



Nine Months Report
March 31, 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 Casual Vacancy</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 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</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)

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 third quarter and nine months ended March 31, 2015.

During the third quarter ended March 31, 2015, the Company earned operating revenues of Rs. 32.130 million as compared to Rs. 71.600 million for the same period during last year. The Company suffered before and after tax loss of Rs. 48.266 million and Rs. 49.246 million respectively as compared to before and after tax profit of Rs. 52.997 million and Rs. 49.532 million respectively for the corresponding period. During the quarter, Company suffered per share loss of Rs. 2.46 as compared to per share earnings of Rs. 1.24 for the corresponding period.

For the nine months ended March 31, 2015, the Company earned operating revenues of Rs. 105.836 million as compared to Rs. 186.822 million for the corresponding period. The Company earned before tax profit of Rs. 4.261 million and suffered after tax loss of Rs. 1.611 million as compared to before and after tax profit of Rs. 153.874 million and Rs. 146.628 million respectively for the same period during last year. The Company suffered per share loss of Rs. 0.06 as compared to per share earnings of Rs. 2.96 for the corresponding period.

The loss in third quarter that affected the overall results for the nine months is mainly contributed by transaction in respect of Lafarge Pakistan Cement Limited (LPCL) offer to purchase of the shares by the acquirer, which was in pipeline as of balance sheet date, as the Company has also offered shares of LPCL held by it in the said offer. In case the said transaction would have been completed till the balance sheet date, effect of loss had mitigated to a reasonable extent.

The Board of Directors have declared interim cash dividend of Rs. 7.50 per share i.e. 75%.

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 23, 2015

MUHAMMAD SOHAIL DAYALA
Chairman & Chief Executive Officer



CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015

	Un-audited March 31, 2015	Audited June 30, 2014
	-----Rupees-----	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	29,305,916	32,865,361
Intangible assets	3,700,005	3,700,005
Long-term investments	43,078,600	43,078,600
Long-term deposits	1,539,735	2,221,627
	77,624,256	81,865,593
CURRENT ASSETS		
Trade debts	143,477,680	151,230,611
Short-term investments	422,974,126	303,093,614
Advances, deposits, prepayments and other receivables	29,896,386	36,377,075
Advance tax - net	34,483,587	29,785,002
Receivable from NCCPL - net	116,171,790	610,205,017
Cash and bank balances	36,174,538	28,225,669
	783,178,107	1,158,916,988
TOTAL ASSETS	860,802,363	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	266,631,829	468,184,141
	466,788,329	868,282,041
CURRENT LIABILITIES		
Short-term running finance	215,377,900	330,703,052
Trade and other payables	178,636,134	41,797,488
	394,014,034	372,500,540
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL EQUITY AND LIABILITIES	860,802,363	1,240,782,581

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



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2015

	Nine Months Ended		Third Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	-----Rupees-----		-----Rupees-----	
OPERATING REVENUES				
Operating revenues	86,568,457	89,571,080	38,074,818	29,391,973
Gain/(loss) on sale of investments-net	19,267,459	97,250,587	(5,944,600)	42,207,592
	105,835,916	186,821,667	32,130,218	71,599,565
Operating expenses	(50,512,252)	(53,143,616)	(18,813,911)	(21,681,373)
Operating profit	55,323,664	133,678,051	13,316,307	49,918,192
Other income - net	1,210,880	994,389	336,167	420,807
Financial charges	(4,607,387)	(4,362,952)	(3,336,001)	(1,992,483)
(Loss)/gain on revaluation of investments carried at fair value through profit and loss account - net	(47,665,627)	23,564,348	(58,582,067)	4,650,735
	(51,062,134)	20,195,785	(61,581,901)	3,079,059
PROFIT/(LOSS) BEFORE TAXATION	4,261,530	153,873,836	(48,265,594)	52,997,251
TAXATION	(5,872,442)	(7,246,056)	(980,299)	(3,464,965)
(LOSS)/PROFIT AFTER TAXATION	(1,610,912)	146,627,780	(49,245,893)	49,532,286
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) /INCOME FOR THE PERIOD	(1,610,912)	146,627,780	(49,245,893)	49,532,286
Earnings per share - basic and diluted	(0.06)	2.96	(2.46)	1.24

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



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015

	Nine Months Ended	
	March	March
	31, 2015	31, 2014
	-----Rupees-----	
Cash Flows From Operating Activities		
Profit before taxation	4,261,530	153,873,836
Adjustments for:		
Depreciation	3,559,445	3,901,419
Amortization of software	-	78,064
Financial charges	4,607,387	4,362,952
Loss/(gain) on revaluation of investments carried at fair value through profit and loss account - net	47,665,627	(23,564,348)
(Gain) on disposal of property, plant & equipment	-	(9,846)
	55,832,459	(15,231,759)
Profit before working capital changes	60,093,989	138,642,077
Changes in working capital		
Decrease/(increase) in current assets		
Trade debts	7,752,931	191,526,473
Short term investments	(167,546,139)	(10,352,047)
Advances, deposits, prepayments and other receivables	6,480,689	(15,643,390)
Receivable from NCCPL - net	494,033,227	(74,037,285)
	340,720,708	91,493,751
Increase in current liabilities		
Trade and other payables	143,026,532	12,019,193
Cash generated from operations	543,841,229	242,155,021
Income tax paid	(10,571,027)	(12,329,999)
Finance charges paid	(10,795,273)	(5,362,647)
Net cash generated from operating activities	522,474,929	224,462,375
Cash Flows From Investing Activities		
Long term deposits	681,892	-
Purchase of property, plant & equipment	-	(385,642)
Proceeds from disposal of property, plant & equipment	-	450,000
Net cash generated from investing activities	681,892	64,358
Cash Flows From Financing Activities		
Payments made against buy back of shares	(399,882,800)	(390,671,550)
Net increase/(decrease) in cash and cash equivalents	123,274,021	(166,144,817)
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	(179,203,362)	(519,992,213)

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


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2015

	Share capital	Unappropriated profit/(loss)	Total
	-----Rupees-----		
Balance as at June 30, 2013	660,545,600	407,089,879	1,067,635,479
Buy Back of 26,044,770 shares having face value of Rs. 10/- each at a purchase price of Rs. 15/- each	(260,447,700)	(130,223,850)	(390,671,550)
Total comprehensive income for the nine months ended March 31, 2014	-	146,627,780	146,627,780
Balance as at March 31, 2014	400,097,900	423,493,809	823,591,709
Total comprehensive income for the fourth quarter ended June 30, 2014	-	44,690,332	44,690,332
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 (loss) for the nine months ended March 31, 2015	-	(1,610,912)	(1,610,912)
Balance as at March 31, 2015	200,156,500	266,631,829	466,788,329

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 NINE MONTHS ENDED MARCH 31, 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, 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

	<u>Un-audited</u> <u>March</u> <u>31, 2015</u>	<u>Audited</u> <u>June</u> <u>30, 2014</u>
	----- 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	(3,559,445)	(5,308,097)
	<u>(3,559,445)</u>	<u>(5,937,972)</u>
Closing book value	<u>29,305,916</u>	<u>32,865,361</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 condensed interim financial statements are as follows:



	<u>Un-audited</u> <u>March</u> <u>31, 2015</u>	<u>Un-audited</u> <u>March</u> <u>31, 2014</u>
Brokerage income earned from:		
	----- Rupees-----	
Directors	<u>1,492,337</u>	<u>281,123</u>
Employees	<u>98,105</u>	<u>61,201</u>
Transactions		
Contribution to IFSL - Employees Provident Fund	<u>1,173,183</u>	<u>1,190,292</u>
Balances		
Payable to Directors	<u>134,262,161</u>	<u>8,335,528</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>25,000,000</u> |
|--|-------------------|-------------------|
- 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 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.
- 6.3 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.
- 6.4 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.
- 6.5 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 from 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 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		Un-audited	
	Nine Months Ended		Third Quarter Ended	
	March 31		March 31	
	2015	2014	2015	2014
	-----Rupees-----		-----Rupees-----	
Profit after taxation	<u>(1,610,912)</u>	<u>146,627,780</u>	<u>(49,245,893)</u>	<u>49,532,286</u>
Weighted average number of ordinary shares*	<u>25,926,326</u>	<u>49,515,181</u>	<u>20,015,650</u>	<u>40,009,790</u>
Earnings per share-basic and diluted	<u>(0.06)</u>	<u>2.96</u>	<u>(2.46)</u>	<u>1.24</u>

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

9. NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

9.1 The Board of Directors of the Company in its meeting held on April 23, 2015 has declared interim cash dividend of Rs. 7.50 per share i.e. at the rate of 75% (March 31, 2014 : Nil). These condensed interim financial statements do not include the effect of this appropriation, which will be accounted for in subsequent financial statements.

9.2 The Company had offered 20,973,000 shares of Lafarge Pakistan Cement Limited (LPCL) held by it in offer to purchase shares of LPCL made by the acquirer. The acquirer has accepted 13,283,071 (63.3341%) shares at a price of Rs. 20.260462 per share and the said acceptance is announced after balance sheet date. These condensed interim financial statements do not include impact of accepted shares by the acquirer, which will be accounted for in subsequent financial statements.

10. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on April 23, 2015 by the Board of Directors of the Company.

11. 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

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