



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

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
September 30th 2008





V i s i o n . . .

"Connecting people,

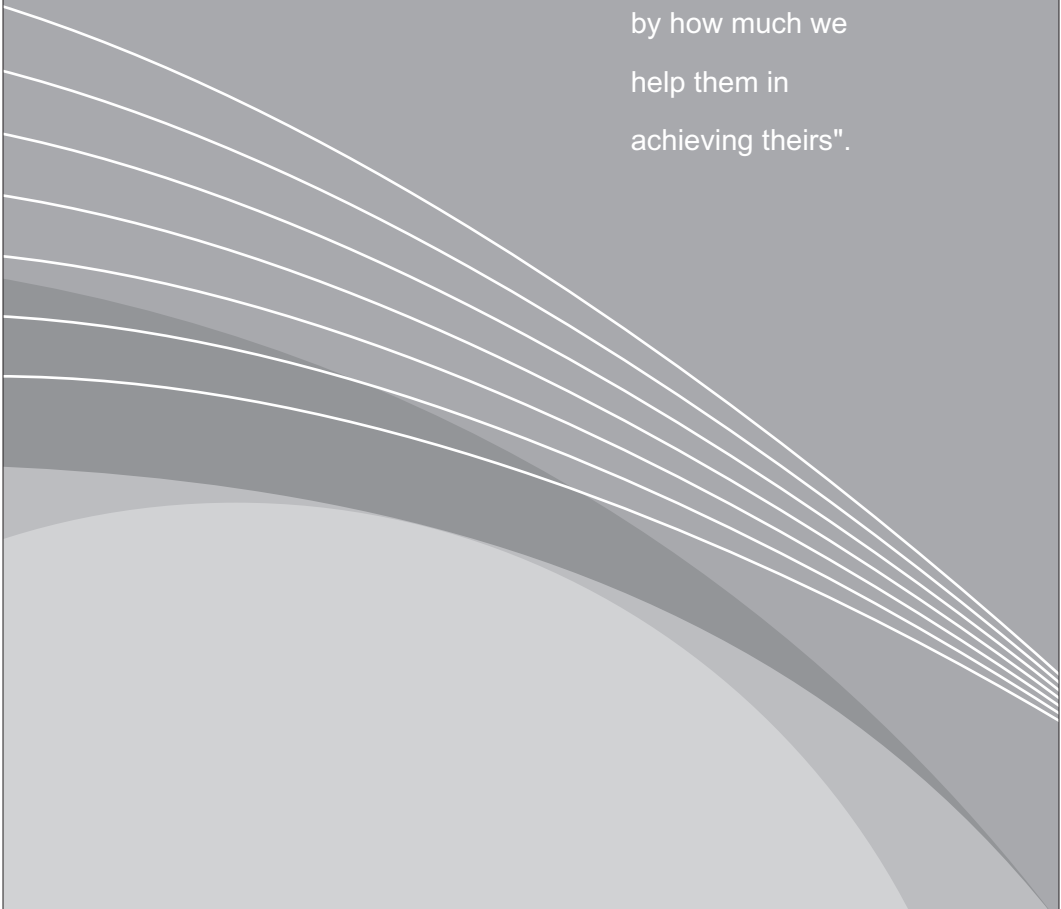
ideas and capital, we will be our clients'

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. Jahanzeb Luni	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
Dagia 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 Khyber
The Bank of Punjab
United Bank Limited

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Sunset Lane-06, South Park
Avenue Phase – II, Extension,
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Principal Office

FNE House,
179-B, Abu Bakar Block,
New Garden Town, Lahore
UAN: (92-42) 111-000-016
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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 First Quarterly unaudited Accounts of the Company for the period ended September 30, 2008.

Market Review

Pakistan's Economy remained under tremendous pressure during the period under 1st quarter of the FY09. The increase in oil and commodity prices and decrease in Pakistan rupees value put a significant pressure on the economy.

The Board of Directors of KSE decided to freeze the index at 9145 points on August 27, 2008 and as a result the market activities remained stuck.

Financial Results

	3 months to Sep 30, 2008	3 months to Sep 30, 2007
	(Rupees in '000')	
Gross Revenue	(44,266)	142,849
Operating Profit / (loss)	(77,269)	98,847
Profit / (loss) before Taxation	(131,419)	25,608
Taxation	1,751	10,668
Profit / (loss) after Taxation	(133,170)	14,940
Earning per share	(2.32)	0.26

Due to stuck up business activities during the quarter revenue generation during the period remained negligible causing the company's profitability a drastic hit.

Despite Pakistan's economic worries and low market volume, we remain optimistic about the future of Pakistan and its capital markets. In our opinion the equity market will normalize in the 3rd quarter.

Acknowledgement

We would like to thank our valued clients and bankers to the company for their support and confidence they put on the company in the period of hyper depression.

Management also appreciates all employees of the company for their understanding, patience and commitment towards the company.

We are also thankful to SECP, CDC, NCCP & KSE for their continuous support and guidance.

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

October 28, 2008

Ali.A. Malik
Chief Executive



**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2008**

	Note	Unaudited Sep 30, 2008	Audited Jun 30, 2008 (Rupees '000)
Non-current assets			
Fixed assets			
- Property, plant and equipment		78,062	81,235
- Intangible assets		68,135	68,135
- Capital work in progress		90,241	90,241
		236,438	239,611
Long-term investments	5	67,319	68,170
Long-term deposits		3,307	3,557
Deferred tax assets - net		12,198	12,198
		319,262	323,536
Current assets			
Short-term investments	6	806,889	1,088,442
Trade debts		858,762	844,228
Loans and advances		6,742	4,500
Trade deposits and short-term prepayments	7	16,193	29,464
Other receivables		2,764	3,255
Taxation recoverable - net		21,105	20,722
Cash and bank balances		12,234	20,232
		1,724,689	2,010,843
Current liabilities			
Trade and other payables		348,727	490,889
Interest and mark-up accrued on borrowings		40,957	17,139
Short-term borrowings	8	1,226,786	840,487
Payable in respect of continuous funding system transactions		56,854	410,667
		1,673,324	1,759,182
Net current assets		51,365	251,661
Non-current liabilities			
Deferred liabilities -		5,047	4,141
Net assets		365,580	571,056
Represented by			
Issued, subscribed and paid-up capital		575,000	575,000
Unappropriated profit		(31,878)	101,292
Surplus/(deficit) on revaluation of investments - available for sale		(177,542)	(105,236)
		365,580	571,056
Commitments	9		
The annexed notes 1 to 12 form an integral part of these financial statements.			



Chief Executive

Director

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

	Unaudited Sep 30, 2008	Unaudited Sep 30, 2007
Note	(Rupees '000)	
Operating revenue		
Brokerage Income	17,506	61,960
Income from continuous funding system	19,096	32,362
Dividend Income	-	18,873
Commission earned	-	4,092
Gain / (loss) on sale of Investments - net	(81,366)	24,101
Other operating income	498	1,461
	(44,266)	142,849
Administrative expenses	33,003	44,002
Operating profit / (loss)	(77,269)	98,847
Share of profit of associate - net of tax	(851)	315
Finance costs	49,735	63,134
Other operating expenses	2,220	5,336
	(130,075)	30,692
Fair value loss on re-measurement of financial assets at fair value through profit or loss account	(1,344)	(5,084)
Profit / (loss) before taxation	(131,419)	25,608
Taxation	1,751	10,668
Profit after taxation	(133,170)	14,940
Earnings per share - basic and diluted	(2.32)	0.26

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

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

Chief Executive

Director



**CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

Note	Un audited 30-Sep-08	Un audited 30-Sep-07
	(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(131,419)	25,608
Adjustments for non-cash and other items:		
Depreciation	3,066	3,024
(Gain) / loss on disposal of fixed assets	(51)	-
(Gain) / loss on disposal of investments	81,366	(24,101)
Share of profit of associate - net of tax	851	(315)
Unrealised loss / (gain) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net	1,344	5,084
Provision for gratuity	1,025	2,199
Provision for leave fare	-	1,015
Financial charges	49,735	63,134
Dividend income	-	(18,873)
Mark-up income on fixed income securities	(234)	(6)
	137,102	31,161
	5,683	56,769
Changes in working capital		
Decrease / (increase) in current assets		
Receivable against continuous funding system transactions	-	(22,347)
Trade debts	(14,533)	(974,688)
Loans and advances	(2,242)	(271)
Trade deposits and short-term prepayments	13,271	161,692
Other receivables	491	(5,521)
	(3,013)	(841,135)
Increase / (decrease) in current liabilities		
Trade and other payables	(142,162)	(745,787)
Payable in respect of continuous funding system transactions	(353,813)	-
	(493,305)	(1,530,153)
Mark-up paid	(25,917)	(9,778)
Leave fare paid	-	(702)
Gratuity paid	(119)	(39)
Income taxes paid	(2,134)	(11,991)
Long-term deposits	250	-
Net cash (used in) / generated from operating activities	(521,225)	(1,552,663)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in available for sale financial assets - net	(107,200)	(939,170)
Investment in marketable securities	233,739	667,774
Fixed capital expenditure incurred	(355)	(32,428)
Proceeds from disposal of fixed assets	510	-
Purchase of tenancy rights - intangible assets	-	(1,315)
Mark-up received	234	6
Dividend received	-	7,173
Net cash generated from investing activities	126,928	(297,960)
Net (decrease) / increase in cash and cash equivalents	(394,297)	(1,850,623)
Cash and cash equivalents at the beginning of the year	(820,255)	(351,603)
Cash and cash equivalents at the end of the period	(1,214,552)	(2,202,226)

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)
AS AT SEPTEMBER 30, 2008

	Issued, subscribed and paid-up capital	Reserve for issue of Bonus shares	Unappropriated profit (Rupees '000)	Surplus / (deficit) on revaluation of investments	Total
Balance as at July 01, 2007	500,000		245,790	221,335	967,125
Final cash dividend	-	-	(75,000)	-	(75,000)
Final stock dividend		75,000	(75,000)	-	-
Profit after taxation for the year	-	-	14,940	-	14,940
Excess on revaluation of available for sale investments	-	-	-	(102,493)	(102,493)
Balance as at Sep 30, 2007	<u>500,000</u>	<u>75,000</u>	<u>110,730</u>	<u>118,842</u>	<u>804,572</u>
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 September 30, 2008	<u>575,000</u>	<u>-</u>	<u>(31,878)</u>	<u>(177,542)</u>	<u>365,580</u>

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

Chief Executive

Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008

1 STATUS AND NATURE OF BUSINESS

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

The company is a member of the Karachi Stock Exchange (G) Limited. The principal activities of the company includes 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 & 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 Unaudited
Sep 30,2008 Sep 30,2007
(Rupees '000)

Details of additions during the period are as follows :-

Furniture & Fixture	21	3
Office Equipment	172	78
Computer Accessories	163	20
Vehicles - owned	-	58

Details of deletion during the period are as follows :-

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

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

National Asset Mangement Company Limited
Share of profit / (loss) for the period - net of tax

48,170	42,223
(851)	5,947
20,000	20,000
67,319	68,170

NAMCO Income Fund - Available for sale



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

6 SHORT TERM INVESTMENTS

Available for sale

- Cost
 - Excess / (Deficit) on revaluation
 Carrying value

815,674	1,049,412
(177,542)	(105,236)
638,132	944,176

Held for trading

- Cost
 - Fair value gain / (Loss) on remeasurement
 Carrying value

170,101	155,287
(1,344)	(11,021)
168,757	144,266
806,889	1,088,442

7 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Exposure deposit with Karachi Stock Exchange
 Prepayments

14,611	27,942
1,582	1,522
16,193	29,464

8 SHORT-TERM BORROWINGS

Secured

Repurchase agreement borrowings
 Short-term running finances utilised under mark-up arrangements

200,000	-
1,026,786	840,487
1,226,786	840,487

9 COMMITMENTS

In respect of :

Capital expenditure contracted for but not incurred

100,020	100,020
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10 RELATED PARTY TRANSACTIONS

The company has related party relationship with its associated undertakings, Employee Contribution Plans and its directors and keymanagement personnel.

The following transactions were carried out with related parties during the period.

Note Unaudited Unaudited
Sep 30,2008 Sep 30,2007
(Rupees '000)

Relationship with the company	Nature of transactions		
i. Associated undertakings	Purchase of marketable securities for and on behalf of associated undertakings	6,634,566	46,294,713
	Sale of marketable securities for and on behalf of associated undertakings	6,283,233	46,198,480
	Brokerage income	830	9,803
	Rent received	150	150
	Share of profit for the period - net of tax	5 851	4,143
ii. Key management personnel	Purchase of marketable securities for and on behalf of key management personnel	-	-
	Sale of marketable securities for and on behalf of key management personnel	-	-
	Brokerage income earned	-	-
	Salaries & other short term employee benefits	2,107	8,294
iii. Other related parties	Charge in respect of employee contribution plan	474	388

11 CASH AND CASH EQUIVALENTS

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

Cash and bank balances	12,234	241,273
Short-term running finances	(1,226,786)	(2,443,499)
	<u>(1,214,552)</u>	<u>(2,202,226)</u>

12 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 28, 2008 by the Board of Directors of the Company.



Chief Executive

Director