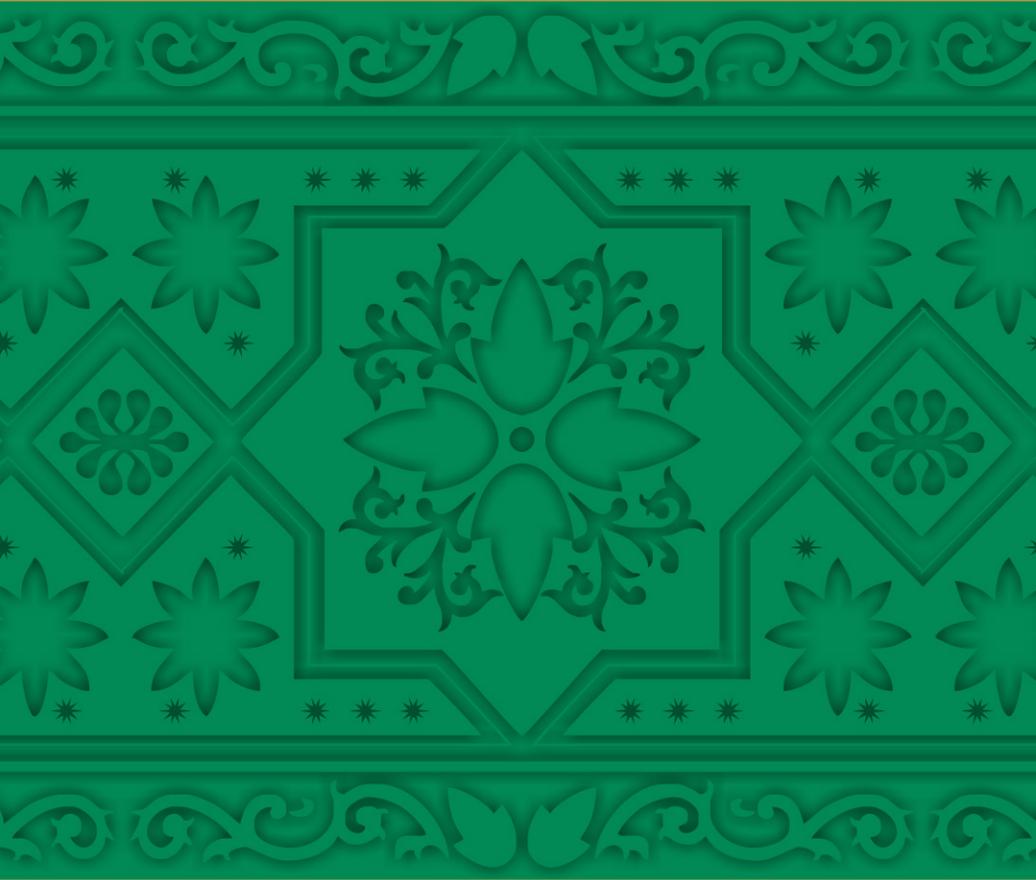


IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

SINDH MODARABA

HALF YEARLY REPORT DECEMBER 31, 2016



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

وَقُلْ رَبِّ زِدْنِي عِلْمًا

Say: My Lord! Increase me in knowledge

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Vision & Mission Statements

Vision

Our vision is to be one of the leading Islamic Financial Institution within Modaraba sector by offering Shari'ah compliant solutions for an optimal satisfaction of customers

Mission

The basic aim of Sindh Modaraba is to seek Allah's blessing for transformation of our business dealings in accordance with the principles enshrined in the Islamic Shari'ah. And to develop an Islamic Institution by implementing Allah's will in the line with the practices of His Prophet (P.B.U.H.) by meeting its stated objectives built on Trust, Integrity, Innovation and good governance for meeting expectation of its stakeholders.

Corporate Information

Board of Directors

Mr. Muhammad Bilal Sheikh	-Chairman	-Non-Executive Director
Syed Hasan Naqvi		-Non-Executive Director
Syed Shahnawaz Nadir Shah		-Non-Executive Director
Mr. Muhammad Shahid Murtaza		-Independent Director
Mr. Asif Haider Mirza		-Independent Director
Mr. Muhammad Naimuddin Farooqui		-Chief Executive

CFO & Company Secretary

Mr.Zulfiqar Ali

Audit Committee

Mr. Muhammad Shahid Murtaza	-Chairman
Syed Shahnawaz Nadir Shah	-Member
Mr. Asif Haider Mirza	-Member

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Human Resource Committee

Mr. Muhammad Bilal Sheikh	-Chairman
Mr. Muhammad Shahid Murtaza	-Member
Mr. Asif Haider Mirza	-Member
Mr. Muhammad Naimuddin Farooqui	-Member

Legal Advisor

Mohsin Tayebaly & Co.

Nomination Committee

Syed Hasan Naqvi	-Chairman
Mr. Muhammad Bilal Sheikh	-Member
Mr. Muhammad Shahid Murtaza	-Member
Mr. Asif Mr. Asif Haider Mirza	-Member

Share Registrar

Technology Trade (Pvt.) Ltd
 Dagia House, 241-C Block 2,
 P.E.C.H.S., Shakra-e-Quaideen
 Karachi.
 Tel: (92-21) 34391316

Procurement Committee

Syed Hasan Naqvi	-Chairman
Mr. Muhammad Shahid Murtaza	-Member
Syed Shahnawaz Nadir Shah	-Member
Mr. Asif Haider Mirza	-Member

Risk Management Committee

Mr. Muhammad Bilal Sheikh	-Chairman
Mr. Muhammad Shahid Murtaza	-Member
Mr. Asif Haider Mirza	-Member
Mr. Muhammad Naimuddin Farooqui	-Member

Registered/Head Office

1st Floor, Imperial Court,
 Dr. Ziauddin Ahmed Road
 Karachi
 Tel: (92-21) 35640708-9

Bankers

Sindh Bank Limited-Islamic Banking (Saadat)

Lahore Branch

Escort House No. 28
 Davis Road
 Lahore

Auditors

Grant Thornton Anjum Rahman
 Chartered Accountants

Directors' Review

The Board of Directors of Sindh Modaraba Management Limited, Management Company of Sindh Modaraba is pleased to present the un-audited Financial Statements of Sindh Modaraba for the period ended December 31, 2016.

Operating Results

During the period under review, the Modaraba earned profit of Rs. 6.58 million as compared to Rs. 7.41 million earned during the corresponding period ended Dec 31, 2015. This is mainly due to reduced markup rate by an average of about 1% between the periods. The financing portfolio too witnessed a decline as compared to June 2016 figures mainly on account of early repayment by a major customer.

The Management Company provided an interest free loan of Rs. 500 million to enhance the growth of the Modaraba. This support gave a boost to investors' confidence resulting in increase in Modaraba's certificate price at PSX to a high of Rs. 11.60. The Modaraba also successfully negotiated a Shariah Compliant credit line of Rs. 500 million from Sindh Bank Limited, an associated concern.

We are also pleased to inform you that JCR-VIS has assigned long term and short term credit rating of A+ and A1 respectively to the Modaraba with a stable outlook.

Future Prospects

The positive impact of the loan of Rs. 500 million received from the Management Company at the end of period will be reflected in the ensuing period. With the available liquidity of over Rs. 600 million coupled with the availability of credit lines, the Modaraba is well poised to capitalize on the opportunities available for Islamic Finance Institutions in the country. With the State Bank of Pakistan encouraging the growth of Shariah Compliant financing the prospects are ever too bright. However, the Modaraba will stick to its policy of avoiding any risky experimentation and will extend credit facilities to highly credit worthy customers only. We are hopeful of achieving better results in the remaining half of the current financial year.

Acknowledgment

On behalf of the Board of Directors, I would like to thank all stake holders' i.e. sponsors, shareholders, regulators and Shariah Advisors for their guidance and support, and the customers for their patronage. We assure them of continued adherence to prudent practices and providing customized products and services to the customers. A special note of thanks to the staff whose unrelenting hard work has enabled Sindh Modaraba for achieving these results.

On behalf of Board

Karachi:
January 25, 2017

M.Naim Farooqui
Chief Executive

Auditors' Report on Review Of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of the Sindh Modaraba (the Modaraba) as of December 31, 2016, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement for the six-month period then ended, together with explanatory notes (here-in-after referred to as the "condensed interim financial information"). The Modaraba Management Company [Sindh Modaraba Management Limited] is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other Matters

The figures for the quarters ended December 31, 2016 and December 31, 2015 in the condensed interim financial information have not been reviewed and we do not express conclusion on them.

Date: February 01, 2017

Karachi

Grant Thornton Anjum Rahman
Chartered Accountants

Muhammad Shaukat Naseeb
Engagement Partner

Condensed Interim Balance Sheet

As at December 31, 2016

	December 31, 2016	June 30, 2016
	<u>Un-audited</u>	<u>Audited</u>
ASSETS		
Current assets		
Cash and bank balances	4 647,207,463	40,445,905
Ijarah rental receivables	5 3,534,288	1,711,015
Advances, prepayments and other receivables	6 11,986,074	9,341,792
Current portion of Diminishing Musharaka	7 24,811,667	25,953,667
Current portion of long term loan	324,000	324,000
Total current assets	687,863,492	77,776,379
Non - current assets		
Long term Diminishing Musharaka	7 140,797,348	224,349,085
Ijarah assets	8 175,196,141	208,334,348
Long term loan	702,000	864,000
Fixed assets - in own use	9 4,054,051	4,101,086
Total non - current assets	320,749,540	437,648,519
TOTAL ASSETS	<u>1,008,613,032</u>	<u>515,424,898</u>
LIABILITIES AND EQUITY		
Current liabilities		
Creditors, accrued and other liabilities	10 11,746,795	9,598,094
Current portion of long term security deposit	3,931,600	-
Profit distribution payable	77,045	6,798
	<u>15,755,440</u>	<u>9,604,892</u>
Non - current liabilities		
Long term security deposit	28,904,095	32,685,325
TOTAL LIABILITIES	<u>44,659,535</u>	<u>42,290,217</u>
CERTIFICATE HOLDERS' EQUITY		
Certificate capital		
Authorised certificate capital		
50,000,000 certificates of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
(June 30, 2016: 50,000,000 certificates of Rs. 10 each)		
Issued, subscribed, and paid-up certificate capital	450,000,000	450,000,000
Reserves	13,953,497	23,134,681
Long term loan	11 500,000,000	-
TOTAL EQUITY	<u>963,953,497</u>	<u>473,134,681</u>
TOTAL LIABILITIES AND EQUITY	<u>1,008,613,032</u>	<u>515,424,898</u>
CONTINGENCIES AND COMMITMENTS		
12		

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Profit And Loss Account

For the Six-Months Period Ended December 31, 2016

	For the six months period ended December 31, 2016	For the six months period ended December 31, 2015	For the quarter ended December 31, 2016	For the quarter ended December 31, 2015
	Un-audited			
Note	-----Rupees-----			
Income from:				
- Diminishing Musharaka	9,027,199	5,875,115	3,642,354	2,882,074
- Ijarah	44,777,730	20,334,757	22,405,233	12,647,455
- Bank deposits	3,175,301	8,383,148	2,379,605	3,623,195
	56,980,230	34,593,020	28,427,192	19,152,724
Administrative and operating expenses	13 (11,321,535)	(7,907,517)	(5,906,286)	(4,355,190)
Depreciation - Ijarah assets	8 (38,652,907)	(17,622,865)	(19,369,817)	(10,909,742)
Reversal/(Provision) in respect of diminishing musharaka	7 425,597	(665,935)	372,174	(665,935)
Provision on ijarah rental receivable	5 (9,162)	(8,221)	(6,089)	(8,221)
	(49,558,007)	(26,204,538)	(24,910,018)	(15,939,088)
	7,422,223	8,388,482	3,517,174	3,213,636
Other income	134,570	151,780	48,146	105,780
	7,556,793	8,540,262	3,565,320	3,319,416
Management Company's remuneration	(755,680)	(854,026)	(356,533)	(331,942)
Provision for services sales tax on the Management Company's remuneration	(98,239)	(119,564)	(42,358)	(46,472)
Workers' welfare fund	(134,058)	(151,333)	(63,329)	(58,820)
Profit for the period before taxation	6,568,816	7,415,339	3,103,100	2,882,182
Taxation	14 -	-	-	-
Profit for the period	6,568,816	7,415,339	3,103,100	2,882,182
Earnings per certificate - basic and diluted	0.15	0.16	0.07	0.06

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Statement Of Comprehensive Income

For the Six-Months Period Ended December 31, 2016

	For the six months period ended December 31, 2016	For the six months period ended December 31, 2015	For the quarter ended December 31, 2016	For the quarter ended December 31, 2015
	Un-audited			
	-----Rupees-----			
Profit for the period	6,568,816	7,415,339	3,103,100	2,882,182
Other comprehensive income for the period				
- items that may be reclassified to profit and loss account	-	-	-	-
- items that will not be reclassified to profit and loss account subsequently	-	-	-	-
Total comprehensive income for the period	<u>6,568,816</u>	<u>7,415,339</u>	<u>3,103,100</u>	<u>2,882,182</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Cash Flow Statement

For the Six-Months Period Ended December 31, 2016

	Note	For the six months period ended December 31, 2016	For the six months period ended December 31, 2015
		Un-audited -----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		6,568,816	7,415,339
Adjustments for non - cash and other items			
Depreciation - Ijarah assets	8	38,652,907	17,622,865
Depreciation - Fixed assets - in own use	9.1 & 9.2	601,425	270,320
Income on bank deposits		(3,175,301)	(8,383,148)
(Reversal)/Provision in respect of diminishing musharaka		(425,597)	665,935
Provision for ijarah renatal receivable		9,162	8,221
		<u>35,662,596</u>	<u>10,184,193</u>
Working capital changes			
Increase in advances, prepayments and other receivables		(1,900,608)	(4,053,916)
Increase in Ijarah rental receivables		(1,832,435)	(913,728)
Decrease/(Increase) in Diminishing Musharaka		85,119,334	(15,975,127)
Increase in creditors, accrued and other liabilities		2,148,701	4,605,762
Decrease in long term loan		162,000	162,000
Increase in long term security deposit		150,370	19,412,331
		<u>83,847,362</u>	<u>3,237,322</u>
Income received on bank deposits		2,431,627	9,100,896
Net cash generated from operations		<u>128,510,401</u>	<u>29,937,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Ijarah assets	8	(5,514,700)	(129,105,527)
Purchase of fixed assets - in own use	9.1	(38,487)	(3,234,036)
Purchase of intangible	9.2	(515,903)	(525,432)
Net cash used in investing activities		<u>(6,069,090)</u>	<u>(132,864,995)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from Management Company		500,000,000	-
Dividend paid		(15,679,753)	(7,154,846)
Net cash generated from/(used in) financing activities		<u>484,320,247</u>	<u>(7,154,846)</u>
Net increase/(decrease) in cash and cash equivalents		<u>606,761,558</u>	<u>(110,082,091)</u>
Cash and cash equivalents at the beginning of the period		40,445,905	309,603,524
Cash and cash equivalents at the end of the period 17		<u>647,207,463</u>	<u>199,521,433</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Statement of Changes in Equity

For the Six-Months Period Ended December 31, 2016

	Issued, subscribed, and paid-up certificate capital	Reserves			Long term loan	Total equity
		Statutory reserve	Unappropriated profit	Total		
Audited						
Rupees						
Balance as at July 01, 2015	450,000,000	1,918,241	7,672,962	9,591,203	-	459,591,203
Profit for the period	-	-	7,415,339	7,415,339	-	7,415,339
Other comprehensive income for the period	-	-	-	-	-	-
Transaction with Certificate Holders						
Profit distribution @ Rs. 0.16 (1.6%) per certificate	-	-	(7,200,000)	(7,200,000)	-	(7,200,000)
Balance as at December 31, 2015	<u>450,000,000</u>	<u>1,918,241</u>	<u>7,888,301</u>	<u>9,806,542</u>	<u>-</u>	<u>459,806,542</u>
Un-audited						
Rupees						
Balance as at July 01, 2016	450,000,000	6,066,937	17,067,744	23,134,681	-	473,134,681
Profit for the period	-	-	6,568,816	6,568,816	-	6,568,816
Other comprehensive income for the period	-	-	-	-	-	-
Loan from Management Company	-	-	-	-	500,000,000	500,000,000
Transaction with Certificate Holders						
Profit distribution @ Rs. 0.35 (3.5%) per certificate	-	-	(15,750,000)	(15,750,000)	-	(15,750,000)
Balance as at December 31, 2016	<u>450,000,000</u>	<u>6,066,937</u>	<u>7,886,560</u>	<u>13,953,497</u>	<u>500,000,000</u>	<u>963,953,497</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Notes to the Condensed Interim Financial Information

For the Six-Months Period Ended December 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

Sindh Modaraba (the Modaraba) has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Sindh Modaraba Management Limited (the Management Company), which is a wholly owned subsidiary of Government of Sindh. The registered office of the Modaraba is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

The Modaraba is a perpetual, multi-purpose and multi-dimensional Modaraba and is primarily engaged in providing Shariah compliant financing facilities to credit worthy customers. The Modaraba is listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Modaraba for the six months period ended December 31, 2016 have been prepared by the management in accordance with the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and Islamic Financial Accounting Standards (IFASs) 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 the directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements of the Ordinance and the Rules differ with the requirements of IFRS, the requirements of the Ordinance or the Rules shall 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 June 30, 2016.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention.

2.3 Functional and presentation currency

Items included in the condensed interim financial information are measured using the currency of the primary economic environment in which the Modaraba operates. The condensed interim financial information is presented in Pakistani Rupee, which is the Modaraba's functional and presentational currency. Figures have been rounded off to the nearest Rupee, unless stated otherwise.

2.4 Use of significant estimates and judgments

The preparation of condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments

Notes to the Condensed Interim Financial Information

For the Six-Months Period Ended December 31, 2016

and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on on-going basis.

3 SUMMARY OF 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 for the year ended 30 June 2016. However, following new accounting policy for transactions, other events or conditions that did not occur previously is adopted during the period.

Any loan or other amount received by the Modaraba from the Management Company which is agreed to be paid at the discretion of the Modaraba does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently re-measured. The decision by the Modaraba at any time in future to deliver cash or any other financial asset to settle the loan or other amount received would be a direct debit to equity.

		December 31,	June 30,
		2016	2016
		Un-audited	Audited
Note		-----Rupees-----	
4	CASH AND BANK BALANCES		
	Cash in hand	20,000	-
	Stamp paper in hand	82,800	47,200
	Balances with banks		
	-on deposit accounts	4.1 647,008,991	40,379,487
	-on current accounts	95,672	19,218
		<u>647,207,463</u>	<u>40,445,905</u>

4.1 These represent balances held with Sindh Bank Limited - Islamic Banking Unit, related party. These carry profit at the rates 6.1% per annum (June 30, 2016: 6.1% to 6.2% per annum).

		December 31,	June 30,
		2016	2016
		Un-audited	Audited
		-----Rupees-----	
5	IJARAH RENTAL RECEIVABLES		
	Ijarah rental receivables	3,552,048	1,719,613
	Less: provision for ijarah rental receivable	<u>(17,760)</u>	<u>(8,598)</u>
		<u>3,534,288</u>	<u>1,711,015</u>

5.1 This represents general provision made at the rate of 0.5% (June 30, 2016: 0.5%) against ijarah rental receivable.

Notes to the Condensed Interim Financial Information

For the Six-Months Period Ended December 31, 2016

		December 31, 2016	June 30, 2016
		<u>Un-audited</u>	<u>Audited</u>
Note -----Rupees-----			
6	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
	Advances	6.1 6,578,000	6,143,847
	Prepayments	836,766	515,251
	Accrued income from bank deposits	915,854	172,180
	Accrued income from Diminishing Musharaka	2,074,683	2,477,394
	Other receivables	1,580,771	33,120
		<u>11,986,074</u>	<u>9,341,792</u>

- 6.1 This includes advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement and acquisition of Ijarah assets for onward delivery to lessee (Mustajir) amounting to Rs. 6,578,000 (June 30, 2016: Rs. Nil) and Rs. Nil (June 30, 2016: Rs. 4,862,700), respectively.

		December 31, 2016	June 30, 2016
		<u>Un-audited</u>	<u>Audited</u>
Note -----Rupees-----			
7	DIMINISHING MUSHARAKA		
	Receivables - secured	7.1 166,441,221	251,560,555
	Less: current portion of diminishing musharaka	(24,811,667)	(25,953,667)
	Less: provision in respect of diminishing musharaka	7.2 (832,206)	(1,257,803)
	Long term portion of diminishing musharaka	<u>140,797,348</u>	<u>224,349,085</u>

- 7.1 This represents the finance provided to individual and corporate clients under Diminishing Musharaka arrangements for a periods ranging 3 to 20 years (2016: 3 to 20 years) which is secured against equitable mortgage, lien on title documents and / or pari passu charge.
- 7.2 This represents general provision made at the rate of 0.5% (June 30, 2016: 0.5%) on diminishing musharaka receivables.

Notes to the Condensed Interim Financial Information

For the Six-Months Period Ended December 31, 2016

8 IJARAH ASSETS

Particulars	Amount in Rupees							Depreciation rate
	Cost			Depreciation			WDV as at December 31, 2016	
	As at July 01, 2016	Addition/ (Disposal)	As at December 31, 2016	As at July 01, 2016	Charge for the period/ (Adjustment)	As at December 31, 2016		
Un-audited								
Plant and machinery	194,470,625	-	194,470,625	33,919,180	27,783,583	61,702,763	132,767,862	33.33%
Vehicles	63,248,000	5,514,700	68,762,700	15,465,097	10,869,324	26,334,421	42,428,279	20-50%
As at and for the period ended December 31, 2016	257,718,625	5,514,700	263,233,325	49,384,277	38,652,907	88,037,184	175,196,141	
As at and for the year ended June 30, 2016	46,634,838	224,987,527 (13,903,740)	257,718,625	621,798	50,859,629 (2,097,150)	49,384,277	208,334,348	

9 FIXED ASSETS - in own use

Particulars	December 31, 2016		June 30, 2016
	Un-audited		Audited
	Note ----- Rupees -----		
Property and Equipment	9.1	3,231,098	3,677,812
Intangible assets	9.2	822,953	423,274
		4,054,051	4,101,086

9.1 Property and Equipment

Particulars	Amount in Rupees							Depreciation rate
	Cost			Depreciation				
	As at July 01, 2016	Additions	As at December 31, 2016	As at July 01, 2016	Charge for the period	As at December 31, 2016	WDV as at December 31, 2016	
Un-audited								
Furniture and fixtures	1,312,935	-	1,312,935	100,006	65,646	165,652	1,147,283	10%
Vehicles	43,500	-	43,500	12,325	4,350	16,675	26,825	20%
Office equipment	1,324,474	-	1,324,474	214,897	132,450	347,347	977,127	20%
Computer and accessories	1,677,504	38,487	1,715,991	353,373	282,755	636,128	1,079,863	33.33%
As at and for the period ended December 31, 2016	4,358,413	38,487	4,396,900	680,601	485,201	1,165,802	3,231,098	
As at and for the year ended June 30, 2016	294,601	4,063,812	4,358,413	19,946	660,655	680,601	3,677,812	

Notes to the Condensed Interim Financial Information

For the Six-Months Period Ended December 31, 2016

	<u>December 31, 2016</u>	<u>June 30, 2016</u>
	<u>Un-audited</u>	<u>Audited</u>
Note	-----Rupees-----	
9.2 Intangible assets		
Opening net book value	423,274	-
Additions during the period	515,903	525,432
Amortization for the period	<u>(116,224)</u>	<u>(102,158)</u>
Closing net book value	<u>822,953</u>	<u>423,274</u>
As at December 31, 2016 / June 30, 2016		
Cost	1,041,335	525,432
Accumulated amortization	<u>(218,382)</u>	<u>(102,158)</u>
Net book value	<u>822,953</u>	<u>423,274</u>
Annual rates of amortization	33.33%	33.33%
10 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Management company's remuneration payable	4,251,831	3,496,150
Provision for services sales tax on the Management Company's remuneration	609,842	511,603
Creditors	10.1 <u>2,231,520</u>	2,249,264
Other liabilities	2,552,944	1,547,760
Accrued expenses	<u>2,100,658</u>	<u>1,793,317</u>
	<u>11,746,795</u>	<u>9,598,094</u>
10.1	This includes amount of Rs. 1,944,165 (June 30, 2016: Rs. 2,116,225) payable to Sindh Modaraba Management Limited.	
	<u>December 31, 2016</u>	<u>June 30, 2016</u>
	<u>Un-audited</u>	<u>Audited</u>
Note	-----Rupees-----	
11 LONG TERM LOAN	<u>500,000,000</u>	<u>-</u>
This represents interest free loan provided by the Management Company to the Modaraba on 30th day of December 2016. The loan is repayable at the discretion of Modaraba.		
The loan may be ranked sub-ordinated to senior debts in future. The Modaraba has the option to issue equity certificates in future against this loan, subject to necessary regulatory approvals.		

Notes to the Condensed Interim Financial Information

For the Six-Months Period Ended December 31, 2016

12 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at the balance sheet date (June 30, 2016: Nil)

	For the six-month period ended December 31, 2016	For the six-month period ended December 31, 2015
	<u>Un-audited</u>	
Note	-----Rupees-----	
13 ADMINISTRATIVE AND OPERATING EXPENSES		
Salaries, allowances and other benefits	6,917,306	5,094,519
Legal and professional charges	670,370	585,323
Repair and maintenance	422,596	198,002
Utility services	446,180	331,201
Registration and subscription fee	373,734	222,571
Generator Sharing and fuel charges	266,340	248,851
Entertainment	75,892	42,814
Advertisement and Publications	23,900	25,200
Staff Orientation and Training	27,000	-
Rent, Rates and T axes	99,998	49,998
Travelling and conveyance	333,246	163,167
Security services	170,994	170,994
Printing, stationery and photocopy	336,523	274,328
Postage, Courier and Telegraphs	57,233	59,086
Auditors' remuneration	103,899	89,452
Depreciation expense - fixed assets	9.1 & 9.2 601,425	270,320
Insurance - owned assets	62,387	18,580
Insurance - Ijarah and Diminishing Musharaka	266,895	23,973
Miscellaneous	65,617	39,138
	<u>11,321,535</u>	<u>7,907,517</u>

14 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, 2017. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

Notes to the Condensed Interim Financial Information

For the Six-Months Period Ended December 31, 2016

15 SEGMENT INFORMATION

As per IFRS 8: "Operating Segments", segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer 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.

16 RELATED PARTY BALANCES AND TRANSACTIONS

The Modaraba has related party relationship with the Management Company, its associated companies, Directors and key management personnel.

The details of related party transactions and balances as at December 31, 2016 are as follows:

		December 31, 2016	June 30, 2016
		Un-audited	Audited
Note	-----	Rupees-----	
Balances as at period end			
Sindh Bank Limited			
Bank deposits	4	<u>647,008,991</u>	40,379,487
Accrued income from bank deposits	6	<u>915,854</u>	<u>172,180</u>
Sindh Modaraba Management Limited			
Loan from Management Company	11	<u>500,000,000</u>	-
Management Company remuneration payable	10	<u>4,251,831</u>	<u>3,496,150</u>
Other Payable	10.1	<u>1,944,165</u>	<u>2,116,225</u>
Key Management Personnel			
Long term loan		<u>1,026,000</u>	<u>1,188,000</u>
Sindh Insurance Limited			
Takaful contribution payable		<u>8,764</u>	-
Sharing of expenses payable		<u>218,430</u>	<u>218,430</u>

Notes to the Condensed Interim Financial Information

For the Six-Months Period Ended December 31, 2016

		For the six-month period ended December 31, 2016	For the six-month period ended December 31, 2015
		<u>Un-audited</u>	
Note		-----Rupees-----	
Transactions for the period			
Sindh Bank Limited			
	Income from deposits	<u>3,175,301</u>	<u>7,703,970</u>
Sindh Modaraba Management Limited			
	Loan received from Management Company	<u>500,000,000</u>	<u>-</u>
	Purchase of fixed assets	<u>-</u>	<u>2,116,225</u>
	Management Company remuneration	<u>755,680</u>	<u>854,026</u>
Sindh Insurance Limited			
	Insurance premium paid	<u>339,612</u>	<u>289,312</u>
	Sharing of expenses	<u>218,430</u>	<u>218,430</u>
Key Management Personnel			
	Salaries, allowances and benefits paid	<u>2,377,719</u>	<u>2,067,605</u>
Staff Provident Fund			
	Contribution paid	<u>416,850</u>	<u>441,544</u>
		<u>December 31,</u>	<u>December 31,</u>
		<u>2016</u>	<u>2015</u>
		<u>Un-audited</u>	
		-----Rupees-----	
17	CASH AND CASH EQUIVALENT		
	Cash and bank balances	<u>647,207,463</u>	<u>99,521,433</u>
	Short term investment	<u>-</u>	<u>100,000,000</u>
		<u>647,207,463</u>	<u>199,521,433</u>
18	SUBSEQUENT EVENT		
	No subsequent events have occurred till the reporting date that may require adjustment of or disclosure in the condensed interim financial information for the six months period ended December 31, 2016.		
19	DATE OF AUTHORISATION		
	This condensed interim financial information was authorised for issue on January 25, 2017 by the Board of Directors of the Management Company.		

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

**Islamic Financing
Products Offered by
Sindh Modaraba**

- Ijarah
- Diminishing Musharaka
- Morabaha
- Musharaka
- Salam
- Istisna

SINDH MODARABA

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