Investment Managers Securities (Private) Limited
Financial Statements
For the year ended June 30, 2017

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, 2017 together with auditors report.

PERFORMANCE REVIEW

During the year under review Divestment Committee of the Exchange had issued an invitation for Expression of Interest for acquiring equity stake in PSX. 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 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.

Due to above transaction company has earned handsome capital gain and thus earning per share and liquidity have been improved to satisfactory level. The working results of the company for the financial year are given as under:

OPERATIONAL RESULTS	Rupees
Operating revenue	63,402,477
Operating expenses	(102,829,851)
Operating profit	**(39,427,373)**
Other charges	(2,500,000)
Other income	3,881,315
Loss before tax	**(38,046,058)**
Tax	(454,863)
Loss after tax	**(38,500,921)**

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 2017 was Rs. **(1.93)**

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 and are eligible for reappointment 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, 2017

	Note	Rupees 2017	Rupees 2016
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	1,643,327	1,831,985
Intangible assets	5	2,500,000	5,000,000
Long term investment	6	41,163,833	40,073,830
Long term advances & deposits	7	17,434,716	610,809
		62,741,876	47,516,624
CURRENT ASSETS			
Trade receivables	8	23,051,020	90,087,275
Advances, deposits, pre-payments & other receivables	9	70,595,412	23,624,737
Cash & bank balances	10	21,343,954	14,029,505
		114,990,386	127,741,517
TOTAL ASSETS		177,732,262	175,258,141
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		(72,505,321)	(34,004,400)
Unrealised gain on revaluation of available for sale investments		25,134,303	-
		152,632,982	165,999,600
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		18,339,505	8,707,773
Accrued expenses & other liabilities	12	6,759,775	550,768
		25,099,280	9,258,541
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		177,732,262	175,258,141

The annexed notes from 1 to 29 form an integral part of these financial statements.

Chief Executive **Director**

Investment Managers Securities (Private) Limited
Profit & Loss Account
For the year ended June 30, 2017

	Note	Rupees 2017	Rupees 2016
REVENUE			
Operating revenue	14	20,564,993	14,687,651
Capital gain / (loss) on sale of securities		42,837,484	(843)
		63,402,477	14,686,808
Administrative expenses	15	(102,816,827)	(15,061,310)
Finance cost	16	(13,024)	(13,533)
		(102,829,851)	(15,074,843)
Operating loss		(39,427,373)	(388,034)
Other charges	17	(2,500,000)	(44,955,502)
Other income	18	3,881,315	1,854,626
Loss before taxation		(38,046,058)	(43,488,911)
Taxation	19	(454,863)	(632,870)
Loss after taxation		(38,500,921)	(44,121,781)
Loss per share - basic and diluted	20	(1.93)	(2.21)

The annexed notes from 1 to 29 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, 2017

	Note	Rupees 2017	Rupees 2016
Loss after taxation		**(38,500,921)**	**(44,121,781)**
<u>Other comprehensive income</u>			
Unrealised gain on revaluation of available for sale investments		**25,134,303**	**-**
Total comprehensive loss for the year		**(13,366,618)**	**(44,121,781)**

The annexed notes from 1 to 29 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, 2017

	Note	Rupees 2017	Rupees 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(38,046,058)**	**(43,488,911)**
Add / (less) : Items not involved in movement of fund:			
Depreciation		320,409	333,520
Impairment loss		2,500,000	44,926,170
Capital gain / (loss) on sale of securities		(42,837,484)	-
Finance costs		13,024	13,533
		(40,004,052)	45,273,223
Cash generated from / (used in) operating activities before working capital changes		**(78,050,110)**	**1,784,312**
Net change in working capital	**(a)**	69,313,219	16,023,212
		(8,736,891)	**17,807,524**
Finance costs paid		(13,024)	(13,533)
Taxes paid		(7,816,646)	(9,148,247)
Net cash (used in) / generated from operating activities		**(16,566,561)**	**8,645,744**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of shares in Pakistan Stock Exchange limited		25,007,950	-
Acquisition of property and equipment		(131,750)	(954,850)
Long term advances & deposits		(995,191)	(106,809)
Net cash generated from / (used in) investing activities		**23,881,009**	**(1,061,659)**
Net increase / (decrease) in cash and cash equivalents		**7,314,449**	**7,584,085**
Cash and cash equivalent at beginning of the year		14,029,505	6,445,419
Cash and cash equivalent at end of the year	**10**	**21,343,954**	**14,029,505**

(a) Statement of change in working capital

(Increase) / decrease in current assets		
Trade receivables	67,036,255	1,879,268
Advances, deposits, pre-payments & other receivables	(13,563,776)	16,182,467
	53,472,479	**18,061,735**
Increase / (decrease) in current liabilities		
Trade payables	9,631,732	2,670,346
Accrued expenses & other liabilities	6,209,008	(4,708,869)
	15,840,740	**(2,038,523)**
Net change in working capital	**69,313,219**	**16,023,212**

The annexed notes from 1 to 29 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, 2017

	Issued, subscribed & paid up capital	Unappropriated loss	Unrealised gain on revaluation of available for sale investments	Total
	Rupees	*Rupees*		*Rupees*
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**
Loss after taxation	-	(38,500,921)	-	**(38,500,921)**
Unrealised gain on revaluation of available for sale investments	-	-	25,134,303	**25,134,303**
Balance as at June 30, 2017	**200,004,000**	**(72,505,321)**	**25,134,303**	**152,632,982**

The annexed notes from 1 to 29 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 and investments classified as at fair value through profit or loss which are stated at fair value.

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.

2.5 The Company has adopted the following accounting standards and the amendements and interpretation of IFRS which became effective for the current year

Standard or Interpretation
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)
IAS 7 Statement of Cash Flows - Amendments as result of Disclosure initiative
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets-
Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)
IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7 Financial Instruments: Disclosures - Servicing contracts
IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial Statements
IAS 19 Employee Benefits - Discount rate: regional market issue
IAS 34 Interim Financial Reporting - Disclosure of Information elsewhere in the interim financial report.
The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

2.6 New accounting standards / amendments and IFRS interpretations that are not yet effective
The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payments-Classification and Measurement Of Share-based Payments Transactions (Amendments)	January 01, 2018
IAS 28 Investments in Associates and Joint Ventures - Amendments resulting from Annual Improvements 2014 - 2016 cycle (clarifying certain fair value measurements).	January 01, 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after January 01, 2017. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

Standard	**IASB Effective date (annual periods beginning on or after)**
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRS 16 - Leases	January 01, 2019
IFRS 17 - Insurance Contracts	January 01, 2021

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 and

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) Investment

All investments are initially recognised at fair value, being the cost of consideration given including transaction cost associated with the investment. All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised on settlement date basis.

Investment in subsidiary

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 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.
- 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.
- Income on financial assets (including margin financing) is recognised on time proportionate basis taking into account effective / agreed rate of the instrument.
- Unrealised gains / (losses) arising from mark to market of investments classified as 'available for sale' are taken directly to other comprehensive income.
- Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account under other income / other expenses.

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.

Investment Managers Securities (Private) Limited
Notes to the accounts

4 PROPERTY AND EQUIPMENT

	Office equipments	Computer equipments	Furniture & fixtures	Total
	(Rupees)	*(Rupees)*	*(Rupees)*	*(Rupees)*
Net carrying value basis				
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**
Gross carrying value basis				
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**
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)	**(333,519)**
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)	**(2,655,745)**
Net book value (NBV)	**406,937**	**40,572**	**1,384,477**	**1,831,985**
Depreciation rates (%)	**15**	**30**	**15**	

	Notes	Rupees 2017	Rupees 2016

5 INTANGIBLE ASSETS

	Notes	Rupees 2017	Rupees 2016
Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	**5.1**	5,000,000	49,926,170
Less: Impairment loss	**5.2**	(2,500,000)	(44,926,170)
		2,500,000	**5,000,000**

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

	Notes	Rupees 2017	Rupees 2016
Investment in shares of Pakistan Stock Exchange Limited	**6.1**	16,029,530	40,073,830
Unrealised gain on revaluation of shares of Pakistan Stock Exchange Limited	**6.1**	25,134,303	-
		41,163,833	**40,073,830**

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

	Rupees 2017	Rupees 2016
Pakistan Stock Exchange Limited	300,000	304,809
National Clearing Company of Pakistan Limited	1,200,000	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	-
	17,434,716	**610,809**

Investment Managers Securities (Private) Limited
Notes to the Accounts

	Notes	Rupees 2017	Rupees 2016

8 TRADE RECEIVABLES

Considered good		23,051,020	90,087,275
Considered doubtful		79,190,337	-
		102,241,357	**90,087,275**
Provision for doubtful debts		(79,190,337)	-
		23,051,020	**90,087,275**

8.1 Trade debts are recognised initially at invoice amount less provision for doubtful debts, if any. The aging analysis for amount receivable from clients for more than five days is as follows.

Amount due from clients for more than 5 days	**98,678,088**	
Value of listed shares (collateral) after applying haircut on the basis of VAR	**38,080,334**	
Amount receivable from clients exceeding the collateral held from such customers	**60,597,754**	

9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Exposure deposit	**9.1**	28,410,000	14,110,000
Advance payment of tax		15,444,044	8,554,477
Advance to staff		154,000	50,000
Other receivables		-	810,260
Advance to others		100,000	100,000
Receivables from PSX against disposal of shares		26,487,368	-
		70,595,412	**23,624,737**

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			
in current accounts		-	8,634,588
in savings accounts	**10.2**	21,333,954	5,384,916
		21,343,954	**14,029,505**

	Notes	Rupees 2017	Rupees 2016

10.1 Detail of customer assets held in designated bank accounts and Central Depository Company (CDC) are as follows.

Customer assets held in the designated bank accounts		**18,888,183**	
Customer assets held in the Central Depository Company		**45,302,516**	
Securities pledged with financial institution		-	

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	Number of shares 2016		Rupees 2017	Rupees 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

	Notes	2017	2016
Accrued expenses		161,530	119,983
Workers' Welfare Fund payable	**12.1**	-	96,788
Other liabilities		6,598,245	333,997
		6,759,775	**550,768**

12.1 During the year ended June 30, 2017, the Honorable Supreme Court of Pakistan vide its order dated September 27, 2016 revoked the amendments made in the Finance Act, 2006 and Finance Act, 2008 that broadened the scope of the obligation on industrial establishments to contribute towards Workers' Welfare Fund. The Honorable Supreme Court of Pakistan revoked the amendments pronouncing that contribution towards Workers' Welfare Fund constitutes a fee and not a tax; hence, the said amendments cannot be made through money bills (i.e. finance acts). Based on the order of the Honorable Supreme Court of Pakistan, the Company has reversed the provision for Workers' Welfare Fund recognized in prior years.

13 CONTINGENCIES AND COMMITMENTS

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

14 OPERATING REVENUE

	2017	2016
Brokerage commission	20,124,181	13,405,288
Dividend income	440,812	1,282,363
	20,564,993	**14,687,651**

14.1 INVESTMENT TURNOVER

Turnover during the period comprises of the following:

	Turnover in Value
During the year ended June 30, 2017	
Institution	2,659,630,951
Retail	31,376,749,666
Proprietary	-
Total	**34,036,380,617**

		Notes	Rupees 2017	Rupees 2016
15	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		4,800,000	1,920,000
	Salaries, wages and other benefits		2,723,800	2,175,800
	Rent, rates and taxes		510,480	565,540
	Repair and maintenance		350,008	175,580
	Telephone and communication charges		158,023	215,079
	Service and transaction charges		2,641,525	1,960,941
	Utility charges		303,062	289,333
	I.T expenses		352,358	257,880
	Travelling and conveyance		25,000	129,700
	Entertainment		700,675	490,660
	Dealers' expenses & benefits		9,264,407	5,342,589
	Fees and subscriptions		427,500	346,400
	Postage and courier		5,000	2,510
	Printing and stationery		104,775	57,710
	Vehicle running expenses		160,320	161,790
	Generator expenses		29,656	41,278
	Audit fee		100,000	127,800
	Depreciation		320,409	333,520
	Provision for doubtful debts		79,190,337	-
	Commission expense		50,000	96,607
	Other expenses		599,492	370,593
			102,816,827	**15,061,310**
16	**FINANCE COST**			
	Bank charges		13,024	13,533
			13,024	**13,533**
17	**OTHER CHARGES**			
	Impairment loss		2,500,000	44,926,170
	Workers' Welfare Fund		-	29,332
			2,500,000	**44,955,502**
18	**OTHER INCOME**			
	From financial assets			
	Profit on exposure deposit		989,915	685,807
	Profit on savings accounts		1,917,257	922,041
	IPO commission		170	785
			2,907,342	**1,608,633**
	From non-financial assets			
	Cost recoveries		877,186	245,992
	Reversal of provision for Workers’ Welfare Fund		96,788	-
			973,974	**245,992**
			3,881,315	**1,854,626**

		Notes	Rupees 2017	Rupees 2016
19	**TAXATION**			
	Current		294,207	593,771
	Prior		160,656	39,099
			454,863	**632,870**

19.1 Relationship between income tax expense and accounting profit

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 LOSS PER SHARE - BASIC & DILUTED

		Rupees 2017	Rupees 2016
20.1	**Basic loss per share**		
	Loss after taxation	(38,500,921)	(44,121,781)
	Number of shares issued up to the end of the year	20,000,400	20,000,400
		(1.93)	**(2.21)**

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

21 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	2017		2016	
	Directors	**Chief Executive**	**Directors**	**Chief Executive**
Remuneration	**3,600,000**	**1,200,000**	**1,440,000**	**480,000**
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

2017	At fair value through profit or loss - held for trading	Available for sale	Loans and receivables	Other financial assets	Total
Long term investments	-	41,163,833	-	-	41,163,833
Long term loans, advances & deposits	-	-	17,434,716	-	17,434,716
Trade debts - unsecured	-	-	23,051,020	-	23,051,020
Short term deposits, advances & other receivables	-	-	70,595,412		70,595,412
Cash and bank balances	-	-	-	21,343,954	21,343,954
	-	**41,163,833**	**111,081,148**	**21,343,954**	**173,588,935**

2016	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	-	-	610,809	-	610,809
Trade debts - unsecured	-	-	90,087,275	-	90,087,275
Short term deposits, advances & other receivables	-	-	23,624,737	-	23,624,737
Cash and bank balances	-	-	-	14,029,505	14,029,505
	-	**40,073,830**	**114,322,821**	**14,029,505**	**168,426,156**

22.1.2 Financial Liabilities

2017	Amortised cost	At fair value through profit or loss	Total
Trade payables	-	18,339,505	18,339,505
Accrued expenses & other liabilities	-	6,759,775	6,759,775
	-	**25,099,280**	**25,099,280**

2016	Amortised cost	At fair value through profit or loss	Total
Trade payables		8,707,773	8,707,773
Accrued expenses & other liabilities	-	550,768	550,768
	-	**9,258,541**	**9,258,541**

23 Financial Risk Management

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 Market risk

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) Interest rate risk

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) Foreign currency risk

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) Equity price risk

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.

	2017					
	Carrying amount	**Contractual cash flows**	**Six month or less**	**Six to twelve months**	**One to two years**	**Two to five years**
	(Rupees)					
Financial liabilities						
Trade payables	18,339,505	18,339,505		18,339,505	-	-
Accrued expenses & other liabi	6,759,775	6,759,775	-	6,759,775	-	-
	25,099,280	**25,099,280**	**-**	**25,099,280**	**-**	**-**

	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						
Trade payables	8,707,773	8,707,773		8,707,773		
Accrued expenses & other liabiliti	550,768	550,768	-	550,768	-	-
	9,258,541	**9,258,541**	**-**	**9,258,541**	**-**	**-**

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 2017	**Rupees 2016**
Long term investment	41,163,833	40,073,830
Long term loans, advances & deposits	17,434,716	610,809
Trade debts - unsecured	23,051,020	90,087,275
Short term deposits, advances & other receivables	70,595,412	23,624,737
Cash and bank balances	21,343,954	14,029,505
	173,588,935	**168,426,156**

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company’s total exposure. The Company’s portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

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

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Listed securities	-	-	-	-
	-	**-**	**-**	**-**

Available for sale

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment in shares of Pakistan Stock Exchange Limited	41,163,833	-	-	41,163,833
	41,163,833	**-**	**-**	**41,163,833**

Financial assets at fair value through profit and loss

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Listed securities	-	-	-	-
	-	**-**	**-**	**-**

Available for sale

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

During the year ended 30 June, 2017, investment in shares of Pakistan Stock Exchange Limited were transferred from level 3 to level 1 after it's listing.

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 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

All non current assets of the Company as at 30 June 2017 are located in Pakistan.

25 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.

26 NUMBER OF EMPLOYEES

The total employees at year end excluding the contractual employees were **6** (2016: **6**) and the average number of employees during the year was **6** (2016: **6**).

27 PATTERN OF SHAREHOLDING

Number of Shares	Name of shareholders	June 30, 2017 Percentage of Holding
1,000,000	Oosama Abdul Ghani	5.00%
5,000,200	Altaf Yousuf	25.00%
9,000,100	Abdul Qadir	45.00%
5,000,100	Wasim Hyder	25.00%
20,000,400		**100%**

28 DATE OF AUTHORIZATION FOR ISSUE

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

29 GENERAL

29.1 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.

29.2 Figures have been rounded off to the nearest rupee.

Chief Executive **Director**

TAX YEAR 2017

Investment Managers Securities (Private) Limited

FOR THE YEAR ENDED JUNE 30, 2017

HEAD OF ACCOUNTS	TOTAL	NORMAL	FINAL
COMMISSION	20,124,181	20,124,181	
DIVIDEND INCOME	440,812		440,812
IPO COMMISSION	170		170
PROFIT ON EXPOSURE DEPOSIT	989,915	989,915	
RECOVERIES AND ADDITIONAL CHARGES	877,186	877,186	
PROFIT ON BANK DEPOSIT	1,917,257	1,917,257	
others	-	-	
	24,349,520	**23,908,538**	**440,982**
		98.19%	**1.81%**
LESS EXPENSES CLAIMED	102,829,851		
EXPENSES RELATED TO FINAL	1,862,301		
EXPENSES RELATED TO NORMAL		**100,967,550**	
TAXABLE INCOME		**(77,059,012)**	
RENT INCOME	-		
1/5 REPAIRS	-		
		-	
TAXABLE INCOME		**(77,059,012)**	
TAX PAYABLE ON NORMAL INCOME @ 31%	23,908,538	239,085	
TAX ON CAPITAL GAIN	-	-	
TAX ON DIVIDEND INCOME	440,812	55,102	
TAX ON IPO COMMISSION	170	20	**294,207**
TAX PAYABLE ON TAXABLE INCOME/ PROVISION FOR TAX			**294,207**
ALTERNATIVE CORPORATE TAX U/S 113C			
PROFIT BEFORE TAX AS PER FINANCIAL STATEMENTS		(38,046,058)	
LESS: CAPITAL GAIN ON SECURITIES		(91,032,777)	
DIVIDEND INCOME		(440,812)	
IPO COMMISSION		(170)	
Accounting Profit / Tax Chargeable u/s 113C @17%		**(129,519,818)**	
ALTERNATIVE CORPORATE TAX			**(22,018,369)**
HIGHER OF CORPORATE TAX AND ALTERNATIVE CORPORATE TAX			**294,207**
Advance taxes			(190,450,265.00)
refundable			(190,156,058.10)