

Half Yearly Report
December 31, 2009



Invest & Finance Securities Limited



COMPANY INFORMATION

HALF YEARLY REPORT DECEMBER 31, 2009

Board of Directors	:	Mr. Aryn Nasiruddin (Chairman and Chief Executive Officer)
		Mr. Bashir Ahmed Khanani Mr. Khalid Iqbal Siddiqui Mrs. Nausheen Javed Ahmedjee Syed Kaleem Akhtar Mr. Shakeel Ahmed Syed Rashid Ali
Audit Committee	:	Mrs. Nausheen Javed Ahmedjee - Chairperson Mr. Shakeel Ahmed - Member Syed Kaleem Akhtar - 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. E-42, Executive Floor, Glass Tower, Teen Talwar, Clifton, 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 Mybank Limited NIB Bank Limited KASB Bank Limited United Bank Limited Bank AL Habib Limited Habib Metropolitan Bank Limited Silk Bank Limited The Bank of Khyber Arif Habib Bank Limited Bank Islami Pakistan 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)

Assalam-o-Alykum!

I, on behalf of Board of Directors of your Company, am pleased to present herewith condensed interim financial statements of the Company for the Half year ended December 31, 2009 together with figures for the corresponding periods. These condensed interim financial statements have been reviewed by the external auditors of the Company.

Performance Review

During the second quarter ended December 31, 2009, the company earned profit before tax of Rs. 62.420 million and profit after tax of Rs. 60.981 million as compared to loss before tax of Rs. 124.246 million and loss after tax of Rs. 131.284 million for the corresponding period. The Company has earned an operating profit of Rs. 46.120 million as compared to Rs. 42.181 million for the same period during last year. This turnaround can be attributed to increase in brokerage income, fees & commission, other income and revaluation impact of investments as a result of improvement in volumes at stock exchange, increase in business activities and increase in share prices as compared to corresponding period. Financial charges have also decreased from Rs. 48.201 million to Rs. 3.982 million due to low utilization of finance facilities as compared to corresponding period. Earnings per share for the quarter are Rs. 1.02 as compared to loss per share of Rs. 2.18 for the corresponding period.

For the half year ended December 31, 2009, the Company earned profit before tax of Rs. 108.382 million and profit after tax of Rs. 105.048 million as compared to loss before tax of Rs. 210.032 million and loss after tax of Rs. 218.534 million for the corresponding period. The Company has earned an operating profit of Rs. 110.089 million as compared to Rs. 26.921 million for the same period during last year. The conversion of losses to net profit during the half year is mainly contributed by the facts mentioned above and also by gain on sale of investments. Earnings per share for the half year are Rs. 1.75 as compared to loss per share of Rs. 3.77 for the corresponding period.

Economic and Stock Market Review

Pakistan's economy continues to recuperate in its stability mode for now. However, there have been some fiscal spillovers appearing on the horizon with fiscal deficit target for the year being raised to 5.3% of GDP and inflation also rising back into double digits. The average inflation for first half of the fiscal year was 10.3%, which is expected to continue to increase in the coming months. The SBP also reduced its discount rate to 12.5% from a level of 13% previously.



The Pakistani Rupee got weaker during the half year with record low being touched against the US\$ in the interbank market. This was mainly due to Pakistan's inability to attract foreign investment (down 52%), and inability to receive funds pledged by Friends of Pakistan. The latest IMF tranche allowed the country's foreign exchange reserves to cross US\$15bn during the first half of 2009-10.

The stock market performed well during the half year. However, volumes reduced drastically towards the end of the half year as law and order situation took its toll on investor confidence, especially foreign investors. The absence of a leverage product in the stock market has also led to volumes being relatively thin and restricted to lower-priced stocks. Average daily volume at the KSE during the first half of 2009-10 stood at 173mn shares.

Pakistan's stock market is likely to continue to take its cues from how the economy fares under the current IMF programme. Law and order situation has improved slightly, but intermittent bomb attacks will continue to dampen investor sentiment. The expectation of imposition of a capital gains tax on sale of listed shares will also play a role in determining market direction and volumes going forward.

Future Outlook

Your Company is exploring new ventures in order to try and diversify its portfolio of operations. The Company has been provisionally accredited / approved as Interbank Broker by Financial Markets Association of Pakistan and arrangements are being made for the establishment of Interbank Market Brokerage Operations Department. Hopefully, upon the establishment of department and formal approval of FMAP, the Company will start Interbank Market Brokerage Operations in near future.

Acknowledgements

The Board of Directors of your Company wishes to place on record its gratitude to the Regulators, its bankers, Members, clients and business partners for their continued cooperation and support. Further, the Board appreciates the valuable, loyal, and commendable services rendered to the Company by its executives and staff members.

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

AMYN NASIRUDDIN
Chairman and Chief Executive Officer

Karachi, February 16, 2010



RIAZ AHMAD, SAQIB, GOHAR & COMPANY
Chartered Accountants

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Invest and Finance Securities Limited as at December 31, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with selected explanatory notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management of the company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as applicable in Pakistan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figure for the quarter ended December 31, 2008 & 2009 in the condensed interim profit and loss accounts have not been reviewed and we do not express a conclusion thereon.

Karachi
Dated: February 16, 2010

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants

Engagement Partner: Gohar Manzoor

A Member of AGN International Ltd. Accountants Global Network an International Association

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CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2009

HALF YEARLY REPORT DECEMBER 31, 2009

	<u>Un-audited</u> 31 December 2009 Rupees	<u>Audited</u> 30 June 2009 Rupees
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	41,937,771	47,301,196
Intangible assets	109,029,925	109,095,121
Long term investments	32,120,000	57,120,000
Long term deposits	2,810,000	2,828,900
	<u>185,897,696</u>	<u>216,345,217</u>
CURRENT ASSETS		
Trade debts	515,945,862	633,881,957
Short term investments	242,408,017	149,646,864
Advances, deposits, prepayments and other receivables	47,540,556	40,706,663
Cash and bank balances	6,731,766	2,269,924
	<u>812,626,201</u>	<u>826,505,408</u>
TOTAL ASSETS	<u><u>998,523,897</u></u>	<u><u>1,042,850,625</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
SHARE CAPITAL		
Authorized Capital	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital	600,496,000	600,496,000
RESERVES		
Unappropriated loss	(27,082,563)	(132,130,666)
	<u>573,413,437</u>	<u>468,365,334</u>
SURPLUS ON REVALUATION OF MEMBERSHIP CARDS	61,921,400	61,921,400
NON CURRENT LIABILITIES		
Long term loan	-	140,000,000
CURRENT LIABILITIES		
Current portion of long term loan	-	40,000,000
Current portion of liabilities against asset subject to finance lease	-	89,493
Short term running finance	60,198,641	180,340,652
Trade and other payables	302,990,419	152,133,746
	<u>363,189,060</u>	<u>372,563,891</u>
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL EQUITY AND LIABILITIES	<u><u>998,523,897</u></u>	<u><u>1,042,850,625</u></u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND SECOND QUARTER ENDED DECEMBER 31, 2009**



	Half Year Ended		Quarter Ended	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	----- Rupees -----		----- Rupees -----	
REVENUE				
Brokerage income	43,774,610	13,304,837	17,466,150	2,544,503
Dividend income	1,269,820	12,705,492	1,050,885	10,961,673
Gain on sale of investments-net	89,262,768	27,580,186	35,981,181	38,088,917
Income on CFS	-	5,199,452	-	2,851,616
Profit on sukuk bonds	1,052,616	1,932,494	-	996,741
Fees and commission	6,292,456	328,499	6,282,456	90
	<u>141,652,270</u>	<u>61,050,960</u>	<u>60,780,672</u>	<u>55,443,540</u>
EXPENDITURE				
Administrative and general expenses	(31,562,790)	(34,129,497)	(14,660,581)	(13,262,369)
Operating profit	<u>110,089,480</u>	<u>26,921,463</u>	<u>46,120,091</u>	<u>42,181,171</u>
Other income	6,420,261	916,602	6,024,808	(85,812)
Financial charges	(12,721,752)	(94,274,867)	(3,982,332)	(48,200,872)
Gain/(loss) on revaluation of investments carried at fair value through profit and loss account-net	4,594,467	(143,595,315)	14,257,797	(118,140,532)
	<u>(1,707,024)</u>	<u>(236,953,580)</u>	<u>16,300,273</u>	<u>(166,427,216)</u>
PROFIT/(LOSS) BEFORE TAXATION	<u>108,382,456</u>	<u>(210,032,117)</u>	<u>62,420,364</u>	<u>(124,246,045)</u>
PROVISION FOR TAXATION				
-Current	(3,334,353)	(2,675,707)	(1,439,106)	(1,211,715)
-Prior	-	(5,826,372)	-	(5,826,372)
	<u>(3,334,353)</u>	<u>(8,502,079)</u>	<u>(1,439,106)</u>	<u>(7,038,087)</u>
PROFIT/(LOSS) AFTER TAXATION	<u>105,048,103</u>	<u>(218,534,196)</u>	<u>60,981,258</u>	<u>(131,284,132)</u>
Earnings/(loss) per share				
- basic and diluted	<u>1.75</u>	<u>(3.77)</u>	<u>1.02</u>	<u>(2.18)</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

HALF YEARLY REPORT DECEMBER 31, 2009



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

HALF YEARLY REPORT DECEMBER 31, 2009

	Half Year Ended	
	31 December 2009	31 December 2008
----- Rupees -----		
Cash Flows From Operating Activities		
Profit/(loss) before taxation	108,382,456	(210,032,117)
Adjustments for:		
Depreciation	2,885,782	3,917,153
Amortization of Software	65,196	98,765
(Gain)/loss on revaluation of investments carried at fair value through profit and loss account-net	(4,594,467)	143,595,315
Financial Charges	12,721,752	94,274,867
Loss on disposal of fixed assets	106,241	88,007
	<u>11,184,504</u>	<u>241,974,107</u>
Operating Profit before working capital changes	119,566,960	31,941,990
Changes in working capital		
Decrease/(increase) in current assets		
Trade debts	117,936,095	(320,779,645)
Margin Finance Client	-	321,683,287
Receivable under CFS transactions	-	58,187,684
Short term investments	(63,166,686)	220,844,649
Advances, deposits, prepayments and other receivables	(6,542,791)	26,559,696
Receivable from NCCPL	-	163,600,008
Increase/(decrease) in current liabilities		
Trade and other payables	162,678,131	(85,534,707)
	<u>210,904,749</u>	<u>384,560,972</u>
Cash generated from operations	330,471,709	416,502,962
Income tax paid	(3,625,453)	(2,257,519)
Financial Charges paid	(24,543,210)	(72,848,056)
Net cash generated from operating activities	302,303,046	341,397,387
Cash Flows From Investing Activities		
Long term deposits	18,900	-
Purchase of fixed assets	(418,600)	(212,520)
Proceeds from disposal of fixed assets	2,790,000	304,000
Net cash generated from investing activities	2,390,300	91,480
Cash Flows From Financing Activities		
Loan repaid during the period	(180,000,000)	(40,000,000)
Lease Liabilities Paid	(89,493)	(2,006,697)
Net cash used in financing activities	(180,089,493)	(42,006,697)
Net increase in cash and cash equivalents	124,603,853	299,482,170
Cash and cash equivalents at the beginning of the period	(178,070,728)	(1,031,167,978)
Cash and cash equivalents at the end of the period	(53,466,875)	(731,685,808)

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR



**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	Share capital	Accumulated profit / (loss)	Total
Balance as at July 01, 2008	600,496,000	26,369,666	626,865,666
Loss for the half year ended December 31, 2008	-	(218,534,196)	(218,534,196)
Balance as at December 31, 2008	<u>600,496,000</u>	<u>(192,164,530)</u>	<u>408,331,470</u>
Balance as at January 01, 2009	600,496,000	(192,164,530)	408,331,470
Total comprehensive income for the half year ended June 30, 2009	-	60,033,864	60,033,864
Balance as at June 30, 2009	<u>600,496,000</u>	<u>(132,130,666)</u>	<u>468,365,334</u>
Balance as at July 01, 2009	600,496,000	(132,130,666)	468,365,334
Total comprehensive income for the half year ended December 31, 2009	-	105,048,103	105,048,103
Balance as at December 31, 2009	<u>600,496,000</u>	<u>(27,082,563)</u>	<u>573,413,437</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

HALF YEARLY REPORT DECEMBER 31, 2009



**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2009 (UN-AUDITED)**

HALF YEARLY REPORT DECEMBER 31, 2009

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 (Guarantee) 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 a Corporate Member of the Karachi Stock Exchange (Guarantee) Limited, the Lahore Stock Exchange (Guarantee) Limited and the National Commodity Exchange Limited and is engaged in Financial Brokerage, Corporate Finance and Equity Research.

2 ACCOUNTING CONVENTION, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial information 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 30 June 2009.

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 30 June 2009.

3 TAXATION

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

4 FIXED ASSETS

Fixed Capital Expenditure during the period amounted to Rs. 0.419 Million (June 30, 2009: Rs. 0.828 Million). Deletion in Fixed Assets during the period amounted to Rs. 5.326 Million (June 30, 2009: Rs. 7.004 Million).

		<u>Un-audited</u> <u>December</u> <u>2009</u>	<u>Audited</u> <u>June</u> <u>2009</u>
	Note	----- Rupees -----	
5 LONG TERM INVESTMENTS			
Related parties:			
- Investment in associated company		6,720,000	6,720,000
Other investments		50,400,000	50,400,000
Less: Impairment Loss	5.1	<u>(25,000,000)</u>	-
		<u>32,120,000</u>	<u>57,120,000</u>



**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2009 (UN-AUDITED)**

5.1 The company has recognized an impairment loss of Rs.25 million on the basis of break up value as on June 30, 2009 i.e. Rs.4.99/- per share (2008:Rs.9.83/- per share) in respect of its investment in the shares of D.H.A. Cogen Limited.

6 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 financial statements, are as follows:

	<u>Un-audited December 2009</u>	<u>Un-audited December 2008</u>
	----- Rupees -----	
Brokerage income earned from:		
Directors	<u>36,123</u>	<u>4,350</u>
Employees	<u>166,647</u>	<u>3,467</u>
Transactions		
Contribution to IFSL		
- Employees provident fund	<u>498,424</u>	<u>484,896</u>
	<u>Un-audited December 2009</u>	<u>Audited June 2009</u>
	----- Rupees -----	
Balances		
Loan to director	<u>14,098,000</u>	<u>14,498,000</u>

7 COMMITMENTS

Bank Guarantee in favour of Karachi Stock Exchange (Guarantee) Limited from KASB Bank Limited	<u>25,000,000</u>	<u>-</u>
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8 DATE OF AUTHORIZATION FOR ISSUE

These financial information have been authorized for issue on February 16, 2010 by the Board of Directors of the Company.

9 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

HALF YEARLY REPORT DECEMBER 31, 2009



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