

COMPANY INFORMATION

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 Summit 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



VISION

Our vision is to develop our Company on professional and ethical basis in order to become a leading market player in the financial services sector and a valued contributor in the development of financial markets. We seek to create and maximize value by constantly trying to remain abreast of the market's perspective. We aim to work as a partner to help in attaining the best financial outcome for our clients. Our goal is to be the most respected financial services Company.

MISSION

Our mission is to contribute to the ideal growth of capital markets. We are committed to being a balanced intermediary with the highest ethical principles in order to provide clients with the best execution services and innovative products.



NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that Eleventh Annual General Meeting of Invest and Finance Securities Limited ('the Company') will be held on Wednesday, October 27, 2010 at 11.00 am at Moosa D. Desai Auditorium, Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, Pakistan; to transact the following businesses, after religious recitals:

1. To confirm the minutes of the Tenth Annual General Meeting of the Company held on October 21, 2009;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the financial year ended June 30, 2010, together with the Directors' and Auditors' Reports thereon;
3. To approve and declare final cash dividend at the rate of Rs. 1.15 per share (i.e. 11.50%) for the year ended June 30, 2010 as recommended by the Board of Directors;
4. To appoint the Statutory Auditors for the year ending June 30, 2011, and to fix their remuneration;
5. To transact any other business with the permission of the Chair.

By order of the Board

MUHAMMAD AWAIS
Company Secretary

Karachi: September 30, 2010

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 20, 2010 to October 27, 2010 (both days inclusive) and no transfer of shares will be accepted for registration during this period. Transfers received in order at the Office of Company's Share Registrar M/s. Technology Trade (Private) Limited, Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shakra-e-Quaideen, Karachi, Pakistan ('Registrar') at the close of business on October 19, 2010 will be considered in time to determine the above mentioned entitlement and to attend and vote at the Meeting.
2. Members (Non-CDC) are requested to promptly notify change in their addresses, if any, to the Registrar and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar. Members are also requested to provide copies of their CNIC/NICOP or Passport if foreigner (unless it has been provided earlier) to the Registrar. All Members holding their shares through the CDC are requested to please update their particulars (address, Zakat status etc.) with their Participants.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company, 12th Floor, Corporate Tower, Technocity Building, Hasrat Mohani Road, Off: I. I. Chundrigar Road, Karachi, Pakistan, not less than 48 hours before the time for holding the meeting.
4. a) Individual beneficial owner of CDC entitled to attend and vote at the meeting must bring his/her Participant ID and Account/Sub-Account number along with original NIC or original passport to authenticate his/her identity. In case of Corporate entity, resolution of Board of Directors/Power of Attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.
b) For appointing the proxy; the Individual beneficial owner of CDC shall submit the proxy form as per above requirements together with attested copy of NIC or Passport of the beneficial owner and proxy. In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

The proxy form shall be witnessed by two witnesses with their names, addresses, and NIC numbers. The proxy shall produce his/her original NIC or original Passport at the time of meeting.



DIRECTORS' REPORT TO THE MEMBERS

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 Audited Annual Financial Statements of the Company for the financial year ended June 30, 2010, together with the Auditors' Report thereon.

Performance Review

By the grace of Almighty Allah, your Company performed well during the year under review and earned operating revenue of Rs. 270.730 million as compared to Rs. 124.642 million for the corresponding period thus resulting in an increase of 117%. The increase in operating revenue is mainly contributed by brokerage income, gain on sales of investments and fees and commission.

The Company earned profit before tax of Rs. 178.782 million and profit after tax of Rs. 172.057 million as compared to loss before tax of Rs. 146.977 million and loss after tax of Rs. 158.500 million for the corresponding period. This turnaround is mainly attributed by increase in operating revenue and decrease in administrative & general expenses and financial charges. The impact of loss on re-measurement of investments has also reduced due to increase in share prices at Karachi Stock Exchange (Guarantee) Limited.

The operating results of the Company for the year ended June 30, 2010 are summarized as follows:

	2010 Rupees	2009 Rupees
Operating Revenue	270,729,632	124,642,481
Profit/(loss) before tax	178,781,653	(146,976,933)
Profit/(loss) after tax	172,057,173	(158,500,332)
Earnings per share	2.87	(2.64)

Subsequent Appropriation

The Directors have recommended final cash dividend at the rate of Rs. 1.15 per share (i.e. 11.50%) out of the current year's profits.

Earnings per share

The basic and diluted earnings per share of the Company is Rs. 2.87 as compared to loss per share of Rs. 2.64 for the corresponding period.

Post Balance Sheet Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of this report except the declaration of final cash dividend which is subject to the approval of the Members. The effect of such dividend shall be reflected in the subsequent financial statements.



Financial Statements

These financial statements have been endorsed by Chief Executive Officer and Chief Financial Officer of the Company, recommended for approval by the Audit Committee of the Board, and approved by the Board of Directors for presenting before the Members and for Members' consideration, approval and adoption. The auditors of the Company, M/s. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, audited the financial statements and have issued an unqualified report to the Members.

Auditors

The present auditors, M/s. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, retire at the conclusion of Annual General Meeting and being eligible for reappointment have offered themselves for the same. The Board of Directors of your Company, based on the recommendation of the audit committee of the Board, propose M/s. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, for reappointment as auditors of the Company for the ensuing year.

Corporate Social Responsibility

The Company acknowledges the importance of corporate social responsibility and necessary measures are taken to fulfill its responsibilities.

The Company being a service provider in nature of business undertakes necessary measures in respect of energy conservation and environment protection at its offices premises and safety and health of its employees.

The Company has established proper systems and procedures to avoid corruption and to operate the Company in a professional and ethical manner to protect the clients and also otherwise.

The Company has excellent relationships with its peers, bankers, regulators and other relevant institutions/organizations.

The Directors fully recognizing the social responsibilities are of the view that the provisions for charity, community welfare etc. will be considered in future depending on the Company's profitability/financial health.

The Company's contribution to National Exchequer in the form of taxes and levies is given in the notes to the financial statements.

Compliance with the Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed.

Statement of Compliance under the Code of Corporate Governance

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements except for the changes as given in note 2.5 to the financial statements; and accounting estimates are based on reasonable and prudent judgments.



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- d) International reporting standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- h) Key operating and financial data for last six years in summarized form is annexed.
- i) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2010 except for those disclosed in financial statements.
- j) The Company operates an approved contributory provident fund for its eligible employees. Value of investments as per un-audited financial statements for the year ended June 30, 2010 amounts to approximately Rs. 2,575,000/-.
- k) During the year four (4) meetings of Board of Directors were held. Attendance by each Director was as follows:

S. No.	Name of Director	No. of meetings eligible to attend	No. of meetings attended
1.	Mr. Aryn Nasiruddin	4	4
2.	Mr. Bashir Ahmed Khanani	4	1
3.	Syed Rashid Ali	4	1
4.	Syed Kaleem Akhtar	4	4
5.	Mr. Khalid Iqbal Siddiqui	4	4
6.	Mrs. Nausheen Javed Ahmedjee	4	4
7.	Mr. Shakeel Ahmed	4	4

Leave of absence was granted to Directors who could not attend some of the Board meetings.

- l) Patterns of shareholdings as required under the Companies Ordinance, 1984 and the Code of Corporate Governance are annexed at the end of this report.
- m) The Chief Executive Officer, Directors, Chief Financial Officer or the Company Secretary including their respective spouses and minor children have not traded in the shares of the Company except the following:

Syed Kaleem Akhtar, Director sold 30,000 shares during the year that were reported as per law.

Economic and Stock Market Review

Pakistan's economy staged a mini-rebound during 2009-10, with some sectors, especially manufacturing, posting a good recovery. The Country improved its GDP growth to 4.1% for the fiscal year, against just 1.2% during 2008-09. The rebound was mainly driven by positive performance by the manufacturing sector which grew 4.7% during the year. Inflation also came down from 21% to around 12%. But, unable to bring this down into single digits resulted in interest rates remaining on the higher side for the fiscal year. SBP kept its discount rate unchanged at 12.5% during the second half of the fiscal year, after earlier reduction.



The Pakistan Rupee also remained under pressure throughout the year, depreciating by 5% against the US\$. This resulted in 41% decline in foreign direct investment into the Country. Stabilization of international crude oil prices at around the US\$70-80/bbl mark also helped in containing current account deficit to just US\$3.5bn, as trade deficit was offset by strong performance of workers' remittances. The Country's budget for 2010-11 envisaged measures to enhance tax-GDP ratio, and also focused on curtailing increase in current expenditures.

One major change for the stock market was part of the 2010-11 federal budget, i.e. imposition of capital gains tax on share trading. Capital gains tax was imposed at a rate of 10% for short-term investments, which has resulted in trading volumes drying up in the early part of the new fiscal year. During the year 2009-10, the KSE-100 Index provided a return of 36% to investors, while average daily trading volume at the KSE stood at 161mn shares during the fiscal year, which is similar to the post-floor removal period during the previous year.

The absence of a leverage product has also kept volumes on the lower side. However, there is anticipation of introduction of a leverage product in near future, which may improve trading volumes in the market. Pakistan has also continued to be part of the IMF program, and the following months are crucial for setting the tone for interest rate and stock market direction.

Future Prospects and Outlook

The worst floods in the Country's history have resulted in tremendous loss to the agriculture sector and infrastructure of the economy. Pakistan is likely to face a period of very low GDP growth and high inflation in 2010-11. The stock market volumes have also fallen considerably since the start of the new financial year, and it seems that with a prolonged economic slowdown, your Company's revenues are likely to be affected. The recent increase of 50bp in the discount rate by SBP has also negatively impacted investor sentiment. However, your Company has also accredited itself with Financial Markets Association of Pakistan as inter-bank broker and other new avenues are also being explored to try and soften the blow of the economic slowdown.

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 employees.

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 & Chief Executive Officer

Karachi: August 30, 2010



ANNEXURE TO THE DIRECTORS' REPORT

Memorandum under Section 218 of the Companies Ordinance, 1984

1. The Board of Directors of Invest and Finance Securities Limited considered and approved, effective from July 01, 2009, revision in monthly salary/remuneration of Syed Kaleem Akhtar and Mr. Khalid Iqbal Siddiqui, whole time working/Executive Directors from Rs. 70,500/- and Rs. 225,000/- respectively to Rs. 85,000/- and Rs. 250,000/- respectively.
2. The Board also approved, effective from July 01, 2009, the payment of commission to Syed Kaleem Akhtar ranging between 10% - 15% (depending on performance/target achievement) of the commission earned by the Company on sale and purchase transactions of the securities by his clients.

Other terms and conditions of employment of both whole time working/Executive Directors remain the same.

No other director(s) is/are concerned or interested in the above referred matters.



SIX YEARS AT A GLANCE

PARTICULARS	2010	2009	2008	2007	2006	2005
Operating Performance (Rupees in 000)						
Revenue	270,730	124,642	197,616	300,408	156,044	45,105
Operating Expenses	57,144	68,097	89,122	52,667	27,822	14,580
Financial Expenses	13,031	128,692	69,368	93,288	70,098	20,183
Other Income/ (Loss)	30,830	3,868	316	2,258	(111)	94
(Loss)/ Gain on Revaluation on Investments	(52,603)	(78,699)	(6,586)	12,005	-	-
Profit/(Loss) before tax	178,782	(146,977)	32,856	168,717	58,013	10,393
Profit/(Loss) after tax	172,057	(158,500)	20,212	161,038	55,625	9,318
Per Ordinary Shares (Rupees)						
Earnings per share	2.87	(2.64)	0.39	3.35	3.59	3.10
Break-up value per share	10.66	7.80	10.44	20.26	13.55	29.06
Dividends (Percentage)						
Cash	11.50%	-	-	-	-	-
Bonus Shares	-	-	100%	-	300%	-
Assets & Liabilities (Rupees in 000)						
Total Assets	898,918	1,042,851	2,344,604	1,254,306	1,542,881	650,165
Current Assets	722,085	826,505	2,117,430	1,062,014	1,357,060	586,445
Current Liabilities	196,574	372,564	1,495,728	541,053	1,014,221	562,574
Financial Position (Rupees in 000)						
Shareholders' equity	640,423	468,365	626,866	486,653	325,615	87,281
Share Capital	600,496	600,496	600,496	240,248	240,248	30,031
Reserves	39,927	(132,131)	26,370	246,406	85,368	57,250
Shares outstanding- (Number in 000)	60,050	60,050	60,050	24,025	24,025	3,003
Return on Capital Employed-(%)	26.87%	-33.84%	3.22%	33.09%	17.08%	10.68%
Return on total Assets-(%)	19.14%	-15.20%	0.86%	12.84%	3.61%	1.43%
Current ratio-times	3.67	2.22	1.42	1.96	1.34	1.04



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes four independent non-executive directors.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF. No director is a member of a stock exchange.
4. No casual vacancy occurred in the Board during the year under review.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an in-house orientation course for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The related party transactions have been placed before the Audit Committee and approved by the Board.



13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises of three members, of whom two are non-executive directors including the chairperson of the committee.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

AMYN NASIRUDDIN
Chairman & Chief Executive Officer

Karachi
August 30, 2010



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BALANCE SHEET AS AT JUNE 30, 2010

<u>ASSETS</u>	Note	2010 Rupees	2009 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	39,189,344	47,301,196
Intangible assets	5	108,963,427	109,095,121
Long-term investments	6	25,400,000	57,120,000
Long-term deposits		3,280,000	2,828,900
		<u>176,832,771</u>	<u>216,345,217</u>
CURRENT ASSETS			
Trade debts	7	532,006,300	633,881,957
Short-term investments	8	138,179,911	149,646,864
Advances, deposits, prepayments and other receivables	9	25,563,713	28,984,365
Advance tax - net		12,722,694	11,722,298
Receivable from NCCPL		1,366,899	-
Cash and bank balances	10	12,245,712	2,269,924
		<u>722,085,229</u>	<u>826,505,408</u>
TOTAL ASSETS		<u>898,918,000</u>	<u>1,042,850,625</u>
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
SHARE CAPITAL			
Authorized capital 100,000,000 (2009: 100,000,000) ordinary shares of Rs.10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital	11	600,496,000	600,496,000
RESERVES			
Un-appropriated profit / (accumulated loss)		<u>39,926,507</u>	<u>(132,130,666)</u>
		<u>640,422,507</u>	<u>468,365,334</u>
SURPLUS ON REVALUATION OF MEMBERSHIP CARDS	12	61,921,400	61,921,400
NON CURRENT LIABILITIES			
Long-term loan	13	-	140,000,000
CURRENT LIABILITIES			
Current portion of long-term loan	13	-	40,000,000
Current portion of liabilities against asset subject to finance lease	14	-	89,493
Short-term running finance	15	-	180,340,652
Trade and other payables	16	196,574,093	152,133,746
		<u>196,574,093</u>	<u>372,563,891</u>
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		<u>898,918,000</u>	<u>1,042,850,625</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
OPERATING REVENUE			
Brokerage income		71,218,722	64,709,871
Dividend income		4,028,439	19,190,032
Gain on sale of investments-net		177,114,802	30,653,183
Income on CFS		-	5,618,753
Profit on sukuk bonds		3,548,427	4,142,143
Fees and commission		14,819,242	328,499
		270,729,632	124,642,481
EXPENDITURES			
Administrative and general expenses	18	(57,143,928)	(68,097,025)
Operating profit		213,585,704	56,545,456
Other income	19	30,830,209	3,868,407
Financial charges	20	(13,031,147)	(128,691,917)
Loss on re-measurement of investments carried at fair value through profit and loss account- net		(52,603,113)	(78,698,879)
		(34,804,051)	(203,522,389)
PROFIT / (LOSS) BEFORE TAXATION		178,781,653	(146,976,933)
TAXATION			
-Current	21	(6,724,480)	(5,697,027)
-Prior		-	(5,826,372)
		(6,724,480)	(11,523,399)
PROFIT / (LOSS) AFTER TAXATION		172,057,173	(158,500,332)
Other comprehensive income		-	-
Total comprehensive income for the year		172,057,173	(158,500,332)
Earnings per share - basic and diluted	22	2.87	(2.64)

The annexed notes from 1 to 30 form an integral part of these financial statements.



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CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
Cash Flows From Operating Activities			
Profit / (loss) for the year before taxation		178,781,653	(146,976,933)
Adjustments for:			
Depreciation		5,802,678	7,360,355
Amortization of software		131,694	197,531
Financial charges		13,031,147	128,691,917
Loss on revaluation of investments carried at fair value through profit and loss - net		52,603,113	78,698,879
Written off club membership		-	805,000
Loss/(gain) on disposal of assets		106,241	(449,322)
		71,674,873	215,304,360
Profit before working capital changes		250,456,526	68,327,426
Changes in working capital			
Decrease/(increase) in current assets			
Trade debts		101,875,657	320,328,692
Margin financing-client		-	321,683,287
Receivable under CFS transactions		-	65,854,763
Short term investments		(16,136,160)	297,896,397
Advances, deposits, prepayments and other receivables		3,420,652	31,016,574
Receivable from NCCPL		(1,366,899)	163,600,008
		87,793,250	1,200,379,721
(Decrease)/increase in current liabilities			
Trade and other payables		56,471,542	(184,619,545)
Cash generated from operations		394,721,318	1,084,087,603
Income tax paid		(7,724,876)	(5,946,109)
Finance charges paid		(25,062,342)	(143,358,044)
Net cash generated from operating activities		361,934,100	934,783,450
Cash Flow From Investing Activities			
Purchase of fixed assets		(587,067)	(828,060)
Disposal of long term investment		6,720,000	-
Acquisition of membership card		-	(2,500,000)
Proceeds from disposal of fixed assets		2,790,000	4,329,000
Long term deposits		(451,100)	1,914,485
Net cash generated from investing activities		8,471,833	2,915,425
Cash Flow From Financing Activities			
Loan obtained from bank		-	100,000,000
Loan repaid during the year		(180,000,000)	(180,000,000)
Lease liabilities paid		(89,493)	(4,601,625)
Net cash used in financing activities		(180,089,493)	(84,601,625)
Net increase in cash and cash equivalents		190,316,440	853,097,250
Cash and cash equivalents at the beginning of the year		(178,070,728)	(1,031,167,978)
Cash and cash equivalents at the end of the year	23	12,245,712	(178,070,728)

The annexed notes from 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED JUNE 30, 2010

	Share capital	Accumulated profit / (loss)	Total
	-----Rupees-----		
Balance as at June 30, 2008	600,496,000	26,369,666	626,865,666
Total comprehensive income for the year	-	(158,500,332)	(158,500,332)
Balance as at June 30, 2009	<u>600,496,000</u>	<u>(132,130,666)</u>	<u>468,365,334</u>
Total comprehensive income for the year	-	172,057,173	172,057,173
Balance as at June 30, 2010	<u><u>600,496,000</u></u>	<u><u>39,926,507</u></u>	<u><u>640,422,507</u></u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared on the basis of historical cost convention except for membership cards which are stated on revalued amount and certain short term investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgment estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are described in note 28.

2.5 Changes in accounting policies and disclosures arising from standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

2.5.1 International Accounting Standard 1 (IAS 1) Revised, 'Presentation of Financial Statements' (effective for accounting periods beginning on or after January 1, 2009) - The revised standard prohibits presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

The Company has applied IAS 1 (Revised) with effect from July 1, 2009 and has chosen to present all non-owner changes in equity in one performance statement - Statement of comprehensive income (profit and loss account). Accordingly, items of income and expenses representing other comprehensive income have been presented in the 'Profit and Loss Account' and total comprehensive income has been presented separately from owner related changes in the statement of changes in equity. Comparative information, where applicable, has been re-presented to reflect these changes. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

2.5.2 IFRS 8, 'Operating Segments'. IFRS 8 replaces IAS 14, 'Segment Reporting' - The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Under IFRS 8, operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker. The management has determined that the Company has a single reportable segment as the Chief Executive Officer views the Company's operations as one reportable segment. The Company is domiciled in Pakistan and all the Company's income is derived from activities in Pakistan. The adoption of this standard has therefore only resulted in some additional entity wide disclosures. There is no impact on earnings per share.



2.6 Other standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

- 2.6.1** IAS 19 (Amendment), 'Employee benefits' (effective for accounting period beginning on or after January 1, 2009) - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. The distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee services being rendered. IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', requires contingent liabilities to be disclosed, not recognized. IAS 19 has been amended to be consistent. Adoption of this amendment does not have any impact on the Company's financial statements.
- 2.6.2** IAS 23 (Amendment), 'Borrowing Costs' (effective for accounting period beginning on or after January 1, 2009) - This standard requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. Further, the definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39, 'Financial instruments: Recognition and Measurement'. From the current year, the Company has adopted the accounting policy of borrowing cost compliant with the requirements of IAS-23. Adoption of this amendment does not have any effect on the Company's financial statements.
- 2.6.3** IAS 36 (Amendment), 'Impairment of Assets' (effective for accounting period beginning on or after January 1, 2009) - As per the new requirements, where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. Adoption of this amendment does not have any effect on the Company's financial statements.
- 2.6.4** IAS 38 (Amendment), 'Intangible Assets' (effective for accounting period beginning on or after January 1, 2009) - The amended standard states that a prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Adoption of this amendment does not have any effect on the Company's financial statements.
- 2.6.5** IFRS 2 (Amendment), 'Share-based payment' (effective for accounting period beginning on or after January 1, 2009) - The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Adoption of this amendment does not have any effect on the Company's financial statements.

There are other interpretations that were mandatory for accounting periods beginning on or after January 1, 2009 but were considered not be relevant or did not have any significant effect on the Company's operations and are therefore not disclosed in these financial statements.



2.7 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2010:

- 2.7.1 IFRS 2 (Amendments), 'Group Cash-settled and Share-based Payment Transactions' - In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and Treasury Share Transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Company's financial statements.
- 2.7.2 IFRS 8 (Amendment), 'Operating segments' - There is a minor amendment to the standard to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker. The amendment is not expected to have any impact on the Company's financial statements.
- 2.7.3 IAS 17 (Amendment), 'Leases' - The amendment has deleted the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17. The amendment is not expected to have a significant effect on the Company's financial statements.
- 2.7.4 IAS 36 (Amendment), 'Impairment of Assets' - The amendment clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment. The amendment is not expected to have a significant effect on the Company's financial statements.
- 2.7.5 IAS 38 (Amendment), 'Intangible assets' - The amendment clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active market. The amendment is not expected to have any impact on the Company's financial statements.

There are certain other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund scheme for all of its eligible employees in accordance with the trust deed and rules made thereunder. Equal monthly contributions are made at the rate of 10% of basic salary.

3.2 Property, Plant and Equipment

These are stated at cost less accumulated depreciation and impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress.



These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is charged to income applying the reducing balance method over the estimated useful lives of related assets, at the rates specified in note 4 to the financial statements. Full year's depreciation on fixed assets is charged in the year of acquisition, whereas no depreciation is charged in the year of disposal.

Repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in the profit and loss account of the period to which it relates.

The Company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.

3.3 Intangible assets

(a) Membership cards

These are stated at revalued amount. Provision is made for decline in value other than temporary, if any.

(b) Others

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

Amortization is charged to income applying the reducing balance method over the estimated useful lives of related assets, at the rates specified in note 4 to the financial statements. Full year's amortization on intangible assets is charged in the year of acquisition, whereas no amortization is charged in the year of disposal.

Intangible assets are capitalized when it is probable that future economic benefits attributable to the asset will flow to the enterprise and the same shall be amortized applying an appropriate depreciation rate.

3.4 Assets subject to finance lease

Assets held under finance lease are accounted for by recording the asset and related liability at the amounts determined on the basis of lower of fair value of the asset and the present value of minimum lease payments.

The outstanding obligation under the lease less finance charges allocated to future periods is shown as a liability.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged on the leased assets on the basis similar to that of owned tangible assets.



3.5 Financial assets

The management determines the appropriate classification of its financial assets (including investments) in accordance with the requirements of International Accounting Standards (IAS) 39: "Financial Instruments Recognition and Measurement", at the time of the purchase and re-evaluates this classification on a regular basis. The company classifies its financial assets in following categories:

3.5.1 Classification

(i) Financial assets at fair value through profit or loss account - held for trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market price, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, advances, deposits, cash and bank balances, and other receivables in the balance sheet.

(iii) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has positive intent and ability to hold to the maturity.

(iv) Available-for-sale

These are non-derivatives that are either designated in this category or not classified under any of the other categories.

3.5.2 Regular way contract

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.

3.5.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction cost except for financial assets carried at fair value through profit or loss – held for trading. Financial assets carried at fair value through profit or loss –held for trading are initially recognized at fair value and transaction cost are expensed in the profit and loss account.

3.5.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as following:

a) 'Financial assets at fair value through profit or loss' – held for trading and available for sale

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these financial assets are recognized in other comprehensive income, until the available for sale financial assets are derecognized. At this time, the cumulative gain or loss previously recognized directly in other comprehensive income is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.



Unquoted investments, where active market does not exist and fair value cannot be reasonably calculated, are carried at cost.

b) 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortized cost.

3.5.5 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the profit and loss account. In case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in comprehensive income, is reclassified from other comprehensive income and recognized in the profit and loss account. Impairment losses on equity financial assets recognized in the profit and loss account are not reversed through the profit and loss account.

3.5.6 Derecognition

Financial assets are derecognized when the right to receive cash flows from the financial assets have expired, have been realized or transferred, and the Company has transferred substantially all risks and rewards of ownership.

3.5.7 Reclassification

The Company may choose to reclassify a non-derivative trading financial asset in equity securities out of the 'held for trading' category to the 'available for sale' category if the financial asset is no longer held for the purpose of selling it in the near term. Such reclassifications are made only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date which then becomes the new cost and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made.

3.5.8 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.6 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include trade and other payables, running finance under mark-up arrangements, accrued mark-up on borrowing, liabilities against assets subject to finance lease, redeemable capital and dividend payable.



3.7 Foreign currency transactions

Foreign currency transactions are converted into rupees at the rates of exchange approximating to those ruling at the date of transaction. Monetary assets and liabilities in foreign currencies have been translated into rupees at the rates of exchange approximating those ruling at the balance sheet date. Exchange gains or losses are included in income currently.

3.8 Revenue recognition

- (a) Brokerage, advisory fees, commission and other income are accrued as and when due.
- (b) Dividend income on equity investments is recognized, when the right to receive the same is established.
- (c) Gains or losses on sale of investments are recognized in the period in which they arise.
- (d) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.
- (e) Consultancy, advisory fee and late payment charges, are recognized as and when earned.
- (f) Unrealized capital gains / (losses) arising from marking to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

3.9 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, if any, and any under/over provisions in respect of prior year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax asset for the year works out to Rs. 3,246,086/- but it has not been recognized in the financial statements as it is not reasonably certain that the related tax benefit will be realized.



3.10 Borrowing cost

The borrowing costs are interest or other auxiliary cost incurred by the Company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account. However, borrowing costs incurred on qualifying assets are capitalized as part of the cost of the asset.

3.11 Securities sold under repurchase/ purchased under resale agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as securities sold under repurchase agreements. The difference between purchase and sale is treated as mark-up expense. Investments purchased with a corresponding commitments to resell at a specified future date (Reverse Repo) are not recognized in the balance sheet. Amounts paid under these obligations are included in fund placements. The difference between purchase and resale price is treated as mark-up/ interest income.

3.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.13 Trade debts and other receivables

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.

3.14 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.15 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.16 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents also consist of bank overdrafts repayable on demand, if any.



ANNUAL REPORT 2010

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	2010				2010			
	C O S T			Depreciation Rate	D E P R E C I A T I O N			Written down value as at June 30, 2010
	As at July 01, 2009	Additions/ (Disposals)/ *Reclassification	As at June 30, 2010		As at July 01, 2009	Charge for the year/ (Disposals)/ *Reclassification	As at June 30, 2010	
	-----Rupees-----			%	-----Rupees-----			Rupees
Owned -								
Building	27,575,000	-	27,575,000	10	9,386,450	1,818,855	11,205,305	16,369,695
Furniture and fixtures	17,037,108	-	15,103,563	10	4,882,239	1,083,444 (613,118)	5,352,565	9,750,998
Office equipments	10,748,881	(1,933,545) 124,067 (1,309,270)	9,563,678	10	2,887,787	705,402 (378,126)	3,215,063	6,348,615
Computers	9,756,504	63,000 (1,394,171)	8,425,333	33	6,288,016	1,045,781 (1,031,715)	6,302,082	2,123,251
Vehicle	10,553,345	400,000 (689,000) *689,000	10,953,345	20	5,277,918	1,149,196 (406,786) *336,232	6,356,560	4,596,785
	75,670,838	587,067 (5,325,986) *689,000	71,620,919		28,722,410	5,802,678 (2,429,745) *336,232	32,431,575	39,189,344
Leased -								
Vehicle	689,000	-	-	20	336,232	-	-	-
		*(689,000)				*(336,232)		
	76,359,838	587,067 (5,325,986)	71,620,919		29,058,642	5,802,678 (2,429,745)	32,431,575	39,189,344

Particulars	2009				2009			
	C O S T			Depreciation Rate	D E P R E C I A T I O N			Written down value as at June 30, 2009
	As at July 01, 2008	Additions/ (Disposals)/ *Reclassification	As at June 30, 2009		As at July 01, 2008	Charge for the year/ (Disposals)/ *Reclassification	As at June 30, 2009	
	-----Rupees-----			%	-----Rupees-----			Rupees
Owned -								
Building	27,575,000	-	27,575,000	10	7,365,500	2,020,950	9,386,450	18,188,550
Furniture and fixtures	17,426,961	-	17,037,108	10	3,570,683	1,350,541 (38,985)	4,882,239	12,154,869
Office equipments	10,871,383	(389,853) 243,980 (366,482)	10,748,881	10	2,050,980	873,455 (36,648)	2,887,787	7,861,094
Computers	9,211,424	545,080	9,756,504	33	4,579,656	1,708,360	6,288,016	3,468,488
Vehicle	5,380,345	39,000 (6,248,000) *11,382,000	10,553,345	20	1,453,669	1,318,857 (3,049,024) *5,554,416	5,277,918	5,275,427
	70,465,113	828,060 (7,004,335) *11,382,000	75,670,838		19,020,488	7,272,163 (3,124,657) *5,554,416	28,722,410	46,948,428
Leased -								
Vehicle	12,071,000	-	689,000	20	5,802,456	88,192	336,232	352,768
		*(11,382,000)				*(5,554,416)		
	82,536,113	828,060 (7,004,335)	76,359,838		24,822,944	7,360,355 (3,124,657)	29,058,642	47,301,196



ANNUAL REPORT 2010

4.1 Disposal of property, plant and equipment

The following is a statement of assets disposed off during the year with written down value exceeding Rs. 50,000/-.

Particulars	Acquisition Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain/(Loss)	Mode of Disposal	Particulars of Buyers
-----Rupees-----							
Motor Vehicle							
Santro	689,000	406,786	282,214	290,000	7,786	Negotiation	Sheikh Usman Aftab
Furniture & Fixture	1,766,545	563,426	1,203,119	1,200,000	(3,119)	Negotiation	Zia Ansar
Computers	267,712	195,244	72,468	40,000	(32,468)	Negotiation	Zia Ansar
Office Equipment	1,095,499	306,155	789,344	800,000	10,656	Negotiation	Zia Ansar
	<u>3,818,756</u>	<u>1,471,611</u>	<u>2,347,145</u>	<u>2,330,000</u>	<u>(17,145)</u>		

Aggregate of other items of furniture and fixture, computers and office equipment with individual book values not exceeding Rs. 50,000/-.

	1,507,230	958,134	549,096	460,000	(89,096)
	<u>5,325,986</u>	<u>2,429,745</u>	<u>2,896,241</u>	<u>2,790,000</u>	<u>(106,241)</u>

5 Intangible

Note

2010
Rupees

2009
Rupees

Membership cards		107,500,000	107,500,000
Telephone booth		1,200,000	1,200,000
Computer software	5.1	263,427	395,121
		<u>108,963,427</u>	<u>109,095,121</u>

5.1 Computer Software

Particulars	2010				2009			
	C O S T			Depreciation Rate	D E P R E C I A T I O N			Written down value as at June 30, 2010
	As at July 01, 2009	Additions/ (Disposals)/ *Reclassification	As at June 30, 2010		As at July 01, 2009	Charge for the year/ (Disposals)/ *Reclassification	As at June 30, 2010	
Owned -	-----Rupees-----			%	-----Rupees-----			Rupees
Computer software	2,000,000	-	2,000,000	33.33	1,604,879	131,694	1,736,573	263,427

Particulars	2009				2008			
	C O S T			Depreciation Rate	D E P R E C I A T I O N			Written down value as at June 30, 2009
	As at July 01, 2008	Additions/ (Disposals)/ *Reclassification	As at June 30, 2009		As at July 01, 2008	Charge for the year/ (Disposals)/ *Reclassification	As at June 30, 2009	
Owned -	-----Rupees-----			%	-----Rupees-----			Rupees
Computer software	2,000,000	-	2,000,000	33.33	1,407,348	197,531	1,604,879	395,121

6 Long Term Investments

Note

2010
Rupees

2009
Rupees

Related parties:			
- Investment in associated company	6.1	-	6,720,000
Other investments		50,400,000	50,400,000
Impairment loss	6.2	(25,000,000)	-
		<u>25,400,000</u>	<u>57,120,000</u>

6.1 The Company has disposed off its investment (i.e. 672,000 ordinary shares of Rs. 10/- each) at a total consideration of Rs. 7,654,080/- against its investment of Rs. 6,720,000/- resulting in a gain of Rs. 934,080/-.

6.2 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 the shares of D.H.A. Cogen Limited.



		2010 Rupees	2009 Rupees
7	TRADE DEBTS - Unsecured		
	Considered good	532,006,300	633,881,957
8	SHORT TERM INVESTMENTS		
		2010 Rupees	2009 Rupees
		Market Value	Market Value
	Financial assets at fair value through profit and loss - held for trading	118,503,037	124,646,864
	Investment of shares in listed companies		
	Available for sale	25,926,874	25,000,000
	Unquoted Sukuk Bond of Maple Leaf Cement Factory Ltd.	(6,250,000)	-
	Less: Impairment loss		
		138,179,911	149,646,864

8.1 Detail of investment of shares in listed companies:

Number of Shares		Name of Companies	2010 Rupees Market Value	2009 Rupees Market Value
30-Jun-10	30-Jun-09			
3,984	-	Agritech Ltd.	100,118	-
30,500	-	Allied Bank Ltd.	1,736,975	-
55,000	-	Amtex Ltd.	634,700	-
202,481	116,111	Arif Habib Bank Ltd.	726,907	811,616
110,000	109,325	Arif Habib Securities Ltd.	3,653,100	3,021,743
-	3	Arif Habib Ltd.	-	201
-	8	Adamjee Insurance Co. Ltd.	-	672
20,500	-	Attock Cement Ltd.	1,342,750	-
6,000	-	Attock Petroleum Ltd.	1,738,500	-
10,000	74,039	Azgard Nine Ltd.	111,600	1,639,223
60,000	98,965	Bank Alfalah Ltd.	567,600	1,044,080
120,000	120,000	Bank Islami Pakistan Ltd.	385,200	764,400
500	1,000	Bifo Industries Ltd.	17,695	35,430
-	80	Byco Petroleum Pakistan Ltd.	-	557
6,250	-	Central Insurance Co. Ltd.	315,813	-
35,310	-	Century Paper & Board Mills Ltd.	564,960	-
10,497,500	4,997,500	Dewan Cement Ltd.	18,055,700	13,743,125
1,032,784	1,095,000	Dewan Farooq Spinning Mills Ltd.	3,149,991	1,314,000
35,000	35,000	Descon Oxychem Ltd.	159,600	263,900
1,906,605	1,000,000	Dewan Salman Fiber Ltd.	2,898,040	1,490,000
168,005	227,400	D. G. Khan Cement Ltd.	3,968,278	6,742,410
1,000	1,000	D. S. Industries Ltd.	2,180	3,090
51,500	83,200	Engro Corporation Ltd.	8,939,370	10,685,376
10,000	-	Eye Television Network Ltd.	232,200	-
50,000	-	Fatima Fertilizer Co. Ltd.	626,500	-
-	80	Faysal Bank Ltd.	-	774
10,450	9,500	Fecto Cement Ltd.	61,655	148,770
103,001	-	Fauji Fertilizer Bin Qasim Ltd.	2,682,146	-
46,000	10,000	Fauji Fertilizer Co. Ltd.	4,741,220	869,500
55,000	55,000	Glaxo Smithkline Ltd.	4,462,700	6,589,550
-	169	Habib Bank Ltd.	-	14,544
315,973	75,000	Hub Power Co. Ltd.	10,098,497	2,031,750
5,106	8,000	ICI Pakistan Ltd.	605,367	1,122,000
35,000	174,065	Jahangir Siddiqui Co. Ltd.	442,400	4,036,567
70,000	-	Karachi Electric Supply Corp. Ltd.	156,100	-
18,087	-	Kot Addu Power Co. Ltd.	754,951	-
-	6,300	Khursheed Spinning Ltd.	-	2,583
-	12,650	Kohat Cement Ltd.	-	92,092
33,400	-	Lotte Pakistan PTA Ltd.	269,204	-
15,000	-	Lucky Cement Ltd.	932,100	-
5,500	500	MCB Bank Ltd.	1,068,045	77,515
-	36,875	Maple Leaf Cement Factory Ltd.	-	157,088
11,000	-	Meezan Bank Ltd.	160,050	-
100,000	-	Mohammad Farooq Textile Mills Ltd.	119,000	-



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Number of Shares		Name of Companies	2010 Rupees Market Value	2009 Rupees Market Value
30-Jun-10	30-Jun-09			
-	201,000	National Bank of Pakistan	-	13,473,030
25,000	-	Nishat (Chunian) Ltd.	394,500	-
21,750	-	Nishat Mills Ltd.	937,860	-
40,000	-	Nishat Power Ltd.	397,600	-
393,290	303,290	NIB Bank Ltd.	1,175,937	1,440,628
-	401,900	Oil & Gas Development Co. Ltd.	-	31,605,416
499	-	Packages Ltd.	59,132	-
10,250	10,250	PICIC Growth Fund Ltd.	94,915	86,100
66,500	56,380	Pakistan Oilfields Ltd.	14,357,350	8,225,842
36,000	15,100	Pakistan Petroleum Ltd.	6,628,320	2,862,054
26,000	5,000	Pakistan State Oil Co. Ltd.	6,765,200	1,068,250
1,000	-	Pakistan Synthetics Ltd.	6,090	-
-	790	Pakistan Telecomm. Co. Ltd.	-	13,620
5,000	5,000	Sakrand Sugar Mills Ltd.	15,000	7,500
5,616	5,616	Security Papers Ltd.	241,432	280,800
9,500	-	Shell Pakistan Ltd.	2,181,295	-
40,000	50,000	Sui Southern Gas Co. Ltd.	636,400	700,000
33,500	33,500	Saitex Spinning Mills Ltd.	3,350	3,350
-	51,177	Taj Textile Mills Ltd.	-	35,824
105,500	-	Telecard Ltd.	280,630	-
15,000	-	Thal Ltd.	1,424,100	-
275,927	302,127	The Bank of Punjab	2,781,344	3,317,354
62,000	126,000	United Bank Ltd.	3,361,020	4,824,540
45,000	-	Wateen Telecom Ltd.	280,350	-
16,453,768	9,913,900		118,503,037	124,646,864

9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2010 Rupees	2009 Rupees
Advances - considered good			
Employees - against salaries		14,799,124	16,057,520
Short term deposits	9.1	495,000	600,000
Prepayments		250,657	591,858
Other receivables		10,018,932	11,734,987
		25,563,713	28,984,365

9.1 This represents deposits with the Karachi Stock Exchange (Guarantee) Ltd. and National Commodity Exchange of Pakistan Ltd. against exposure.

10 CASH AND BANK BALANCES

	2010 Rupees	2009 Rupees
Cash in hand	143,982	333,400
Cash at banks		
On deposit accounts	7,120,175	298,690
On current accounts	4,981,555	1,637,834
	12,101,730	1,936,524
	12,245,712	2,269,924



11 SHARE CAPITAL

2010 (Number of Shares)	2009	Ordinary shares of Rs.10/- each	2010 Rupees	2009 Rupees
27,015,500	27,015,500	Fully paid in cash	270,155,000	270,155,000
33,034,100	33,034,100	Issued as bonus shares	330,341,000	330,341,000
<u>60,049,600</u>	<u>60,049,600</u>		<u>600,496,000</u>	<u>600,496,000</u>

12 SURPLUS ON REVALUATION OF MEMBERSHIP CARDS

The Company has revalued its Membership Cards on January 26, 2006. The revaluation was carried out by M/s. Anjum Adil & Associates. As a consequence of this revaluation, surplus on revaluation had increased to Rs. 61,921,400/-.

13 LONG TERM LOAN

	2010 Rupees	2009 Rupees
Opening balance	180,000,000	260,000,000
Obtained during the year	-	100,000,000
	<u>180,000,000</u>	<u>360,000,000</u>
Less: Repaid during the year	(180,000,000)	(180,000,000)
Current portion	-	(40,000,000)
	<u>-</u>	<u>140,000,000</u>

These loans were obtained from local commercial banks with mark-up rates of 3 months Kibor + 1.75% and 6 months Kibor + 2.00% and were repayable in quarterly installments. The loan was secured against charge over assets of the Company.

14 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	2010		2009	
	Minimum lease payments Rupees	Present value Rupees	Minimum lease payments Rupees	Present value Rupees
Within one year	-	-	89,734	89,493
After one year but not more than five years	-	-	-	-
Total minimum lease payments	-	-	<u>89,734</u>	<u>89,493</u>
Less: Amounts representing finance charges	-	-	241	-
Present value of minimum lease payments	-	-	<u>89,493</u>	<u>89,493</u>
Less: Current portion	-	-	89,493	89,493
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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15	SHORT TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - Secured	2010 Rupees	2009 Rupees
	Bank Al-Falah Limited	-	74,762,962
	KASB Bank Limited	-	97,958,399
	Silk Bank Limited	-	7,619,291
		<u>-</u>	<u>180,340,652</u>

The Company has aggregate running finance facilities from various banks of Rs. 1.22 billion (June 30, 2009 : Rs. 1.8 billion) under mark-up arrangements. Mark-up rates varies from 1-3 months Kibor + 1.75% to 1-3 months Kibor + 3.00% (June 30, 2009 : 1-6 months Kibor+1.5% to 1-6 months Kibor +3.5%). These arrangements would remain valid for varying periods up to June 30, 2011 and are secured against pledge of listed securities and charge over current assets of the Company.

16	TRADE AND OTHER PAYABLES	Note	2010 Rupees	2009 Rupees
	Creditors		192,518,569	135,590,220
	Accrued liabilities			
	Mark-up on short term running finance		-	5,313,250
	Mark-up on long term finance		-	6,717,945
	Accrued expenses and other liabilities		<u>4,055,524</u>	<u>4,512,331</u>
			<u>4,055,524</u>	<u>16,543,526</u>
			<u>196,574,093</u>	<u>152,133,746</u>

17	CONTINGENCIES AND COMMITMENTS			
	Regular Market transaction of equity securities entered into by the Company in respect of which transaction has not been settled as at balance sheet date		<u>1,366,899</u>	<u>-</u>
	Bank Guarantee in favour of Karachi Stock Exchange (Guarantee) Limited from KASB Bank Limited and secured against charge over current assets of the Company		<u>25,000,000</u>	<u>-</u>

18	ADMINISTRATIVE AND GENERAL EXPENSES			
	Salaries, allowances and other benefits		21,995,017	24,078,268
	Traveling, conveyance and vehicle running expenses		1,822,972	1,725,186
	Office rent		1,545,917	2,566,224
	Utility charges		2,296,543	1,967,239
	Postage, telephone and telegram		1,766,883	2,120,310
	Repair and maintenance		1,488,350	2,080,260
	Insurance		691,897	966,852
	Depreciation	4	5,802,678	7,360,355
	Amortization-computer software	5	131,694	197,531
	Entertainment		87,673	108,395
	Newspaper and periodicals		55,802	91,181
	Advertisement		70,597	279,960
	Printing and stationery		548,608	618,979
	Legal and professional charges		302,755	115,251
	Auditors' remuneration	18.1	250,000	485,000
	Service charges		2,062,144	2,670,889
	CDC charges		1,164,296	2,570,079
	Fees and subscription		5,690,639	6,066,454
	Commission		8,432,542	6,570,130
	Office supplies		763,016	729,481
	Bad debts & write offs		97,776	4,632,898
	Miscellaneous		76,131	96,103
			<u>57,143,928</u>	<u>68,097,025</u>



	Note	2010 Rupees	2009 Rupees
18.1 Auditors' remuneration			
Audit fee	18.1.1	250,000	250,000
Tax advisory and consultancy fees		-	235,000
		<u>250,000</u>	<u>485,000</u>
18.1.1 Audit fee		190,000	190,000
Half yearly review		30,000	30,000
Code of Corporate Governance		20,000	20,000
Out of pocket expenses		10,000	10,000
		<u>250,000</u>	<u>250,000</u>
19 OTHER INCOME			
Return on bank deposit accounts		7,820,327	2,221,775
(Loss) / gain on sale of assets		(106,241)	449,322
Profit on exposure deposit with exchange		36,062	1,197,310
Late payment charges		23,080,061	-
		<u>30,830,209</u>	<u>3,868,407</u>
20 FINANCIAL CHARGES			
Bank charges		521,656	467,058
Mark-up on short term running finances		3,866,627	93,148,536
Mark-up on long term financing		8,642,623	34,848,649
Mark-up under finance lease		241	227,674
		<u>13,031,147</u>	<u>128,691,917</u>
21 TAXATION			
Current		6,724,480	5,697,027
Prior years'		-	5,826,372
	21.1	<u>6,724,480</u>	<u>11,523,399</u>
21.1 Reconciliation of tax charge for the year			
Accounting profit / (loss)		172,057,173	(158,500,332)
Corporate tax rate		35%	35%
Tax on accounting profit at applicable rate		60,220,011	(55,475,116)
Tax effect of - income exempt from tax		(25,117,496)	12,178,364
- lower tax rate on certain income		(2,969,547)	23,806,811
- adjustment due to available tax losses		(28,214,945)	27,544,608
- others		2,806,457	3,468,732
		<u>6,724,480</u>	<u>11,523,399</u>
22 EARNINGS PER SHARE			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Profit / (loss) after taxation		172,057,173	(158,500,332)
Weighted average number of ordinary shares		60,049,600	60,049,600
Earnings per share - basic and diluted		<u>2.87</u>	<u>(2.64)</u>
22.1 Diluted earning per share has not been calculated as the Company does not have any convertible instrument in issue as at June 30, 2010 and 2009 which would have any effect on the earning per share if the option exercised.			
23 CASH AND CASH EQUIVALENTS			
Cash and bank balances		12,245,712	2,269,924
Short term running finance		-	(180,340,652)
		<u>12,245,712</u>	<u>(178,070,728)</u>



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24 FINANCIAL INSTRUMENTS BY CATEGORY	2010 Rupees	2009 Rupees
24.1 Financial assets and liabilities		
Financial assets		
- Loans and receivables		
Loans and advances	14,799,124	16,057,520
Deposits	3,775,000	3,428,900
Trade debts	532,006,300	633,881,957
Other receivables	8,652,033	11,734,987
Receivable from NCCPL	1,366,899	-
Cash and bank balances	12,245,712	2,269,924
	<u>572,845,068</u>	<u>667,373,288</u>
- Fair value through profit and loss Investments	<u>143,903,037</u>	<u>181,766,864</u>
- Available for sale	<u>19,676,874</u>	<u>25,000,000</u>
Financial liabilities		
- Financial liabilities at amortised cost		
Long term financing	-	180,000,000
Short term financing	-	180,340,652
Accrued mark-up	-	12,031,195
Liabilities against assets subject to finance lease	-	89,493
Trade and other payables	196,574,093	140,102,551
	<u>196,574,093</u>	<u>512,563,891</u>

25 FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to variety of financial risks namely market risk (including currency risk, interest rate and other price risk), credit risk, liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below:

25.1 Market Risk

Market risk is the risk that the values of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in the market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of currency risk, interest rate risk and other price risk.

25.1.1 Currency risk

Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign exchange risk because none of the Company's monetary assets and liabilities are denominated in foreign currency.



25.1.2 Yield / Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of financial instruments or cash flows relating to financial instruments, will fluctuate due to changes in the market rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of financial assets and liabilities through appropriate policies.

	2010						Total
	Mark-up bearing maturity			Non-mark-up bearing maturity			
	Upto one year	Over one year upto five years	Sub-total	Upto one year	Over one year upto five years	Sub-total	
----- Rupees -----							
Financial assets							
Deposits	-	-	-	495,000	3,280,000	3,775,000	3,775,000
Trade debts	-	-	-	532,006,300	-	532,006,300	532,006,300
Loan and advances	-	-	-	14,799,124	-	14,799,124	14,799,124
Receivable from NCCPL	-	-	-	1,366,899	-	1,366,899	1,366,899
Investments	-	19,676,874	19,676,874	118,503,037	25,400,000	143,903,037	163,579,911
Other receivables	-	-	-	8,652,033	-	8,652,033	8,652,033
Cash and bank balances	7,120,175	-	7,120,175	5,125,537	-	5,125,537	12,245,712
	<u>7,120,175</u>	<u>19,676,874</u>	<u>26,797,049</u>	<u>680,947,930</u>	<u>28,680,000</u>	<u>709,627,930</u>	<u>736,424,979</u>
Financial liabilities							
Trade and other payables	-	-	-	196,574,093	-	196,574,093	196,574,093
	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,574,093</u>	<u>-</u>	<u>196,574,093</u>	<u>196,574,093</u>
On-balance sheet gap	7,120,175	19,676,874	26,797,049	484,373,837	28,680,000	513,053,837	539,850,886
Off-balance sheet gap	-	-	-	-	-	-	-

	2009						Total
	Mark-up bearing maturity			Non-mark-up bearing maturity			
	Upto one year	Over one year upto five years	Sub-total	Upto one year	Over one year upto five years	Sub-total	
----- Rupees -----							
Financial assets							
Deposits	-	-	-	600,000	2,828,900	3,428,900	3,428,900
Trade debts	-	-	-	633,881,957	-	633,881,957	633,881,957
Loan and advances	-	-	-	16,057,520	-	16,057,520	16,057,520
Investments	-	25,000,000	25,000,000	124,646,864	57,120,000	181,766,864	206,766,864
Other receivables	-	-	-	11,734,987	-	11,734,987	11,734,987
Cash and bank balances	298,690	-	298,690	1,971,234	-	1,971,234	2,269,924
	<u>298,690</u>	<u>25,000,000</u>	<u>25,298,690</u>	<u>788,892,562</u>	<u>59,948,900</u>	<u>848,841,462</u>	<u>874,140,152</u>
Financial liabilities							
Long term loan	40,000,000	140,000,000	180,000,000	-	-	-	180,000,000
Liabilities against assets subject to finance lease	89,493	-	89,493	-	-	-	89,493
Short term running finance	180,340,652	-	180,340,652	-	-	-	180,340,652
Trade and other payables	-	-	-	152,133,746	-	152,133,746	152,133,746
	<u>220,430,145</u>	<u>140,000,000</u>	<u>360,430,145</u>	<u>152,133,746</u>	<u>-</u>	<u>152,133,746</u>	<u>512,563,891</u>
On balance sheet gap	(220,131,455)	(115,000,000)	(335,131,455)	636,758,816	59,948,900	696,707,716	361,576,261
Off-balance sheet gap	-	-	-	-	-	-	-

The Company is exposed to interest rate risk with its investment in sukuk bonds, having variable interest rate. If interest rate increases/decreases by 1%, the profit before tax for the year will increase/ decrease by Rs. 259,269/- (2009: Rs. 250,000/-).



25.1.3 Other price risk

Other price risk is the risk that the fair value of or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor effecting all similar financial instruments traded in the market.

The Company is exposed to equity price risk in respect of investments classified as fair value through profit and loss account. The Company manages by monitoring exposure on marketable securities by following the internal risk management and investment policies.

The investment of the Company classified as fair value through profit and loss account would normally be affected due to fluctuation of equity prices in the stock exchanges. In case of 5% increase / decrease in the KSE 100 index on June 30, 2010, the net profit for the year relating to securities classified as fair value through profit and loss account would increase / decrease by Rs. 6,908,996/- (2009: Rs. 31,694,098/-) and net assets would increase / decrease by the same amount.

The above analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments move according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in KSE 100 index, having regard to the historical volatility of the index. The composition of Company's investment portfolio and the correlation thereof to KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2010 is not necessarily indicative of the effect on the Company's net assets of future movement in the level of KSE 100 index.

25.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting commitments associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, marketable securities and availability of funds through an adequate amount of committed credit lines. The Company is not exposed to liquidity risk. The maturity profile is monitored to ensure that adequate liquidity is maintained. The liquidity profile of the Company is disclosed in note 25.1.2.

25.3 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. All the financial assets of the Company are exposed to credit risk. To manage the exposure to credit risk, the Company applies credit limit to its customers and in certain cases obtains margin and deposit in the form of cash. The Company has established internal policies for extending credit which captures essential details regarding customers. Based on the review of borrower's credentials as available internally and value of collaterals held as security, the management is confident that credit quality of debts which are not past due nor impaired remains sound at the balance sheet date.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers, brokers and other financial institutions. These activities primarily involve collateralized arrangement and may result in credit exposure if the counter party fails to meet its contracted obligations. The Company's exposure to credit risk can only be directly impacted by volatile security markets which may impair the ability of counter parties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit limit based upon a review of the counter parties' financial conditions. The Company monitors collateral levels on a regular basis and requests changes in collateral levels as appropriate of if considered necessary.



An analysis of the age of significant financial assets that are past due but not impaired are as under:

Financial Instruments carried at amortised cost	2010 Rupees	2009 Rupees
Trade debts - net	<u>532,006,300</u>	<u>633,881,957</u>
Payments over due		
1-360 days	<u>437,868,188</u>	<u>604,537,112</u>
Above 360 days	<u>94,138,112</u>	<u>29,344,845</u>

Out of Rs. 532.00 million (2009: Rs. 633.88 million), the Company has provided Rs. 0.098 million (2009: Rs. 3.828 million) as bad debts.

An analysis of significant financial assets that are individually impaired are as under. The factors in determining the impairment loss mainly comprises management's assessment of potential loss which is expected to arise on these financial assets.

	2010 Rupees	2009 Rupees
Long term investment	25,400,000	-
Short term investment	19,676,874	-

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

Bank	Rating Agency	Rating	
		Short term	Medium to long term
MCB Bank Limited	PACRA	A1+	AA+
Bank Al-Falah Limited	PACRA	A1+	AA
Mybank Limited	PACRA	A-2	A-
NIB Bank Limited	PACRA	A1+	AA-
KASB Bank Limited	PACRA	A-1	A
United Bank Limited	JCR-VIS	A-1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Silk Bank Limited	JCR-VIS	A-3	A-
The Bank of Khyber	JCR-VIS	A-3	BBB+
Summit Bank Limited (formerly Arif Habib Bank Limited)	JCR-VIS	A-2	A
Bank Islami Pakistan Limited	PACRA	A1	A
Habib Bank Limited	JCR-VIS	A-1+	AA+
JS Bank Limited	PACRA	A1	A
Meezan Bank Limited	JCR-VIS	A-1	AA-

25.4 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

25.5 Fair values estimation

Effective July 01, 2009, the Company adopted the amendments to IFRS 7 for the financial instruments that are measured in the balance sheet at fair value. This require disclosure of fair values measurements by level of the following fair value measurement hierarchy;

- Quoted prices in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly or indirectly (level 2)
- Inputs for the asset or liability that are not based on observable market data (level 3)



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Assets	Level 1	Level 2	Level 3	Total
	(Rupees)			
Investment in equity securities - held for trading	118,503,037	-	-	118,503,037
Investment classified as available for sale	-	19,676,874	-	19,676,874
	<u>118,503,037</u>	<u>19,676,874</u>	<u>-</u>	<u>138,179,911</u>

25.6 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Company monitors capital on the basis of the gearing ratio. Gearing ratio is calculated as debt divided by debt plus equity, where debt represents total long term borrowings and equity represents paid-up capital, reserves and accumulated profit / (loss).

	2010 Rupees	2009 Rupees
Total long term borrowings	-	180,000,000
Total equity	<u>640,422,507</u>	<u>468,365,334</u>
	<u>640,422,507</u>	<u>648,365,334</u>
Gearing ratio	0%	27.76%

26 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the remuneration, including certain benefits to the Chief Executive Officer, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Directors		Executives	
	June 2010	June 2009	June 2010	June 2009	June 2010	June 2009
	(Rupees)					
Remuneration	1,741,935	1,935,484	2,593,548	2,677,663	2,842,903	2,113,950
House rent allowance	783,871	870,968	1,167,097	1,204,949	1,279,307	951,277
Utility allowance	174,194	193,548	259,355	267,766	284,290	211,395
Commission	-	-	351,894	-	303,433	-
	<u>2,700,000</u>	<u>3,000,000</u>	<u>4,371,894</u>	<u>4,150,378</u>	<u>4,709,933</u>	<u>3,276,622</u>
Number of Persons	<u>1</u>	<u>2</u>	<u>2</u>	<u>5</u>	<u>5</u>	<u>3</u>

The Company provides the Company maintained car to the Chief Executive Officer, Executive Directors and certain Executives.

27 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. The remuneration of Chief Executive Officer, Directors and Executives is disclosed in Note 26 to the financial statements.



Details of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Brokerage income earned from:	2010 Rupees	2009 Rupees
Directors	55,248	16,284
Employees	534,723	49,498
	589,971	65,782
Balances		
Amount due from IFSL - Employees Provident Fund	-	500,000
Loan to director	13,498,000	14,498,000
Transactions		
Advance against salary - Director	-	15,000,000
Contribution to IFSL - Employees Provident Fund	1,042,172	484,896

28 ACCOUNTING ESTIMATES AND JUDGMENTS

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of the appellate authorities on certain issues in the past.

Property, plant and equipment

The Company reviews the rate of depreciation/ useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of respective items of intangible assets with a corresponding affect on the amortization charge and impairment.

Investment stated at fair value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time based on market conditions and information about financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore cannot be determined with precision.

Trade Debts

The Company reviews its debts portfolio regularly to assess amount of any provision required against such debtors.

29 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on August 30, 2010 by the Board of Directors of the Company.

30 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



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PATTERN OF SHAREHOLDING

THE COMPANIES ORDINANCE, 1984

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0040559**
2. Name of the Company **INVEST AND FINANCE SECURITIES LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at **3 0 0 6 2 0 1 0**

Number of Shareholders	Shareholdings				Total Shares held
67	1	-	100	Shares	2,479
3629	101	-	500	Shares	1,801,255
485	501	-	1000	Shares	474,692
580	1001	-	5000	Shares	1,418,603
83	5001	-	10000	Shares	621,969
29	10001	-	15000	Shares	359,771
7	15001	-	20000	Shares	122,501
8	20001	-	25000	Shares	187,413
7	25001	-	30000	Shares	199,200
5	30001	-	35000	Shares	165,743
3	35001	-	40000	Shares	115,500
1	40001	-	45000	Shares	41,321
1	45001	-	50000	Shares	50,000
3	50001	-	55000	Shares	158,200
1	80001	-	85000	Shares	81,931
1	90001	-	95000	Shares	94,000
1	115001	-	120000	Shares	120,000
1	140001	-	145000	Shares	145,000
1	175001	-	180000	Shares	179,500
1	190001	-	195000	Shares	190,613
1	310001	-	315000	Shares	314,985
1	495001	-	500000	Shares	500,000
1	655001	-	660000	Shares	656,895
1	945001	-	950000	Shares	950,000
1	1455001	-	1460000	Shares	1,457,857
1	1910001	-	1915000	Shares	1,912,321
1	1990001	-	1995000	Shares	1,994,597
1	2345001	-	2350000	Shares	2,348,454
2	2495001	-	2500000	Shares	5,000,000
1	11995001	-	12000000	Shares	11,996,000
1	26385001	-	26390000	Shares	26,388,800
4926	TOTAL				60,049,600

Categories of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer, and their spouses and minor children	5,172,001	8.61%
5.2 Associated Companies, undertakings and related parties	-	0.00%
5.3 NIT and ICP	-	0.00%
5.4 Banks, Development Financial Institutions, Non-Banking Finance Companies	8,000	0.01%
5.5 Insurance Companies	27,000	0.04%
5.6 Modarabas and Mutual Funds	-	0.00%
5.7 Shareholders holding 10%	38,384,800	63.92%
5.8 General Public		
a. Local	54,552,553	90.85%
b. Foreign	-	0.00%
5.9 Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	290,046	0.48%



Pattern of Shareholding under Regulation 35(xix)(i) of the Code of Corporate Governance as on June 30, 2010

Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1. <u>Associated Companies</u>	-	-	0.00%
2. <u>NIT and ICP</u>	-	-	0.00%
3. <u>Directors, CEO, their Spouses & Minor Children</u>			
Directors and CEO			
3.1 Mr. Aryn Nasiruddin	1	2,500,000	4.16%
3.2 Syed Kaleem Akhtar	1	24,001	0.04%
3.3 Mr. Khalid Iqbal Siddiqui	1	145,000	0.24%
3.4 Mr. Bashir Ahmed Khanani	1	1,000	0.00%
3.5 Mrs. Nausheen Javed Ahmedjee	1	500	0.00%
3.6 Syed Rahsid Ali	1	1,000	0.00%
3.7 Mr. Shakeel Ahmed	1	500	0.00%
	7	2,672,001	4.45%
Spouses of Directors and CEO			
Mrs. Ambreen Aryn	1	2,500,000	4.16%
Minor Children of Directors and CEO			
	-	-	0.00%
4. <u>Executives</u>	2	47,000	0.08%
5. <u>Public Sector Companies & Corporations</u>	-	-	0.00%
6. <u>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds</u>	3	35,000	0.06%
7. <u>Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)</u>	35	290,046	0.48%
8. <u>Individuals</u>	4,878	54,505,553	90.77%
	4,926	60,049,600	100.00%

SHAREHOLDERS HOLDING 10% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY			
Names	Number of Shareholders	Number of Shares held	% of Shareholding
Mrs. Gul Bano	1	11,996,000	19.98%
Mrs. Farida Bano	1	26,388,800	43.95%

RIAZ AHMAD, SAQIB, GOHAR & COMPANY

Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Invest and Finance Securities Limited ("the Company")** as at June 30, 2010 and the related profit and loss account, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we state that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied; except for changes as stated in note 2.5 to the financial statements, with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2010 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi: August 30, 2010

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants

Engagement Partner: Adeel Shahzad

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

RIAZ AHMAD, SAQIB, GOHAR & COMPANY

Chartered Accountants

Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Invest and Finance Securities Limited ("the Company") to comply with the Listing Regulations of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to perform an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transaction before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2010.

Karachi: August 30, 2010

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants

Engagement Partner: Adeel Shahzad

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



FORM OF PROXY

INVEST AND FINANCE SECURITIES LIMITED

IMPORTANT

This form of Proxy duly completed must be deposited at the Registered Office of the Company, 12th Floor, Corporate Tower, Technocity Building, Hasrat Mohani Road, Off: I. I. Chundrigar Road, Karachi, Pakistan, not later than 48 hours before the time of the meeting.

A Proxy should also be a member of the Company.

I/we _____
of _____ being member(s) of INVEST AND FINANCE SECURITIES LIMITED and holder of _____ Ordinary Shares as per Registered Folio No./ CDC Investor Account/Participant ID and Investor/Sub Account No. _____ hereby appoint _____ of _____
or failing him _____
of _____
who is also member of INVEST AND FINANCE SECURITIES LIMITED vide Registered Folio No./ CDC Investor Account/Participant ID and Investor/Sub Account No. _____ as my/our proxy to vote for me/us and on my/our behalf at the 11th Annual General Meeting of the Company to be held on Wednesday, October 27, 2010 at 11.00 a.m. and any adjournment thereof.
Signed this _____ day of _____ 2010.

Signature
over
Revenue
Stamp

Witness: _____
SIGNATURE

Name: _____

CNIC No.: _____

Address: _____

Witness: _____
SIGNATURE

Name: _____

CNIC No.: _____

Address: _____



INVEST AND FINANCE SECURITIES LIMITED
12th Floor, Corporate Tower, Technocity Building,
Hasrat Mohani Road, Off: I. I. Chundrigar Road,
Karachi, Pakistan.

**AFFIX
CORRECT
POSTAGE**