

HALF YEARLY ACCOUNTS

(Unaudited) For the
Period Ended
Dec 31, 2013



FIRST NATIONAL EQUITIES LIMITED

www.fnetrade.com



VISION

Connecting people,

ideas and capital,
we will be our clients'.....

First Choice

for achieving their
financial aspirations".....



MISSION

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

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COMPANY INFORMATION

Board of Directors:

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

Audit Committee:

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

HR& Remuneration Committee:

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

Chief Financial Officer

Mr. Azeem-ul-Hassan

Company Secretary

Mr. Usman Amjad Khan

Auditors:

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

Legal Advisor:

Minto & Mirza, Advocates

Shares Registrar:

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

Bankers:

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

Principal Office:

FNE House, 179-B, Abu Bakar Block,
New Garden Town, Lahore
Tel: (92-42) 35843721-27,
Fax: (92-42) 35843730.

Registered Office:

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

KSE Office:

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

Website: www.fnetrade.com



DIRECTORS' REVIEW

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the half yearly accounts of First National Equities Limited for the period ended on December 31, 2013.

Market Review:

The KSE-100 Index gained 4,255 points or 20.3% in HY'14 in absolute terms to end at 25,261 points with relatively higher volumes during the period. Market capitalization rose by 17% (11% in US\$ terms) to PKR 6.9tn in the period under review. Average traded volume stood at PKR 8.0bn, up 90% from PKR 4.2bn in the same period last year. In terms of shares, average traded volume improved by 30% to 193mn from 148mn in 1HFY13.

Financial Results

	6 months to Dec. 31, 2013	6 months to Dec. 31, 2012
	------(Rupees'000')-----	
Operating Revenue	27,150	19,048
Operating Profit	92,971	5,861
Profit/(Loss) before Tax	68,450	(27,953)
Taxation	2,141	(1,237)
Profit/(Loss) after tax	66,309	(29,190)
Earning per share	0.48	(0.21)

We are pleased to report that your company had earned operating revenue of Rs.27.150 Million as compared to Rs.19.048 Million in same period of last year. The operating profit has increased to Rs.92.971 Million as compared to profit of Rs.5.861 Million in same period of last year.

Despite one time increase in the administrative expenses which was due to regulatory fees paid for Right Issue process, it has managed to earn a profit after tax of Rs.66.309 Million as compared to the loss after tax of Rs.29.190 Million in the same period last year. Resultantly the Company has managed to earn profit of Rs.0.48 per share as compared to loss of Rs.0.21 per share in the same period last year. Further the Right Shares Issue process is in the final phase and management is making vigorous efforts to complete it in shortest possible time.

Acknowledgement:

We are grateful to the Company's stakeholders for their continued confidence and support. We record our appreciation and thanks to the Securities and Exchange Commission of Pakistan, managements of Karachi Stock Exchange, Central Depository Company of Pakistan, National Clearing Company of Pakistan and our Bankers & Financial Institutions for their continued support and guidance. We also appreciate the management and other staff members of the company for their commitment and dedicated efforts for achieving these result under such testing times.

Place: Lahore
Dated: February 27, 2014

Ali A. Malik
(Chief Executive Officer)





H.A.M.D & Co.

CHARTERED ACCOUNTANTS

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

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **FIRST NATIONAL EQUITIES LIMITED** (the "Company") as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of change in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

We draw attention of members on the matters given in paragraph (i) and (ii) below and our opinion is not qualified on these matters;

(i) As more fully described in note 16.1 to the condensed interim financial information, the Company has classified liability of the Bank of Punjab Rs. 135,307,837/- as non current liability. Had it been classified in current liabilities on a consistent basis, the total current liabilities would have been Rs. 839,960,444/- ; and

(ii) As more fully described in note 2.1 to the condensed interim financial information that during the current period under review, the Company earned profit of Rs. 66,309,547, its accumulated losses amounting to Rs. 1,301,474,925, negative equity of Rs. 472,871,185 and negative current/net assets at the period end. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and other matter as described in above note. This condensed interim financial information, however, has been prepared on a going concern basis in the expectation of future profitability, continuing support from financial institutions, upcoming right issue and undertaking of the financial support by the sponsoring directors, if required.

Other matter

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and December 31, 2012 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months period ended December 31, 2013.

Date: February 27, 2014
Place: Lahore

CHARTERED ACCOUNTANTS
Engagement Partner: Waseem Ashfaq



FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT DECEMBER 31, 2013

	Note	(Un-audited) Dec 31, 2013	(Audited) June 30, 2013
------(Rupees)-----			
NON-CURRENT ASSETS			
Property and equipment	6	94,976,820	98,053,916
Capital work in progress	7	33,340,000	33,340,000
Intangible assets	8	51,915,000	51,915,000
Investment in associates	9	54,432,822	53,492,143
Investment - available for sale	8.4	40,073,830	40,073,830
Long term deposits		2,729,079	2,679,079
Receivable from associates	10	157,811,452	175,411,452
Deferred taxation		24,927,836	25,649,466
		460,206,839	480,614,886
CURRENT ASSETS			
Short term investments	11	83,643,498	266,529,622
Trade debts	12	293,502,817	281,256,650
Loans and advances		1,068,387	922,364
Trade deposits and short term prepayments	13	852,910	498,110
Other receivables		129,663,660	115,386,221
Advance tax		33,454,020	32,544,622
Cash and bank balances	14	3,498,460	3,561,059
		545,683,752	700,698,648
Total Assets		1,005,890,591	1,181,313,534
CURRENT LIABILITIES			
Trade and other payables		435,188,665	471,504,926
Short term borrowings	15	29,272,115	35,462,841
Current maturity of long term financing		240,191,827	552,734,882
		704,652,607	1,059,702,649
NON-CURRENT LIABILITIES			
Long term financing	16	628,108,136	513,953,761
Loan from sponsors	17	138,497,501	68,497,501
Deferred liabilities		7,503,532	7,503,532
		774,109,169	589,954,794
Total Liabilities		1,478,761,776	1,649,657,443
CONTINGENCIES AND COMMITMENTS			
	19	-	-
Net Assets		(472,871,185)	(468,343,909)
REPRESENTED BY:			
Authorized share capital		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital		1,380,000,000	1,380,000,000
Discount on issue of Right Shares		(603,750,000)	(603,750,000)
Accumulated loss		(1,301,474,925)	(1,367,784,472)
		(525,224,925)	(591,534,472)
Unrealized gain on re-measurement of investments classified as available for sale		52,353,740	123,190,563
		(472,871,185)	(468,343,909)

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

Chief Executive



Director

FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

Note	Six Months Period Ended		Three Months Period Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
------(Rupees)-----				
Operating revenue	27,150,046	19,047,701	10,861,297	10,890,524
Gain / (loss) on sale of investments	83,911,756	(40,992)	40,157,119	(436,158)
Other operating income	34,183,683	14,940,150	26,833,506	6,850,338
	145,245,485	33,946,859	77,851,922	17,304,704
Administrative expenses	52,273,785	28,085,451	24,271,407	15,616,961
Operating profit	92,971,700	5,861,408	53,580,515	1,687,743
Finance cost	24,132,197	39,580,220	11,884,928	18,751,973
Other operating expenses	1,423,363	4,036,226	857,290	2,065,820
	67,416,140	(37,755,038)	40,838,297	(19,130,050)
Unrealized profit on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net	11 306,494	7,742,319	641,622	4,457,185
Share of profit of associate - net	9 727,925	2,059,949	4,149,687	3,822,462
Profit/(loss) before taxation	68,450,559	(27,952,770)	45,629,606	(10,850,403)
Taxation				
- current	1,419,382	172,719	578,830	131,933
- deferred	721,630	1,064,369	721,630	1,064,369
	2,141,012	1,237,088	1,300,460	1,196,302
Profit/(loss) after taxation	66,309,547	(29,189,858)	44,329,146	(12,046,705)
Profit/(loss) per share - basic	0.48	(0.21)	0.32	0.09

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

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

Chief Executive



Half Yearly Report '13

Director

FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

Note	Six Months Period Ended		Three Months Period Ended	
	Un-audited December 31, 2013	Un-audited December 31, 2012	Un-audited December 31, 2013	Un-audited December 31, 2012
	------(Rupees)-----			
Profit/(loss) after taxation	66,309,547	(29,189,858)	44,329,146	(12,046,705)
Other comprehensive income/(loss) for the period				
Unrealized gain/(loss) during the period in the market value of investments classified as 'available for sale'	9,871,298	62,301,388	18,648,437	43,493,886
Reclassification adjustment of realized (gain)/loss on sale of investments-available for sale	(83,911,756)	44,129	(40,157,119)	439,295
Share of unrealized surplus/(deficit) - Investment in associate	3,203,635	4,964,691	975,095	296,465
Other comprehensive (income)/loss for the period	(70,836,823)	67,310,208	(20,533,587)	44,229,646
Total comprehensive gain/(loss) for the period	(4,527,276)	38,120,350	23,795,559	32,182,941

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

Chief Executive



Half Yearly Report '13

Director

**FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

Note	(Un-audited) December 31, 2013	(Un-audited) December 31, 2012
------(Rupees)-----		
Net cash (utilized in) / generated from operating activities	18 (72,576,543)	19,139,846
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of marketable securities	-	160,426
Sale of investments classified as 'available-for-sale' - net	196,054,426	1,096,315
Fixed capital expenditure incurred	-	(89,000)
Mark-up received	8,266	571
Dividend received	12,957,396	640,749
Net cash generated from investing activities	209,020,088	1,809,061
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments long term loans	(200,315,418)	-
Loan from sponsor	70,000,000	-
Net cash utilized in financing activities	(130,315,418)	-
Net increase in cash and cash equivalents	6,128,127	20,948,907
Cash and cash equivalents at the beginning of period	(31,901,782)	(166,604,415)
Cash and cash equivalents at the end of period	14 (25,773,655)	(145,655,508)

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

Chief Executive



Half Yearly Report '13

Director

FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Issued, subscribed and paid-up capital	Discount on issue of right shares	Accumulated profit/(loss)	Unrealised surplus / (deficit) on re- measurement of investments classified as available for sale	Total
	------(Rupees)-----				
Balance as at July 01, 2012 (Restated)	1,380,000,000	(603,750,000)	(1,349,388,029)	(20,001,721)	(593,139,750)
Loss after taxation for the half year ended December 31, 2012	-	-	(29,189,858)	-	(29,189,858)
Other Comprehensive Income for the period	-	-	-	67,310,208	67,310,208
Balance as at December 31, 2012	1,380,000,000	(603,750,000)	(1,378,577,887)	47,308,487	(555,019,400)
Balance as at January 01, 2013	1,380,000,000	(603,750,000)	(1,378,577,887)	47,308,487	(555,019,400)
Profit after taxation for the half year ended June 30, 2013	-	-	10,793,415	-	10,793,415
Comprehensive income for the half year ended on June 30, 2013	-	-	-	75,882,076	75,882,076
Balance as at June 30, 2013	1,380,000,000	(603,750,000)	(1,367,784,472)	123,190,563	(468,343,909)
Balance as at July 01, 2013	1,380,000,000	(603,750,000)	(1,367,784,472)	123,190,563	(468,343,909)
Profit after taxation for the half year ended December 31, 2013	-	-	66,309,547	-	66,309,547
Other Comprehensive loss for the period	-	-	-	(70,836,823)	(70,836,823)
Balance as at December 31, 2013	1,380,000,000	(603,750,000)	(1,301,474,925)	52,353,740	(472,871,185)

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

Chief Executive



Half Yearly Report '13

Director

**FIRST NATIONAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

1 STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PREPARATION

This condensed interim financial report is un-audited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and the listing regulation of the Stock Exchanges of Pakistan where the company is listed. This condensed interim financial report of the Company for the half year ended December 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial report does not include all the information required for full annual financial statements and should be read in conjunction with annual financial statements of the Company for the year ended June 30, 2013.

"These Condensed interim financial statements comprise of the balance sheet as at December 31, 2013 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended December 31, 2013 which have been subjected to review but not audit."

"The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2013 has been extracted from the audited financial statements of the company for the year ended June 30, 2013, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended December 31, 2012 which have been subjected to review but not audit."

2.1 GOING CONCERN

The Company has earned profit during the half year ended December 31, 2013 of Rs.66.309 million and its accumulated losses as at December 31, 2013 amounted to Rs.1,301.47 million resulting in negative equity of Rs. 472.871 million. The net position of its current assets and current liabilities is also negative for Rs. 158.969 million. These are the events which may cast significant material uncertainty for the Company to continue as a going concern and the Company might not be able to realize its assets and discharge its liabilities in the normal course of business. However, the condensed interim financial statements of the Company for the half year ended December 31, 2013 have been prepared on a going concern basis as the management believes that due to funding from the company's sponsors in the form of new capital and loan injections, restructuring of facilities from banks, upcoming right issue approved by SECP on June 12, 2013 and consequent to the new viable business plans for future operations, the Company will be able to generate sufficient profits in the future enabling it to set-off the accumulated losses.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Company for the year ended June 30, 2013.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2013, were either considered not to be relevant to the Company's operations or did not have significant effect on the accounting policies of the Company.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the preceding annual published financial statements of the Company for the year ended June 30, 2013.



5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2013.

Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
------(Rupees)-----		

6 PROPERTY AND EQUIPMENT

Following is the cost of property and equipment that have been added /disposed off during the six months period ended December 31, 2013:

Additions:

Leasehold Land - transferred from CWIP	-	36,156,614
Vehicles - owned	-	89,000
	<u>-</u>	<u>36,245,614</u>

Disposals:

Office equipment	-	(409,486)
Furniture and Fittings	-	(1,216,312)
	<u>-</u>	<u>(1,625,798)</u>

7 CAPITAL WORK IN PROGRESS

Commercial space - Karachi financial towers	<u>33,340,000</u>	33,340,000
	<u>33,340,000</u>	<u>33,340,000</u>

8 INTANGIBLE ASSETS

	Cost			Total
	TRE Certificate & KSE Equitiy Shares (8.1)	License to use Room at Karachi Stock Exchange (8.2)	Tenancy rights - Building (8.3)	
	------(Rupees)-----			
Balance as at December 31, 2013	15,000,000	22,000,000	14,915,000	51,915,000
Total	<u>15,000,000</u>	<u>22,000,000</u>	<u>14,915,000</u>	<u>51,915,000</u>
Balance as at June 30, 2013	15,000,000	22,000,000	14,915,000	51,915,000
Total	<u>15,000,000</u>	<u>22,000,000</u>	<u>14,915,000</u>	<u>51,915,000</u>

- 8.1 "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.

- 8.2 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 favour of commercial bank securing financing facilities.

- 8.3 Tenancy rights of building represent the consideration paid by the Company in connection with the transfer of tenancy rights in favour of the Company against properties situated at Bank Square, Peshawar and Mall road, Nowshera. The ownership of these properties continue to vest with the original owner. The Company has hypothecated the tenancy rights of Bank Square Peshawar in favour of commercial bank for securing financing facilities.



- 8.4** In accordance with the requirements of the stock exchange (Corporatisation, Demutualization and Integration) Act, 2012, the company has received Equity Shares 4,007,383 of Karachi Stock Exchange "KSE" and Trading Right Entitlement in lieu of value of companies' membership card of KSE. The said process of demutualization was finalized on August 15, 2012. The fair value of these shares as at December 31, 2013 is not available till the approval of these condensed interim financial statements.

Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
------(Rupees)-----		

9 INVESTMENTS IN ASSOCIATES - RELATED PARTY

National Asset Management Company Limited	9.1	<u>54,432,822</u>	<u>53,492,143</u>
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9.1 INVESTMENT IN ASSOCIATES

Opening balance		50,501,262	34,295,301
Share in reserve of associate		3,203,635	2,990,881
Share of post acquisition profit for the period	9.1.1	<u>727,925</u>	<u>16,205,961</u>
		<u>54,432,822</u>	<u>53,492,143</u>

- 9.1.1** "The share of the company in National Asset Management Company Limited has been accounted for under the equity method of accounting based on its un-audited condensed interim financial statements for the half year ended December 31, 2013 in accordance with the treatment specified in International Accounting Standard 28, 'Accounting for Investment in Associates'. Company holds 37.38% 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: 40 million)"

10 RECEIVABLE FROM ASSOCIATES

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

11 SHORT TERM INVESTMENTS

Available for sale

- Average cost		29,481,775	141,624,814
- Unrealized gain on re-measurement of investments		49,150,105	120,199,682
- Carrying value		<u>78,631,880</u>	<u>261,824,496</u>

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

- Average cost		4,705,124	3,470,695
- Unrealized gain on re-measurement of investments		306,494	1,234,431
- Closing carrying value		<u>5,011,618</u>	<u>4,705,126</u>
		<u>83,643,498</u>	<u>266,529,622</u>

12 TRADE DEBTS

Considered good		293,502,817	281,256,650
Considered doubtful		<u>308,204,672</u>	<u>308,204,672</u>
		601,707,489	589,461,322
Less: provision for bad and doubtful debts		<u>(308,204,672)</u>	<u>(308,204,672)</u>
		<u>293,502,817</u>	<u>281,256,650</u>

13 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Exposure deposit	13.1	821,410	418,110
Prepayments		<u>31,500</u>	<u>80,000</u>
		<u>852,910</u>	<u>498,110</u>

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



Note	(Un-audited) December 31, 2013	(Un-audited) December 31, 2012
------(Rupees)-----		

14 CASH AND CASH EQUIVALENTS

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

Cash and bank balances		3,498,460	1,931,101
Short-term borrowings	15.1	<u>(29,272,115)</u>	<u>(147,586,609)</u>
		<u>(25,773,655)</u>	<u>(145,655,508)</u>

Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
------(Rupees)-----		

15 SHORT-TERM BORROWINGS - SECURED

Short-term running finance - Bank Alfalah Limited	15.1	<u>29,272,115</u>	<u>35,462,841</u>
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15.1 These carry markup at the rate, ranging from one to six months KIBOR plus 1% per annum.

16 LONG TERM FINANCING

Long term financing utilized under mark-up arrangements	16.1 - 16.3	502,289,115	718,679,074
Add: overdue interest on long term financing	16.4	<u>366,010,848</u>	<u>348,009,569</u>
		<u>868,299,963</u>	<u>1,066,688,643</u>
Less: Current portion of long term financing		<u>240,191,827</u>	<u>552,734,882</u>
		<u>628,108,136</u>	<u>513,953,761</u>

16.1 "This includes a loan liability of Rs.135,307,837 payable to the Bank of Punjab (BoP). The company is contesting the case in the banking tribunal for the recovery of the amount file by the BoP and hearing have been pending for quiet some time. In the light of directions from the Securities & Exchange Commission of Pakistan (SECP), the outstanding liability was previously classified into short term liability in the audited financial statements as of June 30, 2013, against which the Company has preferred an appeal which has been accepted by SECP and is pending for hearing. On the other hand, the legal advisor of the Company is of considered opinion that legal process of the recovery suit stated above shall take many years in which the court will give its judgement about the liability amount and the terms of repayment of the loan amount and the markup/ interest thereon. The management and directors, in view of long pending litigations with the BoP in the court, and the opinion from the legal advisor, that there would be no likelihood payment in the near future period, have exercised its best judgement and for the fair presentation, on the basis of economic realities, and substance over form concept, decided to reclassified this liability as a non-current liability from its classification in the previous period. "

16.2 The company has reached an out of Court settlement with United Bank Limited (UBL) and has finalized a restructuring arrangement to settle its total outstanding liability of Rs.7,333,321 (inclusive of any mark-up) and has been disclosed accordingly in these condensed interim financial statements.

16.3 The company has settled its total liability towards Sindh Industrial Trading Estates (S.I.T.E.) in the light of Court's Order dated October 21, 2013. The balance amount of liability of Rs. 16,237,442 reflecting in the Company's books of account, being excess recorded, has been reversed to Profit & Loss Account.

16.4 This represents overdue interest on long term loan with Bank Alfalah Limited (BAF) amounting to Rs. 366,010,848. The Company is in the process of negotiation with BAF for restructuring/rescheduling of total exposure.

(Un-audited) December 31, 2013	(Audited) June 30, 2013
------(Rupees)-----	

17 LOAN FROM SPONSORS

Loan obtained from sponsors		<u>138,497,501</u>	<u>68,497,501</u>
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This unsecured interest free loan has been received from Mrs. Adeela Ali w/o Mr. Ali Aslam Malik.



Note	(Un-audited) December 31, 2013	(Un-audited) December 31, 2012
------(Rupees)-----		
18 CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	68,450,559	(27,952,770)
Adjustments for:		
Depreciation	3,077,070	2,756,463
Gain on disposal of investments	(83,911,756)	40,992
Share of profit from associate - net of tax	(727,925)	(2,059,949)
Assets at fair value through profit or loss - held for trading - net	(306,494)	(7,742,319)
Finance cost	24,132,197	39,580,220
Dividend income	(12,957,396)	(640,749)
Other Operating Income	(18,011,079)	-
Mark-up income on fixed deposits	(8,266)	(571)
	<u>(88,713,649)</u>	<u>31,934,087</u>
	<u>(20,263,090)</u>	<u>3,981,317</u>
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts	5,353,833	(5,148,292)
Loans and advances	(146,023)	(116,022)
Trade deposits and short-term prepayments	(354,800)	19,711
Other receivables	(14,277,439)	(14,588,789)
	<u>(9,424,429)</u>	<u>(19,833,392)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	<u>(36,316,261)</u>	40,030,626
	<u>(66,003,780)</u>	24,178,551
Finance cost paid	(4,193,983)	(4,041,471)
Gratuity paid	-	(42,584)
Income taxes paid	(2,328,780)	(902,150)
Long-term deposits	(50,000)	(52,500)
Net cash (utilized in) / generated from operating activities	<u>(72,576,543)</u>	<u>19,139,846</u>

19 CONTINGENCIES AND COMMITMENTS**19.1 Contingencies**

- Income tax assessment of the Company for tax years 2005, 2006 and 2007 has been amended by the Taxation Officer on account of allocation of expenses and disallowance of certain items resulting in a tax demand of Rs. 149,322,823. The Company 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 for the principal and mark-up of short term borrowings amounting to Rs. 99,321,837/- and Rs. 35,986,000/- respectively. The amounts were transferred to long term financing by the Company. The Company availed the short term borrowings facility against the pledge of listed Company shares (Trust Investment Bank shares 259,000 and Pioneer Cement Shares 8,508,500). Due to financial crunch in the country the Company was unable to payback the principal and mark-up on due date. Against the subject case of Bank of Punjab, the Company has also filed the counter claim against the bank on the ground that the bank has failed to recover the amount by selling off the pledged shares even the margin on the pledged shares reduced below the agreed limit of 30%.

The Honourable Court adjudicated the case against the Company. The Bank of Punjab sold all the pledged shares after judgment of the Court. The Company, however, has filed a special appeal under section 22 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 against the decision of the Single Bench of Sindh High Court which is currently pending. Based on the legal advice, the Company is hopeful of a favourable decision. Meanwhile, the company has been granted stay dated 01/02/2012 by the honorable High Court.
In view of litigation pending in the court the Company has stopped accruing markup on financing facilities with The Bank of Punjab as the legal advisor of the Company is hopeful for a favourable settlement.
- Securities and Exchange Commission of Pakistan (SECP) through an order dated June 06, 2013 imposed a penalty of Rs. 500,000 in lieu of overstatement of Net Capital Balance position as on December 31, 2012 as required by Securities and Exchange Rules 1971. However the Company has filed an appeal before the Appellate Bench of SECP against the Order, which has been registered for hearing.



Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
------(Rupees)-----		

19.2 Commitments

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

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

20 RELATED PARTY TRANSACTIONS

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

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

For the half year ended December 31, 2013 (Un-audited)

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

Transactions during the period

Purchase of marketable securities for and on behalf of	135,858,049	398,791,864	-	534,649,913
Sale of marketable securities for and on behalf of	72,429,955	517,973,714	-	590,403,669
Brokerage income	75,816	925,719	-	1,001,535
Rent Income	-	330,000	-	330,000
Rent Expense	-	-	3,000,000	3,000,000
Remuneration to key management personnel	8,034,711	-	-	8,034,711
Loan from sponsor	-	-	138,497,501	-
Markup on receivable from associates	-	13,955,378	-	13,955,378

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

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

Transactions during the period

Purchase of marketable securities for and on behalf of	137,395	715,787,898	-	715,925,293
Sale of marketable securities for and on behalf of	1,333,791	653,236,794	-	654,570,585
Brokerage income	7,429	2,210,670	-	2,218,099
Rent received	-	360,000	-	360,000
Rent Expense	-	-	1,200,000	1,200,000
Remuneration to key management personnel	7,378,508	-	-	7,378,508
Loan from sponsor	-	-	68,497,501	68,497,501
Markup on receivable from associates	-	14,128,928	-	14,128,928

21 GENERAL

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

22 DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on **February 27, 2014** by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR



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