



Annual Report

June 30, 2013

Standard Chartered Modaraba



Standard Chartered Modaraba

Annual Report 2013

Vision

To be preferred provider of Islamic financial products in the market

Mission

To create exceptional value for our clients, investors and staff; through market leadership in providing innovative Shariah compliant products and solutions, and by adopting and living our core values

Our Values:

We bring our brand promise to life every day by living the values in how we work with our customers, colleagues and local communities.

Our brand promise Here for good, is at the heart of who we are as a Modaraba and sets us apart from the competition.

LIVING OUR VALUES:

- Courageous** - we stand up for what we believe is right. We accept accountability and take calculated risks.
- Responsive** - we deliver thoughtful, timely, high quality solutions. We listen to our customers and colleagues and built strong relationships based on mutual respect. We work quickly, thoughtfully and effectively to deliver the best solution.
- International** - we value our diversity and collaborate as one team. We share standards and best practices. We work together, as one team across the Modaraba, for the benefit of our customers.
- Creative** - we continuously improve the way we work, making it simpler, better and faster.
- Trustworthy** - we are reliable, open and honest so that we deliver on our promises and work to high standards.

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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., Shahra-e-Faisal,
Karachi.

Tel : (92-21) 34380101-5

Fax : (92-21) 34380106

Email : info.shares@famco.com.pk

* Approval from SECP awaited.

Board of Directors



Mohsin Ali Nathani

Chairman/ Director/
Chairman HR&R Committee

Mohsin A. Nathani was appointed as a Chairman and Director of Standard Chartered Services of Pakistan (Private) Limited on September 27, 2010. He also serves as the Chief Executive of Standard Chartered Bank (Pakistan) Limited (SCBPL). He is the Chairman of Standard Chartered Leasing Limited and Director of Price Solution Pakistan (Private) Limited as well. He has extensive and diversified banking experience of over 22 years, holding key positions in both local and international banking institutions namely Barclays Bank (Dubai), Citigroup (Dubai and Hong Kong) and ABN Amro Bank Singapore. Prior to joining the bank, he was Country Head & Managing Director, Barclays Bank plc's Pakistan. He is also on the boards of Pakistan Council for Philanthropy, I-CARE, Kidney Centre and a trustee in IBA endowment fund.



Raheel Qamar Ahmad

Managing Director/ Chief Executive/
Member HR&R Committee

Raheel Q. Ahmad was appointed as Managing Director/ Chief Executive of Standard Chartered Services of Pakistan (Private) Limited with effect from June 01, 2011. He has 22 years of diversified corporate and investment banking experience with both local and international organisations. He is an Engineer from UET Lahore and has completed MBA from Illinois Institute of Technology, Chicago, USA. He has held senior positions in Mashreqbank psc, United Bank Limited and Allied Bank Limited. Prior to this assignment, he was heading the Local Corporates segment in Origination and Client Coverage (OCC) SCBPL from January 2009.



Najam Siddiqi

Director/ Chairman of the Audit Committee

Najam Siddiqi was appointed to the Board on April 26, 2011, he is also a director of Standard Chartered Leasing Limited and Price Solution Pakistan (Private) Limited. He joined SCBPL as Financial Controller and is currently the Chief Financial Officer in SCBPL. He has over 15 years of prolific professional experience at senior level in finance and risk management positions in various banks and a leading audit firm. He has been instrumental in managing crisis and implementing turn around strategies. He has also worked on assignments with CEO Europe in Standard Chartered UK. He was Head of Finance & Internal Audit in Oman International Bank SAOG. Then moved to KASB Bank Limited as Financial Controller & Head of Risk Management. Before joining SCBPL, he was a Chief Financial Officer in Samba Bank Limited.



Khurram Shahzad Khan

Director/ Member of the Audit Committee

Khurram S. Khan was appointed to the Board on June 30, 2011, he is also a director of Standard Chartered Leasing Limited and holds the position of Country Chief Risk Officer (CCRO) at SCBPL. He holds an MBA degree from the University of Rochester, USA. He has an overall professional experience of over 28 years mostly in Risk and Corporate banking and has been associated with SCBPL since 1996. He joined SCBPL in Corporate Banking, Lahore. Subsequently, he became GSAM Head, Pakistan. He then spent six years in Bangladesh and Thailand as Senior Credit Officer. He returned back to Pakistan in early 2008 for a second stint as Head GSAM Pakistan. Prior to joining SCBPL, he has worked in Corporate and Investment Banking for Banque Indosuez/ Credit Agricole. Before joining banking, he spent over three years consulting in Nespak.



Shezad Arif

Director

Shezad Arif was appointed to the Board on December 14, 2011 as a Director. He holds the position of Head of Distribution at SCBPL. He has approximately 19 years of corporate banking experience with foreign as well as local banks. He holds a MBA degree from Southeastern University. Shezad started his professional career with Emirates Bank International and then moved to United Bank Limited. At UBL, he was a part of the team that set up the Corporate Banking Department in UBL and thereafter led the department as Unit head. He joined SCBPL in August 2005 as Head of Commodity Corporates and Islamic Banking Group. He later became the Head of Global Corporates SCBPL in April 2008 and then moved on to SME in the Consumer Bank.

Our Achievements



Standard Chartered Modaraba won the Management Association of Pakistan's 29th Corporate Excellence Award 2013 for the 'Equity Investment Instruments' category. The award was presented to Mr. Raheel Q. Ahmad - CEO SCM by the Honourable President elect of Pakistan, Mr. Mamnoon Hussain.

Rating by: PACRA

AA+ Long-Term

A1+ Short-Term

These ratings indicate low expectation of credit risk and a very strong capacity for timely payment of financial commitments.

Notice of Annual Review Meeting

Notice is hereby given that the Fourteenth Annual Review Meeting of certificate-holders of Standard Chartered Modaraba (SCM) will be held on Wednesday, October 23, 2013 at 11:30 a.m. at NBF-Modaraba association of Pakistan, 602, Progressive Centre, 30-A, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, to review the performance of the Modaraba for the year ended June 30, 2013.

The certificate-holders whose names appear on the Register of certificate-holders of SCM as on October 14, 2013 will be eligible to attend the Annual Review Meeting.

On behalf of the Board



Muhammad Siddique

Company Secretary
Standard Chartered Services of Pakistan (Pvt) Ltd
Managers of Standard Chartered Modaraba.
September 16, 2013

Note: CDC account holders will have to follow the undermentioned guidelines as laid down in Circular-1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

- In case of individuals the account holder and/or person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate their identity by showing original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting, (CDC account holders are also requested to bring their participant ID no. and account no in CDS).
- In case of corporate entity the board of directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

REQUEST TO CERTIFICATE HOLDERS

Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants, **all Certificate Holders** are therefore requested to submit a copy of valid CNIC (only Physical Certificate holders), if not already provided to Standard Chartered Modaraba or to our share registrar, at below mentioned address. In case of non-receipt of the copy of valid CNIC, **STANDARD CHARTERED MODARABA** would be unable to comply with SRO 831(1)/2012 dated 5 July 2012 of SECP and therefore may be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders for the year ended June 30, 2013 announced by the Board of Directors in their meeting held on September 16, 2013.

FAMCO ASSOCIATES (PVT) LIMITED: 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi.

Twenty Seventh Report of the Directors of Modaraba Company

For the year ended June 30, 2013

The Board of Directors of Standard Chartered Services of Pakistan (Private) Limited, the Management Company of Standard Chartered Modaraba (SCM), is pleased to present the twenty seventh Directors' report of SCM, together with audited financial statements and auditors' report thereon for the year ended June 30, 2013.

1. Economy

The markets are cautiously optimistic due to the smooth transition from one democratically elected government to another. The KSE 100 index has rallied 50% year to date in 2013, making it one of the top performing markets in the world. Remittances from overseas Pakistani's continue to rise, inflows of USD 13.9bn in FY13 are a new record. However, the economy continued to face challenges impeding investment and growth in the country. The Pakistan Rupee (PKR) has been under pressure, depreciating by almost 6% year to date, due to widening C/A deficit and large debt repayments. The State Bank of Pakistan's FX reserves declined to USD 5bn by August 2013, from peak levels of USD 14.8bn in June 2011. This has led to the government going back to the IMF for a new USD 6.6bn 3 year loan.

In a surprise move, the State Bank of Pakistan (SBP) hiked policy rates by 50bps at its 13 September meeting. The overnight lending rate and overnight deposit rates were raised to 9.5% and 7%, respectively. The central bank highlighted inflation concerns and a sharp decline in FX reserves as the main reasons for the increase in policy rates.

2. Operating Results and Business Overview

	June 30, 2013 (PKR '000')	June 30, 2012 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	1,002,568	960,694
Investment in Ijarah finance and Ijarah Assets	4,381,741	4,419,914
Investments in Diminishing Musharika and Sukuks	1,514,782	1,159,141
Redeemable capital	4,159,475	3,163,448
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	696,438	555,660
Financial charges	438,947	348,265
Provisions / Impairments (net of reversals / recoveries)	33,617	25,661
Operating expenses	82,483	67,322
Profit before management company's remuneration	141,391	114,412
Net profit	121,294	100,911
Appropriations		
Net profit for the year	121,294	100,911
Add: Un appropriated profit brought forward	1,645	337
Profit available for appropriation	122,939	101,248
Profit distribution @ 20% (2012: @17.5%)	90,767	79,421
Statutory reserve	24,259	20,182
	115,026	99,603
Unappropriated profit carried forward	7,913	1,645
Earnings per certificate	2.67	2.22

By the Grace of Allah, considering the general business environment, your Modaraba's performance during the year has been excellent. The Modaraba's net profit increased by 20.2% to PKR 121.29 million as compared to Rs. 100.91 million during corresponding period of last year. During current year your Modaraba achieved a land mark as its equity increased to PKR 1 billion. Your Modaraba also continued focusing on raisings cost efficient funds from the general public through Certificates of Musharika (CoMs) and thus the balance of CoMs has increased by 46% to PKR 4,159 million, as at June 30, 2013 (the highest ever in the sector) as compared to PKR. 2,842 million as at the close of last year. Without compromising credit quality, Modaraba's investment in Ijarah finance, Ijarah assets, Murabaha finance, Diminishing Musharika and House Finance Diminishing Musharika have increased by 5.69% to PKR 5,897 million as against PKR. 5,579 million last year. Total assets have increased by 11.55% to PKR. 6,840 million as against PKR. 6,132 million last year.

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

Standard Chartered Modaraba manages and monitors risk exposure very prudently. The evaluation of borrower's credit profile including repayment ability is made at the time of grant of facility. Regular oversight of disbursements is made by the Client Relationships team post disbursement. Further, there are Portfolio Management and Early Alert committees which are responsible to ensure portfolio monitoring and timely alerts for possible untoward scenarios.

Your Modaraba, while remaining cautious and prudent during the prevailing economic slowdown, is focused to take benefit of good opportunities that add value of all stake holders. Our sensible 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 clients.

3. Profit Distribution

The Board in its meeting held on September 16, 2013 has approved the distribution of profit of Rs. 2.00 (20%) per certificate of Rs. 10 each, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2013.

An amount of Rs. 24.26 million has been transferred to statutory reserve in compliance with the Prudential Regulations for Modarabas which require that not less than 20% and not more than 50% of the Modaraba's after tax profit be transferred to such reserve till such time as the reserve equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

4. External Annual Audit

The financial statements of SCM have been audited without any qualification by the auditors namely M/s A.F. Ferguson & Co., Chartered Accountants.

5. Entity Ratings

Your Modaraba continues to maintain entity ratings of AA+ (Double A plus) and A1+ (Single A one plus) for long-term and short-term respectively. These ratings are the highest in the entire modaraba and leasing sectors and have been assigned by Pakistan Credit Rating Agency (Private) Limited. These ratings indicate low expectation of credit risk and exceptionally strong capacity for timely payment of financial commitments.

6. Social Responsibility

Your Modaraba believes that an organisation can be about more than the profit it makes. As the biggest modaraba operating in Pakistan, by doing things the right way, we can have a positive social and economic impact where we operate. We remain committed to building a sustainable business, simultaneously creating value for our shareholders, supporting our clients and customers and contributing to the communities where we live and work.

Throughout 2012-13, SCM continued to implement employee volunteering strategy comprising of practical support for charitable and social organizations following our group's brand promise, "Here for good". Through this strategy we seek to strengthen relationships between our business, community, government and customers. It is pertinent to mention that SCM allows its employees three paid leaves in the year to participate in volunteering activities.

During the year, SCM staff participated in volunteering activities at the Kidney Centre, HOPE and LRBT at Karachi. Islamabad based staff also visited schools to screen children for eye impairments in line with Standard Chartered's "Seeing is Believing" campaign. Further, SCM staff donated blood to Hussaini Blood Bank as per its "Living with HIV" Blood donation drive. Moreover, SCM Lahore staff was also involved in packing of Ramadan Zakat Hampers which were distributed amongst the needy people.

7. Corporate Excellence Award

Your Modaraba won the Management Association of Pakistan's (MAP) 29th Corporate Excellence Awards for a second year in a row. The award was presented by the Honourable President elect of Pakistan, Mr. Mamnoon Hussain in a ceremony held at Pearl Continental Hotel, Karachi on August 22, 2013 in the category of Equity Investment Instruments Sector that includes the entire Modaraba and Mutual Funds sectors.

The Corporate Excellence Award, instituted by MAP in 1982, is given to those listed companies which can be viewed as models of corporate governance and management systems that promote long term value for all stakeholders. MAP Corporate Excellence Award has become a prestigious accolade in the corporate sector of Pakistan.

The award was based on a long set of quantitative and qualitative evaluations featuring Corporate Governance, Leadership, Social Responsibility, Customer and Market focus, Human Resource Focus, Operations Risk management, IT Governance and Infrastructure, service delivery and data security. The evaluations were followed by the interview conducted by the MAP team of the management team of SCM.

SCM's linkage and close alignment with the Standard Chartered Group has helped strengthen the governance and management standard to the best international practices.

8. Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates used are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed.
- The system of internal control, which is in place is sound in design and has been effectively implemented. It is being continuously reviewed by internal audit and other such procedures. The process of review will continue and any weakness in controls will be removed.
- Board is satisfied with the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last six years in summarized form is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2013 except for those disclosed in the financial statements.
- The value of investments made by staff retirement benefit funds based on their respective un-audited accounts as at June 30, 2013 is as follows:

Provident Fund	Rs. 15.601 million
Gratuity Fund	Rs. 6.758 million

- During the year, five (05) meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	No. of Meetings Attended
Mohsin A. Nathani	04
Raheel Q. Ahmad	04
Najam Siddiqi	05
Khurram S. Khan	05
Shezad Arif	05
Imran Sarwar (resigned)	02

Leave of absence was granted to directors who could not attend some of the board meetings.

- The pattern of holding of certificates by the certificate-holders is included in this annual report.
- The Directors, CEO, CFO/ Company Secretary and their spouses and minor children did not carry out any transaction in the certificates of Modaraba during the year.

9. The Board of Directors

The following changes have taken place in board of directors of the Standard Chartered Services of Pakistan (Private) Limited (the Company), the management company of Standard Chartered Modaraba since the Directors' report for the year ended June 30, 2012:

- On account of his new assignment with Standard Chartered Group, Mr. Imran Sarwar decided to step down and has resigned from the office of Director and member of Audit Committee of Standard

Chartered Services of Pakistan (Private) Limited. Mr. Salar Hasan Khan, Head of Origination and Client Control (OCC), Standard Chartered Bank (Pakistan) Limited has been appointed as Director and member of Audit Committee of Standard Chartered Services of Pakistan (Private) Limited in his place subject to approval from SECP.

The Board places on record its appreciation for the valuable services rendered by Mr. Imran Sarwar during his association with the company and extends a warm welcome and cooperation to the newly appointed director in performing their fiduciary responsibility.

10. Our People

People at SCM are crucial to the delivery of its sustainable business model. In our continuous drive to make SCM a great place to work, focus is on attracting the best talent across our footprint and employee engagement. At SCM we believe high performance is not just about generating high profits; it is about living our values, demonstrating the many ways that we are Here for good.

The Board places on record its appreciation of the services rendered by the staff members responsible for SCM affairs. Modaraba's record of achievements would not have been possible without the efforts of every employee. It is indeed the dedication and hard work of each one of them that has brought SCM to where it stands now. We will continue to invest in our Human Resources.

11. Auditors

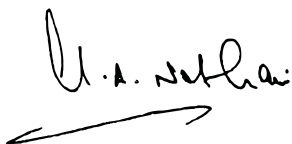
On the recommendation of Audit Committee, the Board has approved the appointment of the Messrs. A. F. Ferguson & Co., Chartered Accountants, as auditors for the year ending June 30, 2014, subject to approval by the Registrar of Modaraba Companies and Modarabas.

12. Acknowledgment

The Board would like to thank the SECP for its continued guidance and support.

The Board would also like to thank its valued customers and investors for their continued trust and support.

On behalf of the Board



Mohsin A. Nathani,
Chairman
September 16, 2013

Pattern of holding of certificates by the Certificate-holders as at June 30, 2013

Number of Certificate holders	Certificate holding		Total Certificates held
	From	To	
1,391	1	50	26,966
606	51	100	44,052
3,775	101	500	1,137,093
1,137	501	1,000	868,497
1,358	1,001	5,000	2,991,243
213	5,001	10,000	1,550,329
327	10,001	375,000,000	38,765,350
8,807			45,383,530

Certificate-holders Category	Number of Certificate-holders	Number of Certificate Held	Percentage %
INDIVIDUAL	8,700	20,700,633	45.61266
FINANCIAL INSTITUTIONS *	12	11,063,149	24.37701
INVESTMENT COMPANIES	1	350	0.00077
INSURANCE COMPANIES	11	5,661,626	12.47507
MODARABAS / MODARABA MANAGEMENT COMPANIES**	8	4,679,451	10.31090
JOINT STOCK COMPANIES	46	1,888,186	4.16051
OTHERS			
- Trustees of New Jubilee Ins Co.Ltd S.P.F	1	212,231	0.46764
- Trustees Al-Bader Welfare Trust	1	209,031	0.46059
- Trustees D.G.Khan Cement Co.Ltd.Emp. P.F	1	200,000	0.44069
- Trustees Aloo & Minocher Dinshaw Chr.Trust	1	149,595	0.32962
- Trustees of Haji Mohammed Welfare Trust	1	129,150	0.28457
- Trustee Thall Limited - Employees Provident Fund	1	121,880	0.26856
- Trustee National Bank of Pakistan Employees Pension Fund	1	115,289	0.25403
- Trustees Mrs.Khorshed H.Dinshaw &Mr.Hoshang N.E.Dinshaw C.Tr	1	68,072	0.14999
- Trustees of Sana Ind Ltd.Emp Grat Fund	1	50,000	0.11017
- Trustees D.N.E. Dinshaw Charity Trust	1	23,843	0.05254
- Managing Comm.of Bismillah Taqee Found	1	21,829	0.04810
- The Al-Malik Charitable Trust	1	21,553	0.04749
- Zoroastrian Co-Op. Housing Society Ltd.	1	18,191	0.04008
- Trustees, Mama School Emp Gratuity Fund.	1	12,127	0.02672
- Mang.Com.Karachi Zarhosti Banu Mandal	1	9,702	0.02138
- Trustees of Faroukh & Roshen Karani Trust	1	6,063	0.01336
- Trustees Adamjee Enterprises Staff P.F	1	5,000	0.01102
- Trustee Thall Limited - Employees Retirement Benefit Fund	1	4,851	0.01069
- Trustee National Bank of Pakistan Emp Benevolent Fund Trust	1	4,045	0.00891
- Investment Corporation of Pak	1	2,555	0.00563
- Crescent Modaraba Management Company Limited	1	1,500	0.00331
- Trustee Gul Ahmed Textile Mills Ltd Emp P.F	1	1,183	0.00261
- Islamic Inv.Co.of The Gulf (Bahrain)	1	872	0.00192
- Managing Committee Ghazali Education Trust	1	577	0.00127
- The Nazir	1	430	0.00095
- United Executors & Trustees Co.	1	210	0.00046
- Punjab Coop Board For Liquidation	1	171	0.00038
- Trustee Crescent Leasing Corp. Ltd. P.F	1	143	0.00032
- M/S Ghulaman-E-Abbas Educational	1	42	0.00009
	8,807	45,383,530	100.00000

* Includes Standard Chartered Bank (Pakistan) Limited (4,538,353 certificates).

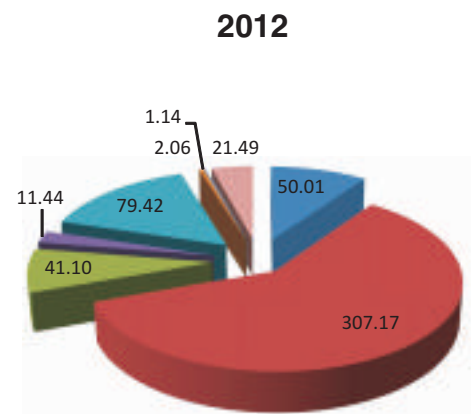
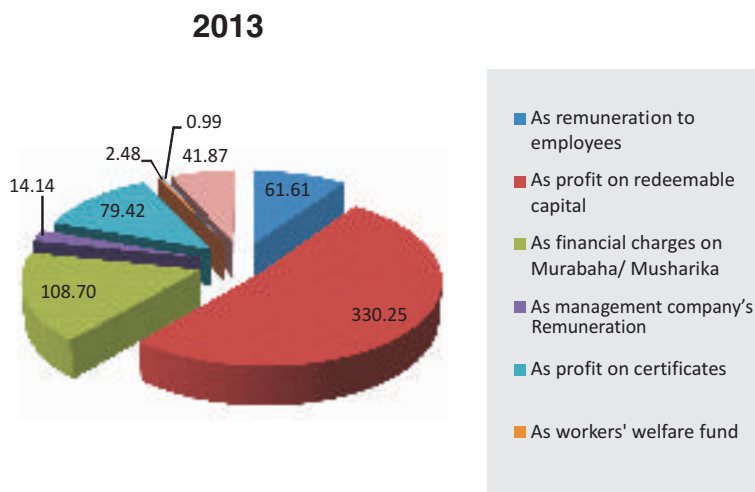
** Includes Standard Chartered Services of Pakistan (Private) Limited (4,538,353 certificates).

Pattern of holding of certificates by the Certificate-holders as at June 30, 2013**Additional Information**

Categories of Certificate-holders	Number	Certificates held	Percentage
Associated Companies, Undertakings and Related Parties			
STANDARD CHARTERED SERVICES OF PAKISTAN (PVT) LTD		4,538,353	10.00
STANDARD CHARTERED BANK (PAKISTAN) LIMITED.		4,538,353	10.00
	2	9,076,706	20.00
Mutual Funds			
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	1	4,537,560	10.00
Directors, CEO & their Spouse and Minor Children			
	-	-	-
Executives			
	-	-	-
Public Sector Companies and Corporations			
	5	6,090,395	13.42
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas			
	21	6,227,679	13.72
Certificate-holders holding five percent or more certificates in the Modaraba (other than those reported above)			
	1	4,103,720	9.04

Statement of Value Added

	2013 Rupees	%	2012 Rupees	%
Revenue from operations (net of depreciation of Ijarah assets)	653,748,809		525,523,288	
Other Income/ charges	9,072,252		4,475,755	
	<u>662,821,061</u>		<u>529,999,043</u>	
Operating expenses	19,877,230		16,176,431	
Provision for services sales tax on management company's remuneration	3,482,662		-	
Value Added	<u>639,461,169</u>	<u>100.00</u>	<u>513,822,612</u>	<u>100.00</u>
Distributed as follows:				
To Employees As remuneration	61,612,616	9.64	50,010,500	9.73
To finance providers As profit on redeemable capital	330,250,034	51.65	307,165,642	59.78
As financial charges on Murabaha/Musharika	108,696,799	17.00	41,099,181	8.00
To Modarib As management company's remuneration	14,139,170	2.21	11,441,203	2.23
To Certificate-holders As profit on certificates	79,421,178	12.42	79,421,178	15.46
To Revenue Authorities As workers' welfare fund	2,475,397	0.39	2,059,417	0.40
Retained in Business As depreciation	992,686	0.16	1,135,256	0.22
As capital reserves and retained earning	41,873,289	6.55	21,490,236	4.18
	<u>639,461,169</u>	<u>100.00</u>	<u>513,822,612</u>	<u>100.00</u>



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulation Number 35 of the listing regulations of the Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

Regardless of the fact that Standard Chartered Services of Pakistan (Private) Limited, the Management Company of Standard Chartered Modaraba, is a private limited company, the Board of Directors of management company are pleased to confirm that the Code is being complied with in all material respects (pertaining to the operations of the Modaraba).

The Modaraba management company (hereafter referred to as the Company) has applied the principles contained in the Code in the following manner.

1. At present the Board comprises of six directors of which five are non-executives and only the Chief Executive Officer (CEO) is an executive director. None of the directors is an independent director.

•	Mr. Mohsin A. Nathani	Non Executive Director
•	Mr. Raheel Q. Ahmad	Executive Director
•	Mr. Najam Siddiqi	Non Executive Director
•	Mr. Khurram S. Khan	Non Executive Director
•	Mr. Shehzad Arif	Non Executive Director
•	Mr. Salar H. Khan*	Non Executive Director

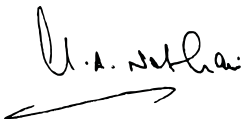
* Approval from SECP awaited.

Appointment of an independent non-executive director on the Board is due to be made in the next elections of the Board of Directors to be held towards the end of the financial year ending June 30, 2014.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on February 18, 2013 was filled up by the directors within ninety days.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the board. The terms of appointment and remuneration package of non-executive directors are not approved by the board as they are nominees of Standard Chartered Bank (Pakistan) Limited.
8. The meetings of the board were presided over by the Chairman and in his absence by the Managing Director elected by the Board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board has arranged one training program for its directors during the year.

10. No appointment of Head of Internal Audit, CFO and Company Secretary has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the Code with respect to the Modaraba.
15. The board has formed an Audit Committee. It presently comprises of three members who are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee (HR&R). It comprises three members of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Modaraba.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/ price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board



Mohsin A. Nathani
Chairman

September 16, 2013

SHARIAH ADVISOR'S REPORT

I have conducted the Shariah review of Standard Chartered Modaraba managed by Standard Chartered Services of Pakistan (Private) Limited, Modaraba Management Company for the year ended June 30, 2013 in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. Standard Chartered Modaraba has introduced a mechanism which has strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles.
- ii. Following were the major developments that took place during the period:
 - a) **Research and New Product Development:**

Departmental process flows and operating instructions have been framed for each of the product processes in line with Shariah requirements.
 - b) **Training and development:**

Standard Chartered Modaraba arranged a certificate course on Shariah compliance exclusively for its staff members conducted by the Center for Islamic Economics. Further, some of the staff members were also nominated for different trainings during the period.
- iii. The agreements entered into by the Modaraba are Shariah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and the related conditions have been met.
- iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by Standard Chartered Modaraba and other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modarabas.
- v. Profit sharing ratios, profits relating to deposit raising product conform to the basis and principles of scheme approved by SECP religious board.
- vi. During the period, no earnings were realized from the sources or by means prohibited by Shariah. Accordingly, no amount was credited to charity account.

Observations

- i. Standard Chartered Modaraba has its major portfolio of assets insured through commercial insurance companies.
- ii. The senior management and staff of Standard Chartered Modaraba are well intentioned and cooperative in observing Shariah compliance in its true spirit.
- iii. Standard Chartered Modaraba has no investment in shares.

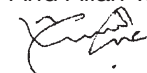
Recommendation

- i. It has been recommended that SCM insures its assets through Takaful.

Conclusion

In my opinion and best of my knowledge and information provided by Standard Chartered Modaraba management with relevant explanation, I am of the view that during the period overall business operations of the Modaraba are Shariah Compliant.

And Allah Taala knows Better & Perfect



Signature

Stamp of the Shariah Advisor

September 03, 2013

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Standard Chartered Services of Pakistan (Private) Limited, the Management Company of **Standard Chartered Modaraba**, to comply with the requirements (Chapter XI) of the Listing Regulations of the Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Modaraba. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and conditions, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (X) of the Listing Regulation No. 35 of the Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices recording proper justification for using such alternate pricing mechanism. Further, such transactions are required to be separately placed before the Audit Committee. We are only required and have ensured compliance of the requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Modaraba for the year ended June 30, 2013.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 16, 2013

Karachi

Auditor's Report to the Certificate Holders

We have audited the annexed balance sheet of Standard Chartered Modaraba as at June 30, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the modaraba management company's (Standard Chartered Services of Pakistan (Private) Limited) responsibility which is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the modaraba management company in respect of Standard Chartered Modaraba, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the modaraba management company in respect of Standard Chartered Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity and cash flows for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

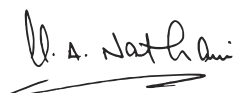
A. F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Rashid A. Jafer
Dated: September 16, 2013
Karachi

BALANCE SHEET AS AT JUNE 30, 2013

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	
ASSETS			
Current assets			
Cash and bank balances	3	487,023,023	10,314,667
Term deposit receipts	4	150,000,000	150,000,000
Ijarah rentals receivable	5	121,702,006	135,102,788
Advances, deposits, prepayments and other receivables	6	161,128,748	239,104,072
Current portion of investment in Sukuk certificates	7	1,015,620	1,015,620
Current portion of Diminishing Musharika	8	271,954,990	103,856,410
Current portion of net investment in Ijarah finance	9	7,244,170	85,045,163
Taxation recoverable		13,611,873	16,087,270
Total current assets		1,213,680,430	740,525,990
Non-current assets			
Loans and advances to employees		-	315,390
Long-term portion of investment in Sukuk certificates	7	5,958,344	6,770,840
Long-term portion of Diminishing Musharika	8	1,235,852,837	1,047,497,978
Long-term portion of net investment in Ijarah finance	9	-	148,501
Ijarah assets	9	4,374,496,928	4,334,720,195
Fixed assets in own use	10	10,040,465	1,646,242
Total non-current assets		5,626,348,574	5,391,099,146
TOTAL ASSETS		6,840,029,004	6,131,625,136
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	11	-	494,366,261
Murabaha finance	12	135,000,000	530,967,500
Current maturity of musharika term finance	13	279,383,940	-
Current maturity of security deposits	14	157,862,818	71,988,162
Creditors, accrued and other liabilities	15	324,852,411	221,722,284
Advance ijarah rentals received		44,668,159	41,686,343
Current portion of redeemable capital	16	4,132,265,000	3,094,473,420
Unclaimed profit distribution		27,611,108	25,476,612
Total current liabilities		5,101,643,436	4,480,680,582
Non-current liabilities			
Long-term portion of musharika term finance	13	100,000,000	-
Long-term portion of security deposits	14	608,607,850	621,275,125
Long-term portion of redeemable capital	16	27,210,000	68,975,000
Total non-current liabilities		735,817,850	690,250,125
TOTAL LIABILITIES		5,837,461,286	5,170,930,707
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital 50,000,000 (2012: 50,000,000) certificates of Rs 10 each	17	500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital			
28,500,000 (2012: 28,500,000) certificates of Rs 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (2012: 16,883,530) certificates of Rs 10 each issued as fully paid bonus certificates	17	168,835,300	168,835,300
		453,835,300	453,835,300
Unappropriated profit		98,680,512	81,066,116
Other reserves	18	450,051,906	425,793,013
		1,002,567,718	960,694,429
TOTAL LIABILITIES AND EQUITY		6,840,029,004	6,131,625,136
CONTINGENCIES AND COMMITMENTS			
	19		

The annexed notes 1 to 39 form an integral part of these financial statements.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive

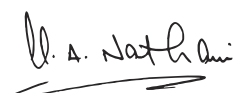

Najam Siddiqi
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2013

	Note	June 30, 2013	June 30, 2012
----- Rupees -----			
Ijarah finance income		2,658,747	20,781,503
Ijarah rentals earned		2,011,722,238	1,560,783,754
Income on Diminishing Musharika transactions		159,338,299	74,686,302
Income on deposits with bank		18,195,885	23,429,698
		<u>2,191,915,169</u>	<u>1,679,681,257</u>
Financial charges	20	(438,946,833)	(348,264,823)
Depreciation on assets under Ijarah arrangements	9.1	(1,538,166,360)	(1,154,157,969)
		<u>214,801,976</u>	<u>177,258,465</u>
Provision in respect of Ijarah finances - net		(34,166,077)	(1,292,445)
Reversal of provision / (provision) in respect of Diminishing Musharika		346,000	(25,000,000)
Reversal of provision in respect of Sukuk certificates	7.1.3	203,124	631,510
		<u>181,185,023</u>	<u>151,597,530</u>
Other income	21	42,689,205	30,136,690
Administrative and operating expenses	22	(82,482,532)	(67,322,187)
		<u>141,391,696</u>	<u>114,412,033</u>
Modaraba management company's remuneration	23	(14,139,170)	(11,441,203)
Provision for services sales tax on management company's remuneration	24	(3,482,662)	-
Provision for workers' welfare fund	25	(2,475,397)	(2,059,417)
Profit for the year before taxation		<u>121,294,467</u>	<u>100,911,413</u>
Taxation	26	-	-
Profit for the year after taxation		<u>121,294,467</u>	<u>100,911,413</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>121,294,467</u>	<u>100,911,413</u>
Earnings per certificate - basic and diluted	27	<u>2.67</u>	<u>2.22</u>

The annexed notes 1 to 39 form an integral part of these financial statements.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive

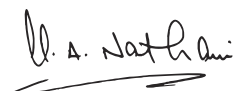

Najam Siddiqi
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	Note	June 30, 2013	June 30, 2012
----- Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		121,294,467	100,911,413
Adjustments for non-cash and other items:			
Depreciation on fixed assets in own use	22	992,686	1,135,256
Depreciation on fixed assets under Ijarah arrangements	9.1	1,538,166,360	1,154,157,969
Gain on disposal of fixed assets	21	(857,850)	(4,000)
Profit on disposal of assets under Ijarah arrangements	21	(29,820,742)	(13,374,827)
Provision in respect of ijarah finances - net		34,166,077	1,292,445
Reversal of provision in respect of sukuk certificates	7.1.3	(203,124)	(631,510)
(Reversal of provision) / provision in respect of Diminishing Musharika		(346,000)	25,000,000
Income on deposits with bank		(18,195,885)	(23,429,698)
Profit on:			
- Redeemable capital	20	330,250,034	307,165,642
- Murabaha finances	20	29,228,999	442,374
- Musharika finances	20	19,155,742	16,304,571
- Musharika term finances	20	28,150,911	-
		1,930,687,208	1,468,058,222
		2,051,981,675	1,568,969,635
(Increase) / decrease in assets			
Advances, deposits, prepayments and other receivables		80,834,427	(20,637,696)
Ijarah rentals receivable		(20,992,184)	(69,152,339)
Diminishing Musharika		(356,107,439)	(748,454,974)
Purchase of assets under Ijarah arrangements		(2,116,451,865)	(2,786,930,933)
Proceeds from disposal of assets under ijarah arrangements		568,329,514	277,095,456
Investment in Ijarah finance - net		78,176,383	273,764,345
Loans and advances to employees		315,390	285,920
		(1,765,895,774)	(3,074,030,221)
Increase / (decrease) in liabilities			
Creditors, accrued and other liabilities		121,816,732	29,129,330
Advance Ijarah rentals received		2,981,816	(66,712,660)
Security deposits		73,207,381	226,193,237
		198,005,929	188,609,907
		484,091,830	(1,316,450,679)
Profit paid on			
- Redeemable capital		(345,038,961)	(256,205,715)
- Murabaha finances		(25,970,450)	-
- Musharika finances		(24,310,223)	(14,889,611)
- Musharika term finances		(27,677,260)	-
		(422,996,894)	(271,095,326)
Net cash generated from / (used in) operating activities		61,094,936	(1,587,546,005)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Sukuk certificates		1,015,620	3,157,550
Fixed capital expenditure		(9,386,909)	(439,600)
Proceeds from disposal of fixed assets		857,850	4,000
Income on deposits with bank		15,336,782	22,490,737
Net cash generated from investing activities		7,823,343	25,212,687
CASH FLOWS FROM FINANCING ACTIVITIES			
Redeemable capital less repayments		996,026,580	1,137,809,644
Murabaha finances less repayments		(395,967,500)	530,967,500
Musharika term finance less repayments		379,383,940	-
Profit paid to certificate holders		(77,286,682)	(76,344,973)
Net cash generated from financing activities		902,156,338	1,592,432,171
Increase in cash and cash equivalents		971,074,617	30,098,853
Cash and cash equivalents at the beginning of year		(334,051,594)	(364,150,447)
Cash and cash equivalents at end of the year	35	637,023,023	(334,051,594)

The annexed notes 1 to 39 form an integral part of these financial statements.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive

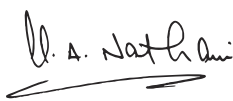

Najam Siddiqi
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2013

	Paid-up certificate capital	Reserves			Sub-total	Total
		Premium on issue of modaraba certificates	Statutory reserve	Unappro- priated profit		
----- Rupees -----						
Balance as at June 30, 2011	453,835,300	55,384,700	350,226,030	78,623,575	484,234,305	938,069,605
Profit distribution for the year ended June 30, 2011 @ Rs 1.725 per certificate	-	-	-	(78,286,589)	(78,286,589)	(78,286,589)
Total comprehensive income for the year ended June 30, 2012	-	-	-	100,911,413	100,911,413	100,911,413
Transfer to statutory reserve	-	-	20,182,283	(20,182,283)	-	-
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 1.750 per certificate	-	-	-	(79,421,178)	(79,421,178)	(79,421,178)
Total comprehensive income for the year ended June 30, 2013	-	-	-	121,294,467	121,294,467	121,294,467
Transfer to statutory reserve	-	-	24,258,893	(24,258,893)	-	-
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

The annexed notes 1 to 39 form an integral part of these financial statements.

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


Mohsin Ali Nathani
Chairman


Raheel Qamar Ahmad
Chief Executive


Najam Siddiqi
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 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 / Ijarah of plant, machinery, motor vehicles (both commercial and private) and 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, 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, Islamic Financial Accounting Standards (IFASs), Modaraba Companies and Modaraba Rules, 1981 and the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.1.3 New and amended standards and interpretations that are effective in the current year

The following amendments to approved accounting 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 have any significant impact on these financial statements as no amounts are currently reported under 'other comprehensive income'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

There are certain other new and amended standards and interpretations that have been published and are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or did not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

2.1.4 New and amended standards and interpretations that are not yet effective

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.

2.2 Applicability of International Accounting Standard (IAS) 17 'Leases' and Islamic Financial Accounting Standard (IFAS) 2 'Ijarah'

SECP vide its circular No. 10 of 2004 dated February 13, 2004 had deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effect from July 1, 2003 and advised the management companies of Modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of IAS 17 to the Modarabas. However, the requirements of IAS 17 were considered for the purpose of leasing transactions (net investment in finance lease - asset given on finance lease and liabilities against subject to finance lease - assets obtained on finance lease) entered into by the Modaraba upto June 30, 2008. From July 1, 2008, all new lease transactions (both for assets given and assets obtained) are being accounted for in accordance with the requirements of IFAS 2 as explained hereunder. As allowed by the SECP, lease transactions which are accounted for as finance lease in accordance with IAS 17 till June 30, 2008 continue to be accounted for as finance leases.

Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was adopted by the Securities and Exchange Commission of Pakistan (the SECP) vide SRO 431(1)/ 2007 dated May 5, 2007. During the year ended June 30, 2009, SECP vide its letter no. SC/M/RW/SC/2009 dated March 9, 2009, directed that the Modaraba Management Companies may apply the accounting treatment of IFAS-2, only to the leasing (Ijarah) transactions entered on or after July 1, 2008. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

- Muj`ir (lessors) shall present the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income shall be recognised as an expense.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

- 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.

Consequently, in preparation of these financial statements the Modaraba has accounted for leasing transactions executed before July 01, 2008 as finance leases consistent with prior years and has treated the leasing transactions executed on or after July 01, 2008 in accordance with the requirements of IFAS 2.

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. The management makes estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) estimates of residual values, useful lives and depreciation methods of fixed assets in own use and ijarah assets (notes 2.9, 9 and 10);
- ii) provision against non-performing leasing portfolio, investments, trade debts and other receivables (notes 2.5.1.4, 5, 7, 8 and 9.4); and
- iii) provision for taxation (note 2.11 and 26).

2.4 Cash and cash equivalents

Cash and cash equivalents include cash and balances with banks in current and deposit accounts, cash in hand, musharika finance and other short-term highly liquid investments with original maturities of three months or less.

2.5 Financial instruments

2.5.1 Financial assets

2.5.1.1 Classification

The management of the Modaraba determines the appropriate classification of financial assets in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement', at the time of acquisition of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which the financial assets are acquired. The financial assets of the Modaraba have been classified in the following categories:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

a) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Held-to-maturity investments

These are financial assets with fixed or determinable payments and fixed maturity with the Modaraba having positive intent and ability to hold to maturity.

2.5.1.2 Initial recognition and measurement

Financial assets are recognised at the time the Modaraba becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs.

2.5.1.3 Subsequent measurement

Subsequent to initial recognition, loans and receivables and held to maturity financial assets are carried at amortised cost.

2.5.1.4 Impairment (including provision for potential Ijarah losses and write offs)

The carrying amount of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the profit and loss account. For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

Provision for non-performing leases, if any, is made in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account in the current period. Outstanding balances in net investment in Ijarah finance are written off when there is no realistic prospect of recovery.

2.5.2 Financial liabilities

Financial liabilities are recognised at the time the Modaraba becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost. Financial liabilities are derecognised when the obligations under the liabilities are discharged or cancelled or expired. Financial liabilities include musharika finance, murabaha finance, redeemable capital, unclaimed profit distribution, creditors accrued and other liabilities.

2.5.3 Derecognition

Financial assets are derecognised at the time when the Modaraba loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled,

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

or expires. Any gain or loss arising on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.5.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2.6 Net investment in ijarah finance

Lease transactions entered into by the Modaraba prior to July 1, 2008 are accounted for as finance leases whereby assets under Ijarah arrangements are presented as receivable at an amount equal to the present value of the minimum Ijarah payments, including estimated residual value, if any. Unearned income i.e. excess of aggregate rentals over the cost of the asset is recorded at the inception of the Ijarah and is amortised over the term of the Ijarah so as to produce a constant rate of return on net investment in Ijarah. Allowances for non-performing leases are made in accordance with the Prudential Regulations for Modarabas.

2.7 Receivable from terminated / matured contracts

These are stated net of impairment loss. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Modarabas issued by the SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

2.8 Murabaha transactions

Under murabaha financing, funds disbursed for purchase of goods are recorded as 'advance for murabaha'. On culmination of murabaha i.e. sale of goods to customers, murabaha financings are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the reporting date are recorded as inventories.

2.9 Fixed assets

2.9.1 Tangible fixed assets

Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred.

Depreciation on all fixed assets is charged to income using the straight-line method in accordance with the rates specified in note 10 to these financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

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Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account, in the period in which these arise.

Ijarah assets

Assets leased out under Ijarah on or after July 1, 2008 are recorded as Ijarah assets and are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Depreciation is charged to income applying the straight line method whereby the cost of an asset less salvage value is written off over the lease period, which is considered to be the estimated useful life of the asset.

2.9.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably. Amortisation is charged to income using the straight line method in accordance with the rates specified in note 10 to these financial statements. The useful lives and amortisation method are reviewed and adjusted, as appropriate, at each reporting date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any.

Gain or loss on disposal of intangible assets, if any, is taken to the profit and loss account, in the period in which it arises.

2.9.3 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of tangible / intangible / Ijarah assets as and when the assets are available for intended use.

2.10 Loans, advances and other receivables

These are stated at cost less estimates made for doubtful receivables based on a review of all outstanding amounts at the reporting date. Balances considered bad and irrecoverable are written off when identified.

2.11 Taxation

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemption available, if any. The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits for the year as reduced by amount transferred to a mandatory reserve as required under the provisions of

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the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders. The Modaraba intends to continue availing the tax exemption by distributing at least 90% of its profits to the certificate holders each year.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date. However, the Modaraba has not recognised any amount in respect of deferred tax in these financial statements as the Modaraba intends to continue availing the tax exemption in future years by distributing at least 90% of its profits to its certificate holders every year.

2.12 Creditors, accrued and other liabilities

These are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services.

2.13 Provisions

Provisions are recognised when the Modaraba has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

2.14 Staff retirement benefits

The Modaraba operates:

- i) a recognised provident fund for all eligible employees; and
- ii) an approved funded defined contribution gratuity scheme for all permanent employees. Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme.

Contributions to the provident fund and gratuity fund are made at the rate of 10% and 8.33% respectively, of the basic salary of employees.

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FOR THE YEAR ENDED JUNE 30, 2013

Obligation for contribution to defined contribution plans are recognised as an employee benefit expense in the profit and loss account when these are due.

2.15 Revenue recognition

- The Modaraba follows the finance method for recognising income on Ijarah contracts commencing prior to July 1, 2008 and accounted for as finance leases. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals (including residual value) over the cost of the asset under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on receipt basis. Income on Ijarah is recognised from the date of delivering of the respective assets to the mustajir.
- For Ijarah arrangements commencing on or after July 1, 2008, Ijarah rentals are recognised as income on accrual basis, as and when rentals become due. In case of Ijarah arrangements with staggered rentals, the income is recognised on a straight line basis over the Ijarah term.
- Unrealised income in respect of non-performing Ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP.
- Documentation charges, front end fees and other Ijarah related income are taken to the profit and loss account when these are realised.
- Profit on Musharika arrangements is recognised under the effective mark-up rate method based on the amount outstanding.
- Income on murabaha finance is recognised using the finance method. Under this method, the deferred murabaha income i.e. the excess of aggregate murabaha instalments over the cost of the asset under murabaha facility is deferred and then amortised over the term of the murabaha, so as to produce a constant rate of return on murabaha finance. Documentation charges, front-end fee and other murabaha income are recognised as income on a receipt basis.
- Profit on diminishing musharika is recognised on an accrual basis.
- Profit on modaraba finance is recognised on the basis of pre-agreed profit / loss sharing ratio when actual gain / loss on transaction is computed upon termination / completion of transaction.
- Mark-up / return on deposits / investments is recognised on accrual basis using the effective profit rate method.
- Dividend income is recognised when the Modaraba's right to receive the dividend is established.
- Income from shariah non-compliant avenues is not recognised in the profit and loss account and is classified as charity payable.
- Other income is recognised on an accrual basis.

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FOR THE YEAR ENDED JUNE 30, 2013

2.16 Proposed profit distribution to certificate holders

Profit distribution to certificate holders is recognised as a liability in the period in which such distribution is announced.

2.17 Earnings per certificate

Earnings per certificate is calculated by dividing the profit after taxation for the year by the weighted average number of certificates outstanding during the year.

2.18 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Modaraba operates. The financial statements are presented in Pakistani Rupees, which is the Modaraba's functional and presentational currency.

2.19 Foreign currency transactions

Transactions in foreign currencies are converted into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rate of exchange prevailing at the reporting date. All exchange differences arising on translations are included in the profit and loss account currently.

2.20 Segment reporting

As per IFRS 8: "Operating Segments", segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer 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.

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	
3 CASH AND BANK BALANCES			
Balances with banks:			
- in current accounts	3.1	48,462,628	4,032,396
- in deposit accounts	3.2	438,545,620	6,262,212
Cash in hand		14,775	20,059
		487,023,023	10,314,667

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3.1 These include balance maintained with the Standard Chartered Bank (Pakistan) Limited (a related party) amounting to Rs 48.162 million (2012: Rs nil).

3.2 These include balances maintained with Standard Chartered Bank (Pakistan) Limited (a related party) amounting to Rs 67.600 million (2012: Rs 6.262 million) and carry profit at rates ranging between 6.00% and 8.50% (2012: 6%) per annum. The balances with banks in deposit accounts and Term Deposit Receipt (note 4) 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	June 30, 2013	June 30, 2012
----- Rupees -----			
4 TERM DEPOSIT RECEIPTS			
Term deposit receipts	4.1	150,000,000	<u>150,000,000</u>

4.1 This carries profit at the rate of 9.00% per annum (2012: between 10.50% and 10.90% 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.

5 IJARAH RENTALS RECEIVABLE

Ijarah rentals receivable - considered good		173,569,067	140,023,523
Less: allowance for potential Ijarah losses		(36,414,673)	(2,475,485)
Less: profit held in suspense		(15,452,388)	(2,445,250)
		<u>121,702,006</u>	<u>135,102,788</u>

6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loans and advances to employees		-	425,130
Advances to suppliers and others		131,640	63,000
Deposits		50,000	50,000
Prepayments		7,432,656	1,377,659
Accrued profit on sukuk certificates	6.1	-	-
Accrued profit on Term Deposits Receipts		3,822,901	963,798
Accrued profit on Diminishing Musharika	6.2	20,388,519	12,887,431
Advance against assets under Ijarah arrangements		127,299,677	219,841,700
Others		2,003,355	3,495,354
		<u>161,128,748</u>	<u>239,104,072</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

	June 30, 2013	June 30, 2012
	----- Rupees -----	
6.1 Accrued profit on sukuk certificates	37,250,258	30,854,550
Less: Profit held in suspense	(37,250,258)	(30,854,550)
	-	-
6.2 Accrued profit on Diminishing Musharika	25,468,549	19,122,123
Less: Profit held in suspense	(5,080,030)	(6,234,692)
	20,388,519	12,887,431

7 INVESTMENT IN SUKUK CERTIFICATES

Held-to-maturity investments

Investment in sukuk certificates	7.1	58,717,455	59,733,075
Less: Provision in respect of sukuk certificates	7.1.2 & 7.1.3	(51,743,491)	(51,946,615)
		6,973,964	7,786,460
Less: Current portion of investment in sukuk certificates		(1,015,620)	(1,015,620)
		5,958,344	6,770,840

7.1 Particulars of Investment in Sukuk Certificates

Name of the Investee Company	Number of certificates				Profit / mark-up rate	Terms	Redemption terms		Security	Principal amount outstanding as at June 30, 2013	Provision held as at June 30, 2013	Carrying amount as at June 30, 2013
	As at July 01, 2012	Purchases during the year	Sales during the year	As at June 30, 2013			Principal	Profit				
-----Rupees-----												

Sukuk certificates of Rs.5,000 each unless stated otherwise

Security Leasing Corporation Limited (SLCL)	5,000	-	-	5,000	-	10 years	note 7.1.1	note 7.1.1	First charge over specific leased assets and associated lease receivables with 25% security margin	8,717,455	(1,743,491)	6,973,964
Shahraj Fabrics (Private) Limited	10,000	-	-	10,000	11.52%	5 years	14 equal quarterly instalment beginning from 21st month from the date of disbursement	Semi-annually in arrears	First pari passu charge over all present and future plant and machinery of the Company, equivalent to the Facility amount with a 25% margin	50,000,000	(50,000,000)	-

7.1.1 On March 18, 2010, the terms of the redemption of principal outstanding balance and payment of profit thereon were restructured. Under the revised terms, principal redemptions were to commence from April 2010 in 48 equal monthly instalments payable in arrears, and profit was to be payable at the rate of 6% for the first eighteen months commencing from the date of restructuring and at the rate of 1 month KIBOR thereafter. The terms of the revised agreement were restructured once again with effect from March 19, 2011. Under the revised agreement, all future profit payments as per the first restructuring agreement were waived and the redemptions of the outstanding principal balance were continue to have as per the original restructuring agreement. During the year ended June 30, 2012, the terms of the agreement were revised for the third time whereby, the remaining principal would be paid in 120 equal monthly instalments commencing from February 19, 2012. Although SLCL has subsequently been paying the principal amounts on the due dates, a provision amounting to twenty percent of the outstanding principal has been made against the said investment as on June 30, 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

7.1.2 The principal payment against sukuk of Shahraj Fabrics (Private) Limited had been overdue since 2008 and accordingly classified under the 'loss' category of non-performing assets as per the requirements of the Prudential Regulations for Modarabas. Consequently, the management has retained a provision at the rate of 100 percent in respect of the said investment and has suspended the accrued profit upto June 30, 2013.

	Note	June 30, 2013	June 30, 2012
----- Rupees -----			
7.1.3 Movement in provision against sukuk certificates			
Opening balance		51,946,615	52,578,125
Reversal for the year		(203,124)	(631,510)
Closing balance		51,743,491	51,946,615
8 DIMINISHING MUSHARIKA			
Staff			
- Housing finance		33,591,635	39,800,642
- Others		1,610,832	-
	8.1 & 8.2	35,202,467	39,800,642
Others			
- Housing finance - Other individuals (including ex-employees)		368,708,898	213,621,600
- Others - corporate customers	8.4	1,128,550,462	922,932,146
Less: Provision in respect of Diminishing Musharika		(24,654,000)	(25,000,000)
		1,103,896,462	897,932,146
		1,507,807,827	1,151,354,388
Less: Current portion of Diminishing Musharika		(271,954,990)	(103,856,410)
		1,235,852,837	1,047,497,978
8.1 These represent finance provided to employees and officers of the Modaraba under diminishing musharika arrangement for renovation, construction and purchase of house and other consumer durables. These carry profit at rates ranging between 12.37% and 12.61% (2012: 14.92% and 15.02%) per annum and are repayable on monthly basis over a maximum period of 20 years (2012: 20 years).			
8.2 Reconciliation of carrying amounts of finance provided to employees and officers under diminishing musharika arrangement			
Opening balance		39,800,642	25,662,161
Disbursements during the year		3,826,200	14,691,953
Receipts during the year		(9,164,895)	(553,472)
Transfer to diminishing musharika - others		740,520	-
Closing balance		35,202,467	39,800,642
8.3 The maximum aggregate amounts due from officers and employees at the end of any month during the year was Rs 43.071 million (2012: Rs 39.846 million).			
8.4 This includes an amount of Rs 123.27 million due from a customer which was restructured and converted into a diminishing musharika facility. Under the revised terms, the customer is required to make principal payments in nineteen quarterly instalments commencing from August 10, 2012. Considering the financial position of the customer, the management has provided for the amount of outstanding principal by 20 percent.			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

	Note	June 30, 2013	June 30, 2012
----- Rupees -----			
9 IJARAH FINANCE			
Ijarah contracts commencing on or after July 1, 2008 - accounted for under IFAS 2	9.1	4,374,496,928	4,334,720,195
Ijarah contracts prior to July 1, 2008 - accounted for as finance leases	9.2	7,244,170	85,193,664
Less: Current portion of net investment in ijarah finance	9.2	(7,244,170)	(85,045,163)
		-	148,501

9.1 Assets under ijarah arrangements

The following is a statement of Ijarah assets:

----- Year ended June 30, 2013 -----			
Ijarah assets			
	Plant, machinery and equipment	Motor vehicles	Total
----- Rupees -----			
At July 01, 2012			
Cost	3,444,641,380	2,785,854,302	6,230,495,682
Accumulated depreciation	(1,028,663,358)	(863,980,876)	(1,892,644,234)
Impairment against Ijarah assets	(3,131,253)	-	(3,131,253)
Net book value	2,412,846,769	1,921,873,426	4,334,720,195
Additions	935,322,258	1,181,129,607	2,116,451,865
Disposals			
Cost	(811,393,767)	(517,159,510)	(1,328,553,277)
Depreciation	486,822,866	303,221,639	790,044,505
	(324,570,901)	(213,937,871)	(538,508,772)
Depreciation charge for the year	(812,109,536)	(726,056,824)	(1,538,166,360)
Closing net book value	2,211,488,590	2,163,008,338	4,374,496,928
At June 30, 2013			
Cost	3,568,569,871	3,449,824,399	7,018,394,270
Accumulated depreciation	(1,353,950,028)	(1,286,816,061)	(2,640,766,089)
Impairment against Ijarah assets	(3,131,253)	-	(3,131,253)
Net book value	2,211,488,590	2,163,008,338	4,374,496,928
----- Year ended June 30, 2012 -----			
Ijarah assets			
	Plant, machinery and equipment	Motor vehicles	Total
----- Rupees -----			
At July 01, 2011			
Cost	2,167,987,950	1,966,688,576	4,134,676,526
Accumulated depreciation	(599,109,813)	(566,767,600)	(1,165,877,413)
Impairment against Ijarah assets	(3,131,253)	-	(3,131,253)
Net book value	1,565,746,884	1,399,920,976	2,965,667,860
Additions	1,483,683,964	1,303,246,969	2,786,930,933
Disposals			
Cost	(207,030,534)	(484,081,243)	(691,111,777)
Depreciation	138,057,961	289,333,187	427,391,148
	(68,972,573)	(194,748,056)	(263,720,629)
Depreciation charge for the year	(567,611,506)	(586,546,463)	(1,154,157,969)
Closing net book value	2,412,846,769	1,921,873,426	4,334,720,195
At June 30, 2012			
Cost	3,444,641,380	2,785,854,302	6,230,495,682
Accumulated depreciation	(1,028,663,358)	(863,980,876)	(1,892,644,234)
Impairment against Ijarah assets	(3,131,253)	-	(3,131,253)
Net book value	2,412,846,769	1,921,873,426	4,334,720,195

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

9.2 Net investment in ijarah finance

Note	As at June 30, 2013			As at June 30, 2012		
	Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
	----- Rupees -----					
Minimum ijarah payments receivable	2,257,685	-	2,257,685	43,253,957	158,847	43,412,804
Add: Residual value	5,343,646	-	5,343,646	45,011,610	-	45,011,610
Gross investment in Ijarah finance	7,601,331	-	7,601,331	88,265,567	158,847	88,424,414
Less: Unearned finance income	116	-	116	3,220,404	10,346	3,230,750
Allowance for potential Ijarah losses	226,889	-	226,889	-	-	-
Suspended income	130,156	-	130,156	-	-	-
Net Investment in Ijarah finance	7,244,170	-	7,244,170	85,045,163	148,501	85,193,664

9.3 The Modaraba has entered into various Ijarah agreements for periods ranging from 2 to 6 years (2012: 3 to 6 years). Security deposits ranging between 0% and 50% (2012: 0% and 65%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 10.19% and 21% (2012: 13.19% and 21%) per annum.

9.4 Allowance for potential Ijarah losses

	June 30, 2013			June 30, 2012		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----					
Opening balance	-	-	-	130,540	-	130,540
Charge for the year	226,889	-	226,889	-	-	-
Reversal during the year	-	-	-	(130,540)	-	(130,540)
Closing balance	226,889	-	226,889	-	-	-

9.4.1 As at June 30, 2013, Ijarahs with outstanding principal amounting to Rs 1.134 million (2012: Rs nil) have been classified as non-performing as per the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan.

9.5 Suspended income - net investment in ijarah finance

	June 30, 2013	June 30, 2012
	----- Rupees -----	
Balance at beginning of the year	-	5,140
Income suspended during the year	130,156	-
Reversals during the year	-	(5,140)
	130,156	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

9.6 Contractual rentals receivable - Ijarah contracts commencing on or after July 1, 2008

	As at June 30, 2013				As at June 30, 2012			
	Not later than one year	Later than one and not later than five years	Later than five years	Total	Not later than one year	Later than one and not later than five years	Later than five years	Total
	-----Rupees-----							
Rentals receivable	2,047,786,124	2,736,205,332	436,693	4,784,428,149	1,907,042,566	3,224,511,717	450,328	5,132,004,611
Residual value	177,323,509	746,662,779	-	923,986,288	65,292,442	722,678,125	-	787,970,567
Total future Ijarah payments receivable	2,225,109,633	3,482,868,111	436,693	5,708,414,437	1,972,335,008	3,947,189,842	450,328	5,919,975,178

10 FIXED ASSETS IN OWN USE

	Note	June 30, 2013	June 30, 2012
		-----Rupees-----	
Tangible assets	10.1	993,974	1,064,662
Intangible assets	10.1	280,000	581,580
Capital work-in-progress	10.3	8,766,491	-
		10,040,465	1,646,242

10.1 The following is a statement of tangible and intangible assets:

	----- Year ended June 30, 2013 -----				
	Tangible assets			Total	Intangible assets
	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles		Computer software
	----- Rupees -----				
At July 01, 2012					
Cost	1,589,442	5,614,298	879,000	8,082,740	3,354,389
Accumulated depreciation / amortisation	(1,171,116)	(4,967,962)	(879,000)	(7,018,078)	(2,772,809)
Net book value	418,326	646,336	-	1,064,662	581,580
Additions	-	187,500	353,500	541,000	79,418
Disposals					
Cost	-	-	(879,000)	(879,000)	-
Depreciation / amortisation	-	-	879,000	879,000	-
	-	-	-	-	-
Depreciation / amortisation charge for the year	(234,712)	(308,243)	(68,733)	(611,688)	(380,998)
Closing net book value	183,614	525,593	284,767	993,974	280,000
At June 30, 2013					
Cost	1,589,442	5,801,798	353,500	7,744,740	3,433,807
Accumulated depreciation / amortisation	(1,405,828)	(5,276,205)	(68,733)	(6,750,766)	(3,153,807)
Net book value	183,614	525,593	284,767	993,974	280,000
Depreciation / amortisation rate (% per annum)	33.33	20 and 33.33	33.33		33.33

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

----- Year ended June 30, 2012 -----					
	Tangible assets			Total	Intangible assets
	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles		Computer software
----- Rupees -----					
At July 01, 2011					
Cost	1,564,442	5,358,698	879,000	7,802,140	3,354,389
Accumulated depreciation / amortisation	(927,625)	(4,603,182)	(879,000)	(6,409,807)	(2,404,824)
Net book value	636,817	755,516	-	1,392,333	949,565
Additions	50,000	389,600	-	439,600	-
Disposals					
Cost	(25,000)	(134,000)	-	(159,000)	-
Depreciation / amortisation	25,000	134,000	-	159,000	-
	-	-	-	-	-
Depreciation / amortisation charge for the year	(268,491)	(498,780)	-	(767,271)	(367,985)
Closing net book value	418,326	646,336	-	1,064,662	581,580
At June 30, 2012					
Cost	1,589,442	5,614,298	879,000	8,082,740	3,354,389
Accumulated depreciation / amortisation	(1,171,116)	(4,967,962)	(879,000)	(7,018,078)	(2,772,809)
Net book value	418,326	646,336	-	1,064,662	581,580
Depreciation / amortisation rate (% per annum)	33.33	20 and 33.33	33.33		33.33

10.2 During the year ended June 30, 2013 and 2012, there were no disposals of fixed assets having net book value exceeding Rs 50,000 individually.

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

	Note	June 30, 2013	June 30, 2012
----- Rupees -----			
11 MUSHARIKA FINANCE			

Musharika with an associated undertaking - secured	11.1	-	494,366,261
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11.1 The total facility for musharika finance available from Standard Chartered Bank (Pakistan) Limited amounts to Rs 800 million (2012: Rs 800 million). The share of profit payable on this facility ranged between Re 0.2839 and Re 0.3555 (2012: Re 0.3536 to Re 0.3982) per rupee one thousand per day. The facility is secured against hypothecation over moveable leased out assets of the Modaraba.

12 MURABAHA FINANCE

Murabaha with other banks - secured

Murabaha payable - gross	141,531,041	556,937,952
Less: Deferred murabaha expense	(2,830,118)	(25,528,078)
Murabaha profit payable shown in other liabilities	(3,700,923)	(442,374)
	135,000,000	530,967,500

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

- 12.1** The total facility for murabaha finance available from Bank Islami Limited and Meezan Bank Limited amounts to Rs nil (2012: Rs 500 million) and Rs 1,000 million (2012: Rs 1,000 million) respectively. The rate of profit margin on this facility is Re 0.2688 (2012: Re 0.3373 to Re 0.3395) per rupee one thousand per day. These facilities are secured against hypothecation over the moveable leased out assets of the Modaraba.

	Note	June 30, 2013	June 30, 2012
----- Rupees -----			
13 MUSHARIKA TERM FINANCE			
Musharika with:			
- an associated undertaking - secured	13.1	340,000,000	-
- others	13.2	39,383,940	-
		379,383,940	-
Less: Current portion of musharika finance		279,383,940	-
		100,000,000	-

- 13.1** This facility was obtained from Standard Chartered Bank (Pakistan) Limited amounting to Rs 1,000 million (2012: Rs nil) and is 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 was disbursed on October 25, 2012 and eight monthly repayments have already been made as per the terms of the arrangement. The estimated share of profit payable on this facility ranges between Re 0.2578 to Re 0.2748 per rupee one thousand per day. The facility is secured by way of first pari passu charge over the fixed assets of the Modaraba.

- 13.2** This facility has been obtained from BankIslami Pakistan Limited on June 27, 2013 and is secured against specific assets and receivables of the Modaraba with 25% margin against exposure. Payments are to be made in twelve monthly instalments with the first instalment falling due on July 27, 2013. The estimated share of profit payable on this facility is Re 0.2600 per rupee one thousand per day.

14 SECURITY DEPOSITS

	As on June 30, 2013			As on June 30, 2012		
	Finance lease	Ijarah	Total	Finance lease	Ijarah	Total
----- Rupees -----						
Security deposits (note 14.1)	3,242,656	763,228,012	766,470,668	30,224,205	663,039,082	693,263,287
Less: Repayable / adjustable after one year	-	608,607,850	608,607,850	-	621,275,125	621,275,125
Current portion	3,242,656	154,620,162	157,862,818	30,224,205	41,763,957	71,988,162

- 14.1** This represents amounts received under Ijarah finance repayable / adjustable at the expiry of the lease period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	
15 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Management Company's Remuneration payable		10,599,907	11,441,203
Profit payable on:			
- Redeemable capital		94,726,687	109,515,614
- Musharika finances		2,704,084	7,858,565
- Musharika term finances		473,651	-
- Murabaha finances		3,700,923	442,374
Accrued expenses		13,184,814	9,384,364
Amounts refundable to lessees	15.2	75,172,403	74,428,998
Amount received against Certificates of Musharika		86,796,300	-
Penalty payable to charity		7,032,347	4,549,720
Others		30,461,295	4,101,446
		324,852,411	221,722,284

15.1 Amounts due to associated undertakings at June 30, 2013 aggregated to Rs 14.181 million (2012: Rs 19.300 million).

15.2 This includes Rs 12.595 million (2012: Rs 3.815 million) on account of termination charges received from musta'jir (lessees) as the termination process was completed subsequent to the reporting date. This also includes Rs 14.934 million (2012: Rs 14.934 million) refundable to Ijarah customers in respect of withholding tax deposited by the customers pertaining to Ijarah vehicles. The amount will be refunded only if the Modaraba receives the refund from the tax department.

16 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED

Musharika deposits		-	321,918,420
Certificates of Musharika	16.1	4,159,475,000	2,841,530,000
		4,159,475,000	3,163,448,420
Less: Current portion of redeemable capital		4,132,265,000	3,094,473,420
		27,210,000	68,975,000

16.1 These carried estimated share of profit payable ranging between Re 0.2041 to Re 0.4247 (2012: Re 0.1986 to Re 0.4247) per thousand per day and are due to mature latest by November 27, 2014 (2012: June 15, 2014).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

17 CERTIFICATE CAPITAL

Authorised certificate capital

June 30, 2013	June 30, 2012		June 30, 2013	June 30, 2012
Number of certificates			----- Rupees -----	
50,000,000	50,000,000	Modaraba certificates of Rs 10 each	500,000,000	500,000,000
Issued, subscribed and paid-up capital				
28,500,000	28,500,000	Modaraba certificates of Rs 10 each fully paid in cash	285,000,000	285,000,000
16,883,530	16,883,530	Modaraba certificates of Rs 10 each issued as fully paid bonus certificates	168,835,300	168,835,300
45,383,530	45,383,530		453,835,300	453,835,300

17.1 As at June 30, 2013, Standard Chartered Services of Pakistan (Private) Limited (the Management Company) and Standard Chartered Bank (Pakistan) Limited held 4,538,353 (2012: 4,538,353) and 4,538,353 (2012: 4,538,353) certificates of Rs 10 each respectively.

18 RESERVES

Reserves include statutory reserve which represents profits set aside by the Modaraba to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the current year, the Modaraba has transferred an amount of Rs 24.259 million (2012: Rs 20.182 million) which represents 20% (2012: 20%) of the profit after taxation for the year.

19 CONTINGENCIES AND COMMITMENTS

19.1 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 letter of credit 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 Rs 700 million, the enhanced amount incorporated the said facility as a sublimit of the revised agreement. The Modaraba's share out of the working capital line was Rs 39.340 million which was to be provided in the shape of letter of credit and Ijarah finance. The letters of credit (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 22.988 million as at June 30, 2013.

The Modaraba has issued letters of comfort to The Bank of Punjab equal to an amount of Rs 7.517 million on behalf of Tariq Glass Industries Limited and to Habib Metropolitan Bank Limited for an amount of Rs 24 million on behalf of Ahmed Oriental Textile Mills Limited.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

19.2 Commitments

There were no commitments as at June 30, 2013 and June 30, 2012.

	Note	June 30, 2013	June 30, 2012
----- Rupees -----			
20 FINANCIAL CHARGES			
Profit on redeemable capital		330,250,034	307,165,642
Profit on Musharika term finance		28,150,911	-
Profit on Musharika finance		19,155,742	16,304,571
Profit on Murabaha finances		29,228,999	442,374
Bank commission and charges		29,629,819	24,352,236
Others		2,531,328	-
		438,946,833	348,264,823
21 OTHER INCOME			
Profit on disposal of Ijarah assets		29,820,742	13,374,827
Gain on premature termination of Ijarah		157,913	575,545
Documentation fee		3,837,852	10,521,059
Gain on disposal of fixed assets in own use		857,850	4,000
Others		8,014,848	5,661,259
		42,689,205	30,136,690
22 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and other staff benefits	22.2 & 28	61,612,616	50,010,500
Depreciation on fixed assets in own use	10	992,686	1,135,256
Advertising, travelling and entertainment		1,567,483	2,114,554
Postage		1,217,271	696,868
Telecommunication		333,086	271,402
Printing and stationery		1,928,894	1,677,418
Legal and professional		3,828,811	2,486,296
Repairs and maintenance		2,492,774	1,911,002
Charges by associated undertakings	22.1	5,366,136	3,635,388
Subscriptions		779,665	655,482
Auditors' remuneration	22.3	825,000	705,000
Certificate of Musharika trustee fee		878,024	629,826
Insurance - own assets		133,119	58,095
Sundry expenses		526,967	1,335,100
		82,482,532	67,322,187

22.1 Office space and related expenditure are borne by Standard Chartered Services of Pakistan (Private) Limited.

22.2 Salaries and other staff benefits include Rs 2.195 million and Rs 1.827 million (2012: Rs 1.875 million and Rs 1.558 million) on account of the Modaraba's contribution to the staff provident fund and staff gratuity fund respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

	June 30, 2013	June 30, 2012
	----- Rupees -----	
22.3 Auditors' remuneration		
Statutory audit fee	525,000	450,000
Half yearly review fee	150,000	120,000
Review of compliance with the best practices of the Code of Corporate Governance	50,000	50,000
Other certifications	40,000	30,000
Out of pocket expenses	60,000	55,000
	825,000	705,000

23 MODARABA MANAGEMENT COMPANY'S REMUNERATION

The Modaraba Management Company is entitled to a remuneration for services rendered to the Moradabad under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the year ended June 2013 has been recognised at 10% (2012: 10%) of the profit for the year before charging such remuneration.

24 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 dated April 22, 2013, the Modaraba has recorded a provision in respect of sindh sales tax on modaraba management company's remuneration at the rate of 16% per annum with effect from November 1, 2011 during the current year. The Management Company has filed an appeal before Appellate Tribunal Sindh Revenue Board against this order.

25 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.

26 TAXATION

The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate holders. As the Management Company of the Modaraba, subsequent to the year end, has approved the required distribution as detailed in note 37, no provision for taxation has been made in these financial statements during the current year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

27 EARNINGS PER CERTIFICATE - BASIC AND DILUTED	June 30, 2013	June 30, 2012
	----- Rupees -----	
Basic		
Profit for the year after taxation	121,294,467	100,911,413
	Number	Number
Weighted average number of certificates outstanding during the year	45,383,530	45,383,530
	----- Rupees -----	
Earnings per certificate	2.67	2.22

Diluted

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at June 30, 2013 and 2012 which would have any effect on the earnings per certificate if the option to convert is exercised.

28 REMUNERATION OF OFFICERS

Remuneration and staff retirement benefits	59,800,008	48,944,703
Medical expenses	655,459	255,182
Other benefits	1,157,149	810,615
	61,612,616	50,010,500
	Number	Number
Number of employees at the end of the year	30	27

29 FINANCIAL RISK MANAGEMENT

The activities of the Modaraba expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Board of Directors of the Management Company has the overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

29.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risks: currency risk, profit rate risk and other price risk.

29.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

29.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market profit rates. The Modaraba has adopted appropriate policies to minimise its exposure to this risk. The profit rate profile of the Modaraba's significant profit bearing financial instruments and the periods in which these will mature are as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

As at June 30, 2013

Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit risk	
								Rupees
Financial assets								
Cash and bank balances	6.00% - 8.50%	487,023,023	438,545,620	-	-	-	-	48,477,403
Term deposit receipts	9.00%	150,000,000	-	150,000,000	-	-	-	-
Ijarah rentals receivable	-	121,702,006	-	-	-	-	-	121,702,006
Advances, deposits and other receivables	-	153,564,452	127,299,677	-	-	-	-	26,264,775
Diminishing musharika	10.05% - 12.61%	1,507,807,827	15,465,646	50,438,042	206,051,302	842,382,547	393,470,290	-
Investment in sukuk certificates	0% - 14.13%	6,973,964	84,635	169,270	761,715	4,062,480	1,895,864	-
Total		2,427,071,272	581,395,578	200,607,312	206,813,017	846,445,027	395,366,154	196,444,184
Financial liabilities								
Murabaha finance	12.31% - 12.39%	135,000,000	-	135,000,000	-	-	-	-
Musharika term finance	9.49% to 9.51%	379,383,940	23,281,995	46,563,990	209,537,955	100,000,000	-	-
Security deposits	-	766,470,668	-	-	-	-	-	766,470,668
Creditors, accrued and other liabilities	-	314,543,059	-	-	-	-	-	314,543,059
Redeemable capital	7.45% - 15.5%	4,159,475,000	454,780,000	631,740,000	3,045,745,000	27,210,000	-	-
Total		5,754,872,667	478,061,995	813,303,990	3,255,282,955	127,210,000	-	1,081,013,727
Total yield / profit risk sensitivity gap			103,333,583	(612,696,678)	(3,048,469,938)	719,235,027	395,366,154	
Cumulative yield / profit risk sensitivity gap			103,333,583	(509,363,095)	(3,557,833,033)	(2,838,598,006)	(2,443,231,852)	

As at June 30, 2012

Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit risk	
								Rupees
Financial assets								
Cash and bank balances	6.00%	10,314,667	6,262,212	-	-	-	-	4,052,455
Term deposit receipts	10.50% - 10.90%	150,000,000	-	150,000,000	-	-	-	-
Ijarah rentals receivable	-	135,102,788	-	-	-	-	-	135,102,788
Advances, deposits and other receivables	2%	237,978,803	220,266,830	-	-	315,390	-	17,396,583
Diminishing musharika	14.92% - 15.02%	1,151,354,388	7,997,331	10,504,070	85,348,609	818,660,469	228,843,909	-
Investment in sukuk certificates	0% - 14.13%	7,786,460	84,635	169,270	761,715	4,062,480	2,708,360	-
Net investment in ijarah finance	13.52% - 17%	85,193,664	25,061,512	899,714	59,083,937	148,501	-	-
Total		1,692,537,106	234,611,008	160,673,340	86,110,324	823,038,339	231,552,269	156,551,826
Financial liabilities								
Musharika finance	12.91% - 14.54%	494,366,261	-	494,366,261	-	-	-	-
Murabaha finance	12.31% - 12.39%	530,967,500	-	230,967,500	300,000,000	-	-	-
Security deposits	-	693,263,287	-	-	-	-	-	693,263,287
Creditors, accrued and other liabilities	-	221,722,284	-	-	-	-	-	221,722,284
Unclaimed profit distribution	-	25,476,612	-	-	-	-	-	25,476,612
Redeemable capital	7.25% - 15.5%	3,163,448,420	490,499,230	491,474,470	2,112,499,720	68,975,000	-	-
Total		5,129,244,364	490,499,230	1,216,808,231	2,412,499,720	68,975,000	-	940,462,183
Total yield / profit risk sensitivity gap			(255,888,222)	(1,056,134,891)	(2,326,389,396)	754,063,339	231,552,269	
Cumulative yield / profit risk sensitivity gap			(255,888,222)	(1,312,023,113)	(3,638,412,509)	(2,884,349,170)	(2,652,796,901)	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in profit rates at the reporting date would have increased / (decreased) profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The cash flow sensitivity analysis has been performed on the same basis as for 2012.

	As at June 30, 2013		As at June 30, 2012	
	Profit and loss 100 bp		Profit and loss 100 bp	
	Increase	Decrease	Increase	Decrease
	----- Rupees -----		----- Rupees -----	
Variable rate financial assets	54,835,275	(54,835,275)	44,964,486	(44,964,486)
Variable rate financial liabilities	(43,245,846)	43,245,846	(29,163,898)	29,163,898
Net effect	11,589,429	(11,589,429)	15,800,588	(15,800,588)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Modaraba.

29.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Modaraba is not exposed to equity securities price risk as the Modaraba does not hold any equity securities as at June 30, 2013.

29.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is generally limited to principal amounts and accrued profit thereon, if any. The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Prudential Regulations for Modarabas issued by the SECP.

As at June 30, 2013 there were no financial assets which have been pledged as collateral for liabilities or contingent liabilities of the Modaraba.

Outstanding amount of the Modaraba's net investment in Ijarah finance are secured against leased assets. In a few Ijarahs, additional collateral is also obtained in the form of mortgages of property. The Modaraba is entitled to repossess and sell these assets in case of default by the customers. During the current year, the Modaraba has not repossessed any assets.

A reconciliation of provision made during the year in respect of financial assets is given in note 7.1.3 and note 9.4 to these financial statements.

The maximum exposure to credit risk, by class of financial instruments at the end of the reporting period without taking into account any collateral held or other credit enhancement is given in note 29.1.2 except for cash in hand of Rs 14,775 (2011: Rs 20,059).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

The analysis below summarises the credit quality of the Modaraba's bank balances and sukuks:

	June 30, 2013	June 30, 2012
	----- Rupees -----	
Bank balances		
AAA	115,801,258	6,337,352
AA+	370,945,318	3,747,256
AA	257,610	150,000
A	4,062	60,000
Term deposit receipts		
AA+	150,000,000	150,000,000
Sukuk certificates		
Un-rated	58,717,455	59,733,075

An analysis of the age of significant financial assets that are past due but not impaired are as under:

	As at June 30, 2013		As at June 30, 2012	
	Total outstanding amount	Payment overdue (in days)	Total outstanding amount	Payment overdue (in days)
	----- Rupees -----		----- Rupees -----	
Net investment in Ijarah finance	965,648	1-179 days	5,890,471	1-179 days
Ijarah rentals receivable	59,804,943	1-179 days	44,513,007	1-179 days

29.2.1 An analysis of the financial assets that are individually impaired as per the requirements of the Prudential Regulations for Modarabas are as under:

	As at June 30, 2013				
	OAEM	Substandard	Doubtful	Loss	Total
	----- Rupees -----				
Ijarah rentals receivable	-	1,134,443	70,724,346	4,416,355	76,275,144
Diminishing Musharika	-	123,270,002	-	-	123,270,002
Sukuk Certificates	-	8,717,455	-	50,000,000	58,717,455
	As at June 30, 2012				
	OAEM	Substandard	Doubtful	Loss	Total
	----- Rupees -----				
Ijarah rentals receivable	-	7,114,925	-	4,416,355	11,531,280
Diminishing Musharika	-	125,000,000	-	-	125,000,000
Sukuk Certificates	-	9,733,075	-	50,000,000	59,733,075

29.2.2 The Modaraba manages credit risks and its concentration through diversification of activities to avoid undue concentration of risk with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for individuals and industrial sectors.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

Details of the industrial sector analysis of investment portfolio are as follows:

Sectors	2013		2012	
	(Rupees)	%	(Rupees)	%
Confectionery	199,970,450	3.84%	266,023,763	5.36%
FMCG/Food and Allied	136,613,631	2.62%	193,418,862	3.89%
Services	143,668,749	2.76%	158,138,215	3.18%
Fertilizers	183,415,346	3.52%	238,453,359	4.80%
Chemicals	361,760,056	6.94%	340,319,637	6.85%
Sugar	405,962,492	7.79%	356,579,808	7.18%
Bottlers	160,872,599	3.09%	210,885,291	4.25%
Communication	121,035,133	2.32%	226,583,596	4.56%
Textile	511,432,580	9.82%	436,665,248	8.79%
Travel, transport, storage	375,366,681	7.20%	238,102,127	4.79%
Printing, publishing and packages	741	0.00%	142,278,964	2.87%
Individuals	570,688,310	10.95%	379,996,302	7.65%
Automobile	120,486,190	2.31%	185,812,630	3.74%
Others	122,316,861	2.35%	54,198,904	1.09%
Financial institutions	225,087,200	4.32%	226,703,370	4.57%
Power, energy, water	469,343,055	9.01%	409,238,229	8.24%
Gas	7,316,847	0.14%	11,188,832	0.23%
Pharmaceuticals	67,493,821	1.30%	83,576,053	1.68%
Steel	41,541,303	0.80%	53,262,948	1.07%
Engineering	53,779,436	1.03%	64,042,174	1.29%
Plastic	160,823,333	3.09%	146,757,590	2.96%
Cement	25,000,000	0.48%	42,572,916	0.86%
Builders / Construction	3,172,722	0.06%	14,241,058	0.29%
Dairy, Farming and Allied	124,363,227	2.39%	126,483,879	2.55%
Leather / Tyre and Rubber	217,717,893	4.18%	208,591,872	4.20%
Poultry / Poultry Feeds	282,857,871	5.43%	21,789,997	0.44%
Petroleum and Allied	117,851,483	2.26%	129,963,664	2.62%
	5,209,938,010	100.00%	4,965,869,288	100.00%

	Note	2013	2012
		----- Rupees -----	
Investment in ijarah finance / assets under ijarah arrangements		4,381,741,098	4,419,913,859
Less: Security deposits held	14	(766,470,668)	(693,263,287)
Add: Impairment against ijarah assets	9.1	3,131,253	3,131,253
Add: Allowance for potential ijarah losses	9.4	226,889	-
Add: Mark-up held in suspense	9.5	130,156	-
		3,618,758,728	3,729,781,825
Investment in Sukuk certificates	7	58,717,455	59,733,075
Investment in Diminishing Musharika other than staff housing	8	1,507,807,827	1,151,354,388
Add: provision for doubtful receipts		24,654,000	25,000,000
		1,532,461,827	1,176,354,388
		5,209,938,010	4,965,869,288

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

29.3 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The maturity profile of the Modaraba's financial liabilities based on contractual maturities is disclosed in note 29.1.2 to these financial statements.

30 FINANCIAL INSTRUMENTS BY CATEGORY

	----- As at June 30, 2013 -----		
	Loans and receivables	Held to maturity	Total
	----- Rupees -----		
ASSETS			
Cash and bank balances	487,023,023	-	487,023,023
Term deposit receipts	150,000,000	-	150,000,000
Ijarah rentals receivable	121,702,006	-	121,702,006
Advances, deposits and other receivables	153,564,452	-	153,564,452
Diminishing musharika	1,507,807,827	-	1,507,807,827
Investment in sukuk certificates	-	6,973,964	6,973,964
	<u>2,420,097,308</u>	<u>6,973,964</u>	<u>2,427,071,272</u>
	----- As at June 30, 2013 -----		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	----- Rupees -----		
LIABILITIES			
Murabaha finance	-	135,000,000	135,000,000
Musharika term finance	-	379,383,940	379,383,940
Security deposits	-	766,470,668	766,470,668
Creditors, accrued and other liabilities	-	314,543,059	314,543,059
Redeemable capital	-	4,159,475,000	4,159,475,000
	<u>-</u>	<u>5,754,872,667</u>	<u>5,754,872,667</u>
	----- As at June 30, 2012 -----		
	Loans and receivables	Held to maturity	Total
	----- Rupees -----		
Cash and bank balances	10,314,667	-	10,314,667
Term deposit receipts	150,000,000	-	150,000,000
Ijarah rentals receivable	135,102,788	-	135,102,788
Advances, deposits and other receivables	237,978,803	-	237,978,803
Diminishing musharika	1,151,354,388	-	1,151,354,388
Investment in sukuk certificates	-	7,786,460	7,786,460
	<u>1,684,750,646</u>	<u>7,786,460</u>	<u>1,692,537,106</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

	----- As at June 30, 2012 -----		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
LIABILITIES	----- Rupees -----		
Musharika finance	-	494,366,261	494,366,261
Murabaha finance	-	530,967,500	530,967,500
Security deposits	-	693,263,287	693,263,287
Creditors, accrued and other liabilities	-	221,722,284	221,722,284
Redeemable capital	-	3,163,448,420	3,163,448,420
Unclaimed profit distribution	-	25,476,612	25,476,612
	-	5,129,244,364	5,129,244,364

31 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

As on June 30, 2013 and 2012, the carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

International Financial Reporting Standard 7, 'Financial Instruments: Disclosure' requires the Modaraba to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Presently, the modaraba does not have any instruments which fall in the fair value hierarchy.

32 CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for certificate holders and benefits for other stakeholders and to maintain an optimal capital structure so as to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profits / distributions paid to certificate holders, issue new certificates or sell assets to reduce debt.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

Consistent with others in the industry, the Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Certificates of Musharika, Musharika Finance, Murabaha Finance and borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2013	2012
	----- Rupees -----	
Total borrowings	4,673,858,940	4,188,782,181
Less: cash and bank balances	487,023,023	10,314,667
Net debt	4,186,835,917	4,178,467,514
Total equity	1,002,567,718	960,694,429
Total capital	5,189,403,635	5,139,161,943
Gearing ratio	80.7%	81.3%

33 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 also has a diversified certificate holder population. As at June 30, 2013, there were only three (June 30, 2012: three) certificate holders who each held more than 10% of the Modaraba's certificate capital. Their holdings were 10%, 10% and 10% (June 30, 2012: 10%, 10% and 11.24%) respectively.

34 RELATED PARTY TRANSACTIONS

The related parties of the Modaraba comprise of the management company and holding company of its fellow subsidiary, 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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

	June 30, 2013	June 30, 2012
	----- Rupees -----	
Standard Chartered Bank (Pakistan) Limited - Holding company of the Management Company		
Profit on Musharika finance	19,155,742	16,304,571
Profit on Musharika term finance	28,120,192	-
Profit on deposit account	875,067	4,352,433
Bank charges and commission	29,629,819	24,352,236
Charge for reimbursement of miscellaneous expenses	5,366,136	3,635,388
Staff retirement benefits funds		
Contribution to the staff provident fund	2,194,627	1,874,784
Contribution to the staff gratuity fund	1,826,723	1,558,149
Standard Chartered Services of Pakistan (Private) Limited - Management Company		
Management Remuneration	14,139,170	11,441,203
Other related parties		
Reimbursement of salaries and benefits	-	2,869,313
Key management personnel remuneration		
Salaries and benefits	27,946,363	24,019,883
Contributions to staff provident fund	1,132,206	859,288
Contributions to the staff gratuity fund	865,906	715,772
Number of persons	9	7

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

35 CASH AND CASH EQUIVALENTS

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

	Note	June 30, 2013	June 30, 2012
		----- Rupees -----	
Cash and bank balances	3	487,023,023	10,314,667
Term deposit receipts	4	150,000,000	150,000,000
Musharika finance	11	-	(494,366,261)
		637,023,023	(334,051,594)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

37 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in their meeting held on September 16, 2013 approved a cash distribution of Rs 2.0 (2012: Rs 1.750) per certificate. The financial statements of the Modaraba for the year ended June 30, 2013 do not include the effect of this distribution which will be accounted for in the financial statements of the Modaraba for the year ending June 30, 2014.

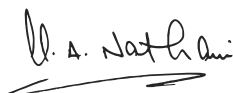
38 DATE OF AUTHORISATION

These financial statements were authorised for issue on September 16, 2013 by the Board of Directors of the Management Company.

39 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

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



Mohsin Ali Nathani
Chairman



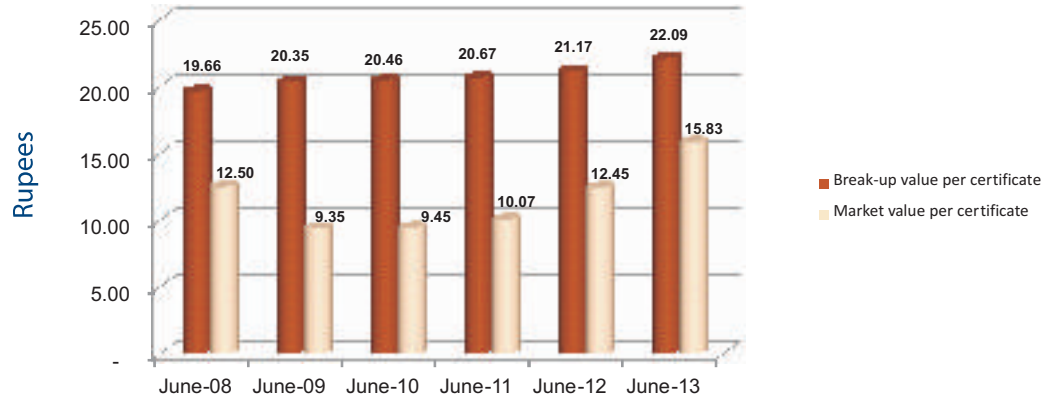
Raheel Qamar Ahmad
Chief Executive



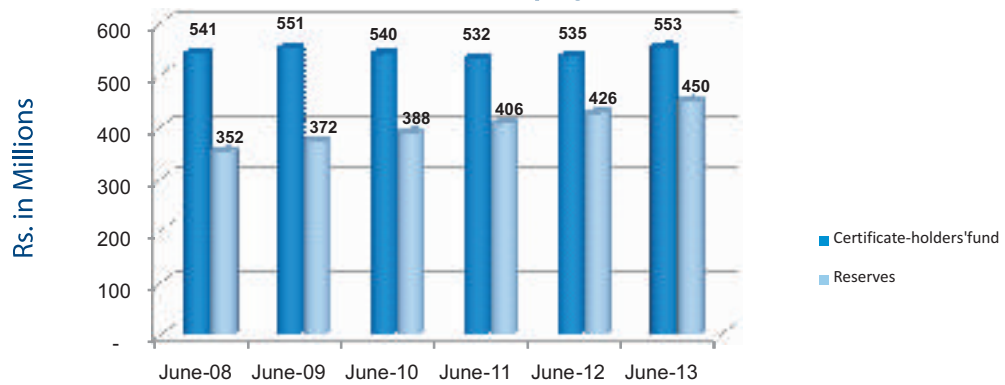
Najam Siddiqi
Director

Graphs

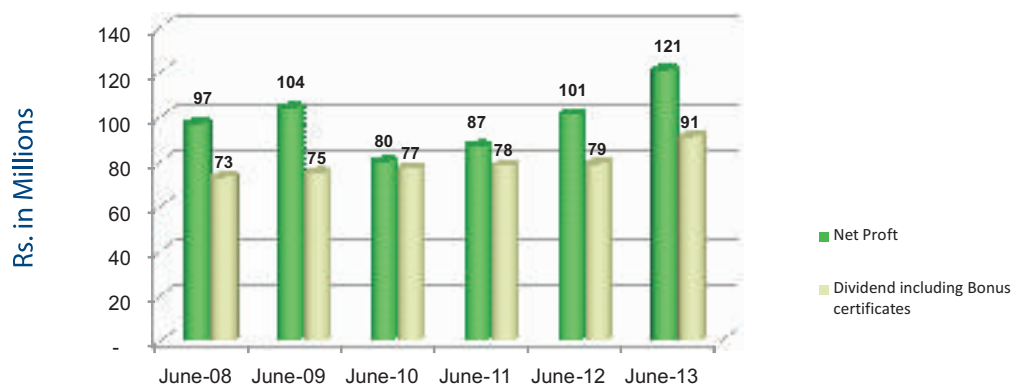
Break-up and Market value per certificate



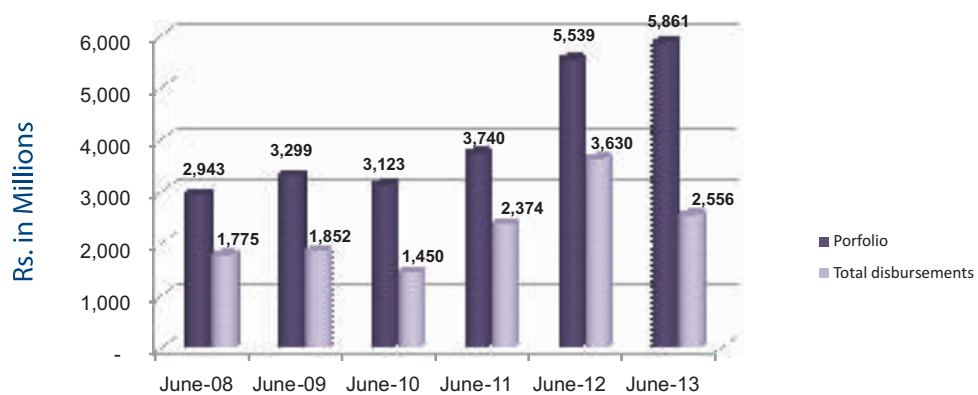
Certificate-holder's equity



Year wise Net Profit and Dividend Distribution



Year wise Disbursements and Portfolio



Six Years' Financial Summary

	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
--	--------	--------	--------	--------	--------	--------

Key Financial Figures (Rs. In millions)

Profit & Loss Account

Revenues from operations	273	397	408	404	556	696
Financial charges	129	237	244	224	348	439
Impairment loss against doubtful debts	1	3	24	28	26	34
Net Profit	97	104	80	87	101	121
Dividend including Bonus certificates	73	75	77	78	79	91

Balance Sheet

Certificate-holders' fund (cum dividend)	541	551	540	532	535	553
Reserves	352	372	388	406	426	450
Financing from financial institutions	989	363	9	457	1,025	514
Redeemable capital and deposits	1,088	1,942	2,413	2,493	3,857	4,926
Portfolio (other than staff finances)	2,943	3,299	3,123	3,740	5,539	5,861
Total disbursements	1,775	1,852	1,450	2,374	3,630	2,556

Key Financial Ratios

Return on equity (%)	10.90	11.25	8.60	9.23	10.50	12.10
Financial charges cover ratio	1.33	2.28	3.05	2.59	3.45	3.62
Net profit ratio (%)	35.64	27.15	20.91	22.22	19.20	18.55
Income / Expense ratio	1.53	1.36	1.26	1.30	1.24	1.22
Debt / Equity ratio	1.97	2.10	2.24	2.65	4.36	4.66

Shares and Earnings

Break-up value per certificate	19.66	20.35	20.46	20.67	21.17	22.09
Market value per certificate	12.50	9.35	9.45	10.07	12.45	15.83
Earning per certificate	2.14	2.29	1.76	1.91	2.22	2.67
Cash dividend per certificate	1.60	1.65	1.70	1.73	1.75	2.00
Price earning ratio	5.83	4.08	5.37	5.28	5.60	5.92



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