

half yearly accounts

*for the Period ended
31st December, 2010*

PERVEZ AHMED SECURITIES LIMITED

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COMPANY INFORMATION

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

DIRECTORS' REPORT

On behalf of the Board of Directors of Pervez Ahmed Securities Limited, I present to you the Company's reviewed financial statements for the six month ended December 31, 2010.

Capital Market Review

The stock market of Pakistan showed remarkable gains for investors in the first half of Financial Year 2010-11. The benchmark index of Karachi Stock Exchange (G) Limited gained 24% in the six months ended December 31, 2010. This recent move was mainly driven by foreign buying in selective sectors. During this period foreigners bought shares worth US\$ 250 million. Average daily volume of the market also improved significantly in the second quarter.

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

Financial Results of the Company

During the six months under review, Company posted net profit of Rs. 18.74 million compared to net loss of Rs. 61.75 million in the corresponding period last year. Administrative expenses have controlled adequately and came down from Rs. 2.8 million to Rs. 1.5 million. Similarly financial charges have reduced to Rs. 6.5 million from Rs. 64 million at the result of paying off bank liability. Company also got the benefit of Rs. 24.26 million as one of the banks has waived-off its accrued mark-up after the settlement of its loan.

The auditors have placed emphasis of matter paragraph in their review report for the period ended December 31, 2010 and have drawn their attention on going concern assumption due to accumulated losses and exceeding current liabilities of Rs.628 million over current assets of the Company. The management is very much aware with this situation and is committed to its plan of restructuring including right issue and negotiations with various financial institutions for underwriting are in process. Management is also making best efforts to revive the Company from the adverse financial situation and hence we believe that there are no significant doubts upon the Company's ability to continue as going concern.

Acknowledgment

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

For & on behalf of the Board

Lahore
February 28, 2011

Perez Ahmed
Chief Executive

PERVEZ AHMED SECURITIES LIMITED
AUDITOR'S REPORT TO THE MEMBERS ON
REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pervez Ahmed Securities Limited** as at December 31, 2010 and the related condensed profit and loss account, condensed statement of comprehensive income, condensed interim cash flow statement and condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the six months period then ended. Management is responsible for the preparation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended on December 31, 2010 and December 31, 2009 have not been reviewed and we do not express a conclusion thereon as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of Matter Paragraph

Without qualifying our review report, we draw attention to Note 1.2 to the interim financial information, which indicates that the Company has accumulated losses of Rs. 1561.248 million (June 30, 2010: Loss of Rs. 1579.990 million) and its current liabilities exceed its current assets by Rs. 627.789 million (June 30, 2010: Rs. 644.962 million) as at the balance sheet date. These conditions indicate the existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

Lahore:
Dated : 28 February, 2011

HORWATH HUSSAIN CHAUDHARY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)

PERVEZ AHMED SECURITIES LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2010

	December 31, 2010	June 30, 2010	
Note	(Un-Audited) Rupees	(Audited) Rupees	
Non Current Assets			
Property and equipment	4	1,584,888	1,835,412
Intangible assets		40,000,000	40,000,000
Long term investment in associate		103,262,493	103,502,956
Long term security deposits		<u>4,055,000</u>	<u>4,055,000</u>
		148,902,381	149,393,368
Current Assets			
Short term investments		22,856,283	23,286,605
Advances, tax refundable and other receivables		6,923,385	6,947,765
Assets held for sale	5	30,000,000	134,000,000
Bank balances		<u>1,539,263</u>	<u>1,482,044</u>
		61,318,931	165,716,414
Current Liabilities			
Trade and other payables		(558,252,801)	(559,141,791)
Accrued interest / mark up		(14,027,641)	(31,752,638)
Current portion of long term financing		(5,559,016)	(4,515,238)
Short term borrowings	6	<u>(111,269,061)</u>	<u>(215,269,061)</u>
		(689,108,519)	(810,678,728)
Net Current Assets		(627,789,588)	(644,962,314)
Non Current Liabilities			
Long term financing		5,902,752	7,988,508
Deferred liability		<u>2,882,405</u>	<u>2,856,655</u>
		8,785,157	10,845,163
NET ASSETS		<u>(487,672,364)</u>	<u>(506,414,109)</u>
REPRESENTED BY			
Issued, subscribed and paid up capital		774,575,790	774,575,790
Share deposit money		299,000,120	299,000,120
Unappropriated losses		<u>(1,561,248,274)</u>	<u>(1,579,990,019)</u>
		(487,672,364)	(506,414,109)
Contingencies and Commitments	7	-	-
		<u>(487,672,364)</u>	<u>(506,414,109)</u>

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

CHIEF EXECUTIVE

DIRECTOR

PERVEZ AHMED SECURITIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2010

	Note	Quarter Ended December 31,		Half Year Ended December 31,	
		2010 (Un-Audited) Rupees	2009 (Un-Audited) Rupees	2010 (Un-Audited) Rupees	2009 (Un-Audited) Rupees
Operating income - Net		1,733,568	1,813,564	1,711,006	2,951,266
Administrative expenses		(634,149)	(918,826)	(1,498,603)	(2,766,769)
Operating Profit		1,099,419	894,738	212,403	184,497
Finance cost		(6,540,743)	(39,611,288)	(6,540,743)	(64,036,809)
Other operating charges		(57,690)	(3,050,000)	(65,113)	(3,050,000)
Other operating income		25,449,085	12,181	25,449,085	160,550
Surplus / (Deficit) on remeasurement of investments at fair value through profit or loss - Net		19,950,071	(41,754,369)	19,055,632	(66,741,762)
		<u>2,604,625</u>	<u>(6,903,766)</u>	<u>(35,259)</u>	<u>4,994,844</u>
Profit / (Loss) before Taxation and Share from Assoociated Undertaking		22,554,696	(48,658,135)	19,020,373	(61,746,918)
Share of loss from assoaited underataking		(240,463)	-	(240,463)	-
Profit / (Loss) before Taxation		22,314,233	(48,658,135)	18,779,910	(61,746,918)
Taxation		(38,165)	-	(38,165)	-
Profit / (Loss) after Taxation		<u>22,276,068</u>	<u>(48,658,135)</u>	<u>18,741,745</u>	<u>(61,746,918)</u>
Earnings per Share		<u>0.29</u>	<u>(0.63)</u>	<u>0.24</u>	<u>(0.80)</u>

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

CHIEF EXECUTIVE

DIRECTOR

PERVEZ AHMED SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2010

	Quarter Ended December 31,		Half Year Ended December 31,	
	2010	2009	2010	2009
	(Un-Audited) Rupees	(Un-Audited) Rupees	(Un-Audited) Rupees	(Un-Audited) Rupees
Profit / (Loss) after taxation for the period	22,276,068	(48,658,135)	18,741,745	(61,746,918)
Other comprehensive income	-	-	-	-
Total Comprehensive Income / (Loss) for the Period	<u>22,276,068</u>	<u>(48,658,135)</u>	<u>18,741,745</u>	<u>(61,746,918)</u>

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

CHIEF EXECUTIVE

DIRECTOR

PERVEZ AHMED SECURITIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Half Year Ended December 31,	
	2010	2009
	(Un-audited)	(Un-audited)
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	18,779,910	(61,746,918)
Adjustments for:		
- Deficit / (Surplus) on remeasurement of investments at fair value through profit or loss - Net	35,259	(4,994,844)
- Dividend income	(231,650)	(601,528)
- Provision for gratuity	25,750	305,800
- Depreciation	250,524	402,552
- Gain on disposal of property and equipments	-	(148,369)
- Share of loss from associated undertaking	240,463	
- Waiver of accrued mark up	(24,265,740)	
- Finance cost	6,540,743	64,036,809
	<u>(17,404,651)</u>	<u>59,000,420</u>
Operating Profit / (Loss) before Working Capital Changes	1,375,259	(2,746,498)
Decrease / (increase) in current assets:		
- Short term investments	395,063	(206,217)
- Advances and other receivables	13,208	(1,890,560)
Increase in current liabilities:		
- Trade and other payables	(888,990)	5,923,400
	<u>(480,719)</u>	<u>3,826,623</u>
Cash generated from operations	894,540	1,080,125
Dividend income received	231,650	637,550
Finance costs paid	-	(7,372,888)
Taxes paid	(26,993)	(44,198)
Gratuity paid	-	(5,500)
Net Cash generated from / (used in) Operating Activities	1,099,197	(5,704,911)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipments	-	1,510,000
Net Cash generated from Investing Activities	-	1,510,000
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	(1,041,978)	-
Dividend paid	-	(2,450)
Short term borrowings	-	4,280,636
Net Cash (used in) / generated from Financing Activities	(1,041,978)	4,278,186
Net Increase in Cash and Cash Equivalents	57,219	83,275
Cash and cash equivalents at the beginning of the period	1,482,044	1,644,525
Cash and Cash Equivalents at the End of the period	<u>1,539,263</u>	<u>1,727,800</u>

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

CHIEF EXECUTIVE

DIRECTOR

PERVEZ AHMED SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Share Capital Rupees (Un-Audited)	Share Deposit Money Rupees (Un-Audited)	Unappropriated (Loss) Rupees (Un-Audited)	Total Rupees (Un-Audited)
Balance as at June 30, 2009	774,575,790	306,000,000	(1,537,640,316)	(457,064,526)
Total comprehensive loss for six months period ended December 31, 2009	-	-	(61,746,918)	(61,746,918)
Balance as at December 31, 2009	<u>774,575,790</u>	<u>306,000,000</u>	<u>(1,599,387,234)</u>	<u>(518,811,444)</u>
Balance as at June 30, 2010	774,575,790	299,000,120	(1,579,990,019)	(506,414,109)
Total comprehensive income for six months period ended December 31, 2010	-	-	18,741,745	18,741,745
Balance as at December 31, 2010	<u>774,575,790</u>	<u>299,000,120</u>	<u>(1,561,248,274)</u>	<u>(487,672,364)</u>

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

PERVEZ AHMED SECURITIES LIMITED

NOTES TO THE CONDENSED INTERIM UN-AUDITED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2010

Note 1

The Company and its Operations

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

1.2 Going concern assumption

The Company has accumulated losses of Rs. 1,561.248 million (June 2010: Rs. 1,579.990 million) and its current liabilities exceed its current assets by Rs. 627.789 million (June 2010: 644.962 million) as at the balance sheet date. These factors raise doubts about the Company being a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the ordinary course of business.

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

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

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

Note 2

Statement of Compliance

2.1 This condensed interim financial report of the company for the six months period ended December 31, 2010 has been prepared in accordance with the requirements of the International Accounting standard 34 - Interim Financial Reporting and provisions of and directive issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 These financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2010. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2010 whereas comparative profit and loss account, comparative cash flows statement and comparative statement of changes in equity are stated from unaudited interim financial information for the half year ended on December 31, 2009.

- 2.3** These condensed interim financial information is unaudited. However, a limited scope review of these interim financial information has been performed by the auditors as required by the Code of Corporate Governance. Figures for the quarters ending December 31, 2009 and December 31, 2010 have not been reviewed by the external auditors.

Note 3

Accounting Policies

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

Note 4

Property and Equipment

	December 31, 2010	June 30, 2010
	(Un-audited)	(Audited)
	Rupees	Rupees
Opening written down value	1,835,412	3,959,890
Deletion during the period / year	-	(1,361,631)
	<u>1,835,412</u>	<u>2,598,259</u>
Depreciation charge for the period / year	(250,524)	(762,847)
	<u><u>1,584,888</u></u>	<u><u>1,835,412</u></u>

Note 5

Assets Held for Sale

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

- 5.1 The closing balance represents one commercial property valuing Rs. 30.0 million that has been released by the lending bank and is classified as asset held for sale as the management is committed to its original plan of disposing it off within next twelve months. The title of the property free from any charge or encumbrance is in the name of the director of the Company as at the balance sheet date and the ownership of the property has been relinquished in the favour of the Company.

Note 6

Short Term Borrowings

	December 31, 2010	June 30, 2010
Murabaha finance / Running finance	<u><u>111,269,061</u></u>	<u><u>215,269,910</u></u>

- 6.1 During the half year ended December 31, 2010, the Company settled its outstanding liabilities with Summit Bank Limited (formerly, Arif Habib Bank Limited) against assets held for sale (refer to Note 5) and outstanding markup of Rs. 24,265,740 has been waived off as per the settlement terms that has been shown as part of other operating income in the condensed interim profit and loss account.

Note 7

Contingencies and Commitments

Contingencies

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

Commitments

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

Note 8

Transactions with Related Parties

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

	Half Year Ended December 31,	
	2010	2009
	(Un-audited)	(Un-audited)
	Rupees	Rupees
Associated undertakings		
Services rendered	1,500,000	-
Funds received from associated undertaking	1,200,000	3,711,000
Directors		
Funds received from director	1,041,978	1,239,900

Note 9

Authorization of Financial Statements

These interim financial statements have been authorized for issue on February 28, 2011 by the Board of Directors of the Company.

Note 10

General

Figures have been rounded off to the nearest rupees.

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