

Quarterly Report
March 31, 2011



Contents

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

Modaraba Information

Directors of Modaraba Company

Mr. Mohsin Ali Nathani
Chairman

Syed Zaheer Mehdi
Managing Director/Chief Executive

Mr. Najam Siddiqi*
Director

Mr. Shariq Saleem
Director

Mr. Imran Sarwar
Director

Mr. Tufail J. Ahmad
Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Najam Siddiqi*
Chairman

Mr. Imran Sarwar
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) 8342329-30

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

* Subject to regulatory approval

Directors' Review

For the period ended March 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 nine months period ended March 31, 2011.

1. Economic Outlook

Pakistan's economy is showing signs of recovery in Q1 2011 led by strong pick up in export growth and a strong rebound in agriculture following a bumper wheat crop. The external position has strengthened; FX reserves have increased to USD 17.9bn (over 5 months of import cover) by end March 2011 from USD 17.2bn in December 2010. The current account deficit has narrowed considerably, helped by lower import growth, higher exports, and record high workers' remittances. Headline inflation has also declined, averaging 13.4% in Q1 2011, down from 15.4% in Q4 2010.

Growth outlook has been boosted by strong growth in exports, led by the value added textile & leather exports on pick up in external demand and higher international prices. Manufacturing sector has posted an increase of 1% in January 2011 after posting a decline of 1.5% in Q4 2010. Agriculture output has also received a boost from the bumper wheat harvest of 25mn tons in 2011, up 5% y/y. Similarly, cotton output is targeted at 15mn bales in 2011 against 11.6mn bales in 2010 with record high cotton prices attracting higher production. Real GDP growth is projected to pick up to 4% in 2011, from 2.5% in 2010.

2. Financial Highlights

Financial results are summarized as under:

	March 31, 2011 (PKR '000')	June 30, 2010 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	913,023	928,615
Investment in Ijarah finance and Ijarah Assets	2,896,486	2,905,770
Investments in Diminishing Musharika and Sukuks	269,280	244,720
Redeemable capital	1,687,800	2,068,892
	Nine Months ended March 31, 2011 (PKR '000')	Nine Months ended March 31, 2010 (PKR '000')
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	292,021	293,718
Financial charges	166,200	187,147
Provisions (net of reversals/recoveries)	16,753	9,319
Operating expenses	39,272	34,256
Profit before management fee	69,796	62,997
Net profit	61,560	53,485

3. Review of Operations

During the period under review the Modaraba's net profit increased by 15.10% from Rs. 53.49 million to Rs. 61.65 million as compared to corresponding period of last year. Increase in profit is mainly due to efficient management of financial charges.

The growth in Assets has been stagnant which is mainly on account of the global recession, competitive market especially with regards to quality assets, post-flood impact in the country and cautious business approach maintained by various corporate entities. The portfolio stood at Rs 3,166 million compared to Rs. 3,150 million as at June 30, 2010, showing a slight increase of 0.48%.

Standard Chartered Modaraba has a well diversified asset portfolio comprising of plant & machinery, motor vehicles and equipments. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships. Moreover, Modaraba's sector wise exposure is closely monitored. During the period under review, Modaraba booked fresh disbursements to the tune of Rs. 1,273 million under various segments compared to Rs. 1,120 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:

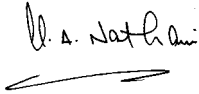
On account of his new assignment with Standard Chartered Group, Mr. Cyrus J. Masani decided to step down and has resigned from the office of Director and Member/Chairman of Audit Committee of Standard Chartered Services of Pakistan (Private) Limited. Mr. Najam Siddiqi, the new Chief Financial Officer of Standard Chartered Bank (Pakistan) Limited has been appointed as Director and Member/Chairman of Audit Committee of Standard Chartered Services of Pakistan (Private) Limited in his place subject to due regulatory approval.

The Board places on record its appreciation for the valuable services rendered by Mr. Cyrus J. Masani 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: April 26, 2011

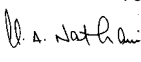
Condensed Interim Balance Sheet (un-audited)

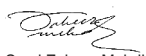
As at March 31, 2011

		(Un-audited) March 31, 2011	(Audited) June 30, 2010
	Note	-----Rupees-----	
ASSETS			
Current assets			
Cash and bank balances	4	262,607	77,803,945
Loans and receivables	5	70,000,000	300,000,000
Ijarah rentals receivable	6	70,485,872	41,082,814
Advances, deposits, prepayments and other receivables		170,355,786	14,699,975
Current portion of investment in Sukuk certificates	7	11,830,361	4,687,503
Current portion of Diminishing Musharika	8	38,308,393	807,110
Current portion of net investment in Ijarah finance	9	342,837,559	675,009,453
Taxation recoverable		23,655,297	17,510,986
Total current assets		727,735,875	1,131,601,786
Non - current assets			
Loans and advances to employees		210,202	200,377
Long-term portion of investment in Sukuk certificates	7	14,419,639	37,890,622
Long-term portion of Diminishing Musharika	8	204,721,588	201,334,660
Long-term portion of net investment in Ijarah finance	9	123,828,422	280,376,512
Ijarah assets	10	2,429,819,621	1,950,383,580
Fixed assets in own use	11	1,700,734	3,277,513
Total non-current assets		2,774,700,206	2,473,463,264
TOTAL ASSETS		3,502,436,081	3,605,065,050
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	12	249,303,797	9,472,819
Current maturity of security deposits		97,152,008	95,021,272
Creditors, accrued and other liabilities		125,598,762	132,517,060
Advance Ijarah rentals received		102,482,974	99,642,778
Current portion of redeemable capital		1,658,770,066	1,959,041,753
Unclaimed profit distribution		23,608,339	21,721,026
Total current liabilities		2,256,915,946	2,317,416,708
Non - current liabilities			
Long-term portion of security deposits		303,467,324	249,183,608
Long-term portion of redeemable capital		29,030,000	109,850,000
Total non - current liabilities		332,497,324	359,033,608
TOTAL LIABILITIES		2,589,413,270	2,676,450,316
CERTIFICATE HOLDERS' EQUITY			
Authorised 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		400,601,372	388,289,356
Unappropriated profit		58,586,139	86,490,078
		913,022,811	928,614,734
TOTAL LIABILITIES AND EQUITY		3,502,436,081	3,605,065,050
CONTINGENCIES AND COMMITMENTS			
	13		

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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


Mohsin Ali Nathani
Chairman


Syed Zaheer Mehdi
Chief Executive


Tufail J. Ahmad
Director

March 2011

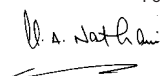
Condensed Interim Profit and Loss Account (un-audited)


For the nine months period and quarter ended March 31, 2011

Note	Nine months ended March 31,		Quarter ended March 31,	
	2011	2010	2011	2010
	-----Rupees-----		-----Rupees-----	
Ijarah finance income	62,460,714	138,124,059	15,127,187	34,321,010
Ijarah rentals earned	700,611,683	465,133,485	260,983,873	179,127,626
Profit on Sukuk certificates	186,282	1,934,740	(216,525)	462,837
Income on Murabaha transactions	-	4,840,932	-	-
Income on Diminishing Musharika transactions	25,043,890	2,080,479	8,352,487	2,080,479
Income on deposits with bank	13,656,647	7,840,260	3,399,045	4,282,754
	<u>801,959,216</u>	<u>619,953,955</u>	<u>287,646,067</u>	<u>220,274,706</u>
Financial charges	(166,199,947)	(187,146,683)	(53,768,559)	(66,909,334)
Depreciation on assets under Ijarah arrangements	(515,873,583)	(334,886,219)	(188,644,849)	(128,857,321)
	<u>119,885,686</u>	<u>97,921,053</u>	<u>45,232,659</u>	<u>24,508,051</u>
(Provision) / reversal in respect of Ijarah finances - net	(3,940,540)	681,143	-	67,643
Provision in respect of Sukuk certificates	(12,812,500)	(10,000,000)	(12,812,500)	-
	<u>103,132,646</u>	<u>88,602,196</u>	<u>32,420,159</u>	<u>24,575,694</u>
Other income	5,934,950	8,650,472	2,328,807	5,097,015
Administrative and operating expenses	(39,271,590)	(34,255,707)	(15,604,579)	(12,176,109)
	<u>69,796,006</u>	<u>62,996,961</u>	<u>19,144,387</u>	<u>17,496,600</u>
Modaraba management company fee	(6,979,600)	(6,299,696)	(1,914,438)	(1,749,660)
Provision for workers' welfare fund	(1,256,328)	(3,211,926)	(344,599)	(314,940)
Profit before taxation	<u>61,560,078</u>	<u>53,485,339</u>	<u>16,885,350</u>	<u>15,432,000</u>
Taxation	14	-	-	-
Profit after taxation	<u>61,560,078</u>	<u>53,485,339</u>	<u>16,885,350</u>	<u>15,432,000</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>61,560,078</u>	<u>53,485,339</u>	<u>16,885,350</u>	<u>15,432,000</u>
Earnings per certificate	<u>1.36</u>	<u>1.18</u>	<u>0.37</u>	<u>0.34</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

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


Mohsin Ali Nathani
Chairman


Syed Zaheer Mehdi
Chief Executive


Tufail J. Ahmad
Director

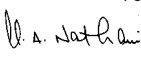
Condensed Interim Cash Flow Statement (un-audited)

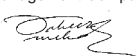
For the nine months period ended March 31, 2011

Note	Nine months period ended March 31, 2011	Nine months period ended March 31, 2010
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
	61,560,078	53,485,339
Profit before taxation		
Adjustment for non cash and other items:		
Depreciation on fixed assets in own use	2,396,549	743,294
Depreciation on fixed assets under Ijarah arrangements	515,873,583	334,886,219
Loss on disposal of fixed assets	-	71,326
Profit on disposal of assets under Ijarah arrangements	(1,364,106)	(1,542,254)
Provision / (reversal) in respect of Ijarah finances	3,940,540	(681,143)
Provision in respect of Sukuk certificates	12,812,500	10,000,000
Profit on Sukuk certificates	(186,282)	(1,934,740)
Income on deposits with bank	(13,656,647)	(7,840,260)
Profit on:		
- Redeemable capital	152,908,749	162,542,488
- Murabaha finance	-	11,837,271
- Musharika finances	3,665,760	2,645,970
	676,390,646	510,728,171
	737,950,724	564,213,510
(Increase) / decrease in assets		
Advances, deposits, prepayments and other receivables	(158,088,408)	35,968,034
Ijarah rentals receivable	(33,586,811)	(21,837,883)
Murabaha finance	-	136,053,809
Diminishing musharika	(40,888,211)	(182,466,138)
Purchase of assets under Ijarah arrangements	(1,081,076,188)	(983,597,172)
Proceeds from disposal of assets under Ijarah arrangements	87,130,670	39,359,683
Investment in Ijarah finance -net	488,963,197	571,816,261
Loans and advances to employees	(9,825)	64,626
	(737,555,576)	(404,638,780)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	14,964,488	(7,649,060)
Advance Ijarah rentals received	2,840,196	31,161,195
Deferred Murabaha income	-	(4,840,932)
Security deposits	56,414,452	(1,881,655)
	74,219,136	16,789,548
	74,614,284	176,364,278
Profit received / (paid) on		
- Sukuk certificates	359,784	1,590,151
- Redeemable capital	(177,094,478)	(154,203,606)
- Murabaha finances	-	(11,885,424)
- Musharika finances	(1,362,817)	(13,837,690)
Taxes paid	(6,144,311)	(357,848)
	(184,241,822)	(178,694,417)
	(109,627,538)	(2,330,139)
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Sukuk certificates - net	3,515,625	3,125,000
Fixed capital expenditure	(819,770)	(672,640)
Proceeds from disposal of fixed assets	-	75,000
Income on deposits with bank	15,915,742	3,557,506
Net cash generated from investing activities	18,611,597	6,084,866
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	(381,091,687)	778,060,360
Murabaha finances less repayments	-	(130,000,000)
Profit paid to certificate holders	(75,264,688)	(72,801,510)
Net cash (used in) / generated from financing activities	(456,356,375)	575,258,850
(Decrease) / Increase in cash and cash equivalents	(547,372,316)	579,013,577
Cash and cash equivalents at the beginning of period	368,331,126	(189,773,033)
Cash and cash equivalents at end of the period	15 (179,041,190)	389,240,544

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

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


Mohsin Ali Nathani
Chairman


Syed Zaheer Mehdi
Chief Executive


Tufail J. Ahmad
Director

March 2011

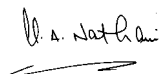
Condensed Interim Statement of Changes In Equity (un-audited)

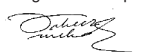
For the nine months period ended March 31, 2011

	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 nine months period ended March 31, 2010	-	-	-	-	53,485,339	53,485,339
Transfer to statutory reserve	-	-	10,697,068	10,697,068	(10,697,068)	-
Balance as at March 31, 2010	453,835,300	55,384,700	327,625,792	383,010,492	65,374,621	902,220,413
Balance as at June 30, 2010	<u>453,835,300</u>	<u>55,384,700</u>	<u>332,904,656</u>	<u>388,289,356</u>	<u>86,490,078</u>	<u>928,614,734</u>
Profit distribution for 2010 @ Rs. 1.70 per certificate	-	-	-	-	(77,152,001)	(77,152,001)
Total comprehensive income for the nine months period ended March 31, 2011	-	-	-	-	61,560,078	61,560,078
Transfer to statutory reserve	-	-	12,312,016	12,312,016	(12,312,016)	-
Balance as at March 31, 2011	<u>453,835,300</u>	<u>55,384,700</u>	<u>345,216,672</u>	<u>400,601,372</u>	<u>58,586,139</u>	<u>913,022,811</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

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


Mohsin Ali Nathani
Chairman


Syed Zaheer Mehdi
Chief Executive


Tufail J. Ahmad
Director

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

For the nine months period ended March 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

2.1 Statement of compliance

- a) These condensed interim financial statements have 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) The Securities and Exchange Commission of Pakistan notified the Islamic Financial Accounting Standard 1 (IFAS-1) issued by the Institute of Chartered Accountants of Pakistan relating to accounting for Murabaha transaction undertaken by a bank / financial institution, effective for financial periods beginning on or after January 1, 2006. The standard had not been adopted by the Modaraba pending resolutions of certain issues, e.g. invoicing of goods, recording of inventories, etc. However, last year the Modaraba adopted IFAS-1 after obtaining certain clarifications in respect of the afore-mentioned issues from the Shariah advisor of the Modaraba Association of Pakistan.
- c) 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 a 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.

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

For the nine months period ended March 31, 2011

- 2.2** These condensed interim financial statements are un-audited. The disclosures made in these condensed interim financial statements 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, 2010.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and the methods of computation 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.

- 3.1** Standards, interpretations and amendments to published approved accounting standards that are effective from January 1, 2010

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 January 1, 2010 but are considered not to be relevant or do not have any significant effect on the Modaraba's operations and are, therefore, not disclosed in these condensed interim financial statements.

- 3.2** Standards, interpretations and amendments to published approved accounting standards, that are not yet effective

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

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 Modaraba will apply the revised standard from July 1, 2011. The Modaraba is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are certain other new standards, amendments and interpretations that are mandatory for the 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) March 31, 2011	(Audited) June 30, 2010
4. CASH AND BANK BALANCES			
With banks in current accounts		47,697	23,255
With bank in deposit account	4.1 & 5.2	199,240	77,774,166
Cash in hand		15,670	6,524
		<u>262,607</u>	<u>77,803,945</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 5.01% (June 30, 2010: 6.25%).

	Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
5. LOANS AND RECEIVABLES			
Term deposit receipts	5.1 & 5.2	<u>70,000,000</u>	<u>300,000,000</u>

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

For the nine months period ended March 31, 2011

5.1 Term Deposit Receipts as at March 31, 2011 carry profit at the rate of 12.90 % (June 30, 2010: 11.10%).

5.2 The balance with bank in deposit account and Term deposit receipts have 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.

Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
------	-----------------------------------	-------------------------------

-----Rupees-----

6. IJARAH RENTALS RECEIVABLE

Ijarah rentals receivable - considered good	77,261,636	41,082,814
Less: Allowance for potential Ijarah losses	4,183,753	-
Less: Profit held in suspense	2,592,011	-
	<u>70,485,872</u>	<u>41,082,814</u>

Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
------	-----------------------------------	-------------------------------

-----Rupees-----

7. INVESTMENT IN SUKUK CERTIFICATES - Held to maturity

Investment in Sukuk Certificates	64,062,500	67,578,125
Less: Provision in respect of Sukuk certificates	37,812,500	25,000,000
	26,250,000	42,578,125
Less : Current portion of investment in Sukuk Certificates	11,830,361	4,687,503
	<u>14,419,639</u>	<u>37,890,622</u>

Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
------	-----------------------------------	-------------------------------

-----Rupees-----

8. DIMINISHING MUSHARIKA

- Housing	24,279,981	27,141,770
- Others	218,750,000	175,000,000
	243,029,981	202,141,770
Less: current portion of Diminishing Musharika	38,308,393	807,110
	<u>204,721,588</u>	<u>201,334,660</u>

9. NET INVESTMENT IN IJARAH FINANCE

Ijarah contracts commencing upto 30 June 2008 - accounted for as finance leases	466,665,981	955,385,965
Less: Current portion of net investment in Ijarah finance	342,837,559	675,009,453
	<u>123,828,422</u>	<u>280,376,512</u>

	March 31, 2011			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-----					
Minimum Ijarah payments receivable	275,641,343	68,193,815	343,835,158	669,765,422	144,443,640	814,209,062
Add: Residual value	101,804,763	62,602,505	164,407,268	103,519,812	144,948,511	248,468,323
Gross: investment in Ijarah Finance	377,446,106	130,796,320	508,242,426	773,285,234	289,392,151	1,062,677,385
Less: Unearned finance income	31,164,879	6,967,898	38,132,777	90,103,152	9,015,639	99,118,791
Allowance for potential Ijarah losses	3,438,528	-	3,438,528	3,681,741	-	3,681,741
Mark-up held in Suspense	5,140	-	5,140	4,490,888	-	4,490,888
	<u>342,837,559</u>	<u>123,828,422</u>	<u>466,665,981</u>	<u>675,009,453</u>	<u>280,376,512</u>	<u>955,385,965</u>

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

For the nine months period ended March 31, 2011

9.1 Allowance for potential Ijarah losses

	March 31, 2011			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	-	(243,213)	(243,213)	-	-	-
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>3,307,988</u>	<u>3,438,528</u>	<u>130,540</u>	<u>3,551,201</u>	<u>3,681,741</u>
				(Un-audited)	(Audited)	
				March 31,	June 30,	
				2011	2010	

10. IJARAH ASSETS

Additions at cost during the period / year		
- Plant, machinery and equipments	594,254,458	546,030,109
- Motor vehicles	486,821,730	767,038,240
	<u>1,081,076,188</u>	<u>1,313,068,349</u>
Disposals at cost during the period / year		
- Plant, machinery and equipments	5,115,480	258,492,223
- Motor vehicles	113,586,377	57,047,406
	<u>118,701,857</u>	<u>315,539,629</u>
	(Unaudited)	(Unaudited)
	March 31,	March 31,
	2011	2010

11. FIXED ASSETS IN OWN USE

Additions at cost during the period		
- Computers / equipments	119,770	489,400
- Computer Software	700,000	-
- Furniture and fittings	-	183,240
	<u>819,770</u>	<u>672,640</u>
Disposals at cost during the period		
- Computer Software / equipment	-	1,315,598
	(Un-audited)	(Audited)
	March 31,	June 30,
	2011	2010

12. MUSHARIKA FINANCE

Musharika with:	
- an associated undertaking - secured	<u>249,303,797</u>
	<u>9,472,819</u>

12.1. The total facility for musharika finance available from Standard Chartered Bank (Pakistan) Limited amounts to Rs. 500 million (June 30, 2010: Rs. 500 million). The estimated share of profit payable on this facility ranges from Re. 0.3638 to Re. 0.3955 (June 30, 2010: Re. 0.3660 to Re. 0.3907) per rupee one thousand per day. The facility is secured against hypothecation over the moveable leased out assets of the Modaraba.

13. CONTINGENCIES AND COMMITMENTS

13.1 An agreement was executed between Haleeb Foods Limited and 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 Foods Limited on behalf of all the participating institutions for procurement of packaging material from TetraPak. The limit was curtailed to PKR 96.12 Million and Modaraba's assigned limit was also curtailed to PKR 5.402 Million on the basis of pro rata share. Modaraba's outstanding balance of this facility was PKR 1.477 Million as at March 31, 2011. The facility shall expire on June 30, 2011.

13.2 Another agreement was signed between Haleeb Foods Ltd. and consortium of Financial institutions. As per terms of the agreement, Meezan Bank Limited had to provide working capital facilities to the tune of PKR 425 Million to Haleeb Foods Ltd. SCM's share out of the additional working capital line is PKR 22.886 Million which is to

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

For the nine months period ended March 31, 2011

be provided in the shape of LC / Ijarah Finance. LCs shall be established by Meezan Bank Limited on behalf of consortium and outstanding balance of SCM's share was PKR 17.250 Million.

- 13.3** Letter of Comfort issued to Habib Bank Limited on behalf of Olympia Synthetics Ltd. amounting to PKR 85.00 Million.

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 atleast 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.

15. CASH AND CASH EQUIVALENTS

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

	(Un-audited) March 31, 2011	(Un-audited) March 31, 2010
----- (Rupees) -----		
Cash and bank balances	262,607	104,233,956
Loans and receivables	70,000,000	300,000,000
Musharika finance	(249,303,797)	(14,993,412)
	<u>(179,041,190)</u>	<u>389,240,544</u>

16. RELATED PARTIES TRANSACTIONS

The related parties of the Modaraba include Standard Chartered Bank (Pakistan) Limited, management company, 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:

	Nine Months period ended March 31,	
	2011 (Un-audited)	2010 (Un-audited)
----- (Rupees) -----		
Holding Company		
Lease rentals received	-	4,553,780
Profit on Musharika finance	3,665,760	2,645,970
Profit on deposit account	4,985,058	7,719,712
Bank charges and commission	9,625,438	10,120,954
Charge for reimbursement of salaries and benefits	5,537,471	4,164,868
Charge for reimbursement of miscellaneous expenses	945,225	-
Staff retirement benefits funds		
Contribution to the staff provident fund	907,577	906,146
Contribution to the staff gratuity fund	754,692	753,450
Management Company		
Management fee	6,979,600	6,299,696
Other related party		
Profit on Certificates of Musharaka	8,107	-
Reimbursement of salaries and benefits	1,831,486	992,481
Key Management Personnel remuneration		
Salaries and benefits	7,534,334	6,252,350
Contribution to the staff provident fund	275,416	261,000
Contribution to the staff gratuity fund	229,429	217,467
No. of persons	4	3

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

For the nine months period ended March 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 March 31, 2011, 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.

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.

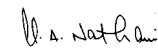
19. GENERAL

Figures have been rounded off to the nearest rupees.

20. DATE OF AUTHORISATION

These financial statements were authorised for issue on April 26, 2011 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



Tufail J. Ahmad
Director