

JAVEDAN

CORPORATION LIMITED



NAYA NAZIMABAD
A MARK OF PRIDE



Annual report

2012

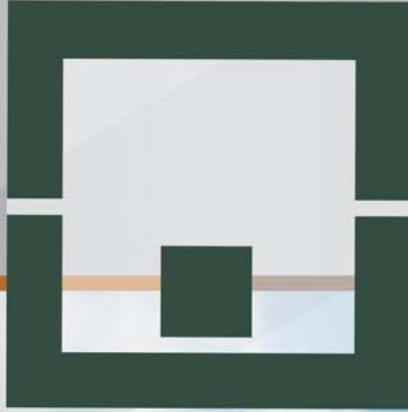
A Project of Javedan Corporation Limited





“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 2012



“Naya Nazimabad”

A Mark of Pride!

Naya Nazimabad is suitable for young professionals,
start up entrepreneurs and progressive
middle income group.



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Corporate Information

Board of Directors

Arif Habib
Chief Executive

Samad A.Habib Chairman

Aqeel Karim Dhedi
Director

Iqbal Usman
Director

Kashif A.Habib
Director

Muhammad Ayub
Director

Muhammad Ejaz
Director

Shunaid Qureshi
Director

C.F.O & Company Secretary

Masoud Ali Khan

Audit Committee

Mr. Iqbal Usman
Chairman

Mr. Kashif A. Habib
Member

Mr. Rafiq Tumbi
Member

Mr. Muhammad Ejaz
Member

H.R & Remuneration Committee

Mr. Arif Habib
Chairman

Mr. Samad A. Habib
Member

Mr. Iqbal Usman
Member

Mr. Muhammad Ejaz
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

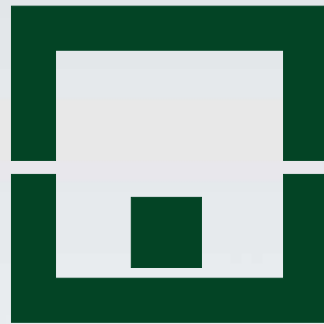
Arif Habib Center, 23,
M.T.Khan Road,
Karachi Pakistan - 74000,
Tel: 32460717-19
Fax: 32466824
Website: www.jcl.com.pk

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

Naya Nazimabad

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



NAYA NAZIMABAD
A M A R K O F P R I D E

Annual report 2012



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 exceeds 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 50th Annual General Meeting of Javedan Corporation Limited will be held at Beach Luxury Hotel, Karachi on Thursday, October 25, 2012 at 7:30 p.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on October 29, 2011.
2. To receive, consider and adopt annual audited financial statements for the year ended June 30, 2012 together with the Reports of the Auditors and Director thereon.
3. To appoint Auditors for the year ending June 30, 2013 and to fix their remuneration.
4. To elect eleven directors as fixed by the Board of Directors in their meeting held on September 7, 2012, in accordance with the Companies Ordinance, 1984 for a term of three years commencing from October 25, 2012. The Present Directors are Mr. Arif Habib (Chairman), Mr. Samad A. Habib (CEO), Mr. Aqeel Karim Dhedhi, Mr. Asim Ghani, Mr. Iqbal Usman, Mr. Kashif A. Habib, Mr. Muhammad Ayub, Mr. Muhammad Ejaz and Mr. Shunaid Qureshi.
5. To transact any other business with the permission of the chair.

Special Business

To consider and obtain approval as a special resolution from the shareholders to change the features of the 12% non-voting, un-listed, cumulative, convertible, redeemable and non-participatory Preference shares from "unlisted" to "Listed". All other terms and conditions are already approved by the shareholders of the company as special resolution in the extra ordinary general meeting held on May 07, 2011.

"RESOLVED THAT" the features of the 12% non-voting, un-listed, cumulative, convertible, redeemable and non-participatory Preference shares of Javedan Corporation limited be and are hereby changed from "unlisted" to "listed."

By Order of the Board



Masoud Ali Khan
C.F.O & Company Secretary

Karachi: October 03, 2012

Notes:

1. Share transfer books will remain closed from October 19, 2012 to October 25, 2012 (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. The instrument appointing the proxy and other authority which it is signed, or notarially certified copy thereof, must be lodged at the Company's Registered Office or Share Registrar's Office at least 48 hours before the time of the meeting.
4. Any change of addresses of Members should be notified immediately to the Company's Registered Office or Share Registrar's Office.
5. Every candidate for election as a director whether he is a retiring director or otherwise shall file with the Company not later than 14 (fourteen) clear days before the date of annual general meeting a notice of his intention to offer himself for election as a director along with the consent to serve as a director in the prescribed form 28, a detailed profile along with his / her relevant declaration as required under the Code of Corporate Governance to his appointment as director of the company.
6. He/she should also confirm that:
 - i. He /she is not ineligible to become a director of the company under any applicable laws and regulations (including listing regulations of stock exchanges).
 - ii. He /She is not serving as a director in more than seven listed companies.
 - iii. Neither he/she nor his / her spouse is engaged in the business of brokerage or is a sponsor director or officer of a corporate brokerage house.

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. In case of corporate entity, the Board of Director's 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, on-going 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.

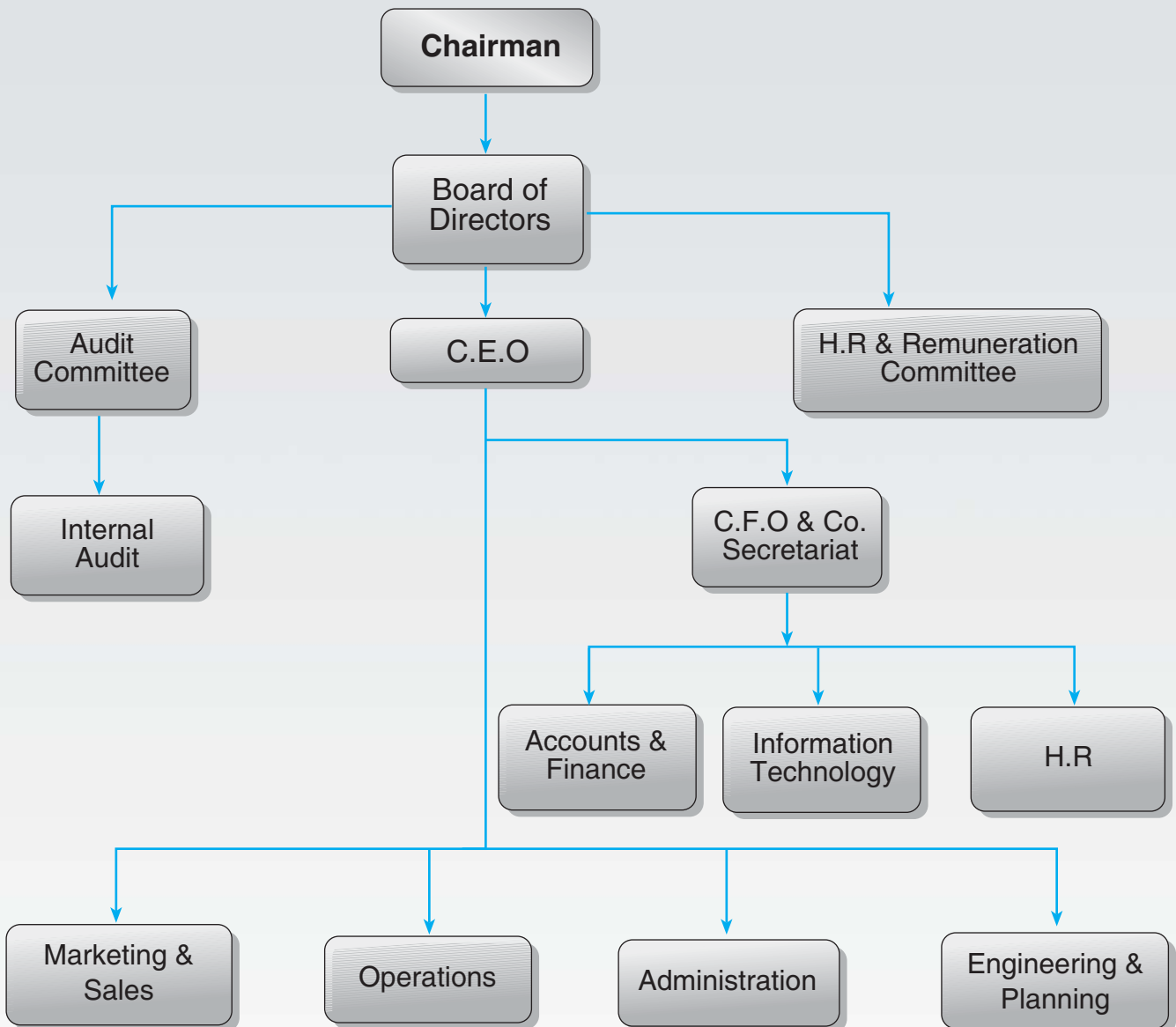
Compliance with the laws of Country

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 29, 2009

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 Foundation
- Pakistan Private Equity Management Limited
- Arif Habib DMCC
- Safemix Concrete Product Limited
- Real Estate Modaraba Management Company Limited
- Thatta Cement Company 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:

April 27, 2011

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

- Arif Habib 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



Mr. Aqeel Karim Dedhi

Director

Date of Appointment:
October 29, 2009

Mr. Aqeel Karim Dhedhi, son of Haji Abdul Karim Dhedhi (Late), is the Chairman of AKD Group and is ranked among the most influential and vibrant business personalities of Pakistan. Mr. Dhedhi is a highly respected member of the Karachi Stock Exchange with over thirty years of mainstream experience in Pakistan's finance and business sectors. With an initial foot print in real estate the AKD Group led by the vision and leadership of Mr. Aqeel Karim Dhedhi, has become a leading multi industry powerhouse business group in Pakistan with stakes and investments ranging from real estate, financial services, natural resources, infrastructure & manufacturing.

He is focused towards the recognition and success of Pakistan as a leading economy in terms of global competitiveness. Mr. Dhedhi has been blessed with great success and fame and has gained reputation for supporting a large number of projects for social welfare, including health services, education, women empowerment, community based assistance and leadership development.

Mr. Dhedhi is also a major force in Pakistan's infrastructure market with extensive interests in a variety of projects and developments across the country. Mr. Dhedhi has joined Pakistan's leading entrepreneurs in establishing the Karachi School of Business Leadership in strategic collaboration of with the Judge Business School Cambridge.

Corporate Responsibilities

As Director

- AKD Capital Limited
- Creek Developers (Private) Limited
- Oil and Gas Investment Limited
- NECL Building Management Limited
- AKD REIT Management Company Limited



Mr. Iqbal Usman

Director

Date of Appointment:
October 29, 2009

Mr. Iqbal Usman is by profession a fellow member of Institute of Chartered Accountants of Pakistan and started his career as tax consultant and Chartered Accountant in the year 1969. He was member of the Karachi Stock Exchange (Guarantee) Limited in his personal capacity in the year 1990. He is also the founder of the BMA Capital Management Limited, a corporate member of the Karachi Stock Exchange. Since his retirement from the responsibilities of tax consultancy and BMA Capital Management Limited, he is involved in various industrial financial, construction, real estate and textile sector.

Corporate Responsibilities

As Director

- Al-Abbas Sugar Mills Limited
- Suraj Cottons Mills Limited
- Icon Global (Pvt) Limited



Mr. Shunaid Qureshi

Director

Date of Appointment:
October 29, 2009

Mr. Qureshi graduated from Mehran University of Engineering & Technology, Jamshoro, Pakistan, in First Position with Three Gold Medals in Bachelor of Engineering (Industrial). He is Managing Director of Al-Abbas Sugar Mills & Distilleries Limited. Currently he is also holding the Post of the Chairman of Pakistan Ethanol Manufacturers Association (P.E.M.A).

He is a renowned industrialist, businessman and a former Chairman of the Pakistan Sugar Mills Association. He has been in the Sugar Industry for more than two decades and led the Pakistan Sugar Association in the capacity of Chairman for a period of 06 years.

Corporate Responsibilities

As Director

- Eye television Network Limited
- SSJD Bioprocessors Network Limited
- Al-Abbas Power Generation Limited
- Falcon I (Pvt.) Limited



Mr. Kashif A. Habib

Director

Date of Appointment:
October 29, 2009

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 three years experience of Executive Director in cement and fertilizer companies of the group.

Corporate Responsibilities

As Chief Executive

Al-Abbas Cement Industries Limited

As Director

- 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 29, 2009

Mr. Ejaz is a certified Financial Risk Manager and holds an MBA from IBA. He has over 18 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
- Al-Abbas Cement Industries Limited
- Arif Habib Foundation
- Real Estate Modaraba Management Co. Limited



Mr. Ayub Younus is director of Javedan Corporation Ltd. He has vast experience of Karachi Stock Exchange for about 3 decades. He is also director of HUM Network. He brings with him practical knowledge of dealing with the equity markets and construction business in the country.

Corporate Responsibilities

As Director

Eye Television Network Limited

Mr. Muhammad Ayub Younus

Director

Date of Appointment:
October 29, 2009

Chairman's Message



"The main purpose behind this project is to provide safe, affordable and convenient housing to the middle class. Our vision is to create a model city that is based on social convenience, innovation, better living standards and a peaceful life"

Muhammad Arif Habib

Chairman
Javedan Corporation Limited

Directors' Report

The Directors of Javedan Corporation Limited are pleased to present herewith the annual financial report for the year ended June 30, 2012.

Operational and Financial Results

The Company launched "Naya Nazimabad" (the project) after obtaining all the necessary approvals / NOC) on November 20, 2011. The project got an excellent market response. The pre-launch event was organized on November 19, 2011 in which special guests were invited from all circles of life. The participants highly appreciated the Project's planning and its overall features including educational & healthcare facilities & amenities of modern living along with the concept of a walled community with round the clock surveillance. A significant number of participants booked plots as well as bungalows during the pre-launch event. The Project was formally offered to public on November 20, 2011 and we witnessed a tremendous turnout of customers, who were keen in booking the plots and bungalows in "Naya Nazimabad" without any delay. Booking of Bungalows as well as plots in Blocks A, B & C was completed in a record short period. Considering the overwhelming response from the valued customers, we launched further plots in Block D as well.

Following is the summary of comparative financial results:

Particulars	June 30, 2012	June 30, 2011
	(Rupees in thousands)	
Net Sales	-	-
Cost of sales	-	-
Gross (Loss) / Profit	-	-
Loss before taxation	(745,586)	(558,491)
Provision for taxation	409,843	427,645
Loss after taxation	(335,743)	(130,846)
EPS (in rupees)	(5.78)	(2.25)

As per professional opinion by the technical committee of ICAP as well as Deloitte, we can only recognize revenue when the transfer of the risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer. Hence, revenue is not recognized during the year.

Settlement/Restructuring of Bank Liabilities

The Company's management has successfully negotiated and finalized settlement / restructuring of bank liabilities related to PPTFC's.

Auditors' observation on the Financial Statements

The auditors have placed matter of emphasis paragraph 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:

- a) Successful launch of Phase I of the Project resulting in Collections from Customers amounting to Rs. 993.615 million.
- b) Strong financial support from the Sponsors; the Company obtained loans from its related parties amounting to Rs. 543 million.
- c) Restructuring of Bank Debts via bilateral agreements.
- d) Conversion of Sponsors' Loan into Preference Shares.

The other matter of emphasis is on recoverability of the deferred tax asset, which depends on future profitability of the Company. The five years projections of the Company indicate that it will have adequate Cash inflows & Profit from Operations by the year 2016, as the Phase I of the Project will be completed & revenue shall be recognized during that financial year.

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. Naya Nazimabad is the inception of a thought based on social innovation, improving life and providing a haven for a progressive middle class. The Project is based on a live, work & play concept and will contribute to the society by providing education, healthcare, physical fitness and employment opportunities to its habitants along with a peaceful living. Following is an update on the short term future plans:



Development Work in Progress

Infrastructure work of phase I A, including leveling, grading and landscaping of land around the sales centre has been completed. Gate house has also been completed and construction of boundary wall is in progress. Construction of an international county standard cricket stadium with flood lights has also been completed. Leveling and earthwork is being done in Block A, B and C to make the area clear for demarcation.

The Company is in the process of finalizing pre-qualification of contractors and the tendering process for initiating the large scale infrastructure development as well as construction of Bungalows of the Phase I. The appointment of Project Managers and Contractors for internal and external development and construction is in progress.



Naya Naziabad Apartments & Commercial Plots

In Order to meet the overwhelming market demand, Naya Nazimabad (NN) Apartments are being planned for a tentative launch during October 2012. A total of around 400 apartments are in design stage.



In addition, Commercial plots will also be offered to potential investors as well as end-users during October 2012. A highly beautiful Crescent Commercial area is in design & development stage.

The Management is confident that in addition to contributing to the society, this new business will generate additional income for the Company and its shareholders. To date the Company has settled all the obligations to its lenders with the help of its sponsors who are fully committed to support the project.

Naya Nazimabad Club House

The Management of the Company has initiated developing the plans for a Club House with all the leisure amenities including an International Standard Cricket Stadium, state-of-the-art Gym, Swimming, Dining & Banquet facilities, Bowling, Tennis, Horse Riding & other healthy activities. The Club membership shall be offered to the valued Customers, who have booked Plots as well as Bungalows in Naya Nazimabad & also to the residents of the nearby vicinities at highly competitive Fees.



Education & Healthcare City

The Sponsors & Board of Directors of the Company have already allocated an area of Land for developing a modern Education as well as Healthcare City in Naya Nazimabad. The City will have School, College, Technical Training Centre, Specialist Clinics & a Hospital. In addition to benefiting the residents of Naya Nazimabad, the City will provide an excellent opportunity in improvement of literacy as well as healthy growth of the residents in the neighborhood.



Corporate Social Responsibility (CSR)

Health and Education:

The Company donated a piece of land and constructed a school building on a plot of one acre for the Naya Nazimabad Campus of The Citizen Foundation (TCF) School. By the Grace of Allah, it was inaugurated on April 7, 2012. The classes have commenced from April 9, 2012. The Company is also contributing towards recurring expenses of the school for supporting the needy students of the area.



The Company sponsored a program organised by the Centre for Islamic Economics (CIE) & made donation to Memon Medical Institute Hospital. Further, the Company contributed to Sitara Foundation working for the development of the special needs / underprivileged children.

In addition, the Company was leading sponsor for the Karachi Aman Festival held during February 2012.

Sports

The Company sponsored for 59th National Hockey Championship on behalf of Pakistan Hockey Federation from Jan. 26, 2012 to Feb. 11, 2012 at Hockey Club of Pakistan Stadium Karachi and for 5th DG Rangers (Sindh) National Squash Championship organized at Sindh Rangers Jahangir Khan Squash Complex, North Nazimabad from November 28 to December 3, 2011.

Customer Facilitating Measures



In order to facilitate the Customer we opened Sub Sales Centers; one in Gulshan-e-Iqbal and the other in North Karachi.



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 2012-2013 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:
 - i. Key financial data for the last six years.
 - ii. 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

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	3
Samad A. Habib	4
Aqeel Karim Dhedi	0
Iqbal Usman	4
Kashif A. Habib	1
Muhammad Ayub	3
Muhammad Ejaz	3
Rafiq Tumbi	0
Shunaid Qureshi	4

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:

Mr. Iqbal Usman

Chairman

Mr. Kashif A. Habib

Member

Mr. Rafiq Tumbi

Member

Mr. Muhammad Ejaz

Member

During the year Mr. Rafique Tumbi has resigned and Mr. Ejaz has been appointed in his place. 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.

H.R and Remuneration Committee

Members of the HR and Remuneration Committee:

Mr. Arif Habib

Chairman

Mr. Samad A. Habib

Member

Mr. Iqbal Usman

Member

Mr. Muhammad Ejaz

Member

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.

Acknowledgement

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every member of the Company in areas of expertise. 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 also thank our shareholders, banks and financial institutions for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the coming years. May Allah bless us in our efforts. A'meen!

For and on behalf of the Board



Samad A. Habib

Chief Executive Officer

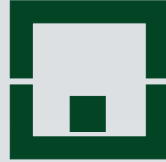
Karachi: September 07, 2012

Performance Review Report

We are pleased to present herewith the performance review report for the year ended June 30, 2012.

Key financial Data 2012 at a Glance

		2012	2011	2010	2009	2008	2007
Investment Measure							
Ordinary Share Capital	Rs/Mn	581	581	291	291	291	560
Preference shares capital		1,127	-	-	-	-	-
Reserves							
	Rs/Mn	(4,673)	(4,337)	(4,206)	(4,077)	(3,649)	(244)
Share Holder's Equity							
	Rs/Mn	(2,952)	(3,744)	(3,613)	(3,775)	(3,347)	316
Dividend On Ordinary Shares	Rs/Mn	-	-	-	-	-	-
Dividend Per Ordinary Share							
	Rs	-	-	-	-	-	-
(Loss)/Profit Before Taxation							
	Rs/Mn	(746)	(558)	(124)	(370)	(3,408)	(178)
(Loss)/Profit After Taxation							
	Rs/Mn	(336)	(131)	(129)	(428)	(3,393)	(90)
(Loss)/Earning Per Share Of Rs. 10							
	Rs	(5.78)	(2.25)	(2.36)	(14.73)	(116.76)	(1.61)
Measurement Of Financial Status							
Current Assets to Current Liabilities	X :1	4.45	3.54	0.55	0.72	0.57	1.22
Debt Equity Ratio	X :1	(3.32)	11.09	13.23	(29.27)	(0.08)	66.40
Total Debt Ratio	X :1	0.41	0.41	2.43	1.58	2.66	1.60
Sales	Rs/Mn	-	-	610	1,622	1,185	11,073
Cost of Goods Sold As % of Sales	%	-	-	(108)	84.63	92	93
(loss)/profit Before Taxation As % to Sales	%	-	-	(20)	(22.83)	(288)	(16)
(loss)/profit After Taxation As % to Sales	%	-	-	(21)	(26.38)	(286)	(8)



NAYA NAZIMABAD
A MARK OF PRIDE



Brief Introduction to the Project

JCL has introduced a gated city by the name of Naya Nazimabad which is considered to be the largest private sector development initiative in Karachi. The project is targeted towards the progressive middle income segment of Karachi offers residential houses, plots, flat sites, apartments, commercial areas, amenities and infrastructure of Grade A quality to its future inhabitants.

The quality of infrastructure, construction and location sets this project apart from other such schemes that have been launched in the past.



Naya Nazimabad - The Project

Project Concept

To provide the people of Karachi a gated city spanning 1,268 acres providing residential houses, plots, and flat sites and all amenities required for self sustained living, with equal focus on security and the environment. Naya Nazimabad's uniqueness lies not in being exclusive; rather it is to be a benchmark that symbolizes quality lifestyle and international standards of living, which is uncommon in Karachi and Pakistan at large.

Project Vision

"To create a model city where society's collective consciousness has transcended and is reflected by its physical environs"

"Naya Nazimabad is the inception of a thought based on social innovation, improving life and providing a haven for a bigger vision and a progressive middle class"

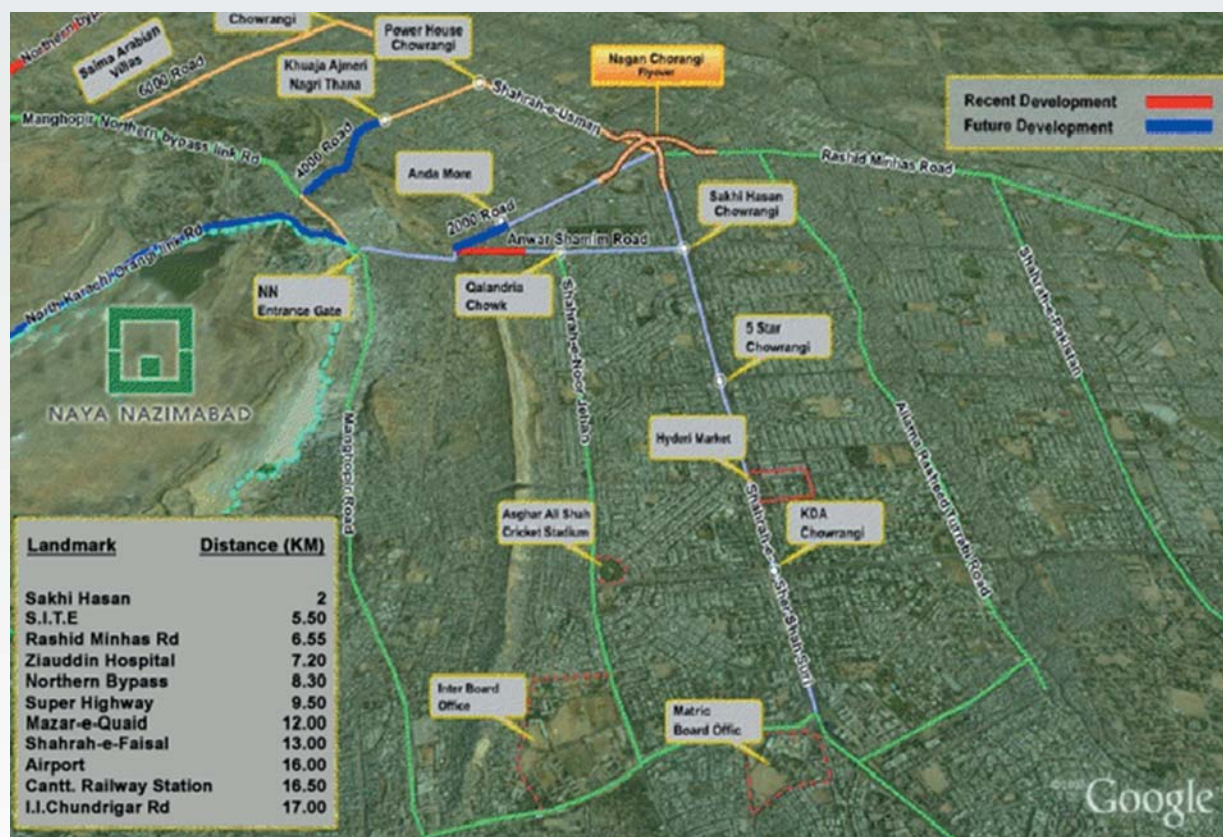
Target Market

The management has identified 3 target market segments for the proposed scheme:

- middle income population (SEC C+ to B+) with consolidated household monthly income in the range of PKR 75,000 to PKR 150,000;
- large corporate entities that require housing enclaves for their mid level employees; and
- financial institutions that would prefer to have branches and other back office functions at the proposed site
- Prominent entertainment, retail and restaurant chains to add to the self sustenance aspect of the project.

Project Location

Naya Nazimabad is a planned housing scheme situated approximately 2-km from North Nazimabad (A residential society housing middle-income group citizens), 5.5-km from SITE (Sindh Industrial Trading Estate) and connected with Northern Bypass (a 57 km long motorway) through Hub River Road. The chart below shows the proximity of the site to its adjoining areas and its distance from the central business district (CBD).



Products on Offer

Residential Houses

Houses being developed have been designed by Arcop. In designing these houses care has been taken to ensure that the houses are well lit by natural light and also provide good ventilation, which will help conserve energy requirements. The project offers two different types of architecture for the built up houses a) modern /contemporary styled bungalows and b) Bungalows inspired by Spanish architecture.

Residential Plots

Residential plots have been included in the scheme to allow customers to purchase the land and build a house at their convenience. Options will be provided to the persons building their own residence to choose from the designs of the project or construct a house of their own choice and suiting. However, It must be noted that individual designs would need to be approved by the engineering department of Naya Nazimabad and must confirm with the building byelaws of the project and Lyari Development Authority. This restriction has been placed to ensure that the aesthetics and quality of construction of the area are not compromised.

Flat Sites

Large plots of land ranging from 775 sq/yds to 40,000 sq/yds are allocated for constructing residential apartments. Certain flat sites are being developed as part of the project itself, designs of which are being developed by ARCOP.

Developers choosing to acquire a flat site will have to confirm with the building standards and byelaws set by the project. Designs, drawings and construction would be subject to approvals from the engineering department of the project to ensure standardization and that quality of the project is not compromised.

Commercial Sites



For commercial sites the project has a designated commercial enclave as well as a dedicated bank street. In addition every residential block is to have its own commercial open air market (designed on the concept of Empress Market - market designed under the British Raj). In order to cater to these varied requirements commercial plots have been allocated and their areas vary from 550 sq/yds to 7,800 sq yds.

To provide a sense of completeness to the area and meet the needs of the residents of the area the commercial enclave will house retail outlets, ciniplex and shopping malls including open air malls).

The management is cognizant of the importance of the presence of retail banks in the success of any residential and commercial area. Accordingly, as mentioned above a dedicated bank street is being developed which is to be equipped with the desired infrastructure (including IT infrastructure) to meet their particular requirements. Banks can set up their retail branches and also house their back office operations. To date the management has successfully brought few of banks on board and the management is in the later stage of negotiations with some other banks.

Essential Amenities that the Project has to Offer

To provide the inhabitants quality living standards the management has emphasized on quality infrastructure and ancillaries which are unmatched if compared to most existing and upcoming residential/commercial areas planned in the city. The lines below shed light on the salient features the project has to offer.



Schools, College & University

Due to the growing degree of security concerns of the city and comfort of the residents, the project has earmarked 9 plots for setting up schools (6plots), colleges (2plots) and a university.

One school is already functional and is under the management of The Citizens Foundation, an organization that is working tirelessly to educate the youth of Pakistan for a nominal or nil fees.



Hospital

The project is to house 2 fully equipped hospitals to cater to the medical needs of the residents.



Green Areas and Recreation Spots



The entire project is adorned with greenbelts with designated areas for parks for the pleasure of the residents, to give them a feeling of being part of a large community. These green areas represent just over 8% of the total land parcel. In addition, a cricket ground (functional as of now) has been built which is to be annexed to a leisure club that will house squash, tennis and badminton courts, swimming pool and a sports bar.

Mosques

Other than the area specific mosques (ten minute walk from the farthest point in each block), a grand mosque is also being planned which will span approximately 5 acres and is to be amongst the biggest mosque of Karachi. Arcop has designed the grand mosque, the architectural design of which draws cues from the ancient Shah Jehan Mosque located in Thatta.



Security

The project is secured by a gated perimeter and check points which are manned by security guards from the Frontier Core (division of the armed forces) and private security guards.



Naya Nazimabad Lawai Stadium

Construction of an international county standard cricket stadium has also been completed.



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 Regulations of The Karachi Stock Exchange (Guarantee) 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 personal and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub - Regulation (xiii) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before 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, 2012.



M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Karachi
Dated: Sept. 07, 2012



HAROON ZAKARIA & CO.
Chartered Accountants

Engagement Partner
Muhammad Haroon

Karachi
Dated: Sept. 07, 2012

Statement of Compliance with Best Practices of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation 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. At present the Board includes:

Category	Names
Executive Directors	Samad A. Habib
Non-Executive Directors	Arif Habib
	Aqeel Kareem Dhedhi
	Iqbal Usman
	Kashif A. Habib
	Muhammad Ayub
	Muhammad Ejaz
	Shunaid Qureshi

2. The Directors have confirmed that none of them is serving as a Director on more than ten 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 loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of stock exchange, has been declared as defaulter by that stock exchange.
4. Casual vacancy, if any, occurring in the Board is filled up by the directors in accordance with the law.
5. The Company has prepared a 'Code of Conduct', and has ensured that 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/shareholders.
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. 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.
10. The CEO and CFO duly endorsed the financial statements of the Company before approval of the Board.
11. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
12. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive Directors including the chairman of the committee.
13. The meetings of the audit committee were held at least once every quarter prior to approval of the interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
14. The Board has outsourced the internal audit function Muniff Ziauddin Junaidy & Co. who is considered qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
15. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality control review programme of the Institute of Chartered Accountants of Pakistan, 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 code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

16. 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 the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. The Directors of the Company have given declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulations of the Stock Exchanges. As part of this, all the directors have been provided with copies of the listing regulations of the Karachi Stock Exchange (Guarantee) Limited, Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are well conversant with their duties and responsibilities. The Directors are also encouraged to attend the workshops and seminars on the subject to Corporate Governance.
18. All the related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non-arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
19. There was no new appointment of Company Secretary, Chief Financial Officer (CFO) and Head of Internal Audit during the year.
20. The Company has complied with all the corporate and financial reporting requirements of the Code.
21. We confirm that all other material principles contained in the Code have been complied with.

Karachi:

Dated: September 07, 2012



Chief Executive



Director



Auditors' Report to the Members

We have audited the annexed balance sheet of Javedan Corporation Limited (the Company) as at June 30, 2012 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, investment 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, 2012 and of the loss, 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.

The financial statements of the Company for the year ended June 30, 2011 were audited by single firm of chartered accountants, Haroon Zakaria & Company, who, through their report dated October 8, 2011, expressed an unqualified opinion thereon. However, the report contained emphasis of matter paragraphs regarding existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and the reason for preparing the financial statements on going concern basis and departure from the compliance of IAS 2 - Inventories for fair presentation of its financial position and the effect of the departure on each item in the financial statements had the compliance of IAS 2 been made.

M. Yousuf Adil Saleem & Co.

M.YOUSUF ADIL SALEEM & CO.

Chartered Accountants

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Engagement Partner
Nadeem Yousuf Adil

Karachi
Dated: Sept. 07, 2012

Haroon Zakaria & Co.

HAROON ZAKARIA & CO.

Chartered Accountants

Engagement Partner
Muhammad Haroon

Karachi
Dated: Sept. 07, 2012

The logo for Javedan Corporation Limited features a stylized brown roofline above the company name. The name "JAVEDAN" is written in a large, bold, brown sans-serif font, and "CORPORATION LIMITED" is written in a smaller, brown sans-serif font below it.

JAVEDAN
CORPORATION LIMITED

Audited Financial Statements

As At June 30, 2012

Annual report 2012

Balance Sheet

As At June 30, 2012

ASSETS	Notes	June 30, 2012	June 30, 2011
		Rupees in '000'	
Non-Current Assets			
Property and equipment	4	55,643	37,730
Intangible assets		9,154	-
Deferred taxation	5	842,841	427,869
Long term security deposits		3,863	2,798
Total non-current assets		911,501	468,397
Current Assets			
Development properties	6	9,662,113	9,142,980
Advances	7	24,760	9,292
Deposits, prepayments and other receivables	8	33,558	45,705
Interest accrued		322	315
Tax refunds due from Government	9	6,417	10,261
Cash and bank balances	10	31,476	10,901
Total current assets		9,758,646	9,219,454
Total Assets		10,670,147	9,687,851
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	11.1	581,282	581,282
Preference share capital	11.2	1,127,713	-
Reserves	12	(4,660,845)	(4,325,102)
Surplus on revaluation of freehold land	13	(2,951,850)	(3,743,820)
Sponsors' loan	14	7,695,071	7,695,071
Non-Current Liabilities			
Long term finance	15	-	1,127,713
Liabilities against assets subject to finance lease	16	3,734,191	2,002,084
Total non-current liabilities		3,734,191	2,004,956
Current Liabilities			
Advance from customers	17	993,615	-
Short term borrowings	18	203,000	518,450
Trade and other payables	19	113,006	241,822
Mark-up accrued	20	392,742	414,364
Current maturity of:			
Long term finance	15	487,500	1,427,083
Liabilities against assets subject to finance lease	16	2,872	2,212
Total current liabilities		2,192,735	2,603,931
Contingencies and commitments	21		
Total Equity and Liabilities		10,670,147	9,687,851

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


CHIEF EXECUTIVE


DIRECTOR

Profit And Loss Account
For The Year Ended June 30, 2012

	Notes	June 30, 2012	June 30, 2011
		Rupees in '000'	
Sales	22	-	-
Cost of sales		-	-
Gross profit		-	-
Expenses			
Administrative expenses	23	(130,917)	(71,625)
Marketing and selling expenses	24	(112,063)	(204)
Other operating expenses	25	(7,878)	(12,385)
Finance cost	26	(507,524)	(489,937)
		(758,382)	(574,151)
Other operating income	27	12,796	15,660
Loss before taxation		(745,586)	(558,491)
Taxation	28	409,843	427,645
Loss after taxation		(335,743)	(130,846)
Loss per share - Basic and diluted	29	(5.78)	(2.25)

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


CHIEF EXECUTIVE


DIRECTOR

Statement of Comprehensive Income

For The Year Ended June 30, 2012

	Notes	June 30, 2012	June 30, 2011
		Rupees in '000'	
Loss after taxation		(335,743)	(130,846)
Other comprehensive income		-	-
Total comprehensive loss		<u>(335,743)</u>	<u>(130,846)</u>

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


 CHIEF EXECUTIVE


 DIRECTOR

Cash Flow Statement

For The Year Ended June 30, 2012

June 30,
2012 June 30,
2011
Rupees in '000'

CASH FLOW FROM OPERATING ACTIVITIES

Loss before taxation	(745,586)	(558,491)
Adjustments:		
Depreciation	7,158	4,462
Amortization	1,011	-
Finance cost	507,524	489,937
Interest income	(5,705)	(5,491)
Reversal of accrued liability	(3,200)	(5,173)
Fixed assets written-off during the year	7,448	-
Gain on disposal of property and equipment	(210)	(4,242)
	<hr/>	<hr/>
Cash used in operating activities before working capital changes	(231,560)	(78,998)
Working capital changes		
(Increase) / decrease in current assets		
Development properties	(519,133)	(529,475)
Stores and spares	-	21,869
Stock in trade	-	6,005
Advances	(15,468)	(2,971)
Deposits, prepayments and other receivables	12,147	675,894
	(522,454)	171,322
Increase / (decrease) in current liabilities		
Trade and other payables	(125,616)	88,323
Advance from customers	993,615	-
	867,999	88,323
	<hr/>	<hr/>
Net cash generated from operations	345,545	259,645
	113,985	180,647
Income tax (paid) / refunded-net	(1,285)	3,294
Finance cost paid (including borrowing cost)	(73,705)	(295,311)
Net cash used in operating activities	<hr/>	<hr/>
	38,995	(111,370)

Cash Flow Statement

For The Year Ended June 30, 2012

	June 30, 2012	June 30, 2011
	Rupees in '000'	
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(29,279)	(9,176)
Purchase of intangible assets	(10,165)	-
Expenditure on capital work in progress	(3,307)	(7,123)
Proceeds from sale of property and equipment	277	6,783
Interest received	5,698	5,449
Long term deposits (paid) / refunded	(1,065)	172
Net cash used in investing activities	<u>(37,841)</u>	<u>(3,895)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term finance-net	(122,917)	(470,833)
Principal repayment of finance lease	(2,212)	(3,221)
Proceeds from short term borrowings-net	144,550	518,450
Net cash generated from financing activities	<u>19,421</u>	<u>44,396</u>
Net increase / (decrease) in cash and cash equivalent	20,575	(70,869)
Cash and cash equivalents at beginning of the year	10,901	81,770
Cash and cash equivalents at end of the year	10	10,901
	<u><u>31,476</u></u>	<u><u>10,901</u></u>

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


CHIEF EXECUTIVE


DIRECTOR

Statement Of Changes In Equity For The Year Ended June 30, 2012

	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, 2010	581,282	-	11,966	63,500	(4,269,722)	(3,612,974)
Total comprehensive loss for the year ended June 30, 2011						
Loss for the year	-	-	-	-	(130,846)	(130,846)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(130,846)	(130,846)
Balance as at June 30, 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	-	-	-	-	-	-
	-	-	-	-	(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)

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


CHIEF EXECUTIVE


DIRECTOR

Notes To The Financial Statements

For The Year Ended June 30, 2012

1 STATUS AND NATURE OF BUSINESS

- 1.1 Javedan Corporation Limited (the Company) was incorporated in Pakistan on June 08, 1961, as a public limited company under the repealed Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Karachi Stock Exchange. Registered office of the Company is located at Arif Habib Center, 23, M.T.Khan Road, Karachi.
- 1.2 The Company has ceased its cement business since July 01, 2010 and management has developed business diversification strategy for utilizing the company's land for developing a housing scheme, "Naya Nazimabad", which will include bungalows, open plots, flat sites and commercial sites. The housing project is located at Manghopir, Karachi. The Company's layout plan of the project is approved by Lyari Development Authority vide letter number LDA/PP/2010/255 on March 02, 2011 and has obtained No Objection Certificate from Sindh Building Control Authority having NOC # SBCA/D.D(D-II)/985/ADV-503/2011 on November 12, 2011.
- 1.3 During the current year, the Company has incurred loss before taxation of Rs. 745.586 (June 30, 2011: Rs. 558.491) million and its accumulated losses stand at Rs. 4,736.311 (June 30, 2011: Rs. 4,400.568) million resulting in negative shareholders' equity of Rs. 2,951.850 (June 30, 2011: Rs. 3,743.820) million. Accumulated losses of the Company pertain to the cement business which has been ceased. Moreover, the management of the Company has taken the following steps / measures to improve the financial and operational condition of the Company:
- First phase of Naya Nazimabad housing scheme (the project) has been launched during the year with positive response from customers from whom Rs. 993.615 million have been received as advance against booking of bungalows and open plots;
 - The Company has strong financial support from its sponsors and is confident about the viability of the scheme. The Company has also obtained loans from its related parties amounting to Rs. 543 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;
 - The Company has converted the sponsors loan into preference shares as fully explained in note 14;
 - The management has prepared five 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 by the 2016.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with 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 6);
- (iii) Revenue recognition (note 3.14 and 22); and
- (iv) Provision for taxation (note 3.9, 5 and 28).

2.5 New, revised and amended standards and interpretations

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2011. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements:

Standards or interpretations	Effective Date (accounting periods beginning on or after)
IFRS 7 Financial Instruments: Disclosures (Amendment)	July 1, 2011
IAS 1 Presentation of Financial Statements (Amendment)	January 1, 2011
IAS 24 Related Party Disclosures (Revised)	January 1, 2011
IAS 34 Interim Financial Reporting (Amendment)	January 1, 2011
IFRIC 13 Customer Loyalty Programmes (Amendment)	January 1, 2011
IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding	January 1, 2011

2.6 Standards, Interpretations and Amendments to approved accounting standards not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned against the respective standard or interpretation:

Standards or interpretation	Effective for (annual periods beginning on or after)
IAS 1 Presentation of financial statements-Amendments to revise the way other comprehensive income is presented.	July 01, 2012
IAS 12 Income Taxes - Deferred tax: Recovery of underlying assets (Amendment)	January 1, 2012
IAS 19 Employees Benefits-Amended standard resulting from the post employment benefits and termination benefits plans	January 01, 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Company expects that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application except for increase in disclosure requirement.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards or interpretation	(effective for annual periods beginning on or after)
IFRS 9 Financial Instruments	January 01, 2013
IFRS 10 Consolidated Financial Statements	January 01, 2013
IFRS 11 Joint Arrangements	January 01, 2013
IFRS 12 Disclosure of Interests in Entities	January 01, 2013
IFRS 13 Fair Value Measurement	January 01, 2013
IAS 27 Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11	January 01, 2013
IAS 28 Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11	January 01, 2013

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

3.1.1 Operating fixed assets

Owned

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

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 its cost can be reliably measured.

Depreciation is charged to income applying the reducing balance method over assets' estimated useful lives at the rates mentioned in note 4.

Leased

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

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 under finance lease are depreciated on reducing balance method at the rates specified in note 4 to the financial statements.

The finance cost is charged to profit and loss account and is included under finance costs.

3.1.2 Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

3.1.3 Assets' useful lives and residual values that are significant in relation to the total cost of the assets are reviewed, and adjusted if appropriate, at each balance sheet date.

3.1.4 Gains and losses on disposals are recognized to the profit and loss account.

3.1.5 Depreciation on additions is charged from the month the asset is available for use upto the month prior to disposal.

3.1.6 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 inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold

3.4 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable cost, if any. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

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, 2012, using the Projected Unit Credit Method. Any actuarial gain or loss arisen is recognized immediately.

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 accrual basis.

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.

4	PROPERTY AND EQUIPMENT	Note	June 30, 2012	June 30, 2011
			Rupees in '000'	
	Operating fixed assets	4.1	43,813	27,606
	Capital work-in-progress	4.3	11,830	10,124
			<u>55,643</u>	<u>37,730</u>

4.1 Operating fixed assets

Particulars	C o s t					Accumulated Depreciation					
	As on July 01, 2011	Additions / Transfers	Disposals / Written Off (Note 4.2)	Transfer to current assets	As at June 30, 2012	Rate %	As at July 01, 2011	Charge for the year	Disposals / Written Off (Note 4.2)	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 and roads on free-hold land	135,727	15,547	(131,204)	-	20,070	10	129,188	1,676	(126,031)	4,832	15,238
Buildings and roads 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	10-20	11,255	3,022	(8,793)	5,484	19,598
Vehicles	9,508	-	(2,063)	-	7,445	20	4,962	902	(1,948)	3,917	3,528
Other equipments	12,546	-	(12,546)	-	-	10	10,610	195	(10,805)	-	-
Leased											
Vehicles	8,714	-	-	-	8,714	20	1,975	1,348	-	3,323	5,391
	<u>187,904</u>	<u>30,880</u>	<u>(156,302)</u>	<u>-</u>	<u>62,482</u>		<u>160,298</u>	<u>7,158</u>	<u>(148,787)</u>	<u>18,669</u>	<u>43,813</u>

Particulars	C o s t					Accumulated Depreciation					
	As on July 01, 2010	Additions	Disposals	Transfer to current assets	As at June 30, 2011	Rate %	As at July 01, 2009	Charge for the year	Disposals	As at June 30, 2011	Written down value as at June 30, 2011
	----- Rupees in '000' -----						----- Rupees in '000' -----				
Owned											
Free hold land	8,388,688	-	-	(8,388,688)	-	-	-	-	-	-	-
Lease-hold land and quarries	1,289	-	-	-	1,289	10	1,191	10	-	1,201	88
Buildings and roads on free-hold land	135,727	-	-	-	135,727	10	128,461	727	-	129,188	6,539
Buildings and roads on lease-hold land	1,171	-	-	-	1,171	10	1,100	7	-	1,107	64
Quarry and transport equipments	54,930	-	(54,930)	-	-	20	53,857	161	(54,018)	-	-
Furniture, fixtures and equipments	12,746	6,203	-	-	18,949	10-20	10,477	778	-	11,255	7,694
Vehicles	12,223	2,973	(5,688)	-	9,508	20	8,158	878	(4,074)	4,962	4,546
Other equipments	12,629	-	(83)	-	12,546	10	10,462	216	(68)	10,610	1,936
Leased											
Vehicles	8,714	-	-	-	8,714	20	290	1,685	-	1,975	6,739
	<u>8,628,117</u>	<u>9,176</u>	<u>(60,701)</u>	<u>(8,388,688)</u>	<u>187,904</u>		<u>213,996</u>	<u>4,462</u>	<u>(58,160)</u>	<u>160,298</u>	<u>27,606</u>

4.2 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' -----					
Buildings and roads on free-hold land	96,814	3,810	-	Write-off	N/A
Furniture, fixtures and equipments	200	66	-	Write-off	N/A
Vehicles	809	62	-	Write-off	N/A
Other equipment	8,794	1,379	-	Write-off	N/A
	106,617	5,317	-		

Book value below Rs. 50,000:

Disposals

Vehicle	585	36	250	Negotiation	Mr. Muhammad Mudassir
Furniture, fixtures and equipments	45	31	27	Insurance claim	N/A
	630	67	277		
Write-offs					
Lease-hold land and quarries	1,289	79	-	Write-off	N/A
Buildings and roads on free-hold land	34,390	1,363	-	Write-off	N/A
Furniture, fixtures and equipments	8,955	310	-	Write-off	N/A
Vehicles	669	17	-	Write-off	N/A
Other equipment	3,752	362	-	Write-off	N/A
	49,055	2,131	-		
	156,302	7,515	277		

Note **June 30, 2012** **June 30, 2011**
Rupees in '000'

4.3 Capital work in progress

Opening balance	10,124	3,001
Additions during the year	3,307	7,123
Transferred during the year	(1,601)	-
	11,830	10,124

5	DEFERRED TAXATION	Note	June 30, 2012	June 30, 2011
			Rupees in '000'	
	Taxable temporary differences:			
	Accelerated tax depreciation for tax purposes		(637)	(698)
	Assets subject to finance lease		(1,887)	(2,359)
			<u>(2,524)</u>	<u>(3,057)</u>
	Deductible temporary differences:			
	Liabilities subject to finance lease		1,005	1,779
	Provision for bad debts		-	676
	Employees Gratuity Fund Trust - related party		-	(2,299)
	Minimum tax impact		8,312	9,583
	Advances		195	-
	Assessed tax losses		1,437,501	855,737
			<u>1,447,013</u>	<u>865,476</u>
			<u>1,444,489</u>	<u>862,419</u>
	Less: Deferred tax asset not recognized	5.1	(601,648)	(434,550)
			<u>842,841</u>	<u>427,869</u>
5.1	Deferred tax asset as at June 30, 2012 to the extent of Rs. 601.648 million (June 30, 2011: Rs. 434.550 million) has not been recognized as the Company does not expect to generate sufficient 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	DEVELOPMENT PROPERTIES			
	Land			
	Opening balance		8,548,907	-
	Transfer from property and equipment		-	8,388,688
	Land purchased during the year - at cost		-	160,219
			<u>8,548,907</u>	<u>8,548,907</u>
	Development expenditure			
	Opening balance		475,926	-
	Incurred during the year		277,634	251,109
	Transferred from capital work-in-progress		-	224,817
			<u>753,560</u>	<u>475,926</u>
			<u>9,302,467</u>	<u>9,024,833</u>
	Borrowing costs			
	Opening balance		118,147	-
	Capitalized during the year	26	241,499	118,147
			<u>359,646</u>	<u>118,147</u>
			<u>9,662,113</u>	<u>9,142,980</u>

7	ADVANCES	Note	June 30, 2012	June 30, 2011
			Rupees in '000'	
	Considered good			
	Advances to suppliers		1,091	633
	Advances to contractors		22,946	8,366
	Advances against services and expenses		723	293
			24,760	9,292
	Considered doubtful			
	Advances to suppliers		147	147
	Advances to contractors		411	411
			558	558
	Provision against advances considered doubtful		(558)	(558)
			24,760	9,292
			24,760	9,292
8	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Deposits			
	Guarantee margin	8.1	12,844	13,844
	With contractors		4,843	6,175
	Security deposit with Karachi Building Control Authority		3,386	-
	Others		-	391
			21,073	20,410
	Prepayments		227	541
	Other receivables			
	Considered good			
	Related parties			
	International Builders and Developers (Pvt.) Limited		524	524
	Al-Abbas Cement Industries Limited		-	2,000
	Thatta Cement Company Limited		-	3,551
	Employees Gratuity Fund Trust	8.2	718	6,569
			1,242	12,644
	Sales tax refundable		9,737	9,575
	Excise duty refundable		574	574
	Others		705	1,961
	Considered doubtful			
	Others		-	1,930
	Provision against other receivables considered doubtful		-	(1,930)
			33,558	45,705
			33,558	45,705

8.1 This includes deposit of Rs.12.169 (2011: Rs.12.169) million which carries mark-up @ 10% to 11% per annum.

	June 30, 2012	June 30, 2011
	Rupees in '000'	
8.2 Employees Gratuity Fund Trust - related party		
a) The amount recognized in the balance sheet are as follows:		
Present value of defined benefits obligation	6,009	3,229
Less: Fair value of plan assets	(6,727)	(9,798)
Recognized asset	<u>(718)</u>	<u>(6,569)</u>
b) Present value of defined benefits obligation		
Opening balance	3,229	2,723
Current service cost for the year	2,321	1,445
Interest cost for the year	452	327
Benefits paid during the year	-	(866)
Actuarial loss / (gain)	8	(400)
	<u>6,010</u>	<u>3,229</u>
c) Changes in fair value of plan assets		
Opening balance	9,797	9,330
Expected return on plan assets	1,372	1,120
(Refunded) contribution / made during the year	(3,579)	7,740
Benefits paid during the year	-	(8,086)
Actuarial loss	(864)	(306)
	<u>6,726</u>	<u>9,798</u>
d) The amount charged in profit and loss account are as follows:		
Current service cost	2,321	1,445
Interest cost	452	327
Expected return on plan assets	(1,372)	(1,120)
Net actuarial loss / (gain) recognized during the year	872	(94)
	<u>2,273</u>	<u>558</u>
e) Actual return on plan assets		
Expected return on plan assets	1,372	1,120
Actuarial loss on plan assets	(864)	(306)
	<u>508</u>	<u>814</u>
f) The principal actuarial assumptions used for the purpose of the valuation were as follows:		
Rate of salary increase	13%	14%
Rate of return	14%	14%
Discount rate	13%	14%
Average expected remaining working period of employees	5 years	5 years
g) Expected charge for the year ended June 30, 2013 is Rs. 3.075 million.		

Javedan Corporation Limited

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

	2012	2011	2010	2009	2008
 Rupees in '000				
Present value of defined benefit obligations at the end of the year	6,009	3,229	2,722	13,164	8,455
Fair value of plan assets at the end of the year	(6,727)	(9,798)	(9,330)	(7,567)	(5,105)
(Deficit) / surplus in the plan assets	(718)	(6,569)	(6,608)	5,597	3,350

i) Experience adjustments

Experience adjustments arising on plan liabilities (gains)/ losses	8	(400)	(379)	(536)	1,863
Experience adjustments arising on plan assets gains/ (losses)	(864)	(306)	550	(122)	268

	Note	June 30, 2012 Rupees in '000'	June 30, 2011 Rupees in '000'
9 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax		6,417	10,261

10 CASH AND BANK BALANCES

Cash in hand		1,597	271
Cash at banks in Current accounts		2,339	1,937
Deposit accounts	10.1	27,540	8,693
		29,879	10,630
		31,476	10,901

10.1 These carry markup at the rate ranging between 7% to 11% per annum (2011: 7% to 11% per annum).

11 SHARE CAPITAL

2012	2011		June 30, 2012	June 30, 2011
(Number of Shares)		Note	Rupees in '000'	
		Authorized Share Capital		
120,000,000	120,000,000	Ordinary shares of Rs. 10 each	1,200,000	1,200,000
120,000,000	120,000,000	12% Redeemable, cumulative and convertible preference shares of Rs.10 each	1,200,000	1,200,000

11.1 Issued, subscribed and paid-up ordinary share capital

2012 (Number of Shares)	2011 (Number of Shares)	Note	June 30, 2012 Rupees in '000'	June 30, 2011 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>

11.1.1 It includes 12,038,484 (2011: 12,038,484) ordinary shares of Rs.10 each held by the associated undertaking of the Company.

11.1.2 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.

11.2 Issued subscribed and paid-up preference share capital

2012 (Number of Shares)	2011 (Number of Shares)		June 30, 2012 Rupees in '000'	June 30, 2011 Rupees in '000'
112,771,300	-	12% Redeemable, cumulative and convertible preference shares of Rs. 10 each	1,127,713	-
<u>112,771,300</u>	<u>-</u>		<u>1,127,713</u>	<u>-</u>

11.3 On December 23, 2011, the Company issued 112,771,300 12% non-voting, unlisted, 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. Subsequent to the year end, the preference shares have been listed on Karachi Stock Exchange.

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.

	June 30, 2012	June 30, 2011
	Rupees in '000'	
12 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	(4,736,311)	(4,400,568)
	(4,672,811)	(4,337,068)
	(4,660,845)	(4,325,102)

13 SURPLUS ON REVALUATION OF FREEHOLD LAND

The Company carried out revaluation of its free hold land from M/s. Joseph Lobo (Pvt.) Limited on June 25, 2010, 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. Earlier, the Company had revalued its freehold 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.

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 will be transferred to equity as and when realized on sale of freehold land.

14 SPONSORS' LOAN

During the current year, loan from sponsors amounting to Rs.1,127,713,000 has been converted into 112,771,300 12% non-voting, unlisted, cumulative, convertible, redeemable and non-participatory preference shares at Rs. 10 each on the basis of written approval by Securities and Exchange Commission of Pakistan.

	Note	June 30, 2012	June 30, 2011
Rupees in '000'			
15 LONG TERM FINANCE			
Allied Bank Limited			
Medium term finance facility		1,208,333	-
Debt asset swap arrangement		334,316	-
Term Finance Certificates - I		-	218,750
Term Finance Certificates - II & III		-	1,006,250
	15.1	<u>1,542,649</u>	<u>1,225,000</u>
National Bank of Pakistan Limited			
Term Finance Certificates (Restructured)		1,225,000	-
Term Finance Certificates - I		-	218,750
Term Finance Certificates - II & III		-	1,006,250
	15.2	<u>1,225,000</u>	<u>1,225,000</u>
Faysal Bank Limited			
Term Finance Certificates (Restructured)		604,167	-
Debt asset swap arrangement		74,260	-
Term Finance Certificates - I		-	109,375
Term Finance Certificates - II & III		-	503,125
	15.3	<u>678,427</u>	<u>612,500</u>
Term loans - Secured			
KASB Bank Limited	15.4	50,000	116,667
BankIslami Pakistan Limited	15.5	218,750	250,000
		<u>268,750</u>	<u>366,667</u>
Related parties			
Arif Habib Corporation Limited - Secured	15.6	460,000	-
		<u>4,174,826</u>	<u>3,429,167</u>
Long term accrued markup on debt asset swap arrangement			
Allied Bank Limited		36,496	-
Faysal Bank Limited		10,369	-
		<u>46,865</u>	<u>-</u>
Current maturity of long term finance		(487,500)	(1,427,083)
		<u><u>3,734,191</u></u>	<u><u>2,002,084</u></u>

15.1 During the year, the Company entered into revised agreement with Allied Bank Limited. The terms and conditions of the revised agreement are as follows:

- a. The revised name of the facility will be "Medium term finance facility".
- b. 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 will be settled by the Company in kind through transferring equivalent value of its 75 acres land to the bank. Transfer charges shall be borne by the bank. All legal expenses, documentation and related charges, government excise, levies and surcharge shall be paid by the Company.
- c. The principal amount of Term Finance Certificates (TFCs) will be repaid as follows:
 - Three half yearly installments of Rs. 8.333 million each commencing from August 23, 2011 of which two installments has been paid as per agreement.
 - Six half yearly installments of Rs. 200 million each commencing from February 23, 2013 to August 22, 2015.
- d. Markup on the facility will be charged at 6 months KIBOR + 1% per annum after grace period. In case Company fails to pay the principal installments on the respective date, mark up at the rate of 6 months KIBOR + 5% will be charged on each such principal installment for the delayed period.
- e. 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.
- f. The facility will be secured by equitable mortgage on 243.5 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 During the year, the Company restructured its term finance certificates placed with National Bank of Pakistan (NBP). The terms and conditions of the revised agreement are as follows:

- a. The Company is allowed to settle its aggregate outstanding markup as of April 30, 2012, amounting to Rs. 264.83 million by transfer of property (in favour of NBP) on or before August 31, 2012. The management intends to settle 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.
- 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 shares of a Listed Company amounting to Rs. 671.6 million; and
 - Mortgage over immovable property for an amount of Rs. 1,988 million

15.3 During the year, the Company entered into an agreement with Faysal Bank Limited for restructuring the TFCs. The terms and conditions of the restructured facility 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
- c. The principle amount of the TFCs shall be repaid as follows:
 - 3 half yearly installments of Rs. 4.16 million commencing from December 31, 2011; and
 - Six half yearly installments of Rs. 100 million starting from 30 June, 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

15.4 This loan has been sanctioned by KASB Bank Limited to the Company. It carries markup at the rate of 3 months KIBOR + 2.75% payable quarterly. The outstanding loan is repayable in 3 quarterly installments of Rs. 16.67 million each. It has been secured by first pari passu charge over 19 acres land of the Company.

15.5 This loan has been sanctioned by BankIslami Pakistan Limited to the Company, for the development of land. It carries markup at the rate of 3 months KIBOR + 2.5%. The loan is repayable in 7 quarterly installments of Rs. 31.25 million each. It has been secured by way of ranking charge on 52.1 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, 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 36 monthly installments. The internal rate of return is 16.89%.

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

Javedan Corporation Limited

	Note	June 30, 2012	June 30, 2011
		Rupees in '000'	
Minimum lease payments			
Up to one year		3,144	2,905
More than one year but not later than five years		-	3,144
Finance charges not yet due			
Up to one year		272	693
More than one year but not later than five years		-	272
Present value of minimum lease payments			
Up to one year		2,872	2,212
More than one year but not later than five years		-	2,872
		2,872	5,084
Current maturity		(2,872)	(2,212)
		-	2,872

17 ADVANCE FROM CUSTOMERS

This represents amount received from customers in respect of booking of plots and bungalows as per the payment plan which includes sale of plots and bungalows to related parties amounting to Rs. 252.611 million.

18 SHORT TERM BORROWINGS

Summit Bank Limited - Secured	18.1	120,000	-
Related parties			
Arif Habib Corporation Limited - Secured	15.6	-	518,450
Loan from Director - Unsecured	18.2	83,000	-
		203,000	518,450

18.1 This represents short-term running finance and term finance obtained from Summit Bank amounting to Rs. 85 million and Rs. 35 million respectively. Both facilities carry markup at the rate of 3 months KIBOR + 4% and are secured by mortgage over 37 acres inclusive of margin and personal guarantee of Mr. Arif Habib.

18.2 This loan was provided by Mr. Arif Habib. It carries markup at the rate of 3 months KIBOR + 3% and is repayable on demand.

19 TRADE AND OTHER PAYABLES

Creditors		1,172	536
Accrued liabilities		103,858	66,046
Retention money payable		4,086	9,069
Al-Abbas Cement Industries Limited - Related Party		108	-
Royalty and excise duty payable on excavation		-	10
Withholding tax payable		948	2,737
Payable against purchase of freehold land		-	160,219
Unclaimed dividend		2,834	2,834
Others		-	371
		113,006	241,822

	Note	June 30, 2012	June 30, 2011
		Rupees in '000'	
20 MARKUP ACCRUED			
Long term finance	20.1	353,867	389,969
Short term borrowings	20.2	38,875	24,395
		392,742	414,364

20.1 During the year, the Company restructured its term finance certificates placed with National Bank of Pakistan (NBP), the terms and conditions of which are described under note 15.2.

20.2 This includes markup payable to related parties amounting to Rs. 36.787 million (2011: 24.395 million).

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

- a) Guarantees issued by commercial banks on behalf of the Company amounting to Rs. 18.844 million (June 30, 2011: Rs. 73.844 million).
- b) 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.
- c) 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 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
		Rupees in '000'	
21.2 Commitments			
Dividend on preference shares		70,814	-
Land for development and civil works		30,914	214,376
Purchase of accounting software and related hardware		-	1,000
		<u>101,728</u>	<u>215,376</u>

22 SALES

No revenue has been recognized during the year as criteria in accordance with the revenue recognition policy of the Company as described in note 3.14 was not met.

23 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	23.1	53,438	20,794
Fees and subscriptions		7,563	7,133
Depreciation	4.2	7,158	4,462
Amortization		1,011	-
Vehicle running expenses		4,649	788
Legal and professional		3,660	1,934
Repair and maintenance		4,621	1,209
Rent, rates and taxes		3,380	556
Utilities		22,627	24,343
Donation	23.2	13,336	4,803
Communication		1,913	229
Travelling and conveyance		1,879	115
Insurance		1,503	2,311
Printing and stationery		1,117	383
Auditors' remuneration	23.3	1,580	565
Entertainment		842	214
Meetings and conventions		243	743
General expenses		397	1,043
		<u>130,917</u>	<u>71,625</u>

23.1 This includes an amount of Rs. 2.27 million (2011: Rs. 0.56 million) in respect of employees retirement benefits.

23.2 During the year the Company has provided Rs. 1.2 million to Memon Medical Institute (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, 2012	June 30, 2011
		Rupees in '000'	
23.3 Auditors' Remuneration			
M. Yousuf Adil Saleem & Co.			
Audit fee		400	-
Review fee		75	-
Code of Corporate Governance		40	-
Accounting opinion		250	-
		765	-
Haroon Zakaria & Co.			
Audit fee		400	350
Review fee		75	75
Code of Corporate Governance and others		70	30
Tax related services		270	110
		815	565
		1,580	565

24 MARKETING AND SELLING EXPENSES

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.

25 OTHER OPERATING EXPENSE

Property and equipment written-off		7,448	-
Bad debts written-off		394	-
Stores and spares written-off		-	213
Stock in trade written-off		-	584
Loss on sale of packing material and stores		-	11,588
Miscellaneous		36	-
		7,878	12,385

26 FINANCE COST

Markup on long term financing	26.1	735,977	573,181
Markup on short term borrowings		5,012	-
Markup on finance lease		693	1,161
Discounting charges on usance inland letter of credit		-	30,383
Bank charges and commission		7,341	3,359
		749,023	608,084
Less: Amount capitalized in the cost of qualifying asset	6	(241,499)	(118,147)
		507,524	489,937

26.1 This include Rs. 131.311 million in respect of TFCs placed with National Bank of Pakistan. The said TFCs have been restructured as per the terms set out in note 15.2 to the financial statements.

	June 30, 2012	June 30, 2011
	Rupees in '000'	
27 OTHER OPERATING INCOME		
Financial assets		
Income from cancellation of bookings	978	-
Profit on deposits	5,705	5,491
Reversal of accrued liabilities	3,200	5,173
Miscellaneous	1,583	186
Non-financial assets		
Sale of scrap	1,120	568
Gain on sale of property and equipment	210	4,242
	<u>12,796</u>	<u>15,660</u>
28 TAXATION		
Current tax		
Current year	10	224
Prior year	5,173	-
	<u>5,183</u>	<u>224</u>
Deferred tax	<u>(415,026)</u>	<u>(427,869)</u>
	<u>(409,843)</u>	<u>(427,645)</u>
28.1 Relationship between accounting loss and tax expense for the year is as follows:		
Accounting loss for the year	<u>(745,586)</u>	<u>(558,491)</u>
Tax rate	<u>35%</u>	<u>35%</u>
Tax benefit on accounting loss	<u>(260,955)</u>	<u>(195,472)</u>
Effect of minimum tax	10	224
Impact of prior year tax	5,173	-
Effect of unrecognized deferred tax assets	<u>(154,071)</u>	<u>-</u>
First time recognition of deferred tax assets	-	(232,397)
	<u>(409,843)</u>	<u>(427,645)</u>
28.2 Income tax assessments of the Company have been finalized upto and including tax year 2011. 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.		
29 LOSS PER SHARE		
Basic and diluted		
Loss attributable to ordinary shareholders	<u>(335,743)</u>	<u>(130,846)</u>
	Number of Shares	
Weighted average ordinary shares	<u>58,128,172</u>	<u>58,128,172</u>
Loss per share - Rupees	<u>(5.78)</u>	<u>(2.25)</u>

29.1 On December 23, 2011, the Company issued 12% non-voting, unlisted, 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. These potential ordinary shares have anti-dilutive effect on (loss) / profit per share for the period then ended.

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements are as follows:

	Chief Executive Officer		Executive	
	June 30 2012	June 30 2011	June 30 2012	June 30 2011
	----- Rupees in Thousands -----			
Managerial remuneration	4,582	776	18,327	10,522
Allowances	-	-	-	510
Medical expenses	458	78	1,832	1,052
Utilities	-	-	-	156
Bonus	364	-	1,492	-
Leave encashment	-	-	170	-
	<u>5,404</u>	<u>854</u>	<u>21,821</u>	<u>12,240</u>
Number of Persons	<u>1</u>	<u>1</u>	<u>12</u>	<u>5</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.

31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

June 30,
2012 June 30,
2011

Rupees in '000'

31.1 Financial Instrument by Category

Loans and receivables

Long term security deposits	3,863	2,074
Deposits and other receivables	22,302	32,663
Interest accrued	322	2,276
Cash and bank balances	31,476	10,901
	<u>57,963</u>	<u>47,914</u>

Financial liabilities at amortized cost

Long term financing	4,221,691	3,429,167
Liabilities against assets subject to finance lease	2,872	5,084
Sponsors' loan	-	1,127,713
Short term borrowings	203,000	518,450
Trade and other payables	112,058	239,075
Markup accrued	392,742	414,364
	<u>4,932,363</u>	<u>5,733,853</u>

31.2 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:

31.3 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, 2012	June 30, 2011
	Rupees in '000'	
Long term security deposits	3,863	2,074
Deposits and other receivables	22,302	34,624
Interest accrued	322	315
Bank balances	29,879	10,630
	<u>56,366</u>	<u>47,643</u>

Deposits and other receivables are from deposit of guarantee margin against the Honourable Supreme Court of Pakistan order in a litigation with Karachi Water and Sewerage Board (KW&SB) and deposits with various contractors amounting to Rs. 12.844 (2011: 13.844) million and Rs. 8.189 (2011: 6.175) million respectively.

Aging of past due but not impaired and past due impaired other receivables are as follows:

	2012		2011	
	Gross	Impairment	Gross	Impairment
	Rupees in '000'			
Not past due	-	-	-	-
Past due 1-90 days	-	-	2,000	-
Past due 91-180 days	-	-	-	-
Past due 181-365 days	-	-	-	-
More than one year	1,229	-	8,466	1,930
	<u>1,229</u>	<u>-</u>	<u>10,466</u>	<u>1,930</u>

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that other receivables past due upto one year do not require any impairment. The company considers Rs.1.229 million (2011: Rs. 8.536 million) as recoverable out of total overdue other receivables for more than one year.

31.4 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:

	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>

	2011					
	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	3,429,167	(3,811,363)	(786,500)	(1,237,741)	(1,620,594)	(166,528)
Liabilities against assets subject to finance leases	5,084	(6,049)	(1,453)	(1,453)	(3,144)	-
Sponsors' loan	1,127,713	(1,127,713)	-	-	-	-
Trade and other payables	236,241	(236,241)	(226,801)	(9,440)	-	-
Short term borrowings	518,450	(539,862)	(539,862)	-	-	-
Unclaimed dividend	2,834	(2,834)	(2,834)	-	-	-
Mark-up accrued	414,364	(414,364)	(414,364)	-	-	-
	<u>5,733,853</u>	<u>(6,138,427)</u>	<u>(1,971,814)</u>	<u>(1,248,634)</u>	<u>(1,623,738)</u>	<u>(166,528)</u>

31.5 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, 2012	June 30, 2011
	Rupees in '000'	
Fixed rate instruments		
Financial Assets		
- Deposit accounts	27,540	8,693
Financial liabilities		
- Long term loans	408,576	-
Variable rate instruments		
Financial liabilities		
- Long term and short term loans	3,969,250	3,947,617
- Liabilities against assets subject to finance lease	2,872	5,084

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. 39.693 million (2011: 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 2011.

	2012 Profit and Loss 100 bp Increase	2011 Profit and Loss 100 bp (Decrease)
As at June 30, 2012		
Cash flow Sensitivity	<u>39,693</u>	<u>(39,693)</u>
As at June 30, 2011		
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.

31.6 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, 2012	June 30, 2011
	Rupees in '000'	
Total borrowings	4,427,563	3,952,701
Less: Cash and bank balances	<u>(31,476)</u>	<u>(10,901)</u>
Net debt	4,396,087	3,941,800
Total equity	<u>(2,951,850)</u>	<u>(2,616,107)</u>
Total capital	<u>1,444,237</u>	<u>1,325,693</u>
Gearing ratio	<u>(3.04)</u>	<u>(2.97)</u>

31.7 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.

32 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 8); 'contribution to employees' gratuity fund' (refer note 8.2); 'sponsors' loan' (refer note 14); 'advance from customers' (refer note 17); 'short term borrowings' (refer note 15.6 and 18.2); 'trade and other payables' (refer note 19); 'administrative expenses' (refer note 23.2); and 'remuneration of directors and chief executive' (refer note 30). Other significant transactions with related parties are as follows:

	June 30, 2012	June 30, 2011
	Rupees in '000'	
Associates		
Sales of raw and packing material	686	6,404
Sales of stores and spares	-	2,208
Sales of vehicles	-	548
Common sharing expenses incurred	-	216
Purchase of vehicles	-	621
Purchase of cement (OPC)	268	-
Paid on behalf of related party	-	308
Sale of plots / bungalows	154,343	-
Loan received from related party	130,231	616,000
Loan repaid to related party	188,681	97,550
Markup expense	84,640	42,844
Markup paid	72,932	18,450
Key management personnel		
Sale of plots / bungalows	98,268	-
Repayment of sponsor loan	-	215,000
Loan received from related party	183,000	-
Loan repaid of sponsor	-	215,000
Loan repaid to related party	100,000	-
Markup expense	2,636	-
Markup paid	1,951	-

33 NON CASH TRANSACTIONS

During the year the Company entered in to non-cash financing transactions with Allied Bank Limited and Faysal Bank Limited, whereby the Company restructured its term finance certificates. As a result, the accrued markup has been converted into principal (refer note 15.1 and 15.3).

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

34 CORRESPONDING FIGURES

Corresponding figures have been reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison.

From	To	Nature	Amount Rs. in 000
Other operating income	Other operating expenses	Loss from sale of raw and packing material and stores – net	11,588
Unclaimed dividend	Trade and other payables	Unclaimed dividend on ordinary share capital	2,834
Trade debts	Deposits, prepayments and other receivables	Receivables not related to core business	1,961

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 7, 2012 by the Board of Directors of the Company.

36 GENERAL

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


 CHIEF EXECUTIVE


 DIRECTOR

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 50th Annual General Meeting of the Company to be held on October 25, 2012 at Beach Luxury Hotel, Karachi, on Thursday at 7:30 p.m. and any adjournment thereof.

Signed this _____ day of _____ 2012.

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.

Pattern of Shareholding

As at June 30, 2012

No. of Shareholders	Shareholding		Total No. of Shares Held
	From	To	
1676	1	100	53,409
483	101	5003	104,596
85	501	1000	62,518
59	1001	5000	126,752
6	5001	10000	34,778
1	10001	15000	13,555
1	20001	25000	24,800
1	30001	35000	31,264
1	65001	70000	66,158
1	70001	75000	71,000
2	195001	200000	399,228
1	220001	225000	221,677
1	600001	605000	602,456
1	1495001	1500000	1,500,000
1	2410001	2415000	2,414,053
1	2730001	2735000	2,733,273
1	3915001	3920000	3,915,318
1	4475001	4480000	4,475,268
1	4780001	4785000	4,784,000
1	6730001	6735000	6,733,817
1	8295001	8300000	8,298,783
1	9420001	9425000	9,422,986
1	12035001	12040000	12,038,483
2328			58,128,172

Categories of Shareholders

Shareholders Category	Number of Percentage	Share Held
Banks Development Financial Institutions, Non-Banking Financial Institutions	4,142,316	7.13
Insurance Companies	118	0.00
Directors, Chief Executive Officer, and Their Spouse and Minor Children	21,742,872	37.40
Associated Companies, Undertaking and Related Parties	12,038,484	20.71
NIT and ICP	13,655	0.02
Others	11,385,957	19.59
Individual	8,804,770	15.15
Grand Total	58,128,172	100

CATAGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2012

S.No	Shareholders Category	Number of Share Held	Percentage
1	Banks Development Financial Institutions, Non Banking Financial Institutions.		
	Allied Bank Limited	4,100	
	Bank Alfalah Limited	221,677	
	Muslim Commercial Bank Limited	1,200	
	National Bank of Pakistan	10	
	Summit Bank Limited	3,915,318	
	United Bank Limited	11	
	Sub-Totals	4,142,316	7.13
2	Insurance Companies		
	Pakistan Reinsurance Company Limited	118	
	Sub-Totals	118	0.00
3	Directors, Chief Executive Officer, and Their Spouse and Minor Children		
	Arif Habib	602,456	
	Aqeel Karim Dhedhi	6,733,818	
	Mohammad Ayub Younus	4,475,270	
	Iqbal Usman	2,733,274	
	Shunaid Qureshi	7,198,054	
	Sub-Totals	21,742,872	37.40
4	Associate Companies, Undertaking and Related Parties		
	Arif Habib Equity (Pvt.) Limited	12,038,484	
	Sub-Totals	12,038,484	20.71
5	Shareholders holding ten percent or more		
	Arif Habib Limited	9,422,986	
	Arif Habib Equity (Pvt) Limited	12,038,484	
	Aqeel Karim Dhedhi	6,733,818	
	Haji Abdul Ghani	8,298,783	
	Shunaid Qureshi	7,198,053	
	Sub-Totals	36,494,071	62.78

CATAGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2012

S.No	Shareholders Category	Number of Share Held	Percentage
5	NIT and ICP IDBP (ICP UNIT) National Bank of Pakistan Sub-Totals	<div style="border: 1px solid black; padding: 2px; display: inline-block;">100</div> 13,555 13,655	0.02
6	Others Sub-Totals	11,385,957	19.58
7	Individual Local - Individuals Sub-Totals	<div style="border: 1px solid black; padding: 2px; display: inline-block;">8,804,770</div> 8,804,770	15.15

Financial calendar

For the Financial year ending June 30, 2013, financial results will be announced as per the following tentative schedule:

1st Quarter ending September 30, 2012	Oct 29, 2012
2nd Quarter ending December 31, 2012	Feb 22, 2013
3rd Quarter ending March 31, 2013	Apr 26, 2013
Year ending June 30, 2013	Aug 26, 2013
51 st Annual General Meeting	Oct 26, 2013



If undelivered please return to:
JAVEDAN CORPORATION LIMITED
Naya Nazimabad Manghopir Road, Karachi-75890