



SUMMIT CAPITAL (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Summit Capital (Private) Limited** (the Company) as at **31 December 2012** 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.



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- (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 2012 and of the profit, comprehensive income, 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

Engagement Partner: Shabbir Yunus

Date: 28 February 2013

Karachi

SUMMIT CAPITAL (PRIVATE) LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2012

<u>ASSETS</u>	Note	2012 ----- (Rupees in '000) -----	2011 ----- (Rupees in '000) -----
NON-CURRENT ASSETS			
Fixed assets	7	43,315	81,386
Trading right entitlements / ordinary shares	8	31,051	-
Investment property	9	21,749	22,193
Long-term loans and deposits	10	2,587	3,091
Deferred tax asset - net	11	14,141	20,819
		112,843	127,489
CURRENT ASSETS			
Trade debts	12	36,043	23,048
Short-term loans, deposits, prepayments and others	13	9,626	9,542
Accrued mark-up	14	329	335
Investment in an associate	15	-	28,910
Advance tax - net		13,724	10,017
Cash and bank balances	16	101,277	41,791
		160,999	113,643
		273,842	241,132
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
50,000,000 (2011: 50,000,000)			
Ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital	17	300,000	300,000
Accumulated losses		(88,375)	(105,105)
		211,625	194,895
CURRENT LIABILITIES			
Trade and other payables	18	62,217	27,503
Accrued interest		-	734
Current maturity of long-term loan		-	18,000
		62,217	46,237
CONTINGENCIES AND COMMITMENTS			
	19	273,842	241,132
		273,842	241,132

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

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Chief Executive Officer

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Director

SUMMIT CAPITAL (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012 ----- (Rupees in '000) -----	2011
Income			
Equity brokerage commission		20,541	13,900
Money market and forex brokerage commission		13,606	11,295
Fee on distribution of open end units		19	261
Gain on sale of investments - net		28,409	-
Other income	20	24,678	25,374
		87,253	50,830
Expenditure			
Operating and administrative expenses	21	58,308	55,326
Provision for impairment in an associate		-	9,438
Financial charges	22	4,398	3,550
		62,706	68,314
		24,547	(17,484)
Share of profit of an associate		1,128	1,148
Profit / (loss) before taxation		25,675	(16,336)
Taxation - current		2,267	3,308
- deferred		6,678	(5,337)
		8,945	(2,029)
Profit / (loss) after taxation		16,730	(14,307)

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

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Rahat Khan

Chief Executive Officer

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Director

SUMMIT CAPITAL (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012 ----- (Rupees in '000) -----	2011 ----- (Rupees in '000) -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		25,675	(16,336)
Interest income on staff loan		(53)	(25)
		<u>25,622</u>	<u>(16,361)</u>
Adjustments for:			
Depreciation	7.1 & 9	3,883	4,878
Amortisation	7.2	449	702
Provision for leave encashment	18.2.1	473	640
Provision for gratuity	18.3.4	657	758
Realised gain on investments on listed / unlisted securities		(28,409)	9,438
Share of profit in an associate		(1,128)	(1,148)
Loss / (gain) on sale of operating fixed assets	7.1.1	2,759	(291)
Operating fixed assets written off		2,085	806
Financial charges	22	4,398	3,550
		<u>(14,833)</u>	<u>19,333</u>
(Increase) / decrease in assets			
Trade debts		(12,995)	12,903
Short-term loans, deposits, prepayments and others		(84)	(4,480)
Accrued mark-up		6	917
Long-term loans and deposits		504	4,823
		<u>(12,569)</u>	<u>14,163</u>
(Decrease) / increase in liabilities			
Trade and other payables		33,746	(32,006)
Accrued interest		(734)	726
Long-term deposits		-	184
		<u>33,012</u>	<u>(31,096)</u>
Cash generated from operations		<u>31,232</u>	<u>(13,961)</u>
Compensated absences paid		(162)	(259)
Income tax paid		(5,975)	(4,464)
Financial charges paid		(4,398)	(3,550)
Net cash used in / (generated from) operating activities		<u>20,697</u>	<u>(22,234)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,992)	(6,897)
Proceed from sale of tangible fixed assets		281	972
Short-term investments		58,447	(37,200)
Interest received on staff loan		53	25
Net cash used in / (generated from) investing activities		<u>56,789</u>	<u>(43,100)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan obtained		-	-
Long-term loan repaid		(18,000)	-
Net cash used in financing activities		<u>(18,000)</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>59,486</u>	<u>(65,334)</u>
Cash and cash equivalents at beginning of the year		<u>41,791</u>	<u>107,125</u>
Cash and cash equivalents at the end of the year		<u>101,277</u>	<u>41,791</u>
Cash and cash equivalents			
Cash and bank balances	16	<u>101,277</u>	<u>41,791</u>

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

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Rohat S. S. S.

Chief Executive Officer

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Director

SUMMIT CAPITAL (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	----- (Rupees in '000) -----	
Net profit / (loss) for the year	16,730	(14,307)
Other comprehensive income / (loss)	-	-
Total comprehensive profit / (loss) for the year	16,730	(14,307)

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

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Robert S. ...

 Chief Executive Officer

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 Director

SUMMIT CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012

	Issued, subscribed and paid-up capital	Unappropriated profit / accumulated (losses)	Total
	(Rupees in '000)		
Balance as at January 01, 2011	300,000	(90,798)	209,202
Loss for the year	-	(14,307)	(14,307)
Other comprehensive income / (loss)	-	-	-
Total comprehensive loss for the year	-	(14,307)	(14,307)
Balance as at December 31, 2011	300,000	(105,105)	194,895
Balance as at January 01, 2012	300,000	(105,105)	194,895
Profit for the year	-	16,730	16,730
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	16,730	16,730
Balance as at December 31, 2012	300,000	(88,375)	211,625

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

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Chief Executive Officer

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Director

SUMMIT CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. THE COMPANY AND ITS OPERATIONS

Summit Capital (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 / TREC holder of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited, Islamabad Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the Company are equity and money market brokerage, interbank foreign exchange brokerage, commodity brokerage, corporate advisory and consultancy services and distribution of open end units. The registered office of the Company is situated at 701-702, 7th Floor, Business and Finance Centre, Opposite State Bank of Pakistan, I.I Chundrigar Road, 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

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

4.1 New and amended standards and interpretations

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

IFRS 7 – Financial Instruments: Disclosures - Enhanced De-recognition
 Disclosure Requirements (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

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

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.

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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.

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. Depreciation is charged from the month of purchase and no depreciation is charged from the month of disposal.

Intangible assets with indefinite useful lives are not amortised. Instead they are systematically tested for impairment at each balance sheet date.

Cost associated with maintaining assets are recognised as an expense in the period in which these are incurred.

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

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.

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.

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4.5 Trade debts and other receivables

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

4.6 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.

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.

Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturities are classified as held-to-maturity where management has both the positive intent and ability to hold them to maturity. After initial measurement held-to-maturity investments are stated at amortised cost using the effective interest rate method, less impairment. Provision for impairment in value, if any, is charged to income.

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 resell / 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.

Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost and the carrying amount with Company's share of the profit and loss, distribution received and change in the comprehensive income of the investee at the end of each reporting period. After application of the equity method, the Company determines whether it is necessary to recognise any impairment loss with respect to the Company's net investment in the associate.

4.7 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.

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4.8 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 resell 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.

4.9 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.

4.10 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.

4.11 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.

4.12 Revenue recognition

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

Income from placements is recognised on time proportion basis.

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

Income from capital gains is recognised as and when realised.

Mark-up income, return on bank deposits and balances and other revenues are recognised on accrual basis.

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4.13 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 utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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.

4.14 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 23. 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.

4.15 Employee compensated absences

Employee entitlements to annual leaves are recognised 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.

4.16 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.

4.17 Provisions

Provisions are recognised 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.

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4.18 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.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

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 recognised 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	4.5 & 12
Classification of investments	4.6
Useful lives of assets and methods of depreciation	4.2, 4.3, 4.4, 7.1, 7.2 & 9
Deferred taxation	4.13 & 11
Defined benefit plan	4.14 & 18.3.1

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

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

Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 7 – Financial Instruments : Disclosures – (Amendments) – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 1 – Presentation of Financial Statements - Presentation of items of other comprehensive income	July 01, 2012
IAS 19 – Employee Benefits – (Revised)	January 01, 2013
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

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The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application other than the amendments to IAS 19 'Employees Benefits' as described below:

Amendments to IAS 19 range from fundamental changes to simple clarification and re-wording. The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognised in other comprehensive income with no subsequent recycling to profit and loss.
- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.
- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

While the Company is currently assessing the full impact of the above amendments which are effective from January 01, 2013 on the financial statements, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses (refer to note 4.14 to the financial statements) to recognise actuarial gains and losses in total in other comprehensive income in the period in which they occur. The potential impact of the said changes on the financial position and performance for the year 2013 is estimated as under:

--- (Rupees) ---

Net increase / (decrease) in employee benefit liability	(313,946)
Net increase / (decrease) in other comprehensive income	57,956
Net increase / (decrease) in profit for the year	255,990

Improvements to IFRS

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2013. 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.

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

	IASB effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2013
IFRS 11 – Joint Arrangements	January 01, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 – Fair Value Measurement	January 01, 2013

7. FIXED ASSETS

Operating fixed assets - tangible
Intangible assets
Capital work-in-progress

Note
2012
2011
----- (Rupees in '000) -----

7.1	39,792	46,241
7.2	1,023	32,645
7.3	2,500	2,500
	43,315	81,386

7.1 Operating fixed assets - tangible

	Cost		Accumulated depreciation		Rate of Depreciation per annum %
	As at January 01, 2012	As at December 31, 2012	As at January 01, 2012	As at December 31, 2012	
Stock exchange rooms	22,800	24,200	-	-	-
Leasehold improvements	7,679	1,240	3,092	520	10
Furniture and fittings	2,686	1,346	1,089	585	10
Motor vehicles	13,552	13,552	5,056	6,755	20
Office equipment	3,466	3,408	1,272	1,450	10
Computer equipment	15,804	14,266	12,795	12,234	30
Electrical equipment	5,942	5,772	2,384	2,448	10
December 31, 2012	71,929	63,784	25,688	23,992	39,792

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2011

	Cost		Accumulated depreciation				Rate of Depreciation per annum %
	As at January 01, 2011	As at December 31, 2011	As at January 01, 2011	Charge for the year / (disposal) / (written off) *	As at December 31, 2011	Written down value as at December 31, 2011	
Stock exchange rooms	22,800	22,800	-	-	-	22,800	-
Leasehold improvements	7,818	7,679	61 (200) *	514 (50) *	3,092	4,587	10
Furniture and fittings	3,212	2,686	70 (596) *	216 (168) *	1,089	1,597	10
Motor vehicles	8,444	13,552	6,305 (1,197)	1,888 (596)	5,056	8,496	20
Office equipment	3,462	3,466	26 (22)	242	1,272	2,194	10
Computer equipment	15,690	15,804	467 (353)	1,170 (296)	12,795	3,009	30
Electrical equipment	5,874	5,942	68	395	2,384	3,558	10
December 31, 2011	67,300	71,929	6,997 (1,572) (796) *	4,425 (892) (218) *	25,688	46,241	

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7.1.1 Disposal of operating fixed assets

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of Purchaser
----- (Rupees in '000) -----							
Leasehold improvements							
Miscellaneous items	3,553	(1,524)	2,029	100	(1,929)	Negotiation	M. Faheem - Contractor, Karachi
Furniture and fittings							
Furniture	1,330	(599)	731	70	(661)	Negotiation	M. Faheem - Contractor, Karachi
Grill shutter	10	(8)	2	4	2	Negotiation	Scrap Dealer
Electrical equipment							
13 - LG							
Airconditioners	438	(188)	250	100	(150)	Negotiation	M. Faheem - Contractor, Karachi
Light Guy Tower	48	(20)	28	7	(21)	Negotiation	Scrap Dealer
	5,379	(2,339)	3,040	281	(2,759)		

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7.2 Intangible assets

	2012		2011		Rate of Amortisation per annum %
	Cost (written off) * / **	As at December 31, 2012	As at January 01, 2012	Accumulated amortisation Charge for the year / (written off) *	
Computer software	6,185	5,359	4,591	449 (704) *	30
Website cost	-	-	-	-	30
Stock exchange cards	31,051	-	-	449 (704) *	-
December 31, 2012	37,236	5,359	4,591	449 (704) *	1,023

** see note 8

	2012		2011		Rate of Amortisation per annum %
	Cost (written off) * / **	As at December 31, 2012	As at January 01, 2011	Accumulated amortisation Charge for the year / (written off) *	
Computer software	6,594	6,185	4,199	792 (400) *	30
Website cost	150	-	120	30 (150) *	30
Stock exchange cards	31,051	31,051	-	-	-
December 31, 2011	37,795	37,236	4,319	822 (550)	32,645

7.3 Capital work-in-progress

Advance for office space / room paid to:
- Pakistan Mercantile Exchange Limited

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2012	2011
2,500	2,500
2,500	2,500

	Note	2012 ----- (Rupees in '000) -----	2011
10. LONG-TERM LOANS AND DEPOSITS			
Long-term loans to employees - secured, considered good	10.1	-	14
Long-term deposits - considered good	10.2	<u>2,587</u>	<u>3,077</u>
		<u>2,587</u>	<u>3,091</u>
10.1 These are interest free loans given to employees for purchase of motor cycles under the terms of employment and secured against the respective assets. These loans were recoverable over a period of four years. However, they were repaid early during the currency year.			
10.2 Long-term deposits - considered good			
Security deposits	10.2.1	<u>2,587</u>	<u>3,077</u>
10.2.1 Represent deposits with:			
Karachi Stock Exchange Limited		100	100
Lahore Stock Exchange Limited		520	520
Central Depository Company of Pakistan Limited		175	175
National Clearing Company of Pakistan Limited		400	400
Pakistan Mercantile Exchange Limited		850	850
Prime Management Services - (office premises)		-	990
Pakistan Telecommunication Company Limited		42	42
Pakistan Mercantile Exchange Limited (Clearing House)		500	-
		<u>2,587</u>	<u>3,077</u>
11. DEFERRED TAX ASSET - net			
Deductible temporary differences arising on:			
Provision for gratuity and compensated absences		840	895
Unused tax losses		13,763	21,399
Minimum tax		345	-
Taxable temporary differences arising on:			
Accelerated depreciation for tax purposes		(807)	(1,475)
		<u>14,141</u>	<u>20,819</u>
11.1 The above net deferred tax asset has been recognised in accordance with the Company's accounting policy as stated in note 4.13. The management, based on the financial projections, estimates that sufficient taxable profits would be available in future against which this deferred tax asset could be realised.			
12. TRADE DEBTS			
Considered good			
Due from clients in respect of securities transactions - secured	12.1	8,196	3,693
Receivable from clearing house - unsecured		6,382	-
Commission receivable - unsecured		2,653	3,196
Considered doubtful			
Due from clients in respect of securities transactions - secured	12.2	18,812	16,159
Due from clients in respect of securities transactions - unsecured		71,070	88,031
		<u>107,113</u>	<u>111,079</u>
Less: Provision for doubtful debts	12.3	71,070	88,031
		<u>36,043</u>	<u>23,048</u>

12.1 Includes Rs.0.483 (2011: Rs.0.231) million due from the holding company.

12.2 These are secured against collateral having fair market value amounting to Rs.20.108 (2011: Rs.17.455) million.

	Note	2012 ----- (Rupees in '000) -----	2011
12.3 Movement in provision for doubtful debts			
Opening balance		88,031	96,908
Reversal during the year		(16,961)	(8,877)
Closing balance		<u>71,070</u>	<u>88,031</u>

13. SHORT-TERM LOANS, DEPOSITS, PREPAYMENTS AND OTHERS

Short-term loans	13.1	301	671
Deposits and prepayments	13.2	9,325	8,861
Other receivables		-	10
		<u>9,626</u>	<u>9,542</u>

13.1 Short-term loans

Current maturity of long-term loan - secured		-	14
Staff loans - unsecured	13.1.1		
- Executives		61	387
- Employees		240	270
		<u>301</u>	<u>671</u>

13.1.1 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.0.339 (2011: Rs.0.448) million.

13.2 Deposits and prepayments

Exposure deposits	13.2.1	8,996	8,213
Prepayments		329	648
		<u>9,325</u>	<u>8,861</u>

13.2.1 This represents exposure deposit held with the Karachi Stock Exchange Limited in respect of Karachi Future Market amounting to Rs.0.996 (2011: Rs.1.063) million, Karachi Regular Market amounting to Rs.8.000 (2011: Rs.7.000) million and the Lahore Stock Exchange Limited in respect of Lahore Regular Market amounting to Rs.Nil (2011: Rs.0.150) million under the exposure rules.

14. ACCRUED MARK-UP

On PLS savings accounts	14.1	<u>329</u>	<u>335</u>
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14.1 It includes profit amounting to Rs.0.329 (2011: Rs.0.335) million receivable from a related party.

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	Note	2012 ----- (Rupees in '000) -----	2011 ----- (Rupees in '000) -----
15. INVESTMENT IN AN ASSOCIATE			
Investment in an associate under equity method	15.1	-	28,910

15.1 Particulars of investment in associates

2012 (Number of shares)	2011	Face value per share (Rupees)	Name of associate	2012 ----- (Rupees in '000) -----	2011 ----- (Rupees in '000) -----
-	5,314,286	10	Rozgar Microfinance Bank Limited	-	28,910

The above investment was disposed off during the year at Rs.52.611 million.

16. CASH AND BANK BALANCES

Cash in hand		13	12
Cash with banks:			
- Current accounts	16.1	62	7
- PLS savings accounts	16.2	101,202	41,772
		<u>101,277</u>	<u>41,791</u>

16.1 Included herein Rs.0.032 (2011: Rs.0.002) million maintained with the holding company.

16.2 This carries profit at rates ranging from 9.5% to 11% (2011: 11% to 12%) per annum and includes aggregate balance of Rs.101.058 (2011: Rs.38.592) million maintained with the holding company.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

30,000,000 Ordinary shares of Rs.10 each issued for consideration other than cash		<u>300,000</u>	<u>300,000</u>
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18. TRADE AND OTHER PAYABLES

Due to clients in respect of securities transactions		57,327	20,282
Deposit from employees against vehicles	18.1	812	664
Accrued liabilities	18.2	4,009	3,420
Payable to stock exchanges		-	2,310
Payable to Staff Gratuity Fund (a related party)	18.3	-	758
Others		69	69
		<u>62,217</u>	<u>27,503</u>

18.1 These represent vehicle deposits from employees under Company's policy. Deposits amounting to Rs.0.507 (2011: Rs.0.265) million have been received from executives.

18.2 These include provision for staff compensated absences amounting to Rs.2.385 (2011: Rs.2.074) million).

18.2.1 Provision for staff compensated absences

Opening balance	2,074	1,693
Charge for the year	473	640
Encashment during the year	(162)	(259)
Closing balance	<u>2,385</u>	<u>2,074</u>

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18.3 Gratuity payable - defined benefit plan

18.3.1 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 trust deed for the scheme has been duly executed on July 12, 2007.

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, 2012.

	2012	2011
	----- (Rupees in '000) -----	
18.3.2 Principal actuarial assumption		
The following principal assumptions were used for the valuation:		
Estimated rate of increase in salary of the employees - percent, per annum (%)	11.50	12.50
Expected rate of return on plan assets - percent, per annum (%)	10.00	6.00
Discount rate - per annum (%)	11.50	12.50
Expected average remaining lives of employees - years	13	14
18.3.3 Reconciliation of payable to / (receivable from) defined benefit plan		
Present value of defined benefit obligation	3,604	3,044
Fair value of plan assets	(5,079)	(3,232)
Receivable from Summit Bank Limited - Staff Gratuity Fund	(3,036)	(3,036)
Payable to Summit Bank Limited - Staff Gratuity Fund	4,197	4,197
Unrecognised actuarial gain / (loss)	314	(215)
Liability recognised in balance sheet	<u>-</u>	<u>758</u>
18.3.4 Movement in payable to defined benefit plan		
Opening balance	758	3,232
Charge for the year	657	758
Contributions paid to the fund during the year	(1,415)	(3,232)
Closing balance	<u>-</u>	<u>758</u>
18.3.5 Expense recognised in the profit and loss account		
Current service cost	513	401
Interest cost	380	347
Expected return on plan assets	(236)	-
Amortisation of actuarial loss	-	10
<i>EMSK</i>	<u>657</u>	<u>758</u>

19. CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments at the balance sheet date.

	Note	2012 ----- (Rupees in '000) -----	2011 -----
20. OTHER INCOME			
Profit on bank accounts and term deposit receipts		4,775	8,585
Profit on cash margins		1,611	169
Mark-up on trade debts		-	2,009
Reversal of provision against doubtful debts		16,961	8,877
Reversal of CFS payable		-	2,526
Miscellaneous		1,331	3,208
		<u>24,678</u>	<u>25,374</u>

21. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and benefits	- 21.1	29,629	29,421
KSE clearing house and CDC charges		2,294	1,646
Depreciation	7.1 & 8	3,884	4,874
Net (loss) / gain on sale of operating fixed assets	7.1.1	2,759	(291)
Amortisation	7.2	449	702
Stamps and fees expense		37	48
Telephone, fax and postage		3,660	3,391
Rent, rates and taxes		2,724	4,416
Fees and subscription		384	690
Vehicle running expense		2,056	1,955
Repairs and maintenance		1,861	1,602
Utilities		2,326	2,504
Printing and stationery		400	517
Travelling expense		611	541
Legal and professional charges		360	117
Entertainment		855	657
Auditors' remuneration	21.2	584	457
Insurance		1,119	971
Operating fixed assets written off		2,085	806
Miscellaneous		231	302
		<u>58,308</u>	<u>55,326</u>

21.1 This includes an amount of Rs.1.192 (2011: Rs.1.067) million in respect of employees provident fund contribution and Rs.0.657 (2011: Rs.0.758) million in respect of gratuity.

21.2 Auditors' remuneration

Audit fee	200	200
Other certifications	155	105
Taxation	164	134
Out of pocket expenses	65	18
	<u>584</u>	<u>457</u>

EVASH

2012 2011
----- (Rupees in '000) -----

22. FINANCIAL CHARGES

Mark-up on:

Long-term loan	2,034	2,956
Short-term finance	2,254	-
Bank charges	110	594
	4,398	3,550

23. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	2012		2011	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rupees in '000) -----			
Managerial remuneration	1,856	4,769	1,624	4,503
Housing and utilities	1,021	2,786	893	2,478
Medical	-	180	-	175
Retirement benefits	155	397	211	312
Others	573	1,833	441	1,572
	3,605	9,965	3,169	9,040
	1	6	1	6

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

24. RELATED PARTY 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:

	2012	2011
	----- (Rupees in '000) -----	
Holding Company - Summit Bank Limited		
Equity brokerage income	1,196	1,429
Money market and forex brokerage income	610	813
Services rendered	-	1,676
Profit on bank accounts	4,686	5,488
Financial charges paid	4,393	2,340
Current portion of long-term loan	-	18,000
Rent paid	1,350	-
Repayment of long-term loan	18,000	-
Shares purchased from holding company	501,870	37,200
Shares sold to holding company	503,876	-
Equity brokerage income - Directors, key management personnel	9	-

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

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25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

25.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its 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 counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits, other receivables, investments and bank balances. The Company seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	2012	2011
	----- (Rupees in '000) -----	
Long-term deposits	2,587	3,077
Trade debts	36,043	23,048
Short-term loans, deposits and prepayments	9,626	9,542
Accrued mark-up	329	335
Investment in an associates	-	28,910
Bank balances	101,264	41,779
	<u>149,849</u>	<u>106,691</u>

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

25.1.1 Trade debts

Customers with no defaults in the past one year	36,043	23,048
Customers with some defaults in past one year which have been fully recovered	-	-
	<u>36,043</u>	<u>23,048</u>

25.1.1.1 The ageing of trade debts at December 31 is as follows:

Neither past due nor impaired	14,675	3,724
Past due but not impaired		
- within 90 days	2,250	3,022
- 91 to 180 days	284	43
- over 180 days	18,834	16,259
	<u>36,043</u>	<u>23,048</u>

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25.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
	(Rupees in '000)					
Trade and other payables	62,217	-	-	-	-	62,217
2012	62,217	-	-	-	-	62,217

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
	(Rupees in '000)					
Long-term financing	-	-	18,000	-	-	18,000
Trade and other payables	27,503	-	-	-	-	27,503
Accrued interest	-	734	-	-	-	734
2011	27,503	734	18,000	-	-	46,237

25.3 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Sensitivity analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
December 31, 2012		
3 months KIBOR	<u>100</u>	<u>-</u>
December 31, 2011		
3 months KIBOR	<u>100</u>	<u>74,959</u>

25.4 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

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The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and investments. Capital signifies equity as shown in the balance sheet plus net debt.

25.5 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair value.

26. NUMBER OF EMPLOYEES

The number of employees as at December 31, 2012 were 53 (December 31, 2011: 50).

27. RECLASSIFICATIONS

Following corresponding figures have been reclassified for the purpose of better presentation:

Statement	Component	Reclassification from	Reclassification to	Amount in Rupees
Balance sheet	Non-current assets	Fixed Assets - Intangible assets	Fixed Assets - Operating fixed assets - tangible	22,800

28. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on

February 28, 2013

29. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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Rahat Islam

Chief Executive Officer

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Director