

**First Quarter Report**  
**September 30, 2013**



**Invest & Finance Securities Limited**

## COMPANY INFORMATION

### Board of Directors

Mr. Muhammad Sohail Dayala  
(Chairman & Chief Executive Officer)

Mrs. Halima Dayala  
Syed Kaleem Akhtar  
Mr. Ahmad Zakir Hafeez  
Mr. Muhammad Awais  
Syed Rashid Ali  
Mr. Shakeel Ahmed

### Audit Committee

Mr. Shakeel Ahmed - Chairman  
Syed Rashid Ali - Member  
Mrs. Halima Dayala - Member

### HR & R Committee

Mr. Shakeel Ahmed - Chairman  
Mrs. Halima Dayala - Member  
Mr. Muhammad Sohail Dayala - Member

### Company Secretary

Mr. Muhammad Awais

### Chief Financial Officer

Mr. Ahmad Zakir Hafeez

### Auditors

M/s. Riaz Ahmad, Saqib, Gohar & Company  
Chartered Accountants  
5-Nasim, C.H.S. Major Nazir Bhatti Road,  
Off: Shaheed-e-Millat Road,  
Karachi, Pakistan.

### Legal Advisor

M/s. K. D. Rajani & Company  
Suit No. 210, Progressive Plaza,  
Beaumont Road, Civil Lines,  
Karachi, Pakistan.

### Share Registrar

M/s. Technology Trade (Private) Limited  
Dagia House, 241-C, Block-2, P.E.C.H.S.,  
Off: Shahrah-e-Quaideen,  
Karachi, Pakistan.

### Bankers

MCB Bank Limited  
Bank Alfalah Limited  
Standard Chartered Bank (Pakistan) Limited  
NIB Bank Limited  
Burj Bank Limited  
KASB Bank Limited  
United Bank Limited  
Bank AL Habib Limited  
BankIslami Pakistan Limited  
Habib Metropolitan Bank Limited  
Silk Bank Limited  
The Bank of Khyber  
Summit Bank Limited  
Habib Bank Limited  
JS Bank Limited  
Meezan Bank Limited

### Registered Office

12th Floor, Corporate Tower, Techno City Building,  
Hasrat Mohani Road, Off: I. I. Chundrigar Road,  
Karachi, Pakistan.

### Lahore Office/Branch

319-Siddiq Trade Centre, 72 Main Boulevard, Gulberg,  
Lahore, Pakistan.

### Website

[www.investfinance.com.pk](http://www.investfinance.com.pk)



## DIRECTORS' REVIEW

### BEGIN IN THE NAME OF ALLAH THE MOST GRACIOUS AND MERCIFUL

Dear Member(s)

Assalam-o-Alykum!

I, on behalf of Board of Directors of your Company, am pleased to present herewith unaudited condensed interim financial statements of the Company for the first quarter ended September 30, 2013.

#### Operational Results

During the first quarter of the financial year, the Company earned operating revenue of Rs. 55.667 million as compared to Rs. 32.404 million for the corresponding period. Before and after tax profit stood at Rs. 20.947 million and Rs. 19.198 million respectively as compared to Rs. 9.977 million and Rs. 9.511 million respectively for the corresponding period. The basic and diluted earnings per share for the quarter is Rs. 0.29 as compared to Rs. 0.14 for the same period during last year. The improvement in financial results is contributed by increase in capital gains and brokerage & dividend income. However, increase in tax, financial charges and loss on revaluation of investments as compared to corresponding period have reduced the impact of increased profits.

#### Buy-Back/Purchase of Company's own Shares and Reduction in Paid-up Capital

The recommendation of Board of Directors in last meeting held on August 13, 2013 in respect of purchase/buy back by the Company upto a maximum of 26,054,560 its own issued ordinary shares of the nominal value of Rs. 10/- each at a purchase price of Rs. 15/- per share was approved by the Members in the 14th Annual General Meeting held on September 16, 2013. The tender notice was issued on September 18, 2013 inviting offers from Members for sale of their shares upto September 25, 2013. Decision on acceptance of offers was taken on September 30, 2013 that was communicated to the concerned Members on October 01, 2013 informing them to deposit the shares/documents by October 08, 2013. The Company received offers of 26,668,893 shares from members for sale their shares to the Company and accepted the offers for 26,054,560 shares being maximum number of shares to be purchased by the Company. Members deposited 26,044,770 shares for sale to the Company against 26,054,560 accepted shares. The Company made payment for the purchased shares to the concerned Members upto October 10, 2013. All formalities have been completed by the Company and paid-up capital has been reduced to Rs. 400,097,900/- comprising 40,009,790 ordinary shares of Rs. 10/- each subsequent to the balance sheet date.

In conclusion, we pray to almighty Allah for his blessings, guidance, health and prosperity to us, our Company, Country and Nation.

For and on behalf of the Board of Directors

Karachi, October 28, 2013

**MUHAMMAD SOHAIL DAYALA**  
Chairman & Chief Executive Officer



**CONDENSED INTERIM BALANCE SHEET**  
AS AT SEPTEMBER 30, 2013

	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
	-----Rupees-----	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	34,769,650	36,465,311
Intangible assets	3,771,560	3,778,065
Long-term investments	43,078,600	43,078,600
Long-term deposits	2,221,627	2,221,627
	<b>83,841,437</b>	85,543,603
<b>CURRENT ASSETS</b>		
Trade debts	248,273,293	333,142,125
Short-term investments	471,155,709	212,129,999
Advances, deposits, prepayments and other receivables	16,203,584	30,174,857
Advance tax - net	24,821,650	23,933,406
Receivable from NCCPL - net	397,241,881	768,669,044
Cash and bank balances	27,529,906	22,850,437
	<b>1,185,226,023</b>	1,390,899,868
<b>TOTAL ASSETS</b>	<b>1,269,067,460</b>	1,476,443,471
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>SHARE CAPITAL</b>		
Authorized capital	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	660,545,600	660,545,600
<b>RESERVES</b>		
Un-appropriated profit	426,288,419	407,089,879
	<b>1,086,834,019</b>	1,067,635,479
<b>CURRENT LIABILITIES</b>		
Short-term running finance	146,853,317	376,697,833
Trade and other payables	35,380,124	32,110,159
	<b>182,233,441</b>	408,807,992
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,269,067,460</b>	1,476,443,471

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



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	<b>First Quarter Ended</b>	
	<b>September 30, 2013</b>	<b>September 30, 2012</b>
	<b>----- --Rupees-- -----</b>	
<b>OPERATING REVENUE</b>		
Operating revenues	<b>24,380,390</b>	16,031,470
Gain on sale of investments-net	<b>31,286,723</b>	16,372,624
	<b>55,667,113</b>	32,404,094
<b>EXPENDITURE</b>		
Administrative and general expenses	<b>(15,155,616)</b>	(14,720,370)
Operating profit	<b>40,511,497</b>	17,683,724
Other income	<b>102,910</b>	251,644
Financial charges	<b>(1,576,893)</b>	(396,661)
Loss on revaluation of investments carried at fair value through profit and loss account- net	<b>(18,090,431)</b>	(7,561,866)
	<b>(19,564,414)</b>	(7,706,883)
<b>PROFIT BEFORE TAXATION</b>	<b>20,947,083</b>	9,976,841
<b>TAXATION</b>	<b>(1,748,543)</b>	(465,530)
<b>PROFIT AFTER TAXATION</b>	<b>19,198,540</b>	9,511,311
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>19,198,540</b>	9,511,311
 Earnings per share - basic and diluted	 <b>0.29</b>	 0.14

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



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	<b>First Quarter Ended</b>	
	<b>September 30, 2013</b>	<b>September 30, 2012</b>
<b>Cash Flows From Operating Activities</b>	<b>----- --Rupees-- -----</b>	
Profit before taxation	20,947,083	9,976,841
<b>Adjustments for:</b>		
Depreciation	1,287,507	1,213,638
Amortization of software	6,505	9,756
Financial charges	1,576,893	396,661
Loss on revaluation of investments carried at fair value through profit and loss - net	18,090,431	7,561,866
Gain on disposal of assets	(9,846)	(82,106)
	<b>20,951,490</b>	<b>9,099,815</b>
Profit before working capital changes	41,898,573	19,076,656
Changes in working capital		
<b>Decrease/(Increase) in current assets</b>		
Trade debts	84,868,832	5,579,462
Short term investments	(277,116,141)	309,955,640
Advances, deposits, prepayments and other receivables	13,971,273	(6,289,252)
Receivable from NCCPL	371,427,163	(378,483,938)
	<b>193,151,127</b>	<b>(69,238,088)</b>
<b>Increase in current liabilities</b>		
Trade and other payables	4,815,313	4,048,522
Cash generated from/(used in) operations	239,865,013	(46,112,910)
Income tax paid	(2,636,787)	(1,587,811)
Finance charges paid	(3,122,241)	(549,914)
Net cash generated from/(used in) operating activities	<b>234,105,985</b>	<b>(48,250,635)</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant & equipment	(32,000)	(3,602,800)
Proceeds from disposal of fixed assets	450,000	300,000
Net cash generated from/(used in) investing activities	<b>418,000</b>	<b>(3,302,800)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>234,523,985</b>	<b>(51,553,435)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(353,847,396)</b>	<b>(69,989,484)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(119,323,411)</b>	<b>(121,542,919)</b>

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



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	<u>Share capital</u>	<u>Unappropriated profit</u>	<u>Total</u>
	-----Rupees-----		
<b>Balance as at June 30, 2012</b>	600,496,000	237,112,266	837,608,266
Issue of bonus shares for the year ended June 30, 2012	60,049,600	(60,049,600)	-
Total comprehensive income for the first quarter ended September 30, 2012	-	9,511,311	9,511,311
<b>Balance as at September 30, 2012</b>	<u>660,545,600</u>	<u>186,573,977</u>	<u>847,119,577</u>
<b>Balance as at June 30, 2013</b>	660,545,600	407,089,879	1,067,635,479
Total comprehensive income for the first quarter ended September 30, 2013	-	19,198,540	19,198,540
<b>Balance as at September 30, 2013</b>	<u>660,545,600</u>	<u>426,288,419</u>	<u>1,086,834,019</u>

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

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CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

**1. STATUS AND NATURE OF BUSINESS**

Invest and Finance Securities Limited ('the Company') was incorporated under the Companies Ordinance, 1984 on September 27, 1999 as a Private Limited Company and converted into Public Unquoted Company w.e.f. November 27, 2006. Effective March 20, 2008 the Company became a listed Company with its shares quoted on the Karachi Stock Exchange Limited. The registered office of the Company is situated at 12th Floor, Corporate Tower, Techno City Building, Hasrat Mohani Road, Off: I. I. Chundrigar Road, Karachi, Pakistan.

The Company is Trading Right Entitlement (TRE) Certificate Holder of the Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited, Corporate Member of the Pakistan Mercantile Exchange Limited and is registered with/accredited by Financial Markets Association of Pakistan as inter-bank broker and Mutual Funds Association of Pakistan as Service Provider/Distributor. The Company is engaged in Financial Brokerage, Corporate Finance and Financial Research.

**2. BASIS OF PREPARATION**

**ACCOUNTING CONVENTION, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim financial statements have been presented in condensed form in accordance with the requirements of International Accounting Standard (IAS)-34 "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements do not include all of the information required of full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2013.

These financial information are un-audited and are being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. These condensed interim financial information are presented in Pak Rupees, which is the Company's functional and presentation currency and rounded off to the nearest rupee.

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2013.

**3. TAXATION**

Provision for Taxation has been estimated at the current rate of taxation.

**4. PROPERTY, PLANT AND EQUIPMENT**

	<u>(Un-audited)</u> <u>September</u> <u>30, 2013</u>	<u>(Audited)</u> <u>June</u> <u>30, 2013</u>
	----- Rupees-----	
Opening book value	36,465,311	34,277,424
Add: Additions during the period	32,000	9,741,628
Less: Disposals during the period (at book value)	(440,154)	(2,024,830)
Depreciation charged during the period	(1,287,507)	(5,528,911)
	<u>(1,727,661)</u>	<u>(7,553,741)</u>
Closing book value	<u>34,769,650</u>	<u>36,465,311</u>

**5. RELATED PARTY TRANSACTIONS**

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the company and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entity. The company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel. Remuneration and benefits to executives of the company are in accordance with the terms of the employment. Transactions with other related parties are entered into at rates negotiated with them. Details of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:





	<u>(Un-audited)</u> <u>September</u> <u>30, 2013</u>	<u>(Un-audited)</u> <u>September</u> <u>30, 2012</u>
<b>Brokerage income earned from:</b>	----- Rupees-----	
Directors	<u>54,235</u>	<u>2,528</u>
Employees	<u>71,164</u>	<u>63,243</u>
<b>Transactions</b>		
Contribution to IFSL - Employees Provident Fund	<u>392,291</u>	<u>285,059</u>

**6. CONTINGENCIES AND COMMITMENTS**

- 6.1 Bank Guarantee in favour of Karachi Stock Exchange Limited from The Bank of Khyber Limited secured against pledge of shares held by the Company.

<u>25,000,000</u>	<u>-</u>
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- 6.2 The Company has pledged/hypothecated TRE Certificate of Karachi Stock Exchange Limited (KSE) and 1,602,953 ordinary shares of KSE with KSE in compliance with Base Minimum Capital (BMC) requirement under Regulation 2.1 of the Regulations Governing Risk Management of the KSE. The Board of Directors of KSE has assigned a nominal value of Rs.15 million to TRE Certificate and Rs. 15.9 million to KSE shares aggregating to the total BMC of Rs. 30.9 million.

The Company has hypothecated TRE Certificate of Lahore Stock Exchange Limited (LSE) in favor of LSE in partial compliance with Base Minimum Capital (BMC) requirement under Regulation 2.1 of the Regulations Governing Risk Management of the LSE. The Board of Directors of LSE has assigned a nominal value of Rs. 4 million to TRE Certificate.

- 6.3 In Tax Year 2011 and 2012, the income tax authorities has showed their intention to charge Workers' Welfare Fund (WWF) under the provisions of the Workers' Welfare Fund Ordinance, 1971 amounting to Rs. 1,015,441/- and Rs. 4,443,599 respectively through Show Cause Notices dated June 16, 2013. The Company has filed a writ petition under Article 199 of the Constitution of Islamic Republic of Pakistan in the Honorable High Court of Sindh at Karachi for grant of stay order against the imposition of WWF. The Honorable High Court of Sindh has granted Stay Order in favor of the Company. The income tax authorities have further showed their intention to amend the assessment for Tax Year 2012 determining a net tax payable amounting to Rs. 2,283,047 (which is mainly due to imposition of WWF) through Show Cause Notice dated April 11, 2013. Management is confident that the eventual outcome of the matter will be decided in favour of the Company.

**7. NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE**

The Board of Directors of the Company in its meeting held on August 13, 2013 had approved and recommended to seek approval of Members, through Special Resolution, for purchase/buy back, under and pursuant to the provisions of Section 95A of the Companies Ordinance, 1984 and the Companies (Buy-Back of Shares) Rules, 1999, upto a maximum of 26,054,560 Company's own issued ordinary shares of the nominal value of Rs. 10/- each at a purchase price of Rs. 15/- per share. The Members have approved the same in Annual General Meeting held on September 16, 2013. The ordinary shares purchased pursuant to the above resolution will be cancelled and issued share capital will be reduced by an amount equal to the aggregate nominal value of the cancelled shares.

**8. DATE OF AUTHORIZATION FOR ISSUE**

These financial information have been authorized for issue on October 28, 2013 by the Board of Directors of the Company.

**9. GENERAL**

Figures in these condensed interim financial statements have been rounded off to the nearest rupee. The figures of the corresponding period have been re-arranged, wherever necessary, to facilitate comparison and for better presentation.

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR



## **INVEST AND FINANCE SECURITIES LIMITED**

12th Floor, Corporate Tower, Techno City Building, Hasrat Mohani Road, Off: I. I. Chundrigar Road,  
Karachi, Pakistan.

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