

Half Yearly Account
for the Period Ended
December 31, 2021



PERVEZ AHMED
Consultancy Services Limited.

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COMPANY INFORMATION

Board of Directors	Mr. Ali Pervez Ahmed Mrs. Rehana Pervez Ahmed Mrs. Ayesha Ahmed Mansoor Mr. Muhammad Khalid Khan Mr. Muhammad Razzaq Mian Basit Rasheed	Chief Executive
Audit Committee	Mian Basit Rasheed 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 Plot No 32-C, Jami Commercial, Street 2, D.H.A Phase VII, Karachi - 75500	
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, 2021.

Financial Results of the Company

During the six month period ended December 31, 2021, the Company suffered an operating loss of Rs. 754,460 versus loss of Rs 168,577 in the same period of last year. Net loss for the period ended December 31, 2021 remained Rs. 5,987,317 compared to profit of Rs. 2,984,915 in the same period of last year. The loss per share for the six month ended December 31, 2021, recorded at Rs 0.032 as compared to earnings per share of Rs. 0.016 for the same period of last year.

The auditor has expressed an adverse opinion in audit report with respect to going concern assumption, non recognition of mark-up on short term borrowings and litigations pending in different courts against the Company. However the management is making efforts for resolving these issues and regularizing operations of the Company.

Future Outlook

The trade balance supported by an unprecedented foreign remittances and the gross domestic output by a fair harvest, the economy performed well in the pandemic situation relative to other main regional economies. The recent political and military developments on western borders have brought an element of economic uncertainty and, as an immediate side effect, weakened the local currency against US dollar. Due to its geo-strategic position the Country is facing big multifaceted challenges; particularly for its economy there are great opportunities as well as threats ahead. As always, by offering a strong resilience against these challenges the Nation appears to be focused on its vision and is upholding confidence in the future.

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.

For & on behalf of the Board

Lahore
February 25, 2021


Ayesha Ahmed Mansoor
Director


Ali Pervez Ahmed
Chief Executive

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 31 December 2021 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 31 December 2021 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. 1,626.478 million. Its current liabilities exceed current assets by Rs. 641.367 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 10.1.3 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 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. 111.57 million upto 31 December 2021. Had this interest been recognized, accumulated losses as at 31 December 2021 and loss for the period then ended would have been higher by Rs. 111.57 million and Rs. 6.859 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 31 December 2021 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 25, 2021

Place: LAHORE

PERVEZ AHMED CONSULTANCY SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
NON CURRENT ASSETS		(Un-audited)	(Audited)
<i>Property and equipment</i>	6	32,809	37,319
<i>Long term investments</i>	7	82,481,872	87,596,009
<i>Long term deposits</i>		350,000	350,000
		82,864,681	87,983,328
CURRENT ASSETS			
<i>Short term investments</i>		1,810,253	1,928,973
<i>Other receivables</i>		1,159,950	580,000
<i>Current taxation</i>		6,406,133	6,406,133
<i>Bank balances</i>		1,474,467	1,474,467
		10,850,803	10,389,573
CURRENT LIABILITIES			
<i>Trade and other payables</i>		(490,754,722)	(489,499,822)
<i>Unclaimed dividend</i>		(885,404)	(885,404)
<i>Accrued interest</i>	8	(21,757,327)	(21,757,327)
<i>Short term borrowings</i>	9	(89,839,551)	(89,839,551)
<i>Due to related parties</i>		(48,980,383)	(48,905,383)
		(652,217,387)	(650,887,487)
NET CURRENT ASSETS		(641,366,584)	(640,497,914)
NON-CURRENT LIABILITIES		-	-
NET ASSETS		(558,501,903)	(552,514,586)
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>		2,300,000,000	2,300,000,000
<i>Issued share capital</i>		1,865,684,870	1,865,684,870
<i>Discount on issue of shares</i>		(818,331,810)	(818,331,810)
<i>Retained earnings</i>		(1,626,477,813)	(1,620,490,496)
		(579,124,753)	(573,137,436)
<i>Advance against issue of ordinary shares</i>		20,622,850	20,622,850
TOTAL EQUITY		(558,501,903)	(552,514,586)
CONTINGENCIES AND COMMITMENTS	10	-	-
		(558,501,903)	(552,514,586)

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



Director



Chief Financial Officer



Chief Executive

PERVEZ AHMED CONSULTANCY SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

	Note	Six month ended		Three month ended	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers		-	500,000	-	-
Administrative expenses		(754,460)	(668,577)	(443,729)	(585,957)
Changes in fair value of short term investments		(118,720)	304,095	(51,957)	178,747
		(873,180)	135,518	(495,686)	(407,210)
Share of (loss)/profit of associate		(5,114,137)	2,889,397	(2,575,560)	(988,771)
(Loss)/profit before taxation		(5,987,317)	3,024,915	(3,071,246)	(1,395,981)
Provision for taxation	11	-	(40,000)	-	-
(Loss)/profit after taxation		(5,987,317)	2,984,915	(3,071,246)	(1,395,981)
(Loss)/earnings per share - basic and diluted		(0.032)	0.016	(0.016)	(0.007)

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



Director



Chief Financial Officer



Chief Executive

PERVEZ AHMED CONSULTANCY SERVICES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

	Six month ended		Three month ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	Rupees	Rupees	Rupees	Rupees
(Loss)/profit after taxation	(5,987,317)	2,984,915	(3,071,246)	(1,395,981)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/ income	(5,987,317)	2,984,915	(3,071,246)	(1,395,981)

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



Director



Chief Financial Officer



Chief Executive

PERVEZ AHMED CONSULTANCY SERVICES LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS
(UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

	Six month ended	
	31-Dec-21	31-Dec-20
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(5,987,317)	2,984,915
Adjustments for non-cash and other items		
Changes in fair value of investments at fair value through profit or loss	118,720	(304,095)
Share of loss/(profit) of associate	5,114,137	(2,889,397)
Depreciation	4,510	6,125
	5,237,367	(3,187,367)
Operating loss before changes in working capital	(749,950)	(202,452)
Changes in working capital		
Trade and other payables	1,254,900	1,100,897
Other receivables	(579,950)	(1,098,115)
	674,950	2,782
Cash used in operations	(75,000)	(199,670)
Payments for:		
Income tax	-	-
Net cash used in operating activities	(75,000)	(199,670)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from related parties	75,000	190,800
Net cash generated from financing activities	75,000	190,800
NET DECREASE IN CASH AND CASH EQUIVALENTS	-	(8,870)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	1,474,467	1,483,758
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	1,474,467	1,474,888

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



Director



Chief Financial Officer



Chief Executive

PERVEZ AHMED CONSULTANCY SERVICES LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

	Share capital	Capital reserves		Revenue reserve	Total equity
		Issued share capital	Advance against issue of ordinary shares	Discount on issue of shares	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 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 31 December 2020 - Un-audited	1,865,684,870	20,622,850	(818,331,810)	(1,624,427,296)	(556,451,386)
Balance as at 01 January 2021 - Un-audited	1,865,684,870	20,622,850	(818,331,810)	(1,624,427,296)	(556,451,386)
Comprehensive income					
Profit after taxation	-	-	-	3,936,800	3,936,800
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	3,936,800	3,936,800
Transaction with owners	-	-	-	-	-
Balance as at 30 June 2021 - Audited	1,865,684,870	20,622,850	(818,331,810)	(1,620,490,496)	(552,514,586)
Balance as at 01 July 2021 - Audited	1,865,684,870	20,622,850	(818,331,810)	(1,620,490,496)	(552,514,586)
Comprehensive income					
Loss after taxation	-	-	-	(5,987,317)	(5,987,317)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(5,987,317)	(5,987,317)
Transaction with owners	-	-	-	-	-
Balance as at 31 December 2021 -Un-audited	1,865,684,870	20,622,850	(818,331,810)	(1,626,477,813)	(558,501,903)

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



Director



Chief Financial Officer



Chief Executive

PERVEZ AHMED CONSULTANCY SERVICES LIMITED

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

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND OPERATIONS

Pervez Ahmed Consultancy Services Limited [the Company] was incorporated in Pakistan on 08 June 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.

1.1 Placement on defaulters segment

The Company has been placed on defaulters segment by Pakistan Stock Exchange.

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 30 June 2021.

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 30 June 2021 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 31 December 2020 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 31 December 2021 and 31

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. 1,626.478 million. Its current liabilities exceed current assets by Rs. 641.367 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 bussiness. 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 financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
<i>Financial liabilities</i>	<i>Amortized cost</i>
<i>Financial assets</i>	<i>Fair value/amortized cost</i>

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 have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified

2.6 Date of authorisation for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 25 February 2022.

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 period 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 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 - Leases)

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is

3.2 COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)

The amendment extends, by one year, the May 2020 amendment that 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)	01 January 2023
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
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business	01 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018–2020.	01 January 2022
Amendments to IFRS 17	01 January 2023

	Effective date (annual periods beginning on or after)
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023
Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17 - Insurance contracts)	01 January 2023

Other than afore mentioned standards, interpretations and amendments, IASB 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

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 not have a material impact on the Company's financial

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

	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
		(Un-Audited)	(Audited)

6 PROPERTY AND EQUIPMENT

Net book value at the beginning of the period/year		37,319	49,569
Depreciation for the period/year		(4,510)	(12,250)
Net book value at end of the period/year		32,809	37,319

7 LONG TERM INVESTMENTS

Investment in related parties	7.1	79,205,660	84,319,797
Other investments	7.2	3,276,212	3,276,212
		82,481,872	87,596,009

7.1 Investment in related parties

Pervez Ahmed Capital (Private) Limited	7.1.1	79,205,660	84,319,797
Origins Fabrics (Private) Limited	7.1.2	-	-
		79,205,660	84,319,797

7.1.1 Pervez Ahmed Capital (Private) Limited

This represents investment in ordinary shares of Pervez Ahmed Capital (Private) Limited [PACPL], an associate. PACPL is incorporated in Pakistan as a Private Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is to carry on the business of stock brokerage, underwriting and investments. The registered office of the Company is situated at 1-A/565, Block – 3, Gulshan Iqbal,

The investment has been accounted for using the equity method. Particulars of investment are as follows:

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	31-Dec-21	30-Jun-21
	Rupees	Rupees
Cost of investment		
8,498,300 (30 June 2021: 8,498,300) fully paid ordinary shares of Rs. 10 each	84,983,000	84,983,000
Share of post acquisition losses	(5,777,340)	(663,203)
	79,205,660	84,319,797
Percentage of ownership interest	49.36%	49.36%

Extracts of financial statements of associate

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

	31-Dec-21	30-Jun-21
	Rupees	Rupees
Non-current assets	22,064,604	32,361,881
Current assets	138,453,606	138,620,483
Non-current liabilities	-	-
Current liabilities	85,000	153,260
(Loss)/profit for the year	(10,360,894)	14,232,605
Share of (loss)/profit	(5,114,137)	7,025,214

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 ORIGINS LAWN, an extension of an already established and renowned retail brand ORIGINS READY TO WEAR. The Company's shareholding in OFPL comprises 10,000 voting ordinary shares of Rs. 10 each and 890,000 non-voting ordinary shares of Rs. 10 each. The voting power held by the Company does not constitute control or significant influence. Therefore the investment has been accounted for under 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.

7.2 Other investments

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

	Note	31-Dec-21	30-Jun-21
		Rupees	Rupees
Dawood Family Takaful Limited	7.2.1	5,000,000	5,000,000
Changes in fair value		(1,723,788)	(1,723,788)
		3,276,212	3,276,212

7.2.1 These represent 500,000 (30 June 2021: 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 31 December 2021.

8 ACCRUED INTEREST

This represents over-due interest 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

10.1.2 Al Baraka Bank (Pakistan) Limited has filed a suit before the Lahore High Court against the Company for recovery of outstanding debts finances and interest thereon.

10.1.3 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

- 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 14 June 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. 111.57 million upto 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.

10.2 Commitments

There are no material commitments as at the reporting date.

11 PROVISION FOR 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	
		31-Dec-21	31-Dec-20
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
12.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Associated companies	Share of (loss)/profit	(5,114,137)	2,889,397
and undertakings	Borrowings obtained - net	75,000	190,800

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		31-Dec-21	30-Jun-21
		Rupees	Rupees
		(Un-Audited)	(Audited)
12.2	Balances with related parties		
	Nature of relationship	Nature of balance	
	Associated companies and undertakings	Borrowings Investment in equity securities Advance against issue of ordinary shares	13,929,931 84,319,797 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:

		31-Dec-21	30-Jun-21
		Rupees	Rupees
		(Un-Audited)	(Audited)
13.1	Financial assets		
	Financial assets at amortized cost		
	Long term deposits	350,000	350,000
	Cash at banks	1,474,467	1,474,467
	Financial assets mandatorily measured at fair value through profit or loss		
	Long term investments	3,276,212	3,276,212
	Short term investments	1,810,253	1,928,973
		6,910,932	7,029,652

13.2 Financial liabilities

Financial liabilities at amortized cost

Short term borrowings	89,839,551	89,839,551
Accrued interest	21,757,327	21,757,327
Trade creditors	473,014,144	473,326,373
Accrued liabilities	2,052,331	2,228,561
Payable against purchase of investment	4,086,600	4,086,600
Other payables	1,430,104	870,650
	592,180,057	592,109,062

14 FAIR VALUE MEASUREMENTS

14.1 Financial Instruments

14.1.1 Financial instruments measured at fair value

The Company measures some of its financial 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

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)

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

a) **Recurring fair value measurements**

Nature of asset	Hierarchy	Valuation technique and key	31-Dec-21	30-Jun-21
			Rupees	Rupees
Investment in unquoted securities (Long term investment)	Level 2	Break-up value	3,276,212	3,276,212
Investment in listed securities (Short term investments)	Level 1	Quoted bid prices in active	1,810,253	1,928,973

b) **Non-recurring fair value measurements**

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

14.1.2 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.

14.2 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 30 June 2021 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.*



Director



Chief Financial Officer



Chief Executive

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