



FIRST NATIONAL EQUITIES LIMITED

Quarterly
ACCOUNTS

(Unaudited) For the
Period Ended
Mar 31, 2012

www.fnetrade.com



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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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. Rais Ahmad Dar	Executive Director
6.	Mr. Mohammad Ali Khan	Executive Director
7.	Mr. Amir Shehzad	Executive Director

Chief Financial Officer

Mr. Rais Ahmed Dar

Company Secretary

Mr. Asif Mumtaz Mian, FCMA

Auditors:

Ilyas Saeed & 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.
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,
Fax: (92-42) 35843730.

Registered Office:

FNE House: 19-C, Sunset Lane-06, South Park Avenue
Phase – II, Extension, D.H.A. Karachi.
PABX: (92-21) 35395901-05
Fax: (92-21) 35395920

KSE Office:

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

Website: 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, 2012.

Market Review

The market during the March Quarter remained bullish. The KSE 100 Index which was 11,339 on the January 01, 2012 was at 13,761 on the March 31, 2012. The market volume which is the main revenue generating factor for the brokerage houses improved during the quarter with the average of 193.380 million shares per day. Despite power shortage and political uncertainty the market activities were on better side.

Financial Results

	For 9 months Ended March, 31, 2012	For 9 months Ended March, 31, 2011
	----- (Rupees) -----	
Gross revenue	105,549,032	9,369,802
Operating Profit/ (Loss)	57,390,695	(43,431,555)
Profit/ (Loss) before Tax	(78,064,526)	(165,254,247)
Taxation	(2,545,200)	(2,417,097)
Profit/ (Loss) after tax	(80,609,726)	(167,671,344)
Earning per share	(0.71)	(2.92)

We pleased to report that the outcomes of fresh capital injection had started to flourish and your company had earned an operating profit of Rs. 57.39 million as compared to loss of 43.431 million in comparative period. The management is determined to further stimulate this momentum in future.

The loss before tax is mainly due to amortization of discount on the right shares and we are following the policy to cut down administrative, financial and other operating expenses. Resultantly we have managed to lower our loss per share as compared to same period of last year.

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 for their support and guidance.

Place: Lahore
Dated: April 28, 2012

Ali A. Malik
(Chairman & CEO)



FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT MARCH 31, 2012

	Note	(Un-audited) March 31,2012	(Audited) June 30,2011
------(Rupees)-----			
NON-CURRENT ASSETS			
Property and equipment	6	71,423,861	76,812,437
Capital work in progress	7	69,496,614	69,496,614
Intangible assets	8	68,135,225	68,135,225
Long term investments	9	36,909,703	38,018,141
Long term deposits		3,065,179	2,862,429
Receivable from associates	10	175,411,452	175,411,452
Deferred taxation		62,399,326	64,616,688
		<u>486,841,360</u>	<u>495,352,986</u>
CURRENT ASSETS			
Short term investments	11	171,292,858	83,412,589
Trade debts	12	202,471,509	198,164,918
Loans and advances		2,116,156	4,311,726
Trade deposits and short term prepayments	13	5,318,958	412,788
Other receivables		78,889,716	57,703,062
Advance tax		31,240,402	30,420,127
Cash and bank balances	14	8,868,935	3,003,582
		<u>500,198,534</u>	<u>377,428,792</u>
Total Assets		<u>987,039,894</u>	<u>872,781,778</u>
CURRENT LIABILITIES			
Trade and other payables		209,920,017	221,901,034
Accrued mark-up		41,132	51,600
Short term borrowings	15	196,223,822	273,156,599
Current Portion of LongTerm Finance	16.3	-	96,133,722
Loan From Directors		-	13,700,000
		<u>406,184,971</u>	<u>604,942,955</u>
NON-CURRENT LIABILITIES			
Long term financing	16	998,226,830	981,293,484
Loan from director	17	-	5,141,523
Loan from sponsors	18	68,497,501	-
Deferred liabilities		4,860,887	5,607,696
		<u>1,071,585,218</u>	<u>992,042,703</u>
Total Liabilities		<u>1,477,770,189</u>	<u>1,596,985,658</u>
CONTINGENCIES AND COMMITMENTS			
	20	-	-
Net Assets		<u>(490,730,295)</u>	<u>(724,203,880)</u>
REPRESENTED BY:			
Authorized share capital		1,500,000,000	1,000,000,000
Issued, subscribed and paid-up capital		1,380,000,000	575,000,000
Discount on issue of Right Shares		(543,375,000)	-
Accumulated loss		(1,311,915,669)	(1,231,305,943)
		<u>(475,290,669)</u>	<u>(656,305,943)</u>
Unrealized diminution on re-measurement of investments classified as available for sale		(15,439,626)	(67,897,937)
		<u>(490,730,295)</u>	<u>(724,203,880)</u>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Chief Executive



Director

FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2012

Note	Nine Months Period Ended		Three Months Period Ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
------(Rupees)-----				
Operating revenue	26,700,656	26,642,187	18,398,436	10,486,970
Gain / (Loss) on sale of investments	388,810	(39,787,698)	1,104,459	1,365,221
Other operating income	78,459,566	22,515,313	6,739,579	6,953,437
	105,549,032	9,369,802	26,242,474	18,805,628
Administrative expenses	48,158,337	52,801,357	13,548,329	15,864,185
Operating profit / (loss)	57,390,695	(43,431,555)	12,694,145	2,941,443
Finance cost	88,086,396	116,990,190	30,482,191	39,513,379
Other operating expenses	4,905,524	5,284,608	3,089,331	2,172,707
	(35,601,225)	(165,706,353)	(20,877,377)	(38,744,643)
Unrealized profit /(loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net	11 17,148,969	(2,704,711)	16,974,006	(5,974,731)
Share of profit of associate - net	9 762,730	3,156,817	(391,942)	498,578
	(17,689,526)	(165,254,247)	(4,295,313)	(44,220,796)
Less: Amortization cost of right shares	60,375,000	-	30,187,500	-
(Loss) / profit before taxation	(78,064,526)	(165,254,247)	(34,482,813)	(44,220,796)
Taxation				
- current	327,838	241,636	186,560	52,435
- deferred	2,217,362	2,175,461	-	-
	2,545,200	2,417,097	186,560	52,435
(Loss) / profit after tax	(80,609,726)	(167,671,344)	(34,669,373)	(44,273,231)
Loss per share - basic and diluted	(0.71)	(2.92)	(0.25)	(0.77)

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Chief Executive



Director

FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2012

Note	Nine Months Period Ended		Three Months Period Ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	------(Rupees)-----			
Loss after tax	(80,609,726)	(167,671,344)	(34,669,373)	(44,273,231)
Other comprehensive income for the period				
Unrealized diminution during the period in the market value of investments classified as 'available for sale'	47,266,293	15,636,562	83,421,524	3,231,670
Reclassification adjustment of realized loss on sale of investments- available for sale	512,576	40,853,085	(203,073)	(1,365,222)
Share of unrealized surplus - investment in associate	4,679,442	6,314,047	(4,992,543)	119,599
Other comprehensive income for the period	52,458,311	62,803,694	78,225,908	1,986,047
Total comprehensive loss for the period	(28,151,415)	(104,867,650)	43,556,535	(42,287,184)

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Chief Executive



Director

**FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2012**

	Note	(Un-audited) March 31, 2012	(Un-audited) March 31, 2011
------(Rupees)-----			
Net cash (used in) / generated from operating activities	19	(52,359,326)	18,469,955
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) / Sale of investments classified as 'held for trading' - net		(7,728,484)	-
(Purchase) / Sale of investments classified as 'available-for-sale' - net		(8,284,528)	56,604,863
Sale of investments -related parties		-	15,878,566
Fixed capital expenditure incurred		(101,580)	(22,500)
Proceeds from disposal of property and equipment		-	187,500
Mark-up received		52,150	28,873
Dividend received		307,584	777,880
Net cash used in investing activities		(15,754,858)	73,455,182
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing		(99,993,664)	(34,007,500)
Loan from director		(18,841,523)	4,346,150
Borrowing under repurchase agreement		-	(10,000,000)
Loan from sponsors		68,497,501	-
Issue of right shares		201,250,000	-
Net cash generated from financing activities		150,912,314	(39,661,350)
Net increase in cash and cash equivalents		82,798,130	52,263,787
Cash and cash equivalents at the beginning of period		(270,153,017)	(464,937,423)
Cash and cash equivalents at the end of period	14	(187,354,887)	(412,673,636)

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Chief Executive



Director

**FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2012**

	Issued, subscribed and paid-up capital	Discount on issue of right shares	Reserves		Unrealised surplus / (deficit) on re-measurement of investments classified as available for sale	Total
			Accumulated (loss) / profit	Sub-total		
----- (Rupees) -----						
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 ended March 31, 2011	-	-	(167,671,344)	(167,671,344)	-	(167,671,344)
Other comprehensive income for the period	-	-	-	-	62,803,694	62,803,694
Balance as at March 31, 2011	575,000,000	-	(1,222,774,852)	(1,222,774,852)	(48,564,654)	(696,339,506)
Balance as at July 01, 2011	575,000,000	-	(1,231,305,943)	(1,231,305,943)	(67,897,937)	(724,203,880)
Right issue during the period	805,000,000	-	-	-	-	805,000,000
	1,380,000,000	-	(1,231,305,943)	(1,231,305,943)	(67,897,937)	80,796,120
Discount on issue of right shares	-	(543,375,000)	-	-	-	(543,375,000)
Loss after taxation for the period ended March 31, 2012	-	-	(80,609,726)	(80,609,726)	-	(80,609,726)
Other Comprehensive Income for the period	-	-	-	-	52,458,311	52,458,311
Balance as at March 31, 2012	1,380,000,000	(543,375,000)	(1,311,915,669)	(1,311,915,669)	(15,439,626)	(490,730,295)

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Chief Executive



Director

FIRST NATIONAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2012

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 period March 31, 2012 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, 2011.

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, 2011.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2011, 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, 2011.

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, 2011.

Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
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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, 2012:

Additions:

Vehicles - owned	-	-
Office equipment	101,580	-
Computer accessories	-	-
	<u>101,580</u>	<u>-</u>

Disposals:

Office equipment	-	-
Vehicles - owned	-	-
	<u>-</u>	<u>-</u>



Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
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------(Rupees)-----

7 CAPITAL WORK IN PROGRESS

Commercial space - Karachi financial towers	33,340,000	33,340,000
Property acquired through auction	<u>36,156,614</u>	<u>36,156,614</u>
	<u>69,496,614</u>	<u>69,496,614</u>

8 INTANGIBLE ASSETS

	Cost			Total
	Membership card of Karachi Stock Exchange	License to use Room at Karachi Stock Exchange	Tenancy rights - Building	

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

Balance as at March 31, 2012	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>
Balance as at June 30, 2011	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	(Un-audited) March 31, 2012	(Audited) June 30, 2011
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------(Rupees)-----

9 LONG-TERM INVESTMENTS - RELATED PARTY

National Asset Management Company Limited	9.1	<u>36,909,703</u>	38,018,141
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Short term

NAMCO Income Fund - Available for Sale

Opening	-	14,813,178
Realised gain	-	1,065,388
Sold during the period	-	(15,878,566)
Closing	<u>36,909,703</u>	38,018,141
Less: investment shown under short- term investment	-	-
	<u>36,909,703</u>	<u>38,018,141</u>

9.1 INVESTMENT IN ASSOCIATES

Opening balance		31,467,531	25,647,996
Share in reserve of associate		4,679,442	6,550,610
Share of post acquisition profit /(loss) for the period	9.1.1	<u>762,730</u>	5,819,535
		<u>36,909,703</u>	<u>38,018,141</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 period ended March 31, 2012 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, 2011: 4,000,000 ordinary shares) of Rs. 10 each fully paid-up. Cost of investment Rs. 40 million (June 30, 2011: 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 ten years.

Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
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------(Rupees)-----

11 SHORT TERM INVESTMENTS

Available for sale

- Average cost	151,343,253	143,571,301
- Unrealized diminution on re-measurement of investments	(20,119,068)	(74,448,547)
- Carrying value	131,224,185	69,122,754

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

- Average cost	22,919,704	18,218,430
- Unrealized gain / (loss) on re-measurement of investments	17,148,969	(3,928,595)
- Closing carrying value	40,068,673	14,289,835
	171,292,858	83,412,589

Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
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------(Rupees)-----

12 TRADE DEBTS

Considered good	202,471,509	198,164,918
Considered doubtful	410,600,945	410,600,945
	613,072,454	608,765,863
Less: provision for bad and doubtful debts	(410,600,945)	(410,600,945)
	202,471,509	198,164,918

13 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Exposure deposit	13.1	5,168,458	403,458
Prepayments		150,500	9,330
		5,318,958	412,788

- 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. The amount is deposited in accordance with the regulations of the Karachi Stock Exchange (Guarantee) Limited.

Note	(Un-audited) March 31, 2012	(Un-audited) March 31, 2011
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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	8,868,935	3,569,431
Short-term running finances	(196,223,822)	(416,243,067)
	(187,354,887)	(412,673,636)



	Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
------(Rupees)-----			
15	SHORT-TERM BORROWINGS - SECURED		
	Short-term running finances utilized under mark-up arrangements	15.1 <u>196,223,822</u>	<u>273,156,599</u>
15.1	These carry markup at the rate, ranging from one to six months KIBOR plus 1% to 2.5% per annum.		
16	LONG TERM FINANCING		
	Opening balance	683,063,713	683,063,713
	Addition / reclassification during the period - (BOP)	16.1 <u>135,307,837</u>	135,204,000
	Addition / reclassification during the period - (UBL - principal)	16.2 <u>7,170,024</u>	7,170,024
	Repayments during the period	<u>(100,097,501)</u>	-
	Closing balance	<u>725,444,073</u>	825,437,737
	Add: overdue interest on long term loans	<u>272,782,757</u>	251,989,469
		<u>998,226,830</u>	1,077,427,206
	Less : Current Portion of long term financing	<u>-</u>	<u>(96,133,722)</u>
		<u>998,226,830</u>	<u>981,293,484</u>

16.1 In view of litigation filed by the bank and now pending in the court, there is no probability of any payment, both of the principal and mark up, being made by the company during the next 12 months. The gross payment / installments shall accrue for payment now only on the superior courts pronouncing final judgment in this case. The learned legal advisor has stated that this process shall be completed in many years and not months. Therefore, the short term liability of BOP of Rs. 135,307,837/- has been transferred from short term to long term liabilities.

16.2 M/S UBL has filed the recovery suit against the company for the recovery of outstanding balances before the banking court, Karachi. The company has thus stopped accruing any further mark up.

In view of litigation pending in the court, there is no probability of any payment, both of the principal and mark up, being made by the company during the next 12 months. The gross payment / installments shall accrue for payment now only on the superior courts pronouncing final judgment in this case. The learned legal advisor has stated that this process shall be completed in many years and not months. Therefore, the UBL mark up liability of Rs. 1,936,934/- has been transferred from short term to long term liabilities.

Also the corresponding principal loan of Rs. 7,170,024/- have been reclassified to long term borrowings.

16.3 In view of litigation filed by the S.I.T.E. and now pending in the court, there is no probability of any payment, both of the principal and mark up, being made by the company during the next 12 months. The gross payment / installments shall accrue for payment now only on the superior courts pronouncing final judgment in this case. The learned legal advisor has stated that this process shall be completed in many years and not months. Therefore, the SITE loan liability of Rs. 152,584,934/- has been transferred from short term to long term liabilities.

	Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
------(Rupees)-----			

17 **LOAN FROM DIRECTOR**

This represents present value of unsecured loan obtained from Mr. Ali Aslam Malik, CEO of the Company, amounting to Rs. 9,169,000 recognized at amortized cost after discounting at average rate of borrowing.

18 **LOAN FROM SPONSORS**

Loan obtained during the period 68,497,501

This unsecured interest free loan has been received from Mrs. Adeela Ali.



Note	(Un-audited) March 31, 2012	(Un-audited) March 31, 2011
------(Rupees)-----		
19 CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(78,064,526)	(165,254,247)
Adjustments for:		
Depreciation	5,490,157	6,330,866
Gain /(loss) on disposal of property and equipment	-	204,866
(Gain) /Loss on disposal of investments	(388,810)	39,787,698
Share of profit from associate - net of tax	(762,730)	(3,156,817)
Assets at fair value through profit or loss' - held for trading - net	(17,148,969)	2,704,711
Provision for gratuity	-	94,025
Finance cost	88,086,396	116,990,190
Dividend income	(307,584)	(777,880)
Amortization on issue of right shares	60,375,000	-
Mark-up income on fixed deposits	(17,911)	(377)
Mark-up income on exposure deposits	(34,239)	(28,496)
	135,291,310	162,148,786
	57,226,784	(3,105,461)
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts	(4,306,591)	3,184,577
Loans and advances	2,195,570	(318,312)
Trade deposits and short-term prepayments	(4,906,170)	541,850
Other receivables	(21,186,654)	(21,632,757)
	(28,203,845)	(18,224,642)
(Decrease) / increase in current liabilities		
Trade and other payables	(11,981,017)	62,276,621
	17,041,922	40,946,518
Finance cost paid	(67,303,576)	(20,389,582)
Gratuity paid	(746,809)	(279,569)
Income taxes paid	(1,148,113)	(1,807,412)
Long-term deposits	(202,750)	-
Net cash (used in) / generated from operating activities	(52,359,326)	18,469,955
20 CONTINGENCIES AND COMMITMENTS		
20.1 Contingencies		
-	Income tax assessment of the Company for tax years 2005, 2006 and 2007 has been amended by the Taxation Officer on account of allocation of expenses and disallowance of certain items resulting in a tax demand of Rs. 149,322,823. 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 and the tax advisor is hopeful for a favourable decision in appeal.	
-	The Bank of Punjab has filed a suit under section 16 of the Financial Institution's Ordinance, 2001(Recovery of Finance) in the Sindh High Court against the Company for the principal and mark-up of short term borrowings amounting to Rs. 99,321,837/- 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 has 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 after judgment of the Court. The Company, however, has filed a special appeal under section 22 of the Financial Institutions (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. Meanwhile, the company has been granted stay dated 01/02/2012 by the honorable High Court.	
-	United Bank Limited has filed a suit against the Company on October 14, 2010 under section 10 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.	
-	Sindh Industrial Trading Estates (SITE) Limited has filed a recovery suit for Rs. 174,058,936/- during the last year against the Company in the Honourable Sindh High Court which is pending settlement. The Company is vigorously contesting the claim of SITE and is hopeful of settlement of the case in its favour.	



Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
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----- (Rupees) -----

20.2 Commitments

Capital expenditure contracted for but not incurred 20.2.1 100,020,000 100,020,000

20.2.1 This represents amount contracted to be paid to ENSHAA NLC Developers (Private) Limited for acquiring commercial space, being paid in installment, in Karachi Financial Tower.

21 RELATED PARTY TRANSACTIONS

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

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

For the period ended March 31, 2012 (Un-audited)

Key management personnel	Associated Undertakings	Other related parties	Total company
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----- (Rupees) -----

Transactions during the period

Purchase of marketable securities for and on behalf of	-	344,712,602	-	344,712,602
Sale of marketable securities for and on behalf of	-	246,515,546	-	246,515,546
Brokerage income	-	1,954,550	-	1,954,550
Rent received	-	500,000	-	500,000
Remuneration to key management personnel	10,812,356	-	-	10,812,356
Loan from director	-	-	-	-
Loan from sponsor	-	-	68,497,501	68,497,501

For the period ended March 31, 2011 (Un-audited)

Key management personnel	Associated Undertakings	Other related parties	Total company
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----- (Rupees) -----

Transactions 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
Brokerage income	-	882,690	-	882,690
Rent received	-	450,000	-	450,000
Remuneration to key management personnel	13,618,022	-	-	13,618,022
Loan from director	8,795,374	-	-	8,795,374
Loan from sponsor	-	-	-	-

22 RE - CLASSIFICATION AND RE - ARRANGEMENTS

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentations of events and transactions for the purpose of comparison. Significant re-classification and re-arrangements are as follows;

Particulars	From	To	Rupees
- SITE loan	Current portion of long term loans	Long term financing	152,584,934
- BOP loan	Short term borrowings	Long term financing	135,204,000
- UBL loan	Short term borrowings	Long term financing	7,170,024
- Accrued mark up of UBL loan	Accrued markup	Overdue interest on long term loans	1,936,634

23 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.

24 DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on **April 28, 2012** by the Board of Directors of the Company.

Chief Executive



Director



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