

First Quarter Report
September 30, 2014

INVEST AND 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 NIB Bank Limited Burj Bank Limited KASB Bank Limited United Bank Limited Bank AL Habib Limited BankIslami Pakistan Limited Habib Metropoliton 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

DIRECTORS' REVIEW

BEGIN IN THE NAME OF ALLAH THE MOST GRACIOUS AND MERCIFUL

Dear Member(s)

I, on behalf of Board of Directors of your Company, am pleased to present herewith un-audited condensed interim financial statements of the Company for the first quarter ended September 30, 2014.

Operational Results

During the first quarter of the financial year, the Company earned operating revenue of Rs. 27.925 million as compared to Rs. 55.667 million for the corresponding period. Before and after tax profit stood at Rs. 11.400 million and Rs. 10.488 million respectively as compared to Rs. 20.947 million and Rs. 19.198 million respectively for the same period during last year. The decrease in operating revenue and overall profit as compared to corresponding period is mainly due to lower brokerage & dividend income and capital gains. However, the said decrease is reasonably covered by higher gain on revaluation of investments and lower financial charges. The basic and diluted earnings per share for the quarter is Rs. 0.28 as compared to Rs. 0.29 for the same period during last year. Earnings for the quarter under review have been calculated on the basis of weighted average number of ordinary shares.

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 July 24, 2014 in respect of purchase/buy back by the Company upto a maximum of 20,009,790 its own issued ordinary shares of the nominal value of Rs. 10/- each at a purchase price of Rs. 20/- per share was approved by the Members in the 15th Annual General Meeting held on August 29, 2014. The tender notice was issued on September 01, 2014 inviting offers from Members for sale of their shares upto September 08, 2014. Decision on acceptance of offers was taken on September 11, 2014 that was communicated to the concerned Members on September 12, 2014 informing them to deposit the shares/documents by September 19, 2014. The Company received offers of 20,294,600 shares from members for sale their shares to the Company and accepted the offers for 20,009,790 shares being maximum number of shares to be purchased by the Company. Members deposited 19,994,140 shares for sale to the Company against 20,009,790 accepted shares. The Company made payment for the purchased shares to the concerned Members upto September 24, 2014. As a result, paid-up capital of the Company has been reduced to Rs. 200,156,500/- comprising 20,015,650 ordinary shares of Rs. 10/- each.

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

MUHAMMAD SOHAIL DAYALA
Chairman & Chief Executive Officer

Karachi, October 20, 2014

CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2014

	Un-audited September 30, 2014	Audited June 30, 2014
ASSETS	----------Rupees---------	
NON-CURRENT ASSETS		
Property, plant and equipment	**31,678,883**	32,865,361
Intangible assets	**3,700,005**	3,700,005
Long-term investments	**43,078,600**	43,078,600
Long-term deposits	**2,221,627**	2,221,627
	80,679,115	81,865,593
CURRENT ASSETS		
Trade debts	**111,840,430**	151,230,611
Short-term investments	**485,292,812**	303,093,614
Advances, deposits, prepayments and other receivables	**14,410,917**	36,377,075
Advance tax - net	**29,923,338**	29,785,002
Receivable from NCCPL - net	**98,643,310**	610,205,017
Cash and bank balances	**43,226,150**	28,225,669
	783,336,957	1,158,916,988
TOTAL ASSETS	**864,016,072**	1,240,782,581
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
SHARE CAPITAL		
Authorized capital	**1,000,000,000**	1,000,000,000
Issued, subscribed and paid-up capital	**200,156,500**	400,097,900
RESERVES		
Un-appropriated profit	**278,731,176**	468,184,141
	478,887,676	868,282,041
CURRENT LIABILITIES		
Short-term running finance	**107,399,299**	330,703,052
Trade and other payables	**277,729,097**	41,797,488
	385,128,396	372,500,540
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL EQUITY AND LIABILITIES	**864,016,072**	1,240,782,581

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	First Quarter Ended	
	September 30, 2014	September 30, 2013
	----------Rupees----------	
OPERATING REVENUE		
Operating revenues	**17,320,794**	24,380,390
Gain on sale of investments-net	**10,604,760**	31,286,723
	27,925,554	55,667,113
EXPENDITURE		
Administrative and general expenses	**(17,868,456)**	(15,155,616)
Operating profit	**10,057,098**	40,511,497
Other income	**571,515**	102,910
Financial charges	**(681,572)**	(1,576,893)
Gain/(loss) on revaluation of investments carried at fair value through profit and loss account- net	**1,453,146**	(18,090,431)
	1,343,089	(19,564,414)
PROFIT BEFORE TAXATION	**11,400,187**	20,947,083
TAXATION	**(911,752)**	(1,748,543)
PROFIT AFTER TAXATION	**10,488,435**	19,198,540
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**10,488,435**	19,198,540
Earnings per share - basic and diluted	**0.28**	0.29

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	First Quarter Ended	
	September 30, 2014	September 30, 2013
	----------Rupees----------	
Cash Flows From Operating Activities		
Profit before taxation	**11,400,187**	20,947,083
Adjustments for:		
Depreciation	**1,186,478**	1,287,507
Amortization of software	**-**	6,505
Financial charges	**681,572**	1,576,893
(Gain)/loss on revaluation of investments carried at fair value through profit and loss account - net	**(1,453,146)**	18,090,431
Gain on disposal of property, plant & equipment	**-**	(9,846)
	414,904	20,951,490
Profit before working capital changes	**11,815,091**	41,898,573
Changes in working capital		
Decrease/(Increase) in current assets		
Trade debts	**39,390,181**	84,868,832
Short term investments	**(180,746,052)**	(277,116,141)
Advances, deposits, prepayments and other receivables	**21,966,158**	13,971,273
Receivable from NCCPL	**511,561,707**	371,427,163
	392,171,994	193,151,127
Increase in current liabilities		
Trade and other payables	**238,185,570**	4,815,313
Cash generated from operations	**642,172,655**	239,865,013
Income tax paid	**(1,050,088)**	(2,636,787)
Finance charges paid	**(2,935,534)**	(3,122,241)
Net cash generated from operating activities	**638,187,034**	234,105,985
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	**-**	(32,000)
Proceeds from disposal of Property, plant & equipment	**-**	450,000
Net cash generated from investing activities	**-**	418,000
Cash Flow From Financing Activities		
Payments made against buy back of shares	**(399,882,800)**	-
Net increase in cash and cash equivalents	**238,304,234**	234,523,985
Cash and cash equivalents at the beginning of the period	**(302,477,383)**	(353,847,396)
Cash and cash equivalents at the end of the period	**(64,173,149)**	(119,323,411)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Share capital	Unappropriated profit	Total
	----------Rupees----------		
Balance as at June 30, 2013	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
Balance as at September 30, 2013	660,545,600	426,288,419	1,086,834,019
Balance as at June 30, 2014	**400,097,900**	**468,184,141**	**868,282,041**
Buy Back of 19,994,140 shares having face value of Rs. 10/- each at a purchase price of Rs. 20/- each	**(199,941,400)**	**(199,941,400)**	**(399,882,800)**
Total comprehensive income for the first quarter ended September 30, 2014	**-**	**10,488,435**	**10,488,435**
Balance as at September 30, 2014	**200,156,500**	**278,731,176**	**478,887,676**

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

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 condense 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, 2014.

These financial statements 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 statements 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, 2014.

3. TAXATION

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

4. PROPERTY, PLANT AND EQUIPMENT

	Un-audited September 30,2014	Audited June 30, 2014
	---------- Rupees----------	
Opening book value	**32,865,361**	36,465,311
Add: Additions during the period	**-**	2,338,022
Less: Disposals during the period (at book value)	**-**	(629,875)
Depreciation charged during the period	**(1,186,478)**	(5,308,097)
	(1,186,478)	(5,937,972)
Closing book value	**31,678,883**	32,865,361

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 condensed interim financial statements are as follows:

	Un-audited Septmber 30. 2014	Un-audited Septmber 30, 2013
Brokerage income earned from:	---------- Rupees----------	
Directors	**226,477**	54,235
Employees	**8,825**	71,164
Transactions		
Contribution to IFSL - Employees Provident Fund	**412,015**	392,291
Balances		
Payable to Directors	**230,564,148**	-

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.	**25,000,000**	25,000,000

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.

6.3 The Company has pledged/hypothecated TRE Certificate of Lahore Stock Exchange Limited (LSE) and 337,590 ordinary shares of LSE with LSE in compliance with Base Minimum Capital (BMC) requirement under Regulation 2.1 of the Regulations Governing Risk Management of the LSE.

6.4 In Tax Year 2011 and 2012, the income tax authorities have 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 the 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.

6.5 The income tax authorities have issued another Show Cause Notice dated June 28, 2014 to charge WWF for the Tax Year 2013 amounting to Rs. 4,925,073/-. The Company replied to the Show Cause Notice based on its plea adopted for the Tax Year 2011 and 2012. The management is confident that the eventual outcome of the matter will be decided in favour of the Company. Accordingly, no provisions have been made in these financial statements.

6.6 The Sindh Sales Tax authorities have issued order under Section 23(1), 43(3) and 44(1) of the Sindh Sales Tax on Services Act, 2011 for short payment of SST in respect of different services for the period from July 2011 to December 2013 amounting to Rs. 3,442,303/- excluding default surcharge. The Company has filed appeal against order before the Commissioner (Appeals) of the Sindh Revenue Board. The management is confident that the eventual outcome of the matter will be decided in favour of the Company. Accordingly, no provisions have been made in these financial statements.

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

The paid-up/issued capital of the Company has been reduced to Rs. 200,156,500/- comprising 20,015,650 ordinary shares of Rs. 10/- each as result of purchase/buy back of Company's own ordinary shares under and pursuant to the provisions of Section 95A of the Companies Ordinance, 1984 and the Companies (Buy-Back of Shares) Rules, 1999. Total 19,994,140 shares were purchased and payment of Rs. 399,882,800/- was made to the concerned members (i.e. Rs.10/- per share from the issued, subscribed & paid-up capital and Rs. 10/- per share from the un-appropriated profit).

8. EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Un-audited September 30, 2014	Un-audited September 30, 2013
	---------- Rupees----------	
Profit after taxation	**10,488,435**	19,198,540
Weighted average number of ordinary shares*	**37,619,186**	66,054,560
Earnings per share-basic and diluted	**0.28**	0.29

* As a result of buy back of shares as explained in note 7.

9. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on October 20, 2014 by the Board of Directors of the Company.

10. GENERAL

Figures in these condenced interim financial statements have been rounded 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

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