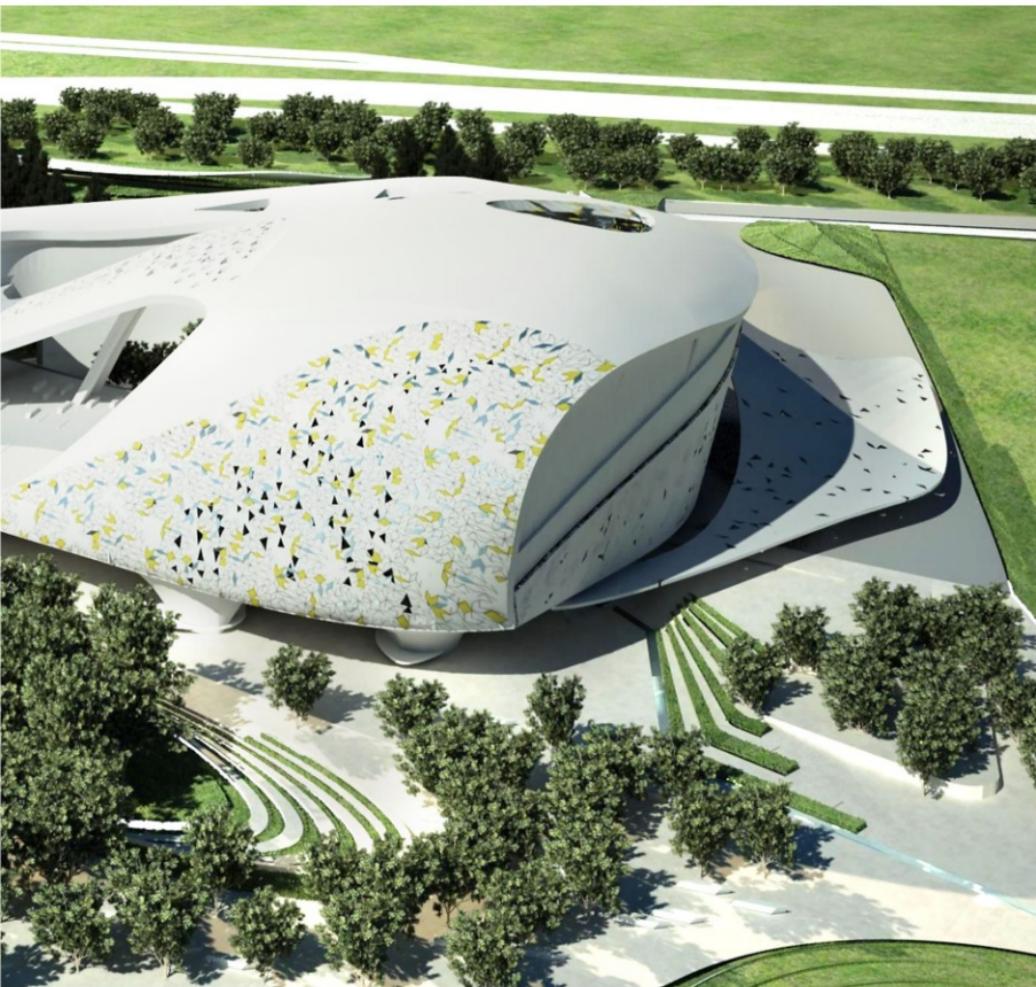


3rd Quarterly Report
March 31, 2016
Standard Chartered Modaraba



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Modaraba Information

Modaraba Company

Standard Chartered Services of Pakistan (Pvt) Limited

Directors of Modaraba Company

Mr. Khurram Shahzad Khan
Chairman

Mr. Raheel Qamar Ahmad
Managing Director/ Chief Executive

Syed Zaheer Mehdi
Director

Mr. Najam Siddiqi
Director

Mr. Shezad Arif
Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Shezad Arif
Chairman

Mr. Khurram Shahzad Khan
Member

Mr. Najam Siddiqi
Member

Human Resource and Remuneration (HR&R) Committee

Syed Zaheer Mehdi
Chairman

Mr. Raheel Qamar Ahmad
Member

Mr. Shezad Arif
Member

Shariah Advisor

Mufti Faisal Ahmed

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Bankers/ Financial Institutions

Standard Chartered Bank (Pakistan)
Limited (Saadiq)
Bank Islami Pakistan Limited
Meezan Bank Limited
United Bank Limited (UBL Ameen)
Habib Bank Limited (Islamic Banking)

Legal Advisors

Fazle Ghani Adocates
Izhar Law Associates
Sirajul Haque & Co.
Orr Dignam & Co
Mohsin Tayabali & Co
Liaquat Marchant Associates

Registered and Head Office

Standard Chartered Bank
Main Building, I. I. Chundrigar Road
P. O. Box 5556, Karachi-74000
Phone: 32450000
Email : ask.scm@sc.com

Branch Offices

Standard Chartered Bank Building
Tufail Road, P. O. Box 6131
Lahore Cantt.
Phone: (042) 36066277-80

Standard Chartered Bank Building
6-A, 2nd Floor, Union Arcade
F-7 Markaz, Islamabad
Phone: (051) 8432329-30

Registrars & Share Registration Office

Famco Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery,
Block 6, P.E.C.H.S., Shahra-e-Faisal,
Karachi.
Tel : (92-21) 34380101-5
Fax : (92-21) 34380106
Email : info.shares@famco.com.pk

Directors' Review

For the nine months period ended 31 March 2016

The Board of Directors of Standard Chartered Services of Pakistan (Private) Limited, the management company of Standard Chartered Modaraba is pleased to present the unaudited accounts for the nine months period ended 31 March 2016.

1. Economic Outlook

Domestic economic activity has picked up pace, driven by strong demand for consumption and investment. Looser monetary policy, Rupee stability, lower energy prices, as well as continued growth in workers' remittances inflows, have supported household discretionary incomes. Therefore, despite a weaker global economic outlook and ongoing fiscal consolidation, Pakistan's GDP growth is expected to accelerate to 4.4% in FY16 compared to 4.2% in FY15.

After declining in H1-FY16, inflation appears to have bottomed: annual CPI inflation rose to 3.9% for March 2015. Core inflation, measured by non-food non-energy (NFNE) index, has also edged up gradually over the past few months; for March, it increased 4.7% y/y. As such, the central bank has held its policy interest rate constant at 6% since September 2015.

FX Reserves recently crossed an all-time high, supported by capital and financial account inflows. The IMF programme remains on track with the tenth quarterly review recently completed. The programme is expected to conclude successfully by September 2016. The country's total FX reserves stood at USD 20.9bn by end-March 2016. Overseas workers' remittances are expected to grow around 6% during FY16 despite slower growth in GCC economies. The current account deficit is expected to be 1.3% of GDP for FY16 as a significant increase in non-oil imports (particularly for machinery) partially offsets the lower oil-import bill.

2. Financial Highlights

Financial results are summarized as under:

	31 March 2016 (PKR '000')	30 June 2015 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	1,123,534	1,152,825
Investment in Ijarah finance and Ijarah Assets	3,380,335	3,539,000
Investments in Diminishing Musharika and Sukuks	1,417,695	1,166,664
Redeemable capital	2,893,680	2,683,945
	Nine Months ended 31 March 2016 (PKR '000')	Nine Months ended 31 March 2015 (PKR '000')
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	369,462	518,847
Financial charges	167,743	264,273
Reversal of provisions / (provision) – net	10,295	(20,862)
Operating expenses	73,262	71,606
Profit before modaraba management company's remuneration	138,752	162,105
Net profit	120,475	140,594

3. Review of Operations

During the period under review the Modaraba's Gross revenue declined by 28.79% due to a steep 30% decrease in discount rate occurring since last year. Net profit also decreased by 14.31% from Rs. 140.59 million to Rs. 120.48 million as compared to the corresponding period last year but due to efficient management of financial charges which decreased by 36.53%, the steep top line reduction was stopped from full translation.

Directors' Review

For the nine months period ended 31 March 2016

The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 4,798 million compared to Rs. 4,706 million as at June 30, 2015 showing a marginal increase of 1.96% within the nine months period. Your Modaraba continued focusing on raisings funds from the general public through Certificates of Musharika (CoMs). Thus, the balance of CoMs has increased by 7.81% to Rs. 2,894 million, as at 31 March 2016 as compared to Rs. 2,684 million as at 30 June 2015. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporates and selective SME relationships.

Your Modaraba maintains a well diversified asset portfolio comprising of plant & machinery, motor vehicles and equipment. Moreover, the sector wise exposure is closely monitored. During the period under review, the Modaraba booked fresh disbursements to the tune of Rs. 1,719 million as compared to Rs. 1,048 million during the corresponding period last year.

Your Modaraba, while remaining cautious and prudent, is focused to take benefit of good opportunities that add value to all stake holders. Our prudent and proactive risk management approach has always helped us to maintain a leading position in the Modaraba sector. We will continue to place emphasis on customer service with focus on quality clientele.

4. Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the ratings of your Modaraba as AA+ (Double A plus) and A1+ (A one plus) for long-term and short-term respectively. These ratings indicate low expectation of credit risk and very strong capacity for timely payment of financial commitments.

On September 1, 2015, the Share and Certificate Purchase Agreement (SPA) was finalized and signed between Standard Chartered Bank (Pakistan) Limited (SCBPL) and Orix Leasing Pakistan Limited (OLP) for divestment of SCBPL shareholding in SCM to OLPL. As normal and routine practice, PACRA has placed the rating of SCM on Rating Watch until culmination of the transaction.

5. Acknowledgement

The Board appreciates the support of regulatory authorities, certificate-holders, customers and business partners and looks forward to their support in future.

The Board also acknowledges the commendable efforts of the staff members of Standard Chartered Modaraba without which the Modaraba's success could not have been possible.



Khurram Khan

Chairman

Karachi: April 25, 2016

Condensed Interim Balance Sheet

As at March 31, 2016

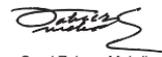
Note	(Un-audited)	(Audited)	
	31 March 2016	30 June 2015	
------(Rupees)-----			
ASSETS			
Current assets			
Cash and bank balances	5	484,951,776	267,884,031
Ijarah rentals receivable	6	89,338,702	92,594,883
Advances, deposits, prepayments and other receivables		54,181,094	93,675,982
Current portion of investment in Sukuk certificates	7	-	-
Current portion of Diminishing Musharika	8	242,329,532	291,075,993
Net investment in Ijarah finance		370,000	370,000
Taxation recoverable		3,461,114	5,918,628
Total current assets		874,632,218	751,519,517
Non-current assets			
Long-term portion of investment in Sukuk certificates	7	-	-
Long-term portion of Diminishing Musharika	8	1,175,365,882	875,587,862
Ijarah assets	9	3,379,965,477	3,538,629,592
Fixed assets in own use	10	32,601,725	14,510,870
Total non-current assets		4,587,933,084	4,428,728,324
TOTAL ASSETS		5,462,565,302	5,180,247,841
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	11	68,276,945	22,521,193
Current maturity of Musharika term finance arrangements	12	265,318,745	387,091,664
Current maturity of security deposits		194,110,409	170,402,000
Creditors, accrued and other liabilities		191,340,046	208,722,973
Advance Ijarah rentals received		59,222,788	36,987,366
Current portion of redeemable capital		1,909,565,000	840,805,000
Unclaimed profit distribution		54,969,888	33,843,488
Total current liabilities		2,742,803,821	1,700,373,684
Non-current liabilities			
Long-term portion of Musharika term finance arrangements	12	175,000,000	68,545,829
Long-term portion of security deposits		437,112,217	415,363,799
Long-term portion of redeemable capital		984,115,000	1,843,140,000
Total non-current liabilities		1,596,227,217	2,327,049,628
TOTAL LIABILITIES		4,339,031,038	4,027,423,312
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 2015: 50,000,000) certificates of Rs 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital			
28,500,000 (June 2015: 28,500,000) certificates of Rs 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (June 2015: 16,883,530) bonus certificates of Rs 10 each		168,835,300	168,835,300
		453,835,300	453,835,300
Unappropriated profit		138,188,397	173,502,431
Other reserves		531,510,567	525,486,798
		1,123,534,264	1,152,824,529
TOTAL LIABILITIES AND EQUITY		5,462,565,302	5,180,247,841
CONTINGENCIES AND COMMITMENTS			
	13		

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

For Standard Chartered Services of Pakistan (Private) Limited
(Management Company)


Khuram Shahzad Khan
Chairman


Raheel Qamar Ahmad
Chief Executive


Syed Zaheer Mehd
Director

Condensed Interim Profit and Loss Account and Other Comprehensive Income (Unaudited)

For the nine months period ended 31 March 2016

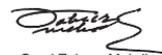
Note	Nine months period ended 31 March 2016	Nine months period ended 31 March 2015	Three months period ended 31 March 2016	Three months period ended 31 March 2015
-----Rupees-----				
Ijarah rentals earned	1,277,108,770	1,450,629,109	423,579,409	451,503,064
Income on Diminishing Musharika arrangements	98,038,428	115,547,907	33,791,280	36,605,987
Income on deposits with banks	11,543,751	24,426,885	4,299,036	13,054,714
	1,386,690,949	1,590,603,901	461,669,725	501,163,765
Financial charges	(167,742,929)	(264,273,461)	(55,619,050)	(88,105,890)
Depreciation on assets under Ijarah arrangements	(1,040,640,423)	(1,127,990,014)	(349,913,304)	(356,476,251)
Impairment on assets under Ijarah arrangements	-	(24,243,302)	-	-
	178,307,597	174,097,124	56,137,371	56,581,624
Reversal of provision in respect of Ijarah finances - net	7,936,610	3,043,980	881,668	2,041,440
Reversal of provision in respect of Diminishing Musharika	2,358,391	337,114	1,123,010	112,371
	188,602,598	177,478,218	58,142,049	58,735,435
Other income	23,411,040	56,233,286	4,674,903	25,393,202
Administrative and operating expenses	(73,261,871)	(71,606,407)	(25,262,518)	(26,839,747)
	138,751,767	162,105,097	37,554,434	57,288,890
Management Company's remuneration	(13,875,177)	(16,210,510)	(3,755,444)	(5,728,889)
Provision for services sales tax on Management Company's remuneration	14 (1,942,525)	(2,431,577)	(525,762)	(754,518)
Provision for Workers' Welfare Fund	15 (2,458,681)	(2,869,260)	(665,464)	(1,016,109)
Profit for the period before taxation	120,475,384	140,593,750	32,607,764	49,789,374
Taxation	16 -	-	-	-
Profit for the period after taxation	120,475,384	140,593,750	32,607,764	49,789,374
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	120,475,384	140,593,750	32,607,764	49,789,374
Earnings per certificate - basic and diluted	2.65	3.10	0.72	1.10

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

For Standard Chartered Services of Pakistan (Private) Limited
(Management Company)


Khurram Shahzad Khan
Chairman


Raheel Kamal Ahmad
Chief Executive


Syed Zaheer Mehd
Director

Condensed Interim Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2016

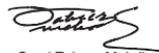
Note	Nine months period ended 31 March 2016	Nine months period ended 31 March 2015
Rupees		
CASH FLOWS FROM OPERATING ACTIVITIES		
	120,475,384	140,593,750
Profit for the period before taxation		
Adjustments for non-cash and other items:		
	6,279,840	6,429,771
Depreciation / amortisation on fixed assets in own use	1,040,640,423	1,127,990,014
Depreciation on Ijarah assets	(20,064,174)	(54,171,017)
Gain on disposal of Ijarah assets	-	24,243,302
Impairment against Assets under Ijarah arrangements	(7,936,610)	(3,043,980)
Reversal of provision in respect of Ijarah finances - net	(2,358,391)	(337,114)
Reversal of provision in respect of Diminishing Musharika	(11,543,751)	(24,426,885)
Income on deposits with bank		
Profit on:		
- Redeemable capital	125,067,044	198,560,105
- Musharika finance	39,230	79,838
- Musharika term finance arrangements	21,703,267	35,357,382
Provision for services sales tax on Management Company's remuneration	1,942,525	2,431,577
Provision for Workers' Welfare Fund	2,458,681	2,869,260
	1,156,228,084	1,315,982,253
	1,276,703,468	1,456,576,003
Working capital changes		
<i>(Increase) / decrease in operating assets</i>		
Advances, deposits, prepayments and other receivables	40,512,194	127,501,963
Ijarah rentals receivable	11,192,791	40,028,357
Diminishing Musharika	(248,673,168)	125,681,710
Purchase of assets under Ijarah arrangements	(1,147,733,996)	(957,426,345)
Proceeds from disposal of assets under Ijarah arrangements	285,821,862	792,990,838
	(1,058,880,317)	128,776,523
<i>Increase / (decrease) in liabilities</i>		
Creditors, accrued and other liabilities	(13,606,909)	(74,914,846)
Advance Ijarah rentals received	22,235,422	5,130,860
Security deposits	45,456,827	(218,665,360)
	54,085,340	(288,449,346)
	271,908,491	1,296,903,180
Profit paid on		
- Redeemable capital	(129,458,162)	(181,155,899)
- Musharika finances	(36,804)	(146,788)
- Musharika term finance arrangements	(23,033,118)	(42,154,162)
	(152,528,084)	(223,456,849)
Taxes paid	(1,167)	-
Net cash generated from operating activities	119,379,240	1,073,446,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(24,370,695)	-
Income on deposits with bank	10,526,445	21,722,377
Net cash (used in) / generated from investing activities	(13,844,250)	21,722,377
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	209,735,000	386,135,000
Musharika term finance less repayments	(15,318,748)	(516,325,062)
Profit paid to certificate holders	(128,639,249)	(131,661,618)
Net cash generated from / (used in) financing activities	65,777,003	(261,851,680)
Increase in cash and cash equivalents	171,311,993	833,317,028
Cash and cash equivalents at the beginning of period	245,362,838	(140,904,321)
Cash and cash equivalents at end of the period	416,674,831	692,412,707

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

For Standard Chartered Services of Pakistan (Private) Limited
(Management Company)


Khurram Shahzad Khan
Chairman


Raheel Qamar Ahmad
Chief Executive


Syed Zaheer Mehd
Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2016

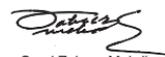
	Paid-up certificate capital	Reserves			Sub-total	Total
		Premium on modaraba certificates	Statutory reserve	Unappropriated profit		
(Rupees)						
Balance as at 1 July 2014	453,835,300	55,384,700	431,008,050	153,276,827	639,669,577	1,093,504,877
Total comprehensive income for the period						
- Profit for the nine months period ended 31 March 2015	-	-	-	140,593,750	140,593,750	140,593,750
- Other comprehensive income	-	-	-	-	-	-
	-	-	-	140,593,750	140,593,750	140,593,750
Transactions with owners						
Profit distribution for the year ended 30 June 2014 @ Rs. 3 per certificate	-	-	-	(136,150,590)	(136,150,590)	(136,150,590)
Transfer to statutory reserve	-	-	28,118,750	(28,118,750)	-	-
Balance as at 31 March 2015	<u>453,835,300</u>	<u>55,384,700</u>	<u>459,126,800</u>	<u>129,601,237</u>	<u>644,112,737</u>	<u>1,097,948,037</u>
Balance as at 1 July 2015	453,835,300	55,384,700	470,102,098	173,502,431	698,989,229	1,152,824,529
Total comprehensive income for the period						
- Profit for the nine months period ended 31 March 2016	-	-	-	120,475,384	120,475,384	120,475,384
- Other comprehensive income	-	-	-	-	-	-
	-	-	-	120,475,384	120,475,384	120,475,384
Transactions with owners						
Profit distribution for the year ended 30 June 2015 @ Rs. 3.3 per certificate	-	-	-	(149,765,649)	(149,765,649)	(149,765,649)
Transfer to statutory reserve	-	-	6,023,769	(6,023,769)	-	-
Balance as at 31 March 2016	<u>453,835,300</u>	<u>55,384,700</u>	<u>476,125,867</u>	<u>138,188,397</u>	<u>669,698,964</u>	<u>1,123,534,264</u>

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

For Standard Chartered Services of Pakistan (Private) Limited
(Management Company)


Khurram Shahzad Khan
Chairman


Raheel Qamar Ahmad
Chief Executive


Syed Zaheer Mehdi
Director

Notes to the Condensed Interim Financial Information (Unaudited) For the nine months period ended 31 March 2016

1. STATUS AND NATURE OF BUSINESS

Standard Chartered Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Standard Chartered Services of Pakistan (Private) Limited. The Management Company is a wholly owned subsidiary of Standard Chartered Bank (Pakistan) Limited. The address of its registered office is Standard Chartered Bank Building, I. I. Chundrigar Road, Karachi, Pakistan.

The Modaraba is a perpetual modaraba and is primarily engaged in leasing of plant, machinery, motor vehicles (both commercial and private), computer equipments, etc. The Modaraba may also invest in commercial and industrial ventures suitable for the Modaraba. The Modaraba is listed on the Pakistan Stock Exchange.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned long term rating of AA+ and short term rating of A1+ to the Modaraba.

On 1 September 2015, Standard Chartered Bank (Pakistan) Limited has entered into a share and certificate purchase agreement with Orix Leasing Pakistan Limited with regard to proposed divestment of its 100% stake in Standard Chartered Services of Pakistan (Private) Limited (Modaraba's Management Company) and 20% stake (10% directly and 10% through Standard Chartered Services of Pakistan (Private) Limited) in Standard Chartered Modaraba. This transaction and its implementation is subject to satisfaction of various conditions including regulatory approvals contained in the agreements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the 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, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by SECP differ with the requirements of IFRSs or IFAS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended 30 June 2015.

The comparative balance sheet presented in this condensed interim financial information as at 31 March 2016 has been extracted from the audited financial statements of the Modaraba for the year ended 30 June 2015, whereas the comparative profit and loss account and other comprehensive income, cash flow statement and statement of changes in equity have been extracted from the condensed interim financial information for the period ended 31 March 2015.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is also the Modaraba's functional currency and all financial information presented has been rounded off to the nearest rupee.

2.3 Significant accounting estimates and judgements

The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. However, actual results may differ from these estimates. In preparing this condensed interim financial information the significant judgements made by the management in applying the Modaraba's accounting policies and the key sources of estimates and uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Modaraba for the year ended 30 June 2015. Following standards became effective during the period:

3.1 New, Amended And Revised Standards And Interpretations of IFRSs

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Modaraba.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Modaraba, hence no additional disclosures are included in this interim financial information.

Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2016

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Modaraba are consistent with those disclosed in the annual financial statements as at and for the year ended 30 June 2015.

5. CASH AND BANK BALANCES

Note	(Un-audited)	(Audited)
	31 March 2016	30 June 2015
------(Rupees)-----		
Balances with banks		
- in current accounts	104,281	20,003,470
- in deposit accounts	484,818,077	247,866,152
Cash in hand	29,418	14,409
	<u>484,951,776</u>	<u>267,884,031</u>

- 5.1 These include balances maintained with Standard Chartered Bank (Pakistan) Limited (a related party) amounting to Rs 40.372 million (June 2015: 35.577 million) and carry profit at rate ranging between 2.91% - 5.25% per annum (June 2015: 4.21% to 5.65%). The balances with banks in deposit accounts have been kept in order to comply with the requirement of guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) with respect to the maintenance of prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

6. IJARAH RENTALS RECEIVABLE

Note	(Un-audited)	(Audited)
	31 March 2016	30 June 2015
------(Rupees)-----		
Ijarah rentals receivable - considered good	83,222,236	88,351,245
Ijarah rentals receivable - considered bad or doubtful	42,127,009	58,195,219
Less: allowance for potential Ijarah losses	(24,730,223)	(37,267,892)
Less: profit held in suspense	(11,280,320)	(16,683,689)
	<u>6,116,466</u>	<u>4,243,638</u>
	<u>89,338,702</u>	<u>92,594,883</u>

6.1 Allowance for potential Ijarah losses

Opening balance	37,267,892	35,321,727
Charge / (reversal) for the period / year	(7,936,610)	1,946,165
Amount written off during the period / year	(4,601,059)	-
Closing balance	<u>24,730,223</u>	<u>37,267,892</u>

6.2 Profit held in suspense

Opening balance	16,683,689	20,189,295
Income suspended during the period / year - net	(5,246,157)	(3,505,606)
Income write off during the period / year	(157,212)	-
Closing balance	<u>11,280,320</u>	<u>16,683,689</u>

7. INVESTMENT IN SUKUK CERTIFICATES

Held-to-maturity investments

Investment in Sukuk certificates	57,701,835	57,701,835
Less: Provision in respect of Sukuk certificates	(57,701,835)	(57,701,835)
	-	-
Less: Current portion of investment in Sukuk Certificates	-	-
	-	-

8. DIMINISHING MUSHARIKA

- Staff		
Housing finance	37,297,242	33,237,567
Others	2,131,626	1,614,549
	<u>39,428,868</u>	<u>34,852,116</u>
- Other Customers		
Housing finance	725,911,464	623,803,308
Others	673,079,720	531,091,460
Less: Provision in respect of Diminishing Musharika	(20,724,638)	(23,083,029)
	<u>1,378,266,546</u>	<u>1,131,811,739</u>
	<u>1,417,695,414</u>	<u>1,166,663,855</u>
Less: current portion of Diminishing Musharika	(242,329,532)	(291,075,993)
	<u>1,175,365,882</u>	<u>875,587,862</u>

- 8.1 This includes diminishing musharika facility availed by key management personnel with respect to housing finance and personal finance amounted to Rs 18.836 million (June 2015:Rs 26.010 million) and Rs 1.222 million (June 2015:Rs 0.531 million) respectively.

Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2016

9. IJARAH ASSETS

Note	(Un-audited) 31 March 2016	(Audited) 30 June 2015
----- (Rupees) -----		
Ijarah contracts - accounted for under IFAS 2	<u>3,379,965,477</u>	<u>3,538,629,592</u>

9.1 The following additions to and disposals of Ijarah assets have been made during the period:

	(Un-audited) 31 March 2016	(Un-audited) 31 March 2015
----- (Rupees) -----		
Additions at cost during the period		
- Plant, machinery and equipments	<u>551,060,140</u>	523,119,293
- Motor vehicles	<u>596,673,856</u>	<u>434,307,052</u>
	<u>1,147,733,996</u>	<u>957,426,345</u>
Disposals at cost during the period		
- Plant, machinery and equipments	<u>509,729,160</u>	1,156,983,945
- Motor vehicles	<u>758,613,715</u>	<u>839,809,605</u>
	<u>1,268,342,875</u>	<u>1,996,793,550</u>

9.2 Ijarah facility extended to key management personnel as per HR policies having net book value amounting to Rs. 4.367 million (June 2015: Rs. 1.732 million).

10. FIXED ASSETS IN OWN USE

	(Unaudited) 31 March 2016	(Audited) June 30, 2015
----- Rupees -----		
Tangible assets	-	93,908
Intangible assets	<u>8,231,030</u>	<u>14,416,962</u>
WIP	<u>24,370,695</u>	-
	<u>32,601,725</u>	<u>14,510,870</u>

10.1 This include payments made to contractors for construction of new offices.

11. MUSHARIKA FINANCE

Musharika with:		
- an associated undertaking - secured	<u>68,276,945</u>	<u>22,521,193</u>

11.1 The total facility for musharika finance available from Standard Chartered Bank (Pakistan) Limited amounts to Rs 500 million (June 2015: Rs 500 million) and carries profit of Re 0.2052 (June 2015: Re 0.2453) per rupee one thousand per day. The facility is secured against a specific charge over moveable leased out assets of the Modaraba along with the associated receivables and is due to mature on December 31, 2016.

12. MUSHARIKA TERM FINANCE

Musharika with other banks	<u>440,318,745</u>	455,637,493
Less: Current portion of musharika term finance	<u>(265,318,745)</u>	<u>(387,091,664)</u>
	<u>175,000,000</u>	<u>68,545,829</u>

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

An agreement was executed between Haleeb Foods Limited and the consortium of financial institutions. As per the terms of the agreement, Meezan Bank Limited had to provide working capital facilities to the tune of Rs. 425 million to Haleeb Foods Limited which were subsequently enhanced to Rs. 700 million. Inland usance letter of credit facility of Rs. 96.12 million to Haleeb Foods Limited was initially extended by consortium of financial institutions on standalane basis. However, upon enhancement of facilities to Rs. 700 million, the enhanced amount incorporated the said facility as a sublimit of the revised agreement. The Modaraba's share out of the working capital line was Rs. 39.34 million which was to be provided in the form of letter of credit and Ijarah finance. The letters of credit (LCs) were established by Meezan Bank Limited on behalf of the consortium and the outstanding balance of the Modaraba's share against LCs was Rs. 15.684 million as at 31 March 2016.

13.2 Commitments

The Modaraba has issued letter of comfort to Bank Alfalah Limited equal to an amount of Rs. 39.43 million on behalf of Tariq Glass Industries Limited.

14. PROVISION FOR SERVICES SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the Sindh Revenue Board (SRB) dated April 22, 2013, the Modaraba has recorded a provision in respect of Sindh sales tax on Management Company's remuneration at applicable rates with effect from November 1, 2011. The Management Company has filed an appeal before the Appellate Tribunal SRB against this order. The Appellate Tribunal SRB through its order dated 19 February 2016 allowed the appeal and set aside the order-in-original and order-in-appeal.

Notes to the Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2016

15 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) due to which the Modaraba became liable to pay contribution to Workers' Welfare Fund (WWF) at the higher of the profit before taxation as per the financial statements or the return of income.

Provision for WWF has been netted off against taxation recoverable.

16. TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending 30 June 2016. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

	Note	(Un-audited) 31 March 2016	(Un-audited) 31 March 2015
(Rupees)			
Cash and bank balances	5	484,951,776	696,835,915
Musharika finance	11	(68,276,945)	(4,423,208)
		<u>416,674,831</u>	<u>692,412,707</u>

18. RELATED PARTIES TRANSACTIONS

The related parties of the Modaraba include the management company, staff retirement funds, directors and key management personnel and Standard Chartered Bank (Pakistan) Limited. Transactions with related parties other than remuneration and benefits to key management personnel (which are employed by the management company) under the terms of their employment are as follows:

	Nine months period ended 31 March 2016	Nine months period ended 31 March 2015
	(Un-audited)	(Un-audited)
(Rupees)		
Standard Chartered Bank (Pakistan) Limited		
- Holding Company of the Management Company		
Profit on Musharika finance	39,230	79,838
Profit on Musharika term finance	-	4,632,427
Profit on deposit account	1,133,667	3,908,303
Bank charges and commission	20,643,594	29,564,435
Charge for reimbursement of miscellaneous expenses	4,205,763	6,438,735
Profit distribution	14,976,565	13,615,059
Staff retirement benefits funds		
Contribution to the staff provident fund	1,855,849	1,739,963
Contribution to the staff gratuity fund	1,526,752	1,434,064
Reimbursement from staff gratuity fund	-	1,122,953
Standard Chartered Services of Pakistan (Private) Limited		
- Management Company		
Management company's remuneration	13,875,177	16,210,510
Profit distribution	14,976,565	13,615,059
Key Management Personnel		
Salaries and benefits	22,318,877	23,729,412
Contribution to the staff provident fund	802,670	824,184
Contribution to the staff gratuity fund	668,616	686,547
Income earned on DM finances	1,824,835	2,938,370
Ijarah rental earned on Ijarah finances	1,026,890	1,648,437
Profit on Redeemable Capital	125,289	336,425
Number of persons	6	7

The Modaraba enters into transactions with related parties for borrowings under Musharika finances and other general banking services. These transactions are based on a transfer pricing policy under which all transactions are carried out on agreed terms. The balances with related parties other than balances that have been disclosed in the respective notes are as follows:

	(Unaudited) 31 March 2016	(Audited) June 30, 2015
(Rupees)		
Standard Chartered Bank (Pakistan) Limited - Holding Company		
Advances, deposits, prepayments and other receivables	30,790,393	51,733,460
Creditors, accrued and other liabilities	1,802,763	18,360,977
Standard Chartered Services of Pakistan (Private) Limited		
- Management Company		
Management company's remuneration payable	13,875,177	22,537,787
Other receivable	-	189,447
Key Management Personnel		
Redeemable Capital	1,000,000	4,200,000

Notes to the Condensed Interim Financial Information (Unaudited) For the nine months period ended 31 March 2016

19. SEGMENT INFORMATION

As per IFRS 8: "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Management Company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

The Modaraba has a diversified product portfolio whereby resources have been allocated.

The Modaraba also has a diversified certificate holder population. As at 31 March 2016, there were only two (June 2015: two) certificate holders who each held more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (June 2015: 10% and 10%) respectively.

20. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in this condensed interim financial information during the current period.

21. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on April 25, 2016 by the Board of Directors of the Management Company.

22. GENERAL

Figures have been rounded off to the nearest rupee.

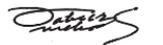
For Standard Chartered Services of Pakistan (Private) Limited
(Management Company)



Khurram Shahzad Khan
Chairman



Raheel Qamar Ahmad
Chief Executive



Syed Zaheer Mehdi
Director

