

**PERVEZ AHMED SECURITIES LIMITED**

**HALF YEARLY ACCOUNTS**

**31st December, 2012**

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## Half Yearly Accounts December 31, 2012

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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 Mrs. Ayesha Ahmed Mansoor 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	Burj Bank Limited Dubai Islamic Bank Pakistan Limited MCB Bank Limited NIB Bank Limited Silk 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	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>	

## Half Yearly Accounts December 31, 2012

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### **DIRECTORS' REPORT**

On behalf of the Board of Directors of Pervez Ahmed Securities Limited, I present to you the Company's un-audited financial statements for the half year ended December 31, 2012.

#### **Capital Market Review**

During the Half Year ended December 31, 2012 under review the Karachi Stock Exchange showed sustained growth without any major correction. The KSE-100 index rose more than 22% closing at 16,905. Net foreign buying more than US\$ 150 million was the major driver behind this handsome gain. During the period the energy crisis, security issues, circular debt and foreign debt payment were the main areas of concern but the lowering inflation numbers and good corporate results attracted the investors

In future improved corporate results will once again try to push the index to new highs while the situation on the political front and security issues will be critical areas of concerns for the investors in the time to come.

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

The Company earned profit of Rs. 6.85 million as against loss of Rs. 20.60 million during the corresponding period of last year. Profit for the period is mainly due to appreciation in value of short term investments. During the period Company has also settled its liability with MCB Bank Limited

The auditors have expressed an adverse opinion in their report with respect to going concern assumption and non providing of mark-up amounting to Rs. 9.339 million. However the management considers that the going concern assumption used in preparation of these financial statements is appropriate keeping in view of settlement of major portion of bank borrowings, continuous support from directors and proposed diversification plan to run the affairs of the Company. Whereas negotiations with the bank regarding settlement of loan are in process and hopefully no additional mark-up will be paid on the new terms.

#### **Future Outlook**

Besides the 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 Karachi Stock market on the back of improving economic indicators

The management is committed to run the affairs of the Company and efforts are being made to revive the Company by way of right issue and make the Company profitable by diversifying its operations

#### **Acknowledgement**

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

Lahore  
February 26, 2013

For & on behalf of the Board

Perez Ahmed  
Chief Executive

## Half Yearly Accounts December 31, 2012

### 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, 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim 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. This interim financial information is the responsibility of the Company's management. Our responsibility is to issue a report on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended on December 31, 2011 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

#### *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 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.

#### *Basis for Adverse Conclusion*

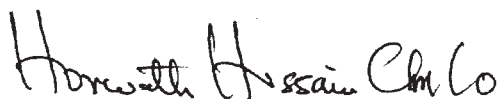
- a) As explained in note 1.2 to the interim financial information, the Company has prepared this interim financial information on going concern assumption. However, the Company has accumulated loss of Rs. 1,608.091 million as at the condensed interim balance sheet date. The total liabilities of the Company exceed its total assets by Rs. 540.115 million and its current liabilities exceed its current assets by Rs. 650.455 million. Furthermore, the Company has defaulted in the repayment of its loan liabilities that may invoke potential demand of outright payment from the lending banks.

In view of the matters discussed in the preceding paragraphs, we consider that in the absence of any favorable settlement with lending banks / 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 the business. Consequently the going concern assumption used in the preparation of the annexed interim financial information is not appropriate and adjustments to the recorded assets amounts and classification of liabilities have not been incorporated. The interim financial information does not disclose this fact.

- b) Mark-up on short term financing, pertaining to the half-year ending on December 31, 2012, amounting to Rs. 9.339 million (accumulated as of December 31, 2012: Rs. 23.584 million) has not been provided for by the Company. Had this mark-up been provided, net profit for the half-year would have decreased by Rs. 9.339 million and accumulated losses would have been increased by Rs. 23.584 million.

#### *Adverse Conclusion*

Our review indicates that, because of the significance of matters described in basis for adverse conclusion paragraph, the accompanying interim financial information as of and for the half year ended December 31, 2012 does not conform with approved accounting standards as applicable in Pakistan.



**Lahore:**  
**Dated : 26.02.2013**

**HORWATH HUSSAIN CHAUDHARY & CO.**  
*Chartered Accountants*

(Engagement Partner: Muhammad Nasir Muneer)

## Half Yearly Accounts December 31, 2012

### PERVEZ AHMED SECURITIES LIMITED CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2012

	December 31, 2012	June 30, 2012
Note	(Un-Audited) Rupees	(Audited) Rupees
<b>Non Current Assets</b>		
Property and equipment	4 850,586	978,177
Intangible assets	25,000,000	25,000,000
Long term investment in associate	86,618,569	85,481,434
Long term security deposits	1,055,000	1,055,000
	113,524,155	112,514,611
<b>Current Assets</b>		
Short term investments	5 20,248,759	12,809,661
Advances, tax refundable and other receivables	6,985,836	7,030,634
Bank balances	1,491,711	2,005,392
	28,726,306	21,845,687
<b>Current Liabilities</b>		
Trade and other payables	(534,855,715)	(530,861,629)
Accrued mark up	(27,923,420)	(27,923,420)
Current and overdue portion of long term financing	6 (8,461,768)	(11,461,768)
Short term borrowings	(107,940,931)	(107,940,931)
Provision for taxation	-	(78,066)
	(679,181,834)	(678,265,814)
<b>Net Current Liabilities</b>	(650,455,528)	(656,420,127)
<b>Non Current Liabilities</b>		
Long term financing	6 -	-
Deferred liability	7 (3,183,879)	(3,061,623)
	(3,183,879)	(3,061,623)
<b>NET ASSETS</b>	(540,115,252)	(546,967,139)
<b>REPRESENTED BY</b>		
Authorized capital:		
90,000,000 (June 30, 2012: 90,000,000) ordinary shares of Rs. 10 each	900,000,000	900,000,000
Issued, subscribed and paid up capital		
77,457,579 (June 30, 2012: 77,457,579) Ordinary shares of Rs. 10 each	774,575,790	774,575,790
Share deposit money	293,400,120	293,400,120
Unappropriated loss	(1,608,091,162)	(1,614,943,049)
	(540,115,252)	(546,967,139)
<b>Contingencies and Commitments</b>	8 -	-
	(540,115,252)	(546,967,139)

The annexed notes form an integral part of this condensed interim financial information (un-audited).

**CHIEF EXECUTIVE**

**DIRECTOR**

## Half Yearly Accounts December 31, 2012

### PERVEZ AHMED SECURITIES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2012

	Quarter Ended December 31,		Half Year Ended December 31,	
	2012	2011	2012	2011
	----- (Un-audited) -----			
	Rupees	Rupees	Rupees	Rupees
Operating income - Net	139,077	5,220	318,604	5,220
Administrative expenses	(561,262)	(675,724)	(1,121,122)	(1,472,155)
<b>Operating Loss</b>	<b>(422,185)</b>	<b>(670,504)</b>	<b>(802,518)</b>	<b>(1,466,935)</b>
Finance cost	(4,205)	(4,906)	(6,608)	(11,206)
Other operating charges	(47,314)	(16,854,193)	(47,314)	(17,059,193)
Other operating income	-	4,500,000	-	-
Surplus / (Deficit) on remeasurement of investments at fair value through profit or loss - Net	(473,704)	(13,029,603)	(856,440)	(18,537,334)
	<u>5,056,305</u>	<u>(303,901)</u>	<u>6,669,323</u>	<u>(1,615,627)</u>
<b>Profit / (Loss) before Taxation and Share from Associated Undertaking</b>	<b>4,582,601</b>	<b>(13,333,504)</b>	<b>5,812,883</b>	<b>(20,152,961)</b>
Share of profit / (loss) from associated undertaking	<u>1,154,449</u>	<u>(444,830)</u>	<u>1,154,449</u>	<u>(444,830)</u>
<b>Profit / (Loss) before Taxation</b>	<b>5,737,050</b>	<b>(13,778,334)</b>	<b>6,967,332</b>	<b>(20,597,791)</b>
Taxation	(115,445)	-	(115,445)	-
<b>Profit/ (Loss) after Taxation</b>	<b><u>5,621,605</u></b>	<b><u>(13,778,334)</u></b>	<b><u>6,851,887</u></b>	<b><u>(20,597,791)</u></b>
<b>Earnings / (Loss) per Share - Basic</b>	<b><u>0.07</u></b>	<b><u>(0.18)</u></b>	<b><u>0.09</u></b>	<b><u>(0.27)</u></b>
<b>Earnings / (Loss) per Share - Diluted</b>	<b><u>0.05</u></b>	<b><u>(0.13)</u></b>	<b><u>0.06</u></b>	<b><u>(0.19)</u></b>

The annexed notes form an integral part of this condensed interim financial information (un-audited).

CHIEF EXECUTIVE

DIRECTOR

## Half Yearly Accounts December 31, 2012

**PERVEZ AHMED SECURITIES LIMITED**  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2012

	Quarter Ended December 31,		Half Year Ended December 31,	
	2012	2011	2012	2011
	----- <b>(Un-audited)</b> -----			
	Rupees	Rupees	Rupees	Rupees
Profit / (Loss) after taxation	5,621,605	(13,778,334)	6,851,887	(20,597,791)
Other comprehensive income	-	-	-	-
<b>Total Comprehensive Income / (Loss) for the Period</b>	<b><u>5,621,605</u></b>	<b><u>(13,778,334)</u></b>	<b><u>6,851,887</u></b>	<b><u>(20,597,791)</u></b>

**CHIEF EXECUTIVE**

**DIRECTOR**



## Half Yearly Accounts December 31, 2012

### PERVEZ AHMED SECURITIES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Half Year Ended December 31,	
	2012	2011
	----(Un-audited)----	
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	6,967,332	(20,597,790)
<b>Adjustments for:</b>		
- (Surplus) / Deficit on remeasurement of investments at fair value through profit or loss - Net	(6,669,323)	1,615,627
- Provision for gratuity	6,811	51,500
- Depreciation	127,591	178,094
- Share of (profit) / loss from associated undertaking	(1,154,449)	444,830
- Finance cost	6,608	11,206
- Impairment in valuation of investment in associate	17,314	16,760,693
	<u>(7,665,448)</u>	<u>19,061,950</u>
<b>Operating (Loss) before Working Capital Changes</b>	(698,116)	(1,535,840)
(Increase) / decrease in current assets		
- Short term investments	(769,775)	-
- Advances and other receivables	-	(3,522)
Increase / (decrease) in current liabilities:		
- Trade and other payables	3,994,086	(17,621,127)
	<u>3,224,311</u>	<u>(17,624,649)</u>
<b>Cash generated from / (used in) operations</b>	2,526,195	(19,160,489)
Taxes paid	(33,268)	-
Finance costs paid	(6,608)	(11,206)
<b>Net Cash generated from / (used in) Operating Activities</b>	2,486,319	(19,171,695)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of assets held for sale	-	19,000,000
<b>Net Cash generated from Investing Activities</b>	-	19,000,000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing repaid	(3,000,000)	-
<b>Net Cash used in Financing Activities</b>	(3,000,000)	-
<b>Net Decrease in Cash and Cash Equivalents</b>	(513,681)	(171,695)
Cash and cash equivalents at the beginning of the period	2,005,392	1,678,966
<b>Cash and Cash Equivalents at the End of the Period</b>	<u><b>1,491,711</b></u>	<u><b>1,507,271</b></u>

CHIEF EXECUTIVE

DIRECTOR

## Half Yearly Accounts December 31, 2012

### PERVEZ AHMED SECURITIES LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Share Capital	Share Deposit Money	Unappropriated (Loss)	Total
	----- (Un-audited) -----			
	Rupees	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2011</b>	774,575,790	291,500,120	(1,590,973,323)	(524,897,413)
Total comprehensive loss for six months period ended December 31, 2011	-	-	(20,597,791)	(20,597,791)
<b>Balance as at December 31, 2011</b>	<u>774,575,790</u>	<u>291,500,120</u>	<u>(1,611,571,114)</u>	<u>(545,495,204)</u>
<b>Balance as at June 30, 2012</b>	774,575,790	293,400,120	(1,614,943,049)	(546,967,139)
Total comprehensive income for six months period ended December 31, 2012	-	-	6,851,887	6,851,887
<b>Balance as at December 31, 2012</b>	<u>774,575,790</u>	<u>293,400,120</u>	<u>(1,608,091,162)</u>	<u>(540,115,252)</u>

CHIEF EXECUTIVE

DIRECTOR

## Half Yearly Accounts December 31, 2012

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### PERVEZ AHMED SECURITIES LIMITED

#### NOTES TO THE CONDENSED INTERIM UN-AUDITED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2012

Note 1

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

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- 1.1** Pervez Ahmed Securities Limited was incorporated under the Companies Ordinance, 1984 on June 8, 2005 as a single member company and was listed on Karachi and Lahore Stock Exchanges on June 21, 2007. The principal activities of the Company include shares brokerage and trading, consultancy services and underwriting. The registered office of the Company is situated at 20-K Gulberg II, Lahore.
- 1.2** The Company has accumulated loss of Rs. 1,608.091 million (June 30, 2012: Rs 1,614.943 million) and earned net income for the period of Rs. 6.851 million (loss for the half year ended December 31, 2011: Rs. 20.598 million). The current liabilities of the Company exceed its current assets by Rs. 650.455 million (June 30, 2012: Rs 656.420 million) and its total liabilities exceed its total assets by Rs. 540.115 million (June 2012: Rs 546.967 million) as at the balance sheet date. As further explained in Note 8 to these interim financial statements, one of the lenders has filed suit against the Company for recovery of outstanding liability. 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 normal course of business.

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

- The Company intends to issue further share capital and necessary formalities are in process in this regard.
- The Company is in the process of rescheduling of its financing arrangements with the lenders.

Keeping in view the above mitigating plans, these financial statements have been prepared on going concern basis.

Note 2

##### **Basis of Preparation**

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This condensed financial information of the Company for the six months period ended December 31, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives 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.

This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2012. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2012 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative cash flow statement are stated from unaudited interim financial information for the half year ended on December 31, 2011.

This condensed financial information is un-audited and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance 1984.

Note 3

##### **Accounting Policies**

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The accounting policies and methods of computation followed in the preparation of this condensed interim financial information is the same as those of the published annual financial statements of the Company for the year ended June 30, 2012.

## Half Yearly Accounts December 31, 2012

Note 4

### Property and Equipment

	<b>December 31, 2012</b>	<b>June 30, 2012</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rupees	Rupees
Opening written down value	978,177	1,334,364
Addition / (Deletions) during the period / year	-	-
	978,177	1,334,364
Depreciation charge for the period / year	(127,591)	(356,187)
	<u>850,586</u>	<u>978,177</u>

Note 5

### Short Term Investments

		<b>December 31, 2012</b>	<b>June 30, 2012</b>
	Note	<b>(Un-audited)</b>	<b>(Audited)</b>
		Rupees	Rupees
Available for sale - Unlisted		5,000,000	5,000,000
At fair value through profit or loss - Listed	5.1	15,248,759	7,809,661
		<u>20,248,759</u>	<u>12,809,661</u>

**5.1** This represents investments in listed securities of various companies which are carried at fair value and any fair value gain or loss for the period is charged to profit and loss account.

Note 6

### Long Term Financing

		<b>December 31, 2012</b>	<b>June 30, 2012</b>
	Note	<b>(Un-audited)</b>	<b>(Audited)</b>
		Rupees	Rupees
<b>Loan from banking company - Secured</b>			
MCB Bank Limited	6.1	8,461,768	11,461,768
Less: Overdue and current portion		<u>(8,461,768)</u>	<u>(11,461,768)</u>
		<u>-</u>	<u>-</u>

**6.1** This represents restructured morabaha finance facility of Rs. 13.98 million obtained from MCB Bank Limited. Principal liability of Rs. 12.503 million was repayable in 36 monthly installments commencing from June 30, 2010.

During the period, the Company has entered into a settlement plan with the bank to settle all outstanding liabilities against payment of Rs. 3 million which has been paid by the Company. Remaining principal payable shall be written off by the bank subject to completion of formalities.

The facility is secured against shares of listed companies and personal guarantees of the directors of the Company.

Note 7

### Deferred Liability

	<b>December 31, 2012</b>	<b>June 30, 2012</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rupees	Rupees
Gratuity payable	3,068,434	3,061,623
Defferd tax liability on share of profit from associates	115,445	-
	<u>3,183,879</u>	<u>3,061,623</u>

## Half Yearly Accounts December 31, 2012

Note 8

### Contingencies and Commitments

#### Contingencies

Last year, JS Global Capital Limited, one of the creditors, filed a suit against the Company for recovery of Rs. 36.574 million including late payment surcharge aggregating to Rs. 17.455 million. The Company has filed a counter claim of Rs. 18.86 million against the creditor. No additional liability has been provided as management expects favourable outcome of the litigation.

#### Commitments

There are no commitments outstanding as at the balance sheet date (June 30, 2012: Nil).

Note 9

### Transactions with Related Parties

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 are as under:

	Half Year Ended December 31,	
	2012	2011
	----(Un-audited)----	
	Rupees	Rupees
Associated undertaking		
Funds (repaid to) / received from associated undertaking	(25,000)	1,471,158
Directors		
Funds received from / (repaid to) director	4,699,100	(18,900,000)

Note 10

### Authorization of Financial Statements

These interim financial information has been authorized for issue on February 26, 2013 by the Board of Directors of the Company.

Note 11

### 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.

CHIEF EXECUTIVE

DIRECTOR

**Registered Office:** | 20-K Gulberg II, Lahore.  
| Ph: (042) 3575 9621, 3575 9464, 3571 4810  
| Fax: (042) 3571 0312