



First Quarter Report
September 30, 2015

INVEST AND FINANCE SECURITIES LIMITED

COMPANY INFORMATION

Board of Directors	<p>Mr. Muhammad Sohail Dayala (Chairman & Chief Executive Officer)</p> <p>Mrs. Halima Dayala Mr. Muhammad Awais Syed Rashid Ali Mr. Shakeel Ahmed Syed Ali Afzal Shah Mr. Bashir Ahmed Khanani</p>
Audit Committee	<p>Mr. Shakeel Ahmed - Chairman Syed Rashid Ali - Member Mrs. Halima Dayala - Member</p>
HR & R Committee	<p>Mr. Shakeel Ahmed - Chairman Mrs. Halima Dayala - Member Mr. Muhammad Sohail Dayala - Member</p>
Company Secretary	Mr. Muhammad Awais
Chief Financial Officer	Mr. Ahmad Zakir Hafeez
Auditors	<p>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.</p>
Legal Advisor	<p>M/s. K. D. Rajani & Company Suit No. 210, Progressive Plaza, Beaumont Road, Civil Lines, Karachi, Pakistan.</p>
Share Registrar	<p>M/s. Technology Trade (Private) Limited Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi, Pakistan.</p>
Bankers	<p>MCB Bank Limited Bank Alfalah Limited NIB Bank Limited Burj Bank Limited United Bank Limited Allied 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</p>
Registered Office	<p>12th Floor, Corporate Tower, Techno City Building, Hasrat Mohani Road, Off: I. I. Chundrigar Road, Karachi, Pakistan.</p>
Lahore Office/Branch	<p>319-Siddiq Trade Centre, 72 Main Boulevard, Gulberg, Lahore, Pakistan.</p>
Website	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 un-audited condensed interim financial statements of the Company for the first quarter ended September 30, 2015.

Operational Results

During the first quarter of the financial year, the Company earned operating revenues of Rs. 18.996 million as compared to Rs. 27.925 million for the corresponding period. Before and after tax profit stood at Rs. 2.605 million and Rs. 1.434 million respectively as compared to Rs. 11.400 million and Rs. 10.488 million respectively for the same period during last year. The decrease in operating revenues and overall profit as compared to corresponding period is mainly due to lower capital gains in the current quarter. The basic and diluted earnings per share for the quarter is Rs. 0.07 as compared to Rs. 0.28 for the same period during last year.

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, 2015

**CONDENSED INTERIM BALANCE SHEET**

AS AT SEPTEMBER 30, 2015

	Un-audited September 30, 2015	Audited June 30, 2015
 Rupees	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	12,346,916	12,952,529
Intangible assets	3,700,005	3,700,005
Long-term investments	43,078,600	43,078,600
Long-term deposits	1,539,735	1,539,735
	60,665,256	61,270,869
CURRENT ASSETS		
Trade debts	23,823,976	17,087,990
Short-term investments	-	92,407,684
Advances, deposits, prepayments and other receivables	14,834,670	62,068,913
Advance tax - net	35,784,459	34,431,517
Receivable from NCCPL - net	56,023,380	202,213,235
Cash and bank balances	68,041,942	428,815,003
	198,508,427	837,024,342
TOTAL ASSETS	259,173,683	898,295,211
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	200,156,500
RESERVES		
Un-appropriated profit	2,882,806	256,648,305
	203,039,306	456,804,805
NON-CURRENT LIABILITIES		
Deferred tax	438,209	438,209
CURRENT LIABILITIES		
Trade and other payables	55,696,168	441,052,197
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL EQUITY AND LIABILITIES	259,173,683	898,295,211

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, 2015

	First Quarter Ended	
	September 30, 2015	September 30, 2014
 Rupees	
OPERATING REVENUES		
Operating revenues	18,477,382	17,320,794
Gain on sale of investments-net	518,414	10,604,760
	18,995,796	27,925,554
EXPENDITURES		
Administrative and general expenses	(16,752,013)	(17,868,456)
Operating profit	2,243,783	10,057,098
Other income	596,064	571,515
Other charges	(52,101)	-
Financial charges	(182,702)	(681,572)
Gain/(loss) on revaluation of investments carried at fair value through profit and loss account- net	-	1,453,146
	361,261	1,343,089
PROFIT BEFORE TAXATION	2,605,044	11,400,187
TAXATION	(1,171,005)	(911,752)
PROFIT AFTER TAXATION	1,434,039	10,488,435
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,434,039	10,488,435
Earnings per share - basic and diluted	0.07	0.28

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, 2015

	First Quarter Ended	
	September 30, 2015	September 30, 2014
 Rupees	
Cash Flows From Operating Activities		
Profit before taxation	2,605,044	11,400,187
Adjustments for:		
Depreciation	605,613	1,186,478
Financial charges	182,702	681,572
(Gain) / loss on revaluation of investments carried at fair value through profit and loss account - net	-	(1,453,146)
	788,315	414,904
Profit before working capital changes	3,393,359	11,815,091
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts - unsecured	(6,735,986)	39,390,181
Short term investments	92,407,684	(180,746,052)
Advances, deposits, prepayments and other receivables	47,234,243	21,966,158
Receivable from NCCPL - net	146,189,855	511,561,707
	279,095,796	392,171,994
(Decrease) / increase in current liabilities		
Trade and other payables	(384,702,785)	238,185,570
Cash (used in) / generated from operations	(102,213,630)	642,172,655
Income tax paid	(2,523,947)	(1,050,088)
Finance charges paid	(835,946)	(2,935,534)
Net cash (used in) / generated from operating activities	(105,573,523)	638,187,034
Cash Flows From Investing Activities	-	-
Cash Flows From Financing Activities		
Dividend paid	(255,199,538)	-
Payment against buy back of shares	-	(399,882,800)
Net cash used in financing activities	(255,199,538)	(399,882,800)
Net (decrease) / increase in cash and cash equivalents	(360,773,061)	238,304,234
Cash and cash equivalents at the beginning of the period	428,815,003	(302,477,383)
Cash and cash equivalents at the end of the period	68,041,942	(64,173,149)

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, 2015

	Share capital	Unappropriated profit	Total
	-----Rupees-----		
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	<u>200,156,500</u>	<u>278,731,176</u>	<u>478,887,676</u>
Balance as at June 30, 2015	200,156,500	256,648,305	456,804,805
Issuance of dividend @ Rs. 12.75 per share	-	(255,199,538)	(255,199,538)
Total comprehensive income for the first quarter ended September 30, 2015	-	1,434,039	1,434,039
Balance as at September 30, 2015	<u>200,156,500</u>	<u>2,882,806</u>	<u>203,039,306</u>

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, 2015

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, 2015.

These condensed interim 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, 2015.

3. TAXATION

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

4. PROPERTY, PLANT AND EQUIPMENT

	Un-audited September 30, 2015	Audited June 30, 2015
..... Rupees		
Opening book value	12,952,529	32,865,361
Add: Additions during the period	-	208,400
Less: Disposals during the period (at book value)	-	(15,634,583)
Depreciation charged during the period	(605,613)	(4,486,649)
	(605,613)	(20,121,232)
Closing book value	12,346,916	12,952,529



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 September 30, 2015	Audited September 30, 2014
 Rupees	
Brokerage income earned from:		
Directors	<u>408,389</u>	<u>226,477</u>
Employees	<u>65,237</u>	<u>8,825</u>
Transactions		
Contribution to IFSL - Employees Provident Fund	<u>366,063</u>	<u>412,015</u>
Balances		
Payable to Directors	<u>398,293</u>	<u>230,564,148</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. 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 For the Tax Year 2011 and 2012, the income tax authorities have shown 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 shown 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. 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 condensed interim financial statements for Tax Year 2012.



- 6.5** The income tax authorities have issued another Show Cause Notice dated June 28, 2014 to charge WWF for tax year 2013 amounting to Rs.4,925,073/-. The Company replied to the Show Cause Notice based on its plea adopted for 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 condensed interim financial statements.
- 6.6** The Sindh Sales Tax (SST) authorities had 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 July 2011 to December 2013 amounting to Rs. 3,442,303/- excluding default surcharge. The Commissioner appeals has also uphold the order of SST authorities. The Company has filed appeal against order before the Appellate Tribunal 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 condensed interim financial statements.
- 6.7** The income tax authorities have issued Show Cause Notice under section 11(2) of the Sales Tax Act, 1990 dated June 08, 2015 for recovery of FED / Sales Tax for the period from July 2010 to June 2013 amounting to Rs. 48,488,045/- excluding default surcharge. The Company replied to the Show Cause Notice that pursuant to 7th NFC Award and subsequent to 18th amendment in the Constitution of Pakistan 1973, provinces have been empowered to levy and collect Sales Tax on Services provided in their respective jurisdictions from July 2011. The Company has received order for payment of above said amount as FED (in Sales Tax Mode) along with default surcharge and penalty in accordance with relevant sections of the Sales Tax Act, 1990. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals-III), Karachi against the said Order. Further, the Company has also obtained stay order from the Honorable High Court of Sindh against the said demand. The management is confident that eventual outcome of the matter will be decided in favor of the Company. Accordingly, no provisions have been made in these condensed interim financial statements.

7. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on October 20, 2015 by the Board of Directors of the Company.

8. 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. Ph: (+92 21) 32276932-35, Fax: (+92 21) 32276969

www.investfinance.com.pk

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