

Investment Managers Securities (Private) Limited
Financial Statements
For the period ended December 31, 2017

Investment Managers Securities (Private) Limited
Balance Sheet
As at December 31, 2017

	Note	Rupees December 2017	Rupees June 2017
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	1,620,562	1,643,327
Intangible assets	5	2,500,000	2,500,000
Long term investment	6	41,532,251	41,163,833
Long term advances & deposits	7	1,506,000	17,434,716
		47,158,813	62,741,876
CURRENT ASSETS			
Trade receivables	8	30,236,034	23,051,020
Advances, deposits, pre-payments & other receivables	9	71,377,883	70,595,412
Cash & bank balances	10	38,292,940	21,343,954
		139,906,857	114,990,386
TOTAL ASSETS		187,065,670	177,732,262
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
30,000,000 (2016: 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		(70,319,476)	(72,505,321)
Unrealised gain on revaluation of available for sale investments		25,502,721	25,134,303
		155,187,245	152,632,982
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		28,421,434	18,339,505
Accrued expenses & other liabilities	12	3,456,991	6,759,775
		31,878,425	25,099,280
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		187,065,670	177,732,262
		-	-

Chief Executive

Director

Investment Managers Securities (Private) Limited
Profit & Loss Account
For the period ended December 31, 2017

	Note	Rupees December 2017	Rupees June 2017
REVENUE			
Operating revenue	14	6,686,502	20,564,993
Capital gain / (loss) on sale of securities		442,256	42,837,484
		<u>7,128,758</u>	<u>63,402,477</u>
Administrative expenses	15	(6,821,697)	(102,816,827)
Finance cost	16	(5,098)	(13,024)
		<u>(6,826,795)</u>	<u>(102,829,851)</u>
Operating profit / (loss)		301,962	(39,427,373)
Other charges	17	-	(2,500,000)
Other income	18	1,883,883	3,881,315
Profit / (loss) before taxation		<u>2,185,845</u>	<u>(38,046,058)</u>
Taxation	19	-	(454,863)
Profit / (loss) after taxation		<u>2,185,845</u>	<u>(38,500,921)</u>
Earnings / (loss) per share - basic and diluted	20	<u>0.11</u>	<u>(1.93)</u>

Chief Executive

Director

Investment Managers Securities (Private) Limited
Statement of Comprehensive Income
For the period ended December 31, 2017

Note	Rupees December 2017	Rupees June 2017
Profit / (loss) after taxation	2,185,845	(38,500,921)
<u>Other comprehensive income</u>		
Unrealised gain on revaluation of available for sale investments	368,418	25,134,303
Total comprehensive income / (loss) for the year	2,554,263	(13,366,618)

Chief Executive

Director

Investment Managers Securities (Private) Limited
Statement of Changes in Equity
For the period ended December 31, 2017

	Issued, subscribed & paid up capital	Unappropriated (loss) / profit	Unrealised gain on revaluation of available for sale investments	Total
	<i>Rupees</i>	<i>Rupees</i>		<i>Rupees</i>
Balance as at June 30, 2015	200,004,000	(34,004,400)	-	165,999,600
Unrealised gain on revaluation of available for sale investments	-	-	25,134,303	25,134,303
Loss after taxation	-	(38,500,921)	-	(38,500,921)
Balance as at June 30, 2016	200,004,000	(72,505,321)	25,134,303	152,632,982
Profit after taxation	-	2,185,845	-	2,185,845
Unrealised gain on revaluation of available for sale investments	-	-	368,418	368,418
Balance as at June 30, 2017	200,004,000	(70,319,476)	25,502,721	155,187,245

Chief Executive

Director

Investment Managers Securities (Private) Limited
Notes to the accounts

4 PROPERTY AND EQUIPMENT

	Office equipments	Computer equipments	Furniture & fixtures	Total
	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>	<i>(Rupees)</i>
<u>Net carrying value basis</u>				
Year ended December 31, 2017				
Opening net book value (NBV)	345,896	120,625	1,176,805	1,643,327
Additions (at cost)	95,900	24,500	-	120,400
Disposals (at NBV)	-	-	-	-
Depreciation charge	(33,135)	(21,769)	(88,260)	(143,164)
Closing net book value (NBV)	408,661	123,356	1,088,545	1,620,563
<u>Gross carrying value basis</u>				
As at December 31, 2017				
Cost	1,002,300	1,080,706	2,656,875	4,739,881
Accumulated depreciation	(593,639)	(957,350)	(1,568,330)	(3,119,319)
Net book value (NBV)	408,661	123,356	1,088,545	1,620,562
<u>Net carrying value basis</u>				
Year ended June 30, 2017				
Opening net book value (NBV)	406,937	40,572	1,384,477	1,831,986
Additions (at cost)	-	131,750	-	131,750
Disposals (at NBV)	-	-	-	-
Depreciation charge	(61,041)	(51,697)	(207,672)	(320,409)
Closing net book value (NBV)	345,896	120,625	1,176,805	1,643,327
<u>Gross carrying value basis</u>				
As at June 30, 2017				
Cost	906,400	1,056,206	2,656,875	4,619,481
Accumulated depreciation	(560,504)	(935,581)	(1,480,070)	(2,976,154)
Net book value (NBV)	345,896	120,625	1,176,805	1,643,327
Depreciation rates (%)	15	30	15	

Investment Managers Securities (Private) Limited
Notes to the Accounts

Note	Rupees December 2017	Rupees June 2017
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5 INTANGIBLE ASSETS

Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	2,500,000	5,000,000
Less: Impairment loss	5.2	-	(2,500,000)
		2,500,000	2,500,000

5.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of PSX after completion of the demutualization process.

5.2 During the year the Company has measured the Trading Right Entitlement Certificate (TREC) on its fair value of Rs. 2.5 Million on the basis of new membership value fixed by PSX.

6 LONG TERM INVESTMENTS

Available for sale - quoted

Investment in shares of Pakistan Stock Exchange Limited	6.1	41,163,833	16,029,530
Unrealised gain on revaluation of shares of Pakistan Stock Exchange Limited	6.1	368,418	25,134,303
		41,532,251	41,163,833

6.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 4,007,383. During the year 2016, Divestment Committee of the Exchange had issued an invitation for Expression of Interest for acquiring upto 40% equity stake in PSX held in blocked CDC account. Thereafter, bids were submitted by interested parties and as a result of bidding process, share price of Rs. 28/share has been offered by the Anchor investor/successful investor. Sale proceeds of 40% shares sold, after retaining 10% of sale price for one year to settle any outstanding liabilities of PSX in terms of Share Purchase Agreement (SPA), have been credited to respective TRE Certificate holders.

Furthermore, in June, PSX offered Initial Public Offering (IPO) in which the Company disposed-off additional 801,477 shares (i.e. 20% stake) at a price of Rs. 28 per share. On June 23, 2017 SECP approved PSX's application for listing and thereafter, the shares were successfully listed on June 29, 2017. Accordingly, the remaining 1,602,953 shares (i.e. 40% stake) are valued at the closing market rate of Rs. 25.68 per share as of period end.

7 LONG TERM DEPOSITS

Pakistan Stock Exchange Limited	200,000	300,000
National Clearing Company of Pakistan Limited	1,200,000	1,200,000
Central Depository Company of Pakistan Limited	100,000	100,000
Other deposits	6,000	6,000
Deposit against Base Minimum Capital Requirement	-	15,828,716
	1,506,000	17,434,716

Investment Managers Securities (Private) Limited
Notes to the Accounts

Note	Rupees December 2017	Rupees June 2017
8		
<u>TRADE RECEIVABLES</u>		
Considered good	23,381,700	23,051,020
Considered doubtful	79,190,337	79,190,337
	102,572,037	102,241,357
Provision for doubtful debts	(79,190,337)	(79,190,337)
	23,381,700	23,051,020
From clearing house	6,854,334	-
	30,236,034	23,051,020

9 **ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Exposure deposit	9.1	47,310,000	28,410,000
Advance payment of tax		18,787,878	15,444,044
Advance to staff		249,480	154,000
Advance to others		100,000	100,000
Receivables from PSX against disposal of shares		4,930,524	26,487,368
		71,377,883	70,595,412

9.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 2.75% to 3.1% (2016: 3.12% to 3.82%) per annum.

10 **CASH AND BANK BALANCES**

Cash in hand		10,000	10,000
Cash at Bank			
<i>in current accounts</i>		-	-
<i>in savings accounts</i>	10.2	38,282,940	21,333,954
		38,292,940	21,343,954

Investment Managers Securities (Private) Limited
Notes to the Accounts

Note	Rupees December 2017	Rupees June 2017
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10.2 The return on these balances is 3.75% to 4.1% (2016: 4% to 5%) per annum on daily product basis.

11 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares				
2017	2016			
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

Accrued expenses	500,000	161,530
Other liabilities	2,956,991	6,598,245
	3,456,991	6,759,775

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as on June 30, 2017 (2016: Nil).

14 OPERATING REVENUE

Brokerage commission	6,686,502	20,124,181
Dividend income	-	440,812
	6,686,502	20,564,993

15 ADMINISTRATIVE EXPENSES

Directors' remuneration	2,400,000	4,800,000
Salaries, wages and other benefits	1,053,400	2,723,800
Rent, rates and taxes	280,540	510,480
Repair and maintenance	404,600	350,008
Telephone and communication charges	72,838	158,023
Service and transaction charges	1,241,828	2,641,525
Utility charges	151,763	303,062
Computer & I.T expenses	278,772	352,358
Travelling and conveyance	-	25,000
Entertainment	300,615	700,675
Dealers' expenses & benefits	-	9,264,407
Fees and subscriptions	50,000	427,500
Postage and courier	2,200	5,000
Printing and stationery	78,870	104,775
Vehicle running expenses	-	160,320
Generator expenses	-	29,656
Audit fee	108,000	100,000
Depreciation	143,164	320,409
Provision for doubtful debts	-	79,190,337
Commission expense	123,328	50,000
Other expenses	131,780	599,492
	6,821,697	102,816,827

Investment Managers Securities (Private) Limited
Notes to the Accounts

Note	Rupees December 2017	Rupees June 2017
16 <u>FINANCE COST</u>		
Bank charges	5,098	13,024
	5,098	13,024
17 <u>OTHER CHARGES</u>		
Impairment loss	-	2,500,000
	-	2,500,000
18 <u>OTHER INCOME</u>		
From financial assets		
Profit on exposure deposit	635,288	989,915
Profit on savings accounts	1,009,202	1,917,257
IPO commission	-	170
	1,644,489	2,907,342
From non-financial assets		
Cost recoveries	239,393	877,186
Reversal of provision for Workers' Welfare Fund	-	96,788
	239,393	973,974
	1,883,883	3,881,315
19 <u>TAXATION</u>		
Current	-	294,207
Prior	-	160,656
	-	454,863
19.1 <u>Relationship between income tax expense and accounting profit</u>		
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 and previous year.		
20 <u>EARNINGS / (LOSS) PER SHARE - BASIC & DILUTED</u>		
20.1 <u>Basic earnings / (loss) per share</u>		
Profit / (loss) after taxation	2,185,845	(38,500,921)
Number of shares issued up to the end of the year	20,000,400	20,000,400
	0.11	(1.93)
20.2 <u>Diluted earnings per share</u>		

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, 2017 and June 30, 2016 which would have any effect on the earnings per share if the option to convert is exercised.