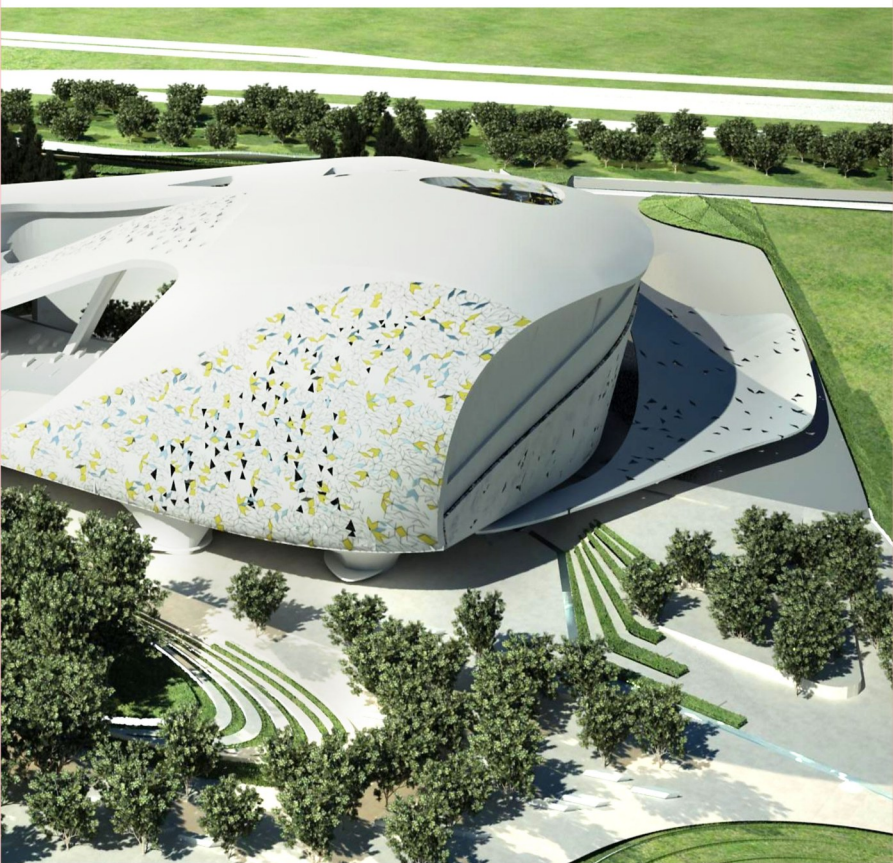


1st Quarterly Report

September 30, 2015

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. Salar Hasan Khan
Director

Mr. Najam Siddiqi
Director

Mr. Shezad Arif
Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Salar Hasan Khan
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. Salar Hasan Khan
Member

Shariah Advisor

Mufti Abdul Sattar Laghari

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 Advocates
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

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 quarter ended September 30, 2015

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 three months period ended September 30, 2015.

1. Economic Outlook

With improved macroeconomic indicators and market sentiments, Pakistan's GDP in FY15 posted a 4.2% growth vs. 4.1% in FY14. The Government's target for FY16 is 5.5%. So far in FY16, large-scale manufacturing index grew by 4.7% in July compared with the same month last year. Growth is led by a pickup in the automobiles, chemicals and the fertilizer sectors.

The country's total FX reserves increased 48% y/y to a record USD 20 billion by end-September 2015. With the IMF programme on track, the improvements in the external sector have led to stability of the Pakistani Rupee; barring the one off drop of 2.4% against the USD in the aftermath of China's Yuan devaluation.

Inflation continues to decline on account of weakness in softer commodity and oil prices and improved domestic food-supply conditions. With CPI inflation at 1.3% in September, average inflation for Q1-FY16 was 1.7% compared with 7.5% in the same period last year. This general decline in inflationary pressures provided room for the central bank for monetary easing by reducing its discount rate by an additional 50 bps in September. The State Bank's Target Rate now stands at 6%.

2. Financial Highlights

Financial results are summarized as under:

	September 30, 2015 (PKR '000')	June 30, 2015 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	1,052,622	1,152,825
Investment in Ijarah finance and Ijarah Assets	3,344,464	3,539,000
Investments in Diminishing Musharika and Sukuks	1,365,275	1,166,664
Redeemable capital	2,639,630	2,683,945
	Three Months ended September 30, 2015 (PKR '000')	Three Months ended September 30, 2014 (PKR '000')
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	131,226	162,068
Financial charges	56,610	85,935
Reversal of provisions / (provision) – net	6,507	(8,659)
Operating expenses	24,040	22,131
Profit before modaraba management company's remuneration	57,082	45,343
Net profit	49,563	39,281

3. Review of Operations

During the period under review the Modaraba's net profit increased by 26.18% from Rs. 39.28 million to Rs. 49.56 million as compared to corresponding period of last year mainly due to recovery of nonperforming asset and efficient management of financial charges. Even with an almost 30% decrease in discount rate occurring since last year, the gross revenue reduced only by 19.03% from Rs. 162.07 million to Rs. 131.23 million, whereas, financial charges decreased by 34.12% from Rs. 85.94 million to Rs. 56.61 million. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 4,710 million compared to Rs. 4,706 million as at June 30, 2015, showing a marginal increase of 0.1% within the three months period. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships.

Directors' Review

For the period ended September 30, 2015

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. 534 million as compared to Rs. 400 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.



Khurram Khan
Chairman
Karachi: October 22, 2015

Condensed Interim Balance Sheet


As at September 30, 2015

		(Un-audited) September 30, 2015	(Audited) June 30, 2015
	Note	Rupees	
ASSETS			
Current assets			
Cash and bank balances	5	182,473,389	267,884,031
Ijarah rentals receivable	6	84,972,619	92,594,883
Advances, deposits, prepayments and other receivables		87,948,246	93,675,982
Current portion of investment in Sukuk certificates	7	-	-
Current portion of Diminishing Musharika	8	263,547,832	291,075,993
Net investment in Ijarah finance	9	370,000	370,000
Taxation recoverable		4,907,322	5,918,628
Total current assets		624,219,408	751,519,517
Non-current assets			
Long-term portion of investment in Sukuk certificates	7	-	-
Long-term portion of Diminishing Musharika	8	1,101,727,003	875,587,862
Ijarah assets	9	3,344,093,668	3,538,629,592
Fixed assets in own use	10	12,394,850	14,510,870
Total non-current assets		4,458,215,521	4,428,728,324
TOTAL ASSETS		5,082,434,929	5,180,247,841
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	11	8,461,890	22,521,193
Current maturity of Musharika term finance arrangements	12	324,591,660	387,091,664
Current maturity of security deposits		171,298,104	170,402,000
Creditors, accrued and other liabilities		203,294,991	208,722,973
Advance Ijarah rentals received		58,507,948	36,987,366
Current portion of redeemable capital		1,045,580,000	840,805,000
Profit distribution payable	13	183,283,751	33,843,488
Total current liabilities		1,995,018,344	1,700,373,684
Non-current liabilities			
Long-term portion of Musharika term finance arrangements	12	34,272,917	68,545,829
Long-term portion of security deposits		406,471,399	415,363,799
Long-term portion of redeemable capital		1,594,050,000	1,843,140,000
Total non-current liabilities		2,034,794,316	2,327,049,628
TOTAL LIABILITIES		4,029,812,660	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		70,822,002	173,502,431
Other reserves		527,964,967	525,486,798
		1,052,622,269	1,152,824,529
TOTAL LIABILITIES AND EQUITY		5,082,434,929	5,180,247,841
CONTINGENCIES AND COMMITMENTS			

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The annexed notes 1 to 23 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


Salar Khan
Director


Condensed Interim Profit and Loss Account (Unaudited)

For the three months period ended September 30, 2015

	Note	Three months period ended September 30, 2015	Three months period ended September 30, 2014
		-----Rupees-----	
Ijarah rentals earned		438,079,860	492,722,686
Income on Diminishing Musharika arrangements		31,667,682	40,501,960
Income on deposits with banks		3,712,400	3,443,037
		<u>473,459,942</u>	<u>536,667,683</u>
Financial charges		(56,609,968)	(85,934,912)
Depreciation on assets under Ijarah arrangements		<u>(349,209,612)</u>	<u>(384,231,003)</u>
		67,640,362	66,501,768
Reversal / (provision) in respect of Ijarah finances - net		6,394,513	(8,771,351)
Reversal of provision in respect of Diminishing Musharika		<u>112,371</u>	<u>112,372</u>
		74,147,246	57,842,789
Other income		6,975,517	9,631,099
Administrative and operating expenses		<u>(24,040,498)</u>	<u>(22,131,295)</u>
		57,082,265	45,342,593
Management Company's remuneration		(5,708,226)	(4,534,259)
Provision for services sales tax on Management Company's remuneration	15	(799,152)	(725,481)
Provision for Workers' Welfare Fund	16	<u>(1,011,498)</u>	<u>(801,657)</u>
Profit for the period before taxation		49,563,389	39,281,196
Taxation	17	-	-
Profit for the period after taxation		49,563,389	39,281,196
Other comprehensive income for the period		-	-
Total comprehensive income for the period		49,563,389	39,281,196
Earnings per certificate - basic and diluted		<u>1.09</u>	<u>0.87</u>

The annexed notes from 1 to 23 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


Salar Khan
Director

Condensed Interim Cash Flow Statement (Unaudited)


For the three months period ended September 30, 2015

Note	Three months period ended September 30, 2015	Three months period ended September 30, 2014
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	49,563,389	39,281,196
Adjustments for non-cash and other items:		
Depreciation / amortisation on fixed assets in own use	2,116,020	2,156,643
Depreciation on Ijarah assets	349,209,612	384,231,003
Gain on disposal of Ijarah assets	(6,436,401)	(8,934,780)
Provision/ (Reversal of provision) in respect of Ijarah finances - net	(6,394,513)	8,771,351
(Reversal of provision) in respect of Diminishing Musharika	(112,371)	(112,372)
Income on deposits with bank	(3,712,400)	(3,443,037)
Profit on:		
- Redeemable capital	42,151,092	60,381,124
- Musharika finance	17,701	69,797
- Musharika term finance arrangements	6,915,633	18,618,651
Provision for services sales tax on Management Company's remuneration	799,152	725,481
Provision for Workers' Welfare Fund	1,011,498	801,657
	385,565,023	463,265,538
	435,128,412	502,546,734
(Increase) / decrease in assets		
Advances, deposits, prepayments and other receivables	5,946,891	110,055,191
Ijarah rentals receivable	14,016,777	26,994,750
Diminishing Musharika	(198,498,609)	54,824,340
Purchase of assets under Ijarah arrangements	(235,339,572)	(487,334,238)
Proceeds from disposal of assets under Ijarah arrangements	87,102,285	134,349,959
	(326,772,228)	(161,109,998)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	(40,652)	283,766,806
Advance Ijarah rentals received	21,520,582	3,118,523
Security deposits	(7,986,296)	3,206,123
	13,483,634	290,091,452
	121,839,818	631,528,188
Profit paid on		
- Redeemable capital	(47,321,430)	(51,401,110)
- Musharika finances	-	(66,950)
- Musharika term finance arrangements	(7,949,478)	(18,978,035)
	(55,270,908)	(70,446,095)
Taxes paid	(192)	-
Net cash generated from operating activities	66,568,718	561,082,093
CASH FLOWS FROM INVESTING ACTIVITIES		
Income on deposits with bank	3,493,245	1,558,140
Net cash generated from/ (used in) investing activities	3,493,245	1,558,140
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	(44,315,000)	186,390,000
Musharika term finance less repayments	(96,772,916)	(121,014,520)
Profit paid to certificate holders	(325,386)	(172,818)
Net (decrease) / increase in cash and cash equivalents	(141,413,302)	65,202,662
(Decrease) / Increase in cash and cash equivalents	(71,351,339)	627,842,895
Cash and cash equivalents at the beginning of period	245,362,838	(140,904,321)
Cash and cash equivalents at end of the period	174,011,499	486,938,574

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The annexed notes from 1 to 23 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


Salar Khan
Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For the three months period ended September 30, 2015

	Paid-up certificate capital	Premium on modaraba certificates	Reserves			Total
			Statutory reserve	Unappropriated profit	Sub-total	
			(Rupees)			
Balance as at June 30, 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 quarter						
- Profit for the quarter ended 30 September 2014	-	-	-	39,281,196	39,281,196	39,281,196
- Other comprehensive income for the quarter	-	-	-	-	-	-
	-	-	-	39,281,196	39,281,196	39,281,196
Profit distribution for the year ended June 30, 2014 @ Rs. 3 per certificate	-	-	-	(136,150,590)	(136,150,590)	(136,150,590)
Transfer to statutory reserve	-	-	7,856,239	(7,856,239)	-	-
Balance as at September 30, 2014	<u>453,835,300</u>	<u>55,384,700</u>	<u>438,864,289</u>	<u>48,551,194</u>	<u>542,800,183</u>	<u>996,635,483</u>
Balance as at June 30, 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 quarter						
- Profit for the quarter ended 30 September 2015	-	-	-	49,563,389	49,563,389	49,563,389
- Other comprehensive income for the quarter	-	-	-	-	-	-
	-	-	-	49,563,389	49,563,389	49,563,389
Profit distribution for the year ended June 30, 2015 @ Rs. 3.3 per certificate	-	-	-	(149,765,649)	(149,765,649)	(149,765,649)
Transfer to statutory reserve	-	-	2,478,169	(2,478,169)	-	-
Balance as at September 30, 2015	<u>453,835,300</u>	<u>55,384,700</u>	<u>472,580,267</u>	<u>70,822,002</u>	<u>598,786,969</u>	<u>1,052,622,269</u>

The annexed notes from 1 to 23 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


Salar Khan
Director

Notes to the Condensed Interim Financial Information (Unaudited) For the three months period ended September 30, 2015

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 Karachi and Lahore Stock Exchanges.

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

- a) 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 This condensed interim financial information has been prepared in accordance with approved accounting standards as (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 30 September 2015 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, statement of comprehensive income, cash flow statement and statement of changes in equity have been extracted from the condensed interim financial information for the period ended 30 September 2014.

- b) During the year ended 30 June 2008, Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan which was notified by the Securities and Exchange Commission of Pakistan vide an SRO 431(1)/2007 dated 5 May 2007 was adopted. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

Muj'ir (lessors) shall present the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.

Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income shall be recognised as an expense.

Ijarah income shall be recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

SECP, vide its letter No. SC/ M/ RW/ SCM /2009 dated 09 March 2009, allowed that in case of Modarabas, IFAS 2 shall be applied for Ijarah transactions executed on or after 01 July 2008. Accordingly, the Modaraba has accounted for leasing transactions executed before 01 July 2008 as finance leases and has treated the leasing transactions executed on or after 01 July 2008 in accordance with the requirements of IFAS 2.

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

Notes to the Condensed Interim Financial Information (Unaudited)

For the three months period ended September 30, 2015

significant judgements made by the management in applying the Company'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 and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Modaraba as at and for the year ended 30 June 2015. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Modaraba's operations and did not have any impact on the accounting policies of the Modaraba.

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.

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
------(Rupees)-----			
5. CASH AND BANK BALANCES			
Balances with banks			
- in current accounts		54,281	20,003,470
- in deposit accounts	5.1	182,379,108	247,866,152
Cash in hand		40,000	14,409
		182,473,389	267,884,031

- 5.1** These include balances maintained with Standard Chartered Bank (Pakistan) Limited (a related party) amounting to Rs 25.123 million (June 2015: 35.577 million) and carry profit at rate ranging between 3.74% - 6.00% 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.

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
------(Rupees)-----			
6. IJARAH RENTALS RECEIVABLE			
Ijarah rentals receivable - considered good		82,093,101	88,351,245
Ijarah rentals receivable - considered bad or doubtful		38,877,535	58,195,219
Less: allowance for potential Ijarah losses	6.1	(26,272,320)	(37,267,892)
Less: profit held in suspense	6.2	(9,725,697)	(16,683,689)
		2,879,518	4,243,638
		84,972,619	92,594,883

6.1 Allowance for potential Ijarah losses

Opening balance	37,267,892	35,321,727
Charge / (reversal) for the period / year	(6,394,513)	1,946,165
Amount written off during the period / year	(4,601,059)	-
Closing balance	26,272,320	37,267,892

6.2 Profit held in suspense

Opening balance	16,683,689	20,189,295
Income suspended during the period / year - net	(6,800,780)	(3,505,606)
Income write off during the period / year	(157,212)	-
Closing balance	9,725,697	16,683,689

	(Un-audited) September 30, 2015	(Audited) June 30, 2015
------(Rupees)-----		
7. INVESTMENT IN SUKUK CERTIFICATES		
<i>Held-to-maturity investments</i>		
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	-	-
	-	-

Notes to the Condensed Interim Financial Information (Unaudited)

For the three months period ended September 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
------(Rupees)-----			
8. DIMINISHING MUSHARIKA			
- Staff			
Housing finance		29,977,947	33,237,567
Others		1,896,410	1,614,549
	8.1	31,874,357	34,852,116
- Other Customers			
Housing finance		693,426,117	623,803,308
Others		662,945,019	531,091,460
Less: Provision in respect of Diminishing Musharika		(22,970,658)	(23,083,029)
		1,333,400,478	1,131,811,739
		1,365,274,835	1,166,663,855
		(263,547,832)	(291,075,993)
		1,101,727,003	875,587,862
Less: current portion of Diminishing Musharika			
8.1. This includes diminishing musharika facility availed by key management personnel with respect to housing finance and personal finance amounted to Rs 25.648 million (June 2015:Rs 26.010 million) and Rs 0.894 million (June 2015:Rs 0.531 million) respectively			
		(Un-audited) September 30, 2015	(Audited) June 30, 2015
------(Rupees)-----			
9. NET INVESTMENT IN IJARAH FINANCE			
Ijarah contracts commencing on or after July 1, 2008			
- accounted for under IFAS 2		3,344,093,668	3,538,629,592
Ijarah contracts prior to July 1, 2008			
- accounted for as finance leases		370,000	370,000
Less: Current portion of net investment in Ijarah finance		(370,000)	(370,000)
		-	-
		(Un-audited) September 30, 2015	(Un-audited) September 30, 2014
------(Rupees)-----			
Ijarah Assets			
Additions at cost during the period			
- Plant, machinery and equipments		64,462,807	369,083,228
- Motor vehicles		170,876,765	118,251,010
		235,339,572	487,334,238
Disposals at cost during the period			
- Plant, machinery and equipments		267,341,285	66,913,200
- Motor vehicles		277,778,253	240,448,162
		545,119,538	307,361,362
9.1. Ijarah facility extended to key management personnel as per HR policies having net book value amounting to Rs. 1.505 million (June 2015:Rs 1.732 million).			
		(Un-audited) September 30, 2015	(Audited) June 30, 2015
------(Rupees)-----			
10. FIXED ASSETS IN OWN USE			
Tangible assets		42,839	93,908
Intangible assets		12,352,011	14,416,962
		12,394,850	14,510,870
11. MUSHARIKA FINANCE			
Musharika with:			
- an associated undertaking - secured	11.1	8,461,890	22,521,193
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 0.2184 (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, 2015.			
		(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- Rupees -----			
12. MUSHARIKA TERM FINANCE			
Musharika with other banks		358,864,577	455,637,493
Less: Current portion of musharika term finance		324,591,660	387,091,664
		34,272,917	68,545,829
13. PROFIT DISTRIBUTION PAYABLE			
Profit distribution payable for the year ended June 30, 2015		149,765,649	-
Unclaimed profit distribution		33,518,102	33,843,488
		183,283,751	33,843,488

Notes to the Condensed Interim Financial Information (Unaudited)

For the three months period ended September 30, 2015

14. CONTINGENCIES AND COMMITMENTS

14.1 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 standalone 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 6.909 million as at September 30, 2015.

14.2 Commitments

The Modaraba has issued letter of comfort to Meezan Bank Limited equal to an amount of Rs 33.060 million on behalf of Safina Foods (Private) Limited.

15. 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, which is pending adjudication.

16. 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.

17. 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 June 30, 2016. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

18. CASH AND CASH EQUIVALENTS

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

		(Un-audited) Note September 30, 2015	(Un-audited) September 30, 2014
		----- (Rupees) -----	
Cash and bank balances	5	182,473,389	515,765,556
Musharika finance	11	(8,461,890)	(28,826,982)
		<u>174,011,499</u>	<u>486,938,574</u>

19. 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:

	Three months period ended September 30, 2015 (Un-audited)	Three months period ended September 30, 2014 (Un-audited)
	----- (Rupees) -----	
Standard Chartered Bank (Pakistan) Limited - Holding Company		
Profit on Musharika finance	17,701	69,797
Profit on Musharika term finance	-	3,287,619
Profit on deposit account	646,187	619,776
Bank charges and commission	7,383,042	6,518,622
Charge for reimbursement of miscellaneous expenses	1,774,083	2,190,129
Staff retirement benefits funds		
Contribution to the staff provident fund	631,291	555,296
Contribution to the staff gratuity fund	523,502	462,561
Standard Chartered Services of Pakistan (Private) Limited - Management Company		
Management company's remuneration	5,708,226	4,534,259

Notes to the Condensed Interim Financial Information (Unaudited)

For the three months period ended September 30, 2015

	Three months period ended September 30, 2015 (Un-audited)	Three months period ended September 30, 2014 (Un-audited)
	----- (Rupees) -----	
Key Management Personnel remuneration		
Salaries and benefits	11,376,956	11,559,087
Contribution to the staff provident fund	269,318	274,728
Contribution to the staff gratuity fund	224,340	228,849
Income earned on DM finances to Key management personnel	1,105,598	1,169,304
Ijarah rental earned on Ijarah finances to Key management personnel	294,738	553,427
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) September 30, 2015	(Audited) June 30, 2015
	----- Rupees -----	
Standard Chartered Bank (Pakistan) Limited - Holding Company		
Advances, deposits, prepayments and other receivables	43,689,847	51,733,460
Creditors, accrued and other liabilities	1,134,187	18,360,977
Standard Chartered Services of Pakistan (Private) Limited - Management Company		
Management company's remuneration payable	28,246,013	22,537,787
Other receivable	-	189,447

20. 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 September 30, 2015, 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.

21. 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.

22. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on October 22, 2015 by the Board of Directors of the Management Company.

23. GENERAL

Figures have been rounded off to the nearest rupee.


Khurram Shahzad Khan
Chairman


Raheel Qamar Ahmad
Chief Executive


Salar Khan
Director

