



PERVEZ AHMED SECURITIES LIMITED

**Half Yearly
Accounts**

for the Period ended

31st December, 2011

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COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mrs. Rehana Pervez Ahmed Mrs. Ayesha Ahmed Mansoor Mr. Ali Pervez Ahmed Mr. Hassan Ibrahim Ahmed Mr. Suleman Ahmed 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	Burj Bank Limited Dubai Islamic Bank (Pakistan) Limited MCB Bank Limited NIB 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	Gangjees Registrar Services (Pvt.) Limited 516-Clifton Centre, Khayaban-e-Roomi, Block - 5, Clifton, Karachi - 75600	
Website	www.pervezahmed.net	

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DIRECTORS' REPORT

On behalf of the Board of Directors of Pervez Ahmed Securities Limited, I present to you the Company's un-audited financial statements for the half year ended December 31, 2011.

Capital Market Review

In the current half year July-December 2011 the Stock Exchange remained highly volatile. The KSE-100 showed decline of 9.2% closing at 11,348 levels. The positive triggers like decrease in discount rate and profitable corporate results were unable to drive market forward. During the period under review the foreigners sold shares worth US\$ 157 million which was the major driver for the market decline.

Financial Results of the Company

The Company incurred a loss of Rs. 20.6 million as against profit of Rs. 18.7 million during the corresponding period of last year. Operating activities of the Company for the time being have become limited due to the liquidity conditions but the management is making efforts to run the affairs of the Company in profitable manners.

The auditors have expressed an adverse opinion with respect to going concern assumption and non providing mark-up for the half year ended December 31, 2011. However the management is committed for the revival of operations in its proposed diversification of business whereas negotiations with the banks regarding restructuring of loans are in process and hopefully no additional mark-up will be paid on the new terms

Future Outlook

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.

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 29, 2012

Perez Ahmed
Chief Executive

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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, 2011 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, 2011 and December 31, 2010 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, 2011.

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.

Basis for Adverse Conclusion

- 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. 20.598 million during the half-year ending December 31, 2011 and has accumulated loss of Rs. 1,611.571 million as at the balance sheet date. The total liabilities of the Company exceed its total assets by Rs. 545.495 million and its current liabilities exceed its current assets by Rs. 661.091 million. Furthermore, the Company has defaulted in the repayment of its loan liabilities that may invoke potential demand of outright payment from the lending banks.

In view of the matters discussed in the preceding paragraphs, 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 to the recorded assets amounts and classification of liabilities have not been incorporated. The financial statements do not disclose this fact.

- b) Mark-up on long term financing, pertaining to the half-year ending on December 31, 2011, amounting to Rs. 9.0 million has not been provided for by the Company. Had this mark-up been provided, net loss for the half-year and accumulated loss would have been increased respectively by the same amount.

Adverse Conclusion

Our review indicates that, because of the significance of matters described in basis for adverse conclusion paragraph, the related condensed balance sheet, 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 do not conform with approved accounting standards as applicable in Pakistan.

Lahore:
Dated : 29 February, 2012

HORWATH HUSSAIN CHAUDHARY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)

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PERVEZ AHMED SECURITIES LIMITED CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2011

		December 31, 2011	June 30, 2011
	Note	(Un-Audited) Rupees	(Audited) Rupees
Non Current Assets			
Property and equipment	4	1,156,270	1,334,364
Intangible assets		30,000,000	30,000,000
Long term investment in associate		85,132,032	102,337,554
Long term security deposits		4,055,000	4,055,000
		120,343,302	137,726,918
Current Assets			
Short term investments		9,881,139	11,496,766
Advances, tax refundable and other receivables		7,025,595	7,022,073
Assets held for sale		-	19,000,000
Bank balances		1,507,271	1,678,966
		18,414,005	39,197,805
Current Liabilities			
Trade and other payables		(533,840,470)	(551,461,596)
Accrued mark up		(27,923,420)	(27,923,420)
Current and overdue portion of long term financing		(9,725,137)	(7,641,179)
Short term borrowings		(107,940,931)	(107,940,931)
Provision for taxation		(74,766)	(74,766)
		(679,504,724)	(695,041,892)
Net Current Liabilities		(661,090,719)	(655,844,087)
Non Current Liabilities			
Long term financing		(1,736,631)	(3,820,589)
Deferred liability		(3,011,155)	(2,959,655)
		(4,747,786)	(6,780,244)
NET ASSETS REPRESENTED BY		(545,495,203)	(524,897,413)
Issued, subscribed and paid up capital		774,575,790	774,575,790
Share deposit money		291,500,120	291,500,120
Unappropriated losses		(1,611,571,113)	(1,590,973,323)
		(545,495,203)	(524,897,413)
Contingencies and Commitments	5	-	-
		(545,495,203)	(524,897,413)

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

CHIEF EXECUTIVE

DIRECTOR

Half Yearly Accounts December 31, 2011

PERVEZ AHMED SECURITIES LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2011

	Note	Quarter Ended December 31,		Half Year Ended December 31,	
		2011	2010	2011	2010
		Rupees	Rupees	Rupees	Rupees
Operating income - Net		5,220	1,733,568	5,220	1,711,006
Administrative expenses		(675,724)	(634,149)	(1,472,155)	(1,498,603)
Operating (Loss) / Profit		(670,504)	1,099,419	(1,466,935)	212,403
Finance cost		(4,906)	(6,540,743)	(11,206)	(6,540,743)
Other operating charges	6	(16,854,193)	(57,690)	(17,059,193)	(65,113)
Other operating income		4,500,000	25,449,085	-	25,449,085
(Deficit) / Surplus on remeasurement of investments at fair value through profit or loss - Net		(13,029,603)	19,950,071	(18,537,334)	19,055,632
		(303,901)	2,604,625	(1,615,627)	(35,259)
(Loss) / Profit before Taxation and Share from Associated Undertaking		(13,333,504)	22,554,696	(20,152,961)	19,020,373
Share of loss from Associated Undertaking		(444,830)	(240,463)	(444,830)	(240,463)
(Loss) / Profit before Taxation		(13,778,333)	22,314,233	(20,597,790)	18,779,910
Taxation		-	(38,165)	-	(38,165)
(Loss) / Profit after Taxation		(13,778,333)	22,276,068	(20,597,790)	18,741,745
Earnings per Share - Basic		(0.18)	0.29	(0.27)	0.24
Earnings per Share - Diluted		(0.13)	0.21	(0.19)	0.18

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

CHIEF EXECUTIVE

DIRECTOR

Half Yearly Accounts December 31, 2011

PERVEZ AHMED SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2011

	Quarter Ended December 31,		Half Year Ended December 31,	
	2011	2010	2011	2010
	Rupees	Rupees	Rupees	Rupees
(Loss) / profit after taxation	(13,778,333)	22,276,068	(20,597,790)	18,741,745
Other comprehensive income	-	-	-	-
Total Comprehensive (Loss) / Income for the Period	<u>(13,778,333)</u>	<u>22,276,068</u>	<u>(20,597,790)</u>	<u>18,741,745</u>

CHIEF EXECUTIVE

DIRECTOR

Half Yearly Accounts December 31, 2011

PERVEZ AHMED SECURITIES LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Half Year Ended December 31,	
	2011	2010
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(20,597,790)	18,779,910
Adjustments for:		
- Deficit on remeasurement of investments at fair value through profit or loss - Net	1,615,627	35,259
- Dividend income	-	(231,650)
- Provision for gratuity	51,500	25,750
- Depreciation	178,094	250,524
- Share of loss from associated undertaking	444,830	240,463
- Waived-off accrued mark-up	-	(24,265,740)
- Finance cost	11,206	6,540,743
- Impairment in valuation of investment in associate	16,760,693	-
	<u>19,061,950</u>	<u>(17,404,651)</u>
Operating (loss) / profit before Working Capital Changes	(1,535,840)	1,375,259
(Increase) / decrease in current assets		
- Short term investments	-	395,063
- Advances and other receivables	(3,522)	13,208
Increase / (decrease) in current liabilities:		
- Trade and other payables	(17,621,127)	(888,990)
	<u>(17,624,649)</u>	<u>(480,719)</u>
Cash (used in) / from Operations	(19,160,489)	894,540
Taxes paid	-	(26,993)
Finance costs paid	(11,206)	-
Dividend income received	-	231,650
Net Cash (used in) / from Operating Activities	(19,171,695)	1,099,197
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of assets held for sale	<u>19,000,000</u>	<u>-</u>
Net Cash generated from Investing Activities	19,000,000	-
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	-	(1,041,978)
Net Cash used in Financing Activities	-	(1,041,978)
Net (Decrease) / Increase in Cash and Cash Equivalents	(171,695)	57,219
Cash and cash equivalents at the beginning of the Period	1,678,966	1,482,044
Cash and Cash Equivalents at the End of the Period	<u>1,507,271</u>	<u>1,539,263</u>

CHIEF EXECUTIVE

DIRECTOR

Half Yearly Accounts December 31, 2011

PERVEZ AHMED SECURITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Share Capital Rupees	Share Deposit Money Rupees	Unappropriated (Loss) Rupees	Total Rupees
Balance as at July 1, 2010	774,575,790	299,000,120	(1,579,990,019)	(506,414,109)
Total comprehensive income for six months period ended December 31, 2010	-	-	18,741,745	18,741,745
Balance as at December 31, 2010	<u>774,575,790</u>	<u>299,000,120</u>	<u>(1,561,248,274)</u>	<u>(487,672,364)</u>
Balance as at July 1, 2011	774,575,790	291,500,120	(1,590,973,323)	(524,897,413)
Total comprehensive loss for six months period ended December 31, 2011	-	-	(20,597,790)	(20,597,790)
Balance as at December 31, 2011	<u>774,575,790</u>	<u>291,500,120</u>	<u>(1,611,571,113)</u>	<u>(545,495,203)</u>

CHIEF EXECUTIVE

DIRECTOR

Half Yearly Accounts December 31, 2011

PERVEZ AHMED SECURITIES LIMITED NOTES TO THE CONDENSED INTERIM UN-AUDITED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2011

Note 1

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 The Company has accumulated loss of Rs. 1,611.571 million and incurred net loss for the period of Rs. 20.598 million. The current liabilities of the Company exceed its current assets by Rs. 661.091 million and its total liabilities exceed its total assets by Rs. 545.495 million as at the balance sheet date. As further explained in Note 5 to these interim financial statements, one of the lenders has filed suit against the Company for recovery of outstanding liability. 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 in the preceding paragraph:

The Company is committed to its plan of capital restructuring and various options are under consideration by the Board.

The Company has finalized diversification of its operation and has sought shareholders' approval for change in object clause to align its objectives with the proposed diversification.

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

Note 2

Basis of Preparation

This condensed financial report of the company for the six months period ended December 31, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2011. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2011 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative cash flow statement are stated from unaudited interim financial information for the half year ended on December 31, 2010.

These financial statements 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 financial statements are the same as those of the published annual financial statements of the Company for the year ended June 30, 2011.

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Note 4

Property and Equipment

	Dec.31, 2011	June 30, 2011
	(Un-audited) Rupees	(Audited) Rupees
Opening written down value	1,334,364	1,835,412
Addition / (Deletions) during the period / year	-	-
	1,334,364	1,835,412
Depreciation charge for the period / year	(178,094)	(501,048)
	<u>1,156,270</u>	<u>1,334,364</u>

Note 5

Contingencies and Commitments

Contingencies

One of the lenders has filed suit for the recovery of its outstanding liability. The Management believes that the outcome of the case shall be in favour of the Company therefore no additional liability is foreseen (June 30, 2011: Nil).

Commitments

There are no commitments outstanding as at the balance sheet date (June 30, 2011: Nil).

Note 6

Other Operating Charges

This includes an amount of Rs. 16.761 million on account of impairment in valuation of investment in associated undertaking.

Note 7

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 under:

	Half Year Ended December 31 2011	2010
	(Un-audited) Rupees	(Un-audited) Rupees
Associated undertaking		
Services rendered	-	1,500,000
Funds received from associated undertaking	1,471,158	1,200,000
Directors		
Funds (repaid to) / received from director	(18,900,000)	1,041,978

Note 8

Authorization of Financial Statements

These interim financial information have been authorized for issue on February 29, 2012 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



Registered Office:

20-K Gulberg II, Lahore.

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

Fax: (042) 3571 0312