

**Summit Capital (Private)
Limited**

**Financial Statements
For the year ended December 31, 2017**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Summit Capital (Private) Limited (the Company) as at December 31, 2017 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;
 - 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 December 31, 2017 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 deductible at source under the Zakat and Ushr Ordinance, (XVIII of 1980).


Chartered Accountants

M.A.H.
Engagement Partner:
Mushtaq Ali Hirani

Date: 01 MAR 2018
Place:

SUMMIT CAPITAL (PRIVATE) LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2017

	2017	2016
	----- (Rupees in '000) -----	
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	41,084	41,224
Intangible assets	4,558	7,987
Long term advances	4,253	4,208
Long term investment	47,551	23,310
Investment property	19,660	20,062
Long term deposits	5,238	2,092
Deferred tax asset - net	5,364	5,222
	127,708	104,105
CURRENT ASSETS		
Debtors	51,699	64,613
Short term loans	774	539
Short term deposits, prepayments and other receivables	80,828	63,813
Short term investments	-	5,995
Advance tax - net	23,890	21,628
Cash and bank balances	123,091	135,678
	280,282	292,266
	407,990	396,371
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 50,000,000 Ordinary shares of Rs.10 each	500,000	500,000
Issued, subscribed and paid-up share capital	300,000	300,000
Unrealized gain on revaluation of AFS Investment	31,240	-
Accumulated loss	(4,179)	(32,201)
	327,061	267,799
CURRENT LIABILITIES		
Creditors and other payables	77,990	126,901
Accrued interest	2,939	1,671
	80,929	128,572
	407,990	396,371
CONTINGENCIES AND COMMITMENTS		
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The annexed notes from 1 to 34 form an integral part of these financial statements.

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Rohat S...

Chief Executive Officer

[Signature]
 Director

SUMMIT CAPITAL (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Equity brokerage commission	21 59,234	61,606
Money market and forex brokerage commission	41,551	34,526
Commodity commission	492	332
Unrealized loss on revaluation of held-for-trading securities	-	(372)
Gain on sale of securities - net	58,878	9,238
Dividend income	5,458	1,656
Other income	22 13,531	14,200
	179,144	121,186
Operating and administrative expenses	23 115,637	96,005
Workers welfare fund	-	(1,157)
Financial charges	24 16,269	9,303
Profit before taxation	<u>131,906</u>	<u>104,151</u>
	47,238	17,035
Taxation - current	25 18,145	7,564
- deferred	(143)	417
	18,002	7,981
Profit after taxation	<u>29,236</u>	<u>9,054</u>
Earnings per share - basic and diluted (Rupee)	26 0.97	0.30

The annexed notes from 1 to 34 form an integral part of these financial statements.

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Rohat S...

Chief Executive Officer

[Signature]
 Director

SUMMIT CAPITAL (PRIVATE) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 ----- (Rupees in '000) -----	2016 -----
Net profit for the year		29,236	9,054
Other comprehensive income - net			
Items that will not to be reclassified to profit and loss account in subsequent periods			
Actuarial loss on defined benefit plan	19.3.4	(1,214)	(520)
Items that may be reclassified to profit and loss account in subsequent periods			
Unrealized gain on revaluation of available-for-sale investments	9.1	31,240	-
Total comprehensive income for the year		59,262	8,534

The annexed notes from 1 to 34 form an integral part of these financial statements.

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Rohat Sin

Chief Executive Officer

[Signature]
 Director

SUMMIT CAPITAL (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 ----- (Rupees in '000) -----	2016
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		47,238	17,035
Adjustments for			
Depreciation	6.1 & 9	4,112	4,199
Amortization	7	74	105
Provision for leave encashment	18.2.1	925	921
Provision for staff retirement gratuity	18.3.4	844	747
Reversal of Workers' Welfare Fund		-	(1,157)
Interest income on staff loan		(56)	(26)
Unrealized loss on revaluation of held-for-trading securities		-	372
Gain on sale of securities - net		(58,878)	(9,238)
Gain on disposal of operating fixed assets	6.1.1	(606)	(122)
TRE certificate written off		3,355	-
Dividend income		(5,458)	(1,656)
Provision against doubtful debts		2,987	-
Financial charges	23	16,269	9,303
		(36,432)	3,448
(Increase) / decrease in assets			
Debtors		9,927	(28,014)
Short-term loans		(235)	(329)
Short-term deposits, prepayments and other receivables		(17,015)	(11,135)
Long term deposits		(3,146)	500
		(10,469)	(38,978)
(Decrease) / increase in liabilities			
Creditors and other payables		(49,722)	60,620
Cash (used in) / generated from operations		(49,385)	42,125
Compensated absences paid	18.2.1	(114)	(74)
Income tax paid		(20,404)	(13,188)
Financial charges paid		(15,001)	(7,632)
Gratuity paid	18.3.4	(2,058)	(1,267)
Interest received on staff loan		56	26
Net cash (used in) / generated from operating activities		(86,906)	19,990
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of short term investments		(2,863,320)	(1,922,699)
Sale of short term investments		2,935,191	1,925,570
Purchase of property and equipment		(3,678)	(2,282)
Advance for purchase of vehicle		(1,753)	-
Dividend received		5,458	1,656
Proceed from disposal of fixed assets		2,421	1,081
Net cash generated from investing activities		74,319	3,326

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	2017	2016
Note	----- (Rupees in '000) -----	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Running finance availed	372,805	200,957
Running finance repaid	<u>(372,805)</u>	<u>(200,957)</u>
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	(12,587)	23,316
Cash and cash equivalents at beginning of the year	<u>135,678</u>	<u>112,362</u>
Cash and cash equivalents at the end of the year	<u>17</u> <u>123,091</u>	<u>135,678</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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Rahat S-16
Chief Executive Officer

[Signature]
Director

SUMMIT CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	Issued, subscribed and paid-up capital	Unrealized gain on revaluation of Available for sale investments	Accumulated profit / (loss)	Total
	----- (Rupees in '000) -----			
Balance at January 01, 2016	300,000	-	(40,735)	259,265
Profit for the year	-	-	9,054	9,054
Other comprehensive income	-	-	(520)	(520)
Total comprehensive income for the year	-	-	8,534	8,534
Balance at December 31, 2016	300,000	-	(32,201)	267,799
Profit for the year	-	-	29,236	29,236
Other Comprehensive Income				
Actuarial loss on defined benefit plan	-	-	(1,214)	(1,214)
Unrealized gain on revaluation of available-for-sale investments	-	31,240	-	31,240
Total comprehensive income for the year	-	31,240	28,022	59,262
Balance at December 31, 2017	300,000	31,240	(4,179)	327,061

The annexed notes from 1 to 34 form an integral part of these financial statements.

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Rahat Sultana

Chief Executive Officer

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Director

SUMMIT CAPITAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the Company are equity brokerage, money market brokerage, interbank foreign exchange brokerage, commodity brokerage and research. 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 (IASB) and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accounts of Pakistan (ICAP) 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.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, the Securities and Exchange Commission of Pakistan (SECP) has notified through Circular No. 23 of October 04, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance, 1984

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for short term investments which are carried at fair value through profit and loss 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.

4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2017

The following standards, amendments and interpretations are effective for the year ended December 31, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses

4.2 New accounting standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following amendments to approved accounting standards are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

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Effective from annual periods beginning
on or after

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions January 01, 2018

IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date. July 01, 2018

IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date. July 01, 2018

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture Effective from accounting period beginning on or after a date to be determined.

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property January 01, 2018.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency. January 01, 2018.

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

4.3 Property and Equipment

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 profit and loss account as and when incurred. Depreciation is charged to profit and loss account 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 derecognized 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 profit and loss account.

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4.4 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged over the useful life of the asset on a systematic basis to profit and loss account applying the reducing balance method at the rate specified in note 8 to the financial statements. Amortization is charged from the month of purchase and no amortization is charged from the month of disposal.

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.

Intangible assets with indefinite useful lives are not amortized. Instead they are tested for impairment at each balance sheet date whether these are in excess of their recoverable amounts, and where the carrying amount exceeds the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amount.

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

Gains and losses on disposals of assets, if any, are included in profit and loss account.

4.5 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 profit and loss account as and when incurred. Depreciation is charged to profit and loss account over the useful life of the asset on a systematic basis applying the reducing balance method at the rates specified in note 10 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 derecognized 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 of assets, if any, are included in profit and loss account.

4.6 Trade debtors and other receivables

Trade debtors and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts. A provision for impairment in trade debtors and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables.

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 recognized 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

This category has two sub-categories, namely; financial instruments held-for-trading, and those designated at fair value through profit or loss upon initial recognition.

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- Investments which are acquired principally for the purposes of generating profit from short-term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short-term profit taking are classified as held-for-trading.
- Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

These investments are initially recognized at fair value, being the cost of the consideration given.

After initial measurement, investment at fair value through profit or loss are carried at fair value and the gains or losses on revaluation are recognized in the profit and loss account.

Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturities are classified under this head when management has both the positive intent and ability to hold them to maturity. After initial measurement held-to-maturity investments are stated at amortized 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 recognized directly in equity until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit and loss account. Upon impairment, gain / loss including that had been previously recognized directly in equity, is included in the profit and loss account for the year.

The fair value of investments representing listed equity is based on the current price obtained from Pakistan stock exchange.

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.

4.8 Derivatives

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

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 resell at a specified future date (reverse-repos) are not recognized 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 recognized in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

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4.10 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized 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 profit and loss currently.

4.11 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognized 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.

4.12 Creditors and other payables

Creditors and other payables are carried at cost which is the fair value of the consideration to be paid.

4.13 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 realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.14 Revenue recognition

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

Income from placements is recognized on time proportion basis.

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

Gain/(loss) on the sale of investment is included in profit and loss account in the period in which they arise.

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

Dividend income on equity investments is recognized when the right to receive the same is established

4.15 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 recognized 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 recognized 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 recognized as an adjustment to surplus / deficit arising on revaluation.

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4.16 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 a staff gratuity fund for management employees as described in note 18.3. Provision is made annually in accordance with actuarial recommendations using the Projected Unit Credit method.

Actuarial gains or losses are recognized 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).

4.17 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 up to the balance sheet date.

4.18 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.

4.19 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.

4.20 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.

4.21 Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares, outstanding during the period.

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 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/amortisation	4.3, 4.4, 4.5, 6 & 7
Deferred taxation	4.15 & 12
Defined benefit plan	4.16 & 19.3

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6. PROPERTY AND EQUIPMENT

	2017					Depreciation rates %	
	Cost		Accumulated depreciation				
	At January 1, 2017	Additions / (disposals)	At December 31, 2017	At January 1, 2017	Charge for the year / (disposal)	At December 31, 2017	Written down value at December 31, 2017
	(Rupees in '000)						
Stock exchange rooms	24,200	-	24,200	-	-	-	24,200
Leasehold improvements	1,240	-	1,240	765	47	812	428
Furniture and fittings	1,543	-	1,538	983	56 (4)	1,035	503
Motor vehicles	19,402	4,840 (3,813)	20,428	9,432	2,549 (2,099)	9,882	10,546
Office equipment	4,164	124	4,289	2,717	148	2,865	1,423
Computer equipment	18,330	403 (2,318)	16,415	16,354	650 (2,242)	14,764	1,651
Electrical equipment	6,353	19 (65)	6,307	3,757	261 (42)	3,974	2,333
December 31, 2017	75,232	5,386 (6,201)	74,417	34,008	3,711 (4,387)	33,332	41,084

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2016

	2016					Depreciation rates %	
	Cost		Accumulated depreciation				
	At January 1, 2016	Additions / (disposals)	At December 31, 2016	At January 1, 2016	Charge for the year / (disposal)	At December 31, 2016	Written down value at December 31, 2016
	(Rupees in '000)						
Stock exchange rooms	24,200	-	24,200	-	-	-	24,200
Leasehold improvements	1,240	-	1,240	716	49	765	475
Furniture and fittings	1,481	62	1,543	926	57	983	560
Motor vehicles	21,070	(1,668)	19,402	7,664	2,493 (725)	9,432	9,970
Office equipment	4,151	13	4,164	2,556	161	2,717	1,447
Computer equipment	17,933	446 (50)	18,330	15,646	742 (34)	16,354	1,976
Electrical equipment	6,304	50	6,353	3,472	285	3,757	2,596
December 31, 2016	76,379	571 (1,718)	75,232	30,980	3,787 (759)	34,008	41,224

6.1 Disposal of operating fixed assets

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of Purchaser
Motor vehicle	1,039	(609)	430	544	114	Company Policy	M. Amjad Iqbal Khan (Employee)
Motor vehicle	1,090	(504)	586	903	317	Negotiation	Habib Khan ,Lahore
Motor vehicle	1,684	(986)	698	938	240	Company Policy	Muzammil Hussain (Employee)
Assets with net book value less than Rs.50,000							
Electrical equipment	65	(42)	23	2	(22)	Negotiation	Scraped Dealer
Furniture and fixtures	5	(4)	1	1	-	Negotiation	Scraped Dealer
Computer equipment	2,318	(2,242)	76	33	(43)	Various	Various
	6,201	(4,387)	1,814	2,421	606		

DPA

7. Intangible assets

2017

	2017				Amortization rate %
	Cost		Accumulated amortization		
	At January 1, 2017	At December 31, 2017	Charge for the year	At December 31, 2017	Written down value at December 31, 2017
Computer software	5,359	5,359	74	5,187	172
Trading Rights Entitlement Certificates (TREC)	7,741	4,386	-	-	4,386
December 31, 2017	13,100	9,745	74	5,187	4,558

7.1 Pursuant to Stock Exchanges (Corporatization, demutualization and integration) Act, 2012, the company had acquired two TRECs of Pakistan Stock Exchange on surrender of Stock Exchange membership cards of Lahore Stock Exchange and Islamabad Stock Exchange. During the year, the company has written-off amount of aforementioned TRECs as these were not transferred within time frame as stipulated in the regulations as there are no chances of its disposal. However, subsequent to year end, SECP has extended the time line till June 30, 2018 for the transfer of same.

2016

	2016				Amortization rate %
	Cost		Accumulated amortization		
	At January 01, 2016	At December 31, 2016	Charge for the year	At December 31, 2016	Written down value at December 31, 2016
Computer software	5,359	5,359	105	5,113	246
Trading Rights Entitlement Certificates (TREC)	7,741	7,741	-	-	7,741
December 31, 2016	13,100	13,100	105	5,113	7,987

DMA

2017 **2016**
----- (Rupees in '000) -----

8. LONG TERM ADVANCES

Considered good - unsecured

Advance for office premises in Pakistan Mercantile Exchange Limited
Advance for purchase of a vehicle

	2,500	2,500
	1,753	1,708
	4,253	4,208

9. LONG TERM INVESTMENT

Available-for-sale

	Number of shares	2017	2016
	1,602,953	4,007,383	Pakistan Stock Exchange Limited
	843,975	843,975	LSE Financial Services Limited
	3,034,603	3,034,603	ISE Towers REIT Management Company Limited
		47,551	23,310

9.1 In March 2017, the Company has disposed off 1,602,953 shares i.e. 40% stake, under an share purchase agreement between the SECP divestment committee and an international investor, at price of Rs.28 per share. The investor has withheld 10% from the sale proceeds to meet any subsequent claim that may arise. Since the amount and timing of receipt is not certain, the management, being prudent, has decided not to recognise the related contingent asset.

Subsequently in June,2017 the Company disposed off further 20% equity stake under Initial Public Offering at price of Rs. 28 per share.

On June 29, 2017, the shares of Pakistan Stock Exchange Limited (PSX) were successfully listed after the approval of Securities and Exchange Commission of Pakistan, hence remaining shares as of year end are valued at market value.

9.2 These represents unquoted shares of Lahore and Islamabad Stock Exchanges in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company for Lahore Stock Exchange Limited (LSE) is 3,034,603 and of Islamabad Stock Exchange Limited (ISE) is 843,975. The carrying value of the membership cards of these exchanges were allocated in the same manner as stipulated in technical guide dated May 29, 2013 issued by the Institute of Chartered Accountants of Pakistan. During 2016, LSE and ISE have been emerged as NBFC (i.e. LSE Financial Services Limited and ISE Towers REIT Management Company Limited) after integration of exchange business with Karachi Stock Exchange to form Pakistan Stock Exchange under the scheme of integration with the approval of Securities and Exchange Commission of Pakistan.

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10. INVESTMENT PROPERTY

		2017				Written down value at December 31, 2017	Depreciation rate %
Cost		Accumulated depreciation					
At January 1, 2017	Additions / (disposals)	At December 31, 2017	At January 1, 2017	Charge for the year	At December 31, 2017		
		(Rupees in '000)					
Residential premises	-	23,500	3,439	401	3,840	19,660	2

		2016				Written down value at December 31, 2016	Depreciation rate %
Cost		Accumulated depreciation					
At January 01, 2016	Additions / (disposals)	At December 31, 2016	At January 01, 2016	Charge for the year	At December 31, 2016		
		(Rupees in '000)					
Residential premises	-	23,500	2,612	409	3,439	20,061	2

10.1 The investment property represents six flats located at Bhurban Heights, Bhurban. The fair value of above property was Rs.27.63 million as on December 18, 2017, determined as a result of a valuation carried out by M/s. Smasco - a independent firm of professional valuers. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

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	Note	2017 ----- (Rupees in '000) -----	2016
11. LONG TERM DEPOSITS			
Considered good			
Pakistan Stock Exchange Limited		2,171	200
Central Depository Company of Pakistan Limited		175	175
National Clearing Company of Pakistan Limited		1,500	400
Pakistan Mercantile Exchange Limited		1,350	1,275
Pakistan Telecommunication Company Limited		42	42
		<u>5,238</u>	<u>2,092</u>
12. DEFERRED TAX ASSET - net			
Deductible temporary differences arising on:			
Provision for staff compensated absences		34	685
Minimum tax		827	682
Alternative corporate tax		4,512	4,287
Taxable temporary differences arising on:			
Accelerated depreciation for tax purposes		(9)	(432)
		<u>5,364</u>	<u>5,222</u>
13. DEBTORS			
Considered good			
Due from clients in respect of securities transactions - secured		8,101	11,230
Commission receivable - unsecured		11,798	14,824
Receivable against sale of securities from clearing house		6,344	15,489
	13.1	<u>26,243</u>	<u>41,543</u>
Considered doubtful			
Due from clients in respect of securities transactions - secured	13.2	25,456	23,070
Due from clients in respect of securities transactions - unsecured		64,112	61,125
		<u>115,811</u>	<u>125,738</u>
Less: Provision for doubtful debts	13.3	(64,112)	(61,125)
		<u>51,699</u>	<u>64,613</u>

13.1 Includes Rs.0.537 (2016: Rs.0.988) million due from the holding company.

13.2 These are secured against collateral having fair market value amounting to Rs.35.894 (2016: Rs.32.669) million.

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	2017	2016
	----- (Rupees in '000) -----	
13.3 Movement in provision for doubtful debts		
Opening balance	61,125	61,125
Charge during the year	2,987	-
Closing balance	<u>64,112</u>	<u>61,125</u>
13.4 Aging Analysis of Equity Trade Debtors		
Amount due from customers for more than 5 days	97,270	92,426
Less: provision for doubtful debts	64,112	61,125
Balance after provision for doubtful debts more than 5 days	<u>33,158</u>	<u>31,301</u>
Value of collateral after applying haircut on the basis of VAR	<u>30,500</u>	<u>30,227</u>

14. SHORT TERM LOANS

Staff loans - unsecured

- Executives
- Employees

391	259
<u>383</u>	<u>280</u>
<u>774</u>	<u>539</u>

14.1 These represent personal loans to employees 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.0.678 (2016: Rs.0.341) million.

	Note	2017	2016
		----- (Rupees in '000) -----	
15. SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Exposure deposits	15.1	80,570	63,410
Prepayments		258	387
Other receivables		-	16
		<u>80,828</u>	<u>63,813</u>

15.1 This represents exposure deposit held with the Pakistan Stock Exchange Limited in respect of PSX Future Market amounting to Rs.5.57 (2016: Rs.3.41) million and PSX Regular Market amounting to Rs.75 (2016: Rs.60) million.

16. SHORT TERM INVESTMENTS

At fair value through profit or loss - held-for-trading

Listed ordinary shares

	Note	2017	2016
		----- (Rupees in '000) -----	
Listed ordinary shares	16.1	-	5,995

16.1 Particulars of investment in listed ordinary shares

2017	2016		2017	2016
(Number of shares)	Name of company	Cost	Market value	
----- (Rupees in '000) -----				
-	50,000	-	2,867	2,726
-	75,000	-	3,500	3,269
		-	<u>6,367</u>	<u>5,995</u>

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		2017	2016
		----- (Rupees in '000) -----	
17.	CASH AND BANK BALANCES		
	Cash in hand	11	13
	Cash with banks:		
	- Current accounts	17.1 65,775	99,259
	- PLS savings accounts	17.2 57,305	36,406
		<u>123,091</u>	<u>135,678</u>
17.1	Includes accounts amounting to Rs.122.975 (2016: Rs.99.125) million maintained with the holding company.		
17.2	This carries profit at rate of 6% (2016: 6.00% to 6.50%) per annum and includes aggregate balance of Rs.57.291 (2016: Rs.36.377) million maintained with the holding company.		
17.3	Detail of customer assets held in designated bank accounts and Central Depository Company (CDC) are as follow:		
		2017	2016
		----- (Rupees in '000) -----	
17.3.1	Customer Assets		
	Bank Account balance - Clients	<u>65,491</u>	<u>98,888</u>
17.3.2	Customer Assets - Securities	2017	2016
		-----Number of Shares-----	
	Securities held in the name of Clients'	<u>174,673,612</u>	<u>115,107,615</u>
	Securities held in the name of Company	<u>5,849,031</u>	<u>5,606,531</u>
17.3.3	Pledged Securities (Value)	2017	2016
		----- (Rupees in '000) -----	
	Pledged with PSX on behalf of Company (for Base Minimum Capital)	38,786	16,030
	Pledged with PSX on behalf of Clients	-	41,175
	Pledged with Summit Bank Limited on behalf of client	<u>121,453</u>	<u>262,523</u>
	Total value of pledged securities	<u>160,239</u>	<u>319,728</u>
18.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
		2017	2016
		----- (Rupees in '000) -----	
		2017	2016
		----Number of Shares ----	
	<u>30,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs.10 each issued for consideration other than cash
		<u>300,000</u>	<u>300,000</u>
19.	CREDITORS AND OTHER PAYABLES		
	Due to clients in respect of securities transactions	65,844	114,377
	Deposit from employees against vehicles	19.1 978	821
	Accrued liabilities	19.2 11,098	11,628
	Others	70	75
	Payable against defined benefit plan - Gratuity	19.3 -	-
		<u>77,990</u>	<u>126,901</u>
19.1	These represent vehicle deposits from executives under Company's policy.		
19.2	This includes provision for staff compensated absences amounting to Rs.4.481 (2016: Rs.3.670) million.		

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	2017	2016
	----- (Rupees in '000) -----	
19.2.1 Provision for staff compensated absences		
Opening balance	3,670	2,823
Charge for the year	925	921
Encashment during the year	(114)	(74)
Closing balance	<u>4,481</u>	<u>3,670</u>

19.3 Gratuity payable - defined benefit plan

19.3.1 General description

The Company has a gratuity fund that has been recognized 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 fund has been duly executed on July 12, 2007.

The cost of providing benefits under gratuity fund is determined using the Projected Unit Credit method, with actuarial valuation being carried out as at balance sheet date. The latest valuation was carried out as at December 31, 2017.

	2017	2016
	----- (Rupees in '000) -----	
19.3.2 Principal actuarial assumptions		
The following principal assumptions were used for the valuation:		
Estimated rate of increase in salary of the employees - percent, per annum (%)	9.25	7.25
Expected rate of return on plan assets - percent, per annum (%)	9.25	7.25
Discount rate - per annum (%)	9.25	7.25
19.3.3 Reconciliation of payable to / (receivable from) defined benefit plan		
Present value of defined benefit obligation	10,178	7,627
Fair value of plan assets	(10,178)	(7,627)
Asset / liability recognized in balance sheet	<u>-</u>	<u>-</u>

19.3.4 Movement in net liability recognized

Opening net (asset) / liability	-	-
Expense recognized	844	747
Other comprehensive income (OCI)	1,214	520
Contributions paid to the fund during the year	(2,058)	(1,267)
Closing net (asset) / liability	<u>-</u>	<u>-</u>

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2017 2016
----- (Rupees in '000) -----

19.3.5 Expense recognized in the profit and loss account

Current service cost	919	821
Net interest	(75)	(74)
	844	747
	844	747

19.3.6 Sensitivity analysis on significant actuarial assumptions

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		----- (Rupees in '000) -----	
Discount Rate	± 1 %	9.138	11.393
Salary Increase Rate	± 1 %	11.433	9.087
Withdrawal rate	± 1 %	10.140	10.216
1 year mortality age set	Back/Forward	10.181	10.175

20. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2017 and December 31, 2016.

21. EQUITY BROKERAGE COMMISSION

	2017	2016
	----- (Rupees in '000) -----	
Retail customers trades	35,577	42,402
Institutional trades	23,657	19,204
Total Trades	59,234	61,606
	59,234	61,606

22. OTHER INCOME

Income from financial assets

Profit on bank accounts	218	603
Profit on cash margins	3,331	2,042
Mark-up on government securities	-	9,495
Mark-up on loans and outstanding balance	56	26
Commission	7,977	44

Income from non financial assets

Rental income	1,319	1,199
Gain on disposal of operating fixed assets	606	122
Others	24	669
	13,531	14,200
	13,531	14,200

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	Notes	2017 ----- (Rupees in '000) -----	2016
23. OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and benefits	23.1 & 23.2	69,969	60,325
PSX, NCCPL and CDC charges		7,870	6,333
Depreciation	6 & 10	4,112	4,199
Amortization	7	74	105
TRE Certificates written off	7	3,355	-
Stamps and fee		85	66
Telephone, fax and postage		5,342	5,478
Rent, rates and taxes		3,433	3,175
Fees and subscription		958	631
Vehicles running		2,231	1,858
Repairs and maintenance		2,096	3,302
Utilities		2,993	3,148
Printing and stationery		1,201	684
Travelling and conveyance		459	475
Legal and professional		1,374	877
Entertainment		2,227	1,959
Auditors' remuneration	23.3	1,204	1,083
Insurance		2,502	1,851
Provision for doubtful debts		2,987	-
Others		1,165	456
		<u>115,637</u>	<u>96,005</u>

23.1 This includes an amount of Rs.2.923 (2016: Rs.2.292) million in respect of employees provident fund contribution and Rs.0.844 (2016: Rs.0.747) million in respect of staff gratuity fund.

23.2 Provident Fund (the Fund) Disclosures

The following information is based on the latest audited financial statements of the Fund:

	Audited	
	June 30, 2017	June 30, 2016
	----- (Rupees in '000) -----	
Size of the Fund - total assets	26,308	20,003
Cost of investment made - mutual funds only	176	162
Bank balances	19,004	16,405
Fair value of investments - mutual funds only	228	176
Percentage of investment made	73.10%	82.89%

23.2.1 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

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		2017	2016
		----- (Rupees in '000) -----	
23.3	Auditors' remuneration		
	Audit fee	316	288
	Sales tax on services	86	50
	Other certifications	761	335
	Taxation	-	295
	Out of pocket expenses	41	115
		<u>1,204</u>	<u>1,083</u>

24. FINANCIAL CHARGES

Markup on:			
	Repurchase agreement borrowing	-	6,680
	Running finance	16,096	2,513
	Bank charges	173	110
		<u>16,269</u>	<u>9,303</u>

25. TAXATION

This represents normal tax on turnover and on income chargeable under Final Tax Regime (FTR), therefore, no numerical tax reconciliation is reported.

26. EARNINGS PER SHARE - basic and diluted

		2017	2016
Profit after taxation	Rupees	29,236,000	9,054,000
Weighted average number of shares	Number of shares	30,000,000	30,000,000
Earnings per share -basic and diluted	Rupee	0.97	0.30

27. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	2017		2016	
	Chief Executive	Executives	Chief Executive	Executives
----- (Rupees in '000) -----				
Managerial remuneration	2,839	16,851	2,654	11,221
Housing and utilities	1,562	9,268	1,459	6,171
Medical	40	648	27	324
Retirement benefits	284	1,640	265	997
Commission	-	4,266	-	3,630
Others	644	6,059	596	2,961
	<u>5,369</u>	<u>38,732</u>	<u>5,001</u>	<u>25,304</u>
	1	16	1	12

27.1 In addition to the above, Chief Executive and Executives have been provided with free use of Company maintained vehicles under the service contracts.

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28. 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:

	Note	2017 ----- (Rupees in '000) -----	2016
Holding Company - Summit Bank Limited			
Equity brokerage income		8,370	6,922
Money market and forex brokerage income		1,777	1,458
Profit on bank accounts		166	525
Financial charges paid		13,323	9,288
Repurchase agreement borrowing		-	6,289,164
Repurchase agreement borrowing repaid		-	(6,289,164)
Running finance availed	28.2	372,805	200,957
Running finance paid		(372,805)	(200,957)
Rent paid		2,833	2,575
Shares purchased from holding company		1,592,209	1,225,012
Shares sold to holding company		(1,581,231)	(1,244,245)
Government Securities purchased from holding company		-	492,456
Government Securities sold to holding company		-	(506,933)
Staff training		-	78
Generator fuel re-imburement		38	-
Others related parties			
Equity and commodity brokerage income - Directors, key management personnel		690	437
Contribution paid to Gratuity Fund		2,058	1,270
Contribution paid to Provident Fund		2,923	2,293

28.1 The outstanding balances with related parties are disclosed in their respective notes to the financial statements.

28.2 The Company has availed short term running finance limit of Rs. 400 million from its holding company which is secured against first charge over present and future receivables.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

29.1 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's portfolio of financial instruments is broadly diversified thereby mitigating any significant concentration of credit risk.

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The Company is exposed to credit risk on long term deposits, trade debtors, short term loans, short term deposits and other receivables and bank balances. The Company seeks to minimize 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:

	Note	2017 ----- (Rupees in '000) -----	2016
Long term deposits		5,238	2,092
Debtors	29.1.1	51,699	64,613
Short term loans		774	539
Short term deposits and other receivables	29.1.2	80,570	63,426
Bank balances	29.1.3	123,080	135,665
		<u>261,361</u>	<u>266,335</u>

29.1.1 The ageing of trade debtors as at December 31 is as follows:

Neither past due nor impaired	18,210	30,064
Past due but not impaired		
- within 90 days	8,033	11,479
- 91 to 180 days	-	-
- over 180 days	-	-
	<u>25,456</u>	<u>23,070</u>
	<u>51,699</u>	<u>64,613</u>

The credit quality of trade debtors that are neither past due nor impaired cannot be assessed by reference to external credit ratings. Based on the past experience and consideration of recoveries, the Company believes that trade debtors past due do not require any impairment.

29.1.2 Short term deposits and other receivables

It comprises mainly of exposure deposit kept with NCCPL amounting to Rs. 80.570 million (2016: Rs. 63.410 million).

29.1.3 Bank balances

The credit risk related to bank balances is managed through ensuring that such balances are held and kept with reputed banks with good credit ratings. The credit rating of major banks where the Company maintain its bank balances is as A1+, A1, A-1 and A, A-, AA+, AA-, AAA on the short term and the long term.

29.2 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 prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates.

	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
	----- (Rupees in '000) -----				
Long-term deposits	-	-	-	-	-
Creditors and other payables	77,990	-	-	-	77,990
Accrued interest	2,939	-	-	-	2,939
Short-term borrowings	-	-	-	-	-
2017	<u>80,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,929</u>

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	Less than 3 months	3 to 12 months	1 to 5 years	5 years	Total
	----- (Rupees in '000) -----				
Creditors and other payables	126,901	-	-	-	126,901
Accrued interest	-	-	-	-	-
Short-term borrowings	-	-	-	-	-
2016	126,901	-	-	-	126,901

Change in Effect

29.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market price risks comprises of interest rate risk, currency risk and equity price risk.

29.3.1 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 is not currently exposed to the risk of changes in market interest rates.

29.3.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company has no financial assets or liabilities denominated in foreign currency as of year end that are exposed to foreign currency exchange rate fluctuations.

29.3.3 Foreign Currency risk

The company has no financial assets or liabilities denominated in foreign currency as of year end that are exposed to foreign currency exchange rate fluctuations

29.3.4 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not hold any short-term investments as of December 31, 2017.

29.4 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 maximize 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.

29.5 Fair value of financial instruments

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

29.6 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1:** quoted prices in active markets for identical assets.
- Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2017			Total
	Level 1	Level 2	Level 3	
	----- (Rupees) -----			
Available-for-sale				
Equity securities	-	-	47,551	47,551
	-	-	47,551	47,551

	2016			Total
	Level 1	Level 2	Level 3	
	----- (Rupees) -----			
At fair value through Profit and Loss				
-Held-for-trading				
Equity Securities	5,995	-	-	5,995
Available-for-sale				
Equity securities	-	-	23,310	23,310
	5,995	-	23,310	29,305

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December 31, December 31,
2017 2016
------(Rs. in '000)-----

30. Pattern of shareholdings with percentage

	Percentage	No. of Shares	No. of Shares
Summit Bank Limited	100%	29,999,996	29,999,996
Syed Mohammad Anwar Lutfullah	0%	1	1
Muhammad Faisal	0%	-	1
Gulrays Khan	0%	1	1
Noor Muhammad	0%	1	-
Rahat Saeed Khan	0%	1	1
Total	100%	30,000,000	30,000,000

29.1 The company's is a wholly owned subsidiary of Summit Bank Limited. Mr. Muhammad Faisal resigned from the Board of Directors on June 19, 2017, Mr. Noor Muhammad was appointed as a Director on August 15, 2017.

31. Disclosure under regulation 5(4) of Research Analyst Regulations, 2015

At present, SCPL employs 5 members in its research department (including head of research, one senior research analyst, two junior research analysts and a librarian). All members report to Head of Research who in turn reports to CEO. Compensation structure of research analysts is flat and is subject to qualification, experience and skillset of the person. However, the compensation of anyone employed in the research department does not in any way depend on the contents/outcome of research report. During the year ended December 31, 2017, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 5,827,424 which comprises basic salary, medical allowance, provident fund and other benefits as per Company's policy.

32. NUMBER OF EMPLOYEES

The number of employees as at December 31, 2017 were 66 (December 31, 2016: 67) and average number of employees are 66 (December 31, 2016: 62).

33. DATE OF AUTHORISATION

These financial statements were authorized for issue in the Board of Directors meeting held on 01 MAR 2018.

34. GENERAL

Figures have been rounded off to the nearest thousand rupees.

RH

Rahat Saeed Khan

Chief Executive Officer

Muhammad Faisal
Director