



**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><br><u>December</u><br><u>2009</u> | <u>Audited</u><br><u>June</u><br><u>2009</u> |
|------------------------------------|------|-----------------------------------------------------|----------------------------------------------|
|                                    | Note | ----- Rupees -----                                  |                                              |
| <b>5 LONG TERM INVESTMENTS</b>     |      |                                                     |                                              |
| 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>                            |



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

**7 COMMITMENTS**

|                                                                                                     |                   |          |
|-----------------------------------------------------------------------------------------------------|-------------------|----------|
| Bank Guarantee in favour of<br>Karachi Stock Exchange (Guarantee)<br>Limited from KASB Bank Limited | <u>25,000,000</u> | <u>-</u> |
|-----------------------------------------------------------------------------------------------------|-------------------|----------|

**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.

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CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

HALF YEARLY REPORT DECEMBER 31, 2009