

# 3rd Quarter

## & Nine Months accounts

*for the Period ended  
March 31, 2011*

PERVEZ AHMED SECURITIES LIMITED

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## COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mrs. Rehana Pervez Ahmed Mrs. Ayesha Ahmed Mansoor Mr. Ali Pervez Ahmed Mr. Hassan Ibrahim Ahmed Mr. Suleman Ahmed Mr. Muhammad Khalid Khan	Chief Executive
Audit Committee	Mr. Muhammad Khalid Khan Mr. Ali Pervez Ahmed Mr. Suleman Ahmed	Chairman
Chief Financial Officer	Mr. Muhammad Yousuf	
Company Secretary	Mr. Rizwan Atta	
Auditors	M/s Horwath Hussain Chaudhury & Co. Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocates & Solicitors	
Banks	Dawood Islamic Bank Limited Dubai Islamic Bank Pakistan Limited MCB Bank Limited NIB Bank Limited Summit Bank Limited	
Registered Office	20-K, Gulberg II, Lahore.	
Stock Exchange Office	Room No. 317, Third Floor, Lahore Stock Exchange Building, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.	
Share Registrars	Gangjees Registrar Services (Pvt.) Limited 516-Clifton Centre, Khayaban-e-Roomi, Block - 5, Clifton, Karachi - 75 600	
Website	<a href="http://www.pervezahmed.net">www.pervezahmed.net</a>	

## **DIRECTORS' REPORT**

On behalf of the Board of Directors of Pervez Ahmed Securities Limited, I present to you the Company's un-audited financial statements for the nine months ended March 31, 2011.

### **Capital Market Review**

The Karachi stock market overall showed an impressive returns of almost 22% in the first nine months of Financial Year 2010-11. Third quarter of the Financial Year 2010-11 remained sluggish and KSE-100 index declined by 2%. The trading volumes also remained on the lower side averaging at 123 million shares. Foreign investment which was leading the market also showed down in the recent quarter. The investors were unable to gain confidence on the much awaited leverage product due to political uncertainty and high inflation numbers.

The foreigners are expected to continue their buying in the selective sectors on the back of improving global economic conditions. The economic and political factors will be deciding the future direction of the market.

### **Financial Results of the Company**

During the nine months under review, Company posted net profit of Rs. 16.14 million compared to net loss of Rs. 66.63 million in the corresponding period last year. Administrative expenses also reduced during the period and came down from Rs. 3.54 million to Rs. 2.22 million. Similarly financial charges have reduced to Rs. 6.5 million from Rs. 67 million at the result of paying off bank liability. Company also got the benefit of Rs. 24.26 million as one of the banks has waived-off its accrued mark-up after the settlement of its loan.

### **Acknowledgement**

The Board is thankful to its valued shareholders for their confidence in the Company, its clients, the Securities & Exchange Commission of Pakistan and to the management of Karachi & Lahore Stock Exchanges for their valuable support, assistance and guidance. The Board also appreciates the employees of the Company for their dedication and hard work.

**For & behalf of the Board**

**Lahore:  
April 29, 2011**

**Pervez Ahmad  
(Chief Executive)**

**PERVEZ AHMED SECURITIES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2011**

	<b>Note</b>	<b>March 31, 2011 (Un-Audited) Rupees</b>	<b>June 30, 2010 (Audited) Rupees</b>
<b>Non Current Assets</b>			
Property and equipment	4	1,459,626	1,835,412
Intangible assets		40,000,000	40,000,000
Long term investment in associate		103,262,493	103,502,956
Long term security deposits		<u>4,055,000</u>	<u>4,055,000</u>
		148,777,119	149,393,368
<b>Current Assets</b>			
Short term investments		13,150,672	23,286,605
Advances, tax refundable and other receivables		6,966,092	6,947,765
Assets held for sale	5	30,000,000	134,000,000
Bank balances		<u>1,528,448</u>	<u>1,482,044</u>
		51,645,212	165,716,414
<b>Current Liabilities</b>			
Trade and other payables		(554,383,278)	(559,141,791)
Accrued interest / mark up		(14,027,641)	(31,752,638)
Current portion of long term financing		(6,600,994)	(4,515,238)
Short term borrowings	6	<u>(107,940,931)</u>	<u>(215,269,061)</u>
		(682,952,844)	(810,678,728)
<b>Net Current Assets</b>		(631,307,632)	(644,962,314)
<b>Non Current Liabilities</b>			
Long term financing		4,860,774	7,988,508
Deferred liability		<u>2,882,405</u>	<u>2,856,655</u>
		7,743,179	10,845,163
<b>NET ASSETS</b>		<u><b>(490,273,692)</b></u>	<u><b>(506,414,109)</b></u>
<b>REPRESENTED BY</b>			
Issued, subscribed and paid up capital		774,575,790	774,575,790
Share deposit money		299,000,120	299,000,120
Unappropriated losses		<u>(1,563,849,602)</u>	<u>(1,579,990,019)</u>
		(490,273,692)	(506,414,109)
<b>Contingencies and Commitments</b>	7	-	-
		<u><b>(490,273,692)</b></u>	<u><b>(506,414,109)</b></u>

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

**CHIEF EXECUTIVE**

**DIRECTOR**

**PERVEZ AHMED SECURITIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2011**

	Quarter Ended March 31,		Nine Months Ended March 31,	
	2011	2010	2011	2010
	(Un-Audited) Rupees	(Un-Audited) Rupees	(Un-Audited) Rupees	(Un-Audited) Rupees
Operating income - Net	670,294	275,579	2,381,300	3,226,845
Administrative expenses	(718,499)	(773,304)	(2,217,102)	(3,540,073)
<b>Operating Profit / (Loss)</b>	<b>(48,205)</b>	<b>(497,725)</b>	<b>164,198</b>	<b>(313,228)</b>
Finance cost	-	(6,634)	(6,540,743)	(67,093,443)
Other operating charges	(6,374)	-	(71,487)	-
Other operating income	-	928	25,449,085	161,478
Surplus / (Deficit) on remeasurement of investments at fair value through profit or loss - Net	(54,579)	(503,431)	19,001,053	(67,245,193)
	<u>(2,546,749)</u>	<u>(4,379,648)</u>	<u>(2,582,008)</u>	<u>615,196</u>
<b>Profit / (Loss) before Taxation and Share from Associated Undertaking</b>	<b>(2,601,328)</b>	<b>(4,883,079)</b>	<b>16,419,045</b>	<b>(66,629,997)</b>
Share of loss from associated undertaking	-	-	(240,463)	-
<b>Profit / (Loss) before Taxation</b>	<b>(2,601,328)</b>	<b>(4,883,079)</b>	<b>16,178,582</b>	<b>(66,629,997)</b>
Taxation	-	-	(38,165)	-
<b>Profit / (Loss) after Taxation</b>	<b><u>(2,601,328)</u></b>	<b><u>(4,883,079)</u></b>	<b><u>16,140,417</u></b>	<b><u>(66,629,997)</u></b>
<b>Earnings per Share</b>	<b><u>(0.03)</u></b>	<b><u>(0.06)</u></b>	<b><u>0.21</u></b>	<b><u>(0.86)</u></b>

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

**PERVEZ AHMED SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2011**

	Quarter Ended March 31,		Nine Months Ended March 31,	
	2011	2010	2011	2010
	(Un-Audited) Rupees	(Un-Audited) Rupees	(Un-Audited) Rupees	(Un-Audited) Rupees
Profit / (Loss) after taxation for the period	(2,601,328)	(4,883,079)	16,140,417	(66,629,997)
Other comprehensive income	-	-	-	-
<b>Total Comprehensive Income / (Loss) for the Period</b>	<b><u>(2,601,328)</u></b>	<b><u>(4,883,079)</u></b>	<b><u>16,140,417</u></b>	<b><u>(66,629,997)</u></b>

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

**PERVEZ AHMED SECURITIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2011**

	<b>Nine Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	16,178,582	(66,629,997)
Adjustments for:		
- Deficit / (Surplus) on remeasurement of investments at fair value through profit or loss - Net	2,582,008	(615,196)
- Dividend income	(231,650)	(601,576)
- Provision for gratuity	25,750	305,800
- Depreciation	375,786	582,700
- Gain on disposal of property and equipments	-	(148,369)
- Share of loss from associated undertaking	240,463	
- Waiver of accrued mark up	(24,265,740)	
- Finance cost	6,540,743	64,043,443
	<u>(14,732,640)</u>	<u>63,566,802</u>
<b>Operating Profit / (Loss) before Working Capital Changes</b>	1,445,942	(3,063,195)
Decrease / (increase) in current assets:		
- Short term investments	7,553,925	321,502
- Advances and other receivables	(18,327)	45,471
Increase in current liabilities:		
- Trade and other payables	(4,796,678)	3,830,551
	<u>2,738,920</u>	<u>4,197,524</u>
<b>Cash generated from operations</b>	4,184,862	1,134,329
Dividend income received	231,650	1,029,976
Finance costs paid	-	(7,372,888)
Taxes paid	-	(46,178)
Gratuity paid	-	(5,500)
<b>Net Cash generated from / ( used in) Operating Activities</b>	4,416,512	(5,260,261)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Assets held for sale	104,000,000	-
Proceeds from disposal of property and equipments	-	1,510,000
<b>Net Cash generated from Investing Activities</b>	104,000,000	1,510,000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing	(1,041,978)	-
Dividend paid	-	(2,450)
Short term borrowings	(107,328,130)	3,981,858
<b>Net Cash (used in) / generated from Financing Activities</b>	<u>(108,370,108)</u>	<u>3,979,408</u>
<b>Net Increase in Cash and Cash Equivalents</b>	46,404	229,147
Cash and cash equivalents at the beginning of the period	1,482,044	1,644,525
<b>Cash and Cash Equivalents at the End of the period</b>	<u><b>1,528,448</b></u>	<u><b>1,873,672</b></u>

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

CHIEF EXECUTIVE

DIRECTOR



**PERVEZ AHMED SECURITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2011**

	Share Capital Rupees (Un-Audited)	Share Deposit Money Rupees (Un-Audited)	Unappropriated (Loss) Rupees (Un-Audited)	Total Rupees (Un-Audited)
<b>Balance as at June 30, 2009</b>	774,575,790	306,000,000	(1,537,640,316)	(457,064,526)
Total comprehensive loss for nine months period ended March 31, 2010	-	-	(66,629,997)	(66,629,997)
<b>Balance as at March 31, 2010</b>	<u>774,575,790</u>	<u>306,000,000</u>	<u>(1,604,270,313)</u>	<u>(523,694,523)</u>
<b>Balance as at June 30, 2010</b>	774,575,790	299,000,120	(1,579,990,019)	(506,414,109)
Total comprehensive profit for nine months period ended March 31, 2011	-	-	16,140,417	16,140,417
<b>Balance as at March 31, 2011</b>	<u>774,575,790</u>	<u>299,000,120</u>	<u>(1,563,849,602)</u>	<u>(490,273,692)</u>

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

## PERVEZ AHMED SECURITIES LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED MARCH 31, 2011

#### Note 1

##### **The Company and its Operations**

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**1.1** Pervez Ahmed Securities Limited was incorporated under the Companies Ordinance, 1984 on June 8, 2005 as a single member company and was listed on Karachi and Lahore Stock Exchanges on June 21, 2007. The principal activities of the Company include shares brokerage and trading, consultancy services and underwriting. The registered office of the Company is situated at 20-K Gulberg II, Lahore.

##### **1.2 Going concern assumption**

The Company has accumulated losses of Rs. 1,563.85 million (June 2010: Rs. 1,579.99 million) and its current liabilities exceed its current assets by Rs. 631.31 million (June 2010: 644.96 million) as at the balance sheet date. These factors raise doubts about the Company being a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the ordinary course of business.

The management, however, considers that the going concern assumption used in the preparation of these financial statements is appropriate and has following plans / arrangements to mitigate the uncertainties disclosed in the preceding paragraph:

- The Company has settled its major portion of bank borrowings against assets held for sale (refer to Note 5) and the resultant waiver of mark up of Rs. 24,265,740 has been incorporated in the condensed interim financial information.
- The Company is committed to its plan of restructuring including right issue and negotiations with various financial institutions for underwriting are in process as at the balance sheet date.
- The Company has one surplus property released from a lender available for any suitable option under consideration by the management.
- The Company is considering various options of revival including diversification of operations and has significantly reduced its operating overheads.
- The directors of the Company are committed to run the affairs of the Company and to make it a profitable venture.

Keeping in view the above mitigating plans, the management considers that the going concern assumption used in the preparation of these interim financial information is appropriate.

#### Note 2

##### **Statement of Compliance**

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**2.1** This condensed interim financial report of the company for the nine months period ended March 31, 2011 has been prepared in accordance with the requirements of the International Accounting standard 34 - Interim Financial Reporting and provisions of and directive issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

- 2.2 These financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2010. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2010 whereas comparative profit and loss account, comparative cash flows statement and comparative statement of changes in equity are stated from un-audited interim financial information for the nine months ended on March 31, 2010.

**Note 3**  
**Accounting Policies**

The accounting policies and methods of computation of the interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended on June 30, 2010.

**Note 4**  
**Property and Equipment**

	<b>March 31, 2011</b>	<b>June 30, 2010</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rupees	Rupees
Opening written down value	1,835,412	3,959,890
Deletion during the period / year	-	(1,361,631)
	<u>1,835,412</u>	<u>2,598,259</u>
Depreciation charge for the period / year	(375,786)	(762,847)
	<u><u>1,459,626</u></u>	<u><u>1,835,412</u></u>

**Note 5**  
**Assets Held for Sale**

	<b>March 31, 2011</b>	<b>June 30, 2010</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rupees	Rupees
Residential and commercial properties	134,000,000	210,300,120
Less: Adjusted against short term borrowing	(104,000,000)	(76,300,120)
	<u><u>30,000,000</u></u>	<u><u>134,000,000</u></u>

- 5.1 The closing balance represents one commercial property valuing Rs. 30 million that has been released by the lending bank and is classified as asset held for sale as the management is committed to its original plan of disposing it off within next twelve months. The title of the property free from any charge or encumbrance is in the name of the director of the Company as at the balance sheet date and the ownership of the property has been relinquished in the favour of the Company.

**Note 6**  
**Short Term Borrowings**

During the nine months ended March 31, 2011, the Company settled its outstanding liabilities with Summit Bank Limited (formerly, Arif Habib Bank Limited) against assets held for sale (refer to Note 5) and outstanding markup of Rs. 24,265,740 has been waived off as per the settlement terms that has been shown as part of other operating income in the condensed interim profit and loss account.

**Note 7**  
**Contingencies and Commitments**

**Contingencies**

There are no material contingencies outstanding at the close of the balance sheet date (June 30, 2010: Nil).

**Commitments**

There are no material commitments outstanding at the close of the balance sheet date (June 30, 2010: Nil).

**Note 8**  
**Transactions with Related Parties**

The related parties comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment.

	<b>Nine Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
	Rupees	Rupees
Associated undertakings		
Services rendered	1,500,000	-
Funds received from associated undertaking - Net	1,168,952	3,711,000
Directors		
Funds received from director	1,041,978	319,900

**Note 9**  
**Authorization of Financial Statements**

These interim financial statements have been authorized for issue on April 29, 2011 by the Board of Directors of the Company.

**Note 10**  
**General**

Figures have been rounded off to the nearest rupees.

Figures of the corresponding period have been re-arranged , wherever necessary, to facilitate comparison. No material rearrangement has been made during the period.

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