

1st Quarterly Report
September 30, 2014
Standard Chartered Modaraba



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Modaraba Information

Directors of Modaraba Company

Mr. Najam Siddiqi
Chairman

Mr. Raheel Qamar Ahmad
Managing Director/ Chief Executive

Syed Zaheer Mehdi
Director

Mr. Salar Hasan Khan
Director

Mr. Khurram Shahzad Khan
Director

Mr. Shezad Arif
Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Khurram Shahzad Khan
Chairman

Mr. Salar Hasan Khan
Member

Mr. Najam Siddiqi
Member

Human Resource and Remuneration (HR&R) Committee

Mr. Najam Siddiqi
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 Adocates
Izhar Law Associates
Sirajul Haque & Co.
Orr Dignam & Co
Mohsin Tayabali & Co
Liaquat Marchant Associates

Registered and Head Office

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

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, 2014

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, 2014.

1. Economic Outlook

Pakistan's growth momentum remains strong, despite the headwinds being faced by the economy. IMF staff have raised their GDP growth forecast to 4.3% for FY15 from 4.0%. The key growth drivers are a pick-up in private-sector credit and stronger investor confidence spurred by the USD 6.5bn IMF-funded reform programme. The manufacturing sector posted growth of 4.1% in FY14 on stronger domestic and external demand.

FDI inflows grew 12% in FY14 due to rising investor confidence, government measures including the auction of 3G licences and the privatisation of state owned enterprises (SOEs). The privatisation programme has been successfully re-launched after a hiatus of more than seven years. The government raised more than USD 465mn in FY14 by divesting shares in two SOEs. In the current fiscal year, it aims to raise more than USD 2bn through the programme.

The heavy monsoon floods and political protests are likely to have a limited impact on the economy. However, implementation of fiscal reforms (including new tax measures and a reduction of power subsidies) is facing delays, leading to the delayed disbursement of a USD 550mn tranche of IMF. Headline inflation declined to a 14-month low of 7% in August 2014 on lower food and energy prices.

2. Financial Highlights

Financial results are summarized as under:

	September 30, 2014 (PKR '000')	June 30, 2014 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	996,635	1,093,505
Investment in Ijarah finance and Ijarah Assets	4,172,480	4,194,792
Investments in Diminishing Musharika and Sukuks	1,298,270	1,352,982
Redeemable capital	2,960,795	2,774,405
	Three Months ended September 30, 2014 (PKR '000')	Three Months ended September 30, 2013 (PKR '000')
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	162,068	165,038
Financial charges	85,935	102,925
Provisions (net of reversals/recoveries)	8,659	270
Operating expenses	22,131	21,699
Profit before modaraba management company's remuneration	45,343	40,145
Net profit	39,281	34,778

3. Review of Operations

During the period under review the Modaraba's net profit increased by 12.95% from Rs. 34.78 million to Rs. 39.28 million as compared to corresponding period of last year mainly due to efficient management of financial charges. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 5,471 million compared to Rs. 5,548 million as at June 30, 2014, showing a marginal decrease of 1% within the same period. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships.

Your Modaraba maintains a well diversified asset portfolio comprising of plant & machinery, motor vehicles and equipment. Moreover, the sector wise

Directors' Review

For the period ended September 30, 2014

exposure is closely monitored. During the period under review, the Modaraba booked fresh disbursements to the tune of Rs. 400 million as compared to Rs. 466 million during the corresponding period last year and further strengthened provisioning against stressed assets.

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.

5. Acknowledgement

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



Najam Siddiqi
Chairman
Karachi: October 24, 2014

Condensed Interim Balance Sheet (Unaudited)

As at September 30, 2014

	Note	(Un-audited) September 30, 2014	(Audited) June 30, 2014
ASSETS			
-----Rupees-----			
Current assets			
Cash and bank balances	4	515,765,556	143,904,857
Ijarah rentals receivable	5	95,824,454	131,590,555
Advances, deposits, prepayments and other receivables		70,897,844	179,068,138
Current portion of investment in Sukuk certificates	6	-	-
Current portion of Diminishing Musharika	7	356,995,897	358,882,066
Net investment in Ijarah finance	8	370,000	370,000
Taxation recoverable		9,106,159	9,907,816
Total current assets		1,048,959,910	823,723,432
Non-current assets			
Long-term portion of investment in Sukuk certificates	6	-	-
Long-term portion of Diminishing Musharika	7	941,273,840	994,099,639
Ijarah assets	8	4,172,109,994	4,194,421,958
Fixed assets in own use	9	20,913,721	23,070,364
Total non-current assets		5,134,297,555	5,211,591,961
TOTAL ASSETS		6,183,257,465	6,035,315,393
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	10	28,826,982	284,809,178
Current maturity of Musharika term finance arrangements	11	213,856,372	550,597,975
Current maturity of security deposits		251,168,802	233,904,836
Creditors, accrued and other liabilities		551,277,387	258,161,623
Advance Ijarah rentals received		35,464,951	32,346,428
Current portion of redeemable capital		1,038,105,000	1,123,565,000
Unclaimed profit distribution	12	166,035,514	30,057,742
Total current liabilities		2,284,735,008	2,513,442,782
Non-current liabilities			
Long-term portion of Musharika term finance arrangements	11	421,364,580	205,637,497
Long-term portion of security deposits		557,832,394	571,890,237
Long-term portion of redeemable capital		1,922,690,000	1,650,840,000
Total non-current liabilities		2,901,886,974	2,428,367,734
TOTAL LIABILITIES		5,186,621,982	4,941,810,516
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 2014: 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 2014: 28,500,000) certificates of Rs 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (June 2014: 16,883,530) bonus certificates of Rs 10 each		168,835,300	168,835,300
		453,835,300	453,835,300
Unappropriated profit		48,551,194	153,276,827
Other reserves		494,248,989	486,392,750
		996,635,483	1,093,504,877
TOTAL LIABILITIES AND EQUITY		6,183,257,465	6,035,315,393
CONTINGENCIES AND COMMITMENTS			

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

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


Najam Siddiqi
Chairman


Raheel Qamar Ahmad
Chief Executive


Khurram Shahzad Khan
Director


Condensed Interim Profit and Loss Account (Unaudited)

For the three months period ended September 30, 2014

	Note	Three months period ended September 30, 2014	Three months period ended September 30, 2013
-----Rupees-----			
Ijarah rentals earned		492,722,686	517,743,106
Income on Diminishing Musharika arrangements		40,501,960	41,496,362
Income on deposits with banks		3,443,037	5,600,256
		536,667,683	564,839,724
Financial charges		(85,934,912)	(102,924,841)
Depreciation on assets under Ijarah arrangements		(384,231,003)	(405,365,059)
		66,501,768	56,549,824
Provision in respect of Ijarah finances - net		(8,771,351)	(433,305)
Reversal of provision in respect of Diminishing Musharika		112,372	112,371
Reversal of provision in respect of Sukuk certificates		-	50,781
		57,842,789	56,279,671
Other income		9,631,099	5,563,582
Administrative and operating expenses		(22,131,295)	(21,698,525)
		45,342,593	40,144,728
Management Company's remuneration		(4,534,259)	(4,014,473)
Provision for services sales tax on Management Company's remuneration	14	(725,481)	(642,316)
Provision for Workers' Welfare Fund	15	(801,657)	(709,759)
Profit for the period before taxation		39,281,196	34,778,180
Taxation	16	-	-
Profit for the period after taxation		39,281,196	34,778,180
Other comprehensive income for the period		-	-
Total comprehensive income for the period		39,281,196	34,778,180
Earnings per certificate - basic and diluted		0.87	0.77

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

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


Najam Siddiqi
Chairman


Raheel Qamar Ahmad
Chief Executive


Khurram Shahzad Khan
Director

Condensed Interim Cash Flow Statement (Unaudited)

For the three months period ended September 30, 2014

Note	Three months period ended September 30, 2014	Three months period ended September 30, 2013
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	39,281,196	34,778,180
Adjustments for non-cash and other items:		
Depreciation / amortisation on fixed assets in own use	2,156,643	255,684
Depreciation on Ijarah assets	384,231,003	405,365,059
Gain on disposal of Ijarah assets	(8,934,760)	(3,306,017)
Provision in respect of Ijarah finances - net	8,771,351	433,305
(Reversal of provision) in respect of sukuk certificates	-	(50,781)
(Reversal of provision) in respect of Diminishing Musharika	(112,372)	(112,371)
Income on deposits with bank	(3,443,037)	(5,600,256)
Profit on:		
- Redeemable capital	60,381,124	80,437,329
- Murabaha finances	-	2,830,118
- Musharika finance	69,797	443,040
- Musharika term finance arrangements	18,618,651	8,563,710
Provision for services sales tax on Management Company's remuneration	725,481	642,316
Provision for Workers' Welfare Fund	801,657	709,759
	463,265,538	490,610,895
	502,546,734	525,389,075
(Increase) / decrease in assets		
Advances, deposits, prepayments and other receivables	110,055,191	75,751,911
Ijarah rentals receivable	26,994,750	(16,840,621)
Diminishing Musharika	54,824,340	35,504,276
Purchase of assets under Ijarah arrangements	(487,334,238)	(486,547,642)
Proceeds from disposal of assets under Ijarah arrangements	134,349,959	71,708,771
Investment in Ijarah finance - net	-	4,709,479
	(161,109,998)	(315,713,826)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	283,766,806	(16,172,300)
Advance Ijarah rentals received	3,118,523	(709,087)
Security deposits	3,206,123	20,574,403
	290,091,452	3,693,016
	631,528,188	213,368,265
Profit paid on		
- Redeemable capital	(51,401,110)	(84,895,720)
- Murabaha finances	-	(6,531,041)
- Musharika finances	(66,950)	(3,166,247)
- Musharika term finance arrangements	(18,978,035)	(8,094,350)
	(70,446,095)	(102,687,358)
Taxes paid	-	(4,189)
Net cash generated from operating activities	561,082,093	110,676,718
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Sukuk certificates	-	253,905
Fixed capital expenditure	-	(2,919,248)
Income on deposits with bank	1,558,140	-
Net cash generated from/ (used in) investing activities	1,558,140	(2,665,343)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	186,390,000	(564,165,000)
Murabaha finances less repayments	-	(135,000,000)
Musharika term finance less repayments	(121,014,520)	80,909,300
Profit paid to certificate holders	(172,818)	(117,392)
Net increase / (decrease) in cash and cash equivalents	65,202,662	(618,373,092)
Increase / (decrease) in cash and cash equivalents	627,842,895	(510,361,717)
Cash and cash equivalents at the beginning of period	(140,904,321)	637,023,023
Cash and cash equivalents at end of the period	486,938,574	126,661,306


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

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


Najam Siddiqi
Chairman


Raheel Qamar Ahmad
Chief Executive


Khurram Shahzad Khan
Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For the three months period ended September 30, 2014


	Reserves					Total
	Paid-up certificate capital	Premium on modaraba certificates	Statutory reserve	Unappropriated profit	Sub-total	
	(Rupees)					
Balance as at June 30, 2013	453,835,300	55,384,700	394,667,206	98,680,512	548,732,418	1,002,567,718
Profit distribution for the year ended June 30, 2013 @ Rs. 2 per certificate	-	-	-	(90,767,060)	(90,767,060)	(90,767,060)
Total comprehensive income for the three months period ended September 30, 2013	-	-	-	34,778,180	34,778,180	34,778,180
Transfer to statutory reserve	-	-	6,955,636	(6,955,636)	-	-
Balance as at September 30, 2013	453,835,300	55,384,700	401,622,842	35,735,996	492,743,538	946,578,838
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
Profit distribution for the year ended June 30, 2014 @ Rs. 3 per certificate	-	-	-	(136,150,590)	(136,150,590)	(136,150,590)
Total comprehensive income for the three months period ended September 30, 2014	-	-	-	39,281,196	39,281,196	39,281,196
Transfer to statutory reserve	-	-	7,856,239	(7,856,239)	-	-
Balance as at September 30, 2014	453,835,300	55,384,700	438,864,289	48,551,194	542,800,183	996,635,483

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

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


Najam Siddiqi
Chairman


Raheel Qamar Ahmad
Chief Executive


Khurram Shahzad Khan
Director

Notes to the Condensed Interim Financial Information (Unaudited) For the three months period ended September 30, 2014

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 registered office is situated at Standard Chartered Bank Building, I.I. Chundrigar Road, Karachi, Pakistan.

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

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

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 SECP differ with the requirements of IFRSs or IFAS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2014.

This condensed interim financial information is unaudited.

- 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 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 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.

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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or do not have any significant effect on the Modaraba's operations and are therefore not detailed in this condensed interim financial information.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amended standards and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are therefore not detailed in this condensed interim financial information.

2.4 Critical accounting estimates and judgments

The basis and methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Modaraba for the year ended June 30, 2014.

2.5 Accounting convention

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

Notes to the Condensed Interim Financial Information (Unaudited) For the three months period ended September 30, 2014

2.6 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Modaraba's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Modaraba for the year ended June 30, 2014.

	Note	(Un-audited) September 30, 2014	(Audited) June 30, 2014
------(Rupees)-----			
4. CASH AND BANK BALANCES			
Balances with banks			
- in current accounts		56,905	6,905
- in deposit accounts	4.1	515,676,916	143,880,688
Cash in hand		31,735	17,264
		<u>515,765,556</u>	<u>143,904,857</u>

- 4.1 These include balances maintained with Standard Chartered Bank (Pakistan) Limited (a related party) amounting to Rs 63.696 million (June 2014: 3.458 million) and carry profit at rate ranging between 4.79% - 4.90% per annum (June 2014: 4.63% to 6.00%). 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, 2014	(Audited) June 30, 2014
------(Rupees)-----			
5. IJARAH RENTALS RECEIVABLE			
Ijarah rentals receivable - considered good		89,310,777	119,231,742
Ijarah rentals receivable - considered bad or doubtful		71,579,628	67,869,835
Less: allowance for potential Ijarah losses		(44,093,078)	(35,321,727)
Less: profit held in suspense		(20,972,873)	(20,189,295)
		<u>6,513,677</u>	<u>12,358,813</u>
		<u>95,824,454</u>	<u>131,590,555</u>

6. INVESTMENT IN SUKUK CERTIFICATES

Held-to-maturity investments

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

	Note	(Un-audited) September 30, 2014	(Audited) June 30, 2014
------(Rupees)-----			
7. DIMINISHING MUSHARIKA			
- Staff			
Housing finance		33,850,255	31,259,413
Others		1,653,051	1,641,974
		<u>35,503,306</u>	<u>32,901,387</u>
- Other Customers			
Housing finance		474,837,300	450,594,356
Others		812,021,274	893,690,477
Less: Provision in respect of Diminishing Musharika		(24,092,143)	(24,204,515)
		<u>1,262,766,431</u>	<u>1,320,080,318</u>
		<u>1,298,269,737</u>	<u>1,352,981,705</u>
Less: current portion of Diminishing Musharika		(356,995,897)	(358,882,066)
		<u>941,273,840</u>	<u>994,099,639</u>

8. NET INVESTMENT IN IJARAH FINANCE

Ijarah contracts commencing on or after July 1, 2008			
- accounted for under IFAS 2		4,172,109,994	4,194,421,958
Ijarah contracts prior to July 1, 2008			
- accounted for as finance leases	8.1	370,000	370,000
Less: Current portion of net investment in Ijarah finance		(370,000)	(370,000)
		<u>-</u>	<u>-</u>

Notes to the Condensed Interim Financial Information (Unaudited) For the three months period ended September 30, 2014

8.1

	As at September 30, 2014 (Unaudited)			As at June 30, 2014 (Audited)		
	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	1,264,599	-	1,264,599	1,264,599	-	1,264,599
Add: Residual value	370,000	-	370,000	370,000	-	370,000
Gross investment in Ijarah finance	1,634,599	-	1,634,599	1,634,599	-	1,634,599
Less: Unearned finance income	-	-	-	-	-	-
Allowance for potential Ijarah losses	1,134,443	-	1,134,443	1,134,443	-	1,134,443
Suspended income	130,156	-	130,156	130,156	-	130,156
Net investment in Ijarah finance	370,000	-	370,000	370,000	-	370,000

8.2 The following additions to and disposals of Ijarah assets have been made during the period ended September 30, 2014:

	(Un-audited) September 30, 2014	(Un-audited) September 30, 2013
----- (Rupees) -----		
Ijarah Assets		
Additions at cost during the period		
- Plant, machinery and equipments	369,083,228	241,119,018
- Motor vehicles	118,251,010	245,428,624
	<u>487,334,238</u>	<u>486,547,642</u>
Disposals at cost during the period		
- Plant, machinery and equipments	66,913,200	19,238,025
- Motor vehicles	240,448,162	151,752,935
	<u>307,361,362</u>	<u>170,990,960</u>

9. FIXED ASSETS IN OWN USE

	(Un-audited) September 30, 2014	(Audited) June 30, 2014
----- Rupees -----		
Tangible assets	301,906	393,598
Intangible assets	20,611,815	22,676,766
	<u>20,913,721</u>	<u>23,070,364</u>

10. MUSHARIKA FINANCE

	(Un-audited) September 30, 2014	(Audited) June 30, 2014
----- (Rupees) -----		
Musharika with:		
- an associated undertaking - secured	10.1 28,826,982	284,809,178

10.1 The total facility for musharika finance available from Standard Chartered Bank (Pakistan) Limited amounts to Rs 500 million (June 2014: Rs 500 million) and carries profit of Re 0.3061 (June 2014: Re 0.3053) 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, 2014.

11. MUSHARIKA TERM FINANCE

	(Un-audited) September 30, 2014	(Audited) June 30, 2014
----- Rupees -----		
Musharika with:		
- an associated undertaking - secured	11.1 76,764,708	158,823,531
- others	558,456,244	597,411,941
	<u>635,220,952</u>	<u>756,235,472</u>
Less: Current portion of musharika term finance	213,856,372	550,597,975
	<u>421,364,580</u>	<u>205,637,497</u>

11.1 This facility was obtained from Standard Chartered Bank (Pakistan) Limited with a limit of Rs 1,000 million (June 2014: 1,000 million) to be availed in two tranches of Rs 500 million each. After realisation of each tranche repayment was to be made in 25 equal monthly instalments. The first tranche amounting to Rs 500 million was disbursed in October 2012, out of which 23 monthly repayments have been made till September 30, 2014. The second tranche was obtained amounting to Rs 125 million in September 2013 of which 12 out of a total of 17 equal monthly instalments have been paid till September 30, 2014. The estimated share of profit payable on this facility amounts to Re 0.2849 (June 2014: Re 0.2844) per rupee one thousand per day. The facility is secured against first pari passu charge over the specific moveable leased out assets of the Modaraba.

Notes to the Condensed Interim Financial Information (Unaudited) For the three months period ended September 30, 2014

	(Un-audited) September 30, 2014	(Audited) June 30, 2014
	----- Rupees -----	
12. UNCLAIMED PROFIT DISTRIBUTION		
Profit distribution payable for the year ended June 30, 2014	136,150,590	-
Unclaimed profit distribution	29,884,924	30,057,742
	<u>166,035,514</u>	<u>30,057,742</u>

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

An agreement was executed between Haleeb Foods Limited and the consortium of financial institutions. As per the terms of the agreement, Meezan Bank Limited had to provide working capital facilities to the tune of Rs 425 million to Haleeb Foods Limited which were subsequently enhanced to Rs 700 million. Inland usance letter of credit facility of Rs 96.12 million to Haleeb Foods Limited was initially extended by consortium of financial institutions on 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 39.33 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 17.815 million as at September 30, 2014.

13.2 Commitments

The Modaraba has issued letter of comfort to Soneri Bank Limited equal to an amount of Rs 9.146 million on behalf of Medipak Limited.

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

Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the Sindh Revenue Board (SRB) dated April 22, 2013, the Modaraba has recorded a provision in respect of Sindh sales tax on Management Company's remuneration at the rate of 16% per annum 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.

Considering the view that the amount is a profit sharing rather than a fixed fee against rendering of management services by the Management Company, the NBF and Modaraba Association, on behalf of a number of modarabas, has filed a constitutional petition in the Honourable High Court of Sindh (SHC). Subsequently, the SHC in its order dated October 29, 2013 has restrained the Sindh Revenue Board from taking any action to collect any alleged amount of sales tax on remuneration of the Modaraba Management Companies till the final decision of the SHC.

15. PROVISION FOR WORKERS' WELFARE FUND

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

Provision for WWF has been netted off against taxation recoverable.

16. TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending June 30, 2015. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

17. CASH AND CASH EQUIVALENTS

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

	(Un-audited) September 30, 2014	(Un-audited) September 30, 2013
	----- (Rupees) -----	
Cash and bank balances	4 515,765,556	12,065,717
Term deposit receipts	-	150,000,000
Musharika finance	10 (28,826,982)	(35,404,411)
	<u>486,938,574</u>	<u>126,661,306</u>

18. RELATED PARTIES TRANSACTIONS

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

Notes to the Condensed Interim Financial Information (Unaudited) For the three months period ended September 30, 2014

	Three months period ended September 30, 2014	Three months period ended September 30, 2013
	(Un-audited)	(Un-audited)
	(Rupees)	
Standard Chartered Bank (Pakistan) Limited - Holding Company		
Profit on Musharika finance	69,797	443,040
Profit on Musharika term finance	3,287,619	7,498,295
Profit on deposit account	619,776	-
Bank charges and commission	6,518,622	10,288,094
Charge for reimbursement of miscellaneous expenses	2,190,129	2,260,245
Staff retirement benefits funds		
Contribution to the staff provident fund	555,296	596,075
Contribution to the staff gratuity fund	462,561	496,534
Standard Chartered Services of Pakistan (Private) Limited - Management Company		
Management company's remuneration	4,534,259	4,014,473
Key Management Personnel remuneration		
Salaries and benefits	11,559,087	11,261,768
Contribution to the staff provident fund	274,728	269,365
Contribution to the staff gratuity fund	228,849	224,257
Number of persons	7	8

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, 2014	(Audited) June 30, 2014
	----- Rupees -----	
Standard Chartered Bank (Pakistan) Limited - Holding Company		
Advances, deposits, prepayments and other receivables	46,476,686	24,815,133
Creditors, accrued and other liabilities	1,394,556	6,454,134
Standard Chartered Services of Pakistan (Private) Limited - Management Company		
Management company's remuneration payable	4,534,259	10,256,696

19. SEGMENT INFORMATION

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

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

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

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

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

The Modaraba also has a diversified certificate holder population. As at September 30, 2014, there were only two (June 2014: two) certificate holders who each held more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (June 2014: 10% and 10%) respectively.

20. CORRESPONDING FIGURES

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


21. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on October 24, 2014 by the Board of Directors of the Management Company.


22. GENERAL

Figures have been rounded off to the nearest rupee.

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


Najam Siddiqi
Chairman


Raheel Qamar Ahmad
Chief Executive


Khurram Shahzad Khan
Director

