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## COMPANY'S INFORMATION

### BOARD OF DIRECTORS:

Arif Habib	Chairman
Aves Cochinwala	Chief Executive
Aijaz Ahmed Zaidi	Director
Aqeel Karim Dhedi	Director
Iqbal Usman	Director
Kashif Habib	Director
Muhammed Ejaz	Director
Muhammed Ayub	Director
Rafiq Tumbi	Director
Shunaid Qureshi	Director

### COMPANY SECRETARY

Khursheed Anwer

### CHIEF FINANCIAL OFFICER

Zuhair Abbas

### AUDIT COMMITTEE

Iqbal Usman	Chairman
Kashif Habib	Member
Rafiq Tumbi	Member
S.M. Talha	Secretary

### AUDITORS

Haroon Zakaria & Company Chartered Accountants

### COST AUDITORS

Siddiqi & Company Cost & Management Accountants

### BANKERS

Allied Bank Limited  
Askari Bank Limited  
Arif Habib Bank Limited  
Bank Al-Falah Limited  
Bank Islami Pakistan Limited  
Habib Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
United Bank Limited

### REGISTERED OFFICE

2nd Floor, Pardesi House, Survey No. 2/1,  
R.Y. 16, Old Queens Road, Karachi - 74000  
Tel : 92-21-111-111-224  
Fax : 92-21-32470090  
Website : [www.jcl.com.pk](http://www.jcl.com.pk)

### SHARE REGISTRAR

Technology Trade (Pvt.) Ltd.  
Dagia House 241-C, PECHS,  
Block-2, Off. Shahrah-e-Quaideen,  
Karachi.  
Email: [junaid.dagia@gmail.com](mailto:junaid.dagia@gmail.com)

### FACTORY LOCATION

Manghopir, Karachi-75890  
Tel: 92-21-36770141-36770142  
Fax: 92-21-36770144

## DIRECTORS' REVIEW REPORT

The Board of Directors of Javedan Cement Limited presents herewith the Directors' Review Report together with the Company's un-audited financial information for the nine months period ended March 31, 2010.

### PRODUCTION AND SALES

The comparative figures of production and sales for the nine months period ended March 31, 2010 are given as under :-

	For the Nine Months Ended	
	March 31, 2010	March 31, 2009
Clinker Production	<b>88,220</b>	158,723
Clinker Purchase	<b>5,967</b>	37,285
Cement Production	<b>119,339</b>	268,367
Cement Sales		
Local	<b>112,968</b>	246,128
Export	<b>2,728</b>	17,625

### OVERVIEW

During the nine months period under review, your Company has gross loss of Rs.44.738 million as against gross profit of Rs.226.068 million in the corresponding period of last year and net loss of Rs.491.012 million as against net loss of Rs.3,271 million in the corresponding period of last year.

### FUTURE PROSPECTS

The Management of the Company on account of multiple problems, including non-availability of natural gas since November 2009, drilling and blasting for excavation of raw materials having become difficult due to expanded populated area around the locations of the quarries, small capacity production lines with obsolete plant and machinery is facing multiple losses due to high inputs and other operating expenses, which are increasing day by day, resulting the operations impossible/unviable and non-competitive and the company is running into losses from operations for the last three consecutive years. The survival of the cement industry in the current and foreseeable future could only be possible if it operates in economies of scale. Moreover, the Company has no alternate fuel arrangement and could only be operate either on gas or on furnace oil. Therefore, the Company ceases to be engaged in the business of cement manufacturing following closure of Line III subject to the compliance of legal formalities for which shareholders approval has already been obtained on 24 April 2010.

### Housing Project

Management plans to dispose off the company's land by developing a housing scheme which will include built housing units, open plots, flat sites and commercial sites. Approval of master plan has already been obtained from Lyari Development Authority for a housing scheme spread over 1,238 acres of the Company's land.



Process has been initiated to seek approval from KBCA for the same. Company has engaged a team of professionals to undertake activities relating to development / construction, marketing / sales, etc. Company is in the process of procuring systems that are required to successfully develop and sell the housing scheme.

**ACKNOWLEDGMENT**

The Board of Directors of the Company would like to thank all the financial institutions having business relationship with us, our dealers and customers for their continued support, cooperation and trust they have reposed in us. We would also like to share my deepest appreciation for our employees for their dedication, loyalty and hard work.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read "Aves Cochinwala".

**Aves Cochinwala**  
Chief Executive

Karachi: April 30, 2010

**CONDENSED INTERIM  
BALANCE SHEET (UN-AUDITED)**

AS AT MARCH 31, 2010

	(Unaudited) March 31, 2010	(Audited) June 30, 2009
Note	(Rupees in '000)	
		(Restated)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipments	4 5,489,060	5,390,476
Long term security deposits	2,246	2,246
<b>CURRENT ASSETS</b>		
Stores and spares	126,628	141,674
Stock-in-trade	114,671	176,269
Trade debts- (Considered good)	18,730	9,943
Advances - (Considered good)	16,819	8,337
Deposits, prepayments and other receivables	28,222	26,403
Interest accrued	318	315
Tax refunds due from Government	20,174	33,727
Assets classified as held for sale	5 28,457	-
Cash and bank balances	186,851	71,829
	<u>540,870</u>	<u>468,497</u>
<b>TOTAL ASSETS</b>	<u><b>6,032,176</b></u>	<u><b>5,861,219</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share Capital	581,282	290,641
Reserves	(4,556,352)	(4,065,340)
Shareholders' equity	(3,975,070)	(3,774,699)
Surplus on revaluation of freehold land	4,505,983	4,505,983
Sponsors loan	1,074,713	952,291
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finance	2,819,792	3,530,000
<b>CURRENT LIABILITIES</b>		
Short term borrowings	-	64,045
Trade and other payables	220,842	220,277
Mark-up accrued	305,708	243,322
Current maturity of long term finances	1,080,208	120,000
	<u>1,606,758</u>	<u>647,644</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>6,032,176</b></u>	<u><b>5,861,219</b></u>

The annexed notes form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT STATEMENTS (UN-AUDITED)**  
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
		(Rupees in '000)			
Sales - Net		443,832	1,208,711	121,049	304,964
Cost of goods sold	7	488,620	982,643	164,306	264,565
<b>Gross (loss) / profit</b>		<b>(44,788)</b>	226,068	<b>(43,257)</b>	40,399
<b>Operating Expenses</b>					
Distribution costs		(6,844)	(21,394)	(1,131)	(2,093)
Administrative expenses		(11,362)	(14,765)	(3,413)	(1,025)
		(18,206)	(36,159)	(4,544)	(3,118)
Other operating income		17,254	11,023	14,742	2,691
<b>(Loss) / Profit from operation</b>		<b>(45,740)</b>	200,932	<b>(33,059)</b>	39,972
Finance cost		(440,899)	(432,490)	(150,701)	(156,459)
<b>(Loss) / Profit for the period</b>		<b>(486,639)</b>	(231,558)	<b>(183,760)</b>	(116,487)
Impairment loss on acquired goodwill		-	(2,981,644)	-	-
<b>(Loss) / Profit before taxation</b>		<b>(486,639)</b>	(3,213,202)	<b>(183,760)</b>	(116,487)
Taxation					
Current		(2,989)	(58,602)	(838)	(54)
Prior year		(1,384)	-	-	-
Loss after taxation		(491,012)	(3,271,804)	(184,598)	(116,541)
<b>Loss per share - Basic</b>		<b>(8.45)</b>	(112.57)	<b>(3.18)</b>	(4.01)

The annexed notes form an integral part of these condensed interim financial information.

  
Chief Executive

  
Director

**CONDENSED INTERIM  
CASH FLOW STATEMENT (UN-AUDITED)**

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

	March 31, 2010	March 31, 2009
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(486,639)	(3,212,202)
<b>Adjustments for non-cash items and other charges</b>		
Depreciation	9,680	11,048
Financial charges	440,899	432,490
Interest income	(3,354)	(7,384)
Loss on disposal of fixed assets	(11)	(248)
Impairment loss on acquired goodwill	-	2,981,644
Cash generated from operating activities before working capital changes	(39,425)	204,348
<b>(Increase)/ Decrease in current assets</b>		
Stores and spares	15,046	(18,576)
Stock in trade	61,598	(23,933)
Trade debts	(8,787)	6,382
Loans and advances	(8,482)	(6,527)
Deposits, prepayments and other receivables	(1,819)	(8,668)
Trade and other payables	565	34,348
	58,121	(16,974)
Net cash from operation	18,696	187,374
Income tax paid	(4,373)	(18,475)
Income tax refund	13,553	19,698
Finance cost paid	(378,513)	(283,181)
<b>Net cash used in operating activities</b>	(350,637)	(94,584)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(138,347)	(41,658)
Proceeds from sale of fixed assets	1,637	375
Interest received	3,351	7,702
<b>Net cash used in investing activities</b>	(133,359)	(33,581)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from sponsors loan and net cash from financing activities:	290,641	92,000
Long term finance	250,000	-
Sponsors loan received	122,422	-
Short term finance paid	(64,045)	-
<b>Net cash from financing activities</b>	599,018	92,000
<b>Net increase/ (decrease) in cash and cash equivalent</b>	115,022	(36,165)
<b>Cash and cash equivalent at beginning of period</b>	71,829	72,924
<b>Cash and cash equivalent at end of period</b>	186,851	36,759

The annexed notes form an integral part of these condensed interim financial information.

  
**Chief Executive**
  
**Director**

**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

Description	Share capital	Capital reserve	Reserve			Total	Total
			Revenue				
			General	Accumulated losses	Sub Total		
<b>(Rupees in '000)</b>							
Balance as at July 1, 2008	290,641	11,966	63,500	(3,712,784)	(3,649,284)	(3,637,318)	(3,346,677)
Loss for the nine months ended March 31, 2009	-	-	-	(3,271,804)	(3,271,804)	(3,271,804)	(3,271,804)
Balance as at March 31, 2009	<u>290,641</u>	<u>11,966</u>	<u>63,500</u>	<u>(6,984,588)</u>	<u>(6,921,088)</u>	<u>(6,909,122)</u>	<u>(6,618,481)</u>
Balance as at July 1, 2009	290,641	11,966	63,500	(4,140,806)	(4,077,306)	(4,065,340)	(3,774,699)
Issue of 100% Right Shares	290,641	-	-	-	-	-	290,641
Net Loss for the nine months ended March 31, 2010	-	-	-	(491,012)	(491,012)	(491,012)	(491,012)
<b>Balance as at March 31, 2010</b>	<u><b>581,282</b></u>	<u><b>11,966</b></u>	<u><b>63,500</b></u>	<u><b>(4,631,818)</b></u>	<u><b>(4,568,318)</b></u>	<u><b>(4,556,352)</b></u>	<u><b>(3,975,070)</b></u>

The annexed notes form an integral part of these condensed interim financial information.

  
**Chief Executive**

  
**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

### 1 STATUS AND NATURE OF BUSINESS

1.1 Javedan Cement Limited (the Company) was incorporated in Pakistan on June 08, 1961, as a public limited company under the repealed Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Karachi Stock Exchange. Its principal activity is to manufacture and sell ordinary portland cement, blast furnace slag cement and sulphate resisting cement. Registered office of the company is located at 2nd Floor, Pardesi House, Survey No. 2/1, R. Y. 16, Old Queens Road, Karachi.

1.2 During the period, the Company has incurred loss after taxation of Rs. 491.012 million (March 31, 2009: Rs. 3,271.804) million and its accumulated losses stand at Rs. 4,631.818 (March 31, 2009: Rs. 6,984.588) million eroding shareholders equity to negative Rs. 3,975.070 (March 31, 2009: Rs. 6,618.481) million and as at that date, its current liabilities exceeds its current assets by Rs. 1,065.888 (June 30, 2009: Rs. 179.147) million. Moreover, the company in its Extraordinary General meeting held on April 24, 2010 passed special resolution for disposal of plant and machinery of line III along with related stores and spares being old, out dated and fuel intensive future. Further, the non availability of gas on account of load shedding by the Gas Company and general recession in cement business has resulted in a major decline in the revenues of the company during current period. These factors the company may not be able to realize its assets and discharge the liabilities at the stated amounts.

Management plans to dispose of the company's land by developing a housing scheme which will include built housing units, open plots, flat sites and commercial sites. Approval of master plan has already been obtained from Lyari Development Authority for a housing scheme spread over Company's land. Process has been initiated to seek approval from KBCA for the same. Company has engaged a team of professionals to undertake activities related to development / construction, marketing / sales, etc. Company is in the process of procuring systems that are required to successfully develop and sell the housing scheme. The revenue from housing project will be used to repay its interest bearing debts which will eliminate mark up charges so that company could generate adequate return from the operations to eliminate the accumulated losses. Considering these facts these financial statement have been prepared on going concern basis.

### 2 BASIS OF PREPARATION

These condensed interim financial information are un-audited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange of Pakistan and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

### 3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies and methods of computation along with estimates which have been used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the preceding year ended June 30, 2009, except for the additional accounting policy for non-current assets classified as held for sale which is illustrated as below:

The company has classified its land and machinery line I & II assets held for sale as it meets the criteria defined in IFRS-5. Accordingly the company value these assets at lower of its carrying value or fair value less cost to sale.

**3.2 IAS 1 (revised)" Presentation of Financial Statements** (effective from January 01, 2009) was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is "Non-Owner chart in equity") in the statement of changes in equity , requiring" Non –owners chart in equity" to be presented separately from owners changes in equity. All owners changes in equity are required to be shown in the performance statement but entity can choose whether to present one performance statement ( statement of comprehensive ) or two statements (the income statement and statement of comprehensive income).

The company has chosen to present all non-owner changes in equity in performance statement i.e the statement of comprehensive statement (profit and loss account). The company doesn't have any items of income and expenses representing other comprehensive income. Accordingly, the adoption of the above standard does not have any significant impact on the presentation of the company's financial statement.

	(Unaudited) March 31, 2010	(Audited) June 30, 2009
Note	(Rupees in '000)	
<b>4. PROPERTY, PLANT AND EQUIPMENTS</b>		
The additions and disposals were made during the period are given below:-		
<b>4.1 Additions / revaluation during the period</b>		
Office Equipments	14	165
Freehold land (Revaluation)	-	4,505,983
Vehicles	-	44
	14	4,506,192
<b>4.2 Disposals during the period - cost</b>		
Motor Vehicles	3,226	597
<b>4.3 Capital work-in-progress</b>		
Civil and Land Development		
Opening	70,416	11,940
Additions	137,829	58,476
Closing	208,245	70,416
<b>5 Assets classified as held for sales</b>		
- At carrying value		
Plant and Machinery - Line I and II	5.1	-
		28,457

**5.1** A decision taken in addition to taken by the management of the company with the approval of members in the Annual General meeting held on October 28,2009, regarding disposal of its plant and machinery semi dry line | being old , out dated and fuel intensive nature along with its all accessories for which a proper plan has been formulated and the company had engaged a consultant to prepare complete list of plant's assets. The list has been circulated to prospective buyers and their bids were invited. Bidder with the most favorable price and payment terms will be selected after approval of the Board by the end of this month.

Further , the management of the company complying with the initial recognition criteria of IFRS-05" Non- Current assets Held for sale and discontinued Operation " recognized these assets at lower of their carrying value or fair value less cost to sell at the reporting date. The fair value less cost to sell of these assets is Rs.90.153 million as per revaluation report prepared by M/s Oceanic Surveyors (Private) Limited on the basis of current market rate and cost of similar type of assets.

#### **6 CONTINGENCIES AND COMMITMENTS**

There were no changes in contingencies and commitments since the audited financial statements.

NINE MONTHS ENDED		QUARTER ENDED	
MARCH 31, 2010	MARCH 31, 2009	MARCH 31, 2010	MARCH 31, 2009

Note

(Rupees in '000)

**7 COST OF GOODS SOLD**

Raw materials consumed (Note 7.1)	47,537	89,326	7,912	24,096
Packing materials consumed (Note 7.2)	27,721	74,902	8,547	19,401
Stores and spares consumed	14,192	34,417	2,754	9,616
Utilities	93,334	159,319	16,967	41,884
Fuel	179,315	333,631	7,039	51,675
Salaries, wages and other benefits	39,636	64,821	15,464	18,753
Repairs and maintenance	20,376	6,298	3,364	912
Depreciation	8,919	10,182	3,625	3,392
Other expenses	19,551	19,797	5,708	6,979
	<u>450,581</u>	<u>792,693</u>	<u>71,380</u>	<u>176,708</u>
Work-in-process				
Opening balance	32,448	100,927	102,500	132,776
Clinker Purchase	18,035	150,369	-	-
Closing balance	(1,424)	(30,547)	(1,424)	(30,547)
	<u>49,059</u>	<u>220,749</u>	<u>101,076</u>	<u>102,229</u>
Cost of goods manufactured	<u>499,640</u>	<u>1,013,442</u>	<u>172,456</u>	<u>278,937</u>
Finished Goods				
Opening balance	54,431	36,131	57,301	52,558
Closing balance	(65,450)	(66,930)	(65,450)	(66,930)
	<u>(11,019)</u>	<u>(30,799)</u>	<u>(8,149)</u>	<u>(14,372)</u>
	<u>488,620</u>	<u>982,643</u>	<u>164,306</u>	<u>264,565</u>

**7.1 Raw Materials Consumed**

Opening stock	89,390	35,519	68,564	97,582
Purchases	2,709	118,147	-	21,507
Own excavation and other related cost	16,580	34,692	490	4,039
	<u>108,679</u>	<u>188,358</u>	<u>69,054</u>	<u>123,128</u>
Sale of Raw Material	(13,345)	-	(13,345)	-
Closing stock	(47,797)	(99,032)	(47,797)	(99,032)
	<u>47,537</u>	<u>89,326</u>	<u>7,912</u>	<u>24,096</u>

**7.2 Packing Materials Consumed**

Opening stock	19,992	16,363	17,847	18,983
Purchases	20,715	80,579	3,686	22,458
	<u>40,707</u>	<u>96,942</u>	<u>21,533</u>	<u>41,441</u>
Packing Material Supplied	(3,152)	-	(3,152)	-
Closing stock	(9,834)	(22,040)	(9,834)	(22,040)
	<u>27,721</u>	<u>74,902</u>	<u>8,547</u>	<u>19,401</u>

**8 TRANSACTION WITH RELATED PARTIES**

Purchase of Clinker	23,528	199,292	-	-
Sales of Cement	36,051	15,260	2,111	10,764
Sale of Gypsum	13,345	-	13,345	-
Purchase of Stores & Spares	282	-	-	-
Sales of Stores & Spares	14,433	6,279	6,580	2,514
Sales of Vehicles	3,226	-	-	-
Common Sharing Expenses Incurred	1,200	1,800	-	600
Sponsors Loan Received	122,422	92,000	(60,015)	-

**9 REASON FOR RESTATEMENT OF CORRESPONDING FIGURES**

The excess of purchase consideration attributable to the merger of AL-Abbas Holding (Private) Limited and Ghani Holdings (Private) Limited with and into Javedan Cement Limited amounting into Rs.2.98 billion was initially recognized as good will in the revised financial statement for the year ended June 30, 2008 and subsequently considered fully impaired in the interim financial statements for the period ended December 31, 2008 instead of in the year of merger. In the financial year ending June 30, 2009 the corresponding figures for the year ended June 30, 2008 have been restated to reflect correction.

**10 DATE OF AUTHORIZATION FOR ISSUE**


These condensed interim financial information were authorized by Board of Directors for issue on 30 April 2010 by the Board of Directors of the Company.

**11 GENERAL**

Figures have been rounded-off to the nearest thousands of rupees.



Chief Executive



Director