

V I S I O N



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 Aslam Malik	Director/CEO
3.	Mr. Muhammad Iqbal Khan	Director
4.	Mr. Rais Ahmed Dar	Director
5.	Mr. Saeed Ahmad Bajwa	Director
6.	Mr. Amir Shehzad	Director

Audit Committee:

1.	Mr. Muhammad Iqbal Khan	Chairman
2.	Mr. Rais Ahmed Dar	Member
3.	Mr. Shahzad Akbar	Member

HR& Remuneration Committee:

1.	Mr. Shahzad Akbar	Chairman
2.	Mr. Rais Ahmed Dar	Member
3.	Mr. Ali A Malik	Member

Chief Financial Officer

Mr. Naveed Ishaque

Company Secretary

Ms. Samra Tahir

Auditors:

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants
Lahore.

Legal Advisor:

Minto & Mirza, Advocates

Shares Registrar:

Corp Tec Associates (Pvt.) Limited
503-E, Johar Town, Lahore.
Ph: 042-35170336-7
Fax: 042-35170338
E-mail: info@corpTec.com.pk

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:

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



DIRECTORS' REPORT

Dear Shareholders,

On behalf of board of Directors, I am pleased to present the Nine months accounts of First National Equities Limited for the period ended on March 31, 2016.

Market Review

The capital market saw a turbulent and volatile period as the markets saw a bearish trend in the initial months before signs of strength were finally seen in March. The market saw a return of 5.6% for the month of March alone and the investors were able to make back some of the losses that they had sustained initially. The return for the period stood at 1.0% for the period and the volatility which was seen in the initial months subsided to an extent. This was due to higher liquidity and activity which was seen in March and positive economic indicators seen all around the world. The early months had seen huge sell offs from the foreigners which saw a declining trend in march which could be attributed to better results in the corporate sector and higher local participation in the equity markets. Foreign investor had a new interest in investing in the markets due to the consultation process being carried out by the MSCI to reclassify Pakistan as an emerging market.

Financial Results

	9 months to March 31, 2016	9 months to March 31, 2015
	----- (Rupees in "000") -----	
Gross Revenue	34,279,106	164,927,548
Operating Profit	(3,098,644)	133,761,773
Loss before tax	(44,391,353)	122,137,061
Taxation	(441,542)	(8,216,781)
Loss after Tax	(44,832,895)	113,920,280
Earning per share	(0.32)	0.80

We are pleased to inform you that your company has earned Gross Revenue of Rs. 34.279 million as compared to Rs. 164.927 million in the same period of last year. The company has incurred loss after tax of Rs. 44.832 million as compared to the profit after tax of Rs. 113.920 million in the same period. Resultantly the company has incurred loss of Rs. (0.32) per share as compared to Profit of Rs. 0.80 per share in the same period.

The management of the company is consistent with the policy to improve the revenue of the company. Management is executing new business development plans in order to maximize the operating revenues under the guidance of Board of Directors and we are very positive that the results of these measures, company will be able to generate more revenues and sufficient profits in future.

Acknowledgment

We are grateful to the company's stakeholders for their continuous confidence and support. We record our appreciation and thanks to the Securities and Exchange Commission of Pakistan, Management of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited), Central Depository Company of Pakistan, National Clearing Company of Pakistan for their continued support and guidance. We also appreciate the management and other staff members of the company for their commitment and dedicated efforts.

Place: Lahore
Dated: March 31, 2016

Ali Aslam Malik
(Chief Executive Officer)



**FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2016**

	Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
NON-CURRENT ASSETS			
Property and equipment	6	58,196,269	60,369,890
Capital work in progress	7	33,340,000	33,340,000
Intangible assets	8	51,915,000	51,915,000
Investment Property		-	106,142,000
Receivable from associates	10	72,046,854	78,084,646
Investment in associate	9	139,307,332	134,300,452
Investments - available for sale		40,073,830	40,073,830
Long term deposits		2,871,209	2,344,209
Deferred taxation		87,172,646	87,502,177
		484,923,141	594,072,203
CURRENT ASSETS			
Short term investments	11	1,217,481	1,598,356
Trade debts	12	374,300,276	346,273,348
Loans and advances		1,441,922	1,480,314
Trade deposits and short term prepayments	13	100,825	20,000
Other receivables		167,749,959	157,642,446
Advance tax		16,826,459	15,604,849
Cash and bank balances	14	50,901,301	56,483,031
		612,538,223	579,102,344
Total Assets		1,097,461,363	1,173,174,547
NON-CURRENT LIABILITIES			
Long term financing	15	333,809,254	298,860,877
Loan from sponsors	16	26,643,417	26,643,417
Other loans	17	148,131,370	256,947,585
Deferred liabilities		6,220,742	7,136,796
		514,804,783	589,588,675
CURRENT LIABILITIES			
Trade and other payables		354,190,134	229,002,321
Current maturity of long term financing		206,426,595	289,938,081
		560,616,729	518,940,402
Total Liabilities		1,075,421,512	1,108,529,077
CONTINGENCIES AND COMMITMENTS			
Net Assets	19	22,039,851	64,645,470
REPRESENTED BY:			
Authorized share capital		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital		1,418,098,310	1,418,098,310
Discount on issue of right shares		(630,418,817)	(630,418,817)
Accumulated losses		(819,091,954)	(774,259,059)
		(31,412,461)	13,420,434
Unrealized gain on re-measurement of investments classified as available for sale		53,452,312	51,225,036
		22,039,851	64,645,470

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

Chief Executive



Quarterly Report '16

Director

FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

Note	Nine Months Period Ended		Three Months Period Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- (Rupees) -----				
Operating revenue	17,910,148	14,619,951	2,529,584	4,808,144
Gain on sale of investments	8,325	132,844,403	8,325	115,525,791
Other operating income	16,360,633	17,463,194	4,144,331	3,484,813
	34,279,106	164,927,548	6,682,240	123,818,748
Administrative expenses	37,377,751	31,165,773	12,499,718	11,751,354
Operating (loss) / profit	(3,098,644)	133,761,775	(5,817,477)	112,067,394
Finance cost	42,397,531	28,194,029	14,067,376	9,120,751
Other operating expenses	-	837,919	(655,035)	432,263
	(45,496,175)	104,729,827	(19,229,818)	102,514,380
Unrealized profit/(loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net	296,459	112,670	560	(31,451)
Share of profit of associate - net	808,363	17,294,564	808,363	(968,798)
(Loss) / profit before taxation	(44,391,353)	122,137,061	(18,420,895)	101,514,131
Taxation				
- current	112,011	2,482,144	-	103,988
- deferred	329,531	5,734,637	-	-
	441,542	8,216,781	-	103,988
(Loss) / profit after taxation	(44,832,895)	113,920,280	(18,420,895)	101,410,143
Earnings per share - basic & diluted	(0.32)	0.80	(0.13)	0.72

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

Director



FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

Note	Nine Months Period Ended		Three Months Period Ended	
	Un-Audited March 31, 2016	Un-Audited March 31, 2015	Un-Audited March 31, 2016	Un-Audited March 31, 2015
	------(Rupees)-----			
Profit after taxation	(44,832,895)	113,920,280	(18,420,895)	101,410,143
Other comprehensive income/(loss) for the period	-	-	-	-
Items that are more may be classified subsequently to the profit and loss account	-	-	-	-
Unrealized gain/(loss) during the period in the market value of investments classified as 'available for sale'	(662,455)	65,461,258	(715,808)	(106,913)
Reclassification adjustment of realized gain/(loss) on sale of investments-available for sale	-	(132,301,492)	-	(114,982,880)
Share of unrealized surplus/(deficit) - Investment in associate	2,889,731	7,273,678	1,168,537	(75,378)
Other comprehensive income/(loss) for the period	2,227,276	(59,566,556)	452,729	(115,165,171)
Total comprehensive gain/(loss) for the period	(42,605,619)	54,353,724	(17,968,166)	(13,755,028)

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 CASH FLOWS STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016**

Note	(Un-audited) March 31, 2016	(Un-audited) March 31, 2015
------(Rupees)-----		
Net cash generated / (utilized in) from operating activities	18	71,077,486 (46,641,473)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of marketable securities	23,230	6,047,744
Sale of investments classified as 'available-for-sale' - net	(25)	154,203,621
Fix Capital Expenditure Incurred	(344,750)	-
Received from associates	6,037,792	15,146,154
Receipt from the sale of investment property	111,500,000	(154,750)
Long term deposits	(527,000)	-
Markup income received	-	502
Dividend received	929,238	6,599,295
Net cash generated from investing activities	117,618,485	181,842,565
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments long term loans	(85,461,486)	(27,422,538)
Other Loans	(108,816,215)	42,003,619
Loan from sponsors	-	(111,854,084)
Net cash utilized in financing activities	(194,277,701)	(97,273,003)
Net increase in cash and cash equivalents	(5,581,729)	37,928,090
Cash and cash equivalents at the beginning of period	56,483,031	3,471,322
Cash and cash equivalents at the end of period	14 50,901,301	41,399,412

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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016

	Issued, subscribed and paid-up capital	Discount on issue of right shares	Share Deposit Money	Accumulated Profit/(loss)	Unrealised surplus / (deficit) on re-measurement of investments classified as available for sale	Total
------(Rupees)-----						
Balance as at July 01, 2014	1,380,000,000	(603,750,000)	11,429,493	(1,308,974,005)	65,312,332	(467,411,673)
Profit after taxation for the nine months ended March 31, 2015	-	-	-	57,941,682	-	57,941,682
Comprehensive income for the half year ended on nine months ended March 31, 2015	-	-	-	-	490,151	490,151
Share Deposit Money	-	-	(11,429,493)	-	-	-
Right shares issued during the year	38,098,310	(26,668,817)	-	-	-	11,429,493
Gain on remeasurement of retirement	-	-	-	282,815	-	282,815
Balance as at June 30, 2015	1,418,098,310	(630,418,817)	-	(774,259,059)	51,225,036	64,645,470
Balance as at July 01, 2015	1,418,098,310	(630,418,817)	-	(774,259,059)	51,225,036	64,645,470
Profit after taxation for the nine months ended March 31, 2016	-	-	-	(44,832,895)	-	(44,832,895)
Other Comprehensive income for the period	-	-	-	-	2,227,276	2,227,276
Balance as at March 31, 2016	1,418,098,310	(630,418,817)	-	(819,091,954)	53,452,312	22,039,851

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

Chief Executive

Director



Quarterly Report '16

**FIRST NATIONAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016**

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 Room No. 135-136, 3rd Floor, New Stock Exchange Building, Karachi. The Company is listed on the Pakistan Stock Exchange Limited.

The Company has Trading Right Entitlement Certificate of the Pakistan 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 Pakistan Stock Exchanges where the company is listed. This condensed interim financial report of the Company for the period ended March 31, 2016 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, 2015.

"These Condensed interim financial statements comprise of the balance sheet as at March 31, 2016 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the period ended March 31, 2016 which have been subjected to review but not audit."

"The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2015 has been extracted from the audited financial statements of the company for the year ended June 30, 2015, 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 March 31, 2015."

2.1 GOING CONCERN

The Company has incurred loss after tax during the nine months ended March 31, 2016 of Rs.45.641 million. The accumulated losses as at March 31, 2016 amounted to Rs.819.900 million resulting in positive equity of Rs. 20.370 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 nine months ended March 31, 2016 have been prepared on a going concern basis as the management believes that due to funding from the Company's sponsors in the form of new capital and loan injections, restructuring of facilities from banks and consequent to the new viable business plans for future operations, the Company will be able to generate sufficient profits in the future enabling it to set-off the accumulated losses.

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, 2015.

The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2015, 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, 2015.

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, 2015.

6 PROPERTY AND EQUIPMENT

During the Nine Months ended March 31, 2016, additions made amounting to Rs. 344,750/- (June 2015: Rs.4,122,800/-) ; whereas assets having cost of Rs. NIL were sold for (June 2015:NIL)

	Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
7	CAPITAL WORK IN PROGRESS		
	Advance for commercial space - Karachi financial towers	<u>33,340,000</u>	<u>33,340,000</u>

8 INTANGIBLE ASSETS

	Cost			Total
	TRE Certificate & KSE Equity Shares (8.1)	License to use Room at Karachi Stock Exchange (8.2)	Tenancy rights - Building (8.3)	
	------(Rupees)-----			
Balance as at March 31, 2016	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, 2015	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 Pakistan Stock Exchange ""PSX"" (formerly 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 PSX 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 PSX 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 Pakistan stock exchange represents the consideration paid for the right to occupy two rooms situated at Stock Exchange Building, Karachi. The Pakistan 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.



- 8.3** 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.
- 8.4** In accordance with the requirements of the stock exchange (Corporatization, Demutualization and Integration) Act, 2012, the company has received Equity Shares 4,007,383 of Pakistan Stock Exchange "PSX" (formerly Karachi Stock Exchange 'KSE') and Trading Right Entitlement in lieu of value of companies' membership card of PSX. The said process of demutualization was finalized on August 15, 2012. The fair value of these shares as at March 31, 2016 is not available till the approval of these condensed interim financial statements.

	Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
------(Rupees)-----			
9	INVESTMENTS IN ASSOCIATES - RELATED PARTY		
	National Asset Management Company Limited	9.1 <u>139,307,332</u>	<u>134,300,452</u>
9.1	INVESTMENT IN ASSOCIATES		
	Opening balance	81,584,845	50,494,878
	Share in reserve of associate	55,297,398	52,715,607
	Share of post acquisition profit for the period	9.1.1 <u>2,425,089</u>	<u>31,089,967</u>
		<u>139,307,332</u>	<u>134,300,452</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 Nine Months ended March 31, 2016 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, 2015: 4,000,000 ordinary shares) of Rs. 10 each fully paid-up. Cost of investment Rs. 40 million (June 30, 2015: 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.

	Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
------(Rupees)-----			
11	SHORT TERM INVESTMENTS		
	Available for sale		
	- Average cost	2,514,794	2,514,768
	- Unrealized gain on re-measurement of investments	<u>(2,153,026)</u>	<u>(1,490,571)</u>
	- Carrying value	<u>361,768</u>	1,024,197
	Financial assets at fair value through profit or loss - held for trading		
	- Average cost	559,254	582,191
	- Unrealized gain on re-measurement of investments	296,459	(8,032)
	- Closing carrying value	<u>855,713</u>	574,159
		<u>1,217,481</u>	<u>1,598,356</u>



	Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
12	TRADE DEBTS	------(Rupees)-----	
	Considered good	374,300,276	346,273,348
	Considered doubtful	313,554,445	313,554,445
		<u>687,854,721</u>	<u>659,827,793</u>
	Less: Provision for doubtful debts	(313,554,445)	(313,554,445)
		<u>374,300,276</u>	<u>346,273,348</u>

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

	Exposure deposit	13.1 <u>100,825</u>	<u>20,000</u>
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13.1 This represents amount deposited with the Pakistan 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 Pakistan Stock Exchange Limited.

	Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
14	CASH AND CASH EQUIVALENTS	------(Rupees)-----	

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

50,901,301	56,483,031
<u>50,901,301</u>	<u>56,483,031</u>

15 **LONG TERM FINANCING**

	Long term financing utilized under mark-up arrangements	15.1 - 15.4 397,233,517	366,016,176
	Add: overdue interest on long term financing	15.5 143,002,332	222,782,782
		<u>540,235,849</u>	<u>588,798,958</u>

	Less: Current portion of long term financing	(206,426,595)	(289,938,081)
		<u>333,809,254</u>	<u>298,860,877</u>

15.1 Financing from Bank Alfalah Limited has been restructured/rescheduled 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 and has been recognized at present value 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 prevailing market rates, that were pledged from the sub-accounts, up to 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 give 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 up till 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 adjustment on or before June 30, 2021.



15.2 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 Pakistan 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%.

15.3 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.

15.4 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/= The Company considers the balance amount of claim of Rs. 16,237,442 as excessive claim and is under negotiation.

15.5 This includes overdue markup of Bank Alfalah Limited to be waived off by the bank under a restructuring/rescheduling arrangement with the company amounting to Rs. 432,713,676/- subject to fulfillment of terms and conditions of the bank's offer letter as referred in 15.1 above.

Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
------(Rupees)-----		
16 LOAN FROM SPONSORS		
Loan from sponsors	26,643,417	26,643,417
This represents unsecured interest free loan received from spouse of a director of the Company.		

17 OTHER LOANS	148,131,370	191,375,221
This includes amount payable to directors of the Company against salary, trading transactions and other payables amounting to Rs. 6,109,676/- (2015: Rs. 142,805,454/-) and due to spouse of a director of the Company amounting to Rs. 25,386,175/- (2015: 20,886,175/-)		

Note	(Un-audited) March 31, 2016	(Un-audited) March 31, 2015
------(Rupees)-----		
18 CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(44,391,353)	122,137,061
Adjustments for:		
Depreciation	2,518,370	4,081,944
Gain on disposal of investments	(8,325)	(132,844,403)
Share of profit from associate - net of tax	(2,117,149)	(17,294,564)
Assets at fair value through profit or loss - held for trading - net	(296,459)	(112,670)
Finance cost	42,397,531	28,194,029
Dividend income	(929,238)	(6,599,295)
Other Operating Income	(21,718,633)	(11,867,538)
Prior year adjustment	-	(3,957)
Gain on disposal of investment property	(5,358,000)	-
Mark-up income on fixed deposits	-	(502)
	14,488,097	(136,446,957)
	(29,903,256)	(14,309,896)



Note	(Un-audited) March 31, 2016	(Un-audited) March 31, 2015
Changes in working capital:		
------(Rupees)-----		
Decrease / (increase) in current assets		
Trade debts	(28,026,928)	(11,386,674)
Loans and advances	38,392	11,658
Trade deposits and short-term prepayments	(80,825)	513,930
Other receivables	11,611,120	(3,757,986)
	(16,458,241)	(14,619,072)
(Decrease) / increase in current liabilities		
Trade and other payables	125,187,813	5,157,353
	78,826,316	(23,771,615)
Finance cost paid	(5,499,154)	(21,166,309)
Gratuity paid	(916,054)	(0)
Income tax paid	(1,333,621)	(1,703,549)
Net cash (utilized in) / generated from operating activities	71,077,486	(46,641,473)

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 Sind 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.
- Sindh Industrial Trading Estates (SITE) Limited has filed a recovery suit for Rs. 174,058,936 against the Company in the Honorable Sindh High Court which is pending settlement. During the pendency of the case the company has paid Rs. 129,582,492 in the light of order of Honorable Sindh High Court. The Company is hopeful of settlement of the case in its favor for determination and settlement of balance amount.
- 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.
- Show Cause Notice proceedings dated Sep 11, 2013 under Section 196 read with Section 492 of the Companies Ordinance, 1984 are pending before Securities and Exchange Commission of Pakistan. The Company is arguing defense and no final order has been passed in this Show Cause Notice yet. The Company is pursuing the matter and there is likelihood of success.



- Securities and Exchange Commission of Pakistan (SECP) through an order dated February 20, 2015 imposed a penalty of Rs. 500,000 in lieu of overstatement of Net Capital Balance position as on June 30, 2014 and October 27, 2014 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 Abandoned 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 Company Limited which is under scrutiny and negotiation.

Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
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------(Rupees)-----

19.2	Commitments			
	Capital expenditure contracted for but not incurred	19.2.1	<u>100,020,000</u>	<u>100,020,000</u>
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.

(Un-audited) March 31, 2016	(Audited) June 30, 2015
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------(Rupees)-----

Party Name	Relationship with the company	Nature of Transaction	(Un-audited) March 31, 2016	(Audited) June 30, 2015
Muhammad Shoiab Rais	Director's relative	Client receivable	262,899,668	263,884,415
Umar Ali Malik	Director's relative	Client payable	16,078,427	3,251,610
Rais Ahmed Dar	Director	Client receivable	54,833	325

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

For the Nine Months ended March 31, 2016 (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	73,947,211	327,965,688	-	401,912,899
Sale of marketable securities for and on behalf of	54,965,202	497,252,794	-	552,217,996
Brokerage income	126,397	916,695	-	1,043,092
Rent Income	-	180,000	-	180,000
Rent Expense	-	-	4,500,000	4,500,000
Remuneration to key management personnel	7,448,548	-	-	7,448,548
Loan from sponsor	-	-	138,497,501	138,497,501
Markup on receivable from associates	-	9,405,034	-	9,405,034



For the Nine Months ended March 31, 2015 (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	203,451,990	900,958,798	-	1,104,410,788
Sale of marketable securities for and on behalf of	71,582,410	1,183,334,413	-	1,254,916,823
Brokerage income	104,848	1,334,295	-	1,439,143
Rent received	-	180,000	-	180,000
Rent Expense	-	-	4,500,000	4,500,000
Remuneration to key management personnel	6,456,135	-	-	6,456,135
Loan from sponsor	-	-	138,497,501	138,497,501
Markup on receivable from associates	-	11,867,538	-	11,867,538

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 **April 27, 2016** by the Board of Directors of the Company.

 Chief Executive


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 Director

**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 Office

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

Rawalpindi Office

Office No. 01, First Floor, Faisal Shopping Mall,
Opposite GPO, 29-Kashmir Road,
Rawalpindi Cantt. Rawalpindi.
Tel: 051-5563194-5-6

Peshawar office

Ground Floor, Bank Square Chowk Yadgar,
Opposite Habib Bank Limited,
Peshawar City, Peshawar.
Tel: 091-2580746-9-50

Abbottabad Office

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



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