

Half Yearly Report December 31, 2013 Standard Chartered Modaraba



Contents

Modaraba Information	2
Directors' Review	3
Auditors' Review Report	5
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Information	10

Modaraba Information

Directors of Modaraba Company

Mr. Khalid Elgibaly* Chairman

Mr. Raheel Qamar Ahmad Managing Director/ Chief Executive

Mr. Najam Siddiqi Director

Mr. Salar Hasan Khan** Director

Mr. Khurram Shahzad Khan Director

Mr. Shezad Arif Director

Company Secretary Mr. Muhammad Siddique

Audit Committee

Mr. Najam Siddiqi Chairman

Mr. Salar Hasan Khan** Member

Mr. Khurram Shahzad Khan Member

Human Resource and Remuneration (HR&R) Committee

Mr. Khalid Elgibaly* Chairman

Mr. Raheel Qamar Ahmad Member

Mr. Salar Hasan Khan** Member

Shariah Advisor Mufti Abdul Sattar Laghari

Auditors

A.F. Ferguson & Co. Chartered Accountants

* Subject to Regulatory Approval. ** Approval from SECP awaited.

Bankers/ Financial Institutions

Standard Chartered Bank (Pakistan) Limited (Saadiq) Bank Islami Pakistan Limited Meezan Bank Limited United Bank Limited (UBL Ameen)

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 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahra-e-Faisal, Karachi. Tel : (92-21) 34380101-5 Fax : (92-21) 34380106 Email : info.shares@famco.com.pk

Directors' Review For the half year ended December 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 six months period ended December 31, 2013.

1. Economic Outlook

The year 2013 ended on a positive note for the economy, as headline inflation declined from peak levels and the IMF Board approved the release of the USD 550mn second tranche of the 3 year Extended Fund Facility (EFF) program. Investor confidence is rising on improvement in the energy supplies and higher private sector credit growth. KSE 100 index has rallied 50% in 2013, and has crossed 26,000 points for the first time in history. Foreign Portfolio Investment (FPI) increased to nearly USD 403mn in 2013, compared to USD 125mn in 2012.

Growth prospects also look stronger led by higher manufacturing sector output, which posted a strong 5.3% y/y growth in H2 2013, led by stronger growth in textile & leather exports. Improved energy supplies have led to higher output in petroleum, fertilizer and food & beverages sector. Private sector credit growth has also picked up, rising PKR 264bn during H2 2013, after declining by PKR 20bn in FY13. Credit growth will accelerate in 2014 as government reins in large fiscal deficit under the IMF stabilization program.

There was some respite from high inflation in December 2013 as lower food prices helped to drag CPI Inflation lower to 9.2%, from 10.9% in November. Lower inflationary pressures have given space for SBP to keep rates on hold at 10%, taking a pause after hiking rates 100bps in the last two meetings in 2013. However risks remain due to the widening Balance of Payment deficit and declining FX reserves. SBP official FX reserves have declined to USD 3.6bn by end December 2013 – the lowest levels in the last 13 years. Rupee (PKR) weakened 8% in 2013 to 105.5 by end December 2013. Rising oil import bill and declining foreign investment inflows pose challenges to the growth outlook and Balance of Payments.

2. Financial Highlights

Financial results are summarized as under:	December 31, 2013 (PKR '000')	June 30, 2013 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	999,318	1,002,568
Investment in Ijarah finance and Ijarah Assets	4,482,694	4,381,741
Investments in Diminishing Musharika and Sukuks	1,412,687	1,514,782
Redeemable capital	3,087,590	4,159,475
	Six Months	Six Months
	ended December 31,	ended December 31,
	December 31,	December 31,
Profit and Loss	December 31, 2013	December 31, 2012
Profit and Loss Revenue (net of Ijarah assets depreciation)	December 31, 2013	December 31, 2012
	December 31, 2013 (PKR '000')	December 31, 2012 (PKR '000')
Revenue (net of Ijarah assets depreciation)	December 31, 2013 (PKR '000') 344,187	December 31, 2012 (PKR '000') 340,328
Revenue (net of Ijarah assets depreciation) Financial charges	December 31, 2013 (PKR '000') 344,187 197,560	December 31, 2012 (PKR '000') 340,328 230,135
Revenue (net of Ijarah assets depreciation) Financial charges Provisions (net of reversals / recoveries)	December 31, 2013 (PKR '000') 344,187 197,560 2,955	December 31, 2012 (PKR '000') 340,328 230,135 12,392
Revenue (net of Ijarah assets depreciation) Financial charges Provisions (net of reversals / recoveries) Operating expenses	December 31, 2013 (PKR '000') 344,187 197,560 2,955 42,650	December 31, 2012 (PKR '000') 340,328 230,135 12,392 39,785

3. Review of Operations

During the period under review the Modaraba's net profit increased by 71.03% from Rs. 51.17 million to Rs. 87.52 million as compared to corresponding period of last year mainly due to efficient management of financial charges. Gross revenue increased by 1.13% whereas financial charges decreased by 14.15% as compared to corresponding period of last

Directors' Review For the half year ended December 31, 2013

year. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 5,895 million compared to Rs. 5,897 million as at June 30, 2013, showing a marginal decrease of 0.02% within the six months period.

The asset portfolio has a good mix of multi-nationals, large and medium sized local corporates and selective SME relationships.

Standard Chartered Modaraba has a well diversified asset portfolio comprising of Plant & Machinery, motor vehicles and equipment. The Modaraba's sector wise exposure is closely monitored. During the period under review, Modaraba booked fresh disbursements to the tune of Rs. 1,197.68 million as compared to Rs. 1,251.99 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. The Board of Directors

The following change has taken place in the board of directors since the last Directors' report:

On account of his new assignment with Standard Chartered Group, Mr. Mohsin Ali Nathani decided to step down and has resigned from the office of Chairman / Director and member of Human Resource and Remuneration Committee of Standard Chartered Services of Pakistan (Private) Limited. Mr. Khalid Mohamed Wagih Ibrahim Elgibaly, new CEO - Standard Chartered Bank (Pakistan) Limited has been appointed as Chairman/ Director and member of Human Resource and Remuneration Committee of Standard Chartered Services of Pakistan (Private) Limited in his place subject to regulatory approval.

The Board places on record its appreciation for the valuable services rendered by Mr. Mohsin Ali Nathani during his association with the company.

6. Acknowledgement

The Board appreciates the support of regulatory authorities, certificateholders, 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.

Raheel Qamar Ahmad CEO/ Managing Director Karachi: February 20, 2014

Auditors' Review Report

For the half year ended December 31, 2013

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Standard Chartered Modaraba as of December 31, 2013 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year ended December 31, 2013. The Modaraba Management Company [Standard Chartered Services of Pakistan (Private) Limited] is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim profit and loss account for the quarters ended December 31, 2012 and December 31, 2013 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2013.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants Engagement Partner: **Rashid A. Jafer** Dated: February 24, 2014 Karachi

Condensed Interim Balance Sheet (Unaudited) As at December 31, 2013

ASSETS Ruppes Current assets 320,954,976 487,023,023 Term deposit receipts 5 105,950,065 150,000,000 Igrant netals receivable 5 105,950,065 101,922,006 Current portion of linvestment in Sukuk certificates 6 333,483,29 77,954,990 Current portion of Diminishing Mushanka 7 333,483,29 72,954,990 Non-current assets 8 410,917 72,944,100 Long-term portion of Diminishing Mushanka 7 333,483,29 1,213,680,430 Long-term portion of Diminishing Mushanka 7 4,482,283,000 1,213,680,430 Long-term portion of Diminishing Mushanka 7 4,482,283,000 4,374,486,528 Total non-current assets 8 5,574,823,515 5,628,348,574 Total ASSETS 6 10,074,952,000 135,000,000 LABILITIES AND EQUITY 72,924,001 72,922,001 135,000,000 Mushanka finance 10 72,924,987,931 324,882,151 5,628,348,574 Current liabilities 36,010,22 333,400 137,822,815 324,862,119 Current liabilities <th></th> <th>Note</th> <th>(Unaudited) December 31, 2013</th> <th>(Audited) June 30, 2013</th>		Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
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Murabaha finance 11 135,000,000 Current maturity of Musharika term finance 11 775,416,714 279,383,940 Current maturity of security deposits 137,000,000 279,383,940 157,862,818 Current maturity of security deposits 36,161,029 2,882,411 44,668,159 Current portion of redeemable capital 2,833,190,000 32,499,127 41,132,265,000 Current liabilities 4,266,280,836 5,101,643,436 5,101,643,436 Non-current liabilities 4,266,280,836 5,101,643,436 100,000,000 Long-term portion of security deposits 11 372,222,548 100,000,000 Long-term portion of redeemable capital 10,000,000 27,210,000 735,817,850 Total non-current liabilities 1,242,966,734 5,509,247,570 5,837,461,286 CERTIFICATE HOLDERS' EQUITY 4,168,855,300 10,458,353,00 35,000,000 Authorised certificate capital 5,000,000 500,000,00 285,000,000 18,835,300 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 500,000,000 285,000,000 188,835,300 16,833,5		10	78 092 001	
Current maturity of security deposits 210,975,131 157,862,818 Creditors, accrued and other liabilities 300,006,834 324,852,411 Advance Ijarah rentals received 2,833,190,000 32,439,127 Current portion of redeemable capital 2,833,190,000 32,439,127 Total current liabilities 4,266,280,836 4,132,265,000 Long-term portion of security deposits 5,101,643,436 5,101,643,436 Long-term portion of redeemable capital 100,000,000 27,210,000 27,210,000 Total non-current liabilities 1,242,966,724 735,817,850 27,210,000 Total non-current liabilities 5,509,247,570 5,837,461,286 27,210,000 Total non-current liabilities 5,509,247,570 5,837,461,286 500,000,000 Certificate capital 5,000,000 500,000,000 500,000,000 500,000,000 Certificate capital 28,500,000 285,000,000 168,835,300 168,835,300 Issued as fully paid in cash 10 each 500,000,000 453,835,300 453,835,300 Ick reserves 467,555,448 450,061,29 98	Murabaha finance		-	135,000,000
Creditors, accued and other liabilities 300,006,834 324,852,411 Advance ijarah rentals received 36,161,020 2,833,190,000 2,833,190,000 Current portion of redeemable capital 2,833,190,000 2,833,190,000 2,833,190,000 2,833,190,000 Unclaimed profit distribution 4,266,280,836 5,101,643,436 5,101,643,436 5,101,643,436 Non-current liabilities 4,266,280,836 5,101,643,436 608,607,850 2,7,210,000 Long-term portion of security deposits 5,000,200,000 1,242,966,734 735,817,850 27,210,000 Total non-current liabilities 5,509,247,570 5,837,461,286 5,837,461,286 CERTIFICATE HOLDERS' EQUITY 5,000,000,000 certificate capital 500,000,000 500,000,000 Issued, subscribed and paid-up certificates of Rs 10 each issued as fully paid in cash 500,000,000 285,000,000 285,000,000 16,883,530 (June 30, 2013: 26,602,000) certificates of Rs 10 each 500,000,000 453,835,300 453,835,300 Other reserves 467,555,448 450,051,206 98,80,512 98,80,512 99,93,18,368 Other reserves 467,555,448 450,051,906 98,80,512 1,002,567,7	Current maturity of Musharika term finance	11	775,416,714	279,383,940
Advance ijarah rentals received 36,161,029 44,668,159 Current portion of redeemable capital 2,833,190,000 32,439,127 Total current liabilities 4,266,280,836 5,101,643,436 Non-current liabilities 4,266,280,836 5,101,643,436 Long-term portion of security deposits 11 372,222,548 600,807,850 Long-term portion of redeemable capital 100,000,000 608,807,850 27,210,000 Total non-current liabilities 1,242,966,734 735,817,850 5,509,247,570 5,837,461,286 CERTIFICATE HOLDERS' EQUITY 5,000,000 currentificate capital 5,00,000,000 500,000,000 Authorised certificate capital 5,000,000 500,000,000 500,000,000 Sourge of the serves 10,833,530 bonus certificates of Rs 10 each 500,000,000 285,000,000 16,833,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 168,835,300 453,835,300 Other reserves 467,555,488 77,927,628 453,835,300 453,835,300 Unappropriated profit 79,9318,368 6,840,029,004 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938	Current maturity of security deposits		210,975,131	157,862,818
Current portion of redeemable capital 2,833,190,000 4,132,265,000 Unclaimed profit distribution 32,439,127 4,266,280,836 Non-current liabilities 4,266,280,836 5,101,643,436 Long-term portion of security deposits 5,101,643,436 608,607,850 Long-term portion of security deposits 11 372,222,548 600,000 Long-term portion of redeemable capital 12,429,96,734 735,817,850 TOTAL LIABILITIES 5,509,247,570 5,837,461,286 CERTIFICATE HOLDERS' EQUITY 5,000,000 500,000,000 Authorised certificate capital 500,000,000 500,000,000 Certificate capital 500,000,000 500,000,000 Lissued as fully paid in cash 10 each 500,000,000 16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 285,000,000 16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 453,835,300 453,835,300 Other reserves 467,555,448 450,051,296 1,002,567,718 Unappropriated profit 77,927,648 99,9318,386 6,840,029,004	Creditors, accrued and other liabilities			324,852,411
Unclaimed profit distribution 32,439,127 27,611,108 Total current liabilities 4,266,280,836 5,101,643,436 Long-term portion of security deposits 11 372,222,548 100,000,000 Long-term portion of security deposits 608,607,850 27,210,000 1,242,966,734 735,817,850 Total non-current liabilities 1,242,966,734 5,509,247,570 5,837,461,286 CERTIFICATE HOLDERS' EQUITY 5,000,000 (current) 5,837,461,286 Vertificate capital 500,000,000 500,000,000 500,000,000 Certificate capital 500,000,000 500,000,000 500,000,000 Issued, subscribed and paid-up certificates of Rs 10 each 500,000,000 285,000,000 18,835,300 16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 168,835,300 453,835,300 Other reserves 467,555,448 450,061,1906 98,680,512 98,680,512 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004 6,840,029,004 6,840,029,004	-			
Total current liabilities 4,266,280,836 5,101,643,436 Non-current liabilities 5,01,643,436 5,101,643,436 Long-term portion of Musharika term finance 11 372,222,548 616,344,186 Long-term portion of security deposits 100,000,000 608,607,850 27,210,000 Total non-current liabilities 1,242,966,774 5,837,461,286 27,210,000 TOTAL LIABILITIES 5,509,247,570 5,837,461,286 500,000,000 500,000,000 CERTIFICATE HOLDERS' EQUITY 4 5,807,461,286 500,000,000 500,000,000 Authorised certificate capital 5,000,000 500,000,000 500,000,000 500,000,000 Certificate capital 1 285,000,000 168,835,300 453,835,300 168,835,300 168,835,300 168,835,300 453,835,300 453,835,300 453,835,300 453,835,300 453,835,300 453,835,300 453,835,300 453,835,300 453,835,300 453,835,300 10,02,567,718 10,02,567,718 10,02,567,718 10,02,567,718 10,02,567,718 10,02,567,718 10,02,567,718 10,02,567,718 10,02,56				
Non-current liabilities 11 372,222,548 100,000,000 Long-term portion of security deposits 100,000,000 618,344,186 27,210,000 Total non-current liabilities 1,242,966,734 735,817,850 27,210,000 Total non-current liabilities 5,509,247,570 5,837,461,286 28,500,000 CERTIFICATE HOLDERS' EQUITY Authorised certificate capital 5,000,000 500,000,000 Certificate capital 5,000,000 500,000,000 500,000,000 Certificate capital 5,000,000 500,000,000 500,000,000 Solo,000,000 (June 30, 2013: 26,500,000) certificates of Rs 10 each 500,000,000 285,000,000 168,835,300 Issued as fully paid in cash 16,833,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 285,000,000 168,835,300 Other reserves 467,555,483 450,051,906 99,9318,368 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004 6,840,029,004	•			
Long-term portion of Musharika term finance 11 372,222,548 100,000,000 Long-term portion of security deposits 616,344,186 624,400,000 27,210,000 Total non-current liabilities 1,242,966,734 735,817,850 735,817,850 TOTAL LIABILITIES 5,509,247,570 5,837,461,286 5,837,461,286 Authorised certificate capital 5,000,000 (una 30, 2013: 50,000,000) certificates of Rs 10 each 500,000,000 500,000,000 Certificate capital 11 8,500,000 (une 30, 2013: 28,500,000) certificates of Rs 10 each 500,000,000 500,000,000 16,833,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 285,000,000 168,835,300 16,833,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 99,318,368 453,835,300 453,835,300 Other reserves 467,555,484 450,051,906 99,318,368 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004 6,840,029,004			4,200,200,030	5,101,645,456
Long-term portion of security deposits 616,344,186 608,607,850 Long-term portion of redeemable capital 27,210,000 735,817,850 TOTAL LIABILITIES 5,509,247,570 5,837,461,286 CERTIFICATE HOLDERS' EQUITY 5,509,247,570 5,837,461,286 Authorised certificate capital 500,000,000 500,000,000 Certificate capital 500,000,000 500,000,000 Lossed as fully paid in cash 10 each 500,000,000 16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 168,835,300 Other reserves 467,555,448 450,061,906 98,680,512 Unappropriated profit 77,927,629,300 98,680,512 1002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004		44	272 222 542	400.000.000
Long-term portion of redeemable capital 254,400,000 27,210,000 Total non-current liabilities 1,242,966,734 735,817,850 TOTAL LIABILITIES 5,509,247,570 5,837,461,286 CERTIFICATE HOLDERS' EQUITY 5,000,000,000 500,000,000 Authorised certificate capital 500,000,000 500,000,000 Certificate capital 500,000,000 500,000,000 Issued, subscribed and paid-up certificates of Rs 10 each 500,000,000 500,000,000 16,883,530 (June 30, 2013: 28,500,000) certificates of Rs 10 each 285,000,000 285,000,000 16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 168,835,300 Other reserves 467,555,448 450,051,906 98,805,121 Unappropriated profit 77,927,623 1,002,567,718 6,840,029,004 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004		11		
Total non-current liabilities 1,242,966,734 735,817,850 TOTAL LIABILITIES 5,509,247,570 5,837,461,286 CERTIFICATE HOLDERS' EQUITY 5,509,247,570 5,837,461,286 Authorised certificate capital 500,000,000 500,000,000 Soudous 30, 2013: 50,000,000) certificates of Rs 10 each 500,000,000 500,000,000 Certificate capital 285,000,000 285,000,000 168,835,300 16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 168,835,300 Other reserves 467,555,444 450,051,906 453,835,300 Unappropriated profit 77,927,620 999,318,368 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004				
TOTAL LIABILITIES 5,609,247,570 5,837,461,286 CERTIFICATE HOLDERS' EQUITY 5,009,247,570 5,837,461,286 Authorised certificate capital 500,000,000 500,000,000 Soudou (June 30, 2013: 50,000,000) certificates of Rs 10 each 500,000,000 500,000,000 Certificate capital 285,000,000 285,000,000 168,835,300 16,833,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 188,835,300 Other reserves 467,555,484 450,051,906 999,318,368 Unappropriated profit 77,927,620 999,318,368 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004			,	
CERTIFICATE HOLDERS' EQUITY Authorised certificate capital 500,000,000 500,000,000 Source Sourc			5 509 247 570	5 837 /61 286
Authorised certificate capital 500,000,000 500,000,000 Solution (June 30, 2013: 50,000,000) certificates of Rs 10 each 500,000,000 500,000,000 Certificate capital Issued as fully paid in cash 285,000,000 285,000,000 16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 285,000,000 168,835,300 Other reserves 467,555,481 999,318,368 450,051,206,718 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004 6,840,029,004 6,840,029,004			5,505,247,570	5,057,401,200
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Issued, subscribed and paid-up certificate capital 285,000,000 (June 30, 2013: 28,500,000) certificates of Rs 10 each 285,000,000 285,000,000 168,835,300 issued as fully paid in cash 16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 168,835,300 168,835,830 168,835,835 168,83			500,000,000	500,000,000
28,500,000 (June 30, 2013: 28,500,000) certificates of Rs 10 each issued as fully paid in cash 285,000,000 285,000,000 16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 285,000,000 168,835,300 0ther reserves 453,835,300 453,835,300 Unappropriated profit 77,927,620 98,80,512 999,318,368 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004				
issued as fully paid in cash 285,000,000 285,000,000 16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 168,835,300 168,835,300 Other reserves 453,835,300 453,835,300 453,835,300 Unappropriated profit 77,927,620 999,318,368 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004				
16,883,530 (June 30, 2013: 16,883,530) bonus certificates of Rs 10 each 168,835,300 168,835,300 Other reserves 453,835,300 453,835,300 Unappropriated profit 77,927,620 999,318,368 TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004			005 000 000	205 000 000
453,835,300 453,835,300 Other reserves 467,555,448 Unappropriated profit 77,927,620 999,318,368 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938				
Other reserves 467,555,448 450,051,906 Unappropriated profit 77,927,620 98,680,512 999,318,368 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938	10,000,000 (vuite 00, 2010. 10,000,000) Durius certificates of KS 10 6801			
Unappropriated profit 77,927,620 98,680,512 999,318,368 1,002,567,718 TOTAL LIABILITIES AND EQUITY 6,508,565,938	Other reconvec			
999,318,368 1,002,567,718 6,508,565,938 6,840,029,004				
TOTAL LIABILITIES AND EQUITY 6,508,565,938 6,840,029,004	onappropriated profit			
CONTINGENCIES AND COMMITMENTS 12	TOTAL LIABILITIES AND EQUITY			
	CONTINGENCIES AND COMMITMENTS	12		

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

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

eel Qamar Ahmad

Chief Executive

and in Najam Siddiqi

Director

Khurram Shahzad Khan Director

Half Yearly Report 2013

Condensed Interim Profit and Loss Account (Unaudited) For the half year and quarter ended December 31, 2013

	Note	Half year ended December 31.		Quarter Decem	
		2013	2012	2013	2012
		Rup	ees	Rup	
ljarah finance income	1	-	2,428,104		1,076,923
jarah rentals earned		1,056,015,278	993,759,034	538,272,172	506,756,771
Income on Diminishing Musharika transactions		81,343,580	80,324,529	39,847,218	41,391,563
Income on deposits with bank		10,070,060	8,376,214	4,469,804	4,834,910
		1,147,428,918	1,084,887,881	582,589,194	554,060,167
Financial charges		(197,559,696)	(230,135,333)	(94,634,855)	(117,177,416)
Depreciation on assets under Ijarah arrangements		(824,861,069)	(766,793,955)	(419,496,010)	(390,073,201)
		125,008,153	87,958,593	68,458,329	46,809,550
5					
Reversal of provision / (provision) in respect			(10.011.510)		(0.400.400)
of Ijarah finances - net Reversal of provision in respect of Diminishing Musharik		3,286,603	(12,614,548)	3,719,908	(9,180,482)
(Provision) / reversal of provision in respect of	a	224,742	121,036	112,371	121,036
(Provision) / reversal of provision in respect of Sukuk certificates		(6,466,152)	101.562	(6,516,933)	50,781
Surviv Certificates		122,053,346	75.566.643	65,773,675	37,800,885
		122,000,040	73,300,043	03,113,013	57,000,005
Other income		21,619,311	22,233,626	16,055,729	19,351,558
Administrative and operating expenses		(42,650,275)	(39,784,974)	(20,951,750)	(20,857,461)
		101,022,382	58,015,295	60,877,654	36,294,982
Modaraba management company's remuneration		(10,102,238)	(5,801,530)	(6,087,765)	(3,629,499)
Provision for services sales tax on management					
company's remuneration	13	(1,616,358)	-	(974,042)	-
Provision for Workers' Welfare Fund	14	(1,786,076)	(1,044,275)	(1,076,317)	(653,309)
Profit before taxation		87,517,710	51,169,490	52,739,530	32,012,174
Taxation	15		-		-
Profit after taxation		87,517,710	51,169,490	52,739,530	32,012,174
		67,517,710	51,109,490	52,739,530	32,012,174
Other comprehensive income for the period			-		-
Total comprehensive income for the period		87,517,710	51,169,490	52,739,530	32,012,174
Earnings per certificate - basic and diluted		1.93	1.13	1.16	0.71

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

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

eel Qamar Ahmad Chief Executive

addin.

Najam Siddiqi Director

Khurram Shahzad Khan Director

Half Yearly Report 2013

Condensed Interim Statement of Changes in Equity (Unaudited) For the half year ended December 31, 2013

			Reserves			
	Paid-up certificate capital	Premium on modaraba certificates	Statutory reserve	Unappropriated profit	Sub-total	Total
				Rupees		
Balance as at June 30, 2012	453,835,300	55,384,700	370,408,313	81,066,116	506,859,129	960,694,429
Profit distribution for the year ended June 30, 2012 @ Rs. 1.75 per certificate	-	-		(79,421,178)	(79,421,178)	(79,421,178)
Total comprehensive income for the half year ended December 31, 2012	-	-		51,169,490	51,169,490	51,169,490
Transfer to statutory reserve	-		10,233,898	(10,233,898)	-	
Balance as at December 31, 2012	453,835,300	55,384,700	380,642,211	42,580,530	478,607,441	932,442,741
Balance as at June 30, 2013	453,835,300	55,384,700	394,667,206	98,680,512	548,732,418	1,002,567,718
Profit distribution for the year ended June 30, 2013 @ Rs. 2 per certificate	-			(90,767,060)	(90,767,060)	(90,767,060)
Total comprehensive income for the half year ended December 31, 2013				87,517,710	87,517,710	87,517,710
Transfer to statutory reserve			17,503,542	(17,503,542)		
Balance as at December 31, 2013	453,835,300	55,384,700	412,170,748	77,927,620	545,483,068	999,318,368

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

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

eel Qamar Ahmad Chief Executive

Redding.

Najam Siddiqi Director

Khurram Shahzad Khan Director

Half Yearly Report 2013

Condensed Interim Cash Flow Statement (Unaudited) For the half year ended December 31, 2013

		ar ended nber 31,
Note		2012
	Ru	pees
CASH FLOWS FROM OPERATING ACTIVITIES Profit for the period before taxation	87,517,710	51,169,490
Adjustment for non-cash and other items: Depreciation on fixed assets in own use Depreciation on fixed assets under Ijarah arrangements Profit on disposal of assets under Ijarah arrangements (Reversal of provision) / provision in respect of Jiarah finances Provision / (reversal of provision) in respect of Jukuk certificates Reversal of provision in respect of Diminishing Musharika Income on deposits with bank Profit on: Redeemable capital Murabaha finances Provision for Workers' Welfare Fund Provision for services sales tax on management company's remuneration	491,924 824,861,069 (15,445,805) (3,286,603) 6,466,152 (224,742) (10,070,060) 144,005,864 2,830,118 29,668,714 1,786,076 1,616,358	477,474 766,793,955 (16,975,670) 12,614,548 (101,562) (121,036) (8,376,214) 169,638,105 25,426,895 20,750,171 1,044,275
a	<u>982,719,065</u> 1,070,236,775	<u>971,170,941</u> 1,022,340,431
(Increase) / decrease in assets Advances, deposits, prepayments and other receivables Ijarah rentals receivable Diminishing Musharika Purchase of assets under Ijarah arrangements Proceeds from disposal of assets under Ijarah arrangements Investment in Ijarah finance - net Loans and advances to employees	(3,837,303) 19,083,544 95,345,164 (1,078,566,067) 161,364,431 6,833,25 (799,776,978)	(139,834,481) (10,977,182) (97,131,556) (959,522,962) 280,472,460 52,964,856 315,390 (873,713,475)
Increase / (decrease) in liabilities Creditors, accrued and other liabilities Advance Ijarah rentals received Security deposits	1,002,161 (8,507,130) <u>60,848,649</u> 53,343,680	(17,373,308) (7,634,513) <u>18,677,511</u> (6,330,310)
Profit received / (paid) on - Redeemable capital - Murabaha finances - Musharika finances Taxes paid	323,803,477 (175,668,031) (6,531,041) (21,789,720) (4,189) (203,992,981)	142,296,646 (188,625,272) (7,050,149) (23,445,077) - (219,120,498)
Net cash generated from / (used in) operating activities	119,810,496	(76,823,852)
CASH FLOWS FROM INVESTING ACTIVITIES Receipt against investment Fixed capital expenditure Income on deposits with bank Net cash generated from investing activities	507,812 (3,802,598) 13,892,961 10,598,175	507,810 (7,480,693) 7,236,725 263,842
CASH FLOWS FROM FINANCING ACTIVITIES Redeemable capital less repayments Murabaha finances less repayments Musharaka finances less repayments Profit paid to certificate holders Net cash (used in) / generated from financing activities	(1,071,885,000) (135,000,000) 768,255,322 (85,939,041) (524,568,719)	629,995,530 (230,967,500) 460,000,000 (60,133,998) 798,894,032
Increase / (decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of period	(394,160,048) 637,023,023	722,334,022 (334,051,594)
Cash and cash equivalents at the end of the period 16	242,862,975	388,282,428

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

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

eel Qamar Ahmad

Chief Executive

Redding.

Najam Siddiqi Director

Khurram Shahzad Khan Director

Half Yearly Report 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 Bard 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 (IFAS) issued by the Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies 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 (IFAS) 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 (Pacity I) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the SECP preval.

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, 2013.

This condensed interim financial information is unaudited. However, a review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance.

- 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 ljarah 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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 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 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amended standards and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are therefore not detailed in this condensed interim financial information.

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, 2013.

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 Rupees which is the Modaraba's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES

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, 2013.

		Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
4	CASH AND BANK BALANCES		Rup	oees
	CACHAND DAILY DALANCED			
	Balances with banks			
	 in current accounts 		80,348	48,462,628
	 in deposit accounts 	4.1	320,834,628	438,545,620
	Cash in hand		40,000	14,775
			320,954,976	487,023,023

4.1 This includes a balance of Rs 65.878 million (June 30, 2013: Rs 67.600 million) held with Standard Chartered Bank (Pakistan) Limited (a related party). The deposit accounts carry expected profit rates ranging between 5.00% and 8.65% (June 30, 2013: 6.00% and 8.50%) per annum. The balances with banks in deposit accounts have been kept in order to comply with the requirement of 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.

(Insudited)

(Audited)

	Note	(Unaudited) December 31.	(Audited) June 30.
		2013	2013
		Rup	ees
5	IJARAH RENTALS RECEIVABLE		
	ljara rentals receivable - considered good	154,499,892	173,569,067
	Less: Allowance for potential Ijarah losses	(32,220,516)	(36,414,673)
	Less: Profit held in suspense	(16,374,311)	(15,452,388)
		105,905,065	121,702,006
6	INVESTMENT IN SUKUK CERTIFICATES		
	Held to maturity		
	Investment in Sukuk Certificates	58,209,643	58,717,455
	Less: Provision in respect of Sukuk certificates	(58,209,643)	(51,743,491)
	Lass Output a sting of investment in Output C	-	6,973,964
	Less: Current portion of investment in Sukuk Certificates		(1,015,620) 5,958,344
			5,956,344
7	DIMINISHING MUSHARIKA		
	- Staff		
	Housing finance	31,991,378	33,591,635
	Others	1,328,441	1,610,832
		33,319,819	35,202,467
	- Other Customers		
	Housing finance Others	389,665,135	368,708,898
	Others Less: Provision in respect of Diminishing Musharika	1,014,131,709 (24,429,258)	1,128,550,462 (24,654,000)
	Less. Provision in respect of Diminishing Mushanka	989,702,451	1,103,896,462
		1,412,687,405	1,507,807,827
	Less: current portion of Diminishing Musharika	(333,498,329)	(271,954,990)
		1,079,189,076	1,235,852,837
8	NET INVESTMENT IN IJARAH FINANCE		
	ljarah contracts commencing on or after July 1, 2008 - accounted for under IFAS 2	4,485,414,553	4,377,628,181
	Less: Impairment against Ijarah assets	(3,131,253)	(3,131,253)
		4,482,283,300	4,374,496,928
	Ijarah contracts commencing prior to July 1, 2008 - accounted		
	for as finance leases 8.1	410,917	7,244,170
	Less: Current portion of net investment in Ijarah finance	(410,917)	(7,244,170)
		-	-

8.1	As at December 31, 2013 (Unaudited)		As at June 30, 2013 (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	1,275,978	-	1,275,978	2,257,685		2,257,685
Add: Residual value	400,000		400,000	5,343,646	-	5,343,646
Gross investment in Ijarah finance	1,675,978	-	1,675,978	7,601,331	-	7,601,331
Less: Unearned finance income	-	-		116	-	116
Allowance for potential ljarah losses	1,134,443		1,134,443	226,889	-	226,889
Suspended income	130,618		130,618	130,156	-	130,156
Net investment in Ijarah finance	410,917	-	410,917	7,244,170	-	7,244,170

8.2 The following additions to and disposals of Ijarah assets have been made during the period ended December 31, 2013:

		(Unaudited) December 31, 2013	(Unaudited) December 31, 2012
IJARAH ASSETS		Rup	ees
Additions at cost during the period - Plant, machinery and equipment - Motor vehicles		535,237,066 543.329.001	395,217,148 564.305.814
		1,078,566,067	959,522,962
Disposals at cost during the period Plant, machinery and equipment Motor vehicles	Note	(198,599,985) (300,754,642) (499,354,627) (Unaudited) December 31, 2013	322,382,810 247,924,769 570,307,579 (Audited) June 30, 2013
FIXED ASSETS IN OWN USE		Rup	2010
Tangible assets Intangible assets	9.1 9.1	678,620 103,430	993,974 280,000
Capital work-in-progress	9.2	12,569,089 13,351,139	8,766,491 10,040,465

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

	(Unaudited)	(Unaudited)
	December 31,	December 31,
	2013	2012
	Rup	Dees
Additions at cost during the period		1
 Computers / equipment 	-	45,000
 Motor vehicles 	-	353,500
 Computer software 		79,418
		477,918
Disposals at cost during the period	-	-

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

10	MUSHARIKA FINANCE	Note	(Unaudited) December 31, 2013 Rup	(Audited) June 30, 2013 Dees
	Musharika with: - an associated undertaking - secured	10.1	78,092,001	

10.1 The total facility for musharika finance available from Standard Chartered Bank (Pakistan) Limited (related party) amounts to Rs. 500 million (June 30, 2013: Rs 800 million). The estimated share of profit payable on this facility ranged between Re. 0.2764 to Re. 0.2847 (June 30, 2013: Re 0.2839 to Re 0.3555) per rupee one thousand per day. The facility is secured against hypothecation over the specific moveable leased out assets of the Modaraba.

		Note	(Unaudited) December 31, 2013	(Audited) June 30, 2013
11	MUSHARIKA TERM FINANCE		Rupees	
	Musharika with:			
	 an associated undertaking - secured 	11.1	322,941,177	340,000,000
	- others	11.2	824,698,085	39,383,940
			1,147,639,262	379,383,940
	Less: Current portion of musharika term finance		775,416,714	279,383,940
			372,222,548	100,000,000

- 11.1 Out of the total musharika term finance facility of Rs.1000 million (June 30, 2013: Rs. 1000 million) from Standard Chartered Bank (Pakistan) Limited (related party), Rs. 625 million has been availed in two tranches. The maximum tenor of repayment is 25 monthly equal installments. The estimated share of payable on this facility ranges between Re 0.2532 to Re. 0.2813 (June 30, 2013: Re. 0.2578 to Re. 0.2748) per rupee one thousand per day. The facility is secured against hypothecation over the specific moveable leased out assets of the Modaraba.
- 11.2 This represents Musharika Finance facilities which have been obtained from Bank Islami Pakistan Limited, Meezan Bank Limited and Habib Bank Limited amounting to Rs 67.48 million, 536.28 million and 250 million respectively. These facilities are payable in 12 monthly installments, 12 quarterly installments and lump sum payment at maturity respectively. The estimated share of profit payable on these facilities ranges between Re. 0.2501 to Re. 0.2813 (June 30, 2013: Re. 0.2600) per rupee one thousand per day. These facilities are secured against hypothecation over the specific moveable leased out assets of the Modaraba.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

An agreement was executed 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 which were subsequently enhanced to Rs. 700 million. Inland Usance L/C (IULC) facility of Rs. 96.12 million to Haleeb Foods Limited was initially extended by the consortium of financial institutions on standalone basis. However, on enhancement of facilities to Rs. 700 million, the enhanced amount incorporated the said facility as sublimit. Standard Chartered Modaraba's share out of the working capital line was Rs. 39.340 million which was to be provided in the shape of LC / IULC and 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. 30.022 million as at December 31, 2013.

12.2 Commitments

The Modaraba has issued letters of comfort to Soneri Bank Limited equal to an amount of Rs 18.813 million on behalf of Medipak Limited and to Bank Al-Habib Limited for an amount of Rs. 189.54 million on behalf of Continental Plastic Industries out of which Rs.104.25 million is currently outstanding.

13 PROVISION FOR SERVICES SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the Sindh Revenue Board (SRB) dated April 22, 2013, the Modaraba has recorded a provision in respect of Sindh Sales Tax on modaraba management company remuneration at the rate of 16% per annum. The Management Company has filed an appeal before the Appellate Tribunal SRB against this order.

Subsequently, the Honourable High Court, in its order dated October 29, 2013 has restrained the Sindh Revenue Board from taking any action to collect any alleged amount of sales tax on management remuneration of Modaraba Companies till the final decision of the Honourable High Court.

14 PROVISION FOR 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.

Provision for WWF has been netted off against taxation recoverable.

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 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, 2014. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

16 CASH AND CASH EQUIVALENTS

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

	Note	(Unaudited) December 31, 2013 Rup	(Unaudited) December 31, 2012 ees
Cash and bank balances Musharika finance	4 10	320,954,976 (78,092,001) 242,862,975	394,752,407 (6,469,979) 388,282,428

17 RELATED PARTY TRANSACTIONS

The related parties of the Modaraba include the management company, staff retirement funds, directors and key management personnel and Standard Chartered Bank (Pakistan) Limited. 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:

	(Unaudited)	(Unaudited)	
	December 31, 2013	December 31, 2012	
	Rup	Rupees	
Standard Chartered Bank (Pakistan) Limited - Holding Company			
Profit on Musharika finance	17,470,857	20,750,171	
Profit on deposit account	877,154	356,175	
Bank charges and commission	20,022,740	14,320,158	
Charge for reimbursement of miscellaneous expenses	3,755,154	1,997,754	
Reimbursement of salaries and benefits	419,830	-	
Staff retirement benefits funds			
Contribution to the staff provident fund	1,167,392	1,084,586	
Contribution to the staff gratuity fund	972,448	903,458	
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,	
Standard Chartered Services of Pakistan (Private) Limited - Management Company			
Management company's remuneration	10,102,238	5,801,530	
Key management personnel remuneration			
Salaries and benefits	17,034,408	17,073,734	
Contribution to the staff provident fund	538,429	531,114	
Contribution to the staff gratuity fund	448,513	442,422	
Number of persons	8	8	
	•	0	

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) December 31, 2013 Rup	(Audited) June 30, 2013 Dees
Standard Chartered Bank (Pakistan) Limited - Holding Company Advances, deposits, prepayments and other receivables Creditors, accrued and other liabilities	5,890,888 1,080,807	7,398,458 -
Standard Chartered Services of Pakistan (Private) Limited - Management Company Management company's remuneration payable	13,439,878	10,599,907

18 SEGMENT INFORMATION

As per IFRS 8: "Operating Segments", 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 December 31, 2013, there were only three (June 30, 2013: three) certificate holders who each held more than 10% of the Modaraba's certificate capital. Their holdings were 10%, 10% and 10% (June 30, 2013: 10%, 10% and 10%) respectively.

19 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in this condensed interim financial information during the current period.

20 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on February 20, 2014 by the Board of Directors of the Management Company.

21 GENERAL

Figures have been rounded off to the nearest rupee.

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

neel Qamar Ahmad

Chief Executive

Redding

Najam Siddigi Director

Khurram Shahzad Khan Director

Half Yearly Report 2013



His friends dream about becoming soccer stars. He dreams about being able to see the ball.

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