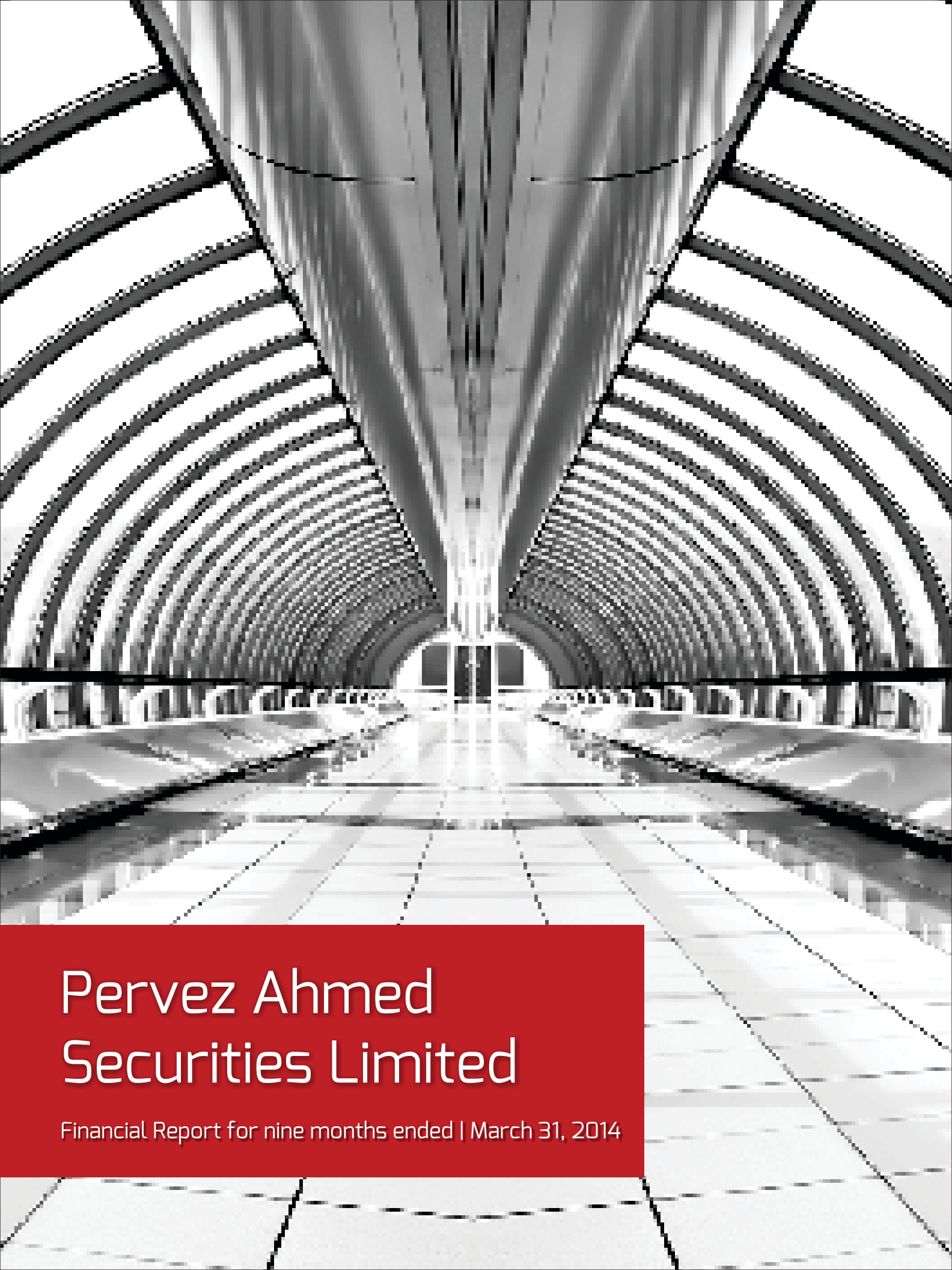
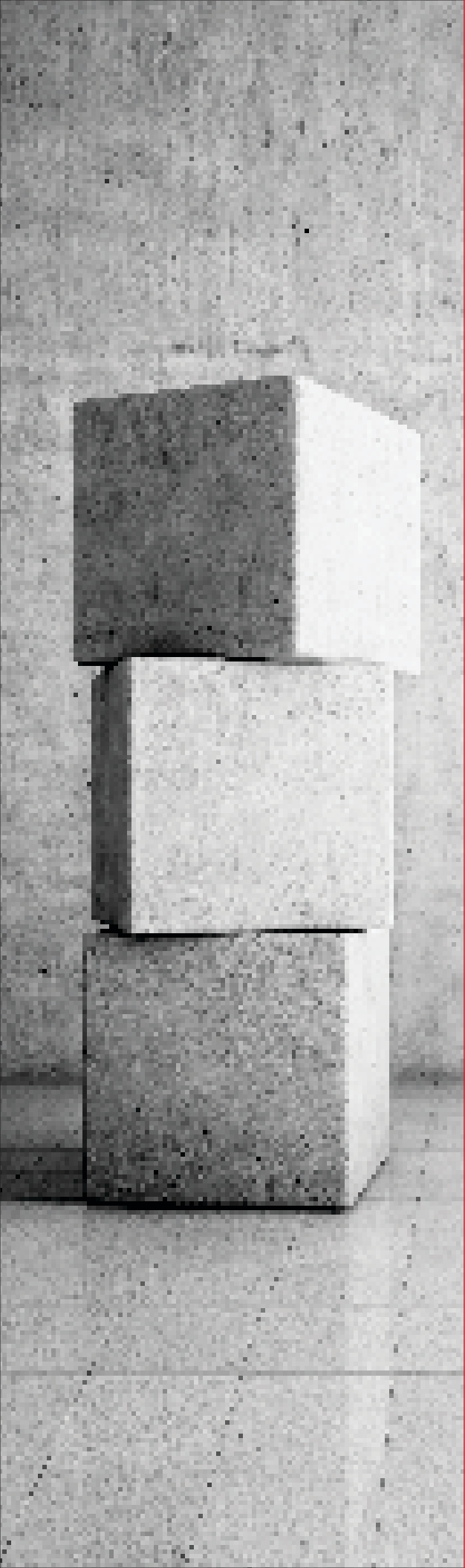




Pervez Ahmed Securities Limited

Financial Report for nine months ended | March 31, 2014

A black and white photograph of three rectangular concrete blocks stacked vertically on a rough, textured surface. The top block is slightly offset to the left, the middle block is centered, and the bottom block is slightly offset to the right. The lighting creates strong shadows, emphasizing the geometric shapes and textures.

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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 judgements 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.



Company Information

Board of Directors

Mr. Pervez Ahmed
Chief Executive
Mrs. Rehana Pervez Ahmed
Mrs. Ayesha Ahmed Mansoor
Mr. Ali Pervez Ahmed
Mr. Hassan Ibrahim Ahmed
Mr. Muhammad Khalid Khan
Mr. Mazhar Pervaiz Malik

Audit Committee

Mr. Muhammad Khalid Khan
Chairman
Mrs. Ayesha Ahmed Mansoor
Mr. Mazhar Pervaiz Malik

Chief Financial Officer

Mr. Muhammad Yousuf

Company Secretary

Mr. Rizwan Atta

Auditors

M/s Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti
Advocates & Solicitors

Banks

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

www.pervezahmed.net

Directors Report

The Directors of the Company are pleased to announce financial results of Pervez Ahmed Securities Limited for the nine month ended March 31, 2014.

Capital Market Review

During the quarter ended March 31, 2014 the stock market showed handsome growth of 7.5%. Foreign investors remained net buyers during this period and they poured US\$ 36 million into the market during three month period. Local Banks and mutual funds were in active buying and collectively they bought shares worth US\$ 96 million.

Appreciating PKR bodied well for the import intensive sectors of the economy and Eurobond issue was another factor that boosted the investor's confidence. Going forward the market is expected to touch new highs as the local dynamics are favorably suitable for investors.

Financial Results of the Company

The audited financial results of PASL for the period ended March 31, 2014 are as under:

Particulars	Audited March 31, 2014 (Rupees)	Audited June 30, 2013 (Rupees)
Operating Revenue	-	276,356
Finance Cost	2,007	8,654
Profit before Taxation	485,598,976	50,153,333
Profit after Taxation	485,598,976	50,146,055
EPS	2.60	0.56
Total Assets	674,523,125	178,126,292
Long Term Investments	636,639,434	136,664,268
Net Assets	(11,222,108)	(496,821,084)

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. 9.1 million. However the management is in continuous efforts to diversify and expand business operations and to make strategic investments to enhance profitability and intrinsic value of the Company. Going forward the management has made decisions to make strategic investments in retail sector brands. The retail brands industry has huge potential and has shown robust double digit growth in previous years. The Company did not provided mark-up as the management feels that no additional mark-up will be paid on the new settlement terms after negotiations. The Company intends to further reduce its bank borrowings which are evident by the fact that the management has reduced its bank borrowing by 70% approximately in last five years.

Directors Report

Investments:

Origins Fabrics (Private) Limited:



ORIGINS Fabric (Private) Limited is the retailer of the leading women lawn brands of the country. Origins has a design philosophy inspired by the spirit of the Modern Woman, yet embracing the very essence of heritage. A heritage defined by centuries of impeccable designs in sub-continental fashion, and as a solution to everything beautiful in life, yesterday, today and tomorrow. .

Origins Lawn is currently reaching out to its customers with more than fourteen outlets and various distributors nationwide. ORIGINS Lawn (a product of ORIGINS Fabrics) was able to achieve approximately 35% of its annual sales target within the first month of its Summer Lawn launch which is a evidence in itself of ORIGINS Lawn brand value. The retail network of ORIGINS fabrics is showing robust growth through the franchise model. The Company has to date signed sixteen franchises out of which eleven are operational whereas interior and construction works are being done at remaining five retail outlets. Including Company operated outlets ORIGINS Lawn is available at total fifteen outlets. The brand has also started an international outlet in Dubai and is also exporting to India.

Pakistan's retail sector has gone on to mark a huge growth over the past few years. It is an emerging market with positive future outlook and is growing at a rate higher than the economic growth of Pakistan i.e. approx. 5.2% retail sector growth and is estimated to stand at a level of Rs. 42 billion. Local brands are getting a welcoming response from customers as they compete in quality with international brands but at affordable prices. Customers are now more informed about the brands and their products and there is an increasing trend of brand loyalty. The consumer has become brand conscious.

ORIGINS Fabrics comes under the umbrella of ORIGINS Ready to Wear, the fastest growing Ready to Wear brand of Pakistan and winner of "**Brand of Year**" 2013 awarded by **Brands of Asia**. ORIGINS Ready to wear is a household name in women clothing and has international presence in

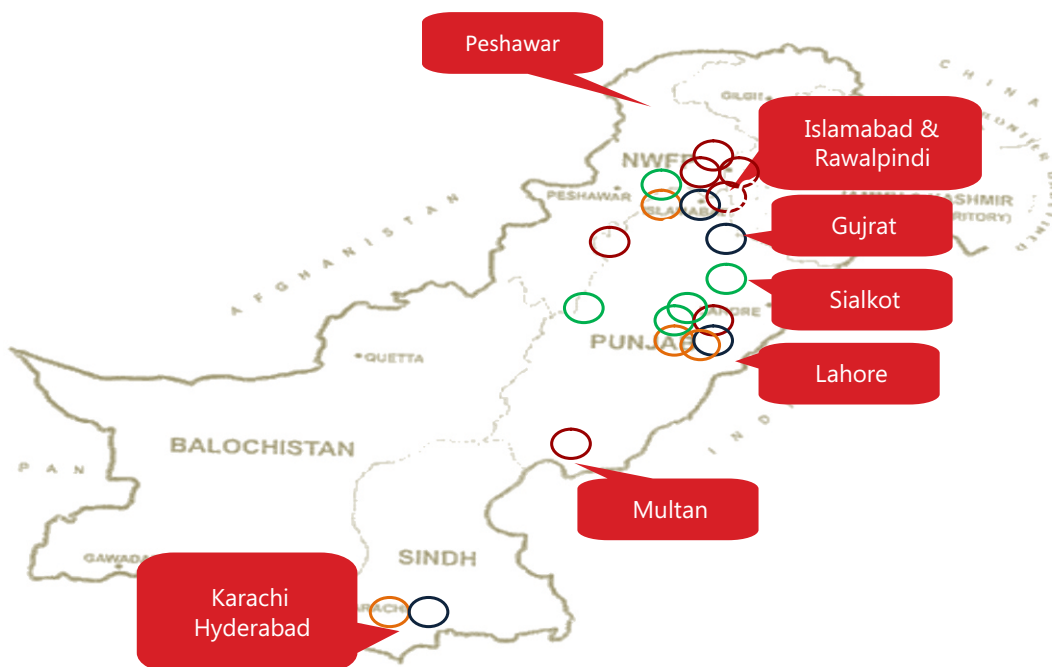
Directors Report

Dubai and is expected to soon launch itself in various other countries as well. ORIGINS Fabrics (Private) Limited boasts an impressive management under the leadership of Mr. Suleman Ahmed (CEO) who was awarded the **"Entrepreneur of Year"** Award in **2013** by **Brand of Asia** for his innovative work in the retail brand industry.

ORIGINS Lawn Retail Network Current & Expansion Plan

City	Current Year Plan	Expansion Plan
Lahore	4	7
Hyderabad	1	2
Islamabad	3	4
Karachi	3	4
Mirpur	1	1
Multan	2	3
Abbottabad	1	2
Rawalpindi	1	3
Rahim Yar Khan	0	3
Swat	1	1
Gujrat	1	3
Dubai	1	0
Gujranwala	1	0
Total	20	34

Origins Lawn Retail Network



Directors Report

On the basis of ORIGINS Lawn success, national retail footprint, brand value and an independent valuation conducted by Grand Thornton Consulting, Pervez Ahmed Securities Limited has recorded its investment in ORIGINS Fabrics (Private) Limited at fair value of Rs. 519.29 million on its balance sheet for the period ended March 31, 2014 under long term investments (unquoted).

Future Outlook:

Going forward the Company is planning to diversify its investment portfolio and make strategic investments in brands in the retail sector. The company is in the process of reinventing itself to benefit from the strong domestic consumer demand.

For & on behalf of the Board

Lahore
April 26, 2014

Pervez Ahmed
Chief Executive

Financial Statements

Auditors' Report to the Members

We have audited the annexed balance sheet of **PERVEZ AHMED SECURITIES LIMITED** ("the Company") as at March 31, 2014 and the related profit and loss account, statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the nine months period 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 purpose 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.

The financial statements of the Company for the year ended June 30, 2013 were audited by another auditor whose report dated October 10, 2013 expressed an adverse opinion on those financial statements.

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-

- I. As referred to in note 2.2 to the financial statements, the Company has accumulated losses of Rs. 1,079.198 million. Its current liabilities exceed current assets by Rs. 653.42 and its total liabilities exceed total assets by Rs. 11.22 million. Further, the Trading Rights Entitlement Certificate issued to the Company is inactive due to inadequate net capital balance. The factors raise doubts about the Company's ability to continue as a going concern. Further, the Company has overdue debt finances and interest/mark-up thereon, as referred to note 15 and note 16 to the financial statements. One of the creditors has also filed a suit against the Company for recovery of its debts. In view of this, we consider that in the absence of any favourable settlement with the providers of debt finances/creditors, ability to obtain further financing and revival of its operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of business.

Consequently, the use of going concern assumption in the preparation of annexed 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.

- II. The Company has not recognized interest/mark-up on short term borrowings amounting to Rs. 38.02 million upto March 31, 2014. Had this interest/mark-up been recognized, accumulated losses as at March 31, 2014 and profit for the nine months period then ended would have been higher by Rs. 38.02 million and lower by Rs. 9.1 million respectively. The financial statements do not disclose this fact.
- III. Except for the impact of matter described in paragraph (I) and (II) above:
- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
 - b) in our opinion:
 - 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 accounts and are further in accordance with accounting policies consistently applied, except for the change referred to in note 4 with which we concur;
 - ii. the expenditure incurred during the period was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;
- IV. In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of profit or loss and other 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, do not 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 March 31, 2014 and of the profit, other comprehensive income, its cash flows and changes in equity for the nine months period then ended; and
- V. In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980.).



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Engagement Partner : ZUBAIR IRFAN MALIK

Date: APRIL 26, 2014

Place: LAHORE



Balance Sheet

as at March 31, 2014

	Note	March 31, 2014	June 30, 2013
		Rupees	Rupees
NON CURRENT ASSETS			
Property and equipment	6	584,771	722,996
Intangible assets	7	7,000,000	9,360,000
Long term investments	8	636,639,434	136,664,268
Long term deposits	9	1,055,000	1,055,000
		645,279,205	147,802,264
CURRENT ASSETS			
Short term investments	10	21,443,503	21,759,208
Advances and other receivables	11	-	666,969
Current taxation	12	6,307,103	6,307,103
Cash at banks	13	1,493,314	1,590,748
		29,243,920	30,324,028
CURRENT LIABILITIES			
Trade and other payables	14	(495,591,924)	(486,025,067)
Accrued interest/mark-up	15	(21,757,327)	(21,757,327)
Short term borrowings	16	(107,940,931)	(107,940,931)
Due to related parties	17	(57,373,807)	(56,148,807)
		(682,663,989)	(671,872,132)
NET CURRENT ASSETS		(653,420,069)	(641,548,104)
NON-CURRENT LIABILITIES			
Employees retirement benefits	18	(3,081,244)	(3,075,244)
NET ASSETS		(11,222,108)	(496,821,084)
PRESENTED BY:			
<i>Authorized capital</i>			
230,000,000 (2013: 230,000,000) ordinary shares of Rs. 10 each		2,300,000,000	2,300,000,000
Issued, subscribed and paid up capital	19	1,865,684,870	1,865,684,870
Advance against issue of ordinary shares	20	20,622,850	20,622,850
Discount on issue of shares	21	(818,331,810)	(818,331,810)
Accumulated losses		(1,079,198,018)	(1,564,796,994)
		(11,222,108)	(496,821,084)
CONTINGENCIES AND COMMITMENTS			
	22	-	-
		(11,222,108)	(496,821,084)

The annexed notes 1 to 39 form an integral part of these financial statements.

Lahore

Date: April 26, 2014

Chief Executive

Director

Profit and loss account

for the nine months period ended March 31, 2014

	<i>Note</i>	March 31, 2014	June 30, 2013
		<i>Rupees</i>	<i>Rupees</i>
Revenue	23	-	276,356
Other income		-	14,627,861
Administrative expenses	24	(2,031,509)	(9,234,611)
Bank and other charges		(2,007)	(8,654)
Impairment loss on intangible assets	7	(2,360,000)	-
Impairment loss on advances and other receivables	11	(666,969)	-
		(5,060,485)	5,660,952
Changes in fair value of investments at fair value through profit or loss	8.1.2 & 10	509,971,695	13,949,547
		504,911,210	19,610,499
Share of (loss)/profit of associate	8	(19,312,234)	30,542,834
Profit before taxation		485,598,976	50,153,333
Taxation	26	-	(7,278)
Profit after taxation		485,598,976	50,146,055
Earnings per share - basic and diluted	27	2.60	0.56

The annexed notes 1 to 39 form an integral part of these financial statements.

Lahore
Date: April 26, 2014

Chief Executive

Director

Statement of profit or loss and other comprehensive income for the nine months period ended March 31, 2014

	March 31, 2014	June 30, 2013
	<i>Rupees</i>	<i>Rupees</i>
Profit after taxation	485,598,976	50,146,055
Other comprehensive income	-	-
Total comprehensive income	485,598,976	50,146,055

The annexed notes 1 to 39 form an integral part of these financial statements.

Cash flow statement

for the nine months period ended March 31, 2014

	<i>Note</i>	March 31, 2014	June 30, 2013
		<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		485,598,976	50,153,333
Adjustments for non-cash and other items			
Changes in fair value of investments at fair value through profit or loss		(509,971,695)	(13,949,547)
Impairment loss on intangible assets		2,360,000	-
Impairment loss on advances and other receivables		666,969	-
Dividend income		-	(215,030)
Provision for employees retirement benefits		6,000	13,621
Gain on settlement of debt finances		-	(14,627,861)
Share of loss/(profit) of associate		19,312,234	(30,542,834)
Depreciation		138,225	255,181
		(487,488,267)	(59,066,470)
Changes in working capital			
Trade and other payables		566,857	11,312,245
Cash (used in)/generated from operations		(1,322,434)	2,399,108
Payments for:			
Income tax		-	(28,782)
Net cash (used in)/generated from operating activities		(1,322,434)	2,370,326
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend income		-	215,030
Net cash generated from investing activities		-	215,030
CASH FLOW FROM FINANCING ACTIVITIES			
Funds received from related parties		1,225,000	-
Repayment of long term finances		-	(3,000,000)
Net cash generated from/(used in) financing activities		1,225,000	(3,000,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(97,434)	(414,644)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD		1,590,748	2,005,392
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	28	1,493,314	1,590,748

The annexed notes 1 to 39 form an integral part of these financial statements.

Lahore

Date: April 26, 2014

Chief Executive

Director

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income for the nine months period ended March 31, 2014

	Issued subscribed and paid-up capital <i>Rupees</i>	Advance against issue of ordinary shares <i>Rupees</i>	Discount on issue of shares <i>Rupees</i>	Accumulated profit <i>Rupees</i>	Total equity <i>Rupees</i>
Balance as at July 01, 2012	774,575,790	293,400,120	-	(1,614,943,049)	(546,967,139)
Comprehensive income					
Profit after taxation	-	-	-	50,146,055	50,146,055
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	50,146,055	50,146,055
Transaction with owners					
Issue of ordinary shares	1,091,109,080	(272,777,270)	(818,331,810)	-	-
Balance as at June 30, 2013	1,865,684,870	20,622,850	(818,331,810)	(1,564,796,994)	(496,821,084)
Comprehensive income					
Profit after taxation	-	-	-	485,598,976	485,598,976
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	485,598,976	485,598,976
Transaction with owners	-	-	-	-	-
Balance as at March 31, 2014	<u>1,865,684,870</u>	<u>20,622,850</u>	<u>(818,331,810)</u>	<u>(1,079,198,018)</u>	<u>(11,222,108)</u>

The annexed notes 1 to 39 form an integral part of these financial statements.

Lahore
Date: April 26, 2014

Chief Executive

Director

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

1 REPORTING ENTITY

Pervez Ahmed Securities Limited ("the Company") was incorporated in Pakistan on June 08, 2005 as a Single Member Company under the Companies Ordinance, 1984 and was later converted to Public Limited Company and listed on Lahore and Karachi Stock Exchanges. The Company is primarily a brokerage house engaged in the shares brokerage and trading, consultancy services and underwriting. The registered office of the Company is situated at 20-K Gulberg II, Lahore.

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 and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.2 Accounting period

These financial statements have been prepared for the period of nine months from July 01, 2013 to March 31, 2014. The corresponding amounts in profit and loss account, statement of profit or loss and other comprehensive income, cash flow statement, statement of changes in equity and related notes pertaining to year ended June 30, 2013 and are not comparable with amounts reported for the current nine months period.

2.3 Going concern assumption

The Company has accumulated losses of Rs. 1,079.198 million. Its current liabilities exceed current assets by Rs. 653.42 million and its total liabilities exceed total assets by Rs. 11.22 million as at the reporting date. Further, the Trading Rights Entitlement Certificate issued to the Company is inactive due to inadequate net capital balance. The factors raise doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis based on the following:

- The Company is reviewing its operations and various options are under consideration in this regard, including further financial support from directors in the form of interest free loans.
- Negotiations with lenders regarding settlement of overdue debt finances.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

2.5 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.5.1 Depreciation method, rates and useful lives of property and equipment

The Company reassesses useful lives, depreciation method and rates for each item of property and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.5.2 Recoverable amount and impairment

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.5.3 Obligation under defined benefit plan

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

2.5.4 Taxation

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.5.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.5.6 Fair value of investments in unquoted equity securities

Fair value of investments in unquoted equity securities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

2.6 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.1 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

Major renewals and improvements to an item of property and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation is recognized in profit or loss by reducing balance method over the useful life of each item of property and equipment using the rates specified in note 6 to the financial statements.

Depreciation on additions to property and equipment is charged from the month in which the item becomes available for use.

Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

Depreciation method, useful lives and residual values are reviewed at each reporting date.

An item of property and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property and equipment is recognized in profit or loss.

3.2 Ordinary share capital

Ordinary share capital is recognized as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized in profit or loss.

3.3 Employees retirement benefits

3.3.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

3.3.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss. The amount recognized on balance sheet represents the present value of defined benefit obligation. Actuarial gains or losses are recognized in other comprehensive income in the year in which these arise. The details of the scheme are referred to in note 18 to the financial statements.

3.4 Financial instruments

3.4.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

3.4.2 Classification and measurement

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

3.4.2(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

3.4.2(b) *Financial liabilities at amortized cost*

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

3.4.2(c) *Available for sale financial assets*

Available for sale financial assets are non-derivative financial assets that are designated as such on initial recognition or are not classified as any other class. Assets in this category are presented as non-current assets unless management intends to dispose of the asset within twelve months from the reporting date.

3.4.2(d) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets that are either held for trading or are designated as such on initial recognition. Assets in this category are presented as current assets unless management intends to hold the investment for more than twelve months from the reporting date in which case these are presented as non-current assets.

3.4.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.4.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

3.4.5 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has 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.

3.5 Loans and borrowings

Interest bearing loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

3.6 Trade and other payables

3.6.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

3.6.2 Non-financial liabilities

These, on initial recognition and subsequently, are measured at cost.

3.7 Trade and other receivables

3.7.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

3.7.2 Non-financial assets

These, on initial recognition and subsequently, are measured at cost.

3.8 'Regular Way' sales and purchases of investments

'Regular Way' sales and purchases of investments are recognized at trade dates, which is the date that the Company commits to purchase or sell the investments.

3.9 Investments in listed equity securities

Investment in listed equity securities, on initial recognition, are measured at cost and classified as "financial assets at fair value through profit or loss". Subsequent to initial recognition these are measured at fair value. Gains and losses resulting from changes in fair value are recognized in profit or loss.

3.10 Investments in unquoted equity securities

Investment in unquoted equity securities, on initial recognition, are measured at cost. Subsequent to initial recognition these are measured at fair value, except where fair value cannot be measured reliably in which case these are carried at cost. These are classified as "available for sale financial assets" except for investments managed and evaluated on the basis of fair value which are classified as "financial assets at fair value through profit or loss. Gains and losses resulting from changes in fair value of available for sale investments are recognized in other comprehensive income and those of investments at fair value through profit or loss are recognized in profit or loss.

3.11 Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associates have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried at cost as adjusted for post acquisition changes in the Company's share of net assets of the associates, less any impairment in the investment. Losses of an associate in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

3.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable for services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

Revenue from different sources is recognized as follows:

Brokerage income is recognized as and when services are provided

Capital gains and losses on sale of investments are recognized at the time of recognition of sale of investments

Underwriting commission is recognized when agreement is executed.

Dividend income is recognized when right to receive payment is established.

Return on bank deposits is recognized using effective interest method.

3.13 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

3.15 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

3.15.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

3.15.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

3.16 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.17 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and in current accounts with various banks after deducting balances under lien, if any. Cash and cash equivalents are carried at cost.

3.18 Impairment

3.18.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.18.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

3.19 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4 CHANGE IN ACCOUNTING POLICIES

During the period, the Company has changed its accounting policy in respect of post-employment benefits whereby actuarial gains and losses are recognized in other comprehensive income in the periods in which they occur. Current and past services costs, gains or losses on settlement and net interest on defined benefit obligation continue to be recognized in profit or loss. Prior to change, actuarial gains and losses were recognized in profit or loss using the '10% Corridor Approach'. The change has no impact on the amounts reporting in these financial statements as the Company does not have any unrecognized actuarial gains/loss as at the end any reporting period presented in these financial statements.

4 ADOPTION OF NEW AND REVISED APPROVED ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

4.1 The following amendments to approved accounting standards are effective in the current year and relevant to the Company.

IAS 19 - Employee Benefits ('Revised 2011')

The revised standard, among other changes not relevant to the Company, has eliminated the option that allowed entities to defer the recognition of changes in net defined benefit liability under the '10% Corridor Approach' and has amended some of the disclosure requirements for defined benefit plans. The revised standard requires immediate recognition of actuarial gains and losses in other comprehensive income. Services costs and net interest are required to be recognized in profit or loss as they occur. The Company has adopted the revised standards which has resulted in change in accounting policy as referred to in note 3.1

IAS 28 - Investments in Associates and Joint Ventures (Revised 2011)

The revised standard supersedes IAS 28 - Investments in Associates (revised 2008). The revised standard makes amendments to apply IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations to investment, or a portion thereof, in an associate or joint venture, that meets the criteria to be classified as held for sale. The adoption of revised standard does not have any material impact on the financial statements of the Company.

4.2 The following new/revised approved accounting standards and amendments are effective in the current year but are either not relevant to the Company or have not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IFRS 10 - Consolidated Financial Statements (2011)

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities. The standard is effective for current year but has not been adopted as the same has not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IFRS 11 - Joint Arrangements (2011)

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers. The standard is effective for the current year but is not relevant to the Company as at the reporting date.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

IFRS 12 - Disclosure of Interests in Other Entities (2011)

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for current year but has not been adopted as the same has not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IFRS 13 - Fair Value Measurement (2011)

The standard establishes a single framework for measuring fair value where that is required by other standards. The standard is effective for current year but has not been adopted as the same has not been notified for adoption under section 234 of the Companies Ordinance, 1984. However, the principles in IFRS 13 have been applied as contained in other IFRSs and IASs.

IAS 27 - Separate Financial Statements (Revised 2011)

The revised standard supersedes IAS 27 - Consolidated and Separate Financial Statements (Revised 2008). The revised standard carries forward existing accounting and disclosure requirements for separate financial statements with some minor clarifications. The revised standard is not relevant to the Company.

IFRIC 20 - Stripping Cost in the Production Phase of a Surface Mining (2011)

The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The Interpretation is effective for annual periods beginning on or after January 01, 2013. The interpretation is effective for the current year but is not relevant to the Company as at the reporting date.

Annual Improvements 2009-2011(effective for annual periods beginning on or after January 01, 2013)

The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

IFRS 1 – First-time Adoption of International Financial Reporting Standards

The amendments clarify that an entity may apply IFRS 1 if its most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with International Financial Reporting Standards even if the entity applied IFRS 1 in the past. The standard is not relevant to the Company.

IAS 1 - Presentation of Financial Statements

The amendments clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position. The adoption of this amendment does not have any material impact on the Company.

IAS 16 - Property, Plant and Equipment

The amendments clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The adoption of this amendment does not have any material impact on the Company.

IAS 32 - Financial Instruments: Presentation

The amendments clarify that IAS 12 - Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12. The adoption of this amendment does not have any material impact on the Company.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

IAS 34 - Interim Financial Reporting

The amendments align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 - Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The adoption of this amendment does not have any material impact on the Company.

Government Loans (Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards)

The amendments address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to International Financial Reporting Standards. The amendments are not relevant to the Company.

Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 - Financial Instruments: Disclosures)

The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The adoption of these amendments does not have any material impact on the financial statement of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 - Financial Instruments: Presentation)

The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The adoption of these amendments does not have any material impact on the financial statement of the Company.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The adoption of these amendments does not have any material impact on the financial statement of the Company.

5 NEW AND REVISED APPROVED ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date. These are not expected to have any significant impact on the financial statements of the Company, except for increase in disclosures in certain cases.

5.1 New and Revised Approved Accounting Standards and Interpretations

IFRS 9 - Financial Instruments: Classification and Measurement (2010)

The revised standard incorporates new requirements for the classification and measurement of financial instruments and carries over existing derecognition requirements from IAS 39 - Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 01, 2018.

IFRIC 21 - Levies (2013)

The interpretation provides guidance on when to recognize a liability for levy imposed by a government. The Interpretation is effective for annual periods beginning on or after January 01, 2014.

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for the nine months period ended March 31, 2014

5.2 Amendments to Approved Accounting Standards and Interpretations

Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements)

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption. The amendments are effective for annual periods beginning on or after January 01, 2014.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 – Impairment of Assets)

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount is determined using a present value technique. The amendments are effective for annual periods beginning on or after January 01, 2014.

Novation of Derivative and Continuation of Hedge Accounting (Amendments to IAS 39 – Financial Instruments: Recognition and Measurement)

The amendments clarify that there is no need to discontinue hedge accounting if a hedge derivative is novated provided certain criteria are met. The amendments are effective for annual periods beginning on or after January 01, 2014.

Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)

The amendments narrow scope amendments applicable to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective for annual periods beginning on or after July 01, 2014.

Offsetting financial assets and financial liabilities (Amendments to IAS 32 – Financial Instruments: Presentation)

The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after January 01, 2014.

6 Operating fixed assets

Aa at March 31, 2014									
COST					DEPRECIATION				
As at July 01, 2013 Rupees	Additions Rupees	Disposals Rupees	As at March 31, 2014 Rupees	Rate %	As at July 01, 2013 Rupees	For the year Rupees	Adjustment Rupees	As at March 31, 2014 Rupees	Net book value as at March 31, 2014 Rupees
Assets owned by the Company									
Furniture and fittings	416,000	-	416,000	20	305,161	16,626	-	321,787	94,213
Vehicles	1,090,270	-	1,090,270	20	775,933	47,151	-	823,084	267,186
Office equipment	2,613,334	-	2,613,334	33.33	2,315,514	74,448	-	2,389,962	223,372
4,119,604	-	-	4,119,604		3,396,608	138,225	-	3,534,833	584,771
Aa at June 30, 2013									
COST					DEPRECIATION				
As at July 01, 2012 Rupees	Additions Rupees	Disposals Rupees	As at June 30, 2013 Rupees	Rate %	As at July 01, 2012 Rupees	For the year Rupees	Adjustment Rupees	As at June 30, 2012 Rupees	Net book value as at June 30, 2013 Rupees
Assets owned by the Company									
Furniture and fittings	416,000	-	416,000	20	277,451	27,710	-	305,161	110,839
Vehicles	1,090,270	-	1,090,270	20	697,349	78,584	-	775,933	314,337
Office equipment	2,613,334	-	2,613,334	33.33	2,166,627	148,887	-	2,315,514	297,820
4,119,604	-	-	4,119,604		3,141,427	255,181	-	3,396,608	722,996

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

	Note	March 31, 2014	June 30, 2013
		Rupees	Rupees
7 INTANGIBLE ASSETS			
Trading rights entitlement certificate			
Cost	7.1	7,360,000	7,360,000
Accumulated impairment	7.2	(2,360,000)	-
		5,000,000	7,360,000
Room at Lahore Stock Exchange		2,000,000	2,000,000
		7,000,000	9,360,000

7.1 This represents Trading Rights Entitlement Certificate ('TREC') received from Lahore Stock Exchange Limited ('LSE') in accordance with the requirements of the Stock Exchange (Corporation, Demutualization and Integration) Act, 2012. The Company has also received shares of LSE after completion of the demutualization process. The carrying value of membership card of Rs. 23 million has been apportioned between TREC and shares received from LSE as explained in note 8.2.2.

7.2 Due to inadequate net capital balance, the Company's TREC is inactive. The Company has the option to transfer the TREC to a thirdparty and the recoverable amount of TREC from such transfer is expected to be approximately Rs. 5 million. Impairment has been recognised for excess of carrying amount of TREC over its recoverable amount.

	Note	March 31, 2014	June 30, 2013
		Rupees	Rupees
8 LONG TERM INVESTMENTS			
Investment in related parties	8.1	615,999,434	116,024,268
Other investments	8.2	20,640,000	20,640,000
		636,639,434	136,664,268
8.1 Investment in related parties			
Pervez Ahmed Capital (Private) Limited	8.1.1	96,712,034	116,024,268
Origins Fabrics (Private) Limited	8.1.2	519,287,400	-
		615,999,434	116,024,268

8.1.1 Pervez Ahmed Capital (Private) Limited

This represents investment in ordinary shares of Pervez Ahmed Capital (Private) Limited, an associate within the definition of 'Associate' under International Accounting Standard 28 - Investment in Associates and Joint Ventures. Accordingly, the investment Pervez Ahmed Capital (Private) Limited has been accounted for using the equity method. Particulars of investment are as follows:

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

	March 31, 2014	June 30, 2013
	<i>Rupees</i>	<i>Rupees</i>
Cost of investment		
8,498,300 (June 30, 2013: 8,498,300) fully paid ordinary shares of Rs. 10 each	84,983,000	84,983,000
Share of post acquisition profits	11,729,034	31,041,268
	96,712,034	116,024,268
Percentage of ownership interest	49.36%	49.36%

Extracts of financial statements of associate

The assets and liabilities of Pervez Ahmed Capital (Private) Limited as at the reporting date and related revenue and profit/(loss) based on the associate's un-audited financial statements for the nine months period ended March 31, 2014 (June 30, 2013: audited financial statements for the year ended June 30, 2013) are as follows:

	March 31, 2014	June 30, 2013
	<i>Rupees</i>	<i>Rupees</i>
Assets	196,005,572	235,117,095
Liabilities	69,903	94,903
Revenue	517,455	31,444
(Loss)/profit for the year	(39,086,523)	61,877,703
Share of (loss)/profit	(19,312,234)	30,542,834

8.1.2 Origins Fabrics (Private) Limited

Cost of investment	9,000,000	-
Changes in fair value	510,287,400	-
	519,287,400	-

This represents investment in 9,000,000 ordinary shares of Origins Fabric (Private) Limited ('OFPL'). OFPL was incorporated for the purpose of acquiring exclusive rights of ORIGINS LAWN, an extension of an already established and renowned retail brand ORIGINS READY TO WEAR. The Company's shareholding in OFPL comprises 10,000 voting ordinary shares of Rs. 10 each and 890,000 non-voting ordinary shares of Rs. 10 each. The voting power held by the Company does not constitute control or significant influence. Therefore the investment has been accounted for under International Accounting Standard 39 - Financial Instruments: *Recognition and Measurement*.

The investment has been made by the Company with a view to profit from total return of the investee in the form of dividends and changes in fair value. The investment will be managed and its performance evaluated on fair value basis in accordance with the Company's risk management and investment strategy. Accordingly, the investment has been designated as 'Financial assets at fair value through profit or loss' on initial recognition and has been measured at fair value. The fair value is based on Buy Side Enterprise Valuation of OFPL carried by an independent firm GRANT THORNTON CONSULTING on the request of the management of the Company. For basis of valuation refer to note 32.2.1.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

8.2 Other investments

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

	Note	March 31, 2014	June 30, 2013
		Rupees	Rupees
Available for sale investments			
Dawood Family Takaful Limited	8.2.1	5,000,000	5,000,000
Lahore Stock Exchange Limited	8.2.2	15,640,000	15,640,000
		<u>20,640,000</u>	<u>20,640,000</u>

8.2.1 These represent 500,000 (June 30, 2013: 500,000) ordinary shares of Rs. 10 each. The investment is held for an indefinite period and has been classified as "Available for sale financial asset". The investment has been carried at cost as its fair value cannot be measured reliably.

8.2.2 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, the ownership rights in a stock exchange were segregated from the right to trade on that stock exchange. This arrangement resulted in allocation of 843,975 ordinary shares at Rs. 10 each and Trading Rights entitlement Certificate ('TREC') to the company by the LSE against cancellation/surrender of membership of Lahore Stock Exchange. Out of total shares of 843,975 allocated to the Company, 506,385 shares are transferred to CDC sub-account in the Company's name under the LSE's participant IDs with the CDC which will remain blocked until these are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company. As the active market for such shares as well as TREC was not available, the carrying value of membership cancelled/surrendered was allocated as follows:

The LSE introduced a minimum capital requirement of Rs. 4 million for holders of TREC. In the absence of an active market, this value was assigned to TREC for the purpose of allocation of carrying value of membership. Ordinary shares in LSE allocated to the Company was assigned a value of Rs. 8.44 million based on face value of those shares. The carrying value of membership card (Rs. 23 million) was thus allocated as follows:

	Note	Assigned values for allocation	Ratio	Allocation of carrying value of membership
		Rupees	Rupees	Rupees
Trading rights entitlement certificate	7	4,000,000	0.32	7,360,000
843,975 ordinary shares at Rs. 10 each in LSE	8.2	8,439,750	0.68	15,640,000
		<u>12,439,750</u>		<u>23,000,000</u>

The right to proceeds from disposal of these shares and any dividend/bonus in respect of these shares is vested with the Company, however voting rights attached to these shares are suspended. The investment has been designated as "Available for sale financial asset" on initial recognition.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

	March 31, 2014	June 30, 2013
	<i>Rupees</i>	<i>Rupees</i>
9 LONG TERM DEPOSITS - UNSECURED, CONSIDERED GOOD		
Central Depository Company of Pakistan Limited	150,000	150,000
Lahore Stock Exchange Limited	705,000	705,000
National Clearing Company of Pakistan Limited	200,000	200,000
	<u>1,055,000</u>	<u>1,055,000</u>

10 SHORT TERM INVESTMENTS

This represents investment in listed equity securities classified as "Financial assets at fair value through profit or loss". Particulars of investments are as follows:

	<i>Note</i>	March 31, 2014		June 30, 2013	
		Carrying value	Fair value	Carrying value	Fair value
		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Related parties					
D.S. Industries Limited					
3,659,000 ordinary shares of Rs. 10 each.	10.1	18,551,130	17,380,250	5,525,090	18,551,130
Other investments					
Reliance Cotton Mills Limited					
1,500 ordinary shares of Rs. 10 each.		78,465	140,325	34,350	78,465
Engro Corporation Limited					
2,600 ordinary shares of Rs. 10 each.		316,862	484,822	264,784	316,862
Jahangir Siddiqui and Company Limited					
48 ordinary shares of Rs. 10 each.		555	526	596	555
KASB Bank Limited					
399 ordinary shares of Rs. 10 each.		858	762	838	858
Lotte Chemical Pakistan Limited					
50,000 ordinary shares of Rs. 10 each.		381,000	353,500	351,500	381,000
UBL Shariah Stock Fund					
27,195 (June 30, 2013: 22,264) units.		2,430,338	3,083,318	1,632,503	2,430,338
		<u>21,759,208</u>	<u>21,443,503</u>	<u>7,809,661</u>	<u>21,759,208</u>

10.1 D.S. Industries Limited is an Associated Undertaking as defined in Section 2(2)(i) of the Companies Ordinance, 1984. The Company holds only 5.95% voting power in D.S. Industries. The Company does not have significant influence over the investee company as defined under International Accounting Standard 28 - Investment in Associates and Joint Ventures. Accordingly, the investment has been accounted for under International Accounting Standard 39 - Financial Instruments: *Recognition and Measurement* and classified as "Financial asset at fair value through profit or loss".

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

	Note	March 31, 2014	June 30, 2013
		Rupees	Rupees
11 ADVANCES AND OTHER RECEIVABLES			
Advances to stock brokers		230,398	230,398
Impairment allowance for doubtful advances		(230,398)	-
		-	230,398
Advances to employees		305,000	305,000
Impairment allowance for doubtful advances		(305,000)	-
		-	305,000
Other receivables		131,571	131,571
Impairment allowance for doubtful receivables		(131,571)	-
		-	131,571
		-	666,969
12 CURRENT TAXATION			
Advance income tax/income tax refundable		6,307,103	6,314,381
Provision for taxation		-	(7,278)
		6,307,103	6,307,103
13 CASH AT BANKS			
Cash at banks			
current accounts		1,493,234	1,549,035
saving accounts		80	41,713
		1,493,314	1,590,748
14 TRADE AND OTHER PAYABLES			
Trade creditors		472,973,122	473,217,365
Accrued expenses		2,789,331	2,675,331
Withholding tax payable		8,991,554	8,986,952
Unclaimed dividend		885,404	885,404
Payable against purchase of investment	14.1	9,000,000	-
Other payables		952,513	260,015
		495,591,924	486,025,067

14.1 This represents consideration for purchase of ordinary shares in Origins Fabrics (Private) Limited payable to an Ex-Director of the Company.

15 ACCRUED INTEREST/MARK-UP

This represents over-due interest mark-up on borrowings.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

16 SHORT TERM BORROWINGS - SECURED

	Note	March 31, 2014	June 30, 2013
		Rupees	Rupees
These represent short term finances utilized under interest/mark-up arrangements from banking companies			
Murabaha finance	16.1	105,239,151	105,239,151
Running finance	16.2	2,701,780	2,701,780
		107,940,931	107,940,931

16.1 This facility was obtained from Burj Bank Limited for trading in shariah compliant securities. These are secured against pledge of equity securities approved by the bank's Shariah Board with 40% margin. The facility carries profit at matching KIBOR plus 1.30% (2013: matching KIBOR plus 1.30%) per annum. The facility has expired and has not been renewed at the reporting date. Hence the entire amount outstanding is overdue. The management is in negotiations with the lender regarding settlement of this facility, however, no major terms have been agreed so far.

16.2 This facility was obtained from Summit Bank Limited. During the year ended June 30, 2011, the bank accepted properties valued at Rs. 104 million and certain listed securities against settlement of outstanding liability with the remaining amount of Rs. 2.702 million to be waived off once the transfer of the above mentioned properties is completed.

	Note	March 31, 2014	June 30, 2013
		Rupees	Rupees
17 DUE TO RELATED PARTIES			
Associated undertakings	17.1	18,933,135	18,933,135
Directors	17.2	38,440,672	37,215,672
		57,373,807	56,148,807

17.1 These represent interest free advances obtained from D.S. Textiles Limited, a related party. These are unsecured and payable on demand.

17.2 These represent interest free advances obtained from Directors of the Company. These are unsecured and payable on demand.

18 EMPLOYEES RETIREMENT BENEFITS

The amount recognized on balance sheet represents present value of defined benefit obligation.

	Note	March 31, 2014	June 30, 2013
		Rupees	Rupees
18.1 Movement in present value of defined benefit obligation			
As at beginning of the year		3,075,244	3,061,623
Charged to profit or loss for the year	18.2	6,000	13,621
Benefits paid during the year		-	-
As at end of the year		3,081,244	3,075,244

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

	March 31, 2014	June 30, 2013
	<i>Rupees</i>	<i>Rupees</i>
18.2 Charge to profit or loss		
Current service cost	6,000	8,555
Interest cost	-	5,066
	<u>6,000</u>	<u>13,621</u>

18.3 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at reporting date is based on internal estimates determined by the management of the Company. Most recent actuarial valuation by independent acturaries was carried out as at June 30, 2012. The principal actuarial assumptions used in determining present value of defined benefit obligation are:

	2014	2013
Discount rate	13%	13%
Expected rates of increase in salary	12%	12%
Expected average remaining working lives of employees	4 years	5 years

18.4 Historical information

	2014	2013	2012	2011	2010
Present value of defined benefit obligation <i>Rupees</i>	3,081,244	3,075,244	3,061,623	2,959,655	2,856,655
Actuarial adjustment %	-	-	12.50	-	-

The experience adjustment component of actuarial adjustment is impracticable to determine and thus has not been disclosed.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

March 31, 2014	June 30, 2013	Note	March 31, 2014	June 30, 2013
<i>No. of shares</i>	<i>No. of shares</i>		<i>Rupees</i>	<i>Rupees</i>
Ordinary shares of Rs. 10 each				
59,928,500	59,928,500	Issued for cash	599,285,000	599,285,000
17,529,079	17,529,079	Issued as fully paid bonus shares	175,290,790	175,290,790
29,390,860	29,390,860	Issued at discount for cash	293,908,600	293,908,600
79,720,048	79,720,048	Issued at discount for other than cash 19.1	797,200,480	797,200,480
<u>186,568,487</u>	<u>186,568,487</u>		<u>1,865,684,870</u>	<u>1,865,684,870</u>

19.1 These were issued to directors of the Company against acquisition of properties by the Company for onward transfer to banking companies against settlement of debt finances.

20 ADVANCES AGAINST ISSUE OF ORDINARY SHARES

These represent advances against issue of ordinary shares received from Pervez Ahmed Capital (Private) Limited. Shares will be issued against these advances when the Boards of Directors of the Company and Pervez Ahmed Capital (Private) Limited decide. Accordingly, no interest has been charged on these advances.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

21 DISCOUNT ON ISSUE OF ORDINARY SHARES

This represents discount on issue of ordinary shares under section 84 of the Companies Ordinance, 1984.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

One of the creditor of the Company filed suit against the Company for the recovery of Rs. 36.57 million including late payment surcharge amounting to Rs. 17.45 million. The Company has filed a counter claim of Rs. 18.86 million against the creditor. No provision has been made in this regard as the management of the Company expects favourable outcome of the suit.

22.2 Commitments

There are no material commitments as at the reporting date.

	<i>Note</i>	March 31, 2014	June 30, 2013
		<i>Rupees</i>	<i>Rupees</i>
23 REVENUE			
Gain on sale of investments		-	61,326
Dividend income		-	215,030
Others		-	-
		<u>-</u>	<u>276,356</u>

24 ADMINISTRATIVE EXPENSES

Salaries and benefits	24.1	78,000	109,621
Postage and communication		2,412	46,904
Repair and maintenance		-	9,050
Traveling, conveyance and entertainment		10,235	23,490
Legal and professional charges		760,575	1,108,751
Printing and stationery		52,200	109,657
Fees and subscription		531,542	423,753
Fee/expenses for issuance of share capital		-	6,982,142
Auditors' remuneration	24.2	421,000	125,000
Advertisement		31,320	41,062
Depreciation	6	138,225	255,181
Others		6,000	-
		<u>2,031,509</u>	<u>9,234,611</u>

24.1 These include charge in respect of employees retirement benefits amounting to Rs. 6,000 (2013: Rs. 13,621).

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

	Note	March 31, 2014	June 30, 2013
		<i>Rupees</i>	<i>Rupees</i>
24.2 Auditor's remuneration			
Annual statutory audit		-	100,000
Interim audit		300,000	-
Limited scope reviews and certifications		100,000	25,000
Out of pocket expenses		21,000	-
		421,000	125,000

25 OTHER INCOME

Gain on settlement of debt finances	16.2	-	14,627,861
		-	14,627,861

26 TAXATION

- 26.1** Provision for taxation has been made in accordance with section 113 of the Income Tax Ordinance, 2001. There is no relationship between tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.
- 26.2** Assessments for and upto the tax years 2013 are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filled by the Company.
- 26.3** The Company has deferred tax asset of Rs. 376.28 million (June 30, 2013: Rs. 378.26 million) which has not been recognized as future taxable profits are not expected to be available against which the asset could be utilized.

	Unit	March 31, 2014	June 30, 2013
27 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders	<i>Rupees</i>	485,598,976	50,146,055
Weighted average number of ordinary shares outstanding during the period/year	<i>No. of shares</i>	186,568,487	88,817,071
Earnings per share - Basic	<i>Rupees</i>	2.60	0.56

There is no diluting effect on the basic earnings per share of the Company.

	March 31, 2014	June 30, 2013
	<i>Rupees</i>	<i>Rupees</i>
28 CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,493,314	1,590,748
	1,493,314	1,590,748

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

29 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associates and associated undertakings, sponsors and directors, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Key management personnel do not draw any compensation from the Company. Transactions with sponsors and directors are limited to provision of temporary interest free loans to the Company. Transactions with associates and associated undertakings are limited to provision of interest free loans to the Company, investments in equity securities and issue of ordinary shares of the Company.

Details of transactions and balances with related parties is as follows:

		March 31, 2014	June 30, 2013
		Rupees	Rupees
29.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Associates and associated undertakings	Issue of ordinary shares	-	293,908,600
	Investment in equity securities	9,000,000	-
Sponsors and directors	Temporary loan received - <i>net</i>	1,225,000	16,871,697
	Issue of ordinary shares	-	797,200,480
29.2 Balances with related parties			
Nature of relationship	Nature of balance		
Associates and associated undertakings	Borrowings	43,458,005	45,958,005
	Investment in equity securities	633,379,684	134,575,398
	Advance against issue of ordinary shares	20,622,850	20,622,850
Sponsors and directors	Borrowings	38,440,672	37,215,672
Key management personnel	Post employment benefits	2,340,000	2,340,000

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS, AND EXECUTIVES

Chief Executive and Directors are on payroll of the Company. However, in view of losses they do not draw any compensation from the Company. Employees retirement benefits outstanding include Rs. 2.3 million (June 30, 2013: Rs. 2.3 million) pertaining to these directors for services rendered upto the date salary was paid to them. Further, no person employed by the Company meets the definition of 'Executives' under Clause 2(iii) of the Fourth Schedule to the Companies Ordinance, 1984.

31 CAPITAL MANAGEMENT

All the efforts of the management is towards ensuring that the Company continues as a going concern. The measures include introduction of capital by directors and sponsors of the Company and settlement of debt finances. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises total borrowings less cash and cash equivalents. Total capital comprises equity as shown in the balance sheet plus debt. Gearing ratio of the Company has not been presented as the Company has negative equity as at the reporting date.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those imposed by stock exchanges regarding minimum capital requirements and those under Rule 2(d) of, and Third Schedule to the Securities and Exchange Rules, 1971 pertaining to maintenance of net capital balance.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

	March 31, 2014	June 30, 2013
	<i>Rupees</i>	<i>Rupees</i>
32 FINANCIAL INSTRUMENTS		
32.1 Financial instruments by class and category		
Financial assets		
<i>Loans and receivables</i>		
Cash at banks	131,571	131,571
<i>Available for sale financial assets</i>		
Long term investments	20,640,000	20,640,000
<i>Financial assets at fair value through profit or loss</i>		
Long term investments	519,287,400	-
Short term investments	21,443,503	21,759,208
Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Short term borrowings	107,940,931	107,940,931
Accrued interest/mark-up	21,757,327	21,757,327
Trade creditors	472,973,122	473,217,365
Accrued liabilities	2,789,331	2,675,331
Payable against purchase of investment	9,000,000	-

32.2 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.

32.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market. The particular measurement methodologies pertaining to various financial instruments are as follows:

Financial liabilities at amortized cost

These comprise trade and other payables which are short term in nature, therefore no formal estimates of fair value have been made as their fair value are considered to significantly approximate their carrying values.

Available for sale financial assets

These comprise long term investments in unquoted equity securities and have been carried at cost as there is no active market for these assets and their fair value cannot be measured reliably.

Notes to and forming part of financial statements for the nine months period ended March 31, 2014

Financial assets at fair value through profit or loss

These comprise:

- i) Short term investments in listed equity securities for which prices are available from active market and their fair value have been measured by reference to those market prices.
- ii) Long term investment in unquoted equity securities of Origins Fabric (Private) Limited ('OFPL'). Fair value of investment is based on Buy Side Enterprise Valuation of OFPL carried out by an independent firm GRANT THORNTON CONSULTING on the request of the management of the Company. The methodology used for valuation is based on Discounted Cash Flow ('DCF') which is a generally accepted method for valuation of businesses and investments. In determining the fair value, discount rate, adjusted for country and other risks of 21.6% per annum has been used and a terminal growth rate of 4% per annum has been used. If discount rate was 3% higher or lower, the carrying amount of investment would decrease or increase by Rs. 114.86 million or Rs. 168.389 million respectively. If terminal growth rate was 1% higher or lower, the carrying amount of investment would increase or decrease by Rs. 20.44 million or Rs. 18.242 million respectively. The valuation also uses various other assumptions based on historical trends and future plans of the management. There are normal risks associated with these assumptions and may include effects of regulatory and legislative changes, increased competition, technological changes, pricing pressures, changes in labour and material costs and the prevalent general business and economic conditions. However, there are no other sources of estimation uncertainty that may have a significant risk of causing any material adjustment to the carrying amounts of investments.

32.2.2Significance of fair value accounting estimates to the Company's financial position and performance

The Company uses fair value accounting for its financial instruments in determining its overall financial position and in making decisions about individual financial instruments. This approach reflects the judgment of the Company about the present value of expected future cash flows relating to an instrument. The management believes that fair value information is relevant to many decisions made by users of financial statements as it permits comparison of financial instruments having substantially the same economic characteristics and provides neutral basis for assessing the management's stewardship by indicating effects of its decisions to acquire, sell or hold financial assets and to incur, maintain or discharge financial liabilities.

33 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

33.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

	2014	2013
	<i>Rupees</i>	<i>Rupees</i>
33.1.1 Maximum exposure to credit risk		
The maximum exposure to credit risk as at the reporting date is as follows:		
Loans and receivables		
Cash at banks	1,493,314	1,590,748
	<u>1,493,314</u>	<u>1,590,748</u>

33.1.2 Concentration of credit risk

There is no concentration of credit risk.

33.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available. The Company's bankers have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

33.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets.

33.1.5 Credit risk management

The Companies financial assets do not carry any significant risk.

33.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

33.2. Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	March 31, 2014				
	Carrying amount <i>Rupees</i>	Contractual cash flows <i>Rupees</i>	One year or less <i>Rupees</i>	One to five years <i>Rupees</i>	More than five years <i>Rupees</i>
Short term borrowings	107,940,931	107,940,931	107,940,931	-	-
Accrued interest/mark-up	21,757,327	21,757,327	21,757,327	-	-
Trade creditors	472,973,122	472,973,122	472,973,122	-	-
Accrued liabilities	2,789,331	2,789,331	2,789,331	-	-
Payable against purchase of investment	9,000,000	9,000,000	9,000,000	-	-
	<u>614,460,711</u>	<u>614,460,711</u>	<u>614,460,711</u>	<u>-</u>	<u>-</u>

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

	June 30, 2013				
	Carrying amount <i>Rupees</i>	Contractual cash flows <i>Rupees</i>	One year or less <i>Rupees</i>	One to five years <i>Rupees</i>	More than five years <i>Rupees</i>
Short term borrowings	107,940,931	107,940,931	107,940,931	-	-
Accrued interest/mark-up	21,757,327	21,757,327	21,757,327	-	-
Trade creditors	473,217,365	473,217,365	473,217,365	-	-
Accrued liabilities	2,675,331	2,675,331	2,675,331	-	-
Payable against purchase of investment	-	-	-	-	-
	<u>605,590,954</u>	<u>605,590,954</u>	<u>605,590,954</u>	<u>-</u>	<u>-</u>

33.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company is facing liquidity shortfall due which its current liabilities exceed current assets by Rs. 653.42 million as at the reporting date. The Company has overdue debt finances and interest/mark-up thereon which have not been settled. Further, the Trading Rights Entitlement Certificate issued to the Company is inactive due to inadequate net capital balance. In order to mitigate the liquidity shortfall, the Company has made/planned strategic investments in equity securities of project carrying high return with view to profit from their return in the form of dividends. However, the Company has continued support of its directors and associated undertakings in the form of interest free loans.

33.3 Market risk

33.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to currency risk as at the reporting date.

33.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company is not exposed interest rate risk, except to the extent of risk arising from settlement overdue debt finances and interest/mark-up thereon.

33.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of 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 instruments. The Company is exposed to price risk due to changes in active market prices of investment in listed equity securities. A ten percent increase in market prices would have increased profit for the year by Rs. 2.144 million (June 30, 2013: Rs. 2.176 million). A ten percent decrease in market prices would have had an equal but opposite effect on profit for the year.

34 OPERATING SEGMENTS

The Company operates as single reportable segment only.

Notes to and forming part of financial statements

for the nine months period ended March 31, 2014

35 ASSETS PLEDGED AS SECURITY

Listed securities valued at Rs. 17.16 million (June 30, 2013: Rs. 18.32 million) are pledged with banks as security against debt finances.

36 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 5 (June 30, 2013: 5). Average number of persons employed by the Company during the period are 5 (2013: 5).

37 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 26, 2014 by the Board of Directors of the Company.

39 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. Significant reclassifications are referred to in relevant notes to the financial statements.

Condensed Interim Financial Information
for the nine months period ended March 31, 2014

Condensed Interim Balance Sheet

as at March 31, 2014

	Note	March 31, 2014	June 30, 2013
		<i>Rupees</i> <i>(Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
NON CURRENT ASSETS			
Property and equipment		584,771	722,996
Intangible assets		7,000,000	9,360,000
Long term investments		636,639,434	136,664,268
Long term deposits		1,055,000	1,055,000
		645,279,205	147,802,264
CURRENT ASSETS			
Short term investments		21,443,503	21,759,208
Advances and other receivables		-	666,969
Current taxation		6,307,103	6,307,103
Cash at banks		1,493,314	1,590,748
		29,243,920	30,324,028
CURRENT LIABILITIES			
Trade and other payables		(495,591,924)	(486,025,067)
Accrued interest/mark-up		(21,757,327)	(21,757,327)
Short term borrowings		(107,940,931)	(107,940,931)
Due to related parties		(57,373,807)	(56,148,807)
		(682,663,989)	(671,872,132)
NET CURRENT ASSETS		(653,420,069)	(641,548,104)
NON-CURRENT LIABILITIES			
Employees retirement benefits		(3,081,244)	(3,075,244)
NET ASSETS		(11,222,108)	(496,821,084)
PRESENTED BY:			
<i>Authorized capital</i>			
230,000,000 (2013: 230,000,000) ordinary shares of Rs. 10 each		2,300,000,000	2,300,000,000
<i>Issued, subscribed and paid up capital</i>			
Issued, subscribed and paid up capital		1,865,684,870	1,865,684,870
Advance against issue of ordinary shares		20,622,850	20,622,850
Discount on issue of shares		(818,331,810)	(818,331,810)
Accumulated losses		(1,079,198,018)	(1,564,796,994)
		(11,222,108)	(496,821,084)
CONTINGENCIES AND COMMITMENTS			
	5	-	-
		(11,222,108)	(496,821,084)

The annexed notes 1 to 8 form an integral part of these financial statements.

Lahore

Date: April 26, 2014

Chief Executive

Director

Condensed Interim Profit and Loss Account

for the nine months period ended March 31, 2014

	Nine months ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	<i>Rupees (Audited)</i>	<i>Rupees (Un-audited)</i>	<i>Rupees (Un-audited)</i>	<i>Rupees (Un-audited)</i>
Revenue	-	61,641	-	(256,963)
Administrative expenses	(2,031,509)	(1,383,470)	(540,331)	(215,034)
Bank and other charges	(2,007)	(10,028)	(2,007)	(3,420)
Impairment loss on intangible assets	(2,360,000)	-	(2,360,000)	-
Impairment loss on advances and other receivables	(666,969)	-	(666,969)	-
	(5,060,485)	(1,331,857)	(3,569,307)	(475,417)
Changes in fair value of investments at fair value through profit or loss	509,971,695	6,742,897	508,510,655	73,574
	504,911,210	5,411,040	504,941,348	(401,843)
Share of (loss)/profit of associate	(19,312,234)	1,154,449	602,892	-
Profit/(loss) before taxation	485,598,976	6,565,489	505,544,240	(401,843)
Taxation	-	(122,723)	-	(7,278)
Profit/(loss) after taxation	485,598,976	6,442,766	505,544,240	(409,121)
Earnings/(loss) per share - basic and diluted	2.60	0.08	2.71	(0.01)

The annexed notes 1 to 8 form an integral part of these financial statements.

Lahore

Date: April 26, 2014

Chief Executive

Director

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income for the nine months period ended March 31, 2014

	Nine months ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	<i>Rupees (Audited)</i>	<i>Rupees (Un-audited)</i>	<i>Rupees (Un-audited)</i>	<i>Rupees (Un-audited)</i>
Profit/(loss) after taxation	485,598,976	6,442,766	505,544,240	(409,121)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	485,598,976	6,442,766	505,544,240	(409,121)

The annexed notes 1 to 8 form an integral part of these financial statements.

Lahore
Date: April 26, 2014

Chief Executive

Director

Condensed Interim Cash Flow Statement

for the nine months period ended March 31, 2014

	March 31, 2014	March 31, 2013
	<i>Rupees</i> <i>(Audited)</i>	<i>Rupees</i> <i>(Un-audited)</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	485,598,976	6,565,489
Adjustments for non-cash and other items		
Changes in fair value of investments at fair value through profit or loss	(509,971,695)	(6,742,897)
Impairment loss on intangible assets	2,360,000	-
Impairment loss on advances and other receivables	666,969	-
Impairment loss on investment in associate	-	17,314
Provision for employees retirement benefits	6,000	25,750
Share of loss/(profit) of associate	19,312,234	(1,154,449)
Depreciation	138,225	191,385
	(487,488,267)	(7,662,897)
Changes in working capital		
Advances and other receivables	-	78,066
Trade and other payables	566,857	3,562,561
Cash (used in)/generated from operations	(1,322,434)	2,543,219
Payments for:		
Income tax	-	(85,344)
Net cash (used in)/generated from operating activities	(1,322,434)	2,457,875
CASH FLOW FROM INVESTING ACTIVITIES	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Funds received from related parties	1,225,000	-
Repayment of long term finances	-	(3,000,000)
Net cash generated from/(used in) financing activities	1,225,000	(3,000,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(97,434)	(542,125)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	1,590,748	2,005,392
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	1,493,314	1,463,267

The annexed notes 1 to 8 form an integral part of these financial statements.

Lahore

Date: April 26, 2014

Chief Executive

Director

Statement of Changes in Equity

for the nine months period ended March 31, 2014

	Issued subscribed and paid-up capital <i>Rupees</i>	Advance against issue of ordinary shares <i>Rupees</i>	Discount on issue of shares <i>Rupees</i>	Accumulated profit <i>Rupees</i>	Total equity <i>Rupees</i>
Balance as at July 01, 2012	774,575,790	293,400,120	-	(1,614,943,049)	(546,967,139)
Comprehensive income					
Profit after taxation	-	-	-	6,442,766	6,442,766
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	6,442,766	6,442,766
Transaction with owners	-	-	-	-	-
Balance as at March 31, 2013	<u>774,575,790</u>	<u>293,400,120</u>	<u>-</u>	<u>(1,608,500,283)</u>	<u>(540,524,373)</u>
Balance as at July 01, 2013	1,865,684,870	20,622,850	(818,331,810)	(1,564,796,994)	(496,821,084)
Comprehensive income					
Profit after taxation	-	-	-	485,598,976	485,598,976
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	485,598,976	485,598,976
Transaction with owners	-	-	-	-	-
Balance as at March 31, 2014	<u><u>1,865,684,870</u></u>	<u><u>20,622,850</u></u>	<u><u>(818,331,810)</u></u>	<u><u>(1,079,198,018)</u></u>	<u><u>(11,222,108)</u></u>

The annexed notes 1 to 8 form an integral part of these financial statements.

Lahore
Date: April 26, 2014

Chief Executive

Director

Notes to and forming part of Condensed Interim Financial Information for the nine months period ended March 31, 2014

1 REPORTING ENTITY

Pervez Ahmed Securities Limited ("the Company") was incorporated in Pakistan on June 08, 2005 as a Single Member Company under the Companies Ordinance, 1984 and was later converted to Public Limited Company and listed on Lahore and Karachi Stock Exchanges. The Company is primarily a brokerage house engaged in the shares brokerage and trading, consultancy services and underwriting. The registered office of the Company is situated at 20-K Gulberg II, Lahore.

2 BASIS OF PREPARATION

This interim financial information is not audited, except for the amounts presented for the nine months period ended March 31, 2014 which have audited by the statutory auditors of the Company, and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2013 and the annexed audited financial statements of the Company for the nine months period ended March 31, 2014.

The comparative interim balance sheet as at June 30, 2013 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the nine months period ended March 31, 2013 are based on unaudited interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the quarters ended March 31, 2013 and March 31, 2014 are neither audited nor reviewed.

2.1 Statement of compliance

This condensed interim financial report has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

2.2 Going concern assumption

The Company has accumulated losses of Rs. 1,079.198 million. Its current liabilities exceed current assets by Rs. 653.42 million and its total liabilities exceed total assets by Rs. 11.22 million as at the reporting date. Further, the Trading Rights Entitlement Certificate issued to the Company is inactive due to inadequate net capital balance. The factors raise doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis based on the following:

- The Company is reviewing its operations and various options are under consideration in this regard, including further financial support from directors in the form of interest free loans.
- Negotiations with lenders regarding settlement of overdue debt finances.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Notes to and forming part of Condensed Interim Financial Information for the nine months period ended March 31, 2014

2.5 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2013, except for the change referred to in note 3.1.

3.1 During the period, the Company has changed its accounting policy in respect of post-employment benefits whereby actuarial gains and losses are recognized in other comprehensive income in the periods in which they occur. Current and past services costs, gains or losses on settlement and net interest on defined benefit obligation continue to be recognized in profit or loss. Prior to change, actuarial gains and losses were recognized in profit or loss using the '10% corridor approach'. However, there were no unrecognized actuarial gains/losses at the end of any reporting period presented in this condensed interim financial information. Accordingly, no adjustment was required as the balance of accumulated profit already includes all actuarial gains/losses that have occurred upto the reporting date, which otherwise would have been taken to accumulated profits through other comprehensive income.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

4 ADOPTION OF NEW AND REVISED APPROVED ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The following amendment to approved accounting standards are effective in the current period and relevant to the Company.

IAS 19 - Employee Benefits ('Revised 2011')

The revised standard, among other changes not relevant to the Company, has eliminated the option that allowed entities to defer the recognition of changes in net defined benefit liability under the '10% Corridor Approach' and has amended some of the disclosure requirements for defined benefit plans. The revised standard requires immediate recognition of actuarial gains and losses in other comprehensive income. Services costs and net interest are required to be recognized in profit or loss as they occur. The Company has adopted the revised standards which has resulted in change in accounting policy as referred to in note 3.1.

IAS 34 - Interim Financial Reporting ('Amendments')

The amendments align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 - Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. Since the Company operates as a single reportable segment, the said amendment is not expected to have any impact.

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

One of the creditor of the Company filed suit against the Company for the recovery of Rs. 36.57 million including late payment surcharge amounting to Rs. 17.45 million. The Company has filed a counter claim of Rs. 18.86 million against the creditor. No provision has been made in this regard as the management of the Company expects favourable outcome of the suit.

5.2 Commitments

There are no material commitments as at the reporting date.

Notes to and forming part of Condensed Interim Financial Information for the nine months period ended March 31, 2014

6 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associates and associated undertakings, sponsors and directors, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Key management personnel do not draw any compensation from the Company. Transactions with sponsors and directors are limited to provision of temporary interest free loans to the Company. Transactions with associates and associated undertakings are limited to provision of interest free loans to the Company, investments in equity securities and issue of ordinary shares of the Company.

Details of transactions and balances with related parties is as follows:

		March 31, 2014	March 31, 2013
		<i>Rupees</i>	<i>Rupees</i>
6.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Associates and associated undertakings	Investment in equity securities	9,000,000	-
Sponsors and directors	Temporary loan received - net	-	5,979,100
		March 31, 2014	June 30, 2013
		<i>Rupees</i>	<i>Rupees</i>
6.2 Balances with related parties			
Nature of relationship	Nature of balance		
Associates and associated undertakings	Borrowings	43,458,005	45,958,005
	Investment in equity securities	633,379,684	134,575,398
	Advance against issue of ordinary shares	20,622,850	20,622,850
Sponsors and directors	Borrowings	38,440,672	37,215,672
Key management personnel	Post employment benefits	2,340,000	2,340,000

7 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 26, 2014 by the Board of Directors of the Company.

8 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. Significant reclassifications are referred to in relevant notes to the financial statements.

Lahore

Date: April 26, 2014

Chief Executive

Director

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Pervez Ahmed Securities Limited

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19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

Website : www.pervezahmed.net