



Nine Months Report March 31, 2016

INVEST AND FINANCE SECURITIES LIMITED

CONTENTS

<u>Company Information</u>	02
<u>Directors' Review</u>	03
<u>Balance Sheet</u>	04
<u>Profit and Loss Account</u>	05
<u>Cash Flow Statement</u>	06
<u>Statement of Changes in Equity</u>	07
<u>Notes to the Financial Statements</u>	08

COMPANY INFORMATION

Board of Directors	<p>Mr. Muzzammil Aslam (Chairman & Chief Executive Officer)</p> <p>Mr. Asim Ali Mr. Fayyaz Ilyas Mr. Hayat Javed Mr. Irfan Pardesi Mr. Shakeel Ilyas Mr. Rahat Aziz</p>
Audit Committee	<p>Mr. Fayyaz Ilyas - Chairman Mr. Hayat Javed - Member Mr. Irfan Pardesi - Member Mr. Rahat Aziz - Member</p>
HR & R Committee	<p>Mr. Hayat Javed – Chairman Mr. Shakeel Ilyas – Member Mr. Muzzammil Aslam - 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: Shahr-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>Office No. 904, 9th Floor, Emerald Tower, Plot No. G-19, Block-5, Clifton, Karachi, Pakistan.</p>
Lahore 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, 2016.

Performance Review

During the third quarter ended March 31, 2016, the Company earned operating revenues of Rs. 20.522 million as compared to Rs. 32.130 million for the same period during last year. The Company suffered before and after tax loss of Rs. 6.850 million and Rs. 8.193 million respectively as compared to 48.266 million and Rs. 49.246 million respectively for the corresponding period. During the quarter, Company suffered per share loss of Rs. 0.41 as compared to Rs. 2.46 for the corresponding period.

For the nine months ended March 31, 2016, the Company earned operating revenues of Rs. 57.768 million as compared to Rs. 105.836 million for the corresponding period. The Company suffered before and after tax loss of Rs. 4.449 million and Rs. 7.126 million respectively as compared to before tax profit of Rs. 4.261 million and after tax loss of Rs. 1.611 million for the same period during last year. The Company suffered per share loss of Rs. 0.36 as compared to Rs. 0.06 for the corresponding period.

The reason for the decline in overall revenue/earnings is mainly the same as stated for the half year. The Company opted to payout, in aggregate, of Rs. 20.25 per share (i.e. 202.50%) for the year ended June 30, 2015 resulting in decrease in reserves and lower investments in equity portfolio. As a result capital gain has reduced reasonably. The continuing depressed sentiments at international and local markets have resulted into lower market turnover and brokerage income. Operating expenses has also increased mainly due to addition of office rental and increase in HR expenses. Further, the operations of the Company were also limited/slow during first half of the financial year due to transitional/acquisition phase.

Take-over/Acquisition

EFG-Hermes Holding Company has made a Public Announcement of Intention, under the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2008, to acquire upto 51.00% shares and/or control of the Company.

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

MUZZAMMIL ASLAM

Chairman & Chief Executive Officer

Karachi, April 22, 2016



CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2016

		Un-audited March 31, 2016	Audited June 30, 2015
Note			
..... Rupees			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	18,693,575	12,952,529
Intangible assets		3,700,005	3,700,005
Long-term investments	6	43,078,600	43,078,600
Long-term deposits		1,109,735	1,539,735
		66,581,915	61,270,869
CURRENT ASSETS			
Trade debts - net		52,234,583	17,087,990
Short-term investments		14,576,364	92,407,684
Advances, deposits, prepayments and other receivables		57,541,124	62,068,913
Advance tax - net		37,685,954	34,431,517
Receivable from NCCPL - net		7,212,000	202,213,235
Cash and bank balances		47,717,888	428,815,003
		216,967,913	837,024,342
		283,549,828	898,295,211
TOTAL ASSETS			
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 (loss) / profit		(5,677,570)	256,648,305
		194,478,930	456,804,805
NON-CURRENT LIABILITIES			
Deferred tax		275,574	438,209
Liabilities against assets subject to finance lease		6,216,000	-
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		1,184,000	-
Short term running finance		7,200,288	-
Trade and other payables		74,195,036	441,052,197
		82,579,324	441,052,197
CONTINGENCIES AND COMMITMENTS			
	5	-	-
		-	-
TOTAL EQUITY AND LIABILITIES			
		283,549,828	898,295,211

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2016

	Nine Months Ended		Third Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	Rupees		Rupees	
OPERATING REVENUES				
Operating revenues	55,395,227	86,568,457	19,985,516	38,074,818
Gain / (loss) on sale of investments-net	2,373,324	19,267,459	536,541	(5,944,600)
	57,768,551	105,835,916	20,522,057	32,130,218
Operating expenses	(61,449,186)	(50,512,252)	(26,339,580)	(18,813,911)
Operating (loss) / profit	(3,680,635)	55,323,664	(5,817,523)	13,316,307
Other income - net	1,189,793	1,210,880	301,410	336,167
Other charges	-	-	48,017	-
Financial charges	(317,426)	(4,607,387)	(98,206)	(3,336,001)
Loss on revaluation of investments carried at fair value through profit and loss account- net	(1,640,552)	(47,665,627)	(1,283,362)	(58,582,067)
	(768,185)	(51,062,134)	(1,032,141)	(61,581,901)
(LOSS) / PROFIT BEFORE TAXATION	(4,448,820)	4,261,530	(6,849,664)	(48,265,594)
TAXATION	(2,677,517)	(5,872,442)	(1,343,246)	(980,299)
LOSS AFTER TAXATION	(7,126,337)	(1,610,912)	(8,192,910)	(49,245,893)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(7,126,337)	(1,610,912)	(8,192,910)	(49,245,893)
Loss per share - basic and diluted	(0.36)	(0.06)	(0.41)	(2.46)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2016

	Nine Months Ended	
	March 31, 2016	March 31, 2015
 Rupees	
Cash Flows From Operating Activities		
(Loss) / profit before taxation	(4,448,820)	4,261,530
Adjustments for:		
Depreciation	2,253,141	3,559,445
Financial charges	317,426	4,607,387
Loss on revaluation of investments carried at fair value through profit and loss account - net	1,640,552	47,665,627
Loss on disposal of property, plant and equipment	131,779	-
	<u>4,342,898</u>	<u>55,832,459</u>
(Loss) / profit before working capital changes	(105,922)	60,093,989
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts-net	(35,146,593)	7,752,931
Short term investments	76,190,768	(167,546,139)
Advances, deposits, prepayments and other receivables	4,527,789	6,480,689
Receivable from NCCPL - net	195,001,235	494,033,227
	<u>240,573,199</u>	<u>340,720,708</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(366,177,806)	143,026,532
Cash (used in) / generated from operations	(125,710,529)	543,841,229
Income tax paid	(6,094,589)	(10,571,027)
Financial charges paid	(996,781)	(10,795,273)
Net cash (used in) / generated from operating activities	(132,801,899)	522,474,929
Cash Flows From Investing Activities		
Long term deposits	430,000	681,892
Proceeds from disposal of property, plant and equipment	25,000	-
Purchase of property, plant and equipment	(750,966)	-
Net cash (used in) / generated from investing activities	(295,966)	681,892
Cash Flows From Financing Activities		
Dividend paid	(255,199,538)	-
Payment against buy back of shares	-	(399,882,800)
	<u>(255,199,538)</u>	<u>(399,882,800)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(388,297,403)</u>	<u>123,274,021</u>
Cash and cash equivalents at the beginning of the period	<u>428,815,003</u>	<u>(302,477,383)</u>
Cash and cash equivalents at the end of the period	<u>40,517,600</u>	<u>(179,203,362)</u>

The annexed notes from 1 to 10 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 NINE MONTHS ENDED MARCH 31, 2016

	Share capital	Unappropriated profit/(loss)	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 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
Issuance of interim dividend @ Rs. 7.50 per share	-	(150,117,375)	(150,117,375)
Total comprehensive income for the fourth quarter ended June 30, 2015	-	140,133,851	140,133,851
Balance as at June 30, 2015	200,156,500	256,648,305	456,804,805
Issuance of final dividend @ Rs. 12.75 per share for the year ended June 30, 2015	-	(255,199,538)	(255,199,538)
Total comprehensive loss for the nine months ended March 31, 2016	-	(7,126,337)	(7,126,337)
Balance as at March 31, 2016	200,156,500	(5,677,570)	194,478,930

The annexed notes from 1 to 10 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, 2016

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 Pakistan Stock Exchange Limited. The registered office of the Company is situated at Office No. 904, 9th Floor, Emerald Tower, Plot No. G-19, Block-5, Clifton, Karachi, Pakistan.

The Company is Trading Right Entitlement (TRE) Certificate Holder of the Pakistan 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

2.1 Statement of compliance

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" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. 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.

3 SIGNIFICANT ACCOUNTING POLICIES

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.

4 PROPERTY, PLANT AND EQUIPMENT

	Un - audited March 31, 2016	Audited June 30, 2015
 Rupees	
Opening book value	12,952,529	32,865,361
Add: Additions during the period - own	750,966	208,400
Additions during the period - leased vehicles	7,400,000	-
Less: Disposals during the period (at book value)	(156,779)	(15,634,583)
Depreciation charged during the period	(2,253,141)	(4,486,649)
	(2,409,920)	(20,121,232)
Closing book value	18,693,575	12,952,529



5 CONTINGENCIES AND COMMITMENTS

	<u>Un - audited</u> <u>March</u> <u>31, 2016</u>	<u>Audited</u> <u>June</u> <u>30, 2015</u>
	<u>Rupees</u>	
5.1 Bank Guarantee in favour of Pakistan Stock Exchange Limited from The Bank of Khyber secured against pledge of shares held by the Company.	-	25,000,000
5.2 The Company has pledged/hypothecated TRE Certificate of Pakistan Stock Exchange Limited (PSX) and 1,602,853 ordinary shares of PSX with PSX. Further the Company has assigned sale proceeds of 404,430 shares of PSX, together with dividends on these shares declared from time to time along with any Right / Bonus shares, held in Blocked Account and to be sold in terms of stock exchanges (Corporatization, Demutualization & Integration Act) 2012 to fulfill the Base Minimum Capital requirement under the Regulations of the Exchange.		
5.3 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 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.		
5.4 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. During the period, the Company has filed an appeal against charge of WWF and the proceedings thereof are pending till date. 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.		
Further, the income tax authorities have issued Notice under section 122(5A) read with Section 122(9) of the Income Tax Ordinance, 2001 to amend the assessment for the tax year 2013. In this regard, tax Authorities have passed an order vide increasing tax liability by Rs. 99,833/- (adjusted with reduced refund issued). However, the Company has filed an appeal against the above order and the proceedings thereof are pending till date. The management is confident that the eventual outcome of the matters will be decided in favour of the Company. Accordingly, no provisions have been made in these condensed interim financial statements.		
5.5 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 July 2011 to December 2013 amounting to Rs. 3,442,303/- excluding default surcharge. The Commissioner appeals has upheld the order of SST authorities. The Company has filed appeal against order before the Honorable 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.		
5.6 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. However, 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.		



6 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 had been issued to holders of such Cards. Now, after the integration of stock exchanges, the name of Karachi Stock Exchange Limited has been changed to Pakistan Stock Exchange Limited (PSX) and Lahore Stock Exchange Limited has been formed a NBFC and its name has been changed to LSE Financial Services Limited (LFSL). Two TRE Certificates of PSX (i.e. one each against TRE Certificates of the Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited) has been issued to the Company. 2,404,430 ordinary shares being 60% of total 4,007,383 ordinary shares of the PSX allotted to the Company have been blocked in the Company's Sub-Account maintained under the PSX Participant ID. Further, initially 506,385 ordinary shares being 60% of total 843,975 ordinary shares of the then Lahore Stock Exchange Limited allotted to the Company had blocked in the Company's Sub-Account maintained under the LSE Participant ID. Now, blocked status of the said 506,385 ordinary shares has been removed and all 843,975 ordinary shares are available in Company's own house account in freezed form. Since all these shares of PSX and LFSL are not presently tradable therefore fair value cannot be determined. The Company reclassified its investment from Intangible Assets to Long Term Investments at cost price for better presentation. Detail and break-up of shares are as under:

	Un - audited March 31, 2016	Audited June 30, 2015
 Rupees	
Pakistan Stock Exchange Limited (4,007,383 Ordinary Shares)	35,078,600	35,078,600
LSE Financial Services Limited (843,975 Ordinary Shares)	8,000,000	8,000,000
	43,078,600	43,078,600

7 LOSS PER SHARE

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

	Un-audited Nine Months Ended		Un-audited Third Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
 Rupees Rupees	
Loss after taxation	(7,126,337)	(1,610,912)	(8,192,910)	(49,245,893)
Weighted average number of ordinary shares	20,015,650	25,926,326*	20,015,650	20,015,650
Loss per share - basic and diluted	(0.36)	(0.06)	(0.41)	(2.46)

* As a result of buy back of 19,994,140 shares having face value of Rs. 10/- each at a purchase price of Rs. 20/- each in the prior period under and pursuant to the provisions of Section 95A of the Companies Ordinance, 1984 and the Companies (Buy-Back of Shares) Rules, 1999.



8 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 March 31, 2016	Un - audited March 31, 2015
 Rupees	
Brokerage income earned from:		
Directors	306,395	1,492,337
Employees	217,214	98,105
Transactions		
Contribution to IFSL - Employees Provident Fund	1,307,852	1,173,183
Balances		
Payable to Directors	3,065	7,215,333
Payable to Key Management Personnel	319,120	177,988

9 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on April 22, 2016 by the Board of Directors of the Company.

10 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR



INVEST AND FINANCE SECURITIES LIMITED

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CORPORATE