

FIRST NATIONAL EQUITIES LIMITED

第一国家股权有限

2019
QUARTERLY REPORT
季度报告



(Un-audited) For the Period Ended
September 30, 2019.

（未经审核）截至期末 2019 年9月30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

The Directors of the Company are pleased to present their Report together with Financial Statements for the period ended on September 30, 2019.

Economy and Stock Exchange:

FY20 is expected to be a year of stabilization as GDP growth is expected to be around 2.5% while primary focus would be to reduce external imbalance. Decline in current account deficit (CAD) by 55pc for 2MFY20, and increase in Forex reserves, along with a status quo on key interest rate at 13.25pc is expected, which neutralized the negativity among the investors. Meanwhile, the **IMF** delegation expressed satisfaction over the reform process and agreed targets. Investor sentiments turned positive amid news reports of 14 percent increase in tax collection during the first quarter of FY20.

Moreover, the prime minister's meeting with businessmen to facilitate economic activity also enhanced the investors confidence.

August 2019 saw the benchmark Pakistan Stock Exchange (PSX) recovering from what was seen to be the bottom. But it was in September 2019 when the KSE-100 posted its first positive monthly close since January 2019. In the month of September 2019, benchmark KSE-100 index went up by 2,407 points up to close at 32,079 points.

Going forward we expect the positive momentum to continue on the back of improving macroeconomic situation. Reduction in PIB yields has once again made equities an attractive asset class. The rejuvenation of foreign interest in the market is also a major factor that should continue to fuel the positivity. While near time volatility cannot be ruled out, we continue to maintain a long term positive outlook on equity market.

Performance Review:

Following is the summary of comparative financial results,

	Three Months Ended	
	September 30, 2019	September 30, 2018
Operating (Loss)/Profit	(0.515)	4.199
Loss Before Tax	(16.294)	(11.048)
Loss After Tax	(11.998)	(7.547)
Basic Loss Per Share (Rs.)	(0.04)	(0.03)



During the first quarter of the year, FNEL posted Loss After Tax of Rs. 11.998 million as compared to Loss After Tax of Rs. 7.547 million in same period of last year.

For Year ended June 30, 2019, Company made a strategic investment in a E-commerce venture KingBhai Digisol (Pvt) limited, the company is a property portal which is a market place for the buy sell, rent, insurance of the real estate. It holds a runner up position among its peers in the country, Currently KingBhai is far ahead of its execution plan time frame.

Future Prospect

The Company is striving to yield better volumes from its existing clientele as well as prospective foreign and domestic clients, by expanding and growing relationships with them through the Company's premium suite of services.

The Management is confident that the Company's equity and other portfolio will continue to demonstrate lucrative results, as the economy and the market continues to offer rewarding investment opportunities.

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

Ali A. Malik
Chief Executive Officer

Place: Lahore

Date: October 29, 2019

董事审阅报告

尊敬的股东：

本公司董事很高兴提出其截至 2019 年 9 月 30 日止的报告及财务报表。

经济与证券交易所：

预计 20 财年将是稳定的一年，因为 GDP 增长预计约为 2.5%，而主要重点将是减少外部失衡。20 财年第二季度经常账户赤字 (CAD) 下降 55%，外汇储备增加，预期关键利率保持不变，为 13.25%，这抵消了投资者的负面情绪。与此同时，IMF 代表团对改革表示满意流程和商定的目标。有新闻报道称，2019 财年第一季度税收增长了 14%，投资者情绪转为积极。

此外，总理与商人会晤以促进经济活动也增强了投资者的信心。

2019 年 8 月，基准巴基斯坦证券交易所 (PSX) 从被认为是最低的位置开始复苏。但是在 2019 年 9 月，KSE-100 公布了自 2019 年 1 月以来的首次月度收盘价。在 2019 年 9 月，基准 KSE-100 指数上涨了 2407 点，报收于 32,079 点。

展望未来，我们预计在宏观经济形势改善的情况下，积极势头将继续。PIB 收益率的下降再次使股票成为有吸引力的资产类别。外国市场兴趣的复兴也是应继续助长积极性的主要因素。尽管不能排除近期波动，但我们继续对股市保持长期乐观的看法。

性能评估：

以下是比较财务业绩摘要，

	三个月结束	
	九月 30, 2019	九月 30, 2018
	百万卢比	
经营 (亏损) / 利润	(0.515)	4.199
税前亏损	(16.294)	(11.048)
税后亏损	(11.998)	(7.547)
每股基本亏损 (卢比)	(0.04)	(0.03)

在今年第一季度，FNE 的税后亏损为 Rs. 与税后亏损卢比相比，为 119.98 万。去年同期为 754.7 万。

截至 2019 年 6 月 30 日止年度，公司对电子商务企业金海 Digisol (Pvt) 有限公司进行了战略投资，该公司是一个房地产门户网站，是房地产买卖，租赁和保险的市场。它在该国的同行中排名第二，目前 KingBhai 远远超过其执行计划的时限。

未来前景

通过通过公司的优质服务套件扩大和发展与客户的关系，公司正在努力从其现有客户以及潜在的国内外客户中获得更大的销量。

管理层有信心，随着经济和市场继续提供有价值的投资机会，公司的股票和其他投资组合将继续显示出可观的业绩。

致谢与致谢

FNE 董事会要感谢巴基斯坦政府，巴基斯坦证券交易委员会，NCCPL，CDC 和其他监管机构的一贯支持，感谢公司所有股东和客户的信任，以及我们的员工。他们不断的奉献和承诺。

代表董事会



Amir Shehzad
导向器

地点：拉合尔

日期：2019 年 10 月 29 日



Ali A. Malik
首席执行官



مالیاتی سال کی پہلی سہ ماہی کے دوران FNE نے گزشتہ برس کی اسی سہ ماہی میں 7.547 ملین روپے نقصان کے مقابلہ میں 11.998 ملین روپے نقصان درج کیا۔ 30 جون 2019ء کو اختتام پذیر سال کے لئے کمپنی نے ای کامرس کمپنی کنگ بھائی ڈبجی سول (پرائیویٹ) لمیٹڈ میں سٹریٹجک سرمایہ کاری کی۔ یہ کمپنی پراپرٹی پورٹل ہے جو ریل اسٹیٹ کی خرید و فروخت، رینٹ اور انشورنس کے لئے مارکیٹ پلیس ہے۔ یہ ملک بھر میں موجود ایسی کمپنیوں میں دوسرے نمبر پر ہے۔ اس وقت کنگ بھائی اطلاقی منصوبہ کے ٹائم فریم سے کہیں آگے ہے۔

مستقبل کا منظر نامہ

کمپنی اپنی گراں قدر خدمات کے ذریعے اپنے موجودہ اور ممکنہ ملکی اور غیر ملکی کلائنٹس کے ساتھ بہتر تعلقات استوار کر کے بہتر آمدنی حاصل کرنے کی توقع رکھتی ہے۔ انتظامیہ پر امید ہے کہ کمپنی کی ایکویٹی اور دیگر پورٹ فولیو مسلسل پرکشش نتائج ظاہر کر رہی ہے کیونکہ معیشت اور مارکیٹ پرکشش سرمایہ داری کے مواقع پیش کر رہی ہے۔


حوصلہ افزائی اور اعترافات

FNE 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 پر اعتماد اور ملازمین کے عزم اور جذبہ کو قدر کی نگاہ سے دیکھتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



عامر شہزاد
ڈائریکٹر


علی اے ملک
چیف ایگزیکٹو آفیسر

مقام: لاہور
تاریخ: 29 اکتوبر 2019ء

ڈائریکٹرز کی جائزہ رپورٹ

معزز حصص داران!

کمپنی کے ڈائریکٹرز 30 ستمبر 2019ء کو اختتام پذیر مدت کے لئے ازراہ مسرت اپنی رپورٹ کے ہمراہ مالیاتی اسٹیٹمنٹس پیش کرتے ہیں۔

اقتصادیات اور شاک ایکسچینج

مالیاتی سال 2020ء میں استحکام متوقع ہے اور شرح نمو 2.5 فی صد رہا ہے جب کہ بنیادی ترجیح بیرونی عدم توازن کو کم کرنا ہے۔ مالیاتی سال 2020ء کے پہلے دو ماہ میں 55 فی صد تک کرنٹ اکاؤنٹ خسارہ میں کمی اور فاریکس ذخائر میں اضافہ اور شرح سود میں 13.25 فی صد کے استحکام کی توقع ہے جس کی وجہ سے سرمایہ داروں میں منفی تاثرات ختم ہو گئے ہیں۔ جب کہ آئی ایم ایف وفد نے اصلاحاتی عمل اور طے شدہ اہداف پر اطمینان کا اظہار کیا ہے۔ مالیاتی سال 2020ء کی پہلی سہ ماہی کے دوران ٹیکس وصولی میں 14 فی صد اضافہ سے سرمایہ داروں کو تسلی ہوئی ہے۔

مزید برآں، اقتصادی سرگرمیوں میں سہولت دینے کے لئے کاروباری حضرات کے ساتھ وزیراعظم کی ملاقات سے سرمایہ داروں کے اعتماد میں مزید اضافہ ہوا ہے۔ اگست 2019ء میں پاکستان شاک ایکسچینج (PSX) بینچ مارک میں ٹیٹا کی ترین سطح سے بحالی کے آثار نمایاں ہوئے۔ لیکن ستمبر 2019ء میں جنوری 2019ء سے اب تک پہلی ماہانہ مثبت سرگرمی دیکھنے کو ملی، جب KSE-100 انڈیکس 2,407 پوائنٹس کے اضافہ کے ساتھ 32,079 پوائنٹس پر بند ہوا۔ مستقبل میں ہمیں امید ہے کہ یہ مثبت رجحان معاشی حالت میں بہتری کے ساتھ برقرار رہے گا۔ PIB منافع میں کمی سے ایکویٹی بھی ایک پرکشش اثاثہ کا درجہ رکھتی ہے۔ مارکیٹ میں غیر ملکی دلچسپی میں اضافہ بھی ایک پہلو ہے جو اس مثبت رجحان میں جان ڈالے گا۔ عدم استحکام کے امکانات کو رد نہیں کیا جاسکتا۔ ہم ایکویٹی مارکیٹ میں طویل مدتی مثبت پیش رفت کو برقرار رکھے ہوئے ہیں۔

کارکردگی کا جائزہ

مقابل معاشی نتائج کا خلاصہ حسب ذیل ہے:

اختتام پذیر سہ ماہی		
30 ستمبر 2018ء	30 ستمبر 2019ء	
ملین روپوں میں		
4.199	(0.515)	آپریٹنگ (نقصان)/ منافع
(11.048)	(16.294)	نقصان علاوہ ٹیکس
(7.847)	(11.998)	نقصان بمعہ ٹیکس
(0.03)	(0.04)	بنیادی خسارہ فی حصص (روپے)



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
------(Rupees)-----			
NON-CURRENT-ASSETS			
Property-and-equipment		37,867,630	38,074,349
Intangible assets	8	85,277,000	85,277,000
Other receivables		110,444,668	113,010,343
Investment in associate	9	75,359,726	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		98,607,073	94,255,350
		1,047,256,475	1,059,832,668
CURRENT ASSETS			
Short-term investments	12	26,031,462	21,745,771
Trade debts	13	88,161,859	102,611,992
Loans and advances		1,413,923	1,339,299
Trade deposits and short-term prepayments	14	22,847,125	25,055,025
Other receivables		149,526,745	144,736,656
Advance tax		26,388,664	26,339,874
Cash and bank balances	15	184,840,701	180,703,715
		499,210,479	502,532,332
Total Assets		1,546,466,954	1,562,365,000
NON-CURRENT LIABILITIES			
Long-term financing	16	243,748,213	238,426,099
Loan from sponsors	17	155,175,000	155,175,000
Deferred liabilities		12,564,830	12,572,088
		411,488,043	406,173,187
CURRENT LIABILITIES			
Trade and other payables	18	232,833,121	236,289,658
Unclaimed dividend		1,525,272	1,525,272
Current portion of long-term financing		34,041,353	33,990,936
		268,399,746	271,805,866
Total Liabilities		679,887,789	677,979,053
CONTINGENCIES AND COMMITMENTS			
Net Assets	19	-	-
		866,579,165	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		17,003,000	17,003,000
Accumulated loss		(310,777,480)	(298,779,297)
		870,334,513	882,332,696
Unrealized gain on re-measurement of investments classified as fair value through OCI		(3,755,348)	2,053,251
		866,579,165	884,385,947

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


Chief Executive Officer


Chief Financial Officer


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

		Three Months Period Ended	
		September 30, 2019	September 30, 2018
Note			
----- (Rupees) -----			
Operating revenue	21	4,428,860	5,821,951
(Loss)/gain on sale of investments		(4,707,726)	344,124
Unrealized (loss)/gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net		(236,757)	(1,966,661)
Operating (loss) / profit		(515,623)	4,199,414
Administrative expenses		12,022,179	11,947,306
Finance cost		6,388,399	2,884,466
Other operating expenses		472,327	627,203
Other operating income / (loss)		3,103,983	211,004
Loss before taxation		(16,294,545)	(11,048,557)
Taxation	23	4,296,362	3,501,296
Loss after taxation		(11,998,183)	(7,547,261)
Basic (loss) / earnings per share		(0.04)	(0.03)

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


Chief Executive Officer


Chief Financial Officer


Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

Note	Three Months Period Ended	
	September 30, 2019	September 30, 2018
	----- (Rupees) -----	
Loss after taxation	(11,998,183)	(7,547,261)
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	(5,808,599)	(4,782,530)
Reclassification adjustment of realized gain on sale of investments classified as fair value through OCI	-	95,171
Other comprehensive loss for the period	(5,808,599)	(4,687,359)
Total comprehensive loss for the period	(17,806,782)	(12,234,620)

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


Chief Executive Officer


Chief Financial Officer

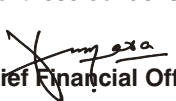

Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

Note	Three Months Period Ended	
	September 30, 2019	September 30, 2018
----- (Rupees) -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(16,294,545)	(11,048,557)
Adjustments for :		
Depreciation	206,720	290,924
(Loss)/Gain on sale of investments	4,707,726	(344,124)
Unrealized loss on re-measurement of financial assets carried at fair value through profit or loss	236,757	1,966,661
Finance cost	6,388,399	2,884,466
Dividend income	-	(550,207)
Miscellaneous Income	(3,103,983)	(211,004)
	8,435,619	4,036,716
Changes in working capital	(7,858,926)	(7,011,841)
Decrease / (Increase) in current assets		
Trade debts	14,574,022	(15,361,821)
Loans and advances	(74,624)	827,625
Trade deposits and short-term prepayments	2,753,670	(2,180,402)
Other receivables	(81,699)	207
	17,171,369	(16,714,391)
(Decrease) / Increase in current liabilities		
Trade and other payables	(3,164,928)	(28,643,701)
	6,147,515	(52,369,933)
Finance cost paid	(15,868)	(524,023)
Income tax paid	(104,151)	(591,575)
Gratuity Paid	(7,258)	-
Long term deposits paid	100,000	(100,000)
Net cash utilized in operating activities	6,120,238	(53,585,531)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable securities	(983,252)	(13,089,201)
Sale of investments classified as fair value through OCI - net	-	190,171
Net cash (utilized in) / generated from investing activities	(983,252)	(12,899,030)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loans repaid	(1,000,000)	(1,000,000)
Other Loans received	-	-
Dividend paid	-	-
Net cash (utilized in) / generated from financing activities	(1,000,000)	(1,000,000)
Net (decrease) / increase in cash and cash equivalents	4,136,986	(67,484,561)
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	184,840,701	192,712,602

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


Chief Executive Officer


Chief Financial Officer


Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid-up capital	Discount on issue of right shares	Accumulated loss	Unrealized surplus / (deficit) on re- measurement of investments classified as available for	Total
----- (Rupees) -----					
Balance as at July 01, 2018	2,672,863,310	(1,508,754,317)	(796,683,176)	11,535,114	378,960,931
Loss after taxation for three months ended September 30,	-	-	(7,547,261)	-	(7,547,261)
Other comprehensive loss for the period	-	-	-	(4,687,359)	(4,687,359)
Balance as at September 30, 2018 (Un-audited)	2,672,863,310	(1,508,754,317)	(804,230,437)	6,847,755	366,726,311
Balance as at July 01, 2019	2,689,866,310	(1,508,754,317)	(298,779,297)	2,053,251	884,366,551
Loss after taxation for three months ended September 30,	-	-	(11,998,183)	-	(11,998,183)
Other comprehensive loss for the period	-	-	-	(5,808,599)	5,808,599
Balance as at September 30, 2019 (Un-audited)	2,689,866,310	(1,508,754,317)	(310,777,480)	(3,755,348)	866,579,165

The annexed notes 01 to 27 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 PERIOD ENDED SEPTEMBER 30, 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.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with requirements of Companies Act, 2017 (the Act), the directives issued by Securities and Exchange Commission of Pakistan and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, and provisions and directives issued under the Act. In case requirements differ, the provisions or directives of the Act 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, 2019.

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, 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**

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

7 PROPERTY AND EQUIPMENT

Additions during the period
Disposals during the period

(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
----- (Rupees) -----	

-
-

8 INTANGIBLE ASSETS

Opening balance
License of 4 rooms of LSE transferred
Less: Impairment Loss

(Un-audited) September 30, 2019	(Audited) June 30, 2019
----- (Rupees) -----	

85,277,000	64,415,000
-	20,862,000
-	-
85,277,000	85,277,000

9 INVESTMENT IN ASSOCIATE

Investment in Coastal Company Limited
Share of profits from Associate

75,359,726	72,989,837
-	2,369,889
75,359,726	75,359,726

10 STRATEGIC INVESTMENT

Investment in KingBhai Digisole (Pvt.) Limited

637,550,378	637,550,378
-------------	-------------

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 Digisole (Pvt.) Limited ("KingBhai"), a technology-enabled business operating in the real estate and technology services sectors. Given the growth trajectory of these sectors and the Company's assessment of the service gap in the sectors, the Company expects the investment to yield returns through investment value appreciation as well as dividends.

11 INVESTMENTS - Fair value through Other comprehensive income**Pakistan Stock Exchange Limited**

Opening Balance
FV Loss on Investment
Transferred
Closing Balance

(Un-audited) September 30, 2019	(Audited) June 30, 2019
----- (Rupees) -----	

14,055,522	21,353,582
(4,941,056)	(7,298,060)
(9,114,466)	-
-	14,055,522

12 SHORT TERM INVESTMENTS

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
----- (Rupees) -----			
At FVOCI	12.1	12,380,341	4,133,417
At FVTPL	12.2	13,651,121	17,612,354
		<u>26,031,462</u>	<u>21,745,771</u>
12.1 At FVOCI			
- Average cost		13,891,525	4,777,115
- Unrealized gain on re-measurement of investments		(1,511,184)	(643,698)
- Closing carrying value		12,380,341	4,133,417
12.2 Financial assets at fair value through profit or loss			
- Average cost		13,887,878	24,696,503
- Unrealized (loss) on re-measurement of investments		(236,757)	(7,084,149)
- Closing carrying value		13,651,121	17,612,354
12.3 Securities having market value of Rs. 20.648 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.			

13 TRADE DEBTS

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
----- (Rupees) -----			
Considered good	13.1	88,161,859	102,611,992
Considered doubtful		381,934,505	381,934,505
		<u>470,096,364</u>	<u>484,546,497</u>
Less: Provision for doubtful debts		<u>(381,934,505)</u>	<u>(381,934,505)</u>
		<u>88,161,859</u>	<u>102,611,992</u>

13.1 Treatment of amount receivable from customer

The Company holds securities having total fair value of Rs 1,185.378 million (June 2019: Rs.653.616 million) owned by its clients as collateral against trade debts. The Company recognizes provision for doubtful debt on accounts receivable in an amount equal to the estimated probable losses net of recoveries. The allowance is based on an analysis of historical bad debt experience, current receivables aging, and expected future write-offs, as well as an assessment of specifically identifiable customer accounts considered at risk or uncollectible.

13.2 Securities pertaining to clients amounting Rs 10.373 million (June 30, 2019: 13.115 million) and Rs NIL (June 30, 2019: NIL) have been pledged / utilized by the Company for meeting the



exposure deposit requirement of the Pakistan Stock Exchange Limited and for securing financing facilities from banks, respectively, with the consent from clients.

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
----- (Rupees) -----			
14 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Exposure deposits		<u>22,847,125</u>	<u>25,055,025</u>
		<u>22,847,125</u>	<u>25,055,025</u>
15 CASH AND BANK BALANCES			
This includes customer assets amounting Rs. 75.542 million (June 30, 2019: Rs. 83.843 million).			
16 LONG TERM FINANCING			
From banking companies - secured			
Bank Alfalah Limited	16.1	102,780,646	100,880,336
United Bank Limited	16.2	1,193,820	1,193,820
The Bank of Punjab	16.3	149,320,000	146,571,779
Interest on long-term financing			
The Bank of Punjab		9,545,000	8,821,000
Other Loans		14,950,101	14,950,101
		<u>277,789,567</u>	<u>272,417,036</u>
Less: Current portion of long term financing		<u>(34,041,353)</u>	<u>(33,990,937)</u>
		<u>243,748,214</u>	<u>238,426,099</u>

- 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 branches 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 as notional income. 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.

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) is 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.

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 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.

However, The Bank was in violation of agreement, therefore Company has filed suit for declaration, specific performance and damages and did not make a payment due for the quarter ended September 30, 2019. Company's legal counsel do not expect that case will be settled within 12 months of period ended on September 30, 2019.



	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
		----- (Rupees) -----	
17	LOAN FROM SPONSORS		
	Loan from sponsors - Subordinated	17.1 155,175,000	155,175,000
		155,175,000	155,175,000
	Less: current portion	-	-
		155,175,000	155,175,000

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

18 TRADE AND OTHER PAYABLES

This includes amount Rs. 75.460 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.

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	----- (Rupees) -----	
19.2	Commitments	
19.2.1	Outstanding settlements against sale of investments in regular market	- 694,804
	Outstanding settlements against purchase of investments in regular market	- -

20 SHARE CAPITAL

Authorized capital

500,000,000 (2017: 500,000,000) Ordinary shares of Rs. 10 each	5,000,000,000	5,000,000,000
--	---------------	---------------

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	----- (Rupees) -----	
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>
	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	----- (Rupees) -----	
21 OPERATING REVENUE		
Brokerage Income	4,428,860	5,271,744
Dividend Income	-	550,207
	<u>4,428,860</u>	<u>5,821,951</u>
22 TURNOVER BY SEGMENT		
Retail customers	4,106,790	5,212,328
Institutional Customers	322,070	59,416
	<u>4,428,860</u>	<u>5,271,744</u>
23 TAXATION		
- Current tax (expense)	(55,361)	(200,047)
- deferred tax income	4,351,723	3,701,343
	<u>4,296,362</u>	<u>3,501,296</u>
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 September 30, 2019 (Un-audited)

Key Management	Associates	Other related parties	Total
----------------	------------	-----------------------	-------

(Rupees)

Transactions during the period

Purchase of marketable securities for and on behalf of	1,431,956,475	2,240,644,483	1,304,732,944	4,977,333,902
Sale of marketable securities for and on behalf of	1,482,757,879	2,243,341,270	1,251,632,761	4,977,731,910
Brokerage Income	198,177	132,517	139,865	470,559
Remuneration to key management personnel	4,674,105	-	-	4,674,105

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

25 SHAREHOLDERS HOLDING 5% OR MORE

SHAREHOLDERS NAME	Un-audited September 30, 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%	-

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 **October 29, 2019** by the Board of Directors of the Company.


Chief Executive Officer


Chief Financial Officer


Director

Branches Network

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