

PERVEZ AHMED SECURITIES LIMITED

ANNUAL REPORT

JUNE 2011

C O N T E N T S

Company Information	2
Notice of Annual General Meeting	4
Directors' Report	5
Financial Highlights	8
Statement of Compliance With Code of Corporate Governance	9
Auditors' Review Report on Corporate Governance	11
Auditors' Report to the Members	12
Balance Sheet	14
Profit & Loss Account	15
Statement of Comprehensive Income	16
Cash Flow Statement	17
Statement of Changes in Equity	18
Notes to the Financial Statements	19
Pattern of Shareholding	35
Form of Proxy	

COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mrs. Rehana Pervez Ahmed Mr. Ali Pervez Ahmed Mr. Hassan Ibrahim Ahmed Mr. Suleman Ahmed Mrs. Ayesha Ahmed Mansoor Mr. Muhammad Khalid Khan	Chief Executive
Audit Committee	Mr. Muhammad Khalid Khan Mr. Ali Pervez Ahmed Mr. Suleman Ahmed	Chairman
Chief Financial Officer	Mr. Muhammad Yousuf	
Company Secretary	Mr. Rizwan Atta.	
Auditors	M/s Horwath Hussain Chaudhury & Co. Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocates & Solicitors	
Banks	Dawood Islamic 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	Gangjees Registrar Services (Pvt.) Limited 516-Clifton Centre, Khayaban-e-Roomi, Block - 5, Clifton, Karachi - 75 600	
Website	www.pervezahmed.net	

VISION

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

MISSION

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

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

Notice is hereby given that the Sixth Annual General Meeting of Pervez Ahmed Securities Limited will be held at the Registered Office of the Company 20-K, Gulberg II, Lahore on Monday, October 31, 2011, at 4:30 p.m. to transact the following business:

1. To confirm the minutes of the fifth Annual General Meeting held on October 30, 2010
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2011 together with Directors' and Auditors' reports thereon.
3. To appoint Auditors of the Company for the year 2011-2012 and to fix their remuneration. The present Auditors M/s Horwath Hussain Chaudhury & Co. Chartered Accountants, retire and being eligible offered themselves for the re-appointment.

Special Business - To Add New Object Clauses

To alter the provisions of the Memorandum of Association so as to add new objects clauses authorizing the Company to carry on new business(es) by passing the following resolution as a special resolution

Resolved that in Clause III of Memorandum of Association of the Company, the following new clauses may be added;

4. To carry on and undertake the business and to act as retailers, wholesaler indentors, importers, exporters, buyers, sellers, traders, suppliers and commission agents of textile products and materials in any form or shape manufactured or supplied by any company, firm, association of persons whether incorporated or not, individuals Government, semi Government or any local authority.

Statement u/s 160(I)(b) of the Companies Ordinance, 1984

The management intends to carry on textile retail business and to provide wide range of products and services. The Memorandum of Association of the Company presently does not contain the clause to carry on textile retail business accordingly such clauses needs to be inserted. The Directors are interested to the extent of their shareholding in the Company. The above resolution is in the interest of diversification of the business operations of the Company and hence is proposed to be passed as a special resolution.

By the order of the Board

Lahore: October 10, 2011

Rizwan Atta
Company Secretary

NOTES

- I THE Share Transfer Books of the Company will remain closed from October 27, 2011 to November 1, 2011 (both days inclusive).
- II A member of the Company entitled to attend and vote may appoint another member as his/ her proxy to attend and vote instead of him /her.
- III Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- IV Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. or their proxies are required to produce their original Computerized National Identity Card (CNIC) or passport for identification purpose. In case of corporate entity, the Board of Directors' Resolution / power of Attorney with specimen signature shall be submitted along with proxy form.

DIRECTORS' REPORT

On behalf of the Board of Directors of Pervez Ahmed Securities Limited, I am pleased to present the Company's sixth Annual Report which includes the Audited Financial Statements of the Company together with the Auditor's report thereon for the year ended June 30, 2011.

Economic Review

During the year 2010-11, Pakistan's economy has faced many challenges; GDP grew only by 2.4% (initial target of above 4%). Unfortunately the growth in the agriculture sector remained low due to the damages caused by flood in July-August 2010. Service sector show high growth while the manufacturing sector was hit by high lending rates, high fuel prices and power outage. Due to these factors including the circular debts caused the government borrowing increased significantly. The inflation numbers were hovering above 14% resulting the State Bank to continue its tight monetary policy until a 50 basis points decrease in July 2011.

Capital Market Review

During the Financial Year 2010-11 the Karachi Stock Exchange 100 index showed an improved growth of 28.5% closing at 12,496 level. This growth was backed by inspiring corporate results and high foreign inflow. The foreigners bought shares worth US\$ 276 million in the FY 2010-11. But due to ongoing crises in Pakistan and low market liquidity the local investors did not participated much resulting into low volumes at the market. This has caused the brokerage industry to suffer a lot. The average daily turnover dropped by more than 40% as compared to last year.

Financial Review

The Financial results of the Company for the year ended June 30, 2011 are as under:

	Year Ended	
	June 30,2011 Rupees	June 30,2010 Rupees
Operating revenue	934,365	4,275,475
Operating (loss)	(2,371,844)	(1,295,753)
Finance cost	(20,464,413)	(29,834,005)
(Deficit) on remeasurement of investments	(3,709,839)	(8,559,527)
(Loss) before taxation	(10,908,538)	(42,349,703)
Taxation	(74,766)	-
(Loss) after taxation	(10,983,304)	(42,349,703)
Earnings per share - Basic	(0.14)	(0.55)

Financial Results of the Company

Although our operating revenues are lower as compared to last year mainly due to loss on sale of investments but on the other hand we continued our efforts to cut down operating & financial charges. Resultantly we have managed to minimize our loss

The auditors have expressed an adverse opinion with respect to going concern assumption in their report. However the management considers that the going concern assumption used in preparation of these financial statements is appropriate keeping in view of settlement of major portion of bank borrowings, continuous support from directors and proposed diversification plan to run the affairs of the Company and to make it a profitable venture. The Company has sought shareholders' approval for change in object clause to align its objective with the proposed diversification in the forthcoming Annual General Meeting.

Future Outlook

Now national economy has to face more challenges like flood and inflation. Interest rate are on the rise now and the political environment difficult. The market can further perform well provided that these economic and political challenges are rightly addressed.

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

Statement of Ethics & Business Practices

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

Dividend

In view of the adverse results in the current year and available accumulated losses, directors of your Company have proposed no dividend for the year.

Book Closure

The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from October 27, 2010 to November 1, 2011 (both days inclusive). Transfer received by our Shares Registrar, Gangjees Registrar Services (Pvt.) Limited - 516 Clifton Centre, Khayaban-e-Roomi, Block-5, Clifton, Karachi at the close of business on October 26, 2011 will be considered to attend and vote at the meeting.

Pattern of Shareholding

The Statement of Pattern of Shareholding along with categories of shareholders of the Company as at June 30, 2011, as required under section 236 of the Companies Ordinance 1984 and Code of Corporate Governance are annexed with this report.

Operating and Financial Data

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

Number of Board Meetings Held

Six meetings of the Board of Directors were held during the year ended June 30, 2011 and the attendance of the directors is as follows.

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

Auditors

The Auditors Messrs Horwath Hussain Chaudhury & Co. - Chartered Accountants retire and offer themselves for the reappointment. The Audit Committee recommends the reappointment of Messrs Horwath Hussain Chaudhury & Co - Chartered Accountants as auditors for the financial year ending June 30, 2012.

Audit Committee

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

Mr. Muhammad Khalid Khan	Chairman
Mr. Ali Pervez Ahmed	Member
Mr. Suleman Ahmed	Member

Meetings of the Audit Committee were held during the year ended June 30, 2011 as required by the Code of Corporate Governance for review of quarterly & annual accounts and other related matters. The meeting was also attended by the Chief Financial Officer, head of Internal Audit and External Auditors as and when it was required.

Code of Corporate Governance

The Directors of the Company are pleased to confirm that the Company has made compliance of the provisions set out by the Securities & Exchange Commission of Pakistan through the listing regulations Nos 37 and 43 of Karachi and Lahore Stock Exchanges as prescribed in the Code of Corporate Governance and there is no material departure from the best practices as detailed in the listing regulations.

- 1 The financial statements have been prepared by the management in accordance with the requirements of the Companies Ordinance 1984 and the directives issued by the Securities and Exchange Commission of Pakistan.
- 2 Proper books of accounts of the Company have been maintained as required under the Companies Ordinance 1984.
- 3 Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates, which are based on reasonable and prudent judgment.
- 4 Approved Accounting / International Financial Reporting Standards have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed in the Notes to the financial statements.
- 5 The system of internal control & internal audit function is sound in design and has been effectively implemented and monitored.
- 6 The Company has incurred net loss of Rs. 10.98 million during the year and has accumulated losses of Rs. 1,591 million as at the balance sheet date. The current liabilities of the Company exceeds its current assets by Rs. 656 million. These factors may cast doubt about the entity's ability to continue as going concern. However, the management has adequate plans to mitigate these factors. These plans includes diversification of operations of the Company, settlement of bank borrowings and injection of further capital by way of right issue.
- 7 There has been no material departure from the best practices of corporate governance as defined in the listing regulations.
- 8 Financial highlights for the six years are annexed.

Acknowledgement

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

Lahore
October 7, 2011

For & on behalf of the Board

Pervez Ahmed
Chief Executive

FINANCIAL HIGHLIGHTS

	2011	2010	2009	2008	2007	2006
Profit and Loss Account	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Operating revenue / (loss)	934,365	4,275,745	(909,463,263)	143,466,813	125,382,861	(16,621,982)
Administrative expenses	(3,306,209)	(5,571,498)	(11,488,448)	(35,114,151)	(21,427,209)	(5,394,926)
Operating (Loss) / Profit	(2,371,844)	(1,295,753)	(920,951,711)	108,352,662	103,955,652	(22,016,908)
-Finance cost	(20,464,413)	(29,834,005)	(134,899,272)	(20,317,963)	(7,235)	-
-Other operating charges	(10,150,000)	(225,000)	(200,000)	(4,117,550)	(1,921,780)	(746,582)
-Other operating income	26,952,960	162,431	11,973	262,667	27,222	-
	(3,661,453)	(29,896,574)	(135,087,299)	(24,172,846)	(1,901,793)	(746,582)
(Deficit) / surplus on remeasurement of investments	(3,709,839)	(8,559,527)	(356,703,167)	(38,820,535)	34,206,973	27,969,598
(Loss) / Profit before Taxation and Share from Associated Undertaking	(9,743,136)	(39,751,854)	(1,412,742,177)	45,359,281	136,260,832	5,206,108
Share of loss from Associated Undertaking	(1,165,402)	(2,597,849)	-	-	-	-
(Loss) / Profit before Taxation	(10,908,538)	(42,349,703)	(1,412,742,177)	45,359,281	136,260,832	5,206,108
Taxation	(74,766)	-	-	(2,534,645)	(331,944)	(76,965)
(Loss) / Profit before Taxation	(10,983,304)	(42,349,703)	(1,412,742,177)	42,824,636	135,928,888	5,129,143
Payouts						
- Cash dividend	Nil	Nil	Nil	20%	Nil	Nil
- Stock dividend	Nil	Nil	Nil	27.50%	Nil	Nil
Balance Sheet						
Share capital	774,575,790	774,575,790	774,575,790	774,375,530	599,130,000	200,000,000
Share deposit money	291,500,120	299,000,120	306,000,000	870,000	870,000	10,000,000
Property, plant and equipment	1,334,364	1,835,412	3,959,890	5,326,602	458,039	-
Membership & room at Lahore Stock Exchange	30,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Long term investment in associate	102,337,554	103,502,956	106,100,805	106,100,805	-	-
Short term investments	11,496,766	23,286,605	47,962,734	2,076,753,276	787,700,093	245,447,965
Total assets	176,924,723	315,109,782	437,079,913	2,275,151,625	964,065,619	297,660,250
Shareholders' equity (2009:Restated)	(524,897,413)	(506,414,109)	(472,764,406)	522,749,114	727,394,015	215,129,143
Earning per share	(0.14)	(0.55)	(18.24)	0.55	2.77	0.64
Current ratio	0.06 : 1	0.20 : 1	0.30 : 1	1.21 : 1	3.90 : 1	3.12 : 1

Statement of Compliance With Best Practices of Code of Corporate Governance

The statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation Number 37 of Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of the Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

1. The Company encourages representation of independent non-executive directors; at present the Board includes two non-executive directors.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFIs or being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the board during the current year.
5. The Company has prepared a 'statement of Ethics and Business Practices', which has been signed by all the directors and key employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Directors are well conversant with the Listing Regulations and legal requirements and as such are fully aware of their duties and responsibilities.
10. There were no new appointments of CFO, Company Secretary or head of internal audit department during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee which comprises of three members of whom two are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function.
18. Transaction with related parties have been placed before the audit committee and approved by the Board of Directors.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), and that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all material principles contained in the Code have been complied with.

Lahore.
October 7, 2011

For and on behalf of
Board of Directors

Pervez Ahmed
Chief Executive



Horwath Hussain Chaudhury & Co.
Chartered Accountants
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REVIEW REPORT TO THE MEMBERS

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **PERVEZ AHMED SECURITIES LIMITED**, to comply with the Listing Regulation No. 35 (Chapter XI) of both the Karachi Stock Exchange and Lahore Stock Exchange, where the Company is listed.

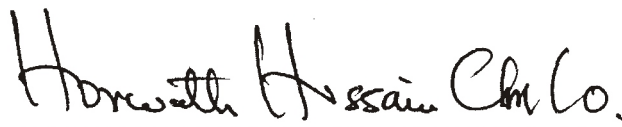
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

Lahore
Dated: 07-10-2011


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement Partner: Muhammad Nasir Muneer)



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PERVEZ AHMED SECURITIES LIMITED AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PERVEZ AHMED SECURITIES LIMITED** as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) As explained in note 1.2 to the financial statements, the Company has prepared these financial statements on going concern assumption. However, the Company has incurred net loss of Rs. 10.983 million during the year and has accumulated loss of Rs. 1,590.973 million as at the balance sheet date. The total liabilities of the Company exceed its total assets by Rs. 524.897 million and its current liabilities exceed its current assets by Rs. 655.844 million. Furthermore, as explained in notes 14.1 and 15.1 to the financial statements, the Company has defaulted in the repayment of its loan liabilities that may invoke potential demand of outright payment from the lending banks.

In view of the matters discussed in the preceding paragraph, we consider that in the absence of any favorable settlement with lending banks / creditors, ability to obtain further financing and revival of its operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of the business. Consequently the going concern assumption used in the preparation of the annexed financial statements is not appropriate and adjustments may be required to the recorded asset amounts and classification of liabilities. The financial statements do not disclose this fact.



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- b) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984.
- c) 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 account and are further in accordance with the accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- d) in our opinion and to the best of our information and according to explanations given to us, because of the effect of matters discussed in paragraph (a) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2011 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore
Dated: 07-10-2011

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

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement partner: Muhammad Nasir Muneer)

BALANCE SHEET AS AT JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
Non Current Assets			
Property and equipment	5	1,334,364	1,835,412
Intangible assets	6	30,000,000	40,000,000
Long term investment in associate	7	102,337,554	103,502,956
Long term security deposits	8	4,055,000	4,055,000
		137,726,918	149,393,368
Current Assets			
Short term investments		11,496,766	23,286,60
Advances and other receivables	10	7,022,073	6,947,765
Assets held for sale	11	19,000,000	134,000,000
Bank balances	12	1,678,966	1,482,044
		39,197,805	165,716,414
Current Liabilities			
Trade and other payables	13	(551,461,596)	(559,141,791)
Accrued mark up		(27,923,420)	(31,752,638)
Current and overdue portion of long term financing	15	(7,641,179)	(4,515,238)
Short term borrowings	14	(107,940,931)	(215,269,061)
Provision for taxation		(74,766)	-
		(695,041,892)	(810,678,728)
Net Current Assets		(655,844,087)	(644,962,314)
Non Current Liabilities			
Long term financing	15	3,820,589	7,988,508
Deferred liability	16	2,959,655	2,856,655
		6,780,244	10,845,163
NET ASSETS		(524,897,413)	(506,414,109)
REPRESENTED BY:			
Issued, subscribed and paid up capital	17	774,575,790	774,575,790
Share deposit money	18	291,500,120	299,000,120
Accumulated losses		(1,590,973,323)	(1,579,990,019)
		(524,897,413)	(506,414,109)
Contingencies and Commitments			
	19	-	-
		(524,897,413)	(506,414,109)

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

CHIEF EXECUTIVE

DIRECTOR

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011**

	Note	2011 Rupees	2010 Rupees
Profit on sale of investments - Net		623,965	3,490,919
Dividend income		310,400	784,826
		<u>934,365</u>	<u>4,275,745</u>
Administrative expenses	20	(3,306,209)	(5,571,498)
Operating Loss		<u>(2,371,844)</u>	<u>(1,295,753)</u>
Other operating expenses	21	(10,150,000)	(225,000)
Finance cost	22	(20,464,413)	(29,834,005)
Other operating income	23	26,952,960	162,431
		<u>(6,033,297)</u>	<u>(31,192,327)</u>
Deficit on remeasurement of investments At fair value through profit or loss - Net	9	(3,709,839)	(8,559,527)
Loss before Taxation and Share from Associated Undertaking		<u>(9,743,136)</u>	<u>(39,751,854)</u>
Share of loss from associated undertaking	7	(1,165,402)	(2,597,849)
Loss before Taxation		<u>(10,908,538)</u>	<u>(42,349,703)</u>
Taxation		(74,766)	-
Loss after Taxation		<u>(10,983,304)</u>	<u>(42,349,703)</u>
Loss per Share - Basic	24	<u>(0.14)</u>	<u>(0.55)</u>

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

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011**

	2011	2010
	Rupees	Rupees
Loss after taxation	(10,983,304)	(42,349,703)
Other comprehensive income	-	-
Total Comprehensive Loss for the Year	<u>(10,983,304)</u>	<u>(42,349,703)</u>

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	2011 Rupees	2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(10,908,538)	(42,349,703)
Adjustments for:		
- Deficit on remeasurement of investments at fair value through profit or loss - Net	3,709,839	8,559,527
- Dividend income	(310,400)	(784,826)
- Provision for gratuity	103,000	735,733
- Accrued mark-up waived off	(24,265,740)	-
- Liabilities written back	(1,183,345)	-
- Impairment loss	10,000,000	-
- Profit on disposal of property and equipment	-	(148,369)
- Share of loss from investment in associate	1,165,402	2,597,849
- Depreciation	501,048	762,847
- Finance cost	20,464,413	29,834,005
	10,184,217	41,556,766
Operating Loss before working capital changes	(724,321)	(792,937)
(Increase) / Decrease in current assets		
- Short term investments	8,080,001	16,116,602
- Advances and other receivables	(36,932)	45,471
Decrease in current liabilities:		
- Trade and other payables	(6,496,850)	(5,955,769)
	1,546,219	10,206,304
Cash generated from operations	821,898	9,413,367
Taxes paid	(37,377)	(64,677)
Finance costs paid	(27,891)	(14,149,907)
Gratuity paid	-	(5,500)
	756,630	(4,806,717)
Net Cash generated from/(used in) Operating Activities	756,630	(4,806,717)
CASH FLOWS FROM INVESTING ACTIVITIES		
Assets held for sale	104,000,000	70,323,830
Proceeds from disposal of property and equipment	-	1,510,000
Dividend income received	310,400	1,213,226
	104,310,400	73,047,056
Net Cash generated from Investing Activities	104,310,400	73,047,056
CASH FLOW FROM FINANCING ACTIVITIES		
Share deposit money received	3,500,000	8,700,000
Long term financing	(1,041,978)	-
Short term borrowings	(107,328,130)	(77,102,820)
	(104,870,108)	(68,402,820)
Net Cash used in Financing Activities	(104,870,108)	(68,402,820)
Net Increase/(Decrease) in Cash and Cash Equivalents	196,922	(162,481)
Cash and cash equivalents at the beginning of the year	1,482,044	1,644,525
Cash and Cash Equivalents at the End of the Year	1,678,966	1,482,044

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

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011**

	Share Capital	Share Deposit Money	Accumulated Loss	Total
	-----Rupees-----			
Balance as at June 30, 2009	774,575,790	290,300,120	(1,537,640,316)	(472,764,406)
Total comprehensive loss for the year	-	-	(42,349,703)	(42,349,703)
Share deposit money received during the year	-	8,700,000	-	8,700,000
Balance as at June 30, 2010	774,575,790	299,000,120	(1,579,990,019)	(506,414,109)
Total comprehensive loss for the year	-	-	(10,983,304)	(10,983,304)
Share deposit money received during the year	-	3,500,000	-	3,500,000
Reduction in fair value of asset held for sale (refere to Note 11.2 and 18.1.1)	-	(11,000,000)	-	(11,000,000)
Balance as at June 30, 2011	774,575,790	291,500,120	(1,590,973,323)	(524,897,413)

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

CHIEF EXECUTIVE

DIRECTOR

NOTES TO AND FORMING THE PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Note 1

The Company and its Operations

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

1.2 Going concern assumption

The Company has accumulated losses of Rs. 1,590.973 million (2010: Rs. 1,579.99 million) and incurred net loss for the year of Rs. 10.983 million (2010: loss of Rs. 42.35 million). The current liabilities of the Company exceed its current assets by Rs. 655.844 million (2010: 644.962 million) and its total liabilities exceed its total assets by Rs. 524.897 million (2010: 506.414 million) as at the balance sheet date. These factors raise doubts about the Company being a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

- The Company has settled its major portion of bank borrowings amounting to Rs. 104 million (Refer to Note 14.2) during the year against assets held for sale.
- The Company is committed to its plan of capital restructuring and various options are under consideration by the Board.
- The Company has finalized diversification of its operation and has sought shareholders' approval for change in object clause to align its objectives with the proposed diversification in the forthcoming Annual General Meeting.
- The directors are committed to continuous support and have injected funds amounting to Rs. 3.471 million (Net amount) as of balance sheet date.

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

Note 2

Basis of Preparation

2.1 Statement of Compliance

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimation and judgments

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

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

Note 3

Amendments to Existing Standards and Forthcoming New Standards and Interpretations

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

3.1 Amendment to publish standards effective in current year and applicable to the company

There are certain new approved accounting standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or before January 1, 2010 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

3.2 Amendment to publish standards effective in current year not applicable to the Company

The following amendments to existing standard have been published that are not applicable to Company's financial statements:

Standards	Annual periods beginning on or after
- IFRS 3 – Business Combinations	July 1, 2010

3.3 Amendments and Interpretation to published standards applied to the Company but not yet effective

The following standards, interpretations and amendments in respect of approved accounting standards are for accounting periods beginning on or after January 01, 2010:

Standards	Annual periods beginning on or after
- IAS 1 – Presentation of Financial Statements	July 1, 2012
- IAS 24 – Related Party Disclosures	January 1, 2011
- IAS 12 – Income Taxes	January 1, 2012
- IAS 19 – Employee Benefits	January 1, 2013
- IAS 28 – Investments in Associates and Joint Ventures	January 1, 2013
- IAS 34 – Interim Financial Reporting	January 1, 2011
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	July 1, 2011
- IFRS 7 – Financial Instruments: Disclosures	July 1, 2011
- IFRS 9 – Financial Instruments	July 1, 2013
- IFRS 12 – Disclosures of Interest in Other Entities	January 1, 2013

Standards	Annual periods beginning on or after
- IFRS 13 – Fair Value Measurement	January 1, 2013
3.4 Amendments to published standards not applicable to the Company and not yet effective	
- IAS 27 – Separate Financial Statements	January 1, 2013
- IFRS 10 – Consolidated Financial Statements	July 1, 2013
- IFRS 11 – Joint Arrangements	January 1, 2013

Note 4

Summary of Significant Accounting Policies

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

4.1 Property and equipment

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

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

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

4.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably. Cost of intangible assets includes purchase cost and directly attributable expenses.

Cost that are directly associated with identifiable assets and have probable economic benefits beyond one year, are recognized as an intangible assets.

Intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income on straight line basis so as to write off cost of an asset over its estimated useful life. The amortization period and the amortization method for an intangible asset are reviewed, at each financial year end, and adjusted if impact on amortization is significant.

4.3 Impairment

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

4.4 Investments

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

4.4.1 Investment in associates

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

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

4.4.2 Other investments

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

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

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

At fair value through profit or loss

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

Held to maturity

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

Available for sale

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

4.5 Assets held for sale

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

4.6 Cash and cash equivalents

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

4.7 Trade date accounting

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

4.8 Sale and repurchase agreements

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

4.9 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering its permanent employees. Under this scheme employees are eligible for benefits after the completion of a prescribed qualifying period of service and gratuity is paid to retiring employees on the basis of their last drawn gross salary for each completed year of services, calculated from the start of service to the date of retirement. Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Latest actuarial valuation was carried out as at June 30, 2008. No actuarial valuation was carried out at the end of year and the management has worked out the balance sheet liability on the basis of last drawn salary and number of years served.

4.10 Taxation

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

Current

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

Deferred

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

4.11 Trade and other payable

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

4.12 Provisions

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

4.13 Financial instruments

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

4.13.1 Financial assets and liabilities

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

4.13.2 Derivative financial instruments

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

4.13.3 Off-setting of financial assets and financial liabilities

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

4.14 Borrowing cost

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

4.15 Related party transactions

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

- Dividend income is recognized when the right to receive payment is established.
- Return on deposits is recognized on accrual basis.

4.16 Revenue recognition

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

4.17 Dividends

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

Note 5
Property and Equipment

Description	Cost			Rate	Depreciation			Net Book Value 30.06.2011
	As at 01.07.2010	Additions / (Deletions) During the year	As at 30.06.2011		As at 01.07.2010	for the year	As at 30.06.2011	
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Year Ending June 30, 2011								
Owned								
Furniture and fittings	416,000	-	416,000	20	199,517	43,297	242,814	173,186
Vehicles	1,090,270	-	1,090,270	20	476,331	122,788	599,119	491,151
Office equipments	2,613,334	-	2,613,334	33.33	1,608,344	334,963	1,943,307	670,027
Rupees 2011	4,119,604	-	4,119,604		2,284,192	501,048	2,785,240	1,334,364

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

Description	Cost			Rate	Depreciation			Net Book Value 30.06.2010
	As at 01.07.2009	Additions / (Deletions) During the year	As at 30.06.2010		As at 01.07.2009	for the year	As at 30.06.2010	
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Year Ending June 30, 2010								
Owned								
Furniture and fittings	416,000	-	416,000	20	145,396	54,121	199,517	216,483
Vehicles	2,943,670	(1,853,400)	1,090,270	20	761,794	206,306 (491,769)	476,331	613,939
Office equipments	2,613,334	-	2,613,334	33.33	1,105,924	502,420	1,608,344	1,004,990
Rupees 2010	5,973,004	(1,853,400)	4,119,604		2,013,114	762,847 (491,769)	2,284,192	1,835,412

Note 6

Intangible Assets

	2011	2010
	Rupees	Rupees
Lahore Stock Exchange:		
- Membership card	38,000,000	38,000,000
- Room at Lahore Stock exchange	2,000,000	2,000,000
	<u>40,000,000</u>	<u>40,000,000</u>
Less: Impairment	(10,000,000)	-
	<u>30,000,000</u>	<u>40,000,000</u>

Note 7

Long Term Investment in Associate

	Note	2011	2010
		Rupees	Rupees
Pervez Ahmed Capital (Private) Limited	7.1	103,502,956	106,100,805
-8,500,300 (2010: 8,500,300) ordinary shares of Rs. 10 each			
Percentage of equity held 49.37% (2010: 49.37%)		(1,165,402)	(2,597,849)
-Share of loss from associated company		<u>102,337,554</u>	<u>103,502,956</u>

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

Total assets	173,468,486	175,828,738
Total liability	130,708	130,708
Revenue	200,852	1,458,979
Loss after tax	<u>(2,360,547)</u>	<u>(5,262,000)</u>

Note 8

Long Term Security Deposits

	2011	2010
	Rupees	Rupees
Deposits with:		
- Central Depository Company of Pakistan	150,000	150,000
- Lahore Stock Exchange (Guarantee) Limited	3,705,000	3,705,000
- National Clearing Company of Pakistan Limited	200,000	200,000
	<u>4,055,000</u>	<u>4,055,000</u>

Note 9

Short Term Investments

	Note	2011 Rupees	2010 Rupees
Available for sale	9.1	5,000,000	5,000,000
At fair value through profit or loss	9.2	6,496,766	18,286,605
		<u>11,496,766</u>	<u>23,286,605</u>

	June 30, 2011		June 30, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rupees		Rupees	
9.1 Available for sale				
Dawood Family Takaful Limited (Unquoted equity securities)	5,000,000	5,000,000	5,000,000	5,000,000

9.1.1 This represents 500,000 shares (2010: 500,000) of Rs. 10 each.

9.2 At fair value through profit or loss

Related parties - quoted

D.S Industries Limited (Associated undertaking)
3,659,000 (2010: 4,653,500) shares representing
6.098% (2010: 7.76%) of equity held
Others - quoted

	7,976,620	4,024,900	14,379,315	10,144,630
	2,229,985	2,471,866	12,466,818	8,141,975
	<u>10,206,605</u>	<u>6,496,766</u>	<u>26,846,133</u>	<u>18,286,605</u>
Deficit on remeasurement to fair value - Net	(3,709,839)	-	(8,559,527)	-
Note 10	<u>6,496,766</u>	<u>6,496,766</u>	<u>18,286,606</u>	<u>18,286,605</u>

Advances and Other Receivables

	Note	2011 Rupees	2010 Rupees
Advances with stock brokers		180,258	180,258
Advance income tax		6,355,104	6,317,728
Advance to employees	10.1	305,000	305,000
Prepayments		-	13,168
Other receivable		181,711	131,611
		<u>7,022,073</u>	<u>6,947,765</u>

10.1 Amount due from chief executive, directors and executives is Nil (2010: Nil).

Note 11

Assets Held for Sale

	2011 Rupees	2010 Rupees
Residential and commercial properties	134,000,000	210,300,120
Less: Adjusted against short term borrowing (refer to Note 14.2)	(104,000,000)	(76,300,120)
Fair value adjustment	(11,000,000)	-
	<u>19,000,000</u>	<u>134,000,000</u>

11.1 Properties include commercial and residential properties valuing Rs. 104 million which were under equitable mortgage with Summit Bank Limited (formally Arif Habib Bank Limited (2010: Rs. 104 million)) adjusted against bank liability agreed in a settlement during the year as explained in Note 14.2.

11.2 The remaining one commercial property valuing Rs. 30 million released by the lending bank is classified as asset held for sale as the management has disposed it off subsequent to the balance sheet date for Rs. 19 million (Net) and the resultant decrease in fair value of Rs. 11 million has been adjusted against share deposit money of directors (refer to Note 18.1.1).

The title of the property free from any charge or encumbrance is in the name of the director of the Company as at the balance sheet date and the ownership of the property has been relinquished in favour of the Company.

Note 12

Bank Balances

	2011 Rupees	2010 Rupees
Cash at banks - current accounts	1,628,803	1,434,143
Cash at banks - saving accounts	50,163	47,901
	<u>1,678,966</u>	<u>1,482,044</u>

Note 13

Trade and Other Payables

	2011	2010
	Rupees	Rupees
Trade creditors	479,570,613	486,307,615
Accrued expenses	2,828,331	3,685,073
Income tax payable	8,998,292	8,992,877
Dividends payable	885,404	885,404
Due to associated companies	18,936,977	20,068,027
Due to directors	39,764,152	36,292,199
Other payables	477,827	2,910,596
	<u>551,461,596</u>	<u>559,141,791</u>

Note 14

Short Term Borrowings - Secured

	Note	2011	2010
		Rupees	Rupees
Murabaha finance - Burj Bank Limited	14.1	105,239,151	105,239,151
Running finance - Summit Bank Limited	14.2	<u>2,701,780</u>	<u>110,029,910</u>
		<u>107,940,931</u>	<u>215,269,061</u>

14.1 This represents murabaha finance facility of Rs. 150 million obtained from Burj Bank Limited (Formally Dawood Islamic Bank Limited (2010: Rs. 150 million)) for trading in shriah compliant shares. The profit is to be charged at matching KIBOR plus 1.30% (2010: matching KIBOR plus 1.30%). The facility is secured against pledge of shares of blue chip listed companies approved by bank's Shariah Board with 40% margin. This facility has not been renewed as at the balance sheet date.

14.2 During the year, the Company settled its outstanding liability of Summit Bank Limited (Formally Arif Habib Bank Limited) in the following manner:

- The bank accepted properties valuing Rs. 106 million for Rs. 104 million.
- The bank sold 298,778 shares of listed entity and adjusted against the outstanding liability.
- Accrued mark-up amounting to Rs 24.265 million was waived off and the remaining principal liability of Rs. 2.7 million shall be waived off after the transfer of aforementioned properties in the name of the bank.

Note 15

Long Term Financing

	Note	2011	2010
		Rupees	Rupees
Loan from banking company - Secured			
MCB Bank Limited	15.1	11,461,768	12,503,746
Less: Overdue and current portion		<u>(7,641,179)</u>	<u>(4,515,238)</u>
		<u>3,820,589</u>	<u>7,988,508</u>

15.1 This represents restructuring of morabaha finance facility of Rs. 13.98 million obtained from MCB Bank Limited into long term loan. Principal liability of Rs. 12.503 million was repayable in 36 monthly installments commencing from June 30, 2010. The bank has waived off all present and future profits on this facility provided entire liability is paid strictly according to the agreed terms. The facility is secured against shares of listed companies and personal guarantees of the directors of the Company. The Company has not made payments as per the repayment schedule.

Note 16

Deferred Liability

	Note	2011	2010
		Rupees	Rupees
Gratuity payable	16.1	<u>2,959,655</u>	<u>2,856,655</u>

16.1 The latest actuarial valuation in respect of employees' gratuity scheme was carried out as at June 30, 2008 by an independent actuary using the significant assumptions as mentioned in Note 4.9. However, provision for gratuity for the year end balance sheet liability has been recognized on the basis of management estimate.

16.2 The Company does not have any plan assets covering its post employment benefits payable. The comparative statements of present value of defined benefits obligation is as under:

Year	Present Value of Defined Benefits Obligation	Plan Assets	Deficit
	Rupees	Rupees	Rupees
2011	2,959,655	-	2,959,655
2010	2,856,655	-	2,856,655
2009	2,126,422	-	2,126,422
2008	998,713	-	998,713
2007	-	-	-

Note 17

Share Capital

		2011	2010
		Rupees	Rupees
2011	2010		
Rupees	Rupees		
17.1 Authorized capital			
<u>90,000,000</u>	<u>90,000,000</u>	<u>900,000,000</u>	<u>900,000,000</u>
17.2 Issued, subscribed and paid up capital			
59,928,500	59,928,500	Ordinary shares of Rs. 10 each fully paid in cash	599,285,000
17,529,079	17,529,079	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	175,290,790
<u>77,457,579</u>	<u>77,457,579</u>	<u>774,575,790</u>	<u>774,575,790</u>

17.2.1 23,067,145 shares (2010 : 23,990,845) are held by associates of the Company.

Note 18

Share Deposit Money

	Note	2011	2010
		Rupees	Rupees
Share deposit money	18.1	<u>291,500,120</u>	<u>299,000,120</u>
18.1 Directors	18.1.1	199,300,120	210,300,120
Associated undertaking		<u>92,200,000</u>	<u>88,700,000</u>
		<u>291,500,120</u>	<u>299,000,120</u>

18.1.1 This represents share deposit money contributed by the directors of the Company in the form of personal commercial and residential properties mortgaged in favour of the Company. The reduction in fair value of the asset held for sale has been adjusted against share deposit money (refer to note 11).

Note 19

Contingencies and Commitments

Contingencies

There are no material contingencies outstanding as at the balance sheet date (2010: Nil).

Commitments

There are no material commitments outstanding as at the balance sheet date (2010: Nil).

Note 20

Administrative Expenses

	Note	2011 Rupees	2010 Rupees
Salaries and benefits	20.1	1,389,000	2,372,358
Postage and communication		11,821	161,629
Rent, rates and taxes		551,280	933,345
Repairs and maintenance		5,000	75,040
Vehicle running		13,168	33,002
Travelling and conveyance		39,660	72,840
Legal and professional		341,000	591,366
Stationery and office supplies		90,015	149,128
Fees and subscription		304,743	250,659
Advertisement		32,560	120,824
Entertainment		26,914	44,239
Depreciation	5.1	501,048	762,847
Miscellaneous		-	4,221
		<u>3,306,209</u>	<u>5,571,498</u>

20.1 This includes Rs. 103,000 (2010: 735,733) in respect of employee benefits - gratuity scheme.

Note 21

Other Operating Expenses

	Note	2011 Rupees	2010 Rupees
Auditors' remuneration	21.1	150,000	225,000
Impairment loss of membership of Lahore Stock Exchange	6	10,000,000	-
		<u>10,150,000</u>	<u>225,000</u>

21.1 Auditors' remuneration

Audit fee	100,000	150,000
Certifications and reviews	50,000	75,000
	<u>150,000</u>	<u>225,000</u>

Note 22

Finance Cost

	2011 Rupees	2010 Rupees
Mark up on short term borrowings	20,436,522	27,084,302
Bank and other charges	27,891	2,749,703
	<u>20,464,413</u>	<u>29,834,005</u>

Note 23

Other Operating Income

	Note	2011 Rupees	2010 Rupees
Income from financial assets			
- Profit on saving bank accounts		3,875	14,062
Income from non financial assets			
- Profit on sale of property and equipment		-	148,369
Others			
- Accrued mark-up waived off	14.2	24,265,740	-
- Liabilities written back		1,183,345	-
- Advisory and consultancy income		1,500,000	-
		<u>26,952,960</u>	<u>162,431</u>

Note 24

Earnings per Share

		2011	2010
Loss after taxation attributable to ordinary shareholders	Rupees	(10,983,304)	(42,349,703)
Weighted average number of ordinary shares	Number	77,457,579	77,457,579
Loss per share - Basic	Rupees	<u>(0.14)</u>	<u>(0.55)</u>

24.1 Diluted earnings per share

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

Note 25

Remuneration of Chief Executive, Directors' and Executive

- 25.1** Keeping in view the losses of the Company, no remuneration has been paid to any director of the Company.
- 25.2** Executives are defined as employees with basic salary exceeding Rs. 500,000. No employee of the Company qualifies as an Executive.

Note 26

Transactions with Related Parties

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

	2011	2010
	Rupees	Rupees
Associated undertakings		
Share deposit money received	3,500,000	8,700,000
Services rendered	1,500,000	-
Directors		
Funds received from director - Net	3,471,953	319,900
Reduction in fair value of asset held for sale adjusted against share deposit money	11,000,000	-

Note 27

Segment Reporting

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

Note 28

Financial Risk Management**28.1 Financial risk factors**

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

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

(a) Market risk

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

(i) Currency risk

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

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is exposed to equity price risk in respect of short term investments in quoted companies.

Sensitivity analysis

A change of 5% in the value of investments at fair value through profit or loss would have increased / decreased profit or loss by Rs. 0.575 million (2010 : Rs. 1.164 million) on the basis that all other variables remain constant.

Fair value hierarchy

Financial instruments carried at fair value are categorized as follows:

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

The company held following financial instruments measured at fair value:

	2011			
	Total	Level 1	Level 2	Level 2 Deficit
	----- Rupees -----			
Financial assets	5,000,000	-	5,000,000	-
Available for sale	6,496,766	5,084,806	1,411,960	-
At fair value through profit and loss	<u>11,496,766</u>	<u>5,084,806</u>	<u>6,411,960</u>	<u>-</u>

	2010			
	Total	Level 1	Level 2	Level 2 Deficit
	----- Rupees -----			
Financial assets	5,000,000	-	5,000,000	-
Available for sale	18,286,605	17,186,895	1,099,710	-
At fair value through profit and loss	<u>23,286,605</u>	<u>17,186,895</u>	<u>6,099,710</u>	<u>-</u>

(iii) Interest rate risk

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

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

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

	2011	2010
	Rupees in Thousands	
Floating rate instruments		
Financial liabilities		
Short term borrowings	107,941	215,269
Financial assets		
Bank balances - saving accounts	50	48

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, net loss for the year would have been Rs. 1.079 million (2010 : Rs. 2.152 million) higher / lower mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding as at balance sheet date were outstanding for the whole year.

(b) Credit risk

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

	2011	2010
	Rupees in Thousands	
Long term deposits	4,055	4,055
Advances and other receivables	667	617
Short term investments	11,496	23,287
Bank balances	1,679	1,482

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

	Rating		Rating Agency	2011	2010
	Short term	Long term			
MCB Bank Limited	A1+	AA+	PACRA	119,993	121,448
NIB Bank Limited	A1+	AA-	PACRA	209,652	13,265
Bank Alfalah Limited	A1+	AA+	PACRA	881,608	881,608
United Bank Limited	A-1+	AA+	JCR-VIS	35,219	35,219
Burj Bank Limited (Dawood Islamic Bank Limited)	A-2	A-	JCR-VIS	98,344	98,344
Dubai Islamic Bank Limited	A-2	A-	JCR-VIS	33,986	34,259
Summit Bank Limited	A-2	A	JCR-VIS	300,164	297,901

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through committed credit facilities. As at the balance sheet date, the Company had claim short term borrowing limits available from financial institutions and Rs 1.679 million bank balances. Following are the contractual maturities of financial liabilities.

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

	Carrying Amount Rupees'000	On Demand Rupees'000	Contractual Cash Flows Rupees'000	Within 1 Year Rupees'000	1-2 Years Rupees'000	2-5 Years Rupees'000
Long term finances	11,462	-	13,089	11,462	1,627	-
Trade and other payables	542,463	-	542,463	542,463	-	-
Accrued markup	27,923	-	27,923	27,923	-	-
Short term borrowings	107,940	107,940	-	-	-	-
	<u>689,788</u>	<u>107,940</u>	<u>583,475</u>	<u>581,848</u>	<u>1,627</u>	<u>-</u>

Contractual maturities of financial liabilities as at June 30, 2010:

	Carrying Amount Rupees'000	On Demand Rupees'000	Contractual Cash Flows Rupees'000	Within 1 Year Rupees'000	1-2 Years Rupees'000	2-5 Years Rupees'000
Long term finances	12,504	-	12,504	4,515	4,168	3,821
Trade and other payables	550,149	-	550,149	550,149	-	-
Accrued markup	31,753	-	31,753	31,753	-	-
Short term borrowings	215,269	215,269	-	-	-	-
	<u>809,674</u>	<u>215,269</u>	<u>594,405</u>	<u>586,417</u>	<u>4,168</u>	<u>3,821</u>

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

28.2 Fair values of financial assets and liabilities

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

Note 29

Capital Risk Management

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

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was negative and the management has planned to manage it through 231% right issue.

	2011	2010
	Rupees in Thousands	
Total borrowings	119,402	227,773
Bank balances	(1,679)	(1,482)
Net Debt	<u>117,723</u>	<u>226,291</u>
Equity	(524,897)	(506,414)
Total Capital	<u>(407,174)</u>	<u>(280,123)</u>
Gearing Ratio	<u>(0.29)</u>	<u>(0.81)</u>

Note 30

Authorization of Financial Statements

These financial statements have been authorized for issue by the Board of Directors of the Company on October 7, 2011.

Note 31

General

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

CHIEF EXECUTIVE

DIRECTOR

	Number	Shares Held	Percentage
Associated Companies & Related Parties			
D.S.Industries Limited	1	7,855,050	10.141
D.S.Textiles Limited	1	15,053,720	19.435
D.S.Apparel (Pvt.) Limited	1	78,375	0.101
Infinite Securities Limited	1	80,000	0.103
Chief Executive & Directors			
Mr. Pervez Ahmed - Chief Executive	1	58,750	0.076
Mrs. Rehana Pervez Ahmed	1	2,026,640	2.616
Mr. Ali Pervez Ahmed	1	262	0.000
Mr. Hassan Ibrahim Ahmed	1	2,000	0.003
Mr. Suleman Ahmed	1	155,750	0.201
Mrs. Ayesha Ahmed Mansoor	1	735,866	0.950
Mr. Muhammad Khalid Khan	1	646	0.001
Insurance Companies	0	-	0.000
Joint Stock Companies	70	2,158,030	2.786
Modarba Companies	1	5,875	0.008
Financial Institutions	5	1,533,911	1.980
Individuals (General Public)	7,754	47,693,682	61.574
Others	3	19,022	0.025
Total	7844	77,457,579	100.000

Detail of Shareholding of 10% and above.

	Shares Held	Percentage
D.S.Industries Limited	7,855,050	10.141
D.S.Textiles Limited	15,053,720	19.435

**Pattern of Shareholding
As At June 30, 2011**

Number of Shareholders	Shareholding		Total Number of Shares Held
	From	To	
651	1	100	34,661
1,047	101	500	397,535
2,152	501	1,000	1,714,634
2,468	1,001	5,000	6,574,119
675	5,001	10,000	5,314,806
239	10,001	15,000	3,011,712
150	15,001	20,000	2,679,833
102	20,001	25,000	2,358,924
69	25,001	30,000	1,972,142
38	30,001	35,000	1,254,374
39	35,001	40,000	1,494,454
18	40,001	45,000	781,474
32	45,001	50,000	1,575,159
14	50,001	55,000	741,242
13	55,001	60,000	750,758
6	60,001	65,000	378,598
11	65,001	70,000	747,360
8	70,001	75,000	586,298
8	75,001	80,000	631,800
4	80,001	85,000	334,100
7	85,001	90,000	619,665
2	90,001	95,000	182,802
19	95,001	100,000	1,900,000
3	100,001	105,000	301,630
5	105,001	110,000	534,350
1	110,001	115,000	110,200
1	115,001	120,000	119,000
4	120,001	125,000	491,220
2	125,001	130,000	255,466
1	130,001	135,000	134,900
2	135,001	140,000	276,742
1	140,001	145,000	143,144
2	145,001	150,000	295,645
1	150,001	155,000	155,000
1	155,001	160,000	155,750
1	160,001	165,000	165,000
1	165,001	170,000	170,000
2	175,001	180,000	353,214
1	180,001	185,000	180,800
2	185,001	190,000	376,000
1	190,001	195,000	192,000
1	200,001	205,000	201,000
1	210,001	215,000	215,000
2	220,001	225,000	444,000
2	225,001	230,000	457,109
2	230,001	235,000	463,539
1	235,001	240,000	236,278
1	245,001	250,000	249,000
1	250,001	255,000	252,000
2	260,001	265,000	527,334
1	265,001	270,000	265,995
1	275,000	280,000	278,000
1	285,001	290,000	289,673
1	295,001	300,000	300,000
3	300,001	305,000	907,723
1	315,001	320,000	319,200
1	325,001	330,000	326,000
2	395,001	400,000	800,000
1	400,001	405,000	400,225
1	465,001	470,000	468,500
1	495,001	500,000	500,000
1	645,001	650,000	646,250
1	670,001	675,000	671,611
1	730,001	735,000	730,050
1	745,001	750,000	750,000
1	960,001	965,000	961,311
1	990,001	995,000	991,800
1	1,145,001	1,150,000	1,150,000
1	1,290,001	1,295,000	1,292,500
1	1,410,001	1,415,000	1,413,013
1	1,495,001	1,500,000	1,500,000
1	3,075,001	3,080,000	3,075,840
1	6,860,001	6,865,000	6,863,250
1	9,060,001	9,065,000	9,064,867
7844			77,457,579

**FORM OF PROXY
Annual General Meeting**

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

Dear Sir,

I/We ----- of (full address) -----
----- being a member(s) of Pervez Ahmed Securities Limited holding -----
--- Ordinary Shares as per Registered Folio No. / CDC A/c No ----- hereby
appoint Mr./ Mrs./ Miss -----of (full address) -----
----- or
failing him / her Mr./ Mrs./ Miss -----of (full
address) -----
-----being member of the Company as my/our Proxy to attend, act and vote for me / us and on
my / our behalf at the Annual General Meeting of the Company to be held on 31st October 2011

Signed this ----- day of -----2011

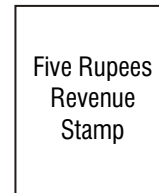
Witnesses:

Signature _____

Name _____

Address _____

CNIC No./ Passport Number_____



Signature should be agreed with
the Specimen Signatures with the
Company

NOTES:

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



Registered Office: 20-K Gulberg II, Lahore.

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