



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".

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COMPANY INFORMATION

Board of Directors:

Mr. Ali A. Malik	Chairman / Director / Chief Executive
Mr. Muhammad Iqbal Khan	Director
Malik Atiq ur Rehman	Director
Mr. Shahzad Akbar	Director
Mr. Saad Tawab	Director
Mr. Tajamal Rashid	Director
Mr. Muhammad Ali Khan	Director
Mr. Yoshihiro Saito	Director

Audit Committee:

Mr. Muhammad Iqbal Khan	Chairman
Malik Atiq ur Rehman	Member
Mr. Shahzad Akbar	Member

CFO & Company Secretary

Mr. Tajamal Rashid

Auditors:

Anjum Asim Shahid Rehman & Co.
Chartered Accountants
Lahore

Legal Advisor:

Minto & Mirza, Advocates

Income Tax Advisor

Sharif & Company, Advocates

Registrar:

Technology Trade (Pvt) Limited
Dagia House, 241-C, Block - 02,
P.E.C.H.S. Off: Main Shahrah-e-Quaideen, Karachi.
Tel: (92-21) 34391316-7 & 19, 34387960-61
Fax: (92-21) 34391318

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

Principal Office:

FNE House, 179-B, Abu Bakar Block,
New Garden Town, Lahore
PABX (92-42) 35843721-7
Fax: (92-42) 35843730

Registered Office:

FNE House: 19-C, Sunset Lane-06, South Park Avenue
Phase – II, Extension, D.H.A. Karachi.
PABX: (92-21) 32462906-9
Fax: (92-21) 32462921
Website: www.fnetrade.com

KSE Office:

135-136, 3rd Floor, Stock Exchange
Building Stock Exchange Road,
Karachi.
Tel: (92-21) 32472119, 32472665, 32472076
Fax: (92-21) 32472332



DIRECTORS' REVIEW

On behalf of the board of Directors, it is my pleasure to present to you the First Quarterly un audited accounts of First National Equities (FNE) for the period ending September 30th 2009.

Market Review

As investors in the market you have seen the ups and downs of the market in the last year. From a low of 4728 the KSE 100 index came as high a 9978. The upward trend was witnessed on nearly all the sectors of the market despite overall factors that were affecting a negative pull. The biggest of these issues is the law and order situation, domestically and across our borders. Though the situation is far from being resolved the market is taking the endeavouring to rise above the issue and has shown tremendous resilience. On a macro level inflows, albeit in the form of debt, have alleviated the anaemic reserves that we witnessed in 2008.

This upward movement the KSE has allowed us to regroup and recapture our lost momentum. We have started to turn the negatives witnessed in the year 2008-9 into positives. Some of these are visible in the results I present below:

Financial Results

	3 months to Sep 30, 2009	3 months to Sep 30, 2008
	(Rupees '000)	
Gross Revenue	20,757	(44,266)
Operating Profit / (loss)	245	(77,269)
Profit / (loss) before Taxation	(47,052)	(131,419)
Taxation	975	1,751
Profit/(Loss) after Taxation	(48,027)	(133,170)
Earning per share	(0.84)	(2.32)

As you can see the operating revenue has picked up and over the course of the year. Primarily due to the gain on sale of investments which had caused us a loss of of Rs. 44.2 million in the corresponding period last year. We have managed a small operating profit which we believe is the step in the right direction after the steep losses suffered last year.

We are working hard to reposition the company to survive and take advantage of the changed market conditions. As you can see have managed a drop of 38% in our expenses as compared to last comparative period towards becoming a leaner company.

There are two things I would like to draw your attention towards; impairment loss of Rs. 45.4m on AFS securities. This is as per the SECP directive whereby we are continuing to book the losses on a quarterly schedule. The second item is an unrealized gain of Rs. 42.0m in the AFS portfolio. This leads us to believe that we are continuing towards an improved outlook.

We are confident in the resilience of the markets and are making strident efforts to ensure that our results are significantly better than last year to enable FNE to again become a dividend generating positive investment for you.

Acknowledgement

We would like to reiterate that we would not have begun this positive journey without the steadfast support of you, our shareholders and our bankers who stood with us during these difficult times.

We are also thankful to Securities & Exchange Commission of Pakistan, Karachi Stock Exchange, Central Depository Company of Pakistan and National Clearing Company Of Pakistan for their continuing guidance, and shareholders for their trust and confidence in us.

Finally, we also appreciate the efforts and dedication of all employees of the Company for their commitment and hard work.

Ali A. Malik
Chief executive/Director

Lahore
October 29, 2009



CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2009

	Note	Unaudited Sep 30, 2009	Audited June 30, 2009
(Rupees '000)			
Non-current assets			
Fixed assets			
- Property, plant and equipment	4	90,660	93,262
- Intangible assets		68,135	68,135
- Capital work in progress		69,497	69,497
		228,292	230,894
Long-term investments	5	28,807	28,442
Long-term deposits		2,631	2,629
Deferred tax assets - net		126,806	126,806
		386,536	388,771
Current assets			
Short-term investments	6	468,670	443,783
Trade debts		308,544	284,716
Loans and advances		2,130	1,875
Trade deposits and short-term prepayments	7	1,770	150
Other receivables		3,604	2,723
Taxation recoverable - net		23,548	23,364
Cash and bank balances		8,360	5,555
		816,626	762,166
Current liabilities			
Trade and other payables		153,055	115,265
Interest and mark-up accrued on borrowings		80,830	40,417
Short-term borrowings	8	795,596	808,160
Current maturity of long - term borrowings		40,322	40,322
		1,069,803	1,004,164
Net current assets		(253,177)	(241,998)
Non-current liabilities			
Deferred liabilities		3,937	3,209
Long term Loans		583,270	583,270
Net assets		<u>(453,848)</u>	<u>(439,706)</u>
Represented by			
Issued, subscribed and paid-up capital		575,000	575,000
Unappropriated profit / (loss)		(975,445)	(927,418)
Surplus/(deficit) on revaluation of investments - available for sale		(53,403)	(87,288)
		<u>(453,848)</u>	<u>(439,706)</u>
Commitments	9		

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive

Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2009

	Note	For the 3 months ended Sep 30, 2009	For the 3 months ended Sep 30, 2008
		(Rupees '000)	
Operating revenue			
Brokerage Income		17,219	17,506
Inrom form continuous funding system		-	19,096
Gain on sale of Investments - net		3,388	(81,366)
Other operating income		150	498
		20,757	(44,266)
Administrative expenses		(20,512)	(33,003)
Operating profit / (Loss)		245	(77,269)
Share of profit of associate - net of tax		366	(851)
Finance costs		(41,092)	(49,735)
Other operating expenses		(3,186)	(2,220)
Impairment loss on available for sale securities		(45,415)	-
		(89,082)	(130,075)
Fair value loss on re-measurement of financial assets at fair value through profit or loss account		42,030	(1,344)
Profit / (loss) before taxation		(47,052)	(131,419)
Taxation		(975)	(1,751)
Profit / (loss) after taxation		(48,027)	(133,170)
Earnings per share - basic and diluted		(0.84)	(2.32)

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 September 30, 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. 45.4 million and the loss per share has increased by Rs. 0.79

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2009

	Note	For the 3 Sep 30, 2009	For the 3 Sep 30, 2008
		(Rupees '000)	
Cash flows from operating activities			
Profit before taxation		(47,052)	(131,419)
Adjustments for:			
Depreciation		2,604	3,066
(Gain) / Loss on disposal of fixed assets		-	(51)
Gain on sale of investments		(3,388)	81,366
Share of profit from associate - net of tax		(366)	851
Unrealised gain on re-measurement of financial asset carried at fair value through profit or loss account - net		(42,030)	1,344
Impairment loss on available for sale investments		45,415	-
Provision for gratuity		750	1,025
Financial charges		41,092	49,735
Dividend income		(3)	-
Mark-up income on investments		-	(234)
		<u>44,074</u>	<u>137,102</u>
		(2,978)	5,683
Changes in working capital			
Decrease / (increase) in current assets			
Trade debts		(23,826)	(14,533)
Loans and advances		(255)	(2,242)
Trade deposits and short-term prepayments		(1,621)	13,271
Other receivables		(880)	491
		<u>(26,582)</u>	<u>(3,013)</u>
Increase in current liabilities			
Trade and other payables		37,789	(142,162)
Payable in respect of continuous funding system transactions		-	(353,813)
		<u>11,207</u>	<u>(498,988)</u>
Mark-up paid		(679)	(25,917)
Gratuity paid		(22)	(119)
Income tax paid		(790)	(2,134)
Long-term deposits received/(paid)		(2)	250
Net cash generated / (used in) from operating activities		<u>6,736</u>	<u>(521,225)</u>
Cash flows from investing activities			
Investment in available-for-sale financial assets - net		10,219	(107,200)
Investment in marketable securities		(1,585)	233,739
Purchases of operating fixed assets		(2)	(355)
Proceeds on sale of operating fixed assets		-	510
Mark-up received on investments		-	234
Dividend received		3	-
Net cash (used in) investing activities		<u>8,635</u>	<u>126,928</u>
Net decrease in cash and cash equivalents		15,371	(394,297)
Cash equivalents at the beginning of the period		<u>(602,605)</u>	<u>(820,255)</u>
Cash and cash equivalents at the end of the period	11	<u>(587,234)</u>	<u>(1,214,552)</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

Chief Executive

Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2009

	Issued, subscribed and paid up capital	Reserves			Total
		Reserve for issue of bonus shares	Unappro- priated profit / (Loss)	Surplus / (deficit) on revaluation of investments	
			(Rupees '000)		
Balance as at July 01, 2008	575,000	-	101,292	(105,236)	571,056
Profit after taxation for the year	-	-	(133,170)	-	(133,170)
Excess on revaluation of available for sale investments	-	-	-	(72,306)	(72,306)
Balance as at Sep 30, 2008	575,000	-	(31,878)	(177,542)	365,580
Balance as at July 01, 2009	575,000	-	(927,418)	(87,288)	(439,706)
Realized loss on disposal of investment during the year	-	-	-	134	134
Profit after taxation for the year	-	-	(48,027)	-	(48,027)
Excess on revaluation of available for sale investments	-	-	-	30,034	30,034
Share of unrealized surplus- Investment in associate	-	-	-	3,717	3,717
Balance as at September 30, 2009	575,000	-	(975,445)	(53,403)	(453,848)

The annexed notes 1 to 12 form an integral part of these financial statements.

Chief Executive

Director



FIRST NATIONAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 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, 2009

4 FIXED ASSETS

Unaudited Unaudited
Sep 30, 2009 Sep 30, 2008
(Rupees '000)

Details of additions during the period are as follows :-

Furniture & Fixture	-	21
Office Equipment	2	172
Computer Accessories	-	163

Details of deletion during the period are as follows :-

Vehicles - owned	-	(710)
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5 LONG-TERM INVESTMENTS

Unaudited Audited
Sep 30, 2009 Jun 30, 2008
(Rupees '000)

National Asset Mangement Company Limited	25,136	48,170
Share of profit / (loss) for the period - net of tax	366	(23,033)
Excess / (Decrease) on revaluation	3,305	3,305
	<u>28,807</u>	<u>28,442</u>



	Unaudited Sep 30, 2009	Audited June 30, 2009
6	SHORT TERM INVESTMENTS	
	(Rupees '000)	
Available for sale		
- Cost	384,591	704,816
- Impairment loss recognized in profit & loss accounts	(45,415)	(309,876)
- Excess / (Deficit) on revaluation	(57,120)	(90,976)
- Carrying value	282,056	303,968
Held for trading		
- Cost	124,172	160,419
- Fair value gain / (Loss) on remeasurement	42,030	(40,987)
- Carrying value	166,202	119,432
Investment - related party		
- Cost	20,000	20,000
- Fair value gain / (Loss) on remeasurement	412	383
- Carrying value	20,412	20,383
	<u>468,670</u>	<u>443,783</u>
7	TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	
Exposure deposit with Karachi Stock Exchange	1,685	-
Prepayments	85	150
	<u>1,770</u>	<u>150</u>
8	SHORT-TERM BORROWINGS	
Repurchase agreement borrowings	200,000	200,000
Short-term running finances utilised under mark-up arrangements	595,596	608,160
	<u>795,596</u>	<u>808,160</u>
9	COMMITMENTS	
In respect of :		
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 Sep 30, 2009	Unaudited Sep 30, 2008
		(Rupees '000)	
i. Associated undertakings	Purchase of marketable securities for and on behalf of associated undertakings	9,007	6,634,566
	Sale of marketable securities for and on behalf of associated undertakings	8,879	6,283,233
	Brokerage income	10	830
	Rent received	150	150
ii. Key management personnel	Salaries & other short term employee benefits	4,937	2,107
iii. Other related parties	Charge in respect of employee contribution plan	-	474

September 30, 2009 (Unaudited)				
	Key management personnel	Associated undertakings	Other related parties	Total company
	----- (Rupees '000) -----			
Balance outstanding				
Receivable from First Pakistan Securities Ltd	-	91,025	-	91,025
Receivable from Switch Securities (Pvt) Ltd	-	84,515	-	84,515

June 30, 2009 (Audited)				
	Key management personnel	Associated undertakings	Other related parties	Total company
	----- (Rupees '000) -----			
Balance outstanding				
Receivable from First Pakistan Securities Ltd	-	90,994	-	90,994
Receivable from Switch Securities (Pvt) Ltd	-	84,418	-	84,418

11 CASH AND CASH EQUIVALENTS

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

	Unaudited Sep 30, 2009	Unaudited Sep 30, 2008
	(Rupees '000)	
Cash and bank balances	8,361	12,234
Short-term running finances	(595,596)	(1,226,786)
	<u>(587,234)</u>	<u>(1,214,552)</u>

12 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 29, 2009 by the Board of Directors of the company.

Chief Executive

Director

