Standard Chartered
Leasing Limited

Annual Report 2010

Standard Chartered Leasing Limited

Vision

To be the preferred provider of Leasing Products in the market.

Mission

To create exceptional value for our clients, investors and staff; through market leadership in providing innovative Leasing Products & Solutions, and by adopting and living our core values.

Our Values

Courageous
Stand up for what we believe to be right. We accept accountability and take calculated risks.

Responsive
We listen to our customers and colleagues and build strong relationships based on mutual respect. We work quickly, thoughtfully and effectively to deliver the best solution.

International
We value our diversity. We share standards and best practice. We work together, as one team across the organization for the benefit of our customers.

Creative
We are innovative and imaginative in working with opportunities and challenges. We continuously improve the way we work, making it simpler, better and faster.

Trustworthy
We do what is best for the organization and our customers. We deliver on our promises and work to high standards. We are reliable, open and honest.

Table of Contents

Corporate Information

Board of Directors

Mr. Badar Kazmi	-	Chairman
Mr. Arjumand Ahmed Minai	-	Chief Executive
Mr. Najam I. Chaudhri		
Mr. Cyrus J. Masani		
Mr. Shahid Zaki		
Mr. Aalishaan Zaidi		
Mr. Tufail J. Ahmad		

Company Secretary

Mr. Rehan Anjum

Audit & Risk Committee

Mr. Najam I. Chaudhri	-	Chairman
Mr. Cyrus J. Masani	-	Member
Mr. Shahid Zaki	-	Member
Mr. Tufail J. Ahmad	-	Member

Banker/Financial Institution

Standard Chartered Bank (Pakistan) Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road,
Karachi-75530

Legal Advisor

Mansoor Ahmad Khan & Company
F/2-3, Block 8, Kehkashan, K.D.A. Scheme 5
Clifton, Karachi 75600

Registrar and Share Transfer Office

Hameed Majeed Associates (Pvt) Limited
H.M. House, 7 Bank Square
Lahore
Tel : (042) 37235081, 37235082
Fax : (042) 37358817

Registered Office/Principal Office
Karachi Branch

Ground Floor, Al-Rahim Towers,
I.I. Chundrigar Road, Karachi-74000
Tel: (021) 32427727 Fax: (021) 32438211

Lahore Branch

1st Floor, SCB Building, 27 Ali Block,
New Garden Town, Lahore-54000
Tel : (042) 35908680
Fax : (042) 32715082

Islamabad Branch

2nd Floor, Union Arcade
6A, F/7 Markaz, Islamabad
Tel : (051) 2651711
Fax : (051) 2653909

Faisalabad Branch

P-69, Kotwali Road
Faisalabad
Tel : (041) 2620686
Fax : (041) 2610446

Sialkot Branch

109/2, Aziz Shaheed Road
Sialkot Cantt.
Tel : (052) 4296968
Fax : (052) 4294430

Hyderabad Branch

D-3, Block D, Railway Employees Co.
Main Auto Bhan Road, Hyderabad
Tel : (022) 3813908
Fax : (022) 3813918

Peshawar Branch

2, Islamia Road, Peshawar
Tel : (091) 5261138

On behalf of the Board of Directors, I am pleased to present the Seventeenth Annual Report of Standard Chartered Leasing Limited (SCLL) along with audited financial statements for the year ended June 30, 2010.

Financial Results

	July 09 to June 10	July 08 to June 09
	Rupees in Million	
Gross Revenue	241.56	179.88
Finance cost	(108.54)	(91.16)
Administrative and operating expenses	(70.63)	(53.83)
Profit / (Loss) before provisions/impairment	62.39	34.89
Reversal /(Provision) against finance lease / others	3.38	(81.63)
Impairment of available for sale securities	(0.22)	(9.81)
Profit / (Loss) before tax	65.55	(56.55)
Profit / (Loss) after tax	42.61	(59.97)

Review of Business and Operations

Your Company closed the year on June 30, 2010 with a profit after taxation of Rs.42.61 Million, compared to a loss of Rs. 59.97 Million for the previous corresponding year. This is the first time since 2006 that the Company has posted a profit after provision and taxes.

The year under review was one of the most difficult for emerging economies like Pakistan. Despite sluggish business environment and considering the adverse conditions under which the leasing industry continued to operate during the year, the robust turn around by your Company is indeed remarkable.

Total income of the Company grew by 34.4 % from Rs. 180 Million in 2009 to Rs. 242 Million in 2010. Fresh leases booked during the period amounted to Rs.960 Million.

Liquidity of approximately Rs 1.315 Billion was generated through mobilization of cost effective Certificates of Investment (COI). The COI base as at June 30, 2010 was Rs. 1.118 Billion compared to Rs. 635 Million at June 30, 2009. Financial charges for the year were Rs. 108 million compared to Rs. 91 million in the previous year. Net margin also improved significantly.

The increased rental recovery and collections effort during the period yielded Rs.668 Million, achieving recovery / rental collection level of over 97 % for the entire portfolio.

The positive performance was achieved by focusing on operational efficiency, selective business growth, implementation of prudent risk management policies, effective fund management, cost control and a robust collection and recovery drive.

Economy

During the year under review Pakistan economy showed resilience and posted a growth of 4% compared to 1.2% in the corresponding year. This is the fastest pace the economy has expanded in the last 3 years. Growth was supported by higher government spending and pick up in export demand. Record high remittances of USD 8.9 billion have helped to shield private consumption from galloping inflation. The large scale manufacturing sector posted a strong turn around, growing 4.5% in 2010 compared to a contraction of 8.2% in 2009. Wholesale & retail sectors and transport & communication sectors also posted strong growth of 5.1% and 4.5% respectively, helped by the military operations in the north and transit trade flows for US/NATO supplies to Afghanistan.

However, the expansionary fiscal policy has posed serious challenges for the government. Relations with the IMF and other International Financial Institutions (IFIs) have hit a roadblock. Key targets agreed under the IMF-financed stabilization plan were missed in the fiscal year ended 30 June 2010. To make matters worse, despite repeated assurances, the government has delayed the implementation of value added tax-cornerstone of the IMF-funded plan (VAT) in the year 2011 budget. The government's debt position remains unsustainable, with debt-servicing costs and military spending accounting for nearly 80% of tax revenue in 2010. This has left the government with no option but to continue funding its large deficit by creating new debt at high interest rates – public debt rose to 60% of the GDP in 2010 from 58.1% in 2009. Expansionary fiscal stance is also fuelling inflation, which remained persistently higher than the target. This has meant that the central bank has been unable to cut interest rates in 2010, after a reduction of nearly 250 basis points in rates during 2009. The interest rate was increased by 50 basis points at the end of July 2010.

Regulatory Environment

The Securities and Exchange Commission of Pakistan introduced the revised Notification for Non Banking Finance Companies and Notified Entities Regulations, 2008 vide SRO 1203 (I) / 2008. This is expected to improve the performance of the leasing industry, resource mobilization, expansion of branch networks and commercial property development in accordance with positive policy initiatives of the SECP.

Credit Rating

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term and short-term ratings of Standard Chartered Leasing Limited from 'A+' (Single A plus) to 'AA-' (Double A Minus), and from 'A1'(Single A one) 'A1+' (A One Plus) respectively. These ratings denote very low expectation of credit risk emanating from very strong capacity for timely payments of financial commitments. Moreover, this is the first upgrade since 2004.

Board of Directors

During the period under review Mr. Ahsan Aziz submitted his resignation from the Board as Managing Director of the Company. The Board would like to place on record its appreciation for his valuable contribution in improving the financial and operational performance of the Company. The Board has appointed Mr. Arjumand Ahmed Minai as the Chief Executive and Director of Standard Chartered Leasing Limited under section 199 and 180 (2) of the Companies Ordinance,1984.

The following directors were elected, for a period of three years, at an Extra Ordinary General meeting held on May 28, 2010:

Mr. Badar Kazmi
Mr. Tufail J. Ahmad
Mr. Shahid Zaki
Mr. Alishan Zaidi
Mr. Arjumand A. Minai
Mr. Cyrus J. Masani
Mr. Najam I. Chaudhri

Future Outlook

The unprecedented floods during July and August have caused serious damage to life and property, particularly in the agriculture sector. The fall out for the industrial sector will be significant. The initial estimates indicate that the G.D.P growth target of 4.5% for the current fiscal year will be adjusted to around 2.5%.

In a continually challenging environment, our strategy is to continue increasing the cost effective COI base and enhance the market share in Small Medium Enterprises (SME) and Corporate sectors, coupled with focus on employee competence building, productivity and recovery of overdue accounts.

Corporate Governance

As reported last year, the function of Internal Audit of SCLL was outsourced to an independent firm of professional accountants namely Anjum Asim Shahid Rahman, Chartered Accountants, a member of Grant Thornton International. The Internal Auditors report directly to Audit Risk Committee and assist the Board of Directors and management of SCLL in improving controls in accordance with the type of business and operational risks. The audit findings are reported directly to the Audit & Risk Committee on quarterly basis.

Two independent directors on the Board of the company are elected as members of the Audit & Risk Committee and one of the independent directors is appointed the Chairman of the Committee.

External Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment till the conclusion of next Annual General Meeting.

Pattern of Shareholding

The pattern of Shareholding as on June 30, 2010 is annexed to these statements.

Directors Statement in Compliance to the Code of Corporate Governance.

This part of the Directors' report to shareholders is given as required under section 236 of the Companies Ordinance 1984:

1. The financial statements prepared by the management of Standard Chartered Leasing Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of account of Standard Chartered Leasing Limited have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the ability of Standard Chartered Leasing Limited to continue as a going concern.

7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

8. The value of the funded provident fund of Standard Chartered Leasing Limited as on June 30, 2010 was Rs.8.0 Million (2009 : Rs. 5.4 Million) The provident fund has been audited up to June 30, 2009.

9. No trading in shares was carried out by the Directors, Chief Executive, Chief Financial Officer/Company Secretary and their spouses and minor children during the year.

10. The Board of Directors of Standard Chartered Leasing Limited held Six meetings (2009: Five) during the period under review. The attendance of directors is appended below:

S. No.	Names of Director	Attendances
1	Mr. Badar Kazmi	6
2	Mr. Arjumand A. Minai (Appointed March 26, 2010)	2
3	Mr. Tufail J. Ahmad	4
4	Mr. Cyrus J. Masani	5
5	Mr. Shahid Zaki	4
6	Mr. Najam I. Chaudhri	1
7	Mr. Ahsan Aziz (Resigned March 26,2010)	3
8	Mr. Imran Ahad (Resigned May 27, 2010)	2
9	Mr. Monis Mirza (Resigned May 27, 2010)	4
10	Mr. Khanzada Yousuf (Resigned November 06, 2009)	2
11	Mr. Aalishaan Zaidi	-

Acknowledgement

The Board takes this opportunity to thank its valued shareholders and customers for their confidence and patronage. It would like to place on record its appreciation for the help and guidance provided by the Securities & Exchange Commission of Pakistan and the State Bank of Pakistan.

The Board also wishes to place on record its appreciation for the hard work and dedication shown by the staff.

On behalf of the Board

Badar Kazmi
Chairman

September 08, 2010

The Board of Directors of Standard Chartered Leasing Limited (the Company) has always supported and reconfirms its commitments to continue support and implementation of the highest standards of Corporate Governance at all times.

This statement is being presented to comply with Code of Corporate Governance contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges respectively, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of non-executive independent directors representing minority interests on its Board of Directors. At present the Board comprises of four senior executives of the Holding Company, two independent directors and Chief Executive of the Company.

2. None of the directors of the Company is serving as a director in more than ten 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The directors filled up casual vacancies occurring in the Board within thirty days thereof.

5. The Company has prepared a 'Statement of Ethic and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant polices 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.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose.

9. The Board of Directors have met six times in the year and notices of meetings, agendas and related papers are always circulated at least seven days before the meeting except in case where an emergent meeting is to be held. The minutes of the meetings were appropriately recorded and circulated.

10. The company is planning to arrange an orientation course for the directors to apprise them of their duties and responsibilities.

11. The Board has approved the appointment of CFO and Company Secretary including his remuneration and terms and conditions of employment, as determined by CEO.

12. 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.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval from the Board.

14. The directors, CEO and executives do not hold any interest in the shares of the Company except for qualification shares and as mentioned in Pattern of Shareholding as at June 30, 2010.

15. The Company has complied with all the corporate and financial reporting requirements.

16. The meetings of the Audit Committee were held prior to approval of interim and final results of the

Company and 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 setup an effective internal audit function which has been outsourced to a firm of Chartered Accountants whose reports are regularly received and presented to the audit committee.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company 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 Institute of Chartered Accountants.

19. 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.

20. All material information, as described in clause (xxii) of the Code is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in a timely fashion.

21. The company has complied with requirements as stipulated in the newly inserted clause 35 (xii) (a) relating to related party transactions.

22. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Arjumand A. Minai
CEO/Managing Director

September 08, 2010

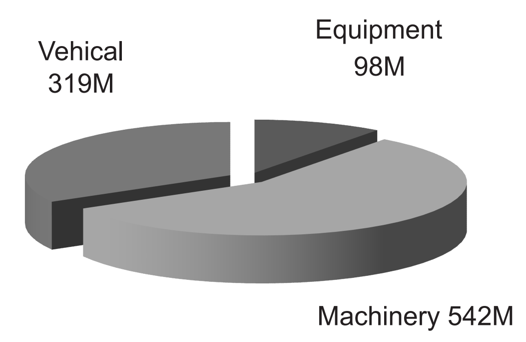
Financial Highlights

Standard Chartered
Leasing Limited

(Rs. in million)

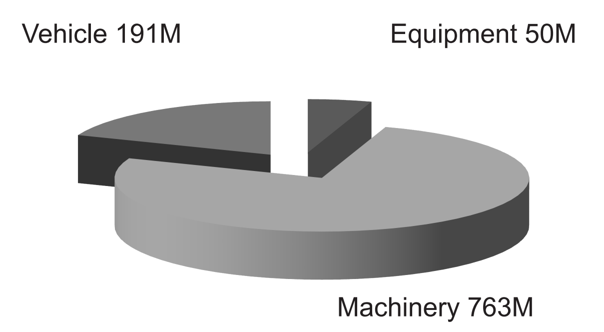
	2005	2006	2007	2008	2009	2010
Operational Results						
Gross Revenues	366.01	399.25	304.79	181.24	179.89	**241.56**
Financial Charges	233.60	291.64	256.39	137.59	91.16	**108.55**
Gross Margin	132.41	107.60	48.40	43.65	88.72	**133.01**
Profi/(Loss) Before Taxation	74.13	(12.02)	(349.65)	(56.74)	(56.55)	**65.55**
Profit/(Loss) After Taxation	84.13	0.35	(234.61)	(63.26)	(59.97)	**42.61**
Operating Profit/(Loss) - (before Provisions and Taxes)	75.96	38.14	(23.06)	(4.65)	34.89	**62.39**
Balance Sheet						
Net Investment in Lease	3,859.98	3,674.17	2,120.42	1,440.41	1,684.68	**1,978.69**
Shareholders' Equity	505.61	499.79	277.42	208.24	732.25	**774.85**
Working Capital	(118.52)	401.89	18.56	(146.98)	(255.08)	**(555.93)**
Total Assets	4,455.45	4,262.18	2,795.86	1,751.96	2,001.53	**2,355.26**
Financial Ratios						**Rupees Per Share**
Earning Per Share	3.35	0.01	(9.21)	(2.48)	(0.84)	**0.44**
Dividend Payout	2.00	-	-	-	-	-
Book Value	14.21	12.77	7.09	5.32	7.48	**7.92**
Market Value	11.65	11.25	11.10	6.10	2.01	**2.13**
Return on Assets	1.89%	0.01%	(8.39)%	(3.61)%	(3.00)%	**1.81%**
Return on Equity	16.64%	0.07%	(84.57)%	(30.38)%	(8.19)%	**5.50%**
Current Ratio	1.87 : 1	4.26 : 1	8.83 : 1	4.16 : 1	1.09 : 1	**0.74 : 1**
Gearing Ratio (Total Debts/Equity)	5.81 : 1	5.49 : 1	6.50 : 1	4.19 : 1	0.96 : 1	**1.44 : 1**

Category-wise Disbursements
Rs. 959 Million



YEAR 2009-10

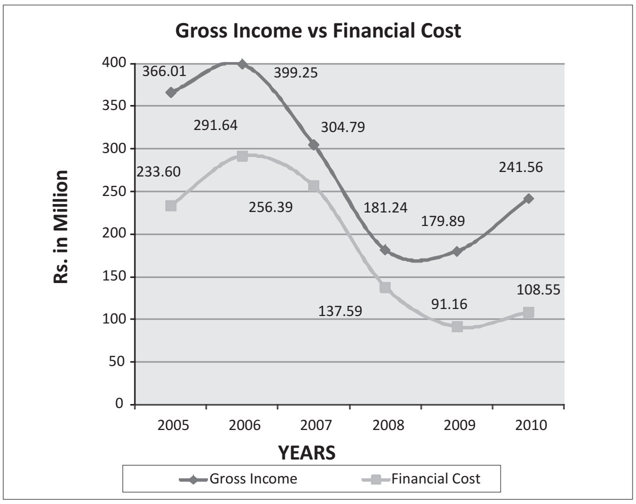
Category-wise Disbursements
Rs. 1,004 Million

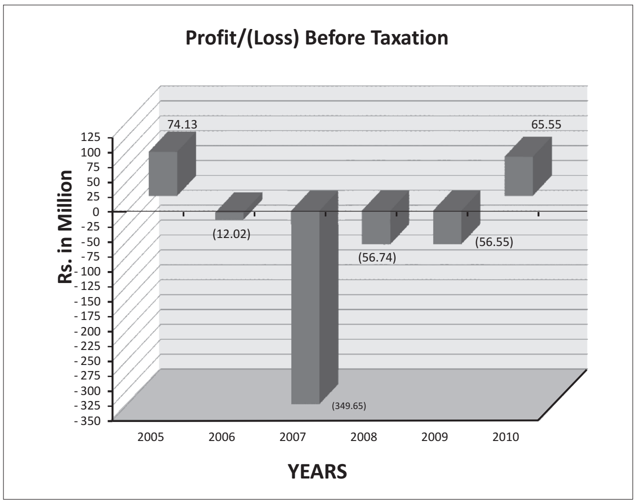


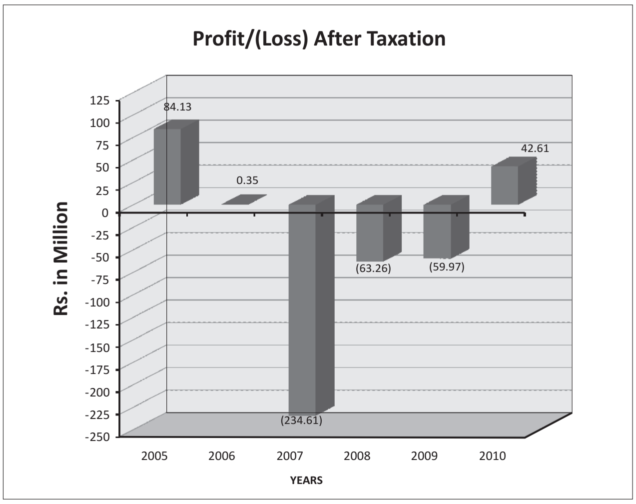
YEAR 2008-09

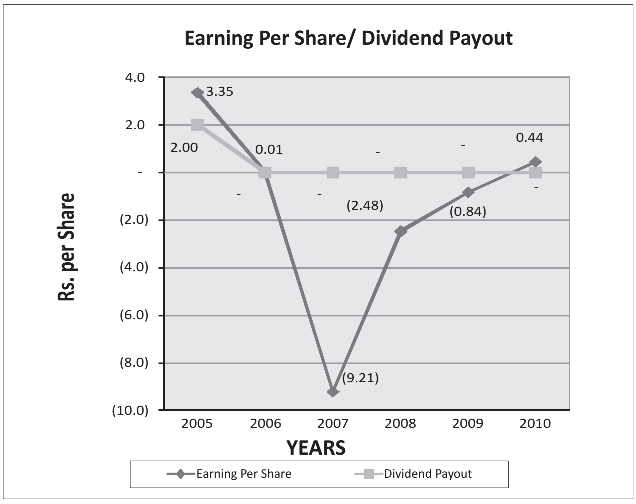
Financial Highlights

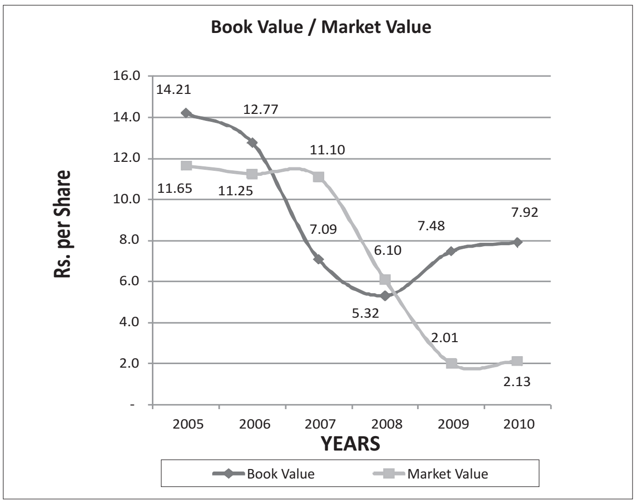
Standard Chartered
Leasing Limited

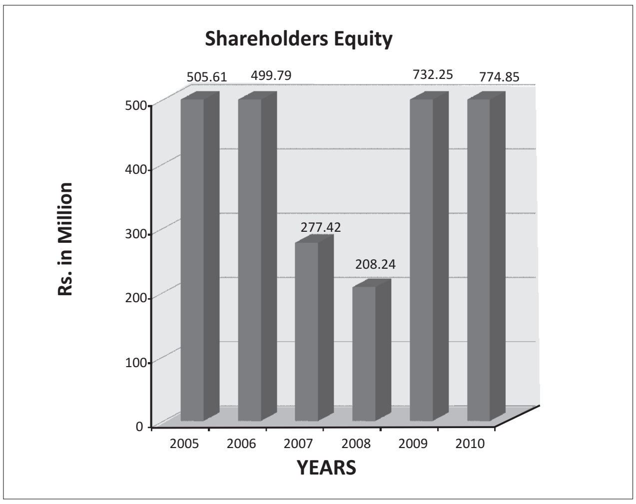


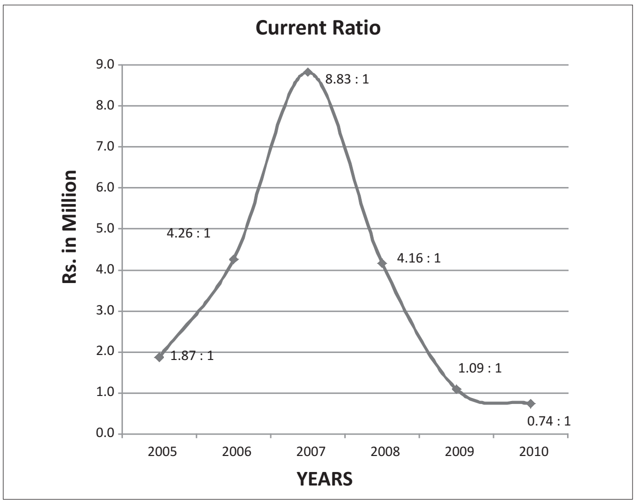


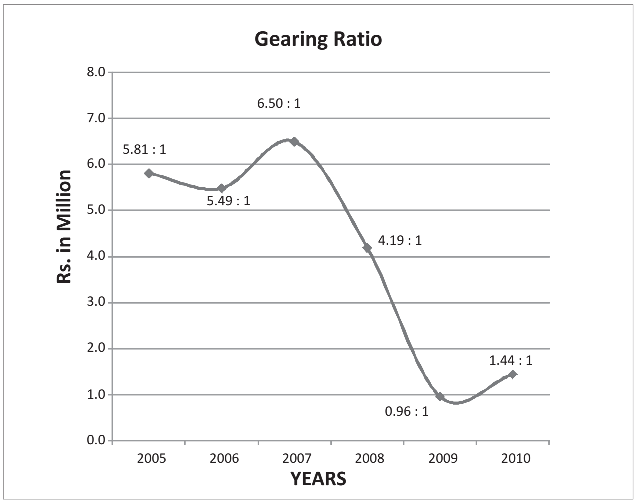


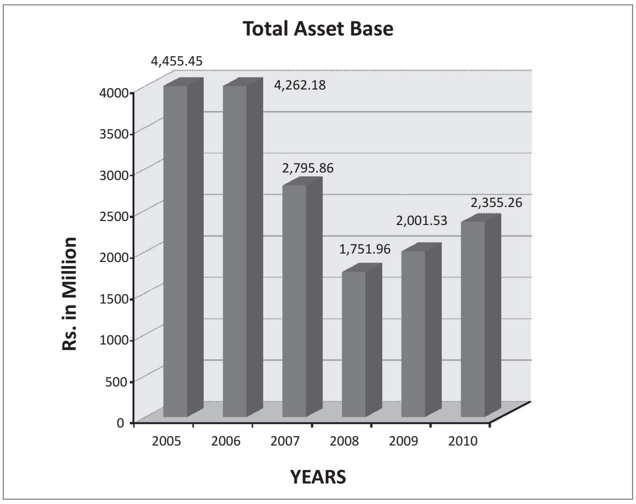


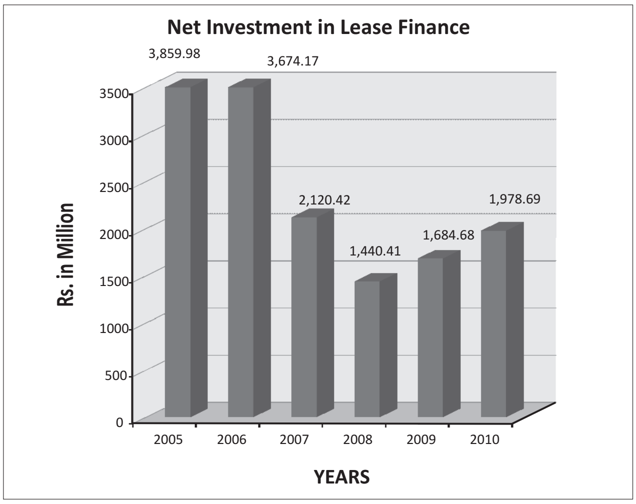





Current Ratio
Rs. in Million
YEARS
2005
2006
2007
2008
2009
2010
1.87 : 1
4.26 : 1
8.83 : 1
4.16 : 1
1.09 : 1
0.74 : 1


Gearing Ratio
Rs. in Million
YEARS
2005
2006
2007
2008
2009
2010
5.81 : 1
5.49 : 1
6.50 : 1
4.19 : 1
0.96 : 1
1.44 : 1


Total Asset Base
Rs. in Million
YEARS
2005
2006
2007
2008
2009
2010
4,455.45
4,262.18
2,795.86
1,751.96
2,001.53
2,355.26


Net Investment in Lease Finance
Rs. in Million
YEARS
2005
2006
2007
2008
2009
2010
3,859.98
3,674.17
2,120.42
1,440.41
1,684.68
1,978.69

NOTICE IS HEREBY GIVEN THAT **17th Annual General Meeting** of Standard Chartered Leasing Limited will be held on Wednesday October 27, 2010 at 03:30 p.m. at the Institute of Bankers of Pakistan, Karachi.

A. Ordinary Business

1. To Confirm the Minutes of 8th Extra Ordinary General Meeting held on May 27, 2010 at Karachi.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2010, together with Auditors' Directors' reports thereon.
3. To appoint Auditors for the year 2010-2011 and fix their remuneration. The present Auditors KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible offer themselves for reappointment.

B. Special Business

4. To consider amendment in the object clause of Memorandum of Association and pass the following Special Resolution.

   Resolved THAT"The Memorandum of Association be hereby amended to carry consumer financing, and other business as specified in Regulation 20 & 28 of NBFC and Notified Entities Regulation 2008 and such other business as may be permitted from time to time. The amendment will be as follows:

3A "To carry on and undertake all forms of business, in addition to the business of leasing, as permitted pursuant to rules and regulations from time to time framed under Section 282A of the Companies Ordinance, 1984 in relation to leasing companies, including but by no means limited to consumer financing, bill discounting and factoring."

C. Other Business

5. Any other business with the permission of the Chair.

September 08, 2010
Karachi

By Order of the Board
Rehan Anjum
(Company Secretary)

Notes:

a) The Share Transfer Books of the Company shall remain closed from October 21, 2010 to October 27, 2010 (both days inclusive).

b) A member is eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received at the Share Registrar Office not less than 48 hours before the time for holding the Meeting.

c) CDC account holders will in addition have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting.

   (i) In case of individuals, the account holder or sub account holder and / or the person whose securities are in group account; and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their Participant I.D. numbers and account numbers in CDS.

   (ii) 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.

d) Shareholders are requested to notify the change of their addresses, if any, to Share Registrars, **M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore.**

   Tele No. 37235081-2

Review Report To The Members on Statement of Compliance with Best Practices of 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 Leasing Limited** to comply with the Listing Regulations of the respective Stock Exchanges where, the Company is listed.

The Responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. 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 Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquires of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 have not carried out any special review of the internal controls system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, sub-regulations (xiii) of listing regulation 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19, 2009 requires the 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 price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of 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 price 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 Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended 30 June 2010.

Date: September 08, 2010	KPMG Taseer Hadi & Co.
Karachi.	Chartered Accountants

Auditors' Report to the Members

We have audited the annexed balance sheet of **Standard Chartered Leasing Limited** ("the Compnay") as at 30 June 2010 and the related profit and loss account, statement of comprehensive income, 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.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. 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 financial 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 include assessing the accounting policies and significant estimates made by the management, 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 Company as required by the Companies Ordinance, 1984;

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 Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting polices consistently applied except for the changes described in note 2.5 which we concur;

  ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at 30th June 2010 and of the Profit, its cash flows and changes in equity 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 Company and deposited in the central Zakat Fund established under section 7 of that ordinance.

Date: September 08, 2010
Karachi.

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

Balance Sheet
As at 30 June 2010

Standard Chartered
Leasing Limited

	Note	2010	2009
		------------------(Rupees)----------------	
ASSETS			
Cash and bank balances	4	**8,549,552**	5,293,906
Accrued mark-up / return	5	**7,298,182**	3,038,081
Advances, prepayments and other receivables	6	**2,916,268**	23,025,348
Short term investments	7	**1,025,422**	5,740,890
Current portion of non-current assets	8	**750,757,167**	647,212,519
Taxation recoverable - net		**23,685,573**	25,159,517
Total current assets		**794,232,164**	709,470,261
Long term investments	9	**207,801,953**	157,828,286
Net investment in finance leases	10	**1,279,677,566**	1,043,785,054
Long term loans	11	**18,545,666**	13,327,078
Long term deposits	12	**328,500**	381,450
Deferred tax asset	13	**50,975,413**	70,000,000
Fixed assets	14	**3,698,794**	6,734,168
Total non-current assets		**1,561,027,892**	1,292,056,036
Total Assets		**2,355,260,056**	2,001,526,297
LIABILITIES			
Accrued mark-up / return	15	**29,227,015**	15,673,157
Accrued and other liabilities	16	**32,877,268**	29,316,219
Short term borrowings	17	**-**	101,043,259
Certificates of investment	18	**1,017,427,714**	505,677,105
Current portion of non-current liabilities	19	**270,629,047**	312,835,684
Total current liabilities		**1,350,161,044**	964,545,424
Long term deposits	20	**228,521,331**	201,334,061
Long term certifictes of investment	21	**-**	102,552,193
Deferred liabilities	22	**1,726,350**	849,311
Total non-current liabilities		**230,247,681**	304,735,565
Total Liabilities		**1,580,408,725**	1,269,280,989
NET ASSETS		**774,851,331**	732,245,308
FINANCED BY			
Share capital	23	**978,354,800**	978,354,800
Reserves	24	**(203,503,469)**	(246,109,492)
		774,851,331	732,245,308
COMMITMENTS	25		

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman

Chief Executive

Standard Chartered
Leasing Limited

Profit and Loss Account
For the year ended 30 June 2010

	Note	2010	2009
		-------------------(Rupees)-----------------	
INCOME			
Income from finance leases	26	**225,132,255**	165,421,770
Interest / mark-up / return earned	27	**15,071,739**	12,789,882
Gain on sale of fixed assets		**52,895**	614,120
Gain on sale of investments		**1,034,535**	-
Other income	28	**268,645**	1,060,078
		16,427,814	14,464,080
		241,560,069	179,885,850
EXPENSES			
Finance cost	29	**108,545,549**	91,164,472
Administrative and operating expenses	30	**70,625,509**	53,833,248
(Reversal) / Provision against net investment in finance leases		**(4,275,202)**	81,494,926
Provision against other receivables		**899,409**	134,777
Impairment of available for sale securities		**217,076**	9,810,590
		176,012,341	236,438,013
Profit / (Loss) before taxation		**65,547,728**	(56,552,163)
Taxation	31	**(22,941,705)**	(3,420,774)
Profit / (Loss) after taxation		**42,606,023**	(59,972,937)
Earnings / (Loss) per share - basic and diluted	32	**0.44**	(0.84)

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman

Chief Executive

Statement of Comprehensive income
For the year ended 30 June 2010

	2010	2009
	------------------(Rupees)----------------	
Profit / (Loss) after tax	**42,606,023**	(59,972,937)
Surplus / (deficit) on revaluation of 'Available for Sale' financial assets	**115,750**	(8,957,145)
Impairment loss recognised	**-**	9,810,590
Realised on disposal	**(115,750)**	-
	-	853,445
Total comprehensive income / (Loss) for the period	**42,606,023**	(59,119,492)

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman **Chief Executive**

Standard Chartered
Leasing Limited

Cash Flow Statement
For the year ended 30 June 2010

	Note	2010	2009
		------------------(Rupees)----------------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		**65,547,728**	(56,552,163)
Adjustment for:			
- Depreciation		**1,938,845**	2,879,805
- Provision for gratuity		**914,327**	637,375
- Gain on disposal of fixed assets		**(52,822)**	(614,120)
- Gain on sale of available for sale investments		**(1,034,535)**	-
- Amortisation of deferred cost		**-**	260,617
- Finance cost		**108,545,549**	91,164,472
- Provision against net investment in finance leases		**(4,275,202)**	81,494,926
- Provision against other receivables		**899,409**	134,777
- Impairment of available for sale securities		**217,076**	9,810,590
- Write off of loan		**-**	47,012
- Dividend income		**-**	(506,150)
		107,152,647	185,309,304
Operating profit before working capital changes		**172,700,375**	128,757,141
Movement in working capital			
(Increase) / decrease in operating assets			
- Advances, prepayments and other receivables		**19,209,671**	(12,267,415)
- Accrued mark-up / return		**(4,260,101)**	295,084
- Investment in finance leases		**(289,731,968)**	(325,768,559)
- Long term loans		**(2,495,602)**	(14,672,188)
- Long term deposits		**52,950**	-
Increase / (decrease) in operating liabilities			
- Accrued and other liabilities		**3,563,193**	(4,974,000)
- Long term deposits (lease key money)		**(22,139,957)**	(106,239,926)
- Gratuity paid		**(37,288)**	(76,129)
		(295,839,102)	(463,703,133)
Cash generated from operations		**(123,138,727)**	(334,945,992)
Taxes paid		**(2,443,174)**	(1,830,789)
Interest / mark-up paid		**(94,991,686)**	(97,998,637)
Net cash flow from operating activities		**(220,573,587)**	(434,775,418)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		**(187,605)**	(2,657,740)
Proceeds from disposal of fixed assets		**1,336,954**	3,275,857
Long term investments - net		**(98,126,647)**	7,609,028
Proceed from short term investments - net		**5,632,928**	-
Purchase of short term investments - Certificate of Musharaka		**(100,000)**	-
Dividend received		**-**	506,150
Net cash inflow from investing activities		**(91,444,370)**	8,733,295
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of right shares		**-**	587,012,880
Expenditures on issue of right shares		**-**	(3,892,598)
Long term finances - net		**(66,666,668)**	(220,000,003)
Proceeds from issue of Certificates of investment		**482,985,674**	61,703,280
Dividend paid		**(2,144)**	(26,223)
Net cash outflow on financing activities		**416,316,862**	424,797,336
Net (decrease) / increase in cash and cash equivalents		**104,298,905**	(1,244,787)
Cash and cash equivalents at beginning of the period		**(95,749,353)**	(94,504,566)
Cash and cash equivalents at end of the period	33.	**8,549,552**	(95,749,353)

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman **Chief Executive**

Statement of Changes in Equity
For the year ended 30 June 2010

Standard Chartered
Leasing Limited

	Share capital	Reserves: Statutory reserve	Reserves: Accumulated loss	Reserves: (Deficit) / surplus on revaluation of available for Sale Investments	Reserves: Total	Share holders' equity
	(Rupees)					
Balance as at 30 June 2008	391,341,920	94,407,485	(276,651,442)	(853,445)	(183,097,402)	208,244,518
Transactions with owner recorded directly in equity:						
Issue of shares	587,012,880	-	-	-	-	587,012,880
Right share issue expenses	-	-	(3,892,598)	-	(3,892,598)	(3,892,598)
	587,012,880	-	(3,892,598)	-	(3,892,598)	583,120,282
Total comprehensive income for the year:						
Loss for the year ended 30 June 2009	-	-	(59,972,937)	-	(59,972,937)	(59,972,937)
Other comprehensive income:						
Deficit on revaluation of available for sale investments	-	-	-	(8,957,145)	(8,957,145)	(8,957,145)
Impairment loss recognised	-	-	-	9,810,590	9,810,590	9,810,590
	-	-	(59,972,937)	853,445	(59,119,492)	(59,119,492)
Balance as at 30 June 2009	978,354,800	94,407,485	(340,516,977)	-	(246,109,492)	732,245,308
Total comprehensive income for the year:						
Profit for the year ended 30 June 2010	-	-	42,606,023	-	42,606,023	42,606,023
Other comprehensive income:						
Surplus on revaluation of available for sale investments	-	-	-	115,750	115,750	115,750
Realised on disposal	-	-	-	(115,750)	(115,750)	(115,750)
	-	-	42,606,023	-	42,606,023	42,606,023
Transfer to statutory reserve	-	8,521,205	(8,521,205)	-	-	-
Balance as at 30 June 2010	**978,354,800**	**102,928,690**	**(306,432,159)**	**-**	**(203,503,469)**	**774,851,331**

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman

Chief Executive

1. STATUS AND NATURE OF BUSINESS

Standard Chartered Leasing Limited ('the Company') was incorporated in Pakistan on 2 October 1993 under the Companies Ordinance, 1984. The Company is a subsidiary of Standard Chartered Bank (Pakistan) Limited. The Company is principally engaged in business of leasing and is listed on all the three stock exchanges in Pakistan. The registered office and principal office of the Company is situated at Al Rahim Tower Ground Floor I.I. Chundrigar Road, Karachi. The Company also has branch offices located at Lahore, Faisalabad, Islamabad, Sialkot, Hyderabad and Peshawar.

2. BASIS OF PREPARATION

2.1 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 (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, and Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, and Non Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except available- for-sale investments have been measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are discussed in the following notes:

i) Employee benefits (notes 3.7 and 35)

ii) Provision for taxation (notes 3.9 and 31)

iii) Provision for potential lease losses (note 10.1)

iv) Estimation of useful lives and residual values of fixed assets (note 14)

2.5 Changes in accounting policies

International Accounting Standard 1 (Revised) 'Presentation of Financial Statements'

International Accounting Standard 1 (Revised) 'Presentation of Financial Statements' became effective for financial periods beginning on or after 1 January 2009. The application of this standard has resulted in certain increased disclosures including the 'Statement of Comprehensive Income' which has been reflected in the Company's financial statements for the year ended 30 June 2010. The 'Statement of Comprehensive Income' reflects the changes in equity other than those changes resulting from transactions with owners in their capacity as owners. Since the change only impacts presentation aspects, there is no impact on earnings per share.

2.6 New approved accounting standards applied

The company has applied Improving Disclosures about Financial Intruments (Amendments to IFRS 7), issued in March 2009. This amendment requires enhanced disclosures about fair value measurements and liquidity risk for financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 hierarchy be disclosed separately, distinguishing between transfers into and out of each level.

Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments.

The application of this standard did not have any significant impact on the company's financial statements.

The significant financial instruments subject to fair value measurement comprise of company's investments in government securities. The fair value of these securities is determined with the help of observable inputs i.e. current interest rates on such securities (Level 2).

2.7 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 July 2010:

- In April 2009, the IASB issued improvements to IFRSs 2009, which comprises 15 amendments to 12 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of the amendments will be effective for annual periods beginning on or after 1 January 2010 and are not relevant to Company’s operations. Other amendments are unlikely to have significant impact on the Company’s financial statements.

- Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). Currently effective IFRS requires attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity’s own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company’s financial statements.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Company’s operations.

- IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009). The amendment clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Company’s operations.

- Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to seven standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after 1 January 2011. Certain of these amendments will result in increased disclosures in the financial statements.

- IAS 24 Related Party Disclosures (revised 2009) (effective for accounting periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have any impact on the Company’s financial statements other than increase in disclosures.

- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011).

These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. These amendments are unlikely to have an impact on the Company’s financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents carried in the balance sheet include cash in hand and balances with banks in current and saving accounts, short term borrowings and short term fund placements having maturity of three months or less from the date of acquisition.

3.2 Investments

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standard 39; Financial Instruments: Recognition and Measurement (IAS 39) at the time of initial recognition.

All purchase and sale of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date, which is the date the Company commits to purchase or sell the investment.

The existing portfolio of the Company has been categorized as "held-to-maturity" and "available-for- sale".

3.2.1 Held-to-maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has a positive intent and ability to hold to maturity. These are initially recognised at their fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

3.2.2 Available-for-sale

Available-for-sale investments are financial assets that are not (a) loans and receivables originated by the Company (b) held-to-maturity investments, or (c) financial assets at fair value through profit and loss. These are initially recognized at their fair value plus transaction costs that are directly attributable to the acquisition. Subsequent to initial measurement, these are revalued and are remeasured at fair value. The difference in fair value and cost is taken to equity. Impairment in value of investments are routed through profit and loss account. Any cumulative loss recognised previously in equity is transferred to profit or loss account.

3.3 Fixed 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 assets. Gains and losses on disposal of an asset are determined by comparing the proceeds from disposal with the carrying amount of an asset and are recognised in the profit or loss account. Subsequent costs are included in assets' carrying amount or are recognised as a separate asset, as appropriate, if it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Maintenance and repairs are charged to profit or loss account during the financial period in which they are incurred. Renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets, if any, are included in profit and loss account currently. Depreciation is charged to profit or loss account applying the straight line method using the rates mentioned in note 14, over the estimated useful lives of the assets. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation on all fixed assets is charged from the day the asset is put to use till the day before its disposal.

3.4 Deferred cost

Deferred cost comprises of costs incurred on issue of shares and software license fees. Cost of issue of shares is being amortised over a period of 5 years from the date of allotment of shares and cost of software license fee is being amortised over 5 years from the date of payment of license fee as permitted by Circular No. 1 of 2005 dated 19 January 2005 issued by SECP.

3.5 Net investment in finance leases

Leases where the Company transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised at an amount equal to the present value of the minimum lease payments under the lease agreement, including guaranteed residual value, if any.

Provision for non-performing leases are made on the basis of the requirements set out in the Non-Banking Finance Companies and Notified Entities Regulations, 2008 issued by the Securities and Exchange Commission of Pakistan.

3.6 Impairment of non financial assets

The carrying amount of assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated. Where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to profit and loss account.

3.7 Employee benefits

3.7.1 Defined contribution plans

The Company operates a provident fund scheme for its permanent employees. Monthly contributions are made to the fund equally by the Company and the employees at the rate of 8.33 percent of basic salary. The Company has no further payment obligations once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

3.7.2 Defined benefit plans

The Company operates an unfunded gratuity scheme for its permanent employees who have completed the eligible period of service mentioned in the scheme. Actuarial valuation of the scheme is carried out with sufficient regularity, using the Projected Unit Credit Method, and the latest valuation was carried out at 30 June 2010.

Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. Cumulative net unrecognised actuarial gains or losses at the end of the previous year which exceed 10% of the present value of the Company's gratuity obligation or fair value of plan assets are amortized over the expected average remaining working lives of the employees.

3.8 Revenue recognition

- The Company follows the effective interest method in accounting for the recognition of lease income. Under this method, the unearned lease income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased assets is deferred and taken to income over the term of the lease, so as to produce a systematic return on the net investment in lease.

- Unrealised lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

- Processing, front end fee, commitment fee, penal charges and commission are recognised as income when realised.

- Return on loans and securities are recognised on time proportion basis taking into account effective yield on instrument.

- Capital gain or losses arising on sale of investments are taken to income in the period in which they arise.

- Dividend income is recognised when the Company's right to receive dividend is established.

3.9 Income tax

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

3.9.1 Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3.9.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account except deferred tax, if any, on revaluation of investments which is recognised as an adjustment to surplus / deficit on revaluation.

3.10 Provisions

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

3.11 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to profit and loss account.

3.12 Dividend distribution

Dividend distribution (including stock dividend) to the Company's shareholders is accounted for in the period in which the dividends are declared.

3.13 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements, only when the Company has a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. CASH AND BANK BALANCES

	Note	2010	2009
		--(Rupees)--	
Cash in hand		**19,253**	14,032
Balances with banks:			
- in current accounts		**213,520**	5,511
- in State Bank of Pakistan account		**31,710**	6,950
- in saving accounts		**8,285,069**	5,267,413
		8,530,299	5,279,874
		8,549,552	5,293,906

5. ACCRUED MARK-UP / RETURN

	2010	2009
Interest / mark-up receivable on investments	**7,297,282**	3,038,081
Interest / mark-up receivable on Certificate of Musharaka	**900**	-
	7,298,182	3,038,081

6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2010	2009
Advance against finance lease		**-**	19,896,800
Prepayments		**1,749,129**	835,289
Other receivables			
- Considered good		**1,167,139**	2,293,259
- Considered doubtful		**9,792,267**	21,130,275
Less: Provision for doubtful receivables	*6.1.*	**9,792,267**	21,130,275
		-	-
		1,167,139	2,293,259
		2,916,268	23,025,348

6.1. Movement in provision for doubtful receivables is as follows:

	2010	2009
Balance at beginning of the year	**21,130,275**	26,465,230
Charged during the year	**899,409**	134,777
Amounts written off	**(12,237,417)**	(5,469,732)
Balance at end of the year	**9,792,267**	21,130,275

7. SHORT TERM INVESTMENTS

Available-for-sale

Shares of listed companies	**Number of shares**	**Cost 2010**	Cost 2009	**Market value 2010**	Market value 2009	**Surplus / (deficit) 2010**	Surplus / (deficit) 2009
		--(Rupees)--					
Pakistan Telecommunication Company Limited	- (2009: 260,000)	-	4,482,400	-	4,482,400	-	-
AMZ Ventures Limited	- (2009: 183,000)	-	96,990	-	96,990	-	-
		-	4,579,390	-	4,579,390	-	-
Mutual Funds	**Number of Units / Certificates**						
First Dawood Mutual Fund	571,249 (2009: 580,750)	**925,422**	1,161,500	**925,422**	1,161,500	-	-
		925,422	1,161,500	**925,422**	1,161,500	-	-
Certificates of Musharaka	**Number of Units / Certificates**						
Standard Chartered Modaraba	1 (2009: Nil)	**100,000**	-	-	-	-	-
		1,025,422	5,740,890	**925,422**	5,740,890	-	-

7.1 The cost of shares of listed companies is net of impairment loss recognised.

7.2 The Certificate of Musharaka with Standard Chartered Modaraba is for the period of 1 year and carries profit at 10.8% per annum.

8. CURRENT PORTION OF NON CURRENT ASSETS

		2010	2009
		------(Rupees)------	
Long term investments	9	**48,152,980**	-
Net investment in finance leases including overdue amounts	10	**699,012,927**	640,898,273
Long term loans	11	**3,591,260**	6,314,246
		750,757,167	647,212,519

9. LONG TERM INVESTMENTS - Held to Maturity

9.1 Government Securities

Pakistan Investment Bonds	9.2	**255,954,933**	157,828,286
Less: Current portion of long term investments		**(48,152,980)**	-
		207,801,953	157,828,286

The market value of investments at 30 June 2010 amounted to Rs 244,835,884 (30 June 2009: Rs. 142,523,487). The market value was determined by applying the average rates for the respective maturity quoted on the Reuter (Level 2).

9.2 These investments have been made to comply with the requirements of rule 14(4)(i) of the Non Banking Finance Companies and Notified Entities Regulations, 2008 to maintain liquidity against certain certificates of investment. These investments are due for maturity between April 2011 and September 2019. Profit on these investments is receivable at rates ranging from 8 percent to 14 percent (2009: 9 percent to 14 percent) per annum.

10. NET INVESTMENT IN FINANCE LEASES

	2010	2009
	------(Rupees)------	
Net investment in finance leases	**1,978,690,493**	1,684,683,327
Less: Current portion shown under current assets	**(699,012,927)**	(640,898,273)
	1,279,677,566	1,043,785,054

	2010				2009			
	Not later than one year	**Later than one year and less than five years**	**Later than five years**	**Total**	Not later than one year	Later than one year and less than five years	Later than five years	Total
	(Rupees)							
Minimum lease payments	**1,223,549,860**	**1,249,063,001**	**-**	**2,472,612,861**	1,076,896,242	1,078,482,224	558,942	2,155,937,408
Add: Residual value of leased assets	**162,269,360**	**238,880,108**	**-**	**401,149,468**	215,464,408	204,723,339	830,000	421,017,747
Gross investment in leases	**1,385,819,220**	**1,487,943,109**	**-**	**2,873,762,329**	1,292,360,650	1,283,205,563	1,388,942	2,576,955,155
Less: Unearned lease income	**(201,903,160)**	**(195,917,497)**	**-**	**(397,820,657)**	(186,882,641)	(211,045,359)	(22,478)	(397,950,478)
Less: Mark-up held in suspense (note 10.2)	**(129,676,017)**	**-**	**-**	**(129,676,017)**	(119,201,148)	-	-	(119,201,148)
	(331,579,177)	**(195,917,497)**	**-**	**(527,496,674)**	(306,083,789)	(211,045,359)	(22,478)	(517,151,626)
	1,054,240,043	**1,292,025,612**	**-**	**2,346,265,655**	986,276,861	1,072,160,204	1,366,464	2,059,803,529
Less: Provision against net investment in finance leases (note 10.1)	**(355,227,116)**	**(12,348,046)**	**-**	**(367,575,162)**	(345,378,588)	(29,741,614)	-	(375,120,202)
Net investment in finance leases	**699,012,927**	**1,279,677,566**	**-**	**1,978,690,493**	640,898,273	1,042,418,590	1,366,464	1,684,683,327

10.1 Provision against net investment in finance lease

	Note	2010	2009
		(Rupees)	
Balance at beginning of the year		**375,120,202**	294,629,446
Net charge for the year		**(4,275,202)**	81,494,926
Written off during the year		**(3,269,838)**	(1,004,170)
Balance at end of the year		**367,575,162**	375,120,202

10.2. Mark-up held in suspense

	2010	2009
Balance at beginning of the year	**119,201,148**	95,136,711
Income suspended during the year	**17,601,643**	38,209,403
	136,802,791	133,346,114
Suspended income:		
- realised during the year	**(4,472,906)**	(12,649,066)
- written off during the year	**(2,653,868)**	(1,495,900)
	(7,126,774)	(14,144,966)
	129,676,017	119,201,148

11. LONG TERM LOANS

Loans to employees - considered good

	Note	2010	2009
Executives	*11.1*	**14,845,118**	13,965,637
Non executive employees		**7,291,808**	5,675,687
		22,136,926	19,641,324
Less: Current portion shown under current assets		**3,591,260**	6,314,246
		18,545,666	13,327,078

11.1. Loans to executives

	Chief Executive		Executives	
	2010	2009	**2010**	2009
	(Rupees)		(Rupees)	
Balance at beginning of the year	**4,087,200**	-	**9,878,437**	-
Disbursements made during the year	**5,000,000**	4,716,000	**2,239,483**	10,656,351
Repayments received during the year	**(790,733)**	(628,800)	**(5,569,269)**	(777,914)
Balance at end of the year	**8,296,467**	4,087,200	**6,548,651**	9,878,437

These represent house loans, car loans and personal loans provided by the Company to its executives and other staff as per service rules. House loans are repayable in a maximum of 300 monthly installments and carry mark-up at the rate of 3 percent (2009: 3 percent) per annum. Car loans and personal loans are repayable in 72 and 36 monthly installments respectively and both carry mark-up at the rate of 3 percent and 2 percent (2009: Car Loans 4 percent, Personal loans 2 percent) per annum. House loans are secured by way of equitable mortgage on property and car loans are secured by registration of vehicles in the name of the Company. Personal loans are three basic salaries or Rs. 100,000 whichever is less. Loans above equivalent to 85 basic salaries with a maximum of Rs. 20,000,000 are secured by hypothecation over household assets of the employees.

Maximum aggregate amount due from Executives at any month-end during the year was Rs. 14,845,118 (2009: Rs. 11,315,474).

12. LONG TERM DEPOSITS

	2010	2009
	(Rupees)	
Security deposits	**328,500**	381,450

13. DEFERRED TAX ASSET

The deferred tax asset comprises of the following components:

	2010	2009
Accelerated tax depreciation	**(173,182,457)**	(112,381,298)
Allowance against net investment in finance lease	**102,566,614**	109,805,715
Provision for gratuity	**604,222**	297,259
Carry forward losses	**168,056,067**	133,591,070
Unabsorbed depreciation	**-**	5,516,480
	98,044,446	136,829,226
Deferred tax asset not recognised	**(47,069,033)**	(66,829,226)
	50,975,413	70,000,000

Based on the projections of taxable profit, the management considers that it would have sufficient taxable profits against which the deductible temporary differences can be utilised. However, in view of various subjectivities involved in the projections, the deferred tax equivalent to statutory rate of taxation has been charged to profit and loss account. Prior year figures of elements of deductible temporary have been adjusted in accordance with current workings.

14. FIXED ASSETS

2010

	COST			ACCUMULATED DEPRECIATION			Net book value as at 30 June 2010	Depreciation rate % per annum
	As at 1 July 2009	Additions / (deletions)	As at 30 June 2010	As at 1 July 2009	Charge for the year / (accumulated depreciation on deletions)	As at 30 June 2010		
Owned	(Rupees)							
Furniture and fittings	808,729	21,060 (77,385)	752,404	444,860	73,704 (77,379)	441,185	311,219	10
Office equipment, appliances and computer systems	5,534,962	166,545 (2,912,445)	2,789,062	3,798,957	886,897 (2,912,379)	1,773,475	1,015,587	20 and 33.33
Motor vehicles	6,581,159	- (2,156,403)	4,424,756	1,946,865	978,244 (872,341)	2,052,768	2,371,988	20
	12,924,850	**187,605** **(5,146,233)**	**7,966,222**	**6,190,682**	**1,938,845** **(3,862,099)**	**4,267,428**	**3,698,794**	

2009

	COST			ACCUMULATED DEPRECIATION			Net book value as at 30 June 2009	Depreciation rate % per annum
	As at 1 July 2008	Additions/ (deletions)	As at 30 June 2009	As at 1 July 2008	Charge for the year/ (accumulated depreciation on deletions)	As at 30 June 2009		
Owned	(Rupees)							
Furniture and fittings	808,729	- -	808,729	368,574	76,286 -	444,860	363,869	10
Office equipment, appliances and computer systems	6,763,371	962,563 (2,190,970)	5,534,964	5,090,506	899,395 (2,190,944)	3,798,957	1,736,007	20 and 33.33
Motor vehicles	9,125,750	1,695,177 (4,239,770)	6,581,157	1,620,800	1,904,124 (1,578,059)	1,946,865	4,634,292	20
	16,697,850	2,657,740 (6,430,740)	12,924,850	7,079,880	2,879,805 (3,769,003)	6,190,682	6,734,168	

14.1 Particulars of disposal of fixed assets

Particulars	Cost	WDV	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
	(Rupees)					
Vehicles						
Vehicles	1,557,000	927,375	980,270	52,895	As per service rule	Rafi Ahmed Shariff
Vehicles	599,400	356,684	356,684	-	As per service rule	Farhan uddin Niazi
Equipments	2,912,444	66	-	(66)	Scrapped	
Furniture and fixtures	77,385	7	-	(7)	Scrapped	
	5,146,229	1,284,132	1,336,954	52,822		

15. ACCRUED MARK-UP / RETURN

	Note	2010	2009
		(Rupees)	
Mark-up / return accrued on:			
Long term loans		-	1,653,333
Short term finances	15.1	2,278,575	3,255,004
Certificates of investment		26,948,440	10,764,820
		29,227,015	15,673,157

15.1 This includes an amount of Rs. 2,278,575 (2009: Rs. 4,908,337) payable to Standard Chartered Bank (Pakistan)Limited.

16. ACCRUED AND OTHER LIABILITIES

	Note	2010	2009
Accrued expenses			
Provision for leave fare assistance		-	761,912
Other expenses	16.1	13,426,375	7,275,094
		13,426,375	8,037,006
Other liabilities			
Advances from customers		8,025,250	5,187,700
Customer insurance payable		4,981,321	9,883,489
Unclaimed dividend		3,824,609	3,826,753
Others		2,619,713	2,381,271
		19,450,893	21,279,213
		32,877,268	29,316,219

16.1 This includes an amount of Rs. Nil (2009: Rs. 1,518,660) payable to Standard Chartered Bank (Pakistan)Limited.

17. SHORT TERM BORROWINGS

	Note	2010	2009
		(Rupees)	
Short Term Borrowing	17.1	-	101,043,259

17.1 The Company holds a running finance facility amounting to Rs. 950 million from Standard Chartered Bank (Pakistan) Limited, the Holding Company. The facility carries mark-up at the rate of 3-months KIBOR plus 1.75 (2009: 3-months KIBOR plus 2.25) percent per annum. The facility is secured by way of a hypothecation charge on specific leased assets and lease rentals receivable to the extent of Rs. 1,084 million.

18. CERTIFICATES OF INVESTMENT - unsecured

	Note	2010	2009
Certificates of investment	18.1	1,017,427,714	505,677,105

18.1 These certificates have been issued for periods ranging from three months to one year. Rates of return these certificates range from 9.30 percent to 15.2 percent (2009: 8.1 percent to 16.75 percent) per annum.

19. CURRENT PORTION OF NON CURRENT LIABILITIES

	Note	2010	2009
Long term finances		-	66,666,668
Long term certificates of investment		100,913,982	27,126,724
Long term deposits	20	169,715,065	219,042,292
		270,629,047	312,835,684

20. LONG TERM DEPOSITS

	Note	2010	2009
Long term security deposits	20.1	398,236,396	420,376,353
Less: Current portion shown under current liabilities		169,715,065	219,042,292
		228,521,331	201,334,061

20.1 These represent interest free security deposits received against lease contracts and are refundable / adjustable on expiry / termination of the respective leases.

21. LONG TERM CERTIFICATES OF INVESTMENT

	2010	2009
Unsecured - from other than related parties	100,913,982	129,678,917
Less: Current portion shown under current liabilities	100,913,982	27,126,724
	-	102,552,193

		Note	2010	2009
			----(Rupees)----	
22.	**DEFERRED LIABILITIES**			
	Provision for gratuity	*35.4*	**1,726,350**	849,311

23. SHARE CAPITAL

Authorised capital

2010	2009			
(Number of shares)				
100,000,000	100,000,000	Ordinary shares of Rs.10	**1,000,000,000**	1,000,000,000

Issued, subscribed and paid-up share capital

84,051,288	84,051,288	Ordinary shares of Rs.10 each fully paid in cash	**840,512,880**	840,512,880
13,784,192	13,784,192	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**137,841,920**	137,841,920
97,835,480	97,835,480		**978,354,800**	978,354,800

23.1 Standard Chartered Bank (Pakistan) Limited, the Holding Company, owns 84,579,276 ordinary shares which constitutes 86.45 percent of the total issued, subscribed and paid-up share capital.

		Note	2010	2009
24.	**RESERVES**		----(Rupees)----	
	Statutory reserve	*24.1*	**102,928,690**	94,407,485
	Accumulated loss		**(302,539,561)**	(336,624,379)
	Share issue expenses		**(3,892,598)**	(3,892,598)
			(203,503,469)	(246,109,492)

24.1. Statutory reserve represents 20% of profits after tax set aside to comply with the requirements of Prudential Regulations for Non-Banking Finance Companies issued by the Securities and Exchange Commission of Pakistan.

		2010	2009
25.	**COMMITMENTS**		
	Commitments for finance leases	**421,956,293**	323,324,712
26.	**INCOME FROM FINANCE LEASES**		
	Finance income	**206,423,478**	141,428,375
	Documentation fee	**983,403**	980,980
	Penal charges	**8,229,584**	9,872,990
	Termination charges	**1,028,086**	1,162,924
	Miscellaneous income	**8,467,704**	11,976,501
		225,132,255	165,421,770
27.	**INTEREST / MARK-UP / RETURN EARNED**		
	On investments		
	- Government securities	**11,344,503**	11,413,502
	- Certificate of Musharka	**900**	65,764
	- Dividend income	**-**	506,150
		11,345,403	11,985,416
	On loans		
	- Long term loans	**423,424**	410,857
	- Short term loans and fund placements	**3,302,912**	393,609
		3,726,336	804,466
		15,071,739	12,789,882
28.	**OTHER INCOME**		
	Profit on deposits	**50,654**	245,782
	Miscellaneous	**217,991**	814,296
		268,645	1,060,078

29. FINANCE COST

	Note	2010	2009
		--------------------(Rupees)------------------	
Related parties			
Mark-up on long term loans		**5,008,749**	21,246,889
Mark-up on short term finances		**3,278,041**	25,082,654
Commission on COI's		**8,741,266**	1,208,256
Bank charges		**225,078**	412,148
		17,253,134	47,949,947
Other:			
Return on certificates of investment		**91,292,415**	43,214,525
		108,545,549	91,164,472

30. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2010	2009
Staff salaries and benefits	*30.1*	**46,667,925**	35,749,700
Printing and stationery		**785,144**	1,273,673
Communication		**842,999**	872,925
Rent, rates and taxes		**7,656,447**	1,921,208
Utilities charges		**-**	1,363,224
Travelling and conveyance		**759,506**	497,961
Vehicles' running and maintenance		**123,699**	1,545,068
Insurance		**948,680**	603,499
Auditors' remuneration	*30.3*	**779,157**	1,185,145
Repair and maintenance		**491,221**	225,901
Fee and subscription		**1,021,468**	1,448,654
Advertisement		**454,522**	308,717
Entertainment		**269,138**	316,468
Newspapers and periodicals		**49,243**	30,251
Amortisation of deferred cost		**-**	260,617
Depreciation	*14*	**1,938,845**	2,879,805
Legal and professional charges		**3,035,142**	2,513,164
Workers walfare fund		**1,413,517**	-
General expenses		**3,388,856**	837,268
		70,625,509	53,833,248

30.1. Salaries and benefits include Rs. 1,284,743 (2009: Rs.1,233,520) and Rs. 914,327 (2009: 2,000,000) in respect of Company's contribution to provident fund and gratuity expense respectively.

30.2. The total number of employees at 30 June 2010 is 31 (2009: 32).

30.3. Auditors' remuneration

	2010	2009
Annual audit fee	**399,996**	795,832
Half yearly review	**145,831**	125,000
Other certifications	**183,330**	50,000
Out of pocket expenses	**50,000**	214,313
	779,157	1,185,145

31. TAXATION

	2010	2009
Current - for the year	**3,917,118**	-
Prior	**-**	3,420,774
Deferred	**19,024,587**	-
	22,941,705	3,420,774

31.1. Current status of tax assessments

The Company's assessments raised for the assessment years 1998-99 to 2002-03 whereby lease key money amounting to Rs. 227 million have been added to the Company's income. In the Company's appeals with the income Tax Appellate Tribunal, the addition was held. The company filed rectification application before ITAT that certain arguments advanced at the time of hearing of appeals were not considered while framing the order. The ITAT vide appellate order dated 27 February 2008 has recalled its original appellate order for all years to the extent through which the said addition of lease key money was confirmed and referred to the Chairman ITAT to constitute larger bench for rehearing / decision of the case. No provision has been made this respect as the management is of the view that the same will be allowed.

32. EARNINGS / PER SHARE - BASIC AND DILUTED

	Note	2010	2009
		(Rupees)	
Profit /(Loss) after taxation		**42,606,023**	(59,972,937)
		(Number of shares)	
Weighted average number of outstanding ordinary shares		97,835,480	71,070,890
		(Rupees)	
Earnings per share (Basic and diluted)		**0.44**	(0.84)

33. CASH AND CASH EQUIVALENTS

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

	Note	2010	2009
Cash and bank balances	*4*	**8,549,552**	5,293,906
Short term borrowings	*17*	**-**	(101,043,259)
		8,549,552	(95,749,353)

34. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	2010		2009	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees)			
Managerial remuneration including bonus	**7,970,005**	**7,117,852**	5,203,355	6,821,659
Housing, utilities and others	**4,154,437**	**5,041,106**	3,268,953	3,663,908
Retirement benefits	**454,371**	**388,774**	350,138	520,227
	12,578,813	**12,547,732**	8,822,446	11,005,794
Number of persons	**1**	**8**	1	8

34.1. The Company provides free use of Company maintained cars to chief executive and executives in accordance with the terms of their employment.

35. DEFINED BENEFIT GRATUITY PLAN

35.1 General description

The gratuity plan is a defined benefit final salary plan and the Company maintains a book reserve in respect of its liability. The discount rate represents yield on long term Government bonds.

The latest actuarial valuation, at 30 June 2010, uses the projected unit credit method and the key assumptions used for actuarial valuation were as follows:

	2010	2009
Discount rate	13%	12.50%
Expected rate of increase in salary in future years	10.80%	10.40%

35.2 Movement in defined benefit gratuity obligation

	2010	2009
	(Rupees)	
Obligation at beginning of the year	**1,162,578**	619,652
Current service costs	**753,960**	541,838
Interest cost	**143,060**	77,217
Benefits paid	**(37,288)**	(76,129)
Actuarial loss	**-**	-
Obligation at end of the year	**2,022,310**	1,162,578

35.3 Charge for defined benefit gratuity plan

	2010	2009
Current service costs	**753,959**	541,838
Interest cost	**143,060**	77,217
Recognition of loss	**17,308**	18,320
Total expense	**914,327**	637,375

35.4 Recognised liability

	2010	2009
	(Rupees)	
Liability at beginning of the year	**849,311**	288,065
Expense	**914,327**	637,375
Payments made	**(37,288)**	(76,129)
Liability at end of the year	**1,726,350**	849,311

35.5 Reconciliation of recognised liability

Obligation	**2,022,310**	1,162,578
Unrecognized net loss	**(295,960)**	(313,268)
Recognized liability	**1,726,350**	849,310

Year	Obligation	Loss
FY10	1,726,350	0%
FY09	1,162,579	0%
FY08	619,652	17%
FY07	2,454,314	8%
FY06	4,320,322	9%

36. RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its Parent Company, fellow subsidiary, staff retirement funds and key management personnel.

The details of significant related party transactions and balances as at 30 June 2010 are as follows:

	2010				2009			
	Parent Company	Other related party	Key management personnel	Total	Parent Company	Other related party	Key management personnel	Total
	(Rupees)							
TRANSACTIONS DURING THE YEAR								
Mark-up on long term finances	5,008,749	-	-	5,008,749	23,731,531	-	-	23,731,531
Markup on running finance	3,278,041	-	-	3,278,041	22,014,773	-	-	22,014,773
COI Commission	8,741,266	-	-	8,741,266	-	-	-	-
Profit on long term loans	-	-	191,235	191,235	-	-	224,656	224,656
Profit on bank deposits	50,654	-	-	50,654	245,782	-	-	245,782
Profit on short term placements	3,302,912	-	-	3,302,912	393,610	-	-	393,610
Long term finance repaid	66,666,668	-	-	66,666,668	86,666,666	-	-	86,666,666
Loans advanced to employees	-	-	7,239,483	7,239,483	-	-	15,372,351	15,372,351
Loans recovered from employees	-	-	6,360,002	6,360,002	-	-	1,406,714	1,406,714
Managerial remuneration	-	1,403,433	15,087,857	16,491,290	-	619,355	12,025,014	12,644,369
House rent	-	-	4,769,324	4,769,324	-	247,742	4,306,304	4,554,046
Utilities	-	-	848,880	848,880	-	61,935	1,572,672	1,634,607
Medical	-	-	1,128,795	1,128,795	-	-	-	-
Retirement benefits	-	-	843,145	843,145	-	116,624	870,365	986,989
Gratuity paid	-	-	37,288	37,288	-	-	-	-
Other allowances	-	-	2,448,544	2,448,544	-	258,065	1,053,885	1,311,950
Apportionment of expenses under Service Level Agreement								
Rent	7,656,447	-	-	7,656,447	6,536,808	-	-	6,536,808
Information technology	2,743,454	-	-	2,743,454	984,880	-	-	984,880
BALANCES								
Short term Investment	100,000	-	-	100,000	-	-	-	-
Long term finances	-	-	-	-	66,666,668	-	-	66,666,668
Accrued Mark-up on short term finances	2,278,575	-	-	2,278,575	3,255,004	-	-	3,255,004
Accrued Mark-up on long term finances	-	-	-	-	1,655,333	-	-	1,655,333
Accured COI Commission	3,395,738	-	-	3,395,738	-	-	-	-
Current account balances	213,520	-	-	213,520	-	-	-	-
Savings deposits	8,285,069	-	-	8,285,069	5,267,413	-	-	5,267,413
Short term borrowings	-	-	-	-	101,043,259	-	-	101,043,259
Long term loans advanced to key employees	-	-	14,845,118	14,845,118	-	-	13,965,637	13,965,637

The Company has entered into a Service Level Agreement dated 01 July 2009 with Standard Chartered Bank (Pakistan) Limited. The agreement provides for the basis of charge and rates on account of services provided by the bank. These include services on account of space and administration, networking, consumer operational support, consumer collection support and operating from bank's branches.

Accruals in respect of staff retirement plans are made in accordance with the actuarial valuation / terms of contribution plan (refer notes 34 & 3.7.1 of these financial statements for details of the plans).

37. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

37.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The risk is generally limited to principal amounts and accrued interest thereon, if any. The company's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the NBFC rules and regulations. Out of the total financial assets of Rs. 1,878 million (2009: Rs. 1,478 million), the financial assets which are subject to credit risk amounted to Rs. 1,877 million (2009: Rs. 1,472 million). The carrying amount of these financial assets represents the maximum credit exposure at the reporting date. This is as follows:

	2010	2009
	--------------------(Rupees)	------------------
Bank balances	**17,339,779**	5,279,874
Accrued mark-up / return	**7,298,182**	3,038,081
Other receivables	**1,167,139**	22,190,059
Short term investment - Certificate of Musharaka	**100,000**	-
Long term investment	**255,954,933**	157,828,286
Net investment in finance leases (net of security deposits held)	**1,580,454,097**	1,264,306,974
Long term loans	**22,136,926**	19,641,324
	1,884,451,056	1,472,284,598

37.1.1 Description of Collateral held

The Company's leases are secured against assets leased out. In a few leases additional collateral is also obtained in the form of mortgaged property.

37.1.2 Lease contracts restructured

The carrying value of lease contracts re-structured during the year, which would other wise be past due or impaired as at year end is Nil (2009: Rs. 26.3 million).

37.1.3 Aging Analysis of Net Investment in Finance Lease (net of security deposits held)

	2010			
Past due	**Carrying Amount**	**Amount on which no impairment recognised**	**Amount on which impairment recognised**	**Impairment recognised**
	-----------------------------------	--------------(Rupees)	------------------------------------	
0 days	179,018,701	177,088,847	1,929,854	1,929,684
1-89 days	1,354,398,393	1,329,368,118	25,030,275	14,933,471
90 days-1 year	62,339,867	40,088,499	22,251,368	19,725,063
1 year- 2 years	17,268,924	13,048	17,255,876	17,108,845
2 years- 3 years	119,562,707	-	119,562,707	115,394,444
More than 3 years	219,155,294	-	219,155,294	198,483,655
Total	**1,951,743,886**	**1,546,558,512**	**405,185,374**	**367,575,162**

Past due	2009 Carrying Amount	Amount on which no impairment recognised	Amount on which impairment recognised	Impairment recognised
	(Rupees)			
0 days	999,329,890	999,142,862	187,028	187,028
1-89 days	187,417,251	180,017,334	7,399,917	5,224,174
90 days-1 year	80,415,672	44,113,553	36,302,119	26,588,447
1 year- 2 years	90,252,720	-	90,252,720	77,673,175
2 years- 3 years	111,410,134	-	111,410,134	103,614,271
More than 3 years	170,601,509	-	170,601,509	161,833,107
Total	1,639,427,176	1,223,273,749	416,153,427	375,120,202

Impairment is recognised by the Company in accordance with Schedule X of NBFC Regulations, 2008 and subjective evaluation of investment portfolio carried out on an ongoing basis.

37.1.4 Assets repossessed against lease contracts

In order to recover the amount outstanding from non-performing customers in certain cases the assets are repossessed and subsequently sold.

The value of assets repossessed during the year (mainly vehicles) amounted to Rs. 2.9 million (2009: Rs. 4.5 million).

37.1.5 Concentration of credit risk

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

Details of the industrial sector analysis of lease portfolio (net of security deposits held) are as follows:

Sectors	**2010**		2009	
	(Rupees)	**%**	(Rupees)	%
Chemicals and allied	**95,440,276**	**4.89**	53,281,383	3.25
Construction and building products	**47,817,725**	**2.45**	67,052,571	4.09
Dairy and beverages	**142,867,652**	**7.32**	70,659,311	4.31
Electric and electric goods	**61,284,758**	**3.14**	71,315,082	4.35
Engineering and metals	**34,741,041**	**1.78**	6,229,823	0.38
Fibres	**2,342,093**	**0.12**	2,950,969	0.18
Financial institutions	**-**	**-**	-	-
Food and confectionery	**132,913,759**	**6.81**	57,379,951	3.50
Glass and ceramics	**6,245,580**	**0.32**	6,065,881	0.37
Health care	**34,545,867**	**1.77**	23,771,694	1.45
Hotels	**20,102,962**	**1.03**	4,918,282	0.30
Individuals	**72,604,873**	**3.72**	139,843,138	8.53
Information technology	**2,927,616**	**0.15**	5,737,995	0.35
Leather and tannery	**780,698**	**0.04**	1,803,370	0.11
Media and advertising	**4,489,011**	**0.23**	819,714	0.05
Miscellaneous manufacturing	**7,611,801**	**0.39**	110,497,392	6.74
Miscellaneous services	**45,280,458**	**2.32**	126,399,835	7.71
Natural or industrial gas and LPG	**14,052,556**	**0.72**	2,459,141	0.15
Paper and board	**7,026,278**	**0.36**	4,262,511	0.26
Petroleum and oilfield	**67,335,164**	**3.45**	1,360,725	0.08
Pharmaceuticals	**103,442,426**	**5.30**	55,576,581	3.39
Sugar and allied	**110,468,704**	**5.66**	78,364,619	4.78
Telecommunication	**11,905,638**	**0.61**	16,230,329	0.99
Textile	**173,900,380**	**8.91**	206,403,881	12.59
Transport	**296,665,070**	**15.20**	239,848,196	14.63
Others	**454,951,500**	**23.31**	286,194,802	17.46
	1,951,743,886	**100.00**	1,639,427,176	100.00

-

	2010	2009
	--------------------(Rupees)------------------	
Net investment in finance lease	**2,349,980,281**	2,059,803,529
Less: Security deposits held	**(398,236,396)**	(420,376,353)
	1,951,743,885	1,639,427,176

37.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company'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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2010						
	Carrying Amount	Contractual cash flows	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
	------------------------------------(Rupees)------------------------------------						
Financial liabilities							
Long term finances and mark up payable	-	-	-	-	-	-	-
Accrued and other liabilities	24,852,018	(24,852,018)	(24,852,018)	-	-	-	-
Long term deposits	398,236,396	(398,236,396)	(109,041,033)	(16,052,396)	(35,863,208)	(237,279,759)	-
Certificates of investment and mark-up payable thereon	1,044,376,154	(1,044,376,154)	(1,044,376,154)	-	-	-	-
Short-term borrowings and mark up payable	2,278,575	(2,278,575)	(2,278,575)	-	-	-	-
	1,469,743,143	(1,469,743,143)	(1,180,547,780)	(16,052,396)	(35,863,208)	(237,279,759)	-

	2009						
	Carrying Amount	Contractual cash flows	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
Financial liabilities	---------------------------(Rupees)---------------------------						
Long term finances and mark up payable	68,320,001	(73,606,303)	-	-	(73,606,303)	-	-
Accrued and other liabilities	24,128,519	(24,128,519)	(24,128,519)	-	-	-	-
Long term deposits	420,376,353	(420,376,353)	(90,266,705)	(26,885,795)	(97,722,558)	(204,671,295)	(830,000)
Certificates of investment and mark-up payable thereon	646,120,842	(697,216,067)	(121,636,109)	(242,221,721)	(207,906,090)	(125,452,147)	-
Short-term borrowings and mark up payable	104,298,263	(104,298,263)	(104,298,263)	-	-	-	-
	1,263,243,978	(1,319,625,505)	(340,329,596)	(269,107,516)	(379,234,951)	(330,123,442)	(830,000)

37.2.1. The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at year end (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in notes 17, 18, 35 to these financial statements.

37.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

37.3.1 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. The Company has adopted appropriate policies to minimise its exposure to this risk. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments and the periods in which the mature is as follows:

	Carrying Amount	
	2010	2009
	--------------------(Rupees)------------------	
Fixed Rate Instruments:		
Financial Assets	**676,793,214**	746,068,704
Financial Liablities	**(1,017,427,714)**	(635,356,022)
	(340,634,500)	110,712,682
Variable Rate Instruments:		
Financial Assets	**1,582,952,394**	1,137,161,246
Financial Liablities	**-**	(101,043,259)
	1,582,952,394	1,036,117,987

			2,010				
			Exposed to interest rate risk				
	Effective yield	**Carrying Amount**	**Upto 3 months**	**Over 3 months to 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Not exposed to interest rate risk**
		-----(Rupees)-----					
Financial assets							
Bank balances		8,530,299	8,498,589	-	-	-	31,710
Accrued mark-up / return	-	7,298,182	-	-	-	-	7,298,182
Advances and other receivables	0.00%	1,167,139	-	-	-	-	1,167,139
Short term investments	-	1,025,422	-	100,000	-	-	925,422
Long term investments	8%-14%	255,954,933	-	48,152,980	207,801,953	-	-
Net investment in finance leases	9%-25%	1,978,690,493	271,609,845	427,403,083	1,279,677,565	-	-
Long term loans	2%-4%	22,136,926	849,568	1,838,804	6,711,767	7,101,454	5,635,333
		2,274,803,394	**280,958,002**	**477,494,867**	**1,494,191,285**	**7,101,454**	**15,057,786**
Financial liabilities							
Accrued mark-up / return	-	29,227,015	-	-	-	-	29,227,015
Accrued and other liabilities	-	24,852,018	-	-	-	-	24,852,018
Short term borrowings	14.3%-16.83%	-	-	-	-	-	-
Long term finances		-	-	-	-	-	-
Long term deposits	-	398,236,396	-	-	-	-	398,236,396
Certificate of investments	9.3%-15.2%	1,017,427,714	1,017,427,714	-	-	-	-
		1,469,743,143	**1,017,427,714**	**-**	**-**	**-**	**452,315,429**
On balance sheet gap - 2010		**805,060,251**	**(736,469,712)**	**477,494,867**	**1,494,191,285**	**7,101,454**	**(437,257,643)**

			2,009				
			Exposed to interest rate risk				
	Effective yield	Carrying Amount	Upto 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Not exposed to interest rate risk
		-----(Rupees)-----					
Financial assets							
Bank balances	5.00%	5,279,874	5,267,413	-	-	-	12,461
Accrued mark-up / return	-	3,038,081	-	-	-	-	3,038,081
Advances and other receivables	16.27%	22,190,059	19,896,800	-	-	-	2,293,259
Short term investments							
Short term loans	-	5,740,890	-	-	-	-	5,740,890
Long term investments	9%-14%	157,828,286	124,692	4,859,563	152,844,031	-	-
Net investment in finance leases	9%-25%	1,684,683,327	988,453,892	593,676,998	102,552,437	-	-
Long term loans	3%-5%	19,641,324	4,392,156	978,891	4,059,972	6,123,105	4,087,200
		1,898,401,841	1,018,134,953	599,515,452	259,456,440	6,123,105	15,171,891
Financial liabilities							
Accrued mark-up / return	-	15,673,157	-	-	-	-	15,673,157
Accrued and other liabilities	-	24,128,519	-	-	-	-	24,128,519
Short term borrowings	14.3%-16.83%	101,043,259	101,043,259	-	-	-	-
Long term finances	11.1%-16.43%	66,666,668	66,666,668	-	-	-	-
Long term deposits	-	420,376,353	-	-	-	-	420,376,353
Certificate of investments	5.5%-16.75%	635,356,022	341,900,995	192,202,834	101,252,193	-	-
		1,263,243,978	509,610,922	192,202,834	101,252,193	-	460,178,029
On balance sheet gap - 2009		635,157,863	508,524,031	407,312,618	158,204,247	6,123,105	(445,006,138)

Fair Value sensitivity for fixed rate instruments

The company does not account for any fixed rate financial assets and liabliities at fair value through profit and loss.Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and loss 100 bp	
	Increase	Decrease
	--------------------(Rupees)------------------	
As at 30 June 2010		
Cash flow sensitivity-Variable rate instruments	**15,829,524**	**(15,829,524)**
As at 30 June 2009		
Cash flow sensitivity-Variable rate instruments	2,838,518	(2,838,518)

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

37.4 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 interest 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 instrument traded in the market.

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company manages the equity price risk through diversification and placing limits to individual and total equity instruments in line with the NBFCs Regulations. Report on the equity portfolio are submitted to investment committee on weekly basis for their review and approval.

Presently, the Company holds equity instruments classified as 'available for sale' and 'at fair value through profit or loss' that expose the Company to equity risk. A 10% increase / decrease in redemption value and share prices at year end would have increased / decreased unrealized gain/loss on investments classified as Held for trading and impairment loss on investment classified as available for sale recognised in profit and loss account as follows:

37.4.1 Equity price risk

Equity price risk is the risk of unfavourable changes in the fair value of equity securities as a result of changes in the levels of KSE-Index and the value of individual shares. The equity price risk exposure arises from the company's investments in equity securities for which prices in the future are uncertain.

The Company does not plan to make any further investment in equity securities. As the entire investment portfolio has been classified in the AFS category, a 10% increase / decrease in redemption value and share prices at year end would have increased / decreased surplus on revaluation of investments and impairment loss of investment recognised in profit and loss account as follows:

	2010	2009
	--------------------(Rupees)------------------	
Effect of increase in share price		
Effect on profit or loss (impairment loss)	**92,542**	574,089
Effect on equity	**-**	-
Effect on investments	**92,542**	574,089
Effect of decrease in share price		
Effect on profit or loss (impairment loss)	**(92,542)**	(574,089)
Effect on equity	**-**	-
Effect on investments	**(92,542)**	(574,089)

The sensitivity analysis prepared is not necessarily indicative of the effects on loss / equity and assets of the Company.

37.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of the financial assets and financial liabilities approximate their fair values except for long term loans to employees, investments held-to-maturity, leases at fixed rate of return and long term COIs. The fair values of long term loans to employees, leases at fixed rate of return and long term COIs cannot be reasonably estimated due to absence of market for such loans. The fair value of held-to-maturity investments is disclosed in the Note 9.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Total
	------------------------------ (Rupees)	--------------------------------------	
Available for sales			
Equity securities	925,422	-	925,422
Debt securities	-	244,835,884	244,835,884
	925,422	**244,835,884**	**245,761,306**

37.6 Operational Risks

Operational risk is the risk of direct or indirect loss being incurred due to an event or action arising from the failure of technology, processes, infrastructure, personnel and other risks having an operational risk impact. The Country Operational Risk group ("CORG") has been established to ensure that an appropriate risk management framework is in place at a grass root level, and to report,monitor and manage operational, social, ethical and environmental risk. The CORG is chaired by the CEO and Head of Compliance is an active member of this forum.

All business units within the Company monitor their operational risks using set standards and indicators. Significant issues and exceptions are reported to CORG.

Risk Committee chaired by the CRO. Disaster recovery procedures, business contingency planning, self-compliance audits and internal audits also form an integral part of the operational risk management process.

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on September 08, 2010

Chairman **Chief Executive**

AS ON 30-06-2010

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Percentage
523	1	100	26,275	0.03
1240	101	500	331,149	0.34
630	501	1000	486,603	0.50
698	1001	5000	1,400,761	1.43
96	5001	10000	711,091	0.73
27	10001	15000	330,025	0.34
27	15001	20000	504,335	0.52
10	20001	25000	232,392	0.24
12	25001	30000	340,444	0.35
1	30001	35000	31,000	0.03
5	35001	40000	185,134	0.19
2	40001	45000	86,532	0.09
3	45001	50000	142,029	0.15
3	50001	55000	157,670	0.16
1	55001	60000	56,560	0.06
1	60001	65000	60,500	0.06
2	65001	70000	135,025	0.14
1	70001	75000	73,018	0.07
3	75001	80000	238,764	0.24
1	80001	85000	81,500	0.08
5	95001	100000	495,150	0.51
1	115001	120000	120,000	0.12
2	135001	140000	278,210	0.28
1	140001	145000	144,626	0.15
1	155001	160000	159,382	0.16
1	165001	170000	165,603	0.17
1	215001	220000	217,077	0.22
1	240001	245000	240,500	0.25
1	250001	255000	250,903	0.26
1	260001	265000	264,582	0.27
3	370001	375000	1,115,333	1.14
1	435001	440000	435,261	0.44
1	445001	450000	447,500	0.46
1	520001	525000	520,241	0.53
1	555001	560000	557,105	0.57
1	770001	775000	773,924	0.79
1	1455001	1460000	1,460,000	1.49
1	84575001	84580000	84,579,276	86.45
3,311			97,835,480	100.00

Categories of Shareholders

Standard Chartered Leasing Limited

AS ON 30-06-2010

PARTICULARS		SHARAHOLDER	SHAREHOLDING	PERCENTAGE
Directors, C.E.O & Children		7	16,590	0.02
Executives		-	-	-
Associated Companies, Undertalkings & related parties				
Standard Chartered Bank Pakistan Ltd.		1	84,579,276	86.45
NIT and ICP				
National Bank of Pak (Trustee Dept) NI(U) T Fund	773,924			
National Investment Trust Limited	19,930			
IDBP (ICP UNIT) ------>	2,500			
IDBP (ICP UNIT) ------>	1,082	4	797,436	0.82
Banks, DFI & NBFI		9	452,135	0.46
Insurance Companies		1	217,077	0.22
Modarabas and Mutual Funds		2	6,719	0.01
Others		53	1,539,175	1.57
General Public		3,234	10,227,072	10.45
Company Total		**3,311**	**97,835,480**	**100.00**

		SHARES	%
A.	Directors/Chief Executive Officer and their spouse and minor children	**SHARES**	**%**
1	Mr. Shahid Zaki	2,370	0.00
2	Mr. Tufail Jawed Ahmad	2,370	0.00
3	Mr. Arjumand Ahmed Minai	2,370	0.00
4	Mr. Muhammad Aalishaan Zaidi	2,370	0.00
5	Mr. Najam I. Chaudhri *Shares under process for transfer*	2,370	0.00
6	Mr. Cyrus J. Masani	2,370	0.00
7	Mr. Badar Kazmi	2,370	0.00
	TOTAL	**16,590**	**0.02**
B.	Executives	-	-
C.	Associated Companies, Undertakings and related parties		
1	Standard Chartered Bank (Pakistan) Limited	84,579,276	86.45
D.	NIT and IDBP (ICP UNIT)		
1	National Bank of Pakistan-Trustee Department NI(U) T Fund	773,924	0.79
2	National Investment Trust Limited	19,930	0.02
3	IDBP (ICP Unit)	1,082	0.00
4	IDBP (ICP Unit)	2,500	0.00
	TOTAL	**797,436**	**0.82**
E.	Banks, Development, Financial Institutions & Non-Banking Financial Institution		
1	Islamic Investment Bank Ltd.	929	0.00
2	Atlas Investment Bank Ltd.	200	0.00
3	Fidelity Investment Bank Ltd.	1,265	0.00
4	Al-Faysal Investment Bank Ltd.	1,325	0.00
5	National Development Finance Corporation	4,000	0.00
6	The Bank of Punjab	165,603	0.17
7	State Street Bank and Trust Co.	100,000	0.10
8	National Bank of Pakistan	159,382	0.16
9	Faysal Bank Limited	19,431	0.02
	TOTAL	**452,135**	**0.46**
F.	Insurance Companies		
1	State Life Insurance Corp. of Pakistan	217,077	0.22
G.	Modarabas and Mutual Funds		
1	Tri. Star Mutual Fund Ltd.	6,545	0.01
2	Growth Mutual Fund Limited	174	0.00
	TOTAL	**6,719**	**0.01**
H.	*Shareholding 10% or more		
	Standard Chartered Bank (Pakistan) Ltd.	***84,579,276**	***86.45**
I.	Others	**1,539,175**	**1.57**
J.	GENERAL PUBLIC	**10,227,072**	**10.45**
	Grand Total	**97,835,480**	**100.00**

* Shareholders having 10% or above shares exist in Associated Companies therefore not included in total.

Form of Proxy

Standard Chartered
Leasing Limited

I/We ____

of ____

being member(s) of Standard Chartered Leasing Limited holding ______________________________________

ordinary shares hereby appoint ____

of ________________________________ or failing him/her _________________________________

of ________________________________ who is/are also member(s) of Standard Chartered Leasing Limited

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 17th Annual General Meeting of the

company to be held on October 27, 2010, at the Institute of Banker Pakistan.

Signed this_________________________ day of _________________________2010

in the presence of ____

Folio No.

Signature on Rs. 5/- Revenue Stamp

WITNESSES:

1. Signature:

   Name: ______________________________

   Address: ______________________________

   CNIC No: ______________________________

   Passport No: ______________________________

2. Signature:

   Name: ______________________________

   Address: ______________________________

   CNIC No: ______________________________

   Passport No: ______________________________

Note:

1. The Proxy Form should be deposited in the registered office of the Company, as soon as possible but not latter than 48 hours before the time of holding the meeting, failing which; Proxy Form will not be treated as valid.

2. No person shall act as proxy unless he/she is a member of the Company.