

Nine Month Report  
March 31, 2017

2017



**INVEST AND FINANCE SECURITIES LIMITED**

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# COMPANY INFORMATION

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>* Mr. Murad Ansari</li> <li>* Mr. Ahmed Youssef</li> <li>* Mr. Mohamed Ebeid</li> <li>* Mr. Mohamed Abdel Khabir</li> <li>Mr. Hayat Javed</li> <li>Mr. Fayyaz Ilyas</li> <li>Mr. Rahat Aziz</li> <li>Mr. Muzzammil Aslam</li> </ul>	<ul style="list-style-type: none"> <li>Chairman</li> <li>Director</li> <li>Director</li> <li>Director</li> <li>Director</li> <li>Director</li> <li>Director</li> <li>CEO</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>* Mr. Mohamed Abdel Khabir</li> <li>* Mr. Ahmed Youssef</li> <li>Mr. Fayyaz Ilyas</li> <li>Mr. Rahat Aziz</li> </ul>	<ul style="list-style-type: none"> <li>Chairman</li> <li>Member</li> <li>Member</li> <li>Member</li> </ul>
<b>HR &amp; R Committee</b>	<ul style="list-style-type: none"> <li>* Mr. Mohamed Ebeid</li> <li>* Mr. Murad Ansari</li> <li>Mr. Hayat Javed</li> <li>Mr. Muzzammil Aslam</li> </ul>	<ul style="list-style-type: none"> <li>Chairman</li> <li>Member</li> <li>Member</li> <li>Member</li> </ul>
<b>Company Secretary</b>	Mr. Shahid Kamal	
<b>Chief Financial Officer</b>	Mr. Ahmad Zakir Hafeez	
<b>Auditors</b>	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.	
<b>Legal Advisor</b>	M/s. K. D. Rajani & Company Suit No. 210, Progressive Plaza, Beaumont Road, Civil Lines, Karachi, Pakistan.	
<b>Share Registrar</b>	M/s. Technology Trade (Private) Limited Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahr-e-Quaideen, Karachi, Pakistan.	
<b>Bankers</b>	<ul style="list-style-type: none"> <li>MCB Bank Limited</li> <li>Bank Alfalah Limited</li> <li>NIB Bank Limited</li> <li>Askari Bank Limited</li> <li>United Bank Limited</li> <li>Allied Bank Limited</li> <li>Bank AL Habib Limited</li> <li>BankIslami Pakistan Limited</li> <li>Habib Metropolitan Bank Limited</li> <li>Silk Bank Limited</li> <li>The Bank of Khyber</li> <li>Summit Bank Limited</li> <li>Habib Bank Limited</li> <li>JS Bank Limited</li> <li>Meezan Bank Limited</li> </ul>	
<b>Registered Office</b>	Office No. 904, 9th Floor, Emerald Tower, Plot No. G-19, Block-5, Clifton, Karachi, Pakistan.	
<b>Lahore Branch</b>	319-Siddiq Trade Centre, 72 Main Boulevard, Gulberg, Lahore, Pakistan.	
<b>Website</b>	<a href="http://www.investfinance.com.pk">www.investfinance.com.pk</a>	

(\*NOC is awaited for new directors from Regulators)



## 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, 2017.

#### Performance Review

During the third quarter ended March 31, 2017, the Company earned operating revenues of Rs. 60.785 million as compared to Rs. 20.522 million for the same period during last year. The Company earned before and after tax profit of Rs. 29.789 million and Rs. 23.068 million respectively as compared to before and after tax loss 6.850 million and Rs. 8.193 million respectively for the corresponding period. During the quarter, the Company earned Rs. 1.15 per share as compared to loss per share Rs. 0.41 for the corresponding period.

For the nine months ended March 31, 2017, the Company earned operating revenues of Rs. 121.172 million as compared to Rs. 57.768 million for the corresponding period. The Company earned before and after tax profit of Rs. 33.395 million and Rs. 25.093 million respectively as compared to before and after tax loss of Rs. 4.449 million and of Rs. 7.126 million for the same period during last year. The Company earned Rs. 1.25 per share as compared to loss per share Rs. 0.36 for the corresponding period.

The main reason for the increase in overall revenue/earnings is due to gain on sale of 40% PSX shares to Chinese Consortium through Divestment Committee of PSX. Further, during last quarter despite market remained lackluster and lower turnover, the Company could manage to increase brokerage revenue approx 50% compared to corresponding period. The management of your company is optimistic in respect of future earning of the Company.

#### Status of Take-over/Acquisition

It is pleased to inform you that after approval of regulatory authority(ies) sponsors' shareholdings cumulatively 10,207,982 (constituting 51%) shares of the Company as per Share Purchase Agreement has been transferred to EFG Hermes Frontier Holdings LLC ('EFG') on March 09, 2017. Further, EFG fulfilled all necessary requirements in compliance with the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2008. Now, EFG has become the sponsor shareholder and Holding Company of Invest and Finance Securities Limited.

Moreover, four directors namely Mr. Murad Ansari, Mr. Ahmed Adel Mahmoud Youssef, Mr. Mohamed Hussein Mahmoud Mohamed Ebeid, Mr. Mohamed Khaled Mohamed AbdelKhabir as nominated by EFG has been appointed on the board of IFSL in place of Mr. Irfan Pardesi, Mr. Shakeel Ilyas, Mr. Asim Ali and Mr. Muzzammil Aslam. However, Mr. Muzzammil Aslam will continue to be CEO of the Company with the consent of Holding company.

Furthermore, the board of directors have also decided to change the name of the Company from Invest and Finance Securities Limited to EFG Hermes Pakistan Limited subject to approval from members and regulatory authority(ies).

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**  
Chief Executive Officer

Karachi, April 24, 2017



## ڈائریکٹرز رپورٹ برائے ممبران

شروع اللہ کے نام سے جو بڑا مہربان اور رحم والا ہے۔

محترم ممبران  
السلام و علیکم،

میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بخوش تیسری نوامی 31 مارچ 2017 کو ختم ہونے والی کمپنی کی غیر آڈٹ شدہ عبوری مالی تفصیلات کی رپورٹ پیش کرتا ہوں۔

### کارکردگی کا جائزہ:

31 مارچ 2017 کو ختم ہونے والی مالی سال کی تیسری سہ ماہی کے دوران کمپنی نے آپریٹنگ آمدنی کی مدد میں 60.785 ملین روپے کمائے جبکہ گزشتہ سال اسی سہ ماہی کے دوران 20.522 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس منافع 29.789 ملین اور 23.068 ملین بالترتیب ہے جبکہ گزشتہ سال اسی سہ ماہی کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان 6.850 ملین اور 7.193 ملین روپے بالترتیب تھا۔ اس سہ ماہی کے دوران کمپنی نے فی حصص 1.15 آمدنی اور مقابلہ گزشتہ سال اسی سہ ماہی کے دوران فی حصص خسارہ 0.41 تھا۔

مالی سال کی نوامی 31 مارچ 2017 کے اختتام پر کمپنی نے مجموعی طور پر آپریٹنگ آمدنی کی مدد میں 121.172 ملین روپے کمائے جبکہ گزشتہ سال اسی نوامی کے اختتام پر 57.768 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس منافع 33.395 ملین اور 25.093 ملین بالترتیب ہے جبکہ گزشتہ سال اسی نوامی کے اختتام پر قبل از ٹیکس اور بعد از ٹیکس نقصان 4.449 ملین اور 7.126 ملین روپے بالترتیب تھا اس نوامی کے اختتام پر کمپنی نے فی حصص 1.25 آمدنی اور مقابلہ گزشتہ سال اسی نوامی کے اختتام پر فی حصص خسارہ 0.36 تھا۔

کل آمدنی / کمائی میں اضافے کی بڑی وجہ پاکستان اسٹاک ایکسچینج کی ڈائریکٹمنٹ کمپنی کے توسط سے چارجیز کنسورشیم 40 فیصد حصص کی فروخت تھی۔ مزید یہ کہ زیر غور مدت کی نسبت گزشتہ سہ ماہی کے دوران کم ٹرن اور اور مایوس گن کاروباری سرگرمیوں کے باوجود کمپنی نے بروکرینج آمدنی میں 50 فیصد تک خاطر خواہ اضافہ کیا۔ آپ کی کمپنی کی منجمنٹ کمپنی کے بہتر مستقبل کے لئے پُر امید ہے۔

### ٹیک اور / یا ایکویٹیشن کی صورتحال

آپ کو مطلع کیا جاتا ہے کہ 9 مارچ 2017 کو متعلقہ اسپانسر اتھارٹیز کی منظوری کے بعد کمپنی کے مجموعی حصص میں سے 10,207,982 (مقرر کردہ 51 فیصد) حصص، شیئرز پرچر ایگریمنٹ کے تحت ای ایف جی ہرز فرٹیکس ہولڈنگز ٹراویل ایل سی ("ای ایف جی") کو منتقل کر دئے گئے ہیں۔ مزید یہ کہ ای ایف جی نے سیکورٹی ایکٹ 2015، اور لیکچینیئر (سٹیٹینٹل) ایکویٹیشن آف ووٹنگ شیئرز اینڈ ٹیک اورز (ریگولیشنز) 2008 کے ساتھ تمام ضروری مصلوبات مکمل کر لی ہیں۔ اب، ای ایف جی، انویسٹ اینڈ فنانس سیکورٹیز لمیٹڈ کی اسپانسر شیئرز ہولڈر اور مالک کمپنی ہے۔

اسکے علاوہ، ای ایف جی کی جانب سے انویسٹ اینڈ فنانس سیکورٹیز لمیٹڈ کے بورڈ میں نامزد کردہ چار ڈائریکٹران جن کے نام جناب مراد انصاری، جناب احمد عادل محمود یوسف، جناب محمد حسین محمود عیاد اور جناب محمد خالد محمد عبدالغنیہ کو جناب عرفان پروہسی، جناب کلیل الیاس، جناب عامر علی اور جناب مزمل اسلم کی جگہ منتخب کیا ہے۔ تاہم، ہولڈنگ کمپنی کی رضامندی سے چیف ایگزیکٹو آفیسر جناب مزمل اسلم ہی رہیں گے۔

مزید برآں کہ، بورڈ آف ڈائریکٹرز نے مہرز اور متعلقہ اداروں سے منظوری کے ساتھ کمپنی کا نام انویسٹ اینڈ فنانس سیکورٹیز لمیٹڈ کی جگہ ای ایف جی ہرز پر پاکستان لمیٹڈ تبدیل کرنے کا فیصلہ کیا ہے۔

آخر میں، اللہ تعالیٰ سے دعا ہے کہ وہ ہم پر، ہماری کمپنی، ملک اور قوم پر اپنی رحمتیں اور برکتیں نازل فرمائے۔ آمین۔  
منجانب بورڈ آف ڈائریکٹرز

مزمل اسلم  
چیف ایگزیکٹو آفیسر  
تاریخ: 24 اپریل 2017



## CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2017

		<u>Un-audited</u> March 31, 2017	<u>Audited</u> June 30, 2016
	Note	..... Rupees .....	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	34,469,606	35,445,948
Intangible assets		3,700,005	3,700,005
Long-term investments	6	68,591,636	43,078,600
Long-term deposits		1,059,735	1,109,735
		<u>107,820,982</u>	<u>83,334,288</u>
<b>CURRENT ASSETS</b>			
Trade debts - net	7	66,277,869	32,620,348
Short-term investments		7,169,200	28,706,080
Advances, deposits, prepayments and other receivables		80,093,348	31,574,462
Advance tax - net		52,107,334	38,838,349
Cash and bank balances	8	190,540,207	60,709,509
		<u>396,187,958</u>	<u>192,448,748</u>
<b>TOTAL ASSETS</b>		<u>504,008,940</u>	<u>275,783,036</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital		200,156,500	200,156,500
Unrealised gain on re-measurement of 'available for sale investments' to fair value - net		30,646,967	-
Un-appropriated gain / (loss)		16,868,069	(8,224,779)
		<u>247,671,536</u>	<u>191,931,721</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax - net		15,197,590	-
Liabilities against assets subject to finance lease		5,050,200	4,440,000
<b>CURRENT LIABILITIES</b>			
Current portion of liabilities against assets subject to finance lease		1,583,520	1,184,000
Short-term running finance	9	29,618,630	1,251,975
Payable to NCCPL - net		-	2,280,508
Trade and other payables		204,887,464	74,694,832
		<u>236,089,614</u>	<u>79,411,315</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>504,008,940</u>	<u>275,783,036</u>

The annexed notes from 1 to 15 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, 2017

	Nine Months Ended		Third Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees .....		Rupees .....	
Operating revenues	<b>86,460,788</b>	55,395,227	<b>29,911,913</b>	19,985,516
Gain on sale of investments-net	<b>34,711,463</b>	2,373,324	<b>30,872,669</b>	536,541
	<b>121,172,251</b>	57,768,551	<b>60,784,582</b>	20,522,057
Operating expenses	<b>(86,705,567)</b>	(61,449,186)	<b>(30,673,909)</b>	(26,339,580)
Operating profit / (loss)	<b>34,466,684</b>	(3,680,635)	<b>30,110,673</b>	(5,817,523)
Other income - net	<b>860,494</b>	1,189,793	<b>383,453</b>	301,410
Other charges	-	-	-	48,017
Financial charges	<b>(1,583,793)</b>	(317,426)	<b>(300,610)</b>	(98,206)
Loss on revaluation of investments carried at fair value through profit and loss account- net	<b>(348,044)</b>	(1,640,552)	<b>(404,820)</b>	(1,283,362)
	<b>(1,071,343)</b>	(768,185)	<b>(321,977)</b>	(1,032,141)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	<b>33,395,341</b>	(4,448,820)	<b>29,788,696</b>	(6,849,664)
<b>TAXATION</b>	<b>(8,302,493)</b>	(2,677,517)	<b>(6,721,121)</b>	(1,343,246)
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>25,092,848</b>	(7,126,337)	<b>23,067,575</b>	(8,192,910)
<b>Other comprehensive income</b>				
Unrealised gain on re-measurement of 'available for sale investments' during the period	<b>39,544,474</b>	-	<b>39,544,474</b>	-
Less : Related tax	<b>(8,897,507)</b>	-	<b>(8,897,507)</b>	-
	<b>30,646,967</b>	-	<b>30,646,967</b>	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>55,739,815</b>	(7,126,337)	<b>53,714,542</b>	(8,192,910)
Earnings / (loss) per share - basic and diluted	<b>1.25</b>	(0.36)	<b>1.15</b>	(0.41)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**

FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Nine Months Ended	
	March 31, 2017	March 31, 2016
..... Rupees .....		
<b>Cash Flows From Operating Activities</b>		
Profit / (loss) before taxation	<b>33,395,341</b>	(4,448,820)
<b>Adjustments for:</b>		
Depreciation	<b>4,339,492</b>	2,253,141
Financial charges	<b>1,583,793</b>	317,426
Loss on revaluation of investments carried at fair value through profit and loss account - net	<b>348,044</b>	1,640,552
Loss on disposal of property, plant and equipment	<b>23,819</b>	131,779
	<b>6,295,148</b>	4,342,898
Profit / (loss) before working capital changes	<b>39,690,489</b>	(105,922)
<b>Changes in working capital (Increase) / decrease in current assets</b>		
Trade debts - net	<b>(33,657,521)</b>	(35,146,593)
Short term investments	<b>21,188,836</b>	76,190,768
Advances, deposits, prepayments and other receivables	<b>(48,518,886)</b>	4,527,789
Receivable from NCCPL - net	<b>-</b>	195,001,235
	<b>(60,987,571)</b>	240,573,199
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	<b>130,292,999</b>	(366,177,806)
Payable to NCCPL - net	<b>(2,280,508)</b>	-
Cash generated from / (used in) operations	<b>106,715,409</b>	(125,710,529)
Income tax paid	<b>(15,271,395)</b>	(6,094,589)
Financial charges paid	<b>(1,684,160)</b>	(996,781)
Net cash generated from / (used in) operating activities	<b>89,759,854</b>	(132,801,899)
<b>Cash Flows From Investing Activities</b>		
Long term deposits	<b>50,000</b>	430,000
Purchase of property, plant and equipment	<b>(3,386,969)</b>	(750,966)
Proceeds from disposal of long term investments	<b>14,031,438</b>	-
Proceeds from disposal of property, plant and equipment	<b>-</b>	25,000
Net cash generated from / (used in) investing activities	<b>10,694,469</b>	(295,966)
<b>Cash Flows From Financing Activities</b>		
Liabilities against assets subject to finance lease	<b>2,497,000</b>	-
Lease rental paid	<b>(1,487,280)</b>	-
Dividend paid	<b>-</b>	(255,199,538)
Net cash generated from / (used in) financing activities	<b>1,009,720</b>	(255,199,538)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>101,464,043</b>	(388,297,403)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>59,457,534</b>	428,815,003
<b>Cash and cash equivalents at the end of the period</b>	<b>160,921,577</b>	40,517,600

The annexed notes from 1 to 15 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, 2017

	Share capital	Unappropriated profit/(loss)	Unrealised gain on re-measurement of 'available for sale' investments-net	Total
	----- Rupees -----			
<b>Balance as at June 30, 2015</b>	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)
<b>Balance as at March 31, 2016</b>	200,156,500	(5,677,570)	-	194,478,930
Total comprehensive loss for the fourth quarter ended June 30, 2016	-	(2,547,209)	-	(2,547,209)
<b>Balance as at June 30, 2016</b>	<b>200,156,500</b>	<b>(8,224,779)</b>	-	<b>191,931,721</b>
Total comprehensive income for the nine months ended March 31, 2017	-	<b>25,092,848</b>	<b>30,646,967</b>	<b>55,739,815</b>
<b>Balance as at March 31, 2017</b>	<b>200,156,500</b>	<b>16,868,069</b>	<b>30,646,967</b>	<b>247,671,536</b>

The annexed notes from 1 to 15 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, 2017

### 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 (formerly, Karachi 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, 2016.

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, 2016.

Regular purchases and sales of investments are recognized on trade date basis - i.e. on the date when the Company commits to purchase or sell the asset. All client purchases and sales are recognized on T+2 basis - i.e. on the date of settlement.

### 4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2016

### 5 PROPERTY, PLANT AND EQUIPMENT

	<b>Un - audited</b>	<b>Audited</b>
	<b>March</b>	<b>June</b>
	<b>31, 2017</b>	<b>30, 2016</b>
	..... Rupees .....	
Opening book value	<b>35,445,948</b>	12,952,529
Add: Additions during the period - own	<b>889,969</b>	19,606,518
Additions during the period - leased vehicles	<b>2,497,000</b>	7,400,000
Less: Disposals during the period (at book value)	<b>(23,819)</b>	(1,058,173)
Depreciation charged during the period	<b>(4,339,492)</b>	(3,454,926)
	<b>(4,363,311)</b>	(4,513,099)
Closing book value	<b>34,469,606</b>	35,445,948



## Invest and Finance Securities Limited

					<u>Un - audited</u>	<u>Audited</u>	
					<u>March</u>	<u>June</u>	
					<u>31, 2017</u>	<u>30, 2016</u>	
			Note		..... Rupees .....		
<b>6</b>	<b>LONG-TERM INVESTMENTS</b>						
	'Available for sale' investments		6.1		<b>68,591,636</b>	43,078,600	

### 6.1 Description of 'available for sale' investments

31-Mar-17	30-Jun-16	Name of Investee Company	Note	31-Mar-17	30-Jun-16	31-Mar-17	30-Jun-16	31-Mar-17	30-Jun-16
Number of Shares	Number of Shares	Name of Investee Company	Note	Cost	Carrying Vale	Cost	Carrying Vale	Cost	Carrying Vale
		Unquoted shares		..... Rupees .....					
<b>2,404,430</b>	4,007,383	Pakistan Stock Exchange Limited	6.2 & 10.1	21,047,162	60,591,636	35,078,600	35,078,600		
<b>843,975</b>	843,975	LSE Financial Services Limited	6.3 & 10.1	8,000,000	8,000,000	8,000,000	8,000,000		
				<u>29,047,162</u>	<u>68,591,636</u>	<u>43,078,600</u>	<u>43,078,600</u>		

- 6.2** This represents unquoted shares of Pakistan Stock Exchange Limited ('PSX') allotted as a result of (Corporatization, Demutualization and Integration) Act, 2012. (the Act) in lieu of membership card of KSE, out of which 60% i.e. 2,404,430 shares were kept in blocked account in the name of the Company maintained under the PSX's Participant ID for divestment to strategic investor(s), general public and financial institution in accordance with the requirements of the Act. However, 40% of the shares kept in blocked account have been sold to Chinese consortium through the divestment committee at Rs. 28/- per share and the sale consideration has been received after holding 10% of the sale price as Retention money in terms of Share Purchase Agreement for a one year to settle any outstanding liabilities of PSX. The Divestment Committee vide PSX letter dated March 07, 2017 requested to initial shareholders of PSX to temporarily transfer 13000 shares of PSX to bridge the shortfall due to courts' orders for freezing of shares of certain initial shareholders. These shares will be returned back shortly. As such these 13000 shares are not readily available for sale but these have been classified as 'AFS' in these financial statement. The remaining 20% will be sold to general public in due course of time. The Company has revalued its remaining shareholding in PSX at a price of Rs. 25.20 per share after taking discounting effect. Further, two TRE Certificates of PSX (i.e. one each against TRE Certificates of the Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited) have been issued to the Company.
- 6.3** This represents unquoted shares of LSE Financial Services Limited ('LSEFSL') formed as an NBFC allotted as a result of (Corporatization, Demutualization and Integration) Act, 2012, in lieu of membership card of LSE. Since shares of LSEFSL are not presently tradable therefore fair value cannot be determined.

					<u>Un - audited</u>	<u>Audited</u>	
					<u>March</u>	<u>June</u>	
					<u>31, 2017</u>	<u>30, 2016</u>	
					..... Rupees .....		
<b>7</b>	<b>TRADE DEBTS - NET</b>						
	Trade debts - net				<b>66,277,869</b>	32,620,348	

#### Aging Analysis

Within 5 days							
Above 5 days					<b>53,681,873</b>	26,474,176	
Provision for doubtful debts					<b>13,405,946</b>	6,956,122	
					<b>(809,950)</b>	(809,950)	



Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

As per Brokers (licensing and operations) Regulations 2016 trade debts for more than five days to the extent by which the amount receivable exceed the collateral held from such customer after applying haircuts on VAR basis are Rs. 3.73million .

	<u>Un - audited</u> <u>March</u> <u>31, 2017</u>	<u>Audited</u> <u>June</u> <u>30, 2016</u>
	..... Rupees .....	
<b>8 CASH AND BANK BALANCES</b>		
Cash in hand	191,541	191,541
Cash at banks		
- in deposit accounts	11,993,296	12,560,955
- in current accounts - pertaining to brokerage house	2,119,454	1,663,999
- in current accounts - pertaining to clients	176,235,916	46,293,014
	<u>190,348,666</u>	<u>60,517,968</u>
	<u>190,540,207</u>	<u>60,709,509</u>

Client(s) balances of Rs. 2 million are kept in margin deposit account of respective UIN's with the National Clearing Company of Pakistan Limited.

	<u>Un - audited</u> <u>March</u> <u>31, 2017</u>	<u>Audited</u> <u>June</u> <u>30, 2016</u>
	..... Rupees .....	
<b>9 SHORT - TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - Secured</b>		
NIB Bank Limited	<u>29,618,630</u>	<u>1,251,975</u>

The Company has aggregate running finance facilities of Rs. 350 million (June 30, 2016 : Rs. 150 million) under mark-up arrangements. The facilities carry Mark-up at 3 months KIBOR + 2% (June 30, 2016 : 3 Months KIBOR + 2%). These arrangements would remain valid for varying periods and are secured against pledge of listed securities. Securities pledged value related to client(s) were Rs. 16.83 million .

**10 CONTINGENCIES AND COMMITMENTS**

**10.1** The Company has pledged/hypothecated TRE Certificate of Pakistan Stock Exchange Limited (formerly, 'Karachi Stock Exchange Limited') and 1,572,853 ordinary shares of PSX and 843,875 shares of LSE Financial Services Limited with PSX to fulfill the Base Minimum Capital requirement under the Regulations of the Exchange.

**10.2** 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 decreasing tax loss claimed for the year. However, the Company has filed an appeal before the Commissioner (Appeals-III) 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 financial statements.



- 10.3** The income tax authorities have issued Show Cause Notices under section 122(9) for amendment under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2010, 2011 and 2013. The Company has filed petitions in the Honorable High Court of Sindh at Karachi against notices/orders for tax years 2010 and 2011. The Honorable High Court of Sindh has granted Stay Orders in favor of the Company. In respect of tax year 2013 the Company had already filed appeal mentioned in Note 10.2 and 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.
- 10.4** The income tax authorities have issued Show Cause Notices under section 161/205 of the Income Tax Ordinance, 2001 for monitoring of withholding tax for tax years 2014 and 2015 and passed the orders by raising demand of Rs. 23,049,621/- and 35,389,628/- including default surcharge respectively for non withholding of tax against payment of Buy-Back of shares under section 95A of the Companies Ordinance, 1984. The Company has filed petitions in the Honorable High Court of Sindh at Karachi against notices. The Honorable High Court of Sindh has granted Stay Orders in favor of the Company. Further the Company has also filed appeals before the commissioner (Appeals-III) against the above orders 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.
- 10.5** During the year, the tax department has filed appeal against the Supreme Court decision in the matter of Federal Excise Duty. The PSX Stock Broker Association is defending the case and Company became a party with them. Further tax department has issued Show Cause Notice under section 121(1)(d) of the Income Tax Ordinance, 2001 for best judgment assessment for the tax year 2012. The Company has filed Suit before the Honorable High Court of Sindh at Karachi for challenging notice and merger of proceedings under section 122(5A) of the Income Tax ordinance, 2001 initiated and closed earlier by the Additional Commissioner Inland Revenue. The management is confident that the eventual outcome of the matter will be decided in favour of the Company.
- 10.6** The income tax authorities have issued order for levy of default surcharge under section 205 (1B) for failing to pay advance tax under subsection (4A) or 6 of section 147 of income tax ordinance 2001 of Rs 171,331. The company has filed a appeal before Commissioner (appeals) and the proceedings thereof are pending till date. The Company is confident that the said demand in the order will be deleted and appeal shall be finalized in its favour.
- 10.7** During the year, the Honorable Supreme Court of Pakistan decreed on 10th November 2016, that impugned amendments in the Finance Acts related to Workers' Welfare Fund ('WWF') as unlawful. However, a review petition has been filed in the Honorable Supreme Court of Pakistan. Therefore, Contingencies with respect to WWF are the same as reported in note no.s 18.3, 18.4 & 18.5 to the financial statements for the year ended June 30, 2016.

	<u>Un - audited</u> <u>March</u> <u>31, 2017</u>	<u>Un - audited</u> <u>March</u> <u>31, 2016</u>
	..... Rupees .....	
<b>11 OPERATING REVENUES</b>		
Equity brokerage income	<b>72,284,263</b>	29,770,302
Inter-bank brokerage	<b>12,524,517</b>	20,403,357
Fees and commission	<b>125,709</b>	522,349
Dividend income	<b>1,526,299</b>	4,699,219
	<b>86,460,788</b>	55,395,227



**12 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, 2017</u>	<u>Un - audited</u> <u>March</u> <u>31, 2016</u>
	..... Rupees .....	
<b>Brokerage income earned from:</b>		
Directors	<u>413,084</u>	<u>306,395</u>
Employees	<u>275,483</u>	<u>217,214</u>
<b>Transactions</b>		
Contribution to IFSL - Employees Provident Fund	<u>2,165,167</u>	<u>1,307,852</u>
Salaries and remuneration to Chief Executive & Director	<u>8,000,000</u>	<u>5,613,333</u>
Fee to Non- Executive Director (Independent)	<u>50,000</u>	<u>-</u>
<b>Balances</b>		
Payable to directors in their shares trading accounts	<u>14,065,032</u>	<u>3,065</u>
Payable to employees in their shares trading account	<u>872,703</u>	<u>319,120</u>

**13 TURNOVER**

The Company shares turnover is as under:

	----- Rupees '000 -----	
Retail clients	<u>24,225,440</u>	<u>13,339,544</u>
Institutional clients	<u>38,746,667</u>	<u>15,988,855</u>
Proprietary trades	<u>810,066</u>	<u>3,973,963</u>



**14 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements have been authorized for issue on **April 24, 2017** by the Board of Directors of the Company.

**15 GENERAL**

Figures in these condensed interim financial statements have been rounded off to the nearest rupee. Prior year's figures in these financial statements have been re-arranged / re-classified, where necessary, for better presentation.



\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR



## PATTERN OF SHAREHOLDING

As at March 31, 2017

[Sub-Regulation 2(e) of Regulation 34 under chapter IV  
of Securities Brokers (Licensing and Operations)  
Regulations, 2016]

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY			
Names	Number of Shareholders	Number of Shares held	% of Shareholding
EFG Hermes Frontier Holdings LLC	1	10,207,982	51.00%
Mr. Muzzammil Aslam	1	1,233,019	6.16%
Mr. Irfan Pardesi	1	1,102,065	5.51%
Mr. Munaf Ibrahim	1	1,475,000	7.37%

CHANGES IN SHAREHOLDERS HOLDING ABOVE 5%			
Names	Holding Balance as at December 31, 2016	Holding Balance as at March 31, 2017	Changes
Mr. Muzzammil Aslam	3,561,726	1,233,019	(2,328,707)
Mr. Irfan Pardesi	3,183,452	1,102,065	(2,081,387)
Mr. Fayyaz Ilyas	2,861,373	990,566	(1,870,807)
Mr. Shakeel Ilyas	2,705,924	936,752	(1,769,172)
Mr. Hayat Javed	2,203,292	762,748	(1,440,544)
Mr. Asim Ali	1,097,199	379,834	(717,365)
Mr. Munaf Ibrahim	1,279,500	1,475,000	195,500
EFG Hermes Frontier Holdings LLC	0	10,207,982	10,207,982



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