

FIRST NATIONAL EQUITIES LIMITED

第一国家股权有限

2021  
QUARTERLY REPORT  
半年报告



(Un-audited) For the Period Ended  
March 31, 2021.

(未经审计) 截至截止 2021 年 3 月 31 日。

[www.fnetrade.com](http://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	Director/Chairman
2. Lt.Col. (Retd.) Muhammd Bilal	Director
3. Mr. Amir Shehzad	Director
4. Mr. Abid Yousaf	Director
5. Mrs. Syeda Faaiza Akmal Tirimzi	Director
6. Mr. Fusao Yamada	Director

### Chief Executive Officer:

Mr. Ali A. Malik

### Audit Committee:

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

### HR & Remuneration Committee:

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

### Chief Financial Officer:

Ms. Ammara Zakriya

### Head of Internal Audit:

Mr. Muhammad Waleed Ahmed

### Auditors:

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

### Legal Advisor:

Lashari & Co. Advocates

### Shares Registrar:

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

### Bankers:

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

### Principal Office:

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

### Registered Office:

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

**DIRECTORS' REVIEW REPORT****Dear Shareholders,**

On behalf of the Board of Directors of First National Equities Limited, We are pleased to present the report on the performance of First National Equities Limited for the nine months ended on March 31, 2021.

**Economy and Stock Market:**

Economic recovery of the country has continued during the period with good pace on the back of supportive actions and policies of GoP/SBP. Rebound in the cyclical indicators has managed to post impressive numbers. The strong external performance has been fueled by the robust workers' remittances. Pakistan has received IMF next installment, further booster to reserve will come after receiving USD 2.5 billion from the first international bond sale since 2017. With strengthening FOREX reserves, consolidating external position, sentiments in the currency market have shown optimism.

As the recovery becomes more durable and the economy returns to full capacity, the MPC expects any adjustments in the policy rate to be measured and gradual to achieve mildly positive real interest rates.

KSE-100 index continued its second consecutive month of correction during March, decreasing by 2.8% MoM. Market saw a sharp dip especially during the first half of the month due to senate election related developments. Over during the nine months of FY21, KS-100 is up by an impressive 21.75%. The month witnessed some prominent developments such as status quo in the monetary policy meeting, launching of international bonds after 2017, senate election and start of third wave. The market remained largely in negative territory during the month especially during the first half. Active cases of corona virus rose during the month. Restrictions have again been placed to control the spread, however the government has ruled out complete lock down.

We have witnessed profit taking in the last two months, especially in the month of March due to political concern and start of third wave of Covid-19. Overall we expect positive sentiments to return on the back of robust corporate earnings for the March quarter and attractive valuations. Even though we amidst another wave of Covid-19, the sentiments this time around are much better compared to earlier. The Pakistan Stock Exchange currently trading at a low forward P/E multiple of around 6.5x compared to long term average P/E multiple of around 8.4x. PSX is also significantly underpriced compared to the MSCI emerging market index's forward P/E of around 15.6x.

## Key Operating and Financial data

Following is the financial summary of comparative results:

	Nine months ended		Three months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue	65,444,463	27,036,349	29,969,953	9,456,115
Operating Profit	121,907,164	22,930,425	46,296,053	5,741,915
Profit/ (Loss) after Taxation	114,991,353	(7,423,312)	23,417,926	(3,686,266)
Basic Earnings/(Loss) per share	0.430	(0.028)	0.088	(0.014)

During the nine months ended March 31, 2021, Company showed a magnificent improvement in revenue which has been increased more than 100% and resultantly operating Profit has also improved to 121.907 million as compared to operating profit of 22.930 million in same period last year.

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

### Appreciation and Acknowledgement:

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

On behalf of the Board of Directors

Dated: April 28, 2021  
Place: Lahore



Amir Shehzad  
Executive Director



Ali A. Malik  
Chief Executive Officer



**尊敬的股东们，**

我们很荣幸地代表第一国民股权有限公司董事会提交关于第一国民股权有限公司截至 2021 年 3 月 31 日止九个月的业绩报告。

**经济与股市：**

在此期间，在 GoP / SBP 的支持性行动和政策的支持下，该国的经济复苏一直保持良好的步伐。周期性指标的反弹已经成功地发布了令人印象深刻的数字。强劲的员工汇款推动了强劲的外部表现。巴基斯坦已收到 IMF 的下一批款项，自 2017 年以来首次国际发售债券获得 25 亿美元之后，储备将进一步增加。随着外汇储备的增加，外部地位的巩固，货币市场的情绪显示出乐观。

随着复苏变得更加持久，经济恢复满负荷，MPC 预计将逐步衡量政策利率的调整，以实现适度的正实际利率。

KSE-100 指数连续第二个月修正，环比下降 2.8%。由于参议院选举相关的发展，市场特别是在本月上半月出现了急剧下跌。在 21 财年的 9 个月中，KSE-100 增长了 21.75%，令人印象深刻。本月见证了一些显着的发展，例如货币政策会议的现状，2017 年后发行的国际债券，参议院选举和第三波浪的开始。市场在本月尤其是上半年主要处于负数区域。本月活跃的日冕病毒病例上升。再次设置了限制以控制传播，但是政府排除了完全锁定的可能性。

在过去的两个月中，我们目睹了获利回吐，尤其是在 3 月，这是由于政治方面的担忧和 Covid-19 的第三次浪潮的开始。总体而言，由于 3 月份季度强劲的公司收益和有吸引力的估值，我们预计将出现积极的情绪。即使我们处于 Covid-19 的另一波浪中，这次的情绪还是比以前好得多。巴基斯坦证券交易所目前的远期市盈率约为 6.5 倍，而长期平均市盈率约为 8.4 倍。与 MSCI 新兴市场指数的大约 15.6 倍远期市盈率相比，PSX 的价格也被大大低估。

**关键运营和财务数据**

以下是比较结果的财务摘要：

	截止九个月		结束了三个月	
	2021 年 3, 31 日	2020 年 3 月 31 日	2021 年 3, 31 日	2020 年 3 月 31 日
收入	65,444,463	27,036,349	29,969,953	9,456,115
营业利润	121,907,164	22,930,425	46,296,053	5,741,915
除税后溢利/ (亏损)	114,991,353	(7,423,312)	23,417,926	(3,686,266)
每股基本收益/ (亏损)	0.430	(0.028)	0.088	(0.014)

在截至 2021 年 3 月 31 日的 9 个月中，公司收入实现了大幅增长，增幅超过 100%，因此，营业利润也从去年同期的 229.3 万元增长至 121.907 百万元。

领导层努力通过提供详细的分析，企业访问和咨询设施来提高服务质量，从而提高该行业的市场份额。该企业正在努力实现更好的销量。我们一直致力于扩大我们的实物和数字用户基础，以最大程度地提高投资者部门的参与度并利用有吸引力的市场。

**赞赏与肯定：**

FNEL 董事会要感谢 SECP, PSX, NCCPL, CDC 和其他监管机构的一如既往的支持，感谢公司的所有股东和客户的信任，并感谢我们的员工的持续奉献和承诺。

代表董事会

  
Amir Shehzad  
导向器

2021年4月28日  
地点：拉合尔

  
Ali A. Malik  
首席执行官 | 07



ہمیں 31 مارچ 2021 کو ختم ہونے والے نو ماہ کے لئے فرسٹ نیشنل ایکویٹی لمیٹڈ کی کارکردگی سے متعلق رپورٹ پیش کرنے پر خوشی ہے۔

### معیشت اور اسٹاک مارکیٹ:

حکومت اور اسٹیٹ بینک آف پاکستان کے حمایتی اقدامات اور پالیسیوں کی وجہ سے اس مدت کے دوران ملک کی معاشی بحالی اچھی رفتار کے ساتھ جاری ہے۔ چکراتی اشاروں میں صحت مندی لوٹنے سے متاثر کن کارکردگی ہوئی ہے۔ مضبوط بیرونی کارکردگی بیرون ملک مقیم کارکنوں کی طرف سے بھیجے گئے ترسیلات زر کی وجہ سے رہی ہے پاکستان کو آئی ایم ایف کی اگلی قسط مل گئی ہے، ریزرو میں مزید اضافہ 2017 کے بعد پہلی بین الاقوامی بانڈ فروخت سے ڈھائی ارب ڈالر وصول کرنے کے بعد آئے گا۔ حکومت بین الاقوامی سکوک بانڈ کولانچ کرنے کا بھی منصوبہ بنا رہی ہے جو خارجی کھاتے کی پوزیشن کو مستحکم کرے گا۔ فاریکس ذخائر کے مستحکم ہونے، بیرونی پوزیشن مستحکم ہونے کے ساتھ، کرنسی مارکیٹ میں جذبات نے پر امیدگی ظاہر کی ہے۔

جیسے جیسے بحالی زیادہ پائیدار ہو جاتی ہے اور معیشت پوری صلاحیت سے لوٹی ہے، MPC توقع کرتا ہے کہ معمولی مثبت حقیقی سود کی شرحوں کے حصول کے لئے پالیسی کی شرح میں کسی بھی قسم کی ایڈجسٹمنٹ کی پیمائش اور تدریجی پیمائش کی جائے گی۔

کے ایس ای 100 انڈیکس میں مارچ کے دوران لگا تار دوسرے مہینے اصلاح جاری رہی، 2.8% کی کمی واقع ہوئی۔ سینیٹ انتخابات سے متعلق پیشرفت کی وجہ سے خاص طور پر مہینے کے پہلے نصف حصے میں مارکیٹ میں تیزی سے کمی دیکھنے میں آئی۔ مالی سال 21 کے نو مہینوں کے دوران، KS-100 میں ایک متاثر کن 21.75% اضافہ ہوا۔ مہینے میں کچھ نمایاں پیشرفت دیکھنے میں آئی جیسے مانیٹری پالیسی میٹنگ میں کوئی تبدیلی نہیں کی گئی، 2017 کے بعد بین الاقوامی بانڈز کا آغاز، سینیٹ انتخابات اور تیسری کوویڈ وائرس وبائی بیماری کی لہر کا آغاز۔ ماہ کے دوران مارکیٹ بڑی حد تک منفی خطے میں رہی خاص طور پر پہلی ششماہی کے دوران۔ مہینے کے دوران کورونا وائرس کے فعال واقعات میں اضافہ ہوا۔ پھیلاؤ کو کنٹرول کرنے کے لئے ایک بار پھر پابندیاں لگا دی گئی، تاہم حکومت نے مکمل طور پر لاک ڈاؤن کو مسترد کر دیا ہے۔

ہم نے پچھلے دو ماہ میں نفع لینے کا مشاہدہ کیا ہے خاص طور پر مارچ کے مہینے میں سیاسی تشویش اور کوویڈ 19 کی تیسری لہر کے آغاز کی وجہ سے مجموعی طور پر ہم توقع کرتے ہیں کہ مارچ کے سہ ماہی میں کارپوریٹ کی مضبوط آمدنی اور پرکشش قیمتوں کی وجہ سے مثبت جذبات کی واپسی ہوگی۔ اگرچہ ہم کوویڈ 19 کی ایک اور لہر کے درمیان ہیں، البتہ اس بار جذبات پہلے کے مقابلے میں کہیں بہتر ہیں۔ پاکستان اسٹاک ایکسچینج اس وقت کم فارورڈ P/E میں 6.5x کے متعدد پرنٹڈ کر رہا ہے طویل مدتی اوسط P/E کے ارد گرد 8.4x کے مقابلے میں MSCI ابھرتی ہوئی مارکیٹ انڈیکس کے فارورڈ P/E کے مقابلے میں تقریباً 15.6x کے مقابلے میں PSX بھی نمایاں طور پر کم ہے۔

کی آپریٹنگ اور مالی اعداد و شمار  
قابل نتائج کی مالی خلاصہ ذیل میں ہے:

تین ماہ ختم		نواہ ختم		
2020 مارچ 31	2021 مارچ 31	2020 مارچ 31	2021 مارچ 31	
9,456,115	<b>29,969,953</b>	27,036,349	<b>65,444,463</b>	آمدنی
5,741,915	<b>46,296,053</b>	22,930,425	<b>121,907,164</b>	آپریٹنگ منافع
(3,686,266)	<b>23,417,926</b>	(7,423,312)	<b>114,991,353</b>	ٹیکس لگانے کے بعد منافع / نقصان
(0.014)	<b>0.088</b>	(0.028)	<b>0.430</b>	بنیادی حصول آمدنی / نقصان فی شیئر

31 مارچ، 2021 کو ختم ہونے والے نواہ کے دوران، کمپنی نے آمدنی میں ایک شاندار بہتری کا مظاہرہ کیا جس میں 100% سے زیادہ اضافہ ہوا۔ اور اس کے نتیجے میں آپریٹنگ منافع بھی بہتر ہو کر 121.907 ملین ہو گیا ہے جب کہ گذشتہ سال اسی عرصے میں آپریٹنگ منافع 22.290 ملین تھا۔ قیادت تفصیلی تجزیہ کارپورٹ رسائی اور مشاورت کی سہولیات کے ساتھ بہتر خدمات کے معیار کی پیش کش کر کے شعبے کے مارکیٹ شیئر کو بہتر بنانے کی کوششیں کر رہی ہے۔ کاروبار بہتر حجم کے حصول کے لئے پوری کوشش کر رہا ہے، ہم سرمایہ کاروں کے شعبے میں زیادہ سے زیادہ شمولیت اور پرکشش منڈیوں سے فائدہ اٹھانے کے لیے اپنے جسمانی اور ڈیجیٹل صارف پورٹل کو وسیع کرنے کے لیے مسلسل جدوجہد کرتے ہیں۔

تعریف اور اعتراف:


ایف این ای ایل کے بورڈ آف ڈائریکٹرز ایس ای سی پی، پی ایس ایکس، این سی سی ایل، سی ڈی سی اور دیگر انضباطی اداروں کی مسلسل حمایت کے لئے، اور کمپنی کے تمام حصص یافتگان اور صارفین کے اعتماد کے لئے اور ہمارے ملازمین کو ان کے مسلسل لگن اور عزم کے لیے شکریہ ادا کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

مقام: لاہور

تاریخ: 28 اپریل، 2021ء

  
عامر شہزاد  
چیف ڈائریکٹر

  
علی اسلم ملک  
چیف ایگزیکٹو آفیسر

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2021**

	Note	(Un-audited) March 31, 2021	(Audited) June 30, 2020
------(Rupees)-----			
<b>NON CURRENT ASSETS</b>			
Property and equipment	7	36,814,181	37,344,926
Intangible assets	8	85,277,000	85,277,000
Other receivables	9	144,242,692	131,070,869
Investment in associate		77,010,642	77,031,875
Long-term investment		764,846,500	709,605,147
Long-term deposits		1,602,400	1,600,000
Deferred taxation		79,341,568	116,588,520
		<b>1,189,134,983</b>	1,158,518,337
<b>CURRENT ASSETS</b>			
Short-term investments	11	42,460,520	56,224,122
Trade debts	12	131,925,512	129,360,737
Loans and advances		1,230,695	2,077,671
Trade deposits and short-term prepayments	13	125,407,071	10,509,493
Other receivables		143,262,737	149,514,257
Advance tax		17,063,721	25,791,602
Cash and bank balances	14	267,274,380	190,181,660
		<b>728,624,636</b>	563,659,542
<b>Total Assets</b>		<b>1,917,759,619</b>	1,722,177,879
<b>NON CURRENT LIABILITIES</b>			
Long-term financing	15	292,452,030	279,929,984
Loan from sponsors	16	155,175,000	155,175,000
Deferred liabilities		13,865,924	13,865,924
		<b>461,492,954</b>	448,970,908
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	353,502,895	290,190,414
Unclaimed dividend		1,399,397	1,525,272
Current portion of long-term financing		2,000,000	3,193,820
		<b>356,902,292</b>	294,909,506
<b>Total Liabilities</b>		<b>818,395,246</b>	743,880,414
<b>Contingencies and commitments</b>	18	-	-
<b>Net Assets</b>		<b>1,099,364,373</b>	978,297,465
<b>REPRESENTED BY:</b>			
Authorized share capital	19	5,000,000,000	5,000,000,000
Issued, subscribed and paid-up share capital		2,672,863,310	2,672,863,310
Discount on right shares		(1,508,754,317)	(1,508,754,317)
Accumulated loss		(69,907,434)	(184,898,787)
Unrealized gain on re-measurement of investments classified as fair value through OCI		1,094,201,559	979,210,206
		5,162,814	(912,741)
		<b>1,099,364,373</b>	978,297,465

The annexed notes 01 to 26 form an integral part of these condensed interim financial statements.

  
**Chief Executive Officer**
  
**Chief Financial Officer**
  
**Director**



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2021

Note	Nine Months Period Ended		Three Months Period Ended		
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	
----- (Rupees) -----					
Operating revenue	20	65,444,463	27,036,349	29,969,953	9,456,115
Gain / (loss) on sale of investments		59,546,264	(1,091,862)	21,054,390	1,707,045
Unrealized gain/(loss) on re-measurement of investments classified at fair value through profit or loss - net		(3,083,563)	(3,014,062)	(4,728,290)	(5,421,245)
<b>Operating profit</b>		<b>121,907,164</b>	22,930,425	<b>46,296,053</b>	5,741,915
Administrative expenses		(52,790,426)	(34,301,306)	(19,621,227)	(12,058,714)
Finance cost		(16,061,354)	(17,012,089)	(5,886,517)	(2,931,318)
Other operating expenses		(4,677,684)	(2,751,250)	(2,120,162)	(1,159,038)
Other operating income / (loss)		58,120,079	16,604,652	3,175,090	4,679,862
Changes in fair value of investments at fair value through profit or loss		55,241,353	-	-	-
Share of Loss of associate		(21,233)	(402,620)	-	-
<b>Profit/(Loss) before taxation</b>		<b>161,717,899</b>	(14,932,188)	<b>21,843,237</b>	(5,727,293)
Tax (expense) / Income	22	(46,726,546)	7,508,876	1,574,689	2,041,027
<b>Profit/(Loss) after taxation</b>		<b>114,991,353</b>	(7,423,312)	<b>23,417,926</b>	(3,686,266)
Basic earning / (loss) per share		0.430	(0.028)	0.088	(0.014)

The annexed notes 01 to 26 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2021

	Nine Months Period Ended		Three Months Period Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	----- (Rupees) -----			
<b>Profit / (loss) after taxation</b>	<b>114,991,353</b>	(7,423,312)	<b>23,417,926</b>	(3,686,266)
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Unrealized gain / (loss) during the period in the market value of investments classified as fair value through OCI	<b>6,075,554</b>	(5,574,728)	<b>(3,336,137)</b>	(5,338,216)
<b>Other comprehensive income / (loss) for the period</b>	<b>6,075,554</b>	(5,574,728)	<b>(3,336,137)</b>	(5,338,216)
<b>Total comprehensive income / (loss) for the period</b>	<b>121,066,907</b>	(12,998,040)	<b>20,081,789</b>	(9,024,482)

The annexed notes 01 to 26 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 MARCH 31, 2021**

	Issued, subscribed and paid-up capital	Share Deposit Money	Discount on issue of right shares	Accumulated loss	Unrealized surplus / (deficit) on re- measurement of investments classified as available for sale	Total
------(Rupees)-----						
Balance as at June 30, 2019 (Audited)	2,672,863,310	17,003,000	(1,508,754,317)	(298,779,297)	2,053,251	884,385,947
Share deposit money	-	(17,003,000)	-	-	-	(17,003,000)
Loss after taxation for the nine months ended Mar-31,2020	-	-	-	(7,423,312)	-	(7,423,312)
Other comprehensive loss for the period	-	-	-	-	(5,338,216)	(5,338,216)
<b>Balance as at March 31, 2020</b>	<b>2,672,863,310</b>	<b>-</b>	<b>(1,508,754,317)</b>	<b>(306,202,609)</b>	<b>(3,521,477)</b>	<b>854,384,907</b>
Profit after taxation for the period ended June 30, 2020	-	-	-	121,303,823	-	121,303,823
Other comprehensive Income for the period	-	-	-	-	2,372,224	2,372,224
<b>Balance as at June 30, 2020 (Audited)</b>	<b>2,672,863,310</b>	<b>-</b>	<b>(1,508,754,317)</b>	<b>(184,898,787)</b>	<b>(912,740)</b>	<b>978,297,467</b>
<b>Balance as at July 01, 2020</b>	<b>2,672,863,310</b>	<b>-</b>	<b>(1,508,754,317)</b>	<b>(184,898,787)</b>	<b>(912,740)</b>	<b>978,297,467</b>
<b>Profit after taxation for Nine months ended March 31, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,991,353</b>	<b>-</b>	<b>114,991,353</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,075,554</b>	<b>6,075,554</b>
<b>Balance as at March 31, 2021 (Unaudited)</b>	<b>2,672,863,310</b>	<b>-</b>	<b>(1,508,754,317)</b>	<b>(69,907,433)</b>	<b>5,162,815</b>	<b>1,099,364,373</b>

The annexed notes 01 to 26 form an integral part of these condensed interim financial statements.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2021

Note	March 31, 2021	March 31, 2020
----- (Rupees) -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	161,717,899	(14,932,188)
<b>Adjustments for non cash items :</b>	791,743	560,236
Depreciation	(59,546,264)	1,091,862
Gain/(Loss) on disposal of investments	(3,083,563)	3,014,062
Unrealized loss on re-measurement of financial assets carried at fair value through profit or loss-net	16,061,354	17,012,089
Finance cost	(55,241,353)	-
Changes in fair value of investments at fair value through profit or loss	46,798,396	-
Provision for expected credit losses	21,233	402,620
Share of loss of associate	(58,120,079)	(16,604,652)
Other operating income	(112,318,533)	5,476,217
<b>Changes in working capital</b>	49,399,366	(9,455,971)
<b>Decrease / (Increase) in current assets</b>	(49,195,699)	(21,566,148)
Trade debts	846,976	(1,711,509)
Loans and advances	(62,687,295)	13,114,204
Trade deposits and short-term prepayments	(89,467)	8,319,184
Other receivables	(111,125,485)	(1,844,269)
<b>(Decrease) / Increase in current liabilities</b>	63,312,481	39,441,036
Trade and other payables	1,586,362	28,140,796
Finance cost paid	2,539,310	(66,502)
Income tax paid	(751,713)	(282,539)
<b>Net cash generated from operating activities</b>	3,373,959	27,791,755
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	76,301,856	3,350,675
Sale / (purchase) of marketable securities	(261,000)	-
(Additions) / disposals of fixed assets	(2,400)	100,000
Long term deposits received / (paid)		
<b>Net cash generated from investing activities</b>	76,038,456	3,418,676
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	(2,193,820)	(3,000,000)
Repayment of Long-term loans	(125,875)	
Dividend Paid	-	(7,258)
Gratuity Paid		
<b>Net cash utilized in financing activities</b>	(2,319,695)	(3,007,258)
<b>Net increase in cash and cash equivalents</b>	77,092,720	28,203,173
<b>Cash and cash equivalents at the beginning of the period</b>	190,181,660	180,703,715
<b>Cash and cash equivalents at the end of the period</b>	267,274,380	208,906,888

The annexed notes 1 to 26 from 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 PERIOD ENDED MARCH 31, 2021

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

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting . Accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as are notified under the Companies Act, 2017 (the "Act"), and provisions of and directives issued under the Act. If and where provisions of and directives issued under the Act differ from IFRSs, the provisions of and directives issued under the Act will prevail.

### 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, 2020.

### 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, 2020.

### 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2020.

### 6. METHOD OF ACCOUNTING

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2021**

	Note	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
----- (Rupees) -----			
<b>7. PROPERTY AND EQUIPMENT</b>			
Additions during the period		261,000	-
Disposals during the period		-	-
----- (Rupees) -----			
	Note	(Un-audited) March 31, 2021	(Audited) June 30, 2020
----- (Rupees) -----			
<b>8. INTANGIBLE ASSETS</b>			
TRE Certificate		2,500,000	2,500,000
License to use rooms at Pakistan Stock Exchange		67,862,000	67,862,000
Building tenancy rights		14,915,000	14,915,000
		<b>85,277,000</b>	85,277,000
<b>9. INVESTMENT IN ASSOCIATE</b>			
Investment in Coastal Company Limited		77,031,875	75,359,726
Share of profits/(loss) from Associate		(21,233)	1,672,149
		<b>77,010,642</b>	77,031,875
<b>10. STRATEGIC INVESTMENT</b>			
Investment in KingBhai Digisole (Pvt.) Limited		<b>764,846,500</b>	709,605,147
<p>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.</p>			
<b>11. SHORT TERM INVESTMENTS</b>			
At FVOCI	11.1	20,646,641	14,571,087
At FVTPL	11.2	21,813,879	41,653,035
		<b>42,460,520</b>	56,224,122
<b>11.1 At FVOCI</b>			
Average cost		15,589,004	15,589,005
Unrealized gain / (loss) on re-measurement of investments		5,057,637	(1,017,918)
Closing carrying value		<b>20,646,641</b>	14,571,087
<b>11.2 Financial assets at fair value through profit or loss</b>			
Average cost		24,897,442	44,727,450
Unrealized (loss) on re-measurement of investments		(3,083,563)	(3,074,415)
Closing carrying value		<b>21,813,879</b>	41,653,035
<b>11.3</b>	Securities having market value of Rs. 35.176 million (June 30, 2020: Rs. 27.400 million) and Rs NIL (June 30, 2020: NIL) have been pledged with Pakistan Stock Exchange and various commercial banks respectively.		

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2021**

	Note	(Un-audited) March 31, 2021	(Audited) June 30, 2020
----- (Rupees) -----			
<b>12. TRADE DEBTS</b>			
Considered good	12.1	131,925,512	129,360,737
Considered doubtful		349,055,370	395,853,766
		<b>480,980,882</b>	525,214,503
Less: Provision for doubtful debts		<b>(349,055,370)</b>	(395,853,766)
		<b>131,925,512</b>	129,360,737
<b>12.1</b> 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 1,601.200 million (June 2020: Rs. 3,357.485 million) owned by its clients as collateral against trade debts.			
<b>12.2</b> Securities pertaining to clients amounting Rs 23.991 million ( June 30, 2020: Rs. 14.825 million) have been pledged / utilized by the Company for meeting the exposure deposit requirement of the Pakistan Stock Exchange Limited with the consent from clients.			
<b>13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
Exposure deposits		125,407,071	10,509,493
		<b>125,407,071</b>	10,509,493
<b>14. CASH AND BANK BALANCES</b>			
This includes customer assets amounting Rs. 200.317 million (June 30, 2020: Rs. 130.560 million).			
<b>15. LONG TERM FINANCING</b>			
From banking companies - secured			
Bank Alfalah Limited	15.1	94,686,980	90,591,224
United Bank Limited	15.2	-	1,193,820
The Bank of Punjab	15.3	165,990,949	157,564,659
Interest on long-term financing			
The Bank of Punjab		8,821,000	8,821,000
Other Loans / Financing		24,953,101	24,953,101
		<b>294,452,030</b>	283,123,804
Less: Current portion of long term financing		2,000,000	(3,193,820)
		<b>296,452,030</b>	279,929,984



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2021

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

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

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

- 15.2** Company has made complete repayment of United Bank Limited outstanding liability.

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

DF-I (Serviceable) amounting 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 initial three years and subsequently recovered with balance repayments. This facility will be repaid in 28 step-up quarterly/biannual installments till Dec 2025.

DF II (Unserviceable) amounting 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 will be repaid in 9 Quarterly/Bi-annual installments from September 2022 till 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.

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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2021**

	Note	(Un-audited) March 31, 2021	(Un-audited) June 30, 2020
----- (Rupees) -----			
<b>16. LOAN FROM SPONSORS</b>			
Loan from sponsors - Subordinated	<b>16.1</b>	<b>155,175,000</b>	155,175,000
Less: current portion		<b>155,175,000</b>	155,175,000
		-	-
		<b>155,175,000</b>	155,175,000

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

**17. TRADE AND OTHER PAYABLES**

This includes amount Rs. 199.895 Million (June 30, 2020: Rs. 130.365 million) payable to clients of the company.

**18. CONTINGENCIES AND COMMITMENTS**

**18.1 CONTINGENCIES**

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

**18.2 COMMITMENTS**

<b>18.2.1</b> Outstanding settlements against sale of investments in regular market	<b>956</b>	2,203,227
Outstanding settlements against purchase of investments in regular market	<b>2,521,447</b>	1,958,167

**16. SHARE CAPITAL**

<b>Authorized capital</b>		
500,000,000 (2017: 500,000,000) Ordinary shares of Rs. 10 each	<b>5,000,000,000</b>	5,000,000,000
<b>Issued, subscribed and paid-up share capital</b>	<b>500,000,000</b>	500,000,000
50,000,000 Ordinary shares of Rs. 10 each issued for cash	<b>75,000,000</b>	75,000,000
7,500,000 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>805,000,000</b>	805,000,000
80,500,000 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount	<b>38,098,310</b>	38,098,310
3,809,831 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount	<b>1,254,765,000</b>	1,254,765,000
125,476,500 Ordinary shares of Rs. 10 each issued fully paid in cash as right shares at discount	<b>2,672,863,310</b>	2,672,863,310

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2021**

	Note	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
----- (Rupees) -----			
<b>20. OPERATING REVENUE</b>			
Brokerage Income		65,444,463	27,036,349
Dividend Income		-	-
		<b>65,444,463</b>	<b>27,036,349</b>
<b>21. TURNOVER BY SEGMENT</b>			
Retail customers		57,944,918	23,297,202
Institutional Customers		7,499,545	3,739,147
		<b>65,444,463</b>	<b>27,036,349</b>
<b>22. TAXATION</b>			
- Current tax (expense)		(9,725,174)	(363,381)
- Prior Period tax income/(expense)		245,580	-
- Deferred tax income/ (expense)		(37,246,952)	7,872,257
		<b>(46,726,546)</b>	<b>7,508,876</b>

**23. 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 March 31, 2021 (Un-audited)**

	Key Management	Associates	Other Related Parties	Total
----- (Rupees) -----				
Purchase of marketable securities for and on behalf of	63,682,667	191,201,665	138,038,743	392,923,075
Sale of marketable securities for and on behalf of	63,922,500	208,344,665	139,453,098	411,720,263
Brokerage Income	493,633	3,155,366	4,778,828	8,427,827
Remuneration to key management personnel	16,031,715	-	-	16,031,715

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

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2021**

**24. SHAREHOLDERS HOLDING 5% OR MORE**

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

**25. 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.

**26. DATE OF AUTHORISATION**

These condensed interim financial statements were authorized for issue on **April 28, 2021** by the Board of Directors of the Company.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

## Branch Networks

### PRINCIPAL OFFICE

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TREC Holder: Pakistan Stock Exchange Limited

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