Investment Managers Securities (Private) Limited
Financial Statements
For the year ended June 30, 2016

Investment Managers Securities (Private) Limited

Financial Statements

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DIRECTORS' REPORT

The Directors take pleasure in presenting their report together with the annual financial statements of the Company for the year June 30, 2016 together with auditors report.

PERFORMANCE REVIEW

The working results of the company for the said financial year are given as under:

OPERATIONAL RESULTS	**Rupees**
Operating revenue	14,686,808
Operating expenses	(15,074,843)
Operating profit	**(388,034)**
Other charges	(44,955,502)
Other income	1,854,626
Loss before tax	**(43,488,911)**
Tax	(632,870)
Loss after tax	**(44,121,781)**

DIVIDEND

The Directors do not recommended any dividend during the year due to anticipated working capital requirements during next financial year.

LOSS PER SHARE

Loss per share for the year ended 30th June 2016 was Rs. (2.21)

FUTURE PROSPECTS

Due to improvement in economic indicators political stability and better law and order situation, the future of capital market is also bright. The directors are hopeful that the future profitability of the company will be increased.

AUDITORS

The auditors of the company Nasir Javaid Maqsood Imran – Chartered Accountants have retired, being eligible to offer their services for the ensuing year.

On behalf of the board

Karachi:
Dated:

Chief Executive / Director

Investment Managers Securities (Private) Limited
Balance Sheet
As at June 30, 2016

	Note	Rupees 2016	Rupees 2015
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	1,831,985	1,210,655
Intangible assets	5	5,000,000	49,926,170
Long term investment	6	40,073,830	40,073,830
Long term advances & deposits	7	610,809	504,000
		47,516,624	91,714,655
CURRENT ASSETS			
Trade receivables	8	90,087,275	91,966,543
Advances, deposits, pre-payments & other receivables	9	23,624,736	31,291,827
Cash & bank balances	10	14,029,505	6,445,419
		127,741,516	129,703,789
TOTAL ASSETS		175,258,141	221,418,445
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
30,000,000 (2015: 30,000,000) ordinary shares of Rs. 10/- each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	11	200,004,000	200,004,000
Unappropriated (loss) / profit		(34,004,400)	10,117,381
		165,999,600	210,121,381
		165,999,600	210,121,381
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		8,707,773	6,037,427
Accrued expenses & other liabilities	12	550,768	5,259,637
		9,258,541	11,297,064
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		175,258,141	221,418,445

The annexed notes from 1 to 27 form an integral part of these financial statements.

Chief Executive **Director**

Investment Managers Securities (Private) Limited
Profit & Loss Accounts
For the year ended June 30, 2016

	Note	Rupees 2016	Rupees 2015
REVENUE			
Operating revenue	**14**	**14,687,651**	**14,122,057**
Capital (loss) / gain on sale of securities		**(843)**	**618,645**
		14,686,808	**14,740,702**
Administrative expenses	**15**	**15,061,310**	**15,856,298**
Finance cost	**16**	**13,533**	**13,842**
		(15,074,843)	**(15,870,140)**
Operating loss		**(388,034)**	**(1,129,438)**
Other charges	**17**	**(44,955,502)**	**(27,878)**
Other income	**18**	**1,854,626**	**2,523,345**
(Loss) / profit before taxation		**(43,488,911)**	**1,366,029**
Taxation	**19**	**(632,870)**	**(671,588)**
(Loss) / profit after taxation		**(44,121,781)**	**694,441**
(Loss) / earnings per share - basic and diluted	**20**	**(2.21)**	**0.03**

The annexed notes from 1 to 27 form an integral part of these financial statements.

Chief Executive **Director**

Investment Managers Securities (Private) Limited
Statement of Comprehensive Income
For the year ended June 30, 2016

	Note	Rupees 2016	Rupees 2015
(Loss) / profit after taxation		**(44,121,781)**	**694,441**
Other comprehensive income		**-**	**-**
Total comprehensive (loss) / income for the year		**(44,121,781)**	**694,441**

The annexed notes from 1 to 27 form an integral part of these financial statements.

Chief Executive **Director**

Investment Managers Securities (Private) Limited
Cash Flow Statement
For the year ended June 30, 2016

	Note	Rupees 2016	Rupees 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(43,488,911)**	**1,366,029**
Add / (less) : Items not involved in movement of fund:			
Depreciation		333,520	150,586
Impairment loss		44,926,170	
Provision for Workers' Welfare Fund		-	27,878
Finance costs		13,533	13,842
		45,273,223	192,306
Cash generated from operating activities before working capital changes		**1,784,312**	**1,558,335**
Net change in working capital	**(a)**	16,023,212	4,282,247
		17,807,524	**5,840,582**
Finance costs paid		(13,533)	(138,452)
Taxes paid		(9,148,247)	(1,225,694)
Net cash generated from operating activities		**8,645,744**	**4,476,436**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(954,850)	(42,000)
Long term deposit		(106,809)	-
Net cash used in investing activities		**(1,061,659)**	**(42,000)**
Net increase / (decrease) in cash and cash equivalents		**7,584,085**	**4,434,436**
Cash and cash equivalent at beginning of the year		6,445,419	2,010,985
Cash and cash equivalent at end of the year	**10**	**14,029,505**	**6,445,419**
(a) Statement of change in working capital			
(Increase) / decrease in current assets			
Trade receivables		1,879,268	3,504,409
Advances, deposits, pre-payments & other receivables		16,182,467	(5,371,333)
		18,061,735	**(1,866,924)**
Increase / (decrease) in current liabilities			
Trade payables		2,670,346	2,296,592
Accrued expenses & other liabilities		(4,708,869)	3,852,579
		(2,038,523)	**6,149,171**
Net change in working capital		**16,023,212**	**4,282,247**

The annexed notes from 1 to 27 form an integral part of these financial statements.

Chief Executive **Director**

Investment Managers Securities (Private) Limited
Statement of Changes in Equity
For the year ended June 30, 2016

	Issued, subscribed & paid up capital	Unappropriated profit	Total
	Rupees	*Rupees*	*Rupees*
Balance as at June 30, 2014	**200,004,000**	**9,422,940**	**209,426,940**
Profit after taxation	-	694,441	694,441
Balance as at June 30, 2015	**200,004,000**	**10,117,381**	**210,121,381**
Loss after taxation	-	(44,121,781)	**(44,121,781)**
Balance as at June 30, 2016	**200,004,000**	**(34,004,400)**	**165,999,600**

The annexed notes from 1 to 27 form an integral part of these financial statements.

Chief Executive **Director**

Investment Managers Securities (Private) Limited
Notes to the accounts

1 STATUS AND NATURE OF BUSINESS

Investment Managers Securities (Private) Limited is a private limited company incorporated under the Companies Ordinance, 1984 on August 31, 2006. The registered office situated at Suite # 308, 3rd Floor, Continental Trade Centre, Block-8, Clifton, Karachi. The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited and is engaged in the business of Stock brokerage and investment.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance, or the directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for derivatives, investment classified as 'held for trading'.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, 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. Revisions 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

3.1.1 Owned

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the carrying amount 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Disposal of an item of property, plant and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income in the profit

Depreciation is charged to profit and loss account applying the reducing balance method.

Depreciation is charged when asset is available for use until asset is disposed off.

3.1.2 Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount lower of tis fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Leased assets are depreciated over the period shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation is charged to profit and loss account using reducing balance method.

3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using reducing balance method over assets estimated useful life, after taking into accounts residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

3.2.1 Trading Right Entitlement Certificate

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.2.2 Pakistan Mercantile Exchange - Membership card

Membership card represents corporate membership of Pakistan Mercantile Exchange with indefinite useful life. This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether this is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, this is written down to its estimated recoverable amount.

3.2.3 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method.

Amortization is charged from the month in which the related asset is available for use while no amortization is charged for the month in which such asset is disposed off.

3.3 Investment property

Property that is held for long-term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expenses when incurred.

3.4 Impairment

A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to the profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account.

The carrying amount of the Company's non financial assets and investments carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in the profit and loss account.

3.5 Financial assets

3.5.1 The Company classifies its financial assets in the following categories: at cost, at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquried. Management determines the classification of its financial assets at initial recognition.

a) Long term investment

Investment in subsidiary

The company considers its subsidiary companies to be such enterprise in which the company has control and/ownership of more than half or fifty percent of the voting power.

Investment in subsidiaries are carried at cost in accordance with IAS-27-'Consolidated and Separate Financial Statements'.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquried principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivables in the balance sheet.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

e) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

3.5.2 All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognized on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. Investments in associates are accounted for using the equity method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the profit and loss account as a reclassification adjustment. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

The fair value of quoted equity instruments are based on current market prices. Subsequent to initial measurement equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment in value, if any.

3.5.3 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 on the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

3.6 Derivatives

Derivative instruments held by the Company primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently re-measured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the balance sheet. The resultant gains and losses are included in the profit and loss account.

3.7 Securities purchased / sold under resale / repurchase agreements

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under margin trading system are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repo) are not recognized in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / margin trading system and accrued over the life of

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities 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 accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as finance cost and accrued over the life of the repo agreement.

3.8 Financial liabilities

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

3.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously.

3.10 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. Trade Receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.11 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the Company and accordingly are not included in these financial statements.

3.12 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.13 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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 using the effective interest method. Trade payables in respect of securities purchased are recorded at settlement date of transaction.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.15 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is recognized using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.16 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 will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.17 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when the company has legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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 on the measurement date.

When available, the Company measures the fair value of an investment using quoted price in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transaction on an arm's length basis.

3.18 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.19 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy, advisory fee and commission etc. are recognized as and when such services are provided.
- Income from bank deposits, revrse repo and magin deposits is recognized at effective yield on time proportion basis.
- Income from marginal finance is recognized as and when such services are provided.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

- Unrealized capital gains / (losses) arising from mark 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 for the period in which they arise.

- Rental income from investment properties is recognized on accrual basis.
- Other/miscellaneous income is recognized on receipt basis.

3.20 Borrowing costs

Borrowing costs incurred on short term and long term borrowing are recognized as an expense in the period in which these are incurred.

3.21 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions using valuation models, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4 PROPERTY AND EQUIPMENT

	Office equipments	Computer equipments	Furniture & fixtures	Total
	(Rupees)	*(Rupees)*	*(Rupees)*	*(Rupees)*
Net carrying value basis				
Year ended June 30, 2016				
Opening net book value (NBV)	375,649	57,960	777,046	**1,210,655**
Additions (at cost)	103,100	-	851,750	**954,850**
Disposals (at NBV)	-	-	-	**-**
Depreciation charge	(71,812)	(17,388)	(244,319)	**(333,520)**
Closing net book value (NBV)	**406,937**	**40,572**	**1,384,477**	**1,831,985**
Gross carrying value basis				
As at June 30, 2016				
Cost	906,400	924,456	2,656,875	**4,487,731**
Accumulated depreciation	(499,463)	(883,884)	(1,272,398)	**(2,655,746)**
Net book value (NBV)	**406,937**	**40,572**	**1,384,477**	**1,831,985**
Net carrying value basis				
Year ended June 30, 2015				
Opening net book value (NBV)	373,055	82,801	863,385	**1,319,241**
Additions (at cost)	42,000	-	-	**42,000**
Disposals (at NBV)	-	-	-	**-**
Depreciation charge	(39,406)	(24,841)	(86,339)	**(150,586)**
Closing net book value (NBV)	**375,649**	**57,960**	**777,046**	**1,210,655**
Gross carrying value basis				
As at June 30, 2015				
Cost	803,300	924,456	1,805,125	**3,532,881**
Accumulated depreciation	(427,651)	(866,496)	(1,028,079)	**(2,322,226)**
Net book value (NBV)	**375,649**	**57,960**	**777,046**	**1,210,655**
Depreciation rates (%)	**15**	**30**	**15**	

Investment Managers Securities (Private) Limited
Notes to the Accounts

		Notes	Rupees 2016	Rupees 2015
5	**INTANGIBLE ASSETS**			
	Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited		49,926,170	49,926,170
	Less: Impairment loss	**5.1**	(44,926,170)	
			5,000,000	**49,926,170**

5.1 The Company has recognised impairment in value of TREC of **Rs. 44,926,170/-** based on BMC valuation of **Rs. 5 Million** issued by Pakistan Stock Exchange Limited.

		Notes	Rupees 2016	Rupees 2015
6	**LONG TERM INVESTMENTS**			
	Available for sale - unquoted			
	Investment in shares of Pakistan Stock Exchange Limited	**6.1**	40,073,830	40,073,830
			40,073,830	**40,073,830**

6.1 This represents unquoted shares of Stock Exchange received by the Company in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 4,007,383 of Pakistan Stock Exchange Limited (formerly KSEL). Out of total number of shares owned, 60% shares of the said entities are held in separate CDC blocked Account, to restrict the sale of these shares by the members. Whereas stock exchanges will dispose of these shares under the Demutualization Act, however the proceeds of these shares and right to dividend/bonus is vested with the Company whereas the voting rights attached to these shares are suspended. Above unquoted shares are initially recognized at face value.

		Notes	Rupees 2016	Rupees 2015
7	**LONG TERM DEPOSITS**			
	Pakistan Stock Exchange Limited		304,809	504,000
	National Clearing Company of Pakistan Limited		200,000	-
	Central Depository Company of Pakistan		100,000	-
	Other deposits		6,000	-
			610,809	**504,000**
8	**TRADE RECEIVABLES - (CONSIDERED GOOD)**			
	- from clients		90,087,275	91,966,543
			90,087,275	**91,966,543**
9	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Exposure deposit	**9.1**	14,110,000	24,316,939
	Advance payment of tax		8,554,476	6,781,888
	Advance to staff		50,000	193,000
	Other receivables		810,260	-
	Advance to others		100,000	-
			23,624,736	**31,291,827**

9.1 These represent amounts of deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.

Investment Managers Securities (Private) Limited
Notes to the Accounts

	Notes	Rupees 2016	Rupees 2015
10 CASH AND BANK BALANCES			
Cash in hand		10,000	10,000
Cash at Bank			
in current accounts		8,634,588	15,833
in savings accounts	**10.1**	5,384,916	6,419,586
		14,029,505	**6,445,419**

10.1 The return on these balances is 4% to 5% (2015: 6% to 7%) per annum on daily product basis.

11 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares 2016	Number of shares 2015		Rupees 2016	Rupees 2015
11,000,400	11,000,400	Ordinary shares of Rs. 10 each fully paid in cash	110,004,000	110,004,000
9,000,000	9,000,000	Ordinary shares of Rs. 10 each issued for consideration other than in cash.	90,000,000	90,000,000
20,000,400	**20,000,400**		**200,004,000**	**200,004,000**

11.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

12 ACCRUED EXPENSES & OTHER LIABILITIES

	Rupees 2016	Rupees 2015
Accrued expenses	119,983	685,454
Provision for taxation	-	577,014
Bank overdraft	-	3,727,968
Workers' Welfare Fund payable	96,788	94,776
Other liabilities	333,997	174,425
	550,768	**5,259,637**

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitment during the year. (2015 : Nil)

14 OPERATING REVENUE

	Rupees 2016	Rupees 2015
Brokerage commission	13,405,288	12,919,842
Dividend income	1,282,363	1,202,215
	14,687,651	**14,122,057**

		Notes	Rupees 2016	Rupees 2015
15	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		1,920,000	1,600,000
	Salaries, wages and other benefits		2,175,800	2,611,600
	Rent, rates and taxes		565,540	410,600
	Repair and maintenance		175,580	436,580
	Telephone and communication charges		215,079	169,729
	Service and transaction charges		1,960,941	2,127,859
	Utility charges		289,333	260,692
	I.T expenses		257,880	242,295
	Travelling and conveyance		129,700	102,000
	Entertainment		490,660	893,230
	Dealer's expense & benefits		5,342,589	5,950,488
	Fee and subscription		346,400	67,175
	Postage		2,510	15,270
	Printing and stationery		57,710	71,505
	Vehicle running expenses		161,790	310,275
	Generator expenses		41,278	26,406
	Audit fee		127,800	105,000
	Depreciation		333,520	150,586
	Commission expense		96,607	-
	Other expenses		370,593	305,008
			15,061,310	**15,856,298**
16	**FINANCE COST**			
	Bank charges		13,533	13,842
			13,533	**13,842**
17	**OTHER CHARGES**			
	Impairment loss		44,926,170	-
	Workers' Welfare Fund		29,332	27,878
			44,955,502	**27,878**
18	**OTHER INCOME**			
	From financial assets			
	Profit on exposure deposit		685,807	-
	Cost recoveries		245,992	466,791
	Profit on savings accounts		922,041	2,056,554
	IPO commission		785	-
			1,854,626	**2,523,345**

	Notes	Rupees 2016	Rupees 2015
19 TAXATION			
Current		593,771	577,014
Prior		39,099	94,574
		632,870	**671,588**

19.1 Relationship between income tax expense and accounting profit

19.1 In the view of tax loss for the year, provision for minimum tax has been made in accordance with Section 113 of Income Tax Ordinance, 2001. Therefore, relationship between tax expense and accounting profit has not been presented for the current year.

19.2 Income tax returns of the company have been finalized upto and including the tax year 2015, which are deemed to be assessment order under provisions of Income Tax Ordinance, 2001.

20 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

20.1 Basic (loss) / earnings per share

	2016	2015
(Loss) / profit after taxation	(44,121,781)	694,441
Weighted average number of shares issued up to the end of the year	20,000,400	20,000,400
	(2.21)	**0.03**

20.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2016 and June 30, 2015 which would have any effect on the earnings per share if the option to convert is exercised.

21 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	2016		2015	
	Directors	**Chief Executive**	**Directors**	**Chief Executive**
Remuneration	**1,440,000**	**480,000**	**1,200,000**	**400,000**
Number of person(s)	**3**	**1**	**3**	**1**

22 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

22.1 Financial Instruments by category

22.1.1 Financial Assets

2016

	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Other financial assets	Total
Long term investments	-	40,073,830	-	-	40,073,830
Long term loans, advances & deposits	-	-	610,809	-	610,809
Trade debts - unsecured	-	-	90,087,275	-	90,087,275
Short term deposits, advances & other receivables	-	-	23,624,736		23,624,736
Cash and bank balances	-	-	-	14,029,505	14,029,505
	-	**40,073,830**	**114,322,820**	**14,029,505**	**168,426,155**

2015

	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Other financial assets	Total
Long term investment	-	40,073,830	-	-	40,073,830
Long term loans, advances & deposits	-	-	504,000	-	504,000
Trade debts - unsecured	-	-	91,966,543	-	91,966,543
Short term deposits, advances & other receivables	-	-	31,291,827	-	31,291,827
Cash and bank balances	-	-	-	6,445,419	6,445,419
	-	**40,073,830**	**123,762,370**	**6,445,419**	**170,281,619**

22.1.2 Financial Liabilities

'2016

	Amortised cost	At fair value through profit or loss	Total
Creditors, accrued expenses and other liabilities	-	9,258,541	9,258,541
	-	**9,258,541**	**9,258,541**

'2015

	Amortised cost	At fair value through profit or loss	Total
Creditors, accrued expenses and other liabilities	-	11,297,064	11,297,064
	-	**11,297,064**	**11,297,064**

23 <u>Financial Risk Management</u>

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

23.1 <u>Market risk</u>

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) <u>Interest rate risk</u>

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company is exposed to such risk mainly in respect of short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's loss by Rs. **NIL /-** and a 1% decrease would result in a decrease in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) <u>Foreign currency risk</u>

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) <u>Equity price risk</u>

Equity price risk is the risk of volatility in share price resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. Management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's profit by **Rs. NIL** and a 10% decrease would result in a decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

23.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet comments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

	2016					
	Carrying amount	**Contractual cash flows**	**Six month or less**	**Six to twelve months**	**One to two years**	**Two to five years**
	------------------------ (Rupees) ------------------------					
Financial liabilities						
Creditors, accrued expenses					-	-
and other liabilities	9,258,541	9,258,541	-	9,258,541	-	-
	9,258,541	**9,258,541**	**-**	**9,258,541**	**-**	**-**

	2015					
	Carrying amount	**Contractual cash flows**	**Six month or less**	**Six to twelve months**	**One to two years**	**Two to five years**
	---------- (Rupees) ----------					
Financial liabilities						
Creditors, accrued expenses & other liabilities	11,297,064	11,297,064	-	11,297,064	-	-
	11,297,064	**11,297,064**	**-**	**11,297,064**	**-**	**-**

23.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. The Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is follows:

	Rupees 2016	**Rupees 2015**
Long term investment	40,073,830	40,073,830
Long term loans, advances & deposits	610,809	504,000
Trade debts - unsecured	90,087,275	91,966,543
Short term deposits, advances & other receivables	23,624,736	31,291,827
Cash and bank balances	14,029,505	6,445,419
	168,426,155	**170,281,619**

23.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processess, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks suc as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for Investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas.

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

23.5 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial assets at fair value through profit and loss

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Listed securities	-	-	-	-
	-	**-**	**-**	**-**
Available for sale				
Investment in shares of Pakistan Stock Exchange Limited	-	-	40,073,830	40,073,830
	-	**-**	**40,073,830**	**40,073,830**

Financial assets at fair value through profit and loss

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Listed securities	-	-	-	-
	-	**-**	**-**	**-**
Available for sale				
Investment in shares of Pakistan Stock Exchange Limited	-	-	40,073,830	40,073,830
	-	**-**	**40,073,830**	**40,073,830**

23.6 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

24 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party a exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the company and key management personnel, staff provident fund and financial institution having nominee on the Board of Directors.

25 NUMBER OF EMPLOYEES

The total employees at year end excluding the contractual employees were **6** (2015: **6**) and the average number of employees during the year was **6** (2015: **6**).

26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on ____________________.

27 GENERAL

27.1 Figures have been re-arranged and re-classified wherever necessary, for the purpose of better presentation. No major reclassifications were made in these financial statements.

27.2 Figures have been rounded off to the nearest rupee.

Chief Executive	**Director**