

Half Yearly Report December 31, 2009

PERVEZ AHMED SECURITIES LIMITED

Registered Office:

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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 Mr. Ali Pervez Ahmed 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	Arif Habib Bank Limited Dawood Islamic Bank Limited Dubai Islamic Bank Pakistan Limited MCB Bank Limited NIB Bank Limited Silk 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	Gangjees Registrar Services (Pvt.) Limited 516-Clifton Centre, Khayaban-e-Roomi, Block - 5, Clifton, Karachi - 75 600	
Website	www.pervezahmed.net	

DIRECTORS' REPORT

The Board of Directors of Pervez Ahmed Securities Limited is pleased to present their report together with interim accounts for the half year ended December 31, 2009 along with limited scope review report of the external auditors of the Company

Capital Market Review

During the period under review, the benchmark KSE 100 index increased by 2,213 points which started from 7,174 points on July 1, 2009 and closed at 9,387 points on December 31, 2009. During the quarter ended December 31, 2009 the stock market remained almost flat. The KSE -100 index showed a growth of 31% in the period July-December 2009 because of the tremendous stock market performance in the first quarter. But the law and order situation and uncertain political environment led the market to show lack-luster performance. The foreigners showed good interest in this period and remained net buyers of worth US\$ 291 million. The inflow of foreign funds was also mainly witnessed in the first quarter.

Financial Results of the Company

The Company suffered a loss of Rs. 61.75 million during the half year ended December 31, 2009 as compared to loss of Rs. 871.60 million during the corresponding period of last year. Loss for the period is mainly attributable to high finance cost which has increased to Rs. 64 million against Rs. 24.50 million for the previous corresponding period.

Future Outlook

The positive performance of the stock market is largely dependent on the stable political outlook, decline in the inflation numbers to push down interest rates and decrease in terrorist attacks. Upon improvement in these three major factors, the positive expectations in the corporate results with foreigner's interest or introduction of new leveraged product will drive the market forward.

Your Company had announced 231.08% right issue at 50% discount to the par value of Rs. 10 per share. Negotiations with the underwriters are under progress and we are positive to receive their commitments shortly. After the right issue your Company will be in a better position to get the benefit out of rising stock market.

Acknowledgement

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

For & on behalf of the Board

Lahore
February 26, 2010



Perez Ahmed
Chief Executive



Horwath Hussain Chaudhury & Co.
Chartered Accountants

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PERVEZ AHMED SECURITIES LIMITED

**AUDITOR'S REPORT TO THE MEMBERS ON
REVIEW OF INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pervez Ahmed Securities Limited** as at December 31, 2009 and the related condensed profit and loss account, condensed statement of comprehensive income, condensed interim cash flow statement and condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the six months period then ended. Management is responsible for the preparation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended on December 31, 2009 and December 31, 2008 have not been reviewed and we do not express a conclusion thereon as we are required to review only the cumulative figures for the half year ended December 31, 2009.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for the 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

Without qualifying our review report, we draw attention to Note 1.2 to the interim financial information, which indicates that the Company has accumulated losses of Rs. 1599.387 million (June 30, 2009: Loss of Rs. 1537.640 million) and its current liabilities exceed its current assets by Rs. 668.736 million (June 30, 2009: Rs. 609.054 million) as at the balance sheet date. These conditions indicate the existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

LAHORE

Dated: 28 FEB 2010


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

PERVEZ AHMED SECURITIES LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2009

	Note	December 31, 2009 (Un-audited) Rupees	June 30, 2009 (Audited) Rupees
Non Current Assets			
Property and equipment	4	2,195,707	3,959,890
Intangible assets		40,000,000	40,000,000
Long term investment in associate		106,100,805	106,100,805
Long term security deposits		4,055,000	4,055,000
		152,351,512	154,115,695
Current Assets			
Short term investments		53,163,795	47,962,734
Advances, tax refundable and other receivables		9,255,695	7,356,959
Assets held for sale	5	226,000,000	226,000,000
Cash and bank balances		1,727,800	1,644,525
		290,147,290	282,964,218
Current Liabilities			
Trade and other payables		(607,514,659)	(565,097,560)
Accrued interest / mark up		(42,212,602)	(22,044,830)
Short term borrowings		(309,156,263)	(304,875,627)
		(958,883,524)	(892,018,017)
Net Current Assets		(668,736,234)	(609,053,799)
Non Current Liabilities			
Deferred liabilities		2,426,722	2,126,422
NET ASSETS		(518,811,444)	(457,064,526)
REPRESENTED BY			
Issued, subscribed and paid up capital		774,575,790	774,575,790
Share deposit money		306,000,000	306,000,000
Unappropriated losses		(1,599,387,234)	(1,537,640,316)
		(518,811,444)	(457,064,526)
Contingencies and Commitments			
	6	-	-
		(518,811,444)	(457,064,526)

The annexed notes form an integral part of these condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

PERVEZ AHMED SECURITIES LIMITED**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009**

	Quarter Ended December 31,		Half Year Ended December 31,	
	2009	2008	2009	2008
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	Rupees	Rupees	Rupees	Rupees
Operating revenue / (loss)	1,813,564	(5,017,278)	2,951,266	(437,151,947)
Administrative expenses	(918,826)	(3,074,891)	(2,766,769)	(8,335,750)
Operating profit / (loss)	894,738	(8,092,169)	184,497	(445,487,697)
Finance cost	(39,611,288)	(12,450,858)	(64,036,809)	(24,494,786)
Other operating charges	(3,050,000)	-	(3,050,000)	-
Other operating income	12,181	-	160,550	3,353
	(41,754,369)	(20,543,027)	(66,741,762)	(469,979,130)
(Deficit) / Surplus on remeasurement of investments at fair value through profit and loss - Net	(6,903,766)	(359,991,980)	4,994,844	(401,621,812)
Loss before Taxation	(48,658,135)	(380,535,007)	(61,746,918)	(871,600,942)
Taxation	-	-	-	-
Loss after Taxation	(48,658,135)	(380,535,007)	(61,746,918)	(871,600,942)
Earnings per Share	(0.63)	(4.91)	(0.80)	(11.25)

The annexed notes form an integral part of these condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

PERVEZ AHMED SECURITIES LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009**

	Quarter Ended December 31,		Half Year Ended December 31,	
	2009	2008	2009	2008
	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Loss after Taxation for the Period	(48,658,135)	(380,535,007)	(61,746,918)	(871,600,942)
Other comprehensive income				
Surplus / (Deficit) on remeasurement of available for sale investments	-	164,710,091	-	(187,100,525)
Total Comprehensive Loss for the Period	<u>(48,658,135)</u>	<u>(215,824,916)</u>	<u>(61,746,918)</u>	<u>(1,058,701,467)</u>

The annexed notes form an integral part of these condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

PERVEZ AHMED SECURITIES LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Half Year Ended December 31,	
	2009	2008
	(Un-audited)	(Un-audited)
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(61,746,918)	(871,600,942)
Adjustments for:		
- (Surplus) / Deficit on remeasurement of investments at fair value through profit and loss - Net	(4,994,844)	401,621,812
- Dividend income	(601,528)	(1,844,300)
- Gain on sale of property and equipment	(148,369)	-
- Provision for gratuity	305,800	499,356
- Depreciation	402,552	683,356
- Finance cost	64,036,809	24,154,123
	59,000,420	425,114,347
Operating (Loss) before Working Capital Changes	(2,746,498)	(446,486,595)
(Increase) / decrease in current assets:		
- Short term investments	(206,217)	1,155,973,495
- Advances and other receivables	(1,890,560)	914,418
Increase / (decrease) in current liabilities:		
- Trade and other payables	5,923,400	(753,468,729)
	3,826,623	403,419,184
Cash generated from / (used in) Operations	1,080,125	(43,067,411)
Taxes paid	(44,198)	(331,845)
Gratuity paid	(5,500)	(6,500)
Finance costs paid	(7,372,888)	(11,432,482)
Dividend income received	637,550	2,810,270
Net Cash used in Operating Activities	(5,704,911)	(52,027,968)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	1,510,000	-
Security deposit	-	915,000
Net Cash generated from Investing Activities	1,510,000	915,000
CASH FLOW FROM FINANCING ACTIVITIES		
Share deposit money transferred to SECP	-	(435,000)
Dividend paid	(2,450)	-
Short term borrowings	4,280,636	37,975,118
Net Cash generated from Financing Activities	4,278,186	37,540,118
Net Increase / (Decrease) in Cash and Cash Equivalents	83,275	(13,572,850)
Cash and cash equivalents at the beginning of the period	1,644,525	33,654,879
Cash and Cash Equivalents at the End of the period	1,727,800	20,082,020

The annexed notes form an integral part of these condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

PERVEZ AHMED SECURITIES LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

Particulars	Share Capital	Share Deposit Money	Accumulated Loss	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at July 1, 2008	774,375,530	870,000	(252,496,416)	522,749,114
Total comprehensive loss for six months period ended December 31, 2008	-	-	(1,058,701,467)	(1,058,701,467)
Issue of share capital against share deposit money	95,000	(95,000)	-	-
Bonus shares issued	27,740		(27,740)	-
Transfer of share deposit money to SECP for fictitious / duplicate applications	-	(435,000)	-	(435,000)
Balance as at December 31, 2008	<u>774,498,270</u>	<u>340,000</u>	<u>(1,311,225,623)</u>	<u>(536,387,353)</u>
Balance as at July 1, 2009	774,575,790	306,000,000	(1,537,640,316)	(457,064,526)
Total comprehensive loss for six months period ended December 31, 2009	-	-	(61,746,918)	(61,746,918)
Balance as at December 31, 2009	<u>774,575,790</u>	<u>306,000,000</u>	<u>(1,599,387,234)</u>	<u>(518,811,444)</u>

The annexed notes form an integral part of these condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

PERVEZ AHMED SECURITIES LIMITED

NOTES TO THE CONDENSED INTERIM UNAUDITED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2009

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. 1,599.387 million (June 30, 2009: Rs. 1,537.640 million) and net loss for the half year ended of Rs. 61.747 million (loss for the year ended June 30, 2009: Rs. 1,412.742 million). The current liabilities of the Company exceed its current assets by Rs. 668.736 million (June 30, 2009: Rs. 609.054 million) as at the balance sheet date. 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, any adjustment relating to the recoverability of recorded assets and liabilities has not been incorporated in these interim financial information as the directors of the Company and associated undertaking have injected share deposit money of Rs. 226 million and Rs. 80 million in the form of their personal properties and cash, respectively. Furthermore, the management is in the process of completing 231% right issue at 50% discount approved by the shareholders in an extra ordinary general meeting held on September 15, 2009 to revive the operations of the Company.

Therefore, the management considers that the going concern assumption used in the preparation of these interim financial information is appropriate.

Note 2

Statement of Compliance

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International accounting Standard, IAS 34 "Interim Financial Reporting."

These accounts are un-audited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance 1984.

Note 3

Accounting Policies

The accounting policies and methods of computation followed in the preparation of these interim financial information are the same as those of the published annual financial statements of the Company for the year ended June 30, 2009.

Note 4

Property and Equipment

	December 31, 2009 (Un-audited) Rupees	June 30, 2009 (Audited) Rupees
Opening written down value	3,959,890	5,326,602
Deletion during the period / year	(1,361,631)	-
	2,598,259	5,326,602
Depreciation charge for the period / year	(402,552)	(1,366,712)
	2,195,707	3,959,890

Note 5

Assets Held for Sale

This represents commercial & residential properties of the directors of the Company which are under equitable mortgage with the banks against which financial facilities have been obtained by the Company. The directors have relinquished ownership of the properties in favour of the Company. The transfer of title is subject to clearance from the lending banks. Once all approvals/clearances from the competent authorities are in place, shares of the corresponding values will be issued to directors of the Company.

The management has committed to a plan to adjust these properties against short term borrowings obtained from banks that hold the title of these properties. The settlement with lending banks was in process as at the balance sheet date.

Note 6

Contingencies and Commitments

Contingencies

There are no material contingencies outstanding as at the balance sheet date (June 30, 2009: Nil).

Commitments

There are no material commitments outstanding as at the balance sheet date (June 30, 2009: Nil).

Note 7

Transactions with Related Parties

The 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.

	Half Year Ended December 31,	
	2009	2008
	(Un-audited)	(Un-audited)
	Rupees	Rupees
Associated undertakings		
Funds received from associated undertakings	3,711,000	77,342,740
Purchase of shares from director	-	2,310,000
Funds received from directors - net	1,239,900	-

Note 8

Authorization of Financial Statements

These interim financial information has been authorized for issue on February 26, 2010 by the Board of Directors of the Company.

Note 9
General

Figures have been rounded off to the nearest rupees.

Figures of the corresponding period have been re-arranged , wherever necessary, to facilitate comparison. No material rearrangement has been made during the period.



CHIEF EXECUTIVE



DIRECTOR