ANNUAL ACCOUNTS 2013

FIRST NATIONAL EQUITIES LIMITED

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".

CONTENTS

COMPANY INFORMATION

Board of Directors:

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

Audit Committee:

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

HR& Remuneration Committee:

1.	Malik Attiq-ur-Rehman	Chairman
2.	Mr. Shahzad Akbar	Member
3.	Mr. Ali A. Malik	Member

Chief Financial Officer
Miss. Najam Raza Shamsi

Company Secretary
Mr. Usman Amjad Khan

Auditors:
H.A.M.D & Co.
Chartered Accountants
Lahore.

Legal Advisor:
Minto & Mirza, Advocates

Shares Registrar:

Technology Trade (Pvt,) Limited.
Dagia 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 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) 35843721-27
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

KSE Office:

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of First National Equities Limited ("the company") will be held at its registered office be located at 19-C, Sunset Lane-6, South Park Avenue, Phase II, Ext: D.H.A, Karachi, on Wednesday, October 30, 2013 at 8:15 a.m. to transact the following business:-

ORDINARY BUSINESS:

1 To receive, consider and adopt the audited annual financial statements of the company for the year ended June 30, 2013 together with the directors' and auditors' reports thereon.

2 To appoint external auditors of the company for the year ending on June 30, 2014 and fix their remuneration. The present auditor namely H.A.M.D & Co., Chartered Accountants, retire and being eligible, has offered themselves for re-appointment as auditors of the company.

3 To transact any other business of the company that may be placed before the meeting with the permission of the chair.

SPECIAL BUSINESS

4 Approve the remuneration of whole-time working director:
To consider and if thought fit, pass with or without modification, the following resolution as special resolution.

"Resolved that the remunerations of the whole time working director Mr. Amir Shehzad as recommended by the Board of Directors be and are hereby post facto approved"

5 Review the status of equity investment in associated company.

Attached to this notice is a statement of material facts covering the above mentioned special business, as required under section 160(1) (b) of the Companies Ordinance, 1984.

By Order of the Board
Usman Amjad Khan
(Company Secretary)

Karachi.
Dated: October 09, 2013

NOTE

1 The Shares Transfer Books will remain closed from October 23, 2013 to October 30, 2013(both days inclusive) to enable the Company to determine the right of members to attend the above meeting.

2 Transfer received in order at office of the Company's Shares Registrar, Technology Trade (Pvt.) Ltd. Dagia House, 241-C, P.E.C.H.S. Block-2, Karachi by the close of business hours on October 22, 2013 will be treated in time for the entitlement of vote and attending AGM. Members are also requested to immediately notify of any change in their registered addresses by writing to the office of Company's Share Registrar.

3 A member entitled to attend and vote at this meeting may appoint another member as his/her proxy who shall have same rights as available to a member. In order to be a valid, the duly stamped, signed and witnessed instrument of proxy and the power of attorney or a notarially certified copy of such power of attorney or other authority under which it is signed must be deposited at the registered office of the company, not later than 48 hours before the time of holding the meeting.

4 Central Depository Company account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A For Attending the Meeting

i In case of individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub account number along with valid original CNIC or valid original passport to authenticate his /her identity at the time of meeting

ii In case of corporate entity, the Board of Director's resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B For Appointing Proxies

a In case of individuals beneficial owners of CDC shall submit the proxy form as per above requirements along with participant IDS and account sub account number together with attested copy of the valid CNIC or passport.

b The proxy shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

c In case of corporate entity, the Board of Director's resolution/ power of attorney with specimen signature of the proxy member shall be submitted (unless it has been submitted earlier) along with proxy form.

d The proxy shall produce his/her valid original CNIC or valid original passport at the time of the meeting.

A STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 PERTAINING TO THE SPECIAL BUSINESS CONTAINED IN THE NOTICE OF AGM.

A statement setting out all material facts with respect to the special business is furnished hereunder and annexed with the notice of AGM:

1- The approval of the members of the company is being sought for the directors' remuneration as recommended by the Board of Directors of the Company for performing extra services as whole-time working directors. The material facts including the nature and extent of the director interest are as follows:

No.	Director Name	Extra Services	Monthly Compensation (Rs)	Other Benefits
1	Mr. Amir Shehzad	Chief Equity Trader	75,000	A Company maintained Car with 125/- liters Petrol Allowance. Leaves, retirements benefits and other entitlement are per company employees services rules, policies and/or applicable Legal Laws, Rules and Regulations

2- The members of the company in their meeting held on June 29, 2013 had approved, through special resolution in term of Section 208 of the Companies Ordinance, 1984, the equity investment up to Rs. 100.00 Million subscribing at par, fully paid up ten million ordinary shares of Rs. 10 each of National Asset Management Company Limited as per term and conditions disclosed to the members. The following information is being disclosed to the members in the terms of Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertaking) Regulations, 2012:

Director Name

a	Total investment approved		Rs 100 million
b	Amount of investment made to date		Nil
c	Reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and		The Associated Company is in the process of offering the Right Issue.
d	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.		Profit for year, 2013: Rs. 42,224,254 Earning per share: Rs. 3.95

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Financial Statements of your Company for the year ended June 30, 2013, together with the auditors' report thereon.

Overall Economy

Pakistan's Economy portrayed a mixed picture in FY13. The real GDP growth rate was only 3.60% as compared to 4.40% of last year. The industrial sector growth was 3.50% against 2.70% of last year where as agricultural and service sector both depicted a decline in growth The fiscal deficit as % of GDP remained at 8.80% against 4.60% of last year Tax revenue, as % of GDP, further declined to 9.90% during FYI3 from 10.90% last year. Declining oil prices allowed the current account deficit for FY13 to contract by 51% YoY to USD 2.29 billion from USD 4.69 billion last year. However, exports remained largely flat at USD 24.75 billion against USD 24.70 billion last year. The improvement in current account deficit was further reflected in over all balance of payment deficit stood at USD 2.39 billion down by 29% YoY. However, loan repayments, especially to the IMF, took their toll on the country's foreign exchange reserves. Reserves held by the State Bank declined by 40% to USD 7.20 billion as of 30' June 2013 from USD 11.91 billion at the end of FY12. The improvement in the balance of payment was able to partially offset the impact of declining reserves on the exchange rate and the PKR lost 5.30% of its value against the USD during FY13 as compared to 9.90% last year.

On positive side, CPI inflation was largely brought into control and averaged at 7.40% during FY13 against an average of 11.12% in FY12. Declining inflation enabled the State Bank to continue its strategy of monetary easing and the discount rate was cut by a cumulative 3% to end FY13 at 9%.

Another positive indicator for the economy was the trend in net foreign direct investment. After declining for four consecutive years from FY09- FYI2 net foreign direct investment shot up by 76% YoY to USD 1.45 billion during the year under review.

Stock Market

Despite heightened security concerns and the rampant energy crisis, Pakistan's equity market witnessed an impressive bull run during FY13. The positive sentiment pushed the index to a new high of 22,757 points (June 13' 2013) as it finally closed at 21,005 points. Market Capitalization rose to PkR5.1tn beating the previous high of PkR4.8tn on Apr 19'08. However, in US dollar terms market capitalization of US$51.7bn is still 31% lower compared to its historic high of US$74.9bn.

Average daily volume significantly improved to PkR5.7bn (US$59mn) up 44% (33% in US$ terms) from PkR4.0bn (US$44bn) recorded in the preceding year. In terms of share traded, the average volume rose by 54% to 201mn shares versus 130mn shares in FY12.

Resultantly Pakistan's equity market emerged as one of the best performing Asian Markets with the benchmark KSE100 Index yielding a 9-year high return of 52% (44% in US$ terms) in FY13

Financial Results	**2013**	**2012**
	(Rupees in Million)	
Gross revenue	106.7	268.3
Operating revenue	45.2	41.8
Operating Profit	52.5	203.8
Profit/ (Loss) before taxation	(13.4)	67.8
Less: taxation	4.9	36.1
Profit/ (Loss) after tax	(18.4)	31.6
Earning per share (Rs.)	(0.13)	0.27

During the year, the gross revenues of your company amounted to Rs. 106.68 million (2012: Rs. 268.3 million) and operating revenues included in it rose to 45.2 million (2012: Rs. 41.8 million) On expenses side continued policy of expenses curtailment resulted to cut down administrative expenses to Rs. 54.18 million(2012: Rs. 64.47 million), financial expenses to Rs. 72.52 million (2012: Rs. 103.47 million) and other operating expenses to Rs. 10.86 million (2012: Rs. 46.26 million), Resultantly we have managed to curtail loss to Rs. 0.13 per share as compared to earning of Rs. 0.27 per shares in last year

On brokerage side we are continuously in the process of building a solid clientele base and enhancing the business volumes from the existing and new clientele. The process of successful revival of the receivables started in previous years will be one of our top priorities in future.

We are pleased to inform our valued members that process of Right-2 Issue, approved by the members of the company in their EOGM held on May 15, 2013 and subsequently approved by the Commission, has entered in to main phase as the trading of the Rights has started on Monday October 07, 2013 The management is determined and hopeful to complete this process according to the schedule approved by KSE The injection of fresh capital/funds of Rs. 1001.88 million will not only improve the financial health of the company but will also streamline its day to day operations and strengthen the business capacity of the company. Further these capital/funds injection will also mitigate the auditor's observations/ emphasis of matter highlighted in his audit report regarding the Company's ability to continue as going concern. Further we are also hopeful that our restructuring process of arrangements with lender which was started in the year under review will complete soon. We are very positive that as results of these measures, company will be able to generate more revenue and sufficient profits in future to off set its accumulated losses and will turn the net loss into net profit in the coming period.

Owing company financial position the Board of Directors has decided not to declare any dividend, bonus and not to approve any appropriation for reserves.

There have been no material changes since June 30, 2013 to the date of this report that require adjustment to Financial Statements.

At FNE., Human Resources in its business partner role, endorses strategies to raise the performance of each team member to its maximum potential. The continuous review of the organizational structure ensured the business' stability. Employees are rewarded based on performance, resulting enhanced retention and motivation at all levels.

The Company is committed towards fulfilling its Corporate Social Responsibility and has been actively performing its Corporate Social Responsibility in areas of healthcare, education, environment community welfare, sports & relief work and aims to enhance its scope and contribution in the future. We at FNEL are well aware of the well being of our employees as well as the community at large. Pollution reduction and waste management processes have been distinct and are being applied to ensure minimal impact on our environment. The Company focuses on energy conservation and all departments and employees adhere to the power conservation measures. Your Company always takes its contribution towards national economy seriously

The Directors are pleased to confirm that:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and there has been no departure from them.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- Mitigating factors for significant doubts upon the company's ability to continue as going concern have been detailed in note 2.2 to the financial statements.
- The information about the loan/debts have been detailed in notes 20 & 21 to the financial statements

- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
- Key historical data is summarized and attached.
- A total of five board meetings were held during the year details of which together with attendance by each director are as follows:

S. No.	Name of Director	Total No. of Board Meeting	Number of Meeting(s) attended
1	Mr. Ali Aslam Malik	5	5
2	Malik Attiq-ur-Rehman	5	4
3	Muhammad Iqbal khan	5	5
4	Mr. Shahzad Akbar	5	4
5	Mr. Rais Ahmad Dar	5	-
6	Mr. Mohammad Ali Khan*	3	2
7	Mr. Amir Shehzad	5	5
8	Mr. Saeed Ahmad Bajwa*	1	1

*Mr. Saeed Ahmad Bajwa was appointed as director of the company during the year to fill the casual vacancy due to the resignation of Mr. Muhammad Ali Khan

Leaves of absence were granted to the Directors who could not attend the Board Meeting.

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duty approved by the Board. Six meetings of the Audit Committee were held during the year, details of which together with attendance by each member are as follows:

S. No.	Name of Director	Total No. of Audit Committee Meeting	Number of Meeting(s) attended
1	Mr. Muhammad Iqbal Khan	6	6
2	Malik Attiq-ur-Rehman	6	5
3	Mr. Shahzad Akbar	6	5

As required under the Code of Corporate Governance, the HR&R Committee continued to perform as per its terms of reference duty approved by the Board. Four meetings of the HR&R Committee were held during the year, details of which together with attendance by each member are as follows:

S. No.	Name of Director	Total No. of HR&R Committee Meeting	Number of Meeting(s) attended
1	Mr. Shahzad Akbar	4	4
2	Mr. Muhammad Iqbal Khan	4	4
3	Ali A. Malik	4	4

The statement showing pattern of share holding in the company, as on June 30, 2013 is attached.

During the year under review 500 shares of the Company was purchased by the Mr. Saeed Ahmad Bajwa, Director and no other trades in the shares of the Company were carried out by its Directors, CEO, CFO, Company Secretary & their spouses & minor children.

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under listing regulation 35(xxii) of Karachi Stock Exchange, as part of the annual return filed with the Registrar of Companies to certify the secretarial and corporate requirements of the Companies Ordinance, 1984 and listing regulations have been duly complied with.

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of all related party transactions have been provided in note 35 of the annexed audited separate financial statements.

The three years term of previous Board was ended on June 30, 2013. Consequently the following directors has been elected in EOGM held on June 29, 2013 for next term of three (3) years commencing from July 01, 2013:

1. Mr. Shahzad Akbar
2. Mr. Ali A. Malik
3. Malik Attiq-ur-Rehman
4. Mr. Muhammad Iqbal Khan
5. Mr. Saeed Ahmad Bajwa.
6. Mr. Rais Ahmad Dar
7. Mr. Amir Shehzad

Pursuant to Section 218 of the Companies Ordinance, 1984, it is hereby notified that the Board of Directors of the Company in their meeting held on July 06, 2013 has approved re-appointment of Mr. Ali. A. Malik as Chief Executive Officer of the Company and approved/recommended re-appointment of Mr. Amir Shehzad as Whole-Time Working Director of the Company for a period of three years, without any change in their previous remuneration and terms of appointment, which are following and shall be presented in the forthcoming AGM of the Company for the approval of the shareholders:

	Monthly - Gross Salaries	Special Allowances
Mr. Ali A Malik(Chief Executive Officer)	Rs. 400,000/-	Rs. 100,000/-
Mr. Amir Shehzad (Chief Equity Trader)	Rs. 75,000/-	NIL

These officials are also entitled some other benefits as per their terms of appointments/contracts and be subject to such adjustments, bonuses, increments and other entitlements as may be granted from time to time by the Board and/or in accordance with the Employees Service Rules, Policies of the Company and applicable legal laws, rules and regulation for the time being in force or amended from time to time.

The present external auditors Messrs H.A.M.D & Co., Chartered Accountants shall retire at the conclusion of annual general meeting and being eligible, have offered themselves for reappointment for the year ending on June 30, 2014. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board recommends reappointment of Messrs H.A.M.D & Co, as auditors of the Company for the financial year ending on June 30, 2014 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders in forth coming at the AGM

We are grateful to the Company's stakeholders for their long-lasting confidence and support. We record our appreciation and thanks to our Associated Companies, Bankers & Financial Institution, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan and the Management of Karachi Stock Exchange for their support and guidance. We also appreciate the valuable contribution and active role of the members of the audit Committee in supporting and guiding the management on matters of great importance leading to growth with sustainability of the Company.

Place: Lahore
Dated: October 07, 2013

Ali A. Malik
(Chief Executive Officer)

Financial Statistical Summary (2007 - 2013)

PARTICULARS	June 30, (Rupees '000)						
	2013	2012	2011	2010	2009	2008	2007
OPERATING RESULTS							
Operating Revenues	53,446	41,819	(3,720)	75,209	(94,734)	392,414	615486
Other Operating income	53,230	226,478	40,295	211,288	4,001	16,215	21899
Gross Revenue	106,676	268,297	36,575	286,497	(90,733)	408,629	637,385
Administrative Expenses	(54,187)	(64,469)	(73,734)	(78,707)	(93,518)	(141,960)	(143,570)
	52,489	203,828	(37,159)	207,790	(184,251)	266,669	493,815
Finance Cost	(72,522)	(103,365)	(130,304)	(164,329)	(218,027)	(196,640)	(206,433)
Other Operating Expenses	(10,857)	(46,258)	(11,835)	(11,796)	(365,259)	(46,113)	(203,362)
	(30,890)	54,205	(179,298)	31,665	(767,537)	23,916	84,020
Fair value loss on remeasurement of held for trading investment - net	1,234	10,755	(3,928)	(6,436)	(40,987)	(11,021)	20,403
Impairment loss on available for sale securities	-	-	-	(90,830)	(309,872)	-	-
instruments	-	-	-	-	-	-	-
Unrealised gain - letter of right	-	-	-	-	-	-	595
	1,234	10,755	(3,928)	(97,266)	(350,859)	(11,021)	20,998
Share of profit of associates - net of tax	16,206	2,827	5,819	511	(23,033)	5,947	2,088
Profit / (Loss) before Tax	(13,450)	67,787	(177,407)	(65,090)	(1,141,429)	18,842	107,106
Taxation - net	(4,946)	(36,152)	1,205	(62,595)	-	(13,341)	(27,775)
Profit / (Loss) after Tax	(18,396)	31,635	(176,202)	(127,685)	(1,141,429)	5,501	79,331
Payout Ratio		-	-	-	-	-	30%
BALANCE SHEET SUMMARY							
Non-Current Assest							
Fixed assets	183,309	206,919	214,444	223,681	230,894	239,611	189,670
Long term Investment	53,492	39,073	38,018	30,438	28,442	68,170	42,223
Deferred cost	25,650	29,064	64,617	65,874	126,806	12,198	-
Receivable from associates	175,411	175,411	175,411	175,411			
Long term loans & advances	-	-	-	-	-	-	125
Investment - Available for Sale	40,074	-	-	-	-	-	-
Long Term deposits	2,679	3,185	2,863	2,863	2,629	3,557	2,616
	480,615	**453,652**	**495,353**	**498,267**	**388,771**	**323,536**	**234,634**
Current assets							
Short term investments	266,530	151,033	83,413	194,720	443,783	1,088,442	1,677,850
Trade debts	281,257	287,764	198,165	208,436	284,716	844,228	536,346
Loans & advances	922	2,844	4,312	4,681	1,875	4,500	1,869
Trade deposits & short term prepayments	498	355	412	1,066	150	29,464	304,999
Accrued mark up	-	-	-	-	-		6,062
Other Receivables	115,386	86,063	57,703	28,989	2,723	3,255	-
Taxation Recoverable - net	32,545	31,641	30,420	25,520	23,364	20,722	2,514
Cash and bank balance	3,561	772	3,004	10,039	5,555	20,232	39,207
	700,699	**560,472**	**377,429**	**473,451**	**762,166**	**2,010,843**	**2,568,847**
CURRENT LIABILITIES							
Trade & other payables	471,505	354,367	221,901	160,041	115,265	490,889	1,203,683
Interest and mark-up accrued on borrowings	-	65	52	9,181	40,417	17,139	5,108
Payable in respect of continuous funding system			-	-	-	410,667	-
Short term borrowings	35,463	167,376	273,157	484,976	808,160	840,487	390,810
finance certificate			-	-	-	-	235,127
Current maturity on long term loans	552,735	-	-	-	40,322	-	-
Loan from director		-	13,700	-	-	-	-
Current portion of liabilities against assests subject to finance lease	-	-	-	-	-	-	-
	1,059,703	521,808	508,810	654,198	1,004,164	1,759,182	1,834,728
Net Current Assets	**(359,004)**	**38,664**	**(131,381)**	**(180,747)**	**(241,998)**	251,661	734,119
Non-current liabilities							
Loan from director	-	-	5,141	4,449			
Loan from Sponsors	68,498	68,498					
Defferred liabilites	7,503	6,419	5,608	3,515	3,209	4,141	1,627
Long Term Borrowings	513,954	1,010,539	1,077,427	901,027	583,270	-	-
	589,955	1,085,456	1,088,176	908,991	586,479	4,141	1,627
Net Assets	**(468,344)**	**(593,140)**	**(724,204)**	**(591,471)**	**(439,706)**	**571,056**	**967,126**
REPRESENTED BY							
Issued, subscribed and paid-up capital	1,380,000	1,380,000	575,000	575,000	575,000	575,000	500,000
Discount of issue of Right Shares	(603,750)	(603,750)					
Unappropriated profit / (Accumulated losses)	(1,367,784)	(1,349,388)	(1,231,306)	(1,055,103)	(927,418)	101,292	245,791
Surplus/(deficit) on revaluation of investment- available for sale	123,190	(20,002)	(67,898)	(111,368)	(87,288)	(105,236)	221,335
Total Equity and Liabilities	**(468,344)**	**(593,140)**	**(724,204)**	**(591,471)**	**(439,706)**	**571,056**	**967,126**

Statement of Compliance with the Code of Corporate Governance For the year ended on June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No 35 of listing regulations of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The company has applied the principles contained in the CCG in the following manner:

1 The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Muhammad Iqbal Khan Mr. Saeed Ahmed Bajwa
Executive Directors	Mr. Ali Aslam Malik Mr. Amir Shehzad
Non-Executive Directors	Mr. Rais Ahmad Dar Mr. Shahzad Akbar Malik Attiq-ur Rahman

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3 All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4 One casual vacancy occurring on the Board on February 28, 2013 was filled up by the directors with in 90 days.

5 The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6 The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7 All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8 The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9 The board arranged one training programs for its directors during the year.

10 The Board has approved the appointments of CFO and Company Secretary including their remuneration and terms and condition of employment.

11 The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12 The financial statements of the company were duly endorsed by CEO and officiating CFO before approval of the Board

13 The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14 The company has complied with all the corporate and financial reporting requirements of the CCG.

15 The board has formed an Audit Committee. It comprises three members and all of them are non-executive directors and the chairman of the committee is an independent director.

16 The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17 The board has formed an HR and Remuneration Committee. It comprises three .members, of whom two non-executive directors and the chairman of the committee is a non-executive director.

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18 The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company

19 The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20 The statutory auditors or the persons associated with them have not been appointed to provide other services excep in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21 The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22 Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23 We confirm that all other material principles enshrined in the CCG have been complied with except for the clauses xi and xiv, toward which reasonable progress has been made by the company to seek compliance by the end of next accounting year.

Place: Lahore
Dated: October 07, 2013

Ali A. Malik
(Chief Executive Officer)

H.A.M.D & Co.
CHARTERED ACCOUNTANTS

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

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of First National Equities Limited (the Company") to comply with the Listing Regulations of Karachi Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and deport if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi Stock Exchange require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

H.A.M.D. & Co.
Chartered Accountants
Engagement partner: Waseem Ashfaq

Place: Lahore
Date: October 07, 2013

H.A.M.D & Co.
CHARTERED ACCOUNTANTS

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of FIRST NATIONAL EQUITIES LIMITED ("the Company") as at June 30, 2013 and related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984.

b) In our opinion

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) In our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the loss, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Emphasis of matter

Without qualifying our opinion, we draw attention to the contents of note 2.2 and 18.1.1 to the accompanying financial statements, the Company has incurred loss after tax of Rs.18.40 million for the year. The Company's accumulated losses have been at Rs.1,367.78 million as at June 30, 2013, inclusive of Rs. 149.71 million loss of prior periods and its equity is in negative at Rs. 468.34 million on that date. The net position of current assets and current liabilities is also in negative. These conditions indicate the existence of material uncertainty that may cast significant doubts about the Company's ability to continue as a going concern for a foreseeable future period. However, management and directors are also working on a plan of action in order to turn around the company, as described in note 2.2. Therefore the accompanying financial statements have been prepared on a going concern basis of accounting;

H.A.M.D. & Co.
Chartered Accountants
Engagement partner: Waseem Ashfaq

Place: Lahore
Date: October 07, 2013

FIRST NATIONAL EQUITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
NON-CURRENT ASSETS			
Property and equipment	4	**98,053,916**	69,286,711
Capital work in progress	5	**33,340,000**	69,496,614
Intangible assets	6	**51,915,000**	68,135,225
Receivable from associates	7	**175,411,452**	175,411,452
Investment in associate	8	**53,492,143**	39,072,926
Investments - available for sale	9	**40,073,830**	-
Long term deposits	10	**2,679,079**	3,185,179
Deferred taxation	11	**25,649,466**	29,063,813
		480,614,886	453,651,920
CURRENT ASSETS			
Short term investments	12	**266,529,622**	151,033,005
Trade debts	13	**281,256,650**	287,764,467
Loans and advances	14	**922,364**	2,844,164
Trade deposits and short term prepayments	15	**498,110**	355,008
Other receivables	16	**115,386,221**	86,063,067
Advance tax		**32,544,622**	31,641,379
Cash and bank balances	17	**3,561,059**	771,566
		700,698,648	560,472,656
Total Assets		**1,181,313,534**	1,014,124,576
CURRENT LIABILITIES			
Trade and other payables	18	**471,504,926**	354,367,072
Accrued mark-up	19	**-**	65,564
Short term borrowings	20	**35,462,841**	167,375,981
Current maturity of long term financing	21	**552,734,882**	-
		1,059,702,649	521,808,617
NON-CURRENT LIABILITIES			
Long term financing	21	**513,953,761**	1,010,538,937
Loan from sponsors	22	**68,497,501**	68,497,501
Deferred liabilities	23	**7,503,532**	6,419,272
		589,954,794	1,085,455,710
TOTAL LIABILITIES		**1,649,657,443**	1,607,264,327
CONTINGENCIES AND COMMITMENTS	24		
NET ASSETS		**(468,343,909)**	(593,139,750)
REPRESENTED BY:			
Issued, subscribed and paid-up capital	25	**1,380,000,000**	1,380,000,000
Discount on issue of right shares		**(603,750,000)**	(603,750,000)
Accumulated losses		**(1,367,784,472)**	(1,349,388,029)
		(591,534,472)	(573,138,029)
Unrealized surplus / (deficit) on re-measurement of investments classified as available for sale	12.1.3	**123,190,563**	(20,001,720)
		(468,343,909)	(593,139,750)

The Annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive　　　　　　　　Director

FIRST NATIONAL EQUITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Operating revenue	26	**45,234,856**	41,818,794
Gain on sale of investments		**8,211,408**	739
Other operating income	27	**53,230,452**	226,477,873
		106,676,716	268,297,406
Administrative expenses	28	**54,187,571**	64,468,543
Operating profit		**52,489,145**	203,828,863
Finance cost	30	**72,522,515**	103,365,483
Other operating expenses	31	**10,857,006**	46,258,534
		(30,890,376)	54,204,846
Unrealized Profit on re-measurement of investments classified as financial assets at fair value through profit or loss-held for trading-net	12.2	**1,234,431**	10,754,865
Share of profit of associate-net	8.1	**16,205,961**	2,827,770
Profit/(loss) before taxation		**(13,449,984)**	67,787,481
Taxation	32	**4,946,459**	36,152,019
Profit/(loss) after taxation		**(18,396,443)**	31,635,462
PROFIT/(LOSS) PER SHARE - BASIC AND DILUTED	33	**(0.13)**	0.27

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

FIRST NATIONAL EQUITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Profit/(Loss) after tax		**(18,396,443)**	31,635,462
Unrealised gain during the year in the market value of investments classified as 'available for sale'		**141,404,952**	42,376,010
Reclassification adjustment of realized (profit) / loss on sale of investments-available for sale		**(1,203,549)**	742,581
Share of unrealised surplus - investment in associate	8.1	**2,990,881**	4,777,625
		143,192,284	47,896,216
Total comprehensive income for the year-net of tax		**124,795,811**	79,531,678

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

FIRST NATIONAL EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	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 June 30, 2011	575,000,000	-	(1,231,305,943)	(1,231,305,943)	**(67,897,937)**	(724,203,880)
Right issue during the year (80,500,000 shares @ Rs10/- each)	805,000,000	-	-	-	-	805,000,000
Discount on issue of right shares	-	(603,750,000)	-	-	-	(603,750,000)
Profit after taxation for the year ended June 30, 2012	-	-	31,635,462	31,635,462	-	31,635,462
Other comprehensive income for the year	-	-	-	-	47,896,216	47,896,216
Balance as at June 30, 2012	**1,380,000,000**	**(603,750,000)**	**(1,199,670,481)**	**(1,199,670,481)**	**(20,001,721)**	**(443,422,202)**
Loss on account of client's assets	-	-	(149,717,548)	(149,717,548)	-	(149,717,548)
Balance as at June 30, 2012 (Restated)	**1,380,000,000**	**(603,750,000)**	**(1,349,388,029)**	**(1,349,388,029)**	**(20,001,721)**	**(593,139,750)**
Loss after taxation for the year ended June 30, 2013	-	-	**(18,396,443)**	**(18,396,443)**	-	**(18,396,443)**
Other comprehensive income for the year	-	-	-	-	**143,192,284**	**143,192,284**
Balance as at June 30, 2013	**1,380,000,000**	**(603,750,000)**	**(1,367,784,472)**	**(1,367,784,472)**	**123,190,563**	**(468,343,909)**

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

FIRST NATIONAL EQUITIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Cash flows from operating activities			
Cash generated from operations	37	**110,243,583**	(25,606,806)
Finance cost paid		**(9,673,374)**	(46,403,565)
Gratuity paid		**(345,791)**	(985,458)
Income taxes paid		**(2,435,355)**	(1,820,396)
Long-term deposits		**506,100**	(322,750)
Net cash used in the operating activities	A	**98,295,163**	(75,138,975)
Cash flows from investing activities			
Investment in available for sale financial assets - net		**10,349,762**	(7,942,305)
Investment in marketable securities - net		**28,578,490**	746,695
Fixed capital expenditure incurred		**(89,000)**	(108,772)
Proceeds from disposal of property and equipment		**-**	243,000
Mark-up received		**4,463**	176,188
Dividend received		**4,328,754**	1,555,063
Net cash from investing activities	B	**43,172,469**	(5,330,131)
Cash flows from financing activities			
Proceeds from right issue		**-**	201,250,000
Net proceeds from long-term financing		**(6,764,999)**	(66,888,270)
Proceeds from loan from director		**-**	(18,841,523)
Proceeds from loan from sponsor		**-**	68,497,501
Net cash from financing activities	C	**(6,764,999)**	184,017,708
Net increase in cash and cash equivalents	(A+B+C)	**134,702,633**	103,548,602
Cash and cash equivalents at the beginning of year		**(166,604,415)**	(270,153,017)
Cash and cash equivalents at the end of year	36	**(31,901,782)**	(166,604,415)

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

FIRST NATIONAL EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1 THE COMPANY AND ITS OPERATIONS

First National Equities Limited (the Company) 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 Karachi Stock Exchange Limited. The principal activities of the Company include shares brokerage, consultancy services and IPO underwriting.

2 ACCOUNTING CONVENTION AND BASIS FOR PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with requirements of Companies Ordinance, 1984 (the Ordinance), the directives issued by Securities and Exchange Commission of Pakistan and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance, prevail.

2.2 Going concern - Assumptions

The Company has incurred loss after tax of Rs. 18.40 million in current year ended June 30, 2013 and its accumulated losses as at June 30, 2013 aggregated to Rs. 1,367.78 million (2012: Rs. 1,199.67 million) resulting in negative equity of Rs. 468.34 million. The net position of current assets and current liabilities is also in negative.

The directors of the Company are also working on a plan of action in order to improve upon financial postion and the operating profitability which interalia include;

a) Restructuring Arrangements

Restuctring arrangements with the lenders particularly Bank Alfalah Limited for the financing facilities;

b) Issue of right shares

The members of the Company in their EOGM held on May 15, 2013 had approved the issuance of 333.396 million ordinary shares to inject a further equity (liquidity) of Rs. 1,001.88 million by way of right issue which has also been approved by SECP vide its letter dated June 12, 2013; The trading of right issues is expected to commence in first week of October 2013;

c) Prospective new Business Plans

The management believes that due to availability of the additional liquidity and restructuring of financing arangements as well as likely inhencement in prices of investment in the listed companies' shares and consequently new business opertunities would arise in the future period, the Company would therefore be able to generate sufficient profits to enable it to set-off the accumulated losses.

Therefore in view of the foregoing, these financial statements have been prepared applying going concern basis of accounting.

2.3 Accounting convention

These financial statements have been prepared under the historical cost convention, except for investments and derivative financial instruments which have been marked to market and carried at fair value to comply with the requirements of IAS 39: "Financial Instruments : Recognition and measurement".

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

The Company has adopted the following amendments to IFRS and IFRIC interpretation which became effective during the year:

- IAS 1, Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment).

- IAS 12, Income Taxes – Recovery of Underlying Assets (Amendment).
- There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in (not addressed above). These amendments are unlikely to have any impact on the company's financial statements and therefore have not been analyzed in detail.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

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

	Standard or Interpretation	Effective date (annual periods Beginning on or after)
-	IFRS 7 - Financial Instruments: Disclosures – (Amendments) - Amendments enhancing Disclosures about offsetting of Financial assets and Financial liabilities	01 January 2013
-	IAS 19 - Employee Benefits –(Revised)	01 January 2013
-	IAS 27 - Separate Financial Statements –(Revised)	01 January 2013
-	IAS 28 - Investments in Associates and Joint Ventures –(Revised)	01 January 2013
-	IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
-	IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not materially affect the Company's financial statements in the period of initial application other than the amendments to IAS-19 'Employee Benefits'. Such amendments range from fundamental changes to simple clarifications and re-wording. The significant changes include the following:

For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. The revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The Company is currently assessing the impact of the above amendments which are effective from 1 January 2013 on the financial statements. However, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses as referred to in note 3.9 to the financial statements. The potential impact of the same however, cannot presently be determined.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

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

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expense. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment. The Company estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimate in the future years might affect the carrying amounts of the respective item of property and equipment with a corresponding affect on the depreciation charge and impairment.

b) Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

c) Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgment basis, provisions may differ in the future years based on the actual experience. The difference in provision if any, is recognized in the future period.

d) Classification and valuation of investments

The Company has determined fair value of investments from active market. Fair value estimates are made at a specific point of time based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

e) Staff retirement benefits

Liability under defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long term nature of this plan, such estimates are subject to uncertainty. Further details are given in Note 29.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property and equipment

These are stated at cost less accumulated depreciation or impairment losses, if any, except for capital work-in-progress which is stated at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation on all property and equipment is calculated using the straight-line method in accordance with the rates specified in note 4 to these financial statements and after taking into account residual value, if material. The residual value and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation on additions is charged from the month the property and equipment is available for use while no depreciation is charged in the month of disposal.

Repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred.

Gains or losses on disposals of property and equipment are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is less than the recoverable amount.

3.2 Intangible assets -

Intangible assets, includesTrading Right Entitlement Certificate (TREC). Licenses and tenancy rights, with indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortized. However, it is tested for impairment, if any, at each balance sheet date or whenever there is an indication that the asset may be impaired. Gains or losses on disposal of intangible assets, if any, are taken to the profit and loss account.

3.3 Investments

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standards (IAS) 39: "Financial Instruments : Recognition and Measurement", at the time of the purchase and re-evaluates this classification on a regular basis. The existing portfolio of the Company has been categorized as follows:

a) Investment in associates

Associates are all entities over which the Company has significant influence but not control. Investment in associates where the Company has significant influence are accounted for using the equity method of accounting. Under the equity method of accounting, the investment in associates are initially recognized at cost and the carrying amount of investment is increased or decreased to recognize the Company's share of the post acquisition profits or losses in income and its share of the post acquisition movement in reserves is recognized in reserves.

b) Financial assets at fair value through profit or loss account

Investments that are acquired principally for the purpose of generating profit from short term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category. These investments are initially recognized at fair value and the transaction costs associated with these investments are taken directly to the profit and loss account. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried at these values on the balance sheet being their fair value. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account in the period in which they arise.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments, and (c) financial assets at fair value through profit or loss. These investments are initially recognized at fair value which includes transaction costs associated with the investments. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried at these values on the balance sheet being their fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognized at trade date, which is the date that the Company commits to purchase or sell the asset. All other purchases and sales are recognized as derivative forward transactions until settlement occurs.

Investments are derecognized when the right to receive cash flows from the investments have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impairment loss in respect of investments is recognised when there is any objective evidence as a result of one or more events that may have an impact on the estimated future cash flows of the investment. A significant or prolonged decline in the fair value of an investment in equity security below its cost is also an objective evidence of impairment. Provision for impairment in the value of investment, if any, is taken to the profit and loss account. In case of impairment of equity securities classified as available for sale, the cumulative loss that has been recognised directly in surplus on revaluation of securities on the balance sheet below equity is removed there from and recognised in the profit and loss. Any subsequent increase in the value of these investments is taken directly to surplus on revaluation of securities which is shown on the balance sheet below equity. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss.

3.4 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently at amortized cost using the effective interest method less an estimate made for doubtful receivables where there is objective evidence that the Company will not be able to collect all the amounts due. Balances considered bad and irrecoverable are written off.

3.5 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with banks in current and deposit accounts, stamps in hand, other short-term highly liquid investments with original maturities of less than three months and short term running finances.

3.7 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.8 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. The amount recognized represents the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.9 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all eligible permanent employees. The liability recognized in the balance sheet in respect of defined benefit gratuity scheme is the present value of the defined benefit obligation at the balance sheet date together with the adjustments for unrecognized actuarial gains or losses and past service costs, if any. The defined benefit obligation is calculated by an independent actuary using the Projected Unit Credit Method. The unrecognized actuarial gains or losses at each valuation date in excess of the 10% of the present value of the defined benefit obligation are amortized over the average remaining working lives of the employees in the following year.

3.10 Borrowings

These are recorded at the proceeds received. Finance costs are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount remaining unpaid.

3.11 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared / transfers are made.

3.12 Impairment

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized immediately in the financial statements. The resulting impairment loss is taken to the profit and loss account.

3.13 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

3.14 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company.

3.15 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage income is recognized when brokerage services are rendered

- Dividend income is recognized when the right to receive the dividend is established.

- Commission income is recognized on an accrual basis.

- Return on deposits is recognized using the effective interest method.

- Income on fixed term investments is recognized using the effective interest method.

- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

- Unrealized capital gains / (losses) arising from mark to market of investments classified as ‘financial assets at fair value through profit or loss - held for trading’ are included in profit and loss account for the period in which they arise.

- Income on KSE exposure deposit is recognized using the effective interest rate.

3.16 Foreign currency transaction and translation

Transactions in foreign currencies are translated into the functional currency at the rates of exchange ruling on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from translation at year end exchange rates of monetary assets and liabilities in foreign currencies are recognized in income.

3.17 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

3.18 Financial instruments

a) Financial assets and liabilities

Financial instruments carried on the balance sheet include investments, loans, deposits, continuous funding system, trade debts, other receivables, cash and bank balances, trade and other payables, payable in respect of margin trading system transactions, short-term borrowings and accrued mark-up on borrowings. At the time of initial recognition, all the financial assets and liabilities are measured at fair value. The particular recognition method for subsequent re-measurement of significant financial assets and liabilities is disclosed in the individual policy statements associated with each item.

b) Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into. Subsequently, any changes in fair values arising on marking to market of these instruments are taken to the profit and loss account.

c) Off setting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.19 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4 PROPERTY AND EQUIPMENT

Description	Lease hold land	Building on lease hold land	Furniture and fittings	Office equipment	Computer and accessories	Vehicles	Total
	---Rupees---						
Cost							
Balance as at July 01, 2011	-	65,335,686	20,549,138	15,483,093	18,788,577	15,114,625	135,271,119
Additions during the year	-	-	-	108,772	-	-	108,772
Disposals during the year	-	-	(811,657)	(38,860)	-	(40,414)	(890,931)
Balance as at June 30, 2012	-	65,335,686	19,737,481	15,553,005	18,788,577	15,074,211	134,488,960
Balance as at July 01, 2012	-	65,335,686	19,737,481	15,553,005	18,788,577	15,074,211	134,488,960
Additions during the year	-	-	-	-	-	89,000	89,000
Transfer from CWIP	36,156,614	-	-	-	-	-	36,156,614
Written Off	-	-	(1,216,312)	(409,486)	-	-	(1,625,798)
Balance as at June 30, 2013	**36,156,614**	**65,335,686**	**18,521,169**	**15,143,519**	**18,788,577**	**15,163,211**	**169,108,776**
Depreciation							
Balance as at July 01, 2011	-	10,824,792	10,306,337	8,058,649	18,676,726	10,592,178	58,458,682
Charge for the year	-	1,633,396	2,034,725	1,553,035	90,083	1,939,996	7,251,235
Depreciation on disposals	-	-	(443,613)	(23,640)	-	(40,414)	(507,667)
Balance as at June 30, 2012	-	12,458,188	11,897,449	9,588,044	18,766,809	12,491,760	65,202,250
Balance as at July 01, 2012	-	12,458,188	11,897,449	9,588,044	18,766,809	12,491,760	65,202,250
Charge for the year	388,781	1,633,396	1,973,847	1,555,303	21,250	1,066,709	6,639,286
Written Off	-	-	(575,106)	(211,570)	-	-	(786,676)
Balance as at June 30, 2013	**388,781**	**14,091,584**	**13,296,190**	**10,931,777**	**18,788,059**	**13,558,469**	**71,054,860**
Depreciation Rate	1.08%	2.5%	10%	10%	33.33%	20%	
Written down value as at June 30, 2013	**35,767,833**	**51,244,102**	**5,224,979**	**4,211,742**	**518**	**1,604,742**	**98,053,916**
Written down value as at June 30, 2012	-	52,877,498	7,840,032	5,964,961	21,769	2,582,452	69,286,711

Lease hold land comprises Plot No. 666-C, measuring 1,100.677 square yards, Mall Road, Peshawar Cantt.

Building on lease hold land comprises Plot No. 19-C, measuring 266 square yards, Sunset Lane No. 6, Phase II extension, DHA, Karachi and Office No. 306 situated at 3rd Floor, Business and Finance Centre, I. I. Chundrigar Road, Karachi. These properties have been mortgaged with a commercial bank for securing financing facilities.

5 CAPITAL WORK IN PROGRESS

	Note	2013 Rupees	2012 Rupees
Advance for Commercial space - Karachi financial towers		**33,340,000**	33,340,000
Property acquired through auction		**36,156,614**	36,156,614
Transferred to Property and equipment	4	**(36,156,614)**	-
		33,340,000	69,496,614

6 INTANGIBLE ASSETS

	Cost				
	Trading Right Entitlement Certificate (TREC) Karachi Stock Exchange	Membership card of Karachi Stock Exchange	License to use Room at Karachi Stock Exchange	Tenancy rights Building	Total
	------Rupees------				
Balance as at June 30, 2013	**15,000,000**	**-**	**22,000,000**	**14,915,000**	**51,915,000**
Total	**15,000,000**	**-**	**22,000,000**	**14,915,000**	**51,915,000**
Balance as at June 30, 2012	-	31,220,225	22,000,000	14,915,000	68,135,225
Total	-	31,220,225	22,000,000	14,915,000	68,135,225

6.1 "Pursuant to demutualization of the Karachi Stock Exchange (KSE), the ownership rights in the Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and TREC from Karachi Stock Exchange against its membership card."

The active market for TREC is currently not available. The TREC has been accounted for as intangible asset as per provisions of IAS 38. As the TRE certificate is not common tradable instrument, therefore after demutualization, value approved by the Board of Directors of KSE has been used as its initial value. The Board of Directors has already set a value of Rs 15 million for TREC which is also being used in determining the base minimum capital to be maintained by each TREC holder under regulations for Risk management.

6.2 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 favor of commercial bank securing financing facilities.

6.3 Tenancy rights of building represent the consideration paid by the Company in connection with the transfer of tenancy rights in favor 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 favor of commercial bank for securing financing facilities.

7 RECEIVABLE FROM ASSOCIATES

	Note	2013 Rupees	2012 Rupees
First Pakistan Securities Limited		**90,993,620**	90,993,620
Switch Securities (Private) Limited		**84,417,832**	84,417,832
		175,411,452	175,411,452

These receivables carry mark-up at the rate not less than the borrowing rate of the Company and are recoverable over a maximum period of ten years.

8 INVESTMENT IN ASSOCIATE

	Note	2013	2012
National Asset Management Company Limited (NAMCO)	8.1	**53,492,143**	39,072,926
		53,492,143	39,072,926

8.1 Investment in associate accounted for under equity method - National Asset Management Company Limited - holding 37.38% [4,000,000 ordinary shares (2012: 4,000,000 ordinary shares) of Rs 10. each fully paid-up. Cost of investment Rs 40,000,000.

	Note	2013 Rupees	2012 Rupees
Investment as at July 1		**34,295,301**	31,467,531
Share in reserves of associate		**2,990,881**	4,777,625
Share of profit	8.1.1	**16,205,961**	2,827,770
Balance as at June 30		**53,492,143**	39,072,926

8.1.1 The share of the Company in National Asset Management Company Limited (an associated undertaking / related party) has been accounted for under the equity method of accounting based on its audited financial statements for the year ended June 30, 2013 in accordance with the treatment specified in International Accounting Standard 28: "Accounting for Investment in Associates". The company holds 37.38% 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: Rs. 40 million).

Summarized financial information of associate

The gross amounts of assets, liabilities, revenue and profit of the associate are as follows:

	Assets	Liabilities	Income	Profit/(Loss) after taxation	Percentage of Interest held
June 30, 2013					
National Asset Management Company Limited	**147,451,378**	**3,529,691**	**30,743,452**	**42,224,254**	**37.38%**
June 30, 2012					
National Asset Management Company Limited	111,209,582	6,398,895	34,544,833	7,069,425	37.38%

	Note	2013 Rupees	2012 Rupees
9 INVESTMENTS - AVAILABLE FOR SALE			
Karachi Stock Exchange Limited	9.1	**40,073,830**	-
		40,073,830	-

9.1 Pursuant to demutualization of the Karachi Stock Exchange (KSE), the ownership rights in the Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and TREC from Karachi Stock Exchange against its membership card.

The above arrangement has been resulted in allocation of 4,007,383 shares of Rs. 10/- each and TREC to the Company by the Karachi Stock Exchange Limited. Out of the total shares issued by the KSE, the Company has received 40% equity shares i.e. 1,602,953 shares in its CDC account. The remaining 60% shares have been transferred to CDC sub account in the Company's name under the KSE's participant IDs with the CDC which will remain blocked until these shares divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

In accordance with applicable IFRS in Pakistan, the shares allotted by KSE has been classified as "Available for sale". These shares have been recorded initially at face value of Rs. 10/- each. Since active market of these shares is not available as of now, therefore, fair value determination is difficult task. An attempt to arrive at the fair value by using appropriate valuation technique may be possible, if data from observable market is available. However in the absence of requisite data for fair value, these shares have been carried at par value.

The above shares and TRE certificate have been received against surrender of stock exchange membership card. As the fair value of both the asset transferred and asset obtained has been determined with reasonable accuracy, the gain on exchange of asset of Rs. 23,853,605 has been recorded in profit and loss account of the Company.

	Note	2013 Rupees	2012 Rupees

10 LONG TERM DEPOSITS

	Note	2013 Rupees	2012 Rupees
Central Depository Company Limited		**150,000**	150,000
Karachi Stock Exchange Limited		**1,100,000**	1,100,000
National Clearing Company of Pakistan Limited		**300,000**	300,000
Security deposits		**1,129,079**	1,635,179
		2,679,079	3,185,179

11 DEFERRED TAX ASSETS - NET

	2013 Rupees	2012 Rupees
Deductible temporary differences on:		
Provision for gratuity	**2,626,236**	2,246,745
Provision for doubtful debts	**38,993,330**	38,993,330
Investment in associate	**-**	324,476
	41,619,566	41,564,551
Taxable temporary differences on:		
Accelerated tax depreciation	**(11,247,850)**	(12,500,738)
Investment in associate	**(4,722,250)**	-
	25,649,466	29,063,813

The balance of available tax losses as at June 30, 2013 amounted to Rs. 387,989,109 (2012: Rs. 302,460,456). The Company has not recognized any deferred tax debit balance on these losses on account of prudence. The management intends to review the outcome of the revised business plans based on the potential new capital injections and restructuring and rescheduling of arrangements with the banks after which the management will reassess the deferred tax assets on unabsorbed tax losses during the year ending June 30, 2014.

12 SHORT-TERM INVESTMENTS - NET

	Note	2013 Rupees	2012 Rupees
Available for sale	**12.1**	**261,824,496**	125,991,679
At fair value through profit or loss- held for trading	**12.2**	**4,705,126**	25,041,326
		266,529,622	151,033,005

12.1 Available for sale

Detail of investments in shares / certificates / units of listed Companies / mutual funds:

No. of Shares		Name of Scrip / Company	2013		2012	
Jun-13	Jun-12		**Average Cost**	**Market Value**	Average Cost	Market Value
		Commercial banks				
3,200,000	3,200,000	Bank Islami Pakistan Limited- note 12.1.2	**40,136,850**	**20,832,000**	40,136,850	34,240,000
		Cement				
7,771,134	7,902,134	Pioneer Cement Limited - note 12.1.2	**93,299,561**	**228,238,206**	94,640,274	72,699,633
-	19,000	Lucky Cement Limited	**-**	**-**	1,502,900	2,192,410
		Chemical				
-	100,000	Fauji Fertilizer Bin Qasim	**-**	**-**	6,264,916	4,082,000
		Leasing Companies				
1,353,525	1,353,525	SME Leasing Limited - note 12.1.2	**6,767,625**	**8,797,913**	6,767,625	11,098,905
		Textile composite				
370,000	376,500	Redco Textiles Limited	**519,524**	**1,572,500**	528,650	312,495
		Closed-end mutual fund				
270,168	264,612	NAMCO Balanced Fund - related party	**600,180**	**1,891,176**	600,175	1,137,832
		Support services				
40,980	41,980	TRG Pakistan	**228,862**	**417,586**	234,446	143,572
		Miscellaneous				
500	500	Diamond Industries Limited	**25,000**	**10,500**	25,000	4,810
1,009	1,509	Punjab Oil Mills Limited	**46,912**	**64,072**	70,159	79,992
2	2	Nishat Chunian Power	**29**	**33**	29	30
23	-	Pak Telecommunication Corp.	**271**	**510**	-	-
13,007,341	13,259,762		**141,624,814**	**261,824,496**	150,771,024	125,991,679
Unrealised gain/(loss) on re-measurement of investments classified as 'available for sale'			**120,199,682**		**(24,779,345)**	
			261,824,496	261,824,496	**125,991,679**	**125,991,679**

12.1.1 Securities having average cost of Rs. 139,681,699 (2012: Rs 143,293,569) and fair value of Rs. 260,056,322 (2012: Rs. 113,660,615) have been pledged with various commercial banks for obtaining finance facilities under mark-up arrangements as specified in note 20 and 21.

12.1.2 As at June 30, 2013 securities having average cost of Rs. 133,434,802 and fair value of Rs. 197,345,700 are held in the name Sindh Industrial Trading Estate Limited and have been kept as security with one of the Commercial banks for securing financing facilities under mark-up arrangement.

12.1.3 Movement in unrealized gain / (loss) on investments classified as 'available for sale':

	Note	2013 Rupees	2012 Rupees
Short-term investments	**12.1**	**120,199,682**	(24,779,345)
Share in reserves of associate	**8.1**	**2,990,881**	4,777,625
		123,190,563	(20,001,720)

12.2 Financial assets at 'fair value through profit or loss

Detail of investments in shares / certificates / units of listed Companies / mutual funds:

No. of Shares		Name of Scrip / Company	2013		2012	
Jun-13	Jun-12		**Average Cost**	**Market Value**	Average Cost	Market Value
		Closed-end mutual fund				
229,357	224,640	NAMCO Balanced Fund - related party	**965,952**	**1,605,499**	2,005,120	965,952
		Modarabas				
200,000	200,000	First I.B.L Modaraba - IPO Investments	**280,000**	**300,000**	212,000	280,000
		Insurance				
31,604	324,347	EFU General Insurance	**2,212,848**	**2,749,548**	11,258,084	22,707,533
		Textile composite				
6,500	397,000	Redco Textiles Limited	**9,078**	**27,625**	218,350	329,510
		Cement				
-	52,500	Pioneer Cement Limited	**-**	**-**	289,275	483,000
		Oil & gas marketing Companies				
62	927	Pakistan State Oil Company Limited	**-**	**19,864**	245,266	218,624
		Fertilizers				
-	156	Engro Corporation Limited	**-**	**-**	16,216	15,887
69	1,000	Fauji Fertilizer Bin Qasim Limited	**2,817**	**2,590**	42,150	40,820
467,592	1,200,570		**3,470,695**	**4,705,126**	14,286,461	25,041,326
		Unrealized gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'-held for trading	**1,234,431**		**10,754,865**	
			4,705,126	**4,705,126**	**25,041,326**	**25,041,326**

12.2.1 Securities having average cost of Rs. 2,212,848 (2012: 11,909,204) and fair value of Rs. 2,749,548 (2012: Rs. 23,478,174) have been pledged with various commercial banks for obtaining finance facilities under mark-up arrangements as specified in note 20 and 21.

12.2.2 International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) requires an entity to assess at each balance sheet date whether there is any objective evidence that a financial asset or liability is impaired. A significant decline in the fair value of an investment in an equity security below its cost is objective evidence of such impairment. When a decline in the fair value of an investment in equity securities classified as available for sale has been recognized directly in equity and there is objective evidence that the investment is impaired, the cumulative loss that had been recognized directly in equity is removed from equity and is recognised in the profit and loss account even though the investment has not been derecognized. Impairment losses recognized in the profit and loss account for an investment in an equity security classified as available for sale are not reversed through the profit and loss account but are recognized in the available for sale reserve in equity.

		Note	2013 Rupees	2012 Rupees
13	**TRADE DEBTS**			
	Considered good	**13.1**	**281,256,650**	287,764,467
	Considered doubtful		**308,204,672**	308,204,672
			589,461,322	595,969,139
	Less: provision for bad and doubtful debts	**13.2**	**(308,204,672)**	(308,204,672)
			281,256,650	287,764,467

13.1 This includes receivable from National Clearing Company of Pakistan Limited (NCCPL) and director of the Company amounting to Rs. 193,119 (2012: Rs 237,779) and 2013: Nil (2012: Rs. 2,808,109) respectively in respect of trading in securities.

13.2	**Movement in provision against trade debts**			
	Opening balance		**308,204,672**	410,600,945
	Reversed during the year		**-**	(140,531,008)
	Charged during the year		**-**	38,134,735
	Closing balance		**308,204,672**	308,204,672

13.3 The Company holds securities having fair value of Rs. 221.84 million (2012: Rs. 249.63 million) owned by its clients as collateral against trade debts.

14	**LOANS AND ADVANCES**			
	Advances - unsecured, considered good			
	to employees against expenses		**1,515,918**	2,020,022
	to suppliers		**824,142**	824,142
	Less: advances written off		**(1,417,696)**	-
			922,364	2,844,164
15	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Exposure deposit	**15.1**	**418,110**	263,458
	Prepayments		**80,000**	91,550
			498,110	355,008

15.1 This represents amount deposited with 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 year end. The Company has deposited the exposure amount in the form of securities in accordance with the regulations of the Karachi Stock Exchange Limited.

	Note	2013 Rupees	2012 Rupees

16 OTHER RECEIVABLES

	Note	2013 Rupees	2012 Rupees
Mark up on receivable from associates	16.1	**112,320,887**	84,274,383
Others	16.2	**3,065,334**	1,788,684
		115,386,221	86,063,067

16.1 This mark up is charged on receivable from associates as more fully explained in note 7.

	2013 Rupees	2012 Rupees
First Pakistan Securities Limited	**58,293,475**	43,737,605
Switch Securities (Private) Limited	**54,027,412**	40,536,778
	112,320,887	84,274,383

16.2 This includes amounts due from National Asset Management Company Limited (NAMCO)- related party amounting to Rs. 330,000 (2012: Nil)

17 CASH AND BANK BALANCES

	Note	2013 Rupees	2012 Rupees
Cash at bank in:			
Current accounts		**3,532,730**	750,411
Saving accounts		**20,293**	11,880
		3,553,023	762,291
Stamps in hand		**8,036**	9,275
		3,561,059	771,566

18 TRADE AND OTHER PAYABLES

	Note	2013 Rupees	2012 Rupees
Creditors	18.1	**409,327,414**	307,798,285
Due to directors	18.2	**23,700,356**	17,591,051
Accrued expenses	18.3	**29,269,783**	23,920,981
Unclaimed dividends		**2,544,013**	2,544,013
Others		**6,663,360**	2,512,742
		471,504,926	354,367,072

18.1 Creditors

18.1(a) This includes amounts due to related parties as follows:

	2013 Rupees	2012 Rupees
First Pakistan Securities Limited	**23,696,358**	20,608,371
Switch Securities (Private) Limited	**3,162,297**	-
Due to directors	**17,959,276**	-
National Asset Management Company Limited (NAMCO)	**30,839,926**	-
	75,657,857	20,608,371

18.1 (b) Creditors include Rs. 149,352,836 (net of commission and taxes) payable to a client of the Company due to inadvertant erroneous transactions by certain ex-employees of the Company in client's account during prior period (s). These have been included in the accumulated losses for the year 2012 and has been restated in the Statement of Changes in Equity. Accordingly balance of creditors as on that date has also been restated.

18.1 (c) Creditors also include Rs. 43,133,525 (2012: Rs. 32,985,134) payable to various individuals with whom company maintains current accounts in order to pay-off/settle clearing with NCCPL as and when needed. These balances carry markup rate ranging from 13% to 19.5% per annum.

18.1 (d) Creditors also include Rs. 27,276,163 (2012: Rs. 891,561) on account of buffer account balance representing errors resulted from disputed transactions made on behalf of clients in the normal course of business.

18.2 This represents amount due to directors of the Company against salary and other payables.

18.3 This includes amount due to spouse of a director of the Company amounting to Rs. 8,886,175 (2012: 5,396,175) against rent.

19 ACCRUED MARK-UP

	Note	2013 Rupees	2012 Rupees
Mark-up accrued on:			
Short-term borrowings		**-**	65,564
		-	65,564

	Note	Sanctioned Limit Rupees	2013 Rupees	2012 Rupees

20 SHORT-TERM BORROWINGS

	Note	Sanctioned Limit Rupees	2013 Rupees	2012 Rupees
From banking companies-Secured				
Bank Alfalah Ltd	**20.1**	272,000,000	**35,462,841**	167,022,829
NIB Bank Ltd			**-**	353,152
			35,462,841	167,375,981

20.1 The borrowing has been obtained for investment in shares/ NCCPL settlement/ securities requirements. The borrowing is secured against pledge of shares with 30% margin, 1st registered hypothecation charge on present and future receivables of the Company and personal guarantee of Mr. Ali Aslam Malik (CEO).
The mark-up rate is 6 Month KIBOR + 1%.

21 LONG-TERM FINANCING

	Note	Sanctioned Limit Rupees	2013 Rupees	2012 Rupees
From banking companies-secured				
Bank Alfalah-TF-I	**21.1**	150,000,000	**150,000,000**	150,000,000
Bank Alfalah-TF-II	**21.2**	200,208,000	**230,589,075**	230,589,075
Bank Alfalah-TF-III	**21.2**	49,792,000	**49,792,204**	49,792,204
United Bank Limited	**21.3**	300,000,000	**7,170,024**	7,170,024
The Bank of Punjab	**21.4**	500,000,000	**135,307,837**	135,307,837
From non-banking company-unsecured				
Sindh Industrial Trading Estates -S.I.T.E.	**21.5**		**145,819,934**	152,584,934
Overdue interest on long term financing	**21.6**		**348,009,569**	285,094,864
			1,066,688,643	1,010,538,937
Less: current portion of long term financing			**552,734,882**	-
			513,953,761	1,010,538,937

21.1 The finance facility has been obtained for working capital requirement and improvement in liquidity. The facility is secured against equitable mortgage of commercial plot of land bearing # 19-C, Sun set lane # 6, phase-2, DHA, Karachi, equitable mortgage of room # 135 & 136, Stock Exchange Building, Karachi, equitable mortgage of room # 306, 3rd Floor, Business & Finance Centre, I. I Chundrigar Road, Karachi, EM of showroom (commercial), municipal showroom # 2, ground floor, adjacent to Askari Bank Ltd, Bank Square, Chowk Yadgar, Peshawar City and Personal guarantee of Mr. Ali Aslam Malik (CEO). The Company is in negotiation process for the restructuring/ rescheduling of the TF-I with the bank.

The mark-up rate is 6 Months KIBOR + 1%. Its tenure is 7 years with 2 years grace period.

21.2 These finances have been obtained for working capital requirement and improvement in liquidity. These facilities are secured against pledge of shares with 30% margin, 1st registered hypothecation charge on present and future receivables of the company and personal guarantee of Mr. Ali Aslam Malik (CEO). The Company is in negotiation process for the restructuring/rescheduling of the TF-II and TF-III with the bank.

The mark-up rate is 6 Months KIBOR + 1%. Its tenure is 5 years with 2 years grace period.

21.3 The borrowing has been obtained to finance daily clearing obligations of Karachi Stock Exchange and settlement of client's trade. The borrowing are secured against pledge of shares through CDC as per list approved by UBL's Treasury Middle Office with minimum margin of 30%.

The mark-up rate is 1 Month KIBOR + 2.25%.

M/S UBL has filed the recovery suite 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 filed by the bank and now pending in the court, the gross payment / installments of the principal and markup shall accrue for payment on the superior court's pronouncing final judgment.

21.4 The financing facility has been obtained for working capital requirement and improvement in liquidity. The facility is secured against pledge of shares.

The mark-up rate is 3 Months KIBOR + 1.5%.

According to management they have filed a counter claim against the bank based on non performance of their obligation to sell the shares on the call margin. Management and legal advisor do not anticipate any losses or claim's arising from the instant litigation. The company has thus stopped accruing any further mark-up.

In view of litigation filed by the bank and now pending in the court, the gross payment / installments of the principal and markup shall accrue for payment on the superior court's pronouncing final judgment.

21.5 This represents financing against re-purchase borrowing agreement with Sindh Industrial Trading Estates (SITE). The facility is secured against pledge of owned equity shares of the Company. SITE has filed a recovery suit against the Company as described in note 24.

Subsequent to the year end the Company has made payments amounting to Rs. 83,593,648 under a settlement arrangement.

21.6 This represents overdue interest on long term financing and short term borrowing with Bank Alfalah Limited and United Bank Limited amounting to Rs. 346,072,635 (2012: Rs. 283,157,930) and Rs. 1,936,934 (2012: Rs. 1,936,934) respectively. Pending the finalisation of negotiation process of restructuring/rescheduling with Bank Alfalah Limited the total accrued interest is classified as non current.

		Note	2013 Rupees	2012 Rupees
22	**LOAN FROM SPONSORS**			
	Loan From Sponsors	**22.1**	**68,497,501**	68,497,501
			68,497,501	68,497,501

This represents unsecured interest free loan received from spouse of a director of the Company.

		Note	2013 Rupees	2012 Rupees
23	**DEFERRED LIABILITIES**			
	Gratuity	**29**	**7,503,532**	6,419,272
			7,503,532	6,419,272

24 CONTINGENCIES AND COMMITMENTS

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 had filed an appeal with the CIT (appeals) in respect of the above mentioned disallowance and decision was made in favor of the Company as on 26-07-2012, the tax department has filed second appeal before the Appellate Tribunal.

- 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 during the year 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 Honorable 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 advice of the legal advisor; the Company is hopeful of a favorable 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 favorable decision.

- Sindh Industrial Trading Estates (SITE) Limited has filed a recovery suit for Rs. 174,058,936 against the Company in the Honorable Sindh High Court which is pending settlement. The Company is hopeful of settlement of the case in its favor.

- In view of litigation pending in the court the Company has stopped accruing markup on finanicing facilities with The Bank of Punjab and United Bank Limited as the legal advisor of the Company is hopeful for a favourable settlement. The un-accrued markup as at June 30, 2013 for The Bank of Punjab and United Bank Limited amounts to Rs. 68,681,057 and Rs. 3,442,300 respectively.

- Securities and Exchange Commission of Pakistan (SECP) through an order dated June 06, 2013 imposed a penalty of Rs. 500,000 in lieu of overstatement of Net Capital Balance position as on December 31, 2012 as required by Securities and Exchange Rules 1971. However the Company has filed an appeal before the Appellate Bench of SECP against the Order, which has been registered for hearing.

		Note	2013 Rupees	2012 Rupees
	Commitment			
	Capital expenditure contracted for but not incurred		**100,020,000**	100,020,000
	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.			
25	**SHARE CAPITAL**			
25.1	**Authorized capital**			
	500,000,000 (2012: 150,000,000) Ordinary shares of Rs. 10 each		**5,000,000,000**	1,500,000,000
25.2	**Issued, subscribed and paid-up share capital**			
	50,000,000 Ordinary shares of Rs. 10 each issued for cash		**500,000,000**	500,000,000
	7,500,000 Ordinary shares of Rs. 10 each issued as fully paid bonus shares		**75,000,000**	75,000,000
	80,500,000 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount		**805,000,000**	805,000,000
			1,380,000,000	1,380,000,000

25.3 The following shares were held by the related parties of the Company:

	2013		2012	
	Shares held	Percentage	Shares held	Percentage
First Florance Developers (Pvt.) Limited	77,218,150	55.955%	79,217,650	57.404%
Yarmouk Paper & Board Industry (Pvt.) Limited	300,000	0.217%	300,000	0.217%
MCD Pakistan Limited	2,353,950	1.706%	2,353,950	1.706%
First Pakistan Securities Limited	10,581,808	7.668%	13,238,808	9.593%
Switch Securities (Pvt.) Limited	6,093,899	4.416%	7,422,899	5.379%

25.4 The directors, their spouses and minor children hold 2,750,229 shares as at June 30, 2013 (2012: 2,750,229 shares).

		Note	2013 Rupees	2012 Rupees
26	**OPERATING REVENUE**			
	Brokerage income		**40,369,076**	38,263,330
	Dividend income		**4,328,754**	1,555,063
	Other		**537,026**	2,000,400
			45,234,856	41,818,794

		Note	2013 Rupees	2012 Rupees
27	**OTHER OPERATING INCOME**			
	Income from financial assets			
	Mark-up on:			
	Deposits Accounts		**4,463**	18,474
	Exposure deposits		**-**	157,714
	Receivable from associates		**28,046,504**	28,142,723
	Gain on exchange of asset	9.1	**23,853,605**	-
			51,904,572	28,318,911
	Income from non-financial assets			
	Provision written back	13.2	**-**	140,531,008
	Mark-up waived off		**-**	56,947,954
	Rental income	27.1	**1,125,000**	680,000
	Miscellaneous		**200,880**	-
			53,230,452	226,477,873

27.1 This includes rent received from National Asset Management Company Limited amounting to Rs. 750,000 (2012: Rs 680,000), a related party.

		Note	2013 Rupees	2012 Rupees
28	**ADMINISTRATIVE EXPENSES**			
	Salaries, allowances and other benefits	28.1	**25,850,259**	29,172,459
	Rent, rates and taxes		**7,282,688**	6,334,942
	Fuel, repairs and maintenance		**2,586,533**	4,643,082
	Utilities		**3,246,972**	4,806,449
	Fees and subscription		**664,903**	2,115,787
	KSE, clearing house and CDC charges		**1,441,898**	2,187,525
	Insurance charges		**8,400**	22,447
	Traveling and conveyance		**1,847,891**	949,534
	Depreciation	4	**6,639,286**	7,251,235
	Communication, printing and stationery		**1,981,639**	2,231,182
	Legal and professional charges		**1,063,500**	808,786
	Entertainment		**945,421**	1,256,522
	Advertisement expenses		**221,700**	164,272
	Others		**406,481**	2,524,322
			54,187,571	64,468,543

28.1 Salaries, allowances and other benefits include Rs.1,430,051 (2012: Rs 1,797,034) in respect of staff retirement benefits.

29 **EMPLOYEE BENEFITS**

Unfunded gratuity scheme:

As mentioned in note 3.9, the Company operates an unfunded gratuity scheme. The latest actuarial valuation of the scheme was carried out as at June 30, 2013. Projected Unit Credit method using the following significant assumptions, was used for the valuation of the scheme:

	Note	2013 Rupees	2012 Rupees
a) Discount rate		**10.5%**	13%
b) Expected rate of increase in salary		**10.5%**	13%
Amount recognized in the profit and loss account			
Current service cost		**1,031,050**	1,058,792
Interest cost		**525,799**	738,242
Recognition of actuarial (gains) / losses		**(126,798)**	-
Expense		**1,430,051**	1,797,034
Amount recognized in the balance sheet			
Present value of defined benefit obligation		**4,020,564**	4,044,610
Add /(less) : unrecognized actuarial gains		**2,034,230**	2,052,834
Add: benefits payable to outgoing members		**1,448,738**	321,828
Liability recognized as at June 30, 2013		**7,503,532**	6,419,272

	Note	2013 Rupees	2012 Rupees
Movement in the present value of defined benefit obligation			
Present value of defined benefit obligation as at July 1, 2012		**4,044,610**	5,273,156
Current service cost		**1,031,050**	1,058,792
Interest cost		**525,799**	738,242
Actuarial (gain)/Loss		**(108,194)**	(2,285,404)
Liability transferred from associated concern		**-**	-
Benefits due but not paid		**(1,400,042)**	(82,077)
Benefits paid		**(72,659)**	(658,099)
Present value of defined benefit obligation as at June 30, 2013		**4,020,564**	4,044,610
Movement of liability			
Liability as at July 1, 2012		**6,419,272**	5,607,696
Add: expense for the year		**1,430,051**	1,797,034
Less: payments made during the year		**(345,791)**	(985,458)
Liability as at June 30, 2013		**7,503,532**	6,419,272

Five year data on experience adjustments

	2013	2012	2011	2010	2009
	(Rupees)				
Present value of defined benefit obligation, June 30	4,020,564	4,044,610	5,273,156	3,474,244	2,479,375
Experience adjustment arising on plan liabilities gains / (losses)	(108,194)	(2,285,404)	272,917	689,458	(477,903)

Based on actuarial advice the Company intends to charge an amount of approximately Rs 1,227,575 in respect of the gratuity scheme in the financial statements for the year ending June 30, 2014.

		Note	2013 Rupees	2012 Rupees
30	**FINANCE COST**			
	Mark-up on:			
	Short term borrowings - NIB		**15,516**	162,133
	Long & Short Term Financing - BAF		**62,914,705**	89,985,278
	Bank and other charges	30.1	**9,026,084**	13,214,072
	Documentation charges		**566,210**	4,000
			72,522,515	103,365,483

30.1 This includes finance charges amounting to Rs. 8,914,214 (2012: 12,965,028) paid/payable by the Company against funds placed by various individuals in order to pay off/settle clearing with National Clearing Company of Pakistan Limited (NCCPL).

		Note	2013 Rupees	2012 Rupees
31	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration	**31.1**	**1,190,000**	1,040,000
	Fine and Penalties - SECP & CDC		**920,000**	-
	Provision for doubtful debts		**-**	38,134,735
	Loss on disposal of property and equipment		**-**	140,265
	Property and equipment written off		**839,122**	-
	Advances written off		**1,417,696**	-
	Commission to trading agents		**6,490,188**	6,943,533
			10,857,006	46,258,534
31.1	**Auditors' remuneration**			
	Statutory audit fee		**700,000**	550,000
	Half yearly review fee		**250,000**	200,000
	Special reports, certifications and sundry services		**60,000**	165,000
	Code of corporate governance		**100,000**	75,000
	Out of pocket expenses		**80,000**	50,000
			1,190,000	1,040,000
32	**TAXATION**			
	Current:			
	for the year		**1,532,112**	599,144
	Deferred		**3,414,347**	35,552,875
			4,946,459	36,152,019

Relationship between tax expenses and accounting profit

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under the provisions of minimum tax under Section 113(A) of the Income Tax Ordinance, 2001.

33 EARNING PER SHARE - BASIC AND DILUTED

Profit/(loss) per share is calculated by dividing Profit/(loss) after tax for the period by weighted average number of shares outstanding during the period as follows:

	Note	2013 Rupees	2012 Rupees
Profit/(loss) after taxation attributable to ordinary shareholders		**(18,396,443)**	31,635,462
Weighted average number of ordinary shares in issue during the year		**138,000,000**	119,346,120
Earning Per Share		**(0.13)**	0.27

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits to the chief executive, directors and executives of the Company as per terms of the employment are as follows:

	2013			2012		
	Chief Executive	Executive Directors	Executives	Chief Executive	Executive Directors	Executives
	(Rupees)					
Managerial remuneration	6,000,000	1,700,000	-	6,000,000	3,060,000	2,295,000
Utilities	76,328	34,409	-	367,134	63,923	-
Retirement benefits	500,000	155,000	-	500,000	255,000	205,000
Conveyance and traveling	1,583,410	502,801	-	1,048,067	338,316	90,611
	8,159,738	2,392,210	-	7,415,201	3,717,239	2,590,611
No of persons	1	2	0	1	3	4

The chief executive, executive directors and executives are provided with the free use of Company's owned and maintained cars.

Remuneration to other directors

Aggregate amount charged in the financial statements for fee to directors was Nil as at June 30, 2013 (2012: Nil).

35 RELATED PARTY TRANSACTIONS

	2013			
	Key Management	Associates	Other related parties	Total
	(Rupees)			
Transactions during the year				
Purchase of marketable securities for and on behalf of	**324,887,815**	**1,126,304,508**	**-**	**1,451,192,323**
Sale of marketable securities for and on behalf of	**324,042,427**	**1,056,264,309**	**-**	**1,380,306,736**
Brokerage income	**348,786**	**3,129,375**	**-**	**3,478,161**
Rent income	**-**	**750,000**	**-**	**750,000**
Rent expense	**-**	**-**	**3,600,000**	**3,600,000**
Remuneration to key management personnel	**10,551,948**	**-**	**-**	**10,551,948**
Gratuity charged	**655,000**	**-**	**-**	**655,000**
Mark up on receivable from associates	**-**	**28,046,504**	**-**	**28,046,504**

	2012			
	Key Management	Associates	Other related parties	Total
	(Rupees)			
Transactions during the year				
Purchase of marketable securities for and on behalf of	-	381,321,716	-	381,321,716
Sale of marketable securities for and on behalf of	-	302,173,080	-	302,173,080
Brokerage income	-	2,230,185	-	2,230,185
Rent received	-	680,000	-	680,000
Rent expense	-	-	2,400,000	2,400,000
Remuneration to key management personnel	13,263,051	-	-	13,263,051
Gratuity charged	960,000	-	-	960,000
Loan from sponsors	-	-	68,497,501	68,497,501
Mark up on receivable from associates	-	28,142,723	-	28,142,723

The Company has related party relationship with its associated undertakings, its directors and executive officers. Transactions with associated undertakings essentially entail sale and purchase of marketable securities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employment / entitlement. Balances outstanding from / to related parties as at the year end have been disclosed in the relevant balance sheet notes. Transactions with related parties are on arms length.

	Note	2013 Rupees	2012 Rupees
36 CASH AND CASH EQUIVALENTS			
Cash and bank balances		**3,561,059**	771,566
Short-term borrowings		**(35,462,841)**	(167,375,981)
		(31,901,782)	(166,604,415)

Cash and cash equivalents included in the cash flow statement comprise of the above mentioned balance sheet amounts.

	Note	2013 Rupees	2012 Rupees
37 CASH GENERATED FROM OPERATIONS			
Profit/(Loss) before taxation		**(13,449,984)**	67,787,481
Adjustment for non cash items			
Depreciation		**6,639,286**	7,251,235
Property and equipment written off		**839,122**	-
Gain on disposal of property and equipment		-	140,265
Gain on disposal of investments		**(8,211,408)**	(739)
Gain on exchange of asset		**(23,853,605)**	-
Share of profit of associate - net of tax		**(16,205,961)**	(2,827,770)
Unrealized Profit on investments at fair value through profit or loss-held for trading-net		**(1,234,431)**	(10,754,865)
Advances written off		**1,417,696**	-
Provision for doubtful debts		-	38,134,735
Provision for gratuity		**1,430,051**	1,797,034
Finance cost		**72,522,515**	103,365,483
Provision of markup written back		-	(56,947,954)
Provision written back		-	(140,531,008)
Dividend income		**(4,328,754)**	(1,555,063)
Mark-up income on exposure deposits		-	(157,714)
Mark-up income from related party		-	-
Mark-up income on fixed deposits		**(4,463)**	(18,474)
	37.1	**94,683,551**	(31,289,451)
Operating loss before working capital changes		**(12,486,440)**	(22,460,078)
Changes in working capital:			
Decrease / (increase) in current assets			
Trade debts		**6,507,817**	12,796,725
Loans and advances		**504,104**	1,705,541
Trade deposits and short-term prepayments		**(143,102)**	57,780
Other receivables		**(1,276,650)**	(87,992)
Increase / (decrease) in current liabilities			
Trade and other payables		**117,137,854**	(17,618,781)
		122,730,023	(3,146,728)
Cash generated / (used in) operations		**110,243,583**	(25,606,806)

38 FINANCIAL INSTRUMENTS BY CATEGORY

	2013				
	Loans and receivables	Available for sale	At fair value through profit and loss	Cost/ amortized cost	Total
	-----------	-----------	(Rupees)	-----------	-----------
Assets					
Non-current assets					
Long-term deposits	**2,679,079**	**-**	**-**	**-**	**2,679,079**
Receivable from associates	**175,411,452**	**-**	**-**	**-**	**175,411,452**
Current assets					
Short-term investments	**-**	**261,824,496**	**4,705,126**	**-**	**266,529,622**
Trade debts - net	**281,256,650**	**-**	**-**	**-**	**281,256,650**
Loans and advances	**922,364**	**-**	**-**	**-**	**922,364**
Trade deposits	**418,110**	**-**	**-**	**-**	**418,110**
Other receivables	**115,386,221**	**-**	**-**	**-**	**115,386,221**
Cash and bank balances	**-**	**-**	**-**	**3,553,023**	**3,553,023**
Liabilities					
Current liabilities					
Trade and other payables	**-**	**-**	**-**	**471,504,926**	**471,504,926**
Short-term borrowings	**-**	**-**	**-**	**35,462,841**	**35,462,841**
Current maturity of long term financing	**-**	**-**	**-**	**552,734,882**	**552,734,882**
Non-current liabilities					
Long-term financing	**-**	**-**	**-**	**513,953,761**	**513,953,761**
Loan from director	**-**	**-**	**-**	**68,497,501**	**68,497,501**

	2012				
	Loans and receivables	Available for sale	At fair value through profit and loss	Cost/ amortized cost	Total
	-----------	-----------	(Rupees)	-----------	-----------
Assets					
Non-current assets					
Long-term deposits	3,185,179	-	-	-	3,185,179
Receivable from associates	175,411,452	-	-	-	175,411,452
Current assets					
Short-term investments	-	125,991,679	25,041,326	-	151,033,005
Trade debts - net	287,764,467	-	-	-	287,764,467
Loans and advances	2,606,185	-	-	-	2,606,185
Trade deposits	263,458	-	-	-	263,458
Other receivables	85,933,777	-	-	-	85,933,777
Cash and bank balances	-	-	-	762,291	762,291
Liabilities					
Current liabilities					
Trade and other payables	-	-	-	204,282,254	204,282,254
Accrued mark-up	-	-	-	65,564	65,564
Current maturity of long term financing	-	-	-	167,375,981	167,375,981
Non-current liabilities					
Long-term financing	-	-	-	1,010,538,937	1,010,538,937
Loan from director	-	-	-	68,497,501	68,497,501

	2013				
	Loans and receivables	**Available for sale**	**At fair value through profit and loss**	**At amortised cost**	**Total**
	------------------------------------(Rupees)------------------------------------				
Income / other items					
Operating revenue	**537,026**	**-**	**-**	**-**	**537,026**
Other operating income	**51,904,572**	**-**	**-**	**-**	**51,904,572**
Gain on sale of investments-held for trading	**-**	**-**	**7,007,859**	**-**	**7,007,859**
(Expenses / other items)					
Gain on sale of investments-available for sale	**-**	**1,203,549**	**-**	**-**	**1,203,549**
Finance cost	**-**	**-**	**-**	**15,516**	**15,516**
Unrealized profit on re-measurement of investments	**-**	**-**	**1,234,431**	**-**	**1,234,431**

	2012				
	Loans and receivables	**Available for sale**	**At fair value through profit and loss**	**At amortised cost**	**Total**
	------------------------------------(Rupees)------------------------------------				
Income / other items					
Operating revenue	2,000,400	-	-	-	2,000,400
Other operating income	28,318,911	-	-	-	28,318,911
Gain on sale of investments-held for trading	-	-	743,321	-	743,321
(Expenses / other items)					
Loss on sale of investments	-	(742,581)	-	-	(742,581)
Finance cost	-	-	-	162,133	162,133
Unrealized profit on re-measurement of investments	-	-	10,754,865	-	10,754,865

39 FINANCIAL RISK MANAGEMENT

Financial risk factors
The Company's activities are exposed to a variety of financial risks namely market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

39.1 Market risk
Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

39.1.1 Currency risk
Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company believes that it is not exposed to major foreign exchange risk in this respect.

39.1.2 Yield / Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of financial assets and liabilities through appropriate policies.

	As at June 30, 2013			
	Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total
	Up to one year	More than one year		
	------------------------------(Rupees)------------------------------			
Financial assets				
Non-current assets				
Long-term deposits	-	-	2,679,079	2,679,079
Receivable from associates	-	175,411,452	-	175,411,452
	-	175,411,452	2,679,079	178,090,531
Current assets				
Short-term investments	-	-	266,529,622	266,529,622
Trade debts - net	-	-	281,256,650	281,256,650
Loans and advances	-	-	922,364	922,364
Trade deposits	418,110	-	-	418,110
Other receivables	-	-	115,386,221	115,386,221
Cash and bank balances	20,293	-	3,532,730	3,553,023
	438,403	-	667,627,587	668,065,990
Sub Total	438,403	175,411,452	670,306,666	846,156,521
Financial liabilities				
Current liabilities				
Trade and other payables	43,133,525	-	428,371,401	471,504,926
Accrued mark-up	-	-	-	-
Short-term borrowings	35,462,841	-	-	35,462,841
Current maturity of long term financing	552,734,882	-	-	552,734,882
	631,331,248	-	428,371,401	1,059,702,649
Non current liabilities				
Long term financing	-	513,953,761	-	513,953,761
Loan from sponsor	-	-	68,497,501	68,497,501
	-	513,953,761	68,497,501	582,451,262
Sub Total	631,331,248	513,953,761	496,868,902	1,642,153,911
On-balance sheet gap	(630,892,845)	(338,542,309)	173,437,764	(795,997,390)
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(630,892,845)	(338,542,309)		
Cumulative interest rate sensitivity gap	(630,892,845)	(338,542,309)		

	As at June 30, 2012			
	Exposed to Yield / Interest risk		Not exposed to Yield / Interest rate risk	Total
	Up to one year	More than one year		
	------------------------------(Rupees)------------------------------			
Financial assets				
Non-current assets				
Long-term deposits	-	-	3,185,179	3,185,179
Receivable from associates	-	175,411,452	-	175,411,452
	-	175,411,452	3,185,179	178,596,631
Current assets				
Short-term investments	-	-	151,033,005	151,033,005
Trade debts - net	-	-	287,764,467	287,764,467
Loans and advances	-	-	2,606,185	2,606,185
Trade deposits	263,458	-	-	263,458
Other receivables	-	-	85,933,777	85,933,777
Cash and bank balances	11,880	-	750,411	762,291
	275,338	-	528,087,845	528,363,183
Sub Total	275,338	175,411,452	531,273,024	706,959,814
Financial liabilities				
Current liabilities				
Trade and other payables	32,985,134	-	321,381,938	354,367,072
Accrued mark-up	-	-	65,564	65,564
Short-term borrowings	167,375,981	-	-	167,375,981
	200,361,115	-	321,447,502	521,808,617
Non current liabilities				
Long term financing	-	1,010,538,937	-	1,010,538,937
Loan from sponsor	-	-	68,497,501	68,497,501
	-	1,010,538,937	68,497,501	1,079,036,438
Sub Total	200,361,115	1,010,538,937	389,945,003	1,600,845,055
On-balance sheet gap	(200,085,777)	(835,127,485)	141,328,021	(893,885,241)
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(200,085,777)	(835,127,485)		
Cumulative interest rate sensitivity gap	(200,085,777)	(835,127,485)		

39.1.2.1 The mark-up rates per annum on financial assets and liabilities are as follows:

	2013	2012
	Percentage	
Short term borrowings	**11.53 - 14.48**	14.40 - 16.04.
Long term financing	**11.53 - 16.14**	13.91 - 15.53
Receivable from associates	**16**	16
Bank balances	**-**	-

39.1.2.2 Sensitivity analysis for variable rate instruments

In case of 100 basis points increase / decrease in KIBOR on June 30, with all other variables held constant, the impact on profit and loss will be as follows:

	Profit and loss 100 bps	
	Increase	Decrease
Cash flow sensitivty - variable rate financial liabilities		
As at June 30, 2013	**4,627,222**	(4,627,222)
As at June 30, 2012	**6,017,851**	(6,017,851)

The sensitivity analysis prepared as of June 30, 2013 is not necessarily indicative of the impact on Company's net assets of future movements in interest rates.

39.1.3 Price Risk

The Company is exposed to equity price in respect of investments classified as available for sale and at fair value through profit or loss. To manage price risk arising from these equity investments the Company applies appropriate internal polices.

The investment of the Company classified as available for sale and at fair value through profit or loss would normally be affected due to fluctuation of equity prices in the stock exchange. In case of 5% increase / decrease in KSE 100 index on June 30, 2012, the net loss for the year relating to securities classified as fair value through profit and loss would decrease / increase by Rs. 235,256 (2012: Rs. 1,252,066) and net assets of the Company would increase / decrease by the same amount . In case of 5% increase / decrease in KSE 100 index on June 30, 2012, the net gain for the year relating to securities classified as available for sale and other components of equity and net assets of the Company would increase / decrease by Rs. 13,091,225 (2012: Rs. 6,299,584) as a result of gains / losses on equity securities classified as available for sale.

The above analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2013 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of KSE100 index.

39.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. All the financial assets of the Company except Rs.8,036 (2012: Rs. 9,275) are exposed to credit risk. To manage the exposure to credit risk, the Company applies credit limits to its customers and in certain cases obtains margins and deposits in the form of cash and marketable securities. the management is confident that credit quality of debts which are not past due nor impaired remains sound at the balance sheet date.

Apportion of the outstanding amounts of trade debts are secured against pledge of customers securities. The Company is entitled to sell these securities, at its own discretion, in case of default by the customers. During the year the Company has disposed off certain securities of its clients in case of non-payment to the Company . The outstanding receivables settled on this account and the amount of securities realized through disposal / transfer to the Company's own account have not been disclosed as it was not practicable to determine the amount of these collaterals / outstanding receivable due to the quantum of transactions that had taken place on these arrangement. The management intends to take appropriate measures for determining these amount in future periods.

A reconciliation of provision made during the year in respect of outstanding trade debts and certain investments categorized as available for sale is given in notes 12.2 and 11.1 to these financial statements.

The Company hold certain collaterals which are permitted by the customer for repledge in the absence of default. The fair value of such collateral held as at June 30, 2013 and those which have been repledged along with the details of the Company's obligation as to their return and the significant terms and condition associated with their use are given in note 40 to the financial statements.

The maximum exposure to credit risk , by class of financial instrument , at the end of the reporting period without taking into account any collateral held or other credit enhancement is given in note 38 to the financial statements. The Company does not hold any collateral in respect of these assets except for certain trade debts which have been collateralized against certain equity securities.

An analysis of the age of significant financial assets that are past due but not impaired are as under.

	2013		2012	
	Total outstanding amount	Payment over due (in days)	Outstanding amount	Payment over due (in days)
	Rupees		Rupees	
Financial instruments carried at amortised cost				
Trade debts - net	**281,256,650**	**1 - 360**	287,764,467	1 - 360

An analysis of the significant financial assets that are individually impaired are as under. The factors in determining the impairment loss mainly comprises management's assessment of potential loss which is expected to arise on these financial assets. Such assessment is mainly based on the potential recoveries / cash flows from the customers.

	2013			
	Total outstanding amount	Up to one month	One to three months	More than three months
	-------------------------------(Rupees)-------------------------------			
Financial instruments carried at amortised cost				
Trade debts - net	**589,461,322**	**3,890,955**	**1,008,992**	**584,561,375**

	2012			
	Total outstanding amount	Up to one month	One to three months	More than three months
	-------------------------------(Rupees)-------------------------------			
Financial instruments carried at amortised cost				
Trade debts - net	595,969,139	1,970,425	2,600,144	591,398,570

Although the Company has made provision against the aforementioned portfolio , the Company still holds certain collateral to be able to enforce in recovery.

39.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company currently is not exposed to significant level of liquidity risk keeping in view the current market situation. Negotiations are in progress with the financial institutions to meet any deficit required to meet the short-term liquidity commitments.

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2013			
	Up to three months	More than three months and up to one year	More than one year	Total
	--------------------------------(Rupees)--------------------------------			
Current liabilities				
Trade and other payables	**471,504,926**	**-**	**-**	**471,504,926**
Accrued mark-up	**-**	**-**	**-**	**-**
Short-term borrowings	**35,462,841**	**-**	**-**	**35,462,841**
Current maturity of long term financing	**-**	**552,734,882**	**-**	**552,734,882**
Non current liabilities				
Long term financing	**-**	**-**	**513,953,761**	**513,953,761**
Loan from sponsor	**-**	**-**	**68,497,501**	**68,497,501**

	2012			
	Up to three months	More than three months and up to one year	More than one year	Total
	--------------------------------(Rupees)--------------------------------			
Current liabilities				
Trade and other payables	204,282,254	-	-	**204,282,254**
Accrued mark-up	65,564	-	-	**65,564**
Loan from director	-	-	-	**-**
Short-term borrowings	167,375,981	-	-	**167,375,981**
Non current liabilities				
Long term financing	-	-	1,010,538,937	**1,010,538,937**
Loan from director	-	-	-	**-**
Loan from sponsor	-	-	68,497,501	**68,497,501**

39.4 Fair value of financial assets and liabilities

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

40 CAPITAL RISK MANAGEMENT

The objective of managing capital is to ensure the Company's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

41 USE OF COLLATERAL AND TRADING SECURITIES

The Company utilizes customers marginable securities for meeting the exposure deposit requirements of the Karachi Stock Exchange Limited, for meeting securities shortfall at the time of settlements on behalf of the customers and for securing financing facilities from bank. These securities are utilized by the Company with the consent of the customers. As at June 30, 2013, securities amounting to Rs.9,924,948 (2012: Rs. 19,917,192) and Rs. 136,766,763 (2012: Rs. 97,493,510) were pledged / utilized by the Company for meeting the exposure deposit requirement of the Karachi Stock Exchange Limited and for securing financing facilities from banks respectively.

42 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISKS

The Company purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contracted value of the transaction. The Company also gives customer securities to brokers . If a broker fails to return a security on time, the Company may be obligated to purchase the securities in order to return to the owner. In such circumstances, the Company may incur a loss equal to the amount by which the market value of the security on the date of non-performance exceeds the value of the collateral received from the broker.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers, brokers and other financial institutions. These activities primarily involve collateralized arrangement and may result in credit exposure in the events as mentioned above or if the counter party fails to meet its contracted obligations. The Company's exposure to credit risk can also be directly impacted by volatile securities markets which may impair the ability of counterparties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

43 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been reclassified and rearranged wherever necessary to reflect more appropriate presentations of events and transactions for the purpose of comparison. Significant reclassification and rearrangement are as follows:

Particulars	From	To	Rupees
Trade and other payables	Advances to employee	Other payables	186,500
Trade and other payables	Advances to suppliers	Other payables	51,479
Loans and advances	Advances to suppliers	Advances to employee	46,717
Trade and other payables	Other receivables	Accrued expenses	129,291
Other opeating expenses	Other operating income	Other operating expenses	140,265

44 NUMBER OF EMPLOYEES

	2013	2012
Number of employees at the year end.	**52**	89

45 GENERAL AND CORRESPONDING FIGURES

45.1 Amounts have been rounded off to the nearest rupees unless otherwise stated.

46 DATE OF AUTHORISATION

These financial statements have been authorized for issue on **October 07, 2013** by the Board of Directors of the Company.

Chief Executive

Director

PATTERN OF SHAREHOLDING
As at June 30, 2013

NUMBER OF SHAREHOLDERS	From	To	TOTAL SHARES HELD
180	1	100	4,680
121	101	500	41,797
105	501	1000	78,302
175	1001	5000	487,306
46	5001	10000	387,938
18	10001	15000	242,321
10	15001	20000	179,755
14	20001	25000	326,882
7	25001	30000	202,025
1	30001	35000	31,275
3	35001	40000	119,500
2	40001	45000	87,625
10	45001	50000	494,591
2	50001	55000	108,300
1	55001	60000	60,000
1	60001	65000	63,000
3	65001	70000	203,768
4	70001	75000	290,551
1	85001	90000	86,500
5	95001	100000	498,000
3	100001	105000	306,859
2	105001	110000	216,014
2	120001	125000	242,363
2	140001	145000	284,000
2	145001	150000	294,500
1	150001	155000	152,500
1	155001	160000	157,500
1	170001	175000	175,000
1	175001	180000	175,350
1	190001	195000	192,500
4	195001	200000	800,000
1	200001	205000	202,048
1	220001	225000	223,226
1	235001	240000	237,000
1	295001	300000	300,000
1	300001	305000	302,525
1	330001	335000	335,000
1	405001	410000	409,000
1	410001	415000	415,000
1	480001	485000	483,373
1	495001	500000	500,000
1	545001	550000	546,150
1	595001	600000	600,000
1	600001	605000	600,500
1	610001	615000	611,398
1	725001	730000	729,000
1	865001	870000	868,000
1	920001	925000	924,100
1	1225001	1230000	1,229,349
1	1345001	1350000	1,345,200
1	1840001	1845000	1,840,500
1	2350001	2355000	2,353,950
1	2485001	2490000	2,490,000
1	2795001	2800000	2,797,000
1	4780001	4785000	4,782,490
1	5165001	5170000	5,169,799
1	9780001	9785000	9,782,040
1	13710001	13715000	13,714,500
1	14315001	14320000	14,318,150
1	62895001	62900000	62,900,000
758			**138,000,000**

Categories of Shareholders

AS at June 30, 2013.

Categories	Number	Shares Held	Percentage
Related Parties			
First Florance Developers (Pvt.) Limited	2	77,218,150	55.9552
Yarmouk Paper & Board Industry (Pvt.) Limited	1	300,000	0.2174
MCD Pakistan Limited	1	2,353,950	1.7058
First Pakistan Securities Limited	4	10,581,808	7.6680
Switch Securities (Pvt.) Limited	2	6,093,899	4.4159
Directors, Chief Executive and their Spouse and Minor Children			
Ali Aslam Malik	4	1,950,374	1.4133
Malik Atiq-ur-Rehman	2	175,850	0.1274
Muhammad Iqbal Khan	1	2,760	0.0020
Shahzad Akbar	1	15,180	0.0110
Saeed Ahmed Bajwa	1	500	0.0004
Rais Ahmed Dar	1	1,440	0.0010
Amir Shehzad	1	2,400	0.0017
Mrs. Adeela Ali	1	575	0.0004
Omer Ali Malik (M) Through Guardian Ali A. Malik	1	54,300	0.0393
Mrs. Ghazala Rais Dar	1	546,150	0.3958
Executives	0	-	0.0000
Banks/DFIs/NBFIs	6	456,914	0.3311
Modarabas/ Mutual Funds & Foreign Investors	3	14,315,075	10.3732
Joint Stock Companies	26	4,942,304	3.5814
Insurance Companies	1	46,591	0.0338
NIT & ICP	0	-	0.0000
Individual	698	18,941,780	13.7259
Total	**758**	**138,000,000**	**100**

Detail of Shareholding 5% & more

First Florance Developers (Pvt.) Limited	77,218,150	55.96
MCBFSL - Trustee Namco Balanced Fund	13,714,500	9.94
First Pakistan Securities Limited	10,581,808	7.67

Branch Network
of First National Equities Limited

Lahore Office

FNE House, 179-B, Abu Bakar Block,
New Garden Town, Lahore
Tel: 042-35843721-27
Fax: 042-35843730

Abbottabad Office

1st Floor, Goher Sons Arcade,
Mansehra Road Supply Bazaar,
Abbottabad,
Tel#:0992-341305, 0992-341104

Karachi Offices

1. FNE HOUSE, 19-C, Sunset Lane 6,
South Park Avenue, Phase II
Extension, D.H.A. Karachi
Tel: 021-35395901-05
Fax: +92-021-35395920

2. Room No. 135-136, 3rd Floor,
New Stock Exchange Building, Karachi
Tel: 021-32472119, 32472014, 32472758
Fax: 021- 32472332

Mardan Office

1st Floor Shop No 32-33, Cantonment Plaza,
The Mall, Mardan.
Tel: 0937-875827-29
Fax: 0937-875830

Peshawar offices

2nd Floor, State Life Building, 34 The Mall,
Peshawar Cantt, Peshawar
Tel: 091-5260935, 5260965
Fax: 091-5260977

Daska Office

Basement Nagina Suiting, Kachehri Road,
Daska, Sialkot.
Tel: 052-6617585, 052-6600021

Rawalpindi Offices

53/7, Haider Road, Rawalpindi Cantt,
Rawalpindi.
Tel: 051-5563195-96
Fax: 051-5563194

FORM OF PROXY

FIRST NATIONAL EQUITIES LIMITED

19 -C Sunset Lane 6, South Park Avenue, Phase II, Ext: DHA Karachi.

I/ We ____ of ____ being a member of First National Equities Limited and holder of ____________________ Ordinary Shares as per Share Register Folio No. ______________________________

For Beneficial Owners As per CDC List
CDC Particiapant I.D. ____________________ No.Sub-Account No. ____________________
C N I C No. [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ] or Passport No. ____________________

Hereby appoint ____ of ____ or failing him/ her ____ of ____ as my/ our proxy to vote and act for me/ our behalf at the Annual General Meeting of the Company to be held at FNE House, 19 - C, Sunset Lane 6, South Park Avenue, Phase II Ext. DHA Karachi on Wednesday, October 30, 2013 at 08:15 a.m. and at any adjournment thereof.

Please affix rupees five revenue stamp

(Signatures should agree with the specimen signature)

Signature of Shareholder ____________________

Signature of Proxy ____________________

Dated this ________ day of ____________ ,2013

For beneficial owners as per CDC list

1.WITNESS

Signature: ____________________

Name: ____________________

Address: ____________________

CNIC NO: [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

or Passport No. ____________________

2.WITNESS

Signature: ____________________

Name: ____________________

Address: ____________________

CNIC NO: [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

or Passport No. ____________________

Important:

1 This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at FNE House, 19-C Sunset Lane 6, South Park Avenue, Phase II, Ext DHA. Karachi, not less than 48 hours before the time of holding the meeting.

2 No person shall act as proxy unless he/she himself/ herself is a member of the Company, except that a corporation may appoint a person who is not a member.

3 If a member appoint more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders/ Corporate Entities: In addition to the above the following have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his/ her original CNIC or passport at the time of the Meeting.

iv) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted (unless it has provided earlier) alongwith proxy form of the Company.

FIRST NATIONAL EQUITIES LIMITED
FNE House: 19-C, Sunset Lane-06, South Park Avenue
Phase – II, Extension, D.H.A. Karachi.

FIRST NATIONAL EQUITIES LIMITED

Principal Office:
FNE House 179/B,Abu Bakar Block,
New Garden Town,Lahore.
Tel:042-35843721-27 Fax:042-35843730

Registered Office:
FNE HOUSE, 19-C, Sunset Lane 6, South Park
Avenue, Phase II Extension, D.H.A. Karachi
Tel: (+92-21) 35395901-5 Fax: (+92-21) 35395920