all other material principles enshrined in Code have been complied with.



Karachi
Dated: September 25, 2013

Samad A. Habib
Chief Executive Officer



Auditors' Report to the Members

We have audited the annexed balance sheet of Javedan Corporation Limited (the Company) as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and

- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

- i. Note 1.3 to the financial statements related to the steps and measures taken by management to improve the financial and operational condition of the company.
- ii. Note 5.1 to the financials statement related to deferred tax asset recoverability of which depends on future profitability of the Company.



M.YOUSUF ADIL SALEEM & CO.
Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Karachi
Dated: September 25, 2013



HAROON ZAKARIA & CO.
Chartered Accountants

Engagement Partner
Muhammad Iqbal Abdul Aziz

Karachi
Dated: September 25, 2013

Balance Sheet

As At June 30, 2013

	Notes	June 30, 2013	June 30, 2012
		Rupees in '000'	
ASSETS			
Non-Current assets			
Property and equipment	4	55,972	55,643
Intangible assets		7,459	9,154
Deferred taxation	5	842,841	842,841
Trade debts - Long term	6	735,186	-
Long term security deposits		3,335	3,863
Total non-current assets		1,644,793	911,501
Current assets			
Development properties	7	9,114,325	9,662,113
Trade debts	6	424,928	-
Advances	8	12,581	24,760
Deposits, prepayments and other receivables	9	17,921	33,558
Interest accrued		-	322
Tax refunds due from Government	10	9,555	6,417
Cash and bank balances	11	15,132	31,476
Total current assets		9,594,442	9,758,646
Total assets		11,239,235	10,670,147
EQUITY AND LIABILITIES			
Authorised share capital			
Ordinary share capital		1,200,000	1,200,000
Preference share capital		1,200,000	1,200,000
Issued, subscribed and paid-up share capital			
Ordinary share capital	12.1	581,282	581,282
Preference share capital	12.2	1,127,713	1,127,713
Reserves	13	(3,125,452)	(4,660,845)
		(1,416,457)	(2,951,850)
Surplus on revaluation of freehold land	14	6,870,570	7,695,071
Non-Current liabilities			
Long term finance	15	2,209,521	3,734,191
Liabilities against assets subject to finance lease	16	1,253	-
Deferred liabilities	17	1,539	-
Total non-current liabilities		2,212,313	3,734,191
Current liabilities			
Trade and other payables	18	135,699	113,006
Mark-up accrued	19	220,829	392,742
Advance from customers	20	631,644	993,615
Short term borrowings	21	424,736	203,000
Current maturity of:			
Long term finance	15	2,159,564	487,500
Liabilities against assets subject to finance lease	16	337	2,872
Total current liabilities		3,572,809	2,192,735
Contingencies and commitments	22		
Total equity and liabilities		11,239,235	10,670,147

The annexed notes 1 to 36 form an integral part of these financial statements


CHIEF EXECUTIVE


DIRECTOR

Profit And Loss Account
For The Year Ended June 30, 2013

	Notes	June 30, 2013	June 30, 2012
		Rupees in '000'	
Sales	23	2,395,273	-
Cost of sales	7	(1,106,204)	-
Gross profit		1,289,069	-
Expenses			
Administrative expenses	24	(132,475)	(130,917)
Marketing and selling expenses	25	(69,741)	(112,063)
Other operating expenses	26	(3,979)	(7,878)
Finance cost	27	(378,054)	(507,524)
		(584,249)	(758,382)
Other income	28	18,159	12,796
Profit / (loss) before taxation		722,979	(745,586)
Taxation	29	(12,087)	409,843
Profit / (loss) after taxation		710,892	(335,743)
Earning / (loss) per share			
Basic	30	12.23	(5.78)
Diluted	30	9.58	(5.78)

The annexed notes 1 to 36 form an integral part of these financial statements


CHIEF EXECUTIVE


DIRECTOR

Statement of Comprehensive Income

For The Year Ended June 30, 2013

Notes	June 30, 2013	June 30, 2012
	Rupees in '000'	
Profit / (loss) after taxation	710,892	(335,743)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	<u><u>710,892</u></u>	<u><u>(335,743)</u></u>

The annexed notes 1 to 36 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

Cash Flow Statement

For The Year Ended June 30, 2013

June 30,
2013 June 30,
2012
Rupees in '000'

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation **722,979** (745,586)

Adjustments:

Depreciation	9,094	7,158
Amortization	2,062	1,011
Finance cost	378,054	507,524
Interest income	(2,288)	(5,705)
Reversal of accrued liability	-	(3,200)
Fixed assets written-off during the year	-	7,448
Gain / (loss) on disposal of property and equipment	19	(210)
Provision in respect to employee's gratuity fund	3,767	-
Sale of land to NBP (against markup accrued)	(314,020)	-
Issuance of TFCs against accrued markup	(105,651)	-

Cash generated from / (used in) operating activities before working capital changes **694,016** (231,560)

Working capital changes

(Increase) / decrease in current assets

Trade debts - Long term	(735,186)	-
Development properties	547,788	(519,133)
Advances	12,179	(15,468)
Deposits, prepayments and other receivables	15,637	12,147
Trade debts	(424,928)	-
	(584,510)	(522,454)

Increase / (decrease) in current liabilities

Trade and other payables	22,693	(125,616)
Advance from customers	(361,971)	993,615
	(339,278)	867,999
	(923,788)	345,545

Net cash (used in) / generated from operations **(229,772)** 113,985

Income tax paid	(15,225)	(1,285)
Finance cost paid (including borrowing cost)	(235,947)	(73,705)
Gratuity paid	(2,228)	-

Net cash (used in) / generating from operating activities **(483,172)** 38,995

Cash Flow Statement

For The Year Ended June 30, 2013

	June 30, 2013	June 30, 2012
	Rupees in '000'	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(10,043)	(29,279)
Purchase of intangible assets	(367)	(10,165)
Expenditure on capital work in progress	-	(3,307)
Proceeds from sale of property and equipment	601	277
Interest received	2,610	5,698
Long term deposits refunded / (paid)	528	(1,065)
Net cash used in investing activities	<u>(6,671)</u>	<u>(37,841)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (Repayment of) long-term finance-net	253,045	(122,917)
Principal repayment of finance lease	(1,282)	(2,212)
Proceeds from short term borrowings-net	221,736	144,550
Net cash generated from financing activities	<u>473,499</u>	<u>19,421</u>
Net (decrease) / increase in cash and cash equivalent	(16,344)	20,575
Cash and cash equivalents at beginning of the year	31,476	10,901
Cash and cash equivalents at end of the year	11 <u>15,132</u>	<u>31,476</u>

The annexed notes 1 to 36 form an integral part of these financial statements


CHIEF EXECUTIVE


DIRECTOR

Statement of Changes in Equity For The Year Ended June 30, 2013

	Ordinary Share capital (Note 11.1)	Preference Share capital (Note 11.2)	Capital Reserves	Revenue Reserves		Total
				General	Accumulated Losses	
	----- Rupees in '000' -----					
Balance as at July 01, 2011	581,282	-	11,966	63,500	(4,400,568)	(3,743,820)
Total comprehensive loss for the year ended June 30, 2012						
Loss for the year	-	-	-	-	(335,743)	(335,743)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(335,743)	(335,743)
Transaction with owners in their capacity as owners						
Issuance of 112,771,300 12% preference shares of Rs.10 each against sponsors' loan	-	1,127,713	-	-	-	1,127,713
Balance as at June 30, 2012	581,282	1,127,713	11,966	63,500	(4,736,311)	(2,951,850)
Total Comprehensive income for the year ended June 30, 2013						
Profit for the year	-	-	-	-	710,892	710,892
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	710,892	710,892
Transfer of surplus on revaluation of freehold land	-	-	-	-	824,501	824,501
Balance as at June 30, 2013	581,282	1,127,713	11,966	63,500	(3,200,918)	(1,416,457)

The annexed notes 1 to 36 form an integral part of these financial statements


CHIEF EXECUTIVE


DIRECTOR

Notes to the Financial Statements

For The Year Ended June 30, 2013

1 STATUS AND NATURE OF BUSINESS

- 1.1 Javedan Corporation Limited (the Company) was incorporated in Pakistan on June 8, 1961, as a public limited company under the repealed Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Karachi Stock Exchange. The registered office of the Company is located at Arif Habib Center, 23, M.T Khan Road, Karachi.
- 1.2 The Company has ceased its cement business since July 01, 2010 and management has developed business diversification strategy for utilizing the company's land for developing a housing scheme, "Naya Nazimabad", which will include bungalows, open plots, flat sites and commercial sites. The housing project is located at Manghopir, Karachi. The Company's layout plan of the project is approved by Lyari Development Authority vide letter number LDA/PP/2010/255 on March 02, 2011 and has obtained No Objection Certificate from Sindh Building Control Authority having NOC # SBICA/D.D(D-II)/985/ADV-503/2011 on November 12, 2011.
- 1.3 During the current year, although the Company has earned profit before taxation of Rs. 722.979 (loss before taxation, June 30, 2012: Rs. 745.586) million; however, its accumulated losses still stand at Rs. 3,200.918 (June 30, 2012: Rs. 4,736.311) million resulting in negative shareholders' equity of Rs. 1,416.457 (June 30, 2012: Rs. 2,951.850) million. These accumulated losses of the Company pertain to the cement business which was ceased in year 2011. Moreover, the management of the Company has taken the following steps / measures to improve the financial and operational conditions of the Company:
- First phase of Naya Nazimabad housing scheme (the project) which was launched last year received positive response from customers from whom Rs. 1,481.031 million have been received as advance against booking of bungalows and open plots;
 - During the year, the Company has launched apartment, which has also received a positive response from the customers from whom Rs. 108.844 million has been received during the year;
 - The Company has strong financial support from its sponsors / associated companies which is evident from loan outstanding as of June 30, 2013 amounting to Rs. 757.424 million;
 - The Company has also entered into agreements with banking companies according to which long term finance relating to TFCs along with outstanding markup has been rescheduled / settled in the form of Debt / Asset swap; and
 - The management has prepared three years projections of the Company, according to which phase I of the project will be completed by June 30, 2016 and all installments as per the payment plan will be realized by the same date. As per the projections, the Company will have adequate cash inflows to pay off its banking loans and other project development liabilities when they fall due and will have profitable operations.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

- (i) Review of useful life and residual value of property, plant and equipment (note 3.1 and 4);
- (ii) Review of net realizable value of development properties (note 3.3 and 7);
- (iii) Revenue recognition (note 3.14 and 23); and
- (iv) Provision for taxation including deferred tax (note 3.9, 5 and 29).

2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2013

The following standards, amendments and interpretations are effective for the year ended June 30, 2013. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

Effective from accounting period beginning on or after July 01, 2012

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

2.6 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures except for amendments in IAS 19.

Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information

Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment

Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

Amendments to IAS 19 - Employee Benefits

Effective from accounting period beginning on or after January 01, 2013

The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. As a result of adoption of this amendment, the Company will recognize the actuarial gains and losses in other comprehensive income, which are currently being recognized in the profit and loss account. The application of the amendments to IAS 19 would result in the recognition of actuarial gain amounting to Rs. 0.691 million in other comprehensive income in the period of initial application.

Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction

Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities

Effective from accounting period beginning on or after January 01, 2014

These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities

Effective from accounting period beginning on or after January 01, 2013

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities

Effective from accounting period beginning on or after January 01, 2013

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

Effective from accounting period beginning on or after January 01, 2013

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Operating fixed assets

Owned

Operating fixed assets except freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land and capital work in progress are stated at cost, less impairment if any.

Assets' residual values and their useful lives are reviewed and adjusted at each balance sheet date, if significant and appropriate.

Depreciation is charged to income applying the reducing balance method at the rates specified in the note 4.1. Depreciation on all additions is charged from the month in which the asset is available for use and no depreciation is charged from the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the financial year in which they are incurred.

Assets are derecognised when disposed or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of assets, if any, are recognised in profit and loss account, as and when incurred.

Assets held under finance lease

Assets subject to finance lease are recorded at lower of present value of minimum lease payments at the inception of lease term and their fair value on that date.

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Capital Work-in-Progress

Capital work-in-progress is stated at cost and represents expenditure on fixed assets in course of construction and installation. These will be transferred to specific assets as and when they are ready for use.

3.2 Intangibles

Intangibles are stated at cost less accumulated amortization and any identified impairment loss. Amortization on additions is charged from the month in which an asset is acquired or capitalized, while no amortization is charged for the month in which the asset is disposed off.

Gains and losses arising from the retirement or disposal of assets are recognized in profit and loss account.

3.3 Development properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs
- Development charges paid to Lyari Development Authority at the rate of Rs. 234 per square yard in respect of outer development work

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale

The cost of sales recognised in profit and loss on disposal is determined with reference to the costs incurred on the property sold and an allocation of any non-specific costs based on the total land sold in relation to total land held.

3.4 Trade debts and other receivables

Trade and other receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

3.5 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks and book overdraft.

3.6 Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. However, at initial recognition the fair value and amount outstanding were not significantly different hence the liability is recorded at outstanding payable.

3.7 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

3.8 Employees Retirement Benefits

Defined benefit plan

The Company operates an approved funded gratuity scheme for all its eligible employees who have completed their minimum qualifying period of service with the Company. Provisions are made in the financial statements to cover obligation on the basis of actuarial valuation carried out by the Company as on June 30, 2013, using the Projected Unit Credit Method. Any actuarial gain or loss arisen is recognized immediately in profit and loss account.

Compensated absences

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

3.9 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher.

Deferred

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.10 Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.11 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.13 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Any impairment loss arising on financial assets is recognised in profit and loss account.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets, other than deferred tax asset, may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

3.14 Revenue recognition

Revenue from sales of development properties

Revenue from the sale of properties is recognized when the equitable interest in a property vests in a buyer and all the following conditions have been satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership in property;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other revenue

- Profit on deposits is recognized on a time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.
- Gain on sale of fixed assets is recorded when title is transferred in favor of transferee
- Income from sale of scrap is recorded on dispatch of items to customers
- Revenue on plots and bungalows cancelled during the period is recognized to the extent of amount forfeited when the cancellation request is approved.
- Miscellaneous income is recognized on occurrence of transactions.

3.15 Foreign Currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated into Pak Rupees at the rates prevailing on the balance sheet date.

Exchange differences arising on translation are included in profit and loss account.

3.16 Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. All other borrowing costs are recognized as an expense in the period in which they are incurred. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization.

3.17 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the year in which the dividends are approved by the competent authority.

	Note	June 30, 2013	June 30, 2012
		Rupees in '000'	
4	PROPERTY AND EQUIPMENT		
	Operating fixed assets	55,972	43,813
	Capital work-in-progress	-	11,830
		<u>55,972</u>	<u>55,643</u>

4.1 Operating fixed assets

Particulars	Note	Cost					Rate %	Accumulated Depreciation					
		As on July 01, 2012	Transfers	Additions	Disposals	As at June 30, 2013		As at July 01, 2012	Transfers	Charge for the year	Disposals	As at June 30, 2013	Written down value as at June 30, 2013
----- Rupees in '000' -----					----- Rupees in '000' -----								
Owned													
Buildings on free-hold land	4.4	20,070	11,830	1,217	-	33,117	10	4,832	-	1,786	-	6,618	26,499
Buildings on lease-hold land		1,171	-	-	-	1,171	10	1,113	-	6	-	1,119	52
Furniture and fixtures	4.2	25,082	(24,995)	2,750	-	2,837	10	5,484	(5,447)	5	-	42	2,795
Office Equipments		-	14,194	2,549	(183)	16,560	20	-	2,185	2,664	(49)	4,800	11,760
Computer Equipments		-	10,801	1,422	-	12,223	33	-	3,262	2,744	-	6,006	6,217
Vehicles		7,445	-	137	(1,177)	6,405	20	3,917	-	680	(691)	3,906	2,499
Leased													
Vehicles		8,714	-	1,968	-	10,682	20	3,323	-	1,209	-	4,532	6,150
		62,482	11,830	10,043	(1,360)	82,995		18,669	-	9,094	(740)	27,023	55,972

Particulars	As on July 01, 2011	C o s t			As at June 30, 2012	Rate %	Accumulated Depreciation				
		Additions	Disposals	As at June 30, 2012			As at July 01, 2011	Charge for the year	Disposals	As at June 30, 2012	Written down value as at June 30, 2012
		----- Rupees in '000' -----			----- Rupees in '000' -----						
Owned											
Lease-hold land and quarries	1,289	-	(1,289)	-	10	1,201	9	(1,210)	-	-	
Buildings on free-hold land	135,727	15,547	(131,204)	20,070	10	129,188	1,676	(126,031)	4,832	15,238	
Buildings on lease-hold land	1,171	-	-	1,171	10	1,107	6	-	1,113	58	
Furniture, fixtures and equipments	18,949	15,333	(9,200)	25,082	10	11,255	3,022	(8,793)	5,484	19,598	
Vehicles	9,508	-	(2,063)	7,445	10	4,962	902	(1,948)	3,917	3,528	
Other equipments	12,546	-	(12,546)	-	10-20	10,610	195	(10,805)	-	-	
Leased											
Vehicles	8,714	-	-	8,714	20	1,975	1,348	-	3,323	5,391	
	187,904	30,880	(156,302)	62,482		160,298	7,158	(148,787)	18,669	-	43,813

4.2 During the year, management split the class of furniture, fixtures and equipments into furniture & fixtures, office equipment and computer equipment, which has also resulted in the revision of depreciation rates. The management believes that the said change in estimates reflects more accurately the useful life and pattern of consumption of economic benefits of the respective assets. These changes have been accounted for as change in accounting estimates in accordance with the requirements of International Accounting Standard (IAS) - 8 "Accounting Policies, Changes in Accounting Estimates and Errors" whereby the effects of these changes are recognized prospectively by including the same in determination of profit and loss in the period of the change, that is, during the current period and future periods.

Had the Company not made the above referred changes in accounting estimates, profit for the year would have been higher by Rs. 1.08 million, reserves would have been higher by the same amount and earnings per share would have been higher by Re. 0.02 per share.

4.3 The details of property and equipment disposed / written off during the year are as follows:

Book value exceeding Rs. 50,000:

Particulars	Cost	Written down value	Sale proceeds	Mode of disposal	Particulars of buyer
	----- Rupees in '000' -----				
Vehicles					
Honda City	596	365	365	As per employment terms	Mr. Muhammad Talha - Key management personnel
Suzuki Alto	504	115	115	As per employment terms	Mr. Azhar Iqbal (Employee)
	<u>1,100</u>	<u>480</u>	<u>480</u>		

Book value below Rs. 50,000:

Vehicle	77	6	10	Negotiation	Various
Furniture, fixtures and equipments	183	134	111	Negotiation	Various
	<u>260</u>	<u>140</u>	<u>121</u>		

June 30,
2013 **June 30,**
2012
Rupees in '000'

4.4 Capital work in progress

Civil work

Opening balance	11,830	10,124
Additions during the period	-	3,307
Transferred during the year	(11,830)	(1,601)
	<u>-</u>	<u>11,830</u>

5 DEFERRED TAXATION

	July 1, 2012	Recognized in profit and loss account	Unrecognized deferred tax arisen during the year	June 30, 2012	Recognized in profit and loss account	Unrecognized deferred tax arisen during the year	June 30, 2013
----- Rupees in '000' -----							
Deferred tax liabilities arising in respect of:							
Accelerated tax depreciaion	(698)	61	-	(637)	(1,870)	-	(2,507)
Assets subject to finance lease	(2,359)	472	-	(1,887)	(204)	-	(2,091)
	(3,057)	533	-	(2,524)	(2,074)	-	(4,598)
Less: deferred tax assets arising in respect of:							
Liabilites subject to finance lease	1,779	(774)	-	1,005	(464)	-	541
Goodwill	626,145	-	(104,357)	521,788	(116,284)	-	405,504
Provision for bad debts	676	(676)	-	-	-	-	-
Employee gratuity fund trust - related party	(2,299)	2,299	-	-	523	-	523
Advances	-	195	-	195	(195)	-	-
Minimum tax impact	9,583	(1,271)	-	8,312	12,067	-	20,379
Assessed tax losses	855,737	414,720	167,044	1,437,501	106,427	(304,869)	1,239,059
	1,491,621	414,493	62,687	1,968,801	2,074	(304,869)	1,666,006
Less: Deferred tax not recognized	434,550	-	62,687	1,123,436	-	(304,869)	818,567
	1,054,014	415,026	-	842,841	-	-	842,841

Deferred tax asset as at June 30, 2013 to the extent of Rs. 818.567 million (June 30, 2012: Rs. 1,123.436 million) has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized. However, the recognized deferred tax asset would be recovered as per the projections discussed in note 1.3 to the financial statements.

6 Trade Debts - Long term

Considered good

	June 30, 2013	June 30, 2012
Rupees in '000'		
Trade debts - net	1,160,114	-
Less: Amount receivable within 12 months - net	424,928	-
Amount receivable after 12 months - net	735,186	-

6.1 Total receivable from customer is discounted by using average borrowing rate of the company i.e. 1 year KIBOR+1.5%.

	Note	June 30, 2013	June 30, 2012
		Rupees in '000'	
7 DEVELOPMENT PROPERTIES			
Land		8,548,907	8,548,907
Add:Development expenditure			
Opening balance		753,560	475,926
Incurred during the year		369,013	277,634
		<u>1,122,573</u>	<u>753,560</u>
Add:Borrowing costs related to land			
Opening balance		359,646	118,147
Capitalized during the year		189,403	241,499
		<u>549,049</u>	<u>359,646</u>
Less: Transferred to cost of sales		(1,106,204)	-
		<u>9,114,325</u>	<u>9,662,113</u>
8 ADVANCES			
Considered good			
Advances to suppliers		-	1,091
Advances to contractors		10,735	22,946
Advances against services and expenses		1,846	723
		<u>12,581</u>	<u>24,760</u>
Considered doubtful			
Advances to suppliers		-	147
Advances to contractors		-	411
		-	558
Provision against advances considered doubtful		-	(558)
		<u>12,581</u>	<u>24,760</u>
9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits			
Guarantee margin		225	12,844
With contractors		2,680	4,843
Security deposit with Karachi Building Control Authority		6,724	3,386
Others		36	-
		<u>9,665</u>	<u>21,073</u>
Prepayments		1,818	227
Other receivables			
Considered good			
Related parties			
International Builders and Developers (Pvt.) Limited		524	524
Employees Gratuity Fund Trust		-	718
		<u>524</u>	<u>1,242</u>
Sales tax refundable		4,703	9,737
Excise duty refundable		574	574
Others		637	705
		<u>17,921</u>	<u>33,557</u>

	Note	June 30, 2013 Rupees in '000'	June 30, 2012 Rupees in '000'
10 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax		<u>9,555</u>	<u>6,417</u>
11 CASH AND BANK BALANCES			
Cash in hand		809	1,597
Cash at banks in Current accounts		<u>17,695</u>	<u>2,339</u>
Deposit accounts	11.1	<u>11,618</u>	<u>27,540</u>
Book overdraft	11.2	<u>(14,990)</u>	<u>-</u>
		<u>14,323</u>	<u>29,879</u>
		<u>15,132</u>	<u>31,476</u>

11.1 These carry markup at the rate ranging between 7% to 11% per annum (2012: 7% to 11% per annum).

11.2 This represents booked overdraft due to cheques issued by the Company in excess of balance with banks which will be presented for payment in subsequent period.

12 SHARE CAPITAL

2013 (Number of Shares)	2012		Note	June 30, 2013 Rupees in '000'	June 30, 2012 Rupees in '000'
		Authorized Share Capital			
<u>120,000,000</u>	<u>120,000,000</u>	Ordinary shares of Rs. 10 each		<u>1,200,000</u>	<u>1,200,000</u>
<u>120,000,000</u>	<u>120,000,000</u>	12% Redeemable, cumulative and convertible preference shares of Rs.10 each		<u>1,200,000</u>	<u>1,200,000</u>

12.1 Issued, subscribed and paid-up ordinary share capital

2013	2012		June 30, 2013	June 30, 2012
(Number of Shares)		Note	Rupees in '000'	
8,600,000	8,600,000	Issued for cash	86,000	86,000
47,200,000	47,200,000	Issued under the financial restructuring arrangement	472,000	472,000
200,000	200,000	Issued as fully paid bonus shares	2,000	2,000
(54,268,643)	(54,268,643)	Shares cancelled due to merger	(542,686)	(542,686)
27,332,729	27,332,729	Shares issued in lieu of merger	273,327	273,327
29,064,086	29,064,086	Right shares issued	290,641	290,641
<u>58,128,172</u>	<u>58,128,172</u>		<u>581,282</u>	<u>581,282</u>

12.1.1 It includes 12,038,484 (2012: 12,038,484) ordinary shares of Rs.10 each held by the associated undertakings, Arif Habib Equity (Pvt) Limited.

12.1.2 The ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry one vote per share without restriction. The Company may not pay dividend until certain financial requirements under its long term debt facilities are satisfied.

12.2 Issued subscribed and paid-up preference share capital

2013	2012		June 30, 2013	June 30, 2012
(Number of Shares)			Rupees in '000'	
112,771,300	112,771,300	12% Redeemable, cumulative and convertible preference shares of Rs. 10 each	1,127,713	1,127,713
<u>112,771,300</u>	<u>112,771,300</u>		<u>1,127,713</u>	<u>1,127,713</u>

12.3 On December 23, 2011, the Company issued 112,771,300 12% non-voting, listed, cumulative, convertible, redeemable and non-participatory preference shares otherwise than rights at Rs. 10 each against conversion of loan of its sponsors / shareholders. The preference shares are redeemable at outstanding par value plus any accumulated and unpaid dividends and / or accrued dividend.

The preference shares are convertible at the option of the holders into ordinary shares of the Company at 80% of the weighted average of closing quoted price of the ordinary shares (adjusted for any subsequent bonus or right shares issue) during the three months immediately prior to the relevant conversion date.

Further, the redeemable preference shares have been treated as part of equity on the following basis:

- The shares were issued under the provision of Section 86 of the Companies Ordinance, 1984 (the Ordinance) read with Section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The financial capital of the Company and the issue of the shares were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on May 07, 2011.
- Return of allotment of shares was filed under Section 73(1) of the Ordinance.
- The Company is required to set-up a reserve for the redemption of preference shares, under Section 85 of the Ordinance, in respect of the shares redeemed which effectively makes redeemable preference shares as part of equity
- Dividend on the shares is appropriation of profit both under the Ordinance and the tax laws.
- The requirements of the Ordinance take precedence over the requirements of International Financial Reporting Standards.
- The preference shareholders have the right to convert these shares into ordinary shares.

The Company has not recorded any dividend on the preference shares in view of its accumulated losses.

	June 30, 2013	June 30, 2012
	Rupees in '000'	
13 RESERVES		
Capital reserves		
Tax holiday reserve	11,966	11,966
Revenue reserve		
General reserves - for future contingencies and dividends	63,500	63,500
Accumulated losses	(3,200,918)	(4,736,311)
	(3,137,418)	(4,672,811)
	(3,125,452)	(4,660,845)

14 SURPLUS ON REVALUATION OF FREEHOLD LAND

The Company carried out revaluation of its free hold land from M/s. Younus Mirza and Company on January 5, 2009, who determined the fair value of freehold land on the basis of market value as of December 24, 2008 amounting to Rs. 5.2 billion resulting in surplus on revaluation amounting to Rs. 4.506 billion. Again on June 25, 2010, the Company carried out revaluation from M/s. Joseph Lobo (Private) Limited who determined the fair value of freehold land under market value basis, amounting to Rs. 8.389 billion resulting a surplus on revaluation amounting to Rs. 3.189 billion.

Although the freehold land has been reclassified as inventory in the current assets of the company, the surplus on revaluation of freehold land has been retained because of the restriction as per Section 235 of Companies Ordinance, 1984, and is transferred to equity as and when realized on sale of freehold land.

During the period the company transferred Rs. 824.501 million from surplus on revaluation of freehold land to retained earnings on the basis of sale of 146.43 acres of land.

15 LONG TERM FINANCE - SECURED	Note	June 30, 2013	June 30, 2012
		Rupees in '000'	
From banking companies			
Allied Bank Limited			
Medium term finance facility		1,000,000	1,208,333
Debt asset swap arrangement		361,266	334,316
	15.1	1,361,266	1,542,649
National Bank of Pakistan Limited			
Term Finance Certificates		1,225,000	1,225,000
Term Finance Certificates - I		105,651	-
	15.2	1,330,651	1,225,000
Faysal Bank Limited			
Term Finance Certificates		600,000	604,167
Debt asset swap arrangement		74,260	74,260
	15.3	674,260	678,427
Term loans - Secured			
KASB Bank Limited	15.4	-	50,000
Bank Islami Pakistan Limited	15.5	125,000	218,750
		125,000	268,750
Long term accrued markup on debt asset swap arrangement			
Allied Bank Limited		98,297	36,496
Faysal Bank Limited		22,187	10,369
		120,484	46,865
From Related party			
Arif Habib Corporation Limited - Secured	15.6	757,424	460,000
Total long term financing		4,369,085	4,221,691
Current maturity of long term finance		(2,159,564)	(487,500)
		2,209,521	3,734,191

15.1 The terms and conditions of medium term finance facility from Allied Bank Limited as per revised agreement entered in the year 2012 are as follows:

- a. Accrued markup up to February 23, 2011 (effective date) amounting to Rs. 87.769 million plus the markup on the facility for the grace period from February 23, 2011 to August 23, 2012 calculated at fixed rate 15% equivalent to Rs. 273.497 million (total Rs. 361.266 million) has been settled by the Company in kind through transferring equivalent value of its 75 acres land to the bank on August 23, 2012. Transfer charges have been borne by the bank. All legal expenses, documentation and related charges, government excise, levies and surcharge have been paid by the Company. The company has to buy back the transferred land on February 23, 2014.
- b. The outstanding principal amount of Medium Term Finance Certificates (TFCs) will be repaid in five half yearly installments of Rs. 200 million from August 23, 2013 to August 22, 2015.
- c. Markup on the facility will be charged at 6 months KIBOR + 1% per annum after grace period. During the grace period which was of 15 months that ended on August 23, 2012, fixed rate of 15% per annum was charged. In case Company fails to pay the principal installments on the respective dates, mark up at the rate of 6 months KIBOR + 5% will be charged on each such principal installment for the delayed period.
- d. The Company would be required to buy back the land acquired by the bank after 3 years from effective date i.e. February 23, 2014 at land acquisition cost of Rs. 361.266 million inflated at the rate of 12% with effect from February 23, 2011 plus transfer charges, legal charges etc. The said amount is in current maturity of long term loan along with its markup at Rs. 459.563 million (2012: Rs. 370.812 million).
- e. The facility will be secured by equitable mortgage on 245 acres of company's land and irrevocable and unconditional undertakings by sponsors to inject additional equity or extend subordinated loan to ensure timely repayment of all financial obligations of the Company.

15.2 The terms and conditions of the revised agreement with National Bank of Pakistan in the year 2012 are as follows:

- a. The Company was allowed to settle its aggregate outstanding markup as of April 30, 2012 and loan restructuring fee, amounting to Rs. 314 million by transfer of property (in favour of NBP) on or before August 31, 2012. The management has settled the markup by transfer of property.
- b. The aggregate outstanding principle amounting Rs. 1,225 million shall be repaid in a period of 5 years commencing from April 30, 2012 subject to grace period of 2 years.
- c. Markup on the facility will be charged at 6 Months KIBOR + 2.25% per annum during the grace period. During the year company has issued term finance certificates to NBP against accrued markup of grace period amounting to Rs. 105.65 million.
- d. Markup on the facility after the grace period shall be charged at a rate to be decided at the end of the grace period keeping in view the financial conditions of the Company.
- e. The facility will be secured by:
 - Pledge of 20 million shares of Arif Habib Corporation Limited amounting to Rs. 443.2 million; and
 - Mortgage over immovable property for an amount of Rs. 1,988 million

15.3 The terms and conditions of the restructured arrangement in respect of Term Finance Certificates with Faysal Bank Limited in the year 2012 are as follows:

- a. Accrued mark up till June 30, 2011 amounting to Rs. 74.26 million, will be settled by the company in kind through transferring equivalent value of its 15.15 acres of land to the bank. Transfer charges on the same shall be borne by the Company.
- b. The Company would be required to buy back the land after 3 years from the effective date i.e. June 30, 2014 at acquisition price inflated at 6 months KIBOR + 1% per annum. The Debt Asset Swap arrangement and its markup till June 30, 2013 is in current maturity amounting to Rs. 96.447 million (2012: Rs. 84.629 million).
- c. The outstanding principle amount of the TFCs shall be repaid in six half yearly installments from July 1, 2013.
- d. Mark up on the facility shall be charged on 6 month KIBOR + 1% per annum
- e. The facility is secured by:
 - Equitable mortgage over 143.86 acres of land
 - Unconditional and irrevocable undertaking by sponsors of the Company to inject additional equity
 - The Company has also pledged incremental shares of Arif Habib Corporation Limited valuing Rs. 27.18 Milion inclusive of 35% margin in favour of FBL. In case the Company fails to maintain value of securities at Rs. 27.18 million, the bank have right to immediately sell all or any of the securities without prior written notification to the Company.
- f. During the year, the Company was in non-compliance of the following financial covenants:
 - minimum operating cash flow to current liabilities ratio of 1.25;
 - minimum net cash flow to long term debt coverage ratio of 0.6; and
 - interest cover ratio of 1.25

The non-compliance arose due to liquidity problems. The bank, however, did not demand accelerated payments of the principal and its mark-up and the terms of the loan were not changed.

15.4 This loan was sanctioned by KASB Bank Limited to the Company, it carried markup at the rate of 3 months KIBOR + 2.75%. The loan was secured by first pari passu charge over 19 acres land of the Company. The loan was fully repaid during the year.

15.5 This loan has been sanctioned by Bank Islami Pakistan Limited to the Company, for the development of land. It carries markup at the rate of 3 months KIBOR + 2.5%. The total outstanding loan is in current maturity repayable in 4 quarterly installments of Rs. 31.25 million each. It has been secured by way of ranking charge on 52.4 acres of land of the Company situated at Manghopir.

15.6 This loan was sanctioned by Arif Habib Corporation Limited to the Company. It carries markup at the rate of 3 months KIBOR + 3%. The loan was repayable through a bullet payment on September 30, 2011. During the year 2012, the loan agreement was amended whereby the repayment date has been extended to March 15, 2014. The loan is secured against the security of REIT units to be issued by the borrower to the lender or such security as may be agreed between the parties.

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents finance obtained under lease arrangements for vehicles. The total minimum lease payments are payables in 48 monthly installments. The internal rate of return is 13.49% (2012: 16.89%).

The amount of future payments for the lease and the period in which these payments will become due are:

	Note	June 30, 2013	June 30, 2012
		Rupees in '000'	
Minimum lease payments			
Up to one year		570	3,144
More than one year but not later than five years		1,377	-
Finance charges not yet due			
Up to one year		233	272
More than one year but not later than five years		300	-
Present value of minimum lease payments			
Up to one year		337	2,872
More than one year but not later than five years		1,253	-
		1,590	2,872
Current maturity		(337)	(2,872)
		<u>1,253</u>	<u>-</u>

17 DEFERRED LIABILITIES

Gratuity payable	17.1	<u>1,539</u>	<u>-</u>
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17.1 Employees Gratuity Fund Trust - related party

a) The amount recognized in the balance sheet are as follows:

Present value of defined benefits obligation	8,452	6,009
Less: Fair value of plan assets	(6,913)	(6,727)
Recognized liability / (asset)	<u>1,539</u>	<u>(718)</u>

	Note	June 30, 2013	June 30, 2012
		Rupees in '000'	
b) Present value of defined benefits obligation			
Opening balance		6,009	3,228
Current service cost for the year		3,169	2,321
Interest cost for the year		781	452
Benefits paid during the year		(1,510)	-
Benefits due but not paid		(193)	-
Actuarial loss		196	8
		8,452	6,009
c) Changes in fair value of plan assets			
Opening balance		6,727	9,798
Expected return on plan assets		874	1,372
Contribution (refunds) / made during the year		1,510	(3,579)
Benefits paid during the year		(1,510)	-
Benefits due but not paid		(193)	-
Actuarial loss		(495)	(864)
		6,913	6,727
d) The amount charged in profit and loss account are as follows:			
Current service cost		3,169	2,321
Interest cost		781	452
Expected return on plan assets		(874)	(1,372)
Actuarial loss recognized during the year		691	872
		3,767	2,273
e) Actual return on plan assets			
Expected return on plan assets		874	1,372
Actuarial loss on plan assets		(495)	(864)
		379	508
f) The principal actuarial assumptions used for the purpose of the valuation were as follows:			
Rate of salary increase		10.5%	13%
Rate of return		13%	14%
Discount rate		10.5%	13%
Average expected remaining working period of employees		5 years	5 years
g)	Expected charge for the year ended June 30, 2014 is Rs. 3.35 million.		

h) Present value of defined benefits obligations and fair value of plant assets:

	2013	2012	2011	2010	2009
 Rupees in '000				
Present value of defined benefit obligations at the end of the year	(8,452)	(6,009)	(3,229)	(2,722)	(13,164)
Fair value of plan assets at the end of the year	6,913	6,727	9,798	9,330	7,567
Surplus/ (deficit) in the plan assets	(1,539)	718	6,569	6,608	(5,597)

i) Experience adjustments

Experience adjustments arising on plan liabilities (gains)/ losses	196	8	(400)	(379)	(536)
Experience adjustments arising on plan assets gains/ (losses)	(495)	(864)	(306)	550	(122)

Note
June 30, 2013
June 30, 2012
Rupees in '000'

18 TRADE AND OTHER PAYABLES

Creditors	829	1,172
Accrued liabilities	124,264	103,858
Retention money payable	5,624	4,086
Al-Abbas Cement Industries Limited - Related Party	139	108
Withholding tax payable	2,009	948
Unclaimed dividend	2,834	2,834
	<u>135,699</u>	<u>113,006</u>

19 MARKUP ACCRUED

Long term finance	203,893	353,867
Short term borrowings	16,936	38,875
	<u>220,829</u>	<u>392,742</u>

19.1

19.1 This includes markup payable to related parties amounting to Rs. 1.34 million (2012: 36.787 million).

20 ADVANCE FROM CUSTOMERS

This represents amount received from customers in respect of booking of plots and bungalows as per the payment plan on which sales have not been recognized since it does not meet the recognition criteria. This includes amount received from key management personnel - related parties amounting to Rs. 102.377 (2012: Rs. 252.611) million.

	Note	June 30, 2013	June 30, 2012
		Rupees in '000'	
21 SHORT TERM BORROWINGS			
From banking companies - secured			
Summit Bank Limited	21.1	135,000	120,000
Sindh Bank Limited	21.2	289,736	-
Related parties - interest bearing			
Loan from Director - unsecured		-	83,000
		<u>424,736</u>	<u>203,000</u>

21.1 This represents short-term running finance and term finance obtained from Summit Bank amounting to Rs. 85 million and Rs. 50 million respectively. Both facilities carry markup at the rate of 3 months KIBOR + 4% and are secured by mortgage over 35.55 acres inclusive of margin and personal guarantee of Mr. Arif Habib.

21.2 The facility carries markup rate of 13.5% per annum payable in quarterly installments and is secured by token mortgage of Rs. 0.1 million and remaining as equitable mortgage of land measuring 97,520 sq. yards for 796 plots owned by the Company in "Naya Nazimabad". Beside this the facility is also secured by personal guarantee of all sponsoring directors of the company.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

- Guarantees issued by commercial banks on behalf of the Company amounting to Rs. 6.225 million (June 30, 2012: Rs. 18.844 million).
- In 2003 the company received Form PT-13 from Excise and Taxation Officers, assessing authority DDO Property Tax (O) Division demanding Gross Annual Rental Value (GARV) amounting to Rs. 28.078 million U/S 9(b) of the Urban Immoveable Property Tax Act, 1958. The Company filed objections with the concerned authority with the view that Company factory does not fall within the jurisdiction of Deputy District Officers (Property Tax) (O) Division and proposed assignment made in respect of Company factory is without jurisdiction. The concerned authority reduced the GARV to Rs. 5.722 million and thereafter, issue a show cause notice regarding outstanding amount including penalty which comes to aggregate amounting to Rs. 7.108 million. The Company has filed Constitution Petition in the Honorable High Court of Sindh. The case is still pending. The management of the Company is confident that the case will be decided in favour of the Company on the reason mentioned above. Hence no provision is made in these financial statements.
- Town Municipal Administration Gadap, Karachi sent a notice requiring the Company to get a trade license and deposit Rs. 8.625 million as trade license fee for the year 2001 to 2006. The Company filed a constitution petition before the honorable High Court of Sindh to declare that respondents have no jurisdiction to impose and recover trade license fee on the ground that the City District Government and Town Municipal Administration Gadap, can not legally impose the trade license fee in the absence of bye-laws required to be framed under the provision of Section 192 of Sindh Local Government Ordinance, 2001. The case is still pending. The lawyer of the Company is confident that case will be decided in the favor of the Company and hence no provision is made in these financial statement.

- d) From 1993-94 to 1998-99 the excise duty was levied and recovered from the Company being wrongly work out on retail price based on the misinterpretation of sub-section 2 of Section 4 of the Central Excise Act, 1944 by Central Board of Revenue. Such erroneous basis of working of excise duty has been held, being without lawful authority, by the Honorable Supreme Court of Pakistan as per its judgment dated February 15, 2007 in the civil appeal Nos. 1388 & 1389 of 2002, civil appeal Nos. 410 to 418 of 2005, civil appeal No. 266 of 2006, civil appeal No. 267 of 2006 and civil appeal No. 395 of 2006. Accordingly, the Company has filed an application to the Collector of Federal Excise and Sales Tax to refund the excess excise duty amounting to Rs. 564.813 million. The case is pending before Collector. The management is confident that the final out come of the case will be favourable to the Company.
- e) The Company is a party to various cases for different pieces of land. These cases pertain to title, possession and encroachment of land. The Company's legal counsel has determined that the financial impact of these cases is not material as of balance sheet date. Further, they also expect that the outcome of these cases to be in favor of the Company. Considering the legal counsel's best estimate of the financial impact and the expectation of favorable outcome, no provision has been made in these financial statements.

	Note	June 30, 2012	June 30, 2011
22.2 Commitments		Rupees in '000'	
Dividend on preference shares	22.2.1	205,769	70,814
Land for development and civil works		73,167	30,914
		<u>278,936</u>	<u>101,728</u>

22.2.1 The Company has not recorded any dividend on the preference shares in view of its accumulated losses.

23 SALES

Sale of plots		<u>2,395,273</u>	<u>-</u>
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24 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	24.1 & 24.2	48,172	53,438
Fees and subscriptions		1,570	7,563
Depreciation	4.2	9,094	7,158
Amortization		2,062	1,011
Vehicle running expenses		9,312	4,649
Legal and professional		4,271	3,660
Repair and maintenance		5,726	4,621
Rent, rates and taxes		3,090	3,380
Utilities		18,885	22,627
Donation	24.3	16,951	13,336
Communication		2,646	1,913
Travelling and conveyance		999	1,879
Insurance		2,037	1,503
Printing and stationery		2,395	1,117
Auditors' remuneration	24.4	1,600	1,580
Entertainment		1,246	842
Meetings and conventions		159	243
General expenses		2,260	397
		<u>132,475</u>	<u>130,917</u>

24.1 This includes an amount of Rs. 2.38 million (2012: Rs. 2.27 million) in respect of employees retirement benefits.

24.2 Number of employees as at June 30, 2013 is 175 (June 30, 2012: 179) and average number of employees during the year 2013 was 176.

24.3 During the year the Company has provided Rs. 10 (2012: Rs. 1.2) million to Memon Health and Education Foundation (Saforah Chowrangi, Karachi) as donation, in which the Mr. Arif Habib (Chairman) and Mr. Aqeel Karim Dhedhi (Director) have interest as trustees.

	Note	June 30, 2013	June 30, 2012
Rupees in '000'			
24.4 Auditors' Remuneration			
M. Yousuf Adil Saleem & Co.			
Audit fee		450	400
Review fee		150	75
Code of Corporate Governance		50	40
Other services		150	250
		800	765
Haroon Zakaria & Co.			
Audit fee		450	400
Review fee		150	75
Code of Corporate Governance and others		50	70
Tax related services		150	270
		800	815
		1,600	1,580

25 MARKETING AND SELLING EXPENSES

Sales promotion activities	25.1	54,534	111,790
Commission on sale of plots		15,207	273
		69,741	112,063

25.1 These include media buying cost, TV commercial production cost, consultancy charges and printing material cost incurred as a result of advertisement campaign launched to promote the project.

26 OTHER OPERATING EXPENSE

Property and equipment written-off		-	7,448
Bad debts written-off		3,951	394
Stores and spares written-off		9	-
Loss on sale of property and equipment		19	-
Miscellaneous		-	36
		3,979	7,878

	Note	June 30, 2013	June 30, 2012
27 FINANCE COST		Rupees in '000'	
Markup on long term financing		515,795	735,977
Markup on short term borrowings		48,490	5,012
Markup on finance lease		437	693
Bank charges and commission		2,735	7,341
		567,457	749,023
Less: Amount capitalized in the cost of qualifying asset	7	(189,403)	(241,499)
		378,054	507,524
28 OTHER INCOME			
Financial assets			
Income from cancellation of bookings		8,625	978
Profit on deposits		2,288	5,705
Reversal of accrued liabilities		-	3,200
Miscellaneous		2,409	1,583
Non-financial assets			
Sale of scrap		4,837	1,120
Gain on sale of property and equipment		-	210
		18,159	12,796
29 TAXATION			
Current tax			
For the year		12,067	10
Prior year		20	5,173
		12,087	5,183
Deferred tax			
		-	(415,026)
		12,087	(409,843)
29.1 Relationship between accounting profit / (loss) and tax expense for the year is as follows:			
Accounting profit/(loss) for the year	Rupees in '000	722,979	(745,586)
Tax rate	%	35%	35%
		Rupees in '000'	
Tax expense / (benefit) on accounting profit / (loss)		253,043	(260,955)
Effect of minimum tax		12,067	10
Impact of prior year tax		20	5,173
Effect of unrecognized deferred tax assets		(253,043)	-
First time recognition of deferred tax assets		-	(154,071)
		12,087	(409,843)

29.2 Income tax assessments of the Company have been finalized upto and including tax year 2012. However, the Commissioner of Income tax may, at any time during the period of five years from the date of filing of return, select the deemed assessment for audit.

30 EARNING / (LOSS) PER SHARE

	June 30, 2013	June 30, 2012
	Rupees in '000'	
Basic		
Profit / (loss) after tax (Rupees in '000)	<u>710,892</u>	<u>(335,743)</u>
Weighted average number of ordinary shares	<u>58,128,172</u>	<u>58,128,172</u>
Earning / (loss) per share - (In Rupees)	<u>12.23</u>	<u>(5.78)</u>
Diluted		
Profit / (loss) after tax (Rupees in '000)	<u>710,892</u>	<u>(335,743)</u>
Weighted average number of ordinary shares	<u>74,238,358</u>	<u>170,899,472</u>
Earning / (loss) per share - (In Rupees)	<u>9.58</u>	<u>(5.78)</u>

30.1 On December 23, 2011, the Company issued 12% non-voting, listed, cumulative, convertible, redeemable and non participatory preference shares against conversion of sponsors' loan. The preference shares can be converted into ordinary shares at conversion price of 80% of the weighted average of closing price of the ordinary shares quoted in the daily quotation of Karachi Stock Exchange during the three months immediately prior to the relevant conversion date. During the year 2012 these potential ordinary shares have anti-dilutive effect on earning / (loss) per share for the year then ended.

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements are as follows:

	Chief Executive Officer		Executive	
	June 30 2013	June 30 2012	June 30 2013	June 30 2012
	----- Rupees in Thousands -----			
Managerial remuneration	5,782	4,582	22,018	18,327
Medical expenses	578	458	2,202	1,832
Bonus	418	364	1,630	1,492
Leave encashment	-	-	592	170
	<u>6,778</u>	<u>5,404</u>	<u>26,442</u>	<u>21,821</u>
Number of Persons	<u>1</u>	<u>1</u>	<u>18</u>	<u>12</u>

The Chief Executive Officer and other executives have also been provided with Company maintained cars.

The Directors have not drawn any remuneration from the Company.

	June 30, 2013	June 30, 2012
	Rupees in '000'	
32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT		
32.1 Financial Instrument by Category		
Loans and receivables		
Trade debts - Long term	735,186	-
Long term security deposits	3,335	3,863
Trade debts	424,928	-
Deposits and other receivables	10,826	22,302
Interest accrued	-	322
Cash and bank balances	15,132	31,476
	<u>1,189,407</u>	<u>57,963</u>
Financial liabilities at amortized cost		
Long term financing	4,369,085	4,221,691
Liabilities against assets subject to finance lease	1,590	2,872
Short term borrowings	424,736	203,000
Trade and other payables	133,690	112,058
Markup accrued	220,829	392,742
	<u>5,149,930</u>	<u>4,932,363</u>

32.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

32.3 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to a single customer.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	June 30, 2013	June 30, 2012
	Rupees in '000'	
Long term receivable from customer	735,186	-
Long term security deposits	3,335	3,863
Trade debts	424,928	-
Deposits and other receivables	10,826	22,302
Interest accrued	-	322
Bank balances	14,323	29,879
	<u>1,188,598</u>	<u>56,366</u>

The Company is exposed to credit risk from its operating activities primarily for trade debts and other receivables, deposits with banks and financial institutions, and other financial instruments.

Aging of past due but not impaired and past due impaired long term and short term trade debts are as follows:

Not past due		1,126,592	-
Past due 1-90 days	32.3.1	33,522	-
Past due 91-180 days		-	-
Past due 181-365 days		-	-
More than one year		-	-
		<u>1,160,114</u>	<u>-</u>

32.3.1 The company believes that it is not exposed to major concentration of credit risk as the trade debts relates to sale of land which can be cancelled by the Company on non payment of overdue balances.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The names and credit ratings of major banks, where the Company maintains bank balances are as follows:

Name of bank	Rating agency	Credit rating	
		Short-term	Long-term
Bank Al-falah Limited	PACRA	A1+	AA
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
National Bank of Pakistan Limited	JCR-VIS	A1+	AAA
Allied Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA
Al-Baraka Bank (Pakistan Limited)	PACRA	A1	A
United Bank Limited	JCR-VIS	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
Bank Islami	PACRA	A1+	A
Sindh Bank Limited	JCR-VIS	A1	AA-
Summit Bank Limited	JCR-VIS	A3	A-
KASB Bank Limited	PACRA	A3	BBB
Meezan Bank Limited	JCR-VIS	A1+	AA
NIB Bank Limited	PACRA	A1+	AA-

32.4 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	2013					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
----- Rupees in '000' -----						
Financial Liabilities						
Long term finance	4,369,085	(4,957,810)	(742,764)	(1,811,999)	(1,208,851)	(1,194,196)
Liabilities against assets subject to finance lease	1,590	(1,590)	(162)	(175)	(396)	(857)
Trade and other payables	133,690	(133,690)	(128,066)	(5,624)	-	-
Short term borrowings	424,736	(424,736)	(424,736)	-	-	-
Mark-up accrued	220,829	(220,829)	(220,829)	-	-	-
	<u>5,149,930</u>	<u>(5,738,655)</u>	<u>(1,516,557)</u>	<u>(1,817,798)</u>	<u>(1,209,247)</u>	<u>(1,195,053)</u>

	2012					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
----- Rupees in '000' -----						
Financial Liabilities						
Long term finance	4,221,691	(5,008,149)	(376,926)	(639,429)	(1,312,259)	(2,679,536)
Liabilities against assets subject to finance lease	2,873	(3,144)	(3,144)	-	-	-
Trade and other payables	112,058	(112,058)	(107,972)	(4,086)	-	-
Short term borrowings	203,000	(203,000)	(203,000)	-	-	-
Mark-up accrued	392,742	(392,742)	(392,742)	-	-	-
	<u>4,932,364</u>	<u>(5,719,093)</u>	<u>(1,083,784)</u>	<u>(643,515)</u>	<u>(1,312,259)</u>	<u>(2,679,536)</u>

32.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to foreign currency risk as the Company is not involved in the foreign currency transactions.

b) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have significant interest bearing assets. Majority of the interest rate risk arises from Company's long-term financing and short-term borrowings. At the balance sheet date the interest rate profile of the Company's interest bearing financial liabilities is:

	June 30, 2013	June 30, 2012
	Rupees in '000'	
Fixed rate instruments		
Financial Assets		
- Deposit accounts	11,618	27,540
Financial liabilities		
- Long term loans	435,526	408,576
- Short term loans	289,736	-
Variable rate instruments		
Financial liabilities		
- Long term and short term loans	4,068,559	3,969,250
- Liabilities against assets subject to finance lease	1,590	2,872

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 41.322 million (2012: Rs. 29.381 million).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	2013 Profit and Loss Increase	2012 Loss 100 bp (Decrease)
As at June 30, 2013		
Cash flow Sensitivity	<u>40,686</u>	<u>(40,686)</u>
As at June 30, 2012		
Cash flow Sensitivity	<u>29,381</u>	<u>(29,381)</u>

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At the balance sheet date, the Company is not exposed to this risk.

32.6 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensurate with the circumstances.

Consistent with others in the industry, the company monitors capital on the basis of the its gearing ratio. This is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings from financial institutions less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus sponsors' loan subordinate to equity and net debt.

	June 30, 2013	June 30, 2012
	Rupees in '000'	
Total borrowings	4,795,411	4,427,563
Less: Cash and bank balances	<u>(15,132)</u>	<u>(31,476)</u>
Net debt	4,780,279	4,396,087
Total equity	<u>(1,416,457)</u>	<u>(2,951,850)</u>
Total capital	<u>3,363,822</u>	<u>1,444,237</u>
Gearing ratio	<u>(1.42)</u>	<u>(3.04)</u>

32.7 Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all the financial assets and liabilities reported in the financial statements approximate their fair value.

33 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and post employment benefit plan. The Company carries out transactions with various related parties as per agreements. Amounts due from / to related parties are shown under 'deposit, prepayments and other receivables' (refer note 9); 'contribution to employees' gratuity fund' (refer note 17); 'trade and other payables' (refer note 18); 'advance from customers' (refer note 20); 'administrative expenses' (refer note 24.3); and 'remuneration of chief executive, directors and executives' (refer note 31). Other significant transactions with related parties are as follows:

	June 30, 2013	June 30, 2012
	Rupees in '000'	
Associates		
Sales of scrap	676	686
Common sharing expenses incurred	625	-
Purchase of cement (OPC)	1,416	268
Transfer of employees loan	744	-
Sale of plots / bungalows	85,944	-
Loan received from related party	297,424	130,231
Loan repaid to related party	-	188,681
Markup expense	62,823	84,640
Markup paid	97,582	72,932
Key management personnel		
Sale of plots / bungalows	76,807	-
Loan received from related party	76,000	183,000
Loan repaid to related party	159,000	100,000
Markup expense	7,868	2,636
Markup paid	8,553	1,951

34 NON CASH TRANSACTIONS

During the year the Company entered in to non-cash financing transactions with National Bank of Pakistan, whereby the Company restructured its term finance certificates. As a result, the accrued markup has been converted into principal and settled through sale of land (refer note 15.2a).

These transactions have not been reflected in the cash flow statement.

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 25, 2013 by the Board of Directors of the Company.

36 GENERAL

Figures have been rounded off to the nearest of thousand rupees.


CHIEF EXECUTIVE


DIRECTOR

Pattern of Shareholding

As at June 30, 2013

1. Incorporation Number 0001313
2. Name of the Company JAVEDAN CORPORATION LIMITED
3. Pattern of holding of the shares held by the shareholders as at June 30, 2013

No. of Shareholders	Shareholding		Total No. of Shares Held
	From	To	
1697	1	100	53,112
474	101	500	107,408
83	501	1000	56,726
64	1001	5000	143,251
4	5001	10000	23,604
1	10001	15000	13,555
1	20001	25000	24,800
2	30001	35000	66,264
1	35001	40000	36,000
1	65001	70000	65,500
1	195001	200000	200,000
1	220001	225000	221,677
1	995001	1000000	1,000,000
1	1910001	1915000	1,912,000
1	2655001	2660000	2,658,053
1	2730001	2735000	2,733,273
1	3915001	3920000	3,915,318
1	4295001	4300000	4,296,268
1	4780001	4785000	4,784,000
1	5320001	5325000	5,321,817
1	8230001	8235000	8,233,783
1	10220001	10225000	10,223,280
1	12035001	12040000	12,038,483
2,341		58,128,172	

Categories of Shareholders

Shareholders Category	Number of Percentage	Share Held
Banks Development Financial Institutions, Non-Banking Financial Institutions	6,254,316	10.76
Insurance Companies	118	0.00
Directors, Chief Executive Officer and Their Spouse and Minor Children	2,586	0.00
Associated Companies, Undertaking and Related Parties	12,038,484	20.71
NIT and ICP	13,655	0.02
Modarbas and Mutual Funds	2,500	0.00
Others	11,253,735	19.36
Individual	28,562,778	49.14
Grand Total	58,128,172	100.00

CATAGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2013

S.No	Shareholders Category	Number of Share Held	Percentage									
1	Banks Development Financial Institutions, Non Banking Financial Institutions. MCB Bank Ltd Askari Bank Limited Summit Bank Limited National Bank of Pakistan Silkbank Limited Bank Alfalah Limited - Karachi Stock Exc Allied Bank Ltd United Bank Ltd Sub-totals :	<table border="1"> <tr><td>1,200</td></tr> <tr><td>200,000</td></tr> <tr><td>3,915,318</td></tr> <tr><td>10</td></tr> <tr><td>1,912,000</td></tr> <tr><td>221,677</td></tr> <tr><td>4,100</td></tr> <tr><td>11</td></tr> <tr><td>6,254,316</td></tr> </table>	1,200	200,000	3,915,318	10	1,912,000	221,677	4,100	11	6,254,316	10.76
1,200												
200,000												
3,915,318												
10												
1,912,000												
221,677												
4,100												
11												
6,254,316												
2	Insurance Companies Pakistan Reinsurance Company Limited Sub-totals :	<table border="1"> <tr><td>118</td></tr> <tr><td>118</td></tr> </table>	118	118	0.00							
118												
118												
3	Directors, Chief Executive Officer, and Their Spouse and Minor Children Arif Habib Hassan Ayub Syed Zulqurnain Abdul Qadir Muhammed Siddiq Khokhar Sub-totals :	<table border="1"> <tr><td>2,456</td></tr> <tr><td>5</td></tr> <tr><td>3</td></tr> <tr><td>100</td></tr> <tr><td>100</td></tr> <tr><td>2,586</td></tr> </table>	2,456	5	3	100	100	2,586	0.00			
2,456												
5												
3												
100												
100												
2,586												
4	Associated Companies, Undertaking and Related Parties. Arif Habib Equity (Pvt) Ltd Sub-totals :	<table border="1"> <tr><td>12,038,484</td></tr> <tr><td>12,038,484</td></tr> </table>	12,038,484	12,038,484	20.71							
12,038,484												
12,038,484												
5	Share Holders Holding five percent or more Arif Habib Equity (Pvt) Limited Arif Habib Limited Aqeel Karim Dhedhi Haji Abdul Ghani Muhammad Ayub Younus Shunaid Qureshi Summit Bank Limited Sub-totals :	<table border="1"> <tr><td>12,038,483</td></tr> <tr><td>10,223,280</td></tr> <tr><td>5,321,817</td></tr> <tr><td>8,233,783</td></tr> <tr><td>4,296,268</td></tr> <tr><td>4,784,000</td></tr> <tr><td>3,915,318</td></tr> <tr><td>48,812,949</td></tr> </table>	12,038,483	10,223,280	5,321,817	8,233,783	4,296,268	4,784,000	3,915,318	48,812,949	83.97	
12,038,483												
10,223,280												
5,321,817												
8,233,783												
4,296,268												
4,784,000												
3,915,318												
48,812,949												
6	Modarabas And Mutual Funds. CDC - Trustee Akd Index Tracker Fund Sub-totals :	<table border="1"> <tr><td>2,500</td></tr> <tr><td>2,500</td></tr> </table>	2,500	2,500	0.00							
2,500												
2,500												

CATAGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2013

S.No	Shareholders Category	Number of Share Held	Percentage
7	NIT and ICP		
	IBDL (ICP Unit)	100	
	National Bank of Pakistan	13,555	
	Sub-totals :	13,655	0.02
8	Others		
	M/S Fikree Development	880	
	Mohamed Amin Noor Mohd & Co Ltd	150	
	Mohammadi Investment Trust Ltd	4,800	
	Valika Wollen Mills Ltd	50	
	M/S H M Investment Ltd	110	
	M/S Adamjee Sons Ltd	110	
	Messrs Dada Ltd	110	
	M/S. Sheriar F Irani-inv.Trust Ltd	10	
	Mazhar Hussain Securities (Pvt) Ltd	266	
	Trade-in-securities (Pvt) Ltd.	500	
	S.Z. Securities (Private) Limited	300	
	Ismail Abdul Shakoor Securities (Private) Limited	17	
	Mohammad Munir Mohammad Ahmed Khanani	1,700	
	Arif Habib Limited	10,223,280	
	Time Securities (Pvt.) Ltd.	4,000	
	First National Equities Limited	330	
	Vsl Securities Private Limited	75	
	Multiline Securities (Pvt) Limited	4,300	
	Pearl Securities Limited	1,000,000	
	Sarfraz Mahmood (Private) Ltd	40	
	Valika Trading House (Private) Limited	5,000	
	Trustees Of Aminia Muslim Girls School	4,400	
	Bulk Management Pakistan (Pvt.) Ltd.	2,240	
	Hassan Ali & Co (Pvt) Limited	1,000	
	Karachi Stock Exchange Limited	66	
	IGI Finex Securities Limited	1	
	Sub-totals :	11,253,735	19.36
9	Individual		
	Local - Individuals	28,562,778	
	Sub-totals :	28,562,778	49.14

Financial calendar

For the Financial year ending June 30, 2014 financial results will be announced as per the following tentative schedule:

1st Quarter ending Sep 30, 2013	October 25, 2013
2nd Quarter ending Dec 31, 2013	February 21, 2014
3rd Quarter ending Mar 31, 2014	April 25, 2014
Year ending June 30, 2014	September 12, 2014
Annual General Meeting	October 25, 2014



Form of Proxy

I/We _____
(Name)

of _____
(Address)

being a member(s) of JAVEDAN CORPORATION LIMITED and a holder of _____
(Number of Shares)

Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No _____
hereby appoint _____
of _____
(Address)

or failing him _____
of _____
(Address)

who is also a member of JAVEDAN CORPORATION LIMITED vide registered Folio No./CDC Participant's ID and Account No. _____, as my / our Proxy to vote for me / us and on my / our behalf at the 51st Annual General Meeting of the Company to be held on October 25, 2013 at Beach Luxury Hotel, Karachi, on Friday at 6:00 p.m. and any adjournment thereof.

Signed this _____ day of _____ 2013.

Signature of Witness:

Name _____

Address _____

Signature across Rs. 5/-
Revenue Stamp

IMPORTANT.

1. This Form of proxy duly completed must be deposited at our Share Registrar Office M/s. Technology Trade (Pvt) Ltd., Dagia House, 241-C, Block - 2, P.E.C.H.S, off Shahrah-e-Quaideen, Karachi.
2. A Proxy should also be a shareholder of the Company.



If undelivered please return to:

JAVEDAN CORPORATION LIMITED
Naya Nazimabad Manghopir Road, Karachi-75890