



Half Yearly Account
for the Period Ended
December 31, 2020

Pervez Ahmed
Consultancy Services 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. Mazhar Pervaiz Malik Mrs. Ayesha Ahmed Mansoor Mr. Muhammad Khalid Khan	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 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	www.pervezahmed.net	

DIRECTORS' REPORT

On behalf of the Board of Directors of Pervez Ahmed Consultancy Services Limited, we feel immense pleasure to present the un-audited financial statements of the Company for the half year ended December 31, 2020.

Financial Results of the Company

During the period ended December 31, 2020, the Company suffered an operating loss of Rs. 168,577 versus operating profit of Rs 273,700 in the same period of last year. Net profit for the period ended remained Rs. 2,984,915 compared to Rs. 386,755 during the same period of last year. The earning per share for the six month ended December 31, 2020, recorded at Rs 0.016 as compared to Rs. 0.002 for the same period of last year.

Future Outlook

Instability and uncertainty are prevailing in the local businesses backed by adverse economic circumstances, such as rising inflation and high oil prices. However, the macro indicators have started to improve due to strict fiscal and monetary measures taken by the government. The inflation rate is increasing gradually, and if not controlled this could result in the increase of the policy rate, which could seriously affect the economic activities. Further, it is the time that the policymakers start thinking long term so that businesses can plan over long term horizons.

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.

Lahore
February 26, 2021


Ali Pervez Ahmed
Director

For & on behalf of the Board


Ayesha Ahmed Mansoor
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of PERVEZ AHMED CONSULTANCY SERVICES LIMITED
Report on review of Interim Financial Statements**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of PERVEZ AHMED CONSULTANCY SERVICES LIMITED [‘the Company’] as at December 31, 2020 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, 2020 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. 1,624.427 million. Its current liabilities exceed current assets by Rs. 639.79 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. One of the bankers has filed a recovery suit against the Company. 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 on short term borrowings amounting to Rs. 100.71 million upto December 31, 2020. Had this interest been recognized, accumulated losses as at December 31, 2020 and loss for the period then ended would have been higher by Rs. 100.71 million and Rs. 4.175 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, 2020 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 26, 2021

Place: LAHORE

PERVEZ AHMED CONSULTANCY SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	<i>Note</i>	December 31, 2020	June 30, 2020
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
NON CURRENT ASSETS			
Property and equipment	6	43,444	49,569
Long term investments	7	82,944,784	80,055,387
Long term deposits		350,000	350,000
		83,338,228	80,454,956
CURRENT ASSETS			
Short term investments		1,850,601	1,546,506
Advances and prepayments		1,098,115	-
Current taxation		6,446,133	6,446,133
Cash at banks		1,474,888	1,483,758
		10,869,737	9,476,397
CURRENT LIABILITIES			
Trade and other payables		(489,610,817)	(488,509,920)
Unclaimed dividend		(885,404)	(885,404)
Accrued interest		(21,757,327)	(21,757,327)
Short term borrowings		(89,839,551)	(89,839,551)
Due to related parties		(48,566,252)	(48,375,452)
		(650,659,351)	(649,367,654)
NET CURRENT ASSETS		(639,789,614)	(639,891,257)
NON-CURRENT LIABILITIES		-	-
NET ASSETS		(556,451,386)	(559,436,301)
REPRESENTED BY:			
<i>Authorized capital</i>			
230,000,000 (June 30, 2020: 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		(1,624,427,296)	(1,627,412,211)
		(577,074,236)	(580,059,151)
Advance against issue of ordinary shares		20,622,850	20,622,850
TOTAL EQUITY		(556,451,386)	(559,436,301)
CONTINGENCIES AND COMMITMENTS	10	-	-
		(556,451,386)	(559,436,301)

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

These interim financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.


DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR

PERVEZ AHMED CONSULTANCY SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Note	Six month ended		Three month ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		Rupees	Rupees	Rupees	Rupees
Revenue		500,000	1,000,000	-	500,000
Administrative expenses		(668,577)	(726,300)	(585,957)	(448,972)
Operating (loss)/profit		(168,577)	273,700	(585,957)	51,028
Changes in fair value of investments at fair value through profit or loss		304,095	152,129	178,747	239,109
Other income		-	353,600	-	-
		135,518	779,429	(407,210)	290,137
Share of profit/(loss) of associate		2,889,397	(377,674)	(988,771)	2,389,951
Profit/(loss) before taxation		3,024,915	401,755	(1,395,981)	2,680,088
Taxation	11	(40,000)	(15,000)	-	(15,000)
Profit/(loss) after taxation		2,984,915	386,755	(1,395,981)	2,665,088
Earnings/(loss) per share - basic and diluted		0.016	0.002	(0.007)	0.014

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

These interim financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.


DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR

PERVEZ AHMED CONSULTANCY SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Six month ended		Three month ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
Profit/(loss) after taxation	2,984,915	386,755	(1,395,981)	2,665,088
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	2,984,915	386,755	(1,395,981)	2,665,088

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

These interim financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.


DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR

PERVEZ AHMED CONSULTANCY SERVICES LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS
(UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Six month ended	
	December 31, 2020	December 31, 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,984,915	386,755
Adjustments for non-cash items	(3,187,367)	(119,669)
Operating (loss)/profit before changes in working capital	(202,452)	267,086
Changes in working capital		
Trade and other payables	1,100,897	797,206
Advances and prepayments	(1,098,115)	(483,105)
	2,782	314,101
Net cash (used in)/generated from operations	(199,670)	581,187
Payments for:		
Income tax	-	(71,400)
Net cash (used in)/generated from operating activities	(199,670)	509,787
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	-	425,000
Net cash generated from investing activities	-	425,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from related parties	190,800	-
Net cash generated from financing activities	190,800	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,870)	934,787
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	1,483,758	1,474,331
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	1,474,888	2,409,118

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

These interim financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.


DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR

PERVEZ AHMED CONSULTANCY SERVICES LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Share capital	Capital reserves		Revenue reserve	Total equity
	subscribed and paid-up	Advance issue of ordinary shares	Discount on issue of shares	Accumulated profit	
Balance as at June 30, 2019 - Audited	1,865,684,870	20,622,850	(818,331,810)	(1,625,307,517)	(557,331,607)
Comprehensive income					
Profit after taxation	-	-	-	386,755	386,755
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	386,755	386,755
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2019 - Un-audited	1,865,684,870	20,622,850	(818,331,810)	(1,624,920,762)	(556,944,852)
Balance as at January 01, 2020 - Un-audited	1,865,684,870	20,622,850	(818,331,810)	(1,624,920,762)	(556,944,852)
Comprehensive income					
Loss after taxation	-	-	-	(2,491,449)	(2,491,449)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(2,491,449)	(2,491,449)
Transaction with owners	-	-	-	-	-
Balance as at June 30, 2020 - Audited	1,865,684,870	20,622,850	(818,331,810)	(1,627,412,211)	(559,436,301)
Balance as at July 01, 2020 - Audited	1,865,684,870	20,622,850	(818,331,810)	(1,627,412,211)	(559,436,301)
Comprehensive income					
Profit after taxation	-	-	-	2,984,915	2,984,915
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,984,915	2,984,915
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2020 - Un-audited	1,865,684,870	20,622,850	(818,331,810)	(1,624,427,296)	(556,451,386)

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

These interim financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.


 DIRECTOR


 CHIEF FINANCIAL OFFICER


 DIRECTOR

PERVEZ AHMED CONSULTANCY SERVICES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND OPERATIONS

Pervez Ahmed Consultancy Services 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 was primarily a brokerage house engaged in the shares brokerage and trading, consultancy services and underwriting. However, the Company has amended its memorandum of association to change its principal activity to act as consultants and advisors to individual, corporations, financial institutions, Government bodies and departments, Companies, corporations and other entities. The registered office of the Company is situated at 20-K Gulberg II, Lahore.

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, 2020.

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, 2020 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, 2019 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, 2020 and December 31, 2019 are neither audited nor reviewed.

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. 1,624.427 million. Its current liabilities exceed current assets by Rs. 639.79 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 indicate 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 interim financial statements have been prepared on a going concern basis based on the following:

- The Company has amended its memorandum of association and changed its principal activity to act as consultants and advisors to individual, corporations, financial institutions, Government bodies and departments, Companies, corporations and other entities.
- 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

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 basis.

2.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements 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 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.

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 26, 2021.

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 interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS2, IFRS3, IFRS6, IFRS14, IAS1, IAS8, IAS34, IAS37, IAS38, IFRIC12, IFRIC19, IFRIC20, IFRIC22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

3.2 Definition of a Business (Amendments to IFRS 3 - Business Combinations)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3.3 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)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

3.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3.5 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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 17 - Insurance contracts (2017)	January 01, 2023
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
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	January 01, 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	January 01, 2022
Property, Plant and Equipment- Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	January 01, 2022
Annual Improvements to IFRS Standards 2018–2020.	January 01, 2022
Amendments to IFRS 17	January 01, 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16	January 01, 2021

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 than in presentation/disclosures.

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

	December 31, 2020	June 30, 2020
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>

6 PROPERTY AND EQUIPMENT

Net book value at the beginning of the period/year	49,569	137,740
Depreciation for the period/year	(6,125)	(16,771)
Disposal during the period/year	-	(71,400)
Net book value at end of the period/year	43,444	49,569

Half Yearly Accounts December 31, 2020

	Note	December 31, 2020 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
7 LONG TERM INVESTMENTS			
Investment in related parties	7.1	80,183,980	77,294,583
Other investments	7.2	2,760,804	2,760,804
		82,944,784	80,055,387
7.1 Investment in related parties			
Pervez Ahmed Capital (Private) Limited	7.1.1	80,183,980	77,294,583
Origins Fabrics (Private) Limited	7.1.2	-	-
		80,183,980	77,294,583

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 investment are as follows:

	December 31, 2020 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
Cost of investment		
8,498,300 (June 30, 2020: 8,498,300) fully paid ordinary shares of Rs. 10 each	84,983,000	84,983,000
Share of post acquisition losses	(4,799,020)	(7,688,417)
	80,183,980	77,294,583
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 loss based on the associate's unaudited financial statements for the reporting period are as follows:

	December 31, 2020 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
Non current assets	23,351,763	17,433,235
Current assets	139,234,499	139,309,925
Non current liabilities	162,450,221	156,596,499
Current liabilities	136,041	146,661
Profit/(loss) for the period/year	5,853,722	(4,008,782)
Share of profit/(loss)	2,889,397	(1,978,402)

7.1.2 Origins Fabrics (Private) Limited

Cost of investment	9,000,000	9,000,000
Changes in fair value	(9,000,000)	(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 IFRS 9 - 'Financial Instruments' and mandatorily classified as 'financial asset at fair value through profit or loss'.

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, as the Company lacks future prospects, the management believes that the fair value of the investment is nil.

	December 31, 2020	June 30, 2020
	<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
Change in fair value	(2,239,196)	(2,239,196)
	2,760,804	2,760,804

7.2.1 These represent 500,000 (June 30, 2020: 500,000) ordinary shares of Rs. 10 each. The investment is held for an indefinite period and has been mandatorily classified as 'financial asset at fair value through profit or loss'. The fair value of investment has been determined on the basis of break-up value per share based on most recent audited financial statements available of the investee for the year ended December 31, 2020.

8 ACCRUED INTEREST/MARKUP

This represents over-due 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 suit.

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 wide 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 on short term borrowings amounting to Rs. 100.71 million upto Dec. 31, 2020.
- 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.

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11 TAXATION

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

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, 2020	December 31, 2019
		Rupees	Rupees
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
12.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Associates companies and undertakings	Share of profit/(loss)	2,889,397	(377,674)
		December 31, 2020	June 30, 2020
		Rupees	Rupees
		<i>(Un-Audited)</i>	<i>(Audited)</i>
12.2 Balances with related parties			
Nature of relationship	Nature of balance		
Associates companies and undertakings	Borrowings	13,400,000	13,400,000
	Investment in equity securities	80,183,980	77,294,583
	Advance against issue of ordinary shares	20,622,850	20,622,850
Sponsors and directors	Borrowings	34,975,452	34,975,452

13 FINANCIAL INSTRUMENTS

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

		December 31, 2020	June 30, 2020
		Rupees	Rupees
		<i>(Un-Audited)</i>	<i>(Audited)</i>
13.1 Financial assets			
<i>Financial assets at amortized cost</i>			
Long term deposits		350,000	350,000
Cash at banks		1,474,888	1,483,758
Financial assets mandatorily measured at fair value through profit or loss			
Long term investments		2,760,804	2,760,804
Short term investments		1,850,601	1,546,506
		6,436,293	6,141,068

Half Yearly Accounts December 31, 2020

	December 31, 2020	June 30, 2020
	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
13.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Short term borrowings	89,839,551	89,839,551
Accrued interest	21,757,327	21,757,327
Trade creditors	473,014,144	473,014,144
Accrued liabilities	2,052,331	2,153,581
Payable against purchase of investment	4,086,600	4,086,600
Other payables	1,430,104	268,657
	592,180,057	591,119,860

14 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. 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, 2020	June 30, 2020
			<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
Investment in unquoted equity securities (Long term investment)	Level 2	Break-up value	2,760,804	2,760,804
Investment in unquoted equity securities (Short term investments)	Level 1	Quoted bid prices in	1,850,601	1,546,506

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, 2020 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.

17.4 These interim financial statements have been signed by two Directors under section 232 of the Companies Act, 2017, as the Chief Executive is not available for the time being.


DIRECTOR


CHIEF FINANCIAL OFFICER


DIRECTOR

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