



HALF YEARLY ACCOUNTS

31st December, 2014

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. 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 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	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 months period ended December 31, 2014

Capital Market Review

During the half year ended December 31, 2014 the stock market of Pakistan showed moderate returns for the investors. The benchmark KSE-100 index climbed to 32,131 showing 8.36% return in six month under review. Foreign investors' net portfolio investment was US\$ 113 million.

Financial Results of the Company

During the six months period ended December 31, 2014 the Company suffered net loss of Rs. 7.42 million as against loss of Rs. 19.95 million during the corresponding period of last year. Loss for the period is mainly due to share of loss from investment in associated undertaking. During the year Company also earned dividend income of Rs. 9 million on its investment in Origins Fabrics (Private) 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. 5.75 million. However the management is in the process of reviving its business by way of raising further capital through right issue which will enable the Company to diversify and expand business operations and to make strategic investments to enhance revenue generation and profitability of the Company. The Company did not provided mark-up as the management feels that no additional mark-up will be paid on the new settlement terms.

Future Outlook

The news regarding privatization and favourable environment for fertilizers and cement producers is expected to do well for the market in the future. On the downside the expected increase in the interest rate may hinder the upside momentum. Falling inflation, lowering crude oil prices and increased foreign exchange reserves done well for the economy and these factors also contributed well for the stock markets to touch historical highs.

Acknowledgement

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

For & on behalf of the Board

Lahore
February 26, 2015

Perez Ahmed
Chief Executive

Auditors' 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 ("the Company") as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures for three months ended December 31, 2014 of the condensed interim profit and loss account and condensed interim statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months period ended on that date.

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 consist of making inquiries, primarily of persons responsible for 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

Based on information provided to us by management:

- i. As referred to in note 2 to the condensed interim financial information, the Company has accumulated losses of Rs. 1,074.404 million. Its current liabilities exceed current assets by Rs. 642.52 million and its total liabilities exceed total assets by Rs. 6.43 million as at the reporting date. 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 another party during the period. The factors raise doubts about the Company's ability to continue as a going concern. Further, the Company has overdue debt finances and interest/mark-up thereon, as referred to note 7 and note 8 to the financial statements. One of the creditors has also filed a suit against the Company for recovery of its debts.

In view of the matters discussed in the preceding paragraph, 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 the annexed condensed interim financial information is not appropriate and adjustments may be required to the recorded asset amounts and classification of liabilities. The condensed interim financial information does not disclose this fact.

- ii. The Company has not recognized interest/mark-up on short term borrowings amounting to Rs. 46.8 million upto December 31, 2014. Had this interest/mark-up been recognized, accumulated losses as at December 31, 2014 and the loss for the six months period then ended would have been higher by Rs. 46.8 million and Rs. 5.746 million respectively. The condensed interim financial information does not disclose this fact.

Conclusion

Based on our review, because of the matters discussed in Basis for Adverse Conclusion paragraph, the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Engagement Partner: ZUBAIR IRFAN MALIK

Date: FEBRUARY 26, 2015

Place: LAHORE

PERVEZ AHMED SECURITIES LIMITED
Condensed Interim Balance Sheet
as at DECEMBER 31, 2014

	<i>Note</i>	December 31, 2014	June 30, 2014
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
NON-CURRENT ASSETS			
Property and equipment		471,594	538,698
Intangible assets		2,000,000	7,000,000
Long term investments	5	635,650,511	651,447,462
Long term deposits - <i>Unsecured, Considered good</i>		1,055,000	1,055,000
		639,177,105	660,041,160
CURRENT ASSETS			
Short term investments		18,339,338	19,062,512
Advance income tax/income tax refundable		5,432,598	6,326,358
Dividend receivable	10	9,000,000	-
Cash and bank balances		2,016,863	1,635,421
		34,788,799	27,024,291
CURRENT LIABILITIES			
Trade and other payables		(489,493,378)	(490,681,914)
Accrued interest/mark-up	6	(21,757,327)	(21,757,327)
Short term borrowings	7	(107,940,931)	(107,940,931)
Due to related parties		(58,115,072)	(62,608,207)
		(677,306,708)	(682,988,379)
NET CURRENT ASSETS		(642,517,909)	(655,964,088)
NON-CURRENT LIABILITIES			
Employees retirement benefits		(3,087,244)	(3,083,244)
NET ASSETS		(6,428,048)	993,828
REPRESENTED BY:			
<i>Authorized capital</i>			
230,000,000 (June 30, 2014: 230,000,000) ordinary shares of Rs. 10 each		2,300,000,000	2,300,000,000
Issued, subscribed and paid-up capital		1,865,684,870	1,865,684,870
Discount on issue of shares		(818,331,810)	(818,331,810)
Accumulated losses		(1,074,403,958)	(1,066,982,082)
Advances against issue of shares		(27,050,898)	(19,629,022)
TOTAL EQUITY	8	20,622,850	20,622,850
		(6,428,048)	993,828
CONTINGENCIES AND COMMITMENTS			
		-	-
		(6,428,048)	993,828

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

PERVEZ AHMED SECURITIES LIMITED
Condensed Interim Profit and Loss Account (Un-audited)
for the six months ended December 31, 2014

	Note	Six months ended		Three months ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		Rupees	Rupees	Rupees	Rupees
Revenue - net	10	9,405,120	-	9,411,450	-
Operating expenses		(979,676)	(751,505)	(239,275)	(157,497)
Operating profit/(loss)		8,425,444	(751,505)	9,172,175	(157,497)
Changes in fair value of investments at fair value through profit or loss		1,016,346	1,461,040	213,345	(1,331,029)
Other charges		(166,715)	(739,673)	(40,145)	(219,980)
		9,275,075	(30,138)	9,345,375	(1,708,506)
Share of loss from associate	5	(15,796,951)	(19,915,126)	(2,154,098)	(5,474,893)
(Loss)/profit before taxation		(6,521,876)	(19,945,264)	7,191,277	(7,183,399)
Taxation	11	(900,000)	-	(900,000)	-
(Loss)/profit after taxation		(7,421,876)	(19,945,264)	6,291,277	(7,183,399)
(Loss)/earnings per share - basic and diluted		(0.04)	(0.11)	0.03	(0.04)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

PERVEZ AHMED SECURITIES LIMITED
Condensed Interim Statement of Profit or loss and Other
Comprehensive Income (Un-audited)
for the six months ended December 31, 2014

	Six months ended		Three months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
(Loss)/profit after taxation	(7,421,876)	(19,945,264)	6,291,277	(7,183,399)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	(7,421,876)	(19,945,264)	6,291,277	(7,183,399)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

PERVEZ AHMED SECURITIES LIMITED
Condensed Interim Cash Flow Statement (Un-audited)
for the six months ended December 31, 2014

	December 31, 2014	December 31, 2013
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,521,876)	(19,945,264)
Adjustments for non-cash items		
Changes in fair value of investments at fair value through profit or loss	(1,016,346)	(1,461,040)
Share of loss from investment in associate	15,796,951	19,915,126
Provision for employees retirement benefits	4,000	4,000
Gain on sale of investments	(81,270)	-
Dividend income	(9,000,000)	-
Depreciation	67,104	92,150
	5,770,439	18,550,236
Operating loss before changes in working capital	(751,437)	(1,395,028)
Changes in working capital		
Trade and other payables	(1,188,536)	1,286,102
Due from related parties	(4,493,135)	-
	(5,681,671)	1,286,102
Cash used in operations	(6,433,108)	(108,926)
Payments for		
Income tax	(6,240)	-
Net cash used in from operating activities	(6,439,348)	(108,926)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of intangible assets	5,000,000	-
Proceeds from sale of short term investments	1,820,790	-
Net cash used in investing activities	6,820,790	-
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	381,442	(108,926)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,635,421	1,590,748
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,016,863	1,481,822

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

PERVEZ AHMED SECURITIES LIMITED
Condensed Interim Statement of Changes in Equity (Un-audited)
for the six months ended December 31, 2014

	Issued subscribed and paid-up capital	Discount on issue of shares	Accumulated losses	Advance against issue of shares	Total equity
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as at July 01, 2013 - Audited	1,865,684,870	(818,331,810)	(1,564,796,994)	20,622,850	(496,821,084)
Comprehensive income					
Loss after taxation	-	-	(19,945,264)	-	(19,945,264)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(19,945,264)	-	(19,945,264)
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2013 - Un-audited	1,865,684,870	(818,331,810)	(1,584,742,258)	20,622,850	(516,766,348)
Comprehensive income					
Profit after taxation	-	-	517,760,176	-	517,760,176
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	517,760,176	-	517,760,176
Transaction with owners	-	-	-	-	-
Balance as at June 30, 2014 - Audited	1,865,684,870	(818,331,810)	(1,066,982,082)	20,622,850	993,828
Comprehensive income					
Loss after taxation	-	-	(7,421,876)	-	(7,421,876)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	(7,421,876)	-	(7,421,876)
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2014 - Un-audited	<u>1,865,684,870</u>	<u>(818,331,810)</u>	<u>(1,074,403,958)</u>	<u>20,622,850</u>	<u>(6,428,048)</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

PERVEZ AHMED SECURITIES LIMITED

Notes to the Condensed Interim Financial Information (Un-audited) for six months ended December 31, 2014

1 REPORTING ENTITY

Pervez Ahmed Securities Limited ("the Company") was incorporated in Pakistan on January 31, 1991 as a single member company under the Companies Ordinance, 1984 and was later listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited on June 21, 2007. The registered office of the Company is situated at 20-K, Gulberg II, Lahore. The principal activities of the Company include shares brokerage, trading, consultancy services and underwriting.

2 GOING CONCERN ASSUMPTION

The Company has accumulated losses of Rs. 1,074.404 million. Its current liabilities exceed current assets by Rs. 642.52 million and its total liabilities exceed total assets by Rs. 6.43 million as at the reporting date. 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 party during the period. 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 following:

- 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 is in continuous efforts to diversify and expand business operations and to make strategic investments to enhance profitability and intrinsic value of the Company. The Company has already invested in a large retail brand which is expected to show robust growth going forward.

3 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2014.

The comparative interim balance sheet as at June 30, 2014 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended December 31, 2013 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2014 and December 31, 2013 are neither audited nor reviewed.

3.1 Statement of compliance

This condensed interim financial report has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

3.3 Judgments, estimates and assumptions

The preparation of financial information 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. 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.

3.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2013.

	<i>Note</i>	December 31, 2014	June 30, 2014
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>

5 LONG TERM INVESTMENTS

Investments in related parties	5.1	615,010,511	630,807,462
Other investments		20,640,000	20,640,000
		635,650,511	651,447,462

5.1 Investment in related parties

Pervez Ahmed Capital (Private) Limited	5.1.1	95,723,111	111,520,062
Origins Fabrics (Private) Limited	5.1.2	519,287,400	519,287,400
		615,010,511	630,807,462

5.1.1 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:

	December 31, 2014	June 30, 2014
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
Cost of investment		
8,498,300 (June 30, 2014: 8,498,300) ordinary shares of Rs. 10 each	84,983,000	84,983,000
Share of post acquisition profits	10,740,111	26,537,062
	95,723,111	111,520,062
Percentage of ownership interest	49.36%	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 profit for the period/year then ended based on the un-audited financial statements are as follows:

	December 31, 2014	June 30, 2014
	<i>Rupees</i>	<i>Rupees</i>
Assets	194,133,039	226,096,304
Liabilities	200,897	199,497
Revenue	622,989	783,600
Loss for the period/year	(31,964,665)	(9,125,385)
Share of loss	(15,796,951)	(4,504,206)

5.1.2 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 ORIGINS LAWN, an extension of an already established and renowned retail brand ORIGINS READY 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 details are as follows:

	December 31, 2014	June 30, 2014
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
Cost of investment		
900,000 (June 30, 2014; 900,000) ordinary shares of Rs. 10 each	9,000,000	9,000,000
Accumulated changes in fair value	510,287,400	510,287,400
	519,287,400	519,287,400

6 ACCRUED INTEREST/MARK-UP

This represents over-due interest mark-up on borrowings.

7 SHORT TERM BORROWINGS

These represent overdue borrowings. The Company does not have any lines of credit arrangements as the reporting date.

8 ADVANCE AGAINST ISSUE OF SHARES

This represents advance received against issue of shares expected to be issued in the near future subject to the approval of the Board of Directors including the timing and extent of issue.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There is no significant change in the status of contingencies since June 30, 2014.

9.2 Commitments

There is no commitments as at the reporting date.

10 REVENUE - NET

This includes dividend on investment in ordinary shares of Origins Fabrics (Private) Limited. See note 5.1.2.

11 PROVISION FOR TAXATION

11.1 Provision for current tax has not been made as the Company has incurred loss during the period.

11.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

12 TRANSACTIONS WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated company, directors and key management personnel. Key management personnel do not draw any compensation from the Company. Transactions with directors and associated company are limited to interest free borrowings obtained/repaid.

Details of transactions with related parties is as follows:

		Six months ended	
		December 31, 2014	December 31, 2013
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
Nature of relationship	Nature of transaction		
Associated company	Funds repaid	33,135	25,000
	Sale of Trading Rights Entitlement Certificate	5,000,000	-
Directors	Funds (repaid)/received - net	(4,460,000)	825,000

13 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.

14 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.

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on February 26, 2015.

16 GENERAL

16.1 There are no other significant activities since June 30, 2014 affecting the interim financial information.

16.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

16.3 Figures have been rounded off to the nearest Rupee.

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