

FIRST NATIONAL EQUITIES LIMITED

第一全国证券有限公司

2022

HALF YEARLY REPORT

半年报



(Un-audited) For the Period Ended
December 31, 2022.

(未经审计) 期末 2022 年 12 月 31 日。

www.fnetrade.com

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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 Khan	Director/Chairman
2. Mr. Ali A. Malik	Director
3. Mr. Amir Shehzad	Director
4. Mr. Abid Yousaf	Director
5. Mr. Muhammad Bilal	Director
6. Ms. Ayesha Anam	Director
7. Mr. Zeeshan Tahir	Director

Chief Executive Officer:

Mr. Ali A. Malik

Audit Committee:

1. Mr. Muhammad Bilal	Chairman
2. Mr. Abid Yousaf	Member
3. Mr. Adnan Amjad Khan	Member
4. Mr. Arslan Tahir	Secretary

HR & Remuneration Committee:

1. Mr. Zeeshan Tahir	Chairman
2. Mr. Ali A. Malik	Member
3. Ms. Ayesha Anam	Member
4. Mr. Arslan Tahir	Secretary

Company Secretary

Mr. Arslan Tahir

Chief Financial Officer:

Ms. Ammara Zakriya

Auditors:

Tariq Abdul Ghani Maqbool & Co.
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
Allied Bank Limited
Bank Al Habib Limited

Registered Office:

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



DIRECTORS' REPORT

On behalf of Board of Directors of First National Equities Limited (“the Company”), we are pleased to share the results of Company for the half year ended December 31, 2022.

A. GENERAL ECONOMIC REVIEW AND FUTURE PROSPECTS:

The world economies are struggling while flashing warning signs that the global economy is teetering on a cliff's edge. The contractionary policy stance of the Federal Reserve made dollar more appealing to investors around the world. This situation has created problems for other economies around the globe by making their imports, especially essential items like food and fuel more expensive. A contraction in global GDP is a real possibility amid rapid deterioration of growth prospects coupled with rising inflation and tightening financing conditions.

As in many other countries, Pakistan's economic activity remains currently below potential, implying a negative output gap. Pakistan's economy is forecast to slow to 3.5% in fiscal year (FY) 2023 (ending 30 June 2023) amid devastating floods, policy tightening, and critical efforts to tackle sizable fiscal and external imbalances. During first half of FY2023, Pakistan's economy showed signs of resilience to domestic and global challenges. Despite facing inflationary pressures, trade and current account deficits are continuously showing improvement, which is a sigh of relief for financing challenges. This combination of low growth, high inflation and low levels of official reserves is particularly challenging for policy makers. In the short run, demand management policies by Pakistan's Central Bank and Government are designed to fight inflation and protect official reserves and protect inclusive growth. But in the long run, the Government aim should be to stimulate the supply side to elevate the long run potential growth rate of the economy.

The Current Account posted a deficit of \$ 3.1 billion for Jul-Nov FY2023 as against a deficit of \$ 7.2 billion last year, mainly due to improvement in trade balance. Exports on FOB declined by 2.0 percent during Jul-Nov FY2023 and reached \$ 12.1 billion (\$ 12.3 billion last year). Imports on FOB declined by 16.2 percent during Jul-Nov FY2023 and reached \$ 24.9 billion (\$ 29.7 billion last year). Resultantly the trade deficit (Jul-Nov FY2023) reached to \$ 12.8 billion as against \$ 17.3 billion last year.



The stock market is an important metric to look at when talking about the financial world and its performance. Investors are pessimistic on the Pakistani market, indicating that they anticipate earnings will not grow as fast as they have historically. The market is trading at a PE ratio of 4.8x which is lower its 03 years average PE of 7.5x. In actual, PSX is down by 17% over the past year though earnings are forecast to grow by 11% annually. All share data was reported at 6,394,026.274 PKR million in January 2023. This records a decrease from the previous number of 6,500,827.817 PKR million for December 2022.

B. SEGMENT ANALYSIS:

Standard & Poor's credit rating for Pakistan stands at CCC+ with stable outlook. Moody's credit rating for Pakistan was last set at Caa1 with negative outlook. Fitch's credit rating for Pakistan was last reported at CCC+ with n/a outlook.

C. OPERATING FINANCIAL RESULTS:

Following is the financial summary of comparative results:

	For Half Year Ended	
	December 31, 2022	December 31, 2021
Revenue	13,013,273	43,994,959
Operating Profit	(947,924)	24,401,007
(Loss)/profit after taxation	(39,657,756)	70,154,380
Basic (loss)/earning per share	(0.15)	0.26

The Capital Market continued its unsatisfactory journey due to various factors including but not limited to weak macroeconomic indicators. Our Management Team continued to struggle hard for the achievement of positive outcomes despite the fact that the Market is not giving signals of substantial retrieval. The operating Results of the Company during the period under review exhibit a declined impression. The Company has suffered a loss after tax of Rs. 39.657 Million.



Our revenue has decreased significantly as compared to the same period in the last year and this has affected our bottom line. We have strived to focus on new opportunities which could result in better gross profit figures within the industry constraints.

D. GOING FORWARD:

The management remains committed to maintaining focus on improving the financial performance of the Company. We assure you that we are driving toward credible and competitive business plans that deliver top quartile business performance.

E. APPRECIATION AND ACKNOWLEDGEMENT:

The board of First National Equities Limited feels honored on the continued support and appreciation of SECP, PSX, NCCPL, CDC and other regulatory bodies. And of all shareholders and customers of the company for their trust, and our employees for their continuous dedication and commitment.

For and on behalf of Board of Directors,

A handwritten signature in black ink, appearing to be 'A.M.', written over a horizontal line.

Ali A. Malik
Chief Executive Officer

A handwritten signature in black ink, appearing to be 'Amir Shehzad', written over a horizontal line.

Amir Shehzad
Director

February 28, 2023

Lahore.

ڈائریکٹرز کی رپورٹ

فرسٹ نیشنل ایکویٹیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں 31 دسمبر 2022 کو ختم ہونے والے ششماہی کے لیے کمپنی کے نتائج بتاتے ہوئے خوشی ہو رہی ہے۔

A. عمومی اقتصادی جائزہ اور مستقبل کے امکانات :

عالمی معیشتیں انتباہی علامات کو چکانے کے دوران جدوجہد کر رہی ہیں کہ عالمی معیشت ایک پہاڑ کے کنارے پر چھا رہی ہے۔ فیڈرل ریزرو کے سسٹم پالیسی کے موقف نے دنیا بھر کے سرمایہ کاروں کے لیے ڈالر کو مزید دلکش بنا دیا۔ اس صورتحال نے دنیا بھر کی دیگر معیشتوں کے لیے ان کی درآمدات بالخصوص اشیائے خوردونوش اور ایندھن کو مہنگا کر کے مسائل پیدا کر دیے ہیں۔ بڑھتی ہوئی افراط زر اور سخت مالیاتی حالات کے ساتھ ترقی کے امکانات کے تیزی سے بگاڑ کے درمیان عالمی جی ڈی پی میں کمی ایک حقیقی امکان ہے۔

بہت سے دوسرے ممالک کی طرح، پاکستان کی اقتصادی سرگرمیاں فی الحال صلاحیت سے کم ہیں، جس کا مطلب پیداوار میں منفی فرق ہے۔ تباہ کن سیلابوں، پالیسیوں میں سختی، اور بڑے مالی اور بیرونی عدم توازن سے نمٹنے کے لیے اہم کوششوں کے درمیان پاکستان کی معیشت مالی سال 2023 (30 جون 2023 کو ختم ہونے والے) میں 3.5 فیصد تک سست رہنے کی پیش گوئی ہے۔ مالی سال 2023 کی پہلی ششماہی کے دوران، پاکستان کی معیشت نے ملکی اور عالمی چیلنجوں کے لیے لچک کے آثار دکھائے۔ افراط زر کے دباؤ کا سامنا کرنے کے باوجود، تجارتی اور کرنٹ اکاؤنٹ خسارے میں مسلسل بہتری آ رہی ہے، جو کہ مالیاتی چیلنجز کے لیے راحت کی سانس ہے۔ کم شرح نمو، بلند افراط زر اور سرکاری ذخائر کی کم سطح کا یہ امتزاج خاص طور پر پالیسی سازوں کے لیے مشکل ہے۔ قلیل مدت میں، پاکستان کے مرکزی بینک اور حکومت کی طرف سے مانگ کے انتظام کی پالیسیاں افراط زر سے لڑنے اور سرکاری ذخائر کی حفاظت اور جامع ترقی کے تحفظ کے لیے بنائی گئی ہیں۔ لیکن طویل مدت میں، حکومت کا مقصد معیشت کی طویل مدتی ممکنہ ترقی کی شرح کو بلند کرنے کے لیے سپلائی سائڈ کو متحرک کرنا ہونا چاہیے۔ کرنٹ اکاؤنٹ نے جولائی تا نومبر مالی سال 2023 کے لیے \$3.1 بلین کا خسارہ ظاہر کیا جو پچھلے سال \$7.2 بلین کے خسارے کے مقابلے میں تھا، جس کی بنیادی وجہ تجارتی توازن میں بہتری ہے۔ ایف او بی پر برآمدات جولائی تا نومبر مالی سال 2023 کے دوران 2.0 فیصد کم ہوئیں اور 12.1 بلین ڈالر (گزشتہ سال 12.3 بلین ڈالر) تک پہنچ گئیں۔ ایف او بی پر درآمدات جولائی تا نومبر مالی سال 2023 کے دوران 16.2 فیصد کم ہوئیں اور 24.9 بلین ڈالر (گزشتہ سال 29.7 بلین ڈالر) تک پہنچ گئیں۔ نتیجتاً تجارتی خسارہ (جولائی تا نومبر مالی سال 2023) گزشتہ سال 17.3 بلین ڈالر کے مقابلے میں 12.8 بلین ڈالر تک پہنچ گیا۔

مالیاتی دنیا اور اس کی کارکردگی کے بارے میں بات کرتے وقت اسٹاک مارکیٹ دیکھنے کے لیے ایک اہم میٹرک ہے۔ سرمایہ کار پاکستانی مارکیٹ کے بارے میں مایوسی کا شکار ہیں، جس سے یہ ظاہر ہوتا ہے کہ وہ توقع کرتے ہیں کہ آمدنی اتنی تیزی سے نہیں بڑھے گی جتنی کہ وہ تاریخی طور پر دیکھ رہے ہیں۔ مارکیٹ 4.8x کے PE راشن پر ٹریڈ کر رہی ہے جو اس کے 03 سال کی اوسط 7.5x PE سے کم ہے۔ درحقیقت PSX پچھلے سال کے مقابلے میں 17% کم ہے حالانکہ آمدنی میں سالانہ 11% اضافے کی پیش گوئی کی گئی ہے۔ تمام شیئر ڈیٹا جنوری 2023 میں 6,394,026.274 ملین میں رپورٹ کیا گیا تھا۔ یہ دسمبر کے لئے 6,500,827.817 ملین کی گزشتہ تعداد سے کم ہے۔

B. طبقہ تجزیہ :

پاکستان کے لیے اسٹینڈرڈ اینڈ پورز کی کریڈٹ ریٹنگ مستحکم آؤٹ لک کے ساتھ CCC+ پر ہے۔ پاکستان کے لیے موڈیز کی کریڈٹ ریٹنگ آخری مرتبہ منفی آؤٹ لک کے ساتھ Caa1 پر رکھی گئی تھی۔ پاکستان کے لیے Fitch کی کریڈٹ ریٹنگ آخری بار CCC+ پر n/a آؤٹ لک کے ساتھ رپورٹ کی گئی تھی۔

C. آپریٹنگ مالیاتی نتائج :

تقابلی نتائج کا مالی خلاصہ درج ذیل ہے :

ختم ہونے والے نصف سال کے لیے		
December 31, 2022	December 31, 2021	
13,013,273	43,994,959	آمدنی
(947,924)	24,401,007	آپریٹنگ منافع
(39,657,756)	70,154,380	ٹیکس کے بعد منافع/(نقصان)
(0.15)	0.26	بنیادی (نقصان)/نی شیئر کمائی

کیپٹل مارکیٹ نے مختلف عوامل کی وجہ سے اپنا غیر تسلی بخش سفر جاری رکھا جس میں کمزور معاشی اشاریے شامل ہیں لیکن ان تک محدود نہیں۔ ہماری مینجمنٹ ٹیم نے مثبت نتائج کے حصول کے لیے سخت جدوجہد جاری رکھی اس حقیقت کے باوجود کہ مارکیٹ خاطر خواہ بازیافت کے اشارے نہیں دے رہی ہے۔ زیر نظر مدت کے دوران کمپنی کے آپریٹنگ نتائج میں کمی کا تاثر ظاہر ہوتا ہے۔ کمپنی کو ٹیکس کے بعد روپے کا نقصان ہوا ہے۔ 39.657 ملین پچھلے سال کی اسی مدت کے مقابلے ہماری آمدنی میں نمایاں کمی آئی ہے اور اس نے ہماری نچلی لائن کو متاثر کیا ہے۔ ہم نے نئے مواقع پر توجہ مرکوز کرنے کی کوشش کی ہے جس کے نتیجے میں صنعت کی رکاوٹوں کے اندر مجموعی منافع کے بہتر اعداد و شمار مل سکتے ہیں۔

D. آگے بڑھنا :

انتظامیہ کمپنی کی مالی کارکردگی کو بہتر بنانے پر توجہ مرکوز رکھنے کے لیے پر عزم ہے۔ ہم آپ کو یقین دلاتے ہیں کہ ہم قابل اعتماد اور مسابقتی کاروباری منصوبوں کی طرف گامزن ہیں جو اعلیٰ چوتھائی کاروباری کارکردگی فراہم کرتے ہیں۔

E. تعریف اور اعتراف :

اور دیگر ریگولیٹری اداروں کی مسلسل حمایت اور تعریف پر فخر SECP، PSX، NCCPL، CDC فرسٹ نیشنل ایکویٹیز لمیٹڈ کا بورڈ محسوس کرتا ہے۔ اور کمپنی کے تمام شیئر ہولڈرز اور صارفین کو ان کے اعتماد کے لیے، اور ہمارے ملازمین کو ان کی مسلسل لگن اور عزم کے لیے۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے ،



ڈائریکٹر



چیف ایگزیکٹو آفیسر

28 فروری 2023

لاہور



董事报告

我们很高兴代表 First National Equities Limited (“公司”) 董事会分享公司截至 2022 年 12 月 31 日的半年业绩。

A. 总体经济回顾和未来前景：

世界经济正在苦苦挣扎，同时闪烁着警告信号，表明全球经济正在悬崖边缘摇摇欲坠。美联储的紧缩政策立场使美元对全球投资者更具吸引力。这种情况给全球其他经济体带来了问题，使它们的进口，尤其是食品和燃料等必需品变得更加昂贵。在增长前景迅速恶化、通胀上升和融资条件收紧的情况下，全球 GDP 确实有可能收缩。

与许多其他国家一样，巴基斯坦的经济活动目前仍低于潜力，这意味着负产出缺口。由于毁灭性的洪水、政策收紧以及为解决巨大的财政和外部失衡问题所做的关键努力，预计巴基斯坦经济在 2023 财年（截至 2023 年 6 月 30 日）将放缓至 3.5%。2023 财年上半年，巴基斯坦经济显示出应对国内和全球挑战的韧性迹象。尽管面临通胀压力，但贸易逆差和经常账户逆差持续改善，融资困难令人松了一口气。低增长、高通胀和低官方储备水平的结合对决策者来说尤其具有挑战性。在短期内，巴基斯坦中央银行和政府的需求管理政策旨在对抗通货膨胀、保护官方储备和保护包容性增长。但从长远来看，政府的目标应该是刺激供给侧，以提升经济的长期潜在增长率。

2023 财年 7 月至 11 月的经常账户赤字为 31 亿美元，而去年为 72 亿美元，这主要是由于贸易平衡的改善。在 2023 财年 7 月至 11 月期间，FOB 出口下降了 2.0%，达到 121 亿美元（去年为 123 亿美元）。在 2023 财年 7 月至 11 月期间，FOB 进口额下降了 16.2%，达到 249 亿美元（去年为 297 亿美元）。结果，贸易逆差（2023 财年 7 月至 11 月）达到 128 亿美元，而去年为 173 亿美元。



在谈论金融世界及其表现时，股票市场是一个重要的衡量指标。投资者对巴基斯坦市场持悲观态度，表明他们预计收益增长不会像历史上那样快。市场目前的市盈率为 4.8 倍，低于 03 年 7.5 倍的平均市盈率。实际上，PSX 在过去一年中下跌了 17%，但预计收益每年增长 11%。2023 年 1 月，所有股票数据报告为 6,394,026.274 万巴基斯坦卢比。这比之前 2022 年 12 月的 6,500,827.817 万巴基斯坦卢比有所减少。

B. 细分市场分析：

标准普尔对巴基斯坦的信用评级为 CCC+，展望稳定。穆迪对巴基斯坦的信用评级最后定为 Caa1，展望为负面。惠誉对巴基斯坦的最新信用评级为 CCC+，展望为 n/a。

C. 经营财务结果：

以下是比较结果的财务摘要：

	半年结束	
	December 31, 2022	December 31, 2021
收入	13,013,273	43,994,959
营业利润	(947,924)	24,401,007
(亏损) / 税后利润	(39,657,756)	70,154,380
基本 (亏损) / 每股收益	(0.15)	0.26

受包括但不限于疲软的宏观经济指标在内的多种因素影响，资本市场继续不尽如人意。尽管市场没有发出实质性复苏的信号，但我们的管理团队继续为取得积极成果而努力奋斗。公司报告期内经营业绩呈现下滑态势。该公司在税后遭受了 100 万卢比的亏损。 3965.7万。与去年同期相比，我们的收入大幅下降，这影响了我们的利润。我们努力专注于可能在行业限制条件下获得更好毛利数据的新机会。



D. 展望未来:

管理层仍然致力于继续专注于改善公司的财务业绩。我们向您保证，我们正在努力制定可靠且具有竞争力的业务计划，以提供最高四分之一的业务绩效。

E. 感谢和承认:

First National Equities Limited 董事会对 SECP、PSX、NCCPL、CDC 和其他监管机构的持续支持和赞赏感到荣幸。以及公司所有股东和客户的信任，以及我们员工不断的奉献和承诺。

代表董事会，

A handwritten signature in black ink, consisting of a large, stylized 'F' and 'N' followed by a horizontal line.

首席执行官

A handwritten signature in black ink, consisting of a series of connected, stylized letters.

导演

2023 年 2 月 28 日

拉合尔



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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of First National Equities Limited as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the “interim financial statements”).

Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2022.

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 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 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor’s review report is Mr. Muhammad Safder.

Dated: February 28, 2023
Lahore
UDIN: RR202210233jAXe5kzwp

Tariq Abdul Ghani Maqbool & Co.

Tariq Abdul Ghani
Chartered Accountants



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2022

	Note	(Un Audited) December 31, 2022	(Audited) June 30, 2022
------(Rupees)-----			
NON CURRENT ASSETS			
Property and equipment	7	36,802,194	37,264,260
Intangible assets	8	71,677,000	71,677,000
Long-term other receivable		66,557,500	73,742,541
Investment in associate	9	76,639,124	76,639,124
Long-term investment	10	48,797,511	48,797,511
Strategic investment	11	1,069,221,476	1,069,221,476
Long-term deposits		1,602,400	1,602,400
		1,371,297,205	1,378,944,312
CURRENT ASSETS			
Short-term investments	12	35,297,735	38,699,108
Trade debts	13	131,734,430	169,899,241
Loans and advances		37,401,127	1,953,105
Trade deposits and short-term prepayments	14	7,672,312	42,770,879
Other receivables		64,086,324	55,179,274
Advance tax-net		24,901,917	24,810,577
Cash and bank balances	15	240,021,327	223,177,151
		541,115,172	556,489,335
Total Assets		1,912,412,377	1,935,433,647
NON CURRENT LIABILITIES			
Long-term financing	16	201,279,636	197,102,407
Loan from sponsor	17	155,175,000	155,175,000
Deferred liabilities		37,249,810	31,602,727
		393,704,446	383,880,134
CURRENT LIABILITIES			
Trade and other payables	18	253,300,717	249,318,197
Unclaimed dividend		1,399,397	1,399,397
Current portion of long-term financing	16	29,510,000	24,704,000
Provident fund payable		1,668,293	529,860
		285,878,407	275,951,454
Total Liabilities		679,582,853	659,831,588
Contingencies and commitments	19	-	-
Net Assets		1,232,872,661	1,275,602,059
REPRESENTED BY:			
Authorized share capital	20	5,000,000,000	5,000,000,000
Issued, subscribed and paid-up share capital	20	2,672,863,310	2,672,863,310
Discount on right shares		(1,508,754,317)	(1,508,754,317)
Accumulated profit		74,884,170	114,541,926
		1,238,993,163	1,278,650,919
Unrealized loss on re-measurement of investments classified at fair value through OCI		(6,163,639)	(3,048,860)
		1,232,829,524	1,275,602,059

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


Chief Executive Officer


Chief Financial Officer


Director



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) AS AT DECEMBER 31, 2022

	Note	Six Months Period Ended		Three Months Period Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----					
Operating revenue	21	13,013,273	43,994,959	6,862,970	14,373,394
Loss on sale of investments		(8,316,646)	(12,610,554)	(4,694,217)	1,629,784
Unrealized loss on re-measurement of investments classified at fair value through profit or loss - net		(5,644,551)	(6,983,398)	(3,109,344)	(6,600,609)
Operating (loss)/profit		(947,924)	24,401,007	(940,591)	9,402,569
Administrative expenses		(37,265,471)	(38,893,381)	(20,119,642)	(21,843,954)
Finance cost		(10,316,651)	(9,188,054)	(5,769,973)	(5,111,198)
Other operating expenses		(1,577,131)	(2,274,952)	(454,079)	(1,097,155)
Other operating income		16,257,280	86,329,994	5,247,490	82,204,450
Share of profit of associate		-	685,425	-	-
(Loss)/profit before taxation		(33,849,897)	61,060,039	(22,036,795)	63,554,712
Taxation	23	(5,807,859)	9,094,341	(8,919,398)	8,958,165
(Loss)/profit after taxation		(39,657,756)	70,154,380	(30,956,193)	72,512,877
(Loss)/earning per share- basic and diluted		(0.15)	0.26	(0.12)	0.27

The annexed notes from 1 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
FOR THE PERIOD ENDED DECEMBER 31, 2022**

	Six Months Period Ended		Three Months Period Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Loss)/profit after taxation	(39,657,756)	70,154,380	(30,956,193)	72,512,877
Items that will not be reclassified subsequently to profit or loss				
Unrealized loss during the year in the market value of investments classified at fair value through OCI-net of tax	(3,114,779)	(12,430,955)	(2,844,736)	(6,041,406)
Other comprehensive loss for the period	(3,114,779)	(12,430,955)	(2,844,736)	(6,041,406)
Total comprehensive (loss)/income for the period	(42,772,535)	57,723,425	(33,800,929)	66,471,471

The annexed notes from 1 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, 2022

	Issued, subscribed and paid-up capital	Discount on issue of right shares	Accumulated profit/ (loss)	Actuarial gain from remeasurement of staff retirement benefits - net of tax	Unrealized surplus / (deficit) on re- measurement of investments measured at FVOCI	Total
-----Rupees-----						
Balance as at July 1, 2021 (Audited)	2,672,863,310	(1,508,754,317)	(542,378)	263,920	17,009,502	1,180,840,037
Loss after taxation for the six months ended December 31, 2021	-	-	70,154,380	-	-	70,154,380
Other comprehensive loss for the period	-	-	-	-	(12,430,955)	(12,430,955)
Balance as at December 31, 2021 (Unaudited)	2,672,863,310	(1,508,754,317)	69,612,002	263,920	4,578,547	1,238,563,462
Profit after taxation for the six months ended June 30, 2022	-	-	44,666,004	-	-	44,666,004
Transferred from actuarial gain from remeasurement of staff retirement benefits- net of tax	-	-	263,920	(263,920)	-	-
Other comprehensive loss for the period	-	-	-	-	(7,627,407)	(7,627,407)
Balance as at June 30, 2022 (Audited)	2,672,863,310	(1,508,754,317)	114,541,926	-	(3,048,860)	1,275,602,059
Balance as at July 01, 2022 (Audited)	2,672,863,310	(1,508,754,317)	114,541,926	-	(3,048,860)	1,275,602,059
Loss after taxation for the six months ended December 31, 2022	-	-	(39,657,756)	-	-	(39,614,619)
Other comprehensive loss for the period	-	-	-	-	(3,114,779)	(3,114,779)
Balance as at December 31, 2022 (Unaudited)	2,672,863,310	(1,508,754,317)	74,884,170	-	(6,163,639)	1,232,872,661

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

Chief Executive Officer

Chief Financial Officer

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED DECEMBER 31, 2022

	Six Months Period Ended	
	December 31, 2022	December 31, 2021
	------(Rupees)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(33,849,897)	61,060,039
Adjustments for non cash items:		
Depreciation	462,066	424,346
Loss on sale of investments	8,316,646	12,610,554
Unrealized loss on re-measurement of investments at fair value	5,644,551	6,983,398
Finance cost	10,316,651	9,188,054
Provision expense for expected credit losses	-	5,440,540
Share of profit of associate	-	(685,425)
Dividend income	(1,972,492)	
Other operating income	(16,257,280)	(86,329,994)
	6,510,142	(52,368,527)
	(27,339,755)	8,691,512
Changes in Working Capital		
Decrease / (Increase) in current assets		
Trade debts	44,578,761	(110,590,403)
Loans and advances	(35,448,022)	(1,131,404)
Trade deposits and short-term prepayments	36,126,672	36,810,255
Other receivables	6,380,676	41,000,000
	51,638,087	(33,911,552)
(Decrease) / Increase in current liabilities		
Provident fund payable	1,668,293	-
Trade and other payables	3,982,520	(56,049,352)
	5,650,813	(56,049,352)
Cash generated from/(utilized in) operations	29,949,145	(81,269,39)
Finance cost paid	(657,422)	(2,614,703)
Income tax paid	(342,544)	(3,434,760)
	28,949,179	(87,318,855)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/sale of marketable securities	(13,401,495)	61,762,753
Additions of fixed assets	-	(480,550)
Dividend received	1,972,492	-
Net cash (utilized in)/generated from investing activities	(11,429,003)	61,282,203
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(676,000)	(1,850,000)
Gratuity paid	-	(13,765,920)
Net cash utilized in financing activities	(676,000)	(15,615,920)
Net increase/(decrease) in cash and cash equivalents	16,844,176	(41,652,572)
Cash and cash equivalents at the beginning of the period	223,177,151	230,777,747
Cash and cash equivalents at the end of the period	240,021,327	189,125,175

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


Chief Executive Officer


Chief Financial Officer


Director



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 FNE House, 179-B, Abu Bakar Block, New Garden Town, Lahore.

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

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

Lahore Branch	Room No. 314 & 417 LSE Plaza, 19 Khayaban-e-Aiwan-e-Iqbal, Lahore.
Karachi Branch	Room no. 1001-1010, 10th Floor, New Stock Exchange Building, Stock Exchange Road, Karachi.
Rawalpindi Branch	Office No. 329-330, third floor, Rania Mall, Saddar, Rawalpindi.
Gujrat facilitation center	Office No. 2, First floor ,City plaza attached GPO building near Jail Chowk Gujrat.

2. STATEMENT OF COMPLIANCE

2.1 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.

This 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, 2022.



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 adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual published financial statements of the company for the year ended June 30, 2022.

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, 2022. 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 JUDGEMENTS

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 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 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, 2022.



5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited financial statements of the Company for the year ended June 30, 2022.

6. METHOD OF ACCOUNTING

Company adopts 'settlement date accounting' as its method of accounting.

7. PROPERTY AND EQUIPMENT

	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
		------(Rupees)-----	
Opening book value		37,264,260	37,345,982
Additions during the period		-	805,625
Disposals during the period		-	-
Depreciation charged during the period		(462,066)	(887,347)
Closing book value		<u>36,802,194</u>	<u>37,264,260</u>

8. INTANGIBLE ASSETS

TRE Certificate from Pakistan Stock Exchange Limited		2,500,000	2,500,000
License to use Room at Pakistan Stock Exchange Limited		67,862,000	67,862,000
Building tenancy rights		1,315,000	1,315,000
		<u>71,677,000</u>	<u>71,677,000</u>

9. INVESTMENT IN ASSOCIATE

Investment in Coastal Company Limited		76,639,124	76,434,575
Share of profit from associate		-	204,549
		<u>76,639,124</u>	<u>76,639,124</u>

10. LONG-TERM INVESTMENT

At fair value through OCI

Unquoted:

ISE Towers REIT Management Company	10.1	<u>48,797,511</u>	<u>48,797,511</u>
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10.1 Company has received 3,034,603 number of shares of M/s ISE Towers REIT Management Company as settlement of outstanding markup from a related party M/s Switch Securities (Pvt.) Limited. The investment was initially recorded at cost determined on the basis of breakup value available in the audited financial statements of the ISE Towers REIT Management Company Limited as at June 30, 2021. Subsequently this investment was measured at fair value gain/(loss) charged to OCI.



Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
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11. STRATEGIC INVESTMENT

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

Investment in KingBhai Digisol (Pvt.) Limited	1,069,221,476	1,069,221,476
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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's expects the investment to yield returns through investment value appreciation as well as dividends.

12. SHORT-TERM INVESTMENTS

At FVOCI	12.1	12,021,929	14,863,600
At FVTPL	12.2	23,275,806	23,835,508
		35,297,735	38,699,108

12.1 Equity investments at fair value through other comprehensive income

Average cost	15,589,055	15,589,004
Unrealized loss on re-measurement of investments	(3,567,126)	(725,455)
Closing carrying value	12,021,929	14,863,549

12.2 Equity investments at fair value through profit or loss

Average cost	28,920,357	28,249,991
Unrealized loss on re-measurement of investments	(5,644,551)	(4,414,483)
Closing carrying value	23,275,806	23,835,508

12.3 Securities having market value of Rs. 32.906 million (June 30, 2022: Rs. 36.467 million) have been pledged with Pakistan Stock Exchange and National Clearing Company of Pakistan Limited to meet trading requirements.



	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
------(Rupees)-----			
13. TRADE DEBTS			
Considered good	13.1	131,734,430	169,899,241
Considered doubtful		219,021,921	219,021,921
		350,756,351	388,921,162
		(219,021,921)	(219,021,921)
Less: Provision for doubtful debts		131,734,430	169,899,241

13.1 The Company applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for financial assets measured at amortized cost. The Company's expected credit loss impairment model reflects the present value of all cash shortfalls related to default events, either over the following twelve months, or over the expected life of a financial instrument, depending on credit deterioration from inception. The allowance / provision for credit losses reflects an unbiased, probability-weighted outcomes which considers multiple scenarios based on reasonable and supportable forecasts.

The Company holds securities having total fair value of Rs 2,437.820 million (June 30 2022: Rs. 2,031.751 million) owned by its clients as collateral against trade debts.

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Exposure deposits	7,672,312	42,770,879
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15. CASH AND BANK BALANCES

This includes customer assets amounting Rs. 96.127 million (June 30, 2022: Rs. 89.541 million).

16. LONG-TERM FINANCING

From banking companies-secured			
Bank Alfalah Limited	16.1	83,607,924	78,969,938
The Bank of Punjab	16.2	132,231,611	127,886,368
Other loans		14,950,101	14,950,101
		230,789,636	221,806,407
Less: Current portion of long-term financing		(29,510,000)	(24,704,000)
		201,279,636	197,102,407



16.1 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 KIBOR, and the related present value gains/(losses) were recognized in the statement of profit or loss. The related notional expense is being amortized over the term of the liability (from December 2020 to June 2027). This facility is secured against pledged shares of different companies, hypothecation charge over present and future receivables of the company and personal guarantee of directors/mortgagors of the company.

16.2 Financing from the Bank of Punjab has been restructured/rescheduled vide an offer letter dated December 22, 2021, wherein the Bank has agreed to settle the previous running finance facility amounting Rs. 200 million through restructuring/rescheduling on the following terms and conditions:

Outstanding principle amounting to Rs. 97.504 million will be repaid in 48 quarterly installments starting from March 31, 2022 till December 2033 with a down payment of Rs. 0.850 million. Future COF bearing mark-up quarterly at the rate advised by SBP from time to time will be waived/ written off at tail end subject to regular repayment of entire outstanding principle without any default.

Outstanding past mark-up amounting to Rs. 103.198 million bears no future mark-up. This balance of Rs. 103.198 million will be waived/written off at the tail end subject to no default.

The restructured loan liability, which is interest-free, has been recognized at the present value of future payments, discounted at the cost of funds defined by Bank, and the related present value gains/(losses) were recognized in the statement of profit or loss.

	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
------(Rupees)-----			
Loan from sponsors - Subordinated	17.1	155,175,000	155,175,000
Less: current portion		155,175,000	155,175,000
		155,175,000	155,175,000



17.1 The loan has been obtained for working capital purpose and utilized for the same. This loan is interest free as per the requirements of the Section 71 (1) (a) of the Securities Act, 2015.

18. TRADE AND OTHER PAYABLES

This includes amount Rs. 92.1823 million (June 30, 2022: Rs. 87.681 million) payable to clients of the company.

19. CONTINGENCIES AND COMMITMENTS

There are no significant changes in contingencies and commitments from those disclosed in the preceding annual financial statements of the company for the year ended June 30, 2022.

20. SHARE CAPITAL

Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
------(Rupees)-----		
Authorized capital		
500,000,000 (June 30, 2022: 500,000,000) Ordinary shares of Rs. 10 each	5,000,000,000	5,000,000,000
Issued, subscribed and paid-up share capital		
50,000,000 Ordinary shares of Rs. 10 each issued for cash	500,000,000	500,000,000
7,500,000 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	75,000,000	75,000,000
80,500,000 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount	805,000,000	805,000,000
3,809,831 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount	38,098,310	38,098,310
125,476,500 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount	1,254,765,000	1,254,765,000
	2,672,863,310	2,672,863,310

21. OPERATING REVENUE

Note	(Un-audited) December 31, 2022	(Un-audited) December 31, 2021
------(Rupees)-----		
Brokerage Income	11,040,781	43,994,959
Dividend Income	1,972,492	-
	13,013,273	43,994,959

22. TURNOVER BY SEGMENT

Retail customers	10,981,738	32,734,101
Institutional Customers	59,043	11,260,858
	11,040,781	43,994,959

23. TAXATION

Current tax expense/(income)	433,884	(764,857)
Deferred tax expense	5,373,975	9,859,198
	5,807,859	9,094,341



24. RELATED PARTY TRANSACTIONS

The Company has related party relationships 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, 2022 (Un-audited)

	Key Management	Associate	Other Related Parties	Total
----- (Rupees) -----				
Transactions during the period				
Purchase of marketable securities for and on behalf of	2,712,294,452	539,542,867	9,186,372,018	12,438,209,337
Sale of marketable securities for and on behalf of	2,710,594,135	531,765,377	9,190,237,584	12,432,597,096
Brokerage income	-	12,210	-	12,210
Remuneration to key management personnel	8,221,537	-	-	8,221,537
Provident fund trust-contribution accrued to staff provident fund	-	-	1,668,293	1,668,293

For the period ended June 30, 2022 (Audited)

	Key Management	Associate	Other Related Parties	Total
----- (Rupees) -----				
Transactions during the year				
Purchase of marketable securities for and on behalf of	16,190,349,696	16,873,511,492	44,915,648,182	77,979,509,370
Sale of marketable securities for and on behalf of	16,197,525,322	16,778,696,741	44,954,767,924	77,930,989,987
Brokerage income	1,115,248	2,947,840	9,762,178	13,825,266
Remuneration to key management personnel	16,080,000	-	-	16,080,000
Advance provided for purchase of IT equipment's	-	-	9,400,000	9,400,000
Advance received back	-	-	9,400,000	9,400,000
Provident fund trust-contribution accrued to staff provident fund	-	-	529,860	529,860

25. SHAREHOLDERS HOLDING 5% OR MORE

SHAREHOLDERS NAME	(Un-audited) December 31, 2022		(Audited) June 30, 2022		Change
	Shares held	Percentage	Shares held	Percentage	
First Florence Developers (Pvt.) Limited	82,972,650	31.04%	82,972,650	31.04%	-
Ali Aslam Malik	29,756,134	11.13%	29,756,134	11.13%	-

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 28, 2023** by the Board of Directors of the Company.


Chief Executive Officer


Chief Financial Officer


Director



Branch Network

REGISTERED OFFICE

FNE House, 179/B, Abu Bakar Block,
New Garden Town, Lahore-Pakistan.

Tel: (92-42) 35843721-27

Fax: (92-42) 35843730

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

Tel: (92-42) 36280782-86

RAWALPINDI OFFICE

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Rania Mall, Bank Road, Saddar,
Rawalpindi.

Tel: (92-51) 5563194-96

KARACHI OFFICE

Room no. 1001-1010, 10th Floor, New
Stock Exchange Building, Stock Exchange
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(92-21) 32472076

GUJRAT FACILITATION CENTER

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GPO Building near Jail Chowk, Gujrat.

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