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# Half Yearly Accounts

(Unaudited) For the  
Period Ended  
Dec 31, 2012



**FIRST NATIONAL EQUITIES LIMITED**



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. Amir Shehzad	Executive Director

### Chief Financial Officer

Mr. Rais Ahmed Dar

### Auditors:

H.A.M.D & 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) 35843721-27,  
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](http://www.fnetrade.com)



## DIRECTORS' REVIEW

### Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the half yearly accounts of First National Equities Limited for the period ended on December 31, 2012.

### Market Review

The KSE-100 Index gained 2,762 points or 19.5% in HY'13 in absolute terms to end at 16,905 points with relatively higher volumes during the period. Total market volumes during 1HFY13 recorded at 17.5bn shares, up by 143%YoY, with average daily volumes increasing by 2.5 times HYoHY to 149mn shares. The bullish sentiment was guided largely by favorable regulatory policy in the form of monetary easing (250bps cut in DR) and improved US-Pak relationship.

### Financial Results

	6 months to Dec. 31, 2012	6 months to Dec. 31, 2011
	------(Rupees in 000)-----	
Operating Revenue	19,048	8,302
Operating Profit	5,861	44,696
Profit/ (Loss) before Tax	(27,953)	(43,582)
Taxation	(1,237)	(2,359)
Profit/ (Loss) after tax	(29,190)	(45,940)
Earning per share	(0.21)	(0.46)

We pleased to report that the outcomes of improved market sentiments has started to flourish and your company had earned an operating revenue of Rs. 19.048 million as compared to Rs. 8.302 million in same period of last year.

On expenses side the management had successfully implemented the policy of expenses curtailment and thus have succeeded to cut down administrative and financial expenses. Resultantly the company has managed to loss after tax of Rs. 29.190 million as compared to the loss after tax of Rs. 45.940 million in the same period of last year thus resulting the decrease in loss after tax by 36.46 %. The loss per share has also been decreased to Rs.0.21. These results vindicate the management determination and commitment towards progress 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 Institutions for their continued support and guidance. We also appreciate the management and other staff members of the company for their commitment and dedicated efforts for achieving these result under such testing times.

Place: Lahore  
Dated: February 28, 2013

Ali A. Malik  
(Chairman & CEO)





# H.A.M.D & Co.

CHARTERED ACCOUNTANTS

81-Abu Bakr Block, Garden Town  
Lahore-Pakistan.  
Tel: 92-42-35887044 & 46  
Fax: 92-42-35887045

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of FIRST NATIONAL EQUITIES LIMITED (the "Company") as at December 31, 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of change in equity and notes to the condensed interim financial information for the six-month period the ended (herein referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

The company has recorded current portion of its long term loans in non current liabilities amounting to Rs. 216,250,026/-. Had it been recorded in current liabilities, the total current liabilities would have been Rs. 608,230,119/-.

Based on our review, except to the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

We draw attention to note 2.1 to the interim financial information which indicates that during the period the Company incurred losses amounting to Rs. 29,189,858/- and has accumulated losses amounting to Rs. 1,228,860,339/- and a negative equity of Rs. 405,301,851/- at the period end. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. This interim financial information, however, has been prepared on a going concern basis in the expectation of future profitability, continuing support from financial institutions and undertaking of the financial support by the sponsoring directors, if required.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2012 and December 31, 2011 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months period ended December 31, 2012.

Date: February 28, 2013  
Place: Lahore

CHARTERED ACCOUNTANTS  
Engagement Partner: Waseem Ashfaq



**FIRST NATIONAL EQUITIES LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2012**

	Note	(Un-audited) December 31, 2012	(Audited) June 30, 2012
<b>NON-CURRENT ASSETS</b>			
		------(Rupees)-----	
Property and equipment	6	66,619,247	69,286,711
Capital work in progress	7	69,496,614	69,496,614
Intangible assets	8	68,135,225	68,135,225
Long term investments	9	41,319,941	39,072,926
Long term deposits		3,237,679	3,185,179
Trade receivable from associates	10	175,411,452	175,411,452
Deferred taxation		27,999,444	29,063,813
		<u>452,219,602</u>	<u>453,651,920</u>
<b>CURRENT ASSETS</b>			
Short term investments	11	224,600,734	151,033,005
Trade debts	12	292,912,759	287,764,467
Loans and advances		2,722,207	2,606,185
Trade deposits and short term prepayments	13	335,297	355,008
Other receivables		100,522,566	85,933,777
Advance tax		32,370,810	31,641,379
Cash and bank balances	14	1,931,101	771,566
		<u>655,395,474</u>	<u>560,105,387</u>
<b>Total Assets</b>		<u>1,107,615,076</u>	<u>1,013,757,307</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		244,312,880	204,282,254
Accrued mark-up		80,604	65,564
Short term borrowings	15	147,586,609	167,375,981
		<u>391,980,093</u>	<u>371,723,799</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	16	1,046,062,646	1,010,538,937
Loan from sponsors	17	68,497,501	68,497,501
Deferred liabilities		6,376,688	6,419,272
		<u>1,120,936,835</u>	<u>1,085,455,710</u>
<b>Total Liabilities</b>		<u>1,512,916,928</u>	<u>1,457,179,509</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	19	-	-
<b>Net Assets</b>		<u>(405,301,852)</u>	<u>(443,422,202)</u>
<b>REPRESENTED BY:</b>			
Authorized share capital		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up capital		<u>1,380,000,000</u>	<u>1,380,000,000</u>
Discount on issue of Right Shares		<u>(603,750,000)</u>	<u>(603,750,000)</u>
Accumulated loss		<u>(1,228,860,339)</u>	<u>(1,199,670,481)</u>
		<u>(452,610,339)</u>	<u>(423,420,481)</u>
Unrealized diminution on re-measurement of investments classified as available for sale		<u>47,308,487</u>	<u>(20,001,721)</u>
		<u>(405,301,852)</u>	<u>(443,422,202)</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 HALF YEAR ENDED DECEMBER 31, 2012**

Note	Six Months Period Ended		Three Months Period Ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
------(Rupees)-----				
Operating revenue	19,047,701	8,302,220	10,890,524	5,353,159
Loss on sale of investments	(40,992)	(715,649)	(436,158)	(678,735)
Other operating income	14,940,150	71,719,987	6,850,338	63,484,720
	<b>33,946,859</b>	79,306,558	<b>17,304,704</b>	68,159,144
Administrative expenses	<b>28,085,451</b>	34,610,008	<b>15,616,961</b>	19,374,130
Operating profit	<b>5,861,408</b>	44,696,550	<b>1,687,743</b>	48,785,014
Finance cost	<b>39,580,220</b>	57,604,205	<b>18,751,973</b>	30,358,050
Other operating expenses	<b>4,036,226</b>	1,816,193	<b>2,065,820</b>	1,114,183
	<b>(37,755,038)</b>	(14,723,848)	<b>(19,130,050)</b>	17,312,781
Unrealized profit on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net	11 7,742,319	174,963	4,457,185	685,751
Share of profit of associate - net	9 2,059,949	1,154,672	3,822,462	880,344
	<b>(27,952,770)</b>	(13,394,213)	<b>(10,850,403)</b>	18,878,876
Less: Amortization cost of right shares	-	30,187,500	-	30,187,500
<b>Loss before taxation</b>	<b>(27,952,770)</b>	(43,581,713)	<b>(10,850,403)</b>	(11,308,624)
Taxation				
- current	172,719	141,278	131,933	114,367
- deferred	1,064,369	2,217,362	1,064,369	2,217,362
	<b>1,237,088</b>	2,358,640	<b>1,196,302</b>	2,331,729
<b>Loss after taxation</b>	<b>(29,189,858)</b>	(45,940,353)	<b>(12,046,705)</b>	(13,640,353)
Loss per share - basic	<b>(0.21)</b>		<b>(0.09)</b>	
Loss per share - diluted		(0.46)		(0.21)

Appropriations have been reflected in the statement of changes in equity.

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

Chief Executive



Director

**FIRST NATIONAL EQUITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

Note	Six Months Period Ended		Three Months Period Ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	------(Rupees)-----			
<b>Loss after tax</b>	<b>(29,189,858)</b>	<b>(45,940,353)</b>	<b>(12,046,705)</b>	<b>(13,640,353)</b>
<b>Other Comprehensive Income for the period</b>				
Unrealised gain/(loss) during the period in the market value of investments classified as 'available for sale'	62,301,388	(36,155,231)	43,493,886	(16,341,442)
Reclassification adjustment of realized loss on sale of investments-available for sale	44,129	715,649	439,295	676,035
Share of unrealised surplus - investment in associate	4,964,691	9,671,985	296,465	1,283,765
<b>Other comprehensive income/(loss) for the period</b>	<b>67,310,208</b>	<b>(25,767,597)</b>	<b>44,229,646</b>	<b>(14,381,642)</b>
<b>Total comprehensive gain/(loss) for the period</b>	<b>38,120,350</b>	<b>(71,707,950)</b>	<b>32,182,941</b>	<b>(28,021,995)</b>

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

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



\_\_\_\_\_  
Director

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

Note	(Un-audited) December 31, 2012	(Un-audited) December 31, 2011	
------(Rupees)-----			
<b>Net cash (used in) / generated from operating activities</b>	18	19,139,846	(78,213,247)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of marketable securities	160,426	-	-
(Purchase) / Sale of investments classified as 'available-for-sale' - net	1,096,316	(9,606,620)	(9,606,620)
Fixed capital expenditure incurred	(89,000)	(46,280)	(46,280)
Mark-up received	571	18,129	18,129
Dividend received	640,749	307,584	307,584
<b>Net cash from investing activities</b>	1,809,062	(9,327,187)	(9,327,187)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing	-	(99,993,664)	(99,993,664)
Loan from director	-	(18,841,523)	(18,841,523)
Loan from sponsors	-	68,497,501	68,497,501
Issue of right shares	-	201,250,000	201,250,000
<b>Net cash generated from financing activities</b>	-	150,912,314	150,912,314
<b>Net increase in cash and cash equivalents</b>	20,948,908	63,371,880	63,371,880
<b>Cash and cash equivalents at the beginning of the period</b>	(166,604,415)	(270,153,017)	(270,153,017)
<b>Cash and cash equivalents at the end of the period</b>	14	(145,655,508)	(206,781,137)

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

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



\_\_\_\_\_  
Director

**FIRST NATIONAL EQUITIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Issued, subscribed and paid-up capital	Discount on issue of right shares	Accumulated loss	Unrealised surplus / (deficit) on re- measurement of investments classified as available for sale	Total
------(Rupees)-----					
Balance as at July 01, 2011	575,000,000	-	(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)	(67,897,937)	80,796,120
Discount on issue of right shares	-	(573,562,500)	-	-	(573,562,500)
Loss after taxation for the half year ended December 31, 2011	-	-	(45,940,353)	-	(45,940,353)
Other Comprehensive Income for the period	-	-	-	(25,767,597)	(25,767,597)
Balance as at December 31, 2011	1,380,000,000	(573,562,500)	(1,277,246,296)	(93,665,534)	(564,474,330)
<b>Balance as at July 01, 2012</b>	<b>1,380,000,000</b>	<b>(603,750,000)</b>	<b>(1,199,670,481)</b>	<b>(20,001,721)</b>	<b>(443,422,202)</b>
Loss after taxation for the half year ended December 31, 2012	-	-	(29,189,858)	-	(29,189,858)
Other Comprehensive Income for the period	-	-	-	67,310,208	67,310,208
Balance as at December 31, 2012	1,380,000,000	(603,750,000)	(1,228,860,339)	47,308,487	(405,301,852)

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

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



\_\_\_\_\_  
Director

**FIRST NATIONAL EQUITIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 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 Limited.

The Company has Trading Right Entitlement Certificate of the Karachi Stock Exchange Limited. The principal activities of the Company include shares brokerage, consultancy services and IPO 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 half year ended December 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, 2012.

**2.1 GOING CONCERN**

The Company has incurred significant operational losses during the half year ended December 31, 2012 of Rs.29.190 million and its accumulated losses as at December 31, 2012 amounted to Rs.1,228.86 million which has resulted in negative equity of Rs. 405.302 million. However, the condensed interim financial statements of the Company for the half year ended December 31, 2012 have been prepared on a going concern basis as the management believes that due to funding from the company's sponsors in the form of new capital and loan injections, restructuring of facilities from banks and consequent to the new viable business plans for future operations, the Company will be able to generate sufficient profits in the future enabling it to set-off the accumulated losses. The Company has reclassified current portion of its long term loans in non-current liabilities, due to the negotiations of restructuring/rescheduling of loans with Bank Alfalah Limited.

**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, 2012.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012, 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, 2012.

**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, 2012.



Note	(Un-audited) December 31, 2012	(Audited) June 30, 2012
------(Rupees)-----		
<b>6</b>	<b>PROPERTY AND EQUIPMENT</b>	
Following is the cost of property and equipment that have been added /disposed off during the six months period ended December 31, 2012:		
<b>Additions:</b>		
Vehicles - owned	89,000	-
Office equipment	-	108,772
	<u>89,000</u>	<u>108,772</u>
<b>Disposals:</b>		
Office equipment	-	38,860
Furniture and Fittings	-	811,657
Vehicles	-	40,414
	<u>-</u>	<u>890,931</u>
<b>7</b>	<b>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			Total
	TRE Certificate & KSE Equitiy Shares	License to use Room at Karachi Stock Exchange	Tenancy rights - Building	
------(Rupees)-----				
<b>Balance as at December 31, 2012</b>	31,220,225	22,000,000	14,915,000	68,135,225
<b>Total</b>	<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, 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>

- 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 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.
- 8.3** In accordance with the requirements of the stock exchange (Corporatisation, Demutualization and Integration) Act, 2012, the company has received Equity Shares 4,007,383 of Karachi Stock Exchange "KSE" and Trading Right Entitlement in lieu of value of companys' membership card of KSE. The said process of demutualization was finalized on August 15, 2012.



	Note	(Un-audited) December 31, 2012	(Audited) June 30, 2012	
------(Rupees)-----				
<b>9</b>	<b>LONG-TERM INVESTMENTS - RELATED PARTY</b>			
	National Asset Management Company Limited	9.1	<u>41,319,941</u>	<u>39,072,926</u>
<b>9.1</b>	<b>INVESTMENT IN ASSOCIATES</b>			
	Opening balance		<u>34,295,301</u>	<u>31,467,531</u>
	Share in reserve of associate		<u>4,964,691</u>	<u>4,777,625</u>
	Share of post acquisition profit for the period	9.1.1	<u>2,059,949</u>	<u>2,827,770</u>
			<u><u>41,319,941</u></u>	<u><u>39,072,926</u></u>
<b>9.1.1</b>	"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 half year ended December 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, 2012: 4,000,000 ordinary shares) of Rs. 10 each fully paid-up. Cost of investment Rs. 40 million (June 30, 2012: 40 million)"			
<b>10</b>	<b>TRADE RECEIVABLE FROM ASSOCIATES</b>			
	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.			
<b>11</b>	<b>SHORT TERM INVESTMENTS</b>			
	<b>Available for sale</b>			
	- Average cost		<u>149,630,579</u>	<u>150,771,024</u>
	- Unrealized gain/(loss) on re-measurement of investments		<u>42,343,796</u>	<u>(24,779,345)</u>
	- Carrying value		<u>191,974,375</u>	<u>125,991,679</u>
	<b>Financial assets at fair value through profit or loss - held for trading</b>			
	- Average cost		<u>24,884,040</u>	<u>14,286,461</u>
	- Unrealized gain on re-measurement of investments		<u>7,742,319</u>	<u>10,754,865</u>
	- Closing carrying value		<u>32,626,359</u>	<u>25,041,326</u>
			<u><u>224,600,734</u></u>	<u><u>151,033,005</u></u>
<b>12</b>	<b>TRADE DEBTS</b>			
	Considered good		<u>292,912,759</u>	<u>287,764,467</u>
	Considered doubtful		<u>308,204,672</u>	<u>308,204,672</u>
			<u>601,117,431</u>	<u>595,969,139</u>
	Less: provision for bad and doubtful debts		<u>(308,204,672)</u>	<u>(308,204,672)</u>
			<u><u>292,912,759</u></u>	<u><u>287,764,467</u></u>
<b>13</b>	<b>TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
	Exposure deposit		<u>208,747</u>	<u>263,458</u>
	Prepayments	13.1	<u>126,550</u>	<u>91,550</u>
			<u><u>335,297</u></u>	<u><u>355,008</u></u>



- 13.1 This represents amount deposited with the Karachi Stock Exchange 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 Limited.

Note	(Un-audited) December 31, 2012	(Un-audited) December 31, 2011
------(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		1,931,101	29,731,880
Short-term running finances	15.1	<u>(147,586,609)</u>	<u>(236,513,017)</u>
		<u>(145,655,508)</u>	<u>(206,781,137)</u>

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

#### 15 SHORT-TERM BORROWINGS - SECURED

Short-term running finances utilized under mark-up arrangements	15.1	<u>147,586,609</u>	<u>167,375,981</u>
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- 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

Long Term Financing utilized under mark-up arrangements	16.1	<u>725,444,073</u>	725,444,073
Add: overdue interest on long term loans	16.2	<u>320,618,573</u>	285,094,864
		<u>1,046,062,646</u>	<u>1,010,538,937</u>

- 16.1 In view of litigation filed by the Bank of Punjab (BOP) 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 reclassified from short term to long term liabilities.

- M/S United Bank Limited (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 reclassified from short term to long term liabilities. Also the corresponding principal loan of Rs. 7,170,024/- have been classified to long term borrowings.

- 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 reclassified from short term to long term liabilities.
- The company has recorded outstanding current maturity of long term loans amounting to Rs. 216,250,026/- due to Bank Alfalah Limited in long term financing as at December 31, 2012. The company has not made any payment of current maturity and is in negotiations with the financial institution for converting current maturity of loans into long term loans.

- 16.2 This represents overdue interest on long term loan with Bank Alfalah Limited and United Bank Limited amounting to Rs. 318,681,639/- and Rs. 1,936,934/- respectively.





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

## 17 LOAN FROM SPONSORS

Loan obtained from sponsors	<u>68,497,501</u>	<u>68,497,501</u>
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This unsecured interest free loan has been received from Mrs. Adeela Ali w/o Mr. Ali Aslam Malik.

Note	(Un-audited) December 31, 2012	(Un-audited) December 31, 2011
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------(Rupees)-----

## 18 CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation	<u>(27,952,770)</u>	(43,581,713)
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### Adjustments for:

Depreciation	2,756,463	3,659,169
Loss on disposal of investments	40,992	715,649
Share of profit from associate - net of tax	(2,059,949)	(1,154,672)
Assets at fair value through profit or loss' - held for trading - net	(7,742,319)	(174,963)
Finance cost	39,580,220	57,604,205
Dividend income	(640,749)	(307,584)
Amortization on issue of right shares	-	30,187,500
Mark-up income on fixed deposits	(571)	(426)
Mark-up income on exposure deposits	-	(17,703)
	<u>31,934,087</u>	<u>90,511,175</u>
	<u>3,981,317</u>	<u>46,929,462</u>

### Changes in working capital

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

Trade debts	(5,148,292)	(2,569,819)
Loans and advances	(116,022)	2,303,741
Trade deposits and short-term prepayments	19,711	175,997
Other receivables	(14,588,789)	(16,290,628)
	<u>(19,833,392)</u>	<u>(16,380,709)</u>

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

Trade and other payables	<u>40,030,626</u>	<u>(42,816,550)</u>
	<u>24,178,551</u>	<u>(12,267,797)</u>
Finance cost paid	(4,041,471)	(64,757,259)
Gratuity paid	(42,584)	(440,809)
Income taxes paid	(902,150)	(564,632)
Long-term deposits	(52,500)	(182,750)
<b>Net cash (used in) /generated from operating activities</b>	<u><u>19,139,846</u></u>	<u><u>(78,213,247)</u></u>

## 19 CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

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 amounts were transferred to long term financing by the Company. 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) December 31, 2012	(Audited) June 30, 2012
------(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 ENSHAA NLC Developers (Private) Limited for acquiring commercial space, being paid in installment, in Karachi Financial Tower.

## 20 RELATED PARTY TRANSACTIONS

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

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

### For the half year ended December 31, 2012 (Unaudited)

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

#### Transactions during the period

Purchase of marketable securities for and on behalf of	-	715,787,898	-	715,787,898
Sale of marketable securities for and on behalf of	-	653,236,794	-	653,236,794
Brokerage income	-	2,210,670	-	2,210,670
Rent received	-	360,000	-	360,000
Remuneration to key management personnel	7,378,508	-	-	7,378,508
Loan from sponsor	-	-	68,497,501	68,497,501

### For the half year ended December 31, 2011 (Unaudited)

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

#### Transactions during the period

Purchase of marketable securities for and on behalf of	-	111,412,337	-	111,412,337
Sale of marketable securities for and on behalf of	-	87,813,130	-	87,813,130
Brokerage income	-	306,380	-	306,380
Rent received	-	320,000	-	320,000
Remuneration to key management personnel	7,718,193	-	-	7,718,193
Loan from sponsor	-	-	68,497,501	68,497,501



**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 authorized for issue on **February 28, 2013** by the Board of Directors of the Company.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR



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