

Half Yearly Report
December 31, 2011

Contents

| | |
|-----------------------------------|----|
| MODARABA INFORMATION | 2 |
| DIRECTORS' REVIEW | 3 |
| AUDITORS' REVIEW REPORT | 5 |
| BALANCE SHEET | 6 |
| PROFIT AND LOSS ACCOUNT | 7 |
| CASH FLOW STATEMENT | 8 |
| STATEMENT OF CHANGES IN EQUITY | 9 |
| NOTES TO THE FINANCIAL STATEMENTS | 10 |

Modaraba Information

Directors of Modaraba Company

Mr. Mohsin Ali Nathani
Chairman

Mr. Raheel Qamar Ahmad
Managing Director/Chief Executive

Mr. Najam Siddiqi
Director

Mr. Imran Sarwar
Director

Mr. Khurram S. Khan
Director

Mr. Shezad Arif
Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Najam Siddiqi
Chairman

Mr. Imran Sarwar
Member

Mr. Khurram S. Khan
Member

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Bankers / Lending Institutions

Standard Chartered Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Meezan Bank Limited

Legal Advisors

Fazle Ghani Khan & Co.
Mohsin Tayabali & Co.
Orr Dignam & Co.
Sirajul Haque & Co.

Registered and Head Office

Standard Chartered Bank
Main Building
P. O. Box 5556, I. I. Chundrigar Road
Karachi-74000
Phone: 32450000

Branch Offices

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

Standard Chartered Bank Building
6-A, 2nd Floor,
Union Arcade, F-7 Markaz
Islamabad
Phone: (051) 8342329-30

Registrars & Share Registration Office

Famco Associates (Private) Limited
State Life Building No. 1A, 1st Floor
I. I. Chundrigar Road, Karachi
Phone: (021) 32426597, 32427012

Web Address

www.scmodaraba.com

Directors' Review

For the half year ended December 31, 2011

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 six months period ended December 31, 2011.

1. Economic Outlook

The economy is showing signs of recovery. Manufacturing output posted growth of 0.83% y/y during July to December 2011 compared to a 2% decline in the same period last year. Agriculture production is also likely to be higher on improved cotton and rice output. State Bank of Pakistan forecasts that growth will pick up to 3.8% in FY12, the highest in the last four years. However, Private credit has remained weak at 4% in 2011, as heavy government deficit financing has crowded out the private sector. Price pressures in the economy have subsided; inflation declined to 9.7% y/y in December 2011, the first single digit CPI print in two years. This has allowed SBP to cut rates by 200bps in 2011 and bring down policy rate to 12%.

However, concerns remain over the widening trade deficit and sharp drop in foreign capital inflows. This has led to a 5% y/y depreciation in the Rupee (PKR), with official FX reserves declining to USD 12.9bn by December 2011 compared to USD 14.8bn in June 2011. Large external debt payments including repayments to the IMF and suspended aid flows from the US administration indicate that pressure on PKR is likely to rise in 2012.

2. Financial Highlights

Financial results are summarized as under:

| | December 31, 2011 (PKR '000') | June 30, 2011 (PKR '000') |
|---|---|---|
| Balance Sheet | | |
| Certificate capital | 453,835 | 453,835 |
| Total equity | 904,997 | 938,070 |
| Investment in Ijarah finance and Ijarah Assets | 3,610,965 | 3,324,495 |
| Investments in Diminishing Musharika and Sukuks | 519,610 | 438,212 |
| Redeemable capital | 2,747,432 | 2,025,639 |
| | Six Months ended December 31, 2011 (PKR '000') | Six Months ended December 31, 2010 (PKR '000') |
| Profit and Loss | | |
| Revenue (net of Ijarah assets depreciation) | 266,036 | 190,691 |
| Financial charges | 169,715 | 112,431 |
| Provisions (net of reversals/recoveries) | 13,454 | 3,941 |
| Operating expenses | 31,604 | 23,667 |
| Profit before management fee | 51,263 | 50,652 |
| Net profit | 45,214 | 44,675 |

3. Review of Operations

During the period under review the Modaraba's gross revenue was increased by 39.51% mainly due to increase in disbursement by 32.64% as compared to the corresponding period of last year. Net profit was marginally higher to Rs. 45.21 million as compared to Rs. 44.67 million. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 4,131 million compared to Rs. 3,763 million as at June 30, 2011, showing an increase of 9.78% within six months period.

The growth in the business is mainly driven by enhancement in selective client segments. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporates and selective SME relationships.

Standard Chartered Modaraba has a well diversified asset portfolio comprising of Plant & Machinery, motor vehicles and equipment. The Modaraba's sector wise exposure is closely monitored. During the period under review, Modaraba booked fresh disbursements to the tune of Rs. 1,129.39 million under various segments compared to Rs. 851.44 million during the corresponding period last year.

Your Modaraba, while remaining cautious and prudent during the prevailing economic slow down, 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 clients.

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.

5. The Board of Directors

The following change has taken place in the board of directors since the last Directors' report:

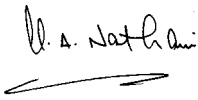
On account of his new assignment with Standard Chartered Group, Mr. Shariq Saleem decided to step down and has resigned from the office of Director of Standard Chartered Services of Pakistan (Private) Limited. Mr. Shezad Arif, SME Head of Standard Chartered Bank (Pakistan) Limited has been appointed as Director of Standard Chartered Services of Pakistan (Private) Limited in his place.

The Board places on record its appreciation for the valuable services rendered by Mr. Shariq Saleem during his association with the company.

6. Acknowledgement

The Board appreciates the support of regulatory authorities, certificate-holders, customers and business partners and look 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.



Mohsin Ali Nathani
Chairman
Karachi: February 22, 2012

Auditor's Review Report

For the half year ended December 31, 2011

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Standard Chartered Modaraba as of December 31, 2011 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). The Modaraba Management Company [Standard Chartered Services of Pakistan (Private) 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. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2010 and 2011 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information 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 as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Fergusons & Co.
Chartered Accountants
Engagement Partner: Rashid A. Jafer
Dated: February 22, 2012
Karachi

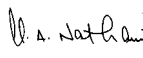
Condensed Interim Balance Sheet (unaudited)

As at December 31, 2011

| | Note | (Un-audited) December 31, 2011 | (Audited) June 30, 2011 |
|---|------|--------------------------------------|-------------------------------|
| (Rupees) | | | |
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | 4 | 2,843,778 | 22,378,264 |
| Loans and receivable - Term deposit receipts | 5 | 150,000,000 | 70,000,000 |
| Ijarah rentals receivable | 6 | 101,846,940 | 67,373,434 |
| Advances, deposits, prepayments and other receivables | | 165,060,545 | 217,527,415 |
| Current portion of investment in Sukuk certificates | 7 | 2,578,125 | 2,109,375 |
| Current portion of Diminishing Musharika | 8 | 122,391,969 | 80,980,321 |
| Current portion of net investment in Ijarah finance | 9 | 176,519,818 | 295,503,090 |
| Taxation recoverable | | 17,257,448 | 18,179,491 |
| Total current assets | | 738,498,623 | 774,051,390 |
| Non - current assets | | | |
| Loans and advances to employees | | 427,061 | 601,310 |
| Long-term portion of investment in Sukuk certificates | 7 | 5,859,375 | 8,203,125 |
| Long-term portion of Diminishing Musharika | 8 | 388,780,203 | 346,919,093 |
| Long-term portion of net investment in Ijarah finance | 9 | 33,986,912 | 63,324,379 |
| Ijarah assets | 9 | 3,400,457,954 | 2,965,667,860 |
| Fixed assets in own use | | 1,968,466 | 2,341,898 |
| Total non-current assets | | 3,831,479,971 | 3,387,057,665 |
| TOTAL ASSETS | | 4,569,978,594 | 4,161,109,055 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Musharika finance | 11 | 75,455,759 | 456,528,711 |
| Current maturity of security deposits | | 112,393,785 | 116,455,506 |
| Creditors, accrued and other liabilities | | 199,784,711 | 141,867,914 |
| Advance Ijarah rentals received | | 74,391,292 | 108,399,003 |
| Current portion of redeemable capital | | 2,722,352,299 | 1,997,908,776 |
| Unclaimed profit distribution | | 27,420,531 | 23,534,996 |
| Total current liabilities | | 3,211,798,377 | 2,844,694,906 |
| Non - current liabilities | | | |
| Long-term portion of security deposits | | 428,103,052 | 350,614,544 |
| Long-term portion of redeemable capital | | 25,080,000 | 27,730,000 |
| Total non - current liabilities | | 453,183,052 | 378,344,544 |
| TOTAL LIABILITIES | | 3,664,981,429 | 3,223,039,450 |
| CERTIFICATE HOLDERS' EQUITY | | | |
| Authorised certificate capital | | | |
| 50,000,000 (2010: 50,000,000) certificates of Rs 10 each | | 500,000,000 | 500,000,000 |
| Certificate capital | | | |
| Issued, subscribed and paid-up certificate capital | | | |
| 28,500,000 (2010: 28,500,000) certificates of Rs. 10 each issued as fully paid in cash | | 285,000,000 | 285,000,000 |
| 16,883,530 (2010: 16,883,530) certificates of Rs. 10 each issued as fully paid bonus certificates | | 168,835,300 | 168,835,300 |
| | | 453,835,300 | 453,835,300 |
| Reserves | | 414,653,560 | 405,610,730 |
| Unappropriated profit | | 36,508,305 | 78,623,575 |
| | | 904,997,165 | 938,069,605 |
| TOTAL LIABILITIES AND EQUITY | | 4,569,978,594 | 4,161,109,055 |
| CONTINGENCIES AND COMMITMENTS | 12 | | |

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

Condensed Interim Profit and Loss Account (unaudited)

For the half year and quarter ended December 31, 2011

| Note | Half year ended December 31, | | Quarter ended December 31, | |
|--|---------------------------------|--------------------|-------------------------------|--------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | -----Rupees----- | | -----Rupees----- | |
| Ijarah finance income | 14,707,213 | 47,333,527 | 6,242,707 | 19,421,932 |
| Ijarah rentals earned | 737,996,008 | 439,627,810 | 377,868,440 | 234,688,230 |
| Profit on Sukuk certificates | - | 402,807 | - | 168,719 |
| Income on Diminishing Musharika transactions | 34,701,943 | 16,691,403 | 17,761,550 | 8,501,575 |
| Income on deposits with bank | 14,960,283 | 10,257,602 | 12,329,307 | 3,731,362 |
| | <u>802,365,447</u> | <u>514,313,149</u> | <u>414,202,004</u> | <u>266,511,818</u> |
| Financial charges | (169,714,765) | (112,431,388) | (92,013,977) | (55,732,215) |
| Depreciation on assets under Ijarah arrangements | (545,174,384) | (327,228,734) | (277,987,726) | (173,278,713) |
| | <u>87,476,298</u> | <u>74,653,027</u> | <u>44,200,301</u> | <u>37,500,890</u> |
| Provision in respect of Ijarah finances - net | (1,422,985) | (3,940,540) | - | (1,982,890) |
| Provision in respect of Diminishing Musharika | (12,500,000) | - | (6,250,000) | - |
| Reversal of provision in respect of Sukuk certificates | 468,750 | - | 234,375 | - |
| | <u>74,022,063</u> | <u>70,712,487</u> | <u>38,184,676</u> | <u>35,518,000</u> |
| Other income | 8,844,938 | 3,606,143 | 6,393,558 | 1,839,888 |
| Administrative and operating expenses | (31,603,793) | (23,667,011) | (18,372,772) | (12,763,475) |
| | <u>51,263,208</u> | <u>50,651,619</u> | <u>26,205,462</u> | <u>24,594,413</u> |
| Modaraba management company fee | (5,126,321) | (5,065,162) | (2,620,546) | (2,459,441) |
| Provision for workers' welfare fund | (922,738) | (911,729) | (471,699) | (442,699) |
| Profit before taxation | <u>45,214,149</u> | <u>44,674,728</u> | <u>23,113,217</u> | <u>21,692,273</u> |
| Taxation | - | - | - | - |
| Profit after taxation | <u>45,214,149</u> | <u>44,674,728</u> | <u>23,113,217</u> | <u>21,692,273</u> |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>45,214,149</u> | <u>44,674,728</u> | <u>23,113,217</u> | <u>21,692,273</u> |
| Earnings per certificate | <u>1.00</u> | <u>0.98</u> | <u>0.51</u> | <u>0.48</u> |

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

December 2011

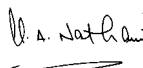
Condensed Interim Cash Flow Statement (unaudited)

For the half year ended December 31, 2011

| | Note | Half year ended December 31,2011 | Half year ended December 31,2010 |
|---|------|--|--|
| (Rupees) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 45,214,149 | 44,674,728 |
| Adjustment for non cash and other items: | | | |
| Depreciation on fixed assets in own use | | 628,532 | 525,916 |
| Depreciation on fixed assets under Ijarah arrangements | | 545,174,384 | 327,228,734 |
| Profit on disposal of assets under Ijarah arrangements | | (4,343,692) | (569,805) |
| Provision in respect of Ijarah finances | | 1,422,985 | 3,940,540 |
| Provision in respect of Diminishing Musharika | | 12,500,000 | - |
| Reversal of provision in respect of Sukuk certificates | | (468,750) | - |
| Profit on Sukuk certificates | | - | (402,807) |
| Income on deposits with bank | | (14,960,283) | (10,257,602) |
| Profit on: | | | |
| - Redeemable capital | | 152,932,390 | 106,779,892 |
| - Musharika finances | | 7,310,572 | 338,973 |
| | | 700,196,138 | 427,583,841 |
| | | 745,410,287 | 472,258,569 |
| (Increase) / decrease in assets | | | |
| Advances, deposits, prepayments and other receivables | | 57,783,952 | (13,923,048) |
| Ijarah rentals receivable | | (35,896,491) | (25,053,523) |
| Diminishing musharika | | (95,772,758) | (45,759,036) |
| Purchase of assets under Ijarah arrangements | | (1,073,803,209) | (801,443,775) |
| Proceeds from disposal of assets under Ijarah arrangements | | 98,182,423 | 49,426,322 |
| Investment in Ijarah finance -net | | 148,320,742 | 358,176,856 |
| Loans and advances to employees | | 174,249 | (64,699) |
| | | (901,011,092) | (478,640,903) |
| Increase / (decrease) in liabilities | | | |
| Creditors, accrued and other liabilities | | 19,714,172 | 9,925,361 |
| Advance Ijarah rentals received | | (34,007,711) | 8,073,917 |
| Security deposits | | 73,426,787 | 28,969,073 |
| | | 59,133,248 | 46,968,351 |
| | | (96,467,557) | 40,586,017 |
| Profit (paid) / received on | | | |
| - Sukuk certificates | | - | 251,137 |
| - Redeemable capital | | (109,458,144) | (121,265,581) |
| - Musharika finances | | (12,582,196) | (1,340,603) |
| Taxes paid | | 922,043 | (6,135,375) |
| | | (121,118,297) | (128,490,422) |
| | | (217,585,854) | (87,904,405) |
| Net cash used in operating activities | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Receipt against investment | | 2,343,750 | 2,343,750 |
| Fixed capital expenditure | | (255,100) | (700,000) |
| Income on deposits with bank | | 9,643,201 | 15,613,765 |
| Net cash generated from investing activities | | 11,731,851 | 17,257,515 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Redeemable capital less repayments | | 721,793,523 | (88,770,190) |
| Profit paid to certificate holders | | (74,401,054) | (73,352,545) |
| Net cash generated from / (used in) financing activities | | 647,392,469 | (162,122,735) |
| Increase / (Decrease) in cash and cash equivalents | | 441,538,466 | (232,769,625) |
| Cash and cash equivalents at the beginning of the period | | (364,150,447) | 368,331,126 |
| Cash and cash equivalents at the end of the period | 15 | 77,388,019 | 135,561,501 |

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

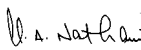
Condensed Interim Statement of Changes In Equity (unaudited)

For the half year ended December 31, 2011

| | Reserves | | | | Unappropriated profit | Total |
|--|---------------------|----------------------------------|-------------------|-------------|-----------------------|--------------|
| | Certificate capital | Premium on modaraba certificates | Statutory reserve | Sub Total | | |
| | (Rupees) | | | | | |
| Balance as at June 30, 2010 | 453,835,300 | 55,384,700 | 332,904,656 | 388,289,356 | 86,490,078 | 928,614,734 |
| Profit distribution for 2010 @ Rs. 1.7 per certificate | - | - | - | - | (77,152,001) | (77,152,001) |
| Total comprehensive income for the half year ended December 31, 2010 | - | - | - | - | 44,674,728 | 44,674,728 |
| Transfer to statutory reserve | - | - | 8,934,946 | 8,934,946 | (8,934,946) | - |
| Balance as at December 31, 2010 | 453,835,300 | 55,384,700 | 341,839,602 | 397,224,302 | 45,077,859 | 896,137,461 |
| Balance as at June 30, 2011 | 453,835,300 | 55,384,700 | 350,226,030 | 405,610,730 | 78,623,575 | 938,069,605 |
| Profit distribution for 2011 @ Rs. 1.725 per certificate | - | - | - | - | (78,286,589) | (78,286,589) |
| Total comprehensive income for the half year ended December 31, 2011 | - | - | - | - | 45,214,149 | 45,214,149 |
| Transfer to statutory reserve | - | - | 9,042,830 | 9,042,830 | (9,042,830) | - |
| Balance as at December 31, 2011 | 453,835,300 | 55,384,700 | 359,268,860 | 414,653,560 | 36,508,305 | 904,997,165 |

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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



Mohsin Ali Nathani
Chairman



Raheel Qamar Ahmad
Chief Executive



Najam Siddiqi
Director

December 2011

Notes to and forming part of the Condensed Interim Financial Information (un-audited)

For the half year ended December 31, 2011

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 equipment 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.

2. BASIS OF PREPARATION

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 (IFRS) 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 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 directives issued by SECP differ with the requirements of IFRS 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 SECP prevail.
- b) During the year ended June 30, 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 May 5, 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 recognized as an expense.
 - Ijarah income shall be recognized 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 March 9, 2009, allowed that in case of Modarabas, IFAS-2 shall be applied for Ijarah transactions executed on or after July 1, 2008.

Accordingly, the Modaraba has accounted for leasing transactions executed before July 01, 2008 as finance leases and has treated the leasing transactions executed on or after July 01, 2008 in accordance with the requirements of IFAS 2.

This condensed interim financial information is un-audited. 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". These do not include all the information and disclosures made in the annual published financial statements and therefore should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2011.

Notes to and forming part of the Condensed Interim Financial Information (un-audited)

For the half year ended December 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2011.

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2011:

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have any impact on the Modaraba's condensed interim financial information.

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard did not have any impact on the Modaraba's condensed interim financial information.

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or did not have any significant effect on the Modaraba's operations and are, therefore, not disclosed in this condensed interim financial information.

| | Note | (Un-audited) December 31, 2011 | (Audited) June 30, 2011 |
|----------------------------------|------|--------------------------------------|-------------------------------|
| ------(Rupees)----- | | | |
| 4. CASH AND BANK BALANCES | | | |
| With banks in current accounts | | 85,453 | 2,333,752 |
| With bank in deposit account | 4.1 | 2,745,165 | 20,024,512 |
| Cash in hand | | 13,160 | 20,000 |
| | | <u>2,843,778</u> | <u>22,378,264</u> |

4.1 This represents balance held with the Standard Chartered Bank (Pakistan) Limited (a related party). The deposit account carries expected profit at the rate of 5.10% per annum (June 30, 2011: 6.24% per annum).

| | Note | (Un-audited) December 31, 2011 | (Audited) June 30, 2011 |
|---------------------|------|--------------------------------------|-------------------------------|
| ------(Rupees)----- | | | |

5. LOANS AND RECEIVABLES

| | | | |
|-----------------------|-----------|--------------------|-------------------|
| Term deposit receipts | | 150,000,000 | 70,000,000 |
| | 5.1 & 5.2 | <u>150,000,000</u> | <u>70,000,000</u> |

5.1 Term Deposit Receipts as at December 31, 2011 carry profit at the rate of 9.50 % per annum (June 30, 2011: 12.95% per annum).

5.2 The balance with bank in deposit account and Term deposit receipts have been kept in order to comply with the requirements of the guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) for maintaining the prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

Notes to and forming part of the Condensed Interim Financial Information (un-audited)

For the half year ended December 31, 2011

| | Note | (Un-audited) December 31, 2011 | (Audited) June 30, 2011 |
|---|------|--------------------------------------|-------------------------------|
| ------(Rupees)----- | | | |
| 6. IJARAH RENTALS RECEIVABLE | | | |
| Ijarah rentals receivable - considered good | | 106,827,351 | 71,484,418 |
| Less: Allowance for potential Ijarah losses | | (2,475,485) | (1,052,500) |
| Less: Profit held in suspense | | (2,504,926) | (3,058,484) |
| | | <u>101,846,940</u> | <u>67,373,434</u> |
| 7. INVESTMENT IN SUKUK CERTIFICATES - Held to maturity | | | |
| Investment in Sukuk Certificates | | 60,546,875 | 62,890,625 |
| Less: Provision in respect of Sukuk certificates | | 52,109,375 | 52,578,125 |
| | | <u>8,437,500</u> | <u>10,312,500</u> |
| Less : Current portion of investment in Sukuk Certificates | | 2,578,125 | 2,109,375 |
| | | <u>5,859,375</u> | <u>8,203,125</u> |
| 8. DIMINISHING MUSHARIKA | | | |
| - Housing - Staff | | 27,304,303 | 25,662,161 |
| - Other individuals (including ex-employees) | | 105,867,217 | 17,988,267 |
| | | <u>133,171,520</u> | <u>43,650,428</u> |
| - Others | | 390,500,652 | 384,248,986 |
| Less: Provision in respect of Diminishing Musharika | | (12,500,000) | - |
| | | <u>378,000,652</u> | <u>384,248,986</u> |
| | | <u>511,172,172</u> | <u>427,899,414</u> |
| Less: current portion of Diminishing Musharika | | 122,391,969 | 80,980,321 |
| | | <u>388,780,203</u> | <u>346,919,093</u> |
| 9. NET INVESTMENT IN IJARAH FINANCE | | | |
| Ijarah contracts prior to July 1, 2008 -accounted for as finance leases | 9.1 | 210,506,730 | 358,827,469 |
| Less: Current portion of net investment in Ijarah finance | | 176,519,818 | 295,503,090 |
| | | <u>33,986,912</u> | <u>63,324,379</u> |
| Ijarah contracts commencing 1 July 2008- accounted for under IFAS 2 | | | |
| Net Book value as at December 31, 2011 | | 3,403,589,207 | 2,968,799,113 |
| Less: impairment against Ijarah assets | | (3,131,253) | (3,131,253) |
| | | <u>3,400,457,954</u> | <u>2,965,667,860</u> |

| | (UN-AUDITED) | | | (AUDITED) | | |
|---------------------------------------|-------------------------|---|--------------------|-------------------------|---|--------------------|
| | December 31, 2011 | | | June 30, 2011 | | |
| | Not later than one year | Later than one and less than five years | Total | Not later than one year | Later than one and less than five years | Total |
| ------(Rupees)----- | | | | | | |
| Minimum Ijarah payments receivable | 105,710,368 | 13,318,544 | 119,028,912 | 212,510,640 | 39,792,429 | 252,303,069 |
| Add: Residual value | 80,265,071 | 21,612,724 | 101,877,795 | 104,899,703 | 27,766,295 | 132,665,998 |
| Gross: investment in Ijarah Finance | 185,975,439 | 34,931,268 | 220,906,707 | 317,410,343 | 67,558,724 | 384,969,067 |
| Less: Unearned finance income | 9,312,300 | 944,356 | 10,256,656 | 21,771,573 | 4,234,345 | 26,005,918 |
| Allowance for potential Ijarah losses | 130,540 | - | 130,540 | 130,540 | - | 130,540 |
| Mark-up held in Suspense | 12,781 | - | 12,781 | 5,140 | - | 5,140 |
| | <u>176,519,818</u> | <u>33,986,912</u> | <u>210,506,730</u> | <u>295,503,090</u> | <u>63,324,379</u> | <u>358,827,469</u> |

Notes to and forming part of the Condensed Interim Financial Information (un-audited)

For the half year ended December 31, 2011

| | Note | (Un-audited) December 31, 2011 | (Un-audited) December 31, 2011 |
|-------------|--|--------------------------------------|--------------------------------------|
| 9.2 | Ijarah Assets | ----- (Rupees) ----- | |
| | Additions at cost during the period | | |
| - | Plant, machinery and equipment | 387,674,437 | 546,030,109 |
| - | Motor vehicles | 686,128,772 | 767,038,240 |
| | | <u>1,073,803,209</u> | <u>1,313,068,349</u> |
| | Disposals at cost during the period | | |
| - | Plant, machinery and equipment | 86,962,261 | 258,492,223 |
| - | Motor vehicles | 143,950,570 | 57,047,406 |
| | | <u>230,912,831</u> | <u>315,539,629</u> |
| 10 | FIXED ASSETS IN OWN USE | | |
| | Additions at cost during the period | | |
| - | Computers / equipment | 255,100 | 489,400 |
| - | Furniture and fittings | - | 128,740 |
| | | <u>255,100</u> | <u>618,140</u> |
| | Disposals at cost during the period | | |
| - | Computers / equipment | - | 1,315,598 |
| | | <u>-</u> | <u>1,315,598</u> |
| | | (Un-audited) December 31, 2011 | (Audited) June 30, 2011 |
| | | ----- (Rupees) ----- | |
| 11. | MUSHARIKA FINANCE | | |
| | Musharika with: | | |
| - | an associated undertaking - secured | 11.1 75,455,759 | 456,528,711 |
| 11.1 | The total facility for musharika finance available from Standard Chartered Bank (Pakistan) Limited amounts to Rs. 500 million (June 30, 2011: Rs. 500 million). The estimated share of profit payable on this facility ranges from Re. 0.3907 to Re. 0.3984 (June 30, 2011: Re. 0.3639 to Re. 0.3978) per rupee one thousand per day. The facility is secured against hypothecation over the moveable leased out assets of the Modaraba. | | |
| 12. | CONTINGENCIES AND COMMITMENTS | | |
| 12.1 | An agreement was executed between Haleeb Foods Limited and a consortium of financial institutions. As per the terms of the agreement, Meezan Bank Limited had to provide Inland Usance L/C facility of PKR Rs. 96.12 million to Haleeb Foods Limited on behalf of all the participating institutions for procurement of packaging material from TetraPak. The Modaraba's limit in this respect is Rs 5.402 million on the basis of pro rata share. The Modaraba's outstanding balance of this facility is Rs 5.382 million as at December 31, 2011. The facility will expire on June 30, 2012. | | |
| 12.2 | Another agreement was signed 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. SCM's share out of the additional working capital line is Rs Rs 23.885 million which is to be provided in the shape of LC / Ijarah Finance. LCs shall be established by Meezan Bank Limited on behalf of the consortium and the outstanding balance of SCM's share was Rs 10.636 Million as at December 31, 2011. | | |
| 12.3 | Letters of Comfort issued to Standard Chartered Bank (Pakistan) Limited on behalf of Mannan Shahid Forgings Ltd. amounting to Rs 30.968 Million. | | |

Notes to and forming part of the Condensed Interim Financial Information (un-audited)

For the half year ended December 31, 2011

13. WORKERS' WELFARE FUND

The Finance Act 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% on the higher of the profit before taxation as per the financial statements or return of income.

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 avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation for statutory reserves. Accordingly, no provision in respect of current and deferred tax has been made in this condensed interim financial information.

15. CASH AND CASH EQUIVALENTS

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

| | (Un-audited) December 31, 2011 | (Un-audited) December 31, 2010 |
|---|--------------------------------------|--------------------------------------|
| | ----- (Rupees) ----- | |
| Cash and bank balances | 2,843,778 | 38,226,759 |
| Loans and receivables - Term deposit receipts | 150,000,000 | 100,000,000 |
| Musharika finance | (75,455,759) | (2,665,258) |
| | <u>77,388,019</u> | <u>135,561,501</u> |

16. RELATED PARTIES TRANSACTIONS

The related parties of the Modaraba include Standard Chartered Bank (Pakistan) Limited, management company, fellow subsidiary, staff retirement funds, directors and key management personnel. 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:

| | Six Months period ended December 31, | |
|--|---|----------------------|
| | 2011 (Un-audited) | 2010 (Un-audited) |
| | ----- (Rupees) ----- | |
| Holding Company | | |
| Profit on Musharika finance | 7,310,572 | 338,973 |
| Profit on deposit account | 2,720,653 | 10,257,602 |
| Bank charges and commission | 9,471,803 | 5,312,523 |
| Charge for reimbursement of salaries and benefits | - | 3,006,360 |
| Charge for reimbursement of miscellaneous expenses | 1,865,388 | 630,150 |
| Staff retirement benefits funds | | |
| Contribution to the staff provident fund | 740,088 | 601,604 |
| Contribution to the staff gratuity fund | 616,498 | 499,816 |
| Management Company | | |
| Management fee | 5,076,321 | 5,065,162 |
| Other related party | | |
| Reimbursement of salaries and benefits | 1,899,506 | 1,289,055 |
| Key Management Personnel remuneration | | |
| Salaries and benefits | 12,470,505 | 5,695,883 |
| Contribution to the staff provident fund | 359,194 | 186,568 |
| Contribution to the staff gratuity fund | 299,204 | 155,416 |
| No. of persons | 5 | 4 |

Notes to and forming part of the Condensed Interim Financial Information (un-audited)

For the half year ended December 31, 2011

The Modaraba enters into transactions with related parties for lease of assets, 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 have been disclosed in the respective notes.

17. SEGMENT INFORMATION

As per IFRS 8, 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 December 31, 2011, there were only three (June 30, 2011: three) certificate holders who each held more than 10% of the Modaraba's certificate capital. Their holdings were 10%, 10% and 11.24% (June 30, 2011: 10%, 10% and 11.24%) respectively.

18. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, whenever necessary, for the purposes of appropriate presentation. No significant reclassifications were made during the current period.

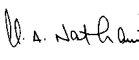
19. GENERAL

Figures have been rounded off to the nearest rupees.

20. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on February 22, 2012 by the Board of Directors of the Management Company.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director