



Nine Months Report
March 31, 2013



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
Dagja House, 241-C, Block-2, P.E.C.H.S.,
Off: Shahr-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.

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 condensed interim financial statements of the Company for the third quarter and nine months ended March 31, 2013.

During the third quarter ended March 31, 2013, the Company earned operating revenues of Rs. 73.061 million as compared to Rs. 18.151 million for the same period during last year. The increase is mainly contributed by dividend income and capital gains. The Company earned before and after tax profit of Rs. 49.414 million and Rs. 46.223 million respectively as compared to Rs. 57.053 million and Rs. 56.100 million respectively for the corresponding period. The bottom-line is shrunked mainly due to impact of revaluation of investments that have resulted in a loss of Rs. 11.629 million as compared to a gain of Rs. 55.825 million for the corresponding period. Earnings per share for the quarter are Rs. 0.70 as compared to Rs. 0.85 (restated) for the corresponding period.

For the nine months ended March 31, 2013, the Company earned operating revenues of Rs. 183.717 million as compared to Rs. 228.254 million for the corresponding period. Before and after tax profit stood at Rs. 171.939 million and Rs. 164.535 million respectively as compared to Rs. 181.999 million and Rs. 179.220 million respectively for the same period during last year. The decrease in profit is due to the fact described above and mainly by the figures for the first half of the financial year. Earnings per share for the nine months are Rs. 2.49 as compared to Rs. 2.71 (restated) for the corresponding period.

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, April 15, 2013

MUHAMMAD SOHAIL DAYALA
Chairman & Chief Executive Officer



Nine Months Report March 31, 2013

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2013

	Un-audited March 31, 2013	Audited June 30, 2012
ASSETS		
-----Rupees-----		
NON-CURRENT ASSETS		
Property, plant and equipment	37,326,268	34,277,424
Intangible assets	3,787,819	46,895,691
Long-term investments	43,078,600	-
Long-term deposits	2,180,000	3,430,000
	86,372,687	84,603,115
CURRENT ASSETS		
Trade debts	197,313,286	81,128,622
Short-term investments	492,976,553	717,174,965
Advances, deposits, prepayments and other receivables	48,451,879	15,074,147
Advance tax - net	21,375,945	17,579,356
Receivable from NCCPL - net	518,866,149	18,882,173
Cash and bank balances	27,421,136	17,119,626
	1,306,404,948	866,958,889
TOTAL ASSETS	1,392,777,635	951,562,004
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	660,545,600	600,496,000
RESERVES		
Un-appropriated profit	341,597,326	237,112,266
	1,002,142,926	837,608,266
CURRENT LIABILITIES		
Short-term running finance	364,815,311	87,109,110
Trade and other payables	25,819,398	26,844,628
	390,634,709	113,953,738
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL EQUITY AND LIABILITIES	1,392,777,635	951,562,004

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



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CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2013

	Nine Months Ended		Third Quarter Ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	-----Rupees-----		-----Rupees-----	
OPERATING REVENUES				
Operating revenues	114,246,090	65,293,902	64,936,011	33,941,700
Gain / (loss) on sale of investments-net	69,471,284	162,960,605	8,125,270	(15,790,325)
	183,717,374	228,254,507	73,061,281	18,151,375
Operating expenses	(44,465,657)	(43,278,044)	(13,902,106)	(14,308,498)
Operating profit	139,251,717	184,976,463	59,159,175	3,842,877
Other income / (loss) - net	4,552,009	(613,102)	3,300,719	(1,017,264)
Financial charges	(2,400,535)	(5,669,403)	(1,417,691)	(1,597,569)
Gain / (loss) on revaluation of investments carried at fair value through profit and loss account - net	30,536,047	3,304,808	(11,628,601)	55,825,469
	32,687,521	(2,977,697)	(9,745,573)	53,210,636
PROFIT BEFORE TAXATION	171,939,238	181,998,766	49,413,602	57,053,513
TAXATION	(7,404,578)	(2,778,601)	(3,190,642)	(953,128)
PROFIT AFTER TAXATION	164,534,660	179,220,165	46,222,960	56,100,385
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	164,534,660	179,220,165	46,222,960	56,100,385
Earnings per share - basic and diluted	2.49	(Restated) 2.71	0.70	(Restated) 0.85

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



Nine Months Report March 31, 2013

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2013

	Nine Months Ended	
	March 31, 2013	March 31, 2012
	-----Rupees-----	
Cash Flows From Operating Activities		
Profit before taxation	171,939,238	181,998,766
Adjustments for:		
Depreciation	4,064,562	3,866,336
Amortization of software	29,272	43,902
Financial charges	2,400,535	5,669,403
(Gain) / loss on revaluation of investments carried at fair value through profit and loss account - net	(30,536,047)	(3,304,808)
(Gain)/loss on disposal of property, plant and equipment	(614,506)	867,435
	(24,656,184)	7,142,268
Profit before working capital changes	147,283,054	189,141,034
Changes in working capital (Increase)/decrease in current assets		
Trade debts	(116,184,664)	113,473,304
Short term investments	254,734,459	160,725,105
Advances, deposits, prepayments and other receivables	(33,377,732)	(993,504)
Receivable under MTS transaction	-	16,361,220
Receivable from NCCPL	(499,983,976)	(312,110,867)
	(394,811,913)	(22,544,742)
(Decrease)/increase in current liabilities		
Trade and other payables	(1,802,095)	(56,791,853)
Cash (used in)/generated from operations	(249,330,954)	109,804,439
Income tax paid	(11,201,167)	(2,297,367)
Finance charges paid	(1,623,670)	(4,251,976)
Net cash (used in)/generated from operating activities	(262,155,791)	103,255,096
Cash Flows From Investing Activities		
Long term deposits	1,250,000	(150,000)
Long term investments	-	2,520,000
Purchase of property, plant and equipment	(7,623,900)	(697,010)
Proceeds from disposal of property, plant and equipment	1,125,000	1,525,000
Net cash (used in)/generated from investing activities	(5,248,900)	3,197,990
Net (decrease)/increase in cash and cash equivalents	(267,404,691)	106,453,086
Cash and cash equivalents at the beginning of the period	(69,989,484)	(140,995,850)
Cash and cash equivalents at the end of the period	(337,394,175)	(34,542,764)

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**Nine Months Report
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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	<u>Share capital</u>	<u>Un-appropriated profit</u>	<u>Total</u>
	<u>-----Rupees-----</u>		
Balance as at June 30, 2011	600,496,000	19,337,423	619,833,423
Total comprehensive income for the nine months ended March 31, 2012	-	179,220,165	179,220,165
Balance as at March 31, 2012	600,496,000	198,557,588	799,053,588
Total comprehensive income for the period	-	38,554,678	38,554,678
Balance as at June 30, 2012	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 nine months ended March 31, 2013	-	164,534,660	164,534,660
Balance as at March 31, 2013	<u>660,545,600</u>	<u>341,597,326</u>	<u>1,002,142,926</u>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 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, 2012.

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, 2012.

3 TAXATION

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

4 PROPERTY, PLANT AND EQUIPMENT

	Un-audited March 31, 2013	Audited June 30, 2012
	-----Rupees-----	
Opening book value	34,277,424	39,746,732
Add: Additions during the period	7,623,900	2,536,285
Less: Disposals during the period (at book value)	(510,494)	(2,781,081)
Depreciation charged during the period	(4,064,562)	(5,224,512)
	(4,575,056)	(8,005,593)
Closing book value	37,326,268	34,277,424



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5 LONG - TERM INVESTMENTS

In the wake of promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, in lieu of Membership Cards Shares and Trading Right Entitlement (TRE) Certificates have been issued to holders of such Cards. Out of total number of shares as mentioned below, 2,404,430 and 506,385 ordinary shares of the Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited respectively, being 60% of total number of shares allotted to the Company have been blocked in the Company's Sub-Accounts maintained under the respective Stock Exchanges Participant IDs. Since these shares are not presently tradeable therefore, fair value cannot be determined. The Company has reclassified its investment from Intangible Assets to Tangible Assets as Long-Term Investments at cost price for better presentation. Detail and break-up of shares are as under:

	Un-audited March 31, 2013	Audited June 30, 2012
	-----Rupees-----	
Karachi Stock Exchange Limited (4,007,383 Ordinary Shares)	35,078,600	-
Lahore Stock Exchange Limited (843,975 Ordinary Shares)	8,000,000	-
	<u>43,078,600</u>	<u>-</u>

6 INTANGIBLE ASSETS

The Company has been granted Trading Right Entitlement (TRE) Certificate in pursuance of Section 5 of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 read with Regulation 6 of the Stock Exchanges (Corporatisation, Demutualization and Integration) Regulation, 2012. These TRE Certificates also represent intangible assets but do not include value. Detail and break-up of intangible assets are as under:

	Un-audited March 31, 2013	Audited June 30, 2012
	-----Rupees-----	
Membership - Pakistan Mercantile Exchange Limited	2,500,000	2,500,000
Membership - Karachi Stock Exchange (Guarantee) Limited	-	35,078,600
Membership - Lahore Stock Exchange (Guarantee) Limited	-	8,000,000
Telephone booth	1,200,000	1,200,000
Computer software	87,819	117,091
	<u>3,787,819</u>	<u>46,895,691</u>

7 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.



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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	
	March 31, 2013	March 31, 2012
	-----Rupees-----	
Brokerage income earned from:		
Directors	<u>9,932</u>	<u>45,923</u>
Employees	<u>92,781</u>	<u>221,621</u>
Transactions		
Contribution to IFSL - Employees Provident Fund	<u>886,990</u>	<u>1,013,008</u>
8 CONTINGENCIES AND COMMITMENTS		
Bank Guarantee in favour of Karachi Stock Exchange Limited from The Bank of Khyber Limited (March 2012: KASB Bank Limited), secured against pledge of shares	<u>25,000,000</u>	<u>10,000,000</u>

9 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on April 15, 2013 by the Board of Directors of the Company.

10 GENERAL

Figures in these condensed 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

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