FIRST NATIONAL EQUITIES LIMITED

2014

Annual Accounts

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

HR& Remuneration Committee:

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

Chief Financial Officer
Mr. Azeem-ul-Hassan

Company Secretary
Mr. Azeem-ul-Hassan

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 Friday, October 31, 2014 at 08:00 pm to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the annual audited financial statements of the company for the year ended June 30, 2014 together with the directors' and auditors' reports thereon.

2. To appoint external auditors of the company for the year ending on June 30, 2015 and fix their remuneration.

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

By Order of the Board
Azeem-ul-Hassan
(CFO & Company Secretary)

Karachi.
Dated: October 10, 2014

Notes:

1. The Shares Transfer Books will remain closed from October 24, 2014 to October 31, 2014 (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 23, 2014 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.

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, 2014, together with the auditors' report thereon.

Overall Economy

Reflecting some improvement in electricity supply that facilitated increased industrial production, growth in the gross domestic product (GDP) of Pakistan reached an estimated 4.1% in Fiscal Year 2014 (ended 30 June 2014), unexpectedly accelerating from 3.7% in FY2013. Renewed support from development partners and a $2 billion eurobond issue, the first in 7 years, helped stabilize the currency and rebuild foreign exchange reserves from very low levels. The continuation of economic reforms and efforts to improve the security environment would improve business confidence and help revive private investment.

The consolidated fiscal deficit excluding grants was contained at 5.5% of GDP in FY2014, down from an average of 8.0% in the previous 3 years. This improvement came mainly from a large one-off increase in non tax revenues and a provincial cash surplus equal to 0.3% of GDP. The budget for FY2015 targets further reduction in the fiscal deficit to 4.9% of GDP through expenditure economies, reduced energy subsidies, and a provincial cash surplus equal to 0.9% of GDP. The current account deficit in FY2014 was essentially unchanged from the previous year's 1.1% of GDP. The trade deficit widened moderately, but this was largely offset by continued strong growth in remittances from overseas workers.

Stock Market

With the euphoria about the new political set-up (post-elections) settling down, the development on the economic front took the center stage in FY14. The investors' confidence gained strength as the signs of economic recovery gathered pace, particularly towards the end of FY14. Despite, pressure on forex reserves subsides amid better foreign inflows; the PKR has depreciated by approx. 6% in FY14 to PKR103.69 from the high of PKR110 in the same period under review. This in the back drop of government's willingness to tackle the constraining factors (power and security) on economy head-on is adding support to the prevalent positive sentiments.

Subsequently, the benchmark KSE100 index posted a gain of 30% (36% in US$ terms) to forms new high of 30,475pts. Market capitalization rose to USD$68bn and market cap to GDP ratio has improved to around 25% of GDP. Average traded volume stood at 215mn, up 13% from the same period last year, while in US$ terms average traded value stood at US$84mn comparing favorably with US$47mn in FY13. Improved country dynamics is also culminating into improved foreign participations that already hold approx. 8% of market capitalization. During the period, Foreigners bought shares of worth US$742mn followed by banks US$85mn where Mutual funds remained net seller of US$153mn in Fy14.

Financial Results	**2014**	**2013**
	(Rupees in Million)	
Gross revenue	164.0	106.7
Operating revenue	43.7	45.2
Operating Profit	86.7	52.5
Profit/ (Loss) before taxation	125.7	(13.4)
Less: taxation	11.0	4.9
Profit/ (Loss) after tax	114.7	(18.4)
Earning per share (Rs.)	0.83	(0.13)

During the year, the gross revenues of your company amounted to Rs. 163.98 million (2013: Rs. 106.67 million) and operating revenues included in it was Rs. 43.7 million (2013: Rs. 45.2 million) Due to one time increase which was due to regulatory fees paid for Right issue process the administrative expenses were up to Rs. 77.23 million (2013: Rs. 54.18 million), financial expenses were down to Rs. 45.17 million (2013: Rs. 72.52 million) and other operating expenses to Rs. 10.30 million (2013: Rs. 10.86 million), Resultantly we are pleased to report an earning of Rs. 0.83 per share as compared to loss of Rs. 0.13 per shares in last year

The process of Right-2 Issue is in final phase and management is making the vigorous efforts to complete it in shortest possible time in the current year the injection of fresh capital/funds 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. The company has also reached the loan restructuring /rescheduling agreement, including the waiver of outstanding Markup, with a commercial Bank which will have a substantial positive impact on the equity of the company in the coming years. We are very positive that as results of these measures, company will be able to generate more revenue and sufficient profits in future.

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, 2014 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 18 & 24 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 four 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	4	4
2	Malik Attiq-ur-Rehman	4	3
3	Muhammad Iqbal khan	4	4
4	Mr. Shahzad Akbar	4	2
5	Mr. Rais Ahmad Dar	4	2
6	Mr. Saeed Ahmad Bajwa	4	3
7	Mr. Amir Shehzad	4	4

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	4

As required under the Code of Corporate Governance, the HR&R continued to perform as per its terms of reference duty approved by the Board. Four meetings of the HR&R 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	Malik Attiq-ur-Rehman	4	4
2	Mr. Shahzad Akbar	4	4
3	Mr. Ali A. Malik	4	4

The statement showing pattern of share holding in the company, as on June 30, 2014 is attached.

During the year under review no 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 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, 2015. 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, 2015 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 10, 2014

Ali A. Malik
(Chief Executive Officer)

Financial Statistical Summary (2008 - 2014)

PARTICULARS	June 30, (Rupees '000)						
	2014	2013	2012	2011	2010	2009	2008
OPERATING RESULTS							
Operating Revenues	129,739	53,446	41,819	(3,720)	75,209	(94,734)	392,414
Other Operating income	34,243	53,230	226,478	40,295	211,288	4,001	16,215
Gross Revenue	163,982	106,676	268,297	36,575	286,497	(90,733)	408,629
Administrative Expenses	(77,240)	(54,187)	(64,469)	(73,734)	(78,707)	(93,518)	(141,960)
	86,742	52,489	203,828	(37,159)	207,790	(184,251)	266,669
Finance Cost	(45,175)	(72,522)	(103,365)	(130,304)	(164,329)	(218,027)	(196,640)
Notional Interest Income	92,441						
Other Operating Expenses	(10,299)	(10,857)	(46,258)	(11,835)	(11,796)	(365,259)	(46,113)
	123,709	(30,890)	54,205	(179,298)	31,665	(767,537)	23,916
Fair value loss on remeasurement of held for trading investment - net	2,007	1,234	10,755	(3,928)	(6,436)	(40,987)	(11,021)
Impairment loss on available for sale securities	-	-	-	-	(90,830)	(309,872)	-
	2,007	1,234	10,755	(3,928)	(97,266)	(350,859)	(11,021)
Share of profit of associates - net of tax	(6)	16,206	2,827	5,819	511	(23,033)	5,947
Profit / (Loss) before Tax	125,710	(13,450)	67,787	(177,407)	(65,090)	(1,141,429)	18,842
Taxation - net	(10,992)	(4,946)	(36,152)	1,205	(62,595)	-	(13,341)
Profit / (Loss) after Tax	114,718	(18,396)	31,635	(176,202)	(127,685)	(1,141,429)	5,501
Payout Ratio			-	-	-	-	-
BALANCE SHEET SUMMARY							
Non-Current Assest							
Fixed assets	177,130	183,309	206,919	214,444	223,681	230,894	239,611
Long term Investment	53,326	53,492	39,073	38,018	30,438	28,442	68,170
Deferred cost	25,030	25,650	29,064	64,617	65,874	126,806	12,198
Receivable from associates	106,768	175,411	175,411	175,411	175,411		
Investment - Available for Sale	40,074	40,074	-	-	-	-	-
Long Term deposits	2,394	2,679	3,185	2,863	2,863	2,629	3,557
	404,722	**480,615**	**453,652**	**495,353**	**498,267**	**388,771**	**323,536**
Current assets							
Short term investments	93,533	266,530	151,033	83,413	194,720	443,783	1,088,442
Trade debts	322,932	281,257	287,764	198,165	208,436	284,716	844,228
Loans & advances	1,568	922	2,844	4,312	4,681	1,875	4,500
Trade deposits & short term prepayments	534	498	355	412	1,066	150	29,464
Other Receivables	140,964	115,386	86,063	57,703	28,989	2,723	3,255
Taxation Recoverable - net	25,912	32,545	31,641	30,420	25,520	23,364	20,722
Cash and bank balance	3,471	3,561	772	3,004	10,039	5,555	20,232
	588,914	**700,699**	**560,472**	**377,429**	**473,451**	**762,166**	**2,010,843**
CURRENT LIABILITIES							
Trade & other payables	224,399	471,505	354,367	221,901	160,041	115,265	490,889
Interest and mark-up accrued on borrowings	-	-	65	52	9,181	40,417	17,139
Payable in respect of continuous funding system				-	-	-	410,667
Short term borrowings	-	35,463	167,376	273,157	484,976	808,160	840,487
Current maturity on long term loans	331,159	552,735	-	-	-	40,322	-
Loan from director			-	13,700	-	-	-
	555,558	1,059,703	521,808	508,810	654,198	1,004,164	1,759,182
Net Current Assets	**33,356**	**(359,004)**	**38,664**	**(131,381)**	**(180,747)**	**(241,998)**	**251,661**
Non-current liabilities							
Loan from director	-	-	-	5,141	4,449		
Loan from Sponsors	138,497	68,498	68,498				
Defferred liabilites	6,231	7,503	6,419	5,608	3,515	3,209	4,141
Other Loans	191,375						
Long Term Borrowings	499,242	513,954	1,010,539	1,077,427	901,027	583,270	-
	835,345	589,955	1,085,456	1,088,176	908,991	586,479	4,141
Net Assets	**(397,267)**	**(468,344)**	**(593,140)**	**(724,204)**	**(591,471)**	**(439,706)**	**571,056**
REPRESENTED BY							
Issued, subscribed and paid-up capital	1,418,098	1,380,000	1,380,000	575,000	575,000	575,000	575,000
Discount of issue of Right Shares	(630,418)	(603,750)	(603,750)				
Unappropriated profit / (Accumulated losses)	(1,250,749)	(1,367,784)	(1,349,388)	(1,231,306)	(1,055,103)	(927,418)	101,292
Surplus/(deficit) on revaluation of investment- available for sale	65,802	123,190	(20,002)	(67,898)	(111,368)	(87,288)	(105,236)
Total Equity and Liabilities	**(397,267)**	**(468,344)**	**(593,140)**	**(724,204)**	**(591,471)**	**(439,706)**	**571,056**

Statement of Compliance with the Code of Corporate Governance For the year ended on June 30, 2014

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. No casual vacancy occurred on the Board during the year .

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 orientation course 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.

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 except 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. The related party transactions have been placed before the audit committee and approved by the board of directors.

24. The company has not made appropriate arrangements for director’s training program for their directors as required by para xi of the code

25. The company has not appointed Head of Internal Audit as required by para xiv of the code and consequently meetings of audit committee are held without presence of head of internal auditor as required by para xxviii of the code.

26. 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	Ali A. Malik
Dated: October 10, 2014	(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 enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of First National Equities Limited (the Company) to comply with the requirements of Listing Regulation No. 35 of Karachi Stock Exchange where the company is listed.

The responsibility for compliance with the Code 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 and deport if it does not. A review is limited primarily to inquiries of the Company's 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken 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 as applicable to the Company for the year ended 30 June 2014.

Further, we highlight below instances of non-compliance with the requirements of the Codes were observed which are not stated in the Statement of Compliance:

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Code as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

- The company has not made appropriate arrangements to carry out orientation courses under director training program for their directors as required by para xi of the code;

- The company has not appointed Head of Internal Audit as required by para xiv of the code and consequently meetings of audit committee are held without presence of head of internal auditor asrequired by para xxviii of the code.

Based on our review, except for the above instances of non-compliance, 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 as applicable to the Company for the year ended June 30, 2014

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

Place: Lahore
Date: October 10, 2014

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

e) We draw attention to the contents of note 2.2 to the accompanying financial statements, the Company earned profit after tax of Rs. 114.72 million in the year. The company's accumulated losses have been at Rs. 1,250.75 million as at June 30, 2014, and its equity was in negative at Rs. 397.27 million on that date. These conditions indicate the existence of material uncertainty that may cast doubt 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 that note. Therefore the accompanying financial statements have been prepared on going concern basis of accounting, and our opinion in not qualified in this respect.

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

Place: Lahore
Date: October 10, 2014

FIRST NATIONAL EQUITIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
NON-CURRENT ASSETS			
Property and equipment	4	**91,874,905**	98,053,916
Capital work in progress	5	**33,340,000**	33,340,000
Intangible assets	6	**51,915,000**	51,915,000
Receivable from associates	7	**106,768,489**	175,411,452
Investment in associate	8	**53,326,629**	53,492,143
Investments - available for sale	9	**40,073,830**	40,073,830
Long term deposits	10	**2,394,209**	2,679,079
Deferred taxation	11	**25,029,753**	25,649,466
		404,722,814	480,614,886
CURRENT ASSETS			
Short term investments	12	**93,533,256**	266,529,622
Trade debts	13	**322,932,058**	281,256,650
Loans and advances	14	**1,567,986**	922,364
Trade deposits and short term prepayments	15	**533,930**	498,110
Other receivables	16	**140,963,557**	115,386,221
Advance tax		**25,912,488**	32,544,622
Cash and bank balances	17	**3,471,322**	3,561,059
		588,914,597	700,698,648
Total Assets		**993,637,411**	1,181,313,534
NON-CURRENT LIABILITIES			
Long term financing	18	**499,242,585**	513,953,761
Loan from sponsors	19	**138,497,501**	68,497,501
Other loans	20	**191,375,221**	139,025,015
Deferred liabilities	21	**6,231,249**	5,469,302
		835,346,556	726,945,579
CURRENT LIABILITIES			
Trade and other payables	22	**224,398,902**	332,479,911
Short term borrowings	23	**-**	35,462,841
Current maturity of long term financing	18	**331,159,485**	552,734,882
		555,558,387	920,677,634
Total Liabilities		**1,390,904,943**	1,647,623,213
CONTINGENCIES AND COMMITMENTS	24	**-**	-
NET ASSETS		**(397,267,532)**	(466,309,679)
REPRESENTED BY:			
Issued, subscribed and paid-up capital	25	**1,418,098,310**	1,380,000,000
Discount on issue of right shares		**(630,418,817)**	(603,750,000)
Accumulated losses		**(1,250,749,508)**	(1,365,750,242)
		(463,070,015)	(589,500,242)
Unrealized gain on re-measurement of investments classified as available for sale	12.1.3	**65,802,484**	123,190,563
		(397,267,532)	(466,309,679)

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, 2014

	Note	2014 Rupees	2013 Rupees
Operating revenue	26	**43,681,695**	45,234,856
Gain on sale of investments		**86,056,987**	8,211,408
Other operating income	27	**34,243,487**	53,230,452
		163,982,169	106,676,716
Administrative expenses	28	**77,239,923**	54,187,571
Operating profit		**86,742,246**	52,489,145
Finance cost	30	**45,175,425**	72,522,515
Notional interest income	18.1.1	**92,441,271**	-
Other operating expenses	31	**10,298,970**	10,857,006
		123,709,122	(30,890,376)
Unrealized Profit on re-measurement of investments classified as financial assets at fair value through profit or loss-held for trading-net	12.2	**2,007,648**	1,234,431
Share of profit of associate-net	8.1	**(6,384)**	16,205,961
Profit/(loss) before taxation		**125,710,386**	(13,449,984)
Taxation	32	**10,992,468**	4,946,459
Profit/(loss) after taxation		**114,717,919**	(18,396,443)
PROFIT/(LOSS) PER SHARE - BASIC AND DILUTED	33	**0.83**	(0.13)

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, 2014

	Note	2014 Rupees	2013 Rupees
Profit/(Loss) after tax		**114,717,919**	(18,396,443)
Unrealised gain during the year in the market value of investments classified as 'available for sale'		**25,837,156**	141,404,952
Reclassification adjustment of realized (profit) / loss on sale of investments-available for sale		**(86,056,987)**	(1,203,549)
Share of unrealised surplus - investment in associate	8.1	**2,831,751**	2,990,881
		(57,388,080)	143,192,284
Acturial gains from changes in financial assumtions		**282,815**	108,194
Total comprehensive income for the year-net of tax		**57,612,654**	124,904,035

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, 2014

	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, 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)**
Effect of change in accounting policy as referred to in Note 29	-	-	2,052,834	**2,052,834**	-	**-** **2,052,834**
Balance as at June 30, 2012 (Restated)	**1,380,000,000**	**(603,750,000)**	**(1,347,335,195)**	**(1,347,335,195)**	(20,001,721)	**(591,086,916)**
Loss after taxation for the year ended June 30 2013	-	-	**(18,396,443)**	**(18,396,443)**	-	**(18,396,443)**
Effect of change in accounting policy as referred to in Note 29	-	-	(126,798)	**(126,798)**	-	**(126,798)**
Other comprehensive income for the year	-	-	-	-	143,192,284	**143,192,284**
Effect of change in accounting policy as referred to in Note 29	-	-	108,194	**108,194**	-	**108,194**
Balance as at June 30, 2013 (Restated)	**1,380,000,000**	**(603,750,000)**	**(1,365,750,242)**	**(1,365,750,242)**	**123,190,563**	**(466,309,679)**
Profit after taxation for the year ended June 30 2014	-	-	**114,717,919**	**114,717,919**	**-**	**114,717,919**
Other comprehensive income for the year	-	-	-	-	**(57,388,080)**	**(57,388,080)**
Right shares issued during the year	**11,429,493**	-	-	-	**-**	**11,429,493**
Gain on remeasurement of retirement as referred to in Note 29	-	-	**282,815**	**282,815**	**-**	**282,815**
Balance as at June 30, 2014	**1,391,429,493**	**(603,750,000)**	**(1,250,749,508)**	**(1,250,749,508)**	**65,802,483**	**(397,267,532)**

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, 2014

	Note	2014 Rupees	2013 Rupees
Cash flows from operating activities			
Cash generated from operations	**37**	**(107,293,953)**	110,243,583
Finance cost paid		**(8,326,587)**	(9,673,374)
Gratuity paid		**(156,975)**	(345,791)
Income taxes paid		**(3,740,621)**	(2,435,355)
Long-term deposits		**50,000**	506,100
Receivable from associates		**33,050,006**	-
Net cash used in the operating activities	A	**(86,418,130)**	98,295,163
Cash flows from investing activities			
Investment in available for sale financial assets - net		**203,206,299**	10,349,762
Investment in marketable securities - net		**625,752**	28,578,490
Fixed capital expenditure incurred		**(94,500)**	(89,000)
Mark-up received		**17,939**	4,463
Dividend received		**15,526,360**	4,328,754
Net cash from investing activities	B	**219,281,850**	43,172,469
Cash flows from financing activities			
Proceeds from right issue		**11,429,493**	-
Payment made against long-term financing		**(178,920,109)**	(6,764,999)
Proceeds from loan from sponsor		**70,000,000**	-
Net cash from financing activities	C	**(97,490,616)**	(6,764,999)
Net increase in cash and cash equivalents	(A+B+C)	**35,373,104**	134,702,633
Cash and cash equivalents at the beginning of year		**(31,901,782)**	(166,604,415)
Cash and cash equivalents at the end of year	**36**	**3,471,322**	(31,901,782)

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, 2014

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 holds Trading Right Entitlement Certificate (TREC) 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 made profit after tax of Rs. 114.717 million during the current year. The Company has accumulated losses as at June 30, 2014 aggregated to Rs. 1,250.749 million (2013: Rs. 1,365.750 million) resulting in negative equity of Rs. 397.267 million (2013: Rs. 466.309 million). This indicate significant doubts about the company's ability to continue as going concern and company would be unable to realise its assets and settle its liabilities in the forseeable future periods.

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) 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. During the current year Rs.11.429 million equity was injected thought Right Issue. The Company is in proces for further Right Issue and is hopefull to complete the same during coming year.

b) Restructuring arrangement

The Company has reached a restructring/rescheduling arrangements for its financing facilities with Bank Alfalah Limited which includes a waiver of outstanding markup as explain in note 18 which will have substantial positive impact on the equity of the Company in coming years.

c) Prospective new Business Plans

The management believes that due to availability of the additional liquidity and further financing arangements as well as likely inhencement in new investments in listed companies and future capital gains in the investment in 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:

New/Revised Standards, Interpretations and Amendments

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective during the year:

- IAS 19 - Employees Benefits (Revised)

- IFRS 7 - Financial Instrumens : Disclosures - (Amendments) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.

Improvements to Accounting Standards issued by the IASB

- IAS 1 - Presentation of Financial Statements - Clarification of the requirements for comparative information
- IAS 16 - Property, Plant and Equipment - Clarification of Servicing Equipment
- IAS 32 - Financial instruments: Presentation - Tax Effects of Distribution to Holders of Equity Instruments
- IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and inerpretaions did not have any effect on the financial statements.

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

The following 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 10 - Consolidated Financail Statements	01 January 2015
-	IFRS 11 - Joint Arrangements	01 January 2015
-	IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
-	IFRS 13 - Fair Value Measurement	01 January 2015
-	IFRS 16 & 38 - Clarification of Acceptance Method of Depreciation and Amortization	01 January 2016
-	IAS 19 - Employee Contributions	01 July 2014
-	IAS 27 - Separate Financial Statements	01 January 2016
-	IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
-	IAS 36 - Recoverable Amount for Non-Financial Assets - (Amendment)	01 January 2014
-	IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	01 January 2014

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 2014 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 2014. 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 2018
-	IFRS 14 - Regulatory Deferral Accounts	01 January 2016
-	IFRS 15 - Revenue from Contracts with Customers	01 January 2017

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 30.

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, includes Trading 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.

3.9.1 IAS - 19 Employee Benets (Revised)

Change in accounting policy

"IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost in the profit and loss account and also replaces the interest cost on the defined benefit obligation with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to be recorded in Statement of Comprehensive Income in the periods in which they occur. Following the application of IAS 19 (Revised) - 'Employee Benefits', the Company's policy for staff retirement benefits in respect of remeasurements and past service costs is amended as follows:-

- The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income (OCI) in the periods in which they occur.-

- Past service costs are recognized immediately in the profit and loss account in the period in which these arise. The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and corresponding figures have beenrestated. Due to these restatements, the restated Balance Sheets as at June 30, 2013 & July 01, 2012, as required under International Accounting Standard 1 "Presentation of Financial Statements", have also been included."

The company's finacial statements are affected by the 'remeaurement and past service costs' relating to prior years. The reconciliation, considering effects of change in accoounting policy, have been summarised below:

3.9.2 Re-statement impact of IAS 19

	Rupees
Balance sheet liability as at July 01,2012 as previously reported	
Present Value of defined benefit obligation	4,044,610
Plus: Payables	321,828
Plus: Unrecognized acturaila gains/less unrecognized actuarial losses	2,052,834
less: Unrecognized past service cost/plus unrecognized past service credit	-
Balance sheet liability/(assets)	**6,419,272**
Unrecogized amounts charged to retained earnings	(2,052,834)
Restated balance sheet liability as at July 01,2012	**4,366,438**

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, margin trading 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, 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
Balance as at July 01, 2013	**36,156,614**	**65,335,686**	**18,521,169**	**15,143,519**	**18,788,577**	**15,163,211**	169,108,776
Additions during the year	**-**	**-**	**-**	**-**	**94,500**		94,500
Transfer from CWIP	**-**	**-**	**-**	**-**	**-**	**-**	-
Written Off	**-**	**-**	**(166,825)**	**(347,020)**	**(233,070)**	**-**	(746,915)
Balance as at June 30, 2014	**36,156,614**	**65,335,686**	**18,354,344**	**14,796,499**	**18,650,007**	**15,163,211**	168,456,361
Depreciation							
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
Balance as at July 01, 2013	**388,781**	**14,091,584**	**13,296,190**	**10,931,777**	**18,788,059**	**13,558,469**	**71,054,860**
Charge for the year	**388,684**	**1,633,396**	**1,811,203**	**1,463,395**	**15,750**	**796,548**	**6,108,976**
Written Off			**(116,810)**	**(232,503)**	**(233,066)**		**(582,379)**
Balance as at June 30, 2014	**777,465**	**15,724,980**	**14,990,583**	**12,162,669**	**18,570,743**	**14,355,017**	**76,581,457**
Depreciation Rate	1.08%	2.5%	10%	10%	33.33%	20%	
Written down value as at June 30, 2014	**35,379,149**	**49,610,706**	**3,363,761**	**2,633,830**	**79,264**	**808,195**	**91,874,905**
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

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	2014 Rupees	2013 Rupees
Advance for Commercial space - Karachi financial towers		**33,340,000**	33,340,000
Property acquired through auction		**-**	36,156,614
Transferred to Property and equipment	4	**-**	(36,156,614)
		33,340,000	33,340,000

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, 2014	**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, 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

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	2014 Rupees	2013 Rupees
First Pakistan Securities Limited		**57,891,747**	90,993,620
Switch Securities (Private) Limited		**48,876,742**	84,417,832
		106,768,489	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

National Asset Management Company Limited (NAMCO)	8.1	**53,326,629**	53,492,143
		53,326,629	53,492,143

8.1 Investment in associate accounted for under equity method - National Asset Management Company Limited - holding 37.38% [4,000,000 ordinary shares (2013: 4,000,000 ordinary shares) of Rs 10. each fully paid-up. Cost of investment Rs 40,000,000.

Investment as at July 1		**50,501,262**	34,295,301
Share in reserves of associate		**2,831,751**	2,990,881
Share of profit	8.1.1	**(6,384)**	16,205,961
Balance as at June 30		**53,326,629**	53,492,143

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, 2014 in accordance with the treatment specified in International Accounting Standard 28: "Accounting for Investment in Associates". The company holds 37.38318% i.e. 4,000,000 ordinary shares (June 30, 2013: 4,000,000 ordinary shares) of Rs. 10 each fully paid-up. Cost of investment Rs.40 million (June 30, 2013: 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 after taxation	Percentage of Interest held
June 30, 2014					
National Asset Management Company Limited	**151,374,345**	**5,092,887**	**22,385,412**	**(17,077)**	**37.38%**
June 30, 2013					
National Asset Management Company Limited	147,451,378	3,529,691	30,743,452	42,224,254	37.38%

		Note	2014 Rupees	2013 Rupees
9	**INVESTMENTS - AVAILABLE FOR SALE**			
	Karachi Stock Exchange Limited	9.1	**40,073,830**	40,073,830
			40,073,830	40,073,830

9 INVESTMENTS - AVAILABLE FOR SALE

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 assets in year ended 2014 Nill (2013: Rs. 23,853,605) has been recorded in profit and loss account of the Company.

		2014 Rupees	2013 Rupees
10	**LONG TERM DEPOSITS**		
	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	**844,209**	1,129,079
		2,394,209	2,679,079

	Note	2014 Rupees	2013 Rupees

11 DEFERRED TAXATION - NET

	Note	2014 Rupees	2013 Rupees
Deductible temporary differences on:			
Provision for gratuity		**2,118,625**	2,626,236
Provision for doubtful debts		**38,993,330**	38,993,330
Investment in associate		**-**	-
		41,111,954	41,619,566
Taxable temporary differences on:			
Accelerated tax depreciation		**(11,551,147)**	(11,247,850)
Investment in associate		**(4,531,054)**	(4,722,250.00)
		25,029,753	25,649,466

The balance of available tax losses as at June 30, 2014 amounted to Rs. 297,512,590 (2013: Rs. 387,989,109). 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 additional financing arrangements 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	2014 Rupees	2013 Rupees
Available for sale	**12.1**	**87,446,234**	261,824,496
At fair value through profit or loss- held for trading	**12.2**	**6,087,022**	4,705,126
		93,533,256	266,529,622

12.1 Available for sale

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

No. of Shares		Name of Scrip / Company	2014		2013	
Jun-14	Jun-13		**Average Cost**	**Market Value**	Average Cost	Market Value
		Commercial banks				
-	3,200,000	Bank Islami Pakistan Limited- note 12.1.2	**-**	**-**	40,136,850	20,832,000
		Cement				
1,771,134	7,771,134	Pioneer Cement Limited - note 12.1.2	**21,337,265**	**82,641,112**	93,299,561	228,238,206
		Leasing Companies				
453,525	1,353,525	SME Leasing Limited - note 12.1.2	**2,267,852**	**2,267,625**	6,767,625	8,797,913
		Textile composite				
-	370,000	Redco Textiles Limited	**-**	**-**	519,524	1,572,500
		Sugar composite				
1,500	-	Kohinoor sugar mills limited	**15,997**	**15,000**	-	-
		Closed-end mutual fund				
321,166	270,168	NAMCO Balanced Fund - related party	**600,180**	**1,926,996**	600,180	1,891,176
		Support services				
40,980	40,980	TRG Pakistan	**228,862**	**574,949**	228,862	417,586
		Miscellaneous				
500	500	Diamond Industries Limited	**25,000**	**19,785**	25,000	10,500
1	1,009	Punjab Oil Mills Limited	**46**	**105**	46,912	64,072
2	2	Nishat Chunian Power	**29**	**76**	29	33
23	23	Pak Telecommunication Corp.	**271**	**586**	271	510
2,588,831	13,007,341		**24,475,502**	**87,446,234**	141,624,814	261,824,496
		Unrealised gain on re-measurement of investments classified as 'available for sale'	**62,970,732**		120,199,682	
			87,446,234	87,446,234	261,824,496	261,824,496

12.1.1 Securities having average cost of Rs. 22,769,754 (2013: Rs 139,681,699) and fair value of Rs. 84,408,824 (2013: Rs. 260,056,322) have been pledged with various commercial banks for obtaining finance facilities under mark-up arrangements as specified in note 18.

12.1.2 As at June 30, 2014 securities having average cost of Rs.120,472 and fair value of Rs. 466,600 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 on investments classified as “available for sale”:

	Note	2014 Rupees	2013 Rupees
Short-term investments	12.1	**62,970,732**	120,199,682
Share in reserves of associate	8.1	**2,831,751**	2,990,881
		65,802,483	123,190,563

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**	**2014**		2013	
Jun-14	Jun-13		**Average Cost**	**Market Value**	Average Cost	Market Value
		Closed-end mutual fund				
272,652	229,357	NAMCO Balanced Fund - related party	**1,605,499**	**1,635,912**	965,952	1,605,499
		Modarabas				
200,000	200,000	First I.B.L Modaraba - IPO Investments	**300,000**	**540,000**	280,000	300,000
		Textile composite				
-	6,500	Redco Textile Limited	**-**	**-**	9,078	27,625
		Insurance				
31,653	31,604	EFU General Insurance	**2,151,421**	**3,881,924**	2,212,848	2,749,548
		Oil & gas marketing Companies				
68	62	Pakistan State Oil Company Limited	**19,864**	**26,442**	-	19,864
69	69	Fauji Fertilizer Bin Qasim Limited	**2,590**	**2,744**	2,817	2,590
504,442	467,592		**4,079,374**	**6,087,022**	3,470,695	4,705,126
Unrealized gain on re-measurement of investments classified as ‘financial assets at fair value through profit or loss'-held for trading			**2,007,648**		1,234,431	
			6,087,022	**6,087,022**	4,705,126	4,705,126

12.2.1 Securities having average cost of Rs. 2,148,124(2013: 2,212,848) and fair value of Rs. 3,875,915 (2013: Rs.2,749,548) have been pledged with various commercial banks for obtaining finance facilities under mark-up arrangements as specified in note 18.

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.

13 TRADE DEBTS

	Note	2014 Rupees	2013 Rupees
Considered good	13.1	**322,932,058**	281,256,650
Considered doubtful		**313,554,445**	308,204,672
		636,486,503	589,461,322
Less: provision for doubtful debts	13.2	**(313,554,445)**	(308,204,672)
		322,932,058	281,256,650

13.1 This includes receivable from National Clearing Company of Pakistan Limited (NCCPL) and director of the Company amounting to Rs.NIL (2013: Rs 193,119) and 2014: Rs. NIL (2013: Rs. Nil) respectively in respect of trading in securities.

13.2 Movement in provision against trade debts

Opening balance	**308,204,672**	308,204,672
Reversed during the year	**-**	-
Charged during the year	**5,349,773**	-
Closing balance	**313,554,445**	308,204,672

13.3 The Company holds securities having fair value of Rupees 89.668 Million (2013: Rs. 221.84 million) owned by its clients as collateral against trade debts.

	Note	2014 Rupees	2013 Rupees
14 LOANS AND ADVANCES			
Advances - unsecured, considered good			
to employees against expenses		**1,263,736**	1,515,918
to suppliers		**304,250**	824,142
Less: advances written off		**-**	(1,417,696)
		1,567,986	922,364
15 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Exposure deposit	**15.1**	**533,930**	418,110
Prepayments		**-**	80,000
		533,930	498,110

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	2014 Rupees	2013 Rupees
16 OTHER RECEIVABLES			
Mark up on receivable from associates	**16.1**	**138,518,195**	112,320,887
Others	**16.2**	**2,441,385**	3,065,334
		140,959,581	115,386,221

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

First Pakistan Securities Limited	**72,762,502**	58,293,475
Switch Securities (Private) Limited	**65,755,693**	54,027,412
	138,518,195	112,320,887

16.2 This includes amounts due from National Asset Management Company Limited (NAMCO)- related party amounting to Rs. NIL (2013: 330,000)

	2014 Rupees	2013 Rupees
17 CASH AND BANK BALANCES		
Cash at bank in:		
Current accounts	**3,445,537**	3,532,730
Saving accounts	**25,785**	20,293
	3,471,322	3,553,023
Stamps in hand	**-**	8,036
	3,471,322	3,561,059

18 LONG-TERM FINANCING

	Note	Sanctioned Limit Rupees	2014 Rupees	2013 Rupees
From banking companies-secured				
Bank Alfalah Limited	**18.1**		**240,263,939**	430,381,279
United Bank Limited	**18.2**	300,000,000	**5,879,176**	7,170,024
The Bank of Punjab	**18.3**	500,000,000	**135,307,837**	135,307,837
From non-banking company-unsecured				
Sindh Industrial Trading Estates -S.I.T.E.	**18.4**		**16,237,442**	145,819,934
Overdue interest on long term financing	**18.5**		**432,713,676**	348,009,569
			830,402,070	1,066,688,643
Less: current portion of long term financing			**331,159,485**	552,734,882
			499,242,585	513,953,761

18.1 Financing from Bank Alfalah Limited has been restructured/reschdueled vide offer letter dated June 27, 2014 as amended dated September 08, 2014 wherein TF-I,TF-II, TF-III and short term financing have been merged. The restructured loan liability is interest free liability and has been recognized at present vlaue of discounted at the average borrowing cost of the company. The difference between the carrying amount of the liability extinguished and the fair value of the new liability has been recognized in profit and loss account. The finance facility was obtained for working capital requirement and improvement in liquidity. The facility is secured against pledge of shares amounting to Rs.78.6 million and mortgage of commercial plot of land bearing # 19-C, Sun set lane # 6, phase-2, DHA, Karachi, mortgage of room # 135 & 136, Stock Exchange Building, Karachi, mortgage of room # 306, 3rd Floor, Business & Finance Centre, I. I Chundrigar Road, Karachi, mortgage of municipal showroom # 2, ground floor, adjacent to Askari Bank Ltd, Bank Square, Chowk Yadgar, Peshawar City, total valuing Rs. 115 million and Personal guarantee of Mr. Ali Aslam Malik (CEO).

In the first phase, the company shall get shares released against firm payment as per pervailing market rates, that were pledged from the sub-accounts, upto value of Rs. 30 million, within 30 days of the above offer letter. The company shall get all the remaining pledged shares released in piecemeal before Dec 15, 2014. The bank shall first right to the company to have above properties released from bank's mortgage by paying average market value for partial settlement of loan liability uptill Oct 07, 2014, otherwise the bank will be authorized to acquire/purchase/ sell these properties. The balance principal amount left unpaid after the these transactions, would be paid as Rs. 0.3 million on quarterly basis from January 2015 to December 2016, and Rs. 1.0 million would be paid on quarterly basis from January 2017 onwards till final adjustement on or before June 30, 2021.

Reconcilation of fair value of the Long term Financing - BAFL

	Note	2014 Rupees	2013 Rupees
Amount of Liability of loan - Bank Alflah Ltd		**332,705,208**	-
Less: Unamortised notional interest	**18.1.1**	**(92,441,271)**	-
Present value discounted at future cash flow		**240,263,937**	-

“Since the restructured loan is interest free, the present value has been assessed using estimated future cash outflows discounted to their present values @ 11.7% being the average borrowing rate of the company. The difference between the liability initially recongnized and the presented value calculated through discounting future cash outflows has been recognized in profit and loss account and notional income and will amortized during the tenure of the liability i.e June 2021."

18.1.1 "Unamortized notional interest"

	2014 Rupees	2013 Rupees
As at the beginning of the year	**-**	-
Arising during the year	**92,441,271**	-
Amortized for the year	**-**	-
As at the closing of the year	**92,441,271**	-

18.2 The company has negotiated financing agreement with United Bank Limited and has finalized a restructuring agreement to settle its total outstanding liability of amount of Rs.7,333,321 (inclusive of any markup). The borrowing was 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%.

18.3 The financing facility has been obtained from The Bank of Punjab 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.

18.4 The company has settled its liability towards Sindh Industrial Trading Estate (S.I.T.E.) in the light of court order dated October 21, 2013 by making payments amounting to Rs. 129,582,492/= Settlement of balance amount is under negotiation.

18.5 This includes overdue markup of Bank Alafalah Limited to be waived off by the bank under a restructuring/ rescheduling arrangement with the company amounting to Rs. 432,713,676/- subject to fullfillment of terms and conditions of the bank's offer letter; and Rs. 1,936,934 waived off by United Bank Limited under restructuring arrangement (2013: Rs. 346,072,635 and Rs. 1,936,934 respectively)

		Note	2014 Rupees	2013 Rupees
19	**LOAN FROM SPONSORS**			
	Loan From Sponsors	**19.1**	**138,497,501**	68,497,501
			138,497,501	68,497,501

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

20 Other loans

Other loans	**20.1**	**191,375,221**	139,025,015
		191,375,221	139,025,015

20.1 This represents amounts payable to various individuals from whom the Company borrows funds to settle its clearing with NCCPL and carry mark up ranging from 13% to 19.5% per annum.

20.2 This includes amount payable to directors of the Company against salary, trading transactions and other payables amounting to Rs. 64,305,475 (2013: Rs. 23,700,356) and due to spouse of a director of the Company amounting to Rs. 14,886,175 (2013: 8,886,175)

21 DEFERRED LIABILITIES

Gratuity	**21**	**6,231,249**	5,469,302
		6,231,249	5,469,302

22 TRADE AND OTHER PAYABLES

Creditors	**22.1**	**51,941,977**	144,649,919
Other trade payables - net of comm. & taxes	**22.2**	**144,352,836**	149,352,836
Accrued expenses		**19,686,874**	29,269,783
Unclaimed dividends		**2,544,013**	2,544,013
Others		**5,873,203**	6,663,360
		224,398,902	332,479,911

22.1 Creditors

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

First Pakistan Securities Limited	**-**	23,696,358
Switch Securities (Private) Limited	**-**	3,162,297
Due to directors	**1,114,736**	17,959,276
	1,114,736	44,817,931

22.2 This represents payable to a client of the Company 'Abondant Properties Organization' due to inadvertant erroneous transactions by certain ex-employees of the Company in client's account during prior period (s).

	Note	Sanctioned Limit Rupees	2014 Rupees	2013 Rupees
23 SHORT-TERM BORROWINGS				
From banking companies-Secured				
Bank Alfalah Ltd	**23.1**		**-**	35,462,841
NIB Bank Ltd			**-**	-
			-	35,462,841

23.1 The short term borrowing has been reclassified into long term loan as per new agreement with Bank Alfalah Limited as explained in note 18.1.

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.

- 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 and pending for hearing.

- Securities and Exchange Commission of Pakistan (SECP) received a complaint from Abondoned Properties Organization (APO) against the company regarding non transfer of shares into its CDC Investors Account. SECP through an order dated February 4, 2014 imposed a penalty of Rs. 500,000 in lieu of mishandling client's shares and its use with the authority of the client as against the rules of Brokerage and Agents Registration Rules, 2001 and provisions of the Central Depository Act, 1997. However the Company has filed an appeal before the Appellate Bench of SECP against the Order, which has been registered and pending for hearing. APO has an addition claim of 123,762 bonus shares of Pakistan State Oil which is under secrutiny and negotiation.

	2014 Rupees	2013 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.

		2014 Rupees	2013 Rupees
25	**SHARE CAPITAL**		
25.1	**Authorized capital**		
	500,000,000 (2013: 50,000,000) Ordinary shares of Rs.10 each	**5,000,000,000**	5,000,000,000
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
	3,809,831 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount	**38,098,310**	-
		1,418,098,310	1,380,000,000

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

	2014		2013	
	Shares held	Percentage	Shares held	Percentage
First Florance Developers (Pvt.) Limited	77,218,150	54.452%	77,218,150	55.955%
Yarmouk Paper & Board Industry (Pvt.) Limited	300,000	0.212%	300,000	0.217%
MCD Pakistan Limited	2,353,950	1.660%	2,353,950	1.706%
First Pakistan Securities Limited	10,581,808	7.462%	10,581,808	7.668%
Switch Securities (Pvt.) Limited	6,093,899	4.297%	6,093,899	4.416%

25.4 The directors, their spouses and minor children hold 2,750,229 shares as at June 30, 2014 (2013 2,750,229 shares).

		Note	2014 Rupees	2013 Rupees
26	**OPERATING REVENUE**			
	Brokerage income		**27,634,119**	40,369,076
	Dividend income		**15,526,360**	4,328,754
	Other		**521,216**	537,026
			43,681,695	45,234,856
27	**OTHER OPERATING INCOME**			
	Income from financial assets			
	Mark-up on:			
	Deposits Accounts		**-**	4,463
	Exposure deposits		**17,939**	-
	Receivable from associates		**26,197,308**	28,046,504
	Return on fixed assets		**13,269**	-
	Gain on exchange of asset	**9.1**	**-**	23,853,605
			26,228,516	51,904,572
	Income from non-financial assets			
	Provision written back	**13.2**	**-**	-
	Mark-up waived off - UBL		**1,773,637**	-
	Rental income	**27.1**	**2,227,500**	1,125,000
	Trading Liabilites written-off	**27.2**	**2,246,498**	-
	Miscellaneous		**1,767,336**	200,880
			34,243,487	53,230,452

27.1 This includes rent received from National Asset Management Company Limited amounting to Rs 690,000 (2013: Rs 750,000), a related party.

27.2 These are the commission payable by the company to dealers which are outstanding for more than 3 years

	Note	2014 Rupees	2013 Rupees

28 ADMINISTRATIVE EXPENSES

	Note	2014 Rupees	2013 Rupees
Salaries, allowances and other benefits	28.1	**21,055,977**	25,850,259
Rent, rates and taxes		**9,019,419**	7,282,688
Fuel, repairs and maintenance		**1,823,286**	2,586,533
Utilities		**2,912,546**	3,246,972
Fees and subscription		**15,625,794**	664,903
KSE, clearing house and CDC charges		**857,820**	1,441,898
Insurance charges		**-**	8,400
Traveling and conveyance		**1,769,792**	1,847,891
Depreciation	4	**6,108,930**	6,639,286
Communication, printing and stationery		**1,746,775**	1,981,639
Legal and professional charges		**14,563,717**	1,063,500
Entertainment		**975,329**	945,421
Advertisement expenses		**76,400**	221,700
Others		**704,139**	406,481
		77,239,923	54,187,571

28.1 Salaries, allowances and other benefits include Rs.1,201,737 (2013: Rs 1,556,849) 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, 2014. Projected Unit Credit method using the following significant assumptions, was used for the valuation of the scheme:

	Note	2014 Rupees	2013 Rupees
29.1 Balance sheet reconcilliation			
Present Value of defined benefit obligation	29.1.1	**4,525,725**	4,020,564
Plus Payables		**1,705,524**	1,448,738
Net Liability at the end of year		**6,231,249**	5,469,302
29.1.1 Movement in present value of defined benefit obligation			
Present Value of defined benefit obligation at the beginning of the year		**4,020,564**	4,044,610
Current service cost		**805,416**	1,031,050
Interest cost on defined benefit obligations		**396,321**	525,799
benefits due but not paid (payables)		**(335,186)**	(1,400,042)
Benefits paid		**(78,575)**	(72,659)
Remeasurement: experience adjustments		**(282,815)**	(108,194)
Present value of dedined benefit obligation		**4,525,725**	4,020,564
29.1.2 Expenses to be charged to profit and loss account			
Current service cost		**805,416**	1,031,050
Interest cost on defined benefit obligations		**396,321**	525,799
Expense for the year		**1,201,737**	1,556,849
29.1.3 Remeasurement losses/(gains) recognised in other comprehensive income			
Experience adjustments		**(282,815)**	(108,194)
		(282,815)	(108,194)
29.1.4 Net recognized liability			
Net liability at the beginning of the year		**5,469,302**	4,366,438
Remeasurement losses/(gains) recognised in other comprehensive income		**1,201,737**	1,556,849
Experience adjustments		**(282,815)**	(108,194)
Benefits paid		**(156,975)**	(345,791)
Net liability at the end of the year		**6,231,249**	5,469,302

29.2 The principal assumptions used in the actuarial valuations carried out as of June 30, 2014 using the 'Projected Unit Credit' method are as follow

	2014	2013
Discount rate per annum	**10.50%**	13.00%
Expected per annum rate of increase in future salaires	**13.50%**	10.50%
Expected morality rate	**SLIC 2001-2005 Setback 1 Year**	EFU 61-66
Expected withdraw rate	**Age-based**	Age-based

29.3 Sensitivity analysis for actuarial assumptions

The sensisvity of the defined benefit obligation to changes in weighted principal assumptions is:

Discount Rate +100 bps	**3,960,779**
Discount Rate -100 bps	**5,210,036**
Salary Increase +100 bps	**5,203,466**
Salary Increase -100 bps	**3,956,220**
The average duration of the defined benefit obligation is	**14 years**

Five year data on experience adjustments

	2014	2013	2012	2011	2010
	--(Rupees)--				
Present value of defined benefit obligation, June 30	6,231,249	5,469,302	4,366,438	5,273,156	3,474,244
Experience adjustment arising on plan liabilities gains	282,815	108,194	2,285,404	272,917	689,458

Based on actuarial advice the Company intends to charge an amount of approximately Rs 1,418,830 in respect of the gratuity scheme in the financial statements for the year ending June 30, 2015.

	Note	2014 Rupees	2013 Rupees
30 FINANCE COST			
Mark-up on:			
Short term borrowing - NIB		**-**	15,516
Long & Short Term Financing - BAFL		**36,848,838**	62,914,705
Bank and other charges	30.1	**8,326,587**	9,026,084
Documentation charges		**-**	566,210
		45,175,425	72,522,515

30.1 This includes finance charges amounting to Rs 7,691,077 (2013: 8,914,214) 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	2014 Rupees	2013 Rupees
31 OTHER OPERATING EXPENSES			
Auditors' remuneration	31.1	**1,110,000**	1,190,000
Fine and Penalties - SECP & CDC		**742,586**	920,000
Provision for doubtful debts		**5,939,981**	-
Property and equipment written off		**164,513**	839,122
Advances written off		**-**	1,417,696
Commission to trading agents		**2,341,889**	6,490,188
		10,298,970	10,857,006
31.1 Auditors' remuneration			
Statutory audit fee		**700,000**	700,000
Half yearly review fee		**230,000**	230,000
Special reports, certifications and sundry services		**-**	60,000
Code of corporate governance		**100,000**	100,000
Out of pocket expenses		**80,000**	100,000
		1,110,000	1,190,000

	2014 Rupees	2013 Rupees
32 TAXATION		
Current:		
for the year	**10,372,755**	1,532,112
Deferred	**619,712**	3,414,347
	10,992,468	4,946,459

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:

	2014	2013
Profit/(loss) after taxation attributable to ordinary shareholders	**114,717,919**	(18,396,443)
Weighted average number of ordinary shares in issue during the year	**138,634,972**	138,000,000
Earning Per Share	**0.83**	(0.13)

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:

	2014			2013		
	Chief Executive	Executive Directors	Executives	Chief Executive	Executive Directors	Executives
	---(Rupees)---					
Managerial remuneration	**6,000,000**	**900,000**	**-**	6,000,000	1,700,000	-
Utilities	**92,000**	**-**	**-**	76,328	34,409	-
Retirement benefits	**500,000**	**75,000**	**-**	500,000	155,000	-
Conveyance and traveling	**1,705,303**	**342,921**	**-**	1,583,410	502,801	-
	8,297,303	**1,317,921**	**-**	8,159,738	8,159,738	-
No of persons	**1**	**1**	**0**	1	2	0

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, 2014 (2013: Nil).

35 RELATED PARTY TRANSACTIONS

	2014			
	Key Management	Associates	Other related parties	Total
	---(Rupees)---			
Transactions during the year				
Purchase of marketable securities for and on behalf of	**193,837,998**	**1,003,437,240**	**-**	**1,197,275,238**
Sale of marketable securities for and on behalf of	**155,870,361**	**1,163,581,332**	**-**	**1,319,451,693**
Brokerage income	**147,444**	**1,568,382**	**-**	**1,715,826**
Rent income	**-**	**690,000**	**-**	**690,000**
Rent expense	**-**	**-**	**6,000,000**	**6,000,000**
Remuneration to key management personnel	**10,600,224**	**-**	**-**	**10,600,224**
Gratuity charged	**630,000**	**-**	**-**	**630,000**
Loan from sponsors	**-**	**-**	**138,497,501**	**138,497,501**
Mark up on receivable from associates	**-**	**26,197,308**	**-**	**26,197,308**

	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 received	-	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
Loan from sponsors	-	-	68,497,501	68,497,501
Mark up on receivable from associates	-	28,046,504	-	28,046,504

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.

36 CASH AND CASH EQUIVALENTS

	2014 Rupees	2013 Rupees
Cash and bank balances	**3,471,322**	3,561,059
Short-term borrowings	**-**	(35,462,841)
	3,471,322	(31,901,782)

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

37 CASH GENERATED FROM OPERATIONS

	Note	2014 Rupees	2013 Rupees
Profit/(Loss) before taxation		**125,710,386**	(13,449,984)
Adjustment for non cash items			
Depreciation		**6,108,930**	6,639,286
Property and equipment written off		**164,513**	839,122
Gain on disposal of investments		**(86,056,987)**	(8,211,408)
Gain on exchange of asset		**-**	(23,853,605)
Share of profit of associate - net of tax		**6,384**	(16,205,961)
Unrealized Profit on investments at fair value through profit or loss-held for trading-net		**(2,007,648)**	(1,234,431)
Advances / adjustments written off		**183,470**	1,417,696
National Interest income		**(92,441,271)**	-
Provision for doubtful debts		**5,349,773**	-
Provision for gratuity		**1,201,737**	1,430,051
Finance cost		**45,175,425**	72,522,515
Markup written back		**(1,773,687)**	-
Other liabilites wriiten back		**(2,399,124)**	-
Dividend income		**(15,526,360)**	(4,328,754)
Mark-up income from related party		**(26,197,308)**	(28,046,504)
Mark-up income on fixed deposits		**-**	(4,463)
		(168,212,153)	963,544
Operating loss before working capital changes		**(42,501,767)**	(12,486,440)
Changes in working capital:			
Decrease / (increase) in current assets			
Trade debts		**(47,025,181)**	6,507,817
Loans and advances		**(645,622)**	504,104
Trade deposits and short-term prepayments		**(35,820)**	(143,102)
Other receivables		**(340,677)**	(1,276,650)
Increase / (decrease) in current liabilities			
Trade and other payables		**(16,744,887)**	117,137,854
		(64,792,187)	122,730,023
Cash generated / (used in) operations		**(107,293,953)**	110,243,583

38 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables	Available for sale	At fair value through profit and loss	Cost/ amortized cost	Total
	2014				
	----------(Rupees)----------				
Assets					
Non-current assets					
Long-term deposits	**2,394,209**	**-**	**-**	**-**	**2,394,209**
Receivable from associates	**106,768,489**	**-**	**-**	**-**	**106,768,489**
Current assets					
Short-term investments	**-**	**87,446,234**	**6,087,022**	**-**	**93,533,256**
Trade debts - net	**322,932,058**	**-**	**-**	**-**	**322,932,058**
Loans and advances	**1,567,986**	**-**	**-**	**-**	**1,567,986**
Trade deposits	**533,930**	**-**	**-**	**-**	**533,930**
Other receivables	**140,963,557**	**-**	**-**	**-**	**140,963,557**
Cash and bank balances	**-**	**-**	**-**	**3,471,322**	**3,471,322**
Liabilities					
Current liabilities					
Trade and other payables	**-**	**-**	**-**	**224,398,902**	**224,398,902**
Short-term borrowings	**-**	**-**	**-**	**-**	**-**
Current maturity of long term financing	**-**	**-**	**-**	**331,159,485**	**331,159,485**
Non-current liabilities					
Long-term financing	**-**	**-**	**-**	**499,242,585**	**499,242,585**
Other Loans	**-**	**-**	**-**	**191,375,221**	**191,375,221**
Loan from Sponsor	**-**	**-**	**-**	**138,497,501**	**138,497,501**

	Loans and receivables	Available for sale	At fair value through profit and loss	Cost/ amortized cost	Total
	2013				
	----------(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	-	-	-	332,479,911	332,479,911
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
Other Loans	-	-	-	139,025,015	139,025,015
Loan from Sponsor	-	-	-	68,497,501	68,497,501

	2014				
	Loans and receivables	**Available for sale**	**At fair value through profit and loss**	**At amortised cost**	**Total**
	---(Rupees)---				
Income / other items					
Operating revenue	**521,216**	**-**	**-**	**-**	**521,216**
Other operating income	**26,228,516**	**-**	**-**	**-**	**26,228,516**
Gain on sale of investments-held for trading	**-**	**-**		**-**	**-**
(Expenses / other items)					
Gain on sale of investments-available for sale	**-**	**86,056,987**	**-**	**-**	**86,056,987**
Finance cost	**-**	**-**	**-**	**-**	**-**
Unrealized profit on re-measurement of investments	**-**	**-**	**2,007,648**	**-**	**2,007,648**

	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	-	7,007,859	-	51,904,572
Gain on sale of investments-held for trading	-	-		-	7,007,859
(Expenses / other items)					
			-		
Loss on sale of investments	-	1,203,549	-	-	1,203,549
Finance cost	-	-	1,234,431	15,516	15,516
Unrealized profit on re-measurement of investments	-	-		-	1,234,431

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, 2014			
	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	-	-	2,394,209	2,394,209
Receivable from associates	-	106,768,489	-	106,768,489
	-	106,768,489	2,394,209	109,162,698
Current assets				
Short-term investments	-	-	93,533,256	93,533,256
Trade debts - net	-	-	322,932,058	322,932,058
Loans and advances	-	-	1,567,986	1,567,986
Trade deposits	533,930	-	-	533,930
Other receivables	-	-	140,963,557	140,963,557
Cash and bank balances	25,785	-	3,445,537	3,471,322
	559,715	-	562,442,394	563,002,109
Sub Total	559,715	106,768,489	564,836,603	672,164,807
Financial liabilities				
Current liabilities				
Trade and other payables	43,133,525	-	181,265,377	224,398,902
Accrued mark-up	-	-	-	-
Short-term borrowings	-	-	-	-
Current maturity of long term financing	331,159,485	-	-	331,159,485
	374,293,010	-	181,265,377	555,558,387
Non current liabilities				
Long term financing	-	499,242,585	-	499,242,585
Other Loans	-	191,375,221	-	191,375,221
Loan from sponsor	-	-	138,497,501	138,497,501
	-	690,617,806	138,497,501	829,115,307
Sub Total	374,293,010	690,617,806	319,762,878	1,384,673,694
On-balance sheet gap	(373,733,295)	(583,849,317)	245,073,725	(712,508,887)
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(373,733,295)	(583,849,317)		
Cumulative interest rate sensitivity gap	(373,733,295)	(583,849,317)		

	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	-	289,346,386	332,479,911
Accrued mark-up	-	-	-	-
Current maturity of long term financing	552,734,882	-	-	552,734,882
Short-term borrowings	35,462,841	-	-	35,462,841
	631,331,248	-	289,346,386	920,677,634
Non current liabilities				
Long term financing	-	513,953,761	-	513,953,761
Other Loans	-	139,025,015		139,025,015
Loan from sponsor	-	-	68,497,501	68,497,501
	-	652,978,776	68,497,501	721,476,277
Sub Total	631,331,248	652,978,776	357,843,887	1,642,153,911
On-balance sheet gap	(630,892,845)	(477,567,324)	312,462,779	(795,997,390)
Off-balance financial instruments	-	-	-	-
Off-balance sheet gap	-	-	-	-
Total interest rate sensitivity gap	(630,892,845)	(477,567,324)		
Cumulative interest rate sensitivity gap	(630,892,845)	(477,567,324)		

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

	2014	2013
	Percentage	
Short term borrowings	**11.10 - 12.20**	11.53 - 14.48
Long term financing	**11.10 - 12.20**	11.53 - 16.14
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, 2014	**3,149,473**	**(3,149,473)**
As at June 30, 2013	4,627,222	(4,627,222)

The sensitivity analysis prepared as of June 30, 2014 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, 2014, the net loss for the year relating to securities classified as fair value through profit and loss would decrease / increase by Rs. 304,351 (2013: Rs. 235,656) 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, 2014, 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. 4,372,312 (2012: Rs. 13,091,225) 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. NIL (2013: Rs. 8,036) 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 12.1 and 12.2 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, 2014 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.

	2014		2013	
	Total outstanding amount	**Payment over due (in days)**	Outstanding amount	Payment over due (in days)
	Rupees		Rupees	
Financial instruments carried at amortized cost				
Trade debts - net	**322,932,058**	**1 - 360**	281,256,650	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.

	2014			
	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	**636,486,503**	**3,503,630**	**41,261,380**	**591,721,493**

	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

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 un discounted cash flows.

	2014			
	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	**224,398,902**	**-**	**-**	**224,398,902**
Short-term borrowings	**-**	**-**	**-**	**-**
Current maturity of long term financing	**-**	**331,159,485**	**-**	**331,159,485**
Non current liabilities				
Long term financing	**-**	**-**	**499,242,585**	**499,242,585**
Loan from sponsor	**-**	**-**	**138,497,501**	**138,497,501**

	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	332,479,911	-	-	332,479,911
Loan from director	-	-	-	-
Short-term borrowings	35,462,841	-	-	35,462,841
Non current liabilities				
Long term financing	-	-	513,953,761	513,953,761
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, 2014, securities amounting to Rs3,779,783 (2012: Rs. 9,924,948) and Rs.130,562,103 (2013: Rs. 136,766,763) 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	2014	2013
Other loans	Trade and other payables	Other loans	**191,375,221**	139,025,015

44 NUMBER OF EMPLOYEES

	2014	2013
Number of employees at the year end.	**51**	52

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 10, 2014** by the Board of Directors of the Company.

PATTERN OF SHAREHOLDING

As at June 30, 2014

NUMBER OF SHAREHOLDERS	From	To	TOTAL SHARES HELD
169	1	100	3,741
126	101	500	42,405
128	501	1000	104,463
212	1001	5000	603,583
70	5001	10000	587,601
138	10001	100000	4,827,556
43	100001	1000000	11,653,004
4	1000001	2000000	5,646,049
3	2000001	3000000	7,690,950
1	4000001	5000000	4,765,990
1	5000001	6000000	5,169,799
1	9000001	10000000	9,782,040
1	13000001	14000000	13,714,500
1	18000001	19000000	18,318,150
1	58000001	59000000	58,900,000
896			**141,809,831**

Categories of Shareholders

AS at June 30, 2014.

Categories	Number	Shares Held	Percentage
Related Parties			
First Florance Developers (Pvt.) Limited	2	77,218,150	54.4519
Yarmouk Paper & Board Industry (Pvt.) Limited	1	300,000	0.2116
MCD Pakistan Limited	1	2,353,950	1.6599
First Pakistan Securities Limited	4	10,581,808	7.4620
Switch Securities (Pvt.) Limited	2	6,093,899	4.2972
Directors, Chief Executive and their Spouse and Minor Children			
	4	1,950,374	1.3753
Ali Aslam Malik	2	175,850	0.1240
Malik Atiq-ur-Rehman	1	2,760	0.0019
Muhammad Iqbal Khan	1	15,180	0.0107
Shahzad Akbar	1	500	0.0004
Saeed Ahmed Bajwa	1	1,440	0.0010
Rais Ahmed Dar	1	2,400	0.0017
Amir Shehzad	1	575	0.0004
Mrs. Adeela Ali	1	54,300	0.0383
Omer Ali Malik (M) Through Guardian Ali A. Malik	1	546,150	0.3851
Mrs. Ghazala Rais Dar			
Executives	0	-	0.0000
Banks/DFIs/NBFIs	4	301,795	0.2128
Modarabas/ Mutual Funds & Foreign Investors	3	13,957,575	9.8425
Joint Stock Companies	21	5,314,929	3.7479
Insurance Companies	1	46,591	0.0329
NIT & ICP	0	-	0.0000
Individual	843	22,891,605	16.1425
Total	**896**	**141,809,831**	**100**

Detail of Shareholding 5% & more

First Florance Developers (Pvt.) Limited	77,218,150	54.45
MCBFSL - Trustee Namco Balanced Fund	13,714,500	9.67
First Pakistan Securities Limited	10,581,808	7.46

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

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

Peshawar offices

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

Rawalpindi Offices

Office No. 14, 1st Floor, Plaza No. 04,
The Mall Road, Rawalpindi Cantt,
Rawalpindi
Tel: 051-5563195-96

Abbottabad Office

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

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 Friday, October 31, 2014 at 08:00 p.m. and at any adjournment thereof.

Please affix rupees five revenue stamp

(Signatures should agree with the specimen signature)

Dated this ______ day of __________,2014

Signature of Shareholder ________________

Signature of Proxy ________________

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) along with 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