



1st Quarterly Report

September 30, 2012

Standard Chartered Modaraba



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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/ Financial Institutions

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

Legal Advisors

Fazle Ghani Adocates
Izhar Law Associates
Sirajul Haque & Co.
Orr Dignam & Co
Mohsin Tayabali & Co
Liaquat Marchant Associates

Registered and Head Office

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

Branch Offices

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

Standard Chartered Bank Building
6-A, 2nd Floor, Union Arcade
F-7 Markaz, Islamabad
Phone: (051) 8432329-30

Directors' Review

For the quarter ended September 30, 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 three months period ended September 30, 2012.

1. Economic Outlook

The FY12 Economic Survey highlights that economic activity accelerated to 3.7% year on year in FY12, up from 3% in FY11. The main growth drivers were record government spending, an accommodative monetary policy and record remittances from overseas Pakistanis. Consumption spending picked up by 11% year on year on higher government spending and sustained household spending on the back of record high remittances. The government targets growth to pick up to 4.3% in FY13 and both fiscal and monetary policy are now geared towards accelerating spending. Downside risks to the growth outlook arise from political uncertainty ahead of the 2013 elections and a worsening energy crisis.

Concerned with declining private investment spending and unable to rein in record government spending, the State Bank of Pakistan (SBP) has shifted its monetary policy focus, slashing policy rates by 200bps in Q3 2012. Inflation has softened due to lower food prices and a sharp decline in administered gas prices and house rentals. CPI inflation printed 8.8% in September 2012, the lowest in 4 years, giving space to SBP to cut rates. The overnight lending and deposit rates are now at 10% and 7% respectively, the lowest since 2008 which are expected to support growth momentum in FY13.

2. Financial Highlights

Financial results are summarized as under:

	September 30, 2012 (PKR '000')	June 30, 2012 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	900,431	960,694
Investment in Ijarah finance and Ijarah Assets	4,556,992	4,419,914
Investments in Diminishing Musharika and Sukuks	1,144,482	1,159,141
Redeemable capital	3,580,274	3,163,448
	Quarter ended September 30, 2012 (PKR '000')	Quarter ended September 30, 2011 (PKR '000')
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	156,989	123,428
Financial charges	112,958	77,701
Provisions (net of reversals/recoveries)	3,383	7,439
Operating expenses	18,928	13,231
Profit before management fee	21,720	25,058
Net profit	19,157	22,101

3. Review of Operations

During the period under review the Modaraba's net profit decreased by 13.32% from Rs. 22.1 million to Rs. 19.2 million as compared to corresponding period of last year mainly due to provision against Ijarah finances. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 5,701 million compared to Rs. 5,579 million as at June 30, 2012, showing an increase of 2.19% within the three months period.

Directors' Review

For the period ended September 30, 2012

This marginal 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. 485 million as compared to Rs. 487 million during the corresponding period last year.

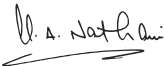
Your Modaraba, while remaining cautious and prudent during the prevailing economic slow down, is focused to take benefit of good opportunities that add value to all stake holders. Our prudent and proactive risk management approach has always helped us to maintain a leading position in the Modaraba sector. We will continue to place emphasis on customer service with focus on quality clientele.

4. Credit Rating

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

5. Acknowledgement

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



Mohsin Ali Nathani
Chairman

Karachi: October 22, 2012

Condensed Interim Balance Sheet (Unaudited)

As at September 30, 2012

	Note	(Un-audited) September 30, 2012	(Audited) June 30, 2012
ASSETS			
(Rupees)			
Current assets			
Cash and bank balances	4	10,320,077	10,314,667
Loans and receivable - Term deposit receipts	5	150,000,000	150,000,000
Ijarah rentals receivable	6	185,594,978	135,102,788
Advances, deposits, prepayments and other receivables		103,864,297	239,104,072
Current portion of investment in Sukuk certificates	7	1,015,620	1,015,620
Current portion of Diminishing Musharika	8	134,357,865	103,856,410
Current portion of net investment in Ijarah finance	9	46,576,236	85,045,163
Taxation recoverable		15,696,308	16,087,270
Total current assets		647,425,381	740,525,990
Non - current assets			
Loans and advances to employees		289,151	315,390
Long-term portion of investment in Sukuk certificates	7	6,567,716	6,770,840
Long-term portion of Diminishing Musharika	8	1,002,540,517	1,047,497,978
Long-term portion of net investment in Ijarah finance	9	98,069	148,501
Ijarah assets	9	4,510,318,162	4,334,720,195
Fixed assets in own use	10	1,404,988	1,646,242
Total non-current assets		5,521,218,603	5,391,099,146
TOTAL ASSETS		6,168,643,984	6,131,625,136
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	11	334,334,135	494,366,261
Murabaha finance		300,000,000	530,967,500
Current maturity of security deposits		63,547,694	71,988,162
Creditors, accrued and other liabilities		200,177,911	221,722,284
Advance Ijarah rentals received		33,796,958	41,686,343
Current portion of redeemable capital		3,489,588,950	3,094,473,420
Unclaimed profit distribution	12	104,891,061	25,476,612
Total current liabilities		4,526,336,709	4,480,680,582
Non - current liabilities			
Long-term portion of security deposits		651,191,708	621,275,125
Long-term portion of redeemable capital		90,685,000	68,975,000
Total non - current liabilities		741,876,708	690,250,125
TOTAL LIABILITIES		5,268,213,417	5,170,930,707
CERTIFICATE HOLDERS' EQUITY			
Authorised certificate capital			
50,000,000 (June 2012: 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 2012: 28,500,000) certificates of Rs. 10 each issued as fully paid in cash		285,000,000	285,000,000
16,883,530 (June 2012: 16,883,530) certificates of Rs. 10 each issued as fully paid bonus certificates		168,835,300	168,835,300
		453,835,300	453,835,300
Reserves		429,624,476	425,793,013
Unappropriated profit		16,970,791	81,066,116
		900,430,567	960,694,429
TOTAL LIABILITIES AND EQUITY		6,168,643,984	6,131,625,136

CONTINGENCIES AND COMMITMENTS

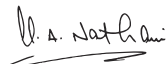
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The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

Statement under rule 12(2) of the Modaraba Companies and Modaraba Rules, 1981

This condensed interim financial information has been signed by three directors authorised in this behalf by the Board of Directors of the management company, instead of chief executive and two directors, as the chief executive is not for the time being in Pakistan.

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


Mohsin Ali Nathani
Chairman


Najam Siddiqi
Director


Khurram Shahzad Khan
Director

Condensed Interim Profit and Loss Account (Unaudited)

For the quarter ended September 30, 2012

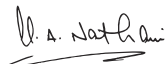
	Note	Quarter ended September 30,	
		2012	2011
-----Rupees-----			
Ijarah finance income		1,351,181	8,464,506
Ijarah rentals earned		487,002,263	360,127,568
Income on Diminishing Musharika transactions		38,932,966	16,940,393
Income on deposits with bank		3,541,304	2,630,976
		<u>530,827,714</u>	<u>388,163,443</u>
Financial charges		(112,957,917)	(77,700,788)
Depreciation on assets under Ijarah arrangements		(376,720,754)	(267,186,658)
		<u>41,149,043</u>	<u>43,275,997</u>
Provision in respect of Ijarah finances - net		(3,434,066)	(1,422,985)
Provision for doubtful Diminishing Musharika		-	(6,250,000)
Reversal of provision in respect of Sukuk certificates		50,781	234,375
		<u>37,765,758</u>	<u>35,837,387</u>
Other income		2,882,068	2,451,380
Administrative and operating expenses		(18,927,513)	(13,231,021)
		<u>21,720,313</u>	<u>25,057,746</u>
Modaraba management company fee		(2,172,031)	(2,505,775)
Provision for workers' welfare fund	14	(390,966)	(451,039)
Profit before taxation		<u>19,157,316</u>	<u>22,100,932</u>
Taxation	15	-	-
Profit after taxation		<u>19,157,316</u>	<u>22,100,932</u>
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>19,157,316</u>	<u>22,100,932</u>
Earnings per certificate		<u>0.42</u>	<u>0.49</u>

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


Mohsin Ali Nathani
Chairman


Najam Siddiqi
Director


Khurram Shahzad Khan
Director

Condensed Interim Cash Flow Statement (Unaudited)

For the quarter ended September 30, 2012

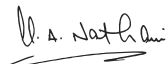
Note	Quarter ended September 30, 2012	Quarter ended September 30, 2011
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,157,316	22,100,932
Adjustment for non cash and other items:		
Depreciation on fixed assets in own use	241,254	333,283
Depreciation on fixed assets under Ijarah arrangements	376,720,754	267,186,658
Profit on disposal of assets under Ijarah arrangements	(752,374)	(697,229)
Provision in respect of Ijarah finances	3,434,066	1,422,985
Reversal of provision in respect of Sukuk certificates	(50,781)	(234,375)
Provision for doubtful Diminishing Musharika	-	6,250,000
Income on deposits with bank	(3,541,304)	(2,630,976)
Profit on:		
- Redeemable capital	84,697,433	66,574,545
- Murabaha finances	16,118,513	-
- Musharika finances	5,892,685	6,138,591
	482,760,246	344,343,482
	501,917,562	366,444,414
(Increase) / decrease in assets		
Advances, deposits, prepayments and other receivables	138,672,220	65,914,439
Ijarah rentals receivable	(53,926,256)	(19,276,995)
Diminishing Musharika	14,456,006	(54,779,194)
Purchase of assets under Ijarah arrangements	(597,599,063)	(508,544,663)
Proceeds from disposal of assets under Ijarah arrangements	46,032,716	52,579,369
Investment in Ijarah finance -net	38,519,359	82,774,541
Loans and advances to employees	26,239	63,308
	(413,818,779)	(381,269,195)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	(20,304,221)	22,493,054
Advance Ijarah rentals received	(7,889,385)	(18,033,947)
Security deposits	21,476,115	37,761,808
	(6,717,491)	42,220,915
	81,381,292	27,396,134
Profit received / (paid) on		
- Redeemable capital	(92,649,107)	(49,338,566)
- Murabaha finances	(7,050,149)	-
- Musharika finances	(7,858,565)	(6,443,605)
	(107,557,821)	(55,782,171)
Net cash used in operating activities	(26,176,529)	(28,386,037)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Sukuk certificates	253,905	1,171,875
Fixed capital expenditure	-	(255,100)
Income on deposits with bank	108,859	370,935
Net cash generated from investing activities	362,764	1,287,710
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	416,825,530	443,685,523
Murabaha finances less repayments	(230,967,500)	-
Profit paid to certificate holders	(6,729)	(20,850)
	185,851,301	443,664,673
Increase in cash and cash equivalents	160,037,536	416,566,346
Cash and cash equivalents at the beginning of period	(334,051,594)	(364,150,447)
Cash and cash equivalents at end of the period	16	52,415,899

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


Mohsin Ali Nathani
Chairman


Najam Siddiqi
Director


Khurram Shahzad Khan
Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For the quarter ended September 30, 2012

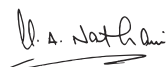
	Certificate capital	Reserves		Unappropriated profit	Total	
		Premium on modaraba certificates	Statutory reserve			Sub Total
----- (Rupees) -----						
Balance as at June 30, 2011	453,835,300	55,384,700	350,226,030	405,610,730	78,623,575	938,069,605
Profit distribution for 2011 @ Rs. 1.725 per certificate	-	-	-	-	(78,286,589)	(78,286,589)
Total comprehensive income for the three months period ended September 30, 2011	-	-	-	-	22,100,932	22,100,932
Transfer to statutory reserve	-	-	4,420,186	4,420,186	(4,420,186)	-
Balance as at September 30, 2011	453,835,300	55,384,700	354,646,216	410,030,916	18,017,732	881,883,948
Balance as at June 30, 2012	453,835,300	55,384,700	370,408,313	425,793,013	81,066,116	960,694,429
Profit distribution for 2012 @ Rs. 1.75 per certificate	-	-	-	-	(79,421,178)	(79,421,178)
Total comprehensive income for the three months period ended September 30, 2012	-	-	-	-	19,157,316	19,157,316
Transfer to statutory reserve	-	-	3,831,463	3,831,463	(3,831,463)	-
Balance as at September 30, 2012	453,835,300	55,384,700	374,239,776	429,624,476	16,970,791	900,430,567

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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


Mohsin Ali Nathani
Chairman


Najam Siddiqi
Director


Khurram Shahzad Khan
Director

Notes to the Condensed Interim Financial Information (Unaudited) For the quarter ended September 30, 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:

- Muji'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, 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, 2012.

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, 2012:

- IAS 1, 'Financial statement presentation' (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented under 'other comprehensive income' (OCI) in the profit and loss account on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment will not have any significant effect on the Modaraba's financial statements.

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, 2012 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.

Notes to the Condensed Interim Financial Information (Unaudited)

For the quarter ended 30 September 2012

	Note	(Un-audited) September 30, 2012	(Audited) June 30, 2012
----- (Rupees) -----			
4. CASH AND BANK BALANCES			
With banks in current accounts		4,032,396	4,032,396
With bank in deposit account	4.1 & 5.2	6,262,212	6,262,212
Cash in hand		25,469	20,059
		<u>10,320,077</u>	<u>10,314,667</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 6.01% (June 30, 2012: 6%).			
5. LOANS AND RECEIVABLE - TERM DEPOSIT RECEIPTS			
Term deposit receipts	5.1 & 5.2	<u>150,000,000</u>	<u>150,000,000</u>
5.1 Term Deposit Receipts as at September 30, 2012 carry expected profit at the rate of 9.0 % (June 30, 2012: ranges from 10.50% to 10.90%).			
5.2 The balance with bank in deposit account (Note 4) 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.			
6. IJARAH RENTALS RECEIVABLE			
Ijara rentals receivable - considered good		202,093,570	140,023,523
Less: Allowance for potential Ijarah losses		(5,909,551)	(2,475,485)
Less: Profit held in suspense		(10,589,041)	(2,445,250)
		<u>185,594,978</u>	<u>135,102,788</u>
7. INVESTMENT IN SUKUK CERTIFICATES - Held to maturity			
Investment in Sukuk Certificates		59,479,170	59,733,075
Less: Provision in respect of Sukuk certificates		(51,895,834)	(51,946,615)
		7,583,336	7,786,460
Less : Current portion of investment in Sukuk Certificates		(1,015,620)	(1,015,620)
		<u>6,567,716</u>	<u>6,770,840</u>
8. DIMINISHING MUSHARIKA			
- Housing - Staff		41,765,550	39,800,642
- Other individuals		249,635,269	213,621,600
		291,400,819	253,422,242
- Others		870,497,563	922,932,146
Less: Provision in respect of Diminishing Musharika		(25,000,000)	(25,000,000)
		845,497,563	897,932,146
		1,136,898,382	1,151,354,388
Less: current portion of Diminishing Musharika		(134,357,865)	(103,856,410)
		<u>1,002,540,517</u>	<u>1,047,497,978</u>
9. NET INVESTMENT IN IJARAH FINANCE			
Ijarah contracts commencing July 1, 2008- accounted for under IFAS 2	9.1	<u>4,510,318,162</u>	<u>4,334,720,195</u>
Ijarah contracts commencing prior to July 1, 2008 -accounted for as finance leases	9.2	46,674,305	85,193,664
Less: Current portion of net investment in Ijarah finance	9.2	(46,576,236)	(85,045,163)
		<u>98,069</u>	<u>148,501</u>
		(Un-audited) September 30, 2012	(Un-audited) September 30, 2011
----- (Rupees) -----			
9.1 Ijarah Assets			
Additions at cost during the period			
- Plant, machinery and equipments		269,812,032	125,141,336
- Motor vehicles		327,787,031	383,403,327
		597,599,063	508,544,663
Disposals at cost during the period			
- Plant, machinery and equipments		19,002,035	50,811,722
- Motor vehicles		91,676,112	72,221,637
		<u>110,678,147</u>	<u>123,033,359</u>

Notes to the Condensed Interim Financial Information (Unaudited) For the quarter ended 30 September 2012

9.2

	September 30, 2012 (Unaudited)			June 30, 2012 (Audited)		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	----- (Rupees) -----					
Minimum ijarah payments receivable	25,249,499	103,664	25,353,163	43,253,957	158,847	43,412,804
Add: Residual value	22,984,494	-	22,984,494	45,011,610	-	45,011,610
Gross investment in Ijarah Finance	48,233,993	103,664	48,337,657	88,265,567	158,847	88,424,414
Less: Unearned finance income	1,558,445	5,595	1,564,040	3,220,404	10,346	3,230,750
Allowance for potential ijarah losses	-	-	-	-	-	-
Mark-up held in Suspense	99,312	-	99,312	-	-	-
	46,576,236	98,069	46,674,305	85,045,163	148,501	85,193,664

10. FIXED ASSETS IN OWN USE

Additions at cost during the period

- Computers / equipments

	(Un-audited) September 30, 2012	(Un-audited) September 30, 2011
	----- (Rupees) -----	
	-	255,100
Disposals at cost during the period	-	-

11. MUSHARIKA FINANCE

Musharika with:

- an associated undertaking - secured

11.1

	(Un-audited) September 30, 2012	(Audited) June 30, 2012
	----- (Rupees) -----	
	334,334,135	494,366,261

- 11.1 The total facility for musharika finance available from Standard Chartered Bank (Pakistan) Limited amounts to Rs. 800 million (June 30, 2012: Rs. 800 million). The estimated share of profit payable on this facility is Re. 0.3555 (June 30, 2012: ranges from Re. 0.3536 to Re. 0.3982) per rupee one thousand per day. The facility is secured against hypothecation over the moveable leased out assets of the Modaraba.

12. UNCLAIMED PROFIT DISTRIBUTION

Profit distribution payable for the year ended June 30, 2012

Unclaimed profit distribution

	79,421,178	-
	25,469,883	25,476,612
	104,891,061	25,476,612

13. CONTINGENCIES AND COMMITMENTS

- 13.1 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. 3.996 million as at September 30, 2012. The facility will expire on January 31, 2013.
- 13.2 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 Modaraba's share was Rs. 8.733 million as at September 30, 2012.
- 13.3 The Modaraba has issued a letter of comfort to Habib Bank Limited on behalf of Olympia Industries (Pvt.) Ltd. amounting Rs. 37.956 million.

14. 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.

During last year, the Honourable Lahore High Court (LHC) in a constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008 has declared that the said amendments were not brought in through a process of budget i.e. the amendments were not introduced through the correct process. Pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs. 7.968 million (including Rs 0.391 million for the current quarter) in these condensed interim financial information.

15. 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.

Notes to the Condensed Interim Financial Information (Unaudited) For the quarter ended 30 September 2012

16. CASH AND CASH EQUIVALENTS

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

	(Un-audited) September 30, 2012	(Un-audited) September 30, 2011
	----- (Rupees) -----	
Cash and bank balances	10,320,077	66,070,827
Loans and receivable - Term deposit receipts	150,000,000	100,000,000
Musharika finance	(334,334,135)	(113,654,928)
	<u>(174,014,058)</u>	<u>52,415,899</u>

17. 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:

	Quarter ended September 30,	
	2012 (Un-audited) ----- (Rupees) -----	2011 (Un-audited) -----
Holding Company - Standard Chartered Bank (Pakistan) Limited		
Profit on Musharika finance	5,892,685	6,138,591
Profit on deposit account	108,859	370,935
Bank charges and commission	6,249,286	4,987,652
Charge for reimbursement of miscellaneous expenses	885,000	315,075
Staff retirement benefits funds		
Contribution to the staff provident fund	539,492	466,690
Contribution to the staff gratuity fund	449,396	388,106
Management Company - Standard Chartered Services of Pakistan (Private) Limited		
Management fee	2,172,031	2,505,775
Other related party		
Reimbursement of salaries and benefits	-	1,226,506
Key Management Personnel remuneration		
Salaries and benefits	10,976,227	4,312,368
Contribution to the staff provident fund	264,498	100,756
Contribution to the staff gratuity fund	220,329	83,929
No. of persons	8	3

The Modaraba enters into transactions with related parties for borrowings under Musharika finances and other general banking services. These transactions are based on a transfer pricing policy under which all transactions are carried out on agreed terms. The balances with related parties have been disclosed in the respective notes.

18. SEGMENT INFORMATION

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

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

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

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

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

The Modaraba also has a diversified certificate holder population. As at September 30, 2012, there were only three (June 30, 2012: 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, 2012: 10%, 10% and 11.24%) respectively.

19. CORRESPONDING FIGURES

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

20. GENERAL

Figures have been rounded off to the nearest rupees.

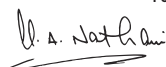
21. DATE OF AUTHORISATION

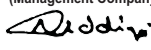
These condensed interim financial information was authorised for issue on October 22, 2012 by the Board of Directors of the Management Company.

Statement under rule 12(2) of the Modaraba Companies and Modaraba Rules, 1981

This condensed interim financial information has been signed by three directors authorised in this behalf by the Board of Directors of the management company, instead of chief executive and two directors, as the chief executive is not for the time being in Pakistan.

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


Mohsin Ali Nathani
Chairman


Najam Siddiqi
Director


Khurram Shahzad Khan
Director



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