

# PERVEZ AHMED SECURITIES LIMITED

Annual Report  
**2012**

## C O N T E N T S

Company Information	2
Notice of Annual General Meeting	4
Directors' Report	5
Financial Highlights	8
Statement of Compliance With Code of Corporate Governance	9
Auditors' Review Report on Corporate Governance	11
Auditors' Report to the Members	12
Balance Sheet	14
Profit & Loss Account	15
Statement of Comprehensive Income	16
Cash Flow Statement	17
Statement of Changes in Equity	18
Notes to the Financial Statements	19
Pattern of Shareholding	37
Form of Proxy	

## COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mrs. Rehana Pervez Ahmed Mr. Ali Pervez Ahmed Mr. Hassan Ibrahim Ahmed Mr. Suleman Ahmed Mrs. Ayesha Ahmed Mansoor Mr. Muhammad Khalid Khan	Chief Executive
Audit Committee	Mr. Muhammad Khalid Khan Mrs. Ayesha Ahmed Mansoor Mr. Suleman Ahmed	Chairman
Chief Financial Officer	Mr. Muhammad Yousuf	
Company Secretary	Mr. Rizwan Atta	
Auditors	M/s Horwath Hussain Chaudhury & Co. Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocates & Solicitors	
Banks	Burj Bank Limited Dubai Islamic Bank Pakistan Limited MCB Bank Limited NIB Bank Limited Silk Bank Limited Summit Bank Limited	
Registered Office	20-K, Gulberg II, Lahore.	
Stock Exchange Office	Room No. 317, Third Floor, Lahore Stock Exchange Building, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.	
Share Registrars	THK Associates (Pvt.) Limited Ground Floor, State Life Building No 3, Dr. Ziauddin Ahmed Road, Karachi - 75530	
Website	<a href="http://www.pervezahmed.net">www.pervezahmed.net</a>	

## **VISION**

Being an investment and financial services organization whose principles are centered to the financial success of its shareholders and clients, we are devoted to holding the highest degree of service quality and reliability while using our specialized skills and judgments for the financial and operational growth of the Company.

## **MISSION**

To be an esteemed and prosperous Company, providing a diverse range of value added financial services to meet the growing demands of our clients and to earn a highest possible return for our shareholders, through dependable investment behavior and adhering to the best corporate governance standards.

**PERVEZ AHMED SECURITIES LIMITED  
NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Seventh Annual General Meeting of Pervez Ahmed Securities Limited will be held at the Registered Office of the Company 20-K, Gulberg II, Lahore on Wednesday, October 31, 2012, at 4:30 p.m. to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on October 31, 2011
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2012 together with Directors' and Auditors' reports thereon.
3. To appoint Auditors of the Company for the year 2012-2013 and to fix their remuneration. The present Auditors M/s Horwath Hussain Chaudhury & Co. – Chartered Accountants, retire and being eligible offered themselves for the re-appointment.
4. To elect seven directors of the Company, as fixed by the Board of Directors, pursuant to Section 178 of the Companies Ordinance 1984, for the period of three years with effect from October 31, 2012 in place of the following retiring Directors.

Mr. Pervez Ahmed  
Mr. Ali Pervez Ahmed  
Mr. Hassan Ibrahim Ahmed  
Mr. Mohammad Khalid Khan

Mrs Rehana Pervez Ahmed  
Mrs. Ayesha Ahmed Mansoor  
Mr. Suleman Ahmed

Any person who seeks to contest election to the office of director, whether he / she is retiring or otherwise, shall file with the Company not later than 14 (fourteen) days before the date of meeting, a notice of his / her intention to offer himself / herself for election as a director together with his / her consent to act as director as required under Section 178 (3) of the Companies Ordinance 1984.

By the order of the Board

Lahore: October 09, 2012

Rizwan Atta  
Company Secretary

**NOTES**

- I THE Share Transfer Books of the Company will remain closed from October 27, 2012 to November 1, 2012 (both days inclusive).
- II A member of the Company entitled to attend and vote may appoint another member as his/ her proxy to attend and vote instead of him /her.
- III Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- IV Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. or their proxies are required to produce their original Computerized National Identity Card (CNIC) or passport for identification purpose. In case of corporate entity, the Board of Directors' Resolution / power of Attorney with specimen signature shall be submitted along with proxy form.

## DIRECTORS' REPORT

Directors of Pervez Ahmed Securities Limited, are pleased to present the seventh annual report of the Company for the year ended June 30, 2012 along with the financial statements and auditor's report thereon.

### Economic Review

GDP growth rate for FY 2012 was recorded 3.7% (Target 4.2) as against 2.4% growth last year. High oil prices once again negatively affected the economy coupled with high interest rates, power crises and gas shortage prevailing in the country. Bad law and order situation is also a factor that hinders the flow of foreign investment in Pakistan. On positive side the remittances increased to US\$ 13.2 billion (18% increase YoY) and inflation numbers also showed declining trend. The recent decline in discount rate by 150 bps showed the positive sign for the next fiscal year.

### Capital Market Review

The benchmark KSE-100 index gained 10.45% during the FY 2012. The first six months were a period of low volumes and index was unable to show declining trend but from the new calendar year starts the volumes (up 33% YoY) continued to increase followed by healthy market gains on the back of positive developments of CGT, MTS and high corporate earnings in E & P, banking and Cement sectors.

The political unrest on the back of upcoming elections, US Pak relationship and demutualization are the key triggers that will influence the market performance in the upcoming year.

### Financial Review

The Financial results of the Company for the year ended June 30, 2012 are as under

	Year Ended	
	June 30,2012 Rupees	June 30,2011 Rupees
Operating revenue	33,000	934,365
Operating (loss)	(3,264,747)	(2,371,844)
Finance cost	(35,737)	(20,464,413)
Surplus / (Deficit) on remeasurement of investments	1,312,895	(3,709,839)
(Loss) before taxation	(23,966,426)	(10,908,538)
Taxation	(3,300)	(74,766)
(Loss) after taxation	(23,969,726)	(10,983,304)
Earnings per share - Basic	(0.31)	(0.14)

### Financial Results of the Company

Although our operating revenues are lower as compared to last year mainly due to slow operating activities but on the other hand we continued our efforts to cut down operating & financial charges.

The auditors have expressed an adverse opinion in their report with respect to going concern assumption and non providing of mark-up amounting to Rs. 16.78 million. However the management considers that the going concern assumption used in preparation of these financial statements is appropriate keeping in view of settlement of major portion of bank borrowings, continuous support from directors and proposed diversification plan to run the affairs of the Company and to make it a profitable venture. Whereas negotiations with the banks regarding settlement of loans are in process and hopefully no additional mark-up will be paid on the new terms.

### Future Outlook

Besides the political and law and order challenges positive economic activity is expected on the back of lowering inflation and interest rates. We might see a stable positive development in the Karachi Stock market on the back of improving economic indicators

The management of the Company is committed to run the affairs of the Company and efforts are being made to revive the Company by way of right issue and make the Company profitable by diversifying its operations.

### Statement of Ethics & Business Practices

The Board has prepared and circulated the Statement of Ethics and Business Practices signed by every director and employee of the Company as a token of acknowledgement of his/her understanding of the standards of conduct in relation to everybody associated or dealing with the Company.

### Dividend

In view of the adverse results in the current year, negative cash flow and available accumulated losses, dividend can not be declared.

### Book Closure

The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from October 27, 2012 to November 1, 2012 (both days inclusive). Transfer received by our Shares Registrar, M/s THK Associates (Pvt.) Limited - Ground Floor, State Life Building No 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on October 26, 2012 will be considered to attend and vote at the meeting.

### Pattern of Shareholding

The Statement of Pattern of Shareholding along with categories of shareholders of the Company as at June 30, 2012 as required under section 236 of the Companies Ordinance 1984 and Code of Corporate Governance are annexed with this report.

### Operating and Financial Data

Operating and financial data with key ratios for the six years is annexed.

### Number of Board Meetings Held

Six meetings of the Board of Directors were held during the year ended June 30, 2012 and the attendance of the directors is as follows.

Mr. Pervez Ahmed	Chief Executive	6 attendance
Mrs. Rehana Pervez Ahmed	Director	6 attendance
Mr. Ali Pervez Ahmed	Director	6 attendance
Mr. Hassan Ibrahim Ahmed	Director	6 attendance
Mr. Suleman Ahmed	Director	6 attendance
Mrs. Ayesha Ahmed Mansoor	Director	5 attendance
Mr. Muhammad Khalid Khan	Director	5 attendance

### Auditors

The Auditors Messrs Horwath Hussain Chaudhury & Co. - Chartered Accountants retire and being eligible offer themselves for reappointment. The Audit Committee recommends the reappointment of Messrs Horwath Hussain Chaudhury & Co - Chartered Accountants as auditors of the Company for the financial year ending June 30, 2013.

### Audit Committee

The Audit Committee of the Company is in place and comprises the following members as required under the Code of Corporate Governance.

Mr. Muhammad Khalid Khan  
Mrs. Ayesha Ahmed Mansoor  
Mr. Suleman Ahmed

Chairman  
Member  
Member

Meetings of the Audit Committee were held during the year ended June 30, 2012 as required by the Code of Corporate Governance for review of quarterly & annual accounts and other related matters. The meeting was also attended by the Chief Financial Officer, head of Internal Audit and External Auditors as and when it was required.

### Statement in Compliance to the Code of Corporate Governance

The Directors are pleased to confirm that the Company has made compliance of the provisions set out by the Securities & Exchange Commission of Pakistan through the listing regulations of Karachi and Lahore Stock Exchanges as prescribed in the Code of Corporate Governance and there is no material departure from the best practices as detailed in the listing regulations.

- 1 The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and change in equity.
- 2 Proper books of accounts of the Company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4 International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- 5 The system of internal control is sound in design and has been effectively implemented and monitored.
- 6 The Company has incurred net loss of Rs. 23.97 million during the year and has accumulated losses of Rs. 1,614.94 million as at the balance sheet date. The current liabilities of the Company exceeds its current assets by Rs. 656.42 million. These factors may cast doubt about the entity's ability to continue as going concern. However, the management has adequate plans to mitigate these factors. These plans includes diversification of operations of the Company, settlement of bank borrowings and injection of further capital by way of right issue.
- 7 There has been no material departure from the best practices of corporate governance as defined in the listing regulations.
- 8 Financial highlights for the last six years are annexed.

### Acknowledgement

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

Lahore  
October 9, 2012

For & on behalf of the Board

Pervez Ahmed  
Chief Executive



FINANCIAL HIGHLIGHTS

<b>Profit and Loss Account</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Operating revenue / (loss)	33,000	934,365	4,275,745	(909,463,263)	143,466,813	125,382,861
Administrative expenses	(3,297,747)	(3,306,209)	(5,571,498)	(11,488,448)	(35,114,151)	(21,427,209)
<b>Operating (Loss) / Profit</b>	<b>(3,264,747)</b>	<b>(2,371,844)</b>	<b>(1,295,753)</b>	<b>(920,951,711)</b>	<b>108,352,662</b>	<b>103,955,652</b>
- Finance cost	(35,737)	(20,464,413)	(29,834,005)	(134,899,272)	(20,317,963)	(7,235)
- Other operating charges	(21,885,693)	(10,150,000)	(225,000)	(200,000)	(4,117,550)	(1,921,780)
- Other operating income	2,283	26,952,960	162,431	11,973	262,667	27,222
	(21,919,147)	(3,661,453)	(29,896,574)	(135,087,299)	(24,172,846)	(1,901,793)
Surplus /(Deficit) on remeasurement of investments	1,312,895	(3,709,839)	(8,559,527)	(356,703,167)	(38,820,535)	34,206,973
(Loss) / Profit before Taxation & Share from Associated Undertaking	(23,870,999)	(9,743,136)	(39,751,854)	(1,412,742,177)	45,359,281	136,260,832
Share of loss from Associated Undertaking	(95,427)	(1,165,402)	(2,597,849)	-	-	-
<b>(Loss) / Profit before Taxation</b>	<b>(23,966,426)</b>	<b>(10,908,538)</b>	<b>(42,349,703)</b>	<b>(1,412,742,177)</b>	<b>45,359,281</b>	<b>136,260,832</b>
Taxation	(3,300)	(74,766)	-	-	(2,534,645)	(331,944)
<b>(Loss) / Profit before Taxation</b>	<b>(23,969,726)</b>	<b>(10,983,304)</b>	<b>(42,349,703)</b>	<b>(1,412,742,177)</b>	<b>42,824,636</b>	<b>135,928,888</b>
Payouts						
- Cash dividend	Nil	Nil	Nil	Nil	20%	Nil
- Stock dividend	Nil	Nil	Nil	Nil	27.50%	Nil
<b>Balance Sheet</b>						
Share capital	774,575,790	774,575,790	774,575,790	774,575,790	774,375,530	599,130,000
Share deposit money	293,400,120	291,500,120	299,000,120	306,000,000	870,000	870,000
Property, plant and equipment	978,177	1,334,364	1,835,412	3,959,890	5,326,602	458,039
Membership & room at Lahore Stock Exchange	25,000,000	30,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Long term investment in associate	85,481,434	102,337,554	103,502,956	106,100,805	106,100,805	-
Short term investments	12,809,661	11,496,766	23,286,605	47,962,734	2,076,753,276	787,700,093
Total assets	134,360,298	176,924,723	315,109,782	437,079,913	2,275,151,625	964,065,619
Shareholders' equity (2009:Restated)	(546,967,139)	(524,897,413)	(506,414,109)	(472,764,406)	522,749,114	727,394,015
Earning per share	(0.31)	(0.14)	(0.55)	(18.24)	0.55	2.77
Current ratio	0.03 : 1	0.06 : 1	0.20 : 1	0.30 : 1	1.21 : 1	3.90 : 1

## Statement of Compliance With Best Practices of Code of Corporate Governance For The Year Ended June 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (CoCG) contained in Listing Regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the board includes:

### **Name of Director and Category**

Mr. Pervez Ahmed - Executive  
Mrs. Rehana Pervez Ahmed - Non Executive  
Mr. Ali Pervez Ahmed - Executive  
Mr. Hassan Ibrahim Ahmed - Executive  
Mr. Suleman Ahmed - Non Executive  
Mrs. Ayesha Ahmed Mansoor - Non executive  
Mr. Muhammad Khalid Khan - Non executive

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI or being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Directors are well conversant with the Listing Regulations and legal requirements and as such are fully aware of their duties and responsibilities.
10. There were no new appointments of CFO, Company Secretary or head of internal audit during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the CoCG 2012 and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CoCG
15. The board has formed an Audit Committee which comprises of three members who are Non-Executive Directors.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CoCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed Human Resource and Remuneration Committee and is comprises on three Non-Executive Directors including the chairman of the committee.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), and that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges
23. We confirm that all material principles contained in the CoCG been complied with.

For and on behalf of  
Board of Directors

Lahore.  
October 9, 2012

Pervez Ahmed  
Chief Executive



**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants  
Member Crowe Horwath International

25-E, Main Market Gulber 2,  
Lahore-54660 Pakistan.  
092-42-111-111-442 Tel  
+92-42-35759226 Fax  
www.horwath.com.pk

## REVIEW REPORT TO THE MEMBERS

### ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **PERVEZ AHMED SECURITIES LIMITED**, to comply with the Listing Regulations of the Karachi Stock Exchange and Lahore Stock Exchange respectively, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal controls systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii-a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants  
(Engagement Partner: Muhammad Nasir Muneer)

Lahore  
Dated: 09-10-2012



**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants  
Member Crowe Horwath Internatio

25-E, Main Market Gulber 2,  
Lahore-54660 Pakistan.  
092-42-111-111-442 Tel  
+92-42-35759226 Fax  
www.horwath.com.pk

## **PERVEZ AHMED SECURITIES LIMITED AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **PERVEZ AHMED SECURITIES LIMITED** as at June 30, 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that;

- a) as explained in note 1.2 to the financial statements, the Company has prepared these financial statements on going concern assumption. However, the Company has incurred net loss of Rs. 23.970 million during the year and has accumulated loss of Rs. 1,614.943 million as at the balance sheet date. The total liabilities of the Company exceed its total assets by Rs. 546.967 million and its current liabilities exceed its current assets by Rs. 656.420 million. Furthermore, as explained in notes 14.1 and 19 to the financial statements, the Company has defaulted in the repayment of its loan liabilities that may invoke potential demand of outright payment from the lending bank and one of the creditors has filed a suit for the recovery of its outstanding liabilities.

In view of the matters discussed in the preceding paragraph, we consider that in the absence of any favorable settlement with lending banks / 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 the business. Consequently the going concern assumption used in the preparation of the annexed 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) mark up on long term and short term finances, for the year ending June 30, 2012, amounting to Rs. 16.779 million has not been provided for in the financial statements. Had this markup been provided for, net loss for year and accumulated loss would have been increased by the said amount.



**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants  
Member Crowe Horwath Internatio

25-E, Main Market Gulber 2,  
Lahore-54660 Pakistan.  
092-42-111-111-442 Tel  
+92-42-35759226 Fax  
www.horwath.com.pk

- c) in our opinion, except for the effect of matters described in paragraphs (a) and (b) above, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984.
- d) in our opinion, except for the effect of matters described in paragraphs (a) and (b) above:
- i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
  - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- e) in our opinion and to the best of our information and according to explanations given to us, because of the effect of matters described in paragraphs (a) and (b) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- f) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

A handwritten signature in black ink that reads "Horwath Hussain Chaudhury &amp; Co." in a cursive style.

**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants  
(Engagement Partner: Muhammad Nasir Muneer)

Lahore  
Dated: 09-10-2012

## BALANCE SHEET AS AT JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
<b>Non Current Assets</b>			
Property and equipment	5	978,177	1,334,364
Intangible assets	6	25,000,000	30,000,000
Long term investment in associate	7	85,481,434	102,337,554
Long term security deposits	8	1,055,000	4,055,000
		<u>112,514,611</u>	<u>137,726,918</u>
<b>Current Assets</b>			
Short term investments	9	12,809,661	11,496,766
Advances and other receivables	10	7,030,634	7,022,073
Assets held for sale	11	-	19,000,000
Bank balances	12	2,005,392	1,678,966
		<u>21,845,687</u>	<u>39,197,805</u>
<b>Current Liabilities</b>			
Trade and other payables	13	(530,861,629)	(551,461,596)
Accrued mark up		(27,923,420)	(27,923,420)
Current and overdue portion of long term financing	15	(11,461,768)	(7,641,179)
Short term borrowings	14	(107,940,931)	(107,940,931)
Provision for taxation		(78,066)	(74,766)
		<u>(678,265,814)</u>	<u>(695,041,892)</u>
<b>Net Current Assets</b>		(656,420,127)	(655,844,087)
<b>Non Current Liabilities</b>			
Long term financing	15	-	3,820,589
Deferred liability	16	3,061,623	2,959,655
		<u>3,061,623</u>	<u>6,780,244</u>
<b>NET ASSETS</b>		<u>(546,967,139)</u>	<u>(524,897,413)</u>
<b>REPRESENTED BY:</b>			
Share capital	17	774,575,790	774,575,790
Share deposit money	18	293,400,120	291,500,120
Accumulated losses		(1,614,943,049)	(1,590,973,323)
		<u>(546,967,139)</u>	<u>(524,897,413)</u>
<b>Contingencies and Commitments</b>	19	-	-
		<u>(546,967,139)</u>	<u>(524,897,413)</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2012**

	Note	<b>2012</b> Rupees	<b>2011</b> Rupees
Profit on sale of investments - Net		-	623,965
Dividend income		<u>33,000</u>	<u>310,400</u>
		33,000	934,365
Administrative expenses	20	<u>(3,297,747)</u>	<u>(3,306,209)</u>
<b>Operating Loss</b>		(3,264,747)	(2,371,844)
Other operating expenses	21	(21,885,693)	(10,150,000)
Finance cost	22	(35,737)	(20,464,413)
Other operating income	23	<u>2,283</u>	<u>26,952,960</u>
		(25,183,894)	(6,033,297)
Surplus / (Deficit) on remeasurement of investments at fair value through profit or loss - Net	9	<u>1,312,895</u>	<u>(3,709,839)</u>
<b>Loss before Taxation and Share from Associated Undertaking</b>		(23,870,999)	(9,743,136)
Share of loss from associated undertaking	7	<u>(95,427)</u>	<u>(1,165,402)</u>
<b>Loss before Taxation</b>		(23,966,426)	(10,908,538)
Taxation		(3,300)	(74,766)
<b>Loss after Taxation</b>		<u>(23,969,726)</u>	<u>(10,983,304)</u>
<b>Loss per Share - Basic</b>	24	<u>(0.31)</u>	<u>(0.14)</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>2012</b>	<b>2011</b>
	Rupees	Rupees
Loss after taxation	(23,969,726)	(10,983,304)
Other comprehensive income / (loss)	-	-
<b>Total Comprehensive Loss for the Year</b>	<u>(23,969,726)</u>	<u>(10,983,304)</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rupees	2011 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(23,966,426)	(10,908,538)
Adjustments for:		
- (Surplus) / Deficit on remeasurement of investments at fair value through profit or loss - Net	(1,312,895)	3,709,839
- Dividend income	(33,000)	(310,400)
- Provision for gratuity	101,968	103,000
- Accrued mark-up waived off	-	(24,265,740)
- Liabilities written back	-	(1,183,345)
- Impairment loss on intangible asset	5,000,000	10,000,000
- Impairment loss on investment in associate	16,760,693	-
- Share of loss from investment in associate	95,427	1,165,402
- Depreciation	356,187	501,048
- Finance cost	35,737	20,464,413
	<u>21,004,117</u>	<u>10,184,217</u>
<b>Operating Loss before working capital changes</b>	(2,962,309)	(724,321)
(Increase) / Decrease in current assets		
- Short term investments	-	8,080,001
- Advances and other receivables	-	(36,932)
Decrease in current liabilities:		
- Trade and other payables	(20,599,967)	(6,496,850)
	<u>(20,599,967)</u>	<u>1,546,219</u>
<b>Cash (used in)/generated from operations</b>	(23,562,276)	821,898
Taxes paid	(8,561)	(37,377)
Finance costs paid	(35,737)	(27,891)
<b>Net Cash (used in)/generated from Operating Activities</b>	(23,606,574)	756,630
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Assets held for sale	19,000,000	104,000,000
Long term security deposits	3,000,000	-
Dividend income received	33,000	310,400
<b>Net Cash generated from Investing Activities</b>	22,033,000	104,310,400
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share deposit money received	1,900,000	3,500,000
Long term financing	-	(1,041,978)
Short term borrowings	-	(107,328,130)
<b>Net Cash generated from/(used in) Financing Activities</b>	1,900,000	(104,870,108)
<b>Net Increase in Cash and Cash Equivalents</b>	326,426	196,922
Cash and cash equivalents at the beginning of the year	1,678,966	1,482,044
<b>Cash and Cash Equivalents at the End of the Year</b>	<u>2,005,392</u>	<u>1,678,966</u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2012

	Share Capital	Share Deposit Money	Accumulated Loss	Total
	Rupees	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2010</b>	774,575,790	299,000,120	(1,579,990,019)	(506,414,109)
Total comprehensive loss for the year	-	-	(10,983,304)	(10,983,304)
Share deposit money received during the year	-	3,500,000	-	3,500,000
Reduction in fair value of asset held for sale	-	(11,000,000)	-	(11,000,000)
<b>Balance as at June 30, 2011</b>	<u>774,575,790</u>	<u>291,500,120</u>	<u>(1,590,973,323)</u>	<u>(524,897,413)</u>
Total comprehensive loss for the year	-	-	(23,969,726)	(23,969,726)
Share deposit money received during the year	-	1,900,000	-	1,900,000
<b>Balance as at June 30, 2012</b>	<u><u>774,575,790</u></u>	<u><u>293,400,120</u></u>	<u><u>(1,614,943,049)</u></u>	<u><u>(546,967,139)</u></u>

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

## NOTES TO AND FORMING THE PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Note 1

### The Company and its Operations

**1.1** Pervez Ahmed Securities Limited was incorporated under the Companies Ordinance, 1984 on June 8, 2005 as a single member company and was listed on Karachi and Lahore Stock Exchanges on June 21, 2007. The principal activities of the Company include shares brokerage and trading, consultancy services and underwriting. The registered office of the Company is situated at 20-K Gulberg II, Lahore.

### 1.2 Going concern assumption

The Company has accumulated losses of Rs. 1,614.943 million (2011: Rs. 1,590.973 million) and incurred net loss for the year of Rs. 23.970 million (2011: loss of Rs. 10.983 million). The current liabilities of the Company exceed its current assets by Rs. 656.420 million (2011: Rs. 655.844 million) and its total liabilities exceed its total assets by Rs. 546.967 million (2011: Rs. 524.897 million) as at the balance sheet date. Furthermore, renewal of the brokerage license has not obtained by the Company due to inadequate net capital balance. These factors raise doubts about the Company being a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, the management considers that the going concern assumption used in preparation of these financial statements is appropriate and has following plans / arrangements to mitigate the uncertainties disclosed as under:

- The Company intends to issue further share capital and necessary formalities are in process in this regard.
- The Company is in the process of rescheduling of its financing arrangements with the lenders.

Keeping in view the above mitigating plans, these financial statements have been prepared on going concern basis.

Note 2

### Basis of Preparation

#### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of followings:

Employee retirement benefits (Gratuity)	Note 16	Present value
Investment in quoted companies	Note 9	Fair value

#### 2.3 Functional and presentation currency

The financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been presented in Pak Rupees, unless otherwise stated.

## **2.4 Use of estimation and judgments**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life of property and equipment, valuation of intangible assets and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

Note 3

### **Amendments to Existing Standards and Forthcoming New Standards and Interpretations**

International Accounting Standard Board (IASB) has made amendments into certain standards and further introduced new standards during the year. These standards are applicable to the financial statements of the Company covering annual period, beginning on or after the following dates:

#### **3.1 Amendments to published standards effective in current year and applicable to the Company**

- IAS 24 – Related Party Disclosures; the amendments simplify the disclosure requirements for government related entities and clarify the definition of a related party. The revised standard provides a partial exemption for government related entities but still requires disclosures that are important to users of financial statements and eliminates requirements to disclose information that is costly to gather and of less value to users.
- IAS 34 – Interim Financial Reporting; the revised standard includes amendments in significant events and transactions.
- IFRS 7 - Financial Instruments: Disclosures; its requirements have been further amended that facilitate the users of financial statements in evaluating risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. These requirements have increased the transparency in the reporting of transfer transactions, particularly those that involve securitization of financial assets.

#### **3.2 Amendments to published standards that are yet not effective and not early adopted by the Company**

- IAS 1 'Presentation of Financial Statement' (Amendment). This amendment has been issued as part of annual improvements project and is applicable on accounting periods beginning on or after January 1, 2013. The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet. When an entity produces balance sheet as required by IAS 8 'Accounting policies, changes in accounting estimates and errors' in which case the balance sheet should be as at the date of the beginning of the preceding period i.e. the opening position. No notes are required to support this balance sheet. When management provides additional comparative information voluntarily e.g. statement of profit and loss, balance sheet, it should present the supporting notes to these additional statements.
- IAS 16 'Property, plant and equipment' (Amendment). This amendment has been issued as part of annual improvements project and is applicable on accounting periods beginning on or after January 1, 2013. The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.
- IAS-19 'Employee Benefits': the amendments in the standard are effective for periods beginning on or after January 1, 2013. The amendments in the standard have eliminated the corridor approach resultantly recognizing the entire actuarial gains / losses in other comprehensive income as they are incurred. These amendments have also resulted in recognizing all the past service costs immediately and replaced the interest cost and expected return on plan assets with a net interest amount that would be calculated by applying the discount rate to the net defined liability / asset.

- IAS 32 - 'Financial instruments: Presentation' (Amendment). This amendment has been issued part of annual improvements project and is applicable on accounting periods beginning on or after January 1, 2013. Prior to the amendment, IAS 32 was ambiguous as to whether the tax effects of distributions and the tax effects of equity transactions should be accounted for in the income statement or in equity. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognized in the income statement, and income tax related to the costs of equity transactions is recognized in equity. The Company will apply this amendment from July 1, 2013.
- IAS 28 - 'Investments in Associates and Joint Ventures', Applicable to annual reporting periods beginning on or after January 1, 2013
- IFRS 12 - 'Disclosure of interests in other entities', effective for annual periods beginning on or after January 1, 2013.
- IFRS 13 - 'Fair value measurement', effective for annual periods beginning on or after January 1, 2013.
- IFRS 9 - 'Financial Instruments', Applies on a modified retrospective basis to annual periods beginning on or after January 1, 2015

Note 4

### **Summary of Significant Accounting Policies**

---

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently, unless otherwise stated.

#### **4.1 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost of property and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing assets into working condition.

Depreciation is charged to income on reducing balance method at the rates specified in Note 5. Full month's depreciation is charged on additions during the month of addition whereas, no depreciation is charged on assets disposed off during the month of deletion. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year income.

#### **4.2 Intangible assets**

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

#### **4.3 Impairment**

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of any information about the fair value, the recoverable amount is determined to be the value in use. Impairment losses are recognized as expense in the profit and loss account.

#### 4.4 Investments

The management determines the appropriate classification of its investment in accordance with the requirements of International Accounting Standards 39; 'Financial Instruments: Recognition and measurement and International Accounting Standard 28: Investments in Associates' at the time of purchase and re-evaluates this classification on a regular basis. Investments are categorized as follows:

##### 4.4.1 Investment in associates

The Company considers its associates to be such enterprise in which the Company has ownership of not less than twenty percent but not more than fifty percent of the voting power and / or has significant influence but not control. Investments in associates are accounted for on cost less impairment loss, if any.

Investments in associates are accounted for using the equity method less impairment loss. This method is applied from the date when significant influence is established until the date when that significant influence ceases. The Company's share of its associate's post-acquisition profits or losses is recognized in the profit and loss account and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment. Investment in associate with less than 20% holding are classified under IAS 39; "Financial Instruments: Recognition and measurement".

##### 4.4.2 Other investments

Investments are initially recognized at cost, comprising the consideration paid and cost of transaction except in the case of investments at fair value through profit or loss where transaction costs are charged to the profit and loss account when incurred. For listed securities, closing quotations of stock exchanges on last working day of the accounting year are considered for determining the fair value, while for unquoted securities, cost is usually considered as fair value of securities.

Subsequently, investments at fair value through profit or loss and available for sale are carried at fair value. Realized gains and losses are included in the profit and loss account in the period in which they arise. Unrealized gains and losses arising from changes in fair value of the investments at fair value through profit or loss are included in the profit and loss account in the period in which they arise. Surplus / deficit arising from changes in the fair value of available for sale investments is taken to equity. Interest earned whilst holding investments is reported as interest income using the effective yield method.

The classification is made on the basis of intended purpose for holding such investments. These are measured at the balance sheet date in accordance with the requirements of IAS - 39 (Financial Instruments: Recognition and Measurement) described as under:

At fair value through profit or loss

These are securities which are acquired for the purpose of generating a profit from short-term fluctuations in market price or dealer's margin, securities in a portfolio in which a pattern of short term profit taking exists or derivatives other than those held as hedging instruments.

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

Available for sale

These are the investments that do not fall under investments at fair value through profit or loss or held to maturity categories.

#### 4.5 Assets held for sale

These are valued at lower of its carrying amount and fair value less cost to sell.

#### 4.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and saving accounts.

**4.7 Trade date accounting**

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognized at trade date, which is the date that the Company commits to purchase or sell the asset. All other purchases and sales are recognized as derivative forward transactions until settlement occurs.

**4.8 Sale and repurchase agreements**

Securities purchased under agreements to resell ('reverse repo') are shown as receivable against continuous funding system. Securities sold subject to a linked repurchase agreement ('repo') are retained in the financial statement as trading or investment securities and the counter party's liability is retained in the financial statements as trading or investment securities and the counter party liability is included in borrowing under repurchase agreements. The difference between sale and repurchase price is treated as income / expense from continuous funding system.

**4.9 Staff retirement benefits**

The Company operates an unfunded gratuity scheme covering its permanent employees. Under this scheme employees are eligible for benefits after the completion of a prescribed qualifying period of service and gratuity is paid to retiring employees on the basis of their last drawn gross salary for each completed year of services, calculated from the start of service to the date of retirement. Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Latest actuarial valuation has been carried out as at June 30, 2012.

**4.10 Taxation**

Income tax on the profit or loss for the year comprises current tax. Income tax expense is recognized in the profit and loss account except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Charge for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. All tax credits and tax rebates have been taken into account in calculating this charge. However, in the case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets, are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. There are no significant temporary difference as at the balance sheet date, therefore, no deferred tax liability / asset arises.

**4.11 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

**4.12 Provisions**

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation of which a reliable estimate can be made.



#### **4.13 Financial instruments**

Financial instruments are recognized in the financial statements when the Company becomes a party to the contract and ceases to recognize when it loses control of contractual rights, in case of financial assets, and in case of financial liability when liability is extinguished. Any gain or loss on subsequent remeasurement / derecognizing is charged to income.

##### **4.13.1 Financial assets and liabilities**

Financial instruments carried on the balance sheet include advances to be settled against cash or any other financial asset, investments, cash and bank balances and trade and other payables. Particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

##### **4.13.2 Derivative financial instruments**

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into. Subsequently, any changes in fair values arising on marking these investments to market are taken to the profit and loss account. Fair values are obtained from quoted market prices in active markets.

##### **4.13.3 Off-setting of financial assets and financial liabilities**

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.14 Borrowing cost**

Borrowing cost are charged to income as and when incurred except costs that are directly attributable to acquisition, construction or production of qualifying assets that are capitalized as part of the cost of assets.

#### **4.15 Related party transactions**

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

#### **4.16 Revenue recognition**

- Brokerage income is recognized as and when such services are provided.
- Capital gains and losses on sale of investments are recorded on the date of sale.
- Underwriting commission is recognized when the agreement is executed.
- Dividend income is recognized when the right to receive payment is established.
- Return on deposits is recognized on accrual basis.

#### **4.17 Dividends**

Dividend distribution including stock dividend to the shareholders is accounted for as a liability in the period in which dividends are approved.

Note 5

## Property and Equipment

Description	Cost			Rate %	Depreciation			Net Book Value as at 30.06.12 Rupees
	As at 01.07.11 Rupees	Addition / (Disposal) Rupees	As at 30.06.12 Rupees		As at 01.07.11 Rupees	For the year Rupees	As at 30.06.12 Rupees	
<b>Year Ending June 30, 2012</b>								
Owned								
Furniture and fittings	416,000	-	416,000	20	242,814	34,637	277,451	138,549
Vehicles	1,090,270	-	1,090,270	20	599,119	98,230	697,349	392,921
Office equipments	2,613,334	-	2,613,334	33.33	1,943,307	223,320	2,166,627	446,707
<b>Rupees 2012</b>	<b>4,119,604</b>	<b>-</b>	<b>4,119,604</b>		<b>2,785,240</b>	<b>356,187</b>	<b>3,141,427</b>	<b>978,177</b>

5.1 Depreciation charge for the year has been allocated to administrative expenses.

Description	Cost			Rate %	Depreciation			Net Book Value as at 30.06.11 Rupees
	As at 01.07.10 Rupees	Addition / (Disposal) Rupees	As at 30.06.11 Rupees		As at 01.07.10 Rupees	For the year Rupees	As at 30.06.11 Rupees	
<b>Year Ending June 30, 2011</b>								
Owned								
Furniture and fittings	416,000	-	416,000	20	199,517	43,297	242,814	173,186
Vehicles	1,090,270	-	1,090,270	20	476,331	122,788	599,119	491,151
Office equipments	2,613,334	-	2,613,334	33.33	1,608,344	334,963	1,943,307	670,027
<b>Rupees 2011</b>	<b>4,119,604</b>	<b>-</b>	<b>4,119,604</b>		<b>2,284,192</b>	<b>501,048</b>	<b>2,785,240</b>	<b>1,334,364</b>

Note 6

## Intangible Assets

	2012 Rupees	2011 Rupees
Lahore Stock Exchange:		
- Membership card	28,000,000	38,000,000
- Room at Lahore Stock exchange	2,000,000	2,000,000
	30,000,000	40,000,000
Less: Impairment loss	(5,000,000)	(10,000,000)
	<u>25,000,000</u>	<u>30,000,000</u>

Note 7

## Long Term Investment in Associate

	2012 Rupees	2011 Rupees
Pervez Ahmed Capital (Private) Limited		
- 8,498,300 (2011: 8,498,300) ordinary shares of Rs. 10 each	102,337,554	103,502,956
Percentage of equity held 49.3% (2011: 49.3%)		
- Share of loss from associated company	(95,427)	(1,165,402)
- Impairment loss	(16,760,693)	-
	<u>85,481,434</u>	<u>102,337,554</u>

7.1 The investment is accounted for by using the equity method in accordance with IAS-28 (Investment in Associate). Summarized unaudited financial statements of Pervez Ahmed Capital (Private) Limited are as follows:

	2012 Rupees	2011 Rupees
Total assets	173,238,989	173,468,486
Total liability	94,500	130,708
Revenue	50,968	200,852
Loss after tax	<u>(193,289)</u>	<u>(2,360,547)</u>

Note 8

## Long Term Security Deposits

	2012 Rupees	2011 Rupees
Deposits with:		
- Central Depository Company of Pakistan	150,000	150,000
- Lahore Stock Exchange Limited	705,000	3,705,000
- National Clearing Company of Pakistan Limited	200,000	200,000
	<u>1,055,000</u>	<u>4,055,000</u>

Note 9

## Short Term Investments

	Note	2012 Rupees	2011 Rupees
Available for sale	9.1	5,000,000	5,000,000
At fair value through profit or loss	9.2	7,809,661	6,496,766
		<u>12,809,661</u>	<u>11,496,766</u>

Carrying Value	Fair Value	Carrying Value	Fair Value
June 30, 2012		June 30, 2011	
Rupees	Rupees	Rupees	Rupees

### 9.1 Available for sale

Dawood Family Takaful Limited (Unquoted equity securities)	5,000,000	5,000,000	5,000,000	5,000,000
---	-----------	-----------	-----------	-----------

9.1.1 This represents 500,000 shares (2011: 500,000) of Rs. 10 each.

### 9.2 At fair value through profit or loss

Number of Shares		Name of Investee Company	Carrying Value	Fair Value	Carrying Value	Fair Value
2012	2011		2012		2011	
			Rupees	Rupees	Rupees	Rupees
3,659,000	3,659,000	D.S. Industries Limited (Associated Undertaking)	4,024,900	5,525,090	7,976,620	4,024,900
1,500	1,500	Reliance Cotton Mills Limited	41,040	34,350	29,715	41,040
2,600	2,000	Engro Corporation Limited	326,500	264,784	416,329	326,500
48	48	Jahangir Siddiqui & Company Limited	311	596	607	311
399	399	KASB Bank Limited	555	838	1,624	555
50,000	50,000	Pakistan PTA Limited	691,500	351,500	682,000	691,500
19,836	16,443	UBL Shariah Stock Fund (Formerly United Composite Islamic Fund)	1,411,960	1,632,503	1,099,710	1,411,960
<u>3,733,383</u>	<u>3,729,390</u>		<u>6,496,766</u>	<u>7,809,661</u>	<u>10,206,605</u>	<u>6,496,766</u>
Surplus / (deficit) on remeasurement to fair value - Net			<u>1,312,895</u>		<u>(3,709,839)</u>	
			<u>7,809,661</u>		<u>6,496,766</u>	

Note 10

## Advances and Other Receivables

	Note	2012 Rupees	2011 Rupees
Advances with stock brokers		180,258	180,258
Advance income tax		6,363,665	6,355,104
Advance to employees	10.1	305,000	305,000
Other receivable		181,711	181,711
		<u>7,030,634</u>	<u>7,022,073</u>

10.1 Amount due from chief executive, directors and executives is Nil (2011: Nil).

Note 11

## Assets Held for Sale

	2012 Rupees	2011 Rupees
Residential and commercial properties	-	134,000,000
Less: Adjusted against short term borrowing	-	(104,000,000)
Fair value adjustment	-	(11,000,000)
	<u>-</u>	<u>19,000,000</u>

Note 12

## Bank Balances

	2012 Rupees	2011 Rupees
Cash at banks - current accounts	1,963,679	1,628,803
Cash at banks - saving accounts	41,713	50,163
	<u>2,005,392</u>	<u>1,678,966</u>

Note 13

**Trade and Other Payables**

	<b>2012</b>	<b>2011</b>
	Rupees	Rupees
Trade creditors	478,270,913	479,570,613
Accrued expenses	2,648,331	2,828,331
Income tax payable	8,991,952	8,998,292
Dividends payable	885,404	885,404
Due to associated companies	18,958,135	18,936,977
Due to directors	20,343,975	39,764,152
Other payables	762,919	477,827
	<u>530,861,629</u>	<u>551,461,596</u>

Note 14

**Short Term Borrowings - Secured**

		<b>2012</b>	<b>2011</b>
	Note	Rupees	Rupees
Murabaha finance - Burj Bank Limited	14.1	105,239,151	105,239,151
Running finance - Summit Bank Limited	14.2	2,701,780	2,701,780
		<u>107,940,931</u>	<u>107,940,931</u>

**14.1** This represents murabaha finance facility of Rs. 150 million obtained from Burj Bank Limited (2011: Rs. 150 million) for trading in Shariah compliant shares. The profit is to be charged at matching KIBOR plus 1.30% (2011: matching KIBOR plus 1.30%). The facility is secured against pledge of shares of blue chip listed companies approved by bank's Shariah Board with 40% margin. This facility has not been renewed as at the balance sheet date.

**14.2** During the previous year, the Company settled its outstanding liability of Summit Bank Limited in the following manner:

- The bank accepted properties valuing Rs. 106 million for Rs. 104 million.
- The bank sold 298,778 shares of listed entity and adjusted against the outstanding liability.
- Accrued mark-up amounting to Rs 24.265 million was waived off and the remaining principal liability of Rs. 2.702 million shall be waived off after the transfer of aforementioned properties in the name of the bank.

Note 15

**Long Term Financing**

		<b>2012</b>	<b>2011</b>
	Note	Rupees	Rupees
<b>Loan from banking company - Secured</b>			
MCB Bank Limited	15.1	3,820,589	11,461,768
Less: Overdue and current portion		<u>(3,820,589)</u>	<u>(7,641,179)</u>
		<u>-</u>	<u>3,820,589</u>

**15.1** This represents restructured morabaha finance facility of Rs. 13.98 million obtained from MCB Bank Limited. Principal liability of Rs. 12.503 million was repayable in 36 monthly installments commencing from June 30, 2010. Subsequent to the balance sheet date, the Company has entered into a settlement plan with the bank to settle all outstanding liabilities against payment of Rs. 3 million which has been paid by the Company.

The facility is secured against shares of listed companies and personal guarantees of the directors of the Company.

Note 16

**Deferred Liability**

	Note	<b>2012</b> Rupees	<b>2011</b> Rupees
Gratuity payable	16.1	<u>3,061,623</u>	<u>2,959,655</u>

**16.1 Gratuity payable**

**16.1.1** Latest actuarial valuation of retirement benefits payable was carried out as at June 30, 2012 by an independent actuary using the following significant assumptions:

Discount rate	13%
Expected rate of salary increase in future years	12%
Average expected remaining working life time of employees	5 years
Actuarial valuation method	Projected Unit Credit Method

**16.1.2** Based upon the actuarial valuation, the Company's liability works out to be as under:

	<b>2012</b> Rupees
Balance sheet liability as previously reported	2,959,655
Expense for the year	101,968
	<u>3,061,623</u>
Benefits paid to employees	-
	<u>3,061,623</u>

**Reconciliation**

Present value of defined benefit obligation	3,061,623
Unrecognized actuarial gain / (loss)	-
Liability recognized in financial statements	<u>3,061,623</u>

**Charge for the year**

Current service cost	99,803
Interest cost	384,755
Actuarial gains charge	(382,590)
Amount charged in the profit and loss account	<u>101,968</u>

**16.1.3** The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	<b>2012</b> Rupees	<b>2011</b> Rupees	<b>2010</b> Rupees	<b>2009</b> Rupees	<b>2008</b> Rupees
Present value of defined benefit obligation	3,061,623	2,959,655	2,856,655	2,126,422	998,713
Less: Plan assets	-	-	-	-	-
Deficit	<u>3,061,623</u>	<u>2,959,655</u>	<u>2,856,655</u>	<u>2,126,422</u>	<u>998,713</u>

Note 17

**Share Capital**

			<b>2012</b> Rupees	<b>2011</b> Rupees
	<b>2012</b> Number	<b>2011</b> Number		
<b>17.1 Authorized capital</b>				
	<u>90,000,000</u>	<u>90,000,000</u>	Ordinary shares of Rs. 10 each	<u>900,000,000</u> <u>900,000,000</u>

**17.2 Issued, subscribed and paid up capital**

59,928,500	59,928,500	Ordinary shares of Rs. 10 each fully paid in cash	599,285,000	599,285,000
17,529,079	17,529,079	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	175,290,790	175,290,790
<u>77,457,579</u>	<u>77,457,579</u>		<u>774,575,790</u>	<u>774,575,790</u>

**17.2.1** 16,567,145 shares (2011 : 23,067,145) are held by associates of the Company.

**17.3 Movement in number of shares during the year**

	<u>2012</u>	<u>2011</u>
	<b>Number</b>	<b>Number</b>
Opening number of shares issued	77,457,579	77,457,579
Shares issued during the year	-	-
Closing number of shares issued	<u>77,457,579</u>	<u>77,457,579</u>

Note 18

**Share Deposit Money**

	<u>2012</u>	<u>2011</u>
	Rupees	Rupees
Directors	199,300,120	199,300,120
Associated undertaking	94,100,000	92,200,000
	<u>293,400,120</u>	<u>291,500,120</u>

Note 19

**Contingencies and Commitments**

**Contingencies**

During the year, JS Global Capital Limited, one of the creditors, filed a suit against the Company for recovery of Rs. 36.574 million including late payment surcharge aggregating to Rs. 17.455 million. The Company has filed a counter claim of Rs. 18.860 million against the creditor. No additional liability has been provided as management expects favourable outcome of the the litigation.

**Commitments**

There are no material commitments outstanding as at the balance sheet date (2011: Nil).

Note 20

**Administrative Expenses**

		<b>2012</b>	<b>2011</b>
	Note	Rupees	Rupees
Salaries and benefits	20.1	1,337,968	1,389,000
Postage and communication		8,860	11,821
Rent, rates and taxes		105,371	551,280
Repairs and maintenance		3,000	5,000
Vehicle running		-	13,168
Travelling and conveyance		116,160	39,660
Legal and professional		932,650	341,000
Stationery and office supplies		82,238	90,015
Fees and subscription		304,443	304,743
Advertisement		49,950	32,560
Entertainment		920	26,914
Depreciation	5.1	356,187	501,048
		<u>3,297,747</u>	<u>3,306,209</u>

**20.1** This includes Rs. 101,968 (2011: 103,000) in respect of employee benefits - gratuity scheme.

Note 21

**Other Operating Expenses**

		<b>2012</b>	<b>2011</b>
	Note	Rupees	Rupees
Auditors' remuneration	21.1	125,000	150,000
Impairment loss on intangible asset	6	5,000,000	10,000,000
Impairment loss on investment in associate	7	16,760,693	-
		<u>21,885,693</u>	<u>10,150,000</u>

**21.1 Auditors' remuneration**

Audit fee	100,000	100,000
Certifications and reviews	25,000	50,000
	<u>125,000</u>	<u>150,000</u>

Note 22

**Finance Cost**

	<b>2012</b>	<b>2011</b>
	Rupees	Rupees
Mark up on short term borrowings	-	20,436,522
Bank and other charges	35,737	27,891
	<u>35,737</u>	<u>20,464,413</u>

Note 23

**Other Operating Income**

	<b>2012</b>	<b>2011</b>
	Rupees	Rupees
Income from financial assets		
- Profit on saving bank accounts	2,283	3,875
Others		
- Accrued mark-up waived off	-	24,265,740
- Liabilities written back	-	1,183,345
- Advisory and consultancy income	-	1,500,000
	<u>2,283</u>	<u>26,952,960</u>

Note 24

**Earnings per Share**

		<b>2012</b>	<b>2011</b>
<b>Basic</b>			
Loss after taxation attributable to ordinary shareholders	Rupees	(23,969,726)	(10,983,304)
Weighted average number of ordinary shares	Number	77,457,579	77,457,579
Loss per share - Basic	Rupees	<u>(0.31)</u>	<u>(0.14)</u>

**Diluted**

There is no determinable dilution effect on the basic earnings per share as at the balance sheet date.

Note 25

**Remuneration of Chief Executive, Directors' and Executive**

**25.1** Keeping in view the losses of the Company, no remuneration has been paid to any director of the Company.

**25.2** Executives are defined as employees with basic salary exceeding Rs. 500,000. No employee of the Company qualifies as an Executive.



Note 26

## Transactions with Related Parties

Related parties comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment are as follows.

	2012	2011
	Rupees	Rupees
Associated undertakings		
Share deposit money received	1,900,000	3,500,000
Services rendered	-	1,500,000
Directors		
Funds (paid to) / received from director - Net	(19,420,177)	3,471,953
Reduction in fair value of asset held for sale adjusted against share deposit money	-	11,000,000

Note 27

## Segment Reporting

For management purposes, the activities of the Company are organized into one operating segment. The Company operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements relate to the Company's only reportable segment.

Note 28

## Financial Risk Management

### 28.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (The Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

#### (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk as it does not have any foreign receivables and payables.

##### (ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The Company is exposed to equity price risk in respect of short term investments amounting to Rs. 6.177 million (2011: 5.085 million) in quoted companies.

Detail of industrial sector analysis of the short term quoted investments are as follows:

	2012		2011	
	Rupees in thousands	%	Rupees in thousands	%
Textile	5,559.44	90.00	4,065.94	79.96
Fertilizers and food	264.78	4.29	326.50	6.42
Investment banking	0.60	0.01	0.31	0.01
Financial institutions	0.84	0.01	0.55	0.01
Chemicals	351.50	5.69	691.50	13.60
	<u>6,177.16</u>	<u>100.00</u>	<u>5,084.81</u>	<u>100.00</u>

### Sensitivity analysis

A change of 5% in the value of investments at fair value through profit or loss would have increased / decreased profit or loss by Rs. 0.390 million (2011 : Rs. 0.575 million) on the basis that all other variables remain constant.

### Fair value hierarchy

Financial instruments carried at fair value are categorized as follows:

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

The company held following financial instruments measured at fair value:

	2012			
	Total	Level 1	Level 2	Level 3
Financial assets	.....Rupees in thousands.....			
Available for sale	5,000	-	-	5,000
At fair value through profit and loss	7,810	6,177	1,633	-
	<u>12,810</u>	<u>6,177</u>	<u>1,633</u>	<u>5,000</u>

	2011			
	Total	Level 1	Level 2	Level 3
Financial assets	.....Rupees in thousands.....			
Available for sale	5,000	-	-	5,000
At fair value through profit and loss	6,497	5,085	1,412	-
	<u>11,497</u>	<u>5,085</u>	<u>1,412</u>	<u>5,000</u>

### (iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing asset. The Company's interest rate risk arises from short term borrowings. As the borrowings are at variable rates, these expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2012	2011
	Rupees in thousands	
<b>Floating rate instruments</b>		
<b>Financial liabilities</b>		
Short term borrowings	107,941	107,941
<b>Financial assets</b>		
Bank balances - saving accounts	42	50

### Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, net loss for the year would have been Rs. 1.080 million (2011 : Rs. 1.089 million) higher / lower mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding as at balance sheet date were outstanding for the whole year.

## (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2012	2011
	Rupees in thousands	
Long term deposits	1,055	4,055
Advances and other receivables	182	667
Short term investments	12,810	11,497
Bank balances	2,005	1,679

The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2012	2011
	Short term	Long term			
	Rupees in thousands				
MCB Bank Limited	A1+	AA+	PACRA	119,993	119,993
NIB Bank Limited	A1+	AA-	PACRA	544,609	209,652
Bank Alfalah Limited	A1+	AA	PACRA	881,608	881,608
United Bank Limited	A-1+	AA+	JCR-VIS	35,219	35,219
Burj Bank Limited (Dawood Islamic Bank Limited)	A-1	A	JCR-VIS	98,344	98,344
Dubai Islamic Bank Limited	A-1	A	JCR-VIS	33,905	33,986
Summit Bank Limited	A-2	A-	JCR-VIS	291,714	300,164
				2,005,392	1,678,966

## (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through committed credit facilities. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2012:

	Carrying Amount	On Demand	Contractual Cash Flows	Within 1 Year	1-2 Years	2-5 Years
	.....Rupees in thousands.....					
Long term financing	11,462	-	11,462	11,462	-	-
Trade and other payables	521,870	-	521,870	521,870	-	-
Accrued markup	27,923	-	27,923	27,923	-	-
Short term borrowings	107,941	107,941	-	-	-	-
	669,196	107,941	561,255	561,255	-	-

Contractual maturities of financial liabilities as at June 30, 2011:

	Carrying Amount	On Demand	Contractual Cash Flows	Within 1 Year	1-2 Years	2-5 Years
	.....Rupees in thousands.....					
Long term finances	11,462	-	13,089	11,462	1,627	-
Trade and other payables	542,463	-	542,463	542,463	-	-
Accrued markup	27,923	-	27,923	27,923	-	-
Short term borrowings	107,940	107,940	-	-	-	-
	689,788	107,940	583,475	581,848	1,627	-

Contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at 30 June. Rates of mark up have been disclosed in Note 14.

28.2 Financial instruments by categories

**Financial instruments as at June 30, 2012**

Cash and Cash Equivalents	Loans and advances	Available for sale	Assets at fair value through profit or loss	Total
.....Rupees in thousands.....				

**Assets as per balance sheet**

Long term deposits	-	1,055	-	-	1,055
Short term investments	-	-	5,000	7,810	12,810
Advances and other receivables	-	182	-	-	182
Cash and bank balances	2,005	-	-	-	2,005
	<u>2,005</u>	<u>1,237</u>	<u>5,000</u>	<u>7,810</u>	<u>16,052</u>

**Other financial liabilities**

Rupees in thousands

Long term financing					11,462
Trade and other payable					521,870
Accrued markup					27,923
Short term borrowings					<u>107,941</u>
					<u>669,196</u>

**Financial instruments as at June 30, 2011**

Cash and Cash Equivalents	Loans and advances	Available for sale	Assets at fair value through profit or loss	Total
.....Rupees in thousands.....				

**Assets as per balance sheet**

Long term deposits	-	4,055	-	-	4,055
Short term investments	-	-	5,000	6,497	11,497
Advances and other receivables	-	182	-	-	182
Cash and bank balances	1,679	-	-	-	1,679
	<u>1,679</u>	<u>4,237</u>	<u>5,000</u>	<u>6,497</u>	<u>17,413</u>

**Other financial liabilities**

Rupees in thousands

Long term financing					11,462
Trade and other payable					542,463
Accrued markup					27,923
Short term borrowings					<u>107,941</u>
					<u>689,789</u>

28.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 29

**Capital Risk Management**

---

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt. Gearing ratio has not been worked out owing to negative equity as at the balance sheet date.

Note 30

**Authorization of Financial Statements**

---

These financial statements have been authorized for issue by the Board of Directors of the Company on October 09, 2012.

Note 31

**General**

---

Comparative figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. No material rearrangements have been made in these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**Categories of Shareholders  
As At June 30, 2012**

<b>Categories</b>	<b>Number</b>	<b>Shares Held</b>	<b>Percentage</b>
<b>Associated Companies &amp; Related Parties</b>			
D.S.Industries Limited	1	7,855,050	10.141
D.S.Textiles Limited	1	8,553,720	11.043
D.S.Apparel (Pvt.) Limited	1	78,375	0.101
Infinite Securities Limited	1	80,000	0.103
<b>Chief Executive &amp; Directors</b>			
Mr. Pervez Ahmed - Chief Executive	1	58,750	0.076
Mrs. Rehana Pervez Ahmed	1	2,326,640	3.004
Mr. Ali Pervez Ahmed	1	262	0.000
Mr. Hassan Ibrahim Ahmed	1	2,000	0.003
Mr. Suleman Ahmed	1	155,750	0.201
Mrs. Ayesha Ahmed Mansoor	1	735,866	0.950
Mr. Muhammad Khalid Khan	1	646	0.001
NIT and ICP	1	230,884	0.298
Banks, DFI and NBFi	2	325,629	0.420
Modarbas and Mutual Funds	1	5,875	0.008
Joint Stock Companies	61	1,446,290	1.867
Foreign Companies	1	21,500	0.028
General Public (Local)	7,507	54,720,746	70.646
General Public (Foreign)	40	845,096	1.091
Others	3	14,500	0.019
<b>Total</b>	<b>7627</b>	<b>77,457,579</b>	<b>100.000</b>

**Detail of Shareholding of 5% and above.**

	<b>Shares Held</b>	<b>Percentage</b>
D.S.Industries Limited	7,855,050	10.141
D.S.Textiles Limited	8,553,720	11.043

**Pattern of Shareholding  
As At June 30, 2012**

Number of Shareholders	Shareholding		Total Number of Shares Held	% age
	From	To		
644	1	100	34,385	0.044
966	101	500	359,566	0.464
2,013	501	1,000	1,593,249	2.057
2,291	1,001	5,000	6,255,660	8.076
688	5,001	10,000	5,509,337	7.113
298	10,001	15,000	3,794,773	4.899
182	15,001	20,000	3,335,730	4.307
107	20,001	25,000	2,502,196	3.230
67	25,001	30,000	1,906,028	2.461
45	30,001	35,000	1,501,791	1.939
52	35,001	40,000	2,010,049	2.595
34	40,001	45,000	1,474,450	1.904
35	45,001	50,000	1,733,547	2.238
15	50,001	55,000	798,644	1.031
27	55,001	60,000	1,563,476	2.018
12	60,001	65,000	752,379	0.971
15	65,001	70,000	1,022,822	1.320
9	70,001	75,000	666,635	0.861
6	75,001	80,000	467,292	0.603
5	80,001	85,000	414,360	0.535
3	85,001	90,000	262,890	0.339
8	90,001	95,000	741,528	0.957
25	95,001	100,000	2,495,151	3.221
3	100,001	105,000	303,297	0.392
8	105,001	110,000	857,458	1.107
1	110,001	115,000	113,000	0.146
1	115,001	120,000	120,000	0.155
3	120,001	125,000	372,000	0.480
2	125,001	130,000	255,466	0.330
4	130,001	135,000	531,100	0.686
2	140,001	145,000	288,913	0.373
3	145,001	150,000	445,380	0.575
2	155,001	160,000	311,750	0.402
1	165,001	170,000	165,776	0.214
1	170,001	175,000	171,611	0.222
1	175,001	180,000	176,800	0.228
2	185,001	190,000	373,000	0.482
5	195,001	200,000	995,424	1.285
2	205,001	210,000	420,000	0.542
1	215,001	220,000	215,252	0.278
1	220,001	225,000	225,000	0.290
2	225,001	230,000	457,109	0.590
2	230,001	235,000	461,507	0.596
1	235,001	240,000	236,000	0.305
1	250,001	255,000	252,000	0.325
1	255,001	260,000	255,223	0.330
2	265,001	270,000	534,365	0.690
1	290,001	295,000	293,700	0.379
3	295,001	300,000	900,000	1.162
2	300,001	305,000	604,350	0.780
1	320,001	325,000	324,077	0.418
1	330,001	335,000	333,334	0.430
1	340,001	345,000	343,500	0.443
1	345,001	350,000	347,500	0.449
1	400,001	405,000	400,225	0.517
1	425,001	430,000	429,012	0.554
2	465,001	470,000	937,200	1.210
3	495,001	500,000	1,500,000	1.937
1	530,001	535,000	530,742	0.685
1	550,001	555,000	553,000	0.714
1	645,001	650,000	646,250	0.834
1	730,001	735,000	730,050	0.943
1	990,001	995,000	991,800	1.280
1	1,145,001	1,150,000	1,150,000	1.485
1	1,290,001	1,295,000	1,292,500	1.669
1	1,410,001	1,415,000	1,413,013	1.824
1	3,075,001	3,080,000	3,075,840	3.971
1	4,060,001	4,065,000	4,064,867	5.248
1	6,860,001	6,865,000	6,863,250	8.861
<b>7627</b>			<b>77,457,579</b>	<b>100.000</b>

**FORM OF PROXY  
Annual General Meeting**

The Company Secretary  
**Pervez Ahmed Securities Limited**  
20-K, Gulberg II, Lahore.

**Dear Sir,**

I/We ----- of (full address) -----  
----- being a member(s) of Pervez Ahmed Securities Limited holding -----  
--- Ordinary Shares as per Registered Folio No. / CDC A/c No ----- hereby  
appoint Mr./ Mrs./ Miss -----of (full address) -----  
----- or  
failing him / her Mr./ Mrs./ Miss -----of (full  
address) -----  
-----being member of the Company as my/our Proxy to attend, act and vote for me / us and on  
my / our behalf at the Annual General Meeting of the Company to be held on 31<sup>st</sup> October 2012

Signed this ----- day of -----2012

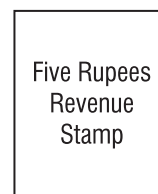
**Witnesses:**

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC No./ Passport Number \_\_\_\_\_



Signature should be agreed with  
the Specimen Signatures with the  
Company

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his constituted attorney or if such appointer is a corporation or company under the common seal of such corporation or company.
3. In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account shall submit the Proxy form along with following documents:
  - a. The Proxy form shall be witnessed by the two persons whose names, addresses and CNIC number shall be mentioned on the form.
  - b. Attested copies of CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.
  - c. The Proxy shall produce his / her original CNIC or original passport at the time of the meeting.
  - d. In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted along with Proxy form to the company.
4. The Proxy Form, duly completed, must be deposited with the Company Secretary of Pervez Ahmed Securities Limited, 20 K Gulberg II Lahore not less than 48 hours before the time for holding the meeting.



**Registered Office:** 20-K Gulberg II, Lahore.

Ph: (042) 3575 9621, 3575 9464, 3571 4810

Fax: (042) 3571 0312