

*“Connecting people,
ideas and capital,
we will be our clients’*

First Choice

*for achieving their
financial aspirations”.*

Vision

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:

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:

Sheikh Khalid Tawab	Chairman
Mr. Muhammad Iqbal Khan	Member
Mr. Shahzad Akbar	Member

CFO & Company Secretary

Tajamal Rashid

Auditors:

A. F. Ferguson & Co
Chartered Accountants
Karachi

Registrar:

Technology Trade (Pvt) Limited
241-C, Block-2, P.E.C.H.S.
Off: Main Shahrah-e-Quaideen, Karachi
Tel: 0092-021-4391316-7

Legal Advisor:

Minto & Mirza, Advocates

Bankers:

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

KSE Office:

135-136, 3rd Floor, Stock Exchange Building
Stock Exchange Road, Karachi
Tel: 0092-021-2421396, 2472758, 2472119
Fax: 0092-021-2472332

Registered & Head Office:

19-C, Sunset Lane-6, South Park Avenue
Phase - II, Extension, D.H.A. Karachi.
UAN: 0092-021-111-000-363
PABX: 0092-021-5395903-08
Fax: 0092-021-5395944, 5395900
Website: www.fnetrade.com



DIRECTORS' REVIEW

On Behalf of the board of directors of the First National Equities Limited I am pleased to present the un-audited accounts of the company for the period ended March 31, 2008.

Market Review

During this quarter the KSE-100 index was 15125 points on March 31, 2008 as against 14076 Points on December 31, 2007 showing a net appreciation of 7.4%. The average daily volume traded remained 257 million shares per day during first Nine months of the year against 181 million shares per day during the first Nine months of corresponding period ending March 31, 2007. Due to political stability and formation of new Government the market is expected to improve further during the coming period.

	For 9 Months Ended March 31, 2008	For 9 Months Ended March 31, 2007
	(Rupees in '000)	
Financial Results		
Gross Revenue	481,795	463,941
Operating Profit	370,319	349,517
Profit before Taxation	189,939	141,381
Taxation	30,818	38,326
Profit after Taxation	159,121	103,055
Earning per Share	2.77	2.06

As evident from the above figures after tax profit of the company has increased by 54% as compared to corresponding figure of March 31, 2007. Increase in profits is mainly due to increase in capital gains. Company also has reduced administrative and financial costs by taking strong financial disciplinary measures.

Future Out Look

We expect the market to exhibit robust growth and the new highs will be achieved later this year, enabling your company to achieve its growth targets.

Further, We are pleased to report that, as planned, your company under its capacity building plan is establishing Seven (7) new branches in Lahore during this quarter taking total number of branches to Seventeen (17). Company has applied for the registration of these branches and their accredited agents to Karachi Stock Exchange. Extension in branch network will continue in the due course of time

As reported in the last director's review report of December 31, 2007 the Chief Executive's Office, Accounts and finance office has been shifted to Lahore.

Acknowledgement

We would like to thank our valued clients and bankers for their patronage, Securities & Exchange Commission of Pakistan, Karachi Stock Exchange, National Clearing Company and Central Depository Company for their continuous guidance and our valued shareholders for their trust and confidence in the company.

Finally The Directors also record their appreciation for all employees of the company for their hard work, commitment and performance that culminated into profits from operations for the quarter.

April 21, 2008

Sheikh Khalid Tawab
Chairman



as at
March 31, 2008

Condensed Interim Balance Sheet (Unaudited)

	Note	Unaudited Mar 31, 2008	Audited June 30, 2007
(Rupees '000)			
Non-current assets			
Fixed assets			
- Property, plant and equipment	4	77,465	85,004
- Capital work in progress		69,782	37,846
- Intangible assets		68,135	66,820
		215,382	189,670
Long-term investments	5	48,423	42,223
Long-term loans and advances	6	-	125
Long-term deposits		3,367	2,616
		267,172	234,634
Current assets			
Short-term investments	7	1,040,594	1,677,850
Trade debts		698,330	536,346
Loans and advances		2,810	1,869
Trade deposits and short-term prepayments	8	67,116	304,999
Other receivables		7,562	6,062
Taxation recoverable - net		7,951	2,514
Cash and bank balances		12,899	39,207
		1,837,262	2,568,847
Current liabilities			
Trade and other payables		809,902	1,203,683
Interest and mark-up accrued on borrowings		11,178	5,108
Short-term borrowings	9	448,986	390,810
Pre-IPO subscription towards proposed issue of term finance certificates	10	-	235,127
		1,270,066	1,834,728
Net current assets		567,196	734,119
Non-current liabilities			
Deferred tax liabilities - net		842	1,627
Net assets		833,526	967,126
Represented by			
Authorised Capital		1,000,000	500,000
Issued, subscribed and paid-up capital		575,000	500,000
Unappropriated profit		254,910	245,791
Surplus on revaluation of investments - available for sale	7	3,616	221,335
		833,526	967,126
Commitments	11		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



for the period
ended March 31, 2008

Condensed Interim Profit and Loss Account (Unaudited)

	Note	For the 3 months ended March 31, 2008	For the 9 months ended March 31, 2008	For the 3 months ended March 31, 2007	For the 9 months ended March 31, 2007
(Rupees '000)					
Operating revenue		172,119	472,187	134,849	452,326
Other operating income		2,517	9,608	1,731	11,615
Administrative expenses		174,636 25,127	481,795 111,476	136,580 35,661	463,941 114,424
Operating profit		149,509	370,319	100,919	349,517
Share of profit of associate - net of tax	5	1,393	6,200	747	1,889
Finance costs		22,880	152,092	57,541	159,546
Other operating expenses		580	23,165	7,497	19,392
Fair value gain/(loss) on re-measurement of financial assets at fair value through profit or loss account	7	127,442 22,163	201,262 (11,323)	36,628 38,456	172,468 (29,261)
Unrealised (loss) on mark to market of derivative financial instruments		-	-	(1,892)	(1,826)
Profit before taxation		149,605	189,939	73,192	141,381
Taxation		7,060	30,818	11,948	38,326
Profit after taxation		142,545	159,121	61,244	103,055
(Rupees)					
Earnings per share - basic and diluted		2.48	2.77	1.22	2.06

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

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Chief Executive

Director



for the period
ended March 31, 2008

Condensed Interim Cash Flow Statement (Unaudited)

	Note	Unaudited Mar 31, 2008	Unaudited Mar 31, 2007
(Rupees '000)			
Cash flows from operating activities			
Profit before taxation		189,939	141,381
Adjustments for:			
Depreciation		8,190	8,767
Gain on disposal of fixed assets		(210)	(478)
(Gain) on sale of investments		(180,970)	(114,453)
Share of profit from associate - net of tax		(6,200)	(1,889)
Unrealised (gain)/loss on re-measurement of financial asset carried at fair value through profit or loss - net		11,323	29,261
Provision for gratuity		2,844	1,953
Issue cost on pre IPO subscription		4,872	
Provision for leave fare		871	1,907
Finance costs		152,092	159,546
Dividend income		(32,463)	(49,175)
Unrealised (gain)/loss on mark to market of derivative financial instrument		-	1,826
Mark-up income on investment		(6)	-
Mark-up income on fixed deposit		(688)	(6,095)
		(40,345)	31,170
		149,594	172,551
Changes in working capital			
Decrease / (increase) in current assets			
Receivable against continuous funding system transactions / carry over transactions		-	40,976
Other investments		-	(1,949,000)
Trade debts		(161,984)	(855,981)
Loans and advances		(816)	(21,691)
Trade deposits and short-term prepayments		237,883	(52,036)
Other receivables		(71)	(2,898)
		75,012	(2,840,630)
Increase in current liabilities			
Trade and other payables		(392,674)	1,837,296
		(168,068)	(830,783)
Mark-up paid		(146,022)	(147,437)
Leave fare allowance paid		(1,767)	(1,515)
Gratuity paid		(3,453)	(429)
Income tax paid		(37,040)	(44,045)
Long-term deposits		(751)	(348)
Net cash generated / (used in) from operating activities		(357,101)	(1,024,557)
Cash flows from investing activities			
Investment in marketable securities - financial assets at fair value through profit or loss		333,189	21,228
Investment in available-for-sale financial assets - net		255,995	(151,353)
Fixed capital expenditure incurred		(34,911)	-
Purchases of operating fixed assets		-	(17,347)
Proceeds on sale of operating fixed assets		2,535	1,897
Purchase of tenancy rights - intangible assets		(1,315)	-
Mark-up received on investments		694	6,095
Dividend received		31,033	45,013
Net cash (used in) investing activities		587,220	(94,467)
Cash flows from financing activities			
Liabilities against assets subject to finance lease		-	578
Borrowings under repurchase agreements		-	1,719,217
Pre-IPO subscription towards proposed issue of term finance certificates		(240,000)	-
Dividends paid to shareholders		(74,603)	(199,449)
Net cash generated from financing activities		(314,603)	1,520,346
Net increase/(decrease) in cash and cash equivalents		(84,484)	401,322
Cash and cash equivalents at the beginning of the period		(351,603)	(416,874)
Cash and cash equivalents at the end of the period	13	(436,087)	(15,552)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



for the period
ended March 31, 2008

Condensed Interim Statement of Changes in Equity (Unaudited)

	Issued, subscribed and paid-up capital	Reserve for issue of bonus share	Unappro- priated profit	Sub total	Surplus / (deficit) on revaluation of investments	Total
	----- (Rupees '000) -----					
Balance as at July 01, 2006	500,000	-	366,460	366,460	335,451	1,201,911
Final cash dividend @ Rs 4.00 per share for the year ended June 30, 2006 declared subsequent to year end	-	-	(200,000)	(200,000)	-	(200,000)
Profit after taxation for the period ended March 31, 2007	-	-	103,055	103,055	-	103,055
Realised gain on disposal of investment during the period	-	-	-	-	(1,710)	(1,710)
Deficit on revaluation of available for sale financial asset	-	-	-	-	(279,656)	(279,656)
Balance as at March 31, 2007	500,000	-	269,515	269,515	54,085	823,600
Balance as at July 01, 2007	500,000	-	245,789	245,789	221,335	967,124
Final cash dividend @ Rs 1.50 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 on disposal 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	575,000	-	254,910	254,910	3,616	833,526

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Chief Executive

Director



for the period
ended March 31, 2008

Notes to the Condensed Interim Financial Statements (Unaudited)

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, 2007.



4 | Fixed Assets

	Unaudited Mar 31, 2008	Unaudited Mar 31, 2007
(Rupees '000)		
Details of additions / (disposals) during the period are as follows :-		
Additions:		
Property, Plant and equipment		
Building on freehold land	-	-
Furniture & Fixture	139	2,532
Office Equipment	235	1,665
Computer Accessories	271	4,884
Vehicles - owned	2,330	7,026
Vehicles - leased	-	678
Intangible assets	1,315	-
Capital work in progress	31,936	-
Disposals:		
Property, Plant and equipment		
Office Equipment	(51)	-
Computer Accessories	(62)	-
Vehicles - owned	(5,721)	-

5 | Long-Term Investments

	Unaudited Mar 31, 2008	Audited June 30, 2007
	(Rupees '000)	
Associated Company - National Asset Management Company Limited (NAMCO) - Holding 40%		
Opening balance	42,223	40,135
Investment made during the period	-	-
Share of profit for the period - net of tax	6,200	2,088
	48,423	42,223

- 5.1 The share of the company in National Asset Management Company Limited has been accounted for under the equity method of accounting based on its un-audited financial statements for the period ended March 31, 2008 in accordance with the treatment specified in International Accounting Standard 28, 'Accounting for Investment in Associates'.



6 | Long-term Loans and Advances - Considered Good

	Unaudited Mar 31, 2008	Audited June 30, 2007
	(Rupees '000)	
- Executive	-	425
Less: Receivable within one year	-	(300)
	-	125

7 | Short Term Investments

	Unaudited Mar 31, 2008	Audited June 30, 2007
	(Rupees '000)	
Available for sale		
- Average Cost	303,102	464,791
- Unrealised gain on re-measurement of investments	3,616	221,335
Carrying value	306,718	686,126
Held for trading		
- Average Cost	745,199	971,321
- Unrealised gain on re-measurement of investments	(11,323)	20,403
Carrying value	733,876	991,724
	1,040,594	1,677,850

8 | Trade Deposits and Short - term Prepayments

	Unaudited Mar 31, 2008	Audited June 30, 2007
	(Rupees '000)	
Exposure deposit with Karachi Stock Exchange	64,999	303,007
Prepayments	2,117	1,992
	67,116	304,999



9 | Short Term Borrowings

	Unaudited Mar 31, 2008	Audited June 30, 2007
(Rupees '000)		
Secured		
Short-term borrowings	-	149,828
Short -term running finances utilised under mark-up arrangements	448,986	240,982
	<u>448,986</u>	<u>390,810</u>

10 | PRE-IPO Subscription - Proposed Issue of TFCs

During the current period, the company has cancelled the IPO of the proposed issue of Term Finance Certificates. The company has re-paid the entire outstanding of Pre-IPO subscriptions amounting to Rs 240 million along with outstanding mark-up to the Pre-IPO investors.

Consequent to the aforementioned cancellation, transaction costs amounting to Rs. 4.873 million, which had been previously adjusted from the related liability of Pre-IPO subscription amount have been charged to the profit and loss account.

11 | Commitments

	Unaudited Mar 31, 2008	Audited June 30, 2007
(Rupees '000)		
Capital expenditure contracted for but not incurred	<u>136,020</u>	<u>130,524</u>



12 | 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 Mar 31, 2008	Unaudited Mar 31, 2007
(Rupees '000)			
i. Associated undertakings	Purchase of marketable securities for and on behalf of associated undertakings	84,664,853	192,034,721
	Sale of marketable securities for and on behalf of associated undertakings	83,816,820	191,190,135
	Brokerage income	13,832	23,898
	Sale of assets	-	1,432
	Gain on sale of assets	-	264
	Commission earned	-	392
	Rent received	450	400
	Short term investments made	-	20,000
	Share of profit for the period - net of tax	6,200	1,889
ii. Key management personnel	Salaries & other short term employee benefits	11,850	25,355
iii. Other related parties	Charge in respect of employee contribution plan	1,047	958

March 31, 2008 (Unaudited)

	Key manag- ement personnel	Associated undertakings	Other related parties	Total company
(Rupees '000)				
Balance outstanding				
Receivable from / (payable) to First Pakistan Securities Ltd	-	(21,636)	-	(21,636)
Receivable from / (payable) to FNEL Employees Provident Fund	-	-	(285)	(285)

June 30, 2007 (Audited)

	Key manag- ement personnel	Associated undertakings	Other related parties	Total company
(Rupees '000)				
Balance outstanding				
Receivable from / (payable) to First Pakistan Securities Limited	-	(27,092)	-	(27,092)



13 | Cash and Cash Equivalents

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

	Unaudited Mar 31, 2008	Audited June 30, 2007
	(Rupees '000)	
Cash and bank balances	12,899	39,207
Short-term running finances	(448,986)	(240,982)
Short-term borrowings	-	(149,828)
	<u>(436,087)</u>	<u>(351,603)</u>

14 | General

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

15 | Date of Authorisation

These financial statements were authorised for issue on April 21, 2008 by the Board of Directors of the company.

Chief Executive

Director



Branch Network of First National Equities Limited

1) Peshawar Main Branch

State Life Building
2nd Floor, 34-The Mall
Peshawar
Tel : 091-111-000-363
Fax : 091-5260977

2) Peshawar City Branch

Bank Square, Chowk Yadgar
Near Askari Bank
Peshawar City
Tel : 091-2580746-49
Fax : 091-2580750

3) Peshawar Sadar (Jasmine Arcade) Branch

508, Fifth Floor, Jasmine Arcade
Sadar Peshawar
Tel : 091-5275661, 5275055
Fax : 091-5275632

4) Abbottabad Branch

1st Floor, Gohar Sons Arcade,
Mansehra Road, Supply Bazar
Abbottabad
Tel : 0992-341305, 341104
Fax : 0992-341203

5) Nowshera Branch

No. 45 & 46, 1st Floor, Station HQ Nowshera,
Welfare Plaza, Nowshera Cantt.
Tel : 0923 - 9220320-3
Fax : 0923 - 9220319

6) D.I. Khan Branch:

3rd Floor, State Life Building,
Dera Ismail Khan
Tel : 0966-730721-3
Fax : 0966-730724

7) Mardan Branch:

Shop No. 22, 23 & 24
Cantonment Plaza, The Mall Road,
Mardan
Tel : 0937-875827-29
Fax : 0937-875830

8) Islamabad Branch

13-P Mezanine Floor, Empire Centre
F/7 Markaz
Islamabad
Tel : 051-111-000-363
Fax : 051-2653528

9) Rawalpindi Branch

53/7, Haider Road, Rawalpindi Cantt
Rawalpindi
Tel : 051-5782397
Fax : 051-5563194

10) Mirpur AJK Branch

Haji Lal Din City Plaza
Plot # 114, Sector F/1, Kotli Road
Mir Pur, Azad Jammu Kashmir
Tel : 058610-39655, 39658
Fax : 058610-39656

