

**CORPORATE INFORMATION****Board of Directors of Prudential Capital Management Ltd.**

Mr. Asad Iqbal Siddiqui	Chairman
Mr. Muhammad Asif	Director
Mr. Fazal M. Mughal	Director
Mr. Ataullah Khan	Director
Dr. Muhammad Hussain	Director

COMPANY SECRETARY

Mr. Muhammad Musharraf Khan

AUDIT COMMITTEE

Mr. Fazal M. Mughal	Chairman
Mr. Muhammad Asif	Member
Mr. Ataullah Khan	Member

AUDITORSM.Yousuf Adil Saleem & Co.
Chartered Accountants**LEGAL ADVISORS**Mohammad Zubair Quraishi
S. Tauqir Hassan & Co.
Mansoor Ahmed Khan
Farooq Akhtar**BANKERS**RBS Bank
Standard Chartered Bank
Faysal Bank Ltd.
Habib Bank Ltd.
MCB Bank
Emirates Global Islamic Bank Ltd.
Atlas Bank Ltd.**MANAGEMENT COMPANY**

Prudential Capital Management Limited

REGISTERED OFFICEOffice No. 54, Ground Floor,
Beverly Centre, 56-G, Blue Area,
Islamabad.
Tel: 2825343 Fax: 2814000
E-mail: info@firstprudentialmodaraba.com**STOCK EXCHANGE**

First Prudential Modaraba is managed by Prudential Capital Management Ltd. and is listed on Karachi, Lahore and Islamabad Stock Exchanges. Daily quotation of the company's stock can be obtained from leading newspapers, listed under modarabas.

PUBLIC INFORMATIONFinancial analysts, Stock, broker, interested investors and financial media desiring information about First Prudential Modaraba should contact Syed Imran Ali (Chief Financial Officer) Mehersons Estate, 1st Floor, Block No. 1, Talpur Road, P.O. Box 621, Karachi-74000
Tel: PABX 32429632-4 Fax:32420015
E-mail: info@firstprudentialmodaraba.com**CERTIFICATE HOLDERS INFORMATION**Enquiries concerning lost Modaraba certificates, dividend payment, change of address, verification of transfer deeds and certificate transfer should be directed to the Registrar of First Prudential Modaraba i.e. Shares & Corporate Services (Pvt) Ltd. Mehersons Estate, Block E, Talpur Road, Karachi-74000
Tel: PABX 32429632-4 Fax: 32420015
E-mail: info@firstprudentialmodaraba.com**KARACHI OFFICE**Mehersons Estate, 1st Floor, Block No. 1,
Talpur Road, P.O. Box 621, Karachi-74000
Tel: PABX 32429632-4 Fax:32420015
E-mail: info@firstprudentialmodaraba.com**DIRECTORS' REPORT**

The Board of Directors of Prudential Capital Management Limited, manager of First Prudential Modaraba are pleased to present the first quarterly report of First Prudential Modaraba together with un-audited accounts and directors report for the period ended September 30, 2010 before the certificate holders.

Key Financial Highlights:

	Figures in Rupees	
	Three months Ended	
	30-09-2010	30-09-2009
Total Income from Operations	20,615,712	22,887,156
Operating Expenses	10,226,461	13,183,754
Profit / (Loss) for the Period prior to re-measurement of Investment portfolio	10,355,388	13,320,624
Unrealized gain/(loss) on re-measurement of investment	(619,189)	20,007,506
Net Profit / (loss)	9,736,199	33,328,130
Earnings / (Loss) Per Share	0.11	0.38

Review of Operations:

The period under review remained challenging for the country due to the un-certain political conditions coupled with the deteriorating security environment. Inflationary pressures continued as we saw considerable rise in the cost of production, resulting in slowing down of economic activities during the period under review.

In spite of all this, Modaraba has performed well and managed to post a net profit of Rs. 9.736 million during the first quarter 2010-2011. Profit during the same period in 2009-2010 amounted to Rs. 33.328 million which was attributed towards a reversal of Rs. 20.007 million on account of mark to market on trading portfolio due to the positive movement in pricing in the stock market. Since the stock market during July – September 2010 remained under pressure, an amount of Rs. 0.619 million has been impaired on account of mark to market of the share portfolio held for trading. However, the gain on sale of investments stood at Rs. 2.050 million in first quarter FY 2010-2011 as against Rs. 1.768 million last year during the same period.

While following the strict credit policy the Modaraba has disbursed, net of security deposit Rs. 12.51 million on account of Ijrah financing. Strict follow up on overdue cases are being maintained and will remain the priority during the current financial year.

Future Outlook

The business environment for the remaining FY 2010-2011 is likely to become more challenging in view of the worsening macro economic situation of the country. Higher interest rates will continue to exert pressure on cost and thus further depressing the business opportunities in the market. While keeping a vigilant eye on the economic front, the management is exploring opportunities to explore sound and secure business.

Acknowledgment

The Board of Directors express their thanks for the continuous guidance and support extended by the Registrar Modaraba and other officials of Securities and Exchange Commission of Pakistan. The Board is also thankful to its certificate holders for reposing their confidence in the Management of the Modaraba and also appreciates the hard work and dedication of their staff.

Chairman
Karachi
October 11, 2010

For and on behalf of the Board of Directors of
PRUDENTIAL CAPITAL MANAGEMENT LIMITED
MANAGERS OF FIRST PRUDENTIAL MODARABA



**BALANCE SHEET(UN-AUDITED)
AS AT 30 SEPTEMBER, 2010**

	Note	September 30 2010 Rupees	June 30 2009 Rupees
ASSETS			
Current Assets			
Cash and bank balances	4	297,536,250	288,557,336
Ijarah rental receivables		2,174,694	2,762,272
Advances, prepayments and other receivables	6	34,236,352	34,150,437
Investments	5	71,828,666	73,431,716
Short term morabaha and musharika finances		27,831,739	30,610,088
Total Current Assets		433,607,702	429,511,849
Long term investments	7	7,277,248	7,277,249
Long term musharika finance		11,530,633	11,530,633
Long term deposits		3,066,192	3,066,192
Intangible asset		22,326,567	22,326,567
Investment in property		9,922,500	9,922,500
Property and equipment - own		393,067	288,014
Property, plant and equipment - leased out		91,882,681	85,179,371
		146,398,888	139,590,526
Total Assets		580,006,590	569,102,375
LIABILITIES			
Current Liabilities			
Current portion of long term lease deposits		17,945,435	29,101,346
Accrued and other liabilities		41,293,774	15,447,635
Taxation		-	-
Total Current Liabilities		59,239,209	44,548,981
Long term lease deposits		31,709,076	19,065,990
Total Liabilities		90,948,285	63,614,971
Net Assets		489,058,305	505,487,404
REPRESENTED BY			
Certificate capital			
87,217,660 Modaraba Certificates of Rs. 10/= each		872,176,600	872,176,600
Statutory reserves		120,244,702	120,244,702
		120,244,702	120,244,702
Accumulated Loss		(503,362,997)	(486,933,898)
		489,058,305	505,487,404

Contingencies and commitments

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

Statement under rule 12(2) of the modaraba companies Rule, 1981 These Financial Statements have been signed by the Chairman and two Directors as the appointment of Chief Executive Officer is in process for approval from SECP.

Chairman

Director

Director



**PROFIT AND LOSS ACCOUNT(UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010**

	July-September 2010 Rupees	July-September 2009 Rupees
INCOME		
Lease rentals	8,276,101	10,602,023
Profit on morabaha finance	475,223	2,662,901
Profit on musharika finance	-	54,755
(Loss) / Gain on sale of investments	2,050,377	1,768,326
Profit on COM's and bank accounts	9,009,033	5,958,498
Dividend	294,679	1,003,278
Others Income	510,299	837,374
	20,615,712	22,887,156
REVERSALS / (PROVISIONS)		
Provision for doubtful recoveries	(793,044)	(5,038,575)
Reversal of provision on doubtful recoveries	759,180	8,655,798
Mark to Market on trading portfolio	(619,189)	20,007,506
	(653,053)	23,624,729
	19,962,659	46,511,885
EXPENDITURE		
Administrative expenses	(3,889,443)	(3,727,567)
Depreciation on property plant and equipment leased out	(6,324,704)	(9,440,414)
Bank and other charges	(12,314)	(15,773)
	(10,226,461)	(13,183,754)
Profit for the period	9,736,199	33,328,130
Modaraba Company's management fee		-
Profit/(Loss) before taxation	9,736,199	33,328,130
Provision for taxation	-	-
Profit after taxation	9,736,199	33,328,130
Earnings per certificate	0.11	0.38

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

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**CASH FLOW STATEMENT(UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010**

	30 September 2010 Rupees	30 September 2009 Rupees
CASH FLOW FROM OPERATING ACTIVITIES	9,736,199	33,328,130
Profit / (loss) before taxation		33,328,130
Adjustments for non-cash changes and other items:		
(Gain)/loss on sale of investments	(2,050,377)	(1,780,656)
Dividend income	(294,679)	(1,003,278)
Gain on disposal-leased assets	(48,326)	-
Unrealized loss on changes in fair value of held for trading investments	619,189	(20,007,506)
Provision/Reversal against doubtful receivables-net	33,864	(8,655,798)
Amortization on assets leased out	6,324,704	9,440,414
	4,584,375	(22,006,824)
	14,320,573	11,321,306
Cash flows before movements in working capital (Increase) / decrease in operating assets		
Musharika and morabaha finance	2,778,349	5,047,993
Ijarah rentals receivable	587,578	-
Advances, prepayments and other receivables	(85,915)	6,697,235
	3,280,012	11,745,228
Decrease in operating liabilities		
Long term ijarah deposits	(1,487,175)	1,891,586
Accrued and other liabilities	286,063	(15,833,644)
	(1,201,112)	(13,942,058)
Cash generated from operations	16,399,473	9,124,476
Income tax paid	(2,697,476)	-
Net cash generated from operating activities	13,701,997	9,124,476
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	55,913	665,916
Investments encashed / (made) -net	984,629	-
Purchase of own assets	(105,053)	161,493
Purchase of assets leased out	(12,521,275)	(3,526,098)
Proceeds from disposal-leased assets	6,862,703	10,526,098
Purchase of intangible asset	-	(13,758,000)
Net cash used in investing activities	(4,723,083)	(5,930,591)
Net increase in cash and cash equivalents	8,978,914	3,193,885
Cash and cash equivalents at beginning of the period	288,557,336	187,666,800
Cash and cash equivalents at end of the period	297,536,250	190,860,685

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Director

**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010**

	Certificate Capital	Reserves		Total
		Statutory Reserve	Sub Total	
	Capital	Revenue Accumulated Loss		
Balance as at 30 September 2008	872,176,600	113,586,162	113,586,162	575,398,266
Transferred to statutory reserve				(410,364,496)
Unrealized Profit on Investment Charged to equity				-
Profit/(Loss) for the year				(103,337,426)
Balance as at 30 June 2009	872,176,600	113,586,162	113,586,162	472,060,840
Transferred to statutory reserve		6,658,540	6,658,540	-
Reversal of impairment on available for investment				133,865
Distribution at the rate of 3% declared for the year ended June 30, 2010				26,165,298
Profit/(Loss) for the period				33,292,699
Balance at 30 June 2010	872,176,600	120,244,702	120,244,702	479,322,106
Transferred to statutory reserve				9,736,199
Profit/(Loss) for the Period				-
Balance at 30 September 2010	872,176,600	120,244,702	120,244,702	489,058,305

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

Statement under rule 12(2) of the modaraba companies Rule, 1981 These Financial Statements have been signed by the Chairman and two Directors as the appointment of Chief Executive Officer is in process for approval from SECP.

Chairman

Director

Director



**NOTES TO THE FINANCIAL STATEMENTS(UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010**

1. LEGAL STATUS AND NATURE OF BUSINESS

First Prudential Modaraba is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and is managed by Prudential Capital Management Limited, a Modaraba incorporated in Pakistan. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Modaraba is currently engaged in various modes of Islamic funding and businesses which includes leasing of assets, deployment of fund in musharika, morabaha and investment in securities.

2. ACCOUNTING POLICIES

2.1 Accounting policies and method of computations adopted for the preparation of these financial statements are the same as applied in the preparation of the preceding annual published financial statements of the company for the year ended 30 June 2010

2.2 These accounts are prepared in compliance with the SRO 764 (1) dated November 05, 2001 of Securities and Exchange Commission of Pakistan.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Judgements and estimates made by the management in the preparation of quarterly financial statements are the same as those applied to the annual financial statements for the year ended 30 June 2010.

3.2 There is no unusual item included in these financial statements, which is affecting assets, liabilities, equity, net income or cash flows of the Modaraba.

	UNAUDITED 30-Sep 2010 Rupees	AUDITED 30 June 2010 Rupees
4. CASH AND BANK BALANCES		
Cash in hand	10,000	20,200
Cash at banks		
Current accounts	2,036,625	1,509,796
Saving accounts	15,489,625	17,027,340
Term deposit	280,000,000	270,000,000
	<u>297,526,250</u>	<u>288,537,136</u>
	<u>297,536,250</u>	<u>288,557,336</u>

5 INVESTMENTS - Held for trading

Unless stated otherwise, the holdings are in the fully paid ordinary shares/ certificates/ units of Rs 10/- each.

In listed securities

Associated companies (Note 5.1)	71,828,668	73,431,716
Other listed companies (Note 5.2)	<u>71,828,666</u>	<u>73,431,716</u>

**5.1 Investment in associated companies**

Number of Certificates / Shares/ Units	Name of investee	UNAUDITED 30-Sep 2010 Rupees	AUDITED 30 June 2010 Rupees
September 30, 2010			
June 30, 2010			
1,670,720	CLOSED-END MUTUAL FUND Prudential Stock Fund	-	-

5.2 Other Listed companies

		UNAUDITED 30-Sep 2010 Rupees	AUDITED 30 June 2010 Rupees
	OPEN-END MUTUAL FUNDS		
25,000	National Investment (Unit) Trust	687,250	704,250
411,505	Unit Trust of Pakistan (Face value of certificate Rs.5000/- each)	39,154,701	37,488,187
	INVESTMENT BANKS/ SECURITIES		
15,000	Arif Habib Securities Limited	342,000	-
848,749	First Capital Securities Corporation Limited	3,242,221	4,014,583
72,282	Jahangir Siddiqui & Co Limited	720,652	913,644
	COMMERCIAL BANKS		
-	Bank Islami Pakistan Limited	-	162,506
3,000	National Bank of Pakistan	190,170	320,500
10,500	MCB Bank Limited	1,977,255	-
-	Habib Bank Ltd	-	486,250
100,000	The Bank of Punjab	805,000	907,200
-	United Bank Limited	-	813,150
192,813	Silk Bank Ltd	549,517	522,523
	INSURANCE		
2,400	Adamjee Insurance Company Limited.	156,216	191,712
-	Pakistan Reinsurance Company Limited	-	-
	TEXTILE		
30,000	Azgard Nine Limited	303,900	446,400
47,248	Gul Ahmed Textile Mills Limited	1,039,456	875,505
27,721	Hussain Industries Limited	260,577	203,472
5,413	Nishat Mills Limited	248,998	350,350
1,256	Reliance Cotton Spinning Mills Limited	26,376	24,881
	CEMENT		
59,280	D.G. Khan Cement Company Limited	1,417,978	1,223,044
6,000	Lucky Cement Limited	414,960	1,242,800
-	Zeal-Pak Cement Factory Limited	-	-
	REFINERY		
24,887	Attock Refinery Limited	1,978,019	2,609,097
15,000	Byco Pakistan	152,400	99,800
8,229	Pakistan Refinery Limited	479,751	646,553
	POWER GENERATION & DISTRIBUTION		
10,000	The Hub Power Company Limited	332,900	319,600
71,847	Kot addu Power Company Limited	2,952,912	2,998,894



Number of Certificates / Shares/ Units		Name of investee	UNAUDITED	AUDITED
September 30, 2010	June 30, 2010		30-Sep 2010	30 June 2010
			Rupees	Rupees
OIL & GAS MARKETING COMPANIES				
5,000	1,000	Pakistan State Oil Limited	1,343,500	260,200
12,000	7,000	Mari Gass Limited	1,302,480	905,660
OIL & GAS EXPLORATION COMPANIES				
-	-	Oil and Gas Development company Limited	-	-
21,325	23,554	Pakistan Petroleum Limited	3,676,643	4,336,762
4,000	12,000	Pakistan Oil Fields Limited	948,520	2,590,800
CABLE & ELECTRICAL GOODS LIMITED				
6,048	6,048	Johnson & Philips (Pakistan) Limited	53,222	51,892
TECHNOLOGY & COMMUNICATION				
-	20,000	Pakistan Telecommunication Company Limited	-	356,000
FERTILIZER				
18,000	11,000	Engro Chemicals Limited	3,135,780	1,909,380
71,500	76,500	Fauji Fertilizer Bin Qasim Limited	1,937,650	1,992,060
2,000	-	Fauji Fertilizer Company Limited	209,680	-
CHEMICALS				
20,500	20,500	Engro Polymer & Chemicals Limited	267,115	205,820
12,500	27,000	ICI Pakistan Limited	1,463,750	3,201,120
FOODS & PERSONEL CARE-PRODUCTS				
-	51,000	Shakarganj Foods Products Limited	57,120	57,120
SUSPENDED / DELISTED COMPANY				
27,500	27,500	Pearl Fabrics Limited	-	-
88,500	88,500	Schon Textile Mills Limited (Note 8.2.1)	-	-
18,000	18,000	Zahoor Textile Mills Limited (Note 8.2.1)	-	-
			7,071,095	7,365,500

5.2.1 These shares are still in the name of Third Prudential Modaraba (since merged with the Modaraba) and are not yet transferred in the name of Modaraba.



	September 30, 2009	June 30, 2009
	Rupees	Rupees
6 MORABAHA AND MUSHARIKA FINANCE		
Morabaha finance - secured	313,967,980	316,061,468
Musharika finance - Unsecured	57,133,391	57,133,391
	371,101,371	373,194,859
Less: Deferred income	(863,574)	(863,574)
Provision for doubtful receivables	(348,168,679)	(348,361,041)
	<u>22,069,118</u>	<u>23,970,244</u>
7 LONG TERM INVESTMENTS		
Unless stated otherwise, the holdings are in the fully paid ordinary shares/ certificates/ units of Rs 10/- each.		
Investment in associates (Note 7.1)	1,041,815	1,041,815
Available for sale (Note 7.2)	2,856,804	2,856,804
Listed entities (Note 7.2.1)	3,378,630	3,378,630
Unlisted companies Note 7.2.2)	6,235,434	6,235,434
Held to maturity (Note 7.3)	-	-
	<u>7,277,249</u>	<u>7,277,249</u>
7.1 Investment in associates - Equity method - listed		
7.2 Available for sale		
7.2.1 Listed		
181,973 181,973	Pakistan Industrial and Commercial Leasing Limited	- -
101,413 101,413	National Investment (Unit) Trust	2,856,804 2,722,939
	Add: Unrealized gain	- 133,865
		<u>2,856,804</u> <u>2,856,804</u>
7.2.2 Unlisted		
1,096,794 1,107,244	Prudential Securities Limited	3,378,630 3,378,630
8 GENERAL		
8.1	Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.	
8.2	Figures have been rounded off to the nearest rupee.	

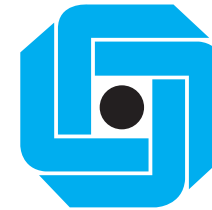
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Chairman

Director

Director

**Quarterly Accounts
September 30, 2010
(Un-Audited)**



First Prudential Modaraba

If undelivered please return to :
First Prudential Modaraba
Mehersons Estate, First Floor
Talpur Road, P.O Box No.621, Karachi.74000

Managed by :
Prudential Capital Management Ltd