

*2016*

**ANNUAL REPORT**

*Pervez Ahmed Securities Limited*

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## COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mrs. Rehana Pervez Ahmed Mr. Ali Pervez Ahmed Mr. Hassan Ibrahim Ahmed Mrs. Ayesha Ahmed Mansoor Mr. Muhammad Khalid Khan Mr. Mazhar Pervaiz Malik	Chief Executive
Audit Committee	Mr. Muhammad Khalid Khan Mrs. Ayesha Ahmed Mansoor Mr. Mazhar Pervaiz Malik	Chairman
Chief Financial Officer	Mr. Muhammad Yousuf	
Company Secretary	Mr. Rizwan Atta	
Auditors	M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocates & Solicitors	
Banks	Burj Bank Limited Dubai Islamic Bank Pakistan Limited MCB Bank Limited NIB Bank Limited Summit Bank Limited	
Registered Office	20-K, Gulberg II, Lahore.	
Share Registrars	THK Associates (Pvt.) Limited Ground Floor, State Life Building No 3, Dr. Ziauddin Ahmed Road, Karachi - 75530	
Website	<a href="http://www.pervezahmed.net">www.pervezahmed.net</a>	

### **VISION**

Being an investment and financial services organization whose principles are centered to the financial success of its shareholders and clients, we are devoted to holding the highest degree of service quality and reliability while using our specialized skills and judgments for the financial and operational growth of the Company.

### **MISSION**

To be an esteemed and prosperous Company, providing a diverse range of value added financial services to meet the growing demands of our clients and to earn a highest possible return for our shareholders, through dependable investment behavior and adhering to the best corporate governance standards.

**PERVEZ AHMED SECURITIES LIMITED  
NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Eleventh Annual General Meeting of Pervez Ahmed Securities Limited will be held at the Registered Office of the Company 20-K, Gulberg II, Lahore on Monday, October 31, 2016 at 4:15 p.m. to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on October 31, 2015.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2016 together with Directors' and Auditors' reports thereon.
3. To appoint Auditors of the Company for the year 2016-17 and to fix their remuneration. The present Auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants, retire and being eligible offered themselves for the re-appointment.

By the order of the Board

Lahore: October 10, 2016

Rizwan Atta  
Company Secretary

**NOTES**

- I THE Share Transfer Books of the Company will remain closed from October 28, 2016 to November 2, 2016 (both days inclusive).
- II A member of the Company entitled to attend and vote may appoint another member as his/ her proxy to attend and vote instead of him /her.
- III Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- IV Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. or their proxies are required to produce their original Computerized National Identity Card (CNIC) or passport for identification purpose. In case of corporate entity, the Board of Directors' Resolution / power of Attorney with specimen signature shall be submitted along with proxy form.

## DIRECTORS' REPORT

The Board of Directors of Pervez Ahmed Securities Limited is pleased to present the Annual Report for the year ended June 30, 2016 along with the audited financial statements of the Company for the year ended June 30, 2016.

### Capital Market Review

During the financial year 2015-16 the Pakistan Stock Exchange 100 index recorded a return of almost 10 percent. Average traded volumes remained marginally low compared to last year, whereas the market average traded value also decreased by around 20%.

### Financial Review

The Financial results of the Company for the year ended June 30, 2016 are as under

	Year Ended	
	June 30,2016 Rupees	June 30,2015 Rupees
Operating revenue	1,173,951	9,792,657
Operating (loss) / profit	(605,475)	8,334,921
(Deficit) on remeasurement of investments	(231,332,431)	(997,136)
Share of loss of associate	(830,399)	(22,038,153)
(Loss) before taxation	(236,592,655)	(14,700,368)
Taxation	(65,116)	(965,267)
(Loss) after taxation	(236,657,771)	(15,665,635)
(Loss) per share - Basic	(1.27)	(0.08)

### Financial Results of the Company

During the year under review, the Company reported a net loss of Rs. 236.66 million for the year ended June 30, 2016 as compared to loss of Rs. 15.67 million. The massive increase in the net loss for the year is mainly due to change in the fair value of investments.

The auditors have expressed an adverse opinion in their report with respect to going concern assumption and non providing mark-up during the year. However the management is making continuous efforts to support the Company. Whereas non providing mark-up is concerned, the management feels that this will not be paid on the new settlement terms.

### Future Outlook

Besides the present political and law and order challenges positive economic activity is expected on the back of lowering inflation and interest rates. We might see a stable positive development in the Pakistan Stock market on the back of improving economic indicators

### Statement of Ethics & Business Practices

The Board has prepared and circulated the Statement of Ethics and Business Practices signed by every director and employee of the Company as a token of acknowledgement of his/her understanding of the standards of conduct in relation to everybody associated or dealing with the Company.

### Dividend

In view of current losses in the current year, negative cash flow and available accumulated losses, dividend can not be declared.

**Book Closure**

The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from October 28, 2016 to November 2, 2016 (both days inclusive). Transfer received by our Shares Registrar, M/s THK Associates (Pvt.) Limited - Ground Floor, State Life Building No 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on October 27, 2016 will be considered to attend and vote at the meeting.

**Pattern of Shareholding**

The Statement of Pattern of Shareholding along with categories of shareholders of the Company as at June 30, 2016 as required under section 236 of the Companies Ordinance 1984 and Code of Corporate Governance are annexed with this report.

**Operating and Financial Data**

Operating and financial data with key ratios for the six years is annexed.

**Number of Board Meetings Held**

Five meetings of the Board of Directors were held during the year ended June 30, 2016 and the attendance of the directors is as follows.

Mr. Pervez Ahmed	Chief Executive	5 attendance
Mrs. Rehana Pervez Ahmed	Director	5 attendance
Mr. Ali Pervez Ahmed	Director	5 attendance
Mr. Hassan Ibrahim Ahmed	Director	5 attendance
Mrs. Ayesha Ahmed Mansoor	Director	5 attendance
Mr. Muhammad Khalid Khan	Director	5 attendance
Mr. Mazhar Pervaiz Malik	Director	4 attendance

**Auditors**

The Auditors Messrs Rahman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants retire and being eligible offer themselves for reappointment. The Audit Committee recommends the reappointment of Messrs Rahman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants as auditors of the Company for the financial year ending June 30, 2017.

**Audit Committee**

The Audit Committee of the Company is in place and comprises the following members as required under the Code of Corporate Governance.

Mr. Muhammad Khalid Khan	Chairman
Mrs. Ayesha Ahmed Mansoor	Member
Mr. Mazhar Pervaiz Malik	Member

Meetings of the Audit Committee were held during the year ended June 30, 2016 as required by the Code of Corporate Governance for review of quarterly & annual accounts and other related matters. The meeting was also attended by the Chief Financial Officer, head of Internal Audit and External Auditors as and when it was required.

### Statement in Compliance to the Code of Corporate Governance

The Directors are pleased to confirm that the Company has made compliance of the provisions set out by the Securities & Exchange Commission of Pakistan through the listing regulations of Pakistan Stock Exchange as prescribed in the Code of Corporate Governance and there is no material departure from the best practices as detailed in the listing regulations.

- 1 The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and change in equity.
- 2 Proper books of accounts of the Company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4 International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- 5 The system of internal control is sound in design and has been effectively implemented and monitored.
- 6 The Company suffered net loss of Rs. 236.66 million during the year and has accumulated losses of Rs. 1,319 million as at the balance sheet date. The current liabilities of the Company exceeds its current assets by Rs. 642 million. These factors may cast doubt about the entity's ability to continue as going concern. However, the management is continuous efforts to support the Company.
- 7 There has been no material departure from the best practices of corporate governance as defined in the listing regulations.
- 8 Financial highlights for the last six years are annexed.

### Acknowledgement

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

For & on behalf of the Board

Lahore  
October 10, 2016

Pervez Ahmed  
Chief Executive



**FINANCIAL HIGHLIGHTS**

<b>Profit and Loss Account</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Operating revenue / (loss)	1,173,951	9,792,657	184,547	276,356	33,000	934,365
Administrative expenses	(1,778,176)	(1,457,631)	(2,653,321)	(9,109,611)	(3,297,747)	(3,306,209)
<b>Operating (Loss)</b>	<b>(604,225)</b>	<b>8,335,026</b>	<b>(2,468,774)</b>	<b>(8,833,255)</b>	<b>(3,264,747)</b>	<b>(2,371,844)</b>
- Finance cost	(1,250)	(105)	(2,148)	(8,654)	(35,737)	(20,464,413)
- Other operating charges	-	-	(3,026,969)	(125,000)	(21,885,693)	(10,150,000)
- Other operating income	-	-	-	14,627,861	2,283	26,952,960
	(1,250)	(105)	(3,029,117)	14,494,207	(21,919,147)	(3,661,453)
(Deficit) / Surplus on remeasurement of investments	(231,332,431)	(997,136)	507,818,854	13,949,547	1,312,895	(3,709,839)
Impairment loss on available for sale of financial assets	(3,824,350)					
Profit / (Loss) before Taxation & Share from Associated Undertaking	(235,762,256)	7,337,785	502,320,963	19,610,499	(23,870,999)	(9,743,136)
Share of (loss) / profit from Associated Undertaking	(830,399)	(22,038,153)	(4,504,206)	30,542,834	(95,427)	(1,165,402)
<b>(Loss)/profit before Taxation</b>	<b>(236,592,655)</b>	<b>(14,700,368)</b>	<b>497,816,757</b>	<b>50,153,333</b>	<b>(23,966,426)</b>	<b>(10,908,538)</b>
Taxation	(65,116)	(965,267)	(1,845)	(7,278)	(3,300)	(74,766)
<b>(Loss)/profit before Taxation</b>	<b>(236,657,771)</b>	<b>(15,665,635)</b>	<b>497,814,912</b>	<b>50,146,055</b>	<b>(23,969,726)</b>	<b>(10,983,304)</b>
Payouts						
- Cash dividend	Nil	Nil	Nil	Nil	Nil	Nil
- Stock dividend	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet</b>						
Share capital	1,865,684,870	1,865,684,870	1,865,684,870	1,865,684,870	774,575,790	774,575,790
Share deposit money	20,622,850	20,622,850	20,622,850	20,622,850	293,400,120	291,500,120
Property, plant and equipment	306,382	405,146	538,698	722,996	978,177	1,334,364
Intangible assets	-	2,000,000	7,000,000	9,360,000	25,000,000	30,000,000
Long term investments	392,971,256	624,708,434	651,447,462	131,664,268	85,481,434	102,337,554
Short term investments	13,555,385	17,759,485	19,062,512	26,759,208	12,809,661	11,496,766
Total assets	425,414,913	662,331,591	687,065,451	178,126,292	134,360,298	176,924,723
Shareholders' equity	(271,952,428)	(35,294,657)	(19,629,022)	(496,821,084)	(546,967,139)	(524,897,413)
(Loss) / earning per share	(1.27)	(0.08)	2.67	0.56	(0.31)	(0.14)
Current ratio	0.046 : 1	0.05 : 1	0.04 : 1	0.05 : 1	0.03 : 1	0.06 : 1

## Statement of Compliance With Best Practices of Code of Corporate Governance For The Year Ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No 5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Name
Independent Director	Mazhar Pervaiz Malik
Executive Directors	Pervez Ahmed Ali Pervez Ahmed Hassan Ibrahim Ahmed
Non-Executive Directors	Rehana Pervez Ahmed Ayesha Ahmed Mansoor Muhammad Khalid Khan

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 loan to a banking company, a DFI or an NBFII or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, 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. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
10. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
12. 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.
13. The company has complied with all the corporate and financial reporting requirements of the Code.
14. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the chairman of the committee.
15. 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.
16. The board has formed an HR and Remuneration Committee. It comprises three members, of whom all are non-executive directors including the chairman of the committee.
17. The board has set up an effective internal audit function.
18. 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 code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
22. We confirm that all other material principles enshrined in the Code have been complied with, except the following:
  - a. the Board is in the process of developing mechanism for annual evaluation of the performance of the Board
  - b. None of the Directors of the Company have obtained any certification in any Directors Training Program

on behalf of the Board

Lahore.  
October 10, 2016

Chief Executive

**Review Report 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 PERVEZ AHMED SECURITIES LIMITED for the year ended June 30, 2016 to comply with the requirements of Regulation No 5.19 of the Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

There were no related party transactions falling within the ambit of Regulation No. 5.19.6 of the Rule Book of Pakistan Stock Exchange Limited.

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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

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

Reference	Description
Paragraph 22(a)	The Board is in process of developing a comprehensive mechanism for annual evaluation of its performance.
Paragraph 22(b)	None of the Directors of the Company have obtained any certification in any Directors Training Program.

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
**Chartered Accountants**  
**Engagement Partner: ZUBAIR IRFAN MALIK**

**LAHORE: October 10, 2016**

## Auditors' Report to the Members

We have audited the annexed balance sheet of PERVEZ AHMED SECURITIES LIMITED ("the Company") as at June 30, 2016 and the related profit and loss account, statement of profit or loss and other 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-

- I. As referred to in note 2.2 to the financial statements, the Company has accumulated losses of Rs. 1,319.3 million. Its current liabilities exceed current assets by Rs. 642.56 million. Further, the Trading Rights Entitlement Certificate issued to the Company was inactive due to inadequate net capital balance and the same has been sold to another company for which the directors of the Company have been penalized by the Securities and Exchange Commission of Pakistan, as referred to note 28 to the financial statements. Further as referred to in note 22.1.2 to the financial statements, the Additional Registrar of Companies ('ARC'), Securities and Exchange Commission of Pakistan has filed a petition in the Lahore High Court against the Company and its directors whereby the ARC has prayed that the affairs of the Company be declared as being conducted in an unlawful manner which is prejudicial for the shareholders, that the Company and its Directors be ordered to buy back the shares of minority shareholders at a price to be determined in accordance with Rule Book of Pakistan Stock Exchange Limited and that the directors be held responsible for not conducting the brokerage business as envisaged in the memorandum of association of the Company. The Company also has overdue debt finances and interest/markup thereon, as referred to note 15 and note 16 to the financial statements. One of the creditors has also filed a suit against the Company for recovery of its debts. These factors raise doubts about the Company's ability to continue as a going concern. We consider that in the absence of any favourable settlement with the providers of debt finances/creditors, ability to obtain further financing and revival of its operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of business. Consequently, the use of going concern assumption in the preparation of annexed financial statements is not appropriate and adjustments may be required to the recorded asset amounts and classification of liabilities. The financial statements do not disclose this fact.
- II. The Company has not recognized interest/markup on short term borrowings amounting to Rs. 61.53 million upto June 30, 2016. Had this interest/markup been recognized, accumulated losses as at June 30, 2016 and loss for the year then ended would have been higher by Rs. 61.53 million and Rs. 9.13 million respectively. The financial statements do not disclose this fact

- .III. As referred to note 22.1.1 to the financial statements, One of the creditors of the Company filed suit against the Company for the recovery of Rs. 36.57 million including late payment surcharge amounting to Rs. 17.45 million. The Company has not recognized provision for late payment surcharge of Rs. 17.45 million. Had the provision been recognized, accumulated losses as at June 30, 2016 and loss for the year then ended would have been higher by Rs. 17.45 million.
- IV. Except for the impact of matters described in paragraph (I) and (II) above:
- a) in our opinion, proper books of accounts 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 accounts 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;
- V. 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 profit or loss and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, other comprehensive income, its cash flows and changes in equity for the year then ended; and
- VI. In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980.).

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
**Chartered Accountants**  
**Engagement Partner: ZUBAIR IRFAN MALIK**

**LAHORE: October 10, 2016**

**Balance sheet**  
as at June 30, 2016

	Note	2016 Rupees	2015 Rupees
<b>NON CURRENT ASSETS</b>			
Property and equipment	6	306,382	405,146
Intangible assets	7	-	2,000,000
Long term investments	8	392,971,256	624,708,434
Long term deposits	9	1,055,000	1,055,000
		<b>394,332,638</b>	<b>628,168,580</b>
<b>CURRENT ASSETS</b>			
Short term investments	10	13,555,385	17,759,485
Advances and other receivables	11	9,000,000	9,000,000
Current taxation	12	6,409,048	5,441,579
Cash at banks	13	2,117,842	1,961,947
		<b>31,082,275</b>	<b>34,163,011</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	(490,481,917)	(489,498,824)
Accrued interest/markup	15	(21,757,327)	(21,757,327)
Short term borrowings	16	(107,940,931)	(107,940,931)
Due to related parties	17	(53,465,072)	(54,715,072)
		<b>(673,645,247)</b>	<b>(673,912,154)</b>
<b>NET CURRENT ASSETS</b>		<b>(642,562,972)</b>	<b>(639,749,143)</b>
<b>NON-CURRENT LIABILITIES</b>			
Employees retirement benefits	18	(3,099,244)	(3,091,244)
<b>NET ASSETS</b>		<b>(251,329,578)</b>	<b>(14,671,807)</b>
<b>REPRESENTED BY:</b>			
<i>Authorized capital</i>			
230,000,000 (2015: 230,000,000) ordinary shares of Rs. 10 each		<b>2,300,000,000</b>	<b>2,300,000,000</b>
Issued, subscribed and paid up capital	19	1,865,684,870	1,865,684,870
Discount on issue of shares	20	(818,331,810)	(818,331,810)
Accumulated losses		(1,319,305,488)	(1,082,647,717)
		<b>(271,952,428)</b>	<b>(35,294,657)</b>
Advance against issue of ordinary shares	21	20,622,850	20,622,850
<b>TOTAL EQUITY</b>		<b>(251,329,578)</b>	<b>(14,671,807)</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22	-	-
		<b>(251,329,578)</b>	<b>(14,671,807)</b>

The annexed notes 1 to 40 form an integral part of these financial statements.

Lahore  
Date: October 10, 2016

CHIEF EXECUTIVE

DIRECTOR

## Profit and loss account

for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
<b>Revenue</b>	23	<b>473,951</b>	9,792,657
Administrative expenses	24	(1,778,176)	(1,457,631)
Bank and other charges		(1,250)	(105)
Gain on sale of intangible assets	7	700,000	-
		<b>(605,475)</b>	8,334,921
Impairment loss on available for sale financial assets	8.2	(3,824,350)	-
Changes in fair value of investments at fair value through profit or loss	8.1.2 & 10	(231,332,431)	(997,136)
		<b>(235,762,256)</b>	7,337,785
Share of loss of associate	8	(830,399)	(22,038,153)
<b>Loss before taxation</b>		<b>(236,592,655)</b>	(14,700,368)
Taxation	25	(65,116)	(965,267)
<b>Loss after taxation</b>		<b>(236,657,771)</b>	(15,665,635)
<b>Loss per share - basic and diluted</b>	26	<b>(1.27)</b>	(0.08)

The annexed notes 1 to 40 form an integral part of these financial statements.

Lahore  
Date: October 10, 2016

CHIEF EXECUTIVE

DIRECTOR



**Statement of other comprehensive income**  
*for the year ended June 30, 2016*

	2016	2015
	Rupees	Rupees
Loss after taxation	(236,657,771)	(15,665,635)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b><u>(236,657,771)</u></b>	<b><u>(15,665,635)</u></b>

*The annexed notes 1 to 40 form an integral part of these financial statements.*

Lahore  
 Date: October 10, 2016

CHIEF EXECUTIVE

DIRECTOR

## Cash flow statement

for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(236,592,655)	(14,700,368)
<b>Adjustments for non-cash and other items</b>			
Changes in fair value of investments at fair value through profit or loss		231,332,431	997,136
Impairment of available for sale financial assets		3,824,350	
Gain on disposal of intangible assets		(700,000)	-
Dividend income		(473,951)	(9,711,387)
Provision for employees retirement benefits		8,000	8,000
Gain on sale of investments		-	(81,270)
Share of loss of associate		830,399	22,038,153
Depreciation		98,764	133,552
		<b>234,919,993</b>	<b>13,384,184</b>
<b>Changes in working capital</b>			
Trade and other payables		983,093	(1,183,090)
<b>Cash used in operations</b>		<b>(689,569)</b>	<b>(2,499,274)</b>
Payments for:			
Income tax		(1,032,585)	(80,488)
<b>Net cash used in from operating activities</b>		<b>(1,722,154)</b>	<b>(2,579,762)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Dividend income		428,049	711,387
Proceeds from sale of intangible assets		2,700,000	5,000,000
Proceeds from sale of investments		-	5,088,036
<b>Net cash generated from investing activities</b>		<b>3,128,049</b>	<b>10,799,423</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings from related parties		(1,250,000)	(7,893,135)
<b>Net cash used in from financing activities</b>		<b>(1,250,000)</b>	<b>(7,893,135)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>155,895</b>	<b>326,526</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR</b>		<b>1,961,947</b>	<b>1,635,421</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR</b>	27	<b>2,117,842</b>	<b>1,961,947</b>

The annexed notes 1 to 40 form an integral part of these financial statements.

Lahore  
Date: October 10, 2016

CHIEF EXECUTIVE

DIRECTOR

## Statement of Changes in Equity

for the year ended June 30, 2016

	Issued subscribed and paid-up capital Rupees	Advance against issue of ordinary shares Rupees	Discount on issue of shares Rupees	Accumulated profit Rupees	Total equity Rupees
As at July 01, 2014	1,865,684,870	20,622,850	(818,331,810)	(1,066,982,082)	993,828
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	(15,665,635)	(15,665,635)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	(15,665,635)	(15,665,635)
<b>Transaction with owners</b>	-	-	-	-	-
<b>As at June 30, 2015</b>	<u>1,865,684,870</u>	<u>20,622,850</u>	<u>(818,331,810)</u>	<u>(1,082,647,717)</u>	<u>(14,671,807)</u>
As at July 01, 2015	1,865,684,870	20,622,850	(818,331,810)	(1,082,647,717)	(14,671,807)
<b>Comprehensive loss</b>					
Loss after taxation	-	-	-	(236,657,771)	(236,657,771)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	(236,657,771)	(236,657,771)
<b>Transaction with owners</b>	-	-	-	-	-
<b>As at June 30, 2016</b>	<u>1,865,684,870</u>	<u>20,622,850</u>	<u>(818,331,810)</u>	<u>(1,319,305,488)</u>	<u>(251,329,578)</u>

The annexed notes 1 to 40 form an integral part of these financial statements.

Lahore  
Date: October 10, 2016

CHIEF EXECUTIVE

DIRECTOR

## Notes to and forming part of financial statements

for the year ended June 30, 2016

### 1 REPORTING ENTITY

Pervez Ahmed Securities Limited ("the Company") was incorporated in Pakistan on June 08, 2005 as a Single Member Company under the Companies Ordinance, 1984 and was later converted to Public Limited Company and listed on Pakistan Stock Exchanges Limited. The Company is primarily a brokerage house engaged in the shares brokerage and trading, consultancy services and underwriting. The registered office of the Company is situated at 20-K Gulberg II, Lahore.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

#### 2.2 Going concern assumption

The Company has accumulated losses of Rs. 1,319.3 million. Its current liabilities exceed current assets by Rs. 642.56 million. Further, the Trading Rights Entitlement Certificate issued to the Company was inactive due to inadequate net capital balance and the same has been transferred to third party. The factors raise doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis based on the

- The Company is reviewing its operations and various options are under consideration in this regard, including further financial support from directors in the form of interest free loans.
- Negotiations with lenders regarding settlement of overdue debt finances.
- The Company has continued financial support of its sponsors and associated companies in the form of interest free advances.

#### 2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

#### 2.4 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. 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 and in any future periods affected. There are no estimation uncertainties as at the reporting date. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in

##### 2.4.1 Depreciation method, rates and useful lives of property and equipment (see note 5.1)

The Company reassesses useful lives, depreciation method and rates for each item of property and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

##### 2.4.2 Recoverable amount and impairment (see note 5.18)

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

##### 2.4.3 Obligation under defined benefit plan (see note 5.3)

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent

**2.4.4 Taxation (see note 5.15)**

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

**2.4.5 Provisions (see note 5.19)**

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third

**2.4.6 Fair value of investments in unquoted equity securities (see note 5.1)**

Fair value of investments in unquoted equity securities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

**2.5 Functional currency**

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

**3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.**

The following new/revised standards/interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures.

***IFRS 10 - Consolidated Financial Statements (2011)***

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose

***IFRS 11 - Joint Arrangements (2011)***

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Ventures.

***IFRS 12 - Disclosure of Interests in Other Entities (2011)***

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

***IFRS 13 - Fair Value Measurement (2011)***

The standard establishes a single framework for measuring fair value where that is required by other standards.

***Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)***

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

***Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statement)***

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to

**4 NEW AND REVISED STANDARDS/INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.**

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts (2014)	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)	January 01, 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)	January 01, 2016
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)	January 01, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)	January 01, 2016
Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)	January 01, 2016
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2016
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
Classification and Measurement of Share-based Payment Transactions	January 01, 2018
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
Annual Improvements 2012-2014 cycle	January 01, 2016

The Company intends to adopt these new/revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 234 of the Companies Ordinance, 1984 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

### IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS9 replaces IAS 39 - Financial Instruments: *Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.
- **Impairment:** IFRS9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.
- **Hedge accounting:** IFRS9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS

Adoption of this IFRS9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

### Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)

The amendments clarify the following:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to deductible temporary differences regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax laws restrict utilization of tax losses, an entity would assess a deferred tax asset in combination with deferred tax assets of the

Adoption of this amendment may result in material adjustment to deferred tax assets. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

## 5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 5.1 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Major renewals and improvements to an item of property and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss

Depreciation is recognized in profit or loss by reducing balance method over the useful life of each item of property and equipment using the rates specified in note 6 to the financial statements.

Depreciation on additions to property and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Depreciation method, useful lives and residual values are reviewed at each reporting date.

An item of property and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property and equipment is recognized in profit or loss.

### 5.2 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized in profit or loss.

### 5.3 Employees retirement benefits

#### 5.3.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

#### 5.3.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in other comprehensive income. The amount recognized on balance sheet represents the present value of defined benefit obligation. The details of the scheme are referred to in note 18 to the financial statements.

### 5.4 Financial instruments

**5.4.1 Recognition**

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

**5.4.2 Classification and measurement**

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and

**(a) Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

**(b) Financial liabilities at amortized cost**

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

**(c) Available for sale financial assets**

Available for sale financial assets are non-derivative financial assets that are designated as such on initial recognition or are not classified as any other class. Assets in this category are presented as non-current assets unless management intends to dispose of the asset within twelve months from the reporting date.

**(d) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets that are either held for trading or are designated as such on initial recognition. Assets in this category are presented as current assets unless management intends to hold the investment for more than twelve months from the reporting date in which case these are presented

**5.4.3 Measurement**

The particular measurement methods adopted are disclosed in the individual policy statements associated with each

**5.4.4 De-recognition**

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in

**5.4.5 Off-setting**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**5.5 Loans and borrowings**

Interest bearing loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

**5.6 Trade and other payables****5.6.1 Financial liabilities**

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are

**5.6.2 Non-financial liabilities**

These, on initial recognition and subsequently, are measured at cost.



**5.7 Trade and other receivables**

**5.7.1 Financial assets**

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

**5.7.2 Non-financial assets**

These, on initial recognition and subsequently, are measured at cost.

**5.8 'Regular Way' sales and purchases of financial assets**

'Regular Way' sales and purchases of financial assets are recognized at trade dates, which is the date that the Company commits to purchase or sell the investments.

**5.9 Investments in listed equity securities**

Investment in listed equity securities, on initial recognition, are measured at cost and classified as "financial assets at fair value through profit or loss". Subsequent to initial recognition these are measured at fair value. Gains and losses resulting from changes in fair value are recognized in profit or loss.

**5.10 Investments in unquoted equity securities**

Investment in unquoted equity securities, on initial recognition, are measured at cost. Subsequent to initial recognition these are measured at fair value, except where fair value cannot be measured reliably in which case these are carried at cost. These are classified as "available for sale financial assets" except for investments managed and evaluated on the basis of fair value which are classified as "financial assets at fair value through profit or loss. Gains and losses resulting from changes in fair value of available for sale investments are recognized in other comprehensive income and those of investments at fair value through profit or loss are recognized in profit or loss.

**5.11 Investment in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associates have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried at cost as adjusted for post acquisition changes in the Company's share of net assets of the associates, less any impairment in the investment. Losses of an associate in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

**5.12 Revenue**

Revenue is measured at the fair value of the consideration received or receivable for services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Brokerage income is recognized as and when services are provided

Capital gains and losses on sale of investments are recognized at the time of recognition of sale of investments

Underwriting commission is recognized when agreement is executed.

Dividend income is recognized when right to receive payment is established.

Return on bank deposits is recognized using effective interest method.

**5.13 Comprehensive income**

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

**5.14 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

**5.15 Taxation**

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

**5.15.1 Current taxation**

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

**5.15.2 Deferred taxation**

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date.

**5.16 Earnings per share (EPS)**

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 period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary

**5.17 Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and in current accounts with various banks after deducting balances under lien, if any. Cash and cash equivalents are carried at cost.

**5.18 Impairment****5.18.1 Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. 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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been

#### 5.18.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no

#### 5.19 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.



	2016	2015
	Rupees	Rupees
<b>7 INTANGIBLE ASSETS</b>		
Room at Pakistan Stock Exchange Limited ('LSE')	-	2,000,000

7.1 During the year, the Company has sold its leasehold rights to room at Pakistan Stock Exchange Limited ('LSE').

	Note	2016	2015
		Rupees	Rupees
<b>8 LONG TERM INVESTMENTS</b>			
Investment in related parties	8.1	379,531,506	607,444,334
Other investments	8.2	13,439,750	17,264,100
		<b>392,971,256</b>	<b>624,708,434</b>
<b>8.1 Investment in related parties</b>			
Pervez Ahmed Capital (Private) Limited	8.1.1	88,651,510	89,481,909
Origins Fabrics (Private) Limited	8.1.2	290,879,996	517,962,425
		<b>379,531,506</b>	<b>607,444,334</b>

**8.1.1 Pervez Ahmed Capital (Private) Limited**

This represents investment in ordinary shares of Pervez Ahmed Capital (Private) Limited, an associate within the definition of 'Associate' under International Accounting Standard 28 - Investment in Associates and Joint Ventures. Accordingly, the investment Pervez Ahmed Capital (Private) Limited has been accounted for using the equity method. Particulars of investment are as follows:

	2016	2015
	Rupees	Rupees
Cost of investment		
8,498,300 (2015: 8,498,300) fully paid ordinary shares of Rs. 10 each	84,983,000	84,983,000
Share of post acquisition profits	3,668,510	4,498,909
	<b>88,651,510</b>	<b>89,481,909</b>
Percentage of ownership interest	<b>49.36%</b>	49.36%

**Extracts of financial statements of associate**

The assets and liabilities of Pervez Ahmed Capital (Private) Limited as at the reporting date and related revenue and loss based on the associate's audited financial statements for the reporting period are as follows:

	2016	2015
	Rupees	Rupees
Assets	179,736,699	181,379,920
Liabilities	131,409	131,747
Loss for the year	(1,642,883)	(44,648,634)
Share of loss	(830,399)	(22,038,153)
<b>8.1.2 Origins Fabrics (Private) Limited</b>		
Cost of investment	9,000,000	9,000,000
Changes in fair value	281,879,996	508,962,425
	<b>290,879,996</b>	<b>517,962,425</b>

This represents investment in 900,000 ordinary shares of Origins Fabric (Private) Limited ('OFPL'). OFPL was incorporated for the purpose of acquiring exclusive rights of ORIGINSLAWN, an extension of an already established and renowned retail brand ORIGINSREADY TO WEAR. The Company's shareholding in OFPL comprises 10,000 voting ordinary shares of Rs. 10 each and 890,000 non-voting ordinary shares of Rs. 10 each. The voting power held by the Company does not constitute control or significant influence. Therefore the investment has been accounted for under International Accounting Standard 39 - Financial Instruments *Recognition and Measurement*.

The investment has been made by the Company with a view to profit from total return of the investee in the form of dividends and changes in fair value. The investment will be managed and its performance evaluated on fair value basis in accordance with the Company's risk management and investment strategy. Accordingly, the investment has been designated as 'Financial assets at fair value through profit or loss' on initial recognition and has been measured at fair value. The fair value as at the reporting date is based on Buy Side Enterprise Valuation of OFPL carried by an independent firm H.A.M.D & COMPANY, CHARTERED ACCOUNTANTS (2014: H.A.M.D & COMPANY, CHARTERED ACCOUNTANTS) on the request of the management of the Company. For basis of valuation refer to note 33.1.1.

## 8.2 Other investments

These represent investments in the following un-quoted equity securities.

	Note	2016 Rupees	2015 Rupees
<b>Available for sale investments</b>			
Dawood Family Takaful Limited	8.2.1	5,000,000	5,000,000
Pakistan Stock Exchange Limited (LSE)			
Cost	8.2.2	12,264,100	12,264,100
Accumulated impairment	8.2.2	(3,824,350)	-
		8,439,750	12,264,100
		<b>13,439,750</b>	<b>17,264,100</b>

**8.2.1** These represent 500,000 (June 30, 2015: 500,000) ordinary shares of Rs. 10 each. The investment is held for an indefinite period and has been classified as "Available for sale financial asset". The investment has been carried at cost as its fair value cannot be measured reliably.

**8.2.2** Pursuant to the promulgation of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the ownership rights in a stock exchange were segregated from the right to trade on that stock exchange. This arrangement resulted in allocation of 843,975 ordinary shares at Rs. 10 each and Trading Rights entitlement Certificate ('TREC') to the company by the LSE against cancellation/surrender of membership of Lahore Stock Exchange Limited ('LSE'), now Pakistan Stock Exchange Limited. Out of total shares of 843,975 allocated to the Company, 506,385 shares are transferred to CDC sub-account in the Company's name under the LSE's participant IDs with the CDC which will remain blocked until these are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company and the remaining 337,590 shares were sold to a related party during the year ended June 30, 2015. As the active market for such shares as well as TREC was not available, the carrying value of membership

The LSE introduced a minimum capital requirement of Rs. 4 million for holders of TREC. In the absence of an active market, this value was assigned to TREC for the purpose of allocation of carrying value of membership. Ordinary shares in LSE allocated to the Company was assigned a value of Rs. 8.44 million based on face value of those shares. The carrying value of membership card (Rs. 23 million) was thus allocated as follows:

	Note	Assigned values for allocation Rupees	Ratio Rupees	Allocation of carrying value of membership Rupees
Trading rights entitlement certificate	7	4,000,000	0.32	7,360,000
843,975 ordinary shares at Rs. 10 each in LSE	8.2	8,439,750	0.68	15,640,000
		<b>12,439,750</b>		<b>23,000,000</b>

The right to proceeds from disposal of these shares and any dividend/bonus in respect of these shares is vested with the Company, however voting rights attached to these shares are suspended. The investment has been designated as "Available for sale financial asset" on initial recognition.

The Company sold 337,590 shares to a related party at Rs. 10 per share whereas the carrying value per ordinary share in the books of the Company amounts to Rs. 18.53 per share. This indicates impairment in the value of investment by Rs. 8.53 per ordinary share. Accordingly, the resulting impairment has been recognized in profit or loss.

	2016	2015
	Rupees	Rupees
<b>9 LONG TERM DEPOSITS UNSECURED, CONSIDERED GOOD</b>		
Central Depository Company of Pakistan Limited	150,000	150,000
Pakistan Stock Exchange Limited (LSE)	705,000	705,000
National Clearing Company of Pakistan Limited	200,000	200,000
	<b>1,055,000</b>	<b>1,055,000</b>

**10 SHORT TERM INVESTMENTS**

This represents investment in listed equity securities classified as "Financial assets at fair value through profit or loss". Particulars of investments are as follows:

	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
Note	Rupees	Rupees	Rupees	Rupees
<b>Related parties</b>				
D.S. Industries Limited 3,614,000 (2015: 3,614,000) ordinary shares of Rs. 10 each.	14,528,280	10,010,780	14,817,400	14,528,280
<b>Other investments</b>				
Reliance Cotton Mills Limited 1,500 (2015: 1500) ordinary shares of Rs. 10 each.	132,675	123,300	130,350	132,675
Engro Chemicals Limited 2,600 (2015: 2,600) ordinary shares of Rs. 10 each.	771,680	865,722	464,126	771,680
Engro Fertilizers Limited 260 (2015: 260) ordinary shares of Rs. 10 each.	23,059	16,765	-	23,059
Jahangir Siddiqui and Company Limited 48 (2015: 48) ordinary shares of Rs. 10 each.	1,193	950	562	1,193
KASB Bank Limited 399 (2015: 399) ordinary shares of Rs. 10 each.	1,313	4,201	658	1,313
Lotte Chemical Pakistan Limited 50,000 (2015: 50,000) ordinary shares of Rs. 10 each.	346,000	300,500	359,500	346,000
UBL Shariah Stock Fund 17,367 (2015: 17,001) units.	2,001,187	2,233,167	1,659,050	1,955,285
	<b>17,805,387</b>	<b>13,555,385</b>	<b>17,431,646</b>	<b>17,759,485</b>

**10.1** D.S. Industries Limited is an Associated Undertaking as defined in Section 2(2)(i) of the Companies Ordinance, 1984. The Company holds only 5.88% (2015: 5.88%) voting power in D.S. Industries. The Company does not have significant influence over the investee company as defined under International Accounting Standard 28 - Investment in Associates and Joint Ventures. Accordingly, the investment has been accounted for under International Accounting Standard 39 - Financial Instruments: *Recognition and Measurement* and classified as "Financial asset at fair value through profit or

	Note	2016 Rupees	2015 Rupees
<b>11 ADVANCES AND OTHER RECEIVABLES</b>			
Advances to stock brokers		230,398	230,398
Impairment allowance for doubtful advances		(230,398)	(230,398)
		-	-
Advances to employees		305,000	305,000
Impairment allowance for doubtful advances		(305,000)	(305,000)
		-	-
Dividend receivable	11.1	9,000,000	9,000,000
Other receivables		131,571	131,571
Impairment allowance for doubtful receivables		(131,571)	(131,571)
		-	-
		<b>9,000,000</b>	<b>9,000,000</b>

11.1 This represents dividend receivable from Origins Fabrics (Private) Limited, a related party. The amount is outstanding since December 31, 2015. However, the same has been received subsequent to the reporting period.

		2016 Rupees	2015 Rupees
<b>12 CURRENT TAXATION</b>			
Advance income tax/income tax refundable		6,468,292	6,406,846
Provision for taxation		(59,244)	(965,267)
		<b>6,409,048</b>	<b>5,441,579</b>
<b>13 CASH AT BANKS</b>			
Cash at banks			
current accounts		2,117,762	1,961,867
saving accounts		80	80
		<b>2,117,842</b>	<b>1,961,947</b>
<b>14 TRADE AND OTHER PAYABLES</b>			
Trade creditors		473,016,345	473,016,344
Accrued expenses		2,260,481	2,460,331
Withholding tax payable		9,958,782	9,000,528
Unclaimed dividend		885,404	885,404
Payable against purchase of investment	14.1	4,086,600	4,086,600
Other payables		274,305	49,617
		<b>490,481,917</b>	<b>489,498,824</b>

14.1 This represents consideration for purchase of ordinary shares in Origins Fabrics (Private) Limited payable to an Ex-Director of the Company.

**15 ACCRUED INTEREST/MARKUP**

This represents over-due interest/markup on borrowings.



	Note	2016 Rupees	2015 Rupees
<b>16 SHORT TERM BORROWINGS - SECURED</b>			
These represent short term finances utilized under interest/markup arrangements from banking companies			
Murabaha finance	16.1	105,239,151	105,239,151
Running finance	16.2	2,701,780	2,701,780
		<b>107,940,931</b>	<b>107,940,931</b>

**16.1** This facility was obtained from Burj Bank Limited for trading in shariah compliant securities. These are secured against pledge of equity securities approved by the bank's Shariah Board with 40% margin. The facility carries profit at matching KIBORplus 1.30% (2015: matching KIBORplus 1.30%) per annum. The facility has expired and has not been renewed at the reporting date. Hence the entire amount outstanding is overdue. The management is in negotiations with the lender regarding settlement of this facility, however, no major terms have been agreed so far.

**16.2** This facility was obtained from SummitBank Limited. During the year ended June 30, 2011, the bank accepted properties valued at Rs. 104 million and certain listed securities against settlement of outstanding liability with the remaining amount of Rs. 2.702 million to be waived off once the transfer of the above mentioned properties is completed.

	Note	2016 Rupees	2015 Rupees
<b>17 DUE TO RELATED PARTIES</b>			
Associated undertakings	17.1	17,650,000	18,900,000
Directors	17.2	35,815,072	35,815,072
		<b>53,465,072</b>	<b>54,715,072</b>

**17.1** These represent interest free advances obtained from D.S. Textiles Limited, a related party. These are unsecured and payable on demand.

**17.2** These represent interest free advances obtained from Directors of the Company. These are unsecured and payable on

**18 EMPLOYEES RETIREMENT BENEFITS**

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on balance sheet

The Company has only five employees as at the reporting date. Majority of obligation pertains to the key management personnel of the Company, who have voluntarily opted out of the scheme in the previous years in view of the financial position of the Company (see note 28). The provision for the year pertains to one employee only. The difference between present value of defined benefit obligation and the carrying amount liability is not expected to be material. Accordingly, no

	2016 Rupees	2015 Rupees
The movement in defined benefit obligation is as follows:		
As at beginning of the year	3,091,244	3,083,244
Charged to profit or loss for the year	8,000	8,000
Benefits paid during the year	-	-
As at end of the year	<b>3,099,244</b>	<b>3,091,244</b>

**19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

2016		2015		Note	2016		2015	
No. of shares	No. of shares	No. of shares	No. of shares		Rupees	Rupees	Rupees	Rupees
<b>Ordinary shares of Rs. 10 each</b>								
59,928,500	59,928,500	59,928,500	59,928,500	Issued for cash	<b>599,285,000</b>	599,285,000	599,285,000	599,285,000
17,529,079	17,529,079	17,529,079	17,529,079	Issued as fully paid bonus shares	<b>175,290,790</b>	175,290,790	175,290,790	175,290,790
29,390,860	29,390,860	29,390,860	29,390,860	Issued at discount for cash	<b>293,908,600</b>	293,908,600	293,908,600	293,908,600
79,720,048	79,720,048	79,720,048	79,720,048	Issued at discount for other than cash	<b>797,200,480</b>	797,200,480	797,200,480	797,200,480
<u>186,568,487</u>	<u>186,568,487</u>	<u>186,568,487</u>	<u>186,568,487</u>	19.1	<u><b>1,865,684,870</b></u>	<u>1,865,684,870</u>	<u>1,865,684,870</u>	<u>1,865,684,870</u>

**19.1** These were issued to directors of the Company against acquisition of properties by the Company for onward transfer to banking companies against settlement of debt finances.

**20 DISCOUNT ON ISSUE OF ORDINARY SHARES**

This represents discount on issue of ordinary shares under section 84 of the Companies Ordinance, 1984.

**21 ADVANCE AGAINST ISSUE OF ORDINARY SHARES**

These represent advances against issue of ordinary shares received from Pervez Ahmed Capital (Private) Limited. Shares will be issued against these advances when the Boards of Directors of the Company and Pervez Ahmed Capital (Private) Limited decide. Accordingly, no interest has been charged on these advances.

**22 CONTINGENCIES AND COMMITMENTS**

**22.1 Contingencies**

**22.1.1** One of the creditors of the Company filed suit against the Company for the recovery of Rs. 36.57 million including late payment surcharge amounting to Rs. 17.45 million. The Company has filed a counter claim of Rs. 18.86 million against the creditor. No provision has been made in this regard as the management of the Company expects favourable outcome of

**22.1.2** The Additional Registrar of Companies ('ARC') Securities and Exchange Commission of Pakistan has filed a petition in the Lahore High Court against the Company and its directors whereby the ARC has prayed that the affairs of the Company be declared as being conducted in an unlawful manner which is prejudicial for the shareholders, that the Company and its Directors be ordered to buy back the shares of minority shareholders at a price to be determined in accordance with Rule Book of Pakistan Stock Exchange Limited and that the directors be held responsible for not conducting the brokerage business as envisaged in the memorandum of association of the Company. The prayer has been made on the following

- a) The Company is not being run in accordance with the law and the state of affairs of the Company are prejudicial to the interest of the minority shareholders as some minority shareholders have filed a complaint to that effect.
- b) The Company has not declared any dividends 2008-09 and it does not have a bright future outlook as the directors have no concrete plan for the revival of business of the Company.
- c) The Company is principally a brokerage house and has sold its Trading Rights Entitlement Certificate ('TREC') of Lahore Stock Exchange, without which the Company cannot operate as a brokerage house. (The TREC was sold without the authority of shareholders in general meeting for which the directors of the Company have already been fined Rs. 700,000 vide Securities and Exchange Commission of Pakistan's order dated June 14, 2016).
- d) The Company has not recognized any provision against debt owed to a creditor of Rs. 36.57 million including late payment surcharge amounting to Rs. 17.45 million.
- e) The Company has not recognized interest/mark-up on short term borrowings amounting to Rs. 52.4 upto June 30,
- f) The Company has failed to comply with the best practices of the Code of Corporate Governance.

The petition is pending adjudication. The outcome of the petition cannot be ascertained as at the reporting date with certainty.

**22.2 Commitments**

There are no material commitments as at the reporting date.

	Note	2016 Rupees	2015 Rupees
<b>23 REVENUE</b>			
Loss on sale of investments		-	81,270
Dividend income		473,951	9,711,387
		<b>473,951</b>	<b>9,792,657</b>
<b>24 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	24.1	56,600	104,000
Postage and communication		3,735	2,723
Traveling, conveyance and entertainment		10,000	58,350
Legal and professional charges		381,334	211,580
Rent rate and taxes		100,000	-
Printing and stationery		56,500	79,839
Fees and subscription		690,083	689,397
Auditors' remuneration	24.2	300,000	100,000
Advertisement		66,420	51,750
Depreciation	6	98,764	133,552
Others		14,740	26,440
		<b>1,778,176</b>	<b>1,457,631</b>

24.1 These include charge in respect of employees retirement benefits amounting to Rs. 8,000 (2015: Rs. 8,000).

	Note	2016 Rupees	2015 Rupees
<b>24.2 Auditor's remuneration</b>			
Annual statutory audit		250,000	500,000
Interim audit		-	300,000
Limited scope reviews and certifications		50,000	100,000
Out of pocket expenses		-	21,000
		<b>300,000</b>	<b>921,000</b>

**25 TAXATION**

Current tax			
current year	25.1	59,244	965,267
prior year		5,872	-
		65,116	965,267
Deferred tax	25.3	-	-
		<b>65,116</b>	<b>965,267</b>

25.1 Provision for taxation has been made in accordance with section 5 of the Income Tax Ordinance, 2001. There is no relationship between tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

25.2 Assessments for and upto the tax years 2015 are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filled by the Company.

25.3 The Company has deferred tax asset of Rs. 340.59 million(2015: Rs. 351.38 million)which has not been recognized as future taxable profits are not expected to be available against which the asset could be utilized.

25.4 The Government of Pakistanvide Finance Act 2015 notified a reduced tax rate of 32% for tax year 2016 as compared to 33% applicable to previous year for Companies.

	<i>Unit</i>	2016	2015
<b>26 LOSS PER SHARE - BASIC AND DILUTED</b>			
Loss attributable to ordinary shareholders	<i>Rupees</i>	<b>(236,657,771)</b>	(15,665,635)
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	<b>186,568,487</b>	186,568,487
Loss per share - <i>Basic</i>	<i>Rupees</i>	<b>(1.27)</b>	(0.08)

There is no anti-dilutive effect on the basic loss per share of the Company.

	2016	2015
	<i>Rupees</i>	<i>Rupees</i>
<b>27 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>2,117,842</b>	1,961,947
	<b>2,117,842</b>	1,961,947

**28 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties from the Company's perspective comprise associates and associated undertakings, sponsors and directors, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Key management personnel do not draw any compensation from the Company. Transactions with sponsors and directors are limited to provision of temporary interest free loans to the Company. Transactions with associates and associated undertakings are limited to provision of interest free loans to the

Details of transactions and balances with related parties is as follows:

		2016	2015
		<i>Rupees</i>	<i>Rupees</i>
<b>28.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transactions</b>		
Associated companies and undertakings	Temporary loan (repaid)/obtained - <i>net</i>	<b>(1,250,000)</b>	33,135
	Sale of TREC	-	3,375,900
Sponsors and directors	Temporary loan (repaid)/obtained - <i>net</i>	-	(7,860,000)
<b>28.1.1</b>	The TREC was sold without the authority of shareholders in general meeting for which the directors of the Company have already been fined Rs. 700,000 vide Securities and Exchange Commission of Pakistan's order dated June 14, 2016		
<b>28.2 Balances with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of balance</b>		
Associated companies and undertakings	Borrowings	<b>17,650,000</b>	18,900,000
	Investment in equity securities	<b>389,542,286</b>	621,972,614
	Advance against issue of ordinary shares	<b>20,622,850</b>	20,622,850
	Dividend receivable	<b>9,000,000</b>	9,000,000
Sponsors and directors	Borrowings	<b>35,815,072</b>	35,815,072
Key management personnel	Post employment benefits payable	<b>2,340,000</b>	2,340,000

**29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS, AND EXECUTIVES**

Chief Executive and Directors are on payroll of the Company. However, in view of losses they do not draw any compensation from the Company. Employees retirement benefits outstanding include Rs. 2.3 million (2015: Rs. 2.3 million) pertaining to these directors for services rendered upto the date salary was paid to them. Further, no person employed by the Company meets the definition of 'Executives' under Clause 2(iii) of the Fourth Schedule to the Companies

**30 CAPITAL MANAGEMENT**

All the efforts of the management is towards ensuring that the Company continues as a going concern. The measures include introduction of capital by directors and sponsors of the Company and settlement of debt finances. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises total borrowings less cash and cash equivalents. Total capital comprises equity as shown in the balance sheet plus debt. Gearing ratio of the Company has not been presented as the Company has negative equity as at the reporting date

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those imposed by stock exchanges regarding minimum capital requirements and those under Rule 2(d) of, and Third Schedule to the Securities and Exchange Rules, 1971 pertaining to maintenance of net capital balance.

**31 FINANCIAL INSTRUMENTS**

The carrying amounts of the Company's financial instruments by class and category are as follows:

	2016	2015
	Rupees	Rupees
<b>31.1 Financial assets</b>		
<b><i>Loans and receivables</i></b>		
Cash at banks	2,117,842	1,961,947
Dividend receivable	9,000,000	9,000,000
<b><i>Available for sale financial assets</i></b>		
Long term investments	13,439,750	17,264,100
<b><i>Financial assets at fair value through profit or loss</i></b>		
Long term investments	290,879,996	517,962,425
Short term investments	13,555,385	17,759,485
<b>Financial liabilities</b>		
<b><i>Financial liabilities at amortized cost</i></b>		
Short term borrowings	107,940,931	107,940,931
Accrued interest/markup	21,757,327	21,757,327
Trade creditors	473,016,345	473,016,344
Accrued liabilities	2,260,481	2,460,331
Payable against purchase of investment	4,086,600	4,086,600
Other payables	274,305	49,617

**32 FINANCIAL RISK EXPOSURE AND MANAGEMENT**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

**32.1 Credit risk**

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its

**32.1.1 Maximum exposure to credit risk**

Credit risk principally arises from the Company's loans and receivables. The maximum exposure to credit risk as at the reporting date is as follows:

	2016	2015
	Rupees	Rupees
<b>Loans and receivables</b>		
Cash at banks	2,117,842	1,961,947
Dividend receivable	9,000,000	9,000,000
	<u>11,117,842</u>	<u>10,961,947</u>

**32.1. Concentration of credit risk**

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2016	2015
	Rupees	Rupees
Banking companies	2,117,842	1,961,947
Associated companies	9,000,000	9,000,000
	<u>11,117,842</u>	<u>10,961,947</u>

**32.1. Credit quality and impairment**

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of associated companies, have external credit ratings determined by various credit rating agencies. Credit quality of associated companies is assessed by reference to historical defaults rates and present ages.

**(a) Counterparties with external credit ratings**

These include banking companies and financial institutions, which are counterparties to 'cash at bank'. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

**(b) Counterparties without external credit ratings**

These include associated companies which are counter parties to 'dividend receivable'. Dividend receivable has been received subsequent to the reporting period.

**32.1. Collateral held**

The Company does not hold any collateral to secure its financial assets.

**32.1. Credit risk management**

The company places deposits with banking companies with reasonably high credit ratings as determined by various credit rating agencies.

**32.2 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

**32.2. Exposure to liquidity risk**

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2016				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Short term borrowings	107,940,931	107,940,931	107,940,931	-	-
Accrued interest/markup	21,757,327	21,757,327	21,757,327	-	-
Trade creditors	473,016,345	473,016,345	473,016,345	-	-
Accrued liabilities	2,260,481	2,260,481	2,260,481	-	-
Payable against purchase of investment	4,086,600	4,086,600	4,086,600	-	-
Other payables	274,305	274,305	274,305	-	-
	<b>609,335,989</b>	<b>609,335,989</b>	<b>609,335,989</b>	-	-
	2015				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Short term borrowings	107,940,931	107,940,931	107,940,931	-	-
Accrued interest/markup	21,757,327	21,757,327	21,757,327	-	-
Trade creditors	473,016,344	473,016,344	473,016,344	-	-
Accrued liabilities	2,460,331	2,460,331	2,460,331	-	-
Payable against purchase of investment	4,086,600	4,086,600	4,086,600	-	-
Other payables	49,617	49,617	49,617	-	-
	<b>609,311,150</b>	<b>609,311,150</b>	<b>609,311,150</b>	-	-

### 32.2.2 Liquidity risk management

The Company's approach to managing liquidity risk 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 is facing liquidity shortfall due which its current liabilities exceed current assets by Rs. 642.770 million (2015: Rs. 639.749 million) as at the reporting date. The Company has overdue debt finances and interest/markup thereon which have not been settled. Further, the Trading Rights Entitlement Certificate issued to the Company being inactive due to inadequate net capital balance has been sold by the Company to a third party. In order to mitigate the liquidity shortfall, the Company has made/planned strategic investments in equity securities of project carrying high return with view to profit from their return in the form of dividends. However, the Company has continued support of its directors and associated undertakings in the form of interest free loans.

### 32.3 Market risk

#### 32.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to currency risk as at the reporting date.

#### 32.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company is not exposed interest rate risk, except to the extent of risk arising from settlement overdue debt finances and interest/markup thereon.

#### 32.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of 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. The Company is exposed to price risk due to changes in active market prices of investment in listed equity securities. A ten percent increase in market prices would have increased profit for the year by Rs. 1.356 million (2015: Rs. 1.776 million). A ten percent decrease in market prices would have had an equal but opposite effect on profit for the

**33 FAIR VALUE MEASUREMENTS**

The Company measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

**33.1 Financial Instruments**

**33.1.1 Financial instruments measured at fair value**

**a) Recurring fair value measurements**

Nature of asset	Hierarchy	Valuation techniques/Key inputs			2016	2015
		Level 1	Level 2	Level 3	Rupees	Rupees
					<b>2016</b>	<b>2015</b>
					<b>Rupees</b>	<b>Rupees</b>
Investment in listed equity securities (see note 10)	13,555,385	-	-	-	<b>13,555,385</b>	17,759,485
Investment in Origins Fabrics (Private) Limited (see note 8.1.2)	-	-	290,879,996	-	<b>290,879,996</b>	517,962,425

For fair value measurements categorised into Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Investment in Origins Fabrics (Private) Limited (see note 8.1.2)	Discounted Cash Flow ('DCF') which is a generally accepted method for valuation of businesses and investments	Discount rate, adjusted for country and other risks of 21.4% (2015: 18.62%) per annum and a terminal growth rate of 4.5% (2015: 4.26%) per annum has been used. Other assumptions based on historical trends and future plans of the management have also been used.	If discount rate was 3% higher or lower, the carrying amount of investment would decrease or increase by Rs. 60.21 million or Rs. 86.63 million (2015: Rs. 109.482 million or Rs. 171.098 million) respectively. If terminal growth rate was 1% higher or lower, the carrying amount of investment would increase or decrease by Rs. 15.94 million or Rs. 14.16 million (2015: Rs. 26.884 million or Rs. 23.383 million) respectively.

**b) Non-recurring fair value measurements**

There are no non-recurring fair value measurements as at the reporting date.

**33.1.2 Financial instruments not measured at fair value**

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

**33.2 Assets and liabilities other than financial instruments.**

None of the assets and liabilities other than financial instruments are measured at fair value.



**34 SHARES IN THE COMPANY HELD BY ASSOCIATED UNDERTAKINGS AND RELATED PARTIES**

Ordinary shares in the Company held by associated undertakings and related parties, other than chief executive and directors, are as follows:

	2016	2015
	No. of shares	No. of shares
D.S. Industries Limited	61,550	61,550
D.S. Textiles Limited	1,119,395	1,119,395
D.S. Apparel (Private) Limited	69,375	69,375
Infinite Securities Limited	80,000	80,000
	<b>1,330,320</b>	<b>1,330,320</b>

**35 OPERATING SEGMENTS**

The Company operates as single reportable segment only.

**36 ASSETS PLEDGED AS SECURITY**

Listed securities valued at Rs. 10.011 million (2015: Rs. 14.528 million) are pledged with banks as security against debt

**37 NUMBER OF EMPLOYEES**

Total number of employees of the Company as at the reporting date are 4 (2015: 4). Average number of persons employed by the Company during the period are 4 (2015: 4).

**38 RECOVERABLE AMOUNTS AND IMPAIRMENT**

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

**39 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 10, 2016 by the Board of Directors of the Company.

**40 GENERAL**

Figures have been rounded off to the nearest rupee.

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. Significant reclassifications are referred to in relevant notes to the financial statements.

**Categories of Shareholders  
As At June 30, 2016**

Categories	Number	Shares Held	%age
<b>Associated Companies &amp; Related Parties</b>			
D.S.Industries Limited	1	61,550	0.033
D.S.Textiles Limited	1	1,119,395	0.600
D.S.Apparel (Pvt.) Limited	1	69,375	0.037
Infinite Securities Limited	1	80,000	0.043
<b>Chief Executive &amp; Directors</b>			
Mr. Pervez Ahmed - Chief Executive	1	2,961,298	1.587
Mrs. Rehana Pervez Ahmed	1	735,140	0.394
Mr. Ali Pervez Ahmed	1	762	0.000
Mr. Hassan Ibrahim Ahmed	1	2,000	0.001
Mrs. Ayesha Ahmed Mansoor	1	735,866	0.394
Mr. Muhammad Khalid Khan	1	646	0.000
Mr. Mazhar Pervaiz Malik	1	646	0.000
Banks, DFI and NBFi	1	186	0.000
Joint Stock Companies	35	1,217,423	0.653
General Public (Local)	8,104	175,549,569	94.094
General Public (Foreign)	94	4,021,870	2.156
Others	3	12,761	0.007
<b>Total</b>	<b>8248</b>	<b>186,568,487</b>	<b>100.000</b>

**Detail of Shareholding of 5% and above.**

	Shares Held	Percentage
Mr. MUHAMMAD ILTIFAT	9,450,500	5.065

Number of Shareholders	Pattern of Shareholding As At June 30, 2016		Total Number of Shares Held	%age
	Shareholding From	To		
597	1	100	31,032	0.017
788	101	500	303,768	0.163
1,647	501	1,000	1,300,695	0.697
2,189	1,001	5,000	6,374,441	3.417
881	5,001	10,000	7,257,940	3.890
361	10,001	15,000	4,724,361	2.532
314	15,001	20,000	5,839,155	3.130
211	20,001	25,000	5,034,192	2.698
162	25,001	30,000	4,611,209	2.472
92	30,001	35,000	3,073,168	1.647
95	35,001	40,000	3,678,333	1.972
60	40,001	45,000	2,631,021	1.410
160	45,001	50,000	7,918,679	4.244
44	50,001	55,000	2,331,495	1.250
49	55,001	60,000	2,869,633	1.538
35	60,001	65,000	2,224,875	1.193
29	65,001	70,000	1,996,821	1.070
32	70,001	75,000	2,351,278	1.260
28	75,001	80,000	2,195,643	1.177
16	80,001	85,000	1,326,500	0.711
23	85,001	90,000	2,021,390	1.083
19	90,001	95,000	1,775,849	0.952
80	95,001	100,000	7,989,500	4.282
13	100,001	105,000	1,343,600	0.720
13	105,001	110,000	1,407,244	0.754
10	110,001	115,000	1,132,752	0.607
14	115,001	120,000	1,659,902	0.890
16	120,001	125,000	1,981,500	1.062
12	125,001	130,000	1,542,773	0.827
10	130,001	135,000	1,335,000	0.716
12	135,001	140,000	1,662,000	0.891
11	140,001	145,000	1,574,121	0.844
20	145,001	150,000	2,995,000	1.605
4	150,001	155,000	612,500	0.328
11	155,001	160,000	1,749,750	0.938
7	160,001	165,000	1,146,439	0.614
3	165,001	170,000	506,500	0.271
4	170,001	175,000	694,000	0.372
5	175,001	180,000	890,333	0.477
1	180,001	185,000	180,300	0.097
4	185,001	190,000	755,500	0.405
3	190,001	195,000	577,000	0.309
27	195,001	200,000	5,392,500	2.890
2	200,001	205,000	408,000	0.219
5	205,001	210,000	1,042,500	0.559
4	215,001	220,000	874,500	0.469
3	220,001	225,000	674,500	0.362
3	225,001	230,000	686,000	0.368
3	235,001	240,000	720,000	0.386
4	245,001	250,000	999,000	0.535
2	250,001	255,000	506,000	0.271
1	255,001	260,000	257,000	0.138
2	265,001	270,000	538,000	0.288
2	270,001	275,000	550,000	0.295
1	275,001	280,000	280,000	0.150
3	280,001	285,000	851,000	0.456
3	285,001	290,000	580,000	0.311
2	290,001	295,000	582,500	0.312
5	295,001	300,000	1,500,000	0.804
2	300,001	305,000	609,500	0.327
2	305,001	310,000	616,500	0.330
1	310,001	315,000	312,500	0.167
1	315,001	320,000	317,077	0.170
2	320,001	325,000	650,000	0.348
2	325,001	330,000	330,000	0.177
2	330,001	335,000	667,500	0.358
1	335,001	340,000	337,500	0.181
2	340,001	345,000	684,500	0.367
6	345,001	350,000	2,095,000	1.123
3	355,001	360,000	1,071,500	0.574
3	360,001	365,000	1,091,242	0.585
1	365,001	370,000	368,000	0.197
2	370,001	375,000	745,500	0.400
1	375,001	380,000	380,000	0.204
1	385,001	390,000	386,000	0.207
1	400,001	405,000	405,000	0.217
4	405,001	410,000	1,631,002	0.874
1	415,001	420,000	420,000	0.225
1	425,001	430,000	430,000	0.230
1	430,001	435,000	433,731	0.232
1	440,001	445,000	441,500	0.237
1	445,001	450,000	450,000	0.241
1	460,001	465,000	462,000	0.248
1	465,001	470,000	468,500	0.251
1	470,001	475,000	472,000	0.253
1	475,001	480,000	480,000	0.257
2	480,001	485,000	969,500	0.520
1	490,001	495,000	491,000	0.263
1	495,001	500,000	500,000	0.268
1	505,001	510,000	510,000	0.273
1	510,001	515,000	512,000	0.274
1	520,001	525,000	522,500	0.280
2	535,001	540,000	1,075,000	0.576
1	545,001	550,000	550,000	0.295
1	560,001	565,000	565,000	0.303
1	620,001	625,000	622,500	0.334
1	645,001	650,000	646,250	0.346
1	665,001	670,000	670,000	0.359
1	685,001	690,000	686,000	0.368
4	695,001	700,000	2,800,000	1.501
1	715,001	720,000	717,000	0.384
1	720,001	725,000	724,500	0.388
2	725,001	730,000	1,456,000	0.780
2	730,001	735,000	1,461,000	0.783
1	745,001	750,000	750,000	0.402
1	760,001	765,000	762,000	0.408
1	785,001	790,000	786,000	0.421
1	800,001	805,000	802,500	0.430
1	955,001	960,000	959,500	0.514
6	995,001	1,000,000	5,996,000	3.214
1	1,000,001	1,005,000	1,005,000	0.536
2	1,015,001	1,020,000	2,036,000	1.091
1	1,070,001	1,075,000	1,074,000	0.576
1	1,115,001	1,120,000	1,119,395	0.600
1	1,345,001	1,350,000	1,346,500	0.722
1	1,645,001	1,650,000	1,650,000	0.884
1	1,795,001	1,800,000	1,800,000	0.965
1	1,845,001	1,850,000	1,850,000	0.992
1	2,900,001	2,905,000	2,902,548	1.556
1	9,450,001	9,455,000	9,450,500	5.065
<b>8248</b>			<b>186,568,487</b>	<b>100.000</b>

**FORM OF PROXY  
Annual General Meeting**

**The Company Secretary  
Pervez Ahmed Securities Limited  
20-K, Gulberg II,  
Lahore.**

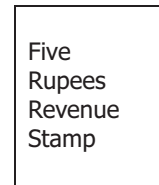
**Dear Sir,**

I/We ----- of (full address) ----- being a member(s) of Pervez Ahmed Securities Limited holding ----- Ordinary Shares as per Registered Folio No. / CDC A/c No ----- hereby appoint Mr./ Mrs./ Miss ----- of (full address) ----- or failing him / her Mr./ Mrs./ Miss ----- of (full address) ----- being member of the Company as my/our Proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 31<sup>st</sup> October 2016

Signed this ----- day of -----2015

Witnesses:

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC No./ Passport No. \_\_\_\_\_



Signature should be agreed with the Specimen Signatures with the Company

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his constituted attorney or if such appointer is a corporation or company under the common seal of such corporation or company.
3. In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account shall submit the Proxy form along with following documents:
  - a. The Proxy form shall be witnessed by the two persons whose names, addresses and CNIC number shall be mentioned on the form.
  - b. Attested copies of CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.
  - c. The Proxy shall produce his / her original CNIC or original passport at the time of the meeting. 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.
4. The Proxy Form, duly completed, must be deposited with the Company Secretary of Pervez Ahmed Securities Limited, 20 – K Gulberg II Lahore not less than 48 hours before the time for holding the meeting.

**Registered Office:** | 20-K Gulberg II, Lahore.

| Ph: (042) 3575 9621, 3575 9464, 3571 4810

| Fax: (042) 3571 0312