



SUMMIT CAPITAL (PRIVATE) LIMITED
[Formerly Atlas Capital Markets (Private) Limited]
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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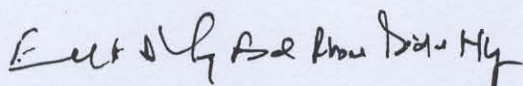
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Summit Capital (Private) Limited as at 31 December 2010 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 4.1 to the financial statements 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 2010 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: 26 February 2011

Karachi

SUMMIT CAPITAL (PRIVATE) LIMITED
[Formerly Atlas Capital Markets (Private) Limited]
BALANCE SHEET AS AT DECEMBER 31, 2010

	Note	2010 ------(Rs. in '000)-----	2009
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	27,252	32,769
Investment property	8	22,646	23,108
Rooms and cards	9	53,851	53,851
Long term loans	10	28	330
Long term deposits	11	3,087	3,387
Long term trade debts	13 & 13.1	4,799	15,791
Deferred tax asset - net	12	15,482	12,264
		127,145	141,500
CURRENT ASSETS			
Trade debts	13 & 13.1	35,951	95,937
Short term loans	14	196	386
Deposits and prepayments	15	4,607	3,088
Accrued mark-up	16	1,252	949
Other receivables	17	259	18
Short term investments		-	2,127
Advance tax - net		8,861	7,680
Cash and bank balances	18	107,125	96,671
		158,251	206,856
		285,396	348,356
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 50,000,000 (2009: 50,000,000) ordinary shares of Rs. 10/- each		500,000	500,000
Issued, subscribed and paid up capital	19	300,000	300,000
Accumulated loss		(90,798)	(77,027)
		209,202	222,973
NON-CURRENT LIABILITIES			
Long term loan	20	18,000	70,000
Long term deposits	21	480	447
Deferred liability	22	1,693	1,900
		20,173	72,347
CURRENT LIABILITIES			
Trade and other payables	23	56,013	50,021
Accrued interest		8	3,015
		56,021	53,036
CONTINGENCIES AND COMMITMENTS			
	24	285,396	348,356

The annexed notes from 1 to 33 form an integral part of these financial statements.

* Rahat Samra
CHIEF EXECUTIVE

EUFM

* [Signature]
DIRECTOR

SUMMIT CAPITAL (PRIVATE) LIMITED
[Formerly Atlas Capital Markets (Private) Limited]
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	----- (Rs. in '000) -----	
Net loss for the year	(13,771)	(51,898)
Other comprehensive income / (loss)		
Transfer to profit and loss account upon disposal of available-for-sale investments	-	857
Total comprehensive income / (loss) for the year	<u>(13,771)</u>	<u>(51,041)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

Rahat S. S. K.

 CHIEF EXECUTIVE

EYM

[Signature]

 DIRECTOR

SUMMIT CAPITAL (PRIVATE) LIMITED
[Formerly Atlas Capital Markets (Private) Limited]
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	2010 ------(Rs. in '000)-----	2009 ------(Rs. in '000)-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(14,301)	(54,954)
Interest income on staff loan		(22)	(22)
		<u>(14,323)</u>	<u>(54,976)</u>
Adjustments for:			
Depreciation	7.1 & 8	4,938	6,352
Amortization	7.2	672	766
Provision for leave encashment	22	190	(618)
Provision for gratuity	23.1	862	-
Unrealised (gain) / loss on revaluation of investments - at fair value through profit and loss		-	(127)
(Gain) / loss on sale of operating fixed assets	7.1.1	(585)	5,853
Operating fixed asset written off		70	715
Gain on sale of rooms		-	(2,300)
Financial charges		2,254	21,441
		<u>8,401</u>	<u>32,082</u>
Decrease / (increase) in assets			
Trade debts		59,986	238,426
Short term loans		190	130
Deposits and prepayments		(1,519)	1,553
Accrued mark-up		(303)	1,939
Receivable against CFS financing		-	11,424
Other receivables		(241)	864
Short term investments		2,127	12,962
Long term loans		302	1,582
Long term deposits and prepayments		300	240
Long term trade debts		10,992	68,573
		<u>71,834</u>	<u>337,693</u>
(Decrease) / increase in liabilities			
Trade and other payables		5,130	(42,305)
Accrued interest		(3,007)	(5,924)
Long term deposits		33	23
		<u>2,156</u>	<u>(48,206)</u>
Cash generated from operations			
Leave encashment paid		(397)	(5,391)
Income tax paid		(3,867)	(3,356)
Financial charges paid		(2,254)	(21,441)
Net cash inflow from operating activities		<u>68,068</u>	<u>266,593</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,214)	(3,671)
Proceed from sale of tangible fixed assets		2,096	6,308
Proceed from sale of rooms		-	20,000
Interest received on staff loan		22	22
Net cash inflow from investing activities		<u>904</u>	<u>22,659</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan obtained		18,000	-
Long term loan repaid		(70,000)	(30,000)
Net cash used in financing activities		<u>(52,000)</u>	<u>(30,000)</u>
Net increase in cash and cash equivalents		<u>10,454</u>	<u>229,064</u>
Cash and cash equivalents at beginning of the year		<u>96,671</u>	<u>(132,393)</u>
Cash and cash equivalents at the end of the year		<u>107,125</u>	<u>96,671</u>
Cash and cash equivalents:			
Cash and bank balances	18	<u>107,125</u>	<u>96,671</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

Rehat S...
CHIEF EXECUTIVE

...
DIRECTOR

SUMMIT CAPITAL (PRIVATE) LIMITED
[Formerly Atlas Capital Markets (Private) Limited]
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

	Issued, subscribed and paid up capital	Unrealised loss on revaluation of available-for- sale	Accumulated loss	Total
	----- (Rs. in 000') -----			
Balance as at January 01, 2009	300,000	(857)	(25,129)	274,014
Total comprehensive income / (loss) for the year	-	857	(51,898)	(51,041)
Balance as at December 31, 2009	300,000	-	(77,027)	222,973
Total comprehensive income / (loss) for the year	-	-	(13,771)	(13,771)
Balance as at December 31, 2010	300,000	-	(90,798)	209,202

The annexed notes from 1 to 33 form an integral part of these financial statements.

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 CHIEF EXECUTIVE

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 + 
 DIRECTOR

SUMMIT CAPITAL (PRIVATE) LIMITED
[Formerly Atlas Capital Markets (Private) Limited]
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

1. THE COMPANY AND ITS OPERATIONS

Summit Capital (Private) Limited [Formerly 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 Summit Bank Limited.

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 4.7 below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and related interpretations and improvements which became effective during the year:

IFRS 2 - Share based Payments: Amendments relating to Group Cash-settled Share based Payment Transactions

IFRS 3 - Business Combinations (Revised)

IAS 27 - Consolidated and Separate Financial Statements (Amendment)

IAS 39 - Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendment)

IFRIC 17 - Distributions of Non-cash Assets to Owners

In May 2008 and April 2009, the IASB issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wordings. These improvements are listed below:

Issued in May 2008

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

Issued in April 2009

IFRS 2 - Share-based Payments

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash Flows

IAS 17 - Leases

IAS 36 - Impairment of Assets

IAS 38 - Intangible Assets

IFRIC 9 - Reassessment of Embedded Derivatives

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

The adoption of the above standards, amendments / improvements and interpretations did not have any effect on these financial statements.

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4.2 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 cost 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 7.1 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 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.

4.3 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 7.2 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.

4.4 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 8 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.

4.5 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.

4.6 Trade debts and other receivables

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

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4.7 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.

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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

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4.12 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.

4.13 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**.

4.14 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.

4.15 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 23.1. 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.

4.16 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.

4.17 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.

Signature

4.18 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.

4.19 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.

5. 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	4.6 & 13
Classification of investments	4.7
Useful lives of assets and methods of depreciation	4.2, 4.3, 4.4, 7.1, 7.2 & 8
Deferred taxation	4.14 & 12
Defined benefit plan	4.15 & 24.1

6. 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 amendments:

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
IAS 32 - Financial Instruments: Presentation - Classification of Right Issues (Amendment)	01 February 2010
IAS 24 - Related Party Disclosures (Revised)	01 January 2011
IAS 12 - Income Taxes: Deferred Tax Amendment - Recognition of Underlying Assets	01 January 2012
IFRIC 14 - IAS 19 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments)	01 January 2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	01 July 2010

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not materially affect 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. Such improvements are generally effective for accounting periods beginning on or after 01 January 2011. 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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7.1.1 Disposal of operating fixed assets (Continued)

Aggregate values of items where WDV is less than Rs. 50,000

	Cost	Accumulated Depreciation	Book Value	Sales Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
(Rs. in '000)							
Various	102	(55)	47	61	14	Negotiations	Various
	<u>2,788</u>	<u>(1,275)</u>	<u>1,513</u>	<u>2,098</u>	<u>585</u>		

7.2 Intangible assets

	2010							
	Cost				Accumulated amortisation			
	As at January 1, 2010	Additions	As at December 31, 2010	As at January 1, 2010	Charge for the year	As at December 31, 2010	Written down value as at December 31, 2010	Rate of Amortisation per annum %
(Rs. in '000)								
Computer Software	5,338	1,256	6,594	3,547	652	4,199	2,395	30
Website Cost	150	-	150	100	20	120	30	30
December 31, 2010	<u>5,488</u>	<u>1,256</u>	<u>6,744</u>	<u>3,647</u>	<u>672</u>	<u>4,319</u>	<u>2,425</u>	
	2009							
	Cost				Accumulated amortisation			
	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	Written down value as at December 31, 2009	Rate of Amortisation per annum %
(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	<u>5,105</u>	<u>383</u>	<u>5,488</u>	<u>2,881</u>	<u>766</u>	<u>3,647</u>	<u>1,841</u>	

2010 2009
----- (Rs. in '000) -----

7.3 Capital work in progress

Advance for office space / room paid to:
- National Commodity Exchange Limited
Others

	2,500	2,500
	200	1,231
	<u>2,700</u>	<u>3,731</u>

8. INVESTMENT PROPERTY

	2010							
	Cost				Accumulated depreciation			
	As at January 1, 2010	Additions/ (Disposals)	As at December 31, 2010	As at January 1, 2010	Charge for the year	As at December 31, 2010	Written down value as at December 31, 2010	Rate of Depreciation per annum %
(Rs. in '000)								
December 31, 2010 Residential premises	23,500	-	23,500	392	462	854	22,646	2
	2009							
	Cost				Accumulated depreciation			
	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	Written down value as at December 31, 2009	Rate of Depreciation per annum %
(Rs. in '000)								
December 31, 2009	-	23,500	23,500	-	392	392	23,108	

8.1 The fair value of above property was Rs.26.044 million (2009: Rs. 26.044 million) 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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SUMMIT CAPITAL (PRIVATE) LIMITED
[Formerly Atlas Capital Markets (Private) Limited]

	2010	2009
Note	----- (Rs. in '000) -----	
9. ROOMS AND CARDS		
Room - Lahore Stock Exchange	2,500	2,500
- Karachi Stock Exchange	3,700	3,700
- Islamabad Stock Exchange	16,600	16,600
	<u>22,800</u>	<u>22,800</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>53,851</u>
10. LONG TERM LOANS - secured, considered good		
Employees	10.1 52	393
Current maturity	14 (24)	(63)
	<u>28</u>	<u>330</u>
10.1 This represents interest free loan given to employees for purchase of motor cycles under the terms of employment and secured against the respective assets. These loans are recoverable over a period of four years.		
11. LONG TERM DEPOSITS - considered good		
Security deposits	11.1 <u>3,087</u>	<u>3,387</u>
11.1 Represent deposits with:		
Karachi Stock Exchange (Guarantee) Limited	250	250
Lahore Stock Exchange (Guarantee) Limited	520	520
Central Depository Company Limited	175	175
National Clearing Company Limited	250	550
National Commodity Exchange Limited	850	850
Office premises	990	990
Others	52	52
	<u>3,087</u>	<u>3,387</u>
12. DEFERRED TAX ASSET- net		
Deductible temporary differences arising on:		
Provision for gratuity and leave encashment	1,327	1,279
Tax loss	16,548	13,140
Taxable temporary differences arising on:		
Accelerated depreciation for tax purposes	<u>(2,393)</u>	<u>(2,155)</u>
	<u>15,482</u>	<u>12,264</u>
12.1 The above net deferred tax asset has been recognised in accordance with the Company's accounting policy as stated in note 4.14. 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.		
13. TRADE DEBTS		
Considered good		
Due from clients in respect of securities transactions - secured	31,681	110,063
Receivable from stock exchanges - unsecured	7,611	-
Commission receivable - unsecured	1,458	1,665
Considered doubtful		
Due from clients in respect of securities transactions - unsecured	96,908	96,908
	<u>137,658</u>	<u>208,636</u>
Less: Provision for doubtful debts	13.3 <u>96,908</u>	<u>96,908</u>
	<u>40,750</u>	<u>111,728</u>
13.1 Particulars of trade debts		
Short term (for upto one year)	<u>35,951</u>	<u>95,937</u>
Long term (for over one year)	<u>4,799</u>	<u>15,791</u>

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13.2 Includes Rs. 0.907 (2009: Nil) million due from the holding company:

	2010	2009
Note	------(Rs. in '000)-----	
13.3 Provision for doubtful debt		
Opening balance	96,908	70,239
Charge for the period	-	26,669
Closing balance	96,908	96,908

14. SHORT TERM LOANS

Current maturity of long term loan - secured	10	24	63
Staff loan - unsecured	14.1		
- Executives		-	85
- Employees		172	238
		196	386

14.1 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. 0.070 (2009: Rs. 0.295) million.

15. DEPOSITS AND PREPAYMENTS

Exposure deposits	15.1	1,520	1,425
Prepayments		3,087	1,663
		4,607	3,088

15.1 This represents exposure deposit held with the Karachi Stock Exchange (Gaurantee) Limited in respect of Karachi Future Market amounting to Rs. 1.520 (2009: Rs. 0.875) million and the National Commodity Exchange Limited amounting to nil (2009: Rs. 0.550) million under the exposure rules.

16. ACCRUED MARK-UP

Profit receivable on PLS accounts	16.1	288	-
Profit receivable on term deposit receipt		964	949
		1,252	949

16.1 Represents bank profit amounting to Rs. 0.277 million receivable from a related party.

17. OTHER RECEIVABLES

Receivable from related party on account of services rendered		250	-
Others		9	18
		259	18

18. CASH AND BANK BALANCES

Cash with banks:			
- Current accounts	18.1	50	50
- PLS saving accounts	18.2	77,039	66,571
- Term deposit receipts	18.3	30,000	30,000
Cash in hand		36	50
		107,125	96,671

18.1 Included herein are certain bank accounts having an aggregate balance of Rs. 0.04 (2009: Rs. 0.042) million which are in the name of the holding company and also includes Rs .013 (2009: nil) million maintained with the holding company.

18.2 This carries profit at the rate ranging from 5% to 12% (2009: 6% to 11%) and includes aggregate balance of Rs. 70.04 (2009: Rs. 0.962) million maintained with the holding company.

18.3 It represents term deposit receipt with a bank at rate of 11.5% per annum (2009: 11%) with maturity on September 18, 2011. The term deposit is under lien against a bank guarantee to Karachi Stock Exchange (Guarantee) Limited issued by a commercial bank.

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	2010	2009
Note	----- (Rs. in '000) -----	
19. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
30,000,000 Ordinary shares of Rs.10/- issued for consideration other than cash	<u>300,000</u>	<u>300,000</u>
20 LONG TERM LOAN - secured		
Represents a loan facility of Rs. 18 million obtained from a commercial bank against equitable mortgage of six flats located at Bhurban Heights, Bhurban, Islamabad. The loan is repayable in May 2012 and carries mark-up at three months KIBOR plus 3% per annum with no floor and cap and payable on quarterly basis.		
21. LONG TERM DEPOSITS		
Represents vehicle deposits from employees under company's policy. Deposits amounting to Rs. 0.299 (2009: Rs. 0.13) million have been received from executives.		
22. DEFERRED LIABILITY		
Provision for staff compensated absences		
Opening balance	1,900	7,909
Charge / (reversal) for the year	190	(618)
Encashment during the year	(397)	(5,391)
Closing balance	<u>1,693</u>	<u>1,900</u>
23. TRADE AND OTHER PAYABLES		
Due to clients in respect of securities transactions	48,666	41,556
Payable to Staff Gratuity Fund (a related party)	23.1 3,232	2,369
Accrued liabilities	3,324	1,744
Payable to stock exchanges	-	4,063
Others	791	289
	<u>56,013</u>	<u>50,021</u>
23.1 Gratuity payable - defined benefit plan		
23.1.1 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, 2010.		
23.1.2 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 (%)	14.00	11.75
Expected rate of return per annum on plan assets - percent, per annum (%)	14.00	12.75
Discount rate per annum - per annum (%)	14.00	12.75
Expected average remaining lives of employees - years	14.00	15.00
23.1.3 Reconciliation of payable to defined benefit plan		
	----- (Rs. in '000) -----	
Present value of defined benefit obligation	2,518	3,944
Receivable from Atlas Bank Limited - Staff Gratuity Fund	(3,036)	(3,982)
Payable to Atlas Bank Limited - Staff Gratuity Fund / Atlas Honda Management Staff Gratuity Fund	4,197	4,197
Unrecognised actuarial gain loss	(447)	(1,789)
Liability recognised in balance sheet	<u>3,232</u>	<u>2,370</u>

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Note	2010 ------(Rs. in '000)-----	2009
23.1.4 Movement in payable to defined benefit plan		
Opening balance	2,370	2,876
Charge for the year	862	1,081
Contributions paid to the fund during the year	-	(1,587)
Closing balance	<u>3,232</u>	<u>2,370</u>
23.1.5 Expense recognised in the profit and loss account		
Current service cost	329	581
Interest cost	440	913
Expected return on assets	-	(433)
Amortisation of actuarial loss	93	20
	<u>862</u>	<u>1,081</u>
24. CONTINGENCIES AND COMMITMENTS		
Letter of guarantee	24.1	<u>30,000</u>
		<u>30,000</u>
24.1	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.	
24.2	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 is in the process of filing an appeal before Income Tax Appellate Tribunal against the amended order. The management expects a favourable outcome of the appeal, hence no provision in this regard has been made in these financial statements.	
25. OTHER INCOME		
Profit on bank account and term deposit receipt		6,045
Profit on cash margins		47
Mark-up on trade debts		6,867
Net gain / (loss) on sale of operating fixed assets	7.1.1	585
Gain on sale of rooms		-
Miscellaneous		877
		<u>14,421</u>
		<u>25,134</u>
26. OPERATING AND ADMINISTRATIVE EXPENSES		
Salaries and benefits	26.1	26,245
KSE clearing house and CDC charges		1,981
Depreciation	7.1 & 8	4,938
Amortization	7.2	672
Stamps and fees expense		77
Director's Fee		-
Telephone, fax and postage		3,812
Rent, rates and taxes		4,035
Fees and subscription		3,346
Vehicle running expense		1,542
Repairs and maintenance		1,328
Electricity, gas, etc.		2,755
Printing and stationery		669
Travelling expense		619
Legal and professional charges		1,953
Entertainment		513
Auditors' remuneration	26.2	441
Advertisement & business promotion		21
Insurance		1,814
Operating fixed assets written off		70
Miscellaneous		493
		<u>57,324</u>
		<u>68,013</u>
26.1	This includes an amount of Rs. 1.416 (2009: Rs. 2.025) million in respect of employees provident fund contribution and provision for gratuity of Rs. 0.862 (2009: Rs. 1.081) million.	

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	2010	2009
	----- (Rs. in '000) -----	
26.2 Auditors' remuneration		
Audit fee	150	150
Other certifications	90	85
Taxation	148	120
Out of pocket	53	81
	<u>441</u>	<u>436</u>

27. FINANCIAL CHARGES

Mark-up on:		
Long term loan	884	14,473
Short term running finance	583	6,371
Bank charges	787	597
	<u>2,254</u>	<u>21,441</u>

28. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	2010		2009	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rs. in '000) -----			
Managerial remuneration	1,355	4,320	2,824	7,713
Housing and Utilities	587	2,027	803	1,305
Medical	54	180	83	288
Retirement benefits	168	777	311	848
Others	870	1,486	564	3,160
	<u>3,034</u>	<u>8,790</u>	<u>4,585</u>	<u>13,314</u>
	<u>1</u>	<u>6</u>	<u>1</u>	<u>9</u>

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

29. 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:

	2010	2009
	----- (Rs. in '000) -----	
Holding Company		
Equity brokerage income	2,123	-
Money market brokerage income	98	159
Services rendered	209	-
Profit on bank accounts	1,379	290
Financial charges paid	531	6,247
Electricity, gas, etc. paid	-	164
Rent, rate & taxes, etc. paid	-	994

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

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30. FINANCIAL INSTRUMENTS

30.1 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

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.0.590 million 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.

30.2 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:

	2010			2009		
	Within 1 year	More than 1 year	Total	Within 1 year	More than 1 year	Total
	----- (Rs.in '000) -----					
Long term loan	-	18,000	18,000	-	70,000	70,000
Long term deposits	-	480	480	-	447	447
Trade and other payables	56,013	-	56,013	50,021	-	50,021
	<u>56,013</u>	<u>18,480</u>	<u>74,493</u>	<u>50,021</u>	<u>70,447</u>	<u>120,468</u>

30.3 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, 2010 aggregated to Rs.144 (2009: Rs. 214.844) million.

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

	2010	2009
	----- (Rs. in '000) -----	
Debts neither impaired nor past due on reporting date	36,605	107,446
Debts not impaired on reporting date but past due	10,487	10,490
Debt impaired	96,908	96,908
	<u>144,000</u>	<u>214,844</u>

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30.4 Capital Management

Capital requirements of the Company are set and regulated by the Karachi Stock Exchange (Guarantee) 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.

31. NUMBER OF EMPLOYEES

The number of employees as at December 31, 2010 were 43 (2009: 53).

32. DATE OF AUTHORISATION

These financial statements were authorised for issue in the Board of Directors meeting held on February 26, 2011

33. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Rahat Sana
+

CHIEF EXECUTIVE

RM

+
[Signature]

DIRECTOR