

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".

CONTENTS

- 04- Company Information
- 05- Directors' Review
- 06- Condensed Interim Balance Sheet
- 07- Condensed Interim Profit & Loss Account
- 08- Condensed Interim Statement of Comprehensive Income
- 09- Condensed Interim Statement of Changes in Equity
- 10- Condensed Interim Cash Flow Statement
- 11- Notes to Condensed Interim Financial Statements



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. Mohammad Ali Khan	Executive Director
6.	Mr. Rais Ahmed Dar	Executive Director
7.	Mr. Amir Shahzad	Executive Director

Audit Committee:

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

Chief Financial Officer

Mr. Rais Ahmed Dar

Company Secretary

Mr. Asif Mumtaz Mian, FCMA

Auditors:

Anjum Asim Shahid Rehman & 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.
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

Website: www.fnetrade.com



DIRECTORS' REVIEW

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Quarterly un-audited accounts of the First National Equities Limited for the quarter ending on September 30, 2010.

On national level the momentum of the economy was slow during this quarter. Violence, terrorism, inflation, law and order incidents, power outage and its shortage and above all flood situation across the major part of the country kept the economy under severe pressure. Rising interest and parity rates and uncertainty on political front badly affected the performance of the different sectors. Resultantly the business sentiment was at low fade.

Like other sectors of the economy the Stock Market also showed sluggish performance. During the quarter the KSE 100 Index remained range bound between 10,539 to 9,488 points with average shares trading volumes of only 47.187 millions shares per day that resulted the lower income for the market members.

Financial Results

	3 months to Sep. 30, 2010	3 months to Sep. 30, 2009
	------(Rupees, 000)-----	
Gross Revenue	15,755	20,757
Operating Profit/(loss)	(2,963)	245
Profit/ (Loss) before Tax	(45,379)	(47,052)
Taxation	77	975
Profit/ (Loss) after tax	(45,456)	(48,027)
Earning/Loss) Per Share	(0.79)	(0.84)

Although our gross revenues also slashed due to low trading volumes at KSE but on other hand we have succeeded to cut down our administrative, financial and other operating expenses. Resultantly we have managed to lower our loss after tax as compared to same quarter of last year.

We are grateful to the Company's stakeholders for their long-lasting confidence and support. We record our appreciation and thanks to our Associated Companies, Bankers & Financial Institution, Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan and the Managements of Karachi Stock Exchange for their support and guidance.

Ali A. Malik
Chief executive/Director

Place: Lahore
Dated: October 28, 2010



Quarterly Report '10

CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT SEPTEMBER 30, 2010

	Note	Unaudited Sep 30, 2010	Audited June 30, 2010
		------(Rupees)-----	
Non-current assets			
- Property and equipment	4	83,922,662	86,048,883
- Intangible assets		68,135,225	68,135,225
- Capital work in progress		69,496,614	69,496,614
		221,554,501	223,680,722
Receivable From Associates		175,411,452	175,411,452
Long-term investments	5	29,591,856	30,438,452
Long-term deposits		2,862,429	2,862,429
Deferred tax assets - net		65,873,931	65,873,931
		495,294,169	498,266,986
Current assets			
Short-term investments	6	201,871,566	194,720,352
Trade debts		201,196,880	208,435,589
Loans and advances		4,696,344	4,681,119
Trade deposits and short-term prepayments	7	813,834	1,065,796
Other receivables		36,193,905	28,988,804
Taxation recoverable - net		25,957,223	25,520,458
Cash and bank balances		10,780,434	10,038,746
		481,510,186	473,450,864
Current liabilities			
Trade and other payables		167,027,460	160,041,543
Interest and mark-up accrued on borrowings		9,307,919	9,181,155
Short-term borrowings	8	474,976,169	484,976,169
		651,311,548	654,198,867
Net current assets		(169,801,362)	(180,748,003)
Non-current liabilities			
Long term financing		930,129,407	901,027,024
Loan from director		4,449,224	4,449,224
Deferred Liabilities		3,324,742	3,514,591
Provision for Taxation		77,241	-
Net assets		(612,487,807)	(591,471,856)
Represented by			
Issued, subscribed and paid-up capital		575,000,000	575,000,000
Unappropriated profit / (loss)		(1,100,559,919)	(1,055,103,508)
Surplus/(deficit) on revaluation of investments - available for sale		(86,927,888)	(111,368,348)
		(612,487,807)	(591,471,856)
Commitments	9		

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



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2010**

Note	For the 3 months ended Sep 30, 2010	For the 3 months ended Sep 30, 2009
	------(Rupees)-----	
Operating revenue		
Brokerage Income	5,440,327	17,219,439
Gain on sale of Investments - net	1,035,415	3,387,558
Other operating income	9,279,211	150,150
	15,754,953	20,757,147
Administrative expenses	(18,717,616)	(20,512,399)
Operating profit	(2,962,663)	244,748
Share of profit of associate - net of tax	(571,822)	365,540
Finance costs	(38,149,805)	(41,091,856)
Other operating expenses	(1,106,926)	(3,185,966)
Impairment loss on available for sale securities	-	(45,415,000)
	(42,791,216)	(89,082,534)
Fair value gain/ (loss) on re-measurement of financial assets at fair value through profit or loss account	(2,587,954)	42,030,316
Profit/(loss) before taxation	(45,379,170)	(47,052,218)
Taxation	(77,241)	(974,590)
Profit/(loss) after taxation	(45,456,411)	(48,026,808)
Earnings per share - basic and diluted	(0.79)	(0.84)

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



Quarterly Report '10

CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	For the 3 months ended Sep 30, 2010	For the 3 months ended Sep 30, 2009
	------(Rupees)-----	
Loss for the Period ended September 30, 2010	(45,456,411)	(48,026,808)
Unrealised excess during the period in the market value of investments classified as 'available for sale	19,894,806	30,034,340
Reclassification adjustment of realized loss on sale of investments-available for sale	29,972	133,510
Share of unrealised surplus - investment in associate	4,515,682	3,717,000
	24,440,460	33,884,850
Total comprehensive loss for the Period-net of tax	(21,015,951)	(14,141,958)



Chief Executive

Director

**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2010**

	Issued, subscribed and paid-up capital	Unappropriated profit	Surplus / (deficit) on revaluation of investments	Total
	------(Rupees)-----			
Balance as at July 01, 2009	575,000,000	(927,418,387)	(87,287,954)	(439,706,341)
Realized loss on disposal of investment during the period	-	-	133,510	133,510
Profit after taxation for the period	-	(48,026,808)	-	(48,026,808)
Excess on revaluation of available	-	-	30,034,340	30,034,340
Share of unrealized surplus investment in associate balance as at September 30, 2009	-	-	3,717,000	3,717,000
Balance as at Sep 30, 2009	<u>575,000,000</u>	<u>(975,445,195)</u>	<u>(53,403,104)</u>	<u>(453,848,299)</u>
Balance as at July 01, 2010	575,000,000	(1,055,103,508)	(111,368,348)	(591,471,856)
Realized loss on disposal of investment during the period	-	-	29,972	29,972
Profit after taxation for the period	-	(45,456,411)	-	(45,456,411)
Excess on revaluation of available for sale investment	-	-	19,894,806	19,894,806
Share of unrealized surplus investment in associate balance as at September 30, 2010	-	-	4,515,682	4,515,682
Balance as at September 30, 2009	<u>575,000,000</u>	<u>(1,100,559,919)</u>	<u>(86,927,888)</u>	<u>(612,487,807)</u>

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

Chief Executive

Director



Quarterly Report '10

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Note	For the 3 months ended Sep 30, 2010	For the 3 months ended Sep 30, 2009
		------(Rupees)-----	
Cash flows from operating activities			
Profit before taxation		(45,379,170)	(47,052,217)
Adjustments for:			
Depreciation		2,126,221	2,604,272
(Gain) / Loss on disposal of fixed assets		-	-
Gain on sale of investments		(1,035,415)	(3,387,558)
Share of profit from associate - net of tax		571,822	(365,540)
Unrealised gain on re-measurement of financial asset carried at fair value through		-	-
profit or loss account - net		2,587,954	(42,030,316)
Impairment loss on available for sale investments		-	45,415,000
Provision for gratuity		123,625	749,550
Financial charges		38,149,805	41,091,856
Dividend income		-	(2,820)
Mark-up income on exposure deposits		(11,452)	-
Mark-up income from related party		(7,074,127)	-
Mark-up income on fixed deposits		(126)	(120)
		-	-
		35,438,307	44,074,324
		(9,940,863)	(2,977,893)
Changes in working capital			
Decrease / (increase) in current assets			
Receivable against continuous funding system transactions / carry over transactions		-	-
Trade debts		7,238,707	(23,827,453)
Loans and advances		(15,225)	(255,318)
Trade deposits and short-term prepayments		251,962	(1,620,527)
Other receivables		(7,205,101)	(879,671)
		270,342	(26,582,969)
Trade and other payables		6,985,919	37,789,000
Payable in respect of continuous funding system transactions		-	-
		7,256,261	11,206,031
Mark-up paid		(38,023,040)	(678,614)
LFA paid		-	-
Gratuity paid		(189,849)	(21,799)
Income tax paid		(514,006)	(790,293)
Long-term deposits received/(paid)		-	(1,670)
Net cash generated / (used in) from operating activities		(41,411,497)	6,735,762
Cash flows from investing activities			
Investment in associate		15,832,184	-
Investment in available-for-sale financial assets - net		132,914	10,218,510
Investment in marketable securities		-	(1,585,480)
Purchases of operating fixed assets		-	(1,650)
Proceeds on sale of operating fixed assets		-	-
Mark-up received		7,085,705	-
Dividend received		-	2,820
Net cash (used in) investing activities		23,050,803	8,634,200
Cash flows from financing activities			
Repayment of loan to director		-	-
Long-term financing		29,102,383	-
Borrowing under repurchase agreements		(10,000,000)	-
Proceeds from issuance of ordinary shares		-	-
Dividends paid to shareholders		-	-
Net cash (used in) / generated from financing activities		19,102,383	-
Net decrease in cash and cash equivalents		741,688	15,369,962
Cash equivalents at the beginning of the period		(464,937,423)	(602,604,286)
Cash and cash equivalents at the end of the period		(464,195,735)	(587,234,324)

11

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, 2010

1 STATUS AND NATURE OF BUSINESS

The First National Equities Limited is a limited liability company incorporated on October 3, 1994 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 corporate 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, 2010.

4 FIXED ASSETS

Details of additions during the period are as follows :-

Office Equipment

Unaudited Sep 30, 2010	Unaudited Sep 30, 2009
------(Rupees)-----	

-	1,650
---	-------

Details of deletion during the period are as follows :-

-	-
---	---

5 LONG-TERM INVESTMENTS

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

Unaudited Sep 30, 2010	Audited June 30, 2010
------(Rupees)-----	

25,647,996	25,136,812
(571,822)	511,184
4,515,682	4,790,456
<u>29,591,856</u>	<u>30,438,452</u>



	Unaudited Sep 30, 2010	Audited June 30, 2010
6	SHORT TERM INVESTMENTS	
	------(Rupees)-----	
Available for sale		
- Cost	240,866,362	331,859,249
- Impairment loss recognised in Profit & Loss Accounts	-	(90,830,000)
- Excess / (Deficit) on revaluation	(91,443,571)	(116,112,424)
- Carrying value	149,422,791	124,916,825
Held for trading		
- Cost	55,036,729	61,472,667
- Fair value gain / (Loss) on remeasurement	(2,587,954)	(6,435,937)
- Carrying value	52,448,775	55,036,730
Investment - related party		
- Cost	-	14,816,177
- Fair value gain / (Loss) on remeasurement	-	(46,380)
- Carrying value	-	14,769,797
	<u>201,871,566</u>	<u>194,723,352</u>
7	TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	
Exposure deposit with Karachi Stock Exchange	600,190	800,190
Prepayments	213,644	265,606
	<u>813,834</u>	<u>1,065,796</u>
8	SHORT-TERM BORROWINGS	
Repurchase agreement borrowings	-	10,000,000
Short-term running finances utilised under mark-up arrangements	474,976,169	474,976,169
	<u>474,976,169</u>	<u>484,976,169</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, 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, 2010	Unaudited Sep 30, 2009
		------(Rupees)-----	
I. Associated undertakings	Purchase of marketable securities for and on behalf of associated undertakings	66,200,911	9,006,951
	Sale of marketable securities for and on behalf of associated undertakings	74,389,367	8,878,848
	Brokerage income	114,569	9,639
	Rent received	150,000	150,000
ii. Key management	Salaries & other short term employee benefits	3,645,000	4,936,613

September 30, 2010 (Unaudited)

	Key management personnel	Associated Undertakings		Other related parties
		(Long term)	(Short term)	
		(Rupees)		
Balance outstanding				
First Pakistan Securities Ltd	-	90,993,620	504,532	-
Switch Securities (Pvt) Ltd	-	84,417,832	(3,228,611)	-

June 30, 2010 (Audited)

	Key management personnel	Associated Undertakings		Other related parties
		(Long term)	(Short term)	
		----- (Rupees) -----		
Balance outstanding				
First Pakistan Securities Ltd	-	90,993,620	(1,584,849)	-
Switch Securities (Pvt) Ltd	-	84,417,832	(4,834,650)	-

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, 2010	Unaudited Sep 30, 2009
	------(Rupees)-----	
Cash and bank balances	10,780,434	8,361,226
Short-term running finances	(474,976,169)	(595,595,550)
	<u>(464,195,735)</u>	<u>(587,234,324)</u>

12 DATE OF AUTHORISATION

These financial statements were authorised for issue on **October 28, 2010** by the Board of Directors of the company.

Chief Executive

Director



Quarterly Report '10

Branch Network of First National Equities Limited

Lahore Office

1. FNE House, 179-B, Abu Bakar Block,
New Garden Town, Lahore
Tel: 042-35843722-27, 042-35845011-15
Fax: 042-35843730.
2. Office No. 2, 1st Floor, Sharif Complex,
Main Market, Gulberg-II, Lahore

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

Peshawar offices

1. 2nd Floor, State Life Building, 34 The Mall,
Peshawar Cantt, Peshawar
Tel: 091-5260935, 5260965
Fax: 091-5260977
2. Office # 2, Ground Floor, Bank Square ,
Chowk Yadgar, Peshawar City, Peshawar
Tel: 091-2580746-51
Fax: 091-2580750
3. Room # 508, 5th Floor, Jasmine Arcade,
Fakhr-e-Alam Road, Peshawar Saddar,
Peshawar
Tel: 091-5275661, 5274695, 5275055

Rawalpindi Offices

1. 53/7, Haider Road, Rawalpindi Cantt,
Rawalpindi.
Tel: 051-5563195-96
Fax: 051-5563194
2. Ground Floor, Kings Plaza,
50 Judicial Colony
Rawalpindi.
Tel# 051-5954939

Islamabad Office

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

Abbottabad Office

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

Mardan Office

Shop No 22-24, 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

Mirpur (Azad Kashmir) Office

2nd Floor, Haji Lal Din City Plaza,
Plot No. 114, Sector F/1, Kotli Road,
Mirpur Azad Jammu Kashmir
Tel: 058610-39655-58
Fax: 0586-39656

Mandi Bhauddin

Hassan Siddique Plaza, 1st Floor,
Office # 2, Back Street NIB Bank,
Ward No. 5, Mandi Bhauddin.
Tel # 0546-501185
Fax # 0546-500185

