

JAVEDAN

CORPORATION LIMITED

Annual Report
2015

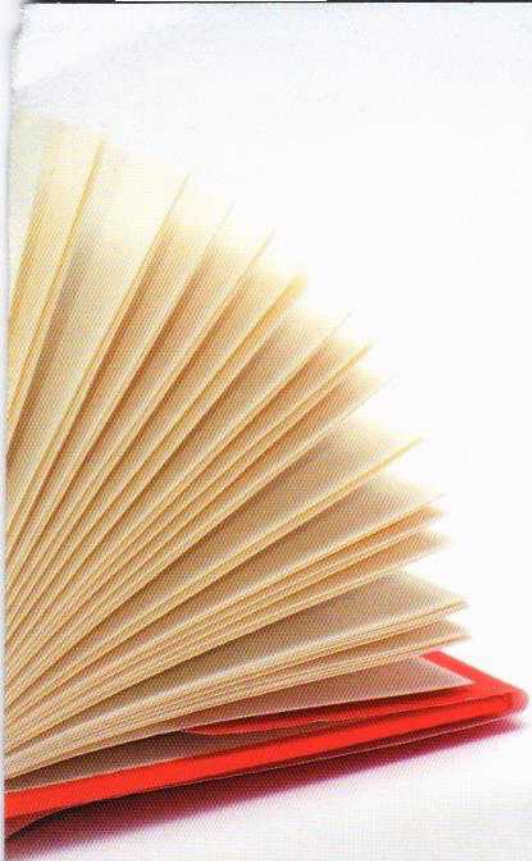


Annual Report 2015





TABLE OF CONTENTS



| | |
|----|---|
| 04 | Company Information |
| 06 | Vision |
| 07 | Mission Statements |
| 08 | Notice of 53rd Annual General Meeting |
| 12 | Core Values & Code of Conduct |
| 14 | Board of Director's |
| 24 | Organization Structure |
| 25 | Directors' Report |
| 34 | Performance Review Report |
| 35 | Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance |
| 37 | Statement of Compliance with Best Practices of Corporate Governance |
| 40 | Auditors' Report to the Members |
| 42 | Balance Sheet |
| 43 | Profit And Loss Account |
| 44 | Statement of Comprehensive Income |
| 45 | Cash Flow Statement |
| 47 | Statement of Changes in Equity |
| 48 | Notes to the Financial Statements |
| 89 | Pattern of Shareholding |
| 93 | Financial Calendar |
| | Proxy Form |



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
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.

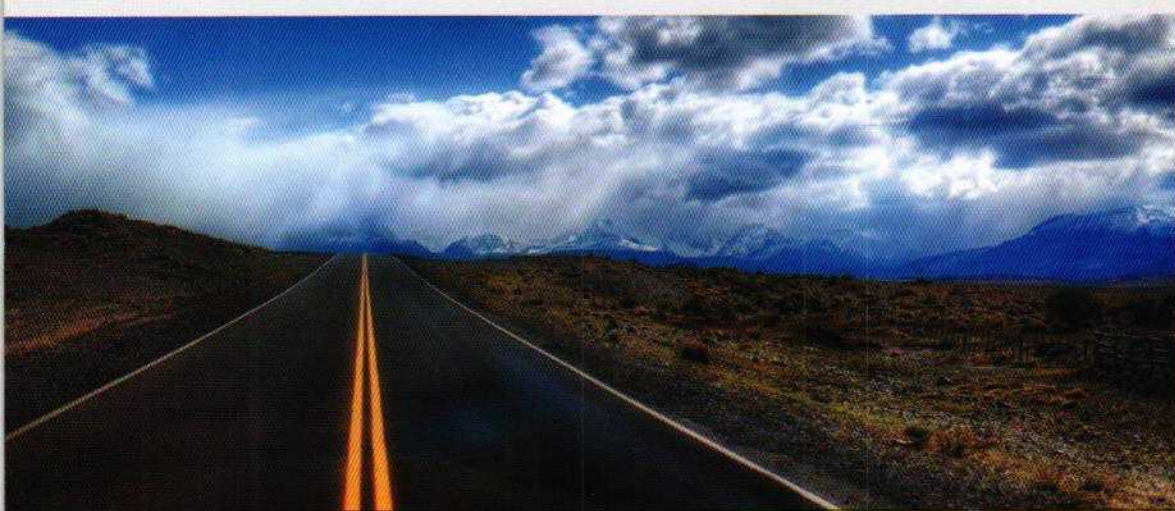
Site Office

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

To consider and if thought fit to pass the following resolutions as Special Resolutions pursuant to the Memorandum of Association (in clause-5) and Articles of Association (in clause-6) of the Company with or without any amendments:

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.

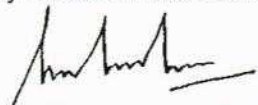
FURTHER RESOLVED THAT Clause V of the Memorandum of Association be altered as under: The figure and words "Rs.1,200,000,000/- (Rupees One billion two hundred million) divided into 120,000,000 (One hundred twenty million) Ordinary Shares of Rs.10/- each and 120,000,000 (One hundred and twenty million)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

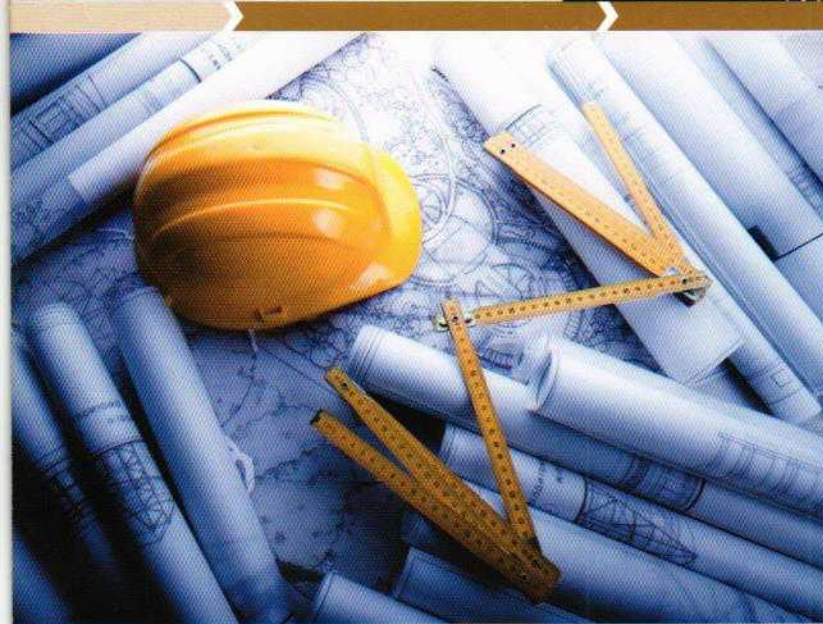
- Aisha Steel Mills Limited
- Arif Habib Consultancy (Pvt.) Limited
- Arif Habib DMCC (resigned 31st July)
- Arif Habib Foundation
- DH Fertilizers Limited
- Fatima Fertilizer Company Limited
- Pakarab Fertilizers Limited
- Sachal Energy Development (Pvt.) Limited

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.

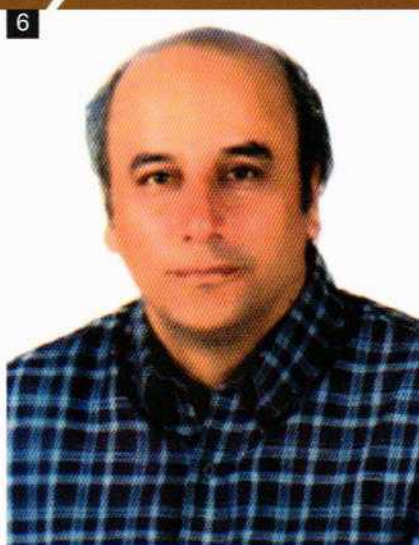
Corporate Responsibilities

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

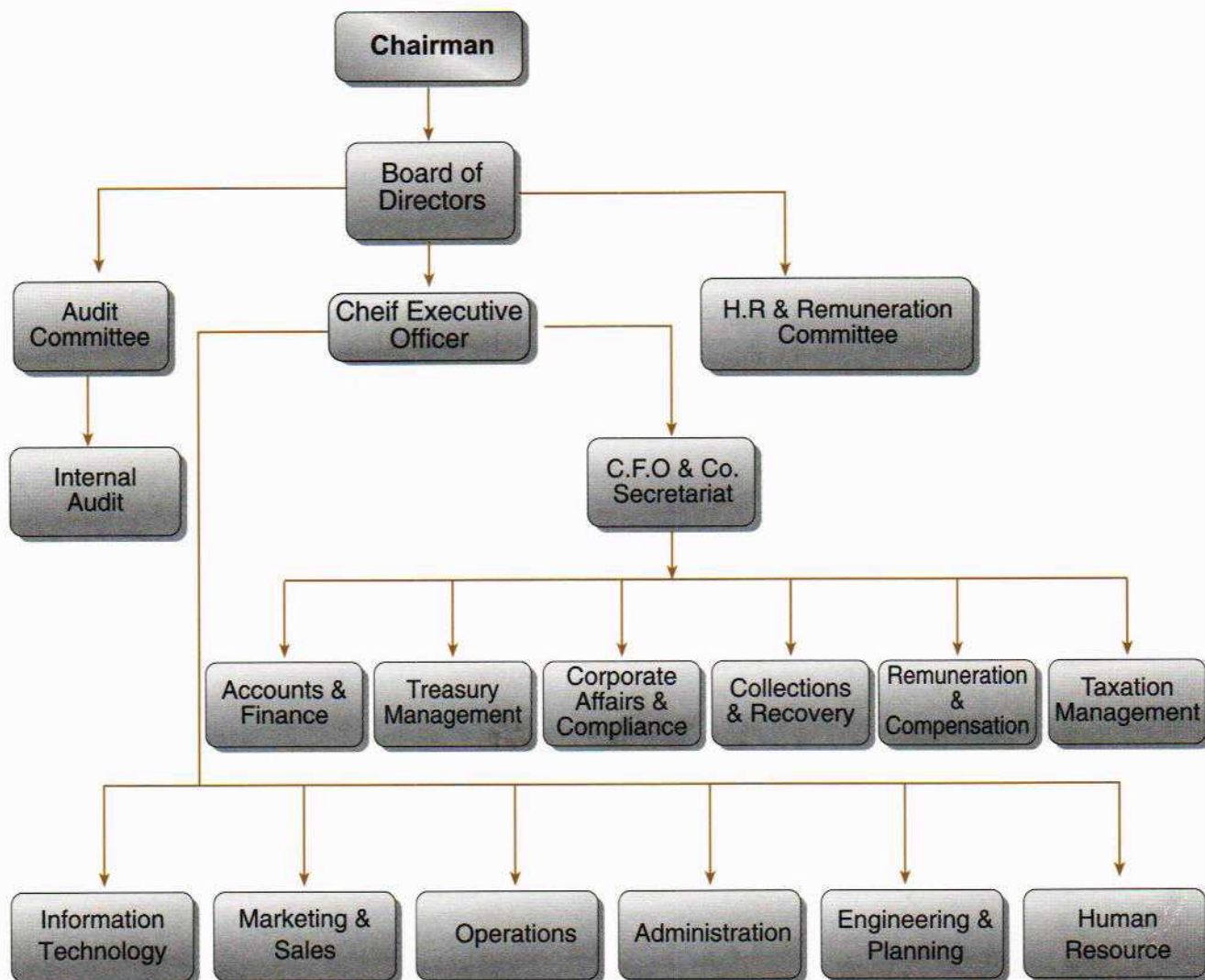
As Chief Executive

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.

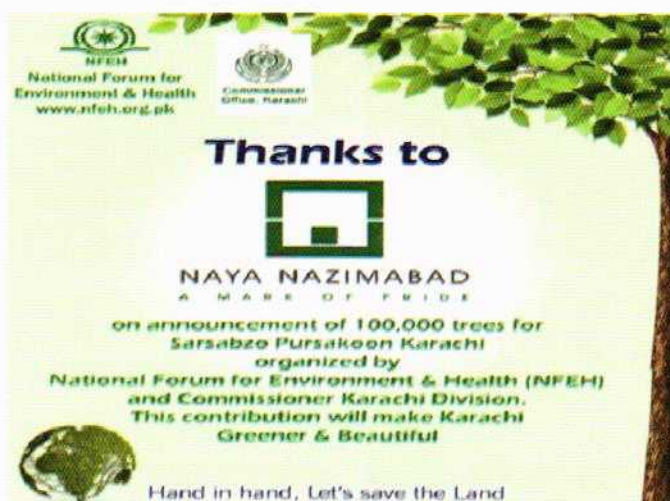
For external development, we are focusing on improving access to Naya Nazimabad from North Nazimabad and North Karachi. The Company has successfully implemented its plan for improving access from Sakhi Hasan, North Nazimabad by deploying its own resources and working on further improvement of this road 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".

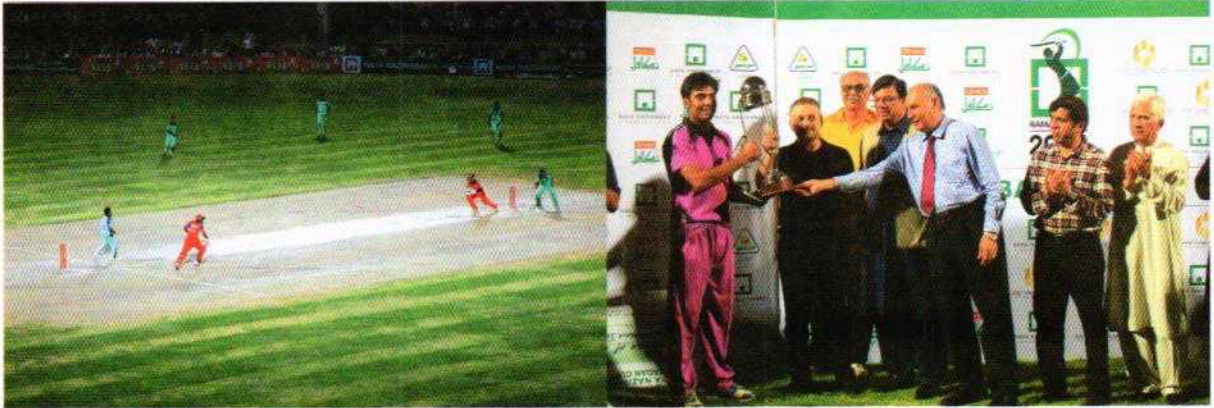


Further, we are also doing municipal activities around the project to establish Naya Nazimabad Municipal Corporation (NMC) through which such activities are controlled and monitored. Some of social community initiatives during this year are as follows:

- 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.

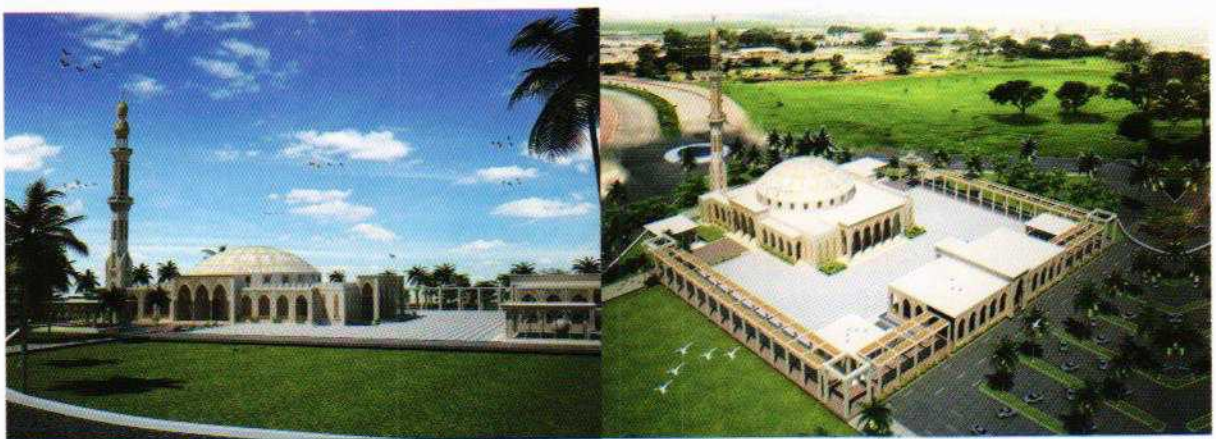
NAYA NAZIMABAD GYMKHANA CLUB

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.

Nadeem Yousuf Adil

DELOITTE YOUSUF ADIL
Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Dated: September 21, 2015
Karachi

Haron Zakaria

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.



Samad A. Habib
Chief Executive Officer

Karachi
Dated: September 21, 2015

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.

Nadeem Yousuf Adil
Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Karachi
Dated: September 21, 2015

Mohammad Iqbal Abdul Aziz
Chartered Accountants

Engagement Partner
Mohammad Iqbal Abdul Aziz

Karachi
Dated: September 21, 2015

BALANCE SHEET

As At June 30, 2015

| | | June 30, 2015 | June 30, 2014 |
|--|-------|-------------------|-------------------|
| | Notes | 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 Rupees in '000' | June 30, 2014 |
|--------------------------------|-------|-------------------------------------|------------------|
| 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 Rupees in '000' | June 30, 2014 |
|--|-------|-------------------------------------|------------------|
| 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

OF THE FOUR ENDS OF THE YEAR

| | | 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 General reserve (Note 14.3) | Accumulated Losses | Total |
|---|---|---------------------------------|--|------------------------------------|---|-----------------------|-------------|
| | 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 | - | - | - | - | - | 800,228 | 800,228 |
| 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 assets.

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 condition 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 bank 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

| Cost | | | | | | | | | | | | | | | Accumulated Depreciation | | | | | |
|------------------------------|------|---------------------|-----------|---------------------|-----------|-----------|---------------------|----------------------------|---------------------|-----------|---------------------|-----------|---------------------|--|--------------------------|--|--|--|--|--|
| Particulars | Note | As on July 01, 2014 | Transfers | Revaluation Surplus | Additions | Disposals | As at June 30, 2015 | Rate % | As at July 01, 2014 | Transfers | Charge for the year | Disposals | As at June 30, 2015 | Written down value as at June 30, 2015 | | | | | | |
| ----- Rupees in '000'----- | | | | | | | | ----- 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 | | | | | | |

| Cost | | | | | | | | | | | | | | | Accumulated Depreciation | | | | | |
|------------------------------|------|---------------------------|-----------|------------------------|-----------|-----------|---------------------------|-----------|----------------------------|-----------|---------------------------|-----------|---------------------------|--|--------------------------|--|--|--|--|--|
| Particulars | Note | As on July 01, 2013 | Transfers | Revaluation Surplus | Additions | Disposals | As at June 30, 2014 | Rate % | As at July 01, 2013 | Transfers | Charge for the year | Disposals | As at June 30, 2014 | Written down value as at June 30, 2014 | | | | | | |
| ----- Rupees in '000'----- | | | | | | | | | ----- 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 | | | | Amortization | | | Net book value |
|-------------------|----------------------------|--------------------------|---------------------|--------|--------------------|-----------------|---------------------|---------------------|
| | As at July 1, 2014 | Addition during the year | As at June 30, 2015 | Rate % | 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****Rupees in '000'****Deferred tax asset arising in respect of:**

| | | |
|--|------------------|------------------|
| 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-recongized

| | | |
|--|------------------|------------------|
| | (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 | 9.1 | 11,177,130 | 10,390,506 |
| | Transferred to development charges recoverable from customer to date | | (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> |
| | | 12% Redeemable, cumulative and convertible preference shares of Rs.10 each | | |
| <u>120,000,000</u> | <u>120,000,000</u> | | <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 |
|--|-------------------|--|------|-------------------------------------|------------------|
| 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 (Number of Shares) | June 30, 2014 | | June 30, 2015 Rupees in '000' | June 30, 2014 |
|--|--------------------|--|-------------------------------------|------------------|
| 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.

| | | June 30, 2015 | June 30, 2014 |
|--|-------------|------------------|--------------------|
| | | Rupees in '000' | |
| 16 LONG TERM FINANCE - SECURED | Note | | |
| From banking companies | | | |
| 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 |
| | 2,077 | 352 | 1,725 | 2,771 | 569 | 2,202 |

- 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 | Decrease in assumption |
| | | Rupees in '000 | |
| 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

- 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 within the jurisdiction of Deputy District Officers (Property Tax) (O) Division and proposed assignment made in respect of Company factory is without jurisdiction. The concerned authority reduced the GARV to Rs. 5.722 million and thereafter, issue a show cause notice regarding outstanding amount including penalty which comes to aggregate amounting to Rs. 7.108 million. The Company has filed Constitution Petition in the Honorable High Court of Sindh. The case is still pending. The management of the Company is confident that the case will be decided in favour of the Company on the reason mentioned above. Hence no provision is made in these financial statements.
- c) Town Municipal Administration Gadap, Karachi sent a notice requiring the Company to get a trade license and deposit Rs. 8.625 million as trade license fee for the year 2001 to 2006. The Company filed a constitution petition before the High Court of Sindh to declare that respondents have no jurisdiction to impose and recover trade license fee on the ground that the City District Government and Town Municipal Administration Gadap, can not legally impose the trade license fee in the absence of bye-laws required to be framed under the provision of Section 192 of Sindh Local Government Ordinance, 2001. The case is still pending. Based on legal advice 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 worked 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 outcome 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' | |
| 2 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.

| | | June 30, 2015 | June 30, 2014 |
|--|------|------------------|------------------|
| | Note | 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: | | | |
| Accounting profit for the year | Rupees in '000 | 1,005,763 | 842,277 |
| Tax rate | | <u>33%</u> | <u>34%</u> |
| | | June 30, 2015 | June 30, 2014 |
| | | Rupees in '000' | |
| 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 |
| | 4,735,883 | 5,055,783 |

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 |
| | 3,887,080 | 2,768,357 |

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 |
| | | <u>3,118,767</u> | <u>2,232,166</u> |

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

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

| Name of bank | 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 Increase | 2014 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 Rupees in '000' | June 30, 2014 |
|------------------------|-------------------------------------|------------------|
| 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 | <p>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds</p> <p>MCB BANK LTD BANK OF BAHAWALPUR LTD COMMECE BANK LTD SILKBANK LIMITED ASKARI BANK LIMITED SUMMIT BANK LIMITED Total</p> | <p>1,200 10 11 3,174,000 200,000 14,239,936 17,615,157</p> | <p>15.10</p> |
| 2 | <p>Directors, Chief Executive Officer and their spouse(s) and minor children</p> <p>ABDUS SAMAD HASSAN AYUB ABDUL QADIR SYED ALI ZULQARNAIN MUHAMMAD SIDDIQ KHOKHAR Total</p> | <p>34,895 5 100 3 44 35,047</p> | <p>0.03</p> |
| 3 | <p>Associated Companies, undertakings and related parties</p> <p>ARIF HABIB CORPORATION LIMITED Total</p> | <p>48,818,026 48,818,026</p> | <p>41.85</p> |
| 4 | <p>Share holders holding 5% or more</p> <p>ARIF HABIB CORPORATION LIMITED SUMMIT BANK LIMITED ABDUL GHANI SHUNAID QURESHI Total</p> | <p>48,818,026 14,239,936 12,077,566 10,684,107 85,819,635</p> | <p>41.85 12.21 10.35 9.16 73.57</p> |
| 5 | <p>NIT and ICP</p> <p>IDBL (ICP UNIT) PAKISTAN REINSURANCE COMPANY LIMITED NATIONAL BANK OF PAKISTAN Total</p> | <p>100 118 13,555 13,773</p> | <p>0.01</p> |

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-E, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
2. A Proxy should also be a shareholder of the Company.

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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