

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".

C
O
N
T
E
N
T
S

- 04- Company Information
- 05- Directors' Review
- 06- Auditors' Review Report to the Members
- 07- Condensed Interim Balance Sheet
- 08- Condensed Interim Profit & Loss Account
- 09- Condensed Interim Statement of Comprehensive Income
- 10- Condensed Interim Cash Flow Statement
- 11- Condensed Interim Statement of Changes in Equity
- 12- Notes to Condensed Interim Financial Statements

COMPANY INFORMATION

Board of Directors:

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

Audit Committee:

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

Chief Financial Officer

Mr. Rais Ahmed Dar

Company Secretary

Mr. Asif Mumtaz Mian, FCMA

Auditors:

Anjum Asim Shahid Rahman
Chartered Accountants
Lahore.

Legal Advisor:

Minto & Mirza, Advocates

Registrar:

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

Bankers:

Allied Bank Limited.
Summit Bank Limited.
Bank Alfalah Limited.
Bank Islami Pakistan Limited.
Habib Metropolitan Bank Limited.
KASB Bank Limited.
JS Bank Limited.
MCB Limited.
My 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
PABX (92-42) 35843721-7
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) 32462906-9
Fax: (92-21) 32462921
Website: www.fnetrade.com

KSE Office:

135-136, 3rd Floor, Stock Exchange
Building Stock Exchange Road,
Karachi.
Tel: (92-21) 32472119, 32472665, 32472076
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, 2010.

Market Review

The market during the period has shown steady trend. The KSE 100 Index which was 9,722 on the July 01, 2010 remained at 12,022 on the December 31, 2010. But the market volume which is the main revenue generating factor for the brokerage houses remained on lower side with average of the 9.2 million shares per day which is the almost one third of normal volume business. The biggest reasons for low volumes were terrorism, inflation, law and order incidents, power shortage, political uncertainty and above all flood situation across the major part of the country.

Financial Results

	6 months to Dec. 31, 2010	6 months to Dec. 31, 2009
	------(Rupees, 000)-----	
Gross Revenue	(9,436)	75,075
Operating Profit/(loss)	(46,373)	34,411
Profit/ (Loss) before Tax	(121,033)	(124,912)
Taxation	(2,365)	(1,802)
Profit/ (Loss) after tax	(123,398)	(126,714)
Earning Per Share	(2.15)	(2.20)

Although our gross revenues are lower as compared to last period due to loss on sale of investments but on other hand we continued our efforts to cut down administrative, financial and other operating expenses. Resultantly we have managed to lower our loss after tax as compared to same period of last year.

Acknowledgement

We are grateful to the Company's stakeholders for their continued confidence and support. We record our appreciation and thanks to Securities and Exchange Commission of Pakistan, Managements of Karachi Stock Exchange, Central Depository Company of Pakistan, National Clearing Company of Pakistan and our Bankers & Financial Institution for their support and guidance.

Place: Lahore
Dated: February 26, 2011

Ali A. Malik
Chief Executive/Chairman



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of FIRST NATIONAL EQUITIES LIMITED (the "Company") as at DECEMBER 31, 2010 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 changes in equity together with the notes forming part thereof (herein after referred to as "interim financial information"), for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. 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 interim financial information as at and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our conclusion, we draw attention to note 2.1 to the interim financial information which indicates that during the period the Company incurred loss amounting to Rs. 123.398 million and has accumulated losses amounting to Rs. 1,178.501 million and a negative equity of Rs. 654.052 million at the period end. In addition, the Company has negative working capital at the period end. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. This interim financial information, however, has been prepared on a going concern basis in the expectation of future profitability, continuing support from financial institutions and undertaking of the financial support by the sponsoring directors, if required.

The figures for three-month periods ended December 31, 2010 and December 31, 2009 in the condensed interim profit and loss account and condensed interim statement of comprehensive income 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-month period ended December 31, 2010.

CHARTERED ACCOUNTANTS

Engagement Partner: Asim Iftikhar

Date:

Lahore



FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2010

	(Un-audited) December 31, 2010	(Audited) June 30, 2010
NON-CURRENT ASSETS		
	------(Rupees)-----	
Property and equipment	6 81,429,458	86,048,883
Capital work in progress	7 69,496,614	69,496,614
Intangible assets	8 68,135,225	68,135,225
Long term investments	9 34,500,683	30,438,452
Long term deposits	2,862,429	2,862,429
Receivable from associates	10 175,411,452	175,411,452
Deferred taxation	63,698,470	65,873,931
	<u>495,534,331</u>	<u>498,266,986</u>
CURRENT ASSETS		
Short term investments	11 146,847,680	194,720,352
Trade debts	12 200,340,483	208,435,589
Loans and advances	4,941,694	4,681,119
Trade deposits and short term prepayments	13 714,017	1,065,796
Other receivables	43,550,782	28,988,804
Advance tax	26,335,249	25,520,458
Cash and bank balances	14 8,327,742	10,038,746
	<u>431,057,647</u>	<u>473,450,864</u>
Total Assets	<u>926,591,978</u>	<u>971,717,850</u>
CURRENT LIABILITIES		
Trade and other payables	204,643,670	160,041,543
Accrued mark-up	9,195,504	9,181,155
Short term borrowings	15 416,863,637	484,976,169
	<u>630,702,811</u>	<u>654,198,867</u>
NON-CURRENT LIABILITIES		
Long term financing	16 941,795,069	901,027,024
Loan from director	17 4,795,374	4,449,224
Deferred liabilities	3,351,047	3,514,591
	<u>949,941,490</u>	<u>908,990,839</u>
Total Liabilities	<u>1,580,644,301</u>	<u>1,563,189,706</u>
CONTINGENCIES AND COMMITMENTS	19 -	-
Net Assets	<u>(654,052,323)</u>	<u>(591,471,856)</u>
REPRESENTED BY:		
Authorised capital	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital	575,000,000	575,000,000
Accumulated loss	(1,178,501,621)	(1,055,103,508)
Unrealised diminution on re-measurement of investments classified as available for sale	(50,550,702)	(111,368,348)
	<u>(654,052,323)</u>	<u>(591,471,856)</u>

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

CHIEF EXECUTIVE

DIRECTOR



FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Six Months Period Ended		Three Months Period Ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	------(Rupees)-----			
Operating revenue	16,155,217	32,963,783	10,714,890	15,744,344
Loss on sale of investments	(41,152,919)	(9,603,358)	(42,188,334)	(12,990,916)
Other operating income	15,561,876	51,714,814	6,282,665	51,564,664
	(9,435,826)	75,075,239	(25,190,779)	54,318,092
Administrative expenses	36,937,172	40,664,399	18,219,556	20,152,000
Operating (loss) / profit	(46,372,998)	34,410,840	(43,410,335)	34,166,092
Finance costs	77,476,811	99,041,395	39,327,006	57,949,539
Other operating expenses	3,111,901	6,099,515	2,004,975	2,913,549
Impairment loss on available for sale securities	-	90,830,000	-	45,415,000
	(126,961,710)	(161,560,070)	(84,742,316)	(72,111,996)
Unrealised profit /(loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net ' 11	3,270,020	34,313,597	5,857,974	(7,716,719)
Share of profit of associate - net 9	2,658,239	2,334,659	3,230,061	1,969,119
Loss before taxation	(121,033,451)	(124,911,814)	(75,654,281)	(77,859,596)
Taxation				
- current	189,201	1,801,809	111,960	827,219
- deferred	2,175,461	-	2,175,461	-
	2,364,662	1,801,809	2,287,421	827,219
Loss after tax	(123,398,113)	(126,713,623)	(77,941,702)	(78,686,815)
Loss per share - basic and diluted	(2.15)	(2.20)	(1.36)	(1.37)

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

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

CHIEF EXECUTIVE

DIRECTOR



Half Yearly Report '10

FIRST NATIONAL EQUITIES LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2010

Note	Six Months Period Ended		Three Months Period Ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	------(Rupees)-----			
Loss after tax	(123,398,113)	(126,713,623)	(77,941,702)	(78,686,815)
Other Comprehensive Income for the period				
Unrealised diminution during the period in the market value of investments classified as 'available for sale'	12,404,891	39,083,941	(7,489,915)	9,049,601
Reclassification adjustment of realized loss on sale of investments-available for sale	42,218,307	14,018,697	42,188,335	13,885,187
Share of unrealised surplus - investment in associate	6,194,448	5,060,641	1,678,766	1,343,641
Other Comprehensive Income for the period	60,817,646	58,163,279	36,377,186	24,278,429
Total comprehensive loss for the period	(62,580,467)	(68,550,344)	(41,564,516)	(54,408,386)

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

CHIEF EXECUTIVE

DIRECTOR



FIRST NATIONAL EQUITIES LIMITED
 CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2010

Note	(Un-audited) December 31, 2010	(Un-audited) December 31, 2009
------(Rupees)-----		
Net cash from operating activities	18	14,666,775
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable securities	-	(1,737,460)
Sale of investments classified as 'available-for-sale' - net	53,524,861	48,326,969
Sale of investments -related parties	15,878,566	4,589,859
Fixed capital expenditure incurred	-	(1,650)
Proceeds from disposal of property and equipment	187,500	482,000
Mark-up received	28,747	14,310
Dividend received	776,430	1,506,691
Net cash from investing activities	70,396,104	53,180,719
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing	(19,007,501)	75,000
Loan from director	346,150	2,050,000
Dividend paid	-	-
Net cash (used in) / generated from financing activities	(18,661,351)	2,124,999
Net increase in cash and cash equivalents	66,401,528	94,635,168
Cash and cash equivalents at the beginning of the period	(474,937,423)	(802,604,286)
Cash and cash equivalents at the end of the period	14	(408,535,895)

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

CHIEF EXECUTIVE

DIRECTOR



Half Yearly Report '10

FIRST NATIONAL EQUITIES LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Reserves			Unrealised surplus / (deficit) on re-measurement of investments classified as available for sale	Total
	Issued, subscribed and paid-up capital	Accumulated (loss) / profit	Sub-total		
------(Rupees)-----					
Balance as at July 01, 2009	575,000,000	(927,418,385)	(927,418,385)	(87,287,955)	(439,706,340)
Loss after taxation for the half year ended December 31, 2009	-	(126,713,623)	(126,713,623)	-	(126,713,623)
Realised loss on disposal of investments during the period	-	-	-	14,018,697	14,018,697
Unrealised diminution on re-measurement of investments classified as 'available for sale'	-	-	-	39,083,941	39,083,941
Share of unrealised surplus - investment in associate	-	-	-	5,060,641	5,060,641
Balance as at December 31, 2009	575,000,000	(1,054,132,008)	(1,054,132,008)	(29,124,676)	(508,256,684)
Balance as at July 01, 2010	575,000,000	(1,055,103,508)	(1,055,103,508)	(111,368,348)	(591,471,856)
Loss after taxation for the period	-	(123,398,113)	(123,398,113)	-	(123,398,113)
Other Comprehensive Income for the period	-	-	-	60,817,646	60,817,646
Balance as at December 31, 2010	575,000,000	(1,178,501,621)	(1,178,501,621)	(50,550,702)	(654,052,323)

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

CHIEF EXECUTIVE

DIRECTOR



FIRST NATIONAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

1 STATUS AND NATURE OF BUSINESS

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

The Company is a corporate member of the Karachi Stock Exchange (Guarantee) Limited. The principal activities of the Company include shares brokerage, consultancy services and underwriting.

2 BASIS OF PREPARATION

This condensed interim financial report is un-audited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim financial report of the Company for the half year ended December 31, 2010 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, 2010.

2.1 GOING CONCERN

The Company has incurred significant operational losses during the half year ended December 31, 2010 and its accumulated losses as at December 31, 2010 amounted to Rs. 1,178.501 million which has resulted in negative equity of Rs. 654.052 million. However, the condensed interim financial statements of the Company for the half year ended December 31, 2010 have been prepared on a going concern basis as the management believes that due to potential availability of finances / funding from the Company's sponsors in the form of new capital injections, restructuring of facilities from banks and consequent to the new viable business plans for future operations, the Company will be able to generate sufficient profits in the future enabling it to set-off the accumulated losses.

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, 2010.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2010, were either considered not to be relevant to the Company's operations or did not have significant effect on the accounting policies of the Company.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the preceding annual published financial statements of the Company for the year ended June 30, 2010.

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, 2010.



Note	(Un-audited) December 31, 2010	(Audited) June 30, 2010
	------(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, 2010:

Additions:

Vehicles - owned	-	3,000,000
Office equipment	-	98,136
Computer accessories	-	85,000
	<u>-</u>	<u>3,183,136</u>

Disposals:

Office equipment	(596,000)	-
Vehicles - owned	(40,414)	(1,825,180)
	<u>(636,414)</u>	<u>(1,825,180)</u>

7 CAPITAL WORK IN PROGRESS

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

8 INTANGIBLE ASSETS

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

	------(Rupees)-----			
Balance as at December 31, 2010	31,220,225	22,000,000	14,915,000	68,135,225
Total	<u>31,220,225</u>	<u>22,000,000</u>	<u>14,915,000</u>	<u>68,135,225</u>
Balance as at June 30, 2010	31,220,225	22,000,000	14,915,000	68,135,225
Total	<u>31,220,225</u>	<u>22,000,000</u>	<u>14,915,000</u>	<u>68,135,225</u>

8.1 Room at Karachi stock exchange represents the consideration paid for the right to occupy two rooms situated at Stock Exchange Building, Karachi. The Karachi Stock Exchange (Guarantee) Limited is the absolute owner of the said rooms and has granted full rights to occupy the premises under Leave and License agreement for the purposes of the Company's business. The Company has hypothecated license of these rooms in favour of commercial bank securing financing facilities.

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



	Note	(Un-audited) December 31, 2010	(Audited) June 30, 2010
------(Rupees)-----			
9 LONG-TERM INVESTMENTS - RELATED PARTY			
National Asset Management Company Limited	9.1	<u>34,500,683</u>	<u>30,438,452</u>
Short term			
NAMCO Income Fund - Available for Sale			
Opening		<u>14,813,178</u>	20,000,000
Unrealised gain /(loss)		-	(46,380)
Sold during the period		<u>(14,813,178)</u>	<u>(5,186,823)</u>
		-	14,766,797
Closing		<u>34,500,683</u>	45,205,249
Less: investment shown under short- term investment		-	14,766,797
		<u>34,500,683</u>	<u>30,438,452</u>
9.1 INVESTMENT IN ASSOCIATE			
Opening balance		<u>25,647,996</u>	25,136,812
Share in reserve of associate		<u>6,194,448</u>	4,790,456
Share of post acquisition profit / (loss) for the period	9.1.1	<u>2,658,239</u>	511,184
		<u>34,500,683</u>	<u>30,438,452</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, 2010 in accordance with the treatment specified in International Accounting Standard 28, 'Accounting for Investment in Associates'. Company holds 40% i.e. 4,000,000 ordinary shares (June 30, 2010: 4,000,000 ordinary shares) of Rs. 10 each fully paid-up. Cost of investment Rs. 40 million (June 30, 2010: 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 three years.			
11 SHORT TERM INVESTMENTS			
Available for sale			
- Average cost		<u>145,286,080</u>	331,859,249
- Impairment loss recognised in profit and loss account		-	(90,830,000)
- Unrealised diminution on re-measurement of investments		<u>(56,745,149)</u>	<u>(116,112,424)</u>
- Carrying value		<u>88,540,931</u>	124,916,825
Financial assets at fair value through profit or loss - held for trading			
- Average cost		<u>55,036,729</u>	61,472,667
- Unrealised gain /(loss) on re-measurement of investments		<u>3,270,020</u>	(6,435,937)
- Closing carrying value		<u>58,306,749</u>	55,036,730
Investment - related parties	9	-	14,766,797
		<u>146,847,680</u>	<u>194,720,352</u>



	Note	(Un-audited) December 31, 2010	(Audited) June 30, 2010
------(Rupees)-----			
12	TRADE DEBTS		
	Considered good	200,340,483	208,435,589
	Considered doubtful	406,032,445	406,032,445
		<u>606,372,928</u>	<u>614,468,034</u>
	Less: provision for bad and doubtful debts	(406,032,445)	(406,032,445)
		<u>200,340,483</u>	<u>208,435,589</u>

13 **TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**

Exposure deposit	13.1	600,190	800,190
Prepayments		113,827	265,606
		<u>714,017</u>	<u>1,065,796</u>

13.1 This represents amount deposited with the Karachi Stock Exchange (Guarantee) Limited against exposure arising out of the transactions entered into by the Company 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 (Guarantee) Limited.

	Note	(Un-audited) December 31, 2010	(Un-audited) December 31, 2009
------(Rupees)-----			
14	CASH AND CASH EQUIVALENTS		

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

Cash and bank balances		8,327,742	8,162,049
Short-term running finances		(416,863,637)	(506,131,167)
Short-term borrowings		-	(210,000,000)
		<u>(408,535,895)</u>	<u>(707,969,118)</u>

	Note	(Un-audited) December 31, 2010	(Audited) June 30, 2010
------(Rupees)-----			
15	SHORT-TERM BORROWINGS - SECURED		

Short-term running finances utilised under mark-up arrangements	15.1	416,863,637	474,976,169
Short-term borrowings	15.2	-	10,000,000
		<u>416,863,637</u>	<u>484,976,169</u>

15.1 These carry markup at the rate, ranging from one to six months KIBOR plus 1% to 3.5% per annum.

15.2 This carries mark-up at the rate of 17% per annum.

16 **LONG TERM FINANCING**

Opening balance		771,046,872	623,592,370
Addition during the period/rescheduled		-	340,665,593
Repayments during the period/rescheduled		(19,007,501)	(193,211,091)
Closing balance		<u>752,039,371</u>	<u>771,046,872</u>
Add: overdue interest on long term loan		189,755,698	129,980,152
		<u>941,795,069</u>	<u>901,027,024</u>



17 LOAN FROM DIRECTOR

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

18 CASH FLOWS FROM OPERATING ACTIVITIES

Note	(Un-audited) December 31, 2010	(Un-audited) December 31, 2009
------(Rupees)-----		
Loss before taxation	(121,033,451)	(124,911,814)
Adjustments for:		
Depreciation	4,227,059	4,931,792
Gain /(loss) on disposal of property and equipment	204,866	(129,482)
Loss on disposal of investments	41,152,919	9,603,358
Share of profit from associate - net of tax	(2,658,239)	(2,334,659)
Assets at fair value through profit or loss' - held for trading - net	(3,270,020)	(34,313,597)
Impairment loss on available for sales securities	-	90,830,000
Provision for gratuity	94,025	612,694
Finance cost	77,476,811	99,041,395
Dividend income	(776,430)	(1,506,691)
Reversal of provision for bad debts	-	(36,926,434)
Mark-up income on fixed deposits	(251)	(240)
Mark-up income on exposure deposits	(28,496)	(14,070)
	<u>116,422,244</u>	<u>129,794,066</u>
	<u>(4,611,207)</u>	<u>4,882,252</u>
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts	8,095,106	37,402,276
Loans and advances	(260,575)	(2,974,328)
Trade deposits and short-term prepayments	351,779	(1,208,065)
Other receivables	(14,561,978)	(13,075,649)
	<u>(6,375,668)</u>	<u>20,144,234</u>
(Decrease) / increase in current liabilities		
Trade and other payables	44,602,127	26,145,400
	<u>33,615,252</u>	<u>51,171,886</u>
Finance cost paid	(17,686,916)	(9,431,809)
Gratuity paid	(257,569)	(195,161)
Income taxes paid	(1,003,992)	(2,215,757)
Long-term deposits	-	291
Net cash (used in) /generated from operating activities	<u>14,666,775</u>	<u>39,329,450</u>

19 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

- Income tax assessments of the Company for tax years 2005 and 2006 have been amended by the Taxation Officer on account of allocation of expenses and disallowance of certain items resulting in a tax demand of Rs. 78.449 million. The Company has filed and appeal with the CIT (appeals) in respect of the above mentioned disallowance which is pending to date. No provision has been made against this tax demand in these condensed interim financial statements as the Company is contesting the order before the appellate forums and the management is hopeful of a favourable decision in appeal.



- The Bank of Punjab filed a suit under section 16 of the Financial Institution's Ordinance, 2001 (Recovery of Finance) in the Honourable Sindh High Court against the Company for the principal and mark-up of short term borrowings amounting to Rs. 157,225,000/- and Rs. 35,986,000/- respectively. The Company availed the short term borrowings facility against the pledge of listed Company shares (Trust Investment Bank shares 259,000 and Pioneer Cement Shares 8,508,500). Due to financial crunch in the country the Company was unable to payback the principal and mark-up on due date. Against the subject case of Bank of Punjab, the Company 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 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. Base of the legal advice, the Company is hopeful of a favourable decision.
- United Bank Limited has filed a suit against the Company on October 14, 2010 under section 9 of The Financial Institutions (Recovery of Finances) Ordinance 2001 for recovery of outstanding balance in the Banking Court No. III at Karachi. The verdict on the said appeal is still pending. The Company is hopeful of a favourable decision.

Note	(Un-audited) December 31, 2010	(Audited) June 30, 2010
------(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 ENSHAANLC Developers (Private) Limited for acquiring commercial space, being paid in instalment, in Karachi Financial Tower.

20 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associated undertakings, staff retirement funds, 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, 2010 (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	-	192,139,916	-	192,139,916
Sale of marketable securities for and on behalf of	-	191,038,529	-	191,038,529
Brokerage income	-	284,908	-	284,908
Rent received	-	300,000	-	300,000
Remuneration to key management personnel	9,512,202	-	-	9,512,202
Loan from director	4,795,374	-	-	4,795,374



For the half year ended December 31, 2009 (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	-	21,439,651	-	21,439,651
Sale of marketable securities for and on behalf of	-	22,998,586	-	22,998,586
Brokerage income	-	19,650	-	19,650
Rent received	-	300,000	-	300,000
Remuneration to key management personnel	7,002,258	-	-	7,002,258
Charge in respect of contribution plan	4,449,224	-	-	4,449,224

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 authorised for issue on February 26, 2011 by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR



Half Yearly Report '10