

QUARTERLY ACCOUNTS

2013

(Unaudited) For the
Period Ended
September 30, 2013



FIRST NATIONAL EQUITIES LIMITED

www.fnetrade.com



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:

1.	Mr. Shahzad Akbar	Director/ Chairman
2.	Mr. Ali A. Malik	Director/ CEO
3.	Mr. Muhammad Iqbal Khan	Director
4.	Malik Attiq-ur-Rehman	Director
5.	Mr. Saeed Ahmed Bajwa	Director
6.	Mr. Rais Ahmed Dar	Director
7.	Mr. Amir Shehzad	Executive Director

Audit Committee:

1.	Mr. Muhammad Iqbal Khan	Chairman
2.	Malik Attiq-ur-Rehman	Member
3.	Mr. Shahzad Akbar	Member
4.	Mr. Usman Amjad Khan	Secretary Audit Committee

HR& Remuneration Committee:

1.	Malik Attiq-ur-Rehman	Chairman
2.	Mr. Shahzad Akbar	Member
3.	Mr. Ali A. Malik	Member

Chief Financial Officer

Miss. Najam Raza Shamsi

Company Secretary

Mr. Usman Amjad Khan

Auditors:

H.A.M.D & Co.
Chartered Accountants
Lahore.

Legal Advisor:

Minto & Mirza, Advocates

Shares 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) 34391316-7 & 34387960-61
Fax: (92-21) 34391318

Bankers:

Allied Bank Limited.
Summit Bank Limited.
Bank Alfalah Limited.
Bank Islami Pakistan Limited.
Habib Metropolitan Bank Limited.
KASB Bank Limited.
JS Bank Limited.
MCB Limited.
NIB Bank Limited.
The Bank of Punjab
United Bank Limited

Principal Office:

FNE House, 179-B, Abu Bakar Block,
New Garden Town, Lahore
Tel: (92-42) 35843721-27,
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) 35395901-05
Fax: (92-21) 35395920

KSE Office:

Room No. 135-136, 3rd Floor, New Stock Exchange
Building, Stock Exchange Road,
Karachi.
Tel: (92-21) 32472119, 32472014, 32472758
Fax: (92-21) 32472332

Website: www.fnetrade.com



DIRECTORS' REVIEW

Dear Shareholders

On behalf of the Board of Directors of the First National Equities Limited I am pleased to present the Quarterly Financial Statements of your company for the first quarter ended on September 30, 2013.

Stock Market

In first quarter of FY 14 the benchmark KSE 100 index after reaching a historic high of 23,776 pts declined to close the period at 21,832 pts. In the period under review market capitalization declined by 1% (5% in US\$ terms) to PkR 5.1 tn, after posting a new high of PkR 5.8tn on Aug 15'2013. Average traded volume stood in PkR terms stood at PkR9.1bn, up 5% from PkR 8.7 bn in the preceding quarter, while it remained static in US\$ terms at around US\$88 mln. In terms of shares, average traded volume declined by 22% to 225 mln from 288 mln recorded in the previous quarter. The major reasons for it were abrupt weakness in the PkR that dampened investor sentiment and the start of the monetary tightening cycle that further aggravated the situation. In addition, weak corporate earnings also played their due part.

Financial Results

	3 months to Sep. 30, 2013	3 months to Sep. 30, 2012
	------(Rupees)-----	
Gross revenue	67,394	16,642
Operating Profit/ (Loss)	39,391	4,174
Profit/ (Loss) before Tax	22,821	(17,102)
Taxation	841	41
Profit/ (Loss) after tax	21,980	(17,143)
Earning / (Loss) per share	0 .16	(0.12)

We are pleased to report that your company has earned a Gross Revenues of Rs. 67.394 million, which has increased three times as compared to 16.642 million in the corresponding period last year. The operating profit has increased to Rs. 39.391 million as compared to operating profit of 4.174 million in same quarter of last year. Your company has earned profit after tax of Rs. 21. 980 million as compared to the loss after tax of Rs. 17.143 million in the same quarter of last year. Resultantly we have earned a profit of Rs. 0.16 per share as compared to loss of Rs. 0.12 per share in same quarter of last year. The management is optimistic and determined to carry on this momentum in future in order to make healthy profits and make good the losses incurred in the past.

Further the Trading of the Letter of Right which started on October 07, 2013 is in progress and the management is determined and hopeful to complete this process according to the scheduled approved by KSE The injection of fresh capital/funds of Rs. 1001.88 million will not only improve the financial health of the company but also strengthen the business capacity of the company.

Acknowledgement

We are grateful to the Company's stakeholders for their continued confidence and support. We record our appreciation and thanks to Securities and Exchange Commission of Pakistan, managements of Karachi Stock Exchange, Central Depository Company of Pakistan, National Clearing Company of Pakistan and our Bankers & Financial Institution for their support and guidance.

Place: Lahore
Dated: October 31, 2013

Ali A. Malik
(Chief Executive Officer)



FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2013

	Note	(Un-audited) Sept 30, 2013	(Audited) June 30, 2013
------(Rupees)-----			
NON-CURRENT ASSETS			
Property and equipment	4	96,407,235	98,053,916
Capital work in progress		33,340,000	33,340,000
Intangible assets		51,915,000	51,915,000
Receivable from associates		175,411,452	175,411,452
Investment in associate	5	49,308,040	53,492,143
Investment - available for sale		40,073,830	40,073,830
Long term deposits		2,729,079	2,679,079
Deferred taxation		25,649,466	25,649,466
		474,834,102	480,614,886
CURRENT ASSETS			
Short term investments	6	131,923,012	266,529,622
Trade debts		282,026,295	281,256,650
Loans and advances		994,752	922,364
Trade deposits and short term prepayments	7	1,151,210	498,110
Other receivables		122,609,379	115,386,221
Advance tax		33,077,797	32,544,622
Cash and bank balances		25,742,778	3,561,059
		597,525,223	700,698,648
Total Assets		1,072,359,325	1,181,313,534
CURRENT LIABILITIES			
Trade and other payables		462,127,518	471,504,926
Short term borrowings	8	30,923,325	35,462,841
Current maturity of long term financing		405,906,234	552,734,882
		898,957,077	1,059,702,649
NON-CURRENT LIABILITIES			
Long term financing		524,067,959	513,953,761
Loan from sponsors		138,497,501	68,497,501
Deferred liabilities		7,503,532	7,503,532
		670,068,992	589,954,794
Total Liabilities		1,569,026,069	1,649,657,443
CONTINGENCIES AND COMMITMENTS			
	9	-	-
Net Assets		(496,666,744)	(468,343,909)
REPRESENTED BY:			
Authorised capital		5,000,000,000	5,000,000,000
Issued, subscribed and paid-up capital		1,380,000,000	1,380,000,000
Discount on Right Shares - Right 1		(603,750,000)	(603,750,000)
Accumulated loss		(1,345,804,071)	(1,367,784,472)
		(569,554,071)	(591,534,472)
Unrealised Surplus on re-measurement of investments classified as available for sale		72,887,327	123,190,563
		(496,666,744)	(468,343,909)

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

Chief Executive



Quarterly Report '13

Director

**FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

	For The 3 Months Ended Sept 30, 2013	For The 3 Months Ended Sept 30, 2012
	------(Rupees)-----	
Operating revenue	16,288,749	8,157,177
Gain on sale of investments	43,754,637	395,166
Other operating income	7,350,177	8,089,812
	<u>67,393,563</u>	<u>16,642,155</u>
Administrative expenses	<u>28,002,378</u>	12,468,490
Operating Profit	39,391,185	4,173,665
Finance cost	12,247,269	20,828,247
Other operating expenses	566,073	1,970,406
	<u>26,577,843</u>	<u>(18,624,988)</u>
Unrealised profit /(loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net'	(335,128)	3,285,134
Share of profit of associate - net	(3,421,762)	(1,762,513)
Profit/(Loss) before taxation	<u>22,820,953</u>	<u>(17,102,367)</u>
Taxation - current	<u>840,552</u>	<u>40,786</u>
	840,552	40,786
Profit/(Loss) after tax	<u>21,980,401</u>	<u>(17,143,153)</u>
Earning /(loss) per share - basic and diluted	<u>0.16</u>	<u>(0.12)</u>

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

Chief Executive



Quarterly Report '13

Director

**FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

	Three Months Period Ended	
	September 30, 2013	September 30, 2012
	----- (Rupees) -----	
Profit / (loss) after tax	21,980,401	(17,143,153)
Other comprehensive income for the period		
Unrealized gain/(loss) during the period in the market value of investments classified as 'available for sale'	(8,777,139)	18,807,502
Reclassification adjustment of realized gain/(loss) on sale of investments- available for sale	(43,754,637)	(395,166)
Share of unrealized surplus - investment in associate	2,228,540	4,668,226
Other comprehensive income for the period	(50,303,236)	23,080,562
Total comprehensive income for the period	(28,322,835)	5,937,409

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

Chief Executive



Quarterly Report '13

Director

FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

Note	For the 3 30-Sep-13	For the 3 30-Sep-12
------(Rupees)-----		
Cash flows from operating activities		
Profit / (loss) before taxation	22,820,953	(17,102,367)
Adjustments for:		
Depreciation	1,646,655	1,582,406
Gain on sale of investments	(43,754,637)	(395,166)
Share of profit from associate - net of tax	3,421,762	1,762,513
Unrealised gain on re-measurement of financial asset carried at fair value through profit or loss account - net	335,128	(3,285,134)
Financial charges	12,247,269	20,828,247
Dividend income	(7,544,225)	-
Mark-up income from related party	(7,074,127)	(7,074,127)
	(40,722,175)	13,418,739
	(17,901,222)	(3,683,628)
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts	(769,647)	(3,722,450)
Loans and advances	(72,388)	(115,769)
Trade deposits and short-term prepayments	(653,100)	143,424
Other receivables	(149,031)	(300,505)
	(1,644,166)	(3,995,300)
Trade and other payables	(9,377,408)	19,117,690
	(28,922,796)	11,438,763
Mark-up paid	(2,133,071)	(1,667,819)
Income tax paid	(1,373,727)	(362,661)
Long-term deposits received/(paid)	(50,000)	-
Net cash generated / (used in) from operating activities	(32,479,594)	9,408,283
Cash flows from investing activities		
Investment in available-for-sale financial assets - net	128,485,252	472,273
Purchases of operating fixed assets	-	(89,000)
Dividend received	7,544,225	-
Net cash (used in) investing activities	136,029,477	383,273
Cash flows from financing activities		
Loan from sponsors	70,000,000	-
Long-term financing	(146,828,648)	-
Net cash (used in) / generated from financing activities	(76,828,648)	-
Net decrease in cash and cash equivalents	26,721,235	9,791,556
Cash equivalents at the beginning of the period	(31,901,782)	(166,604,415)
Cash and cash equivalents at the end of the period	(5,180,547)	(156,812,859)

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Chief Executive



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Director

FIRST NATIONAL EQUITIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	Reserves			Unrealised surplus / (deficit) on re-measurement of investments classified as available for sale	Total	
	Issued, subscribed and paid-up capital	Discount on issue of right shares	Accumulated (loss) / profit			Sub-total
----- (Rupees) -----						
Balance as at July 01, 2012	1,380,000,000	(603,750,000)	(1,199,670,481)	(1,803,420,481)	(20,001,720)	(443,422,201)
Profit / (Loss) after taxation for the 3 months ended September 30, 2012	-	-	(17,143,153)	(17,143,153)	-	(17,143,153)
Other comprehensive income for the period	-	-	-	-	23,080,562	23,080,562
Balance as at September 30, 2012	1,380,000,000	(603,750,000)	(1,216,813,634)	(1,820,563,634)	3,078,842	(437,484,792)
Balance as at July 01, 2013	1,380,000,000	(603,750,000)	(1,367,784,472)	(1,971,534,472)	123,190,563	(468,343,909)
Profit / (Loss) after taxation for the 3 months ended September 30, 2013	-	-	21,980,401	21,980,401	-	21,980,401
Other comprehensive income for the period	-	-	-	-	(50,303,236)	(50,303,236)
Balance as at September 30, 2013	1,380,000,000	(603,750,000)	(1,345,804,071)	(1,949,554,071)	72,887,327	(496,666,744)

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

Chief Executive



Quarterly Report '13

Director

FIRST NATIONAL EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEP 30, 2013

1 STATUS AND NATURE OF BUSINESS

The First National Equities Limited is a limited liability company incorporated in Pakistan under Companies Ordinance 1984 and is listed on the Karachi Stock Exchange Limited. The registered office of the company is situated at FNE House 19-C, Sunset Lane-6, South Park Avenue, Phase-II (Ext), DHA, Karachi.

The company has Trading Right Entitlement Certificate Holder of the Karachi Stock Exchange Limited. The principal activities of the company includes shares brokerage, margin trading system, consultancy services and IPO 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, 2013.

Amendments to certain existing standards and new interpretation on approved accounting standards that become effective during the period either were not relevant to the company' operations or did not have any significant impact on the accounting policies of the Company.

(Un-audited) Sep 30, 2013	(Un-audited) Sep 30, 2012
----- (Rupees) -----	

4 FIXED ASSETS

Details of additions during the period are as follows :-
 Motor Cycles

- 89,000

Details of deletion during the period are as follows :-

- -

(Un-audited) Sep 30, 2013	(Audited) June 30, 2013
----- (Rupees) -----	

5 LONG-TERM INVESTMENTS

National Asset Management Company Limited
 Share of profit / (loss) for the period - net of tax
 Excess / (Decrease) on revaluation

50,501,262	34,295,301
(3,421,762)	16,205,961
2,228,540	2,990,881
<u>49,308,040</u>	<u>53,492,143</u>



	Unaudited Sep 30, 2013	Audited June 30, 2013
	------(Rupees)-----	
6 SHORT TERM INVESTMENTS		
Available for sale		
- Cost	56,894,229	141,624,814
- Excess / (Deficit) on revaluation Carrying value	70,658,787 127,553,016	120,199,682 261,824,496
Held for trading		
- Cost	4,705,126	3,470,695
- Fair value gain / (Loss) on remeasurement Carrying value	(335,128) 4,369,998 131,923,014	1,234,431 4,705,126 266,529,622
7 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Exposure deposit with Karachi Stock Exchange	1,151,210	263,458
Prepayments	-	91,550
	<u>1,151,210</u>	<u>355,008</u>
8 SHORT-TERM BORROWINGS		
Short-term running finances utilised under mark-up arrangements	30,923,325	35,462,841
	<u>30,923,325</u>	<u>35,462,841</u>
9 COMMITMENTS		
In respect of :		
Capital expenditure contracted for but not incurred	<u>100,020,000</u>	<u>100,020,000</u>
10 RELATED PARTY TRANSACTIONS		

The company has related party relationship with its associated undertakings, and its directors and key management personnels.

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

Relationship with the company	Nature of transactions	Unaudited Sep 30, 2013	(Unaudited) Sep 30, 2012
		------(Rupees)-----	
i. Associated undertakings	Purchase of marketable securities for and on behalf of associated undertakings	403,506,719	65,751,037
	Sale of marketable securities for and on behalf of associated undertakings	251,298,051	110,366,495
	Brokerage income	728,519	386,003
	Rent income	198,000	180,000
	Rent expense	1,500,000	600,000
	Markup on receivable from associates	7,074,127	7,074,127
ii. Key management personnel	Salaries & other short term employee benefits	3,133,248	4,711,130



	September 30, 2013 (Unaudited)			
	Key management personnel	Associated Undertakings (Long Term)	Associated Undertakings (Short Term)	Other related Parties
	----- (Rupees) -----			
Balance outstanding				
First Pakistan Securities Ltd	-	90,993,620	(20,039,940)	-
Switch Securities (Pvt) Ltd	-	84,417,832	(2,673,977)	-
Due to Director	(17,161,074)	-	-	-
National Asset Management Company Limited (NAMCO)	-	-	-	(30,552,978)
Loan From Sponcer	-	-	-	138,497,501

	June 30, 2013 (audited)			
	Key management personnel	Associated Undertakings (Long Term)	Associated Undertakings (Short Term)	Other related Parties
	----- (Rupees) -----			
Balance outstanding				
First Pakistan Securities Ltd	-	90,993,620	(23,696,358)	-
Switch Securities (Pvt) Ltd	-	84,417,832	(3,162,297)	-
Due to Director	(17,959,276)	-	-	-
National Asset Management Company Limited (NAMCO)	-	-	-	(30,839,926)
Loan From Sponcer	-	-	-	(68,497,501)

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, 2013	Unaudited Sep 30, 2012
	----- (Rupees) -----	
Cash and bank balances	25,742,778	390,438
Short-term running finances	(30,923,325)	(157,203,297)
	<u>(5,180,547)</u>	<u>(156,812,859)</u>

12 DATE OF AUTHORISATION

These financial statements were authorised for issue on **October 31, 2013** by the Board of Directors of the company.

Chief Executive



Quarterly Report '13

Director

Branch Network of First National Equities Limited

Lahore Office

FNE House, 179-B, Abu Bakar Block,
New Garden Town, Lahore
Tel: 042-35843721-27,042-35845011-15
Fax: 042-35843730.

Abbottabad Office

1st Floor, Goher Sons Arcade,
Mansehra Road Supply Bazaar,
Abbottabad,
Tel#:0992-341305, 0992-341104

Karachi Offices

1. FNE HOUSE, 19-C, Sunset Lane 6,
South Park Avenue, Phase II
Extension, D.H.A. Karachi
Tel: 021-35395901-05
Fax: +92-021-35395920
2. Room No. 135-136, 3rd Floor,
New Stock Exchange Building, Karachi
Tel: 021-32472119, 32472014, 32472758
Fax: 021- 32472332

Mardan Office

1st Floor Shop No 32-33, Cantonment Plaza,
The Mall, Mardan.
Tel: 0937-875827-29
Fax: 0937-875830

Daska Office

Basement Nagina Suiting, Kachehri Road,
Daska, Sialkot.
Tel: 052-6617585, 052-6600021

Peshawar offices

2nd Floor, State Life Building, 34 The Mall,
Peshawar Cantt, Peshawar
Tel: 091-5260935, 5260965
Fax: 091-5260977

Rawalpindi Offices

53/7, Haider Road, Rawalpindi Cantt,
Rawalpindi.
Tel: 051-5563195-96
Fax: 051-5563194





FIRST NATIONAL EQUITIES LIMITED

Principal Office:

FNE House 179/B, Abu Bakar Block,
New Garden Town, Lahore.
Tel: 042-35843721-27 Fax: 042-35843730

Registered Office:

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Avenue, Phase II Extension, D.H.A. Karachi
Tel: (+92-21) 35395901-5 Fax: (+92-21) 35395920