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# Quarterly Accounts

(Unaudited) For the  
Quarter Ended  
Sep 30, 2012



**FIRST NATIONAL EQUITIES LIMITED**



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

### Chief Financial Officer

Mr. Rais Ahmed Dar

### Company Secretary

Mr. Asif Mumtaz Mian, FCMA

### Auditors:

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

### 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) 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](http://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, 2012.

### Stock Market

The market during the September Quarter remained on firm nod. The KSE 100 Index gained 12% or 1643 points during the quarter to close on 15,445 points on September 30, 2012. This performance is mainly due to improvement in some macroeconomic indicators and better corporate earnings. The average daily volumes of the market also improved during the quarter. Despite our political, economic and social challenges market is still at attractive level for the long term investments.

### Financial Results

	3 months to Sep. 30, 2012	3 months to Sep. 30, 2011
	------(Rupees in 000)-----	
Gross revenue	16,642	11,147
Operating Profit/ (Loss)	4,174	(4, 088)
Profit/ (Loss) before Tax	(17,102)	(32, 273)
Taxation	41	27
Profit/ (Loss) after tax	(17,143)	(32,300)
Earning per share	(0.12)	(0.56)

We pleased to report that the outcomes of fresh capital injection had started to flourish and your company had earned an operating profit of Rs. 4.174 million as compared to loss of 4.088 million in same quarter of last year. We have succeeded to increase the revenues by 49.29 %. On expenses side due to continuous policy of curtailing the expenses we have succeeded to cut down our administrative and financial expenses. Resultantly we have managed to lower our loss after tax by 46.92% as compared to same quarter of last year. The management is determined to further stimulate this momentum in future

### 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, 2012

Ali A. Malik  
(Chairman & CEO)



**FIRST NATIONAL EQUITIES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT SEPTEMBER 30, 2012**

	Note	(Un-audited) Sept 30, 2012	(Un-audited) June 30, 2012
------(Rupees)-----			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	67,793,281	69,286,711
Capital work in progress		69,496,614	69,496,614
Intangible assets		68,135,225	68,135,225
Long term investments	5	37,201,014	39,072,926
Long term deposits		3,185,179	3,185,179
Receivable from associates		175,411,452	175,411,452
Deferred taxation		29,063,813	29,063,813
		<b>450,286,578</b>	<b>453,651,920</b>
<b>CURRENT ASSETS</b>			
Short term investments	6	177,491,017	151,033,005
Trade debts		291,486,916	287,764,467
Loans and advances		2,721,954	2,606,185
Trade deposits and short term prepayments	7	211,584	355,008
Other receivables		93,248,410	85,933,778
Advance tax		31,963,254	31,641,379
Cash and bank balances		390,438	771,566
		<b>597,513,573</b>	<b>560,105,387</b>
<b>Total Assets</b>		<b>1,047,800,151</b>	<b>1,013,757,307</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		223,399,944	204,282,254
Accrued mark-up		77,607	65,564
Short term borrowings	8	157,203,297	167,375,981
		<b>380,680,848</b>	<b>371,723,799</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		1,029,687,322	1,010,538,937
Loan from sponsors		68,497,501	68,497,501
Deferred liabilities		6,419,272	6,419,272
		<b>1,104,604,095</b>	<b>1,085,455,710</b>
<b>Total Liabilities</b>		<b>1,485,284,943</b>	<b>1,457,179,509</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	-	-
<b>Net Assets</b>		<b>(437,484,792)</b>	<b>(443,422,202)</b>
<b>REPRESENTED BY:</b>			
Authorised capital		<b>1,500,000,000</b>	1,000,000,000
Issued, subscribed and paid-up capital		<b>1,380,000,000</b>	1,380,000,000
Discount on Right Shares - Right 1		<b>(603,750,000)</b>	(603,750,000)
Accumulated loss		<b>(1,216,813,634)</b>	(1,199,670,481)
Unrealised gain / (loss) on re-measurement of investments classified as available for sale		<b>3,078,842</b>	(20,001,720)
		<b>(437,484,792)</b>	<b>(443,422,202)</b>

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

Chief Executive



Director

**FIRST NATIONAL EQUITIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

Note	For The 3 Months Ended Sept 30, 2012	For The 3 Months Ended Sept 30, 2011
	------(Rupees)-----	
Operating revenue	8,157,177	2,949,061
Gain / (Loss) on sale of investments	395,166	(36,914)
Other operating income	8,089,812	8,235,267
	16,642,155	11,147,414
Administrative expenses	12,468,490	15,235,878
Operating Profit / (Loss)	4,173,665	(4,088,464)
Finance cost	20,828,247	27,246,155
Other operating expenses	1,970,406	702,010
	(18,624,988)	(32,036,629)
Unrealised profit /(loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - held for trading - net'	3,285,134	(510,788)
Share of profit of associate - net	(1,762,513)	274,328
<b>Loss before taxation</b>	<b>(17,102,367)</b>	<b>(32,273,089)</b>
Taxation - current	40,786	26,911
<b>Loss after tax</b>	<b>(17,143,153)</b>	<b>(32,300,000)</b>
Loss per share - basic and diluted	<b>(0.12)</b>	<b>(0.56)</b>

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

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



\_\_\_\_\_  
Director



**FIRST NATIONAL EQUITIES LIMITED  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Three Months Period Ended	
	Ended Sept 30, 2012	Ended Sept 30, 2011
Note	------(Rupees)-----	
<b>Loss after tax</b>	(17,143,153)	(32,300,000)
<b>Other comprehensive income for the period</b>		
Unrealised Gain / (Loss) during the period in the market value of investments classified as 'available for sale'	18,807,502	(19,813,789)
Reclassification adjustment of realized gain/(Loss) on sale of investments-available for sale	(395,166)	36,914
Share of unrealised surplus - investment in associate	4,668,226	8,388,220
<b>Other comprehensive income/(Loss) for the period</b>	<b>23,080,562</b>	<b>(11,388,655)</b>
<b>Total comprehensive income/(Loss) for the period</b>	<b>5,937,409</b>	<b>(43,688,655)</b>

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

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



\_\_\_\_\_  
Director

**FIRST NATIONAL EQUITIES LIMITED**  
**CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

Note	For the 3 Month Ended Sept 30, 2012	For the 3 Month Ended Sept 30, 2011
------(Rupees)-----		
<b>Cash flows from operating activities</b>		
Loss before taxation	(17,102,367)	(32,273,089)
<b>Adjustments for:</b>		
Depreciation	1,582,406	1,829,438
Gain on sale of investments	(395,166)	36,914
Share of profit from associate - net of tax	1,762,513	(274,328)
Unrealised gain on re-measurement of financial asset carried at fair value through profit or loss account - net	(3,285,134)	510,788
Financial charges	20,828,247	27,246,155
Dividend income	-	(2,250)
Mark-up income from related party	(7,074,127)	(7,074,127)
	<u>13,418,739</u>	<u>22,272,590</u>
	<u>(3,683,628)</u>	<u>(10,000,499)</u>
<b>Changes in working capital</b>		
<b>Decrease / (increase) in current assets</b>		
Trade debts	(3,722,450)	96,749
Loans and advances	(115,769)	(248,137)
Mark-up received	7,014,127	7,074,127
Trade deposits and short-term prepayments	143,424	(83,960)
Other receivables	(7,314,632)	(6,598,623)
	<u>(3,995,300)</u>	<u>240,156</u>
Trade and other payables	<u>19,117,690</u>	<u>10,521,015</u>
Mark-up paid	11,438,763	760,672
Income tax paid	(1,667,819)	(26,927,533)
	<u>(362,661)</u>	<u>(246,154)</u>
<b>Net cash generated / (used in) from operating activities</b>	<b>9,408,283</b>	<b>(26,413,015)</b>
<b>Cash flows from investing activities</b>		
Investment in available-for-sale financial assets - net	472,273	(36,920)
Investment in marketable securities	-	-
Purchases of operating fixed assets	(89,000)	-
Dividend received	-	2,250
<b>Net cash (used in) investing activities</b>	<b>383,273</b>	<b>(34,670)</b>
<b>Cash flows from financing activities</b>		
Long-term financing	-	25,541,544
<b>Net cash (used in) / generated from financing activities</b>	<b>-</b>	<b>25,541,544</b>
<b>Net decrease in cash and cash equivalents</b>	<b>9,791,556</b>	<b>(906,140)</b>
Cash equivalents at the beginning of the period	(166,604,415)	(412,527,041)
Cash and cash equivalents at the end of the period	<u>11 (156,812,859)</u>	<u>(413,433,181)</u>

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

Chief Executive



Director

**FIRST NATIONAL EQUITIES LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	Issued, subscribed and paid-up capital	Discount on issue of right shares	Reserves		Unrealised surplus / (deficit) on re-measurement of investments classified as available for sale	Total
			Accumulated Loss	Sub-total		
----- <b>(Rupees)</b> -----						
<b>Balance as at July 01, 2011</b>	<b>575,000,000</b>	-	<b>(1,231,305,943)</b>	<b>(1,231,305,943)</b>	<b>(67,897,937)</b>	<b>(724,203,880)</b>
Loss after taxation for the 3 months ended September 30, 2011	-	-	(32,300,000)	(32,300,000)	-	(32,300,000)
Other comprehensive income for the period	-	-	-	-	(11,388,655)	(11,388,655)
<b>Balance as at September 30, 2011</b>	<b>575,000,000</b>	-	<b>(1,263,605,943)</b>	<b>(1,263,605,943)</b>	<b>(79,286,592)</b>	<b>(767,892,535)</b>
<b>Balance as at July 01, 2012</b>	<b>1,380,000,000</b>	<b>(603,750,000)</b>	<b>(1,199,670,481)</b>	<b>(1,803,420,481)</b>	<b>(20,001,720)</b>	<b>(443,422,201)</b>
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
<b>Balance as at September 30, 2012</b>	<b>1,380,000,000</b>	<b>(603,750,000)</b>	<b>(1,216,813,634)</b>	<b>(1,820,563,634)</b>	<b>3,078,842</b>	<b>(437,484,792)</b>

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

Chief Executive



Director

**FIRST NATIONAL EQUITIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

**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, 2012.

Amendments to certain existing standards and new interpretation on approval 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.

**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 :-

- -

Note	Unaudited Sep 30, 2012	Unaudited Sep 30, 2011
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------(Rupees)-----

Note	Unaudited Sep 30, 2012	Unaudited June 30, 2012
------	---------------------------	----------------------------

------(Rupees)-----

**5 LONG-TERM INVESTMENTS**

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

34,295,301	31,467,531
(1,762,513)	2,827,770
4,668,226	4,777,625
<u>37,201,014</u>	<u>39,072,926</u>



	Note	Unaudited Sep 30, 2012	Unaudited June 30, 2011
------(Rupees)-----			
<b>6</b>	<b>SHORT TERM INVESTMENTS</b>		
	Available for sale		
	- Cost	150,753,941	150,771,024
	- Excess / (Deficit) on revaluation	(1,589,384)	(24,779,345)
	Carrying value	149,164,556	125,991,679
	Held for trading		
	- Cost	25,041,326	14,286,461
	- Fair value gain / (Loss) on remeasurement	3,285,134	10,754,865
	Carrying value	28,326,460	25,041,326
		<u>177,491,016</u>	<u>151,033,005</u>
<b>7</b>	<b>TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
	Exposure deposit with Karachi Stock Exchange	161,584	263,458
	Prepayments	50,000	91,550
		<u>211,584</u>	<u>355,008</u>
<b>8</b>	<b>SHORT-TERM BORROWINGS</b>		
	Short-term running finances utilised under mark-up arrangements	<u>157,203,297</u>	<u>167,375,981</u>
		<u>157,203,297</u>	<u>167,375,981</u>
<b>9</b>	<b>COMMITMENTS</b>		
	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, its directors and key management personal.

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

		Unaudited Sep 30, 2012	Unaudited Sep 30, 2011
------(Rupees)-----			
	<b>Relationship with the company</b>	<b>Nature of transactions</b>	
i.	Associated undertakings	Purchase of marketable securities for and on behalf of associated undertakings	65,616,037
		Sale of marketable securities for and on behalf of associated undertakings	80,085,658
		Brokerage income	110,231,495
		Rent received	386,003
			130,848
			180,000
ii.	Key management personnel	Salaries & other short term employee benefits	4,711,130
			2,932,609



## September 30, 2012 (Unaudited)

Key management personnel	Associated Undertakings (Long Term)	Associated Undertakings (Short Term)	Other related Parties
----- (Rupees) -----			

**Balance outstanding**

First Pakistan Securities Ltd  
Switch Securities (Pvt) Ltd

90,993,620 (24,631,215)  
84,417,832 758,669

## June 30, 2011 (unaudited)

Key management personnel	Associated Undertakings (Long Term)	Associated Undertakings (Short Term)	Other related Parties
----- (Rupees) -----			

**Balance outstanding**

First Pakistan Securities Ltd  
Switch Securities (Pvt) Ltd

90,993,620 (20,608,371)  
84,417,832 736,663

**11 CASH AND CASH EQUIVALENTS**

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

	Note	Unaudited Sep 30, 2012	Unaudited Sep 30, 2011
----- (Rupees) -----			
Cash and bank balances		390,438	2,067,511
Short-term running finances		(157,203,297)	(415,500,692)
		<u>(156,812,859)</u>	<u>(413,433,181)</u>

**12 DATE OF AUTHORISATION**

These financial statements were authorised for issue on **October 31, 2012** by the Board of Directors of the company.

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



\_\_\_\_\_  
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  
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

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

### Peshawar offices

2nd Floor, State Life Building, 34 The Mall,  
Peshawar Cantt, Peshawar  
Tel: 091-5277574, 091-5286590  
Fax: 091-5260977

### Daska Office

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

### Rawalpindi Offices

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

### Multan Office

Office No. 32, 1st Floor, Khan Centre,  
Abdali Road, Multan Cantt. Multan.  
Tel: 061-4783311-13

### Islamabad Office

Room # 508, 5th Floor,  
ISE Tower, Blue Area,  
Islamabad.  
Tel# 051- 2894545  
Fax #051-2894549





**FIRST NATIONAL EQUITIES LIMITED**

**Principal Office:**

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

Tel: 042-35843722-27 Fax: 042-35843730

**Registered Office:**

19-C Sunset Lane-6,  
Phase II Extension, DHA, Karachi

Tel: (+92-21) 35395901-5 Fax: (+92-21) 35395920