

COMPANY INFORMATION

Board of Directors

: Mr. Muhammad Sohail Dayala
(Chairman & Chief Executive Officer)

Mr. Khalid Iqbal Siddiqui
Syed Kaleem Akhtar
Mr. Ahmad Zakir Hafeez
Mr. Bashir Ahmed Khanani
Mr. Shakeel Ahmed
Syed Rashid Ali

Audit Committee

: Mr. Bashir Ahmed Khanani - Chairman
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. 210, Progressive Plaza,
Beaumont Road, Civil Lines,
Karachi, Pakistan.

Share Registrar

: M/s. Technology Trade (Private) Limited
Dagja 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 TWELFTH ANNUAL GENERAL MEETING

Notice is hereby given that Twelfth Annual General Meeting of Invest and Finance Securities Limited ('the Company') will be held on Friday, October 07, 2011 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 Eleventh Annual General Meeting of the Company held on October 27, 2010;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the financial year ended June 30, 2011, together with the Directors' and Auditors' Reports thereon;
3. To appoint the Statutory Auditors for the year ending June 30, 2012, and to fix their remuneration;
4. To transact any other business with the permission of the Chair.

By order of the Board

MUHAMMAD AWAIS
Company Secretary

Karachi: August 29, 2011

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 01, 2011 to October 07, 2011 (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: Shahra-e-Quaideen, Karachi, Pakistan ('Registrar') at the close of business on September 30, 2011 will be considered in time 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 of the Company. All Members holding their shares through the CDC are requested to please update their particulars 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 submitted 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, 2011, together with the Auditors' Report thereon.

Performance Review

The Company earned operating revenue of Rs. 100.157 million as compared to Rs. 293.810 million for the corresponding period. The said decrease is mainly a result of lower capital gains and stock brokerage income due to reduced volumes in the stock market. Further, fees & commission has also reduced substantially due to lower corporate finance activity in the market. However, in conformity with the Company's efforts to explore new avenues; your Company started inter-bank brokerage operations during the year and it contributed Rs. 11.227 million in the operating revenue.

The Company earned before and after tax profit of Rs. 50.772 million and Rs. 48.468 million respectively as compared to Rs. 178.782 million and Rs. 172.057 million respectively for the corresponding period. This decrease has mainly resulted due to decrease in operating revenue. However, financial charges have been substantially reduced due to low utilization of finance facilities. Further, impact of loss on re-measurement of investments has also been converted into gain due to increase in share prices at the Karachi Stock Exchange (Guarantee) Limited.

The operating results of the Company for the year ended June 30, 2011 are summarized as follows:

	2011 Rupees	2010 Rupees
Operating Revenue	100,156,896	293,809,693
Profit before tax	50,772,082	178,781,653
Profit after tax	48,467,956	172,057,173
Earnings per share	0.81	2.87

Dividend and other appropriations

The impact of the economic conditions of the Country has resulted in uncertainty for investors thus effecting Stock Exchange and ultimate impact on the performance of your Company. The Board of Directors has not recommended any dividend or other appropriations for the period under consideration.

Earnings per share

The basic and diluted earnings per share of the Company is Rs. 0.81 as compared to Rs. 2.87 for the corresponding period.

Post Balance Sheet Events

There has been no material event subsequent to the balance sheet date that would require appropriate disclosure or adjustment to the financial statements referred herein.



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, shall 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, proposed 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 notes to the financial statements; and accounting estimates are based on reasonable and prudent judgments.



- 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, 2011 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, 2011 amounts to approximately Rs. 2,575,000/-.
- k) During the year five (5) 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. Naeem-ul-Hasan	1	1
2.	Mr. Khalid Iqbal Siddiqui	5	5
3.	Syed Kaleem Akhtar	5	5
4.	Mr. Aryn Nasiruddin	5	5
5.	Mr. Bashir Ahmed Khanani	5	2
6.	Syed Rashid Ali	5	2
7.	Mr. Shakeel Ahmed	5	5
8.	Mrs. Nausheen Javed Ahmedjee	4	3

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

Mr. Naeem-ul-Hasan was co-opted as Director of the Company on March 08, 2011 due to casual vacancy occurred upon the resignation of Mrs. Nausheen Javed Ahmedjee. He was also elected as Chairman and appointed as Chief Executive Officer of the Company on March 08, 2011 due to resignation of Mr. Aryn Nasiruddin from the offices of Chairman and Chief Executive Officer of the Company.

Mr. Ahmad Zakir Hafeez has been co-opted as Director of the Company on August 08, 2011 due to casual vacancy occurred upon the resignation of Mr. Aryn Nasiruddin.

Mr. Muhammad Sohail Dayala has been elected/co-opted/appointed as Chairman, Director and Chief Executive Officer of the Company on August 23, 2011 in place of Mr. Naeem-ul-Hasan due to his resignation from these offices.

- l) Patterns of shareholdings as required under the Companies Ordinance, 1984 and the Code of Corporate Governance are annexed at the end of annual 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, during the year, except the following:



- Mrs. Ambreen Aryn spouse of Mr. Aryn Nasiruddin, Director sold 2,500,000 shares during the year that were reported as per law.
- Mr. Muhammad Awais, Company Secretary sold 10,000 shares during the year that were reported as per law.

Economic and Stock Market Review

During the year 2010-2011, Pakistan's balance of payments posted a turnaround, with a current account surplus of US\$542mn. On the domestic front, Pakistan's budgetary operations remained a struggle to manage for the Government as it aimed to cope with the delay in release of funds by IMF and other multilateral lenders. The fiscal deficit has been estimated by State Bank of Pakistan as 6.2% of GDP for 2010-11. This in turn, would continue to influence Government borrowing requirements within 2011-12 as well. CPI inflation for the year ended 2010-11 was 13.9%, which may have been higher if the Government had increased petroleum prices locally in line with international prices. State Bank of Pakistan raised the discount rate by 150 basis points to 14% during the year to continue its battle against inflation. The discount rate has recently been reduced in July 2011 by 50 basis points to 13.50%. The country's GDP grew at a low rate of 2.4%, against an initial target of over 4%, as the devastating August 2010 floods caused overall agriculture and industrial production to be depressed.

The KSE-100 Index gained 28.5% during the year 2010-11. This was mainly driven by an influx of US\$279mn foreign portfolio investment, which more than compensated for any negative sentiment following the worst floods in the country's history. However, average volumes remained low with 94mn shares traded on a daily basis.

Future Prospects and Outlook

Despite a decline in profitability during the year 2010-11, your Company remains committed to pursuing methods of improving profitability. The brewing crisis in the US and European economies has resulted in massive sell-off during August 2011, which has dampened sentiment locally as well. Therefore, with the specter of foreign selling hanging on the market, it could well be another year of thin trading volumes, especially with capital gains tax still intact on stock market investors, as per the 2011-12 Federal Budget.

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

MUHAMMAD SOHAIL DAYALA
Chairman & Chief Executive Officer

Karachi: August 23, 2011

**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 ('the Company') in its meeting held on March 08, 2011, approved the appointment of Mr. Naeem-ul-Hasan as the Chief Executive Officer of the Company, effective from March 08, 2011 for the remainder term of outgoing Chief Executive Officer, i.e., until March 30, 2012. Mr. Naeem-ul-Hasan is entitled to a managerial remuneration of Rs. 275,000/- per month. The above remuneration is subject to such increments and adjustments, including bonuses as may be granted in accordance with the Company's policies and rules, subject to the approval of the Board of Directors. He is also entitled for other perquisites and facilities/benefits as per the Company's policies and rules including, Company maintained car, cellular phone bills, hospitalization facility (insurance cover) for self, spouse and dependent children, membership of employees' provident fund, etc.

The resignation of Mr. Naeem-ul-Hasan from the office of Chief Executive Officer was accepted by the Board of Directors on August 23, 2011.

2. The Board of Directors of Invest and Finance Securities Limited ('the Company') in its meeting held on August 23, 2011, approved the appointment of Mr. Muhammad Sohail Dayala as the Chief Executive Officer of the Company, effective from August 23, 2011 for the remainder term of outgoing Chief Executive Officer, i.e., until March 30, 2012. Mr. Muhammad Sohail Dayala is entitled to a managerial remuneration of Rs. 400,000/- per month. The above remuneration is subject to such increments and adjustments, including bonuses as may be granted in accordance with the Company's policies and rules subject to the approval of the Board of Directors. He is also entitled for other perquisites and facilities/benefits as per the Company's policies and rules including, Company maintained car, cellular phone bills, hospitalization facility (insurance cover) for self, spouse and dependent children, membership of employees' provident fund, etc.
3. The Board of Directors of Invest and Finance Securities Limited ('the Company') approved the co-option of Mr. Ahmad Zakir Hafeez, Chief Financial Officer as Director (Executive Director) of the Company effective from August 08, 2011 for the remainder tenure of outgoing Director i.e. until March 27, 2012 at his existing remuneration of Rs. 65,000/- per month and terms and conditions of employment. The said remuneration is subject to such increments and adjustments, including bonuses as may be granted in accordance with the Company's policies and rules subject to the approval of the Board of Directors. He is also entitled for other perquisites and facilities/benefits as per the Company's policies and rules including, Company maintained car, hospitalization facility (insurance cover) for self, spouse and dependent children, membership of employees' provident fund, etc.

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



SIX YEARS AT A GLANCE

PARTICULARS	2011	2010	2009	2008	2007	2006
Operating Performance (Rupees in 000)						
Revenue	100,157	293,810	124,642	197,616	300,408	156,044
Operating expenses	59,452	57,144	68,097	89,122	52,667	27,822
Financial expenses	2,939	13,031	128,692	69,368	93,288	70,098
Other income / (loss)	9,267	30,830	3,868	316	2,258	(111)
Gain / (loss) on revaluation on investments	8,330	(52,603)	(78,699)	(6,586)	12,005	-
Profit / (loss) before tax	50,772	178,782	(146,977)	32,856	168,717	58,013
Profit / (loss) after tax	48,468	172,057	(158,500)	20,212	161,038	55,625
Per Ordinary Shares (Rupees)						
Earnings per share	0.81	2.87	(2.64)	0.39	3.35	3.59
Break-up value per share	10.32	10.66	7.80	10.44	20.26	13.55
Dividends (Percentage)						
Cash	-	11.50%	-	-	-	-
Bonus shares	-	-	-	100%	-	300%
Assets & Liabilities (Rupees in 000)						
Total assets	879,344	898,918	1,042,851	2,344,604	1,254,306	1,542,881
Current assets	786,843	722,085	826,505	2,117,430	1,062,014	1,357,060
Current liabilities	259,511	196,574	372,564	1,495,728	541,053	1,014,221
Financial Position (Rupees in 000)						
Shareholders' equity	619,833	640,423	468,365	626,866	486,653	325,615
Share capital	600,496	600,496	600,496	600,496	240,248	240,248
Reserves	19,337	39,927	(132,131)	26,370	246,406	85,368
Shares outstanding- (Number in 000)	60,050	60,050	60,050	60,050	24,025	24,025
Return on capital employed-(%)	7.82	26.87	-33.84	3.22	33.09	17.08
Return on total assets-(%)	5.51	19.14	-15.20	0.86	12.84	3.61
Current ratio-times	3.03	3.67	2.22	1.42	1.96	1.34

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE - YEAR ENDED JUNE 30, 2011

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. The Board, as at June 30, 2011, comprised of 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 NBFI. No Director is a member of a stock exchange.
4. A casual vacancy occurred in the Board during the year on March 08, 2011 was filled up by the Directors within 30 days thereof.
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 Chairman 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.

MUHAMMAD SOHAIL DAYALA
Chairman & Chief Executive Officer

Karachi
August 23, 2011



BALANCE SHEET
AS AT JUNE 30, 2011

<u>ASSETS</u>	Note	2011 Rupees	2010 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	39,746,732	39,189,344
Intangible assets	5	46,954,227	108,963,427
Long-term investments	6	2,520,000	25,400,000
Long-term deposits		3,280,000	3,280,000
		<u>92,500,959</u>	<u>176,832,771</u>
CURRENT ASSETS			
Trade debts	7	362,107,843	532,006,300
Short-term investments	8	334,478,390	138,179,911
Advances, deposits, prepayments and other receivables	9	28,549,201	25,563,713
Advance tax - net		15,642,406	12,722,694
Receivable under MTS transactions		16,361,220	-
Receivable from NCCPL - net		246,109	1,366,899
Cash and bank balances	10	29,458,177	12,245,712
		<u>786,843,346</u>	<u>722,085,229</u>
TOTAL ASSETS		<u>879,344,305</u>	<u>898,918,000</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
SHARE CAPITAL			
Authorized capital 100,000,000 (2010: 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		<u>19,337,423</u>	<u>39,926,507</u>
		<u>619,833,423</u>	<u>640,422,507</u>
SURPLUS ON REVALUATION OF MEMBERSHIP CARDS	12	-	61,921,400
CURRENT LIABILITIES			
Short-term running finance	13	170,454,027	-
Trade and other payables	14	89,056,855	196,574,093
		<u>259,510,882</u>	<u>196,574,093</u>
CONTINGENCIES AND COMMITMENTS	15	-	-
TOTAL EQUITY AND LIABILITIES		<u>879,344,305</u>	<u>898,918,000</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, 2011

	Note	2011 Rupees	2010 Rupees
OPERATING REVENUE			
Operating revenues	16	74,839,175	116,694,891
Gain on sale of investments-net		25,317,721	177,114,802
		100,156,896	293,809,693
EXPENDITURES			
Administrative and general expenses	17	(59,452,528)	(57,143,928)
Operating profit		40,704,368	236,665,765
Other income - net	18	9,267,490	7,750,148
Financial charges	19	(2,938,913)	(13,031,147)
Workers' Welfare Fund	20	(4,591,075)	-
Gain / (loss) on re-measurement of investments carried at fair value through profit and loss account- net		8,330,212	(52,603,113)
		10,067,714	(57,884,112)
PROFIT BEFORE TAXATION		50,772,082	178,781,653
TAXATION	21	(2,304,126)	(6,724,480)
PROFIT AFTER TAXATION		48,467,956	172,057,173
Other comprehensive income		-	-
Total comprehensive income for the year		48,467,956	172,057,173
Earnings per share - basic and diluted	22	0.81	2.87

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



CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
Cash Flows From Operating Activities			
Profit before taxation		50,772,082	178,781,653
Adjustments for:			
Depreciation		5,567,402	5,802,678
Amortization of software		87,800	131,694
Provision for WWF		1,015,442	-
Financial charges		2,938,913	13,031,147
(Gain) / loss on revaluation of investments carried at fair value through profit and loss - net		(8,330,212)	52,603,113
Loss on disposal of property, plant and equipment		26,433	106,241
		<u>1,305,778</u>	<u>71,674,873</u>
Profit before working capital changes		52,077,860	250,456,526
Changes in working capital			
Decrease/(increase) in current assets			
Trade debts		169,898,457	101,875,657
Receivable under MTS transactions		(16,361,220)	-
Short term investments		(165,088,267)	(16,136,160)
Advances, deposits, prepayments and other receivables		(2,985,488)	3,420,652
Receivable from NCCPL		1,120,790	(1,366,899)
		<u>(13,415,728)</u>	<u>87,793,250</u>
(Decrease)/increase in current liabilities			
Trade and other payables		(104,645,815)	56,471,542
Cash (used in) / generated from operations		<u>(65,983,683)</u>	<u>394,721,318</u>
Income tax paid		(5,223,838)	(7,724,876)
Finance charges paid		(6,825,778)	(25,062,342)
Net cash (used in) / generated from operating activities		<u>(78,033,299)</u>	<u>361,934,100</u>
Cash Flow From Investing Activities			
Purchase of property, plant and equipment		(7,406,223)	(587,067)
Disposal of long term investments		-	6,720,000
Proceeds from disposal of property, plant and equipment		1,255,000	2,790,000
Long term deposits		-	(451,100)
Net cash (used in) / generated from investing activities		<u>(6,151,223)</u>	<u>8,471,833</u>
Cash Flow From Financing Activities			
Dividend paid		(69,057,040)	-
Loan repaid during the year		-	(180,000,000)
Lease liabilities paid		-	(89,493)
Net cash used in financing activities		<u>(69,057,040)</u>	<u>(180,089,493)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(153,241,562)</u>	<u>190,316,440</u>
Cash and cash equivalents at the beginning of the year		12,245,712	(178,070,728)
Cash and cash equivalents at the end of the year	23	<u>(140,995,850)</u>	<u>12,245,712</u>

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

**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED JUNE 30, 2011

	Share capital	Unappropriated profit / Accumulated (loss)	Total
	-----Rupees-----		
Balance as at June 30, 2009	600,496,000	(132,130,666)	468,365,334
Total comprehensive income for the year	-	172,057,173	172,057,173
Balance as at June 30, 2010	600,496,000	39,926,507	640,422,507
Dividend paid during the year	-	(69,057,040)	(69,057,040)
Total comprehensive income for the year	-	48,467,956	48,467,956
Balance as at June 30, 2011	<u>600,496,000</u>	<u>19,337,423</u>	<u>619,833,423</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, 2011

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 Pakistan Mercantile Exchange Limited (formerly National Commodity Exchange Limited) and is accredited by Financial Markets Association of Pakistan as inter-bank broker. The Company is engaged in Financial Brokerage, Corporate Finance and Financial 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 (IFRSs) 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 Change in accounting estimate

During the year, the management has changed the accounting estimate of depreciation charge on property, plant and equipment from full year basis to monthly basis. Consequently, the change has been incorporated prospectively in these financial statements. Had there been no change in accounting estimate, depreciation for the year would have been Rs. 4.8 million.

2.4 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.

2.5 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.

2.6 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

2.6.1 New and amended standards and interpretations

The company has adopted the following new and amended IFRS and IFRIC interpretations which become effective during the year:

- IFRS 2 Group Cash-settled Share-based Payment Arrangements
- IAS 32 Financial Instrument Presentation - Classification of Right Issues (Amendment)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

2.6.2 Improvements to various standards issued by IASB

Issued in 2009

- IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash flows
- IAS 17 Leases
- IAS 36 Impairment of Assets

Issued in May 2010

- IFRS 3 Business Combination
- IAS 27 Consolidated and Separate Financial Statements

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the financial statements.

The company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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.



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

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

	Standard or Interpretation	Effective Date (Accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IFRS 7	Financial Instruments Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 12	Income Tax (Amendments) - Deferred Taxes: Recovery of underlying assets	January 01, 2012
IAS 19	Employee Benefits - Amended Standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 24	Related Party Disclosure (Revised)	January 01, 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statement in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have material effect on the Company's financial statement in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.



Standards		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Agreements	January 01, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

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 there under. 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. Depreciation is charged from the month the assets are available for use while no depreciation is charged in the month 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 5 to the financial statements. Full year's amortization on intangible assets is charged in the year of acquisition, whereas no amortization 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 receivable 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 profit and loss account are not reversed through 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 except profit on sukuk bonds which is recognised on receipt basis for the reason disclosed in note 16.1.
- (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 service 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 basis 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.20,007,347/= 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.



4. PROPERTY, PLANT AND EQUIPMENT

Particulars	2011				DEPRECIATION			WRITTEN DOWN VALUE
	C O S T		As at June 30, 2011	Rate	As at July 01, 2010	Charge for the year/ (Disposals)	As at June 30, 2011	As at June 30, 2011
	As at July 01, 2010	Additions/ (Disposals)						
Building	27,575,000	-	27,575,000	10	11,205,305	1,636,970	12,842,275	14,732,725
Furniture and fixtures	15,103,563	- (388,978)	14,714,585	10	5,352,565	972,939 (153,505)	6,171,999	8,542,586
Office equipments	9,563,678	- (603,833)	8,959,845	10	3,215,063	631,782 (268,139)	3,578,706	5,381,139
Computers	8,425,333	169,500 (1,657,280)	6,937,553	33	6,302,082	707,314 (1,435,059)	5,574,337	1,363,216
Vehicle	10,953,345	7,236,723 (1,459,000)	16,731,068	20	6,356,560	1,618,397 (970,955)	7,004,002	9,727,066
	71,620,919	7,406,223 (4,109,091)	74,918,051		32,431,575	5,567,402 (2,827,658)	35,171,319	39,746,732

Particulars	2010				DEPRECIATION			WRITTEN DOWN VALUE
	C O S T		As at June 30, 2010	Rate	As at July 01, 2009	Charge for the year/ (Disposals)/ *Reclassification	As at June 30, 2010	As at June 30, 2010
	As at July 01, 2009	Additions/ (Disposals)/ *Reclassification						
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	- (1,933,545)	15,103,563	10	4,882,239	1,083,444 (613,118)	5,352,565	9,750,998
Office equipments	10,748,881	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	- *(689,000)	-	20	336,232	- *(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



ANNUAL REPORT

2 0 1 1

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							
Suzuki Cultus	620,000	412,606	207,394	250,000	42,606	Negotiation	Mr. Shayaan Sohail Nisar
Mitsubishi Lancer	839,000	558,349	280,651	300,000	19,349	Negotiation	Mr. Shayaan Sohail Nisar
Furniture & Fixture	140,100	47,329	92,771	82,436	(10,335)	Negotiation	Mr. Shuja
Office Equipment	131,000	52,930	78,070	69,373	(8,697)	Negotiation	Mr. Shuja
	<u>1,730,100</u>	<u>1,071,214</u>	<u>658,886</u>	<u>701,809</u>	<u>42,923</u>		

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

2,378,991	1,756,444	622,547	553,191	(69,356)
<u>4,109,091</u>	<u>2,827,658</u>	<u>1,281,433</u>	<u>1,255,000</u>	<u>(26,433)</u>

5 Intangible

Note

2011
Rupees

2010
Rupees

Membership cards
Telephone booth
Computer software

5.1

45,578,600
1,200,000
175,627
46,954,227

107,500,000
1,200,000
263,427
108,963,427

5.1 Computer Software

Particulars	2011				AMORTIZATION			WRITTEN DOWN VALUE
	C O S T				As at July 01, 2010	Charge for the year/ (Disposals)	As at June 30, 2011	As at June 30, 2011
	As at July 01, 2010	Additions/ (Disposals)	As at June 30, 2011	Rate				
	Rupees			%	Rupees			Rupees
Computer software	2,000,000	-	2,000,000	33.33	1,736,573	87,800	1,824,373	175,627

Particulars	2010				AMORTIZATION			WRITTEN DOWN VALUE
	C O S T				As at July 01, 2009	Charge for the year/ (Disposals)	As at June 30, 2010	As at June 30, 2010
	As at July 01, 2009	Additions/ (Disposals)	As at June 30, 2010	Rate				
	Rupees			%	Rupees			Rupees
Owned - Computer software	2,000,000	-	2,000,000	33.33	1,604,879	131,694	1,736,573	263,427

6 Long Term Investment

Note

2011
Rupees

2010
Rupees

Investment in D.H.A. Cogen Limited
Impairment loss

6.1

25,400,000
(22,880,000)
2,520,000

50,400,000
(25,000,000)
25,400,000

6.1 The Company has recognized an impairment loss of Rs. 22.88 million (2010 : Rs. 25 million) due to negative break up value of D.H.A. Cogen Limited as per their latest financial statements as on December 31, 2010. The Company is carrying the investment at a token value of Rs 0.50 per share in these financial statements.

7 TRADE DEBTS - UNSECURED, CONSIDERED GOOD

2011
Rupees

2010
Rupees

Receivable against purchase of marketable securities

362,107,843

532,006,300



ANNUAL REPORT

2 0 1 1

8	SHORT TERM INVESTMENTS	Note	2011 Rupees Market Value	2010 Rupees Market Value
	Financial assets at fair value through profit and loss - Held for trading			
	- Investment in shares of listed companies	8.1	170,155,565	118,503,037
	- Open-end fund units (at redemption price)	8.2	147,946,703	-
	Available for sale			
	Unquoted		19,658,122	25,926,874
	Less : Impairment loss		(3,282,000)	(6,250,000)
			16,376,122	19,676,874
			334,478,390	138,179,911

8.1 Detail of investment in shares of listed companies:

Number of Shares		Name of Companies	2011 Rupees Market Value	2010 Rupees Market Value
30-Jun-11	30-Jun-10			
		Banks		
15,000	30,500	Allied Bank Limited	962,100	1,736,975
80,000	60,000	Bank Alfalah Limited	765,600	567,600
14,510	-	Bank Al Habib Limited	427,610	-
105,000	120,000	Bank Islami Pakistan Limited	357,000	385,200
12,774	5,500	MCB Bank Limited	2,545,858	1,068,045
35,000	11,000	Meezan Bank Limited	611,450	160,050
15,000	-	National Bank of Pakistan	756,300	-
363,290	393,290	NIB Bank Limited	548,568	1,175,937
3,988,839	-	Silk Bank Limited	10,091,763	-
193,065	202,481	Summit Bank Limited	725,924	726,907
310,927	275,927	The Bank of Punjab	1,815,814	2,781,344
25,000	62,000	United Bank Limited	1,547,750	3,361,020
		Chemicals		
3,984	3,984	Agritech Limited	75,696	100,118
109,000	110,000	Arif Habib Corporation Limited	2,866,700	3,653,100
-	500	Biafo Industries Limited	-	17,695
55,000	35,000	Descon Oxychem Limited	334,950	159,600
21,756,605	1,906,605	Dewan Salman Fiber Limited	56,784,739	2,898,040
50,000	51,500	Engro Corporation Limited	8,162,500	8,939,370
65,000	50,000	Fatima Fertilizer Co. Limited	1,081,600	626,500
65,000	103,001	Fauji Fertilizer Bin Qasim Limited	2,739,750	2,682,146
30,000	46,000	Fauji Fertilizer Co. Limited	4,510,500	4,741,220
5,000	5,106	ICI Pakistan Limited	759,250	605,367
160,000	33,400	Lotte Pakistan PTA Limited	2,212,800	269,204
		Construction & Materials		
1,180	20,500	Attock Cement Limited	57,265	1,342,750
11,580,053	10,497,500	Dewan Cement Limited	19,570,290	18,055,700
237,006	168,005	D. G. Khan Cement Limited	5,448,768	3,968,278
-	10,450	Fecto Cement Limited	-	61,655
5,000	15,000	Lucky Cement Limited	354,200	932,100
		Electricity		
242,000	315,973	Hub Power Co. Limited	9,075,000	10,098,497
70,000	70,000	Karachi Electric Supply Corp. Limited	150,500	156,100
20,000	18,087	Kot Addu Power Co. Limited	852,200	754,951
40,000	-	Nishat Chunian Power Limited	548,800	-
101,882	40,000	Nishat Power Limited	1,573,058	397,600
		Equity Investment Instruments		
16,000	-	Al Meezan Mutual Fund Limited	177,600	-
12,500	10,250	PICIC Growth Fund Limited	167,250	94,915
4,500	-	PICIC Investment Fund Limited	26,325	-



Number of Shares		Name of Companies	2011 Rupees Market Value	2010 Rupees Market Value
30-Jun-11	30-Jun-10			
Financial Services				
4,006	-	Arif Habib Investment Limited	86,490	-
15,000	35,000	Jahangir Siddiqui Co. Limited	97,200	442,400
Fixed Line Telecommunication				
70,000	-	Pakistan Telecomm. Co. Limited	995,400	-
19,041	105,500	Telecard Limited	29,323	280,630
-	45,000	Wateen Telecom Limited	-	280,350
Food Producers				
24	-	Nestle Pakistan Limited	131,402	-
5,000	5,000	Sakrand Sugar Mills Limited	12,000	15,000
26	-	Unilever Pakistan Limited	135,862	-
30	-	Unilever Pakistan Foods Limited	44,400	-
Forestry & Paper				
2,606	35,310	Century Paper & Board Mills Limited	40,132	564,960
5,616	5,616	Security Papers Limited	227,448	241,432
Gas Water & Multiutilities				
17,000	40,000	Sui Southern Gas Co. Limited	368,390	636,400
General Industrials				
-	499	Packages Limited	-	59,132
-	15,000	Thal Limited	-	1,424,100
Industrial Metals & Mining				
6,000	-	International Industries Limited	297,000	-
Media				
-	10,000	Hum Network Limited	-	232,200
Non Life Insurance				
280	6,250	Central Insurance Co. Limited	18,088	315,813
Oil & Gas				
-	6,000	Attock Petroleum Limited	-	1,738,500
17,000	66,500	Pakistan Oilfields Limited	6,103,170	14,357,350
25,000	36,000	Pakistan Petroleum Limited	5,176,750	6,628,320
20,500	26,000	Pakistan State Oil Co. Limited	5,423,890	6,765,200
9,500	9,500	Shell Pakistan Limited	2,137,595	2,181,295
Personal Goods				
-	55,000	Amtex Limited	-	634,700
400,000	10,000	Azgard Nine Limited	2,208,000	111,600
889,433	1,032,784	Devwan Farooq Spinning Mills Limited	1,796,655	3,149,991
-	1,000	D. S. Industries Limited	-	2,180
6,000	-	Gulshan Spinning Mills Limited	66,000	-
5,513	-	Ibrahim Fiber Limited	232,759	-
100,000	100,000	Mohammad Farooq Textile Mills Ltd.	81,000	119,000
19,000	25,000	Nishat (Chunian) Limited	423,510	394,500
19,050	21,750	Nishat Mills Limited	958,977	937,860
-	1,000	Pakistan Synthetics Limited	-	6,090
33,500	33,500	Saitex Spinning Mills Limited	3,350	3,350
Pharma & Bio Tech				
56,970	55,000	Glaxo Smithkline Limited	4,375,296	4,462,700
41,534,210	16,453,768		170,155,565	118,503,037



8.2 Detail of investment in open-end fund units :

Number of Units		Name of Investee	2011	2010
30-Jun-11	30-Jun-10		Rupees Redemption Price	Rupees Redemption Price
504,128	-	MCB Cash Management Optimizer	50,519,759	-
164,472	-	PICIC Income Fund	16,984,876	-
494,274	-	PICIC Cash Fund	50,014,284	-
9,970	-	Atlas Money Market Fund	5,154,427	-
2,522,593	-	ABL Cash Fund	25,273,357	-
<u>3,695,437</u>	<u>-</u>		<u>147,946,703</u>	<u>-</u>

9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2011 Rupees	2010 Rupees
Advances to employees - considered good		13,614,361	14,799,124
Short term deposits	9.1	250,000	495,000
Inter-bank brokerage		4,354,714	-
Prepayments		93,552	250,657
Other receivables		10,236,574	10,018,932
		<u>28,549,201</u>	<u>25,563,713</u>

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

10 CASH AND BANK BALANCES

	2011 Rupees	2010 Rupees
Cash in hand	38,886	143,982
Cash at banks		
On deposit accounts	26,883,790	7,120,175
On current accounts	2,535,501	4,981,555
	<u>29,419,291</u>	<u>12,101,730</u>
	<u>29,458,177</u>	<u>12,245,712</u>

11 SHARE CAPITAL

2011 (Number of Shares)	2010	Ordinary shares of Rs.10/- each	2011 Rupees	2010 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

On June 28, 2011, the Company has revalued its Membership Cards. The revaluation was carried out by M/s. Tracom (Private) Limited. The membership cards are revalued at Rs. 44,000,000/- (Rupees forty four million only) against original total cost of Rs. 43,078,600/- (Rupees forty three million seventy eight thousand six hundred only) resulting a surplus of Rs. 921,400/- (Rupees nine hundred twenty one thousand four hundred only). As the amount of surplus is very nominal therefore its impact is not accounted for in these financial statements.



13	SHORT TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS- Secured	2011 Rupees	2010 Rupees
	NIB Bank Limited	70,507,047	-
	Silk Bank Limited	99,946,980	-
		<u>170,454,027</u>	<u>-</u>

The Company has aggregate running finance facilities from various banks of Rs. 1.1 billion (June 30, 2010 : Rs. 1.22 billion) under mark-up arrangements. Mark-up rates varies from 1-3 months Kibor + 0.85% to 1-3 Months Kibor + 3% (June 30, 2010 : 1-3 Months Kibor+1.75% to 1-3 Months Kibor +3%). These arrangements would remain valid for varying periods up to June 30, 2012 and are secured against pledge of listed securities and charge over current assets of the Company.

14	TRADE AND OTHER PAYABLES	Note	2011 Rupees	2010 Rupees
	Creditors		79,206,170	192,518,569
	Accrued liabilities			
	Mark-up on short term running finance		168,659	-
	Workers' Welfare Fund		1,015,442	-
	Federal excise duty		1,979,501	-
	Dividend payable		745,171	-
	Accrued expenses and other liabilities		5,941,912	4,055,524
			<u>9,850,685</u>	<u>4,055,524</u>
			<u>89,056,855</u>	<u>196,574,093</u>

15	CONTINGENCIES AND COMMITMENTS		2011 Rupees	2010 Rupees
	Bank Guarantee in favour of Karachi Stock Exchange (Guarantee) Limited from KASB Bank Limited and secured against charge over current assets of the Company		10,000,000	25,000,000
	Income tax	15.1	8,897,216	-

15.1 The Income Tax Authorities have raised demands of Rs. 823,630/-, Rs. 5,177,042/- and Rs. 2,896,544/- against the Company under Section 122(5A) of the Income Tax Ordinance, 2001 in respect of tax years 2006, 2007 and 2008 respectively. The Company has filed appeals against these demands before the Commissioner Inland Revenue (Appeals-II). Management is confident that the eventual outcome of the matter will be decided in favour of the Company and accordingly no provision has been made in these financial statements in respect of these demands.

16	OPERATING REVENUES	Note	2011 Rupees	2010 Rupees
	Equity brokerage income		41,971,927	71,218,722
	Inter-bank brokerage		11,226,942	-
	Income on MTS		1,015,696	-
	Underwriting commission		625,000	-
	Fees and commission		1,129,000	14,819,242
	Service charges		10,562,004	23,080,061
	Dividend income		8,198,134	4,028,439
	Profit on Sukuk Bonds	16.1	110,472	3,548,427
			<u>74,839,175</u>	<u>116,694,891</u>

16.1 The Company has recorded profit on receipt basis. Accrued mark up for the period has not been recognized in these financial statements because of the future recovery risk.



		2011 Rupees	2010 Rupees
17 ADMINISTRATIVE AND GENERAL EXPENSES	Note		
Salaries, allowances and other benefits		26,370,514	21,995,017
Traveling, conveyance and vehicle running expenses		2,467,950	1,822,972
Office rent		2,058,794	1,545,917
Utility charges		2,525,564	2,372,674
Postage, telephone and telegram		1,950,341	1,766,883
Repair and maintenance		3,345,072	1,488,350
Insurance		809,401	691,897
Depreciation	4	5,567,402	5,802,678
Amortization-computer software	5.1	87,800	131,694
Entertainment		297,978	87,673
Newspaper and periodicals		72,593	55,802
Advertisement		132,003	70,597
Printing and stationery		588,316	548,608
Legal and professional charges		452,895	302,755
Auditors' remuneration	17.1	250,000	250,000
Service charges		1,057,908	2,062,144
CDC charges		893,624	1,164,296
Fees and subscription		3,854,540	5,690,639
Commission		5,732,627	8,432,542
Office supplies		916,604	763,016
Bad debts written off		-	97,776
Medical expenses		20,602	-
		<u>59,452,528</u>	<u>57,143,928</u>
17.1 Auditors' remuneration			
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>
18 OTHER INCOME - NET			
Return on bank deposit accounts		9,269,790	7,820,327
Profit on exposure deposit with exchange		24,133	36,062
Loss on sale of assets		(26,433)	(106,241)
		<u>9,267,490</u>	<u>7,750,148</u>
19 FINANCIAL CHARGES			
Bank charges		389,919	521,656
Mark-up on short term running finances		2,548,994	3,866,627
Mark-up on long term financing		-	8,642,623
Mark-up under finance lease		-	241
		<u>2,938,913</u>	<u>13,031,147</u>
20 WORKERS' WELFARE FUND			
- Current		1,015,442	-
- Prior		3,575,633	-
		<u>4,591,075</u>	<u>-</u>
21 TAXATION			
Current	21.1	<u>2,304,126</u>	<u>6,724,480</u>
21.1 Reconciliation of tax charge for the year			
Accounting profit		50,772,082	172,057,173
Corporate tax rate		35%	35%
Tax on accounting profit at applicable rate		17,770,229	60,220,011
Tax effect of - income exempt from tax		(6,778,530)	(25,117,496)
- lower tax rate on certain income		(257,720)	(2,969,547)
- Adjustment due to available tax losses		(8,561,302)	(28,214,945)
- Others		131,449	2,806,457
		<u>2,304,126</u>	<u>6,724,480</u>



22	EARNINGS PER SHARE	Note	2011 Rupees	2010 Rupees
	There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
	Profit after taxation		48,467,956	172,057,173
	Weighted average number of ordinary shares		60,049,600	60,049,600
	Earnings per share - basic and diluted	22.1	0.81	2.87
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, 2011 and 2010 which would have any effect on the earning per share if the option exercised.			
23	CASH AND CASH EQUIVALENTS		2011 Rupees	2010 Rupees
	Cash and bank balances		29,458,177	12,245,712
	Short term running finance		(170,454,027)	-
			<u>(140,995,850)</u>	<u>12,245,712</u>
24	FINANCIAL INSTRUMENTS BY CATEGORY			
24.1	Financial assets and liabilities			
	Financial Assets			
	- Loans and receivables			
	Loans and advances		17,969,075	14,799,124
	Deposits		3,530,000	3,775,000
	Trade debts		362,107,843	532,006,300
	Other receivables		10,236,574	8,652,033
	Receivable from NCCPL		246,109	1,366,899
	Receivable under MTS transactions		16,361,220	-
	Cash and bank balances		29,458,177	12,245,712
			<u>439,908,998</u>	<u>572,845,068</u>
	- Fair value through profit and loss Investments			
			<u>320,622,268</u>	-
	- Available for sale			
			<u>16,376,122</u>	<u>19,676,874</u>
	Financial Liabilities			
	- Financial liabilities at amortised cost			
	Short term financing		170,454,027	-
	Accrued mark-up		168,659	-
	Trade and other payables		88,888,196	196,574,093
			<u>259,510,882</u>	<u>196,574,093</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 procedure 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.

	2011						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	-	-	-	250,000	3,280,000	3,530,000	3,530,000
Trade debts	-	-	-	362,107,843	-	362,107,843	362,107,843
Loan and advances	-	-	-	17,969,075	-	17,969,075	17,969,075
Receivable from NCCPL	-	-	-	246,109	-	246,109	246,109
Receivable under MTS transactions	16,361,220	-	16,361,220	-	-	-	16,361,220
Investments	-	16,376,122	16,376,122	318,102,268	2,520,000	320,622,268	336,998,390
Other receivables	-	-	-	10,236,574	-	10,236,574	10,236,574
Cash and bank balances	26,883,790	-	26,883,790	2,574,387	-	2,574,387	29,458,177
	<u>43,245,010</u>	<u>16,376,122</u>	<u>59,621,132</u>	<u>711,486,256</u>	<u>5,800,000</u>	<u>717,286,256</u>	<u>776,907,388</u>
Financial liabilities							
Short term financing	170,454,027	-	170,454,027	-	-	-	170,454,027
Accrued mark-up	-	-	-	168,659	-	168,659	168,659
Trade and other payables	-	-	-	88,888,196	-	88,888,196	88,888,196
	<u>170,454,027</u>	<u>-</u>	<u>170,454,027</u>	<u>89,056,855</u>	<u>-</u>	<u>89,056,855</u>	<u>259,510,882</u>
On-balance Sheet Gap	(127,209,017)	16,376,122	(110,832,895)	622,429,401	5,800,000	628,229,401	517,396,506
Off-balance Sheet Gap	-	-	-	-	-	-	-

	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	-	-	-	-	-	-	-



25.1.3 Other price risk

Other price risk is the risk of volatility in shares prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company is exposed to price risk because of investments held by the Company and classified in the balance sheet as investments at fair value through profit or loss account. The management believes that 10% increase or decrease in the value of investments at fair value through profit or loss account, will all other factors remaining constant would result in increase or decrease of the Company's profit by Rs.17.015 million (2010: Rs.11.850 million).

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 borrowers 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 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	2011 Rupees	2010 Rupees
Trade debts - net	362,107,843	532,006,300
Payments over due		
1-360 days	326,079,644	437,868,188
Above 360 days	36,028,199	94,138,112

Out of Rs. 362.108 million (2010: Rs. 532 million), the Company has provided Rs. Nil million (2010: Rs. 0.098 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.



ANNUAL REPORT

2 0 1 1

	2011 Rupees	2010 Rupees
Long term investment	2,520,000	25,400,000
Short term investment	16,376,122	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
Allied Bank Limited	PACRA	A1+	AA
Bank Al-Falah Limited	PACRA	A1+	AA
Bank Al-Habib Limited	PACRA	A1+	AA
Bank Islami Pakistan Limited	PACRA	A1+	A
Habib Bank Limited	JCR-VIS	A-1+	AA+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1	A
KASB Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA-
NIB Bank Limited	PACRA	A1+	AA-
Silk Bank Limited	JCR-VIS	A-2	A-
Standard Chartered Bank Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A-2	A
The Bank of Khyber Limited	PACRA	A2	A-
United 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 Financial assets fair value hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - Quoted market prices

Level 2 - Valuation techniques (market observable)

Level 3 - Valuation techniques (non-market observable)

Assets	2011			Total
	Level 1	Level 2	Level 3	
	(Rupees)			
Investment in equity securities - held for trading	318,102,268	-	-	318,102,268
Investment classified as available for sale	-	16,376,122	-	16,376,122
	<u>318,102,268</u>	<u>16,376,122</u>	<u>-</u>	<u>334,478,390</u>

Assets	2010			Total
	Level 1	Level 2	Level 3	
	(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).

	2011 Rupees	2010 Rupees
Total long term borrowings	-	-
Total equity	<u>619,833,423</u>	<u>640,422,507</u>
	<u>619,833,423</u>	<u>640,422,507</u>
Gearing ratio	0%	0%

26 REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTORS AND EXECUTIVES

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

	<u>Chief Executive Officer</u>		<u>Executive Directors</u>		<u>Executives</u>	
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
	----- (Rupees) -----					
Remuneration	2,434,784	1,741,935	2,593,548	2,593,548	3,963,016	2,842,903
House rent allowance	1,095,734	783,871	1,167,097	1,167,097	1,783,391	1,279,307
Utility Allowance	243,496	174,194	259,355	259,355	396,303	284,290
Commission	-	-	9,822	351,894	204,566	303,433
	<u>3,774,014</u>	<u>2,700,000</u>	<u>4,029,822</u>	<u>4,371,894</u>	<u>6,347,276</u>	<u>4,709,933</u>
*Number of Persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>9</u>	<u>5</u>

The Company provides the company maintained car to the chief executive officer, executive directors and certain executives.

* It represent number of persons as at June 30, 2011.

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, Executive 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:

	2011 Rupees	2010 Rupees
Brokerage income earned from:		
Directors	-	55,248
Employees	310,851	534,723
Others	11,924	-
	<u>322,775</u>	<u>589,971</u>
Balances		
Loan to director	<u>12,898,000</u>	<u>13,498,000</u>
Transactions		
Advisory commission	1,050,000	-
Rent paid to related party	1,200,000	-
Contribution to IFSL - Employees Provident Fund	960,986	1,042,172

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 asset 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 23, 2011 by the Board of Directors of the Company.

30 GENERAL

'Late payment charges' has been disclosed as 'Service charges', and is reclassified from 'Other income' to 'Operating revenues', in these financial statements for better presentation.

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



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 1**

Number of Shareholders	Shareholdings			Total Shares held
99	1	-	100	Shares 3,102
3402	101	-	500	Shares 1,684,975
427	501	-	1000	Shares 417,761
516	1001	-	5000	Shares 1,281,770
64	5001	-	10000	Shares 487,552
15	10001	-	15000	Shares 185,549
7	15001	-	20000	Shares 128,259
8	20001	-	25000	Shares 181,781
5	25001	-	30000	Shares 145,200
4	30001	-	35000	Shares 130,743
2	35001	-	40000	Shares 80,000
1	45001	-	50000	Shares 50,000
4	50001	-	55000	Shares 210,955
2	60001	-	65000	Shares 123,164
1	70001	-	75000	Shares 75,000
1	90001	-	95000	Shares 94,000
1	95001	-	100000	Shares 100,000
1	140001	-	145000	Shares 145,000
2	195001	-	200000	Shares 399,529
1	495001	-	500000	Shares 500,000
1	1495001	-	1500000	Shares 1,500,000
1	2160001	-	2165000	Shares 2,163,957
1	2245001	-	2250000	Shares 2,249,903
1	2345001	-	2350000	Shares 2,348,454
1	2495001	-	2500000	Shares 2,500,000
1	16470001	-	16475000	Shares 16,474,146
1	26385001	-	26390000	Shares 26,388,800
4570	TOTAL			60,049,600

Categories of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children	2,672,001	4.45%
5.2 Associated Companies, undertakings and related parties	42,862,946	71.38%
5.3 NIT and ICP	-	0.00%
5.4 Banks, Development Financial Institutions, Non-Banking Financial Institutions	8,000	0.01%
5.5 Insurance Companies	-	0.00%
5.6 Modarabas and Mutual Funds	-	0.00%
5.7 Shareholders holding 10%	42,862,946	71.38%
5.8 General Public		
a. Local	14,405,000	23.99%
b. Foreign	-	0.00%
5.9 Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	101,653	0.17%

Pattern of Shareholding under Regulation 35(xix)(i) of the Code of Corporate Governance as on June 30, 2011

Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1. Associated Companies, Undertakings & Related Parties			
1.1 Mrs. Halima Dayala	1	26,388,800	43.95%
1.2 Mr. Muhammad Sohail Dayala	1	16,474,146	27.43%
	2	42,862,946	71.38%
2. NIT and ICP	-	-	0.00%
3. Directors, CEO, their Spouses & Minor Children			
Directors and CEO			
3.1 Mr. Naeem-ul-Hasan	1	500	0.00%
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 Mr. Aryn Nasiruddin	1	2,500,000	4.16%
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	-	-	0.00%
Minor Children of Directors and CEO	-	-	0.00%
4. Executives	2	37,000	0.06%
5. Public Sector Companies & Corporations	-	-	0.00%
6. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarbas & Mutual Funds	2	8,000	0.01%
7. Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	25	101,653	0.17%
8. Individuals	4,532	14,368,000	23.93%
	4,570	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. Halima Dayala	1	26,388,800	43.95%
Mr. Muhammad Sohail Dayala	1	16,474,146	27.43%

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, 2011 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 conduct 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 report that:

- a) in our opinion, proper books of accounts 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 accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.3 and 3.8 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, 2011 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Karachi: August 23, 2011

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants

Engagement Partner: Shahid Kamran

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 Regulation No. 35 (previously Regulation No. 37) of the Karachi Stock Exchange (Guarantee) Limited, 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 form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulation No. 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 transactions before the audit committee. We have not carried out any procedures 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, 2011.

Karachi: August 23, 2011

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants

Engagement Partner: Shahid Kamran

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 12th Annual General
Meeting of the Company to be held on Friday, October 07, 2011 at 11.00 a.m. and any
adjournment thereof.
Signed this _____ day of _____ 2011.

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**