

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO


SINDH MODARABA

Annual Report
June 30, 2015

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

يَمْحَقُ اللَّهُ الرِّبَا وَيُرْبِي الصَّدَقَاتِ
وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ

Allah will destroy Riba (usury) and will give increase for Sadaqat (deeds of charity, alms, etc.) And Allah does not like the disbelievers, sinners. 2:276

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Vision & Mission Statements

Vision

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

Mission

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

Corporate Information

Board of Directors

Mr. Muhammad Bilal Shaikh	-Chairman	-Non-Executive Director
Mr. Muhammad Sohail Khan Rajput		-Non-Executive Director
Mr. Muhammad Naimuddin Farooqui		-Non-Executive Director
Syed Shahnawaz Nadir Shah		-Non-Executive Director
Mr. Muhammad Shahid Murtaza		-Independent Director
Mr. Asif Haider Mirza		-Independent Director
Mr. Moin Mohajir		-Independent Director
Mr. Javed Iqbal		-Chief Executive

CFO & Company Secretary

Mr. Zulfiqar Ali

Audit Committee

Mr. Muhammad Shahid Murtaza	-Chairman
Mr. Muhammad Naimuddin Farooqui	-Member
Syed Shahnawaz Nadir Shah	-Member
Mr. Moin Mohajir	-Member

Human Resource Committee

Mr. Muhammad Bilal Shaikh	-Chairman
Mr. Moin Mohajir	-Member
Mr. Asif Haider Mirza	-Member
Mr. Javed Iqbal	-Member

Nomination Committee

Mr. Muhammad Sohail Khan Rajput	-Chairman
Mr. Muhammad Bilal Shaikh	-Member
Mr. Muhammad Shahid Murtaza	-Member
Mr. Asif Haider Mirza	-Member

Procurement Committee

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

Risk Management Committee

Mr. Muhammad Bilal Shaikh	-Chairman
Mr. Muhammad Shahid Murtaza	-Member
Mr. Moin Mohajir	-Member
Mr. Javed Iqbal	-Member

Bankers

Sindh Bank Limited-Islamic Banking (Saadat)

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Legal Advisor

Mohsin Tayebaly & Co.

Share Registrar

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

Registered/Head Office

1st Floor, Imperial Court,
Dr. Ziauddin Ahmed Road
Karachi
Tel : (92-21) 35640708-9
web : www.sindhmodarabalttd.com
Email : info@sindhmodarabalttd.com

Directors' Report

On behalf of the Board of Directors of Sindh Modaraba Management Limited, we are presenting the 1st annual report of Sindh Modaraba together with Audited Accounts for the period from February 09, 2015 to June 30, 2015.

1. Economy

The third quarter of FY15 ended with a visible improvement in the country's macroeconomic environment. External sector, which has been the weakest link in Pakistan's economy, improved considerably: (a) the current account, benefiting from a robust growth in workers' remittances, higher inflows under Coalition Support Fund (CSF), and a sharp reduction in oil prices, posted a notable surplus in Q3-FY15. The SBP's liquid FX reserves more than doubled the level seen a year ago, enough to finance three months of the country's import bill. Encouragingly, the reform process agreed under the IMF program is broadly on track, and all the quantitative (performance) targets for end-March 2015 were met. The real GDP growth at 4.24 percent, though lower than the target, has reached the highest level in the last seven years. With these improvements, the policy focus is gradually moving from stabilization to economic growth. Specifically, SBP has already initiated monetary easing to support economic activity by cutting its policy rate to a historic low. Investment, which has been a key concern for economic growth in recent years, is likely to benefit from monetary easing and planned investment under the China-Pakistan Economic Corridor (CPEC). With the implementation of stabilization policies during the past two years, and ensuing marked improvement in macroeconomic indicators in this fiscal year, Pakistan's economy is set to embark on a higher growth trajectory.

2. Operating Results and Business Overview

	June 30 2015 (Rupees)
Balance Sheet	
Certificate capital	450,000,000
Total equity	459,591,203
Investment in Ijarah/Diminishing Musharaka	163,224,858
Profit & Loss	
Revenue (net of Ijarah asset depreciation)	22,683,644
Operating expenses	4,501,890
Profit before management fee	11,071,202
Net Profit	9,591,203
Appropriations	
Profit distribution @ 1.6%	7,200,000
Statutory Reserve	1,918,241
Earning per Certificate	0.21

The Modaraba commenced its business operations w.e.f. 09th February 2015 and this is its first annual financial statements. By the grace of Almighty Allah and with our sponsor's support, the Modaraba started the journey with a positive bottom line and recorded net profit of Rs. 9.59 million for the period under review. The management remained highly cautious while granting the financing facilities and disbursed an amount of Rs. 177.43 million to highly credit worthy customers.

3. Outlook

The management is focusing on building a high quality and diversified financing portfolio which will serve as a strong base for Modaraba's future growth. Currently, the Modaraba is operating only from its Head office in Karachi but the management intends to open its branches in other cities of the country in near future. All efforts will be made to keep the operating costs at the minimum level. We are confident that Modaraba will gradually make its place amongst the best performing entities of the sector.

4. Profit distribution

The Board of Directors has approved cash dividend @ 1.6% i.e. Rs. 0.16 per certificate for the year ended 30th June 2015.

As per Prudential Regulations issued by Securities & Exchange Commission of Pakistan, Modarabas are required to transfer a minimum 20% and maximum 50% post-tax profit to statutory reserves. The Board of Directors has appropriated Rs. 1,918,241/- (20%) towards the Statutory Reserve.

5. Corporate Governance

The Modaraba is required to comply with various requirements of the Code of Corporate Governance (CCG) contained in listing regulations of Karachi Stock Exchange as well as Public Sector Companies (Corporate Governance) Rules, 2013 (Rules) issued by the SECP. Your management has taken significant steps in line with the requirements such as formulating a vision and mission statement, strengthened internal audit function, constituting an Audit Committee and adoption of Charter of Audit Committee etc.

Directors' Report

The statutory auditors are also required to issue their review report over the compliance statement of the best practices, which is published with the financial statements.

The Board of Directors has reviewed the CCG and Rules and confirms that:

- The Board has complied with the relevant principles of corporate governance, and has identified the rules that have not been complied with, the period in which such non-compliance continued, and the reasons for such non-compliance;
- Financial statements, prepared by the management, present fairly the state of affairs, the results of its operations, cash flows and change in equity;
- Proper books of account have been maintained;
- Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The appointment of chairman and other members of the Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Modaraba as well as in line with the best practices
- International Financial Reporting Standards, as applicable to modarabas in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained;
- There are no significant doubts upon the Modaraba's ability to continue as a going concern;
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2015, except for those disclosed in financial statements;
- No investment was made by the Employees Provident Fund as on June 30, 2015.
- Key operating and financial data of last six years cannot be presented as this is first year of Modaraba's operations

6. Pattern of certificate holding

Pattern of certificate holding is annexed to this report.

7. Attendance of Board Meetings

Only one Board meeting of the Modaraba Company was held during the period under review. Attendance of each director is appended hereunder:

Name of Director	No. of Meetings attended
Mr. Muhammad Bilal Sheikh	1
Mr. Muhammad Sohail Khan Rajput	--
Mr. Muhammad Naimuddin Farooqui	1
Mr. Muhammad Shahid Murtaza	1
Syed Shahnawaz Nadir Shah	1
Mr. Moin Mohajir	1
Mr. Asif Haider Murtaza	1
Mr. Javed Iqbal-CEO	1

Leave of absence was granted to the director who could not attend the meeting.

8. Attendance of Audit Committee

Only one Audit Committee meeting of the Modaraba Company was held during the period under review. Attendance of each member is appended hereunder:

Name of Member	No. of Meetings attended
Mr. Muhammad Shahid Murtaza	1
Mr. Muhammad Naimuddin Farooqui	1
Syed Shahnawaz Nadir Shah	1
Mr. Moin Mohajir (Appointed w.e.f 27-04-2015)	--

Directors' Report

9. Other Board Committees

The Board has also established Human Resource, Risk Management, Nomination and Procurement Committees as required under the Rules. No meetings of these committees were held during the period under review.

10. Auditors

Present auditors M/s Grant Thornton Anjum Rahman, Chartered Accountants, are being eligible to offer themselves for reappointment as auditors for the financial year ending June 30, 2016. However, their appointment will be subject to the approval of Registrar Modaraba.

11. Acknowledgment

We wish to place on record our appreciation and thanks to the certificate-holders and customers for their confidence in the newly established 'Modaraba', to the Regulatory Authorities and sponsors for their support and guidance and to the members of management and staff for their dedication and hard work.

Karachi:
September 18, 2015

On behalf of the Board



Javed Iqbal
Chief Executive

Statement of Compliance with the Code of Corporate Governance & Public Sector Companies (Corporate Governance) Rules, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Karachi Stock Exchange and Public Sector Companies (Corporate Governance) Rules 2013 (the Rules) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance for the period from February 09, 2015 to June 30, 2015.

The Board of Directors of Sindh Modaraba Management Limited – the Modaraba Management Company (the Company) is responsible for management of affairs of Sindh Modaraba (the Modaraba). The Company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule No.	Y	N	Remarks																						
			Tick the relevant box																								
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																								
2.	The Board has the requisite percentage of independent directors. At present the board includes : <table border="1" data-bbox="244 768 946 1087"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Independent Directors</td> <td>M. Shahid Murtaza</td> <td>31st Oct 2014</td> </tr> <tr> <td>Moin Mohajir</td> <td>31st Oct 2014</td> </tr> <tr> <td>Asif Haider</td> <td>31st Oct 2014</td> </tr> <tr> <td>Executive Directors</td> <td></td> <td></td> </tr> <tr> <td rowspan="4">Non-Executive Directors</td> <td>M. Bilal Sheikh</td> <td>31st Oct 2014</td> </tr> <tr> <td>M. Naimuddin Farooqi</td> <td>31st Oct 2014</td> </tr> <tr> <td>M. Sohail Khan Rajput</td> <td>31st Oct 2014</td> </tr> <tr> <td>S. Shahnawaz Nadir Shah</td> <td>31st Oct 2014</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Independent Directors	M. Shahid Murtaza	31 st Oct 2014	Moin Mohajir	31 st Oct 2014	Asif Haider	31 st Oct 2014	Executive Directors			Non-Executive Directors	M. Bilal Sheikh	31 st Oct 2014	M. Naimuddin Farooqi	31 st Oct 2014	M. Sohail Khan Rajput	31 st Oct 2014	S. Shahnawaz Nadir Shah	31 st Oct 2014	3(2)	✓		
Category	Names	Date of appointment																									
Independent Directors	M. Shahid Murtaza	31 st Oct 2014																									
	Moin Mohajir	31 st Oct 2014																									
	Asif Haider	31 st Oct 2014																									
Executive Directors																											
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	M. Naimuddin Farooqi	31 st Oct 2014																									
	M. Sohail Khan Rajput	31 st Oct 2014																									
	S. Shahnawaz Nadir Shah	31 st Oct 2014																									
3.	A casual occurring on the board was filled up by the directors within ninety days.	3(4)			N/A																						
4.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓		Except one for which exemption recd. from SECP																						
5.	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Ordinance.	3(7)	✓																								
6.	The chairman of the board is working separately from the chief executive of the Company.	4(1)	✓																								
7.	The chairman has been elected from amongst the independent directors.	4(4)		✓	Exemption recd. from SECP																						
8.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the commission.	5(2)																									
9.	(a) The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website to be indicated www.sindhmodarabald.com) (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓																								
10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholder, in the manner prescribed in the Rules.	5(5)	✓																								

Statement of Compliance with the Code of Corporate Governance & Public Sector Companies (Corporate Governance) Rules, 2013

S. No.	Provision of the Rules	Rule No.	Y	N	Remarks
			Tick the relevant box		
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓		
12.	The Board has developed and implemented a policy on anticorruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)	✓		
13.	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service. (b) A Committee has been formed to investigating deviations from the company's code of conduct.	5(5)(c)(ii)	✓		
14.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the SPPRA Rules.	5(5)(c)(iii)	✓		
15.	The Board has developed a vision or mission statement, corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(6)	✓		
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)			N/A
17.	(a) The Board has met at four times during the year. (b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓		N/A
18.	The Board has carried out performance evaluation of its members, including the chairman and chief executive, on the basis of a process, based on specified criteria, developed by it. The board has also monitored and assessed the performance of senior management on annual/half/yearly/quarterly basis*. * Strike out whichever is not applicable	8		✓	
19.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓		
20.	The Board has approved the profit and loss account for, and balance sheet as at the end of first second and third quarter as well as the financial year end and has placed the annual financial statements on the company's website. Monthly accounts were also prepared and circulated amongst the board members.	10	✓		N/A
21.	All the board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	✓		

Statement of Compliance with the Code of Corporate Governance & Public Sector Companies (Corporate Governance) Rules, 2013

S. No.	Provision of the Rules	Rule No.	Y	N	Remarks																		
			Tick the relevant box																				
22.	<p>(a) The Board has formed the requisite committee, as specified in the Rules.</p> <p>(b) The Committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committee were circulated to all the board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1"> <thead> <tr> <th>Committee</th> <th>Number of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>4</td> <td>M. Shahid Murtaza</td> </tr> <tr> <td>Risk Management Committee</td> <td>4</td> <td>M. Bilal Sheikh</td> </tr> <tr> <td>Human Resources Committee</td> <td>4</td> <td>M. Bilal Sheikh</td> </tr> <tr> <td>Procurement Committee</td> <td>4</td> <td>M. Sohail Khan Rajput</td> </tr> <tr> <td>Nomination Committee</td> <td>4</td> <td>M. Sohail Khan Rajput</td> </tr> </tbody> </table>	Committee	Number of Members	Name of Chair	Audit Committee	4	M. Shahid Murtaza	Risk Management Committee	4	M. Bilal Sheikh	Human Resources Committee	4	M. Bilal Sheikh	Procurement Committee	4	M. Sohail Khan Rajput	Nomination Committee	4	M. Sohail Khan Rajput	12	✓		
Committee	Number of Members	Name of Chair																					
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Human Resources Committee	4	M. Bilal Sheikh																					
Procurement Committee	4	M. Sohail Khan Rajput																					
Nomination Committee	4	M. Sohail Khan Rajput																					
23.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualification.	13/14	✓		Internal Audit function is outsourced to a reputed Chartered Accountant firm.																		
24.	The company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of sub-section (3) of section 234 of the Ordinance.	16	✓																				
25.	The directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully described the salient matters required to be disclosed.	17	✓																				
26.	The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.	18	✓																				
27.	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place. The annual report of the company contains criteria and details of remuneration of each director.	19	✓		N/A																		
28.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer, before approval of the board.	20	✓																				
29.	<p>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:</p> <table border="1"> <thead> <tr> <th>Name of member</th> <th>Category</th> <th>Professional background"</th> </tr> </thead> <tbody> <tr> <td>M. Shahid Murtaza</td> <td>Independent</td> <td>Banker</td> </tr> <tr> <td>M. Naimuddin Farooqui</td> <td>Non-executive</td> <td>Banker</td> </tr> <tr> <td>S. Shahnawz Nadir Shah</td> <td>Non-executive</td> <td>Investment Specialist</td> </tr> <tr> <td>Moin Mohajir</td> <td>Independent</td> <td>Chartered Accountant</td> </tr> </tbody> </table> <p>The Chief executive and chairman of the Board are not members of the audit committee.</p>	Name of member	Category	Professional background"	M. Shahid Murtaza	Independent	Banker	M. Naimuddin Farooqui	Non-executive	Banker	S. Shahnawz Nadir Shah	Non-executive	Investment Specialist	Moin Mohajir	Independent	Chartered Accountant		✓					
Name of member	Category	Professional background"																					
M. Shahid Murtaza	Independent	Banker																					
M. Naimuddin Farooqui	Non-executive	Banker																					
S. Shahnawz Nadir Shah	Non-executive	Investment Specialist																					
Moin Mohajir	Independent	Chartered Accountant																					

Statement of Compliance with the Code of Corporate Governance & Public Sector Companies (Corporate Governance) Rules, 2013

S. No.	Provision of the Rules	Rule No.	Y	N	Remarks
			Tick the box	relevant	
30.	The Board has set up and effective internal audit function, which has an audit charter, duly approved by the committee, and which worked in accordance with the applicable standards.	22	✓		
31.	The Company has appointed its external auditors in line with the requirements envisaged under the Rules.	23	✓		
32.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guideline on Code of Ethics as applicable in Pakistan.	23(4)	✓		
33.	The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guideline issued by IFAC in this regard.	23(5)	✓		
34.	The Company has complied with all the corporate and financial reporting requirements of the Rules.		✓		

CERTAIN ADDITIONAL DISCLOSURES REQUIRED UNDER CCG

- All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
- During the period, a Director's Orientation Course on Corporate Governance was conducted by an ICAP's approved trainer. Two of the directors are exempted from the directors' certification requirement prescribed under clause (xi) of CCG.
- The meeting of the audit committee was held prior to approval of quarterly final result of the Modaraba as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modaraba's certificates, was determined and intimated to directors, employees and stock exchange.
- There was no material/price sensitive information that has to be disseminated among all market participants at once through the stock exchange.



Javed Iqbal
Chief Executive Officer

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with. [except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year]:

Schedule - II:

Sr. No	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1.	4(4)	The Chairman being nominee of Government of Sindh is a professional banker with unblemished track record who was elected by the Board of Directors to formulate the Company on a fast track basis.	SECP (Company Law Division) has provided relaxation to the Company from applicability of this rule for a period of three years.
2.	8	The Modaraba has started its operations in February 2015. The Board is in the process of developing criteria for performance evaluation of its members.	The Board will shortly carry out performance evaluation of its members, including the chairman and chief executive, on the basis of specified criteria.



Javed Iqbal
Chief Executive Officer

Shari'ah Advisor's Report



I have conducted the Shari'ah review of Sindh Modaraba managed by Sindh Modaraba Management Company for the financial year ended June 2015 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
- ii. Following is the major development that took place during the year: a) The Business activities of the Modaraba started with financing on the two basic Shariah Complaint modes of Financing i.e Ijarah and Diminishing Musharakah.
- iii. The agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
- iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas
- v. The Modaraba does not have any deposit raising product at the moment, therefore no profit sharing ratios, profits and charging of losses relating to any deposit raising product apply.
- vi. No earnings that have been realized from the sources or means prohibited by Shari'ah during the period.

Observation(s)

- 1) The Modaraba has a part of its portfolio of assets covered through conventional insurance companies.
- 2) The senior management of the Modaraba is very well committed and dedicated towards assurance of Shariah Compliance.

Recommendation(s)

- 1) It is recommended that the Modaraba completely gets its financed assets covered through Takaful.

Conclusion

In my opinion and to the best of my knowledge and information provided by the Modaraba, I am of the view that during the period overall business activities of the Modaraba are Shariah Compliant.

And Allah Knows Best

Mufti Zeeshan Abdul Aziz
Shariah Advisor
Sindh Modaraba
Dated: September 10th 2015

Review Report to the Members

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) and Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) for the period ended June 30, 2015 (from February 09, 2015 to June 30, 2015) prepared by the Board of Directors (the Board) of Sindh Modaraba Management Limited (the Management Company) to comply with the Listing Regulation of the Karachi Stock Exchange, where the Modaraba is listed and the provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

The responsibility for compliance with the Code and the Rules is that of the Modaraba's Management Company Board. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Modaraba's compliance with the provisions of the Code and the Rules and report if it does not as to highlight any non-compliance with the requirements of the Code or the Rules. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code and the Rules.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Modaraba's corporate governance procedures and risks.

Further, the Code and the Rules require the Modaraba to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board and placement of such transactions before the audit committee of the Management Company. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects with the best practices contained in the Code and the Rules as applicable to the Modaraba for the period ended June 30, 2015 (from February 09, 2015 to June 30, 2015).

Further, we highlight instances of non-compliance with the requirements of the Rules as reflected in Schedule II to the Statement of Compliance.

Date: September 18, 2015

Place: Karachi

Grant Thornton Anjum Rahman
Chartered Accountants

Muhammad Shaukat Naseeb
Engagement Partner

Independent Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of the Sindh Modaraba (the Modaraba) as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here in after referred to as the 'financial statements'), for the period (from February 09, 2015 to June 30, 2015) then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Management Company's (Sindh Modaraba Management Company Limited) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Management Company in respect of the Sindh Modaraba, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Modaraba Management Company in respect of Sindh Modaraba, as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in accordance with the accounting policies stated therein;
 - (ii) the expenditure incurred during the period was for the purpose of the Modaraba's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects, terms and conditions of the Modaraba;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the period (from February 09, 2015 to June 30, 2015) then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: September 18, 2015

Place: Karachi

Grant Thornton Anjum Rahman
Chartered Accountants

Muhammad Shaukat Naseeb
Engagement Partner

BALANCE SHEET

AS AT JUNE 30, 2015

	June 30, 2015
	Note ----Rupees----
ASSETS	
Current assets	
Cash and bank balances	4 309,603,524
Ijarah rental receivables	5 730,517
Advances, prepayments and other receivables	6 3,064,496
Current portion of Diminishing Musharaka	7 10,737,273
Total current assets	324,135,810
Non - current assets	
Long term portion of Diminishing Musharaka	7 106,474,545
Ijarah assets	8 46,013,040
Long term loan	9 1,512,000
Fixed assets	10 274,655
Total non - current assets	154,274,240
TOTAL ASSETS	478,410,050
LIABILITIES AND EQUITY	
Current liabilities	
Creditors, accrued and other liabilities	11 9,491,879
Non - current liabilities	
Long term security deposit	12 9,326,968
TOTAL LIABILITIES	18,818,847
CERTIFICATE HOLDERS' EQUITY	
Certificate capital	
Authorised certificate capital	
50,000,000 certificates of Rs. 10 each	13 500,000,000
Issued, subscribed, and paid - up certificate capital	13 450,000,000
Unappropriated profit	7,672,962
Statutory reserve	14 1,918,241
	459,591,203
TOTAL LIABILITIES AND EQUITY	478,410,050
CONTINGENCIES AND COMMITMENTS	
	15

The annexed notes 1 to 28 form an integral part of these financial statements.

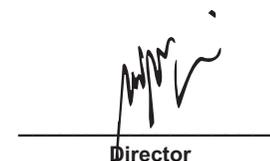


Chairman

For Sindh Modaraba Management Limited
(Management Company)



Chief Executive



Director

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED JUNE 30, 2015

(From February 09, 2015 to June 30, 2015)

	June 30, 2015
	Note ----Rupees----
Income on Diminishing Musharaka	3,024,007
Income on Ijarah	730,517
Income on bank deposits	16 19,090,763
Gain on disposal of investments	460,155
	<u>23,305,442</u>
Administrative and operating expenses	17 (4,501,890)
Depreciation - Ijarah assets	8 (621,798)
Preliminary expenses - net	18 (7,189,552)
	<u>(12,313,240)</u>
	10,992,202
Other income	79,000
	<u>11,071,202</u>
Management Company's remuneration	19 (1,107,120)
Services sales tax on the Management Company's remuneration	(177,139)
Workers' welfare fund	(195,740)
Profit for the period before taxation	<u>9,591,203</u>
Taxation	20 -
Profit for the period after taxation	<u>9,591,203</u>
Earnings per certificate - basic and diluted	21 <u>0.21</u>

The annexed notes 1 to 28 form an integral part of these financial statements.



Chairman

For Sindh Modaraba Management Limited
(Management Company)



Chief Executive



Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED JUNE 30, 2015

(From February 09, 2015 to June 30, 2015)

	June 30, 2015 ----Rupees----
Profit for the period after taxation	9,591,203
Other comprehensive income for the period	
- items that may be reclassified to profit and loss account	-
- items that will not be reclassified to profit and loss account subsequently	-
Total comprehensive income for the period	<u>9,591,203</u>

The annexed notes 1 to 28 form an integral part of these financial statements.



Chairman

For Sindh Modaraba Management Limited
(Management Company)



Chief Executive



Director

CASH FLOW STATEMENT

FOR THE PERIOD ENDED JUNE 30, 2015

(From February 09, 2015 to June 30, 2015)

June 30, 2015
-----Rupees-----

CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the period before taxation

9,591,203

Adjustments for non - cash and other items

Depreciation - Ijarah assets

621,798

Depreciation - Fixed assets

19,946

Gain on disposal of investments

(460,155)

Income on bank deposits

(19,090,763)

Provision for provident fund

136,628

(18,772,546)

Working capital changes

Increase in advances, prepayments and other receivables

(1,247,581)

Increase in Ijarah rental receivables

(730,517)

Increase in Diminishing Musharaka

(117,211,818)

Increase in long term loan

(1,512,000)

Increase in creditors, accrued and other liabilities

9,355,251

Increase in long term security deposit

9,326,968

(102,019,697)

Income received on bank deposits

17,273,848

Net cash used in operations

(93,927,192)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Ijarah assets

(46,634,838)

Purchase of fixed assets

(294,601)

Purchase of investments

(150,000,000)

Sale proceeds from disposal of investments

150,460,155

Net cash used in investing activities

(46,469,284)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of certificates

450,000,000

Net cash flows from financing activities

450,000,000

Net increase in cash and cash equivalents

309,603,524

Cash and cash equivalents at the beginning of the period

-

Cash and cash equivalents at the end of the period

309,603,524

The annexed notes 1 to 28 form an integral part of these financial statements.

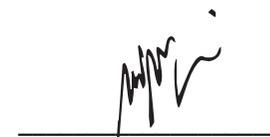


Chairman

For Sindh Modaraba Management Limited
(Management Company)



Chief Executive



Director

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED JUNE 30, 2015

(From February 09, 2015 to June 30, 2015)

	Issued, subscribed, and paid - up certificate capital	Unappropriated profit	Statutory reserve	Total
	-----Rupees-----			
Issue of certificates	450,000,000	-	-	450,000,000
Total comprehensive income for the period	-	9,591,203	-	9,591,203
Transfer to statutory reserve	-	(1,918,241)	1,918,241	-
Balance as at June 30, 2015	450,000,000	7,672,962	1,918,241	459,591,203

The annexed notes 1 to 28 form an integral part of these financial statements.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015

(From February 09, 2015 to June 30, 2015)

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These 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 (IFRSs) issued by the International Accounting Standards Board, as are notified with the Companies Ordinance, 1984 and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) and the directives issued by the SECP differ with the requirements of (IFRSs), the requirements of the former prevail.

This is the first set of financial statements of the Modaraba prepared from February 09, 2015 to June 30, 2015, therefore comparative figures have not been presented.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

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

2.4 Use of significant estimates and judgments

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- a) estimates of residual values, useful lives and depreciation methods of fixed assets in own use and Ijarah assets (note 3.5);
- b) investments & loans, advances, prepayments and other receivables (note 3.2 and 3.6); and
- c) provision for taxation (note 3.7).

2.5 Standards, amendments and interpretations to the approved accounting standards

2.5.1 Standards, amendments and interpretations to the published standards that are relevant and adopted by the Modaraba

The Modaraba has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standards, amendments and interpretations	Effective date
Annual Improvements to IFRSs 2011 - 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2010 - 2012 Cycle	July 1, 2014
IAS 36 'Recoverable amount Disclosures for non - financial assets (Amendments to IAS 36)'	January 1, 2014

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015
(From February 09, 2015 to June 30, 2015)

Effective date

IFRS 10, 12 and IAS 27 'Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)' January 1, 2014

IAS 32 'Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)' January 1, 2014

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2015.

2.5.2 Standards, amendments to published standards and interpretations that are effective but not relevant to the Modaraba

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the Modaraba's financial reporting and operations and are therefore not presented here.

2.5.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Modaraba

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

2.5.4 Standards, amendments and interpretations

Effective date

IAS 1 'Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)' January 1, 2016

2.5.5 Standards, amendments and interpretations

Effective date

IFRS 10, IFRS 12 and IAS 28 'Investment Entities : Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)' January 1, 2016

IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)' January 1, 2016

Annual Improvements to IFRS 2012 - 2014 Cycle January 1, 2016

IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)' January 1, 2016

IFRS 12 'Disclosure of Interests in other Entities' January 1, 2015

IFRS 13 'Fair Value Measurement' January 1, 2015

The Modaraba is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Modaraba.

2.5.6 Standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP) for adoption in Pakistan

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IASB effective date (annual periods beginning on or after)

IFRS 14 'Regulatory Deferral Accounts' January 1, 2016

IFRS 15 'Revenue from Contracts with Customers' January 1, 2018

IFRS 09 'Financial Instruments (revised 2014)' January 1, 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015

(From February 09, 2015 to June 30, 2015)

2.6 Applicability of Islamic Financial Accounting Standard (IFAS) 2 'Ijarah'

Securities and Exchange Commission of Pakistan (the SECP) has directed that modaraba management companies shall apply the accounting treatment of IFAS 2 to the leasing (Ijarah) transactions. Under the IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

-Muj`ir (lessors) presents 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 are recognised as expenses.

-Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, the use derived from the leased asset is diminished.

Consequently, in preparation of these financial statements the Modaraba has accounted for leasing transactions in accordance with the requirements of IFAS 2.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted and applied in the preparation of these financial statements as set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. These include balances with banks in deposit and current accounts and stamps in hand.

3.2 Financial instruments

3.2.1 Financial assets

3.2.1.1 Classification

Financial assets in the scope of IAS 39 "Financial Instruments : Recognition and Measurement", are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus (in the case of investments not at fair value through profit or loss) directly attributable transaction cost. The Modaraba determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

a) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'Financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, if any, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognized in profit and loss account.

b) Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to maturity when the Modaraba has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments, that are intended to be held-to-maturity, are subsequently measured at amortized cost.

This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest rate method, of a difference between the initially recognized amount and the maturity amount. This calculation includes all fees and charges paid or received between parties to the contract that are an integral part of the effective interest rate, transaction cost and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as, through the amortization process.

c) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in profit and loss account when the loans and receivables are derecognized or impaired, as well as, through the amortization process.

d) Available-for-sale

Available-for-sale financial assets are those non derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains and losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015

(From February 09, 2015 to June 30, 2015)

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid price at the close of business on the balance sheet date. For investments where there is no active market, value is determined using valuation technique.

3.2.1.2 Impairment (including provision for potential Ijarah losses and write offs)

The carrying amount of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such an indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the profit and loss account. For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

Provision for non-performing leases, if any, is made in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account in the current period. Outstanding balances in net investment in Ijarah finance are written off when there is no realistic prospect of recovery.

3.2.2 Financial liabilities

Financial liabilities are recognised at the time the Modaraba becomes a party to the contractual provisions of the instrument and include creditors, accrued and other liabilities. These are initially recognised at fair values and subsequently stated at amortised cost.

3.2.3 Derecognition

Financial assets are derecognised at the time when the Modaraba loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss arising on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

3.2.4 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.3 Receivable from terminated / matured contracts

These are stated net of impairment loss. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Modarabas issued by the SECP or is based on the judgment of management, whichever is higher. Bad debts are written off when identified.

3.4 Murabaha transactions

Under murabaha financing, funds disbursed for the purchase of goods are recorded as 'advance for murabaha'. On culmination of murabaha i.e. sale of goods to customers, murabaha financings are recorded in accordance with IFAS-1. Goods purchased but remaining unsold at the reporting date are recorded as inventories.

3.5 Fixed assets

3.5.1 Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Modaraba and the cost of the items can be measured reliably. All other repairs and maintenance expenses are charged to the profit and loss account as and when incurred.

Depreciation on all fixed assets is charged to income on a straight - line basis in accordance with the specified rates. The useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amounts. These are recorded in the profit and loss account in the period in which these arise.

3.5.2 Ijarah assets

Assets leased out under Ijarah are recorded as Ijarah assets and are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Depreciation is charged to income by applying the straight line method whereby the cost of an asset less salvage value is written off over the lease term, which is considered to be the estimated useful life of the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015

(From February 09, 2015 to June 30, 2015)

3.5.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably.

Amortisation is charged to income using the straight line method in accordance with the specified rates. The useful lives and amortisation method are reviewed and adjusted, as appropriate, at each reporting date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any.

Gain or loss on disposal of intangible assets, if any, is taken to the profit and loss account in the period in which these arise.

3.5.4 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of tangible / intangible assets as and when the assets are available for intended use.

3.6 Loans, advances, prepayments and other receivables

These are stated at cost less estimates made for doubtful receivables based on a review of all outstanding amounts at the reporting date. Balances considered bad and irrecoverable are written off when identified.

3.7 Taxation

Current

Provision for current taxation is based on taxable income for the period at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits for the period as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising between the tax bases and carrying amounts of assets and liabilities appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date. However, the Modaraba has not recognised any amount in respect of deferred tax in these financial statements as the Modaraba intends to continue availing the tax exemption in future years by distributing at least 90% of its profits to its certificate holders every year.

3.8 Impairment of non-financial assets

The carrying amounts of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If such an indication exists, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss. The resulting impairment loss is recognised in the profit and loss account.

3.9 Creditors, accrued and other liabilities

These are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services.

3.10 Provisions

Provisions are recognised when the Modaraba has a present, legal or constructive obligation as a result of past obligating events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015
(From February 09, 2015 to June 30, 2015)

3.11 Staff retirement benefits

The Modaraba operates a provident fund for all eligible employees and equal contributions by the employer and employee to the provident fund are made at the rate of 10% of the basic salaries of employees.

3.12 Revenue recognition

For Ijarah arrangements, Ijarah rentals are recognised as income on accrual basis, as and when rentals become due. In case of Ijarah arrangements with staggered rentals, the income is recognised on a straight line basis over the Ijarah term.

- Income in respect of non-performing Ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP.
- Documentation charges, front end fees and other Ijarah related income are taken to the profit and loss account on an accrual basis.
- Profit on Diminishing Musharika arrangements is recognised under the effective mark-up rate method based on the amount outstanding.
- Mark-up / return on deposits / investments is recognised on accrual basis using the effective profit rate method.
- Other income is recognised on an accrual basis.

3.13 Proposed profit distribution to certificate holders and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

3.14 Earnings per certificate

Basic earnings per certificate is calculated by dividing the profit after taxation for the period by the weighted average number of certificates outstanding during the period. Diluted earnings per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders by taking into account the conversion of any dilutive potential ordinary certificates.

3.15 Foreign currency transactions

Transactions in foreign currencies are converted into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rate of exchange prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the profit and loss account.

3.16 Segment reporting

As per IFRS 8: "Operating Segments", segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment.

The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

3.17 Related party transactions

All transactions with related party are priced on arm's length basis. Prices of these transactions are determined on the basis of admissible valuation methods.

3.18 Dividend income

Dividend income is recognised when the Modaraba's right to receive dividend is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015
(From February 09, 2015 to June 30, 2015)

3.19 Ijarah rental receivable

These are stated at amount recoverable net of provision (if any).

	Note	June 30, 2015 ----Rupees----
4 CASH AND BANK BALANCES		
Stamp paper in hand		10,050
Balances with banks		
-on deposit accounts	4.1	309,573,474
-on current accounts		20,000
		<u>309,603,524</u>
4.1		
These represent balances held with Sindh Bank Limited - Islamic Banking Unit, related party. These carry profit at the rates ranging from 7.1% to 9% per annum.		
5 IJARAH RENTAL RECEIVABLES		
Considered good	5.1	<u>730,517</u>
5.1		
Ijarah financing is also secured by way of cash deposits amounting to Rs. 9,326,968.		
6 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Advances		214,309
Prepayments		127,640
Accrued income from bank deposits		1,816,915
Accrued income from Diminishing Musharaka		845,882
Other receivables		59,750
		<u>3,064,496</u>
7 DIMINISHING MUSHARAKA		
Receivables - Secured		117,211,818
Less: Current portion of Diminishing Musharaka		(10,737,273)
Long term portion of Diminishing Musharaka	7.1	<u>106,474,545</u>
7.1		
This represents the finance provided under Diminishing Musharaka arrangements for a period of three years.		
8 IJARAH ASSETS		Amount in Rupees

Particulars	Cost			Depreciation			WDV as at Jun 30, 2015
	As at Feb 09, 2015	Additions	As at Jun 30, 2015	As at Feb 09, 2015	Charge for the period	As at Jun 30, 2015	
Plant and machinery	-	46,634,838	46,634,838	-	621,798	621,798	46,013,040

8.1 The Modaraba has entered into a Ijarah arrangement for a period of three years against which a security deposit of 20% was obtained at the time of disbursement (note 12).

Contractual rentals receivable- Ijarah assets

Particulars	As at June 30, 2015			
	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years	Total
Ijarah rentals receivable	14,610,344	29,220,687	-	43,831,031

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015
(From February 09, 2015 to June 30, 2015)

9	LONG TERM LOAN	Note	June 30, 2015
			----Rupees----
	Long term loan - considered good	9.1	<u>1,512,000</u>

9.1 This represents car loan provided to Chief Financial Officer in accordance with the monetization policy.

10 FIXED ASSETS

Particulars	Cost			Depreciation				Depreciation rate
	As at Feb 09, 2015	Additions	As at Jun 30, 2015	As at Feb 09, 2015	Charge for the period	As at Jun 30, 2015	WDV as at Jun 30, 2015	
Furniture and fixtures	-	95,017	95,017	-	3,313	3,313	91,704	10%
Vehicles	-	43,500	43,500	-	3,625	3,625	39,875	20%
Computer and accessories	-	156,084	156,084	-	13,008	13,008	143,076	33.33%
Total	-	294,601	294,601	-	19,946	19,946	274,655	

11 CREDITORS, ACCRUED AND OTHER LIABILITIES

Preliminary expenses payable to the Management Company	7,189,552
Management remuneration payable (inclusive of sales tax)	1,284,259
Creditors and other liabilities	459,591
Accrued expenses	558,477
	<u>9,491,879</u>

12 LONG TERM SECURITY DEPOSIT

Security deposit against Ijarah finance	12.1	<u>9,326,968</u>
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12.1 This represents amounts received under Ijarah finance repayable / adjustable at the expiry of the arrangement.

13 CERTIFICATE CAPITAL

Number of certificates

June 30, 2015

	Authorised certificate capital	
<u>50,000,000</u>	Modaraba certificates of Rs. 10 each	<u>500,000,000</u>
	Issued, subscribed and paid - up certificate capital	
<u>45,000,000</u>	Modaraba certificates of Rs. 10 each fully paid in cash	13.1 <u>450,000,000</u>

13.1 As at June 30, 2015, Sindh Modaraba Management Limited (Management Company and a related party) holds 42,847,500 certificates of the Modaraba.

14 STATUTORY RESERVE

Statutory reserve	<u>1,918,241</u>
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Statutory reserve represents profit set aside by the Modaraba to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its profit after tax till such time that reserves equal 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the current period, the Modaraba has transferred an amount of Rs. 1,918,241 which represents 20% of the profit after taxation for the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015
(From February 09, 2015 to June 30, 2015)

15 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at the balance sheet date.

	Note	June 30, 2015 -----Rupees-----
16 INCOME ON BANK DEPOSITS		
Income on bank deposits under Islamic banking		<u>19,090,763</u>

Income on bank deposits represent profit earned on the deposits held with Sindh Bank Limited - Islamic banking unit (a related party) and includes pre-operating profit of Rs. 8,326,864.

17 ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and other benefits	17.1	2,836,347
Legal and professional charges		368,650
Repairs and maintenance		279,515
Utility services		195,996
Registration and subscription fee		162,000
Travelling and conveyance		113,472
Security services		110,866
Printing, stationery and photocopy		133,864
Auditors' remuneration	17.2	100,000
Depreciation expense - fixed assets		19,946
Miscellaneous		<u>181,234</u>
		<u>4,501,890</u>

17.1 This includes amounts of Rs. 1,659,825 and Rs. 136,628 paid to the officers of the Modaraba and provident fund respectively.

17.2 Auditors' remuneration

Audit fee	75,000
Special certifications	25,000
	<u>100,000</u>

18 PRELIMINARY EXPENSES - Net

Total preliminary expenses	17,770,307
Borne by Government of Sindh through the Management Company	<u>(10,580,755)</u>
Net preliminary expenses charged to profit and loss account	<u>7,189,552</u>

19 MANAGEMENT COMPANY'S REMUNERATION

Management Company's remuneration	<u>1,107,120</u>
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The Management Company is entitled to remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the period ended June 30, 2015 has been recognised at 10% of the profit for the period before charging such remuneration.

20 TAXATION

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. As the Management Company of the Modaraba, subsequent to the period end, has approved the required distribution as detailed in note 27, no provision for taxation has been made in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015
(From February 09, 2015 to June 30, 2015)

21 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Basic

Basic earnings per certificate is calculated by dividing the net profit after taxation for the period by the weighted average number of certificates outstanding during the period as follows:

	June 30, 2015 -----Rupees-----
Profit for the period after taxation (Rupees)	9,591,203
Weighted average number of certificates (Numbers)	45,000,000
Earnings per certificate (Rupees)	0.21

Diluted

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at June 30, 2015 which would have any effect on the earnings per certificate.

22 NUMBER OF EMPLOYEES

Total numbers of employees as at June 30, 2015 are 10.

23 RELATED PARTY BALANCES AND TRANSACTIONS

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

The details of related party transactions and balances as at June 30, 2015 are as follows:

	June 30, 2015 -----Rupees-----
Balances as at period end	
Sindh Bank Limited	
Bank deposits	309,573,474
Accrued income from bank deposits	1,816,915
	<u>311,390,389</u>
Sindh Modaraba Management Limited	
Management Company fee payable	1,107,120
Preliminary expenses payable	7,189,552
	<u>8,296,672</u>
Key Management Personnel	
Salaries, allowances and other benefits	106,061
Long term loan	1,512,000
	<u>1,618,061</u>
Transactions for the period	
Sindh Bank Limited	
Income from deposits	19,090,763
Sindh Modaraba Management Limited	
Management Company remuneration	1,107,120
Preliminary expenses	7,189,552
	<u>8,296,672</u>
Sindh Insurance Limited	
Insurance of assets	1,079
Sharing of expenses	145,620
	<u>146,699</u>
Key Management Personnel	
Salaries, allowances and benefits	1,180,357
Loan to employee	1,620,000
	<u>2,800,357</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015
(From February 09, 2015 to June 30, 2015)

24 FINANCIAL RISK MANAGEMENT

The activities of the Modaraba expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Board of Directors of the Management Company has the overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

24.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risks: currency risk, profit rate risk and other price risk.

24.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist in foreign currencies. As at June 30, 2015, Modaraba has no financial assets and liabilities in foreign currencies.

24.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market profit rates. The Modaraba has adopted appropriate policies to minimise its exposure to this risk.

24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As on June 30, 2015, the Modaraba did not hold any instruments which exposed it to price risk.

24.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk generally emanates from balances with banks, Ijarah rentals receivable, investments and Diminishing Musharaka arrangements, deposits and other receivables.

The maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancement amounts in aggregate of Rs. 432,122,355.

As at June 30, 2015, there were no financial assets which were pledged as collateral for liabilities or contingent liabilities of the Modaraba.

Management of credit risk

The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Prudential Regulations (PRs) for Modarabas issued by the SECP. The Modaraba seeks to manage its credit risk exposure through diversification of its Ijarah and Diminishing Musharika arrangements to avoid undue concentration of risks with individuals or groups of customers in specific locations or businesses.

	Rating	June 30, 2015 -----Rupees-----
Credit risk ratings		
Bank balances	AA / A-1+	<u><u>309,573,474</u></u>

24.2.1 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Modarabas total credit exposure. Concentrations of credit risk indicate the relative sensitivity of the Modarabas performance to developments affecting a particular industry.

The Modaraba manages credit risks and its concentration through diversification of activities to avoid undue concentration of risk with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for individuals and industrial sectors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015
(From February 09, 2015 to June 30, 2015)

24.2.2 Details of the sector analysis of gross investment portfolio is as follows:

Sectors	June 30, 2015	
	Rupees	%
Sugar	85,331,454	54.88
Petroleum and allied	32,726,246	21.05
Cable and electrical goods	37,416,590	24.07
	155,474,290	100.00

24.3 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The maturity profile of Modaraba's financial liabilities based on the contractual maturities is disclosed in note 25 to these financial statements.

25 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Modaraba defines as net profit after taxation divided by total Certificate holders' equity. The Board of Directors also monitors the level of dividend to ordinary certificate holders.

The Modaraba is not subject to externally imposed capital requirements.

Maturities of assets and liabilities

	Profit bearing			Non - profit bearing			Total
	Maturity upto 1 year	Maturity after 1 year and upto 5 years	Sub Total	Maturity upto 1 year	Maturity after 1 year and upto 5 years	Sub Total	
Financial assets							
Cash and bank balances	309,603,524	-	309,603,524	-	-	-	309,603,524
Ijarah rental receivables	-	-	-	730,517	-	730,517	730,517
Diminishing Musharaka	10,737,273	106,474,545	117,211,818	-	-	-	117,211,818
Advances, prepayments and other receivables	-	-	-	3,064,496	-	3,064,496	3,064,496
Long term loan and security deposits	-	-	-	-	1,512,000	1,512,000	1,512,000
	320,340,797	106,474,545	426,815,342	3,795,013	1,512,000	5,307,013	432,122,355
Financial liabilities							
Security deposits	-	-	-	-	9,326,968	9,326,968	9,326,968
Creditors, accrued and other liabilities	-	-	-	9,491,879	-	9,491,879	9,491,879
	-	-	-	9,491,879	9,326,968	18,818,847	18,818,847

26 SEGMENT INFORMATION

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2015
(From February 09, 2015 to June 30, 2015)

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.

27 NON - ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in their meeting held on September 18, 2015 approved a cash distribution of Rs. 0.16 per certificate. The financial statements of the Modaraba for the period ended June 30, 2015 do not include the effect of this distribution which will be accounted for in the financial statements of the Modaraba for the year ending June 30, 2016.

28 DATE OF AUTHORISATION

These financial statements were authorised for issue on September 18, 2015 by the Board of Directors of the Management Company.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

PATTERN OF HOLDING OF CERTIFICATES BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2015

No. of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
621	101	500	310,500
63	501	1000	63,000
41	1001	5000	98,500
5	5001	10000	33,000
3	10001	15000	35,000
1	15001	20000	20,000
1	20001	25000	25,000
1	25001	30000	27,500
1	30001	205000	203,000
1	205001	1340000	1,337,000
1	1340001	42850000	42,847,500
739			45,000,000

Categories of Certificate Holders	No. of Certificates Held	Percentage
Government	NIL	0.00
Associated Companies, Undertakings and Related Parties SINDH MODARABA MANAGEMENT LTD.	42,847,500	95.22
Mutual Funds CDC - TRUSTEE NAFA STOCK FUND	1,337,000	2.97
Directors, Chief Executive Officer and their Spouse and Minor Children JAVED IOBAL MUHAMMAD NAIMUDDIN FAROOQUI	500 1,000 1,500	0.00
Executives	NIL	0.00
Public Sector Companies and Corporations	NIL	0.00
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful Companies and Modarabas	NIL	0.00
Others CASSIM INVESTMENTS (PRIVATE) LIMITED PEARL SECURITIES LIMITED	14,000 203,000 217,000	0.48
Individuals	597,000	1.33
Certificate Holders Holding 5% or more Certificates in Modaraba (other than those reported above)	NIL	0.00
TOTAL	45,000,000	100.00

Notice of Annual Review Meeting

Notice is hereby given that the 1st Annual Review Meeting of certificate holders of Sindh Modaraba will be held on Tuesday, October 27, 2015 at 04:00 pm at 602, Progressive Centre, 30-A, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi to review the performance of the Modaraba for the period ended June 30, 2015 in terms of clause 20 of the Prudential Regulations for Modaraba issued vide Circular number 4/2004 by Registrar Modaraba Companies and Modarabas.

The Certificate Holders may consider and pass the following resolution regarding placing of the quarterly accounts of the Modaraba on its website subject to the approval from the registrar Modaraba instead of sending the same to the certificate holders by post:

“RESOLVED that subject to the approval of the Registrar Modaraba and compliance of the requirements as laid down in SECP circular No. 21 dated April 21, 2004, the Modaraba be and is hereby authorized to transmit its quarterly accounts by placing the same on the website of the Modaraba.”

On Behalf of the Board

Zulfiqar Ali

Company Secretary
Karachi: September 18, 2015

Note:

1. The Modaraba Certificate transfer book shall remain closed from October 20, 2015 to October 27, 2015 (both days inclusive) to determine the names of Certificate Holders entitled to receive dividend and to attend the Annual Review Meeting. Transfers received in order at the registrar's office of the Modaraba up to the close of the business on October 19, 2015 will be treated in time for the entitlement of profit distribution and to attend Annual Review Meeting.
2. The certificate holders are advised to notify to the registrar of Sindh Modaraba, any change in their addresses.
3. CDC certificate holders desiring to attend the meeting are requested to bring their original NIC, Account, and Participant's ID number, for identification purpose.

SINDH MODARABA

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