

Quarterly Report
March 31, 2012

Standard Chartered Modaraba

Standard
Chartered 

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Modaraba Information

Directors of Modaraba Company

Mr. Mohsin Ali Nathani
Chairman

Mr. Raheel Qamar Ahmad
Managing Director/Chief Executive

Mr. Najam Siddiqi
Director

Mr. Imran Sarwar
Director

Mr. Khurram Shahzad Khan
Director

Mr. Shezad Arif
Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Najam Siddiqi
Chairman

Mr. Imran Sarwar
Member

Mr. Khurram Shahzad Khan
Member

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Bankers / Lending Institutions

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

Legal Advisors

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

Registered and Head Office

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

Branch Offices

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

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

Registrars & Share Registration Office

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

Web Address

www.scmodaraba.com
modaraba.standardchartered.com

Directors' Review

For the period ended March 31, 2012

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, 2012.

1. Economic Outlook

The economy ended the first quarter of 2012 with a strong rebound in manufacturing. Manufacturing output posted growth of 4.2% y/y during Q1 2012, the highest in the last four years. Agriculture production is also likely to be higher on improved cotton and rice output. Growth prospects have improved owing to higher agriculture output and a pick-up in manufacturing led by textile, leather and consumer goods exports, with food and pharmaceuticals showing the strongest contribution.

However, rising oil prices and widening trade and fiscal deficits pose significant downside risks. Inflation has accelerated, printing at 10.8% in March 2012 after declining to 9.7% in December 2011. The SBP forecasts average inflation of 12% in FY12, due to concerns about a weaker Pakistani rupee (PKR) and money being printed to fund government spending. Markets are concerned with the sharp build-up of debt and the government is likely to overshoot the FY12 budget target of 4.7% of GDP. This is likely to add pressure on rates to rise in 2012. Similarly, concerns remain over the widening trade deficit and sharp drop in foreign capital inflows. Official FX reserves have declined to USD 11.8bn by March 2012 compared to USD 14.8bn in June 2011. Large external debt payments and suspended aid flows indicate that pressure on PKR is likely to rise in 2012.

2. Financial Highlights

Financial results are summarized as under:

	March 31, 2012 (PKR '000')	June 30, 2011 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	928,299	938,070
Investment in Ijarah finance and Ijarah Assets	3,606,806	3,324,495
Investments in Diminishing Musharika and Sukuks	564,205	438,212
Redeemable capital	2,953,340	2,025,639
	Nine Months ended March 31, 2012 (PKR '000')	Nine Months ended March 31, 2011 (PKR '000')
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	403,987	292,021
Financial charges	257,828	166,200
Provisions (net of reversals/recoveries)	19,462	16,753
Operating expenses	49,015	39,272
Profit before management fee	77,682	69,796
Net profit	68,516	61,560

3. Review of Operations

During the period under review the Modaraba's net profit increased by 11.30% from Rs. 61.56 million to Rs. 68.52 million as compared to corresponding period of last year. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 4,171 million compared to Rs. 3,763 million as at June 30, 2011, showing an increase of 10.85% within the nine months period.

The growth in the business is driven mainly by selective clientele acquisition and deepening existing relationships. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships.

Your Modaraba maintains a well diversified asset portfolio comprising of plant & machinery, motor vehicles and equipment. Moreover, the sector wise exposure is closely monitored. During the period under review, the Modaraba booked fresh disbursements to the tune of Rs. 1,710 million as compared to Rs. 1,273 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 stakeholders. Our prudent and proactive risk management approach has always helped us to maintain a leading position in the Modaraba sector. We will continue to place emphasis on customer service with focus on quality clientele.

4. Credit Rating

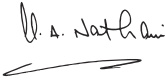
The Pakistan Credit Rating Agency Limited (PACRA) has maintained the ratings of your Modaraba as AA+ (Double A plus) and A1+ (A one plus) for long-term and short-term respectively. These ratings indicate low expectation of credit risk and very strong capacity for timely payment of financial commitments.

5. Corporate Excellence Awards

Your Modaraba has been awarded the Corporate Excellence Award by the Management Association of Pakistan in the category of Equity Investment Instruments Sector. This is an acknowledgment of the outstanding performance and strong management practices of SCM. We believe this is due to quality work and dedication of the staff, governance guidance, support of Standard Chartered Group and confidence of certificate holders.

6. Acknowledgment

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



Mohsin Ali Nathani
Chairman
Karachi: April 25, 2012

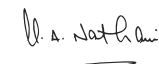
Condensed Interim Balance Sheet (un-audited)

As at March 31, 2012

	Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
		(Rupees)	
ASSETS			
Current assets			
Cash and bank balances	4	104,725,991	22,378,264
Loans and receivables - Term deposit receipts	5	150,000,000	70,000,000
Ijarah rentals receivable	6	113,204,846	67,373,434
Advances, deposits, prepayments and other receivables		238,098,472	217,527,415
Current portion of investment in Sukuk certificates	7	3,302,084	2,109,375
Current portion of Diminishing Musharika	8	100,776,472	80,980,321
Current portion of net investment in Ijarah finance	9	112,719,897	295,503,090
Taxation recoverable		16,741,491	18,179,491
Total current assets		839,569,253	774,051,390
Non - current assets			
Loans and advances to employees		420,437	601,310
Long-term portion of investment in Sukuk certificates	7	4,687,500	8,203,125
Long-term portion of Diminishing Musharika	8	455,438,571	346,919,093
Long-term portion of net investment in Ijarah finance	9	18,963,316	63,324,379
Ijarah assets	9	3,475,123,216	2,965,667,860
Fixed assets in own use	10	1,703,541	2,341,898
Total non-current assets		3,956,336,581	3,387,057,665
TOTAL ASSETS		4,795,905,834	4,161,109,055
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	11	100,053,573	456,528,711
Current maturity of security deposits		91,453,216	116,455,506
Creditors, accrued and other liabilities		181,674,666	141,867,914
Advance Ijarah rentals received		45,865,643	108,399,003
Current portion of redeemable capital		2,930,860,392	1,997,908,776
Profit distribution payable		26,476,048	23,534,996
Total current liabilities		3,376,383,538	2,844,694,906
Non - current liabilities			
Long-term portion of security deposits		468,743,353	350,614,544
Long-term portion of redeemable capital		22,480,000	27,730,000
Total non - current liabilities		491,223,353	378,344,544
TOTAL LIABILITIES		3,867,606,891	3,223,039,450
CERTIFICATE HOLDERS' EQUITY			
Authorised certificate capital			
50,000,000 (June 2011: 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 2011: 28,500,000) certificates of Rs. 10 each issued as fully paid in cash		285,000,000	285,000,000
16,883,530 (June 2011: 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			
Unappropriated profit		419,313,915	405,610,730
		55,149,728	78,623,575
		928,298,943	938,069,605
TOTAL LIABILITIES AND EQUITY		4,795,905,834	4,161,109,055
CONTINGENCIES AND COMMITMENTS			
	12		

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

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

Condensed Interim Profit and Loss Account (un-audited)

For the nine months period and quarter ended March 31, 2012

Note	Nine months ended March 31,		Quarter ended March 31,	
	2012	2011	2012	2011
	-----Rupees-----		-----Rupees-----	
Ijarah finance income	18,521,657	62,460,714	3,814,444	15,127,187
Ijarah rentals earned	1,130,805,276	700,611,683	392,809,268	260,983,873
Profit on Sukuk certificates	-	186,282	-	(216,525)
Income on Diminishing Musharika transactions	53,021,379	25,043,890	18,319,436	8,352,487
Income on deposits with bank	19,610,734	13,656,647	4,650,451	3,399,045
	<u>1,221,959,046</u>	<u>801,959,216</u>	<u>419,593,599</u>	<u>287,646,067</u>
Financial charges	(257,827,556)	(166,199,947)	(88,112,791)	(53,768,559)
Depreciation on assets under Ijarah arrangements	(825,691,103)	(515,873,583)	(280,516,719)	(188,644,849)
	<u>138,440,387</u>	<u>119,885,686</u>	<u>50,964,089</u>	<u>45,232,659</u>
Provision in respect of Ijarah finances - net	(1,292,445)	(3,940,540)	130,540	-
Provision in respect of Diminishing Musharika	(18,750,000)	-	(6,250,000)	-
Reversal / (Provision) in respect of Sukuk certificates	580,729	(12,812,500)	111,979	(12,812,500)
	<u>118,978,671</u>	<u>103,132,646</u>	<u>44,956,608</u>	<u>32,420,159</u>
Other income / (loss)	7,718,867	5,934,950	(1,126,071)	2,328,807
Administrative and operating expenses	(49,015,081)	(39,271,590)	(17,411,288)	(15,604,579)
	<u>77,682,457</u>	<u>69,796,006</u>	<u>26,419,249</u>	<u>19,144,387</u>
Modaraba management company fee	(7,768,246)	(6,979,600)	(2,641,925)	(1,914,438)
Provision for workers' welfare fund	(1,398,284)	(1,256,328)	(475,546)	(344,599)
Profit before taxation	<u>68,515,927</u>	<u>61,560,078</u>	<u>23,301,778</u>	<u>16,885,350</u>
Taxation	14	-	-	-
Profit after taxation	<u>68,515,927</u>	<u>61,560,078</u>	<u>23,301,778</u>	<u>16,885,350</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>68,515,927</u>	<u>61,560,078</u>	<u>23,301,778</u>	<u>16,885,350</u>
Earnings per certificate	<u>1.51</u>	<u>1.36</u>	<u>0.51</u>	<u>0.37</u>

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

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

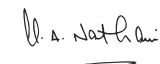
Condensed Interim Cash Flow Statement (un-audited)

For the nine months period ended March 31, 2012

	Note	Nine months period ended March 31, 2012	Nine months period ended March 31, 2011
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		68,515,927	61,560,078
Adjustment for non cash and other items:			
Depreciation on fixed assets in own use		893,457	2,396,549
Depreciation on fixed assets under Ijarah arrangements		825,691,103	515,873,583
Gain on disposal of fixed assets		(4,000)	-
Profit on disposal of assets under Ijarah arrangements		(177,759)	(1,364,106)
Provision in respect of Ijarah finances		1,292,445	3,940,540
Provision in respect of Diminishing Musharika		18,750,000	-
(Reversal) / Provision in respect of Sukuk certificates		(580,729)	12,812,500
Profit on Sukuk certificates		-	(186,282)
Income on deposits with bank		(19,610,734)	(13,656,647)
Profit on:			
- Redeemable capital		232,136,208	152,908,749
- Musharika finances		8,445,098	3,665,760
		<u>1,066,835,089</u>	<u>676,390,646</u>
		1,135,351,016	737,950,724
(Increase) / decrease in assets			
Advances, deposits, prepayments and other receivables		(19,431,509)	(158,088,408)
Ijarah rentals receivable		(47,254,397)	(33,586,811)
Diminishing Musharika		(147,065,629)	(40,888,211)
Purchase of assets under Ijarah arrangements		(1,504,099,405)	(1,081,076,188)
Proceeds from disposal of assets under Ijarah arrangements		169,130,705	87,130,670
Investment in Ijarah finance -net		227,274,796	488,963,197
Loans and advances to employees		180,873	(9,825)
		<u>(1,321,264,566)</u>	<u>(737,555,576)</u>
Increase / (decrease) in liabilities			
Creditors, accrued and other liabilities		(7,414,215)	14,964,488
Advance Ijarah rentals received		(62,533,360)	2,840,196
Security deposits		93,126,519	56,414,452
		<u>23,178,944</u>	<u>74,219,136</u>
		(162,734,606)	74,614,284
Profit received / (paid) on			
- Sukuk certificates		-	359,784
- Redeemable capital		(179,606,162)	(177,094,478)
- Musharika finances		(13,754,177)	(1,362,817)
Taxes paid / adjusted		1,438,000	(6,144,311)
		<u>(191,922,339)</u>	<u>(184,241,822)</u>
		(354,656,945)	(109,627,538)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Sukuk certificates - net		2,903,645	3,515,625
Fixed capital expenditure		(255,100)	(819,770)
Proceeds from disposal of fixed assets		4,000	-
Income on deposits with bank		18,471,186	15,915,742
Net cash generated from investing activities		21,123,731	18,611,597
CASH FLOWS FROM FINANCING ACTIVITIES			
Redeemable capital less repayments		927,701,616	(381,091,687)
Profit paid to certificate holders		(75,345,537)	(75,264,688)
Net cash generated from / (used in) financing activities		852,356,079	(456,356,375)
Increase / (Decrease) in cash and cash equivalents		518,822,865	(547,372,316)
Cash and cash equivalents at the beginning of period		(364,150,447)	368,331,126
Cash and cash equivalents at end of the period	15	<u>154,672,418</u>	<u>(179,041,190)</u>

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

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

March 2012

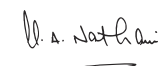
Condensed Interim Statement of Changes In Equity (un-audited)

For the nine months period ended March 31, 2012

	Certificate capital	Reserves		Unappropriated profit	Total	
		Premium on modaraba certificates	Statutory reserve			Sub Total
(Rupees)						
Balance as at June 30, 2010	453,835,300	55,384,700	332,904,656	388,289,356	86,490,078	928,614,734
Profit distribution for 2010 @ Rs. 1.7 per certificate	-	-	-	-	(77,152,001)	(77,152,001)
Total comprehensive income for the 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>
Balance as at June 30, 2011	453,835,300	55,384,700	350,226,030	405,610,730	78,623,575	938,069,605
Profit distribution for 2011 @ Rs. 1.725 per certificate	-	-	-	-	(78,286,589)	(78,286,589)
Total comprehensive income for the nine months period ended March 31, 2012	-	-	-	-	68,515,927	68,515,927
Transfer to statutory reserve	-	-	13,703,185	13,703,185	(13,703,185)	-
Balance as at March 31, 2012	<u>453,835,300</u>	<u>55,384,700</u>	<u>363,929,215</u>	<u>419,313,915</u>	<u>55,149,728</u>	<u>928,298,943</u>

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

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

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

For the nine months period ended March 31, 2012

1. STATUS AND NATURE OF BUSINESS

Standard Chartered Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Standard Chartered Services of Pakistan (Private) Limited. The Management Company is a wholly owned subsidiary of Standard Chartered Bank (Pakistan) Limited. The address of its registered office is Standard Chartered Bank Building, I. I. Chundrigar Road, Karachi, Pakistan.

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

2. BASIS OF PREPARATION

Statement of compliance

- a) This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS or IFAS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

- b) During the year ended June 30, 2008, Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan which was notified by the Securities and Exchange Commission of Pakistan vide an SRO 431(1)/2007 dated May 5, 2007 was adopted. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

-Muj'ir (lessors) shall present the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.

-Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income shall be recognized as an expense.

-Ijarah income shall be recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

SECP, vide its letter No. SC/ M/ RW/ SCM /2009 dated March 9, 2009, allowed that in case of Modarabas, IFAS-2 shall be applied for Ijarah transactions executed on or after July 1, 2008.

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

This condensed interim financial information is un-audited. The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34, "Interim Financial Reporting". These do not include all the information and disclosures made in the annual published financial statements and therefore should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2011.

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

For the nine months period ended March 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND METHODS OF COMPUTATION

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

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

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

- IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have any impact on the Modaraba's condensed interim financial information.
- IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard did not have any impact on the Modaraba's condensed interim financial information.

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

	Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
4. CASH AND BANK BALANCES			
			------(Rupees)-----
With banks in current accounts		80,519	2,333,752
With bank in deposit account	4.1 & 5.2	104,630,432	20,024,512
Cash in hand		15,040	20,000
		<u>104,725,991</u>	<u>22,378,264</u>

- 4.1 This represents balance held with the Standard Chartered Bank (Pakistan) Limited (a related party). The deposit account carries expected profit at the rate of 6.99% (June 30, 2011: 6.24%).

5. LOANS AND RECEIVABLES

Term deposit receipts	5.1 & 5.2	<u>150,000,000</u>	<u>70,000,000</u>
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- 5.1 Term Deposit Receipts as at March 31, 2012 carry profit at the rate of 10 % (June 30, 2011: 12.95%).

- 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.

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

For the nine months period ended March 31, 2012

	Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
----- (Rupees) -----			
6. IJARAH RENTALS RECEIVABLE			
Ijarah rentals receivable - considered good		117,819,406	71,484,418
Less: Allowance for potential Ijarah losses		2,475,485	1,052,500
Less: Profit held in suspense		2,139,075	3,058,484
		<u>113,204,846</u>	<u>67,373,434</u>
7. INVESTMENT IN SUKUK CERTIFICATES - Held to maturity			
Investment in Sukuk Certificates		59,986,980	62,890,625
Less: Provision in respect of Sukuk certificates		51,997,396	52,578,125
		7,989,584	10,312,500
Less : Current portion of investment in Sukuk Certificates		3,302,084	2,109,375
		<u>4,687,500</u>	<u>8,203,125</u>
8. DIMINISHING MUSHARIKA			
- Housing - Staff		33,406,490	25,662,161
- Other individuals		168,455,584	17,988,267
		201,862,074	43,650,428
- Others		373,102,969	384,248,986
Less: Provision in respect of Diminishing Musharika		(18,750,000)	-
		354,352,969	384,248,986
		556,215,043	427,899,414
Less: current portion of Diminishing Musharika		100,776,472	80,980,321
		<u>455,438,571</u>	<u>346,919,093</u>
9. NET INVESTMENT IN IJARAH FINANCE			
Ijarah contracts commencing upto 30 June 2008 -accounted for as finance leases	9.1	131,683,213	358,827,469
Less: Current portion of net investment in Ijarah finance		112,719,897	295,503,090
		<u>18,963,316</u>	<u>63,324,379</u>
Ijarah contracts commencing 1 July 2008- accounted for under IFAS 2			
Net Book value as at March 31, 2012	9.2	3,478,254,469	2,968,799,113
Less: impairment against Ijarah assets		(3,131,253)	(3,131,253)
		<u>3,475,123,216</u>	<u>2,965,667,860</u>

9.1

	March 31, 2012			June 30, 2011		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
----- (Rupees) -----						
Minimum Ijarah payments receivable	65,549,254	4,703,205	70,252,459	212,510,640	39,792,429	252,303,069
Add: Residual value	52,730,345	14,426,090	67,156,435	104,899,703	27,766,295	132,665,998
Gross: investment in Ijarah Finance	118,279,599	19,129,295	137,408,894	317,410,343	67,558,724	384,969,067
Less: Unearned finance income	5,558,262	165,979	5,724,241	21,771,573	4,234,345	26,005,918
Allowance for potential Ijarah losses	-	-	-	130,540	-	130,540
Mark-up held in Suspense	1,440	-	1,440	5,140	-	5,140
	<u>112,719,897</u>	<u>18,963,316</u>	<u>131,683,213</u>	<u>295,503,090</u>	<u>63,324,379</u>	<u>358,827,469</u>

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

For the nine months period ended March 31, 2012

	(Un-audited) March 31, 2012	(Un-audited) March 31, 2011
9.2 Ijarah Assets	----- (Rupees) -----	
Additions at cost during the period		
- Plant, machinery and equipments	601,528,126	594,254,458
- Motor vehicles	902,571,279	486,821,730
	<u>1,504,099,405</u>	<u>1,081,076,188</u>
Disposals at cost during the period		
- Plant, machinery and equipments	87,796,036	5,115,480
- Motor vehicles	332,447,549	113,586,377
	<u>420,243,585</u>	<u>118,701,857</u>
10. FIXED ASSETS IN OWN USE		
Additions at cost during the period		
- Computers / equipments	255,100	119,770
- Computer Software	-	700,000
	<u>255,100</u>	<u>819,770</u>
Disposals at cost during the period		
- Computers / equipments	134,000	-
- Furniture and fittings	25,000	-
	<u>159,000</u>	<u>-</u>
	(Un-audited) March 31, 2012	(Audited) June 30, 2011
11. MUSHARIKA FINANCE	----- (Rupees) -----	
Musharika with:		
- an associated undertaking - secured 11.1	<u>100,053,573</u>	<u>456,528,711</u>

11.1 The total facility for musharika finance available from Standard Chartered Bank (Pakistan) Limited amounts to Rs. 500 million (June 30, 2011: Rs. 500 million). The estimated share of profit payable on this facility ranges from Re. 0.3552 to Re. 0.3984 (June 30, 2011: Re. 0.3639 to Re. 0.3978) per rupee one thousand per day. The facility is secured against hypothecation over the moveable leased out assets of the Modaraba.

12. CONTINGENCIES AND COMMITMENTS

12.1 An agreement was executed between Haleeb Foods Limited and a consortium of financial institutions. As per the terms of the agreement, Meezan Bank Limited had to provide Inland Usance L/C facility of Rs. 96.12 million to Haleeb Foods Limited on behalf of all the participating institutions for procurement of packaging material from TetraPak. The Modaraba's limit in this respect is Rs 5.402 million on the basis of pro rata share. The Modaraba's outstanding balance of this facility is Rs 5.393 million as at March 31, 2012. The facility will expire on June 30, 2012.

12.2 Another agreement was signed between Haleeb Foods Limited and the consortium of financial institutions. As per the terms of the agreement, Meezan Bank Limited had to provide working capital facilities to the tune of Rs 425 million to Haleeb Foods Limited. SCM's share out of the additional working capital line is Rs 23.885 million which is to be provided in the shape of LC / Ijarah Finance. LCs shall be established by Meezan Bank Limited on behalf of the consortium and the outstanding balance of SCM's share was Rs 7.496 Million as at March 31, 2012.

12.3 Letter of Comfort issued to Standard Chartered Bank (Pakistan) Limited on behalf of Sadaqat Limited amounting to PKR 15.473 Million.

12.4 Letter of Comfort issued to Soneri Bank Limited on behalf of Ahmed Oriental Textile Mills Limited amounting to PKR 150 Million.

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

For the nine months period ended March 31, 2012

13. WORKERS' WELFARE FUND

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

14. TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation for statutory reserves. Accordingly, no provision in respect of current and deferred tax has been made in 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, 2012	(Un-audited) March 31, 2011
	----- (Rupees) -----	
Cash and bank balances	104,725,991	262,607
Loans and receivables - Term deposit receipts	150,000,000	70,000,000
Musharika finance	(100,053,573)	(249,303,797)
	<u>154,672,418</u>	<u>(179,041,190)</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,	
	2012 (Un-audited)	2011 (Un-audited)
	----- (Rupees) -----	
Holding Company		
Profit on Musharika finance	8,445,098	3,665,760
Profit on deposit account	4,073,843	4,985,058
Bank charges and commission	17,246,250	9,625,438
Charge for reimbursement of salaries and benefits	-	5,537,471
Charge for reimbursement of miscellaneous expenses	2,750,388	945,225
Staff retirement benefits funds		
Contribution to the staff provident fund	1,117,995	907,577
Contribution to the staff gratuity fund	931,296	754,692
Management Company		
Management fee	7,768,246	6,979,600
Other related party		
Profit on Certificates of Musharaka	-	8,107
Reimbursement of salaries and benefits	2,535,040	1,831,486
Key Management Personnel remuneration		
Salaries and benefits	17,497,077	7,534,334
Contribution to the staff provident fund	580,728	275,416
Contribution to the staff gratuity fund	483,737	229,429
No. of persons	6	4

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

For the nine months period ended March 31, 2012

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, 2012, there were only three (June 30, 2011: three) certificate holders who each held more than 10% of the Modaraba's certificate capital. Their holdings were 10%, 10% and 11.24% (June 30, 2011: 10%, 10% and 11.24%) respectively.

18. CORRESPONDING FIGURES

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

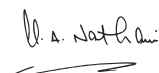
19. GENERAL

Figures have been rounded off to the nearest rupees.

20. DATE OF AUTHORISATION

These financial statements were authorised for issue on April 25, 2012 by the Board of Directors of the Management Company.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

