

JAVEDAN

CORPORATION LIMITED

Annual Report
2015



Annual Report 2015



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COMPANY INFORMATION



Board of Directors

Arif Habib
Samad A. Habib
Abdul Qadir
Alamgir A. Sheikh
Hassan Ayub Adhi
Kashif A. Habib
Muhammad Ejaz
Muhammed Siddiq Khokhar
Syed Ali Zulqarnain

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director

Chief Financial Officer & Company Secretary

Syed Muhammad Talha

Audit Committee

Abdul Qadir
Kashif A. Habib
Muhammad Ejaz
Yasir Ghori

Chairman
Member
Member
Secretary

HR & Remuneration Committee

Arif Habib
Samad A. Habib
Muhammad Ejaz

Chairman
Member
Member



Auditors

Haroon Zakaria & Co.
Chartered Accountants

Deloitte Yousuf Adil
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

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

Central Depository Company of
Pakistan Limited, CDC House, 99-B,
Block 'B' S.M.C.H.S Shahrah-e-
Faisal, Karachi.

Site Office

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

VISION



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.





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

MISSION

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 53rd Annual General Meeting of Javedan Corporation Limited will be held at Beach Luxury Hotel, M.T Khan Road, Karachi on Monday, October 26, 2015 at 05:30 p.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of 52nd Annual General Meeting of the shareholders held on October 31, 2014.
2. To receive, consider and adopt annual audited financial statements for the year ended June 30, 2015 together with the Reports of the Auditors and Director thereon.
3. To appoint Auditors for the year ending June 30, 2016 and to fix their remuneration.
4. To elect Nine Directors as fixed by the Board of Directors in their meeting held on September 21 2015, in accordance with the companies' ordinance, 1984 for a term of three years commencing from October 26, 2015. Retiring Directors are Mr. Arif Habib (Chairman), Mr. Samad Habib (CEO), Mr. Abdul Qadir, Mr. Kashif A. Habib, Mr. Hassan Ayub Adhi, Mr. Muhammad Ejaz, Mr. Muhammad Siddiq Khokhar, Mr. Alamgir A Shiekh and Syed Ali Zulqarnain.

The retiring directors are eligible for re-election.

Special Business

Amendment in the Memorandum and Articles of Association of the Company for the increase in Authorized Share Capital

RESOLVED that Authorized Share Capital of Javedan Corporation Limited be and hereby increased by an amount of Rs. 500,000,000/- divided into 50,000,000 (Fifty Million only) Ordinary Shares of Rs. 10/- each to Rs. 2,900,000,000/- (Rupees Two Billion Nine Hundred Million Only) divided into 290,000,000 (Two Hundred and Ninety Million) Shares of Rs. 10/- each from existing Authorized Share Capital of Rs. 2,400,000,000/- (Rupees Two Billion and Four Hundred million Only) divided into 240,000,000 (Two Hundred and Forty Million only) Shares of Rs. 10/- each.

FURTHER RESOLVED that Ordinary Share Capital of Javedan Corporation Limited be and hereby increased by an amount of Rs. 500,000,000/- divided into 50,000,000 (Fifty Million only) Ordinary Shares of Rs. 10/- each to Rs. 1,700,000,000/- (Rupees One Billion Seven Hundred Million Only) divided into 170,000,000 (One Hundred and Seventy Million) Ordinary Shares of Rs. 10/- each from existing Ordinary Share Capital of Rs. 1,200,000,000/- (Rupees One Billion and Two Hundred million Only) divided into 120,000,000 (One Hundred and Twenty Million only) Shares of Rs. 10/- each.

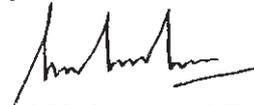
FURTHER RESOLVED THAT Clause V of the Memorandum of Association be altered as under: The figure and words "Rs.1,200,000,000/- (Rupees One billion two hundred million) divided into 120,000,000 (One hundred twenty million) Ordinary Shares of Rs.10/- each and 120,000,000 (One hundred and twenty million) Preference Shares of Rs.10/- each be replaced with "Rs.1,700,000,000/- (Rupees One billion Seven hundred million) divided into 170,000,000 (One hundred Seventy million) Ordinary Shares of Rs.10/- each and 120,000,000 (One hundred and twenty million) Preference Shares of Rs.10/-each"

FURTHER RESOLVED THAT article 6 of the Articles of Association be altered as under: "The figure and words "Rs.1,200,000,000/- (Rupees One billion two hundred million only) divided into 120,000,000 (One hundred twenty million) Ordinary Shares of Rs.10/- each and 120,000,000 (One hundred and twenty million) Preference Shares of Rs.10/- each be replaced with "Rs.1,700,000,000/- (Rupees One billion and Seven Hundred million only) divided into 170,000,000 (One hundred Seventy million) Ordinary Shares of Rs.10/- each and 120,000,000 (One hundred and twenty million) Preference Shares of Rs.10/-each"

FURTHER RESOLVED that the Chief Executive and / or Company Secretary be and hereby authorized to complete all necessary formalities in this regard.

A statement as required under section 160(1)(b) of the Companies Ordinance, 1984 is being sent to the members along with the notice.

By Order of the Board



Syed Muhammad Talha
Company Secretary

Karachi: October 05, 2015

Notes:

1. The Share transfer books will remain closed from October 20, 2015 to October 26, 2015 (both days inclusive).
2. All Members are entitled to attend and vote at the meeting. A member may appoint a proxy who needs to be a Member of the Company.
3. Transfer received in order at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi - 74400 at the close of the business on Monday, October 19, 2015, will be considered in time for the determination of entitlement of shareholders to attend and vote at the meeting.
4. Any change of addresses of Members should be notified immediately to the Company's Registered Office or Share Registrar's Office.
5. A statement under section 160(1) (b) of the Companies Ordinance, 1984 with respect to special business contained in the notice of the meeting is annexed. The same is also available on the Company's website: www.jcl.com.pk
6. 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.

7. 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. The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company Notes:

STATEMENT U/S 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 WITH RESPECT TO SPECIAL BUSINESS AS CONTAINED IN THE NOTICE OF ANNUAL GENERAL MEETING TO BE HELD ON OCT 26, 2015.

The statement sets out the material facts pertaining to the special business to be transacted at the forthcoming Annual General Meeting of the Company to be held on Oct 26, 2015. The Directors in their meeting held on Sep 21, 2015 have recommended to the shareholders to pass ordinary resolution in respect of the following item;

A statement setting out all material facts with respect to the special business is furnished as under:

I. INCREASE IN THE SHARE CAPITAL - ORDINARY RESOLUTION

It is proposed to increase the Authorized Share Capital from Rs.2,400,000,000/- to Rs.2,900,000,000/- by addition of 50,000,000 Ordinary Shares of Rs.10 each. The Ordinary shares Capital is being increased from Rs. 1,200,000,000/- to Rs.1,700,000,000/- by an addition of 50,000,000 ordinary shares of Rs. 10 each.

Clause V of the Memorandum of Association after the proposed amendment will read as under:

SHARE CAPITAL: The Authorized Capital of the Company is Rs.2,900,000,000/- (Rupees Two billion Nine hundred million) divided into 170,000,000 (one hundred Seventy million) Ordinary Shares of Rs.10/- each and 120,000,000 (one hundred twenty million) Preference Shares of Rs.10/- each, with attached thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions in accordance with the Companies Ordinance, 1984, and to vary, modify or abrogate any such rights, privileges or conditions, in such manner as may be permitted by the Companies Ordinance, 1984 and to increase and / or reduce the capital and to divide shares in the capital into several kinds and classes and to consolidate or subdivide the shares and to issue shares for higher or lower denominations.

Article 6 of the Articles of Association after the proposed amendment will be read as under: The Authorized Capital of the Company is Rs. 2,900,000,000/- (Rupees Two billion Nine hundred million) divided into 170,000,000 (one hundred Seventy million) Ordinary Shares of Rs.10/- each and 120,000,000 (one hundred twenty million) Preference Shares of Rs.10/- each with such preferred, deferred, or other special rights, or such restrictions, whether in regard to dividend, voting, return of share capital, or otherwise as the Company may from time to time by special resolution determine, and any preference shares may, with the sanction of a special resolution, be issued on the terms that it is, or at the option of the Company is liable to be redeemed.

INSPECTION OF DOCUMENTS

A copy of the Memorandum and Articles of the Company being altered is available for inspection at the Company's Registered Office of 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 and 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.

BOARD OF DIRECTOR'S



1 Mr. Arif Habib Chairman

Mr. Arif Habib is the Chairman of Javedan Corporation Limited. He is the Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Pakarab Fertilizers Limited, Fatima Fertilizer Company Limited and Arif Habib DMCC Dubai. He also serves as a director in various companies including Sui Northern Gas Pipelines Limited.

Mr. Arif Habib remained the elected President/ Chairman of Karachi Stock Exchange for Six times in the past and was a Founding member and 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 and 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.

Mr. Habib participates with significant dedication in welfare activities of different organizations. To quote a few, he remains one of the trustees of Fatimid Foundation and Memon Health & Education Foundation as well as director of Pakistan Centre for Philanthropy and Karachi Education initiative

Corporate Responsibilities

As Chairman

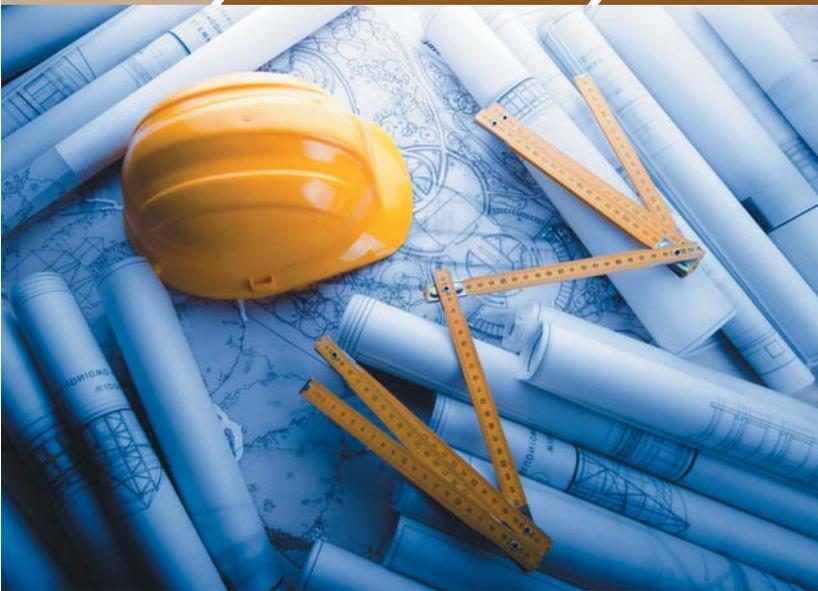
- Aisha Steel Mills Limited
- Arif Habib Consultancy (Pvt.) Limited
- Arif Habib DMCC (resigned 31st July)
- Arif Habib Foundation
- DH Fertilizers Limited
- Fatima Fertilizer Company Limited
- Pakarab Fertilizers Limited
- Sachal Energy Development (Pvt.) Limited

As Director

- Pakistan International Airlines Corporation
- Pakistan Engineering Company Limited
- Sui Northern Gas Pipelines Limited
- Pakistan Opportunities Limited
- International Complex Projects Limited

As Honorary Trustee / Director

- Fatimid Foundation
- Karachi Education Initiative
- Pakistan Veterans Cricket Association
- Memon Health and Education Foundation
- Pakistan Centre for Philanthropy
- Arif Habib Foundation



2 Mr. Samad A. Habib
Javedan Corporation Limited
C.E.O

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 in various senior Management roles. He began his career with Arif Habib Corporation Limited (the holding company of Arif Habib group) as an Investment Analyst, following which he served the company at various executive positions including Executive Sales and Business Promotions, Company Secretary, Head of Marketing etc. In 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.

Corporate Responsibilities

As Director

- Arif Habib Equity (Pvt.) Limited
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Foundation
- MCB-Arif Habib Savings & Investments Limited
- International Complex Projects Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Power Cement Limited
- REMMCO Builders & Developers Limited
- Rotocast Engineering Company (Pvt.) Limited
- Safemix Concrete Limited



3 Mr. Muhammed Siddiq Khokhar

Director

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

He has gained extensive experience in the area of Finance, Economics, Management and legal matters and attained the position of SENIOR ECONOMIST; in PCSIR Ministry of Science and Technology; Government of Pakistan, where he prepared many pre-feasibility reports, which were approved, recognized and implemented by the ECNEC, Government of Pakistan for commercial production.

He is well known critic on finance, accounts and various appraisals in the corporate world and his contribution in this respect has been appreciated by the higher ups. He has contributed many articles on economy, finance and budget etc in the various newspaper and magazines of high repute.

At present, he is the Director of Golden Arrow Selected Fund and Chairman, Audit Committee. He has also served the Board of First Dawood Investment Bank Limited as Director, nominated by National Investment Trust. He has remained an independent Director in Network Micro Finance Bank Limited (Now APNA MICROFINANCE BANK LTD).

4 Mr. Muhammad Ejaz

Director

Mr. Ejaz is the Chief Executive of Arif Habib Dolmen REIT Management Limited. He has over 20 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 holds a Masters' degree in Business Administration from the Institute of Business Administration where he is also regular visiting faculty member. He is also a certified Risk Manager.

Corporate Responsibilities

As Chief Executive

Arif Habib Dolmen REIT Management Limited (Chief Executive)

As Director

- Aisha Steel Mills Limited
- Al- Hamra City (Pvt.) Limited
- Dolmen Arif Habib Real Estate Services (Pvt.) Limited
- Power Cement Limited
- REMMCO Builders & Developers Limited
- Sachal Energy Development (Pvt.) Limited



5 Mr. Abdul Qadir Sultan
Director

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

6 Alamgir A. Sheikh
Director

Alamgir A. Sheikh is a President of PAKSITAN Billiards & Snooker Association, Vice President Marketing of Jubilee General Insurance and also Chairman of H Travels & Tours (Pvt.) Ltd.



7 Syed Ali Zulqurnain
Director

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

8 Mr. Hassan Ayub
Director

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

9 Mr. Kashif A. Habib
Director

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 industries. He has to his credit four years' of experience in Arif Habib Corporation Limited as well as four years' experience as an Executive Director in Cement and Fertilizer Company of the group.

Corporate Responsibilities

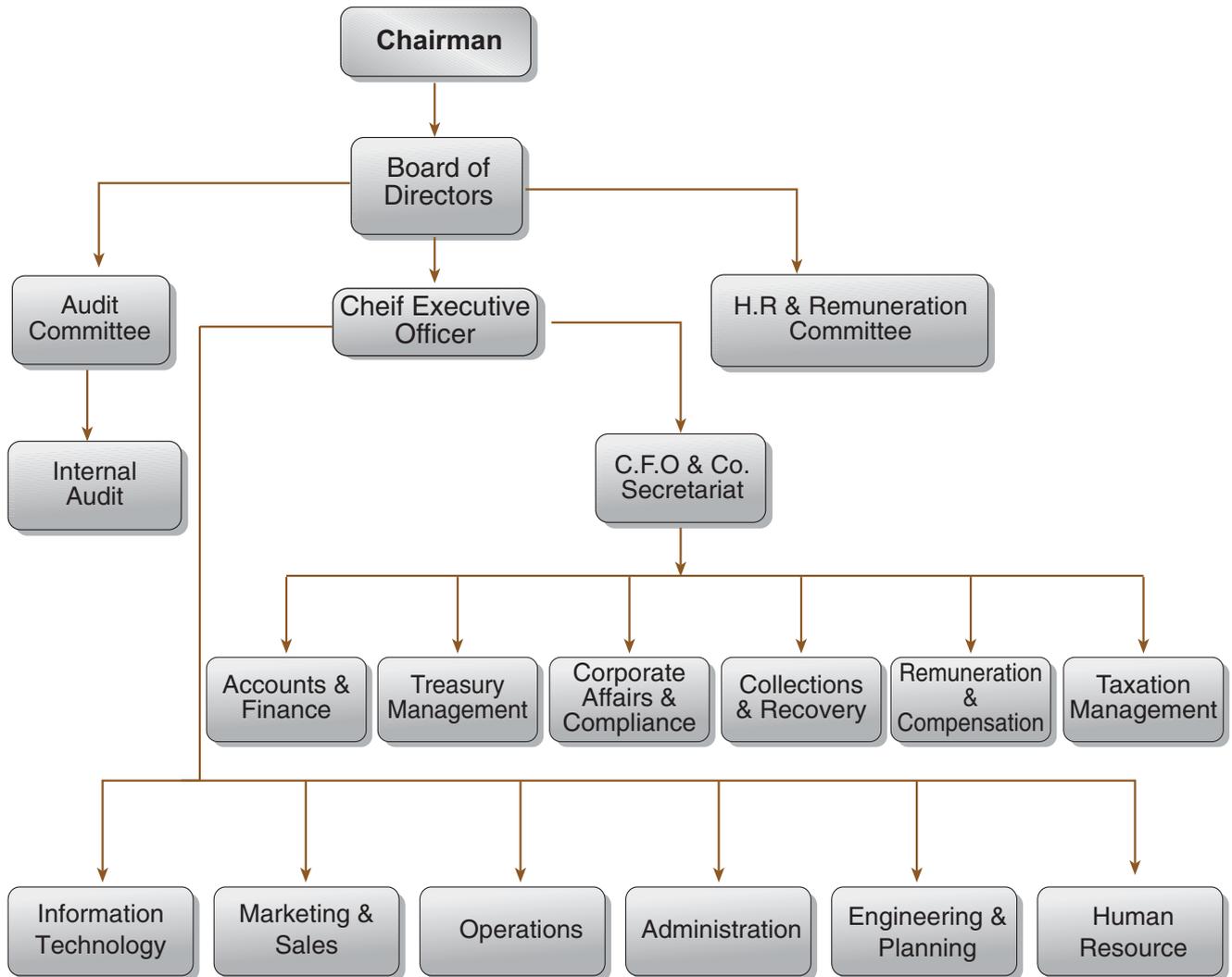
As Chief Executive

Power Cement Limited (Chief Executive)
Safe Mix Concrete Products Limited

As Director

- Aisha Steel Mills Limited
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Foundation
- Bubber Sher (Pvt.) Limited
- DH Fertilizers Limited
- Dolmen Arif Habib Real Estate Services (Pvt.) Limited
- Fatima Fertilizer Company Limited
- Memon Health and Education Foundation
- Pakarab Fertilizers Limited
- REMMCO Builders & Developers Limited
- Reliance Sacks Limited
- Rotocast Engineering Company (Pvt.) Limited

ORGANIZATIONAL STRUCTURE



DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

On behalf of the Board of Directors of Javedan Corporation Limited (JCL), I am pleased to present the annual report together with audited financial statements for the year ended June 30, 2015.

Overview

During the year, the Company recorded sale of Rs. 1,260 million as compared to the sale of Rs.1,876 million last year. The decline is attributable to the fact that the Company has not launched any new phase during the year and all recorded sales are related to already launched units that were hold for quite some time so that premium prices may be obtained. Further, the Company is focusing on development work rather than launching new phase to ensure fulfillment of promises made. The company has successfully managed to keep its profit before tax at Rs.1,005 million as compared to last year of Rs.842 million. The major contribution is the reduction of Finance Cost from Rs.387 million to Rs.188 million. This is the results of decrease in banking liabilities from Rs.3.8 billion to Rs.2.2 billion, as the Company had paid around Rs.1.6 billion to banking companies with the help of Sponsors. Reduction in discount rate during the year as compared to last year by State Bank of Pakistan is also another factor. Further, the Company is current with all banking obligations. Since the project launched accumulated losses are significantly reduced from Rs. 4,736 million to Rs. 161 million and banking obligations are also decreased from Rs.4.1 billion to Rs.2.2 billion. Keeping in view the upcoming development work, liquidity requirements and payment of finance cost and accumulated losses, the Board has not recommended any cash or stock dividend. In order to expedite development work, the Company had successfully issued 100% Right Shares at par value of Rs. 10/- per share. This shows the confidence of the sponsors and shareholders in the project.

Following is the summary of comparative audited financial results:

Particulars	June 30, 2015 (Audited)	June 30, 2014 (Audited)
	(Rupees in thousands)	
Net Sales	1,260,588	1,876,433
Cost of sales	(424,149)	(566,320)
Gross Profit	836,439	1,310,113
Profit before taxation	1,005,763	842,277
Profit after taxation	800,521	842,277
EPS - Basic (in rupees)	7.10	10.25
EPS - Diluted (in rupees)	3.65	4.09

Development Progress

Naya Nazimabad, is heading towards the achievement of development goals and the timely delivery of plots and bungalows to its customers after completion of 12 KM perimeter of Boundary wall and dedicated sewerage line spread over 4 KM exclusively for Naya Nazimabad allottees.

Company's efforts are now focused on internal and external development. The emphasis is being placed on quality assurance and cost effectiveness by taking local and international development partners on Board. The infrastructure development phase has already been started in all blocks that include the laying of sewerage, storm water, water lines, power cabling, communication network, construction of roads, pavements and parks. Leveling, grading and demarcation of residential plots already completed. Further, most of the roads and green areas are already developed. We have started giving possession of plots to interested customers who are willing to start construction on immediate basis in accordance with the approved design / by laws. Few customers are already started construction on their plots. Construction of built up bungalows is carried out at fast pace and it is likely to complete the first batch of bungalows by the end of this calendar year, while the work on remaining banglows is expected to complete before the end of current financial year. Further, Bank Street has been constructed completely connecting the residential block with commercial site along with the gate house and cricket stadium.

For external development, we are focusing on improving access to Naya Nazimabad from North Nazimabad and North Karachi. The Company has successfully implemented its plan for improving access from Sakhi Hasan, North Nazimabad by deploying its own resources and working on further improvement of this road network. Further, the Company is already planned to start construction of 4000 Road from North Karachi as it will provide alternative route to Naya Nazimabad Allottees. The Company is also engaging renowned professional for the study of constructing overhead bridge on Anwer shamim road connecting to Naya Nazimabad. Further, the Company is also in co-ordination with Government for the construction of 2000 Road from Nagan Chowrangi as this will provide signal free corridor to Naya Nazimabad allottees from Jinnah International Airport.



Corporate Social Responsibility (CSR)

The Company actively participates in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes generously to various social and charitable causes including towards health, education and social

sectors. We had already constructed a campus of The Citizen Foundation at Naya Nazimabad and supported it as well. Further, we are also engaging with TCF for developing further units. Currently, the Company is participating in "Sarsabz wa Pursakoon Karachi" organized by "Commissioner Karachi Office & National Forum for Environment & Health".



Further, we are also doing municipal activities around the project to establish Naya Nazimabad Municipal Corporation (NMC) through which such activities are controlled and monitored. Some of social community initiatives during this year are as follows:

- The most prominent among all the events was Pakistan Day Celebrations on 23rd March 2015. The event was started with Flag Raising Ceremony followed by National Anthem and Dua for the prosperity and Peace in the country.



- JCL has always been supporting sports and healthy activities. JCL sponsored 17th National Seniors Cup tournament 2015 and also supported 8th DG Rangers Open Squash championship.
- JCL organized Ramadan Peace Cup Cricket tournament at Naya Nazimabad Lawai cricket stadium which was live telecasted on GEO super. The total prize money for the players was raised in order to motivate young cricketers and to facilitate them for better cricket.



- Naya Nazimabad participated in "The Oasis of Harmony", an exhibition organized by Karachi Chamber of Commerce and Industries at Karachi Expo Center. The aim of the exhibition was to focus on improving the positive image of Pakistan with regards to improving safety and security situation of Karachi.



- The state of the art Football ground in Naya Nazimabad is a live example of the sports promotional endeavors of the company. The inauguration match was played in June. Hundreds of spectators enjoyed the inauguration ceremony of Naya Nazimabad football ground.
- The chairman Arif Habib Group, Mr. Arif Habib hosted the Dinner at Naya Nazimabad in partnership with PIA honor of Emerging Cricket Stars Sarfraz Ahmed and Anwer Ali and awarded trophies and prize money to the guest players.



- JCL participated in "The Vision of Prosperity", organized by All Pakistan Memon Federation. The exhibition was focused to attract and encourage business entrepreneurs from all sectors who contribute to strengthen the economy of the country.



- JCL has also contributed to disable persons, welfare associations and to its workers through cash and also by distributing Ration.
- The Company recently led a blood donation drive in conjunction with the Indus Hospital at Naya Nazimabad.

Safety, Health and Environmental Protection Measures:

The company has designed its project with energy efficient approach with minimum cooling and heating requirements in consideration of utilizing sunlight and natural wind. This can be feel by analyzing the design of each bungalow. Extensive plantation has already been done around the project and some parks are in developing stage. Being a responsible corporate citizen, we are actually aware of our responsibility to provide a safe and healthy work environment to our associates and to our Allottees. We make every effort to eliminate workplace hazards and provide safe, healthy and comfortable working conditions for our employees. This has been ensured through Environmental Monitoring Report of Naya Nazimabad Housing Scheme prepared by M/s Environmental Management Consultants (EMC) for the Company on quarterly basis. This Environmental Monitoring Report follows the IEE conditions of monitoring the Project activities to check compliance against the legal requirements. Environmental Monitoring is an activity to be undertaken by the administration over the entire project cycle showing its commitment towards meeting environmental regulations / standards and good housekeeping practices as well as maintaining health and safety standards. We believe that safety and health is a journey of continuous improvement and eternal diligence and we will continue to take steps to improve it.

FUTURE OUTLOOK

The Company has so far focused on ensuring that delivery of phase 1 is made on time. Additionally, efforts have been made to secure the whole of the property. We are pleased to report that these objectives are substantially achieved. Delivery of 1st phase will not only settle the outstanding banking liabilities of the company but would enhance the value of unsold property. Plans are being made to develop commercial sites of the property following which 2nd phase would be launched. Market conditions are getting better due to improve security situations of Karachi and declining interest rates in Pakistan. In view of above future of the company looks stable.

NAYA NAZIMABAD GYMKHANA CLUB

Within the Naya Nazimabad project, JCL is establishing a gymkhana club facility. This is in line with the management's plan to provide the residents of Naya Nazimabad with a full scope living experience of live, work and play. Under this project, the gymkhana club will be constructed close to the existing cricket stadium within the scheme. Naya Nazimabad Gymkhana is located at a prime setting within the development. Easily accessible via the main entrance, the club enjoys centrality to commercial areas, high density residential apartments and the "Bank Street" financial district.



JAMA MASJID AND ISLAMIC CENTER

Grand Jama Masjid with Islamic Center spread over seven acres of ideally placed land on Main Boulevard Road is in the final stages of Design. Further, Ground Breaking Ceremony will be expected soon.



HEALTH AND EDUCATION CITY

To fostering a progressive living environment at Naya Nazimabad, the management is working extensively on Health and Education City. Working design for school, vocational center and Hospital already finalized.



AUDITORS

The auditors, M/s. Haroon Zakaria & Company, Chartered Accountants, and M/s Deloitte Yousuf Adil, Chartered Accountants were retired and being eligible, offer themselves for reappointment. The Board of Directors recommended as joint auditors of the Company for the financial year 2015-2016 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:

1. 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.
2. The Company has maintained proper books of accounts.
3. 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.
4. International Accounting Standards and International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no doubts upon the Company's ability to continue as a going concern.
7. Statements regarding the following are annexed: Key financial data for the last six years
Pattern of shareholding.
8. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
9. The statutory payments on account of taxes, duties, levies and charges have been paid as per respective laws.

MODIFICATION IN AUDITORS' REPORT EMPHASIS

The auditors have drawn attention related to recoverability of deferred tax asset which depends on future profitability of the company. There is an inherent certainty in future Profitability as future events are always susceptible to change.

DIRECTOR'S TRAINING PROGRAM

During the year Mr.Siddiq Khokhar participated in Corporate Governance Leadership Skills - Director's Education program arranged by Institute of Cost and Management accounts of Pakistan.

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
Mr. Arif Habib	4
Mr. Samad A. Habib	4
Mr. Abdul Qadir Sultan	2
Mr. Muhammad Ejaz	3
Mr. Kashif A. Habib	2
Mr. Muhammad Iqbal	2
Mr. Mohammad Siddiq Khokhar	4
Mr. Hasan Ayub	2
Syed Ali Zulqarnain	2

Leave of absence was granted to the directors who could not attend the Board meetings.

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. Abdul Qadir	Chairman	Non-Executive Director
Mr. Kashif Habib	Member	Non-Executive Director
Mr. Muhammad Ejaz	Member	Non-Executive Director

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.

During the year, five meetings of Audit Committee were held. Attendance by each director is as follows:

Name of Directors	No. of Meetings Attended
Mr. Abdul Qadir	3
Mr. Kashif A. Habib	5
Mr. Muhammad Ejaz	4

Leave of absence was granted to the directors who could not attend the Audit Committee meetings.

Human Resource (HR) and Remuneration Committee

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

Mr. Arif Habib	Chairman	Non-Executive Director
Mr. Samad A. Habib	Member	Chief Executive Officer
Mr. Muhammad Ejaz	Member	Non-Executive Director

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 effectively and remain motivated.

Statement as to the value of Investments of gratuity fund

The company operates an approved funded gratuity scheme for all its eligible employees who have completed their minimum qualifying period of service with the company. The value of the investments of the gratuity fund is PKR Rs. 4.73 million

Acknowledgement

The support and guidance exhibited by our shareholders, banks and financial institutions over the years has been critical in enabling the Company to deliver this project. Continuation of this support is even more critical as the market expectations have increased manifolds as well to do our best to ensure full reward of your investment in the coming years. The management of the Company would like to thank all the financial institutions, Securities and Exchange Commission of Pakistan, Karachi Stock Exchange, customers, individuals and staff members who have been associated with the Company and its project for their support and cooperation. We would also like to thank Board of Revenue, Lyari Development Authority, Sindh Building Control Authority, Environmental Protection Agency and above all Government of Sindh for their support to the project. May Allah bless us in our efforts. Ameen.



Samad A. Habib
Chief Executive
Sep. 21, 2015

PERFORMANCE REVIEW REPORT

We are pleased to present herewith the performance review report for the year ended June 30, 2015.

Key financial Data 2015 at a Glance

		2015	2014	2013	2012	2011	2010
Investment Measure							
Ordinary Share Capital	Rs/Mn	1,166	583	581	581	581	291
Preference share Capital	Rs/Mn	1,120	1,120	1,127	1,127	-	-
Reserves							
	Rs/Mn	(78)	(1,176)	(3,125)	(4,673)	(4,337)	(4,206)
Ordinary Share Holder's Equity							
	Rs/Mn	2,208	527	(1,416)	(2,952)	(3,744)	(3,613)
Dividend On Ordinary Shares	Rs/Mn	-	-	-	-	-	-
Dividend Per Ordinary Share							
	Rs	-	-	-	-	-	-
Profit/(Loss) Before Taxation							
	Rs/Mn	1,005	842	723	(746)	(558)	(124)
Profit/(Loss) After Taxation							
	Rs/Mn	800	842	711	(336)	(131)	(129)
Earning Per Share							
	Rs	7.10	10.25	12.23	(5.78)	(2.25)	(2.36)
Measurement Of Financial Status							
Current Assets to Current Liabilities	X :1	2.70	1.96	2.69	4.45	3.54	0.55
Debt Equity Ratio							
	X :1	1.88	8.73	1.48	(3.32)	11.09	13.23
Total Debt Ratio							
	X :1	0.38	0.46	0.43	0.41	0.41	2.43
Sales							
	Rs/Mn	1,260	1,876	2,395	-	-	610
Cost of Goods Sold As % of Sales							
	%	33.65	30.18	46.18	-	-	(108)
Profit/(loss)Before Taxation As % to Sales							
	%	79.79	44.89	30.18	-	-	(20)
(loss)/profit After Taxation As % to Sales							
	%	63.50	44.89	29.68	-	-	(21)

DELOITTE YOUSUF ADIL
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 Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Javedan Corporation Limited**, (the Company) for the year ended June 30, 2015 to comply with the requirements of chapter 5, regulation 5.19 of the Karachi Stock Exchange Regulations where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company (the Board). 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 and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the management's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 as applicable to the Company for the year ended June 30, 2015.

Further, we highlight below instances of non-compliances with requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

- i) Paragraph 6 As per the Code, the Board should ensure that significant policies have been formulated, which are in the process of development.
- ii) Paragraph 7 As per the Code, a mechanism was required to be put in place for an annual evaluation of the Board's own performance which is in process of development.

Further as per the Code, the Board was required to define the level of materiality, the determination of which is in process.

- iii) Paragraph 23 As per the Code, internal audit reports should be placed before the Board and Audit Committee for their information, consideration and decision. During the year, the internal audit reports could not be presented in the Board.



DELOITTE YOUSUF ADIL
Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Dated: September 21, 2015
Karachi



HAROON ZAKARIA & CO.
Chartered Accountants

Engagement Partner
Mohammad Iqbal Abdul Aziz

Dated: September 21, 2015
Karachi

Statement of Compliance with Best Practices of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Karachi Stock Exchange Regulations for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Muhammad SiddiqKhokar
	Mr. Abdul Qadir
Non-Executive Directors	Mr. Arif Habib
	Mr. Muhammad Ejaz
	Mr. Hasan Ayub
	Mr. Mohammad Kashif Habib
	Syed Ali Zulqarnain
Executive Directors	Mr. Samad A. Habib

The independent director meets the criteria of independence under clause 5.19.1(b) of the Code.

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

5. The Company has prepared a 'Code of Conduct' and has ensured that the appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures. The same is also available on company's website.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. However, few significant policies are in the process of development.
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. The Board is in the process of establishing a mechanism for evaluation of Board's own performance and defining a level of materiality, which it intends to approve in the forthcoming Board meeting.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified in regulation 5.19.7 of the Code, two Directors obtained certificates of training while one Director is exempt from training requirement. The remaining Directors will be trained within the prescribed time period. All the Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
10. There has been no change in the position of Chief Financial Officer, the Company Secretary, or Head of Internal Audit during the year.
11. The Directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) before approval of the Board.
13. The Directors, CEO, and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of Code.
15. The Board has formed an Audit Committee which comprises of three members, of whom all are non-executive directors and chairman is independent.

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

Karachi
Dated: September 21, 2015



Samad A. Habib
Chief Executive Officer

DELOITTE YOUSUF ADIL
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.

Auditors' Report to the Members

We have audited the annexed balance sheet of Javedan Corporation Limited (the Company) as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants

HAROON ZAKARIA & COMPANY
Chartered Accountants

- 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, 2015 and of the profit, its comprehensive income, 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 note 7.1 to the financial statements related to recoverability of deferred tax asset which depends on future profitability of the Company. There is an inherent uncertainty in future profitability as future events are always susceptible to change. Our opinion is not qualified in respect of this matter.



Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Karachi
Dated: September 21, 2015



Chartered Accountants

Engagement Partner
Mohammad Iqbal Abdul Aziz

Karachi
Dated: September 21, 2015

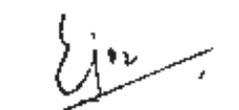
BALANCE SHEET

As At June 30, 2015

ASSETS	Notes	June 30, 2015	June 30, 2014
		Rupees in '000'	
ASSETS			
Non-current assets			
Property and equipment	5	1,546,410	1,089,173
Intangible assets	6	3,246	5,353
Deferred taxation	7	662,028	985,937
Trade debts - Long term	8	-	1,894,467
Long term security deposits		3,440	3,440
Total non-current assets		2,215,124	3,978,370
Current assets			
Development properties	9	7,961,582	8,009,305
Trade debts	8	3,118,767	337,699
Advances	10	52,180	21,501
Trade deposits, short term prepayments and other receivables	11	663,695	536,476
Cash and bank balances	12	112,854	7,489
Total current assets		11,909,078	8,912,470
Total assets		14,124,202	12,890,840
EQUITY AND LIABILITIES			
Authorised share capital			
Ordinary share capital	13	1,200,000	1,200,000
Preference share capital	13	1,200,000	1,200,000
Issued, subscribed and paid-up share capital			
Ordinary share capital	13	1,166,526	583,253
Preference share capital	13	1,120,213	1,120,253
Reserves	14	(78,024)	(1,176,318)
Surplus on revaluation of freehold land	15	2,208,715	527,188
		6,536,385	6,376,047
Non-current liabilities			
Long term finance	16	965,626	1,431,364
Liabilities against assets subject to finance lease	17	931	1,614
Deferred liabilities	18	6,776	2,719
Total non-current liabilities		973,333	1,435,697
Current liabilities			
Trade and other payables	19	252,294	317,070
Mark-up accrued	20	337,018	280,226
Advance from customers	21	625,573	785,245
Short term borrowings	22	2,288,563	1,167,938
Current maturity of:			
Long term finance	16	901,527	2,000,841
Liabilities against assets subject to finance lease	17	794	588
Total current liabilities		4,405,769	4,551,908
Contingencies and commitments	23		
Total equity and liabilities		14,124,202	12,890,840

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


CHIEF EXECUTIVE


DIRECTOR

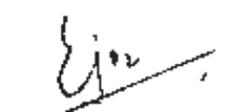
PROFIT AND LOSS ACCOUNT

For The Year Ended June 30, 2015

	Notes	June 30, 2015	June 30, 2014
		Rupees in '000'	
Sales	24	1,260,588	1,876,433
Cost of sales	9	(424,149)	(566,320)
Gross profit		836,439	1,310,113
Expenses			
Administrative expenses	25	(146,393)	(130,593)
Marketing and selling expenses	26	(22,014)	(4,453)
Finance cost	27	(188,560)	(387,020)
		(356,967)	(522,066)
Other income	28	526,291	54,230
Profit before taxation		1,005,763	842,277
Taxation			
Current		(12,606)	(143,187)
Prior year		131,273	91
Deferred		(323,909)	143,096
	29	(205,242)	-
Profit after taxation		800,521	842,277
-----Rupees-----			
Earning per share			Restated
Basic	30	7.10	10.25
Diluted	30	3.65	4.09

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


CHIEF EXECUTIVE


DIRECTOR

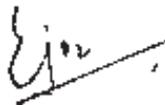
STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2015

Notes	June 30, 2015	June 30, 2014
	Rupees in '000'	
Profit after taxation	800,521	842,277
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account	-	-
Items that will not be reclassified subsequently to profit and loss account		
Actuarial loss on re-measurement of defined benefit obligation	(293)	(1,534)
Total comprehensive income for the year	800,228	840,743

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


CHIEF EXECUTIVE


DIRECTOR

CASH FLOW STATEMENT

For The Year Ended June 30, 2015

	June 30, 2015	June 30, 2014
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,005,763	842,277
Adjustments:		
Depreciation	25 9,028	9,806
Amortization	25 2,107	2,106
Finance cost	27 188,560	387,020
Profit on deposits	28 (411)	(40,533)
Income on unwinding of discount on trade debts	28 (348,683)	-
Liabilities written-back	28 (144,486)	(427)
Provision in respect to employees' gratuity fund	18.5 4,175	3,190
Loss on disposal of property and equipment	61	-
Cash flow from operating activities before working capital changes	716,114	1,203,439
Working capital changes		
(Increase) / decrease in current assets		
Trade debts	(537,918)	(1,032,384)
Development properties	312,468	467,875
Advances	(30,679)	(8,920)
Deposits, prepayments and other receivables	(127,219)	(38,623)
	(383,348)	(612,052)
Increase / (decrease) in current liabilities		
Trade and other payables	67,167	50,223
Advance from customers	(159,672)	153,601
	(92,505)	203,824
	(475,853)	(408,228)
Net cash generated from operations	240,261	795,211
Income tax paid	(13,276)	(1,966)
Finance cost paid	(396,513)	(567,833)
Gratuity paid	(411)	(3,544)
Long term deposits paid	-	(105)
Net cash (used in) / generated from operating activities	(169,939)	221,763

CASH FLOW STATEMENT

For The Year Ended June 30, 2015

June 30,
2015 June 30,
2014
Rupees in '000'

CASH FLOWS FROM INVESTING ACTIVITIES

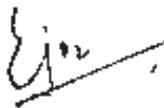
Payment made for purchase of property and equipment		(6,455)	(4,339)
Payment made for purchase of land for development	9	-	(32,834)
Proceeds from sale of property and equipment		92	1,012
Interest received		411	865
Net cash used in investing activities		(5,952)	(35,296)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term finance-net		(1,420,566)	(936,974)
Principal repayment of finance lease		(477)	(432)
Proceeds from short term borrowings-net		1,120,625	743,296
Proceeds from right issue of shares		583,263	-
Right share issue cost		(1,589)	-
Net cash generated from / (used in) financing activities		281,256	(194,110)
Net increase / (decrease) in cash and cash equivalent		105,365	(7,643)
Cash and cash equivalents at beginning of the year		7,489	15,132
Cash and cash equivalents at end of the year	12	112,854	7,489

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


CHIEF EXECUTIVE


DIRECTOR

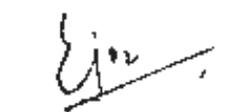
STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2015

	Ordinary Share capital (Note 13.1)	Share Premium (Note 14.2)	Preference Share capital (Note 13.2)	Capital Reserves (Note 14.1)	Revenue Reserves		Total
					General reserve (Note 14.3)	Accumulated Losses	
----- Rupees in '000' -----							
Balance as at June 30, 2013	581,282	-	1,127,713	11,966	63,500	(3,200,918)	(1,416,457)
Total comprehensive income for the year ended June 30, 2014:							
Profit for the year	-	-	-	-	-	842,277	842,277
Other comprehensive income	-	-	-	-	-	(1,534)	(1,534)
Total comprehensive income	-	-	-	-	-	840,743	840,743
Transfer of surplus on revaluation of freehold land	-	-	-	-	-	1,102,902	1,102,902
Transaction with the owners:							
Conversion of preference shares into ordinary shares	1,971	7,942	(7,460)	-	-	-	2,453
Dividend at 12% on conversion of preference shares into ordinary shares	-	-	-	-	-	(2,453)	(2,453)
Balance as at June 30, 2014	583,253	7,942	1,120,253	11,966	63,500	(1,259,726)	527,188
Total Comprehensive income for the year ended June 30, 2015:							
Profit for the year	-	-	-	-	-	800,521	800,521
Other comprehensive income	-	-	-	-	-	(293)	(293)
Total comprehensive income	-	-	-	-	-	799,228	799,228
Transfer of surplus on revaluation of freehold land	-	-	-	-	-	299,625	299,625
Transaction with the owners:							
Conversion of preference shares into ordinary shares	10	45	(40)	-	-	-	15
Dividend at 12% on conversion of preference shares into ordinary shares	-	-	-	-	-	(15)	(15)
Issue of 1 right share for every 1 shares held	583,263	-	-	-	-	-	583,263
Right share issue cost	-	-	-	-	-	(1,589)	(1,589)
Balance as at June 30, 2015	1,166,526	7,987	1,120,213	11,966	63,500	(161,477)	2,208,715

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


CHIEF EXECUTIVE


DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2015

1 STATUS AND NATURE OF BUSINESS

- 1.1 Javedan Corporation Limited (the Company) was incorporated in Pakistan on June 8, 1961, as a public limited company under the repealed Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Karachi Stock Exchange Limited. The registered office of the Company is located at Arif Habib Center, 23, M.T Khan Road, Karachi.
- 1.2 The Company has ceased its cement business since July 01, 2010 and management has developed business diversification strategy for utilizing the Company's land for developing a housing scheme, "Naya Nazimabad", which will include bungalows, open plots, flat sites and commercial sites. The housing project is located at Manghopir, Karachi. The Company's layout plan of the project was approved by Lyari Development Authority vide letter number LDA/PP/2010/255 on March 02, 2011 and has obtained No Objection Certificate from Sindh Building Control Authority having NOC # SBICA/D.D(D-II)/985/ADV-503/2011 on November 12, 2011.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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. Historical cost is generally based on fair value of the consideration given in exchange for the assts.

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 and all values are rounded to the nearest thousand.

2.4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions **Effective from accounting period beginning on or after July 01, 2014**

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities **Effective from accounting period beginning on or after January 01, 2014**

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

IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets **Effective from accounting period beginning on or after January 01, 2014**

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair value Measurements. The amendments require retrospective application.

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities **Effective from accounting period beginning on or after January 01, 2014**

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

IFRIC 21 - Levies

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

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

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

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

**Amendments to IAS 16 and IAS 38
Clarification of acceptable methods of
depreciation and amortization**

Effective from accounting period beginning on or after January 01, 2016

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or
- b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

**Amendments to IAS 16 and IAS 41
Agriculture: Bearer plants**

Effective from accounting period beginning on or after January 01, 2016

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

IAS 27 (Revised 2011) – Separate Financial Statements

Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures

Effective from accounting period beginning on or after January 01, 2015

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

IFRS 10 – Consolidated Financial Statements

Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 – Joint Arrangements**Effective from accounting period
beginning on or after January 01, 2015**

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

**IFRS 12 – Disclosure of Interest in
Other Entities****Effective from accounting period
beginning on or after January 01, 2015**

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

IFRS 13 – Fair Value Measurement**Effective from accounting period
beginning on or after January 01, 2015**

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

Certain annual improvements have also been made to a number of IFRSs.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Operating fixed assets

Owned

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount, being the fair value at the date of revaluation, revaluation is performed with sufficient regularity such that the carrying amount does not differ in materially from that which would be determined using the fair value at the balance sheet date.

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

Depreciation is charged to income applying the reducing balance method at the rates specified in the note 5.1. Depreciation on all additions is charged from the month in which the asset is available for use and no depreciation is charged from the month of disposal.

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

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

Assets held under finance lease

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

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

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. Amortization is charged based on straight line method at the rates specified in note 6.

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 classified as development properties and is measured at the lower of cost and net realisable value.

Cost includes:

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

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

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

3.4 Trade debts and other receivables

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

3.5 Cash and cash equivalents

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

3.6 Interest bearing loans and borrowings

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

3.7 Trade and other payables

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

3.8 Employees Retirement Benefits

3.8.1 Deferred liabilities- 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 annually by an independent actuary, using the Projected Unit Credit Method. Actuarial gain/losses are recognised in 'Statement of Comprehensive Income' in the year in which they arise and past service cost are recognised immediately in Profit and Loss Account.

The amount recognized in the balance sheet represent the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets."

3.8.2 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

3.9.1 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 or Alternate Corporate Tax (ACT), whichever is higher. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment finalised during the year.

3.9.2 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.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of deferred tax asset to 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 of the amount of the obligation. 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. Any gain or loss on recognition/ derecognition of the financial assets and financial liabilities is taken, to profit and loss account.

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.

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

3.13.1 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.

3.13.2 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

3.14.1 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.

3.14.2 Other revenue

Profit on deposits is recognized on a time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

- Gain on sale of fixed assets is recorded when title is transferred in favour of transferee.
- Income from sale of scrap is recorded on dispatch of items to customers when risks and rewards are transferred.
- 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 or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization.

3.17 Dividends

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

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with the 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 5);
- (ii) Review of net realizable value of development properties (note 3.3 and 9);
- (iii) Revenue recognition (note 3.14 and 24); and
- (iv) Provision for taxation including deferred tax asset (note 3.9, 7 and 29).

		June 30, 2015	June 30, 2014
		Rupees in '000'	
5. PROPERTY AND EQUIPMENT			
Operating fixed assets	5.1	<u>1,546,410</u>	<u>1,089,173</u>

5.1 Operating fixed assets

Particulars	Note	Cost					As at June 30, 2015	Rate %	Accumulated Depreciation					Written down value as at June 30, 2015
		As on July 01, 2014	Transfers	Revaluation Surplus	Additions	Disposals			As at July 01, 2014	Transfers	Charge for the year	Disposals	As at June 30, 2015	
----- Rupees in '000' -----														
Owned														
Free hold land	15.2	1,038,636	-	459,963	-	-	1,498,599	-	-	-	-	-	-	1,498,599
Buildings on free-hold land		33,117	-	-	-	-	33,117	10	9,278	-	2,394	-	11,672	21,445
Buildings on lease-hold land		1,171	-	-	-	-	1,171	10	1,124	-	5	-	1,129	42
Furniture and fixtures		3,128	-	-	3,377	(202)	6,303	10	337	-	1,825	(98)	2,064	4,239
Office equipment		17,032	-	-	-	-	17,032	20	7,411	-	565	-	7,976	9,056
Computer equipment		13,739	-	-	-	-	13,739	33	8,221	-	2,202	-	10,423	3,316
Vehicles		8,347	-	-	3,078	(74)	11,351	20	4,568	-	1,049	(25)	5,592	5,759
Leased														
Vehicles		9,365	-	-	-	-	9,365	20	4,423	-	988	-	5,411	3,954
		1,124,535	-	459,963	6,455	(276)	1,590,677		35,362	-	9,028	(123)	44,267	1,546,410

Particulars	Note	Cost					As at June 30, 2014	Rate %	Accumulated Depreciation					Written down value as at June 30, 2014
		As on July 01, 2013	Transfers	Revaluation Surplus	Additions	Disposals			As at July 01, 2013	Transfers	Charge for the year	Disposals	As at June 30, 2014	
----- Rupees in '000' -----														
Owned														
Free hold land	15.1	-	430,257	608,379	-	-	1,038,636	-	-	-	-	-	-	1,038,636
Buildings on free-hold land		33,117	-	-	-	-	33,117	10	6,618	-	2,660	-	9,278	23,839
Buildings on lease-hold land		1,171	-	-	-	-	1,171	10	1,119	-	5	-	1,124	47
Furniture and fixtures		2,837	-	-	291	-	3,128	10	42	-	295	-	337	2,791
Office equipment		16,560	-	-	534	(62)	17,032	20	4,800	-	2,643	(32)	7,411	9,621
Computer equipment		12,223	-	-	1,572	(56)	13,739	33	6,006	-	2,243	(28)	8,221	5,518
Vehicles		6,405	-	-	1,942	-	8,347	20	3,906	-	662	-	4,568	3,779
Leased														
Vehicles		10,682	-	-	1,044	(2,361)	9,365	20	4,532	-	1,298	(1,407)	4,423	4,942
		82,995	430,257	608,379	5,383	(2,479)	1,124,535		27,023	-	9,806	(1,467)	35,362	1,089,173

6 INTANGIBLE ASSETS

As at June 30, 2015

	Cost			Rate %	Amortization			Net book value
	As at July 1, 2014	Addition during the year	As at June 30, 2015		As at July 1, 2014	During the year	As at June 30, 2015	As at June 30, 2015
----- Rupees in '000 -----								
Computer software	4,998	-	4,998	20	2,583	1,000	3,583	1,415
Rights	5,534	-	5,534	20	2,596	1,107	3,703	1,831
	10,532	-	10,532		5,179	2,107	7,286	3,246

As at June 30, 2014

	Cost			Rate %	Amortization			Net book value
	As at July 1, 2013	Addition during the year	As at June 30, 2014		As at July 1, 2013	During the year	As at June 30, 2014	As at June 30, 2014
----- Rupees in '000 -----								
Computer software	4,998	-	4,998	20	1,583	1,000	2,583	2,415
Rights	5,534	-	5,534	20	1,490	1,106	2,596	2,938
	10,532	-	10,532		3,073	2,106	5,179	5,353

7 DEFERRED TAXATION

June 30, 2015 **June 30, 2014**

Deferred tax asset arising in respect of:

Rupees in '000'

Liabilities against subject to finance lease	552	749
Goodwill	190,825	304,128
Gratuity	2,168	924
Trade debts	-	122,817
Minimum tax	52,292	39,686
Alternate Corporate Tax	-	123,880
Assessed tax losses	833,577	943,193

1,079,414 **1,535,377**

Less: Deferred tax liabilities arising in respect of:

Accelerated depreciation allowance on property, plant and equipment	(1,374)	(2,013)
Assets subject to finance lease	(1,265)	(1,680)

(2,639) **(3,693)**

Less : Deferred tax asset un-recognized

(414,747) **(545,747)**

662,028 **985,937**

7.1 Movement in deferred tax asset:

	July 1, 2013	Recognized in profit and loss account	Unrecognized deferred tax arisen during the year	June 30, 2014	Recognized in profit and loss account	Unrecognized deferred tax arisen during the year	June 30, 2015
----- Rupees in '000' -----							
Deferred tax liabilities arising in respect of:							
Accelerated tax depreciation	(2,507)	494	-	(2,013)	639	-	(1,374)
Assets subject to finance lease	(2,091)	411	-	(1,680)	415	-	(1,265)
	(4,598)	905	-	(3,693)	1,054	-	(2,639)
Less: deferred tax assets arising in respect of:							
Liabilities subject to finance lease	541	208	-	749	(197)	-	552
Goodwill	405,504	(101,376)	-	304,128	(113,303)	-	190,825
Gratuity	523	401	-	924	1,244	-	2,168
Trade debts	-	122,817	-	122,817	(122,817)	-	-
Minimum tax impact	20,379	19,307	-	39,686	12,606	-	52,292
Alternate Corporate Tax	-	123,880	-	123,880	(123,880)	-	-
Assessed tax losses	1,239,059	(23,046)	(272,820)	943,193	(109,616)	-	833,577
	1,666,006	142,191	(272,820)	1,535,377	(455,963)	-	1,079,414
Less: Deferred tax not recognized	(818,567)	-	272,820	(545,747)	131,000	-	(414,747)
	842,841	143,096	-	985,937	(323,909)	-	662,028

Deferred tax asset as at June 30, 2015 to the extent of Rs.414.74 million (June 30, 2014: Rs. 545.74 million) has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

The Company has also prepared future profitability projections to assess recoverability of the deferred tax assets which has been recognized. These projections contain assumptions related to future sale of the land and estimates of associated cost of sale and also other expenditures.

8 TRADE DEBTS - LONG TERM	Note	June 30, 2015	June 30, 2014
Considered good		Rupees in '000'	
Trade debts - net	8.1 & 8.2	3,118,767	2,232,166
Less: Amount receivable within 12 months - net		3,118,767	337,699
Amount receivable after 12 months - net		-	1,894,467

8.1 Total receivable from customer was discounted by using average borrowing rate of the company (i.e. 1 year KIBOR+1.5%) in 2014. However, since Phase 1 of the project is scheduled to be completed on June 30, 2016 receivable from customer was not discounted in the current year.

8.2 It includes receivable from M/s Arif Habib Corporation -related party amounting to Rs. 1,540.40 million (2014 Rs: 1,221.88 million) and from one Other related party amounting to Rs. 148.12 million (2014: Nil) which is not past due.

9 DEVELOPMENT PROPERTIES

Land

Opening balance		8,151,484	8,548,907
Add: Acquired during the year		-	32,834
Less: Transferred to property and equipment		-	(430,257)
		8,151,484	8,151,484

Development expenditure

Opening balance		1,449,763	1,122,573
Add: Incurred during the year		521,879	327,190
		1,971,642	1,449,763

Borrowing costs related to land

Opening balance		789,259	549,049
Add: Capitalized during the year	27	264,745	240,210
		1,054,004	789,259

Transferred to cost of sales to date Transferred to development charges recoverable from customer to date

	9.1	11,177,130	10,390,506
		(2,096,673)	(1,672,524)
		(1,118,875)	(708,677)
		7,961,582	8,009,305

9.1 This includes cost of sales charged to profit and loss account for the year ended June 30, 2015 amounting to Rs. 424.15 million (2014: 566.32 million).

	Note	June 30, 2015	June 30, 2014
		Rupees in '000'	
10 ADVANCES			
Considered good			
Advances to suppliers		12,649	1,405
Advances to contractors		33,637	16,775
Advances against services and expenses		5,894	3,321
		<u>52,180</u>	<u>21,501</u>
11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits			
Guarantee margin		225	225
With contractors		2,680	2,680
Security deposit with Karachi Building Control Authority		3,345	3,345
Others		46	36
		<u>6,296</u>	<u>6,286</u>
Prepayments		2,143	1,747
Other receivables - Considered good			
Related party			
International Builders and Developers (Private) Limited		556	524
Sales tax refundable		4,703	4,703
Excise duty refundable		574	574
Development charges recoverable from customer	11.1	648,789	521,132
Others		634	1,510
		<u>654,700</u>	<u>527,919</u>
		<u>663,695</u>	<u>536,476</u>
11.1 Development charges recoverable from customer			
Opening balance		521,132	-
Transfer from development properties	9	410,198	708,677
Less: Development charges received		(282,541)	(187,545)
		<u>648,789</u>	<u>521,132</u>
12 CASH AND BANK BALANCES			
Cash in hand		1,576	1,510
Pay order in hand		-	2,760
Cash at banks in			
Current accounts	12.1	104,978	1,028
Deposit accounts	12.2	6,300	2,630
Book overdraft		-	(439)
		<u>111,278</u>	<u>3,219</u>
		<u>112,854</u>	<u>7,489</u>

12.1 This include balance amounting to Rs. 20 million (2014: Rs. Nil) which is under lien as security for long term loan obtained from Bank Islami Pakistan Limited.

12.2 These carry markup at the rate ranging between 6% to 7.5% per annum (2014: 6% to 8% per annum).

13 SHARE CAPITAL

June 30 2015	June 30 2014		June 30 2015	June 30 2014
----- Number of Shares -----			-----Rupees in '000-----	
Authorized Share Capital				
<u>120,000,000</u>	<u>120,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,200,000</u>	<u>1,200,000</u>
<u>120,000,000</u>	<u>120,000,000</u>	12% Redeemable, cumulative and convertible preference shares of Rs.10 each	<u>1,200,000</u>	<u>1,200,000</u>

13.1 Issued, subscribed and paid-up ordinary share capital

June 30, 2015 (Number of Shares)	June 30, 2014	Note	June 30, 2015 Rupees in '000'	June 30, 2014 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
87,390,414	29,064,086	Right shares issued	873,904	290,641
198,156	197,151	Shares issued on conversion from preference shares	1,981	1,971
<u>116,652,656</u>	<u>58,325,323</u>		<u>1,166,526</u>	<u>583,253</u>

13.1.1 It includes 48,818,026 (2014: 24,330,763) ordinary shares of Rs.10 each held by the associated undertakings, Arif Habib Corporation Limited.

13.1.2 The ordinary share holders 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 declare any dividend until certain financial requirements under its long term debt facilities are satisfied.

13.1.3 During the year, the Company has issued 58,326,328 right shares at par value of Rs. 10 per share.

13.2 Issued, subscribed and paid-up preference share capital

June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014
(Number of Shares)			Rupees in '000'	
112,025,300	112,771,300	12% Redeemable, cumulative and convertible preference shares of Rs.10 each	1,120,253	1,127,713
(4,000)	(746,000)	Shares cancelled on conversion into ordinary shares	(40)	(7,460)
<u>112,021,300</u>	<u>112,025,300</u>		<u>1,120,213</u>	<u>1,120,253</u>

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

The preference shares are convertible into ordinary shares at conversion price of 80% of the weighted average of closing price of the ordinary share (adjusted for any bonus or right shares announced by the Company subsequent to the issue) quoted in the daily quotation of Karachi Stock Exchange Limited during the three months immediately prior to the relevant conversion date in a ratio to be determined by dividing the aggregate face value of the preference shares plus any accumulated dividends and/or accrued dividend by the conversion price.

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.

- 13.2.2** During the year 4,000 (2014: 746,000) preference shares were converted into 1,005 (2014: 197,151) ordinary shares at conversion price of 80% of the weighted average closing price of the ordinary shares quoted in the daily quotation of Karachi Stock Exchange Limited during the three months immediately prior to the relevant conversion date in a ratio of aggregate face value of the preference shares plus accumulated dividends thereon to conversion price.

	Note	June 30, 2015	June 30, 2014
Rupees in '000'			
14 RESERVES			
Capital reserves			
Tax holiday reserve	14.1	11,966	11,966
Share premium	13.2.2	7,987	7,942
		19,953	19,908
Revenue reserve			
General reserves	14.2	63,500	63,500
Accumulated losses		(161,477)	(1,259,726)
		(97,977)	(1,196,226)
		(78,024)	(1,176,318)

14.1 This was created under section 15BB of the repealed Income Tax Act, 1922. Under the aforesaid section, the Company was required to set aside a fixed percentage of the tax exempted, due to tax holidays, as a reserve not distributable to the shareholders.

14.2 This represents reserve created out of profit up to the period 1994-1995 for future contingencies and dividends.

15 SURPLUS ON REVALUATION OF FREEHOLD LAND

As at July 1			
Development properties	15.1	5,767,668	6,870,570
Property and equipment		608,379	-
		6,376,047	6,870,570
Addition during the year	15.2	459,963	608,379
Transfer of surplus on revaluation of freehold land to retained earnings	15.3	(299,625)	(1,102,902)
Net change in revaluation surplus during the year		160,338	(494,523)
As at June 30		6,536,385	6,376,047
Represented by:			
Development properties		5,468,043	5,767,668
Property and equipment		1,068,342	608,379
		6,536,385	6,376,047

15.1 The Company carried out revaluation of its free hold land from M/s. Younus Mirza and Company on January 5, 2009, who determined the fair value of freehold land on the basis of market value as of December 24, 2008 amounting to Rs. 5.20 billion resulting in surplus on revaluation amounting to Rs. 4.50 billion. Again on June 25, 2010, the Company carried out revaluation from M/s. Joseph Lobo (Private) Limited who determined the fair value of freehold land under market value basis, amounting to Rs. 8.38 billion resulting a surplus on revaluation amounting to Rs. 3.18 billion.

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

15.2 During the year 9 acres of land out of 56.62 acres related to freehold land was revalued by professional valuer M/s. Harvester Services (Private) Limited according to which the fair value of the land was determined to Rs. 678.99 million resulting in the revaluation surplus of Rs. 459.96 million.

During the year 2014, the Company carried revaluation of its commercial land and amenities from professional valuer M/s. Harvester Services (Private) Limited according to which the fair value of the land was determined to Rs. 1,823.47 million resulting in the revaluation surplus of Rs. 608.379 million.

15.3 During the year the Company transferred Rs. 299.62 million (2014: Rs. 1,102.9 million) from surplus on revaluation of freehold land to retained earnings on the basis of sale of 53 acres (2014: 81 acres) of land.

16 LONG TERM FINANCE - SECURED	Note	June 30, 2015	June 30, 2014
From banking companies		Rupees in '000'	
Allied Bank Limited			
Medium term finance facility	16.1.1	200,000	600,000
Debt asset swap arrangement	16.1.2	361,266	361,266
	16.1	561,266	961,266
National Bank of Pakistan Limited			
Term Finance Certificates	16.2.1	905,887	1,225,000
Term Finance Certificates - Zero Rated		-	615,700
	16.2	905,887	1,840,700
Faysal Bank Limited			
Term Finance Certificates		200,000	400,000
Debt asset swap arrangement		-	74,260
	16.3	200,000	474,260
Term loans - Secured			
Bank Islami Pakistan Limited	16.4	200,000	-
Long term accrued markup on debt asset swap arrangement			
Allied Bank Limited	16.1.2	-	130,293
Faysal Bank Limited		-	25,686
		-	155,979
Total long term financing		1,867,153	3,432,205
Current maturity of long term finance		(901,527)	(2,000,841)
		965,626	1,431,364

16.1 Facility obtained from Allied Bank Limited

16.1.1 Medium term finance facility

During the year the company repaid two installments of Rs. 200 million each against Medium Term Finance Certificates (TFCs). The outstanding principal amount of Medium Term Finance Certificates (TFCs) will become due on August 23, 2015.

Markup on the facility is charged at 6 months KIBOR + 1% per annum after grace period. During the grace period which was of 15 months that ended on August 23, 2012, fixed rate of 15% per annum was charged. In case Company fails to pay the principal installments on the respective dates, mark up at the rate of 6 months KIBOR + 5% will be charged on each such principal installment for the delayed period.

The facility is 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.

16.1.2 Debt asset swap arrangement

Accrued markup up to February 23, 2011 (effective date) amounting to Rs. 87.769 million plus the markup on the medium term finance facility for the grace period from February 23, 2011 to August 23, 2012 calculated at fixed rate 15% equivalent to Rs. 273.497 million (total Rs. 361.266 million) was settled by the Company in kind through transferring equivalent value of its 75 acres land to the bank on August 23, 2012. Transfer charges were borne by the bank. All legal expenses, documentation and related charges, government excise, levies and surcharge have been paid by the Company.

The Company was required to buy back the land acquired by the bank on February 24, 2014, i.e. after 3 years from the transaction date at acquisition cost of Rs. 361.26 million inflated at the rate of 12% with effect from February 23, 2011 plus transfer charges, legal charges etc. The buyback of land has not yet been carried out and negotiations with the bank is in process, however, the bank through its correspondence has affirmed the original accrued mark-up of Rs.361.26 million without taking effect of additional mark-up/price inflation of 12% on the buyback arrangement.

16.2 Facility obtained from National Bank of Pakistan

16.2.1 Term Finance Certificates

During the year, the Company has restructured the previously issued Privately Placed Term Finance Certificate (TFCs) amounting to Rs. 1,255 million. According to revised agreement, total amount of facility was reduced to Rs. 920.35 million and accordingly the Company has made repayment of the differential amount of facility amounting to Rs. 304.65 million. The remaining amount of the facility is to be paid in 4 semi annual installments of Rs. 14.46 million @ KIBOR +2.5% commencing from October 31, 2014 and thereafter 10 semi annual installments of Rs. 86.25 as per revised agreement.

The facility is secured by:

- a) Pledge of 35 million shares of Arif Habib Corporation Limited;

- b) Mortgage over immovable property for an amount of Rs. 1,988 million over 41 .3 acres of land comprises of commercial plots; and
- c) Mortgage over immovable property for an amount of Rs. 235.480 million over 16 .14 acres of land comprises of residential plots.

16.2.2 Term Finance Certificates - Zero Rated

During the year, Rs. 615.7 million was repaid on the TFCs which were issued last year against the final settlement of the following:

- Accrued markup payable on Term Finance Certificates of Rs. 1,225 million amounting to Rs. 206.594 million.
- Reversal of land previously transferred to NBP amounting to Rs. 314.02 million as disclosed in note 24.1
- Remaining Principal on TFC - I amounting to Rs. 95.086 million

16.3 Facility obtained from Faysal Bank Limited

16.3.1 Term Finance Certificates

The outstanding principal amount of TFCs will be repaid in two half yearly installments of Rs. 100 million beginning from June 30, 2015.

Mark up on the facility is charged on 6 month KIBOR + 1% per annum.

The facility is secured by:

- a) Equitable mortgage over 143.86 acres of land;
- b) Unconditional and irrevocable undertaking by sponsors of the Company to inject additional equity; and
- c) The Company has also pledged incremental shares of Arif Habib Corporation Limited valuing Rs. 27.18 Million inclusive of 35% margin in favour of FBL. In case the Company fails to maintain value of securities at Rs. 27.18 million, the bank have right to immediately sell all or any of the securities without prior written notification to the Company."

During the year, the Company was in non-compliance of the following financial covenants:

- a) minimum operating cash flow to current liabilities ratio of 1.25;
- b) minimum net cash flow to long term debt coverage ratio of 0.6; and
- c) interest cover ratio of 1.25

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

16.3.2 Debt asset swap arrangement

As per the agreement, accrued mark up till June 30, 2011 amounting to Rs. 74.26 million, was 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 were borne by the Company.

The Company had an obligation to buy back the land on June 30, 2014, i.e. after 3 years from the date of transaction at acquisition price inflated at 6 months KIBOR + 1% per annum. During the year, Rs. 104 million was repaid to settle the debt asset swap arrangement.

16.4 Facility obtained from Bank Islami Pakistan Limited

During the year, the Company has obtained loan facility from Bank Islami Pakistan Limited (BIPL) amounting to Rs 200 million at a markup rate of 3 Months KIBOR + 2.5% per annum (subject to floor and cap of 11% and 20% respectively). Facility amount is payable in eight quarterly installment starting from December 10, 2015, and is secured against exclusive charge on the Company's land of 27.09 acres located at Manghopir, Karachi.

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2015			June 30, 2014		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	-----Rupees in '000-----			-----Rupees in '000-----		
Not later than one year	1,053	259	794	873	285	588
Later than one year but not later than five years	1,024	93	931	1,898	284	1,614
	<u>2,077</u>	<u>352</u>	<u>1,725</u>	<u>2,771</u>	<u>569</u>	<u>2,202</u>

17.1 The Company has entered into lease agreements with financial institutions for lease of vehicles. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from 12.86% to 16% per annum (2014: 12.86% to 16% per annum). At the end of lease term, the Company has option to acquire the assets, subject to adjustment of security deposits.

18 DEFINED BENEFIT PLAN

18.1 General description

General description of the approved funded gratuity scheme and accounting policy for recognising actuarial gains and losses is disclosed in note 3.8 to the financial statements.

18.2 Principal actuarial assumptions

The latest actuarial valuation for defined benefit plan scheme was carried out as at June 30, 2015 using the Projected Unit Credit Method (PUCM). The following significant assumptions were used for the actuarial valuation:

	June 30, 2015	June 30, 2014
Percent per annum	Percent per annum	
Discount rate	9.75%	13.25%
Expected rate of increase in salary levels	9.75%	13.25%
Expected rate of return on plan assets	9.75%	13.25%
Average retirement age of the employee	60 years	60 years

Mortality rates assumed were based on the SLIC 2001-2005 mortality table.

The expected return on plan assets is based on the prevailing bank rate.

	Note	June 30, 2015	June 30, 2014
		Rupees in '000'	
18.3 Reconciliation of amount payable to defined benefit plan			
Present value of defined benefit obligation	18.4	12,957	9,452
Fair value of plan assets	18.6	(6,181)	(6,733)
	18.5	<u>6,776</u>	<u>2,719</u>
18.4 Movement in present value of defined benefit obligation:			
Present value of obligation as at July 1		9,452	8,452
Current service cost		3,885	3,235
Interest cost		1,182	701
Benefits paid		(411)	(3,544)
Benefits due but not paid		(649)	-
Actuarial (gain) / loss on measurement of obligation		(502)	608
Present value of obligation as at June 30		<u>12,957</u>	<u>9,452</u>
18.5 Movement in payable to defined benefit plan:			
Opening liability		2,719	1,539
Expense for the year	18.9	4,175	3,190
Other comprehensive Income		293	1,534
Contributions to the fund		(411)	(3,544)
Closing liability		<u>6,776</u>	<u>2,719</u>
18.6 Movement in the fair value of plan assets:			
Fair value of plan assets as at July 1		6,733	6,913
Return on plan assets		892	746
Contributions to the fund		411	3,544
Benefits paid		(411)	(3,544)
Benefits due but not paid		(649)	-
Actuarial loss on measurement of plan assets		(795)	(926)
Fair value of plan assets as at June 30	18.8	<u>6,181</u>	<u>6,733</u>

18.7 Actual return on plan assets during the year was Rs. 0.795 million (June 2014: Rs. 0.926 million).

18.8 The plan assets are comprised as follows:

	Rating	Note	2015		2014	
			Rupees in '000	%	Rupees in '000	%
Bank balances						
MCB Bank Limited	AAA		382	6	371	6
Al-Baraka Bank (Pakistan) Limited	A	18.8.1	4,348	70	6,362	94
			4,730		6,733	
Receivable from the Company						
			2,100	34	-	-
Benefits payable						
			(649)	(10)	-	-
			6,181	100	6,733	100

18.8.1 These carry mark-up at rates ranging from 6.50% to 7% (2014: 9% to 10%).

	Note	June 30, 2015	June 30, 2014
		Rupees in '000'	
18.9 The amount recognised in the profit and loss account is as follows:			
Current service cost		3,885	3,235
Interest cost on defined benefit obligation		1,182	701
Interest income on plan assets		(892)	(746)
		4,175	3,190
18.10 Actuarial (losses) / gains			
Net unrecognised actuarial (losses) / gains as at July 1		-	-
Actuarial gain / (loss) on measurement of obligation	18.10.1	502	(608)
Actuarial loss on measurement of plan assets	18.10.1	(795)	(926)
		(293)	(1,534)
Actuarial loss recognised in: other comprehensive income		293	1,534
Net unrecognised actuarial (losses) / gains as at June 30		-	-

18.10.1 Actuarial loss on measurement of obligation / plan assets comprise of:

	2015	2014	2015	2014
	Actuarial loss on measurement of Obligation		Plan assets	
	Rupees in '000		Rupees in '000	
Demographic assumptions	-	-	-	-
Financial loss	-	-	-	-
Experience adjustment	(795)	(926)	502	(608)
	(795)	(926)	502	(608)

18.11 The gratuity fund exposes the Company to the following risks:

Longevity risks: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Investment risks: The risk arises when the actual performance of the investments is lower than expectation and; thus creating a shortfall in the funding objectives.

Salary increase risks: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risks: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

18.12 Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Sensitivity analysis	Impact on defined benefit obligation		
	Change in assumption %	Increase in assumption Rupees in '000	Decrease in assumption
Discount rate	1	12,117	(13,926)
Salary growth rate	1	13,917	(12,110)

18.13 The expected gratuity expense for the next year ending June 30, 2016 works out to Rs. 5.471 million.

18.14 The weighted average duration of the benefit obligation at June 30, 2015 is 7 years (2014: 6 years).

	Note	June 30, 2015	June 30, 2014
		Rupees in '000'	
19 TRADE AND OTHER PAYABLES			
Creditors		13,034	4,729
Accrued liabilities		209,298	149,123
Retention money payable		13,073	10,685
Power Cement Limited - Related Party		3,185	5,841
Withholding tax payable		951	1,996
Unclaimed dividend		2,834	2,834
Income tax payable		9,919	141,862
		252,294	317,070
20 MARKUP ACCRUED			
Long term finance		110,877	227,362
Short term borrowings		226,141	52,864
	20.1	337,018	280,226

20.1 This includes markup payable to related parties amounting to Rs. 208.867 million (2014: Rs. 34.713 million).

21 ADVANCE FROM CUSTOMERS

This represents amount received from customers in respect of booking of plots and bungalows as per the payment plan on which sales have not been recognized since it does not meet the recognition criteria. This includes amount received from related parties amounting to Rs. 102.37 million (2014: Rs. 143.24 million).

	Note	June 30, 2015	June 30, 2014
		Rupees in '000'	
22 SHORT TERM BORROWINGS			
From banking companies - secured			
Summit Bank Limited	22.1	135,000	134,906
Sindh Bank Limited	22.2	403,563	404,832
		<u>538,563</u>	<u>539,738</u>
Related parties - unsecured			
Loan from sponsors	22.3	500,000	628,200
International Complex Projects Limited - associated company	22.4	1,250,000	-
		<u>2,288,563</u>	<u>1,167,938</u>

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

22.2 The facility carries markup rate of 12% per annum payable in quarterly installments and is secured by token mortgage of Rs. 0.1 million and remaining as equitable mortgage of land measuring 97,520 sq. yards for 796 plots owned by the Company in "Naya Nazimabad". Beside this the facility is also secured by personal guarantee of all sponsoring directors of the Company.

22.3 This represents loan received from Mr. Haji Ghani (sponsor) and Mr. Shunaid Qureshi (sponsor) amounting to Rs. 335 million and 205 million respectively both carrying markup at the rate of 3 months KIBOR+ 2% which is repayable on demand of the lender. During the year the Company fully repaid loan received from M/s Arif Habib.

22.4 This loan carries markup at the rate of 3 months KIBOR + 2.65% payable on demand and lender being the group company of the borrower, agrees to extend this financing facility to the Company against no security.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

- a) Guarantees issued by commercial banks on behalf of the Company amounting to Rs. 6 million (June 30, 2014: Rs. 6 million).

- b) In 2003 the Company received Form PT-13 from Excise and Taxation Officers, assessing authority Deputy District Officer Property Tax (O) Division (DDO) 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 with in 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. Based on legal advise the Company is confident that case will be decided in the favor of the Company and hence no provision is made in these financial statements.
- 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 the 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 favour of the Company. Considering the legal counsel's best estimate of the financial impact and the expectation of favourable outcome, no provision has been made in these financial statements.
- f) The company has filed constitutional petition before the Honourable High Court of Sindh (the Court) vide Constitutional Petition No. 2564 of 2014 challenging vires of Workers Welfare Ordinance, 1971. The Court has admitted constitutional petition for regular hearing and issued interim stay order from recovery of WWF impugned demand by Federal Board of Revenue for the tax year 2013. The management is expecting positive outcome of the petition and therefore no liability in this regard has been recorded for the tax years 2013, 2014 and 2015 amounting to Rs. 14.46 million, Rs. 16.85 million and Rs. 20.12 million respectively.
- g) Contingencies related to tax are disclosed in note of 29 to these financial statements.

	Note	June 30, 2015	June 30, 2014
		Rupees in '000'	
23.2 Commitments			
Dividend on preference shares		482,248	345,955
Land for development and civil works		-	20,496
Guarantee in favour of Sindh Building Control Authority (SBCA)		6,960	6,960
		<u>489,208</u>	<u>373,410</u>
24 SALES			
Sale of plots		1,401,099	2,477,513
Less: Discounting of long term receivables		-	(187,237)
Sales return	24.1	(140,511)	(413,843)
		<u>1,260,588</u>	<u>1,876,433</u>

24.1 It represents cancellation of allotment of plots during the year. In the year 2014, sales return include 59,204 square yards of land previously sold to National Bank of Pakistan (NBP). The land was sold to NBP for full settlement of accrued mark-up amounting to Rs. 314.020 million raised on long term financing which is also disclosed in Note 16.2

	Note	June 30, 2015	June 30, 2014
		Rupees in '000'	
25 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	25.1 & 25.2	60,903	53,489
Fees and subscriptions		8,051	1,829
Depreciation	5.1	9,028	9,806
Amortization	6	2,107	2,106
Vehicle running expenses		10,449	10,130
Legal and professional		5,148	1,018
Repair and maintenance		4,079	3,481
Rent, rates and taxes		3,442	3,935
Utilities		23,515	22,553
Donation	25.3	1,298	2,291
Communication		3,729	3,016
Travelling and conveyance		817	979
Insurance		2,900	2,551
Printing and stationery		2,237	1,736
Auditors' remuneration	25.4	1,666	1,600
Entertainment		1,785	1,259
Meetings and conventions		367	173
General expenses		4,872	8,641
		<u>146,393</u>	<u>130,593</u>

25.1 This includes an amount of Rs.4.17 million (2014: Rs. 3.19 million) in respect of employees retirement benefits.

25.2 Number of employees as at June 30, 2015 is 247 (2014: 221) which includes contractors employees totalling 153 (2014: 139) and average number of employees during the year 2015 were 234 .

25.3 No director(s) or their spouse had any interest in any donees to which donations were made.

	Note	June 30, 2015	June 30, 2014
Rupees in '000'			
25.4 Auditors' Remuneration			
Deloitte Yousuf Adil			
Audit fee		474	450
Review fee		157	150
Code of Corporate Governance		52	50
Other services		150	150
		833	800
Haroon Zakaria & Co.			
Audit fee		474	450
Review fee		157	150
Code of Corporate Governance and others		52	50
Tax related services		150	150
		833	800
		1,666	1,600
26 MARKETING AND SELLING EXPENSES			
Sales promotion activities	26.1	22,014	4,453

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

	Note	June 30, 2015	June 30, 2014
Rupees in '000'			
27 FINANCE COST			
Mark-up on long term financing		199,017	419,049
Mark-up on short term borrowings		242,277	105,273
Mark-up on finance lease		217	276
Bank charges		11,794	5,632
Restructuring fees		-	97,000
		453,305	627,230
Less: Amount capitalized in the cost of qualifying asset	9	(264,745)	(240,210)
		188,560	387,020

	Note	June 30, 2015	June 30, 2014
		Rupees in '000'	
28 OTHER INCOME			
Financial assets			
Income from cancellation of bookings		24,459	9,181
Profit on deposits		411	865
Income on unwinding of discount on trade debts		348,683	39,668
Liabilities written back		144,486	-
Miscellaneous		7,823	4,446
		<u>525,862</u>	<u>54,160</u>
Non-financial assets			
Sale of scrap		429	70
		<u>526,291</u>	<u>54,230</u>
29 TAXATION			
Current tax			
For the year		12,606	143,187
Prior year	29.5	(131,273)	(91)
		<u>(118,667)</u>	<u>143,096</u>
Deferred tax	7.1	323,909	(143,096)
		<u>205,242</u>	<u>-</u>

29.1 Relationship between accounting profit / (loss) and tax expense for the year is as follows:

	Rupees in '000	June 30, 2015	June 30, 2014
		Rupees in '000'	
Accounting profit for the year	1,005,763	842,277	
Tax rate	33%	34%	
Tax expense on accounting profit	331,902	286,374	
Effect of minimum tax	12,606	-	
Effect of alternate corporate tax	-	143,187	
Effect of prior year	(131,273)	(91)	
Effect of permanent difference	428	779	
Effect of reduction in opening deferred tax resulting from reduction in tax rate	64	-	
Effect of unrecognized deferred tax assets	(8,485)	(430,249)	
	<u>205,242</u>	<u>-</u>	

29.2 Alternate Corporate Tax (ACT) was applicable on the Company at rate of 17% of accounting income after certain adjustments as mentioned in section 113 (c) of Income tax Ordinance 2001 through finance act 2014. Accordingly, the Company had made a provision for ACT for the year ended June 30, 2014. However, during the period, the Company has obtained stay order from the Honourable High Court of Sindh and therefore, the provision booked has been reversed during the year amounting to Rs 131.273 million. However, if the Honorable High Court of Sindh withdraws its stay order after the completion of the proceeding of the case, the Company will have to pay this amount and also Rs. 123.483 million for the tax year 2015.

29.3 Income tax assessments of the Company have been finalized up to and including tax year 2014. 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.

29.4 During the year the Assistant Commissioner Inland Revenue (ACIR) raised a demand of Rs. 1,003 million under section 122(1) for tax year 2012 by disallowing certain items. The Company filed an appeal there against before the Commissioner Inland Revenue (CIR) who through his order dated May 29, 2015, has reduced demand to Rs.106.027 millions by modifying order passed by ACIR. The Company filed an appeal against the order of CIR at the Tribunal, which is in process. The management is confident that the case will be decided in favour of the Company. Accordingly, no effect of the order has been taken in these financial statements.

29.5 For assessment year 2008, 2009 and 2010, the Company has received notices of demand under section 132(2) of the Income Tax Ordinance, 2011 from Commissioner Inland Revenue raising demand Rs. 39.791 million, 80.257 million and 194.035 million for tax year 2008, 2009 and 2010 respectively. The Company has filed appeals against the orders under section 122 of the Ordinance, which is in process. The management is confident that case will be decided in the favour of the Company, therefore no provision has been made in these financial statements.

30 EARNING PER SHARE	June 30, 2015	June 30, 2014 Restated
Basic		
Profit after tax (Rupees in '000)	800,521	842,277
Weighted average number of ordinary shares	112,704,678	82,140,826
Earning per share - (In Rupees)	7.10	10.25
Diluted		
Profit after tax (Rupees in '000)	800,521	842,277
Weighted average number of ordinary shares	219,524,590	205,735,180
Earning per share - (In Rupees)	3.65	4.09

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

The preference shares are convertible into ordinary shares at conversion price of 80% of the weighted average of closing price of the ordinary share (adjusted for any bonus or right shares announced by the Company subsequent to the issue) quoted in the daily quotation of Karachi Stock Exchange Limited during the three months immediately prior to the relevant conversion date in a ratio to be determined by dividing the aggregate face value of the preference shares plus any accumulated dividends and/or accrued dividend by the conversion price.

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements are as follows:

	Chief Executive Officer		Executive	
	June 30 2015	June 30 2014	June 30 2015	June 30 2014
	----- Rupees in '000 -----			
Managerial remuneration	7,816	6,545	24,791	19,861
Medical expenses	782	655	2,479	1,986
Bonus	545	545	1,752	1,389
Leave encashment	-	1,200	-	247
	<u>9,143</u>	<u>8,945</u>	<u>29,022</u>	<u>23,483</u>
Number of Persons	<u>1</u>	<u>1</u>	<u>24</u>	<u>17</u>

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

The Directors have not drawn any remuneration from the Company.

June 30,
2015 June 30,
2014
Rupees in '000'

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

32.1 Financial instrument by category

Loans and receivables

Trade debts - Long term	-	1,894,467
Long term security deposits	3,440	3,440
Trade debts	3,118,767	337,699
Deposits and other receivables	653,595	526,772
Cash and bank balances	112,854	7,489
	<u>3,888,656</u>	<u>2,769,867</u>

	June 30, 2015	June 30, 2014
	Rupees in '000'	
Financial liabilities at amortized cost		
Long term financing	1,867,153	3,432,205
Liabilities against assets subject to finance lease	1,725	2,202
Short term borrowings	2,288,563	1,167,938
Trade and other payables	241,424	173,212
Mark-up accrued	337,018	280,226
	<u>4,735,883</u>	<u>5,055,783</u>

32.2 Financial risk management

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

32.3 Credit risk and concentration of credit risk

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

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

	June 30, 2015	June 30, 2014
	Rupees in '000'	
Trade debts - Long term	-	1,894,467
Long term security deposits	3,440	3,440
Trade debts	3,118,767	337,699
Deposits and other receivables	653,595	526,772
Bank balances	111,278	5,979
	<u>3,887,080</u>	<u>2,768,357</u>

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

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

		June 30, 2015	June 30, 2014
Rupees in '000'			
Not past due		2,711,348	1,964,031
Past due 1-90 days	32.3.1	407,419	268,135
		3,118,767	2,232,166

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

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

Name of bank	Date of Rating	Rating agency	Credit rating	
			Short-term	Long-term
Al-Baraka Bank (Pakistan) Limited	30-Jun-15	PACRA	A1	A
Allied Bank Limited	30-Jun-15	PACRA	A1+	AA+
Askari Bank Limited	09-Jul-15	JCR-VIS	A-1+	AA
Bank Al-falah Limited	30-Jun-15	PACRA	A1+	AA
Bank Islami Pakistan Limited	09-Jul-15	PACRA	A1	A+
Habib Bank Limited	30-Jun-15	JCR-VIS	A-1+	AAA
MCB Bank Limited	30-Jun-15	JCR-VIS	A1+	AAA
Meezan Bank Limited	30-Jun-15	JCR-VIS	A-1+	AA
National Bank of Pakistan	30-Jun-15	PACRA	A1+	AAA
NIB Bank Limited	30-Jun-15	PACRA	A1+	AA-
Sindh Bank Limited	30-Jun-15	JCR-VIS	A-1+	AA
Summit Bank Limited	30-Jun-15	JCR-VIS	A-1	A
United Bank Limited	30-Jun-15	JCR-VIS	A-1+	AA+

32.4 Liquidity risk

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

	2015					
	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	1,867,153	(2,450,282)	(929,960)	(281,402)	(368,223)	(870,697)
Liabilities against assets subject to finance lease	1,725	(1,797)	(617)	(437)	(541)	(202)
Trade and other payables	241,424	(241,424)	(228,351)	(13,073)	-	-
Short term borrowings	2,288,563	(2,288,563)	(2,288,563)	-	-	-
Mark-up accrued	337,018	(337,018)	(337,018)	-	-	-
	4,735,883	(5,319,084)	(3,784,509)	(294,912)	(368,764)	(870,899)

	2014					
	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	3,432,205	(3,842,939)	(1,858,078)	(460,646)	(490,708)	(1,033,507)
Liabilities against assets subject to finance lease	2,202	(2,490)	(437)	(437)	(873)	(743)
Trade and other payables	173,212	(173,212)	(162,527)	(10,685)	-	-
Short term borrowings	1,167,938	(1,167,938)	(1,167,938)	-	-	-
Mark-up accrued	280,226	(280,226)	(280,226)	-	-	-
	5,055,783	(5,466,805)	(3,469,206)	(471,768)	(491,581)	(1,034,250)

32.5 Market risk

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

a) Currency risk

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

b) Interest rate risk

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

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

	June 30, 2015	June 30, 2014
	Rupees in '000'	
Fixed rate instruments		
Financial assets		
- Deposit accounts	6,300	2,630
Financial liabilities		
- Short term loans	403,563	404,832
Variable rate instruments		
Financial liabilities		
- Long term and short term loans	3,752,153	4,195,311
- Liabilities against assets subject to finance lease	1,725	2,202

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

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss as follows:

	2015 Profit and Loss 100 bp Increase	2014 Loss 100 bp (Decrease)
As at June 30, 2015		
Cash flow sensitivity	37,539	(37,539)
As at June 30, 2014		
Cash flow sensitivity	41,975	(41,975)

c) Other price risk

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

32.6 Capital risk management

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

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

	June 30, 2015	June 30, 2014
	Rupees in '000'	
Total borrowings	4,157,441	4,602,345
Cash and bank balances	(112,854)	(7,489)
Net debt	4,044,587	4,594,856
Total equity	2,208,715	527,188
Total capital	6,253,302	5,122,044
Gearing ratio	65%	90%

32.7 Fair value of financial instruments

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

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

33 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and post employment benefit plan. The Company carries out transactions with various related parties as per agreements. Amounts due from / to related parties are shown under 'Trade debts (refer note 8); 'deposit, prepayments and other receivables' (refer note 11); 'contribution to employees' gratuity fund' (refer note 18); 'trade and other payables' (refer note 19); 'mark-up accrued' (refer note 20.1); 'advance from customers' (refer note 21); 'short term borrowing' (refer note 22); 'administrative expenses' (refer note 25.1) and 'remuneration of chief executive, directors and executives' (refer note 31). Other significant transactions with related parties are as follows:

	June 30, 2015	June 30, 2014
	Rupees in '000'	
Associates		
Common sharing expenses incurred	-	405
Purchase of cement (OPC/SRC)	18,211	19,430
Payments made for purchase of cement	20,867	13,588
Sale of plots	200,576	2,142,343
Receipt against sales of plot	40,865	961,325
Loan received	1,637,000	322,000
Loan repaid	387,000	1,079,424
Mark-up expense capitalised	16,109	90,558
Mark-up paid	16,114	91,901
Key management personnel		
Loan received	995,000	628,200
Loan repaid	1,623,200	-
Mark-up expense capitalised	174,153	34,713
Other related party		
Sale of residential plots	208,123	-
Receipts against Sale of residential plots	60,000	-
Loan received	540,000	-
Loan repaid	40,000	-

34 NON CASH TRANSACTIONS

During the year the Company entered in to non-cash financing transactions with National Bank of Pakistan, whereby the Company restructured its term finance certificates. As a result, the accrued mark-up has been converted zero rated term finance certificates.

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

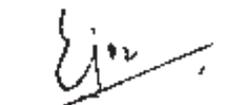
35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 21, 2015 by the Board of Directors of the Company.

36 GENERAL

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


CHIEF EXECUTIVE


DIRECTOR

PATTERN OF SHAREHOLDING

As at June 30, 2015

1. Incorporation Number 0001313
2. Name of the Company JAVEDAN CORPORATION LIMITED
3. Pattern of holding of the shares held by the shareholders as at June 30, 2015

No. of Shareholders	Shareholdings' Slab			Total No. of
1872	1	to	100	53,760
543	101	to	500	141,636
270	501	to	1000	207,774
255	1001	to	5000	657,674
50	5001	to	10000	368,219
13	10001	to	15000	175,289
12	15001	to	20000	220,500
7	20001	to	25000	167,726
9	25001	to	30000	262,500
3	30001	to	35000	104,895
3	35001	to	40000	120,000
3	40001	to	45000	127,522
6	45001	to	50000	300,000
1	50001	to	55000	52,000
1	60001	to	65000	62,528
1	75001	to	80000	76,000
1	80001	to	85000	82,500
1	95001	to	100000	100,000
1	100001	to	105000	100,500
2	145001	to	150000	298,000
1	160001	to	165000	160,500
1	195001	to	200000	200,000
3	200001	to	205000	612,583
1	215001	to	220000	217,000
1	600001	to	605000	600,117
1	775001	to	780000	776,000
1	1125001	to	1130000	1,129,500
1	1395001	to	1400000	1,400,000
1	1495001	to	1500000	1,500,000
1	2655001	to	2660000	2,658,000
1	3170001	to	3175000	3,174,000
1	3660001	to	3665000	3,661,800
1	4195001	to	4200000	4,200,000
1	5465001	to	5470000	5,466,546
1	5555001	to	5560000	5,555,953
1	8025001	to	8030000	8,026,106
1	10575001	to	10580000	10,577,566
1	14235001	to	14240000	14,239,936
1	48815001	to	48820000	48,818,026
3075				116,652,656

CATEGORIES OF SHAREHOLDERS

Shareholders Category	Share Held	Number of Percentage
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	17,615,157	15.10
Directors, Chief Executive Officer and their spouse(s) and minor children	35,047	0.03
Associated Companies, undertakings and related parties	48,818,026	41.85
NIT and ICP	13,773	0.01
Mutual Funds	3,866,800	3.31
Others	2,732,837	2.34
Individuals	43,571,016	37.36
Grand Total	116,652,656	100.00

CATAGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2015

S.No	Shareholders Category	Number of Share Held	Percentage
1	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		
	MCB BANK LTD	1,200	
	BANK OF BAHAWALPUR LTD	10	
	COMMECE BANK LTD	11	
	SILKBANK LIMITED	3,174,000	
	ASKARI BANK LIMITED	200,000	
	SUMMIT BANK LIMITED	14,239,936	
	Total	17,615,157	15.10
2	Directors, Chief Executive Officer and their spouse(s) and minor children		
	ABDUS SAMAD	34,895	
	HASSAN AYUB	5	
	ABDUL QADIR	100	
	SYED ALI ZULQARNAIN	3	
	MUHAMMAD SIDDIQ KHOKHAR	44	
	Total	35,047	0.03
3	Associated Companies, undertakings and related parties		
	ARIF HABIB CORPORATION LIMITED	48,818,026	
	Total	48,818,026	41.85
4	Share holders holding 5% or more		
	ARIF HABIB CORPORATION LIMITED	48,818,026	41.85
	SUMMIT BANK LIMITED	14,239,936	12.21
	ABDUL GHANI	12,077,566	10.35
	SHUNAID QURESHI	10,684,107	9.16
	Total	85,819,635	73.57
5	NIT and ICP		
	IDBL (ICP UNIT)	100	
	PAKISTAN REINSURANCE COMPANY LIMITED	118	
	NATIONAL BANK OF PAKISTAN	13,555	
	Total	13,773	0.01

CATAGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2015

S.No	Shareholders Category	Number of Share Held	Percentage
6	Others		
	ABRIS (PVT) LTD	30,000	
	SAFEWAY FUND LIMITED	1,400,000	
	M/S. SHERIAR F IRANI-INV.TRUST LTD	10	
	MESSRS DADA LTD	110	
	PAKISTAN SHIPPING AGENCY	330	
	M/S ADAMJEE SONS LTD	110	
	M/S H M INVESTMENT LTD	110	
	VALIKA WOLLEN MILLS LTD	50	
	MOHAMMADI INVESTMENT TRUST LTD	4,800	
	M/S AUSTRALASIA BANK LTD.,	4,100	
	MOHAMED AMIN NOOR MOHD & CO LTD	150	
	M/S FIKREE DEVELOPMENT	880	
	IBRAHIM ALI BHAI FOUNDATION	200	
	ARIF HABIB EQUITY (PVT) LIMITED	1	
	TRUSTEES OF AMINIA MUSLIM GIRLS SCHOOL	4,400	
	IGI FINEX SECURITIES LIMITED	1	
	FAZAL REHMAN FOUNDATION	4,500	
	KARACHI STOCK EXCHANGE LIMITED	66	
	INTERMARKET SECURITIES LIMITED	10,000	
	AAZEB SECURITIES (PVT) LTD	50,000	
	HASSAN ALI & CO (PVT) LIMITED	2,000	
	TRUSTEES OF AMINIA MUSLIM GIRLS SCHOOL	4,400	
	SARFRAZ MAHMOOD (PRIVATE) LTD	500	
	MAPLE LEAF CAPITAL LIMITED	1	
	MULTILINE SECURITIES (PVT) LIMITED	4,300	
	S.Z. SECURITIES (PRIVATE) LIMITED	300	
	FIRST NATIONAL EQUITIES LIMITED	1	
	TIME SECURITIES (PVT.) LTD.	4,000	
	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	4,500	
	DARSON SECURITIES (PVT) LIMITED	5,000	
	ARIF HABIB LIMITED	82,500	
	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	10,000	
	AWJ SECURITIES (PRIVATE) LIMITED.	500	
	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	17	
	Y.H. SECURITIES (PVT.) LTD.	160,500	
	SALIM SOZER SECURITIES (PVT.) LTD.	20,000	
	ICON SECURITIES (PRIVATE) LIMITED	148,500	
	AKD CAPITAL LIMITED	776,000	
	Total	2,732,837	2.34
7	Individuals		
	Local - Individuals	43,571,016	
	Total	43,571,016	37.35

Financial calendar

For the Financial year ending June 30, 2016 financial results will be announced as per the following tentative schedule:

01st Quarter ending on Sep 30, 2015	October 31, 2015
02nd Quarter ending on Dec 31, 2015	February 20, 2016
3rd Quarter ending on Mar 31, 2016	April 24, 2016
Year ending on Jun 30, 2016	September 25, 2016

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 53rd Annual General Meeting of the Company to be held on October 26, 2015 at Beach Luxury Hotel, Karachi, on Monday at 5:30 p.m. and any adjournment thereof.

Signed this _____ day of _____ 2015.

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. Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
2. A Proxy should also be a shareholder of the Company.

JAVEDAN CORPORATION LIMITED

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

Customer Support Center, Javedan Corporation Limited, Naya Nazimabad - Karachi - 75890
UAN: 111-511-611 | info@nayanazimabad.com | www.nayanazimabad.com