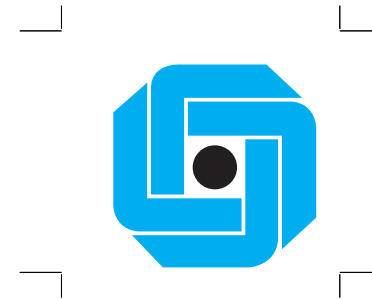


**Quarterly Accounts
September 30, 2013
(Un-Audited)**



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

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

Mr. M. Nadeem Ahmed	Chief Executive
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
Dr. Muhammad Hussain	Member

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

AUDITORSM.Yousuf Adil Saleem & Co.
Chartered Accountants**LEGAL ADVISORS**

Mandviwalla & Zafar, Advocates

BANKERSHBL Islamic Banking
Faysal Bank Barkat Islamic Banking
BankIslami Pakistan Limited
Al Baraka Bank (Pakistan) Ltd.
Burj Bank Limited**MANAGEMENT COMPANY**

Prudential Capital Management Limited

REGISTERED OFFICEOffice No. 54, Ground Floor,
Beverly Centre, 56-G, Blue Area,
Islamabad.
Tel: 051-2825343 Fax: 051-2814000
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 equity investment.

PUBLIC INFORMATIONFinancial analysts, Stock, broker, interested investors and financial media desiring information about First Prudential Modaraba should contact Mr. Muhammad Musharraf Khan (Company Secretary) or Syed Mazhar Mujtaba (Chief Financial Officer) Office No. A-601-602, 6th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi-74200,
Tel: 92-21-35643275-8,
Fax: 92-21-35643283
E-mail:
mmk@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: 021-32401634**KARACHI OFFICE**Office No. A-601-602, 6th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi-74200,
Tel: 92-21-35643275-8,
Fax: 92-21-35643283
E-mail: info@firstprudentialmodaraba.com**DIRECTOR'S REPORT**

The Board of Directors of Prudential Capital Management Limited, the Management Company of First Prudential Modaraba are pleased to present the first quarter result of First Prudential Modaraba together with Un-Audited Accounts for the quarter ended September 30, 2013, before the certificate holders.

KEY OPERATING / FINANCIAL HIGHLIGHTS

	(Rupees in millions)	
	Quarter ended September 30,	
	2013	2012
-Total income from operations	14.79	22.54
-Operating expenses	10.86	12.03
-Operating profit for the period	3.93	10.51
-Unrealized gain / (loss) on re-measurement of investments	(1.52)	1.63
-Net profit for the period	2.40	12.28
Earning per certificate – Re.	0.03	0.14

REVIEW OF OPERATIONS

During the quarter ended September 30, 2013, Modaraba booked operating income of Rs.14.79 million as compared to Rs.22.54 million in the corresponding period last year, whereas net profit is Rs.2.40 million as compare to Rs.12.28 million. The decrease in operating income and net profit is mainly due to maturity of old leases during the period and decline in KIBOR. However Modaraba succeeded in controlling administrative and operating expenses.

FUTURE OUTLOOK

With the expected political stability, growth shown by the Islamic Banking and Finance, improvement in law and order situation and change in top management and induction of better professionally qualified people / executives in the management team, we hope that the performance of your Modaraba will significantly improve. Further, more emphasis will now be on recovery of over dues. On the investment side opportunities expected to arrive in the selected scrips in Capital Market will also be availed.

ACKNOWLEDGEMENT

The Board of Directors would like to thank for continuous guidance and support extended by the Registrar Modaraba, Securities and Exchange Commission of Pakistan, The Karachi, Lahore and Islamabad Stock Exchanges. The Board is also thankful to its certificate holders and also the valued customers for reposing their confidence in the Management of the Modaraba. The Board also appreciates the hard work and dedication of the staff of the Modaraba.

Karachi
October 28, 2013For and on behalf of the Board of Directors of
Prudential Capital Management Limited, Manager
First Prudential Modaraba

Director



**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2013 (UN-AUDITED)**

	Note	September 30 2013 Rupees	June 30 2013 Rupees
ASSETS			
Current Assets			
Cash and bank balances	4	214,676,228	224,519,535
Investments	5	43,613,844	46,994,510
Musharika, morabaha and other finance	6	24,380,718	24,576,691
Diminishing Musharika		20,049,657	13,723,212
Ijarah rentals receivable		1,647,040	734,008
Advances, prepayments and other receivables		33,643,224	33,267,602
Total Current Assets		338,010,711	343,815,558
Long term investments		9,553,797	9,553,797
Long term portion of Diminishing Musharika		61,237,556	50,212,898
Loan and Receivables		6,749,456	5,816,258
Long term deposits		3,112,492	3,066,192
Intangible asset		6,383,922	6,549,890
Property and equipment - owned		47,805,920	48,593,921
Property, plant and equipment -Ijarah		74,235,344	76,082,525
Investment property		41,194,500	41,194,500
		250,272,987	241,069,981
TOTAL ASSETS		588,283,698	584,885,539
LIABILITIES			
Current liabilities			
Current portion of ijarah deposits		10,944,050	16,678,500
Accrued and other liabilities		5,137,150	5,701,394
Unclaimed dividend		22,767,491	22,709,604
Total Current Liabilities		38,848,691	45,089,498
Non-current liabilities			
Long term ijarah deposits		31,353,930	24,119,480
TOTAL LIABILITIES		70,202,621	69,208,978
NET ASSETS		518,081,077	515,676,561
REPRESENTED BY			
Certificate Capital			
87,217,660 Modaraba Certificates of Rupees 10/- each		872,176,600	872,176,600
Statutory reserve		138,650,648	138,650,648
Accumulated loss		(492,746,171)	(495,150,687)
		518,081,077	515,676,561

Commitments

7

The annexed notes from 1 to 9 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 Chief Executive Officer and two directors.

M. Nadeem Ahmed
Chief Executive Officer

Fazal M. Mughal
Director

Ataullah Khan
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2013(UN-AUDITED)**

	JULY 2013 TO SEPTEMBER 30, 2013	JULY 2012 TO SEPTEMBER 30, 2012
INCOME		
Ijarah rentals	6,566,909	14,617,056
Return on term deposit receipts and PLS accounts	4,240,103	5,781,451
Income on diminishing musharika, morabaha and other finance	1,882,337	-
Gain on sale of investments	1,650,174	1,321,923
Dividend income	414,730	774,018
Other income	32,500	46,110
	14,786,753	22,540,558
Unrealized gain / (loss) on remeasurement of held for trading investments	(1,521,168)	1,633,507
Unrealized gain on remeasurement of investment Property (Provision) / Reversal against doubtful receivable - net	-	136,440
	13,265,585	24,310,505
EXPENDITURE		
Depreciation on ijarah assets	(6,847,357)	(8,363,873)
Administrative expenses	(4,005,466)	(3,614,153)
Bank and other charges	(8,246)	(52,932)
	(10,861,069)	(12,030,958)
Profit for the period	2,404,516	12,279,547
Modaraba company's management fee	-	-
Profit before taxation	2,404,516	12,279,547
Provision for taxation	-	-
Profit after taxation	2,404,516	12,279,547
Other comprehensive income	-	-
Total income for the period	2,404,516	12,279,547
Earnings per certificate (Re)	0.03	0.14

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

M. Nadeem Ahmed
Chief Executive Officer

Fazal M. Mughal
Director

Ataullah Khan
Director



**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)**

	30 September 2013 Rupees	30 September 2012 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,404,516	12,279,547
Adjustments for non-cash changes and other items		
Dividend income	(414,730)	(774,018)
Loss on disposal - Ijarah assets	-	89,229
Unrealized gain on remeasurement of held for trading investments	1,521,168	(1,633,507)
Gain on sale of investments	(1,650,174)	(1,321,923)
Unrealized gain/(loss) & (provision) / reversal against doubtful receivables - net	-	(136,440)
Depreciation - owned	962,471	169,110
Amortization - Intangible assets	165,968	
Amortization on Ijarah assets	6,847,357	8,363,873
	<u>7,432,060</u>	<u>4,756,324</u>
	9,836,576	17,035,871
Cash flows before movement in working capital		
Decrease / (increase) in operating assets		
Diminishing Musharika, Morabaha and other finance Ijarah rental receivable	(18,088,328)	536,024
Advance prepayments and other receivables	(913,032)	(2,950,315)
	<u>(375,622)</u>	<u>(4,712,610)</u>
	(19,376,982)	(7,126,901)
Increase / (decrease) in operating liabilities		
Long term Ijarah deposits	1,500,000	489,415
Accrued and other liabilities	(506,357)	(443,981)
	<u>993,643</u>	<u>45,434</u>
Cash generated from operations	(8,546,763)	9,954,404
Income tax paid	-	(34,428)
Net cash generated from operating activities	<u>(8,546,763)</u>	<u>9,919,976</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	414,730	665,696
Investments encashed - net	3,509,672	17,677,700
Proceeds from disposal - Ijarah assets	-	(112,745)
Purchase of own assets	(174,470)	(1,910,744)
Purchase of Ijarah assets	(5,000,176)	(1,189,000)
Long term deposit received / (paid)	(46,300)	-
Net cash generated from investing activities	<u>(1,296,544)</u>	<u>15,130,907</u>
Net increase in cash and cash equivalents	<u>(9,843,307)</u>	<u>25,050,883</u>
Cash and cash equivalent at the beginning of the period	<u>224,519,535</u>	<u>90,368,066</u>
Cash and cash equivalent at the end of the period	<u>214,676,228</u>	<u>115,418,949</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

M. Nadeem Ahmed
Chief Executive Officer

Fazal M. Mughal
Director

Ataullah Khan
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)**

	Reserves			Total
	Capital Certificate capital	*Statutory reserves	Revenue Gain/(loss) on available for sale investmentsRupees.....	
Balance as at July 1, 2012	872,176,600	133,492,500	345,848	519,607,887
Profit for the period	-	-	(486,061,213)	25,790,738
Distribution @ 3 % declared for the year ended June 30, 2012	-	-	(26,165,298)	(26,165,298)
Other comprehensive loss for the period	-	-	(3,556,766)	(3,556,766)
Transfer to statutory reserve	-	5,158,148	(5,158,148)	-
Balance as at June 30, 2013	<u>872,176,600</u>	<u>38,650,648</u>	<u>(495,150,687)</u>	<u>515,676,561</u>
Transfer to statutory reserve	-	-	-	-
Profit for the period	-	-	2,404,516	2,404,516
Other comprehensive income for the period	-	-	(3,210,918)	-
Balance as at September 30, 2013	<u>872,176,600</u>	<u>138,650,648</u>	<u>(492,746,171)</u>	<u>518,081,077</u>

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

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

M. Nadeem Ahmed
Chief Executive Officer

Fazal M. Mughal
Director

Ataullah Khan
Director



**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (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 (PCML), 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 and investment in securities. Registered office of the Modaraba is situated at office # 54, ground floor, Beverly Centre, 56-G, Blue Area, Islamabad.

1.2 In pursuance of a show cause notice dated June 9, 2010 issued to the PCML and after taking approval from the Securities and Exchange Commission of Pakistan (SECP) under 20 (2) of the Modaraba Ordinance, 1980, the Registrar Modarabas passed an order dated October 28, 2010 under section 20 (1)(a)(iii) to remove the Modaraba Company, PCML and appointed another Modaraba Management Company as Administrator to takeover and manage the affairs of the Modaraba in place of PCML. PCML has challenged the order in the Sindh High Court (the Court) and the Court has suspended the said order of the Registrar Modaraba till the decision of the case with the remarks that the order was passed without giving opportunity of fair trial in terms of Article 10-A of the Constitution of Pakistan. The matter is pending in the High Court of Sindh.

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

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 STATEMENT OF COMPLIANCE**

These 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, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except for:

- certain investments carried at fair value
- certain investment properties which have been measured at fair value.
- certain loan and receivables - measured at amortized cost.



Note	Un-audited September 30, 2013 Rupees	Audited June 30, 2013 Rupees
4 CASH AND BANK BALANCES		
	Cash in hand	33,381
	Cash at banks	
	Current accounts	1,503,545
	Saving accounts	222,982,609
4.1	15,017,947	1,503,545
	199,613,081	222,982,609
	214,631,028	224,486,154
	214,676,228	224,519,535
4.1	Effective mark-up rate in respect of PLS accounts ranges from 4.75% to 12.5% (June 2013: 4.75 % to 12.5 %) per annum.	
5 INVESTMENTS		
	Loan and receivables	
	Other receivable- considered good	1,376,234
	- considered doubtful	-
		1,376,234
	Less : Provision for doubtful receivable	-
		1,376,234
	Held for trading at fair value through profit or loss - in quoted securities	
	- considered good	
5.1	43,613,844	45,618,276
	43,613,844	46,994,510

Un-Audited September 30, 2013	Audited June 30, 2013	Name of investee	UNAUDITED September 30, 2013	AUDITED June 30, 2013
		Number of Certificates / Shares		
		Open-end mutual funds		
259,615	255,063	MCB Islamic Fund Type A (Face value of certificate Rs.100/- each)	25,981,645	25,979,578
		Oil and gas		
11,400	-	Pakistan Petroleum Limited	2,172,767	-
-	6,300	National Refinery Limited	-	1,515,654
-	9,000	Sui Southern Gas Co.	-	175,680
1,360	12,360	Sui Northern Gas Pipeline Limited	28,043	247,942



Number of Certificates / Shares		Name of investee	UNAUDITED September 30, 2013	AUDITED June 30, 2013
September 30, 2013	June 30, 2013			
Chemicals				
150,000	305,000	Fauji Fertilizer Bin Qasim Limited	5,640,000	11,449,700
25,000	25,000	Fauji Fertilizer Company	2,534,250	2,685,750
23,500	-	Engro Food Limited	2,389,715	-
500	-	Sitara Chemical Industries	110,750	-
Construction and materials				
16,000	9,500	D.G. Khan Cement Company Limited	1,101,920	795,055
10,000	-	Cherat Cement Factory Limited	494,600	-
11,000	13,000	Kohat Cement Company Limited	1,018,270	1,115,790
General Industries				
3,000	5,000	MACPAC Films	80,190	114,050
1,000	-	Packages Limited	255,100	-
Pharma & Bio Tech				
2,200	2,200	Glaxo Smith	235,576	266,926
Household goods				
348	348	Hussain Industries Limited	1,897	1,962
Personal goods				
8,315	1,565	Nishat Mills Limited	770,551	147,439
Electricity				
9,000	15,000	The Hub Power Company Limited	573,570	924,750
Financial Services				
25,000	20,000	First Habib Modaraba (Face value of Rs. 5/= each) Suspended / Delisted Company	225,000	198,000
1,670,720	1,670,720	Prudential Stock Fund	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	-	-
			<u>43,613,844</u>	<u>45,618,276</u>



Note	Un-audited September 30, 2013 Rupees	Audited June 30, 2013 Rupees
6 MUSHARIKA, MORABAHA AND OTHER FINANCE		
Musharika and morabaha finance	15,589,513	15,785,486
Other finance-unsecured	8,791,205	8,791,205
	<u>24,380,718</u>	<u>24,576,691</u>
6.1 Musharika and morabaha finance		
Musharika finance-unsecured		
Musharika Principal	105,172,201	105,172,201
Musharika Profit	45,042,132	45,238,105
	<u>150,214,333</u>	<u>150,410,306</u>
Morabaha finance-secured		
Principal	79,889,484	79,889,484
Profit	124,849,627	124,849,627
	<u>204,739,111</u>	<u>204,739,111</u>
Less: Provision for doubtful receivables		
Musharika finance-unsecured	(150,410,306)	(150,410,306)
Morabaha finance-secured	(188,953,625)	(188,953,625)
	<u>(339,363,931)</u>	<u>(339,363,931)</u>
	<u>15,589,513</u>	<u>15,785,486</u>
6.1.1 These finances are secured against equitable mortgage of immovable properties and charge on vehicles, machineries, other assets and personal guarantee of sponsor directors.		
6.2 Other finance-unsecured	6.2.1 11,002,281	11,002,281
Provision for doubtful receivables	6.2.2 (2,211,076)	(2,211,076)
	<u>8,791,205</u>	<u>8,791,205</u>
6.2.1 This finance has been made to Invest Capital Investment Bank Limited (ICIBL) against certain ijarah assets under a funded risk participation agreement. It carries return at the rate 17.16 % per annum.		
6.2.2 The Modaraba is in the process of negotiation of the recovery of this balance. The management is confident of achieving an amicable settlement in few months. As a matter of prudence, the Modaraba has made a provision of Rs. 2.21 million.		
7 COMMITMENTS		
Commitment in respect to Diminishing Musharika transaction with Optmus Limited amounting to Rs. 6,967,500/= (September, 2012 Nil)		
8 DATE OF AUTHORISATION OF ISSUE		
These financial statements have been authorised for issue on October 28, 2013 by the Board of Directors of Prudential Capital Managemnt Ltd.		
9 FIGURES		
Figures have been rounded off to the nearest Rupee.		

M. Nadeem Ahmed
Chief Executive Officer

Fazal M. Mughal
Director

Ataullah Khan
Director