

FIRST NATIONAL EQUITIES LIMITED

第一国家股权有限

2019
HALF YEARLY REPORT
半年报告



(Un-audited) For the Period Ended
December 31, 2019.

(未经审计) 截至截止 2019 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. Shahzad Akbar	Director/Chairman
2. Mr. Amir Shehzad	Director
3. Mr. Abid Yousaf	Director
4. Mrs. Syeda Faaiza Akmal Tirimzi	Director
5. Mr. Muhammad Akhtar Choudhry	Director
6. Mr. Tahir Waheed	Director
7. Mr. Adnan Amjad	Director

Chief Executive Officer:

Mr. Ali A. Malik

Audit Committee:

1. Mr. Adnan Amjad Khan	Chairman
2. Mr. Shahzad Akbar	Member
3. Mr. Muhammad Akhtar Chaudhry	Member

HR & Remuneration Committee:

1. Mr. Adnan Amjad Khan	Chairman
2. Mr. Shahzad Akbar	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 2019.

Economy

On the economic front, we began to witness significant improvements in the (i) current account deficit which reached more manageable levels of upto an average of US\$ 500 million per month, and (ii) increased tax revenues, attributed to the measures enforced by the FBR, financial assistance from multilateral institutions and friendly countries, as well as successful structural reforms by the PTI-led Government. Let us further divulge on the performance of the key macroeconomic indicators to fully understand the effects on the market. IMF, in its review in November 2019, also stated that the external and fiscal deficits have narrowed, while inflation is expected to decline to single digit in FY21, and growth is expected to remain subdued but steady and positive.

By the end of 2019, things began to take a positive turn on the fiscal side and with the exchange rate stabilized, the twin deficits shrunk massively. Current account deficit having reduced by almost 73% year-on-year, is expected to narrow to 2.4% of GDP in FY20 from 4.9% in FY19. Pakistan has jumped up 28 places on the World Bank's (WB) Ease of Doing Business Index and secured a place among the top 10 countries with the most improved business climate. In December, the US Dollar value came down to Rs. 155 due to improvement in CAD and foreign exchange reserves.

Stock Market

In the last ten years, the Pakistan Equity Market saw the best of times and the worst of times. During this period, the KSE-100 posted nearly 50% annual returns in two consecutive years and also corrected about 50% from its peak level towards the end of the decade. The economy which is the key driver of market returns, transitioned from a period of slow growth to multiyear high GDP growth levels and ultimately ended in years of steep decline amid stabilization measures. The volatility during the period was not only influenced by macroeconomic cycles, but also by political instability, whereby Pakistan had three different governments in the past decade, each with different governing ideologies.

The early signs of economic stabilization, enticing valuations, and an oversold market began to translate into the spectacular rally post August 2019. The Index propelled by more than 40% in a span of four and a half months from its recent low set on August 16, 2019.

Key Operating and Financial data

Following is the financial summary of comparative results:

	For Half Year Ended	
	December 31, 2019	December 31, 2018
Revenue	17,580,234	11,275,637
Operating Profit/(Loss)	17,199,510	7,526,297
Loss after Taxation	(3,737,046)	(17,812,836)
Basic Loss per share	(0.01)	(0.07)

The Company posted loss after tax of Rs. 3.737 million as compared to Loss After Tax of Rs. 17.812 million in Half Year ended on December 31, 2018. During the Second Quarter, due to significant improvement in market traded volumes, our commission income and capital gains booked on revaluation of investment also showed healthy signs of improvements.

We want to inform our trusted shareholders about the current position and future potential of our strategic investment made in KingBhai Digisol (Pvt.) Limited last year.

KingBhai Digisol (hereinafter "KB") has revolutionised the real estate industry of Pakistan by providing all the solutions online from connecting buyers with sellers, and tenants with landlords as well as providing various services including legal approvals, designing, constructing, procurement of the materials and insurance in a highly convenient way. We believe,



therefore, that KB stands to gain a significant market share (of an existing market estimated at nearly 90 million customers) due to its transformative technological and on ground work.

KB has exceeded its planned targets exceptionally and currently has over 80,000 local property listings and 1,287 international properties registered on its website with a market value of Rs 1.5 trillion and \$2.7 billion respectively. Additionally; KB Law, KB Digital Marketing, and KB Insurance have all been successfully launched during this period. In addition, the team of KB is currently in the final stages of developing and will soon be launching Pakistan's first and only Services Provider Marketplace, which according to their estimate; will facilitate, empower and become the source of employment for over 1 million Pakistani technical professionals within 24 months by connecting them to customers all over the country.

KB law, Pakistan's first legal portal, has entered into a unique collaboration model with one of the leading law firms of the country. This venture has resulted in bringing highly skilled lawyers directly to clients. It is happening for the first time in Pakistan that lawyers with a wide range of expertise would be available online through video and audio interfacing to address legal requirements of the users. This is a significant move that is bound to transform the way client/lawyer interactions are done, for both local and Overseas Pakistanis.

KB Digital Marketing, Pakistan's smartest marketing solutions company, provides high quality consultancy and marketing solutions to enable Pakistani businesses to grow further and contribute to the growth of the overall economy. KB Digital Marketing also plans on opening up an international desk, whereby the firm will provide consultancy and marketing services to businesses all over the world, thereby contributing to the country's exports.

Due to all the above mentioned highly revolutionary and disruptive ventures successfully undertaken by KB, we are highly optimistic and looking forward to significant appreciation of our strategic investment for the year ending June 2020. KB is currently in talks with a number of international institutional and private investors who want to purchase equity in KB. Our Company stands to benefit remarkably by virtue of the part realization effect and revaluation gain effect to our investment this equity sale would have. The equity sale transaction is expected to be finalized and executed before the end of the current financial year.

Future Outlook

FY 18 and FY 19 were testing years for the country but we are of the view that the worst is behind us. Pakistan is on a path to salvage its economy, with economic growth expected to pick up pace going forward. As a result, we hope to see an upward momentum to continue in Pakistan Stock Exchange.

Fundamental analysis favor an upward trajectory in the local equity market on the back of structural reforms and the entailing macroeconomic recovery and mean reversion of the index in the near term. All things considered, Pakistani equities offer a value buy and coupled with the expected upward trajectory, equities are well poised to yield stellar returns in the short to medium term.

The Company aspires to continue its journey with its sights set on sustained and qualitative long term growth, and strives for the best use of its resources leading to a significant creation of value and wealth for all its honourable stakeholders and to continue to serve the Pakistani people and contribute to the growth of Pakistan.

Appreciation and Acknowledgements

The Board of Directors of FNEL would like to thank the Government of Pakistan, the Securities & Exchange Commission of Pakistan, 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


Afif A. Malik
Chief Executive Officer

Place: Lahore
Date: February 28, 2020

ہم اپنے بھرپور منڈیشنر ہولڈرز کو گذشتہ برس کنگ بھائی ڈیجیٹل سول (پرائیویٹ) لمیٹڈ میں کئی گنی اسٹریٹجک سرمایہ داری کے بعد اپنی موجودہ حالت اور مستقبل کے امکانات سے متعلق آگاہ کرنا چاہتے ہیں۔

کنگ بھائی ڈیجیٹل سول (بعد ازاں "KB") نے خریدار اور بروک کنندہ، مالک اور کرایہ دار کے مابین مربوط رابطے، قانونی منظوری، ڈیزائننگ، تعمیراتی مواد کے حصول اور انتہائی سہل انداز میں انشورنس جیسی آن لائن سہولیات فراہم کر کے پاکستان کی رینل اسٹیٹ انڈسٹری میں انقلاب برپا کر دیا ہے۔ لہذا ہم یقین رکھتے ہیں کہ KB اپنے حریفوں سے ایک قدم آگے رہ کر مارکیٹ میں اپنا نمایاں کردار ادا کرتی رہے گی۔ اعلیٰ معیار کے KB پورٹل نے روابطی طریقہ کار اور وقت کے ضیاع کو مؤثر لگت اور تناؤ سے پاک ماحول میں تبدیل کر دیا ہے۔

KB نے اپنے طے شدہ اہداف کو انتہائی مہارت سے عبور کیا ہے اور اس وقت KB کی ویب سائٹ پر 80,000 سے زائد مقامی اور 1,827 سے زائد بین الاقوامی پراپرٹیز رجسٹرڈ ہیں جس کی قدر با تقریباً 1,118 ملین روپے اور 2.7 ملین روپے ہے۔ دوسری جانب اس مدت میں KB، لا KB، ڈیجیٹل مارکیٹ اور KB انشورنس کا کامیابی سے افتتاح کیا جا چکا ہے۔

KB لانے اب ملک کی معروف قانونی فرمز کے ساتھ معاہدہ طے کیا ہے۔ اس اشتراک کا مقصد کلائنٹس کو انتہائی ماہر قانون دانوں سے رابطہ کا موقع فراہم کرنا ہے۔ پاکستان میں یہ پہلی مرتبہ ہو رہا ہے کہ وسیع تجربہ کے حامل وکلاء و ایڈیو اور آڈیو ہولڈرز کے ذریعے صارفین کی قانونی ضروریات کو پورا کرنے کے لئے آن لائن دستیاب ہوتے ہیں۔

KB پیشہ ورانہ ڈیجیٹل مارکیٹنگ کلائنٹس کو بہترین ڈیجیٹل سہولیات فراہم کرنے کے لئے کوشاں ہے۔ ہم یقین رکھتے ہیں کہ کسی بھی کاروبار کے لئے فاصلہ سے خدمات کی فراہمی کامیابی کی کنجی ہے اور ہم اپنی خدمات کے جذبہ سے سرشار ہو کر اپنے عمل و یقین کی عکاسی کی کوشش کرتے ہیں۔

KB کی جانب سے تمام مذکورہ بالا غیر معمولی نئے اور منفرد اشتراک کے کامیاب نفاذ کی وجہ سے ہم جون 2020ء کو اختتام پذیر سال کے لئے اسٹریٹجک سرمایہ داری سے مثبت نتائج حاصل کرنے کے لئے پرامید ہیں۔ اس وقت KB غیر ملکی سیڈ فنڈنگ کے عمل میں ہے اور سال کے اختتام تک اس کو حتمی شکل دے دی جائے گی اور نتیجتاً ہم اپنی سرمایہ داری میں بہتری کے قابل ہو جائیں گے۔

مستقبل کا نقطہ نظر

مالیاتی سال 2018ء اور 2019ء ملک کے لئے آزمائشی مدت تھی لیکن ہمارا نظریہ ہے کہ بدترین حالات کا دور ختم ہو چکا ہے۔ پاکستان ڈوبتی ہوئی معیشت کو بچانے کے راستے پر گامزن ہے اور معاشی نمونے تیز رفتار اضافہ کی توقع کی جا رہی ہے۔ نتیجتاً، ہم پاکستان اسٹاک ایکسچینج میں مسلسل ترقی کے لئے پرامید ہیں۔


بنیادی تجزیہ ٹھوس اصلاحات اور معاشی بحالی اور آئندہ مدت میں انڈیکس میں تبدیلی کے نتیجے میں مقامی ایکویٹی مارکیٹ کا گراف اعلیٰ سطح پر پہنچنے کی توقع کی جا رہی ہے۔ تمام امور کو مدنظر رکھتے ہوئے پاکستان ایکویٹی میں پرکشش قیمت خرید اور متوقع بہتری کے نتیجے میں ایکویٹی کی قیمتوں سے اوسط آمدنی میں اضافہ کی امید کی جا رہی ہے۔


کمپنی مستحکم اور معیاری طویل مدتی نمونے امید رکھتے ہوئے اپنا سفر جاری رکھنے کے لئے پرعزم ہے اور اپنے وسائل کے بہترین استعمال کے لئے کوشاں ہے تاکہ کمپنی کے تمام سٹیک ہولڈرز کی آمدنی میں نمایاں اضافہ ہو۔

حوصلہ افزائی اور اعترافات

FNEL کے بورڈ آف ڈائریکٹرز حکومت پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، NCCPL، PSX، CDC اور دیگر ریگولیٹری اداروں کی مسلسل حمایت، تمام حصص داران اور صارفین کے ہم پراعتماد اور ملازمین کے عزم اور جذبہ کو قدر کی نگاہ سے دیکھتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


عامر شہزاد
ایگزیکٹو ڈائریکٹر


علی اے ملک
چیف ایگزیکٹو آفیسر

مقام: لاہور
تاریخ: 28 فروری، 2020ء



ڈائریکٹرز کی جائزہ رپورٹ

معزز شیئر ہولڈرز،

فرسٹ نیشنل ایکویٹی لینڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم دسمبر 2019ء کو اختتام پذیر نصف سال کے لئے کمپنی کی کارکردگی پر رپورٹ ازراہ مسرت پیش کرتے ہیں۔

اقتصادیات

اقتصادی محاذ پر ہم نے (i) کرنٹ اکاؤنٹ خسارہ کی مد میں 500 ملین ڈالر ماہانہ تک کی قابل انتظام سطح حاصل کرنے۔ (ii) FBR کے اقدامات کی وجہ سے ٹیکس ریونیو میں اضافہ، کثیر جہتی اداروں اور دوست ممالک سے مالیاتی معاونت اور پاکستان تحریک انصاف کی حکومت کی کامیاب مہم بوط اصلاحات کے پیش نظر نمایاں پیش رفت رپورٹ کی ہے۔ مارکیٹ پر اثرات کو مکمل طور پر سمجھنے کے لئے بنیادی معاشی اشاریوں کی کارکردگی پر نظر ڈالتے ہیں۔ نومبر 2019ء میں آئی ایم ایف نے اپنے تجزیہ میں بیرونی اور مالیاتی خسارہ میں کمی کا عندیہ دیا تھا۔ جب کہ مالیاتی سال 2021ء میں افراط زر منگول ڈجٹ تک پہنچنے اور نمو کی شرح قابو میں لیکن مستحکم اور مثبت رہنے کی توقع ہے۔

سال 2019ء کے اختتام پر مالیاتی کارکردگی کے لحاظ سے مثبت پیش رفت سامنے آئی اور شرح مبادلہ میں استحکام سے دونوں خساروں میں بھاری کمی ہوئی۔ کرنٹ اکاؤنٹ خسارہ سالہا سال کی بنیاد پر 73 فی صد کم رہا اور مجموعی قومی پیداوار مالیاتی سال 2019ء میں 4.9 فی صد سے 2.4 فی صد تک رہنے کی توقع ہے۔ پاکستان عالمی بینک (WB) کے کاروبار میں آسانی پیدا کرنے کے لئے انڈیکس میں 28 نمبر پر ترقی کی ہے اور کاروباری ماحول بہتر بنانے والے ممالک میں پاکستان 10 بالاترین ممالک میں شامل ہو چکا ہے۔ دسمبر میں کرنٹ اکاؤنٹ خسارہ اور غیر ملکی زرمبادلہ کے ذخائر میں بہتری کی وجہ سے ڈالر کی قدر 155 روپے تک کم ہو گئی۔

شاہکار کیٹ

گذشتہ دہائی میں، پاکستان ایکویٹی مارکیٹ میں بہترین اور بدترین رجحان دیکھنے میں آیا۔ اس دورانیہ میں KSE-100 نے مسلسل دو برسوں میں تقریباً 50 فی صد سالانہ ریٹرنز درج کئے اور دہائی کے اختتام پر انتہائی سطح سے تقریباً 50 فی صد تک تنزلی ہوئی۔ معیشت کی شرح نمو جو مارکیٹ کی بہتری میں کلیدی حیثیت رکھتی ہے اس عرصہ میں سست روی سے پچھلے سالوں کے مقابلے میں بہتری کی طرف گئی ہے لیکن استحکامی اصلاحات کے پیش نظر شدید کمی کے ساتھ اختتام پذیر ہوئی، اس مدت میں عدم استحکام نہ صرف معاشی ابتری بلکہ سیاسی بے یقینی کی وجہ سے ہوئی جہاں گذشتہ دہائی میں تین مختلف نظریات کی حامل حکومتیں آئیں۔

معاشی استحکام، پرکشش مالیات اور مارکیٹ میں تیزی جیسی ابتدائی علامات کی وجہ سے اگست 2019ء کے بعد نمایاں پیش رفت ہوئی۔ 16 اگست 2019ء کو کم ترین سطح سے صرف ساڑھے چار ماہ کے دورانیہ میں انڈیکس 40 فی صد سے زائد تک بڑھ گیا۔

بنیادی آپریٹنگ اور مالیاتی ڈیٹا

تفصیلی نتائج کا مالیاتی خلاصہ حسب ذیل ہے:

اختتام پذیر ششماہی		
31 دسمبر 2018ء	31 دسمبر 2019ء	
11,275,637	17,580,234	آمدنی
7,526,297	17,199,510	آپریٹنگ نفع / (نقصان)
(17,812,836)	(3,737,046)	نقصان بعد از ٹیکسیشن
(0.07)	(0.01)	فی حصص نقصان - بنیادی

31 دسمبر 2018ء کو اختتام پذیر ششماہی میں 17.812 ملین روپے نقصان بعد از ٹیکس کے مقابلے میں کمپنی نے 3.737 نقصان بعد از ٹیکس درج کیا۔ مارکیٹ کے تجارتی حجم میں نمایاں بہتری کی وجہ سے دوسری سہ ماہی کے دوران کمیشن انکم اور کپٹل آمدنی کے پیش نظر سرمایہ داری کی قدر و قیمت کا تعین نو بہتری کی ٹھوس علامت کو ظاہر کرتا ہے۔

尊敬的股東們,

我們很榮幸地代表第一國民股權有限公司董事會提交關於第一國民股權有限公司截至2019年12月半年度業績的報告。

經濟

在經濟方面，我們開始目睹 (i) 經常賬戶赤字得到了顯著改善，經常賬戶赤字達到了更易於管理的水平，平均每月達到5億美元，(ii) 稅收收入增加，這歸功於 FBR，多邊機構和友好國家的財政援助以及PTI領導的政府成功進行的結構改革。讓我們進一步披露關鍵宏觀經濟指標的表現，以充分了解對市場的影響。國際貨幣基金組織在2019年11月的審查中還表示，外部和財政赤字已收窄，而通貨膨脹率預計將在21財年下降至個位數，並且增長預計將保持低迷，但將保持穩定和正數。

到2019年底，財政方面開始出現積極變化，並且隨著匯率穩定，雙赤字大幅減少。經常賬戶赤字同比減少了近73%，預計將從FY19的4.9%縮減至FY20的2.4%。巴基斯坦在世界銀行(WB)的營商便利度指數上躍升了28位，並在商業環境最改善的10個國家中名列前茅。在12月，美元的價值跌至盧比。155是由於加元和外匯儲備的增加。

股市

在過去的十年中，巴基斯坦股票市場經歷了最好的時期和最糟糕的時期。在此期間，KSE-100連續兩年實現了近50%的年回報率，並在十年末從峰值水平修正了約50%。經濟是市場回報的主要驅動力，從緩慢的增長時期轉變為多年的高GDP增長水平，並最終在穩定措施的推動下急劇下滑。這一時期的動盪不僅受到宏觀經濟周期的影響，還受到政治動蕩的影響，在過去十年中，巴基斯坦擁有三個不同的政府，每個政府具有不同的執政意識形態。

經濟穩定的早期跡象，誘人的估值以及超賣的市場開始轉化為2019年8月之後的壯觀反彈。該指數在8月16日創下的近期低點後的四個半月內上漲了40%以上，2019。

關鍵運營和財務數據

以下是比較結果的財務摘要：

半年結束

2019年12月31日 **2018年12月31日** 收入17,580,234,11,275,637 營業利潤/(虧損) 17,199,510,7,526,297 稅後虧損 (3,737,046)(17,812,836) 每股基本虧損(0.01)(0.07)

	半年結束	
	2019年12月31日	2018年12月31日
收入	17,580,234	11,275,637
營業利潤/(虧損)	17,199,510	7,526,297
稅後虧損	(3,737,046)	(17,812,836)
每股基本虧損	(0.01)	(0.07)

該公司的稅後虧損為盧比。稅後虧損為33.37億盧比。截至2018年12月31日的半年度為1781.2萬。在第二季度，由於市場交易量的顯著改善，我們的佣金收入和投資重估獲得的資本收益也顯示出健康的改善跡象。



我們想向我們值得信賴的股東介紹我們去年對KingBhaiDigisol (Pvt.) Limited進行戰略投資的現狀和未來潛力。KingBhaiDigisol (以下簡稱“kB”) 通過提供在線解決方案，從連接買家與賣家，租戶與房東以及提供各種服務（包括法律批准，設計，建造，材料的採購和採購）的在線解決方案，徹底改變了巴基斯坦的房地產行業。以高度便捷的方式進行保險。因此，我們認為，由於kB具有變革性的技術和紮實的工作，它有望在（大約有9000萬客戶的現有市場中）獲得可觀的市場份額。

kB超出了計劃目標，目前在其網站上註冊了80,000多個本地房地產清單和1,287個國際房地產，市值分別為1.5萬億盧比和27億美元。另外；在此期間，kB法律，kB數字營銷和kB保險都已成功啟動。此外，kB團隊目前正處於開發的最後階段，並將很快啟動巴基斯坦第一個也是唯一的服務提供商市場。通過與巴基斯坦全國各地的客戶建立聯繫，將在24個月內促進，授權和成為超過100萬巴基斯坦技術專業人員的就業來源。

巴基斯坦第一個法律門戶網站kB law與該國領先的律師事務所之一建立了獨特的合作模式。這項業務導致直接將高技能的律師帶給客戶。在巴基斯坦，這是第一次發生，通過視頻和音頻接口可以在線提供具有廣泛專業知識的律師，以滿足用戶的法律要求。這是一項重大舉措，勢必會改變本地和海外巴基斯坦人與客戶/律師互動的方式。

由於kB成功開展了上述所有具有高度革命性和破壞性的冒險活動，我們高度樂觀，並期待著對截至2020年6月這一年的戰略投資的大幅升值。kB目前正在與許多國際機構和私人機構進行談判。想要購買kB股票的投資者。通過本次股權出售所產生的投資的部分變現效應和重估收益效應，本公司將受益匪淺。股權出售交易預計將在本財政年度結束之前完成並執行。

未來展望

18財年和19財年正在對該國進行測試，但我們認為最糟糕的時刻已經過去。巴基斯坦正挽救其經濟，預計經濟增長將加快步伐。因此，我們希望看到巴基斯坦證券交易所繼續保持上升勢頭。

基本面分析表明，在結構改革，宏觀經濟復甦和近期指數平均回歸的背景下，本地股票市場將呈現上升趨勢。考慮到所有因素，巴基斯坦股票提供了價值購買，再加上預期的上升軌跡，股票準備在短期至中期內產生出色的回報。

該公司希望以持續和定性的長期增長為目標，繼續其旅程，並努力充分利用其資源，為所有光榮的利益相關者創造巨大的價值和財富，並繼續為巴基斯坦人民服務並為巴基斯坦的發展做出貢獻。

代表董事会


Amir Shehzad
執行董事


Ali A. Malik
首席執行官

地点：拉合尔

日期：2020年2月28日

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of First National Equities Limited ("the Company") as at December 31, 2019 and the related condensed interim statement of profit or loss, 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 (hereinafter referred to as the "condensed interim financial statements") for the half year then ended. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance 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 as at and for the half year ended December 31, 2019 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter ended December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

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



IECnet S.K.S.S.S

Chartered Accountants

Engagement Partner: **Muhammad Aslam Khan**

Lahore.

February 28, 2020.



**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2019**

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
------(Rupees)-----			
NON-CURRENT-ASSETS			
Property-and-equipment	7	37,690,873	38,074,349
Intangible assets	8	85,277,000	85,277,000
Other receivables		113,920,694	113,010,343
Investment in associate	9	74,957,106	75,359,726
Long term Strategic investment	10	637,550,378	637,550,378
Long-term investments	11	-	14,055,522
Long-term deposits		2,150,000	2,250,000
Deferred taxation		100,086,580	94,255,350
		1,051,632,631	1,059,832,668
CURRENT ASSETS			
Short-term investments	12	36,338,685	21,745,771
Trade debts	13	139,828,747	102,611,992
Loans and advances		1,393,075	1,339,299
Trade deposits and short-term prepayments	14	25,554,452	25,055,025
Other receivables		137,706,471	144,736,656
Advance tax		26,150,052	26,339,874
Cash and bank balances	15	182,140,210	180,703,715
		549,111,692	502,532,332
Total Assets		1,600,744,323	1,562,365,000
NON-CURRENT LIABILITIES			
Long-term financing	16	264,553,840	238,426,099
Loan from sponsors	17	155,175,000	155,175,000
Deferred liabilities		12,564,830	12,572,088
		432,293,670	406,173,187
CURRENT LIABILITIES			
Trade and other payables	18	273,604,519	236,289,658
Unclaimed dividend		1,525,272	1,525,272
Current portion of long-term financing		29,911,478	33,990,936
		305,041,269	271,805,866
Total Liabilities		737,334,939	677,979,053
CONTINGENCIES AND COMMITMENTS			
Net Assets	19	863,409,384	884,385,947
REPRESENTED BY:			
Authorized share capital		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)
Share deposit Money	21	-	17,003,000
Accumulated loss		(302,516,348)	(298,779,297)
		861,592,645	882,332,696
Unrealized gain on re-measurement of investments classified as fair value through OCI		1,816,739	2,053,251
		863,409,384	884,385,947

The annexed notes 01 to 29 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Note	Six Months Period Ended		Three Months Period Ended		
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	
----- (Rupees) -----					
Operating revenue	22	17,580,234	11,275,637	13,151,374	5,453,686
(Loss)/gain on sale of investments		(2,798,907)	57,444	1,908,819	(286,680)
Unrealized (loss)/gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net		2,407,183	(3,806,784)	2,643,940	(1,840,123)
Operating profit / (loss)		17,188,510	7,526,297	17,704,133	3,326,883
Administrative expenses		(22,242,592)	(25,156,135)	(10,220,413)	(13,208,829)
Finance cost		(14,080,771)	(13,119,500)	(7,692,372)	(10,235,034)
Other operating expenses		(1,592,212)	(1,041,856)	(1,119,885)	(414,653)
Other operating income / (loss)		11,924,790	13,978,358	8,820,807	13,767,354
Share of profit / (loss) of associate		(402,620)	-	(402,620)	-
Loss before taxation		(9,204,895)	(17,812,836)	7,089,650	(6,764,279)
Taxation	24	5,467,849	(716,654)	1,171,487	(4,217,950)
Loss after taxation		(3,737,046)	(18,529,490)	8,261,137	(10,982,229)
Basic (loss) / earnings per share		(0.01)	(0.07)	0.03	(0.04)

The annexed notes 01 to 29 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

Note	Six Months Period Ended		Three Months Period Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----- (Rupees) -----			
Loss after taxation	(3,737,046)	(18,529,490)	8,261,137	(10,982,229)
Items that will not be re-classified to profit or loss				
Unrealized loss during the period in the market value of investments classified fair value through OCI	(236,512)	(7,909,851)	5,572,087	(3,222,492)
Other comprehensive loss for the period	(236,512)	(7,909,851)	5,572,087	(3,222,492)
Total comprehensive loss for the period	(3,973,558)	(26,439,341)	13,833,224	(14,204,721)

The annexed notes 01 to 29 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half Year Ended	
	December 31, 2019	December 31, 2018
	------(Rupees)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(9,204,895)	(17,812,836)
Adjustments for non cash items :		
Depreciation	383,477	580,599
Gain/(Loss) on disposal of investments	2,798,907	(57,444)
Unrealized loss on re-measurement of financial assets carried at fair value through profit or loss	(2,407,183)	3,806,784
Finance cost	14,080,771	13,119,500
Dividend income	-	(803,035)
Provision for bad debts	-	2,608,103
Share of profit of associate-net of tax	402,620	-
Other operating income	(11,924,790)	(13,978,358)
	3,333,802	5,276,149
Changes in working capital	(5,871,093)	(12,536,687)
Decrease / (Increase) in current assets		
Trade debts	(36,786,723)	(13,639,236)
Loans and advances	(53,776)	3,528,307
Trade deposits and short-term prepayments	2,032,425	(41,383)
Other receivables	15,082,736	-
	(19,725,338)	(10,152,312)
(Decrease) / Increase in current liabilities		
Trade and other payables	30,314,861	(31,773,778)
	4,718,430	(54,462,777)
Finance cost paid	(35,490)	(1,105,878)
Income tax paid	(173,559)	(1,153,329)
	-	-
Net cash utilized in operating activities	4,509,381	(56,721,984)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable securities	(1,165,628)	(18,786,339)
(Additions) / disposals of fixed assets	-	(42,000)
Long term deposits received / (paid)	100,000	246,000
Dividend received	-	803,035
Net proceeds from sale of investments classified as fair value through OCI	-	190,171
Net cash (utilized in) / generated from investing activities	(1,065,628)	(17,589,133)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-term loans	(2,000,000)	(2,422,000)
Gratuity Paid	(7,258)	-
Dividend paid	-	-
Net cash (utilized in) / generated from financing activities	(2,007,258)	(2,422,000)
Net (decrease) / increase in cash and cash equivalents	1,436,495	(76,733,117)
Cash and cash equivalents at the beginning of the period	180,703,715	260,197,163
Cash and cash equivalents at the end of the period	182,140,210	183,464,046

The annexed notes 01 to 29 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	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, 2018 (Audited)	2,672,863,310	-	(1,508,754,317)	(796,683,176)	11,535,114	378,960,931
Share deposit money		17,003,000				17,003,000
Loss after taxation for six months ended December 31, 2018	-		-	(18,529,490)	-	(18,529,490)
Other comprehensive loss for the period	-		-		(7,909,851)	(7,909,851)
Balance as at December 31, 2018	<u>2,672,863,310</u>	<u>17,003,000</u>	<u>(1,508,754,317)</u>	<u>(815,212,666)</u>	<u>3,625,263</u>	<u>369,524,590</u>
Profit after taxation for the six months ended June 30, 2019				516,433,369		516,433,369
Other comprehensive income for the period					(1,552,616)	(1,552,616)
Loss on remeasurement of retirement benefits					(19,396)	(19,396)
Balance as at June 30, 2019 (Audited)	<u>2,672,863,310</u>	<u>17,003,000</u>	<u>(1,508,754,317)</u>	<u>(298,779,297)</u>	<u>2,053,251</u>	<u>884,385,947</u>
Share deposit money		(17,003,000)				(17,003,000)
Loss after taxation for six months ended December 31,	-		-	(3,737,046)	-	(3,737,046)
Other comprehensive loss for the period	-		-	-	(236,512)	(236,512)
Balance as at December 31, 2019 (Un-audited)	<u>2,672,863,310</u>	<u>-</u>	<u>(1,508,754,317)</u>	<u>(302,516,343)</u>	<u>1,816,739</u>	<u>863,409,384</u>

The annexed notes 01 to 29 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1 THE COMPANY AND ITS OPERATIONS

First National Equities Limited ("the Company") is a limited liability 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 Branch FNE House, 179-B, Abu Bakar Block, New Garden Town, 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 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan 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 the provisions of, and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

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, 2019.

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 statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed by the statutory auditors as they have reviewed the cumulative figures for the six months ended December 31, 2019 and December 31, 2018.



These condensed interim financial statements are being submitted to the shareholders pursuant to the Listing Regulations of Pakistan Stock Exchange Limited vide section 237 of the Companies Act, 2017.

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 classified as assets at fair value through profit or loss, or as available-for-sale), which are carried at fair value;
- Investments in unquoted equities, measured at fair value through profit or loss;
- Investments in associates, 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.

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, 2019 except for certain accounting and reporting standards which became effective for periods beginning on or after July 1, 2019.

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, 2019. 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, 2019.

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, 2019.

6 METHOD OF ACCOUNTING

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

7 PROPERTY AND EQUIPMENT

Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- (Rupees) -----	
Property and Equipment	37,690,873	38,074,349

During the period ended December 31, 2019, there were neither any additions nor any disposals made to property and equipment.

8 INTANGIBLE ASSETS

TRE Certificate	2,500,000	2,500,000
License to use rooms at PSX	67,862,000	67,862,000
Building tenancy rights	14,915,000	14,915,000
	85,277,000	85,277,000

9 INVESTMENT IN ASSOCIATE

Investment in Coastal Company Limited	75,359,726	72,989,837
Share of profits from Associate	(402,620)	2,369,889
	74,957,106	75,359,726

10 STRATEGIC INVESTMENT

Investment in KingBhai Digisole (Pvt.) Limited	637,550,378	637,550,378
--	--------------------	-------------

Company took advantage of a investment opportunity in last year and due to extra ordinary performance of KingBhai Digisol (Pvt.) Limited ("KingBhai"), we expect significant upside in the investment that will be resognized in profit and loss statement in coming years of FNEL. KingBhai has successfully registered eighty thousands properties in property portal along with successful launch of KingBhai legal and KingBhai insurance online services in collaboration with Pakistan top legal and incurrence giants . In the future, all these services systems will be dynamic in nature, catering and adapting to the changing needs of the our population. Their vision for a online system is a new concept, one that will fundamentally redefine how people select the service providers at one click. It is a massive market with a potential of million of users per day. It will be helping us to transform into market leaders.



	(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- (Rupees) -----		
11 INVESTMENTS - Fair value through Other comprehensive income		
Pakistan Stock Exchange Limited		
Opening Balance	14,055,522	21,353,582
Fair value (loss)/gain on investment	(4,941,056)	(7,298,060)
Reclassification	(9,114,466)	-
Closing Balance	<u>-</u>	<u>14,055,522</u>

11.1 The Securities & Exchange Commission of Pakistan ("SECP"), vide its notices # SMD/SE/2(57)/2002 dated April 8, 2019 and August 21, 2019, respectively, and the Pakistan Stock Exchange Limited ("PSX") vide its notice # PSX/N-1048 dated August 23, 2019, have notified that restrictions imposed on the sale of PSX shares (obtained as a result of the corporatization / demutualization of stock exchanges) pursuant to sub-regulations (1), (2) and (3) of Regulation 5 of Public Offering Regulations, 2017, have now been lifted. Accordingly, these shares have been classified as short-term investments. The basis of accounting (fair value through other comprehensive income) for these investments is unchanged.

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- (Rupees) -----		
12 SHORT TERM INVESTMENTS		
At FVOCI	12.1 17,952,427	4,133,417
At FVTPL	12.2 18,386,258	17,612,354
	<u>36,338,685</u>	<u>21,745,771</u>

12.1 Financial assets at fair value through other comprehensive income

- Average cost	15,589,004	4,777,115
- Unrealized gain/(loss) on re-measurement of investments	2,363,423	(643,698)
- Closing carrying value	17,952,427	4,133,417

12.2 Financial assets at fair value through profit or loss

- Average cost	15,979,075	24,696,503
- Unrealized gain/ (loss) on re-measurement of investments	2,407,183	(7,084,149)
- Closing carrying value	18,386,258	17,612,354

12.3 Securities having market value of Rs. 28.856 million (June 30, 2019: Rs. 19.335 million) and Rs NIL (June 30, 2019: NIL) have been pledged with Pakistan Stock Exchange and various commercial banks respectively.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- (Rupees) -----			
13 TRADE DEBTS			
Considered good	13.1	139,828,747	102,611,992
Considered doubtful		381,934,505	381,934,505
		521,763,252	484,546,497
Less: Provision for doubtful debts		(381,934,505)	(381,934,505)
		139,828,747	102,611,992

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 with total fair value of Rs 7,473.111 million (June 2019: Rs.653.616 million) owned by its clients as collateral against trade debts.

13.2 Securities pertaining to clients amounting Rs 17.945 million (June 30, 2019: 13.115 million) have been pledged / utilized by the Company for meeting PSX exposure deposit requirements, with consent from clients.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- (Rupees) -----			
14 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Exposure deposits		25,554,452	25,055,025
		25,554,452	25,055,025
15 CASH AND BANK BALANCES			
Cash in hand		-	252
Cash at bank		182,140,210	180,703,463
		182,140,210	180,703,715

This includes customer assets amounting Rs. 101.977 million (June 30, 2019: Rs. 83.843 million).



	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
------(Rupees)-----			
16 LONG TERM FINANCING			
From banking companies - secured			
Bank Alfalah Limited	16.1	104,680,955	100,880,336
United Bank Limited	16.2	1,193,820	1,193,820
The Bank of Punjab	16.3	154,816,442	146,571,779
Interest on long-term financing			
The Bank of Punjab		8,821,000	8,821,000
Other Loans		24,953,101	14,950,101
		294,465,318	272,417,036
Less: Current portion of long term financing		(29,911,478)	(33,990,937)
		264,553,840	238,426,099

- 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 offer letter dated June 27, 2014 (and amended on September 08, 2014). Under the terms of the restructuring, multiple loan tranches were merged. As per the terms of the restructuring offer letter, the principal amount unpaid after the sale of pledged properties (or the settlement of the relevant portion of the liability by payments made otherwise; see below for pledge details) was to be paid in quarterly installments of Rs 0.3 million from January 2016 to December 2016, and in quarterly installments of Rs. 1.0 million from January 2017 to June 2021. 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 related notional expense is being amortized over the term of the liability (through to June 2021).

The facility was originally secured against pledge of shares (then) amounting to Rs 78.6 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. Ali A. 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.

The Company is presently in the process of re-negotiating the terms of the restructure. Negotiations are at an advanced stage and Management expects to secure an offer letter imminently.

- 16.2** 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.7,333,321 (inclusive of any mark-up). The borrowing was obtained to finance daily clearing obligations of PSX and settlement of client trades.
- 16.3** 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 to Rs 135

Note	(Un-audited) December 31, 2018	(Audited) June 30, 2018
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-----**(Rupees)**-----

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 markup quarterly/bi-annually 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 Rs 36.127 million and Rs 58.568 million. 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 BOP's petition, to maintain intact the existing collateral/sureties during the currency of credit lines, and the unfettered right to demand accelerated repayment with improved rate of markup depending upon the financial growth indicators of the Company by taking June 30, 2015 as base period.

Since the restructured loan is partially interest free and partially at lower interest rate (i.e. 3% quarterly/bi-annually), the present value has been assessed using estimated future cash outflows discounted to their present values @ 7.5 %, which is the market interest rate of similar loans. The difference between the liability initially recognized and the present value calculated through discounting future cash outflows has been recognized in previous year profit and loss account as notional income and will be amortized during the tenure of the liability, i.e. through to Dec 2025.

During the period, 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.

Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
------	--------------------------------------	-------------------------------

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

17 LOAN FROM SPONSORS

Loan from sponsors - Subordinated	17.1	<u>155,175,000</u>	155,175,000
Less: current portion		<u>155,175,000</u>	155,175,000
		<u>-</u>	<u>-</u>
		<u><u>155,175,000</u></u>	<u><u>155,175,000</u></u>

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



18 TRADE AND OTHER PAYABLES

This includes Rs. 101.875 Million (June 30,2019: Rs. 83.787 Million) payable to clients of the company.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

Trade and Other Payables of the Company include an amount of Rs. 143.35 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.

Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
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------(Rupees)-----

19.2 Commitments

Outstanding settlements against sale of investments in regular market	-	694,804
Outstanding settlements against purchase of investments in regular market	35,407	-

20 SHARE CAPITAL

Authorized capital

500,000,000 (2018: 500,000,000) Ordinary shares of Rs. 10 each	<u>5,000,000,000</u>	<u>5,000,000,000</u>
--	----------------------	----------------------

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
	<u>2,672,863,310</u>	<u>2,672,863,310</u>

21 SHARE DEPOSIT MONEY

Trust Investment Bank LTD	-	10,003,000
Mr. Ali Aslam Malik	-	7,000,000
	<u>-</u>	<u>17,003,000</u>

Note	(Un-audited) December 31, 2019	(Un-audited) December 31, 2018
----- (Rupees) -----		
22 OPERATING REVENUE		
Brokerage Income	17,580,234	10,472,602
Dividend Income	-	803,035
	<u>17,580,234</u>	<u>11,275,637</u>
23 TURNOVER BY SEGMENT		
Retail customers	15,414,963	11,025,047
Institutional Customers	2,165,271	250,590
	<u>17,580,234</u>	<u>11,275,637</u>
24 TAXATION		
- Current tax (expense)	(363,381)	259,980
- deferred tax income	5,831,230	456,674
	<u>5,467,849</u>	<u>716,654</u>
25 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, 2019 (Un-audited)				
	Key Management	Associates	Other related parties	Total
----- (Rupees) -----				
Transactions during the period				
Purchase of marketable securities for and on behalf of	1,303,142,606	2,513,178,306	970,449,814	4,786,770,726
Sale of marketable securities for and on behalf of	1,290,436,231	2,455,742,500	965,501,498	4,711,680,229
Brokerage Income	485,649	1,405,744	405,270	2,296,663
Remuneration to key management personnel	8,632,136	-	-	8,632,136
----- (Rupees) -----				
For the Year ended June 30, 2019 (audited)				
	Key Management	Associates	Other related parties	Total
----- (Rupees) -----				
Transactions during the year				
Purchase of marketable securities for and on behalf of	8,106,694,609	3,140,345,874	7,922,384,185	19,169,424,668
Sale of marketable securities for and on behalf of	8,216,583,088	3,144,688,488	7,949,628,322	19,310,899,898
Brokerage income	1,394,344	298,925	727,270	2,420,539
Loan from sponsors	-	-	-	-
Loan repaid to sponsors	-	-	-	-
Equity contributions	-	-	-	-
Investment made during year			500,000	500,000



26 FINANCIAL RISK MANAGEMENT

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

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.

The fair value of financial assets and liabilities traded in active markets (i.e. listed equity shares) is based on quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company are current bid prices.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements: Disclosures' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Short-term investment - at FVTPL	18,386,258	-	-	18,386,258
Short-term investment - at FVOCI	17,952,427	-	-	17,952,427
Long-term investment - at FVOCI	-	-	-	-
Strategic investment - at FVTPL	-	-	637,550,378	637,550,378
December 31, 2018				
Assets				
Short-term investment - at FVTPL	25,168,939	-	-	25,168,939
Short-term investment - at FVOCI	5,069,753	-	-	5,069,753
Long-term investment - at FVOCI	2,750,000	-	-	2,750,000
Strategic investment - at FVTPL	-	-	-	-

27 SHAREHOLDERS HOLDING 5% OR MORE

SHAREHOLDERS NAME	Un-audited December 31, 2019		Audited June 30, 2019		Change
	Shares Held	Percentage	Shares Held	Percentage	
First Florence Developers (Pvt.) Limited	104,426,150	39.07%	104,426,150	39.07%	-
Ali Aslam Malik	74,132,134	27.74%	74,132,134	27.73%	-

28 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.

29 DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on **February 28, 2020** by the Board of Directors of the Company.


Chief Executive Officer


Chief Financial Officer


Director



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