



ATLAS CAPITAL MARKETS (PRIVATE) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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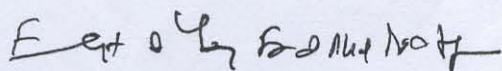
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Atlas Capital Market (Private) Limited as at 31 December 2009 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion :
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



Chartered Accountants

Audit Engagement Partner: Arslan Khalid

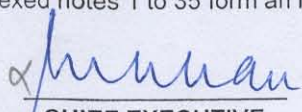
Date: 09 March 2010


Karachi

ATLAS CAPITAL MARKETS (PRIVATE) LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2009

| | Note | 2009 ------(Rs. in '000)----- | 2008 |
|--|-----------|----------------------------------|----------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 8 | 32,769 | 49,800 |
| Investment property | 9 | 23,108 | - |
| Rooms and cards | 10 | 53,851 | 37,251 |
| Long term loans | 11 | 330 | 1,912 |
| Long term deposits | 12 | 3,387 | 3,627 |
| Long term trade debts | 14 & 14.1 | 15,791 | 84,364 |
| Deferred tax asset - net | 13 | 12,264 | 6,839 |
| | | <u>141,500</u> | <u>183,793</u> |
| CURRENT ASSETS | | | |
| Trade debts | 14 & 14.1 | 95,937 | 391,063 |
| Short term loans | 15 | 386 | 516 |
| Deposits and prepayments | 16 | 3,088 | 4,641 |
| Accrued mark-up | 17 | 949 | 2,888 |
| Receivable against CFS financing | | - | 11,424 |
| Other receivables | | 18 | 882 |
| Short term investments | 18 | 2,127 | 14,105 |
| Advance tax - net | | 7,680 | 6,693 |
| Cash and bank balances | 19 | 96,671 | 67,343 |
| | | <u>206,856</u> | <u>499,555</u> |
| | | <u>348,356</u> | <u>683,348</u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital 50,000,000 (2008: 50,000,000) ordinary shares of Rs. 10/- each | | <u>500,000</u> | <u>500,000</u> |
| Issued, subscribed and paid up capital | 20 | 300,000 | 300,000 |
| Accumulated loss | | (77,027) | (25,129) |
| Unrealised loss on revaluation of available-for-sale investment | | - | (857) |
| | | <u>222,973</u> | <u>274,014</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term loan | 21 | 70,000 | 100,000 |
| Long term deposits | 22 | 447 | 424 |
| Deferred liability | 23 | 1,900 | 7,909 |
| | | <u>72,347</u> | <u>108,333</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 24 | 50,021 | 92,326 |
| Accrued interest | 25 | 3,015 | 8,939 |
| Short term running finance | | - | 199,736 |
| | | <u>53,036</u> | <u>301,001</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 26 | <u>348,356</u> | <u>683,348</u> |

The annexed notes 1 to 35 form an integral part of these financial statements.

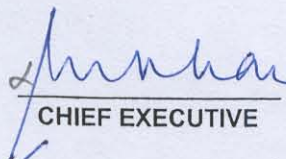

CHIEF EXECUTIVE

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DIRECTOR

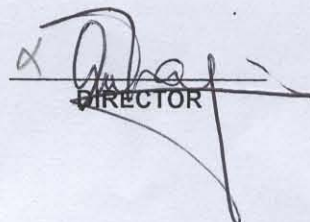
ATLAS CAPITAL MARKETS (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2009

| | Note | 2009 ------(Rs. in '000)----- | 2008 |
|---|------|----------------------------------|----------|
| Income | | | |
| Equity brokerage commission | | 24,780 | 81,001 |
| Money market brokerage commission | | 8,018 | 8,662 |
| Corporate advisory fee | | - | 4,004 |
| Fee on distribution of open end units | | 1,471 | 4,596 |
| Income from placements | | 113 | 14,154 |
| Net gain on investments at fair value through profit and loss account | | | |
| Net gain on sale of investments | | 1,457 | 14,842 |
| Net unrealised gain / (loss) on revaluation of investments | | 127 | (295) |
| | | 1,584 | 14,547 |
| Gain on sale of available-for-sale investments | | 69 | - |
| Other income | 27 | 25,134 | 61,365 |
| | | 61,169 | 188,329 |
| Expenditure | | | |
| Operating and administrative expenses | 28 | 68,013 | 124,877 |
| Provision against doubtful debt | | 26,669 | 58,127 |
| Financial charges | 29 | 21,441 | 56,272 |
| | | 116,123 | 239,276 |
| Loss before taxation | | (54,954) | (50,947) |
| Taxation - current | | 2,369 | 16,401 |
| - prior year | | - | - |
| - deferred | | (5,425) | (6,700) |
| | | (3,056) | 9,701 |
| Loss after taxation | | (51,898) | (60,648) |
| Loss per share - basic and diluted (Rupees) | | (1.73) | (2.02) |

The annexed notes 1 to 35 form an integral part of these financial statements.


CHIEF EXECUTIVE

EYFM



DIRECTOR

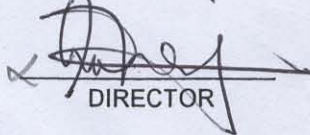
ATLAS CAPITAL MARKETS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

| | 2009 | 2008 |
|---|---------------------------|-----------------|
| | ----- (Rs. in '000) ----- | |
| Net loss for the year | (51,898) | (60,648) |
| Other comprehensive income / (loss) | | |
| Unrealized loss on revaluation of available-for-sale investments | - | (857) |
| Transfer to profit and loss account upon disposal of available-for-sale investments | 857 | - |
| | 857 | (857) |
| Total comprehensive income / (loss) for the year | (51,041) | (61,505) |

The annexed notes 1 to 35 form an integral part of these financial statements.

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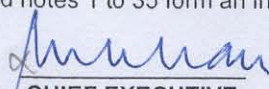

 CHIEF EXECUTIVE


 DIRECTOR

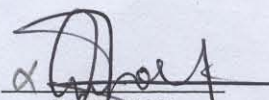
ATLAS CAPITAL MARKETS (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2009

| | Note | 2009 ------(Rs. in '000)----- | 2008 |
|---|---------|----------------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before taxation | | (54,954) | (50,947) |
| Less: Dividend income | | - | (557) |
| Interest income on staff loan | | (22) | (32) |
| | | <u>(54,976)</u> | <u>(51,536)</u> |
| Adjustments for: | | | |
| Depreciation | 8.1 & 9 | 6,352 | 8,071 |
| Amortization | 8.2 | 766 | 921 |
| Provision for leave encashment | 23 | (618) | 2,016 |
| Provision for gratuity | 24.2 | - | 1,288 |
| Unrealised (gain) / loss on revaluation of investments - at fair value through profit and loss | | (127) | 295 |
| Loss on sale of operating fixed assets | 8.1.1 | 5,853 | 67 |
| Operating fixed asset written off | | 715 | - |
| Gain on sale of rooms | | (2,300) | - |
| Financial charges | | 21,441 | 56,272 |
| | | <u>32,082</u> | <u>68,930</u> |
| Decrease / (increase) in assets | | | |
| Trade debts | | 238,426 | 2,050,904 |
| Short term loans | | 130 | 95 |
| Deposits and prepayments | | 1,553 | 109,492 |
| Accrued mark-up | | 1,939 | (1,445) |
| Receivable against CFS financing | | 11,424 | 67,626 |
| Other receivables | | 864 | 6,897 |
| Short term investments | | 12,962 | 86,046 |
| Long term loans | | 1,582 | (1,451) |
| Long term deposits and prepayments | | 240 | 263 |
| Long term trade debts | | 68,573 | (84,364) |
| | | <u>337,693</u> | <u>2,234,063</u> |
| (Decrease) / increase in liabilities | | | |
| Trade and other payables | | (42,305) | (2,113,835) |
| Accrued interest | | (5,924) | 6,143 |
| Long term deposits | | 23 | (2) |
| | | <u>(48,206)</u> | <u>(2,107,694)</u> |
| Cash generated from operations | | <u>266,593</u> | <u>143,763</u> |
| Leave encashment paid | | (5,391) | (487) |
| Income tax paid | | (3,356) | (19,551) |
| Financial charges paid | | (21,441) | (56,272) |
| Net cash inflow from operating activities | | <u>236,405</u> | <u>67,453</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure incurred | | (3,671) | (14,587) |
| Proceed from sale of tangible fixed assets | | 6,308 | 4,161 |
| Proceed from sale of rooms | | 20,000 | - |
| Dividend received | | - | 557 |
| Interest received on staff loan | | 22 | 32 |
| Net cash inflow from investing activities | | <u>22,659</u> | <u>(9,837)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term loan obtained | | - | 100,000 |
| Long term loan repaid | | (30,000) | (100,000) |
| Net cash used in financing activities | | <u>(30,000)</u> | <u>-</u> |
| Net increase in cash and cash equivalents | | <u>229,064</u> | <u>57,616</u> |
| Cash and cash equivalents at beginning of the year | | <u>(132,393)</u> | <u>(190,009)</u> |
| Cash and cash equivalents at the end of the year | | <u><u>96,671</u></u> | <u><u>(132,393)</u></u> |
| Cash and cash equivalents comprise: | | | |
| Cash and bank balances | 19 | 96,671 | 67,343 |
| Short term running finances | | - | (199,736) |
| | | <u>96,671</u> | <u>(132,393)</u> |

The annexed notes 1 to 35 form an integral part of these financial statements.


CHIEF EXECUTIVE

EVS/M


DIRECTOR


ATLAS CAPITAL MARKETS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009

| | Issued, subscribed and paid up capital | Unrealised loss on revaluation of available-for- sale | Unappropriated profit/ (Accumulated loss) | Total |
|--|---|--|--|----------------|
| | ----- (Rs. in 000') ----- | | | |
| Balance as at January 01, 2008 | 300,000 | - | 35,519 | 335,519 |
| Loss for the year | - | - | (60,648) | (60,648) |
| Other comprehensive income / (loss) | - | (857) | - | (857) |
| Total comprehensive income / (loss) for the year | - | (857) | (60,648) | (61,505) |
| Balance as at December 31, 2008 | 300,000 | (857) | (25,129) | 274,014 |
| Loss for the year | - | - | (51,898) | (51,898) |
| Other comprehensive income | - | 857 | - | 857 |
| Total comprehensive income / (loss) for the year | - | 857 | (51,898) | (51,041) |
| Balance as at December 31, 2009 | 300,000 | - | (77,027) | 222,973 |

The annexed notes 1 to 35 form an integral part of these financial statements.

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CHIEF EXECUTIVE


DIRECTOR

ATLAS CAPITAL MARKETS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. THE COMPANY AND ITS OPERATIONS

Atlas Capital Markets (Private) Limited (the company) is a private limited company, incorporated in Pakistan on March 08, 2006 under the Companies Ordinance, 1984. The company is a corporate member of Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and National Commodity Exchange Limited. The principal activities of the company are equity and money market brokerage, advisory and consultancy services and distribution of open end units. The registered office of the company is situated at 209-B, 2nd Floor, Park Towers, Shahrah-e-Firdousi, Clifton, Karachi. The company is a wholly owned subsidiary of Atlas Bank Limited with effect from July 29, 2006.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for investments which are carried at fair value as referred to in note 5.6 below.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2008, except for the presentation and disclosure changes resulting from the adoption of IAS - 1 "Presentation of Financial Statements (Revised)" and IFRS 7 - "Financial Instruments: Disclosures" as described below:

IAS 1 - Presentation of Financial Statements (Revised)

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present two statements.

IFRS 7 - Financial Instruments: Disclosures

The standard requires disclosures related to financial instruments that enables user of financial to evaluate their significance for the Company and the nature and extent of risks arising from such financial instruments. The new disclosures are included throughout the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that costs is incurred. Maintenance and normal repairs are charged to income as and when incurred. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the reducing balance method at the rates specified in note 8.1 to the financial statements.

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The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount. Depreciation is charged from the month of purchase and no depreciation is charged from the month of disposal.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The assets residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

5.2 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the reducing balance method at the rate specified in note 8.2 to the financial statement.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

5.3 Investment property

Property held for long-term rental yield, or for capital appreciation or both is classified as investment property.

This is stated at cost less accumulated depreciation and impairment, if any. Maintenance and normal repairs are charged to income as and when incurred. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the reducing balance method at the rates specified in note 9 to the financial statements.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount. Depreciation is charged from the month of purchase and no depreciation is charged from the month of disposal.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The assets residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

5.4 Rooms and cards

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

5.5 Trade debts and other receivables

These are stated net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

5.6 Investments

Investments are classified as either "investments at fair value through profit or loss", "held-to-maturity" investments or "available-for-sale" investments, as appropriate.

When investments are recognised initially, these are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost.

EYAS

Investment at fair value through profit or loss

Investment classified as "investment at fair value through profit or loss" are carried at fair value. Gain / loss on remeasurement of such investments to fair value is recognised in the profit and loss account.

Available-for-sale

Investments classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognised directly in equity until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Upon impairment, gain / loss including that had been previously recognised directly in equity, is included in the profit and loss account for the year.

The fair value of those investments representing listed equity and other securities i.e. debt instruments are determined on the basis of year-end bid prices obtained from stock exchange quotations.

The listed equity securities purchased and sold with a commitment to resale / repurchase are presented as a receivable or payable against repurchase transactions. The income from such transactions is presented as income from repurchase transactions of listed securities.

5.7 Derivatives

These are measured at their fair value. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are included in the income currently.

5.8 Securities purchased / sold under resale / repurchase agreements

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under continuous funding 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-repos) are not recognised in the balance sheet. Amount 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 / continuous funding system and accrued over the life of the reverse repo agreement.

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 (repos) continue to be recognised 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 borrowing charges and accrued over the life of the repo agreement.

5.9 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

5.10 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

EYFA

5.11 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

5.12 Revenue recognition

Brokerage, commission, consultancy and advisory fee are recognized as such services are rendered.

Income from placements is recognised on time proportion basis.

Fee on distribution of open end units is recognized as such services are rendered.

Income from capital gains is recognised as and when realised.

Markup income, return on bank deposits and balances and other revenues are recognized on accrual basis.

5.13 Taxation***Current***

Provision for taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, in accordance with income tax ordinance, 2001.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / deficit arising on revaluation.

5.14 Staff retirement benefits**Defined contribution plan**

The company operates a contributory provident fund for all its permanent employees and contributions are made monthly in accordance with the fund rules.

Defined benefit plan

The company has adopted a staff gratuity scheme for management employees as described in note 24.2. Provision is made annually in accordance with actuarial recommendations using the Projected Unit Credit method.

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceed 10% of the higher of defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

5.15 Employee compensated absences

Employee entitlements to annual leaves are recognized when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees upto the balance sheet date.

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5.16 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances.

5.17 Provisions

Provisions are recognized when the company has the 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.

5.18 Fiduciary assets

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

6. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Approved Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the 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 revision and future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

| | <u>Note</u> |
|--|-----------------------------|
| Provision for doubtful debts | 5.5, 14.2 & 14.5 |
| Classification of investments | 5.6 & 18 |
| Useful lives of assets and methods of depreciation | 5.1, 5.2, 5.3, 8.1, 8.2 & 9 |
| Deferred taxation | 5.13 & 13 |
| Defined benefit plan | 5.15 & 24.2 |

7. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

| Standard, Interpretation or amendment | Effective date (accounting periods beginning on or after) |
|---|---|
| IAS - 27 Consolidated and Separate Financial Statements (Amendment) | 01 January 2009 |
| IAS - 39 Financial Instruments: Recognition and measurement: Eligible hedged items (Amendment) | 01 July 2009 |
| IFRS - 2 Share-based Payments: Amendments relating to Group Cash settled Share-based Payment Transactions | 01 January 2010 |
| IFRS - 3 Business Combinations (Revised) | 01 July 2009 |
| IFRIC - 17 Distributions of Non - Cash Assets to Owners | 01 July 2009 |
| IFRIC - 19 Extinguishing Financial Liabilities with Equity Instruments | 01 July 2010 |

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

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after 01 January 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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8.1.1 Disposal of operating fixed assets (Continued)

| | Cost | Accumulated Depreciation | Book Value | Sales Proceeds | Gain / (Loss) | Mode of Disposal | Particulars of Purchaser |
|---|---------------|--------------------------|---------------|----------------|----------------|------------------|-------------------------------|
| | (Rs. in '000) | | | | | | |
| Leasehold improvements: | | | | | | | |
| | 3,983 | (132) | 3,851 | 178 | (3,673) | Negotiations | M/S Prime Management Services |
| | 2,054 | (482) | 1,572 | 229 | (1,343) | Negotiations | Various |
| | 6,037 | (614) | 5,423 | 407 | (5,016) | | |
| Furniture and fittings: | | | | | | | |
| | 860 | (199) | 661 | 115 | (546) | Negotiations | Various |
| Electrical equipments: | | | | | | | |
| | 377 | (12) | 365 | 275 | (90) | Negotiations | M/S Prime Management Services |
| | 93 | (11) | 82 | 43 | (39) | Negotiations | Mr. Jawwad H. Shirazi |
| | 470 | (23) | 447 | 318 | (129) | | |
| Computer equipment: | | | | | | | |
| | 575 | (98) | 477 | - | (477) | Negotiations | M/S Prime Management Services |
| Aggregate values of items where WDV is less than Rs. 50,000 | | | | | | | |
| | 272 | (47) | 225 | 121 | (104) | Negotiations | Various |
| | 15,536 | (3,375) | 12,161 | 6,308 | (5,853) | | |

8.2 Intangible assets

| | 2009 | | | | | | | Rate of Amortisation per annum % |
|--------------------------|-----------------------|------------|--------------------------|-----------------------|---------------------|--|-------------------------|----------------------------------|
| | Cost | | Accumulated amortisation | | | Written down value as at December 31, 2009 | | |
| | As at January 1, 2009 | Additions | As at December 31, 2009 | As at January 1, 2009 | Charge for the year | | As at December 31, 2009 | |
| (Rs. in '000) | | | | | | | | |
| Computer Software | 4,955 | 383 | 5,338 | 2,826 | 721 | 3,547 | 1,791 | 30 |
| Website Cost | 150 | - | 150 | 55 | 45 | 100 | 50 | 30 |
| December 31, 2009 | 5,105 | 383 | 5,488 | 2,881 | 766 | 3,647 | 1,841 | |

| | 2008 | | | | | | | Rate of Amortisation per annum % |
|--------------------------|-----------------------|------------------------|--------------------------|-----------------------|---------------------|--|-------------------------|----------------------------------|
| | Cost | | Accumulated amortisation | | | Written down value as at December 31, 2008 | | |
| | As at January 1, 2008 | Additions/ (Disposals) | As at December 31, 2008 | As at January 1, 2008 | Charge for the year | | As at December 31, 2008 | |
| (Rs. in '000) | | | | | | | | |
| Computer Software | 4,682 | 273 | 4,955 | 1,945 | 881 | 2,826 | 2,129 | 30 |
| Website Cost | 150 | - | 150 | 15 | 40 | 55 | 95 | 30 |
| December 31, 2008 | 4,832 | 273 | 5,105 | 1,960 | 921 | 2,881 | 2,224 | |

2009 -----(Rs. in '000)----- 2008

8.3 Capital work in progress

| | | |
|--|--------------|--------------|
| Advance for office space / room paid to: | | |
| - National Commodity Exchange Limited | 2,500 | 2,500 |
| - Islamabad Stock Exchange (Guarantee) Limited | - | 1,100 |
| Others | 1,231 | 856 |
| | 3,731 | 4,456 |

9. INVESTMENT PROPERTY

| | 2009 | | | | | | | Rate of Depreciation per annum % |
|--------------------------|-----------------------|------------------------|--------------------------|-----------------------|---------------------|--|-------------------------|----------------------------------|
| | Cost | | Accumulated depreciation | | | Written down value as at December 31, 2009 | | |
| | As at January 1, 2009 | Additions/ (Disposals) | As at December 31, 2009 | As at January 1, 2009 | Charge for the year | | As at December 31, 2009 | |
| (Rs. in '000) | | | | | | | | |
| December 31, 2009 | | | | | | | | |
| Residential premises | - | 23,500 | 23,500 | - | 392 | 392 | 23,108 | 2 |
| December 31, 2008 | - | - | - | - | - | - | - | |

9.1 The fair value of above property was Rs.26.044 million (2008: nil) as on February 14, 2009, determined as a result of a valuation by the M/s Hameed Mukhtar & Co. (Private) Limited - an independent professional valuer.

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| | Note | 2009 ------(Rs. in '000)----- | 2008 |
|--|-----------|----------------------------------|----------------|
| 10. ROOMS AND CARDS | | | |
| Room - Lahore Stock Exchange | | 2,500 | 2,500 |
| - Karachi Stock Exchange | | 3,700 | 3,700 |
| - Islamabad Stock Exchange | | 16,600 | - |
| | | <u>22,800</u> | <u>6,200</u> |
| Card - Lahore Stock Exchange | | 9,000 | 9,000 |
| - Karachi Stock Exchange | | 16,051 | 16,051 |
| - Islamabad Stock Exchange | | 6,000 | 6,000 |
| | | <u>31,051</u> | <u>31,051</u> |
| | | <u>53,851</u> | <u>37,251</u> |
| 11. LONG TERM LOANS - secured, considered good | | | |
| Employees | 11.1 | 393 | 2,183 |
| Current maturity | 15 | (63) | (271) |
| | | <u>330</u> | <u>1,912</u> |
| 11.1 This represents interest free loan given to employees for purchase of motor vehicles under the terms of employment and secured against the respective assets. These loans are recoverable over a period of five years for cars and four years for motorcycles. | | | |
| 12. LONG TERM DEPOSITS - considered good | | | |
| Security deposits | 12.1 | <u>3,387</u> | <u>3,627</u> |
| 12.1 Represent deposits with: | | | |
| Karachi Stock Exchange (Guarantee) Limited | | 250 | 100 |
| Lahore Stock Exchange (Guarantee) Limited | | 520 | 520 |
| Central Depository Company Limited | | 175 | 175 |
| National Clearing Company Limited | | 550 | 500 |
| National Commodity Exchange Limited | | 850 | 850 |
| Office premises | | 990 | 1,430 |
| Others | | 52 | 52 |
| | | <u>3,387</u> | <u>3,627</u> |
| 13. DEFERRED TAX ASSET- net | | | |
| Deductible temporary differences arising on: | | | |
| Provision for gratuity and leave encashment | | 1,279 | 1,767 |
| Tax loss | | 13,140 | 6,665 |
| Taxable temporary differences arising on: | | | |
| Accelerated depreciation for tax purposes | | (2,155) | (1,593) |
| | | <u>12,264</u> | <u>6,839</u> |
| 13.1 The above net deferred tax asset has been recognised in accordance with the Company's accounting policy as stated in note 5.13. The management, based on financial projections prepared during the year, estimates that sufficient taxable profits would be available in future against which this deferred tax assets could be realised. | | | |
| 14. TRADE DEBTS | | | |
| Considered good | | | |
| Due from clients in respect of securities transactions - secured | 14.2&14.3 | 110,063 | 465,602 |
| Receivable from stock exchanges - unsecured | | - | 8,426 |
| Commission receivable - unsecured | 14.4 | 1,665 | 1,399 |
| Considered doubtful | | | |
| Due from clients in respect of securities transactions - unsecured | 14.2 | 96,908 | 70,239 |
| | | <u>208,636</u> | <u>545,666</u> |
| Less: Provision for doubtful debts | 14.2&14.5 | 96,908 | 70,239 |
| | | <u>111,728</u> | <u>475,427</u> |
| 14.1 Particulars of trade debts | | | |
| Short term (for upto one year) | | <u>95,937</u> | <u>391,063</u> |
| Long term (for over one year) | | <u>15,791</u> | <u>84,364</u> |

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14.2 Includes an aggregate balance of Rs.78.62 (2008: Rs. 101.85) million in respect of customers who have not settled their dues towards the Company in respect of securities transactions. The Company holds securities with market value of Rs.9.19 (2008: Rs. 39.52) million against these balances. The management has made a provision of Rs.68.97 (2008: Rs. 51.79) million after considering the subsequent recovery against these balances.

In addition, the Company has entered into settlement agreements with certain clients in respect of overdue balances amounted to Rs.113.98 (2008:305) million. Under such agreements the clients have agreed to settle the balances over a period of one to three years and have provided collaterals in the nature of equitable mortgage over properties and a personal guarantee. However, as a matter of prudence the management has made a provision of Rs.27.94 (2008: Rs. 18.45) million against such balances after considering the value of collateral against such balances.

| | Note | 2009 ------(Rs. in '000)----- | 2008 |
|---|------|----------------------------------|---------------|
| 14.3 Includes the following amounts due from related parties: | | | |
| Atlas Stock Market Fund | | 12 | 37 |
| Atlas Islamic Fund | | - | 35 |
| Atlas Bank Limited | | - | - |
| Atlas Pension Fund | | 188 | - |
| | | <u>200</u> | <u>72</u> |
| 14.4 Money market brokerage commission receivable | | 1,559 | 1,370 |
| Fee receivable on distribution of open end units | | 106 | 29 |
| | | <u>1,665</u> | <u>1,399</u> |
| 14.5 Movement in provision for doubtful debt | | | |
| Opening balance | | 70,239 | 12,112 |
| Charge for the period | | 26,669 | 58,127 |
| Closing balance | | <u>96,908</u> | <u>70,239</u> |

15. SHORT TERM LOANS

| | | | |
|--|------|------------|------------|
| Current maturity of long term loan - secured | 11 | 63 | 271 |
| Staff loan - unsecured | 15.1 | | |
| - Executives | | 85 | 58 |
| - Employees | | 238 | 187 |
| | | <u>386</u> | <u>516</u> |

15.1 These loans represent loans to employees for domestic purposes under the terms of employment. These loans carry mark-up at the rate of 8% per annum. The maximum aggregate balance outstanding at the end of any month during the year from executives amounted to Rs. 0.295 (2008: Rs. 0.487) million.

16. DEPOSITS AND PREPAYMENTS

| | | | |
|-------------------|------|--------------|--------------|
| Exposure deposits | 16.1 | 1,425 | 550 |
| Prepayments | | 1,663 | 4,091 |
| | | <u>3,088</u> | <u>4,641</u> |

16.1 This represents exposure deposit held with the Karachi Stock Exchange in respect of Karachi Future Market amounting to Rs. 0.875 (2008: nil) million and the National Commodity Exchange Limited amounting to Rs. 0.550 (2008: 0.550) million under the exposure rules.

17. ACCRUED MARK-UP

| | | | |
|---|--|------------|--------------|
| Profit receivable on PLS accounts | | - | 88 |
| Profit receivable on exposure deposits | | - | 1,864 |
| Mark-up receivable on CFS financing | | - | 936 |
| Profit receivable on term deposit receipt | | 949 | - |
| | | <u>949</u> | <u>2,888</u> |

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21. LONG TERM LOAN - unsecured

Represents a utilised portion of loan facility of Rs.100 million obtained from a commercial bank against pledge of marketable securities provided by the Shirazi Investment (Private) Limited . The loan is repayable in June 2011 and carries mark-up at three months KIBOR plus 1.75% per annum with no floor and cap and payable on quarterly basis.

22. LONG TERM DEPOSITS

Represents vehicle deposits from employees under company's policy. Deposits amounting to Rs. 0.13 (2008: Rs. 0.18) million have been received from executives.

23. DEFERRED LIABILITY**Provision for staff compensated absences**

| | 2009 | 2008 |
|----------------------------------|--------------------------|--------------|
| Note | ------(Rs. in '000)----- | |
| Opening balance | 7,909 | 6,380 |
| (Reversal) / charge for the year | (618) | 2,016 |
| Encashment during the year | (5,391) | (487) |
| Closing balance | <u>1,900</u> | <u>7,909</u> |

24. TRADE AND OTHER PAYABLES

| | | | |
|--|------|---------------|---------------|
| Due to clients in respect of securities transactions | 24.1 | 41,556 | 84,435 |
| Payable to contractors | | - | 1,210 |
| Payable to Staff Gratuity Fund (a related party) | 24.2 | 2,369 | 2,876 |
| Accrued liabilities | | 1,744 | 2,192 |
| Amount payable to Atlas Bank Limited (holding company) | | - | 840 |
| Payable to stock exchanges | | 4,063 | - |
| Payable to Employees Provident Fund (a related party) | | - | 373 |
| Others | | 289 | 400 |
| | | <u>50,021</u> | <u>92,326</u> |

24.1 Includes the following amounts due to related parties:

| | | |
|--------------------------|----|--------|
| Atlas Insurance Limited | 12 | 52,224 |
| Key management personnel | - | 4,273 |

24.2 Gratuity payable - defined benefit plan**24.2.1 General description**

The Company has a gratuity scheme that has been recognised by the Income Tax Authorities under Part III of Sixth Schedule to the Income Tax Ordinance, 2001 on November 03, 2007. The Company is in the process of creating a fund for the gratuity payable to its employees. The trust deed for the fund has been duly executed on July 12, 2007 and the Company intends to transfer its present obligation in respect of gratuity payable to the fund in due course of time.

The cost of providing benefits under each gratuity scheme is determined using the Project Unit Credit method, with actuarial valuation being carried out at balance sheet date. The latest valuation was carried out for the year ended December 31, 2009.

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| | Note | 2009 % | 2008 % |
|--|-------|---------------|---------------|
| 24.2.2 Principal actuarial assumption | | | |
| The following principal assumptions were used for the valuation: | | | |
| Estimated rate of increase per annum in salary of the employees - percent, per annum | | 11.75 | 14 |
| Expected rate of return per annum on plan assets - percent, per annum | | 12.75 | 15 |
| Discount rate per annum - per annum | | 12.75 | 15 |
| Expected average remaining lives of employees - years | | 15 | 15 |
| 24.2.3 Reconciliation of payments to defined benefit plan | | | |
| ----- (Rs. in '000) ----- | | | |
| Present value of defined benefit obligation | | 3,944 | 8,244 |
| Fair value of plan assets | | - | - |
| | | <u>3,944</u> | <u>8,244</u> |
| Receivable from Atlas Bank Limited - Staff Gratuity Fund | | (3,982) | (2,248) |
| Payable to Atlas Honda Management Staff Gratuity Fund | | 4,197 | - |
| Unrecognised actuarial gain loss | | (1,789) | (3,120) |
| Liability recognised in balance sheet | | <u>2,370</u> | <u>2,876</u> |
| 24.2.4 Movement in payable to defined benefit plan | | | |
| Opening balance | | 2,876 | 1,588 |
| Charge for the year | | 1,081 | 1,288 |
| Contributions paid to the fund during the year | | (1,587) | - |
| Closing balance | | <u>2,370</u> | <u>2,876</u> |
| 24.2.5 Expense recognised in the profit and loss account | | | |
| Current service cost | | 581 | 675 |
| Interest cost | | 913 | 785 |
| Expected return on assets | | (433) | (312) |
| Amortisation of actuarial loss | | 20 | 140 |
| | | <u>1,081</u> | <u>1,288</u> |
| 25. ACCRUED INTEREST | | | |
| Accrued mark-up on: | | | |
| - long term loan | | 3,015 | 4,135 |
| - short term running finance | | - | 4,804 |
| | | <u>3,015</u> | <u>8,939</u> |
| 26. CONTINGENCIES AND COMMITMENTS | | | |
| Letter of guarantee | 26.1 | <u>30,000</u> | <u>75,000</u> |
| 26.1 It represents letter of guarantee of Rs.30 million in favour of The Karachi Stock Exchange (Guarantee) Limited issued by a commercial bank. The guarantee will expire on September 18, 2011 and is secured against term deposit receipt of Rs. 30 million. | | | |
| 26.2 The tax authorities initiated proceedings under section 122 (5 A) of the Income Tax ordinance, 2001 for the tax year 2008 and 2009 and has passed amended assessment order, in which certain disallowances were made having a tax impact of Rs.3.65 million. The company has filed an appeal before the Commissioner Inland Revenue (Appeal) against the amended order, which is pending adjudication. The management expects a favourable outcome of the appeal, hence no provision in this regard has been made in these financial statements. | | | |
| 27. OTHER INCOME | | | |
| Profit on bank account and term deposit receipt | | 4,136 | 2,235 |
| Profit on cash margins | | 87 | 6,062 |
| Mark-up on trade debts | | 24,277 | 52,138 |
| Net loss on sale of operating fixed assets | 8.1.1 | (5,853) | (67) |
| Dividend income | | - | 557 |
| Gain on sale of rooms | | 2,300 | - |
| Miscellaneous | | 187 | 440 |
| | | <u>25,134</u> | <u>61,365</u> |

| | Note | 2009 ----- (Rs. in '000) ----- | 2008 |
|--|---------|-----------------------------------|----------------|
| 28. OPERATING AND ADMINISTRATIVE EXPENSES | | | |
| Salaries and benefits | 28.1 | 35,032 | 61,874 |
| KSE clearing house and CDC charges | | 2,864 | 19,665 |
| Depreciation | 8.1 & 9 | 6,352 | 8,071 |
| Amortization | 8.2 | 766 | 921 |
| Stamps and fees expense | | 68 | 51 |
| Director's Fee | | 30 | 70 |
| Telephone, fax and postage | | 4,259 | 6,454 |
| Rent, rates and taxes | | 4,689 | 9,716 |
| Fees and subscription | | 2,134 | 1,842 |
| Vehicle running expense | | 1,744 | 2,538 |
| Repairs and maintenance | | 1,752 | 2,617 |
| Electricity, gas, etc. | | 2,247 | 3,170 |
| Printing and stationery | | 690 | 1,757 |
| Travelling expense | | 647 | 1,975 |
| Legal and professional charges | | 945 | 281 |
| Entertainment | | 476 | 979 |
| Auditors' remuneration | 28.2 | 436 | 694 |
| Advertisement & business promotion | | - | 36 |
| Insurance | | 1,959 | 1,966 |
| Operating fixed assets written off | | 715 | - |
| Miscellaneous | | 208 | 200 |
| | | <u>68,013</u> | <u>124,877</u> |

28.1 This includes an amount of Rs. 2.025 (2008: Rs. 2.53) million in respect of employees provident fund contribution, provision for gratuity of Rs. 1.081 (2008: Rs. 1.29) million.

28.2 Auditors' remuneration

| | | |
|----------------------|------------|------------|
| Audit fee | 150 | 300 |
| Other certifications | 85 | 275 |
| Taxation | 120 | 60 |
| Out of pocket | 81 | 159 |
| | <u>436</u> | <u>694</u> |

29. FINANCIAL CHARGES

| | | |
|----------------------------|---------------|---------------|
| Mark-up on: | | |
| Long term loan | 14,473 | 17,159 |
| Short term running finance | 6,371 | 37,964 |
| Short term borrowings | - | 91 |
| Bank charges | 597 | 1,058 |
| | <u>21,441</u> | <u>56,272</u> |

30. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

| | 2009 | | 2008 | |
|-------------------------|---------------------------|---------------|-----------------|---------------|
| | Chief Executive | Executives | Chief Executive | Executives |
| | ----- (Rs. in '000) ----- | | | |
| Managerial remuneration | 2,824 | 7,713 | 5,470 | 9,365 |
| Housing and Utilities | 803 | 1,305 | 3,008 | 5,151 |
| Medical | 83 | 288 | 118 | 364 |
| Retirement benefits | 311 | 848 | 602 | 962 |
| Others | 564 | 3,160 | 1,081 | 4,851 |
| | <u>4,585</u> | <u>13,314</u> | <u>10,279</u> | <u>20,693</u> |
| | <u>1</u> | <u>9</u> | <u>1</u> | <u>11</u> |

30.1 In addition to the above, chief executive and executives have been provided with free use of company maintained vehicles under the service contracts.

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31. RELATED PARTIES TRANSACTIONS

The related parties comprise holding company, related group companies, staff retirement funds, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

| | 2009 | 2008 |
|---|---------------------------|--------|
| | ----- (Rs. in '000) ----- | |
| Atlas Bank Limited | | |
| Equity brokerage income | - | 1,012 |
| Money market brokerage income | 159 | 641 |
| Corporate advisory fee | - | 1,000 |
| Profit on bank accounts | 290 | 287 |
| Financial charges paid | 6,247 | 27,593 |
| Electricity, gas, etc. paid | 164 | 281 |
| Rent, rate & taxes, etc. paid | 994 | 1,717 |
| Atlas Insurance Limited | | |
| Equity brokerage income | 2,659 | 4,025 |
| Money market brokerage income | 4 | - |
| Insurance premium | 1,028 | 1,326 |
| Insurance claims | 1,249 | 213 |
| Atlas Honda Limited | | |
| Sale of motor vehicles | 2,379 | - |
| Purchase of motor cycles | 60 | 386 |
| Atlas Honda Limited - Employees Provident Fund | | |
| Money market brokerage income | - | 38 |
| Shirazi Investments (Private) Limited | | |
| Equity brokerage income | 185 | 2,181 |
| Financial charges paid | - | 9,809 |
| Atlas Asset Management Limited | | |
| Fee received on distribution of open end units | 730 | 1,297 |
| Sharing of expenses rent, utilities, etc | 296 | 327 |
| Atlas Engineering Limited | | |
| Sale of motor vehicles | 700 | - |
| Batool Benefit Trust | | |
| Equity brokerage income | - | 3 |
| Atlas Stock Market Fund | | |
| Equity brokerage income | 322 | 175 |
| Atlas Fund of Fund | | |
| Equity brokerage income | 27 | - |
| Shirazi Trading Company | | |
| Purchase of electrical equipment | - | 67 |
| Printing and stationery | 55 | 172 |
| Repairs and maintenance | 41 | 127 |
| Atlas Income Fund | | |
| Equity brokerage income | 23 | 905 |
| Money market brokerage income | 5 | 26 |

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| | 2009 | 2008 |
|-----------------------------------|---------------------------|------|
| | ----- (Rs. in '000) ----- | |
| Atlas Pension Fund | | |
| Equity brokerage income | 19 | 2 |
| Atlas Pension Islamic Fund | | |
| Equity brokerage income | 47 | 39 |
| Atlas Islamic Fund | | |
| Equity brokerage income | 119 | 141 |
| Shirazi Capital | | |
| Equity brokerage income | - | 4 |
| Key management personnel | | |
| Equity brokerage income | 2 | 521 |
| Director's fee | 30 | 70 |

31.1 The outstanding balances of related parties are included in their respective notes to the financial statements.

32. FINANCIAL INSTRUMENTS

32.1 Market risk

Market risk is the risk that the fair value or future cash 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 arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the Company is exposed to such risk in respect of bank balances and long term loan. Effective interest rates on such instruments are disclosed in respective notes to the financial statements.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's loss before tax by Rs.0.267 and a 1% decrease would result in an increase in the Company's loss by the same amount. However, in practice, the actual results may differ from the sensitively analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument 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 prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of the balance sheet date, the Company does not have any investments and hence is not exposed to such risk.

The management of the Company estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would decrease the Company's income by Rs.0.123 million and a 10% increase 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.

32.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity risk by following internal guidelines of the group executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

The table below summarise the maturity profile of the Company's financial liabilities:

| | 2009 | | | 2008 | | |
|--------------------------|------------------|---------------------|--------|------------------|---------------------|---------|
| | Within 1 year | More than 1 year | Total | Within 1 year | More than 1 year | Total |
| ----- (Rs.in '000) ----- | | | | | | |
| Long term loan | - | 70,000 | 70,000 | - | 100,000 | 100,000 |
| Long term deposits | | 447 | 447 | | 424 | 424 |
| | - | 70,447 | 70,447 | - | 100,424 | 100,424 |

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32.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counter parties.

The Company seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The credit risk exposure of the Company as of December 31, 2009 aggregated to Rs.214.84 (2008: Rs. 548.50) million.

The table below shows analysis of the financial assets that are past due or impaired

| | 2009 | 2008 |
|---|--------------------------|---------|
| | ------(Rs. in '000)----- | |
| Debts neither impaired not past due on reporting date | 107,446 | 362,910 |
| Debts not impaired on reporting date but past due | 10,490 | 115,352 |
| Debt impaired | 96,908 | 70,239 |
| | 214,844 | 548,501 |

32.4 Capital Management

Capital requirements of the Company are set and regulated by Karachi Stock Exchange (Guaranteed Limited). These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirements by assessing its capital structure against required capital level on a regular basis. Currently the Company has a paid up capital of Rs. 300 million against the minimum required capital of Rs. 20 million set out by the Karachi Stock Exchange (Guaranteed Limited) for brokerage business for the year ended December 31, 2009.

33. NUMBER OF EMPLOYEES

The number of employees as at December 31, 2009 were 53 (December 31, 2008: 83).

34. DATE OF AUTHORISATION


These financial statements were authorised for issue in the Board of Directors meeting held on March 9, 2010

35. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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 CHIEF EXECUTIVE

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 DIRECTOR