

FIRST NATIONAL EQUITIES LIMITED

第一国家股权有限

2020  
HALF YEARLY REPORT  
半年报告



(Un-audited) For the Period Ended  
December 31, 2020.

(未经审计) 截至截止 2020年12月31日。

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# 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”.



## COMPANY INFORMATION

### Board of Directors:

1. Mr. Adnan Amjad	Director/Chairman
2. Lt.Col. (Retd.) Muhammd Bilal	Director
3. Mr. Amir Shehzad	Director
4. Mr. Abid Yousaf	Director
5. Mrs. Syeda Faaiza Akmal Tirimzi	Director
6. Mr. Fusao Yamada	Director
7. Mr. Tahir Waheed	Director

### Chief Executive Officer:

Mr. Ali A. Malik

### Audit Committee:

1. Mr. Fusao Yamada	Chairman
2. Mr. Adnan Amjad Khan	Member
3. Lt.Col. (Retd.) Muhammd Bilal	Member

### HR & Remuneration Committee:

1. Mr. Fusao Yamada	Chairman
2. Mr. Adnan Amjad Khan	Member
3. Mr. Ali A. Malik	Member

### Chief Financial Officer:

Ms. Ammara Zakriya

### Head of Internal Audit:

Mr. Muhammad Waleed Ahmed

### Auditors:

IECNET S.K.S.S.S  
Chartered Accountants  
Lahore.

### Legal Advisor:

Lashari & Co. Advocates

### Shares Registrar:

CorpTec Associates (Pvt.) Limited  
503-E, Johar Town, Lahore  
Tel: 92-042-35170336-7  
Fax: 92-042-35170338

### Bankers:

Summit Bank Limited  
Bank Alfalah Limited  
Habib Metropolitan Bank Limited  
The Bank of Punjab Limited  
United Bank Limited  
Allied Bank Limited

### Principal Office:

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

### Registered Office:

Room No. 1007, 10th Floor,  
New Stock Exchange Building,  
Karachi  
Tel: 021-32472119, 32472014  
Fax: 021- 32472332

## DIRECTORS' REVIEW REPORT

### Dear Shareholders,

On behalf of the Board of Directors of First National Equities Limited, We are pleased to present the report on the performance of First National Equities Limited for the Half Year ended on December 2020.

### Economy and Stock Market:

KSE-100 index improved by 6.5% in December-20, as the market continued its upward momentum from last month due to improved investor sentiment from vaccine breakthrough. Overall during the 1HFY21, KSE-100 is up by 25.41%. The month witnessed some prominent developments such as vaccine rollout in some countries, fifth consecutive month of current account surplus for November, somewhat easing of political concern and extension of construction sector related amnesty scheme. The market remained in positive territory throughout the month due to string of positive news. Market activity improved substantially during December with average daily volumes of KSE-100 index rising by 65% MoM to 266 mn shares.

The government has started taking concrete measures to resolve the circular debt which is one of the key structural issues being faced in sustained economic growth. Apart from this, the government is working on a road map in coordination with IMF to improve tax collection in order to reduce the elevated fiscal deficit. Pakistan is likely to kick start the IMF program which was stalled due to Covid-19 in the near term. For the equity market, we expect positive sentiment on this development. Historically, the equity market has risen after the finalization of an IMF program and this trend is more likely to continue this time around, especially as we expect foreign investors to turn positive on the market after restart of IMF program. Our fundamental analysis favors an upward trajectory in the local equity market on the back of structural reforms, the entailing macroeconomic recovery, the re-rating of the market, and the mean reversion of the index in the near term. Although the equity market has remained volatile in last few years, but is expected to gather momentum and beat other investment avenues, in line with its long-term trend.

While near term volatility cannot be ruled out, we continue to maintain a long term positive outlook on equity market. We encourage investors to enhance their long-term exposures to the equities at these levels.



### Key Operating and Financial data

Following is the financial summary of comparative results:

	For Half Year Ended	
	December 31, 2020	December 31, 2019
Revenue	35,474,510	17,580,234
Operating Profit	75,611,111	17,199,510
Profit/ (Loss) after Taxation	91,573,427	(3,737,046)
Basic Earnings/( Loss ) per share	0.34	(0.01)

During the half year ended December 31, 2020, Company showed a magnificent improvement in revenue which has been increased more than 100% and resultantly operating Profit has also improved to 75.611 million as compared to operating profit of 17.199 million in same period last year.

Leadership efforts to improve the market share of the company and by offering improved service quality with detailed analysis, corporate access and consulting facilities. The business is trying hard to achieve better volumes. We constantly aim to broaden our physical and digital user base to maximize investor sector involvement and to take advantage of attractive markets.

### Appreciation and Acknowledgement:

The board of directors of FNEL would like to thank the SECP, PSX, NCCPL, CDC and other regulatory bodies for their continued support, all shareholders and customers of the company for their trust and our employees for their continuous dedication and commitment.

On behalf of the Board of Directors

**Amir Shehzad**  
Executive Director

**Ali A. Malik**  
Chief Executive Officer

Place: Lahore  
Date: February 27, 2021



尊敬的股东们,

我们很高兴代表第一国民股权有限公司董事会提交关于第一国民股权有限公司截至 2020 年 12 月半年度业绩的报告。

### 经济与股市：

KSE-100 指数在 12 月 20 日上涨了 6.5%，原因是由于疫苗突破带来的投资者信心改善，市场较上月继续保持上升势头。总体而言，在 1HFY21 期间，KSE-100 上涨了 25.41%。本月出现了一些突出的发展，例如某些国家推出了疫苗，11 月连续第五个月出现经常账户盈余，政治上的担忧有所缓解以及与建筑部门有关的大赦计划得到延长。受一连串的好消息影响，市场在整个月份保持在积极区域。12 月市场活动大幅改善，KSE-100 指数的日均成交量环比上升 65%至 2.66 亿股。

政府已开始采取具体措施解决循环债务，这是持续经济增长面临的关键结构性问题之一。除此之外，政府正在与国际货币基金组织（IMF）合作制定路线图，以改善税收，以减少财政赤字。巴基斯坦很可能启动 IMF 计划，该计划由于 Covid-19 计划在短期内被搁置。对于股票市场，我们希望这一发展产生积极的情绪。从历史上看，IMF 计划敲定之后，股票市场一直在上涨，并且这种趋势在这次可能会继续下去，尤其是因为我们预计外国投资者在 IMF 计划重启后会对市场产生积极的影响。我们的基本面分析倾向于在结构性改革，宏观经济复苏，市场重估以及近期内指数平均回归的背景下，本地股票市场的上涨轨迹。尽管最近几年股市一直保持震荡，但有望保持增长势头并击败其他投资渠道，这与其长期趋势相符。

尽管不能排除近期的波动性，但我们继续对股市保持长期乐观的看法。我们鼓励投资者在这些水平上增加对股票的长期敞口。

### 关键运营和财务数据

以下是比较结果的财务摘要：

	半年结束	
	2020 年 12 月 31 日	2019 年 12 月 31 日
收入	35,474,510	17,580,234
营业利润	75,611,111	17,199,510
除税后溢利/（亏损）	91,573,427	(3,737,046)
每股基本收益/（亏损）	0.34	(0.01)

在截至 2020 年 12 月 31 日的半年中，公司的收入大幅增长，增幅超过 100%，因此营业利润也提高到了 756.11 万，而去年同期的营业利润为 171.9 百万。

领导层致力于提高该行业的市场份额，并通过提供详细的分析，企业访问和咨询设施来提高服务质量，从而努力提高销量。我们一直致力于扩大我们的实体和数字用户基础，以最大程度地提高投资者部门的参与度并利用有吸引力的市场。

### 赞赏与肯定：

FNEL 董事会要感谢 SECP，PSX，NCCPL，CDC 和其他监管机构的一如既往的支持，感谢公司的所有股东和客户的信任，以及我们员工的一贯奉献和承诺。

代表董事会

  
 Amir Shehzad  
 导向器

地点：拉合尔

日期：2021 年 02 月 27 日

  
 Ali A. Malik  
 首席执行官

## ڈائریکٹرز کی جائزہ رپورٹ

### محترم حصص داران،

فرسٹ نیٹل ایکویٹی لیڈنگ بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں دسمبر 2020 کو ختم ہونے والے نصف سال کے لئے فرسٹ نیٹل ایکویٹی لیڈنگ کارکردگی سے متعلق رپورٹ پیش کرنے پر خوشی ہے۔

### معیشت اور اسٹاک مارکیٹ:

دسمبر 20 میں کے ایس ای 100 انڈیکس میں 6.5 فیصد کا اضافہ ہوا، کیونکہ ویکسین کی پیشرفت سے سرمایہ کاروں کے جذبات بہتر ہوئے اور مارکیٹ نے گزشتہ ماہ کے اضافہ کے تسلسل کو برقرار رکھا۔ 1HFY21 کے دوران مجموعی طور پر، KSE-100 میں 25.41% کا اضافہ ہوا ہے۔ نومبر میں مسلسل پانچویں مہینے تک کرٹ اکاؤنٹ میں اضافہ ہونا، کچھ مالک میں ویکسین کا افتتاح، کسی حد تک سیاسی تشویش میں کمی اور تعمیراتی شعبے سے متعلق اینسٹی اسکیم میں توسیع جیسی نمایاں پیش رفت دیکھنے میں آئیں۔ مثبت خبروں کے تسلسل کی وجہ سے مارکیٹ پورے مہینے میں مثبت رقبے میں رہی۔ دسمبر کے دوران مارکیٹ کی سرگرمی میں کافی حد تک بہتری آئی جبکہ کے ایس ای 100 انڈیکس کی روزانہ اوسط حصص کی مقدار تجارت 65% مہینہ بہ مہینہ کی بنیاد پر بڑھی۔

گردشی قرضوں کے حل کے لئے حکومت نے ٹھوس اقدامات اٹھانا شروع کر دیے ہیں جو مستقل معاشی نمو میں درپیش ایک اہم ساختی امور ہے۔ اس کے علاوہ حکومت آئی ایم ایف کی ہم آہنگی سے بڑھتے ہوئے مالی خسارے کو کم کرنے کے لئے ٹیکس وصولی کو بہتر بنانے کے روڈ میپ پر کام کر رہی ہے۔ امکان ہے کہ پاکستان آئی ایم ایف کے پروگرام کو شروع کرے گا جو ماضی قریب میں کوڈ 19 کے باعث قفل کا شکار تھا۔ ایکویٹی مارکیٹ کے لئے ہم اس ترقی پر مثبت جذبات کی توقع کرتے ہیں۔ تاریخی طور پر، آئی ایم ایف پروگرام کو حتمی شکل دینے کے بعد ایکویٹی مارکیٹ میں اضافہ ہوتا ہے اور اس بار اس رجحان کے جاری رہنے کا زیادہ امکان ہے، خاص طور پر جب ہم توقع کرتے ہیں کہ آئی ایم ایف پروگرام کو دوبارہ شروع کرنے کے بعد غیر ملکی سرمایہ کاری مارکیٹ میں مثبت رخ اختیار کرے گی۔ ساختی اصلاحات، مستحکم معاشی بحالی، مارکیٹ کی دوبارہ درجہ بندی، اور قریب مدت میں انڈیکس کامرکز کی طرف معکوس ہونے کی وجہ سے ہمارا بنیادی تجزیہ مقامی ایکویٹی مارکیٹ میں اضافے کے رجحان کی حمایت کرتا ہے۔

اگرچہ گزشتہ کچھ سالوں میں ایکویٹی مارکیٹ غیر مستحکم رہی ہے، لیکن یہ توقع کی جا رہی ہے کہ اس کے طویل مدتی رجحان کے مطابق سرمایہ کاری پر منافع میں مسلسل اضافے سے یہ دوسرے سرمایہ کاری راستوں کو شکست دے گی۔

اگرچہ قریب ترین اتار چڑھاؤ کو مسترد نہیں کیا جاسکتا، لیکن ہم ایکویٹی مارکیٹ پر طویل مدتی مثبت نقطہ نظر کو برقرار رکھے ہوئے ہیں۔ ہم سرمایہ کاروں کو ان سطحوں پر ایکویٹی میں طویل مدتی سرمایہ کاری کو بڑھانے کے لئے حوصلہ افزائی کرتے ہیں۔

بنیادی آپریٹنگ اور مالی اعداد و شمار

تفصیلی نتائج کا مالی خلاصہ درج ذیل ہے

اختتام پذیر ششماہی		
31 دسمبر، 2019	31 دسمبر، 2020	
17,580,234	35,474,510	آمدنی
17,199,510	75,611,111	آپریٹنگ منافع
(3,737,046)	91,573,427	ٹیکس لگانے کے بعد منافع / (نقصان)
(0.01)	0.34	بنیادی حصول آمدنی / (نقصان) فی شیئر



| FIRST NATIONAL EQUITIES LIMITED

دسمبر 2020 کو ختم ہونے والے نصف سال کے دوران، کمپنی نے آمدنی میں ایک بہتری دکھائی دی جسکی وجہ سے 100 فیصد سے زیادہ اضافہ ہوا ہے میں 17.199 ملین کے آپریٹنگ منافع کے مقابلے میں 75.611 ملین آپریٹنگ منافع ہوا۔ اس شعبے میں مارکیٹ شیئر کو بہتر بنانے اور تفصیلی تجزیہ، کارپوریٹ رسائی اور مشاورتی سہولیات کے ساتھ بہتر خدمات کے معیار کی پیش کش کی قیادت کی کوشاں ہے۔ ہم سرمایہ کاروں کے شعبے میں زیادہ سے زیادہ شمولیت اور پرکشش منڈیوں سے فائدہ اٹھانے کے لیے اپنے جسمانی اور ڈیجیٹل صارف کی

حوصلہ افزائی اور اعتراف:

FNEL کے بورڈ آف ڈائریکٹرز SECP, PSX, NCCPL, CDC اور دیگر ریگولیٹری اداروں کی مسلسل حمایت اور تمام حصص داران اور صارفین تمام ملازمین کے جذبے اور عزم کو سراہتے ہیں

بورڈ آف ڈائریکٹرز کی جانب سے

عامر شہزاد  
ایگزیکٹو ڈائریکٹر

علی اے ملک  
چیف ایگزیکٹو آفیسر

مقام: لاہور  
تاریخ: 27 فروری، 2021ء

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF FIRST NATIONAL EQUITIES LIMITED  
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **First National Equities Limited** ("the Company") as at December 31, 2020 and the related condensed interim profit and loss account, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim cash flow statement together with the notes forming part thereof for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standards on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial statements 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 at a level whereby 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 statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Other Matters**

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2020. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter ended December 31, 2020.

The engagement partner on the review resulting in this independent auditor's report is Mr. Muhammad Aslam Khan.

**IECnet S.K.S.S.,  
Chartered Accountants**

Lahore.

February 27, 2021.



## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

### AS AT DECEMBER 31, 2020

	Note	(Un-audited) December 31, 31, 2020	(Audited) June 30, 2020
------(Rupees )-----			
<b>NON CURRENT ASSETS</b>			
Property-and-equipment	7	37,224,830	37,344,926
Intangible assets	8	85,277,000	85,277,000
Other receivables		134,747,906	131,070,869
Investment in associate	9	77,010,642	77,031,875
Long-term investment	10	764,846,500	709,605,147
Long-term deposits		1,602,400	1,600,000
Deferred taxation		71,615,384	116,588,520
		1,172,324,662	1,158,518,337
<b>CURRENT ASSETS</b>			
Short-term investments	11	70,141,365	56,224,122
Trade debts	12	172,434,523	129,360,737
Loans and advances		1,007,376	2,077,671
Trade deposits and short-term prepayments	13	73,814,458	10,509,493
Other receivables		151,262,737	149,514,257
Advance tax		22,973,096	25,791,602
Cash and bank balances	14	195,863,282	190,181,660
		687,496,837	563,659,542
		1,859,821,499	1,722,177,879
<b>Total Assets</b>			
<b>NON CURRENT LIABILITIES</b>			
Long-term financing	15	287,944,682	279,929,984
Loan from sponsors	16	155,175,000	155,175,000
Deferred liabilities		13,865,924	13,865,924
		456,985,606	448,970,908
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	320,924,794	290,190,414
Unclaimed dividend		1,399,397	1,525,272
Current portion of long-term financing		3,193,820	3,193,820
		325,518,011	294,909,506
		782,503,617	743,880,414
<b>Total Liabilities</b>			
<b>Contingencies and commitments</b>			
	18	-	-
<b>Net Assets</b>			
		1,077,317,882	978,297,465
<b>REPRESENTED BY:</b>			
Authorized share capital		5,000,000,000	5,000,000,000
Issued, subscribed and paid-up share capital	19	2,672,863,310	2,672,863,310
Discount on right shares		(1,508,754,317)	(1,508,754,317)
Accumulated loss		(93,325,360)	(184,898,787)
Unrealized gain on re-measurement of investments		1,070,783,633	979,210,206
classified as fair value through OCI		6,534,249	(912,741)
		1,077,317,882	978,297,465

The annexed notes 01 to 27 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
FOR THE PERIOD ENDED DECEMBER 31, 2020

		Six Months Period Ended		Three Months Period Ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Note				
----- (Rupees) -----					
Operating revenue	20	35,474,510	17,580,234	17,378,175	13,151,374
Gain/(Loss) on sale of investments		38,491,874	(2,798,907)	14,383,163	1,908,819
Unrealized gain/(loss) on re-measurement classified as 'financial assets at fair value through or loss' - held for trading - net		1,644,727	2,407,183	(1,405,119)	2,643,940
Operating profit		75,611,111	17,188,510	30,356,219	17,704,133
Administrative expenses		(33,169,199)	(22,242,592)	(21,843,954)	(10,220,413)
Finance cost		(10,174,837)	(14,080,771)	(5,111,198)	(7,692,372)
Other operating expenses		(2,557,522)	(1,592,212)	(1,097,155)	(1,119,885)
Other operating income / (loss)		54,944,989	11,924,790	51,876,461	8,820,807
Changes in fair value of investments at fair value through profit or loss		55,241,353	-	55,241,353	-
Share of Loss of associate		(21,233)	(402,620)	-	(402,620)
Profit/(Loss) before taxation		139,874,662	(9,204,895)	109,421,726	7,089,650
Tax (expense) / Income	22	(48,301,235)	5,467,849	(37,918,794)	1,171,487
Profit/(Loss) after taxation		91,573,427	(3,737,046)	71,502,932	8,261,137
Basic earning / (loss) per share		0.34	(0.01)	0.27	(0.03)

The annexed notes 01 to 27 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
FOR THE PERIOD ENDED DECEMBER 31, 2020

Six Months Period Ended		Three Months Period Ended	
December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019

----- (Rupees) -----

<b>Profit/(Loss) after taxation</b>	<b>91,573,427</b>	(3,737,046)	<b>71,502,932</b>	8,261,137
<b>Items that will not be re-classified to profit or loss</b>				
Unrealized gain/(loss) during the period in the market value of investments measured at FVOCI	<b>7,446,989</b>	(236,512)	<b>(1,964,702)</b>	5,572,087
<b>Other comprehensive income/(loss) for the period</b>	<b>7,446,989</b>	(236,512)	<b>(1,964,702)</b>	5,572,087
<b>Total comprehensive income/(loss) for the period</b>	<b>99,020,416</b>	(3,973,558)	<b>69,538,230</b>	13,833,224

The annexed notes 01 to 27 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
FOR THE PERIOD ENDED DECEMBER 31, 2020

	Issued, subscribed and paid-up capital	Share Deposit Money	Discount on issue of right shares	Accumulated loss	Unrealized surplus / (deficit) on re- measurement of investments classified as available for sale	Total
	------(Rupees)-----					
Balance as at June 30, 2019 (Audited)	2,672,863,310	17,003,000	(1,508,754,317)	(298,779,297)	2,053,251	884,385,947
Share deposit money	-	(17,003,000)	-	-	-	(17,003,000)
Loss after taxation for the six months ended Dec-31, 2019	-	-	-	(3,737,046)	-	(3,737,046)
Other comprehensive loss for the period	-	-	-	-	(236,512)	(236,512)
<b>Balance as at December 31, 2019</b>	<b>2,672,863,310</b>		<b>(1,508,754,317)</b>	<b>(302,516,343)</b>	<b>1,816,739</b>	<b>863,409,384</b>
Profit after taxation for the six months ended June 30, 2020	-	-	-	117,617,557	-	117,617,557
Other comprehensive loss for the year	-	-	-	-	(2,729,480)	(2,729,480)
<b>Balance as at June 30, 2020 (Audited)</b>	<b>2,672,863,310</b>		<b>(1,508,754,317)</b>	<b>(184,898,786)</b>	<b>(912,741)</b>	<b>978,297,466</b>
<b>Balance as at July 01, 2020</b>	<b>2,672,863,310</b>	<b>-</b>	<b>(1,508,754,317)</b>	<b>(184,898,786)</b>	<b>(912,740)</b>	<b>978,297,467</b>
<b>Profit after taxation for Six months ended December 31, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,573,427</b>	<b>-</b>	<b>91,573,427</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,446,989</b>	<b>7,446,989</b>
<b>Balance as at December 31, 2020 (Unaudited)</b>	<b>2,672,863,310</b>	<b>-</b>	<b>(1,508,754,317)</b>	<b>(93,325,359)</b>	<b>6,534,248</b>	<b>1,077,317,882</b>

*The annexed notes 01 to 27 form an integral part of these condensed interim financial statements.*

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

Note	Half year ended	
	December 31, 2020	December 31, 2019

----- (Rupees) -----

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit / (Loss) before taxation 139,874,662 (9,204,895)

**Adjustments for non cash items :**

Depreciation	317,094	383,477
Gain/(Loss) on disposal of investments	(38,491,874)	2,798,907
Unrealized loss on re-measurement of financial assets carried at fair value through profit or loss-net	(1,644,727)	(2,407,183)
Finance cost	10,174,837	14,080,771
Changes in fair value of investments at fair value through profit or loss	(55,241,353)	-
Provision for expected credit losses	46,798,396	-
Share of loss of associate	21,233	402,620
Other operating income	(54,944,989)	(11,924,790)

**Changes in working capital**

46,863,279 (5,871,093)

**Decrease / (Increase) in current assets**

Trade debts	(40,974,795)	(36,786,723)
Loans and advances	1,070,295	(53,776)
Trade deposits and short-term prepayments	(62,687,295)	2,032,425
Other receivables	(38,221)	15,082,736

**(Decrease) / Increase in current liabilities**

30,315,113 30,315,113

Trade and other payables	(25,451,624)	4,718,682
Finance cost paid	(1,160,141)	(35,490)
Income tax paid	(173,559)	(173,559)

Net cash (utilized in) / generated from operating activities (26,785,324) 4,509,633

Net cash generated from / (utilized in) from investing activities 33,466,946 (1,065,628)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of Long-term loans	(1,000,000)	(2,000,000)
Gratuity Paid	-	(7,258)

Net cash utilized in financing activities (1,000,000) (2,007,258)

Net increase in cash and cash equivalents 5,681,622 1,436,747

Cash and cash equivalents at the beginning of the period 190,181,660 180,703,715

Cash and cash equivalents at the end of the period 195,863,282 182,140,210

*The annexed notes 1 to 27 from an integral part of these condensed interim financial statements.*

Chief Executive Officer

Chief Financial Officer

Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

### 1 THE COMPANY AND ITS OPERATIONS

First National Equities Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 (now the Companies Act, 2017). Shares of the company are quoted on the Pakistan Stock Exchange Limited ("PSX"). The registered office of the company is situated at Room No. 1007, 10th Floor, New Stock Exchange Building, Stock Exchange Road, Karachi.

The Company is a holder of Trading Right Entitlement Certificate ("TREC") of Pakistan Stock Exchange Limited. The principal activities of the Company include shares brokerage, consultancy services and portfolio investments.

The Company's branch network consists of the following branches:

Lahore Branches	FNE House, 179-B, Abu Bakar Block, New Garden Town, Lahore. Room No. 314 & 417 LSE Plaza, 19 Khayaban-e-Aiwan-e-Iqbal, Lahore.
Rawalpindi Branch	Office No. 329-330, third floor, Rania Mall, Saddar, Rawalpindi.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial statements ("the interim financial statements") have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

'Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Act will prevail.

These condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020

These condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance. The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed by the statutory auditors as they have reviewed the cumulative figures for the six months ended December 31, 2020 and December 31, 2019.



## 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the following material items:

- Investments in quoted equity securities (whether measured at fair value through profit or loss, or at fair value through other comprehensive income), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through profit or loss;
- Investments in associate, which are recorded in accordance with the equity method of accounting for such investments; and
- Derivative financial instruments, which are marked-to-market as appropriate under relevant accounting and reporting standards.

## 2.3 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. The condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency, unless otherwise stated. All the figures have been rounded off to the nearest rupee.

## 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 financial statements for the year ended June 30, 2020.

In addition, certain amendments to existing accounting and reporting standards as well as new interpretations became effective for periods beginning on or after July 1, 2020. However, such amendments or interpretations are either not relevant to or do not have a significant impact on these condensed interim financial statements.

## 4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards requires management to make estimates and assumptions and use judgments that affect the application of policies and reported amounts of assets, 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 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, 2020.

## 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, 2020

## 6 METHOD OF ACCOUNTING

The Company adopts settlement-date accounting as its method of accounting.

## 7 PROPERTY AND EQUIPMENT

Note	(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
	----- (Rupees) -----	
Additions during the period	197,000	-
Disposals during the period	-	-

## 8 INTANGIBLE ASSETS

TRE Certificate	2,500,000	2,500,000
License to use rooms at Pakistan Stock Exchange	67,862,000	67,862,000
Building tenancy rights	14,915,000	14,915,000
	<b>85,277,000</b>	<b>85,277,000</b>

## 9 INVESTMENT IN ASSOCIATE

Investment in Coastal Company Limited	77,031,875	75,359,726
Share of profits from Associate	(21,233)	1,672,149
	<b>77,010,642</b>	<b>77,031,875</b>

## 10 LONG-TERM INVESTMENT

Investment in KingBhai Digisole (Pvt.) Limited	<b>764,846,500</b>	709,605,147
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As part of the Company's strategy to effectively deploy capital in order to deliver returns to investors in an otherwise depressed economic environment, the Company capitalized on an opportunity to invest in KingBhai Digisol (Pvt.) Limited ("KingBhai"), a technology-enabled business operating in the real estate and technology services sectors. Given the growth trajectory of these sectors and the Company's assessment of the service gap in the sectors, the Company expects the investment to yield returns through investment value appreciation as well as dividends.

The investment is measured at FVTPL, with changes in fair value recognized through profit or loss. Given the complexity and unobservable inputs involved, the Company engaged an independent firm of Chartered Accountants, A. Shahbaz & Company, to perform an enterprise valuation of KingBhai as at December 31, 2020, for the purposes of determining fair value for reporting purposes.



## 11 SHORT TERM INVESTMENTS

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		<b>----- (Rupees) -----</b>	
At FVOCI	11.1	22,018,076	14,571,087
At FVTPL	11.2	48,123,289	41,653,035
		<b>70,141,365</b>	<b>56,224,122</b>
<b>11.1</b> Financial assets at fair value through other comprehensive income			
- Average cost		<b>15,589,004</b>	15,589,005
- Unrealized gain/(loss) on re-measurement of investments		<b>6,429,072</b>	(1,017,918)
- Closing carrying value		<b>22,018,076</b>	14,571,087
<b>11.2</b> Financial assets at fair value through profit or loss			
- Average cost		<b>46,478,562</b>	44,727,450
- Unrealized gain/ (loss ) on re-measurement of investments		<b>1,644,727</b>	(3,074,415)
- Closing carrying value		<b>48,123,289</b>	41,653,035
<b>11.3</b> Securities having market value of Rs. 67.126 million (June 30, 2020: Rs. 27.400 million) and Rs. NIL (June 30, 2020: NIL) have been pledged with Pakistan Stock Exchange and various commercial banks respectively.			

## 12 TRADE DEBTS

Considered good	12.1	172,434,523	129,360,737
Considered doubtful		<b>349,055,370</b>	395,853,766
		<b>521,489,893</b>	525,214,503
Less: Provision for expected credit loss		<b>(349,055,370)</b>	(395,853,766)
		<b>172,434,523</b>	129,360,737
<b>12.1</b> Treatment of amount receivable from customer The Company holds securities having total fair value of Rs 2,409.215 million (June 2020: Rs. 3,357.485 million) owned by its clients as collateral against trade debts. The Company recognizes provision for expected credit losses under the expected loss model under IFRS 9.			
<b>12.2</b> Securities pertaining to clients amounting Rs 77.350 million (June 30, 2020: Rs. 14.825 million) and Rs. NIL (June 30, 2020: NIL) have been pledged / utilized by the Company for meeting the exposure deposit requirement of the Pakistan Stock Exchange Limited and for securing financing facilities from banks, respectively, with the consent from clients.			

## 13 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Exposure deposits with Pakistan Stock Exchange Limited	52,540,581	10,301,493
Exposure deposits with National Clearing Company of Pakistan	21,178,377	208,000
Prepayments	95,500	-
	<b>73,814,458</b>	<b>10,509,493</b>

#### 14 CASH AND BANK BALANCES

Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees) -----	
Cash in hand	-	-
Cash at bank	<u>195,863,282</u>	<u>190,181,660</u>
	<u>195,863,282</u>	<u>190,181,660</u>

This includes the balances held in bank accounts designated to customers amounting to Rs. 167.142 million (June 30, 2020: Rs. 130.560 million)

#### 15 LONG TERM FINANCING

From banking companies - secured

Bank Alfalah Limited	15.1	92,988,395	90,591,224
United Bank Limited	15.2	1,193,820	1,193,820
The Bank of Punjab	15.3	163,182,186	157,564,659
Interest on long-term financing			
The Bank of Punjab		8,821,000	8,821,000
Other Loans		<u>24,953,101</u>	<u>24,953,101</u>
		<u>291,138,502</u>	<u>283,123,804</u>
<b>Less: Current portion of long term financing</b>		<u>(3,193,820)</u>	<u>(3,193,820)</u>
		<u>287,944,682</u>	<u>279,929,984</u>

**15.1** The Company obtained financing from Bank Alfalah Limited ("BAF") for working capital requirements and in order to improve liquidity. The liability was restructured/rescheduled vide an agreement dated June 08, 2020. Under the terms of the restructuring, multiple loan tranches were merged. The restructured loan liability, which is interest-free, has been recognized at the present value of future payments, discounted at the average borrowing cost of the Company. The difference between the carrying amount of the liability extinguished and the carrying value of the new liability has been recognized in profit and loss account as notional income. The related notional expense is being amortized over the term of the liability (through to June 2027).

The facility was originally secured against pledge of shares (then) amounting to Rs 78.600 million, mortgage of a commercial plot of land (#19-C, Sunset Lane #6, Phase II, DHA, Karachi), mortgage of rooms #135 and #136 at the Stock Exchange Building in Karachi, mortgage of room #306 on the 3rd floor of the Business and Finance Centre in Karachi, mortgage of municipal showroom #2 on the ground floor of Bank Square Chowk Yadgar in Peshawar, and the personal guarantee of Mr. A Aslam Malik (CEO). At present, as a result of repayments to BAF from sale proceeds of properties, all mortgages with the exception of the Peshawar property have been released.

As per the terms of the restructuring agreement, the principal amount unpaid after the sale of pledged properties (or the settlement of the relevant portion of the liability by payments made otherwise) is to be paid in biannual installments of Rs. 1 million, Rs. 5 million, Rs. 8 million and Rs. 12 million from December 2020 to December 2023, June 2024 to December 2024, June 2025 to December 2025 and June 2026 to December 2026 respectively. Whereas the balance payment will be made in June 2027.



**15.2** The Company has negotiated a financing agreement with United Bank Limited and has finalized a restructuring agreement to settle its total outstanding liability of amount of Rs. 7.333 million (inclusive of any mark-up). The borrowing was obtained to finance the daily clearing obligations of PSX and settlement of client trades.

**15.3** Financing from the Bank of Punjab has been restructured/rescheduled vide an offer letter dated June 30, 2016, wherein the Bank has agreed to settle the previous running finance facility amounting Rs. 135 million through restructuring/rescheduling on the following terms and conditions:

DF-I (Serviceable) amounting to Rs. 99.497 million with a down payment of Rs. 0.422 million and future COF bearing mark-up quarterly/biannually at the rate of 3%, to be deferred for an initial three years and subsequently recovered with balance repayments. This facility will be repaid in 28 step-up quarterly/biannual installments till December 2025.

DF II (Unserviceable) amounting to Rs. 94.695 million bears no future mark-up. This facility is bifurcated into two branches, equal to Rs. 36.127 million and Rs. 58.568 million, respectively. Rs. 36.127 million is to be repaid in 9 quarterly/bi-annual installments from September 2022 to December 2025. The remaining balance of Rs. 58.568 million will be waived/written off at the tail end subject to no default.

Other terms and conditions include the disposal of the lender's petition, the obligation to keep intact the existing collateral/securities, and the unfettered right to demand accelerated repayment with an improved rate of mark-up depending on the financial growth indicators of the Company by taking the period ended June 30, 2015 as the base period.

Since the restructured loan is partially interest free and partially at lower interest rate (i.e. 3% quarterly/biannually), the present value has been assessed using estimated future cash outflows discounted to their present values at prevailing interest rates. The difference between the liability initially recognized (but now extinguished) and the present value calculated through discounting future cash outflows was recognized in fiscal 2016 profit and loss account as notional income and will be amortized during the term of the liability, i.e. through to December 2025.

The Company filed a lawsuit against the lender for breach of contract, declaration, specific performance and damages. Based on the advice of the Company's counsel, the Company did not make payments against the liability in the current period. The Company's counsel is of the view that a favorable decision is likely, and further that the likelihood of the liability coming due in the next 12 months is remote.

## 16 LOAN FROM SPONSORS

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
----- (Rupees) -----			
Loan from sponsors - Subordinated	16.1	<u>155,175,000</u>	<u>155,175,000</u>
Less: current portion		<u>155,175,000</u>	<u>155,175,000</u>
		<u>155,175,000</u>	<u>155,175,000</u>

**16.1** This represents subordinated, unsecured loans received from a Director of the Company.

## 17 TRADE AND OTHER PAYABLES

This includes amounts of Rs. 166.928 million (June 30, 2020: Rs. 130.365 million) payable to clients of the Company.

## 18 CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

Trade and other payables of the Company include an amount of Rs. 143.350 million (June 30, 2020: Rs. 143.350 million) payable to a client of the Company. The client has additional claims against the Company and the matter is under litigation in the Sindh High Court since April 5, 2013. The Company's legal counsel is of the view that the Company has a favorable case based on merit. Accordingly, the Company has not provided for the client's additional claims against the Company.

### 18.2 Commitments

Outstanding settlements against sale of investments in regular market  
Outstanding settlements against purchase of investments in regular market

Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees) -----	
	24,886,316	2,203,227
	-	1,958,167

## 19 SHARE CAPITAL

### Authorized capital

500,000,000 (June 30, 2020: 500,000,000)  
Ordinary shares of Rs. 10 each

### Issued, subscribed and paid-up share capital

50,000,000 Ordinary shares of Rs. 10 each issued for cash  
7,500,000 Ordinary shares of Rs. 10 each issued as fully paid bonus shares  
80,500,000 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount  
3,809,831 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount  
125,476,500 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount

	<u>5,000,000,000</u>	<u>5,000,000,000</u>
	500,000,000	500,000,000
	75,000,000	75,000,000
	805,000,000	805,000,000
	38,098,310	38,098,310
	1,254,765,000	1,254,765,000
	<u>2,672,863,310</u>	<u>2,672,863,310</u>

**20 OPERATING REVENUE**

Note	(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
	----- (Rupees) -----	
Brokerage Income	35,474,510	17,580,234
Dividend Income	-	-
	<b>35,474,510</b>	<b>17,580,234</b>

**21 TURNOVER BY SEGMENT**

Retail customers	30,667,605	15,414,963
Institutional Customers	4,806,905	2,165,271
	<b>35,474,510</b>	<b>17,580,234</b>

**22 TAX (EXPENSE) / INCOME**

- Current tax expense	(3,328,099)	(363,381)
- deferred tax (expense) / income	(44,973,136)	5,831,230
	<b>(48,301,235)</b>	<b>5,467,849</b>

**23 RELATED PARTY TRANSACTIONS**

The Company has related party relationship with its associated undertakings, directors and key management personnel. The following transactions were carried out with related parties during the period:

**For the Period ended December 31, 2020 (Un-audited)**

Key Management	Associates	Other related parties	Total
----- (Rupees) -----			

**Transactions during the period**

Purchase of marketable securities for and on behalf of	<b>38,064,000</b>	<b>175,328,165</b>	<b>22,378,811</b>	<b>235,770,976</b>
Sale of marketable securities for and on behalf of	<b>38,298,500</b>	<b>175,770,665</b>	<b>23,588,184</b>	<b>237,657,349</b>
Brokerage Income	<b>338,700</b>	<b>2,211,007</b>	<b>338,751</b>	<b>2,888,458</b>
Remuneration to key management personnel	<b>11,436,546</b>	-	-	<b>11,436,546</b>

**For the Period ended June 30, 2020 (Audited)**

Key Management	Associates	Other related parties	Total
----- (Rupees) -----			

**Transactions during the year**

Purchase of marketable securities for and on behalf of	4,327,020,039	5,172,280,610	2,036,741,202	11,536,041,851
Sale of marketable securities for and on behalf of	4,360,437,336	5,139,113,206	2,037,628,161	11,537,178,703
Brokerage Income	1,139,769	3,000,930	797,830	4,938,529
Remuneration to key management personnel	16,076,987	-	-	16,076,987

## 24 FINANCIAL RISK MANAGEMENT

Various judgments and estimates are made in determining the fair value of financial instruments that are recognized and measured at fair value in the Company's financial statements. To provide an indication about the reliability of inputs used in determining fair value, financial instruments have been classified into three levels, as prescribed under accounting standards. An explanation of each level is.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

<b>December 31, 2020 (Un-audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Short-term investments - at FVTPL	48,123,289	-	-	48,123,289
Short-term investments - at FVOCI	22,018,076	-	-	22,018,076
Long-term investment - at FVTPL	-	-	764,846,500	764,846,500
<b>June 30, 2020 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Short-term investments - at FVTPL	41,653,035	-	-	41,653,035
Short-term investments - at FVOCI	14,571,087	-	-	14,571,087
Long-term investment - at FVTPL	-	-	709,605,147	709,605,147

## 25 SHAREHOLDERS HOLDING 5% OR MORE

SHAREHOLDERS NAME	(Un-audited)		(Audited)		Change
	December 31, 2020		June 30, 2020		
	Shares Held	Percentage	Shares Held	Percentage	
First Florence Developers (Pvt.) Limited	100,976,150	37.78%	104,426,150	39.07%	(3,450,000)
Ali Aslam Malik	72,952,634	27.29%	74,132,134	27.74%	(1,179,500)

## 26 GENERAL

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

## 27 DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on **February 27, 2021** by the Board of Directors of the Company.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

## Branch Networks

### LAHORE OFFICE

FNE House, 179/B, Abu Bakar Block,

New Garden Town, Lahore-Pakistan

Tel: (92-42) 35843721-27

Fax: (92-42) 35843730

### LAHORE STOCK EXCHANGE OFFICE

Room No. 314 & 417 LSE Plaza,

19 Khayaban-e-Aiwan-e-Iqbal, Lahore.

### RAWALPINDI OFFICE

Office No. 329-330, Third Floor,

Rania Mall, Bank Road, Saddar,

Rawalpindi.

Tel: (92-51) 5563194-96