

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

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

AUDITORSM.Yousuf Adil Saleem & Co.
Chartered Accountants**LEGAL ADVISORS**Mandviwalla & Zafar
Advocates**BANKERS**Standard Chartered Bank
Faysal Bank Ltd.
MCB Bank
Al Baraka Bank (Pak.) Ltd.
Summit Bank Ltd.
Burj Bank Limited**MANAGEMENT COMPANY**

Prudential Capital Management Limited

REGISTERED OFFICEOffice No. 54, Ground Floor,
Beverly Centre, 56-G, Blue Area,
Islamabad.
Tel: 2825343 Fax: 2814000**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 INFORMATION

Financial 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, Managers of First Prudential Modaraba are pleased to present herewith the 1st Quarterly Review of First Prudential Modaraba together with Un-Audited Accounts, for the Quarter ended 30th September 2011.

KEY OPERATING / FINANCIAL HIGHLIGHTS:

Quarter ended	(Rupees in millions)	
	30-09-2011	30-09-2010
Total Income from Operations	18.659	20.615
Operating Expenses	7.532	10.226
Unrealized Gain / (Loss) on Re-measurement of Investment	(0.219)	(0.619)
Net Profit / (Loss)	10.907	9.736
Earning per Certificate	0.13	0.11

REVIEW OF OPERATIONS:

During the Quarter ended on 30th September 2011, the Overall operating performance of the First Prudential Modaraba shows Operating Income of Rs.18.659 Million as against Rs. 20.615 Million of the Corresponding period. Further, Modaraba has recorded unrealized loss on re-measurement of Investment at Rs. 0.219 Million as against a loss of Rs. 0.619 Million in the corresponding period in 2010. The Net Profit of the Modaraba shows increase and stand at Rs.10.907 Million as against a profit of Rs. 9.736 Million in the corresponding period last year. The Earning per Certificate has improved to Rs.0.13 as against Rs.0.11 in the corresponding period in 2010.

Future Outlook:

The Board of Directors is emphasizing for the recovery of Overdue finances in order to improve our funding portfolio for better utilization in different business and corporate sectors with high profitability earnings and thus improve the ratio of Net Profit. With the self sufficiency in funds and better liquidity, we are looking forward to explore more profitable avenues for deployment of funds.

The Management of the Modaraba intends to invest its funds in short term Leasing (Ijarah), Musharika and Murabaha financing to increase its profitability and to lesser the risk of stagnancy of Modaraba funds.

Acknowledgement:

The Board of Directors expresses their thanks for the continuous guidance and support extended by Certificate Holders for reposing their confidence in the Management of the Modaraba and also appreciate the hard work and dedication of the staff of the Modaraba.

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

Karachi
Dated:

Directors



**BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2011**

	Note	(Un-audited) September 30 2011 Rupees	June 30 2011 Rupees
ASSETS			
Current Assets			
Cash and bank balances	4	298,852,151	294,763,563
Investments	5	95,075,599	95,175,493
Musharika, morabaha and other finance	6	28,416,083	28,750,170
Ijarah rentals receivable	7	2,583,509	2,286,321
Advances, prepayments and other receivables		47,382,995	41,506,045
Total Current Assets		472,310,337	462,481,592
Long term investments	8	6,640,073	6,640,072
Long term portion of musharika, morabaha and other finance		1,081,235	1,081,235
Long term deposits		3,066,192	3,066,192
Intangible asset		22,326,567	22,326,567
Property and equipment - owned		267,401	315,212
Property, plant and equipment -Ijarah		66,531,539	66,176,263
Investment property		10,027,500	10,027,500
TOTAL ASSETS		582,250,844	572,114,633
LIABILITIES			
Current liabilities			
Current portion of long term ijarah deposits		8,537,957	8,537,957
Accrued and other liabilities		4,785,616	8,090,971
Unclaimed dividend		15,649,086	15,649,085
Total Current Liabilities		28,972,659	32,278,013
Non-current liabilities			
Long term ijarah deposits		29,374,617	26,840,167
TOTAL LIABILITIES		58,347,276	59,118,180
NET ASSETS		523,903,568	512,996,453
REPRESENTED BY			
Certificate Capital			
87,217,660 Modaraba Certificates of Rupees 10/- each		872,176,600	872,176,600
Statutory reserve		126,898,620	126,898,620
Accumulated loss		(475,171,652)	(486,078,767)
		523,903,568	512,996,453

Contingencies and commitments

The annexed notes form an integral part of these condensed interim financial information. Statement under rule 12 (2) of the Modaraba Companies Rules, 1981:

These condensed interim financial information has been signed by three directors instead of chief executive officer and two directors. The management company has not so far appointed a chief executive officer.

Director

Director

Director

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**PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD SEPTEMBER 30, 2011**

	July 2011 to September 30, 2011 Rupees	July 2010 to September 30, 2010 Rupees
INCOME / (LOSS)		
Ijarah rentals	5,715,581	8,276,101
Return on term deposit receipts and PLS accounts	9,924,092	9,009,033
Income on musharika, morabaha and other finance	111,768	475,223
Gain/(loss) on sale of investments	554,335	2,050,377
Dividend income	2,190,980	294,679
Other income	162,412	510,299
	18,659,168	20,615,712
Impairment loss on investment in associate	-	-
Provision for doubtful recoveries	-	(793,044)
Unrealized gain on remeasurement of investment property	-	-
Unrealized gain/(loss) on remeasurement of held for trading investments	(219,067)	(619,189)
Reversal / (provision) against doubtful receivables-net	-	759,180
	18,440,101	19,962,659
EXPENDITURE		
Amortization on ijarah assets	(4,435,729)	(3,889,443)
Administrative expenses	(3,087,433)	(6,324,704)
Workers welfare fund	-	-
Bank and other charges	(9,824)	(12,314)
	(7,532,986)	(10,226,461)
Profit/(loss) for the period	10,907,115	9,736,198
Modaraba company's management fee	-	-
Profit/(loss) before taxation	10,907,115	9,736,198
Provision for taxation	-	-
Profit/(loss) after taxation	10,907,115	9,736,198
Other comprehensive income		
Unrealized gain on remeasurement of 'available for sale investments'	-	-
Total comprehensive income / (loss) for the period	10,907,115	9,736,198
Earnings per certificate	0.13	0.11

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**CASH FLOW STATEMENT(UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011**

	September 30, 2011 Rupees	September 30, 2010 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,907,115	9,736,199
Adjustments for non-cash changes and other items:		
Dividend income	(2,190,980)	(294,679)
Gain on disposal-own assets	-	-
Gain on disposal-ijarah assets	-	(48,326)
Unrealized gain on remeasurement of held for trading investments	219,067	619,189
Gain on sale of investments	(554,335)	(2,050,377)
Provision against doubtful receivables-net	-	33,864
Unrealized gain on remeasurement of Investment Property	-	-
Impairment loss on investment in associate	-	-
Depreciation-owned	47,813	-
Amortization on ijarah assets	4,435,729	6,324,704
	1,957,294	4,584,375
	12,864,409	14,320,574
Cash flows before movements in working capital		
(Increase) / decrease in operating assets		
Musharika, morabaha and other finance	334,087	2,778,349
Ijarah rentals receivable	(297,188)	587,578
Advances, prepayments and other receivables	(3,727,659)	(85,915)
	(3,690,760)	3,280,012
Increase/(decrease) in operating liabilities		
Long term ijarah deposits	2,534,450	(1,487,175)
Accrued and other liabilities	(3,305,355)	286,063
	(770,905)	(1,201,112)
Cash generated from operations	8,402,744	16,399,474
Income tax paid	(775,344)	(2,697,476)
Profit distribution	-	-
Net cash generated from operating activities	7,627,400	13,701,998



	September 30, 2011 Rupees	September 30, 2010 Rupees
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	817,027	55,913
Long term deposits paid for Stock exchange membership card	-	-
Investments encashed -net	435,161	984,629
Proceeds from disposal-own assets	-	-
Proceeds from disposal-ijarah assets	-	6,862,703
Purchase of own assets	-	(105,053)
Purchase of intangible assets	-	-
Purchase of ijarah assets	(4,791,000)	(12,521,275)
Net cash generated from investing activities	(3,538,812)	(4,723,083)
Net increase in cash and cash equivalents	4,088,588	8,978,915
Cash and cash equivalents at beginning of the period	294,763,563	288,557,335
Cash and cash equivalents at end of the period	298,852,151	297,536,250

REPRESENTED BY

Certificate Capital

Statutory reserve

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Director_____
Director_____
Director



**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011**

	Capital			Reserves		
	Certificate capital	*Statutory reserve	Unrealized gain on available for sale investments	Revenue Accumulated loss	Sub total	Total
Balance at July 1, 2010	872,176,600	120,244,702	133,865	(487,067,763)	(486,933,898)	505,487,404
Profit for the year ended June 30, 2011	-	-	404,652	33,269,590	33,269,590	33,269,590
Other comprehensive income for the year ended June 30, 2011	-	-	404,652	-	404,652	404,652
Distribution @ 3 % declared for the year ended June 30, 2011	-	6,653,918	-	(26,165,193)	(26,165,193)	(26,165,193)
Transfer to statutory reserve	-	6,653,918	-	(6,653,918)	(6,653,918)	-
Balance at June 30, 2011	872,176,600	126,898,620	538,517	(486,617,284)	(486,078,767)	512,996,453
Profit for the Period	-	-	-	10,907,115	10,907,115	10,907,115
Balance at September 30, 2011	872,176,600	126,898,620	538,517	(475,710,169)	(475,171,652)	523,903,568

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Director

Director

Director



**NOTES TO THE FINANCIAL STATEMENTS(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 First Prudential Modaraba (the 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 company incorporated in Pakistan under the Companies Ordinance 1984. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in musharika, morabaha, investment in securities. Registered office of the modaraba is situated at Beverly Centre, 56-G, Blue Area, Islamabad.

1.2 The financial statements is presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with 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 Companies Ordinance, 1984, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules, 1981 or directives issued by SECP prevail.

2.2 These condensed interim financial statements are un-audited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited annual published financial statements of the Modaraba for the year ended June 30, 2011.

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Modaraba's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Modaraba's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2011.



	Un-audited September 30 2011 Rupees	Audited June 30, 2011 Rupees
4. CASH AND BANK BALANCES		
Cash in hand	20,200	20,200
Cash at banks		
Current accounts	6,869,506	1,508,191
Saving accounts	11,947,331	23,235,172
Term deposit	280,015,114	270,000,000
	<u>298,831,951</u>	<u>294,743,363</u>
	<u>298,852,151</u>	<u>294,763,563</u>

5. INVESTMENTS**Held for trading at fair value through profit and loss account**

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

In listed companies

In listed securities	5.1	<u>95,075,600</u>	<u>95,175,493</u>
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5.1 In listed companies

Un-audited September 30 2011	Audited June 30, 2011	Un-audited September 30 2011	Audited June 30, 2011
Number of Certificates / Shares / Units			
		Name of investee	
		Open-end mutual funds	
388,452	371,505	Unit Trust of Pakistan	39,614,335
25,000	25,000	National Investment (Unit) Trust (Face value of certificate Rs.100/- each)	804,000
		Oil and gas	
2,750	2,500	Pakistan Petroleum Limited	521,318
15,000	15,000	Byco Petroleum Pakistan Limited	107,100
16,000	16,000	Oil & Gas Development Company Limited	2,114,240
4,000	-	National Refinery Limited	1,468,520
21,644	21,644	Pakistan State Oil Company	5,510,130
26,500	26,500	Pakistan Refinery Limited	1,813,925
6,000	-	Attock Refinery Limited	666,600
		Chemicals	
119,500	165,500	Fauji Fertilizer Bin Qasim Limited	7,012,260
89,600	87,100	Engro Corporation Limited	12,847,744
2,500	2,500	ICI Pakistan Limited	363,050
150,000	150,000	Lotte Pakistan PTA Limited	1,779,000



Un-audited September 30, 2011 Number of Certificates / Shares / Units	Audited June 30, 2011	Name of investee	Un-audited September 30, 2011	Audited June 30, 2011
		Construction and materials		
40,000	140,000	D.G. Khan Cement Company Limited	3,020,800	3,218,600
140,000	45,000	Lucky Cement Limited	2,879,800	3,187,800
25,000	25,000	Lafarge Pakistan Cement	59,250	67,500
		Household goods		
1,721	1,721	Hussain Industries Limited	4,853	4,854
		Personal goods		
105,000	105,000	Azgard Nine Limited	522,900	579,600
147,500	147,500	Nishat Mills Limited	7,093,275	7,425,150
25,000	25,000	Nishat (Chunian) Limited	528,250	557,250
		Electricity		
104,347	104,347	Kot Addu Power Company Limited	4,706,050	4,446,226
20,000	27,500	The Hub Power Company Limited	830,000	1,031,250
		Financial Services		
300,000	300,000	First Capital Securities Corporation Limited	636,000	729,000
30,000	30,000	Jahangir Siddiqui & Co Limited	172,200	194,400
		Suspended / Delisted Company		
1,670,720	1,670,720	Prudential Stock Fund	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	-	-
			<u>95,075,600</u>	<u>95,175,493</u>
			Un-audited September 30, 2011 Rupees	Audited June 30, 2011 Rupees
6. MUSHARIKA, MORABAHA AND OTHER FINANCE				
		Musharika and morabaha finance	18,441,935	18,776,023
		Other finance-secured	11,055,383	11,055,382
			29,497,318	29,831,405
		Less: Long term portion Morabaha finance	-	-
		Other finance	(1,081,235)	(1,081,235)
			<u>28,416,083</u>	<u>28,750,170</u>
7. IJARAH RENTALS RECEIVABLE				
		Considered good	2,583,509	2,286,321
		Considered doubtful	25,111,252	24,577,317
			27,694,761	26,863,638
		Less: Provision for doubtful receivables	(25,111,252)	(24,577,317)
			<u>2,583,509</u>	<u>2,286,321</u>



	Un-audited September 30 2011 Rupees	Audited June 30, 2011 Rupees
7.1 Movement in provision for doubtful receivables		
Opening balance	24,577,317	32,961,066
Charge for the period	533,935	2,349,310
Reversal during the period	-	(10,733,059)
Closing balance	<u>25,111,252</u>	<u>24,577,317</u>

8. LONG TERM INVESTMENTS

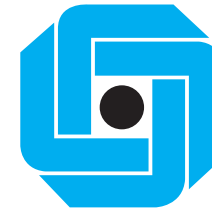
Unless stated otherwise, the holdings are in the fully paid ordinary shares/ certificates/ units of Rs.10/- each.

Investment in associate		
Available for sale		
Listed entities	3,261,442	3,261,442
An unlisted company	3,378,630	3,378,630
	6,640,072	6,640,072
	6,640,072	6,640,072

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Director
Director
Director

**Quarterly Accounts
September 30, 2011
(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