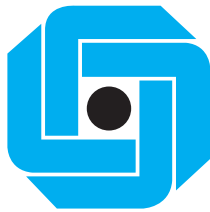


**Quarterly Accounts  
March 31, 2012  
(Un-Audited)**



**First Prudential Modaraba**

Managed by :  
**Prudential Capital Management Ltd**



## CORPORATE INFORMATION

### Board of Directors of Prudential Capital Management Ltd.

Mr. Fazal M. Mughal	Director
Mr. Ataullah Khan	Director
Dr. Muhammad Hussain	Director
Mr. Asad Iqbal Siddiqui	Director (Since Resigned)
Mr. Muhammad Asif	Director (Since Resigned)

#### COMPANY SECRETARY

Mr. Muhammad Musharraf Khan

#### AUDIT COMMITTEE

Mr. Fazal M. Mughal	Member
Mr. Ataullah Khan	Member
Mr. Muhammad Asif	(Since Resigned)

#### SHARI'AH ADVISOR

Mufti Muhammad Ibrahim Essa

#### AUDITORS

M. Yousuf Adil Saleem & Co.  
Chartered Accountants

#### LEGAL ADVISORS

Mohammad Zubair Quraishy  
S. Tauqir Hassan & Co.

#### BANKERS

HBL Islamic Banking  
Faysal Bank Barkat Islamic Banking  
BankIslami Pakistan Limited  
Al Baraka Bank (Pak.) Ltd.  
Burj Bank Limited

#### MANAGEMENT COMPANY

Prudential Capital Management Limited

#### REGISTERED OFFICE

Office 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 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



## DIRECTOR'S REPORT

The Board of Directors of Prudential Capital Management Limited, the management company of First Prudential Modaraba presents un-audited condensed interim financial statements for the period ended 31st March 2012, as required under section 245 of the Companies Ordinance 1984, prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" as applicable in Pakistan.

### KEY OPERATING / FINANCIAL HIGHLIGHTS

	(Rupees in million)	
	March 31, 2012	March 31, 2011
Total Income from Operations	69.39	66.49
Operating Expenses	(31.90)	(35.41)
Operating Profit for the period	37.49	31.08
Un-realized (loss) / gain on re-measurement of Investments	(2.61)	5.77
Impairment loss on investment in associated company	-	(1.04)
Provision against doubtful receivables	(23.71)	-
Other comprehensive (loss) / income	(0.22)	0.33
Net profit for the period	11.17	35.81
Earning Per Certificate – (Re.)	0.13	0.41

### REVIEW OF OPERATIONS

During the period under review, Modaraba posted an operating profit for the period of rupees 37.49 million as compared to rupees 31.08 million in the corresponding period. The net profit of Modaraba for the period is rupees 11.17 million as compared to a net profit of rupees 35.81 million in the corresponding period. The decline in profit is mainly attributed due to provision on deposit with an investment bank and re-measurement of investments in capital market.

The Macro Economic indicators of the country are still not showing healthy signs. The rising inflation, energy crises, bad law and order situation in the country, budget deficits and Government borrowings are continuously hampering country's growth and are also the main reasons of our ailing economy. High government borrowings and high interest rates have been crowding out private sector investment, especially for setting up new industrial ventures or reviving sick industrial units, reflecting poor investment climate in the country.

Keeping in view of the adverse economic indicators, the management has adopted conservative approach for fresh disbursement. Trading in stock market is done on a prudent manner and is confident that the re-measurement loss incurred during the period will be recovered. The management is also negotiating with the investment bank for the recovery of investment amount and to further securitized our investment.

### Appointment of Shari'ah Advisor

The Circular No. 8 of 2012 dated February 03, 2012 issued by the Registrar Modaraba, Securities and Exchange Commission of Pakistan (SECP), Policy and Regulation Development Department Specialized Company Division (Modaraba Wing) Islamabad, has introduced Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas.

Under Clause VIII of the Circular every Modaraba Company shall have a Shari'ah Advisor of the Modaraba, appointed on such terms and conditions as it may deem fit, having the qualification and experience to perform function as specified in the Circular. The Registrar Modaraba has already approved ten (10) qualified Shari'ah Advisors and has provided the details to Modaraba Association of Pakistan. In compliance of Clause VIII of Circular 8 the Modaraba has appointed Mufti Muhammad Ibrahim Essa as Shari'ah Advisor of the Modaraba.



**Maintenance of functional website**

SRO 25(1)/2012 dated January 16, 2012 issued by Securities and Exchange Commission of Pakistan, whereby every listed companies are directed to maintain a functional website to provide relevant information to its stakeholders before April 30, 2012.

In order to meet the directives issued by Securities and Exchange Commission of Pakistan under SRO 25(1)/2012 the Modaraba has appointed a web designer and is in process to launch its official website before the stipulated time.

**Acknowledgement**

The Board of Directors expresses their special thanks for the continuous guidance and support extended by the Registrar Modaraba, other officials of Securities and Exchange Commission of Pakistan, the Karachi, Lahore and Islamabad Stock Exchanges. The Board is also thankful to its Certificate Holders for reposing their confidence in the Management of the Modaraba and appreciates the hard work and dedication of staff of the Modaraba.

For & on behalf of the Board of Directors of  
**Prudential Capital Management Limited,**  
**Manager First Prudential Modaraba**

**Director**

Karachi.  
April 20, 2012

**CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2012(UN AUDITED)**

ASSETS	Note	Un-audited March 31, 2012 Rupees	Audited June 30, 2011 Rupees
Current Assets			
Cash and bank balances	4	70,152,684	294,763,563
Investments	5	261,998,239	95,175,493
Musharika, morabaha and other finance	6	28,618,281	28,750,170
Ijarah rentals receivable	7	1,784,961	2,286,321
Advances, prepayments and other receivables		44,153,659	41,506,045
Total Current Assets		406,707,824	462,481,592
Long term investments	8	6,422,034	6,640,072
Long term portion of musharika, morabaha and other finance		-	1,081,235
Long term deposits		3,068,092	3,066,192
Intangible asset		22,326,567	22,326,567
Property and equipment - owned		188,321	315,212
Property, plant and equipment -Ijarah		122,737,752	66,185,463
Investment property		10,027,500	10,027,500
TOTAL ASSETS		571,478,090	572,123,833
LIABILITIES			
Current liabilities			
Current portion of long term ijarah deposits		14,028,790	8,547,157
Accrued and other liabilities		4,134,483	8,090,971
Unclaimed dividend		17,929,677	15,649,085
Total Current Liabilities		36,092,950	32,287,213
Non-current liabilities			
Long term ijarah deposits		37,384,327	26,840,167
TOTAL LIABILITIES		73,477,277	59,127,380
NET ASSETS		498,000,813	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		(501,074,407)	(486,078,767)
		498,000,813	512,996,453
Contingencies and commitments			

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.  
**Statement under rule 12 (2) of the Modaraba Companies Rules, 1981:**

These condensed interim financial statements 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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**CONDENSED INTERIM PROFIT & LOSS ACCOUNT**  
For the Period March 31, 2012 (Un Audited)

	.....Nine months ended.....		.....Quarter ended.....	
	Jul 2011 to March 31, 2012	Jul 2010 to March 31, 2011	January 2012 to March 31, 2012	January 2011 to March 31, 2011
	..... Rupees .....			
<b>INCOME</b>				
Ijarah rentals	32,409,579	24,978,957	15,562,589	9,057,810
Return on term deposit receipts and PLS accounts	24,486,300	28,393,362	6,787,309	9,329,248
Income on musharika, morabaha and other finance	162,176	2,509,177	18,332	767,106
Gain on sale of investments	5,691,793	7,087,781	3,979,402	1,842,681
Dividend income	4,818,290	2,325,988	1,700,001	1,139,420
Other income	1,819,619	1,197,408	44,724	(109,852)
	<u>69,387,757</u>	<u>66,492,673</u>	<u>28,092,357</u>	<u>22,026,413</u>
Impairment loss on investment in associate	-	(1,041,814)	-	
Un-realized (loss)/ gain on re-measurement of held for trading investments	(2,606,325)	5,772,024	(12,268,782)	1,043,120
(Provision)/Reversal against doubtful receivable-net	(23,710,042)	-	441,100	(62,648)
	<u>43,071,390</u>	<u>71,222,883</u>	<u>16,264,675</u>	<u>23,006,885</u>
<b>EXPENDITURE</b>				
Amortization on ijarah assets	(20,962,607)	(21,153,711)	(9,030,553)	(6,896,227)
Administrative expenses	(10,770,091)	(14,221,156)	(3,363,922)	(3,643,260)
Workers welfare fund	(138,228)	-	-	466,461
Bank and other charges	(30,806)	(40,807)	(11,306)	(18,247)
	<u>(31,901,732)</u>	<u>(35,415,674)</u>	<u>(12,405,781)</u>	<u>(10,091,273)</u>
Profit for the period	<u>11,169,658</u>	<u>35,807,209</u>	<u>3,858,894</u>	<u>12,915,612</u>
Modaraba company's management fee	-	-	-	-
Profit before taxation	<u>11,169,658</u>	<u>35,807,209</u>	<u>3,858,894</u>	<u>12,915,612</u>
Provision for taxation	-	-	-	-
Profit after taxation	<u>11,169,658</u>	<u>35,807,209</u>	<u>3,858,894</u>	<u>12,915,612</u>
<b>Other comprehensive income</b>				
Unrealized gain on remeasurement of 'available for sale investments'	(218,039)	329,592	416,806	
Total comprehensive income for the period	<u>11,169,658</u>	<u>35,807,209</u>	<u>3,858,894</u>	<u>12,915,612</u>
Earnings per certificate ( Re )	<u>0.13</u>	<u>0.41</u>	<u>0.04</u>	<u>0.15</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.  
**Statement under rule 12 (2) of the Modaraba Companies Rules, 1981:**

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Director

Director

Director

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**CONDENSED INTERIM CASH FLOW STATEMENT**  
**For the Period Ended March 31, 2012 (Un Audited)**

	March 31, 2012 Rupees	March 31, 2011 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,169,658	35,807,209
Adjustments for non-cash changes and other items:		
Dividend income	(4,818,290)	(2,325,988)
Gain on disposal-own assets	(1,084,829)	-
Gain on disposal ijarah assets	-	(115,039)
Reversal of Provision	446,315	-
Unrealized gain on remeasurement of held for trading investments	2,606,325	(5,772,024)
Gain on sale of investments	(5,691,793)	(7,087,781)
Provision against doubtful receivables-net	(289,958)	-
Impairment loss on investment in associate	-	1,041,814
Depreciation-owned	134,391	181,308
Amortization on ijarah assets	20,962,607	21,153,711
	<u>12,264,768</u>	<u>7,076,001</u>
	<u>23,434,426</u>	<u>42,883,210</u>
<b>B. Cash flows before movements in working capital</b>		
Decrease / (Increase) in operating assets		
Musharika, morabaha and other finance	1,214,824	10,130,634
Ijarah rentals receivable	501,360	305,620
Advances, prepayments and other receivables	(1,080,302)	(17,526,486)
	<u>635,882</u>	<u>(7,090,232)</u>
Increase/(decrease) in operating liabilities		
Long term ijarah deposits	16,025,793	2,001,313
Accrued and other liabilities	(3,956,494)	163,247
	<u>12,069,299</u>	<u>2,164,560</u>
Cash generated from operations	36,139,607	37,957,538
Income tax paid	(171,768)	3,523,866
Profit distribution	(23,884,707)	(22,937,581)
Net cash generated from operating activities	<u>12,083,132</u>	<u>18,543,823</u>
<b>C. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	3,262,789	2,365,988
Investments encashed-net	(163,519,240)	(11,939,772)
Proceeds from disposal-ijarah assets	-	12,334,349
Purchase of own assets	(7,498)	(187,837)
Purchase of ijarah assets	(76,430,062)	(35,202,742)
Net cash generated from investing activities	<u>(236,694,011)</u>	<u>(32,630,014)</u>
Net increase in cash and cash equivalents	(224,610,879)	(14,086,191)
Cash and cash equivalents at beginning of the period	294,763,563	288,557,336
Cash and cash equivalents at end of the period	<u>70,152,684</u>	<u>274,471,145</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.

:

**Statement under rule 12 (2) of the Modaraba Companies Rules, 1981:**

These condensed interim financial statements 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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First Prudential Modaraba

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
For the Period Ended March 31, 2012 (Un Audited)**

	Certificate Capital	Reserves		Total
		Capital Statutory Reserve	Revenue Accumulated Loss	
		..... Rupees .....		
Balance at July 1, 2010	872,176,600	120,244,702	(486,933,898)	505,487,404
Profit for the period	-	-	36,136,801	36,136,801
Distribution @ 3 % declared for the year ended June 30, 2010	-	-	(26,165,193)	(26,165,193)
Balance at March 31, 2011	872,176,600	120,244,702	(476,962,290)	515,459,012
Balance as at July 01, 2011	872,176,600	126,898,620	(486,078,767)	512,996,453
Profit for the Period	-	-	11,169,658	11,169,658
Distribution @ 3 % declared for the year ended June 30, 2011	-	-	(26,165,298)	(26,165,298)
Balance at March 31, 2012	872,176,600	126,898,620	(501,074,407)	498,000,813

**Statement under rule 12 (2) of the Modaraba Companies Rules, 1981:**

These condensed interim financial statements 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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**NOTES TO THE FINANCIAL STATEMENTS  
For the Period Ended March 31, 2012 (Un Audited)**

**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 funding 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**

There condensed interim financial statements are unaudited and being submitted to the certificate holders as required under Rule 10 of Modaraba Companies and Modaraba Rules 1981 and have been prepared in accordance with the requirements of the International Accounting Standard (IFS) - 34 " Interim Financial Reporting".

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in the preparing the financial statements for the year ended June 30, 2011.

	Note	UNAUDITED March 31 2012 Rupees	AUDITED June 30 2011 Rupees
<b>4. CASH AND BANK BALANCES</b>			
Cash in hand		20,200	20,200
Cash at banks			
Current accounts		7,103,500	1,508,191
Saving accounts	4.1	63,028,984	23,235,172
Term deposits	4.2	-	270,000,000
		<u>70,132,484</u>	<u>294,743,363</u>
		<u>70,152,684</u>	<u>294,763,563</u>

4.1 Effective profit rate in respect of Saving accounts ranges from 5% to 11.5 % (2010 : 5.5% to 11.75%) per annum.

4.2 Effective profit rate in respect of term deposits account ranges from 12.6% to 15% (2010 : 11.5% to 17%) per annum.



	UNAUDITED March 31 2012 Rupees	AUDITED June 30 2011 Rupees
<b>5. INVESTMENTS</b>		
<b>Held for trading at fair value through profit or loss account</b>		
Unless stated otherwise, the holdings are in the fully paid ordinary shares/ certificates/ units of Rs. 10/- each.		
5.1 In listed securities	85,998,239	-
5.2 Investments	176,000,000	95,175,493
	261,998,239	95,175,493

	March 31, 2012	June 30, 2011	Name of investee	March 31, 2012	June 30, 2011
<b>Number of Certificates/Shares</b>					
			<b>Open-end mutual funds</b>		
	275,000	371,505	Unit Trust of Pakistan (Face value of certificate Rs.100/- each)	31,531,500	38,320,778
	25,000	25,000	National Investment (Unit) Trust	750,250	804,000
			<b>Oil and gas</b>		
	2,500	2,500	Pakistan Petroleum Limited	456,975	517,675
	4,000	15,000	Byco Petroleum Pakistan Limited	36,560	136,050
	10,000	16,000	Oil & Gas Development Company Limited	1,676,600	2,447,840
	25,500	-	National Refinery Limited	6,308,700	-
	18,644	21,644	Pakistan State Oil Company	4,648,322	5,726,570
	26,500	26,500	Pakistan Refinery Limited	1,584,965	2,131,925
	15,000	-	Attock Refinery Limited	1,929,150	-
			<b>Chemicals</b>		
	230,000	165,500	Fauji Fertilizer Bin Qasim Limited	9,561,100	6,975,825
	10,000	-	Fatima Fertilizer Company	237,200	-
	24,500	-	Fauji Fertilizer Company	3,058,580	-
	115,830	87,100	Engro Corporation Limited	11,499,602	14,219,075
	5,000	2,500	ICI Pakistan Limited	641,950	379,625
	150,000	150,000	Lotte Pakistan PTA Limited	1,333,500	2,074,500
			<b>Construction and materials</b>		
	3,000	140,000	D.G. Khan Cement Company Limited	340,350	3,218,600
	12,500	45,000	Lucky Cement Limited	454,625	3,187,800
	-	25,000	Lafarge Pakistan Cement	-	67,500
			<b>Household goods</b>		
	1,721	1,721	Hussain Industries Limited	5,163	4,854
			<b>Personal goods</b>		
	-	105,000	Azgard Nine Limited	-	579,600
	60,000	147,500	Nishat Mills Limited	3,305,400	7,425,150
	34,000	25,000	Nishat (Chunian) Limited	686,460	557,250
			<b>Electricity</b>		
	109,347	104,347	Kot Addu Power Company Limited	4,787,212	4,446,226
	30,000	27,500	The Hub Power Company Limited	1,128,900	1,031,250



March 31, 2012	June 30, 2011		March 31, 2012	June 30, 2011
<b>Number of Certificates/Shares</b>		<b>Name of investee</b>		
<b>Financial Services</b>				
-	300,000	First Capital Securities Corporation Limited	-	729,000
-	30,000	Jahangir Siddiqui & Co Limited	-	194,400
2,500	-	Netsol Technology	35,175	-
<b>Suspended / Delisted Company</b>				
1,670,720	1,670,720	Prudential Stock Fund	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	-	-
			<u>85,998,239</u>	<u>95,175,493</u>

	Note	UNAUDITED March 31 2012 Rupees	AUDITED June 30 2011 Rupees
<b>5.2 INVESTMENTS</b>			
Al-Zamin Invest Bank		80,000,000	-
Burj Bank Limited TDR		120,000,000	-
		200,000,000	-
Less: Provision		(24,000,000)	-
		<u>176,000,000</u>	<u>-</u>
<b>6. MUSHARIKA, MORABAHA AND OTHER FINANCE</b>			
Musharika and morabaha finance		17,562,896	18,776,023
Other finance-secured		11,055,382	11,055,382
		28,618,278	29,831,405
Less: Long term portion			
Other finance		-	(1,081,235)
		-	(1,081,235)
		<u>28,618,278</u>	<u>28,750,170</u>
<b>7. IJARAH RENTALS RECEIVABLE</b>			
Considered good		1,784,961	2,286,321
Considered doubtful		24,784,369	24,577,317
		26,569,330	26,863,638
Less: Provision for doubtful receivables	7.1	(24,784,369)	(24,577,317)
		<u>1,784,961</u>	<u>2,286,321</u>



	UNAUDITED March 31 2012 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	1,341,724	2,349,310
Reversal during the period	(1,134,672)	(10,733,059)
Closing balance	<u>24,784,369</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	3,043,404	3,261,442
Available for sale	3,378,630	3,378,630
Mutual Fund	6,422,034	6,640,072
An unlisted company	<u>6,422,034</u>	<u>6,640,072</u>

#### 9. DATE OF AUTHORISATION OF ISSUE

These condensed interim financial information has been authorized for issue on April 20, 2012 by the Board of Directors of the Prudential Capital Management Limited.

#### 10. FIGURES

Figures have been rounded off to the nearest Rupee.

#### Statement under rule 12 (2) of the Modaraba Companies Rules, 1981:

These condensed interim financial statements 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