

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2018

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	Rupees December 2018	Rupees June 2018
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	1,957,089	2,045,249
Intangible assets	5	2,500,000	2,500,000
Long term investment	6	14,671,803	21,353,582
Long term advances & deposits	7	3,606,000	1,606,000
		22,734,891	27,504,831
CURRENT ASSETS			
Short term investments	8	7,080,270	10,304,740
Trade receivables	9	34,720,495	35,491,473
Advances, deposits, pre-payments & other receivables	10	58,477,350	63,339,429
Cash & bank balances	11	14,544,760	26,964,951
		114,822,875	136,100,592
TOTAL ASSETS		137,557,766	163,605,423
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
30,000,000 (2017: 30,000,000) ordinary shares of Rs. 10/- each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	12	200,004,000	200,004,000
Unappropriated loss		(72,185,864)	(72,747,765)
Unrealised gain on revaluation of available for sale investments		3,859,863	10,541,642
		131,677,999	137,797,877
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		5,154,588	25,125,449
Accrued expenses & other liabilities	13	725,180	682,098
		5,879,768	25,807,546
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		137,557,766	163,605,423

The annexed notes from 1 to 21 form an integral part of these financial statements.

Chief Executive

Director

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED JUNE 30, 2018

	Note	Rupees December 2018	Rupees June 2018
REVENUE			
Operating revenue	15	7,700,742	12,993,929
Capital gain on sale of shares		-	-
(Loss) / gain on remeasurement of investments		(3,225,072)	5,087,150
		4,475,671	18,081,080
Administrative expenses	16	(4,189,969)	(17,144,647)
Finance cost	17	(4,780)	(11,895)
		(4,194,749)	(17,156,542)
Operating profit		280,922	924,539
Other income	18	3,076,974	4,054,748
Profit before taxation		3,357,895	4,979,286
Taxation	19	(2,795,995)	(5,221,730)
Profit / (loss) after taxation		561,901	(242,444)
Earnings / (loss) per share - basic and diluted	20	0.03	(0.01)

The annexed notes from 1 to 21 form an integral part of these financial statements.

Chief Executive

Director

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2018

Note	Rupees December 2018	Rupees June 2018
Profit / (Loss) after taxation	561,901	(242,444)
<u>Other comprehensive income</u>		
Unrealised loss on revaluation of available for sale investments	(6,681,779)	(14,592,661)
Total comprehensive loss for the year	<u>(6,119,879)</u>	<u>(14,835,105)</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

Chief Executive

Director

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2018

	Issued, subscribed & paid up capital	Unappropriated loss	Unrealized gain on revaluation of available for sale investments	Total
	<i>Rupees</i>		<i>Rupees</i>	
Balance as at June 30, 2017	200,004,000	(72,505,321)	25,134,303	152,632,982
Loss after taxation	-	(242,444)	-	(242,444)
Unrealized gain on transfer to short term investments	-	-	(8,181,181)	(8,181,181)
Reversal of unrealized gain on revaluation of available for sale investments	-	-	(6,411,480)	(6,411,480)
Balance as at June 30, 2018	200,004,000	(72,747,765)	10,541,642	137,797,877
Loss after taxation	-	561,901	-	561,901
Reversal of unrealized gain on revaluation of available for sale	-	-	(6,681,779)	(6,681,779)
Balance as at December 31, 2018	200,004,000	(72,185,864)	3,859,863	131,677,999

The annexed notes from 1 to 21 form an integral part of these financial statements.

Chief Executive

Director

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

4 PROPERTY AND EQUIPMENT

	Office equipments <i>(Rupees)</i>	Computer equipments <i>(Rupees)</i>	Furniture & fixtures <i>(Rupees)</i>	Total <i>(Rupees)</i>
<u>Net carrying value basis</u>				
Period ended December 31, 2018				
Opening net book value (NBV)	378,927	109,287	1,557,034	2,045,249
Additions (at cost)	72,400	7,600	-	80,000
Disposals (at NBV)	-	-	-	-
Depreciation charge	(33,850)	(17,533)	(116,778)	(168,160)
Closing net book value (NBV)	417,477	99,354	1,440,256	1,957,089
<u>Gross carrying value basis</u>				
As at December 31, 2018				
Cost	1,078,700	1,099,306	3,311,875	5,489,881
Accumulated depreciation	(661,223)	(999,952)	(1,871,619)	(3,532,793)
Net book value (NBV)	417,477	99,354	1,440,256	1,957,089
<u>Net carrying value basis</u>				
Year ended June 30, 2018				
Opening net book value (NBV)	345,896	120,625	1,176,805	1,643,326
Additions (at cost)	99,900	35,500	655,000	790,400
Disposals (at NBV)	-	-	-	-
Depreciation charge	(66,869)	(46,838)	(274,771)	(388,478)
Closing net book value (NBV)	378,927	109,287	1,557,034	2,045,249
<u>Gross carrying value basis</u>				
As at June 30, 2018				
Cost	1,006,300	1,091,706	3,311,875	5,409,881
Accumulated depreciation	(627,373)	(982,419)	(1,754,841)	(3,364,633)
Net book value (NBV)	378,927	109,287	1,557,034	2,045,249
Depreciation rates (%)	15	30	15	

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees December 2018	Rupees June 2018
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5 INTANGIBLE ASSETS

Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited
Less: Impairment loss

5.1	2,500,000	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.

6 LONG TERM INVESTMENTS

Available for sale - quoted

Investment in shares of Pakistan Stock Exchange Limited
Transfer to short term investment

	21,353,582	41,163,833
	-	(13,398,771)
	21,353,582	27,765,062
	(6,681,779)	(6,411,480)
6.1	14,671,803	21,353,582

Reversal of unrealised gain on revaluation of shares of PSX

- 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 out of which 60% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX. In March 2017, the Company disposed off 1,602,953 shares (i-e 40%) under the share purchase agreement between PSX and an Anchor investor and additional 801,477 shares (i-e 20%) under Initial Public Offering in June 2017 at Rs. 28 per share. Further, as per Section 5(2) of Public Offering Regulations, 2017, the Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years from the last date for the public subscription. Given the above, the investment to the extent of 1,081,194 shares has been classified as long term investment while the remaining investment in PSX has been classified under short term investment.

7 LONG TERM DEPOSITS

Pakistan Stock Exchange Limited
National Clearing Company of Pakistan Limited
Central Depository Company of Pakistan Limited
Other deposits
Base minimum capital

	300,000	300,000
	1,200,000	1,200,000
	100,000	100,000
	6,000	6,000
	2,000,000	-
	3,606,000	1,606,000

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees December 2018	Rupees June 2018
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8 SHORT TERM INVESTMENTS

Investments at fair values through profit & loss

Listed equity securities

Listed equity securities	10,305,341	5,217,590
Unrealized (loss) / gain as a result of remeasurement at market value	(3,225,072)	5,087,150
Market value	7,080,270	10,304,740

9 TRADE RECEIVABLES

Considered good	24,820,081	18,685,308
Considered doubtful	-	-
	24,820,081	18,685,308
Provision for doubtful debts	-	-
	24,820,081	18,685,308
From clearing house	9,900,414	16,806,165
	34,720,495	35,491,473

10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Exposure deposit	10.1	41,818,224	47,110,000
Advance payment of tax		16,365,485	16,060,789
Advance to staff		193,640	68,640
Advance to others		100,000	100,000
		58,477,350	63,339,429

10.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market.

11 CASH AND BANK BALANCES

Cash in hand		10,000	10,000
Cash at Bank			
<i>in savings accounts</i>	11.1	14,534,760	26,954,951
		14,544,760	26,964,951

11.1 The return on these balances is 3.75% to 4.6% (2017: 3.75% to 4.1%) per annum on daily product basis.

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares				
Dec 2018	June 2018			
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

12.1 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.

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees December 2018	Rupees June 2018
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13 ACCRUED EXPENSES & OTHER LIABILITIES

Accrued expenses	13,096	109,545
Other liabilities	54,447	572,553
SST payable	363,430	-
Provision for taxation	294,207	-
	725,180	682,098

14 CONTINGENCIES AND COMMITMENTS

- 14.1** Penalty of Rs. 300,000/- have been imposed by SECP due to non submission of quarterly financial reports. The company has approached Appellate Bench for waiver of penalty and expecting favourable outcome
- 14.2** There are no commitments as on June 30, 2018 (2017: Nil).

15 OPERATING REVENUE

Brokerage commission	7,700,742	12,673,338
Dividend income	-	320,591
	7,700,742	12,993,929

16 ADMINISTRATIVE EXPENSES

Directors' remuneration	100,000	4,800,000
Salaries, wages and other benefits	1,208,100	2,006,800
Rent, rates and taxes	135,000	557,970
Repair and maintenance	258,928	572,666
Telephone and communication charges	63,292	133,390
Service and transaction charges	1,160,059	2,093,996
Utility charges	143,862	313,475
I.T expenses	203,412	373,069
Entertainment	226,550	470,130
Dealers' expenses & benefits	163,595	4,421,314
Fees and subscriptions	49,500	207,400
Postage and courier	1,400	3,590
Printing and stationery	49,370	171,385
Vehicle running expenses	74,320	148,240
Generator expenses	14,654	18,341
Auditors' remuneration	83,600	270,000
Depreciation	168,160	388,478
Other expenses	86,168	194,404
	4,189,969	17,144,647

17 FINANCE COST

Bank charges	4,780	11,895
	4,780	11,895

INVESTMENT MANAGERS SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Notes	Rupees December 2018	Rupees June 2018
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18 OTHER INCOME

From financial assets

Profit on exposure deposit	1,327,254	1,195,675
Profit on savings accounts	1,503,490	2,173,353
Profit on PSX retention money	-	254,328
IPO commission	-	388
	2,830,744	3,623,745

From non-financial assets

Cost recoveries	246,230	431,003
Reversal of provision for Workers' Welfare Fund	-	-
	246,230	431,003
	3,076,974	4,054,748

19 TAXATION

Current	2,795,995	5,110,995
Prior	-	110,735
	2,795,995	5,221,730

19.1 Income tax returns of the company have been finalized upto and including the tax year 2017, which are deemed to be assessment order under provisions of Income Tax Ordinance 2001.

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

20.1 Basic Earnings / (loss) per share

Loss after taxation	561,901	(242,444)
Number of shares issued up to the end of the year	20,000,400	20,000,400
	0.03	(0.01)

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 December 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.