



**FIRST NATIONAL EQUITIES LIMITED**

**Registered Office:**

FNE House: 19-C, Sunset Lane-06, South Park Avenue  
Phase-II, Extension, D.H.A. Karachi.

UAN: (92-21) 111-000-363 PABX: (92-21) 5395903-08

Fax: (92-21) 5395945 Website: [www.fnetrade.com](http://www.fnetrade.com)

**Principal Office**

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

UAN: (92-42) 111-000-016

Fax: (92-42) 5843730



**FIRST NATIONAL EQUITIES LIMITED**

**Quarterly Accounts**

(Unaudited) For the Quarter Ended  
March 31, 2009





**V i s i o n . . .**

"Connecting people,  
ideas and capital, we will be our clients'

**First Choice**

for achieving their financial aspirations"

M i s s i o n . . .

"We will put interest of  
our stakeholders  
above our own; and  
measure our success  
by how much we  
help them in  
achieving theirs".



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## COMPANY INFORMATION

### Board of Directors:

Sheikh Khalid Tawab	Chairman
Mr. Ali A. Malik	Director/ Chief Executive
Mr. Muhammad Iqbal Khan	Director
Malik Atiq ur Rehman	Director
Mr. Shahzad Akbar	Director
Maj Gen (Retd.) Khurshid Ali Khan	Director
Mr. Tajamal Rashid	Director
Mr. Yoshihiro Saito	Director

### Audit Committee:

Mr. Muhammad Iqbal Khan	Chairman
Shaikh Khalid Tawab	Member
Mr. Shahzed Akbar	Member

### CFO & Company Secretary

Sheikh Tajamal Rashid

### Auditors:

A. F. Ferguson & Co  
Chartered Accountants  
Karachi

### Legal Advisor:

Minto & Mirza, Advocates

### Registrar:

Technology Trade (Pvt) Limited  
Dagja House, 241-C, Block - 02,  
P.E.C.H.S. Off: Main Shahrah-e-Quaideen, Karachi  
Tel: (92-21) 4391316-7 & 19, 4387960-61  
Fax : (92-21) 4391318

### Bankers

Allied Bank Limited  
Arif Habib Bank Limited  
Bank Al Falah Limited  
Bank Islami Pakistan Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
My Bank Limited  
NIB Bank Limited  
The Bank of Punjab  
United Bank Limited

### Registered Office:

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### KSE Office:

135-136, 3rd Floor,  
Stock Exchange Building  
Stock Exchange Road, Karachi  
Tel: (92-21) 2421396,  
2472758, 2472119  
Fax: (92-21) 2472332



## DIRECTORS' REVIEW

On behalf of the Board of Directors of First National Equities Limited, it is my pleasure to present the accounts of the Company for the period ended March 31, 2009.

### Market Review

The deteriorating market conditions have started to show improvement since January this year. The index started to show an improvement and closed at 6,860 on March 31, 2009. The investors who had disinvested and left the market have started returning to the market for making their investments.

### Financial Results

	For 9 months Ended March 31, 2009	For 9 months Ended March 31, 2008
	(Rupees '000)	
Gross Revenue	(78,752)	481,795
Operating Profit / (loss)	(155,476)	370,319
Profit / (loss) before Taxation	(518,684)	189,939
Taxation	(14,746)	(30,818)
Profit/(Loss) after Taxation	(533,430)	159,121
Earning per share	(9.28)	2.77

The company suffered losses, due to the fall in the value of shares, high markup cost and minimized commission income owing to low volumes in the market.

As the market is progressing, the commission income is increasing and a tight control over the expenses will help in the better financial results in the coming quarter. We are also expecting the values of our portfolio to increase substantially, as we see a more vibrant economy of the country in the coming days, with a lower markup rates. The investment sentiment is returning and more investment will be attracted to the market.

### Acknowledgement

The Board of Directors of the First National Equities Limited wishes to place on record its appreciation to all the stake holders, including the company's clients, its bankers and the shareholders for their continued support and patronage. Hard work, commitment and the valuable contribution by the company's employees is gratefully acknowledged and appreciated. The board is also thankful to the SECP, CDC, NCCPL & KSE for their continuous support & guidance.

May Allah Almighty help us all in passing through this difficult time.

April 28, 2009

Ali A. Malik  
Chief executive



CONDENSED INTERIM BALANCE SHEET (UNAUDITED)  
AS AT MARCH 31, 2009

	Note	Unaudited March 31, 2009 (Rupees '000)	Audited June 30, 2008
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	4	164,894	171,476
- Intangible assets		68,135	68,135
		233,029	239,611
Long-term investments	5	66,114	68,170
Long-term deposits		2,629	3,557
Deferred tax assets- net		-	12,198
		301,772	323,536
<b>Current assets</b>			
Short-term investments	6	383,441	1,088,442
Trade debts		614,044	844,228
Loans and advances		2,194	4,500
Trade deposits and short-term prepayments	7	714	29,464
Other receivables		5,354	3,255
Taxation recoverable - net		21,671	20,722
Cash and bank balances		34,545	20,232
		1,061,963	2,010,843
<b>Current liabilities</b>			
Trade and other payables		136,298	490,889
Interest and mark-up accrued on borrowings		76,936	17,139
Short-term borrowings	8	1,312,808	840,487
Payable against CFS transactions		-	410,667
		1,526,042	1,759,182
		(464,079)	251,661
<b>Net current assets</b>			
		(464,079)	251,661
<b>Non-current liabilities</b>			
Deferred tax liabilities - net		4,632	4,141
<b>Net assets</b>			
		(166,939)	571,056
<b>Represented by</b>			
Authorised Capital		1,000,000	1,000,000
Issued, subscribed and paid-up capital		575,000	575,000
Unappropriated Profit / (Loss)		(432,138)	101,292
Surplus on revaluation of investments - available for sale		(309,801)	(105,236)
		(166,939)	571,056
<b>Commitments</b>			
	9	-	-

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2009

	Note	For the 3 months March 31, 2009	For the 9 months March 31, 2009 (Rupees '000)	For the 3 months March 31, 2008	For the 9 months March 31, 2008
Operating revenue		26,436	87,908	56,588	287,738
Capital Gain / (Loss)		(51,479)	(170,127)	115,531	184,449
Other operating income		1,174	3,467	2,517	9,608
		(23,869)	(78,752)	174,636	481,795
Administrative expenses		23,616	76,724	25,127	111,476
Operating profit/(loss)		(47,485)	(155,476)	149,509	370,319
Share of profit of associate - net of tax	5	(97)	(2,056)	1,393	6,200
Finance costs		54,258	160,684	22,880	152,092
Other operating expenses		2,114	63,711	580	23,165
		(103,954)	(381,927)	127,442	201,262
Fair value gain/(loss) on re-measurement of financial assets at fair value through profit or loss account		(66,382)	(136,757)	22,163	(11,323)
Profit/(loss) before taxation		(170,336)	(518,684)	149,605	189,939
Taxation		736	14,746	7,060	30,818
Profit/(loss) after taxation		(171,072)	(533,430)	142,545	159,121
Earnings per share - basic and diluted		(2.98)	(9.28)	2.48	2.77

Appropriations have been reflected in the statement of changes in equity.

The Investment in equity securities classified as available for sale have been valued at prices quoted on the Karachi Stock Exchange as of March 31, 2009 and resulting deficit arising therefore has been disclosed under the head "unrealized deficit on investment classified as available for sale" in equity. However, under the SRO 150 (1) / 2009 dated February 13, 2009 issued by Securities and Exchange Commission of Pakistan 25% of the unrealized deficit of investment classified as available for sale has been charged to profit & loss Account for the period under review with a corresponding increase in the loss for the period by amounting to Rs. 103 million and the loss per share has increased by Rs. 1.79

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director





CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2009

	Note	For the half year ended March 31, 2009 (Rupees '000)	For the half year ended March 31, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before taxation		(518,684)	189,939
<b>Adjustments for:</b>			
Depreciation		8,708	8,190
Gain on disposal of fixed assets		(476)	(210)
Loss / (gain) on disposal of investments		170,127	(180,970)
Share of loss / (profit) from associate - net of tax		2,056	(6,200)
Unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		136,757	11,323
Provision for gratuity		2,054	2,844
Provision for leave fare assistance		-	871
Issue cost on Pre-IPO subscription		-	4,872
Financial charges		160,684	152,092
Dividend income		(7,121)	(32,463)
Mark-up income on fixed deposits		-	(688)
Mark-up income on exposure deposits		(2,046)	-
Mark-up income on investments		-	(6)
		<u>470,743</u>	<u>(40,345)</u>
		(47,941)	149,594
<b>Changes in working capital</b>			
<b>Decrease / (increase) in current assets</b>			
Trade debts		230,184	(161,984)
Loans and advances		2,306	(816)
Trade deposits and short-term prepayments		28,750	237,883
Other receivables		(2,100)	(71)
		<u>259,140</u>	<u>75,012</u>
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		(353,955)	(392,674)
Payable in respect of continuous funding system transactions		(410,667)	-
		<u>(553,423)</u>	<u>(168,068)</u>
Financial charges paid		(100,887)	(146,022)
Leave fare assistance paid		(303)	(1,767)
Gratuity paid		(1,562)	(3,453)
Income taxes paid		(3,498)	(37,040)
Long-term deposits		928	(751)
<b>Net cash used in operating activities</b>		<u>(658,745)</u>	<u>(357,101)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchase) / sale of marketable securities		(14,263)	333,189
Sale / (Purchase) of investments classified as 'available-for-sale' - net		207,815	255,995
Fixed capital expenditure incurred		(3,591)	(34,911)
Proceeds from disposal of fixed assets		1,943	2,535
Purchase of tenancy rights- intangible assets		-	(1,315)
Mark-up received		2,045	694
Dividend received		7,122	31,033
<b>Net cash generated from investing activities</b>		<u>201,071</u>	<u>587,220</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Pre-IPO subscriptions towards proposed issue of term finance certificates		-	(240,000)
Dividends paid		(334)	(74,603)
<b>Net cash used in financing activities</b>		<u>(334)</u>	<u>(314,603)</u>
<b>Net decrease in cash and cash equivalents during the period</b>		<u>(458,008)</u>	<u>(84,484)</u>
Cash and cash equivalents at the beginning of the period		(820,255)	(351,603)
Cash and cash equivalents at the end of the period	11	<u>(1,278,263)</u>	<u>(436,087)</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2009

	Reserves				Unrealised Surplus / (deficit) on remeasurement of investments classified as available for sale	Total
	Issued, subscribed and paid up capital	Reserve for issue of bonus shares	Unappro- priated profit	Sub-total		
	(Rupees '000)					
<b>Balance as at July 01, 2007</b>	500,000	-	245,789	245,789	221,335	967,124
Final Cash dividend @ Rs. 1.5 per share for the year ended June 30, 2007 declared subsequent to year end	-	-	(75,000)	(75,000)	-	(75,000)
Transfer to reserve for issue of bonus shares @ 15% for the year ended June 30, 2007 made subsequent to year end		75,000	(75,000)	-	-	-
Bonus shares issued during the period	75,000	(75,000)	-	(75,000)	-	-
Profit after taxation for the period ended March 31, 2008	-	-	159,121	159,121	-	159,121
Realised gain on disposal of investment during the period	-	-	-	-	(171,498)	(171,498)
Deficit on revaluation of available for sale financial asset	-	-	-	-	(46,221)	(46,221)
Balance as at March 31, 2008	<u>575,000</u>	<u>-</u>	<u>254,910</u>	<u>254,910</u>	<u>3,616</u>	<u>833,526</u>
Balance as at July 01, 2008	575,000	-	101,292	101,292	(105,236)	571,056
Profit after taxation for the period ended March 31, 2009	-	-	(533,430)	(533,430)	-	(533,430)
Realised gain disposal of investments during the period	-	-	-	-	131,831	131,831
Deficit on revaluation of available for sale financial asset	-	-	-	-	(336,396)	(336,396)
Balance as at March 31, 2009	<u>575,000</u>	<u>-</u>	<u>(432,138)</u>	<u>(432,138)</u>	<u>(309,801)</u>	<u>(166,939)</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

Chief Executive

Director



Quarterly Report '09

FIRST NATIONAL EQUITIES LIMITED  
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
 FOR THE PERIOD ENDED MARCH 31, 2009

**1 STATUS AND NATURE OF BUSINESS**

The company is a limited liability company incorporated in Pakistan and is listed on the Karachi Stock Exchange (Guarantee) Limited. The registered office of the company is situated at 19-C, Sunset Lane-6, South Park Avenue, Phase-II Extension, DHA, Karachi.

The company is a member of the Karachi Stock Exchange (G) Limited. The principal activities of the company include shares brokerage, financing for continuous funding system, consultancy services and underwriting.

**2 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 and the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 and the said directives issued by SECP take precedence.

**3 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 the annual published financial statements of the company for the year ended June 30, 2008

**4 FIXED ASSETS**

	Unaudited March 31, 2009	Unaudited March 31, 2008
	(Rupees '000)	
<b>Details of additions / (disposals) during the period are as follows :-</b>		
<b>Additions:</b>		
<b>Property, Plant and equipment</b>		
Building on freehold land	21,310	139
Furniture & Fixture	2,620	235
Office Equipment	212	271
Computer Accessories	163	2,330
Vehicles - owned	30	-
<b>Intangible assets</b>	-	1,315
<b>Capital work in progress</b>	-	31,936
<b>Disposals</b>		
<b>Property, Plant and equipment</b>		
Office Equipment	(217)	(51)
Furniture & Fixture	(30)	-
Computer Accessories	(90)	(62)
Vehicles - owned	(2,387)	(5,721)



	Unaudited March 31, 2009 (Rupees '000)	Audited June 30, 2008 (Rupees '000)
<b>5 LONG TERM INVESTMENTS</b>		
<b>Associated Company - National Asset Management Company Limited (NAMCO) - Holding 40%</b>		
Opening balance	68,170	48,170
Investment made during the period	-	20,000
Share of profit for the period - net of tax	(2,056)	-
	<u>66,114</u>	<u>68,170</u>
	Unaudited March 31, 2009 (Rupees '000)	Audited June 30, 2008 (Rupees '000)
<b>6 SHORT TERM INVESTMENTS</b>		
<b>Available for sale</b>		
- Average Cost	709,766	1,049,412
- Unrealised gain on re-measurement of investments	(413,068)	(105,236)
Carrying value	<u>296,698</u>	<u>944,176</u>
<b>Held for trading</b>		
- Average Cost	120,233	155,287
- Unrealised gain on re-measurement of investments	(33,490)	(11,021)
Carrying value	<u>86,743</u>	<u>144,266</u>
	<u>383,441</u>	<u>1,088,442</u>
<b>7 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
Exposure deposit with Karachi Stock Exchange	321	27,942
Prepayments	393	1,522
	<u>714</u>	<u>29,464</u>
<b>8 SHORT TERM BORROWINGS</b>		
Secured		
Short-term borrowings	200,000	-
Short-term running finances utilised under mark-uparrangements	1,112,808	840,487
	<u>1,312,808</u>	<u>840,487</u>
<b>9 COMMITMENTS</b>		
Capital expenditure contracted for but not incurred	<u>100,020</u>	<u>100,020</u>



**10 RELATED PARTY TRANSACTIONS**

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

Relationship with the company	Nature of transactions	Unaudited	Unaudited
		March 31, 2009	March 31, 2008
		(Rupees '000)	
i. Associated undertakings	Purchase of marketable securities for and on behalf of associated undertakings	6,671,589	84,664,853
	Sale of marketable securities for and on behalf of associated undertakings	6,436,890	83,816,820
	Brokerage income	1,028	13,832
	Rent received	450	450
ii. Key management personnel	Salaries & other short term employee benefits	8,742	11,850
iii. Other related parties	Charge in respect of employee contribution plan	474	1,047
		March 31, 2009 (Unaudited)	
	Key management personnel	Associated undertakings	Other related parties
	(Rupees '000)		
			Total company
<b>Balance outstanding</b>			
Receivable from / (payable) to First Pakistan Securities Ltd	-	101,339	-
Receivable from / (payable) to Switch Securities (Pvt) Ltd	-	104,959	-
			Total company
	June 30, 2008 (Audited)		
	Key management personnel	Associated undertakings	Other related parties
	(Rupees '000)		
			Total company
<b>Balance outstanding</b>			
Loan and Advances	125	-	-
- First Pakistan Securities Limited	-	-	(3,627)
- Switch Securities	-	-	(6,251)
- National Asset Management Co. Ltd	-	(20)	-

**11 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

	Unaudited	Audited
	March 31, 2009	June 30, 2008
		(Rupees '000)
Cash and bank balances	34,545	20,232
Short-term running finances	(1,312,808)	(840,487)
	<u>(1,278,263)</u>	<u>(820,255)</u>

**12 GENERAL**

- Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

**13 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on April 28, 2009 by the Board of Directors of the company.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

