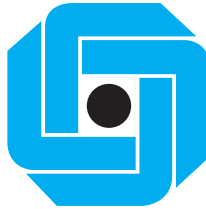


**Quarterly Accounts
September 30, 2012
(Un-Audited)**



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)

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Mr. Fazal M. Mughal	Chairman
Mr. Ataullah Khan	Member
Mr. M. Nadeem Ahmed	Member

SHARI'AH ADVISOR

Mufti Muhammad Ibrahim Essa

AUDITORS

M. Yousuf Adil Saleem & Co.
Chartered Accountants

LEGAL ADVISORS

Mandviwalla & Zafar, Advocates

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: syedimran.ali@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 Manager of First Prudential Modaraba are pleased to present the first quarter results of First Prudential Modaraba together with Un-audited accounts for the quarter ended September 30, 2012 before the certificate holders.

KEY OPERATING / FINANCIAL HIGHLIGHTS

	(Rupees in millions)	
	Quarter ended September 30,	
	2012	2011
-Total Income from Operations	22.54	18.66
-Operating Expenses	(12.03)	(7.53)
-Operating Profit for the period	10.51	11.13
-Un-realized gain / (loss) on re-measurement of Investments	1.63	(0.22)
-Provision against doubtful receivablesnet	0.14	-
-Net profit for the period	12.28	10.91
-Earning Per Certificate – Re.	0.14	0.13

REVIEW OF OPERATIONS

During the quarter ended September 30, 2012 the overall operating performance of the Modaraba reflects that gross operating income increases by 20.79% to rupees 22.54 million from rupees 18.66 million as compared to last quarter. The net profitability of the Modaraba increases by 12.58% to rupees 12.28 million from rupees 10.91 million as compared to the corresponding quarter. The increase in net profitability was mainly due to capital market operations and reversals of provision on doubtful receivables. An earnings per certificate for the quarter is Re. 0.14.

Development activities

As our strategy, we will continue to concentrate on strong and quality customer base, it is required to provide timely and efficient service. To cater the needs of our clientele and to get correct information, your Modaraba has purchased a new ERP Systems. This has been implemented successfully. At the second phase the Modaraba is planning to hire a team of professionals so that new area for business can be explore.

Future outlook

Islamic banking industry has experienced significant growth and with the increasing demand of Islamic base finance, your Directors emphasis that Modaraba should take advantage of this opportunity and concentrate on good customers and value.

Recoveries of the outstanding amounts will remain a high priority for the management during the current year. With the self sufficient in funds and better liquidity, we are looking forward to explore more profitable avenues for deployment of funds.

Acknowledgement

The Board of Directors would like to thank for continuous guidance and support extended by the Registrar Modaraba, other officials of Security and Exchange Commission of Pakistan, the Karachi, Lahore and Islamabad Stock Exchanges. The Board is also thankful to its valued customers, 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

Karachi.
November 23, 2012

Mr. Fazal Mohammad Mughal
Director/Chairman of Meeting



First Prudential Modaraba

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2012 (UN-AUDITED)**

	Note	September 30 2012 Rupees	June 30 2012 Rupees
ASSETS			
Current Assets			
Cash and bank balances	4	115,418,949	90,368,066
Investments	5	269,672,272	282,828,284
Musharika, morabaha and other finance	6	25,914,552	26,314,136
Ijarah rentals receivable	7	4,440,945	1,490,630
Advances, prepayments and other receivables		44,681,394	39,826,034
Total Current Assets		460,128,112	440,827,150
Long term investments	8	4,881,130	6,447,388
Long term deposits		3,068,092	3,068,092
Intangible asset		22,326,567	22,326,567
Property and equipment - owned		1,928,901	187,267
Property, plant and equipment -Ijarah		100,756,030	107,907,387
Investment property		10,500,000	10,500,000
		143,460,720	150,436,701
TOTAL ASSETS		603,588,832	591,263,851
LIABILITIES			
Current liabilities			
Current portion of long term ijarah deposits		15,113,780	13,380,840
Accrued and other liabilities		7,100,687	7,544,668
Unclaimed dividend		17,832,449	17,832,449
Total Current Liabilities		40,046,916	38,757,957
Non-current liabilities			
Long term ijarah deposits		31,654,482	32,898,007
TOTAL LIABILITIES		71,701,398	71,655,964
NET ASSETS		531,887,434	519,607,887
REPRESENTED BY			
Certificate Capital			
87,217,660 Modaraba Certificates of Rupees 10/- each		872,176,600	872,176,600
Statutory reserve		133,492,500	133,492,500
Accumulated loss		(473,781,666)	(486,061,213)
		531,887,434	519,607,887
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



First Prudential Modaraba

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2012(UN-AUDITED)**

	JULY 2012 TO SEPTEMBER 30, 2012	JULY 2011 TO SEPTEMBER 30, 2011
INCOME / (LOSS)		
Ijarah rentals	14,617,056	5,715,581
Return on term deposit receipts and PLS accounts	5,781,451	9,924,092
Income on musharika, morabaha and other finance	-	111,768
Gain/(loss) on sale of investments	1,321,923	554,335
Dividend income	774,018	2,190,980
Other income	46,110	162,412
	22,540,558	18,659,168
Unrealized gain/(loss) on remeasurement of held for trading investments	1,633,507	(219,067)
Provision /Reversal against doubtful receivable - net	136,440	-
	24,310,505	18,440,101
EXPENDITURE		
Depreciation on ijarah assets	(8,363,873)	(4,435,729)
Administrative expenses	(3,614,153)	(3,087,433)
Workers welfare fund	-	-
Bank and other charges	(52,932)	(9,824)
	(12,030,958)	(7,532,986)
Profit/(loss) for the period	12,279,547	10,907,115
Modaraba company's management fee	-	-
Profit/(loss) before taxation	12,279,547	10,907,115
Provision for taxation	-	-
Profit/(loss) after taxation	12,279,547	10,907,115
Earnings per certificate (Re)	0.14	0.13

The annexed notes from 1 to 8 form an intergral 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



First Prudential Modaraba

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

	30 September 2012 Rupees	30 September 2011 Rupees
A.CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,279,547	10,907,115
Adjustments for non-cash changes and other items:		
Dividend income	(774,018)	(2,190,980)
Loss on disposal-ijarah assets	89,229	-
Unrealized gain on remeasurement of held for trading investments	(1,633,507)	219,067
Gain on sale of investments	(1,321,923)	(554,335)
Impairment(loss) & (provision) /reversal against Doubtful receiveable - net	(136,440)	-
Depreciation-owned	169,110	47,813
Amortization on ijarah assets	8,363,873	4,435,729
	<u>4,756,324</u>	<u>1,957,294</u>
	17,035,871	12,864,409
Cash flows before movements in working capital		
Decrease / (Increase) in operating assets		
Musharika, morabaha and other finance	536,024	334,087
Ijarah rentals receivable	(2,950,315)	(297,188)
Advances, prepayments and other receivables	(4,712,610)	(3,727,659)
	<u>(7,126,901)</u>	<u>(3,690,760)</u>
Increase/(decrease) in operating liabilities		
Long term ijarah deposits	489,415	2,534,450
Accrued and other liabilities	(443,981)	(3,305,355)
	<u>45,434</u>	<u>(770,905)</u>
Cash generated from operations	9,954,404	8,402,744
Income tax paid	(34,428)	(775,344)
Net cash generated from operating activities	<u>9,919,976</u>	<u>7,627,400</u>
B.CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	665,696	817,027
Investments encashed -net	17,677,700	435,161
Proceeds from disposal-ijarah assets	(112,745)	-
Purchase of own assets	1,910,774	-
Net cash generated from investing activities	<u>(1,189,000)</u>	<u>(4,791,000)</u>
	15,130,907	(3,538,812)
Net cash used in financing activities		
Net increase in cash and cash equivalents	25,050,883	4,088,588
Cash and cash equivalents at beginning of the period	90,368,066	294,763,563
Cash and cash equivalents at end of the period	<u>115,418,949</u>	<u>298,852,151</u>

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

Director

Director

Director



**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)**

	Reserves				Total	
	Certificate capital	Capital reserve	Unrealized gain/(loss) on available for sale	Revenue Accumulated loss		Sub total
Balance at July 1, 2011	872,176,600	126,898,620	538,517	(486,617,284)	(486,078,767)	512,996,453
Profit for the year ended June 30, 2012	-	-	-	32,969,401	32,969,401	32,969,401
Other comprehensive loss for the year ended June 30, 2012	-	-	(192,669)	-	(192,669)	(192,669)
Distribution @ 3 % declared for the year ended June 30, 2012	-	-	-	(26,165,298)	(26,165,298)	(26,165,298)
transfer to statutory reserve	-	6,593,880	-	(6,593,880)	(6,593,880)	-
Balance at June 30, 2012	872,176,600	133,492,500	345,848	(486,407,061)	(486,061,213)	519,607,887
Balance as at July 01, 2012	872,176,600	133,492,500	345,848	(486,407,061)	(486,061,213)	519,607,887
Profit for the Period	-	-	-	12,279,547	12,279,547	12,279,547
Balance at SEPTEMBER 30, 2012	872,176,600	133,492,500	345,848	(474,127,514)	(473,781,666)	531,887,434

The Statutory reserves representing profit set-aside as required under the SECP Prudential Regulation for Modaraba is transferred annually at year end.

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

Director

Director

Director



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 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 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

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, 2012.

	Un-audited SEPTEMBER 30, 2012 Rupees	Audited JUNE 30, 2012 Rupees
4. CASH AND BANK BALANCES		
Cash in hand	30,200	26,963
Cash at banks		
Current accounts	4.1 1,488,546	1,518,191
Saving accounts	113,900,203	88,822,912
	<u>115,388,749</u>	<u>90,341,103</u>
	<u>115,418,949</u>	<u>90,368,066</u>

Effective mark-up rate in respect of PLS accounts ranges from 4.22 % to 11.5 % (2011 : 5.5% to 11.75%) per annum.

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.

5.1 At fair value through profit or loss in quoted securities	77,672,272	90,828,284
5.2 Loan and receiveables - term deposit receipts	<u>192,000,000</u>	<u>192,000,000</u>
	<u>269,672,272</u>	<u>282,828,284</u>



5.1 Held for trading at fair value through profit or loss account

Number of Certificates / Shares		Name of investee	UNAUDITED September 30, 2012	AUDITED June 30, 2012
September 30, 2012	June 30, 2012			
Open-end mutual funds				
70,000	115,000	Unit Trust of Pakistan (Face value of certificate Rs.100/- each)	7,797,300	13,227,300
246,730	251,730	MCB Islamic Fund Type A	25,472,405	25,205,569
-	25,000	National Investment (Unit) Trust	-	756,500
Oil and gas				
4,375	-	Pakistan Petroleum Limited	769,694	-
7,500	17,500	Oil & Gas Development Company Limited	1,345,350	2,807,700
21,200	21,200	National Refinery Limited	4,986,452	4,905,468
19,800	16,500	Pakistan State Oil Company	4,300,560	3,891,360
13,500	26,500	Pakistan Refinery Limited	808,650	1,522,425
14,500	14,500	Attock Refinery Limited	1,841,790	1,781,615
Chemicals				
285,000	265,000	Fauji Fertilizer Bin Qasim Limited	10,183,050	10,817,300
2,500	-	Akzo Nobel Pakistan Ltd.	224,300	-
32,500	25,500	Fauji Fertilizer Company Ltd.	3,632,525	2,831,775
80,500	115,830	Engro Corporation Limited	8,594,985	11,796,127
2,699	5,500	ICI Pakistan Limited	442,474	720,885
164,000	200,000	Lotte Pakistan PTA Limited	1,164,400	1,406,000
Construction and materials				
-	13,500	D.G. Khan Cement Company Limited	-	531,630
5,000	10,000	Lucky Cement Limited	665,700	1,153,900
TELECOM				
-	20,000	Pakistan Telecommunication Company Limited	-	273,800
Pharma & Bio Tech				
2,000	1,885	Glaxo Smith	137,740	119,207
Household goods				
1,721	1,721	Hussain Industries Limited	4,802	5,163
Personal goods				
12,000	20,000	Nishat Mills Limited	679,920	951,600
-	34,000	Nishat (Chunian) Limited	-	591,260
Electricity				
62,500	95,000	Kot Addu Power Company Limited	3,019,375	4,275,000
30,000	30,000	The Hub Power Company Limited	1,406,400	1,256,700
Financial Services				
27,000	-	First Habib Modaraba	194,400	-
Suspended / Delisted Company				
1,670,720	1,670,720	Prudential Stock Fund	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	-	-
			<u>77,672,272</u>	<u>90,828,284</u>



	Note	Un-audited September 30, 2012 Rupees	Audited June 30, 2012 Rupees
5.2 INVESTMENTS			
Loan and receivables-term deposit receipt			
-considered good		185,000,000	185,000,000
-considered doubtful		10,000,000	10,000,000
		<u>195,000,000</u>	<u>195,000,000</u>
Less: Provision for doubtful term deposits		(3,000,000)	(3,000,000)
		<u>192,000,000</u>	<u>192,000,000</u>

5.2.1 These includes term deposit receipts aggregate to amounting to Rs. 70 million invested in Invest Capital Investment Bank Ltd. (ICIBL) on June 28, 2012 an agreement has been executed between the Modaraba and ICIBL, according to which parties have agreed to settle the outstanding liability of Rs. 70 million against transfer of immovable properties located in Karachi and Rawalpindi.

Subsequent to the quarter end, on October 2, 2012 and October 24, 2012, sale deeds of these properties have been executed and are registered with the respective registrar of properties. The fair value of these properties assessed by the independent valuer are approximate to the settlement amount.

5.2.2 The management of Modaraba is in the process of negotiation to recover the outstanding amount of Rs.10 million. The management is confident for amicable settlement to recover the full amount. However as a matter of prudence the Modaraba has made provision of Rs. 3.0 million against outstanding receivable.

6. MUSHARIKA, MORABAHA AND OTHER FINANCE

Musharika and morabaha finance		17,070,246	17,469,830
Other finance-secured		8,844,306	8,844,306
		<u>25,914,552</u>	<u>26,314,136</u>
		<u>25,914,552</u>	<u>26,314,136</u>

7. IJARAH RENTALS RECEIVABLE

Considered good		4,440,945	1,241,727
Considered doubtful		24,199,105	24,303,208
		<u>28,640,050</u>	<u>25,544,935</u>
Less: Provision for doubtful receivables	7.1	(24,199,105)	(24,054,305)
		<u>4,440,945</u>	<u>1,490,630</u>

7.1 Movement in provision for doubtful receivables

Opening balance		24,054,305	24,577,317
Charge for the period		144,800	754,575
Reversal during the period		-	(1,277,587)
Closing balance		<u>24,199,105</u>	<u>24,054,305</u>



	Un-audited September 30, 2012 Rupees	Audited June 30, 2012 Rupees
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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		
Mutual Fund	1,502,500	3,068,758
An unlisted company	3,378,630	3,378,630
	<u>4,881,130</u>	<u>6,447,388</u>
	<u>4,881,130</u>	<u>6,447,388</u>

Director

Director

Director