

**HALF YEARLY  
ACCOUNTS  
31st December, 2016**

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***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.	
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>	

## **DIRECTORS' REPORT**

The Board of Directors of Pervez Ahmed Securities Limited is pleased to present herewith its Review Report together with the un-audited condensed interim financial statements of the Company for the half year ended December 31, 2016.

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.

## **Capital Market Review**

Cumulatively, the KSE-100 index posted a gain of 45.6% for the full year 2016. This strong buying by the local institutional investors was sufficient to absorb the steady selling of foreign investors who offloaded US\$ 298 million of Pakistani equities. The rally was driven mainly by the banking sector, where investors expected that interest rates had bottomed-out, and the E&P sector which would benefit from the surge in international oil prices.

## **Financial Results of the Company**

During the six months period ended December 31, 2016 the Company posted profit of Rs. 12.57 million versus loss of Rs. 6.45 million in the same period of last year. Profit for the period is mainly due to remeasurement of investments at fair value and share of profit of associated undertaking

## **Future Outlook**

Over the longer term, the gathering momentum of the China-Pakistan Economic Corridor (CPEC) projects are likely to stimulate investment led GDP growth which bodes well for Pakistan's equity market as well

## **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 28, 2017

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, 2016 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 the three months period ended December 31, 2016 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 of Adverse Conclusion

- a) As referred to in note 2.2 to the condensed interim financial information, the Company has accumulated losses of Rs. 1,306.7 million. Its current liabilities exceed current assets by Rs. 630.7 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. Further as referred to in note 10.1.2 to the condensed interim financial information, 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 8 and note 9 to the condensed interim financial information. 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 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.
- b) The Company has not recognized interest/markup on short term borrowings amounting to Rs. 66.1 million upto December 31, 2016. Had this interest/markup been recognized, accumulated losses as at December 31, 2016 and loss for the six month period then ended would have been higher by Rs. 66.1 million and Rs. 4.57 million respectively. The condensed interim financial information does not disclose this fact.
- c) As referred to note 10.1.1 to the condensed interim financial information, 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 December 31, 2016 and loss for the six month period then ended would have been higher by Rs. 17.45 million.

### Conclusion

Based on our review, because of the matters discussed in Basis for Adverse Conclusion paragraph, 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 28, 2017**

**Place: LAHORE**

**PERVEZ AHMED SECURITIES LIMITED**  
**Condensed Interim Balance Sheet**  
**as at DECEMBER 31, 2016**

	Note	December 31, 2016 Rupees (Un-audited)	June 30, 2016 Rupees (Audited)
<b>NON CURRENT ASSETS</b>			
Property and equipment	6	269,832	306,382
Long term investments	7	394,414,674	392,971,256
Long term deposits		350,000	1,055,000
		<b>395,034,506</b>	<b>394,332,638</b>
<b>CURRENT ASSETS</b>			
Short term investments		25,686,538	13,555,385
Advances and other receivables		9,000,000	9,000,000
Current taxation		6,416,487	6,409,048
Cash at banks		1,630,893	2,117,842
		<b>42,733,918</b>	<b>31,082,275</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		(490,254,799)	(490,481,917)
Accrued interest/markup	8	(21,757,327)	(21,757,327)
Short term borrowings	9	(107,940,931)	(107,940,931)
Due to related parties		(53,472,097)	(53,465,072)
		<b>(673,425,154)</b>	<b>(673,645,247)</b>
<b>NET CURRENT ASSETS</b>		<b>(630,691,236)</b>	<b>(642,562,972)</b>
<b>NON-CURRENT LIABILITIES</b>			
Employees retirement benefits		(3,101,244)	(3,099,244)
<b>NET ASSETS</b>		<b>(238,757,974)</b>	<b>(251,329,578)</b>
<b>REPRESENTED BY:</b>			
<i>Authorized capital</i>			
230,000,000 (June 30, 2016: 230,000,000) ordinary shares of Rs. 10 each		<b>2,300,000,000</b>	<b>2,300,000,000</b>
<i>Issued, subscribed and paid up capital</i>			
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		(1,306,733,884)	(1,319,305,488)
		<b>(259,380,824)</b>	<b>(271,952,428)</b>
Advance against issue of ordinary shares		20,622,850	20,622,850
<b>TOTAL EQUITY</b>		<b>(238,757,974)</b>	<b>(251,329,578)</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	-	-
		<b>(238,757,974)</b>	<b>(251,329,578)</b>

*The annexed notes 1 to 18 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 Period Ended December 31, 2016**

	Note	Six months ended		Three months ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		Rupees	Rupees	Rupees	Rupees
Revenue - net		81,811	10,790	81,097	10,790
Operating expenses		(1,038,876)	(962,369)	(228,952)	(276,213)
<b>Operating loss</b>		<b>(957,065)</b>	<b>(951,579)</b>	<b>(147,855)</b>	<b>(265,423)</b>
Changes in fair value of investments at fair value through profit or loss		12,085,251	(4,026,729)	6,745,155	(2,768,160)
Other charges		-	(62,726)	-	(39,723)
		<b>11,128,186</b>	<b>(5,041,034)</b>	<b>6,597,300</b>	<b>(3,073,306)</b>
Share of profit/(loss) of associate		1,443,418	(1,408,167)	1,155,052	(578,212)
<b>Profit/(loss) before taxation</b>		<b>12,571,604</b>	<b>(6,449,201)</b>	<b>7,752,352</b>	<b>(3,651,518)</b>
Taxation	11	-	-	-	-
<b>Profit/(loss) after taxation</b>		<b>12,571,604</b>	<b>(6,449,201)</b>	<b>7,752,352</b>	<b>(3,651,518)</b>
<b>Earning/(loss) per share - basic and diluted</b>		<b>0.07</b>	<b>(0.03)</b>	<b>0.04</b>	<b>(0.02)</b>

*The annexed notes 1 to 18 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 Period Ended December 31, 2016**

	Six months ended		Three months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Profit/(loss) after taxation	12,571,604	(6,449,201)	7,752,352	(3,651,518)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>12,571,604</b>	<b>(6,449,201)</b>	<b>7,752,352</b>	<b>(3,651,518)</b>

*The annexed notes 1 to 18 form an integral part of this condensed interim financial information.*



**PERVEZ AHMED SECURITIES LIMITED**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For The Six Months Period Ended December 31, 2016**

	Six months ended	
	December 31, 2016	December 31, 2015
	<i>Rupees</i>	<i>Rupees</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	12,571,604	(6,449,201)
Adjustments for non-cash items	(13,536,021)	5,488,278
<b>Operating loss before changes in working capital</b>	<b>(964,417)</b>	<b>(960,923)</b>
<b>Changes in working capital</b>		
Trade and other payables	(227,118)	1,290,693
<b>Net cash (used in)/generated from operations</b>	<b>(1,191,535)</b>	<b>329,770</b>
Payments for:		
Income tax	(7,439)	(971,116)
<b>Net cash used in from operating activities</b>	<b>(1,198,974)</b>	<b>(641,346)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term deposits	705,000	-
Due from related parties	7,025	150,000
<b>Net cash generated from investing activities</b>	<b>712,025</b>	<b>150,000</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(486,949)</b>	<b>(491,346)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR</b>	<b>2,117,842</b>	<b>1,961,947</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR</b>	<b>1,630,893</b>	<b>1,961,947</b>

*The annexed notes 1 to 18 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 Period Ended December 31, 2016**

	Issued subscribed and paid-up capital <i>Rupees</i>	Advance against issue of ordinary shares <i>Rupees</i>	Discount on issue of shares <i>Rupees</i>	Accumulated profit <i>Rupees</i>	Total equity <i>Rupees</i>
Balance as at June 30, 2015 - <i>Audited</i>	1,865,684,870	20,622,850	(818,331,810)	(1,082,647,717)	(14,671,807)
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	(6,449,201)	(6,449,201)
Other comprehensive loss	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	(6,449,201)	(6,449,201)
Transaction with owners	-	-	-	-	-
<b>Balance as at December 31, 2015 - <i>Un-audited</i></b>	<u>1,865,684,870</u>	<u>20,622,850</u>	<u>(818,331,810)</u>	<u>(1,089,096,918)</u>	<u>(21,121,008)</u>
Balance as at January 01, 2016 - <i>Un-audited</i>	1,865,684,870	20,622,850	(818,331,810)	(1,089,096,918)	(21,121,008)
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	(230,208,570)	(230,208,570)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	(230,208,570)	(230,208,570)
Transaction with owners	-	-	-	-	-
<b>Balance as at June 30, 2016 - <i>Audited</i></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>
Balance as at July 01, 2016 - <i>Audited</i>	1,865,684,870	20,622,850	(818,331,810)	(1,319,305,488)	(251,329,578)
<b>Comprehensive income</b>					
Profit after taxation	-	-	-	12,571,604	12,571,604
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	12,571,604	12,571,604
Transaction with owners	-	-	-	-	-
<b>Balance as at December 31, 2016 - <i>Un-audited</i></b>	<u>1,865,684,870</u>	<u>20,622,850</u>	<u>(818,331,810)</u>	<u>(1,306,733,884)</u>	<u>(238,757,974)</u>

*The annexed notes 1 to 18 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 The Six Months Period Ended December 31, 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

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

This condensed interim financial information has been subjected to limited scope review by the auditors of the company, as required by the Code of Corporate Governance. The comparative interim balance sheet as at June 30, 2016 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, 2015 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 three months ended

#### 2.1 Statement of compliance

This 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

#### 2.2 Going concern assumption

The Company has accumulated losses of Rs. 1,306.7 million. Its current liabilities exceed current assets by Rs. 630.69 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

- 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 made an investment in a large retail brand which is expected to show robust growth going forward.

#### 2.3 Basis of measurement

The financial information contained in this interim report has been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the cash flow statement, all transactions have been accounted

#### 2.4 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. Subsequently, actual results may differ from

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.

#### 2.5 Functional currency

This financial information is 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 and 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 14 – Regulatory Deferral Accounts (2014)**

The standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

**Equity Method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)**

IAS 27 - Separate Financial Statements has been amended to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

**Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint**

IFRS 11 - Joint Arrangements has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11.
- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

**Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)**

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets have been amended to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

**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**

The amendments address issues that have arisen in the context of applying the consolidation exception for investment

**Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)**

IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture have been amended to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with
- Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.
- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

**Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)**

IAS 1 Presentation of Financial Statements has been amended to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

#### Annual Improvements 2012-2014 cycle

These improvements make amendments to the following standards:

- **IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations** - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- **IFRS 7 - Financial Instruments: Disclosures** - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial
- **IAS 19 - Employee Benefits** - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- **IAS 34 - Interim Financial Reporting** - Clarify the meaning of 'elsewhere in the interim report' and require a cross-

#### 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 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
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
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
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
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle	January 01, 2018

The Company intends to adopt these new and 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.

#### **IFRS 16 – Leases (2016)**

IFRS16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has low value.

Adoption of this IFRS16 will result in recognition of assets and liabilities for all operating leases for which the lease terms is more than twelve months. However, the financial impact of the same cannot be estimated with reasonable certainty at

#### **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.

#### **IFRIC 22 - Foreign Currency Transactions and Advances Consideration**

The interpretation addresses foreign currency transactions or parts of transactions where:

- There is consideration that is denominated or priced in a foreign currency;
- The entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- The prepayment asset or deferred income liability is non-monetary.

### **5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION**

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 preceding annual financial statements of the Company for the year ended June 30, 2016.

## Half Year Ended December 31, 2016

	Note	December 31, 2016	June 30, 2016
		Rupees	Rupees
		(Un-Audited)	(Audited)
<b>6 PROPERTY AND EQUIPMENT</b>			
Net book value at the beginning of the period/year		306,382	405,146
Depreciation for the period/year		(36,550)	(98,764)
Net book value at end of the period/year		<u>269,832</u>	<u>306,382</u>

### 7 LONG TERM INVESTMENTS

Investment in related parties	7.1	380,974,924	379,531,506
Other investments	7.2	13,439,750	13,439,750
		<u>394,414,674</u>	<u>392,971,256</u>

#### 7.1 Investment in related parties

Pervez Ahmed Capital (Private) Limited	7.1.1	90,094,928	88,651,510
Origins Fabrics (Private) Limited	7.1.2	290,879,996	290,879,996
		<u>380,974,924</u>	<u>379,531,506</u>

#### 7.1.1 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

	Note	December 31, 2016	June 30, 2016
		Rupees	Rupees
		(Un-Audited)	(Audited)
Cost of investment			
8,498,300 (June 30, 2016: 8,498,300) fully paid ordinary shares of Rs. 10 each		84,983,000	84,983,000
Share of post acquisition profits		5,111,928	3,668,510
		<u>90,094,928</u>	<u>88,651,510</u>
Percentage of ownership interest		<u>49.36%</u>	<u>49.36%</u>

#### 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 unaudited financial statements for the reporting period are as follows:

	Note	December 31, 2016	June 30, 2016
		Rupees	Rupees
		(Un-Audited)	(Audited)
Assets		182,559,243	179,736,699
Liabilities		29,687	131,409
Profit/(loss) for the period/year		2,924,266	(1,642,883)
Share of profit/(loss)		1,443,418	(830,399)

#### 7.1.2 Origins Fabrics (Private) Limited

Cost of investment		9,000,000	9,000,000
Changes in fair value		281,879,996	281,879,996
		<u>290,879,996</u>	<u>290,879,996</u>

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 on the request of the management of the Company as on June 30, 2016. The management of the Company believe that the fair value of investment as on December 31, 2016 is not

<i>Note</i>	December 31, 2016	June 30, 2016
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>

## 7.2 Other investments

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

### Available for sale investments

Dawood Family Takaful Limited	5,000,000	5,000,000
Pakistan Stock Exchange Limited (LSE)		
Cost	12,264,100	12,264,100
Accumulated impairment	(3,824,350)	(3,824,350)
	8,439,750	8,439,750
	<u>13,439,750</u>	<u>13,439,750</u>

7.2.1 These represent 500,000 (June 30, 2016: 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.

7.2.2 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, 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:

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



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.

#### **8 ACCRUED INTEREST/MARKUP**

This represents over-due interest markup on borrowings.

#### **9 SHORT TERM BORROWINGS**

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

#### **10 CONTINGENCIES AND COMMITMENTS**

##### **10.1 Contingencies**

- 10.1.1** 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
- 10.1.2** 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 to 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
- 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 the some minority shareholders have filed a complaint to that effect.
  - 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.
  - 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).
  - 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.
  - The Company has not recognized interest/mark-up on short term borrowings amounting to Rs. 52.4 upto June 30,
  - 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.

#### **11 TAXATION**

##### **11.1 Current taxation**

Provision for taxation has been made in accordance with section 113 of the Income Tax Ordinance, 2001.

- 11.2** The Company has net deferred tax asset amounting to Rs. 416.32 million as at December 31, 2015 which has not been recognized as future taxable profits are not expected to be available in future against which the deferred tax asset could

#### **12 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 and those with associates and associated undertakings include investment in equity securities temporary. Details of transactions with related parties are as follows:

		Six months ended	
		December 31, 2016	December 31, 2015
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
<b>12.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transactions</b>		
Associates companies and undertakings	Temporary loan obtained - net Advance against issue of ordinary shares	7,025 -	- 150,000

	Note	December 31, 2016	June 30, 2016
		Rupees	Rupees
		(Un-Audited)	(Audited)

**12.2 Balances with related parties**

<b>Nature of relationship</b>	<b>Nature of balance</b>		
Associates companies and undertakings	Investment in equity securities	402,369,804	616,625,187
	Advance against issue of ordinary shares	20,622,850	20,622,850
	Borrowings	17,657,025	18,900,000
Sponsors and directors	Borrowings	35,815,072	35,965,072
Key management personnel	Short term benefits payable	2,252,331	2,452,331
	Post employment benefits payable	2,340,000	2,340,000

**13 FINANCIAL INSTRUMENTS**

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

	December 31, 2016	June 30, 2016
	Rupees	Rupees
	(Un-Audited)	(Audited)

**13.1 Financial assets**

**Loans and receivables**

Cash at banks	1,630,893	2,117,842
Dividend receivable	9,000,000	9,000,000

**Available for sale financial assets**

Long term investments	13,439,750	13,439,750
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**Financial assets at fair value through profit or loss**

Long term investments	290,879,996	290,879,996
Short term investments	25,686,538	13,555,385
	<b>340,637,177</b>	<b>328,992,973</b>

	December 31, 2016	June 30, 2016
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>13.2 Financial liabilities</b>		
<i>Financial liabilities at amortized cost</i>		
Short term borrowings	107,940,931	107,940,931
Accrued interest/markup	21,757,327	21,757,327
Trade creditors	473,017,642	473,016,345
Accrued liabilities	2,260,481	2,260,481
Payable against purchase of investment	3,864,015	4,086,600
Other payables	274,305	274,305
	<b>609,114,701</b>	<b>609,335,989</b>

#### 14 FAIR VALUE MEASUREMENTS

The Company measures some of its financial instruments 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 financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

#### 14.1 Financial instruments measured at fair value

##### 14.1.1 Recurring fair value measurements

	Level 1	Level 2	Level 3	December 31, 2016	June 30, 2016
				<i>Rupees</i>	<i>Rupees</i>
				<i>(Un-Audited)</i>	<i>(Audited)</i>
Investment in listed equity securities	25,686,538	-	-	25,686,538	13,555,385
Investment in Origins Fabrics (Private) Limited	-	-	290,879,996	290,879,996	290,879,996

There is no change in fair value measurements categorised into Level 3.

##### 14.1.2 Non-recurring fair value measurements

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

#### 14.2 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.

#### 14.3 Assets and liabilities other than financial instruments.

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

#### 15 EVENTS AFTER THE REPORTING PERIOD

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

**16 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 this condensed interim financial information.

**17 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 of February 28, 2017.

**18 GENERAL**

- 18.1** There are no other significant activities since June 30, 2016 affecting the interim financial information.
- 18.2** Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 18.3** Figures have been rounded off to the nearest Rupee.

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