

## 3rd Quarterly Report

March 31, 2013

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. Salar Khan\*  
Director

Mr. Khurram Shahzad Khan  
Director

Mr. Shezad Arif  
Director

### Company Secretary

Mr. Muhammad Siddique

### Audit Committee

Mr. Najam Siddiqi  
Chairman

Mr. Salar Khan\*  
Member

Mr. Khurram Shahzad Khan  
Member

### Human Resource and Remuneration Committee

Mr. Mohsin Ali Nathani  
Chairman

Mr. Raheel Qamar Ahmad  
Member

Mr. Salar Khan\*  
Member

### Shariah Advisor

Mufti Abdul Sattar Laghari

### 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

### Registrars & Share Registration Office

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

\*Subject to Regulatory approval.

## Directors' Review

For the period ended March 31, 2013

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, 2013.

### 1. Economic Outlook

The macroeconomic conditions continue to be challenging despite modest growth momentum. Real GDP is expected to rise to 3.8% y/y in FY13 from 3.7% in FY12. CPI inflation has softened to 6.6% by March 2013 – the lowest print in the last 4 years.

With a caretaker government paving the way for general elections in May 2013, investor uncertainty is understandable. However, the KSE 100 index has rallied 7% in Q1 2013, after rising 49% in 2012, making it one of the world's best-performing equity markets for the period.

While the full year remittances in FY12 were USD 13.2 billion, it is expected that remittances will exceed USD 14 billion for the current fiscal year. However, concerns remain over the widening fiscal deficit and large external debt payments. External debt payments scheduled for FY13 total USD 6bn (2.5% of GDP), including nearly USD 3bn to the IMF. The official FX reserves declined to USD 7bn as of March 2013 from USD 13bn at end-2011. Risks on the balance of payments position continue to prevail, being driven by low financial inflows and high debt payments.

### 2. Financial Highlights

Financial results are summarized as under:

	March 31, 2013 (PKR '000')	June 30, 2012 (PKR '000')
<b>Balance Sheet</b>		
Certificate capital	453,835	453,835
Total equity	961,832	960,694
Investment in Ijarah finance and Ijarah Assets	4,571,542	4,419,914
Investments in Diminishing Musharika and Sukuks	1,438,107	1,159,141
Redeemable capital	3,345,324	3,163,448
	<b>Nine Months ended March 31, 2013 (PKR '000')</b>	<b>Nine Months ended March 31, 2012 (PKR '000')</b>
<b>Profit and Loss</b>		
Revenue (net of Ijarah assets depreciation)	510,410	403,987
Financial charges	342,202	257,828
Provisions (net of reversals/recoveries)	15,129	19,462
Operating expenses	61,743	49,015
Profit before management fee	91,336	77,682
Net profit	80,558	68,516

### 3. Review of Operations

During the period under review the Modaraba's gross revenue increased by 26.34% mainly due to increase in portfolio as compared to the corresponding period of last year. Net profit increased by 17.58% to Rs. 80.56 million as compared to Rs. 68.52 million. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 6,010 million compared to Rs. 5,579 million as at June 30, 2012, showing an increase of 7.72% within nine months period.

Standard Chartered Modaraba's asset portfolio is well diversified in both geographical and product terms and comprises of Plant & Machinery, motor vehicles, real estate and equipment. It also has a good mix of multi-nationals, large and medium sized local corporates and selective SME relationships.

## Directors' Review

For the period ended March 31, 2013

The Modaraba's sector wise exposure is closely monitored and managed. During the period under review, Modaraba booked fresh disbursements to the tune of Rs. 2,000 million as compared to Rs. 1,710 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 a focus on quality clients.

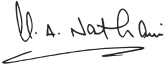
### 4. Credit Rating

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

### 5. Acknowledgement

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

The Board also acknowledges the commendable efforts of the staff members of Standard Chartered Modaraba without which the Modaraba's success could not have been possible.



**Mohsin Ali Nathani**  
Chairman

Karachi: April 24, 2013

## Condensed Interim Balance Sheet (Unaudited)

### As at March 31, 2013

		(Un-audited) March 31, 2013	(Audited) June 30, 2012
ASSETS	Note		(Rupees)
<b>Current assets</b>			
Cash and bank balances	4	4,769,533	10,314,667
Term deposit receipts		-	150,000,000
Ijarah rentals receivable	5	147,637,369	135,102,788
Advances, deposits, prepayments and other receivables		132,730,479	239,104,072
Current portion of investment in Sukuk certificates	6	1,015,620	1,015,620
Current portion of Diminishing Musharika	7	217,360,343	103,856,410
Current portion of net investment in Ijarah finance	8	20,875,732	85,045,163
Taxation recoverable		14,443,222	16,087,270
<b>Total current assets</b>		<b>538,832,298</b>	<b>740,525,990</b>
<b>Non - current assets</b>			
Loans and advances to employees		-	315,390
Long-term portion of investment in Sukuk certificates	6	6,161,468	6,770,840
Long-term portion of Diminishing Musharika	7	1,213,569,452	1,047,497,978
Long-term portion of net investment in Ijarah finance	8	-	148,501
Ijarah assets	8	4,550,666,127	4,334,720,195
Fixed assets in own use	9	8,880,686	1,646,242
<b>Total non-current assets</b>		<b>5,779,277,733</b>	<b>5,391,099,146</b>
<b>TOTAL ASSETS</b>		<b>6,318,110,031</b>	<b>6,131,625,136</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Musharika finance	10	301,836,949	494,366,261
Murabaha finance		135,399,119	530,967,500
Current maturity of musharika finance	11	240,000,000	-
Current maturity of security deposits		92,330,761	71,988,162
Creditors, accrued and other liabilities		348,056,922	221,722,284
Advance Ijarah rentals received		44,273,069	41,686,343
Current portion of redeemable capital		3,238,958,950	3,094,473,420
Unclaimed profit distribution		28,670,574	25,476,612
<b>Total current liabilities</b>		<b>4,429,526,344</b>	<b>4,480,680,582</b>
<b>Non - current liabilities</b>			
Long-term portion of musharika finance	11	160,000,000	621,275,125
Long-term portion of security deposits		660,387,063	-
Long-term portion of redeemable capital		106,365,000	68,975,000
<b>Total non - current liabilities</b>		<b>926,752,063</b>	<b>690,250,125</b>
<b>TOTAL LIABILITIES</b>		<b>5,356,278,407</b>	<b>5,170,930,707</b>
<b>CERTIFICATE HOLDERS' EQUITY</b>			
<b>Authorised certificate capital</b>			
50,000,000 (June 2012: 50,000,000) certificates of Rs 10 each		500,000,000	500,000,000
<b>Certificate capital</b>			
<b>Issued, subscribed and paid-up certificate capital</b>			
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		441,904,688	425,793,013
Unappropriated profit		66,091,636	81,066,116
		961,831,624	960,694,429
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,318,110,031</b>	<b>6,131,625,136</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			

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The annexed notes 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 Q Ahmad  
Chief Executive

  
Najam Siddiqi  
Director

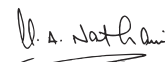
## Condensed Interim Profit and Loss Account (Unaudited)

### For the nine months period and quarter ended March 31, 2013

Note	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2013	2012	2013	2012
	-----Rupees-----		-----Rupees-----	
Ijarah finance income	2,816,797	18,521,657	388,693	3,814,444
Ijarah rentals earned	1,497,503,719	1,130,805,276	503,744,685	392,809,268
Income on Diminishing Musharika transactions	118,365,840	53,021,379	38,041,311	18,319,436
Income on deposits with bank	12,130,701	19,610,734	3,754,487	4,650,451
	<u>1,630,817,057</u>	<u>1,221,959,046</u>	<u>545,929,176</u>	<u>419,593,599</u>
Financial charges	(342,201,782)	(257,827,556)	(112,066,449)	(88,112,791)
Depreciation on assets under Ijarah arrangements	(1,148,620,655)	(825,691,103)	(381,826,700)	(280,516,719)
	<u>139,994,620</u>	<u>138,440,387</u>	<u>52,036,027</u>	<u>50,964,089</u>
Provision in respect of Ijarah finances - net	(15,514,995)	(1,292,445)	(2,900,447)	130,540
Reversal of provision / provision in respect of Diminishing Musharika	233,628	(18,750,000)	112,592	(6,250,000)
Reversal of provision in respect of Sukuk certificates	152,343	580,729	50,781	111,979
	<u>124,865,596</u>	<u>118,978,671</u>	<u>49,298,953</u>	<u>44,956,608</u>
Other income / (loss)	28,213,876	7,718,867	5,980,250	(1,126,071)
Administrative and operating expenses	(61,743,449)	(49,015,081)	(21,958,475)	(17,411,288)
	<u>91,336,023</u>	<u>77,682,457</u>	<u>33,320,728</u>	<u>26,419,249</u>
Modaraba management company fee	(9,133,602)	(7,768,246)	(3,332,072)	(2,641,925)
Provision for workers' welfare fund	(1,644,048)	(1,398,284)	(599,773)	(475,546)
<b>Profit before taxation</b>	<b>80,558,373</b>	<b>68,515,927</b>	<b>29,388,883</b>	<b>23,301,778</b>
Taxation	-	-	-	-
<b>Profit after taxation</b>	<b>80,558,373</b>	<b>68,515,927</b>	<b>29,388,883</b>	<b>23,301,778</b>
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>80,558,373</b>	<b>68,515,927</b>	<b>29,388,883</b>	<b>23,301,778</b>
Earnings per certificate	<u>1.78</u>	<u>1.51</u>	<u>0.65</u>	<u>0.51</u>

The annexed notes 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 Q Ahmad  
Chief Executive

  
Najam Siddiqi  
Director

## Condensed Interim Cash Flow Statement (Unaudited)

### For the nine months period ended March 31, 2013

Note	Nine months period ended March 31, 2013	Nine months period ended March 31, 2012
-----Rupees-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	80,558,373	68,515,927
<b>Adjustment for non cash and other items:</b>		
Depreciation on fixed assets in own use	737,002	893,457
Depreciation on fixed assets under Ijarah arrangements	1,148,620,655	825,691,103
Gain on disposal of fixed assets	-	(4,000)
Profit on disposal of assets under Ijarah arrangements	(20,061,994)	(177,759)
Provision in respect of Ijarah finances	15,514,995	1,292,445
Reversal of provision in respect of Sukuk certificates	(152,343)	(580,729)
Reversal of provision / provision in respect of Diminishing Musharika	(233,628)	18,750,000
Income on deposits with bank	(12,130,701)	(19,610,734)
Profit on:		
- Redeemable capital	257,503,143	232,136,208
- Murabaha finances	25,927,195	-
- Musharika finances	18,578,324	8,445,098
Provision for workers' welfare fund	1,644,048	1,398,284
	1,435,946,696	1,068,233,373
	1,516,505,069	1,136,749,300
<b>(Increase) / decrease in assets</b>		
Advances, deposits, prepayments and other receivables	111,267,565	(19,431,509)
Ijarah rentals receivable	(28,049,576)	(47,254,397)
Diminishing Musharika	(279,341,779)	(147,065,629)
Purchase of assets under Ijarah arrangements	(1,715,542,134)	(1,504,099,405)
Proceeds from disposal of assets under Ijarah arrangements	371,037,541	169,130,705
Investment in Ijarah finance - net	64,317,932	227,274,796
Loans and advances to employees	315,390	180,873
	(1,475,995,061)	(1,321,264,566)
<b>Increase / (decrease) in liabilities</b>		
Creditors, accrued and other liabilities	130,963,227	(7,371,948)
Advance Ijarah rentals received	2,586,726	(62,533,360)
Security deposits	59,454,537	93,126,519
	193,004,490	23,221,211
	233,514,498	(161,294,055)
Profit received / (paid) on		
- Redeemable capital	(260,721,045)	(179,606,162)
- Murabaha finances	(26,369,569)	-
- Musharika finances	(19,546,637)	(13,754,177)
Taxes paid	-	(2,551)
	(306,637,251)	(193,362,890)
<b>Net cash used in operating activities</b>	(73,122,753)	(354,656,945)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipt against investment	761,715	2,903,645
Fixed capital expenditure	(7,971,446)	(255,100)
Proceed from disposal of fixed assets	-	4,000
Income on deposits with bank	7,236,729	18,471,186
<b>Net cash generated from investing activities</b>	26,998	21,123,731
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redeemable capital less repayments	181,875,530	927,701,616
Murabaha finances less repayments	(395,568,381)	-
Musharika finances less repayments	400,000,000	-
Profit paid to certificate holders	(76,227,216)	(75,345,537)
<b>Net cash generated from financing activities</b>	110,079,933	852,356,079
<b>Increase in cash and cash equivalents</b>	36,984,178	518,822,865
Cash and cash equivalents at the beginning of period	(334,051,594)	(364,150,447)
<b>Cash and cash equivalents at end of the period</b>	(297,067,416)	154,672,418

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

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

  
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Chairman

  
Raheel Q Ahmad  
Chief Executive

  
Najam Siddiqi  
Director



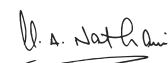
## Condensed Interim Statement of Changes in Equity (Unaudited)

### For the nine months period ended March 31, 2013

		Reserves				
	Certificate capital	Premium on Modaraba certificates	Statutory reserve	Sub Total	Unappropriated profit	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 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	453,835,300	55,384,700	363,929,215	419,313,915	55,149,728	928,298,943
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 nine months period ended March 31, 2013	-	-	-	-	80,558,373	80,558,373
Transfer to statutory reserve	-	-	16,111,675	16,111,675	(16,111,675)	-
Balance as at March 31, 2013	453,835,300	55,384,700	386,519,988	441,904,688	66,091,636	961,831,624

The annexed notes 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 Q Ahmad  
Chief Executive

  
Najam Siddiqi  
Director

## Notes to the Condensed Interim Financial Information (Unaudited) For the nine months period ended March 31, 2013

### 1 STATUS AND NATURE OF BUSINESS

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

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

- a) 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 (IFRSs) 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 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 and the directives issued by SECP differ with the requirements of IFRSs 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 the SECP prevail.

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'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2012.

This condensed interim financial information is unaudited.

- 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:

- Muja'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 recognised as an expense.
- Ijarah income shall be recognised 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.

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

The following standards and amendments to existing standards have been published and are mandatory for the Modaraba's accounting period beginning on or after July 1, 2012:

- Amendments to IAS 1, 'Presentation of financial statements' (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The adoption of this amendment did not have any impact on the Modaraba's condensed interim financial information as, currently, no items are presented in other comprehensive income.
- Amendment to IFRS 7, 'Financial instruments: Disclosures' (effective January 1, 2013). The amendment includes new disclosures to facilitate comparison between those entities that prepare financial statements in accordance with IFRSs to those that prepare financial statements in accordance with US GAAP. The adoption of this amendment did not have any impact on the Modaraba's condensed interim financial information.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Modaraba's operations and are, therefore, not detailed in this condensed interim financial information.

#### 2.3 New and amended standards and interpretations that are not yet effective

There are other new and amended standards and interpretations that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or do not have any material effect on the Modaraba's operations and are, therefore, not detailed in this condensed interim financial information.

## Notes to the Condensed Interim Financial Information (Unaudited)

### For the nine months period ended March 31, 2013

#### 2.4 Critical accounting estimates and judgments

The basis and methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Modaraba for the year ended June 30, 2012.

#### 2.5 Accounting convention

This condensed interim financial information has been prepared under the historical cost convention.

#### 2.6 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupee which is the Modaraba's functional and presentation currency.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Modaraba for the year ended June 30, 2012.

	Note	(Un-audited) March 31, 2013	(Audited) June 30, 2012
		------(Rupees)-----	
<b>4. CASH AND BANK BALANCES</b>			
With banks in current accounts		300,176	4,032,396
With bank in deposit account	4.1	4,445,567	6,262,212
Cash in hand		23,790	20,059
		<u>4,769,533</u>	<u>10,314,667</u>

- 4.1** This includes a balance of Rs 2.081 million (June 30, 2012: Rs 6.262 million) held with the Standard Chartered Bank (Pakistan) Limited (a related party). The savings accounts carry expected profit rates ranging between 6% and 8.75% (June 30, 2012: 6%) per annum. The Modaraba ensures that these balances are adequate enough to ensure compliance of the Modaraba at all times with the requirements of the guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) with respect to the maintenance of prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

	Note	(Un-audited) March 31, 2013	(Audited) June 30, 2012
		------(Rupees)-----	

#### 5. IJARAH RENTALS RECEIVABLE

Ijarah rentals receivable - considered good	182,016,975	140,023,523
Less: Allowance for potential Ijarah losses	(17,990,480)	(2,475,485)
Less: Profit held in suspense	(16,389,126)	(2,445,250)
	<u>147,637,369</u>	<u>135,102,788</u>

#### 6. INVESTMENT IN SUKUK CERTIFICATES - Held to maturity

Investment in Sukuk Certificates	58,971,360	59,733,075
Less: Provision in respect of Sukuk certificates	(51,794,272)	(51,946,615)
	7,177,088	7,786,460
Less : Current portion of investment in Sukuk Certificates	(1,015,620)	(1,015,620)
	<u>6,161,468</u>	<u>6,770,840</u>

#### 7. DIMINISHING MUSHARIKA

- <b>Staff</b>		
Housing finance	41,427,142	39,800,642
Others	1,405,059	-
	<u>42,832,201</u>	<u>39,800,642</u>
- <b>Other Customers</b>		
Housing finance	304,485,716	213,621,600
Others	1,108,378,250	922,932,146
Less: Provision in respect of Diminishing Musharika	(24,766,372)	(25,000,000)
	<u>1,388,097,594</u>	<u>1,111,553,746</u>
	1,430,929,795	1,151,354,388
Less: Current portion of Diminishing Musharika	(217,360,343)	(103,856,410)
	<u>1,213,569,452</u>	<u>1,047,497,978</u>

#### 8. NET INVESTMENT IN IJARAH FINANCE

Ijarah contracts commencing prior to July 1, 2008 - accounted for as finance leases	20,875,732	85,193,664
Less: Current portion of net investment in Ijarah finance	(20,875,732)	(85,045,163)
	<u>-</u>	<u>148,501</u>
Ijarah contracts commencing on or after July 1, 2008 - accounted for under IFAS 2	4,553,797,380	4,337,851,448
Less: Impairment against Ijarah assets	(3,131,253)	(3,131,253)
	<u>4,550,666,127</u>	<u>4,334,720,195</u>

## Notes to the Condensed Interim Financial Information (Unaudited) For the nine months period ended March 31, 2013

8.1

	March 31, 2013			June 30, 2012		
	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	6,520,477	-	6,520,477	43,253,957	158,847	43,412,804
Add: Residual value	14,568,601	-	14,568,601	45,011,610	-	45,011,610
Gross investment in Ijarah finance	21,089,078	-	21,089,078	88,265,567	158,847	88,424,414
Less: Unearned finance income	84,602	-	84,602	3,220,404	10,346	3,230,750
Allowance for potential Ijarah losses	-	-	-	-	-	-
Mark-up held in Suspense	128,744	-	128,744	-	-	-
	20,875,732	-	20,875,732	85,045,163	148,501	85,193,664
	(Un-audited) March 31, 2013			(Un-audited) March 31, 2012		
	(Rupees)			(Rupees)		

## 8.2 Ijarah Assets

Additions at cost during the period			
- Plant, machinery and equipments	831,675,021	601,528,126	
- Motor vehicles	883,867,113	902,571,279	
	1,715,542,134	1,504,099,405	
Disposals at cost during the period			
- Plant, machinery and equipments	485,074,655	87,796,036	
- Motor vehicles	401,117,600	332,447,549	
	886,192,255	420,243,585	
	(Unaudited) March 31, 2013	(Audited) June 30, 2012	
	(Rupees)		

## 9. FIXED ASSETS IN OWN USE

Operating fixed assets	9.1	1,529,658	1,646,242
Capital work-in-progress	9.2	7,351,028	-
		8,880,686	1,646,242

9.1 The following additions to and disposals of operating fixed assets have been made during the period ended March 31, 2013:

	(Un-audited) March 31, 2013	(Un-audited) March 31, 2012
	(Rupees)	
Additions at cost during the period		
- Computers / equipments	187,500	255,100
- Motor vehicles	353,500	-
- Computer Software	79,418	-
	620,418	255,100
Disposals at cost during the period		
- Computers / equipments	-	134,000
- Furniture and fittings	-	25,000
	-	159,000

9.2 This pertains to advance given against purchase of computer software.

	(Un-audited) March 31, 2013	(Audited) June 30, 2012
	(Rupees)	

## 10. MUSHARIKA FINANCE

Musharika with:		
- an associated undertaking - secured	10.1	301,836,949
		494,366,261

10.1 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 0.2839 (June 30, 2012: 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.

## 11. MUSHARIKA FINANCE - LONG TERM

11.1 A facility for musharika finance was obtained from Standard Chartered Bank (Pakistan) Limited amounting to Rs 1,000 million to be availed in two tranches of Rs 500 million each. After realisation of each tranche, repayment will be made in 25 equal monthly instalments. The first tranche amounting to Rs 500 million has been disbursed and five monthly repayments have already been made as per the terms of the arrangement. The estimated share of profit payable on this facility is Re 0.2633 per rupee one thousand per day. The facility is secured by way of first pari passu charge over the fixed assets of the Modaraba.

## Notes to the Condensed Interim Financial Information (Unaudited) For the nine months period ended March 31, 2013

### 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 4.001 million as at March 31, 2013. The facility will expire on June 30, 2013.
- 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 was Rs 23.885 million which was to be provided in the shape of LC / Ijarah finance. LCs were established by Meezan Bank Limited on behalf of the consortium and the outstanding balance of the Modaraba's share against LCs was Rs 12.637 million as at March 31, 2013.
- 12.3** The Modaraba has issued letters of comfort to Bank Al Habib Limited equal to an amount of Rs 39.38 million on behalf of A. Rahim Foods (Private) Limited and to Habib Metropolitan Bank Limited for an amount of Rs 24 million on behalf of Ahmed Oriental Textile Mills Limited.

### 13. WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) due to which the Modaraba became liable to pay contribution to Workers' Welfare Fund (WWF) at the higher of the profit before taxation as per the financial statements or the return of income.

The Modaraba has made a provision of Rs 9.221 million (including Rs 1.644 million for the current period) in this condensed interim financial information. Provision for WWF has been netted off against taxation recoverable.

### 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 continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending June 30, 2013. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

### 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, 2013	(Un-audited) March 31, 2012
	(Rupees)	
Cash and bank balances	4,769,533	104,725,991
Loans and receivable - Term deposit receipts	-	150,000,000
Musharika finance	(301,836,949)	(100,053,573)
	(297,067,416)	154,672,418

### 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,	
	2013 (Un-audited)	2012 (Un-audited)
	(Rupees)	
<b>Holding Company - Standard Chartered Bank (Pakistan) Limited</b>		
Profit on Musharika finance	37,577,634	8,445,098
Profit on deposit account	356,174	4,073,843
Bank charges and commission	21,193,810	17,246,250
Charge for reimbursement of miscellaneous expenses	4,062,561	2,750,388
<b>Staff retirement benefits funds</b>		
Contribution to the staff provident fund	1,635,280	1,117,995
Contribution to the staff gratuity fund	1,362,184	931,296
<b>Management Company - Standard Chartered Services of Pakistan (Private) Limited</b>		
Management fee	9,133,602	7,768,246
<b>Other related party</b>		
Reimbursement of salaries and benefits	-	2,535,040
<b>Key Management Personnel remuneration</b>		
Salaries and benefits	22,931,143	17,497,077
Contribution to the staff provident fund	797,730	580,728
Contribution to the staff gratuity fund	664,513	483,737
No. of persons	8	6

## Notes to the Condensed Interim Financial Information (Unaudited) For the nine months period ended March 31, 2013

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 other than balances that have been disclosed in the respective notes are as follows:

	(Unaudited) March 31, 2013	(Audited) June 30, 2012
	----- Rupees -----	
<b>Standard Chartered Bank (Pakistan) Limited - Holding Company</b>		
Advances, deposits, prepayments and other receivables	549,486	-
Creditors, accrued and other liabilities	7,324,777	7,858,565
<b>Standard Chartered Services of Pakistan (Private) Limited - Management Company</b>		
Management fee payable	10,964,194	11,441,203

### 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, 2013, there were only two (June 30, 2012: three) certificate holders who each held more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (June 30, 2012: 10%, 10% and 11.24%) respectively.

### 18. CORRESPONDING FIGURES

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

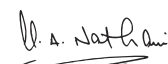
### 19. GENERAL

Figures have been rounded off to the nearest rupees.

### 20. DATE OF AUTHORISATION

These condensed interim financial information was authorised for issue on April 24, 2013 by the Board of Directors of the Management Company.

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

  
Mohsin Ali Nathani  
Chairman

  
Raheel Q Ahmad  
Chief Executive

  
Najam Siddiqi  
Director