

Quarterly Report
September 30, 2010



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Modaraba Information

Directors of Modaraba Company

Mr. Mohsin Ali Nathani
Chairman

Syed Zaheer Mehdi
Managing Director/Chief Executive

Mr. Cyrus J. Masani
Director

Mr. Shariq Saleem
Director

Mr. Imran Ahad
Director

Mr. Tufail J. Ahmad
Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Cyrus J. Masani
Chairman

Mr. Imran Ahad
Member

Mr. Tufail J. Ahmad
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, 8342330

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 quarter ended September 30, 2010

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 quarter ended September 30, 2010.

1. Economic Outlook

The recovery has been set back by the damage caused by the floods, and the government has revised down the FY11 growth target to 2.8% from its earlier target of 4.5%. The backbone of the economy – the agricultural sector, which accounts for 21% of GDP and 45% of employment – has suffered the most. According to the latest estimates of the Ministry of Agriculture (MINFAL), nearly 30% of the summer harvest has been destroyed, causing a loss of USD 3.2bn. The two main cash crops of the economy, cotton and rice, have been worst hit. This is likely to have a snowball effect on the manufacturing and service industries. Textile manufacturing is the biggest industry in Pakistan, accounting for 60% of all exports. This industry will be hit hard by damage to the cotton crop, which will likely hurt export earnings. Even the revised GDP growth target of 2.8% looks ambitious, and will depend largely on the scale of reconstruction spending undertaken by the government. The most immediate impact of the floods is the sharp acceleration in inflation. The government has raised the FY11 inflation forecast to 14.5% in FY11 from its pre-flood target of 11.5%. Downside risks to the Pakistani rupee (PKR) have increased considerably because of the floods. According to the IMF staff assessment, the impact of the floods combined with rising commodity prices will lead to this deficit widening to USD 5.8bn (3.1% of GDP) in FY11, from USD 3.5bn (2% of GDP) in FY10.

2. Financial Highlights

Financial results are summarized as under:

	September 30, 2010 (PKR '000')	June 30, 2010 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	874,445	928,615
Investment in Ijarah finance and Ijarah Assets	2,890,132	2,905,770
Investments in Diminishing Musharika and Sukuks	293,357	244,720
Redeemable capital	1,901,030	2,068,892
	Quarter ended September 30, 2010 (PKR '000')	Quarter ended September 30, 2009 (PKR '000')
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	95,618	95,816
Financial charges	56,699	60,990
Provisions (net of reversals/recoveries)	1,958	387
Operating expenses	10,904	9,730
Profit before management fee	26,057	24,710
Net profit	22,982	22,239

3. Review of Operations

During the period under review the Modaraba's net profit increased by 3.34% to Rs. 22.98 million as compared to Rs. 22.24 million during the corresponding period of last year. Increase in profit is mainly due to increase in disbursement by 21.13% during the quarter ended September 30, 2010 as compared to corresponding period last year. The portfolio of Ijarah finance, Sukuk investments and Diminishing Musharika finances stood at Rs. 3,183 million compared to Rs. 3,150 million as at June 30, 2010, showing an increase of 1% within three months period.

The growth in the business is driven mainly by effective marketing approach with selective clientele operating in stable industrial segments leading to better returns. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships.

Standard Chartered Modaraba has a well diversified asset portfolio comprising of Plant & Machinery, motor vehicles and equipments. Moreover, Modaraba's sector wise exposure is closely monitored and exposure is not beyond 20% in any industrial segment. During the period under review, Modaraba booked fresh disbursements to the tune of Rs. 430 million under various segments compared to Rs. 355 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 of 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 annual Directors' report:

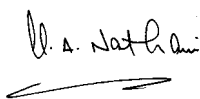
On account of his new assignment with Standard Chartered Group, Mr. Badar Kazmi decided to step down and has resigned from the office of Chairman and Director of Standard Chartered Services of Pakistan (Private) Limited. Mr. Mohsin Ali Nathani, the new CEO of Standard Chartered Bank (Pakistan) Limited has been appointed as Chairman and 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. Badar Kazmi 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: October 22, 2010

Condensed Interim Balance Sheet (un-audited)

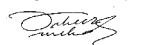
As at September 30, 2010

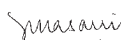
	Note	(Un-audited) September 30, 2010 Rupees	(Audited) June 30, 2010 Rupees
ASSETS			
Current assets			
Cash and bank balances	4	76,602,962	77,803,945
Loans and receivables	5	100,000,000	300,000,000
Ijarah rentals receivable		52,650,028	41,082,814
Advances, deposits, prepayments and other receivables		27,222,908	14,699,975
Current portion of investment in Sukuk certificates	6	4,687,503	4,687,503
Current portion of Diminishing Musharika	7	22,682,110	807,110
Current portion of net investment in Ijarah finance	8	448,475,811	675,009,453
Taxation recoverable		17,510,986	17,510,986
Total current assets		749,832,308	1,131,601,786
Non - current assets			
Loans and advances to employees		188,969	200,377
Long-term portion of investment in Sukuk certificates	6	36,718,747	37,890,622
Long-term portion of Diminishing Musharika	7	229,268,714	201,334,660
Long-term portion of net investment in Ijarah finance	8	293,437,378	280,376,512
Ijarah assets	9	2,148,219,104	1,950,383,580
Fixed assets in own use		3,024,145	3,277,513
Total non-current assets		2,710,857,057	2,473,463,264
TOTAL ASSETS		3,460,689,365	3,605,065,050
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	10	25,485,824	9,472,819
Current maturity of security deposits		69,519,081	95,021,272
Creditors, accrued and other liabilities		109,732,406	132,517,060
Advance Ijarah rentals received		106,388,578	99,642,778
Current portion of redeemable capital		1,832,950,169	1,959,041,753
Unclaimed profit distribution		98,800,340	21,721,026
Total current liabilities		2,242,876,398	2,317,416,708
Non - current liabilities			
Long-term portion of security deposits		275,287,779	249,183,608
Long-term portion of redeemable capital		68,080,000	109,850,000
Total non - current liabilities		343,367,779	359,033,608
TOTAL LIABILITIES		2,586,244,177	2,676,450,316
CERTIFICATE HOLDERS' EQUITY			
Authorized certificate capital			
50,000,000 (June 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 (June 2010: 28,500,000) certificates of Rs. 10 each issued as fully paid in cash		285,000,000	285,000,000
16,883,530 (June 2010: 16,883,530) certificates of Rs. 10 each issued as fully paid bonus		168,835,300	168,835,300
		453,835,300	453,835,300
Reserves		392,885,847	388,289,356
Unappropriated profit		27,724,041	86,490,078
		874,445,188	928,614,734
TOTAL LIABILITIES AND EQUITY		3,460,689,365	3,605,065,050
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes from 1 to 18 form an integral part of these financial statements.

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


Mohsin Ali Nathani
Chairman


Syed Zaheer Mehdi
Chief Executive


Cyrus J. Masani
Director

Condensed Interim Profit and Loss Account (un-audited)


For the quarter ended September 30, 2010

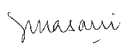
	Note	Three months ended September 30, 2010 Rupees	Three months ended September 30, 2009 Rupees
Ijarah finance income		27,911,595	51,108,131
Ijarah rentals earned		204,939,580	129,118,951
Profit on Sukuk certificates		234,088	781,431
Income on Murabaha transactions		-	4,840,932
Income on Diminishing Musharaka transactions		8,189,828	-
Income on deposits with bank		6,526,240	1,397,494
		<u>247,801,331</u>	<u>187,246,939</u>
Financial charges		(56,699,173)	(60,990,443)
Depreciation on assets under Ijarah arrangements		(153,950,021)	(92,755,722)
		<u>37,152,137</u>	<u>33,500,774</u>
(Provision) / reversal in respect of Ijarah finances - net		(1,957,650)	613,500
Provision in respect of Sukuk certificates		-	(1,000,000)
		<u>35,194,487</u>	<u>33,114,274</u>
Other income		1,766,255	1,325,263
Administrative and operating expenses		(10,903,536)	(9,729,575)
		<u>26,057,206</u>	<u>24,709,962</u>
Modaraba management company fee		(2,605,721)	(2,470,996)
Provision for workers' welfare fund		(469,030)	-
Profit before taxation		<u>22,982,455</u>	<u>22,238,966</u>
Taxation	12	-	-
Profit after taxation		<u>22,982,455</u>	<u>22,238,966</u>
Other comprehensive income / (loss) for the period		-	-
Total comprehensive income / (loss) for the period		<u>22,982,455</u>	<u>22,238,966</u>
Earnings per certificate		<u>0.51</u>	<u>0.49</u>

The annexed notes from 1 to 18 form an integral part of these financial statements.

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


Mohsin Ali Nathani
Chairman


Syed Zaheer Mehdi
Chief Executive


Cyrus J. Masani
Director

Condensed Interim Cash Flow Statement (un-audited)


For the quarter ended September 30, 2010

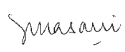
Note	Three months ended September 30, 2010 Rupees	Three months ended September 30, 2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,982,455	22,238,966
Adjustment for non cash and other items:		
Depreciation on fixed assets in own use	253,368	238,369
Depreciation on fixed assets under Ijarah arrangements	153,950,021	92,755,722
Profit on disposal of assets under Ijarah arrangements	720,400	497,221
Provision / (reversal) in respect of Ijarah finances	1,957,650	(613,500)
Provision in respect of Sukuk certificates	-	1,000,000
Profit on Sukuk certificates	(234,088)	(781,431)
Income on deposits with bank	(6,526,240)	(1,397,494)
Profit on:		
- Redeemable capital	53,887,297	52,246,548
- Murabaha finance	-	5,290,005
- Musharika finances	316,931	1,886,344
	<u>204,325,339</u>	<u>151,121,784</u>
	227,307,794	173,360,750
(Increase) / decrease in assets		
Advances, deposits, prepayments and other receivables	(14,937,584)	36,175,943
Ijarah rentals receivable	(13,247,613)	(13,397,580)
Murabaha finance	-	4,486,686
Diminishing musharika	(49,809,054)	(4,243,949)
Purchase against assets under Ijarah arrangements	(379,778,820)	(355,281,549)
Proceeds from disposal of assets under Ijarah arrangements	27,272,875	3,330,380
Investment in Ijarah finance -net	213,195,525	185,168,347
Loans and advances to employees	11,408	61,424
	<u>(217,293,263)</u>	<u>(143,700,298)</u>
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	5,320,815	(7,725,956)
Advance Ijarah rentals received	6,745,800	10,480,500
Deferred Murabaha income	-	(4,840,932)
Security deposits	601,980	(2,663,370)
	<u>12,668,595</u>	<u>(4,749,758)</u>
	22,683,126	24,910,694
Profit received / (paid) on:		
- Sukuk certificates	131,316	1,590,151
- Redeemable capital	(81,286,025)	(44,039,626)
- Murabaha finances	-	(859,890)
- Musharika finances	(1,023,672)	(11,484,576)
Taxes paid	-	(2,097)
	<u>(82,178,381)</u>	<u>(54,796,038)</u>
Net cash used in operating activities	<u>(59,495,255)</u>	<u>(29,885,344)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Sukuk certificates	1,171,875	3,125,000
Income on deposits with bank	9,043,663	1,397,494
Net cash (used in)/generated from investing activities	10,215,538	4,522,494
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	(167,861,584)	252,675,645
Profit paid to certificate holders	(72,687)	(35,786)
Net cash generated from financing activities	(167,934,271)	252,639,859
(Decrease) / increase in cash and cash equivalents	<u>(217,213,988)</u>	<u>227,277,009</u>
Cash and cash equivalents at the beginning of period	368,331,126	(189,773,033)
Cash and cash equivalents at end of the period	13 <u>151,117,138</u>	<u>37,503,976</u>

The annexed notes from 1 to 18 form an integral part of these financial statements.

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


Mohsin Ali Nathani
Chairman


Syed Zaheer Mehdi
Chief Executive


Cyrus J. Masani
Director

September 2010

Condensed Interim Statement of Changes in Equity (un-audited)


For the quarter ended September 30, 2010

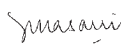
	Certificate capital	Reserves			Unappropriated profit	Total
		Premium on modaraba certificates	Statutory reserve	Sub Total		
----- (Rupees) -----						
Balance as at June 30, 2009	453,835,300	55,384,700	316,928,724	372,313,424	97,469,175	923,617,899
Profit distribution for 2009 @ Rs. 1.65 per certificate	-	-	-	-	(74,882,825)	(74,882,825)
Total comprehensive income for the quarter ended September 30, 2009	-	-	-	-	22,238,966	22,238,966
Transfer to statutory reserve	-	-	4,447,793	4,447,793	(4,447,793)	-
Balance as at September 30, 2009	<u>453,835,300</u>	<u>55,384,700</u>	<u>321,376,517</u>	<u>376,761,217</u>	<u>40,377,523</u>	<u>870,974,040</u>
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. 1.70 per certificate	-	-	-	-	(77,152,001)	(77,152,001)
Total comprehensive income for the quarter ended September 30, 2010	-	-	-	-	22,982,455	22,982,455
Transfer to statutory reserve	-	-	4,596,491	4,596,491	(4,596,491)	-
Balance as at September 30, 2010	<u>453,835,300</u>	<u>55,384,700</u>	<u>337,501,147</u>	<u>392,885,847</u>	<u>27,724,041</u>	<u>874,445,188</u>

The annexed notes from 1 to 18 form an integral part of these financial statements.

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


Mohsin Ali Nathani
Chairman


Syed Zaheer Mehdi
Chief Executive


Cyrus J. Masani
Director

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

For the quarter ended September 30, 2010

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 there under 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

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of Companies Ordinance, 1984, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules, 1981 or directives issued by SECP prevail.

2.2 These condensed interim financial statements are un-audited.

2.3 Islamic Financial Accounting Standard - 2

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, SECP allowed that in case of Modarabas, IFAS-2 shall be applied for Ijarah transactions executed on or after July 1, 2008.

Consequently, in preparation of these condensed interim financial statements the Modaraba has accounted for leasing transactions executed before July 01, 2008 as finance leases consistent with prior years and has treated the leasing transactions executed on or after July 01, 2008 in accordance with the requirements of IFAS 2.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2010

The following new standards and amendments to existing standards that are mandatory for the first time for the financial year beginning on July 1, 2010:

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

For the quarter ended September 30, 2010

- IFRS 2 (Amendments), 'Group Cash-settled and Share-based Payment Transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and Treasury Share Transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Modaraba's financial statements.
- IFRS 8 (Amendment), 'Operating segments' (effective from January 1, 2010). There is a minor amendment to the standard to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker. The amendment is not expected to have any impact on the Modaraba's financial statements.
- IAS 17 (Amendment), 'Leases' (effective from January 1, 2010). The amendment has deleted the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17. The amendment is not expected to have any impact on the Modaraba's financial statements.
- IAS 36 (Amendment), 'Impairment of Assets' (effective from January 1, 2010). The amendment clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment. The amendment is not expected to have a significant effect on the Modaraba's financial statements.
- IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2010). The amendment clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active market. The amendment is not expected to have any impact on the Modaraba's financial statements.

3.2 There are certain other new standards, amendments and interpretations that are mandatory for Modaraba's accounting periods beginning on or after July 1, 2010 but are considered not to be relevant or to have any significant effect on the Modaraba's operations and are therefore not detailed in these condensed interim financial statements.

	Note	(Un-audited) September 30, 2010 Rupees	(Audited) June 30, 2010 Rupees
4. CASH AND BANK BALANCES			
With banks in current accounts		27,697	23,255
With bank in deposit account	4.1 & 4.2	76,559,300	77,774,166
Cash in hand		15,965	6,524
		<u>76,602,962</u>	<u>77,803,945</u>

4.1 The balance has been kept in order to comply with the requirement of 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.

4.2 This represents balance held with the Standard Chartered Bank (Pakistan) Limited (a related party). The deposit account carry expected profits at the rate of 7.50% (June 2010: 6.25%).

	(Un-audited) September 30, 2010 Rupees	(Audited) June 30, 2010 Rupees
5. LOANS AND RECEIVABLES		
Term deposit receipts	<u>100,000,000</u>	<u>300,000,000</u>

5.1 Term Deposit Receipts as at June 30, 2010 include an amount Rs. 200,000,000 held with Standard Chartered Bank (Pakistan) Limited (a related party) at the rate of 10.75%. Other deposit receipts carry profit at the rate of 11.00% (June 2010: 11.10%).

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

For the quarter ended September 30, 2010

	(Un-audited) September 30, 2010 Rupees	(Audited) June 30, 2010 Rupees
6. INVESTMENT IN SUKUK CERTIFICATES - Held to maturity		
Investment in Sukuk Certificates	66,406,250	67,578,125
Less: Provision in respect of Sukuk certificates	41,406,250	25,000,000
	<u>4,687,503</u>	<u>4,687,503</u>
Less: Current portion of investment in Sukuk Certificates	<u>36,718,747</u>	<u>37,890,622</u>
7. DIMINISHING MUSHARIKA		
Housing to staff	26,950,824	27,141,770
Others	225,000,000	175,000,000
	<u>251,950,824</u>	<u>202,141,770</u>
Less: current portion of Diminishing Musharika	<u>22,682,110</u>	<u>807,110</u>
	<u>229,268,714</u>	<u>201,334,660</u>
8. NET INVESTMENT IN IJARAH FINANCE		
Ijarah contracts commencing upto 30 June 2008 - accounted for as finance leases	741,913,189	955,385,965
Less: Current portion of net investment in Ijarah finance	448,475,811	675,009,453
	<u>293,437,378</u>	<u>280,376,512</u>

	September 30, 2010			June 30, 2010		
	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					
Installment contract receivables	421,322,252	189,162,107	610,484,359	669,765,422	144,443,640	814,209,062
Add: Residual value	85,026,782	123,461,018	208,487,800	103,519,812	144,948,511	248,468,323
	<u>506,349,034</u>	<u>312,623,125</u>	<u>818,972,159</u>	<u>773,285,234</u>	<u>289,392,151</u>	<u>1,062,677,385</u>
Less: Unearned finance income	53,909,091	19,185,747	73,094,838	90,103,152	9,015,639	99,118,791
Allowance for potential Ijarah losses	3,958,992	-	3,958,992	3,681,741	-	3,681,741
Mark-up held in Suspense	5,140	-	5,140	4,490,888	-	4,490,888
	<u>448,475,811</u>	<u>293,437,378</u>	<u>741,913,189</u>	<u>675,009,453</u>	<u>280,376,512</u>	<u>955,385,965</u>

8.1 Allowance for potential Ijarah losses

	September 30, 2010			June 30, 2010		
	Specific	General	Total	Specific	General	Total
	Rupees					
Opening Balance	130,540	3,551,201	3,681,741	343,415	4,350,624	4,694,039
Charge for the period/year	-	277,251	277,251	-	-	-
Reversal during the period/year	-	-	-	(127,659)	(799,423)	(927,082)
Amount written off during the period/year	-	-	-	(85,216)	-	(85,216)
Closing Balance	<u>130,540</u>	<u>3,828,452</u>	<u>3,958,992</u>	<u>130,540</u>	<u>3,551,201</u>	<u>3,681,741</u>

	(Un-audited) September 30, 2010 Rupees	(Audited) June 30, 2010 Rupees
9. IJARAH ASSETS		
Additions at cost during the period		
- Plant, machinery and equipments	180,259,225	546,030,109
- Motor vehicles	199,519,595	767,038,240
	<u>379,778,820</u>	<u>1,313,068,349</u>
Disposals at cost during the period		
- Plant, machinery and equipments	4,960,480	258,492,223
- Motor vehicles	34,684,294	57,047,406
	<u>39,644,774</u>	<u>315,539,629</u>

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

For the quarter ended September 30, 2010

	(Un-audited) September 30, 2010 Rupees	(Audited) June 30, 2010 Rupees
10. MUSHARIKA FINANCE		
Musharika with:		
- an associated undertaking - secured	<u>25,485,824</u>	<u>9,472,819</u>

10.1. The total facility for musharika finance available from Standard Chartered Bank (Pakistan) Limited amounts to Rs. 500 million (June 2010: Rs. 500 million). The estimated share of profit payable on this facility ranges from Rs. 0.3638 to Rs. 0.3660 (June 2010: Rs.0.3907 to Rs. 0.3660) per rupee one thousand per day. The facility is secured against hypothecation over the moveable leased out assets of the Modaraba.

11. CONTINGENCIES AND COMMITMENTS

An agreement was executed between Haleeb Foods and a consortium of financial institutions. As per terms of the agreement, Meezan Bank Limited had to provide Inland Usance L/C facility of PKR 213.6 Million to Haleeb Food Limited on behalf of all the participating institutions for procurement of packaging material from Tatra Pack. The Modaraba's assigned limit was Rs 12.00 Million calculated on the basis of pro rata share. The Modaraba's outstanding balance of this facility was 11.97 Million as at September 30, 2010. The facility will expire in March 2011.

12. 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 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 these condensed interim financial statements.

13. 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, 2010 Rupees	(Un-audited) September 30, 2009 Rupees
Cash and bank balances	76,602,962	56,143,716
Loans and receivables	100,000,000	-
Musharika finance	<u>(25,485,824)</u>	<u>(18,639,740)</u>
	<u>151,117,138</u>	<u>37,503,976</u>

14. RELATED PARTIES TRANSACTIONS

The related parties of the Modaraba comprise of holding company, 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:

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

For the quarter ended September 30, 2010

	Quarter ended September 30,	
	2010 (Un-audited) Rupees	2009 (Un-audited) Rupees
Holding Company		
Lease rentals received	-	2,056,423
Profit on Musharika finance	316,931	1,886,344
Profit on deposit account	3,728,705	1,397,494
Bank charges and commission	2,494,945	1,567,546
Charge for reimbursement of salaries and benefits	1,414,501	991,181
Charge for reimbursement of miscellaneous expenses	315,075	-
Staff retirement benefits funds		
Contribution to the staff provident fund	263,708	273,597
Contribution to the staff gratuity fund	218,347	227,910
Management Company		
Management fee	2,605,721	2,470,996
Other related party		
Reimbursement of salaries and benefits	330,828	378,894
Key Management Personnel remuneration		
Salaries and benefits	3,503,350	950,142
Contribution to the staff provident fund	84,870	51,999
Contribution to the staff gratuity fund	70,699	43,317
No. of persons	4	3

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.

15. 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 September 30, 2010, there were only three (June 30, 2010: 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, 2010: 10%, 10% and 11.24%) respectively.

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

For the quarter ended September 30, 2010

16. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, whenever necessary, for the purposes of appropriate presentation.

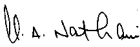
17. GENERAL

Figures have been rounded off to the nearest rupees.

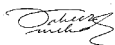
18. DATE OF AUTHORISATION

These financial statements were authorised for issue on October 22, 2010 by the Board of Directors of the Management Company.

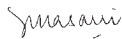
For Standard Chartered Services of Pakistan (Private) Limited
(Management Company)



Mohsin Ali Nathani
Chairman



Syed Zaheer Mehdi
Chief Executive



Cyrus J. Masani
Director

