

1st Quarterly Report

September 30, 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 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. Mohsin Ali Nathani
Chairman

Mr. Raheel Qamar Ahmad
Member

Mr. Salar Hasan Khan*
Member

Shariah Advisor

Mufti Abdul Sattar Laghari

Auditors

A.F. Ferguson & Co.
Chartered Accountants

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., Shakra-e-Faisal,
Karachi.
Tel : (92-21) 34380101-5
Fax : (92-21) 34380106
Email : info.shares@famco.com.pk

* Approval from SECP awaited.

Directors' Review

For the quarter ended September 30, 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 three months period ended September 30, 2013.

1. Economic Outlook

Pakistan's new government is facing its first real test as it targets key structural reforms that are critical to prevent a balance-of-payments crisis and create fiscal space for higher investment spending. These are the benchmark reforms agreed under the new USD 6.6bn IMF loan, which include difficult decisions such as reducing power subsidies, implementing new tax measures and privatizing public-sector enterprises. The government aims to reduce the fiscal deficit to 5.8% of GDP in FY14 (ends June 2014) from 8.8% in FY13. The next disbursement of the IMF loan will depend on the government meeting strict performance benchmarks to limit the fiscal deficit, reduce borrowing from the State Bank and build up FX reserves. During Q3 2013 the government borrowing from the SBP was PKR 786bn (3% of GDP).

The Pakistani rupee (PKR) is under pressure due to depleting official FX reserves. It has declined 10% year-to-date, to 106 (end-September). The SBP hiked policy rates by 50bps to 9.5% at its 13 September policy meeting to support the weak PKR and alleviate rising inflation concerns. Headline inflation accelerated sharply to 8.55% in August, from 5.9% in June, due to a weaker PKR and government measures to reduce subsidies and raise taxes. The SBP raised its FY14 inflation forecast to 11-12%, a sharp revision from the 8% projected in June 2013.

Manufacturing growth has picked up to 6.5% during July-August 2013, on higher exports and clearing up of circular debt leading to improvement in the energy supply chain. Investor confidence has improved on the back of the new IMF program and hence we do anticipate a pick up private sector credit growth as government carries out fiscal reforms.

2. Financial Highlights

Financial results are summarized as under:

	September 30, 2013 (PKR '000')	June 30, 2013 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	946,579	1,002,568
Investment in Ijarah finance and Ijarah Assets	4,388,904	4,381,741
Investments in Diminishing Musharika and Sukuks	1,479,187	1,514,782
Redeemable capital	3,595,310	4,159,475
	Three Months ended September 30, 2013 (PKR '000')	Three Months ended September 30, 2012 (PKR '000')
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	165,038	156,989
Financial charges	102,925	112,958
Provisions (net of reversals / recoveries)	270	3,383
Operating expenses	21,699	18,928
Profit before modaraba management company's remuneration	40,145	21,720
Net profit	34,778	19,157

3. Review of Operations

During the period under review the Modaraba's net profit increased by 81.54% from Rs. 19.2 million to Rs. 34.78 million as compared to corresponding period of last year mainly due to efficient management of financial charges. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 5,868 million compared to Rs.

Directors' Review

For the period ended September 30, 2013

5,897 million as at June 30, 2013, showing a marginal decrease of 0.48% within the three months period. 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. 466 million as compared to Rs. 485 million during the corresponding period last year.

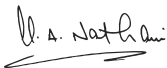
Your Modaraba, while remaining cautious and prudent during the prevailing economic slow down, is focused to take benefit of good opportunities that add value to all stake holders. Our prudent and proactive risk management approach has always helped us to maintain a leading position in the Modaraba sector. 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 28, 2013

Condensed Interim Balance Sheet (Unaudited)

As at September 30, 2013

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
	Note		
(Rupees)			
ASSETS			
Current assets			
Cash and bank balances	4	12,065,717	487,023,023
Term deposit receipts	5	150,000,000	150,000,000
Ijarah rentals receivable	6	139,016,876	121,702,006
Advances, deposits, prepayments and other receivables		90,977,093	161,128,748
Current portion of investment in Sukuk certificates	7	1,015,620	1,015,620
Current portion of Diminishing Musharika	8	307,577,209	271,954,990
Current portion of net investment in Ijarah finance	9	1,627,137	7,244,170
Taxation recoverable		12,906,303	13,611,873
Total current assets		715,185,955	1,213,680,430
Non - current assets			
Long-term portion of investment in Sukuk certificates	7	5,755,220	5,958,344
Long-term portion of Diminishing Musharika	8	1,164,838,713	1,235,852,837
Ijarah assets	9	4,387,276,757	4,374,496,928
Fixed assets in own use	10	12,704,029	10,040,465
Total non-current assets		5,570,574,719	5,626,348,574
TOTAL ASSETS		6,285,760,674	6,840,029,004
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	11	35,404,411	-
Murabaha finance		-	135,000,000
Current maturity of musharika term finance	12	383,528,532	279,383,940
Current maturity of security deposits		207,756,710	157,862,818
Creditors, accrued and other liabilities		298,909,266	324,852,411
Advance Ijarah rentals received		43,959,072	44,668,159
Current portion of redeemable capital		3,589,810,000	4,132,265,000
Profit distribution payable	13	118,260,776	27,611,108
Total current liabilities		4,677,628,767	5,101,643,436
Non - current liabilities			
Long-term portion of musharika term finance	12	76,764,708	100,000,000
Long-term portion of security deposits		579,288,361	608,607,850
Long-term portion of redeemable capital		5,500,000	27,210,000
Total non - current liabilities		661,553,069	735,817,850
TOTAL LIABILITIES		5,339,181,836	5,837,461,286
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 2013: 50,000,000) certificates of Rs 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital			
28,500,000 (June 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 2013: 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
Other reserves		457,007,542	450,051,906
Unappropriated profit		35,735,996	98,680,512
TOTAL LIABILITIES AND EQUITY		6,285,760,674	6,840,029,004
CONTINGENCIES AND COMMITMENTS			

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The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

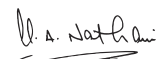
Condensed Interim Profit and Loss Account (Unaudited)

For the quarter ended September 30, 2013

Note	Three months period ended September 30, 2013	Three months period ended September 30, 2012
-----Rupees-----		
Ijarah finance income	-	1,351,181
Ijarah rentals earned	517,743,106	487,002,263
Income on Diminishing Musharika transactions	41,496,362	38,932,966
Income on deposits with bank	5,600,256	3,541,304
	<u>564,839,724</u>	<u>530,827,714</u>
Financial charges	(102,924,841)	(112,957,917)
Depreciation on assets under Ijarah arrangements	(405,365,059)	(376,720,754)
	<u>56,549,824</u>	<u>41,149,043</u>
Provision in respect of Ijarah finances - net	(433,305)	(3,434,066)
Reversal of provision in respect of Diminishing Musharika	112,371	-
Reversal of provision in respect of Sukuk certificates	50,781	50,781
	<u>56,279,671</u>	<u>37,765,758</u>
Other income	5,563,582	2,882,068
Administrative and operating expenses	(21,698,525)	(18,927,513)
	<u>40,144,728</u>	<u>21,720,313</u>
Modaraba management company's remuneration	(4,014,473)	(2,172,031)
Provision for services sales tax on management company's remuneration	(642,316)	-
Provision for workers' welfare fund	(709,759)	(390,966)
Profit before taxation	<u>34,778,180</u>	<u>19,157,316</u>
Taxation	-	-
Profit after taxation	<u>34,778,180</u>	<u>19,157,316</u>
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>34,778,180</u>	<u>19,157,316</u>
Earnings per certificate	<u>0.77</u>	<u>0.42</u>

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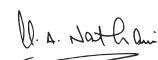
Condensed Interim Cash Flow Statement (Unaudited)

For the quarter ended September 30, 2013

Note	Three months period ended September 30, 2013	Three months period ended September 30, 2012
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	34,778,180	19,157,316
Adjustment for non cash and other items:		
Depreciation on fixed assets in own use	255,684	241,254
Depreciation on fixed assets under Ijarah arrangements	405,365,059	376,720,754
Profit on disposal of assets under Ijarah arrangements	(3,306,017)	(752,374)
Provision in respect of Ijarah finances - net	433,305	3,434,066
Reversal of provision in respect of Sukuk certificates	(50,781)	(50,781)
Reversal of provision in respect of Diminishing Musharika	(112,371)	-
Income on deposits with bank	(5,600,256)	(3,541,304)
Profit on:		
- Redeemable capital	80,437,329	84,697,433
- Murabaha finances	2,830,118	16,118,513
- Musharika finances	443,040	5,892,685
- Musharika term finances	8,563,710	-
	489,258,820	482,760,246
	524,037,000	501,917,562
(Increase) / decrease in assets		
Advances, deposits, prepayments and other receivables	75,751,911	138,672,220
Ijarah rentals receivable	(16,840,621)	(53,926,256)
Diminishing Musharika	35,504,276	14,456,006
Purchase of assets under Ijarah arrangements	(486,547,642)	(597,599,063)
Proceeds from disposal of assets under Ijarah arrangements	71,708,771	46,032,716
Investment in Ijarah finance - net	4,709,479	38,519,359
Loans and advances to employees	-	26,239
	(315,713,826)	(413,818,779)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	(14,820,225)	(20,304,221)
Advance Ijarah rentals received	(709,087)	(7,889,385)
Security deposits	20,574,403	21,476,115
	5,045,091	(6,717,491)
	213,368,265	81,381,292
Profit paid on		
- Redeemable capital	(84,895,720)	(92,649,107)
- Murabaha finances	(6,531,041)	(7,050,149)
- Musharika finances	(3,166,247)	(7,858,565)
- Musharika term finances	(8,094,350)	-
Taxes paid	(4,189)	-
	(102,691,547)	(107,557,821)
Net cash generated from / (used in) operating activities	110,676,718	(26,176,529)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Sukuk Certificates	253,905	253,905
Fixed capital expenditure	(2,919,248)	-
Income on deposits with bank	-	108,859
Net cash (used in) / generated from investing activities	(2,665,343)	362,764
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	(564,165,000)	416,825,530
Murabaha finances less repayments	(135,000,000)	(230,967,500)
Musharika term finances less repayments	80,909,300	-
Profit paid to certificate holders	(117,392)	(6,729)
Net cash (used in) / generated from financing activities	(618,373,092)	185,851,301
(Decrease) / increase in cash and cash equivalents	(510,361,717)	160,037,536
Cash and cash equivalents at the beginning of period	637,023,023	(334,051,594)
Cash and cash equivalents at end of the period	126,661,306	(174,014,058)

The annexed notes 1 to 22 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


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Chief Executive


Najam Siddiqi
Director

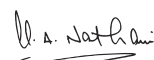
Condensed Interim Statement of Changes in Equity (Unaudited)

For the quarter ended September 30, 2013

	Reserves				Unappropriated profit	Total
	Paid-up certificate capital	Premium on Issue of modaraba certificates	Statutory reserve	Sub Total		
	(Rupees)					
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 the year ended June 30, 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
Balance as at June 30, 2013	453,835,300	55,384,700	394,667,206	450,051,906	98,680,512	1,002,567,718
Profit distribution for the year ended June 30, 2013 @ Rs. 2.00 per certificate	-	-	-	-	(90,767,060)	(90,767,060)
Total comprehensive income for the three months period ended September 30, 2013	-	-	-	-	34,778,180	34,778,180
Transfer to statutory reserve	-	-	6,955,636	6,955,636	(6,955,636)	-
Balance as at September 30, 2013	453,835,300	55,384,700	401,622,842	457,007,542	35,735,996	946,578,838

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

Notes to the Condensed Interim Financial Information (Unaudited)

For the quarter ended September 30, 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, 2013.

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:

- Mu'j'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 are some amendments that have been published and are mandatory for the Modaraba's accounting period beginning on or after July 1, 2013:

- Amendments to IFRS 7, 'Financial Instruments: Disclosures', (effective January 1, 2013). These contain new disclosure requirement for financial assets and liabilities that are offset in the balance sheet or are subject to master netting or similar arrangement. The amendments will not have any impact on the Modaraba's financial statements.

There are certain 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 these financial statements.

2.3 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.

2.4 Accounting convention

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

Notes to the Condensed Interim Financial Information (Unaudited)

For the quarter ended September 30, 2013

2.5 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, 2013.

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
		------(Rupees)-----	
4. CASH AND BANK BALANCES			
With banks in current accounts	4.1	80,348	48,462,628
With bank in deposit account	4.2	11,945,369	438,545,620
Cash in hand		40,000	14,775
		<u>12,065,717</u>	<u>487,023,023</u>

4.1 These include balance maintained with the Standard Chartered Bank (Pakistan) Limited (a related party) amounting to Rs nil (2013: Rs 48.162 million).

4.2 These include balances maintained with Standard Chartered Bank (Pakistan) Limited (a related party) amounting to Rs 0.001 million (June 2013: Rs 67.600 million) and carry profit at rates ranging between 6.00% and 8.50% (June 2013: 6.00% and 8.50%) per annum. The balances with banks in deposit accounts and Term Deposit Receipt (note 5) 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.

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
		----- Rupees -----	
5. TERM DEPOSIT RECEIPTS			
Term deposit receipts	5.1	<u>150,000,000</u>	<u>150,000,000</u>

5.1 This carries profit at the rate of 9.00% per annum (June 2013: 9.00% per annum) and balance has been kept in order to comply with the requirement of guidelines issued by the SECP with respect to the maintenance of prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
		------(Rupees)-----	
6. IJARAH RENTALS RECEIVABLE			
Ijarah rentals receivable - considered good		191,394,916	173,569,067
Less: Allowance for potential Ijarah losses		(35,940,424)	(36,414,673)
Less: Profit held in suspense		<u>(16,437,616)</u>	<u>(15,452,388)</u>
		<u>139,016,876</u>	<u>121,702,006</u>

7. INVESTMENT IN SUKUK CERTIFICATES - Held to maturity

Investment in Sukuk Certificates	58,463,550	58,717,455
Less: Provision in respect of Sukuk certificates	<u>(51,692,710)</u>	<u>(51,743,491)</u>
	6,770,840	6,973,964
Less : Current portion of investment in Sukuk Certificates	<u>(1,015,620)</u>	<u>(1,015,620)</u>
	<u>5,755,220</u>	<u>5,958,344</u>

8. DIMINISHING MUSHARIKA

-	Staff		
	Housing finance	38,225,076	33,591,635
	Others	1,467,494	1,610,832
		39,692,570	35,202,467
-	Other Customers		
	Housing finance	381,921,954	368,708,898
	Others	1,075,343,027	1,128,550,462
	Less: Provision in respect of Diminishing Musharika	(24,541,629)	(24,654,000)
		1,432,723,352	1,472,605,360
		1,472,415,922	1,507,807,827
		(307,577,209)	(271,954,990)
		1,164,838,713	1,235,852,837
	Less: current portion of Diminishing Musharika		

Notes to the Condensed Interim Financial Information (Unaudited)

For the quarter ended September 30, 2013

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
		----- (Rupees) -----	
9. NET INVESTMENT IN IJARAH FINANCE			
Ijarah contracts commencing prior to July 1, 2008 - accounted for as finance leases		1,627,137	7,244,170
Less: Current portion of net investment in Ijarah finance		(1,627,137)	(7,244,170)
		-	-
Ijarah contracts commencing on or after July 1, 2008 - accounted for under IFAS 2	9.1	4,390,408,010	4,377,628,181
Less: Impairment against Ijarah assets		(3,131,253)	(3,131,253)
		4,387,276,757	4,374,496,928
		(Un-audited) September 30, 2013	(Un-audited) September 30, 2012
		----- (Rupees) -----	
9.1 Ijarah Assets			
Additions at cost during the period			
- Plant, machinery and equipments		241,119,018	269,812,032
- Motor vehicles		245,428,624	327,787,031
		486,547,642	597,599,063
Disposals at cost during the period			
- Plant, machinery and equipments		19,238,025	19,002,035
- Motor vehicles		151,752,935	91,676,112
		170,990,960	110,678,147
		(Un-audited) September 30, 2013	(Audited) June 30, 2013
		----- (Rupees) -----	
10. FIXED ASSETS IN OWN USE			
Operating fixed assets		1,018,290	1,273,974
Capital work-in-progress	10.1	11,685,739	8,766,491
		12,704,029	10,040,465
10.1	This pertains to advance given against purchase of computer software.		
11. MUSHARIKA FINANCE			
Musharika with:			
- an associated undertaking - secured	11.1	35,404,411	-
11.1	The total facility for musharika finance available from Standard Chartered Bank (Pakistan) Limited amounts to Rs 800 million (June 2013: Rs 800 million). The share of profit payable on this facility was Re 0.2764 (June 2013: ranged between Re 0.2839 and Re 0.3555) per rupee one thousand per day. The facility is secured against hypothecation over moveable leased out assets of the Modaraba.		
		(Un-audited) September 30, 2013	(Audited) June 30, 2013
		----- Rupees -----	
12. MUSHARIKA TERM FINANCE			
Musharika with:			
- an associated undertaking - secured	12.1	405,000,000	340,000,000
- others		55,293,240	39,383,940
		460,293,240	379,383,940
Less: Current portion of musharika term finance		383,528,532	279,383,940
		76,764,708	100,000,000
12.1	Out of the total musharika term finance facility of Rs. 1,000 million from Standard Chartered Bank (Pakistan) Limited (a related party), Rs. 625 million has been availed in two tranches. The maximum tenor of the repayment is 25 monthly equal installments. The estimated share of profit payable on this facility is Re 0.2575 (June 2013: 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.		
		(Un-audited) September 30, 2013	(Audited) June 30, 2013
		----- Rupees -----	
13. PROFIT DISTRIBUTION PAYABLE			
Profit distribution payable for the year ended June 30, 2013		90,767,060	-
Unclaimed profit distribution		27,493,716	27,611,108
		118,260,776	27,611,108

Notes to the Condensed Interim Financial Information (Unaudited)

For the quarter ended September 30, 2013

14. CONTINGENCIES AND COMMITMENTS

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 PKR 700 Million. Inland Usance L/C facility of Rs 96.12 million to Haleeb Foods Limited was initially extended by consortium of financial institutions on standalone basis, however upon enhancement of facilities to PKR 700 Million, the enhanced amount incorporated the said facility as sublimit. SCM's share out of the working capital line was Rs 39.340 million which was to be provided in the shape of LC / IULC & 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 28.311 million as at September 30, 2013.

15. 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.

16. 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.

17. 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, 2013	(Un-audited) September 30, 2012
	----- (Rupees) -----	
Cash and bank balances	12,065,717	10,320,077
Loans and receivable - Term deposit receipts	150,000,000	150,000,000
Musharika finance	(35,404,411)	(334,334,135)
	<u>126,661,306</u>	<u>(174,014,058)</u>

18. 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:

	Three months period ended September 30, 2013	Three months period ended September 30, 2012
	-----Rupees-----	
Holding Company - Standard Chartered Bank (Pakistan) Limited		
Profit on Musharika finance	443,040	5,892,685
Profit on Musharika term finance	7,498,295	-
Profit on deposit account	-	108,859
Bank charges and commission	10,288,094	6,249,286
Charge for reimbursement of miscellaneous expenses	2,260,245	885,000
Staff retirement benefits funds		
Contribution to the staff provident fund	596,075	539,492
Contribution to the staff gratuity fund	496,534	449,396
Management Company - Standard Chartered Services of Pakistan (Private) Limited		
Modaraba management company's remuneration	4,014,473	2,172,031
Key Management Personnel remuneration		
Salaries and benefits	11,261,768	10,976,227
Contribution to the staff provident fund	269,365	264,498
Contribution to the staff gratuity fund	224,257	220,329
No. of persons	8	8

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:

Notes to the Condensed Interim Financial Information (Unaudited)

For the quarter ended September 30, 2013

	(Unaudited) September 30, 2013	(Audited) June 30, 2013
	----- Rupees -----	
Standard Chartered Bank (Pakistan) Limited - Holding Company		
Creditors, accrued and other liabilities	6,454,134	3,581,541
Standard Chartered Services of Pakistan (Private) Limited - Management Company		
Modaraba management company's remuneration payable	10,256,696	10,599,907

19. 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, 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.

20. CORRESPONDING FIGURES

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

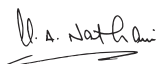
21. GENERAL

Figures have been rounded off to the nearest rupees.

22. DATE OF AUTHORISATION

These condensed interim financial information was authorised for issue on October 28, 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 Qamar Ahmad
Chief Executive



Najam Siddiqi
Director



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