

*Vision...*



***Connecting people,***

ideas and capital, we will be our clients'

**First Choice**

for achieving their financial aspirations"



# Mission...

"We will put interest of  
our stakeholders  
above our own; and  
measure our success  
by how much we  
help them in  
achieving theirs".

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T  
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- 04- Company Information
- 05- Directors' Review
- 06- Condensed Interim Balance Sheet
- 07- Condensed Interim Profit & Loss Account
- 08- Condensed Interim Statement of Comprehensive Income
- 09- Condensed Interim Statement of Changes in Equity
- 10- Condensed Interim Cash Flow Statement
- 11- Notes to Condensed Interim Financial Statements



## COMPANY INFORMATION

### Board of Directors:

1.	Mr. Ali A. Malik	Chairman/ Director/ CEO
2.	Mr. Muhammad Iqbal Khan	Director
3.	Malik Attiq-ur-Rehman	Director
4.	Mr. Shahzad Akbar	Director
5.	Mr. Mohammad Ali Khan	Executive Director
6.	Mr. Rais Ahmed Dar	Executive Director
7.	Mr. Amir Shahzad	Executive Director

### Audit Committee:

1.	Mr. Muhammad Iqbal Khan	Chairman
2.	Malik Attiq-ur-Rehman	Member
3.	Mr. Shahzad Akbar	Member
4.	Mr. Asif Mumtaz Mian	Secretary Audit Committee

### Chief Financial Officer

Mr. Rais Ahmed Dar

### Company Secretary

Mr. Asif Mumtaz Mian, FCMA

### Auditors:

Anjum Asim Shahid Rahman & Co.  
Chartered Accountants  
Lahore.

### Legal Advisor:

Minto & Mirza, Advocates

### Registrar:

Technology Trade (Pvt.) Limited.  
Dagja House, 241-C, Block – 02,  
P.E.C.H.S. Off: Main Shahrah-e-Quaideen, Karachi.  
Tel: (92-21) 34391316-7 & 34387960-61  
Fax: (92-21) 34391318

### Bankers:

Allied Bank Limited.  
Summit Bank Limited.  
Bank Alfalah Limited.  
Bank Islami Pakistan Limited.  
Habib Metropolitan Bank Limited.  
KASB Bank Limited.  
JS Bank Limited.  
MCB Limited.  
My Bank Limited.  
NIB Bank Limited.  
The Bank of Punjab  
United Bank Limited.

### Principal Office:

FNE House, 179-B, Abu Bakar Block,  
New Garden Town, Lahore  
Tel: (92-42) 35843722-27, 35845011-15  
Fax: (92-42) 35843730.

### Registered Office:

FNE House: 19-C, Sunset Lane 6,  
South Park Avenue, Phase II  
Extension, D.H.A. Karachi  
Tel: (92-21) 35395901-05  
Fax: (92-21) 35395920  
Website: [www.fnetrade.com](http://www.fnetrade.com)

### KSE Office:

Room No. 135-136, 3rd Floor,  
New Stock Exchange Building, Karachi  
Tel: (92-21) 32472119, 32472014, 32472758  
Fax: (92-21) 32472332

Website: [www.fnetrade.com](http://www.fnetrade.com)



## DIRECTORS' REVIEW

Dear Shareholders,

On behalf of the Board of Directors of First National Equities Limited, I am pleased to present the accounts of the company for the period ended March 31, 2011.

### Market Review

The market during the March Quarter remained range bound. The KSE 100 Index which was 12,022 on the January 01, 2011 remained at 11,809 on the March 31, 2011. The implementation of leverage product could not give a major boost to the market. The biggest reasons for sluggish trend were terrorism, inflation, law and order incidents, power shortage, and political uncertainty and above all poor economic conditions.

### Financial Results

	For 9 months Ended March, 31, 2011	For 9 months Ended March, 31, 2010
	------(Rupees)-----	
Gross Revenue	9,369,802	100,149,473
Operating Profit/(loss)	(43,431,555)	40,693,668
Profit/ (Loss) before Tax	(165,254,247)	(150,111,664)
Taxation	(2,417,097)	(2,427,030)
Profit/ (Loss) after tax	(167,671,344)	(152,538,694)
Earning/Loss) Per Share	(2.92)	(2.65)

Although our gross revenues are lower as compared to last period mainly due to loss on sale of investments but on other hand we continued our efforts to cut down administrative, financial and other operating expenses. Resultantly we have managed to minimize our loss.

Your management is working on fresh equity injection plan and hope that it will increase the profitability and improve the financial health of the company.

### Acknowledgement

We are grateful to the Company's stakeholders for their continued confidence and support. We record our appreciation and thanks to Securities and Exchange Commission of Pakistan, Managements of Karachi Stock Exchange, Central Depository Company of Pakistan, National Clearing Company of Pakistan and our Bankers & Financial Institution the for their support and guidance.

Place: Lahore  
Dated: April 28, 2011

Ali A. Malik  
(Chairman & CEO)



Quarterly Report '11

**FIRST NATIONAL EQUITIES LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2011**

	Note	Un-audited March 31, 2011	Audited June 30, 2010
<b>NON-CURRENT ASSETS</b>			
		------(Rupees)-----	
Property and equipment	6	79,348,151	86,048,883
Capital work in progress	7	69,496,614	69,496,614
Intangible assets	8	68,135,225	68,135,225
Long term investments	9	35,118,860	30,438,452
Long term deposits		2,862,429	2,862,429
Receivable from associates	10	175,411,452	175,411,452
Deferred taxation		63,698,470	65,873,931
		<u>494,071,201</u>	<u>498,266,986</u>
<b>CURRENT ASSETS</b>			
Short term investments	11	141,024,617	194,720,352
Trade debts	12	205,251,012	208,435,589
Loans and advances		4,999,431	4,681,119
Trade deposits and short term prepayments	13	523,946	1,065,796
Other receivables		50,621,561	28,988,804
Advance tax		27,086,234	25,520,458
Cash and bank balances	14	3,569,431	10,038,746
		<u>433,076,232</u>	<u>473,450,864</u>
<b>Total Assets</b>		<u>927,147,433</u>	<u>971,717,850</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		222,318,164	160,041,543
Accrued mark-up		15,278,789	9,181,155
Short term borrowings	15	416,243,067	484,976,169
		<u>653,840,020</u>	<u>654,198,867</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	16	957,522,498	901,027,024
Loan from director	17	8,795,374	4,449,224
Deferred liabilities		3,329,047	3,514,591
		<u>969,646,919</u>	<u>908,990,839</u>
<b>Total Liabilities</b>		<u>1,623,486,939</u>	<u>1,563,189,706</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	19	-	-
<b>Net Assets</b>		<u>(696,339,506)</u>	<u>(591,471,856)</u>
<b>REPRESENTED BY:</b>			
Authorised capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital		575,000,000	575,000,000
Accumulated loss		(1,222,774,852)	(1,055,103,508)
Unrealised diminution on re-measurement of investments classified as available for sale		(48,564,654)	(111,368,348)
		<u>(696,339,506)</u>	<u>(591,471,856)</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive

Director

FIRST NATIONAL EQUITIES LIMITED  
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE PERIOD ENDED MARCH 31, 2011

Note	Nine Months Period Ended		Three Months Period Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
------(Rupees)-----				
Operating revenue	26,642,187	48,070,790	10,486,970	15,107,007
Gain/(Loss) on sale of investments	(39,787,698)	(6,636,989)	1,365,221	2,966,369
Other operating income	22,515,313	58,715,672	6,953,437	7,000,858
	<u>9,369,802</u>	<u>100,149,473</u>	<u>18,805,628</u>	<u>25,074,234</u>
Administrative expenses	52,801,357	59,455,805	15,864,185	18,791,406
Operating (loss) / profit	(43,431,555)	40,693,668	2,941,443	6,282,828
Finance cost	116,990,190	126,562,940	39,513,379	27,521,545
Other operating expenses	5,284,608	8,500,738	2,172,707	2,401,223
Impairment loss on available for sale securities	-	90,830,000	-	-
	<u>(165,706,353)</u>	<u>(185,200,010)</u>	<u>(38,744,643)</u>	<u>(23,639,940)</u>
Unrealised profit /(loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net ' 11	(2,704,711)	32,725,305	(5,974,731)	(1,588,292)
Share of profit of associate - net 9	3,156,817	2,363,041	498,578	28,382
<b>Loss before taxation</b>	<u>(165,254,247)</u>	<u>(150,111,664)</u>	<u>(44,220,796)</u>	<u>(25,199,850)</u>
Taxation				
- current	241,636	2,427,030	52,435	625,221
- deferred	2,175,461	-	-	-
	<u>2,417,097</u>	<u>2,427,030</u>	<u>52,435</u>	<u>625,221</u>
<b>Loss after tax</b>	<u>(167,671,344)</u>	<u>(152,538,694)</u>	<u>(44,273,231)</u>	<u>(25,825,071)</u>
Loss per share - basic and diluted	<u>(2.92)</u>	<u>(2.65)</u>	<u>(0.77)</u>	<u>(0.45)</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Chief Executive

Director



Quarterly Report '11

FIRST NATIONAL EQUITIES LIMITED  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
 FOR THE PERIOD ENDED MARCH 31, 2011

**Nine Months Period Ended    Three Months Period Ended**

Note	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
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-----**(Rupees)**-----

**Loss after tax** **(167,671,344)** (152,538,694) **(44,273,231)** (25,825,071)

**Other comprehensive income for the period**

Unrealised diminution during the period in the market value of investments classified as 'available for sale'

	<b>15,636,562</b>	34,629,195	<b>3,231,670</b>	(4,454,746)
Reclassification adjustment of realized gain/loss on sale of investments-available for sale	<b>40,853,085</b>	14,685,877	<b>(1,365,222)</b>	667,180
Share of unrealised surplus - investment in associate	<b>6,314,047</b>	5,459,774	<b>119,599</b>	399,133
<b>Other comprehensive income for the period</b>	<b>62,803,694</b>	54,774,846	<b>1,986,047</b>	(3,388,433)
<b>Total comprehensive loss for the period</b>	<b>(104,867,650)</b>	(97,763,848)	<b>(42,287,184)</b>	(29,213,504)

*The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.*



\_\_\_\_\_  
 Chief Executive

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 Director



FIRST NATIONAL EQUITIES LIMITED  
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
 FOR THE PERIOD ENDED MARCH 31, 2011

	Issued, subscribed and paid-up capital	Reserves		Unrealised surplus / (deficit) on re- measurement of investments classified as available for sale	Total
		Accumulated loss	Sub-total		
----- <b>(Rupees)</b> -----					
<b>Balance as at July 01, 2009</b>	<b>575,000,000</b>	<b>(927,418,385)</b>	<b>(927,418,385)</b>	<b>(87,287,955)</b>	<b>(439,706,340)</b>
Loss after taxation for the nine months ended March 31, 2010	-	(152,538,694)	(152,538,694)	-	(152,538,694)
Realised loss on disposal of investments during the period	-	-	-	14,685,877	14,685,877
Unrealised diminution on re- measurement of investments classified as 'available for sale'	-	-	-	34,629,195	34,629,195
Share of unrealised surplus - investment in associate	-	-	-	5,459,774	5,459,774
<b>Balance as at March 31, 2010</b>	<b>575,000,000</b>	<b>(1,079,957,079)</b>	<b>(1,079,957,079)</b>	<b>(32,513,109)</b>	<b>(537,470,188)</b>
Balance as at July 01, 2010	575,000,000	(1,055,103,508)	(1,055,103,508)	(111,368,348)	(591,471,856)
Loss after taxation for the period	-	(167,671,344)	(167,671,344)	-	(167,671,344)
Other Comprehensive Income for the period	-	-	-	62,803,694	62,803,694
<b>Balance as at March 31, 2011</b>	<b>575,000,000</b>	<b>(1,222,774,852)</b>	<b>(1,222,774,852)</b>	<b>(48,564,654)</b>	<b>(696,339,506)</b>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
 Chief Executive

\_\_\_\_\_  
 Director



Quarterly Report '11

FIRST NATIONAL EQUITIES LIMITED  
 CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
 FOR THE PERIOD ENDED MARCH 31, 2011

	Note	(Un-audited) March 31, 2011	(Un-audited) March 31, 2010
		------(Rupees)-----	
<b>Net cash from operating activities</b>	18	<b>18,469,955</b>	31,040,178
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of marketable securities		-	10,709,536
Sale of investments classified as 'available-for-sale' - net		<b>56,604,863</b>	49,022,482
Sale of investments -related parties		<b>15,878,566</b>	4,589,859
Fixed capital expenditure incurred		<b>(22,500)</b>	(3,097,610)
Proceeds from disposal of property and equipment		<b>187,500</b>	482,000
Mark-up received		<b>28,873</b>	44,082
Dividend received		<b>777,880</b>	2,307,891
<b>Net cash from investing activities</b>		<b>73,455,182</b>	64,058,240
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing		<b>(34,007,500)</b>	340,740,593
Loan from director		<b>4,346,150</b>	8,169,000
Borrowing under repurchase agreement		<b>(10,000,000)</b>	-
<b>Net cash (used in) /generated from financing activities</b>		<b>(39,661,350)</b>	348,909,593
<b>Net increase in cash and cash equivalents</b>		<b>52,263,787</b>	444,008,011
<b>Cash and cash equivalents at beginning of period</b>		<b>(464,937,423)</b>	(802,604,286)
<b>Cash and cash equivalents at end of period</b>	14	<b>(412,673,636)</b>	(358,596,275)

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive

Director

# FIRST NATIONAL EQUITIES LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE PERIOD ENDED MARCH 31, 2011

#### 1 STATUS AND NATURE OF BUSINESS

First National Equities Limited is a limited liability Company incorporated in Pakistan under the Companies Ordinance, 1984. The registered office of the Company is situated at 19-C, Sunset Lane-6, South Park Avenue, Phase-II Extension, DHA, Karachi. The Company is listed on the Karachi Stock Exchange (Guarantee) Limited.

The Company is a corporate member of the Karachi Stock Exchange (Guarantee) Limited. The principal activities of the Company include shares brokerage, consultancy services and underwriting.

#### 2 BASIS OF PREPARATION

This condensed interim financial report is un-audited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim financial report of the Company for the nine months ended March 31, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial report does not include all the information required for full annual financial statements and should be read in conjunction with annual financial statements of the Company for the year ended June 30, 2010.

#### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2010.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2010, were either considered not to be relevant to the Company's operations or did not have significant effect on the accounting policies of the Company.

#### 4 ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the preceding annual published financial statements of the Company for the year ended June 30, 2010.

#### 5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2010.

(Un-audited) March 31, 2011	(Audited) June 30, 2010
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------(Rupees)-----

#### 6 PROPERTY AND EQUIPMENT

Following is the cost of property and equipment that have been added /disposed off during the nine months period ended March 31, 2011:



	Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
------(Rupees)-----			
<b>Additions:</b>			
Vehicles - owned		-	3,000,000
Office equipment		22,500	98,136
Computer accessories		-	85,000
		<u>22,500</u>	<u>3,183,136</u>
<b>Disposals:</b>			
Office equipment		(596,000)	-
Vehicles - owned		(40,414)	(1,825,180)
		<u>(636,414)</u>	<u>(1,825,180)</u>
<b>7 CAPITAL WORK IN PROGRESS</b>			
Commercial space - Karachi financial towers		33,340,000	33,340,000
Property acquired through auction		36,156,614	36,156,614
		<u>69,496,614</u>	<u>69,496,614</u>

#### 8 INTANGIBLE ASSETS

	Cost			
	Membership card of Karachi Stock Exchange	License to use Room at Karachi Stock Exchange	Tenancy rights - Building	Total
------(Rupees)-----				
<b>Balance as at March 31, 2011</b>	<b>31,220,225</b>	<b>22,000,000</b>	<b>14,915,000</b>	<b>68,135,225</b>
<b>Total</b>	<b><u>31,220,225</u></b>	<b><u>22,000,000</u></b>	<b><u>14,915,000</u></b>	<b><u>68,135,225</u></b>
Balance as at June 30, 2010	31,220,225	22,000,000	14,915,000	68,135,225
Total	<u>31,220,225</u>	<u>22,000,000</u>	<u>14,915,000</u>	<u>68,135,225</u>

- 8.1** Room at Karachi stock exchange represents the consideration paid for the right to occupy two rooms situated at Stock Exchange Building, Karachi. The Karachi Stock Exchange (Guarantee) Limited is the absolute owner of the said rooms and has granted full rights to occupy the premises under Leave and License agreement for the purposes of the Company's business. The Company has hypothecated license of these rooms in favour of commercial bank securing financing facilities.
- 8.2** Tenancy rights of building represent the consideration paid by the Company in connection with the transfer of tenancy rights in favour of the Company against properties situated at Bank Square, Peshawar and Mall road, Nowshera. The ownership of these properties continue to vest with the original owner. The Company has hypothecated the tenancy rights of Bank Square Peshawar in favour of commercial bank for securing financing facilities.



Note	Unaudited March 31, 2011	Audited June 30, 2010
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------(Rupees)-----

## 9 LONG-TERM INVESTMENTS - RELATED PARTY

National Asset Management Company Limited 9.1 35,118,860 30,438,452

### Short term

NAMCO Income Fund - Available for Sale

Opening	14,813,178	20,000,000
Unrealised gain /(loss)	-	(46,380)
Sold during the period	(14,813,178)	(5,186,823)
	-	14,766,797
Closing	35,118,860	45,205,249
Less: investment shown under short- term investment	-	14,766,797
	<u>35,118,860</u>	<u>30,438,452</u>

## 9.1 INVESTMENT IN ASSOCIATE

Opening balance	25,647,996	25,136,812
Share in reserve of associate	6,314,047	4,790,456
Share of post acquisition profit /(loss) for the period 9.1.1	3,156,817	511,184
	<u>35,118,860</u>	<u>30,438,452</u>

9.1.1 "The share of the company in National Asset Management Company Limited has been accounted for under the equity method of accounting based on its un-audited condensed interim financial statements for the nine months ended March 31, 2011 in accordance with the treatment specified in International Accounting Standard 28, 'Accounting for Investment in Associates'. Company holds 40% i.e. 4,000,000 ordinary shares (June 30, 2010: 4,000,000 ordinary shares) of Rs. 10 each fully paid-up. Cost of investment Rs. 40 million (June 30, 2010: 40 million)"

## 10 RECEIVABLE FROM ASSOCIATES

These receivables carry markup at the rate not less than the borrowing rate of the company and are recoverable over a maximum period of three years.

## 11 SHORT TERM INVESTMENTS

### Available for sale

- Average cost	143,571,301	331,859,249
- Impairment loss recognised in profit and loss account	-	(90,830,000)
- Unrealised diminution on re-measurement of investments	(54,878,702)	(116,112,424)
- Carrying value	<u>88,692,599</u>	<u>124,916,825</u>

### Financial assets at fair value through profit or loss - held for trading

- Average cost	55,036,729	61,472,667
- Unrealised gain /(loss) on re-measurement of investments	(2,704,711)	(6,435,937)
- Closing carrying value	<u>52,332,018</u>	<u>55,036,730</u>

### Investment - related parties

	9	-	14,766,797
		<u>141,024,617</u>	<u>194,720,352</u>



Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
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------(Rupees)-----

## 12 TRADE DEBTS

Considered good		205,251,012	208,435,589
Considered doubtful		406,032,445	406,032,445
		<u>611,283,457</u>	<u>614,468,034</u>
Less: provision for bad and doubtful debts		<u>(406,032,445)</u>	<u>(406,032,445)</u>
		<u>205,251,012</u>	<u>208,435,589</u>

## 13 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Exposure deposit	13.1	390,340	800,190
Prepayments		133,606	265,606
		<u>523,946</u>	<u>1,065,796</u>

- 13.1 This represents amount deposited with the Karachi Stock Exchange (Guarantee) Limited against exposure arising out of the transactions entered into by the Company in respect of which settlements have not taken place as at the period end. The amount is deposited in accordance with the regulations of the Karachi Stock Exchange (Guarantee) Limited.

Note	(Un-audited) March 31, 2011	(Un-audited) March 31, 2010
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------(Rupees)-----

## 14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

Cash and bank balances		3,569,431	3,698,614
Short-term running finances		(416,243,067)	(362,294,889)
		<u>(412,673,636)</u>	<u>(358,596,275)</u>

Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
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------(Rupees)-----

## 15 SHORT-TERM BORROWINGS - SECURED

Short-term running finances utilised under mark-up arrangements	15.1	416,243,067	474,976,169
Short-term borrowings	15.2	-	10,000,000
		<u>416,243,067</u>	<u>484,976,169</u>

- 15.1 These carry markup at the rate, ranging from one to six months KIBOR plus 1% to 3.5% per annum.

- 15.2 This carries mark-up at the rate of 17% per annum.

## 16 LONG TERM FINANCING

Opening balance		771,046,872	623,592,370
Addition during the period /rescheduled		-	340,665,593
Repayments during the period /rescheduled		(34,007,500)	(193,211,091)
Closing balance		<u>737,039,372</u>	<u>771,046,872</u>
Add: overdue interest on long term loans		220,483,126	129,980,152
		<u>957,522,498</u>	<u>901,027,024</u>

## 17 LOAN FROM DIRECTOR

This represents unsecured loan provided by the CEO Mr. Ali Aslam Malik for the smooth operations of the company.



Note	(Un-audited) March 31, 2011	(Un-audited) March 31, 2010
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## 18 CASH FLOWS FROM OPERATING ACTIVITIES

------(Rupees)-----

Loss before taxation (165,254,247) (150,111,664)

### Adjustments for:

Depreciation	6,330,866	7,211,657
Gain /(loss) on disposal of property and equipment	204,866	(129,482)
Loss on disposal of investments	39,787,698	6,636,989
Share of profit from associate - net of tax	(3,156,817)	(2,363,041)
Assets at fair value through profit or loss' - held for trading - net	2,704,711	(32,725,305)
Impairment loss on available for sales securities	-	90,830,000
Provision for gratuity	94,025	1,057,442
Finance cost	116,990,190	126,562,940
Dividend income	(777,880)	(2,307,891)
Reversal of provision for bad debts	-	(36,926,434)
Mark-up income on fixed deposits	(377)	(360)
Mark-up income on exposure deposits	(28,496)	(43,722)
	<b>162,148,786</b>	<b>157,802,793</b>
	<b>(3,105,461)</b>	<b>7,691,129</b>

### Changes in working capital

#### Decrease / (increase) in current assets

Trade debts	3,184,577	40,097,901
Loans and advances	(318,312)	(3,750,002)
Trade deposits and short-term prepayments	541,850	(265,532)
Other receivables	(21,632,757)	(22,704,514)
	<b>(18,224,642)</b>	<b>13,377,853</b>

#### (Decrease) / increase in current liabilities

Trade and other payables	62,276,621	34,309,807
	<b>40,946,518</b>	<b>55,378,789</b>
Finance cost paid	(20,389,582)	(20,307,509)
Gratuity paid	(279,569)	(954,392)
Income taxes paid	(1,807,412)	(3,077,001)
Long-term deposits	-	291
<b>Net cash generated from operating activities</b>	<b>18,469,955</b>	<b>31,040,178</b>

## 19 CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

- Income tax assessments of the Company for tax years 2005 and 2006 have been amended by the Taxation Officer on account of allocation of expenses and disallowance of certain items resulting in a tax demand of Rs. 78.449 million. The Company has filed an appeal with the CIT (appeals) in respect of the above mentioned disallowance which is pending to date. No provision has been made against this tax demand in these condensed interim financial statements as the Company is contesting the order before the appellate forums and the management is hopeful of a favourable decision in appeal.
- The Bank of Punjab filed a suit under section 16 of the Financial Institution's Ordinance, 2001(Recovery of Finance) in the Honourable Sindh High Court against the Company for the principal and mark-up of short term borrowings amounting to Rs. 157,225,000/- and Rs. 35,986,000/- respectively. The Company availed the short term borrowings facility against the pledge of listed Company shares (Trust Investment Bank shares 259,000 and Pioneer Cement Shares 8,508,500). Due to financial crunch in the country the Company was unable to payback the principal and mark-up on due date. Against the subject case of Bank of Punjab, the Company also filed the counter claim against the bank on the ground that the bank has failed to recover the amount by selling off the pledged shares even the margin on the pledged shares reduced below the agreed limit of 30%.



The Honourable Court adjudicated the case against the Company. The Bank of Punjab sold all the pledged shares of Pioneer Cement after judgment of the Court. The Company, however, has filed a special appeal under section 22 of the Financial Institutions Ordinance (Recovery of Finances) Ordinance, 2001 against the decision of the Single Bench of Sindh High Court which is currently pending. Based on the legal advice the Company is hopeful of a favourable decision.

- United Bank Limited has filed a suit against the Company on October 14, 2010 under section 9 of The Financial Institutions (Recovery of Finances) Ordinance 2001 for recovery of outstanding balance in the Banking Court No. III at Karachi. The verdict on the said appeal is still pending. The Company is hopeful of a favourable decision.

Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
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------(Rupees)-----

## 19.2 Commitments

Capital expenditure contracted for but not incurred 19.2.1 100,020,000 100,020,000

- 19.2.1 This represents amount contracted to be paid to ENSHAANLC Developers (Private) Limited for acquiring commercial space, being paid in instalment, in Karachi Financial Tower.

## 20 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associated undertakings, staff retirement funds, directors and key management personnel.

- 20.1 The following transactions were carried out with related parties during the period:

### For the Period March 31, 2011 ( unaudited)

	Key Management	Associates	Other Related Parties	Total Company
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------(Rupees)-----

#### Transaction During the Period

Purchase of marketable securities for and on behalf of	-	396,434,618	-	396,434,618
Sale of marketable securities for and on behalf of	-	420,255,104	-	420,255,104
Brokage Income	-	882,690	-	882,690
Rent Received	-	450,000	-	450,000
Remuneration to key management personnel	13,618,022	-	-	13,618,022
Loan from Directors	8,795,374	-	-	8,795,374

### For the Period March 31, 2010 ( unaudited)

	Key Management	Associates	Other Related Parties	Total Company
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------(Rupees)-----

#### Transaction During the Period

Purchase of marketable securities for and on behalf of	-	281,170,135	-	281,170,135
Sale of marketable securities for and on behalf of	-	430,679,336	-	430,679,336
Brokage Income	-	557,113	-	557,113
Rent Received	-	450,000	-	450,000
Remuneration to key management personnel	10,752,258	-	-	10,752,258
Loan from Directors	8,169,000	-	-	8,169,000

## 21 GENERAL

These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and rounded off to the nearest rupee.

## 22 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on **April 28, 2011** by the Board of Directors of the Company.

