

**HALF YEARLY**  
**ACCOUNTS**  
**31st December, 2018**

**PERVEZ AHMED**  

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**SECURITIES LIMITED**  

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## COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mrs. Rehana Pervez Ahmed Mr. Ali Pervez Ahmed Mrs. Ayesha Ahmed Mansoor Mr. Muhammad Khalid Khan Mr. Mazhar Pervaiz Malik Mian Basit Rasheed	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	Al Baraka Bank (Pakistan) Limited Dubai Islamic Bank Pakistan Limited MCB Bank Limited Summit Bank Limited	
Registered Office	20-K, Gulberg II, Lahore.	
Share Registrars	THK Associates (Pvt.) Limited First Floor, 40-C, Block - 6 P.E.C.H.S. Karachi - 75400	
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 the Company's reviewed un-audited condensed interim financial statements of the Company for the six months ended December 31, 2018.

### **Capital Market Review**

During the first six months ended December 31, 2018 the Pakistan Stock Exchange 100-Index decreased by 4,843 points from 41,910 points to 37,067 points mainly due to foreign selling of US\$ 403.68 million and uncertainty in the Capital market.

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

During the first six months ended December 31, 2018 the Company suffered loss of Rs. 0.851 million versus loss of Rs 9.311 million in the same period of last year. The basic & diluted loss per share is Rs. 0.001

### **Future Outlook**

Instability and uncertainty is prevailing in the local businesses backed by adverse economic circumstances, such as raising inflation, high oil prices, high interest rates and a weaker rupee. However Government is making efforts to take financial assistance from friendly countries to cover-up the gap of balance of payments and to control the rupee devolution which will help the local industry in reviving businesses.

### **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 Pakistan Stock Exchange Limited 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, 2019

Perez Ahmed  
Chief Executive

## Independent Auditor's Review Report Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of PERVEZ AHMED SECURITIES LIMITED [the Company] as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended December 31, 2018 of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month 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 statements consists 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 interim financial statements, the Company has accumulated losses of Rs. 1,610.342 million. Its current liabilities exceed current assets by Rs. 638.746 million. Further, the Trading Rights Entitlement Certificate issued to the Company was inactive due to inadequate net capital balance and the same has been sold to another company for which the directors of the Company have been penalized by the Securities and Exchange Commission of Pakistan, as referred to note 10.1.2 to the interim financial statements. Further as referred to in note 10.1.2 to the interim financial statements, the Additional Registrar of Companies [ARC], Securities and Exchange Commission of Pakistan has filed a petition in the Lahore High Court against the Company and its directors whereby the ARC has prayed that the affairs of the Company be declared as being conducted in an unlawful manner which is prejudicial for the shareholders, that the Company and its Directors be ordered to buy back the shares of minority shareholders at a price to be determined in accordance with Rule Book of Pakistan Stock Exchange Limited and that the directors be held responsible for not conducting the brokerage business as envisaged in the memorandum of association of the Company. The Company also has overdue debt finances and interest/markup thereon, as referred to note 8 and note 9 to the interim financial statements. One of the creditors has also filed a suit against the Company for recovery of its debts. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the company may not be able to discharge its liabilities and realize its assets in the normal course of business. 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 interim financial statements is not appropriate and adjustments may be required to the recorded asset amounts and classification of liabilities. The financial statements do not disclose this fact.
- b) The Company has not recognized interest/markup on short term borrowings amounting to Rs. 82.791 million upto December 31, 2018. Had this interest/markup been recognized, accumulated losses as at December 31, 2018 and loss for the period then ended would have been higher by Rs. 82.791 million and Rs. 3.428 million respectively. The interim financial statements do not disclose this fact.
- c) As referred to note 10.1.1 to the interim financial statements, one of the creditors of the Company filed suit against the Company for the recovery of Rs. 36.57 million including late payment surcharge amounting to Rs. 17.45 million. The Company has not recognized provision for late payment surcharge of Rs. 17.45 million. Had the provision been recognized, accumulated losses as at December 31, 2018 and loss for the period then ended would have been higher by Rs. 17.45 million.

### Adverse Conclusion

Our review indicated that, because of the matters discussed in Basis for Adverse Conclusion paragraph, accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is ZUBAIR IRFAN MALIK

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**

*Chartered Accountants*

Engagement Partner: **ZUBAIR IRFAN MALIK**

Date: **FEBRUARY 28, 2019**

Place: **LAHORE**

**PERVEZ AHMED SECURITIES LIMITED**  
**Condensed Interim Statement of Financial Position**  
**as at DECEMBER 31, 2018**

	<i>Note</i>	December 31, 2018	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
<b>NON CURRENT ASSETS</b>			
Property and equipment	6	158,242	178,744
Long term investments	7	98,987,339	98,994,070
Long term deposits		350,000	350,000
		<u>99,495,581</u>	<u>99,522,814</u>
<b>CURRENT ASSETS</b>			
Short term investments		1,839,790	1,678,539
Due from related parties		2,380,616	3,725,616
Current taxation		6,437,782	6,437,782
Cash at banks		2,463,463	1,467,716
		<u>13,121,651</u>	<u>13,309,653</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		(489,009,921)	(488,374,539)
Unclaimed dividend		(885,404)	(885,404)
Accrued interest/markup	8	(21,757,327)	(21,757,327)
Short term borrowings	9	(89,839,551)	(94,598,931)
Due to related parties		(50,375,452)	(45,616,072)
		<u>(651,867,655)</u>	<u>(651,232,273)</u>
<b>NET CURRENT ASSETS</b>		<u>(638,746,004)</u>	<u>(637,922,620)</u>
<b>NON-CURRENT LIABILITIES</b>			
Employees retirement benefits		(3,115,244)	(3,115,244)
<b>NET ASSETS</b>		<u>(542,365,667)</u>	<u>(541,515,050)</u>
<b>REPRESENTED BY:</b>			
<i>Authorized capital</i>			
230,000,000 (June 30, 2018: 230,000,000) ordinary shares of Rs. 10 each		<u>2,300,000,000</u>	<u>2,300,000,000</u>
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		(1,610,341,577)	(1,609,490,960)
		<u>(562,988,517)</u>	<u>(562,137,900)</u>
Advance against issue of ordinary shares		20,622,850	20,622,850
<b>TOTAL EQUITY</b>		<u>(542,365,667)</u>	<u>(541,515,050)</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	-	-
		<u>(542,365,667)</u>	<u>(541,515,050)</u>

*The annexed notes from 1 to 17 form an integral part of these interim financial statements.*

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**PERVEZ AHMED SECURITIES LIMITED**  
**Condensed Interim Statement of Profit or Loss**  
**(Un-Audited)**  
**For The Six Months Period Ended December 31, 2018**

Note	Six month ended		Three month ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees	Rupees	Rupees	Rupees
Revenue - net	-	(80,484)	-	18,200
Operating expenses	(1,003,251)	(1,003,729)	(166,110)	(122,246)
<b>Operating loss</b>	<b>(1,003,251)</b>	<b>(1,084,213)</b>	<b>(166,110)</b>	<b>(104,046)</b>
Changes in fair value of investments at fair value through profit or loss	161,251	(5,947,840)	110,481	(6,556,915)
Other charges	(1,886)	(441,403)	(1,886)	(441,403)
	<b>(843,886)</b>	<b>(7,473,456)</b>	<b>(57,515)</b>	<b>(7,102,364)</b>
Share of (loss) / profit of associate	(6,731)	(1,838,032)	136,173	(1,587,397)
<b>(Loss) / profit before taxation</b>	<b>(850,617)</b>	<b>(9,311,488)</b>	<b>78,658</b>	<b>(8,689,761)</b>
Taxation	11	-	-	-
(Loss)/profit after taxation	<b>(850,617)</b>	<b>(9,311,488)</b>	<b>78,658</b>	<b>(8,689,761)</b>
(Loss)/earning per share - <i>basic and diluted</i>	<b>(0.00)</b>	<b>(0.05)</b>	<b>0.00</b>	<b>(0.05)</b>

*The annexed notes from 1 to 17 form an integral part of these interim financial statements.*

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**PERVEZ AHMED SECURITIES LIMITED**  
**Condensed Interim Statement of Comprehensive Income**  
**(Un-Audited)**  
**For The Six Months Period Ended December 31, 2018**

	Six month ended		Three month ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
(Loss) / profit after taxation	(850,617)	(9,311,488)	78,658	(8,689,761)
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / income</b>	<u>(850,617)</u>	<u>(9,311,488)</u>	<u>78,658</u>	<u>(8,689,761)</u>

*The annexed notes from 1 to 17 form an integral part of these interim financial statements.*

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



**PERVEZ AHMED SECURITIES LIMITED**  
**Condensed Interim Statement of Cash Flows (Un-Audited)**  
**For The Six Months Period Ended December 31, 2018**

	Six month ended	
	December 31, 2018	December 31, 2017
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(850,617)	(9,311,488)
Adjustments for non-cash items	(134,018)	7,924,826
<b>Operating loss before changes in working capital</b>	<b>(984,635)</b>	<b>(1,386,662)</b>
<b>Changes in working capital</b>		
Trade and other payables	635,382	513,969
Due from related parties	1,345,000	(1,913,767)
	<b>1,980,382</b>	<b>(1,399,798)</b>
<b>Net cash generated from/(used in) operations</b>	<b>995,747</b>	<b>(2,786,460)</b>
Payments for:		
Income tax	-	(82,882)
<b>Net cash used in operating activities</b>	<b>995,747</b>	<b>(2,869,342)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of short term investments	-	2,745,875
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>2,745,875</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings	(4,759,380)	-
Borrowings from related parties	4,759,380	-
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>-</b>
<b>NET (INCREASE)/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>995,747</b>	<b>(123,467)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>	<b>1,467,716</b>	<b>1,589,383</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	<b>2,463,463</b>	<b>1,465,916</b>

*The annexed notes from 1 to 17 form an integral part of these interim financial statements.*

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**PERVEZ AHMED SECURITIES LIMITED**  
**Condensed Interim Statement of Changes In Equity (Un-Audited)**  
**For The Six Months Period Ended December 31, 2018**

	Share capital	Capital reserves		Revenue reserve	Total equity
	Issued subscribed and paid-up capital	Advance against issue of ordinary shares	Discount on issue of shares	Accumulated profit	
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<b>Balance as at June 30, 2017 - Audited</b>	1,865,684,870	20,622,850	(818,331,810)	(1,549,302,079)	(481,326,169)
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	(9,311,488)	(9,311,488)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	(9,311,488)	(9,311,488)
Transaction with owners	-	-	-	-	-
<b>Balance as at December 31, 2017 - Un-audited</b>	<u>1,865,684,870</u>	<u>20,622,850</u>	<u>(818,331,810)</u>	<u>(1,558,613,567)</u>	<u>(490,637,657)</u>
<b>Balance as at January 01, 2018 - Un-audited</b>	1,865,684,870	20,622,850	(818,331,810)	(1,558,613,567)	(490,637,657)
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	(50,877,393)	(50,877,393)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	(50,877,393)	(50,877,393)
Transaction with owners	-	-	-	-	-
<b>Balance as at June 30, 2018 - Audited</b>	<u>1,865,684,870</u>	<u>20,622,850</u>	<u>(818,331,810)</u>	<u>(1,609,490,960)</u>	<u>(541,515,050)</u>
<b>Balance as at July 01, 2018 - Audited</b>	1,865,684,870	20,622,850	(818,331,810)	(1,609,490,960)	(541,515,050)
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	(850,617)	(850,617)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	(850,617)	(850,617)
Transaction with owners	-	-	-	-	-
<b>Balance as at December 31, 2018 - Un-audited</b>	<u>1,865,684,870</u>	<u>20,622,850</u>	<u>(818,331,810)</u>	<u>(1,610,341,577)</u>	<u>(542,365,667)</u>

*The annexed notes from 1 to 17 form an integral part of these interim financial statements.*

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**PERVEZ AHMED SECURITIES LIMITED**

**Notes To The Condensed Interim Financial Statement (Un-Audited)  
For The Six Months Period Ended December 31, 2018**

**1 LEGAL STATUS AND OPERATIONS**

Pervez Ahmed Securities Limited [the Company] was incorporated in Pakistan on June 08, 2005 as a Single Member Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) 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

**2 BASIS OF PREPARATION**

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2018.

This interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at June 30, 2018 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended December 31, 2017 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2018 and December 31, 2017 are neither audited

**2.1 Statement of compliance**

These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard 34 - Interim Financial Reporting, issued by International Accounting Standards Board [IASB] as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Going concern assumption**

The Company has accumulated losses of Rs. 1,610.342 million. Its current liabilities exceed current assets by Rs. 638.746 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. These factors indicates existence of material uncertainty that raise doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. 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.
- The Company is in process of changing its principle line of business to provide advisory services by amending its memorandum of association. The Company has already secured three contracts and expects more in the ensuing year.
- Negotiations with lenders regarding settlement of overdue debt finances.
- The Company has continued financial support of its sponsors and associated companies in the form of interest free

The management is confident that the above measures will enable the Company to continue as a going concern.

**2.3 Basis of measurement**

These interim financial statements have 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 statement of cash flows, all transactions have been accounted for on accrual

**2.4 Judgments, estimates and assumptions**

The preparation of interim financial statements requires management to make judgements, 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 judgements 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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**

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

**2.6 Date of authorisation for issue**

This interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 28, 2019.

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

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

**IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognized revenue when (or as) the entity satisfies a performance obligation.

**Clarifications to IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 - Revenue from Contracts with Customers have been amended to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

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

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

**Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-**

IFRS 2 - Share-based Payment have been amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from

**Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance**

IFRS4 Insurance Contracts have been amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

**Transfers of Investment Property (Amendments to IAS 40 - Investment Property)**

IAS 40 - Investment Property have following amendments:

- Paragraph 57 have been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

**Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1 - First-time Adoption of International Financial Reporting Standards and IAS 28 - Investments in Associates and Joint Ventures)**

Annual improvements makes amendments to the following standards:

- IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.
- IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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

	<b>Effective date (reporting period / year ended on or after)</b>
IFRS 9 - Financial Instruments (2014)	June 30, 2019
	<b>Effective date (annual periods beginning on or after)</b>
IFRS 16 - Leases (2016)	January 01, 2019
IFRS 17 - Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020

Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan [‘SECP’]:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 14 - Regulatory Deferral Accounts

IFRS 17 – Insurance contracts (2017)

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 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company’s financial statements other

#### IFRS 9 - Financial Instruments

Finalised version of IFRS 9 - Financial Instruments: *Recognition and Measurement* which contains accounting requirement for financial instruments, replacing 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 contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other 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 the measurement of an entity’s
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is
- **Hedge accounting:** 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 exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS

#### 5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June

	<i>Note</i>	December 31, 2018	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>6 PROPERTY AND EQUIPMENT</b>			
Net book value at the beginning of the period/year		178,744	233,282
Depreciation for the period/year		(20,502)	(54,538)
Net book value at end of the period/year		<u>158,242</u>	<u>178,744</u>
<b>7 LONG TERM INVESTMENTS</b>			
Investment in related parties	7.1	93,987,339	93,994,070
Other investments	7.2	5,000,000	5,000,000
		<u>98,987,339</u>	<u>98,994,070</u>
<b>7.1 Investment in related parties</b>			
Pervez Ahmed Capital (Private) Limited	7.1.1	93,987,339	93,994,070
Origins Fabrics (Private) Limited	7.1.2	-	-
		<u>93,987,339</u>	<u>93,994,070</u>
<b>7.1.1 Pervez Ahmed Capital (Private) Limited</b>			

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

	<i>Note</i>	<b>December 31, 2018</b>	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
Cost of investment			
8,498,300 (June 30, 2018: 8,498,300) fully paid ordinary shares of Rs. 10 each		<b>84,983,000</b>	84,983,000
Share of post acquisition profits		<b>9,004,339</b>	9,011,070
		<b>93,987,339</b>	93,994,070
Percentage of ownership interest		<b>49.36%</b>	49.36%

**Extracts of financial statements of associate**

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

	<i>Note</i>	<b>December 31, 2018</b>	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
Assets		<b>192,992,157</b>	194,359,920
Liabilities		<b>(2,576,337)</b>	(3,930,464)
Loss for the period/year		<b>(13,636)</b>	(25,051,177)
Share of loss		<b>(6,731)</b>	(12,365,029)

**7.1.2 Origins Fabrics (Private) Limited**

Cost of investment	-	9,000,000
Changes in fair value	-	-
Accumulated Impairment	-	(9,000,000)
	-	-

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 was 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. However, during the previous year, management has decided to fully impair this investment due to lack of future prospects.

	<i>Note</i>	<b>December 31, 2018</b>	June 30, 2018
		<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	<b>5,000,000</b>	5,000,000
	<b>5,000,000</b>	5,000,000

**7.2.1** These represent 500,000 (June 30, 2018: 500,000) ordinary shares of Rs. 10 each. The investment is held for an indefinite period and has been classified as "Available for sale financial asset". The investment has been carried at cost as its fair value cannot be measured reliably.

## **8 ACCRUED INTEREST/MARKUP**

This represent overdue interest markup on borrowings.

## **9 SHORT TERM BORROWINGS**

The 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 the

**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 for the shareholders, that the Company and its Directors be ordered to buy back the shares of minority shareholders at a price to be determined in accordance with Rule Book of Pakistan Stock Exchange Limited and that the directors be held responsible for not conducting the brokerage business as envisaged in the memorandum of association of the Company. The prayer has been made on the following

- a) The Company is not being run in accordance with the law and the state of affairs of the Company are prejudicial to the interest of the minority shareholders as the some minority shareholders have filed a complaint to that effect.
- b) The Company has not declared any dividends 2008-09 and its does not have a bright future outlook as the directors have no concrete plan for the revival of business of the Company.
- c) The Company is principally a brokerage house and has sold its Trading Rights Entitlement Certificate [TREC] of Lahore Stock Exchange, without which the Company cannot operate as a brokerage house. (The TREC was sold without the authority of shareholders in general meeting for which the directors of the Company have already been fined Rs. 700,000 vide Securities and Exchange Commission of Pakistan's order dated June 14, 2016).
- d) The Company has not recognized any provision against debt owed to a creditor of Rs. 36.57 million including late payment surcharge amounting to Rs. 17.45 million.
- e) The Company has not recognized interest/markup on short term borrowings amounting to Rs. 82.791 upto December 31,
- f) The Company has failed to comply with the best practices of the Code of Corporate Governance.

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

**10.1.3** Pakistan Stock Exchange Limited [PSX] vide communicated dated November 15, 2018 has initiated proceedings under Regulation 5.11.1 of the PSX Regulations to place the Company in the Defaulter's Segment.

## **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. 336.142 million as at December 31, 2018 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. Transactions with associates and associated undertakings are limited to provision of interest free loans to the

Details of transactions with related parties are as follows:



		Six months ended	
		December 31, 2018	December 31, 2017
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
<b>12.1</b>	<b>Transactions with related parties</b>		
<b>Nature of relationship</b>	<b>Nature of transactions</b>		
Associates companies and undertakings	Temporary loan (repaid)/obtained - net	-	(1,713,767)
	Received against sale investment	1,345,000	
Sponsors and directors	Temporary loan (repaid)/obtained - net	4,759,380	(200,000)
		<b>December 31, 2018</b>	<b>June 30, 2018</b>
		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	Borrowings	15,400,000	15,400,000
	Investment in equity securities	102,154,979	93,994,070
	Advance against issue of ordinary shares	20,622,850	20,622,850
	Receivable against sale of investment	2,380,616	3,725,616
Sponsors and directors	Borrowings	34,975,452	30,216,072
Key management personnel	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, 2018	June 30, 2018
		Rupees	Rupees
		(Un-Audited)	(Audited)
<b>13.1</b>	<b>Financial assets</b>		
	<b>Loans and receivables</b>		
	Cash at banks	2,463,463	1,467,716
	<b>Available for sale financial assets</b>		
	Long term investments	5,000,000	5,000,000
	<b>Financial assets at fair value through profit or loss</b>		
	Long term investments	-	-
	Short term investments	1,839,790	1,678,539
		<b>9,303,253</b>	<b>8,146,255</b>
<b>13.2</b>	<b>Financial liabilities</b>		
	<b>Financial liabilities at amortized cost</b>		
	Short term borrowings	89,839,551	94,598,931
	Accrued interest/markup	21,757,327	21,757,327
	Trade creditors	473,017,644	473,017,644
	Accrued liabilities	2,052,331	2,052,331
	Payable against purchase of investment	4,538,781	4,086,600
	Other payables	192,836	192,836
		<b>591,398,470</b>	<b>595,705,669</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**

	Hierarchy	Valuation technique	December 31, 2018	June 30, 2018
			<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
Investment in listed equity securities	Level 1	Quoted bid prices in	<b>1,839,790</b>	1,678,539

**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 these interim financial statements.

**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 these interim financial statements.

**17 GENERAL**

17.1 There are no other significant activities since June 30, 2018 affecting the interim financial statements.

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

17.3 Figures have been rounded off to the nearest Rupee.

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