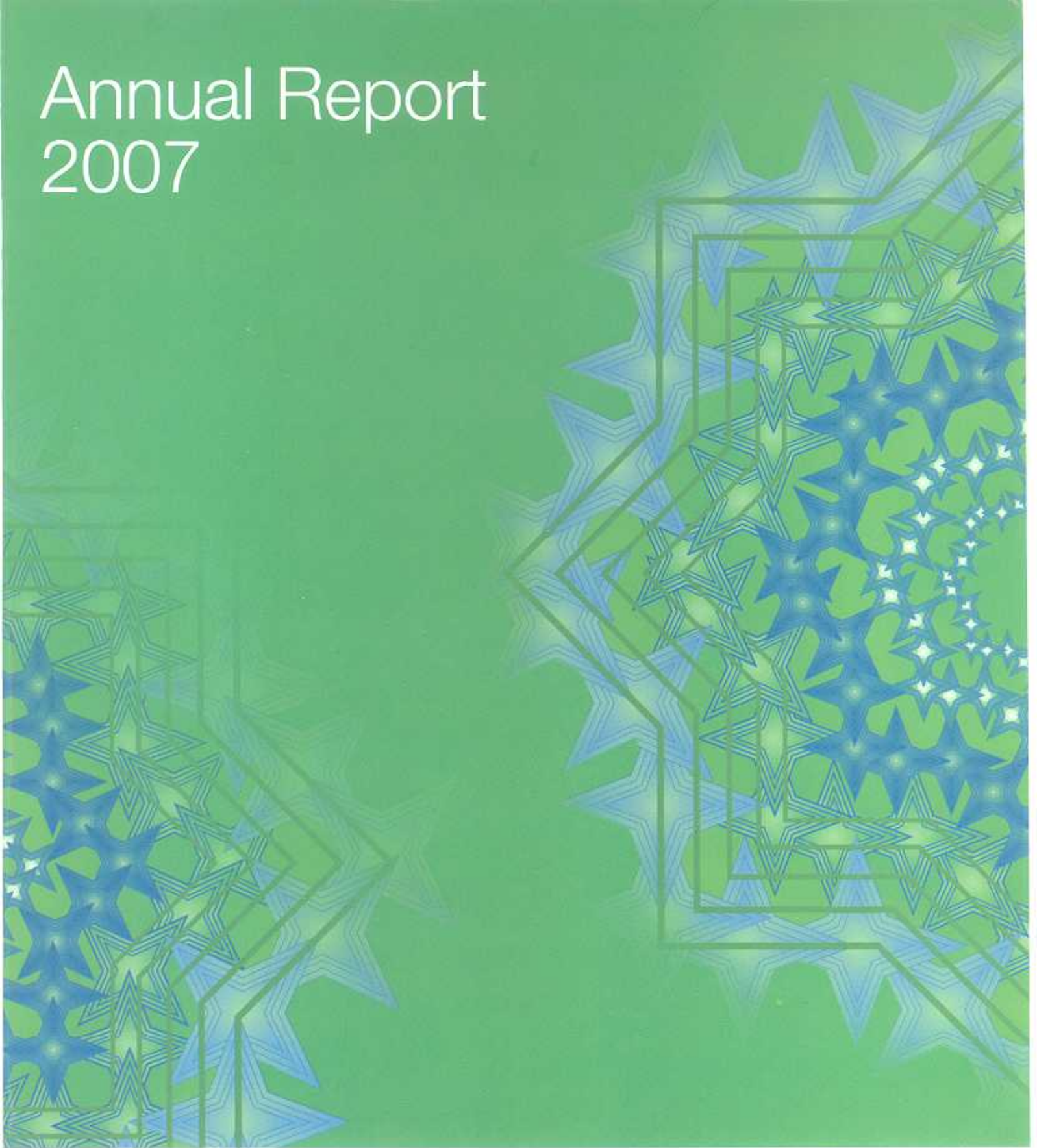


Annual Report 2007



Standard
Chartered
Modaraba



Rating by:
PACRA

The image shows the long-term credit rating 'AA' in a bold, teal-colored serif font. The letters are large and prominent.

Long-term

The image shows the short-term credit rating 'A1+' in a bold, blue-colored serif font. The letters are large and prominent.

Short-term

Highest rating in the entire Modaraba and Leasing sectors.

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

Vision

To be the preferred provider
of Islamic financial products
in the market.

Mission

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



We believe in our values

Courageous
With you we can
overcome obstacles.

Responsive
With you we will
triumph in partnership

Trustworthy
With you we will
reach new heights.

International
With you there are
no borders.

Creative
With you there are
ways to add value.





Corporate Excellence Award by Management Association of Pakistan.



Modaraba Team With Corporate Excellence Award

ANNUAL REPORT 2007

CONTENTS

BOARD OF DIRECTORS	6
MODARABA INFORMATION	7
NOTICE OF ANNUAL REVIEW MEETING	8
DIRECTORS' REPORT	9
PATTERN OF CERTIFICATE HOLDING	13
STATEMENT OF VALUE ADDED	15
STATEMENT OF COMPLIANCE	16
AUDITORS' REVIEW REPORT	18
AUDITORS' REPORT	19
BALANCE SHEET	21
PROFIT AND LOSS ACCOUNT	22
STATEMENT OF CHANGES IN EQUITY	23
CASH FLOW STATEMENT	24
NOTES TO THE ACCOUNTS	25
SIX YEARS' FINANCIAL SUMMARY	41

Board of Directors



Badar Kazmi

Chairman

Appointed as Director and Chairman of the Board on July 17, 2003. Also holds the positions of Chief Executive of Standard Chartered Bank (Pakistan) Limited, Chairman of Standard Chartered Leasing Limited and Chairman of Price Solution Pakistan (Private) Limited. He has an extensive and diversified banking experience of 27 years, holding key positions both locally and internationally including that of being the Regional Head of Global Markets, Middle East & South Asia as well as Africa.

Arjumand Ahmed Minai
Managing Director/Chief Executive



Appointed to the Board on September 22, 2006 as Managing Director/ Chief Executive. He is also a director of Standard Chartered Leasing Limited. Prior to his appointment, he was Chief Financial Officer and acting Human Resources Director at Union Bank Limited. He has an overall working experience of more than 28 years including banking experience of over 3 years. He has held senior positions in multinational companies and a management consulting organization besides having audit and IT management experience with audit firms in Pakistan and in the U.K.



Cyrus J. Masani

Director

Appointed to the Board on May 09, 2005. He is also a director of Standard Chartered Leasing Limited and Price Solution Pakistan (Private) Limited. He holds the position of Chief Financial Officer, Standard Chartered Bank (Pakistan) Limited (SCBPL). He has over 19 years of post qualification experience and has also held senior positions in a leading audit firm and a multinational company. Prior to joining SCBPL, he was the Chief Financial Officer of Standard Chartered Modaraba and Company Secretary of Standard Chartered Services of Pakistan (Private) Limited.

Muhammad Afaq Khan

Director



Appointed to the Board on May 09, 2005. Also holds the position of head of Islamic Banking, Standard Chartered Bank–Dubai. Prior to joining the bank, he had spent two years in HSBC Group, thirteen years in Citigroup and held a number of senior positions in Investment Banking, Corporate Banking and Financial Institutions of the two Groups.



Imran Ahad

Director

Appointed to the Board on April 19, 2006. He is also a director of Standard Chartered Leasing Limited and holds the position of Head of Client Relationships in Standard Chartered Bank (Pakistan) Limited (SCBPL). He joined banking profession in 1986 and has an extensive experience of 22 years, holding key positions both locally and internationally. Prior to joining SCBPL, he had spent two years in BCCI, Pakistan and six years in Union National Bank, Abu Dhabi, UAE.

Tufail Jawed Ahmad

Director



Appointed to the Board on March 12, 2007. He is also a director of Standard Chartered Leasing Limited and holds the position of Chief Risk Officer in Standard Chartered Bank (Pakistan) Limited. He joined banking profession in 1980 and has an extensive and diversified banking experience of 27 years, holding key positions both locally and internationally. Prior to joining the bank, he had spent two years in National Bank of Fujairah in Dubai, five years with Standard Chartered Bank in Dubai and twenty years with ANZ Group in Pakistan, UK and Bahrain.

Modaraba Information

Directors of Modaraba Company

Mr. Badar Kazmi
Chairman

Mr. Arjumand A. Minai
Managing Director/Chief Executive

Mr. Cyrus J. Masani
Director

Mr. Muhammad Afaq Khan
Director

Mr. Imran Ahad
Director

Mr. Tufail Jawed Ahmad
Director

Company Secretary

Mr. Asif Iqbal Alam

Audit Committee

Mr. Cyrus J. Masani
Chairman

Mr. Imran Ahad
Member

Mr. Tufail Jawed Ahmad
Member

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Bankers / Lending Institutions

Standard Chartered Bank
MCB Bank Limited

Legal Advisors

Fazle Ghani Khan & Co.
Mohsin Tayebali & Co.
Orr Dignam & Co.
Sirajul Haque & Co.

Registered and Head Office

Standard Chartered Bank
Main Building
P. O. Box 5556, I. I. Chundrigar Road
Karachi-74000
Phone: 2450000

Branch Offices

Standard Chartered Bank Building
P. O. Box 6131, Tufail Road
Lahore Cantt.
Phone: (042) 6066277-80

Standard Chartered Bank Building
P. O. Box 1004
No. 1 Diplomatic Enclave
Islamabad
Phone: (051) 2088209

Registrars & Share Registration Office

Ferguson Associates (Pvt) Ltd.
P. O. Box 4716
State Life Building 1-A
Off. I. I. Chundrigar Road
Karachi-74000

Web Address

www.scmodaraba.com

Notice of Annual Review Meeting

Notice is hereby given that the Eighth Annual Review Meeting of certificate-holders of Standard Chartered Modaraba (SCM) will be held on Tuesday, November 20, 2007 at 11:00 am at The Institute of Bankers, Moulvi Tamizuddin Khan Road, Karachi, to review the performance of the Modaraba for the year ended June 30, 2007.

The certificate-holders whose names appear on the Register of certificate-holders of SCM as on November 13, 2007 will be eligible to attend the Annual Review Meeting.

On behalf of the Board



Asif Iqbal Alam
Company Secretary
Standard Chartered Services of Pakistan (Pvt) Ltd.
Managers of Standard Chartered Modaraba
Karachi, September 12, 2007

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

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

REQUEST TO CERTIFICATE HOLDERS

Please note that all companies are required to annually submit to Securities & Exchange Commission of Pakistan, Form 'A' and Annual Statement of Collection / Deduction of Withholding Tax from dividend payments under section 150 of Income Tax Ordinance, 2001 to Income Tax Authorities. Above statutory returns now require Computerized NIC and NTN numbers of all the certificate-holders.

We, therefore, Request all the certificate-holders to submit their CNIC and NTN numbers through a duly signed letter by the respective certificate-holder

Twenty first Report of the Directors of Modaraba Company for the year ended June 30, 2007

The Board of Directors of Standard Chartered Services of Pakistan (Private) Limited, the Management Company of Standard Chartered Modaraba (SCM), has pleasure in presenting the twenty first Directors' report of SCM, together with audited accounts for the year ended June 30, 2007.

1. Financial Results

Financial results are summarized as under:

	Year ended 30.06.2007 (Rupees in thousands)	Year ended 30.06.2006 (Rupees in thousands)
Net profit for the year	82,196	61,512
Add: Unappropriated profit brought forward	8,201	3,982
Profit available for appropriation	90,397	65,494
Appropriations:		
Profit distribution @ 15% (2006: @ 10%)	64,834	39,293
Statutory reserve	16,439	18,000
	81,273	57,293
Unappropriated profit carried forward	9,124	8,201
Earnings per certificate	1.90	1.42

2. Profit Distribution

The Board in its meeting held on September 12, 2007 has approved the distribution of profit of Rs. 1.5 (15%) per certificate of Rs. 10 each, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2007. The Directors also approved a bonus issue of 5% i.e. 5 certificates for every 100 existing certificates held by transfer from the share premium reserve account.

An amount of Rs.16.44 million has been transferred to statutory reserve in compliance with the Prudential Regulations for Modarabas which require that not less than 20% and not more than 50% of the Modaraba's after tax profit be transferred to such reserve till such time as the reserve equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

3. Entity Ratings

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

4. Corporate Excellence Award

Your Modaraba has won the 24th Corporate Excellence Award in the Financial Category from the Management Association of Pakistan (MAP) for its outstanding performance. Recipients of awards

on overall basis include only top two companies representing one each from Business-Industrial and Financial categories. Previously your Modaraba had won 22nd and 23rd Corporate Excellence Awards on sector-wise basis.

5. Review of Operations

During the period under review, Modaraba's gross income has increased by 3.6% to Rs 253 million as against Rs. 244 million last year. However, Modaraba's financial cost has been efficiently managed and decreased by 11%. The net profit for the year ended June 30, 2007 was Rs. 82.2 million as compared to Rs. 61.5 million last year, showing an increase of over 33%.

6. Economic Outlook and Future Prospects

According to the data released by State Bank of Pakistan real GDP grew by 7.5% during fiscal year 2006. However, political uncertainty due to presidential and parliamentary elections, and tighter monetary policy augur that a slowdown in growth might be around the corner. Increased interest rates, rise in house rent, high oil prices and pressure on foreign exchange triggered high inflation. SBP stated that 'high GDP growth and its composition, despite the decelerated growth in private sector credit, actually refute the argument that tight monetary conditions were stifling real GDP growth'. Inflation seems to be under control at 7.78% against the inflation of 7.92% last year. Total foreign exchange reserves crossed US\$ 15.750 Billion as of August, 2007. The real challenge for the economic managers in years to come is to address the trade deficit and current account balance.

The economic fundamentals seem to be sound and indicating potential for growth in every sector of the economy especially in SME sector. Your Modaraba, therefore, has every reason to look into the future with optimism. We will continue to place emphasis on service quality with focus on quality of portfolio. Efforts to expand product range are under way and we constantly look forward to increased business opportunities.

7. Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Accounting policies have been consistently applied in preparation of financial statements. Accounting estimates used are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable to Modarabs in Pakistan, have been followed in preparation of financial statements.
- The system of internal control, which is in place, is being continuously reviewed by internal audit and other such procedures. The process of review will continue and any weakness in controls will be removed.
- Board is satisfied with the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last six years in summarized form is included in this annual report.

- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2007 except for those disclosed in the financial statements.
- The value of investments made by staff retirement benefit funds based on their respective accounts as at June 30, 2006 is as follows:

Provident Fund	Rs. 8.6 million
Gratuity Fund	Rs. 2.7 million

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

Name of Director	No. of Meetings Attended
Badar Kazmi	04
Shariq Saleem	01
Imran Ahad	04
Cyrus J. Masani	05
Arjumand A. Minal	04
Muhammad Afaq Khan	00
Arsalan Nayeem	03

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

- The pattern of holding of certificates by the certificate-holders is included in this annual report.

8. The Board of Directors and Audit Committee

The following changes have taken place in board of directors since the Directors' report for the year ended June 30, 2006:

- Mr. Shariq Saleem resigned from the office of Managing Director / Chief Executive of the Company and Mr. Arjumand Ahmed Minal was appointed in his place, in September 2006.
- Mr. Arslan Nayeem resigned from the office of director of the company and Mr. Tufail Jawed Ahmad, Chief Risk Officer, Standard Chartered Bank (Pakistan) Limited was appointed as director of the company in place of Mr. Arslan Nayeem.

The following changes have taken place in the audit committee since the Directors' report for the year ended June 30, 2006:

- Mr. Arslan Nayeem resigned from the audit committee and Mr. Tufail Jawed Ahmad was appointed as member of the audit committee in place of Mr. Arslan Nayeem.

The Board wishes to place on record its appreciation and gratitude to the outgoing directors for the valuable services rendered by them.

9. Our People

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

10. Auditors

On the recommendation of Audit Committee, the Board has approved the appointment of the present auditors Messrs. KPMG Taseer Hadi & Co., Chartered Accountants as auditors for the year ending June 30, 2008 subject to approval by the Registrar of Modaraba Companies and Modarabas.

11. Acknowledgment

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

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

On behalf of the Board



Badar Kazmi
Chairman

September 12, 2007

Pattern of holding of certificates by the certificate-holders as at June 30, 2007

No. of Certificate-holders	Certificate holding		Total Certificates Held
	From	To	
1,411	1	50	28,425
620	51	100	44,359
4,071	101	500	1,190,054
1,318	501	1,000	972,806
1,670	1001	5,000	3,653,329
291	5001	10,000	2,055,306
346	10001	375,000,000	35,278,131
9,727			Total 43,222,410

Categories of Certificate-holders	Number	Certificates held	Percentage
Individuals	9,577	16,011,300	37.04
Financial Institutions **	10	12,287,122	28.43
Investment Companies	11	2,289,421	5.30
Insurance Companies	16	6,494,896	15.03
Modarabas / Modaraba Companies **	9	4,447,396	10.29
Joint Stock Companies	76	674,243	1.56
Others			
- Trustees Al-Bader Welfare Trust	1	199,078	0.46
- Trustees Thal Jute Mills Ltd. Employees Retired Benefit Fund	1	4,620	0.01
- Trustees Crescent Leasing Corp. Ltd. Employees Provident Fund	1	137	0.00
- Trustees of Haji Muhammad Welfare Trust	1	123,000	0.28
- Habib Bank AG Zurich, Deira Dubai	1	829	0.00
- Trustees of Thal Jute Mills Ltd. Employees Provident Fund	1	116,077	0.27
- Managing Committee Ghazali Education Trust	1	550	0.00
- Trustees Hafiz Foundation	1	1,155	0.00
- Habib Bank AG Zurich, London	1	104,900	0.24
- Trustees Mrs. K H Dinshaw & Mr. Hoshang Dinshaw	1	64,831	0.15
- Trustees Gul Ahmed Textile Mills Limited Employees Provident Fund	1	1,127	0.00
- Trustees Pak Services Limited Employees Provident Fund	1	42,350	0.10
- Islamic Investment Company of TheGulf (Bahrain)	1	831	0.00
- The Nazir	1	410	0.00
- Trustees of Sana Industries Limited Employees Gratuity Fund	1	11,550	0.03
- The Al-Malik Charitable Trust	1	16,567	0.04
- Punjab Co-op Board for Liquidation	1	163	0.00
- The Al-Malik Charitable Trust	1	3,960	0.01
- Zoroastrian Co-operative, Housing Society Limited	1	17,325	0.04
- Trustees Mama School Employees Gratuity Fund	1	11,560	0.03
- Trustees ICI Pakistan Mgt. Staff Provident Fund	1	990	0.00
- Trustees of New Jubilee Insurance Company Ltd. Staff Provident Fund	1	202,125	0.47
- Trustees of ICI Pakistan Non Mgt Staff Provident Fund	1	742	0.00
- Trustees Aloo & Minochar Dinshaw Charitable Trust	1	34,650	0.08
- Managing Com. Karachi Zarhosti Baru Mandal	1	9,240	0.02
- Trustees of Faroukh & Rosheh Karami Trust	1	5,775	0.01
- Managing Comm. of Bismillah Taseer Foundation	1	20,790	0.05
- Trustees D.N.E. Dinshaw Charity Trust	1	22,708	0.05
Total	9,727	43,222,410	100.00

* Includes Standard Chartered Bank (Pakistan) Limited (4,322,241 certificates)

** Includes Standard Chartered Services of Pakistan (Private) Limited (4,322,241 certificates)

Pattern of holding of certificates by the certificate-holders as at June 30, 2007

Additional Information

Categories of Certificate-holders	Number	Certificates held	Percentage
Associated Companies			
Standard Chartered Bank (Pakistan) Limited		4,322,241	10.00
Standard Chartered Services of Pakistan (Pvt) Ltd.		4,322,241	10.00
	2	8,644,482	20.00
NIT and ICP			
Investment Corporation of Pakistan		3,042	0.01
National Bank of Pakistan, Trustee deptt.		6,095,311	14.10
	2	6,098,353	14.11
Directors, CEO & their Spouse and Minor Children			
	-	-	-
Executives			
	-	-	-
Public Sector Companies and Corporations			
	5	5,174,552	11.97
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds			
	38	5,518,837	12.77
Certificate-holders holding ten percent or more certificates in the Modaraba (other than those reported above)			
	-	-	-

Statement of Value Added

	2007		2006	
	Rupees	%	Rupees	%
Revenue from operations	252,738,504		243,896,272	
(Other charges)/income including impairment loss no longer required written back	10,164,849		7,685,301	
	262,903,353		251,581,573	
Financial and bank charges	55,854,896		61,130,639	
Operating expenses	8,698,471		8,066,991	
	64,553,367		69,197,630	
Value Added	198,349,986	100	182,383,943	100
Distributed as follows:				
To Employees				
As remuneration	28,561,595	14	23,748,139	13
To Investors				
As profit on redeemable capital	77,149,682	39	88,360,188	48
To Modarib				
As management fee	9,132,848	5	6,800,195	4
To Certificate-holders				
As profit on certificates	64,833,615	33	39,293,100	22
Retained in Business				
As depreciation	1,310,226	1	1,963,454	1
As capital reserves and retained earning	17,362,020	9	22,218,867	12
	198,349,986	100	182,383,943	100

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the regulations of Karachi and Lahore Stock Exchanges 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.

Standard Chartered Modaraba (the Modaraba) has applied the principles contained in the Code in the following manner:

1. The Board presently comprises six directors including five non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than 10 companies.
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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred during the year in the Board were filled within 30 days thereof.
5. The Modaraba has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Modaraba.
6. The Board has developed and approved a vision/mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies is maintained with relevant department of the Modaraba.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. The terms of appointment and remuneration package of the CEO and directors are not approved by the board as they are nominees of Standard Chartered Bank (Pakistan) Limited.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose.
9. The Board of Directors have met five times in the year and notices of meetings, along with agenda and related papers are always endeavored to be circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Directors are conversant with their duties and responsibilities under the relevant laws applicable to the Modaraba, Prospectus and provisions of the Code of Corporate Governance etc.
11. The Board has approved the appointments of Chief Financial Officer and Company Secretary. Future appointment, if any, on these positions including remuneration, terms and conditions, as determined by the CEO, will be referred to the Board for approval.
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 Modaraba were duly endorsed by CEO and CFO before approval of the Board.

14. The directors, CEO and executives do not hold any interest in the shares of the Modaraba other than that disclosed in the pattern of holding of certificates.
15. The Modaraba has complied with all the corporate and financial reporting requirements of the code.
16. The Board has formed an audit committee that also ensures the independence of the internal audit function and the independence and objectivity of the external auditors.
17. The Audit Committee of the Board comprises of three members who are non-executive directors, including chairman of the committee.
18. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
19. The Board has set-up an effective internal audit function which has been outsourced to a firm of chartered accountants who are involved in the internal audit function.
20. 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 Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the person 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.
22. We confirm that all other material principles contained in the code have been complied with.

On behalf of the Board



Arjumand A. Minai
Chief Executive

September 12, 2007

Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance

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

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

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

September 12, 2007

Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of Standard Chartered Modaraba as at June 30, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of Standard Chartered Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair

view of the state of the Modaraba's affairs as at June 30, 2007 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 Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.



KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

September 12, 2007

Balance Sheet as at June 30, 2007

	NOTE	2007 Rupees	2006 Rupees
ASSETS			
Current assets			
Cash and bank balances	3	14,744,123	62,611,485
Advances, deposits, prepayments and other receivables	4	842,200	7,266,813
Consumer Morabaha Finance		19,145	50,864
Current portion of diminishing Musharika		240,136	386,673
Current portion of Musharika arrangements		-	200,000,000
Current portion of Net Investment in Ijarah Finance	5	1,019,864,708	922,348,604
Taxation recoverable		8,126,073	8,126,073
Total current assets		1,043,836,385	1,200,790,512
Loans and advances to executives		79,518	16,885
Long-term portion of diminishing Musharika		13,012,199	10,722,429
Long-term portion of Net Investment in Ijarah Finance	5	1,499,490,546	1,340,352,594
Fixed Assets	6	4,340,973	5,783,533
Total non-current assets		1,516,923,236	1,356,875,441
Total Assets		2,560,759,621	2,557,665,953
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	7	218,031,960	477,365,344
Current maturity of Morabaha finance	8	100,000,000	100,000,000
Current maturity of security deposits	9	49,738,937	35,553,543
Creditors, accrued and other liabilities	10	62,818,456	48,079,216
Current portion of redeemable capital	11	819,505,067	610,131,978
Unclaimed profit distribution		17,432,013	17,032,164
Total current liabilities		1,267,526,433	1,288,162,245
Long-term portion of Morabaha Finance	8	-	100,000,000
Long-term portion of security deposits	9	174,993,122	150,209,067
Long-term portion of redeemable capital	11	258,372,890	202,330,000
Total Non-Current liabilities		433,366,012	452,539,067
Total liabilities		1,700,892,445	1,740,701,312
Certificate holders' equity			
Certificate capital	12	432,224,100	392,931,000
Reserves	13	353,685,027	376,539,000
Unappropriated profit		73,958,049	47,494,641
		859,867,176	816,964,641
CONTINGENCIES AND COMMITMENTS	14		
		2,560,759,621	2,557,665,953

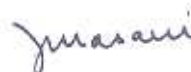
The annexed notes 1 to 28 form an integral part of these financial statements.



Badar Kazmi
Chairman
Standard Chartered Services
of Pakistan (Private) Limited



Arjumand A. Minai
Chief Executive
Standard Chartered Services
of Pakistan (Private) Limited



Cyrus J. Masani
Director
Standard Chartered Services
of Pakistan (Private) Limited

Profit and Loss Account for the year ended June 30, 2007

	NOTE	2007 Rupees	2006 Rupees
Ijarah finance income		234,524,913	205,234,043
Profit on musharika arrangement		17,634,198	38,302,487
Income on morabaha finance		5,585	15,454
Income on deposits with bank		573,808	344,288
		252,738,504	243,896,272
Financial charges	15	133,004,578	149,490,827
		119,733,926	94,405,445
Impairment loss on doubtful debts no longer required written back	5.3	71,454	2,675,452
		119,805,380	97,080,897
Other income	16	10,093,395	5,009,849
Operating expenses	17	(38,570,292)	(33,778,584)
		91,328,483	68,312,162
Modaraba company's management fee	18	9,132,848	6,800,195
Profit for the year		82,195,635	61,511,967
Earnings per certificate	19	1.90	1.42

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Statement of Changes in Equity For the year ended June 30, 2007

	Certificate capital Rupees	Premium on modaraba certificates Rupees	Statutory reserve Rupees	Unappropriated profit Rupees	TOTAL Rupees
Balance as at June 30, 2005	374,220,000	135,000,000	242,250,000	78,825,674	830,295,674
Issue of bonus certificates @ 5%	18,711,000	(18,711,000)	-	-	-
Profit distribution for 2005 @ Rs. 2 per certificate	-	-	-	(74,844,000)	(74,844,000)
Profit for the year ended June 30, 2006	-	-	-	61,511,967	61,511,967
Transfer to statutory reserve	-	-	18,000,000	(18,000,000)	-
Balance as at June 30, 2006	392,931,000	116,289,000	260,250,000	47,494,641	816,964,641
Issue of bonus certificate @ 10%	39,293,100	(39,293,100)	-	-	-
Profit distribution for 2006 @ Re. 1 per certificate	-	-	-	(39,293,100)	(39,293,100)
Profit for the year ended June 30, 2007	-	-	-	82,195,635	82,195,635
Transfer to statutory reserve	-	-	16,439,127	(16,439,127)	-
Balance as at June 30, 2007	432,224,100	76,995,900	276,689,127	72,958,049	859,867,176

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Cash Flow Statement for the year ended June 30, 2007

	NOTE	2007 Rupees	2006 Rupees
Cash Flow from Operating Activities			
Profit for the year		82,195,635	61,611,967
Adjustment for:			
Depreciation / amortisation		1,310,224	1,963,454
(Profit) / loss on disposal of fixed assets		(136,771)	2,165
Impairment loss no longer required written back		(71,454)	(2,675,457)
Profit on musharaka arrangement		(17,634,198)	(38,303,487)
Income on deposits with bank		(573,808)	(344,288)
Profit on:			
- redeemable capital		77,149,682	26,054,352
- morabaha finances		12,418,622	17,617,754
- musharaka finances		43,394,765	43,601,581
		115,857,063	49,787,057
		198,052,698	111,279,024
(Increase) / decrease in operating assets:			
Advances, deposits, prepayments and other receivables		3,276,188	(3,195,022)
Consumer morabaha finance		31,719	27,002
Diminishing musharaka		(2,143,233)	(6,326,280)
Musharaka arrangements		200,000,000	-
Investment in Ijarah finance-net		(256,582,602)	187,849,116
Loans and advances to executives		(62,633)	226,951
Receivable from terminated / matured contracts		-	22,700,000
		(55,478,561)	201,293,767
Increase / (decrease) in operating liabilities:			
Creditors, accrued and other liabilities		5,687,066	(5,519,510)
- (excluding profit payable on redeemable capital, morabaha finance, and musharaka finances)		38,969,449	8,342,576
Security deposits		45,656,515	2,823,061
		188,230,652	316,385,852
Profit received / (paid) on:			
- musharaka arrangement		20,780,613	38,302,487
- redeemable capital		(64,912,273)	(22,490,587)
- morabaha finances		(14,856,072)	(15,526,594)
- musharaka finances		(45,142,540)	(44,021,401)
Tax refund received		-	15,654,397
		(104,130,272)	(24,881,698)
Net cash flows from operating activities		84,100,380	290,504,154
Cash Flow From Investing Activities			
Fixed capital expenditure		(287,394)	(2,675,470)
Proceeds from disposal of fixed assets		556,500	16,110
Income on deposits with bank		573,808	344,288
Net cash flows from investing activities		842,914	(2,315,072)
Cash Flow from Financing Activities			
Redeemable capital less repayments		265,415,979	151,020,103
Morabaha finances less repayments		(100,000,000)	(100,000,000)
Musharaka finances less repayments		(259,333,384)	(215,429,348)
Profits paid on certificate holders		(38,893,251)	(73,653,907)
Net cash flows from financing activities		(132,810,656)	(238,063,152)
Increase / (decrease) in cash and cash equivalents		(47,867,362)	49,125,930
Cash and cash equivalents at beginning of the year		62,611,485	13,485,555
Cash and cash equivalents at end of the year	3	14,744,123	62,611,485

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Notes to the Financial Statement for the year ended June 30, 2007

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981. Approved Accounting Standards comprise of such International Financial Reporting Standards as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981 or the requirements of the said directives takes precedence.

During 2005, the Securities and Exchange Commission of Pakistan notified the Islamic Financial Accounting Standard 1 issued by the Institute of Chartered Accountants of Pakistan relating to accounting for Morabaha transaction undertaken by a bank / financial institution, effective for financial periods beginning on or after January 1, 2006. The standard has not been adopted by the Modaraba pending resolution of certain issues, e.g., invoicing of goods, recording of inventories, concurrent application with other approved accounting standards in place, etc.

2.2 Basis of preparation

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

These financial statements are presented in Pakistani Rupees, which is the functional currency of the Modaraba.

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 the judgements about 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 recognised 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.

Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 July 2007 and are not expected to have a significant effect on Modaraba financial statements or not relevant to Modaraba:

- Amendment to IAS 1 Presentation of Financial Statements Capital Disclosures;
- IAS 23 - Borrowing Costs (as revised).
- IAS 41 - Agriculture.
- IFRS 2 - Share-based Payments.
- IFRS 3 - Business Combinations.
- IFRS 5 - Non-current assets Held for Sale and Discontinued Operations.
- IFRS 6 - Exploration for and Evaluation of Mineral Resources.
- IFRIC 10 - Interim Financial Reporting and Impairment.
- IFRIC 11 - Group and Treasury Share Transactions.
- IFRIC 12 - Service Concession Arrangements.
- IFRIC 13 - Customer Loyalty Programmes.
- IFRIC 14 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction.

In addition Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan has been notified. Under the above IFAS 2, the 'Ijarah' transactions shall be accounted for in the following manner:

- Muj'ir (lessors) shall present the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income shall be recognized as an expense.
- Ijarah income shall be recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

The above IFAS is operative for financial statements covering the period beginning on or after July 1, 2007 and is required to be followed on those Ijarahs which commences after the above mentioned date. Although the application of the standard does not have an immediate impact on the Modaraba's financial statements due to prospective application, the Modaraba is currently reviewing the implications of concurrent application with International Accounting Standard 17.

The Modaraba Association of Pakistan, has also approached the SECP for the deferment of the above IFAS.

2.3 Net investment in Ijarah Finance

Assets owned by the Modaraba but subject to finance lease are included in the financial statements as "Net investment in Ijarah finance" at an amount equal to the present value of the lease payments, including estimated residual value. Allowance for non-performing leases is made in accordance with Prudential Regulations for Modarabas issued by SECP and is charged to the profit and loss account currently.

2.4 Receivable from terminated / matured contracts

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

2.5 Fixed assets

Tangible

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

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and deletions during the year, depreciation is charged proportionately to the period of use.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

Intangible assets - computer software

Acquired compute software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These cost are amortised over their estimated useful lives.

2.6 Taxation

Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liability for the current year.

Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method. However, deferred tax assets as at June 30, 2007 amounting to Rs 28.877 million (2006 : deferred tax assets of Rs.20.346 million) has not been recognised in these financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption.

2.7 Provisions

Provisions are recognised when the Modaraba has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

2.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and cheques in hand and balances with banks on current and deposit accounts.

2.9 Revenue recognition

Ijarah Finance

The Modaraba follows the finance method for recognising income on ijarah contracts. Under this method the unearned income i.e the excess of aggregate ijarah rentals (including residual value) over the cost of the asset under ijarah facility is deferred and then amortised over the term of the ijarah, so as to produce a constant rate of return on net investment in the ijarah. Documentation charges, front-end fee and other ijarah income are recognised as income on receipt basis.

Musharika Finance

Profit on musharika arrangements is recognised under the effective markup rate method based on the amount outstanding.

Consumer Morabaha Finance

The Modaraba follows the finance method in recognising income on consumer morabaha finance. Under this method the unearned income i.e the excess of aggregate morabaha installments over the cost of the asset under morabaha facility is deferred and then amortised over the term of the morabaha, so as to produce a constant rate of return on consumer morabaha finance. Documentation charges, front-end fee and other morabaha income are recognised as income on a receipt basis.

Dividend Income

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

2.10 Staff retirement benefits

The Modaraba operates:

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

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

2.11 Profit distribution to certificate holders

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

2.12. Off setting financial instruments

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

3. CASH AND BANK BALANCES

		2007 Rupees	2006 Rupees
With banks in current accounts		3,967	8,160
With bank in deposit account	3.1	14,727,298	62,595,501
Cash in hand		12,858	7,824
		14,744,123	62,611,485

3.1

This balance has been kept to comply with the requirement of maintaining the prescribed liquidity against the Certificates of Musharika issued by the Modaraba in line with the provisions of the scheme.

4. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2007 Rupees	2006 Rupees
Loan and advances to executives	93,986	72,090
Advances to suppliers and others	100,000	77,000
Deposits	51,800	51,800
Prepayments	480,363	417,879
Accrued profit on musharika arrangements	-	3,146,425
Receivables from staff retirement benefit fund	72,974	2,600,000
Others	43,077	901,619
	842,200	7,266,813

5. NET INVESTMENT IN IJARAH FINANCE

	2007			2006
	Not later than one year	Later than one and less than five years	Total	Total
Installment contract receivables	1,140,392,630	1,450,734,745	2,591,127,375	2,214,677,421
Add: Residual value	106,131,826	281,638,186	387,770,012	369,333,731
	1,246,524,456	1,732,372,931	2,978,897,387	2,584,011,152
Less: Unearned finance income	225,494,379	232,882,365	458,376,764	320,073,131
Allowance for potential Ijarah losses	5.3 1,165,369	-	1,165,369	1,236,823
	5.1 1,019,864,708	1,499,490,546	2,519,355,254	2,262,701,198

5.1

	2007 Rupees	2006 Rupees
Less than one year	1,019,864,708	922,348,604
One to five years	1,499,490,546	1,340,352,594
	2,519,355,254	2,262,701,198

5.2

There are no Ijarah contract receivables over five years. The Modaraba's implicit rate of return on Ijarah finance ranges from 5.2% to 17.0% per annum.

5.3 Allowance for Potential Ijarah losses

	2007 Rupees	2006 Rupees
Balance at beginning of the year	1,236,823	3,912,275
Reversal of provision during the year	(71,454)	(2,675,452)
	5.4 1,165,369	1,236,823

5.4

This represent general provision against ljarah finance to individuals.

6. FIXED ASSETS

6.1

The following is a statement of assets in own use:

	COST			ACCUMULATED DEPRECIATION			Net book value as at June 30, 2007	Depreciation rate % per annum
	As at July 01, 2006	Additions/ (deletions)	As at June 30, 2007	As at July 01, 2006	Charge for the year/ (accumulated depreciation on deletions)	As at June 30, 2007		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Tangible								
Furniture and fittings	1,702,524	-	1,702,524	282,253	170,256	452,509	1,249,985	10
Office equipment, appliances and computer system	9,803,903	267,394 (523,233)	9,568,064	6,137,698	1,067,058 (401,145)	6,803,611	2,764,453	10 & 33.33
Motor vehicles	1,424,635	- (992,135)	432,500	727,548	72,910 (694,493)	105,965	326,535	20
	12,931,062	287,394 (1,515,368)	11,703,088	7,147,529	1,310,224 (1,095,638)	7,362,115	4,340,973	
Intangible								
Computer software	2,257,697	-	2,257,697	2,257,697	-	2,257,697	-	33.33
2007	15,188,759	287,394 (1,515,368)	13,960,785	9,405,226	1,310,224 (1,095,638)	9,619,812	4,340,973	

	COST			ACCUMULATED DEPRECIATION			Net book value as at June 30, 2006	Depreciation rate % per annum
	As at July 01, 2005	Additions/ (deletions)	As at June 30, 2006	As at July 01, 2005	Charge for the year/ (accumulated depreciation on deletions)	As at June 30, 2006		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Tangible								
Furniture and fittings	1,702,524	-	1,702,524	112,027	170,256	282,283	1,420,241	10
Office equipment, appliances and computer system	9,721,118	2,242,970 (2,160,185)	9,803,903	7,482,353	797,255 (2,141,910)	6,137,698	3,666,205	10 & 33.33
Motor vehicles	992,135	432,500	1,424,635	545,667	181,861	727,548	697,087	20
	12,415,777	2,875,470 (2,160,185)	12,931,062	8,140,067	1,149,372 (2,141,910)	7,147,529	5,783,533	
Intangible								
Computer software	2,257,697	-	2,257,697	1,443,615	814,082	2,257,697	-	33.33
2006	14,673,474	2,675,470 (2,160,185)	15,188,759	9,583,682	1,963,454 (2,141,910)	9,405,226	5,783,533	

6.2 DISPOSAL OF FIXED ASSETS

The following assets were disposed of during the year:

	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Sale proceeds Rupees	Mode of disposal	Particulars of buyer
Photocopier	523,233	401,145	122,088	6,500	Negotiation	Mr. Soomro
Motor Vehicle	892,135	694,494	297,641	550,000	Negotiation	Honda Quadren
2007	1,515,368	1,095,639	419,729	556,500		
2006	2,160,185	2,141,810	18,275	11,610		

7. MUSHARIKA FINANCE

	2007 Rupees	2006 Rupees
Musharika with:		
- an associated undertaking - secured	218,031,960	477,365,344

The total facility for musharika finances available from Standard Chartered Bank (Pakistan) Limited amounts to Rs.800 million (2006: Rs.800 million). The estimated share of profit payable on this facility ranges from Re. 0.2474 to Re. 0.2948 (2006: Re. 0.2510 to Re. 0.2753) per rupees one thousand per day. The facility is secured against hypothecation over the moveable leased out assets of the Modaraba.

8. MORABAHA FINANCE - SECURED

	2007 Rupees	2006 Rupees
- From a bank		
Current maturity of morabaha finance	100,000,000	100,000,000
Long-term maturity of morabaha finance	-	100,000,000
	100,000,000	200,000,000

8.1

The total facility for morabaha finance available from a bank amounts to Rs.300 million (2006: Rs.300 million). The estimated share of profit payable on the finance ranges from Re. 0.2967 to Re. 0.2975 (2006: Re. 0.2573 to Re 0.2578) per rupees one thousand per day and is repayable by September, 2007. The facility is secured against hypothecation over the moveable leased out assets of the Modaraba.

9. SECURITY DEPOSITS

	2007 Rupees	2006 Rupees
Security deposits on Ijarah Finance	224,732,059	185,762,610
Less: Repayable / adjustable with one year	(49,738,937)	(35,553,543)
	174,993,122	150,209,067

Represents sums received under Ijarah finance repayable / adjustable at the expiry of the lease period

10. CREDITORS, ACCRUED AND OTHER LIABILITIES

	2007 Rupees	2006 Rupees
Management fee	9,132,848	6,800,195
Profit payable on:		
- redeemable capital	20,685,466	8,448,057
- musharika finances	1,111,323	2,859,097
- morabaha finances	3,316,274	5,753,735
Accrued expenses	10,613,225	8,145,609
Amounts refundable to lessees	17,819,657	16,022,697
Others	139,663	49,826
	62,818,456	48,079,216

10.1

Amounts due to associated undertakings at June 30, 2007 aggregated Rs. 10,247,916 (2006: Rs. 9,659,185)

11. REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED

	Repayable by	2007 Rupees	2006 Rupees
Musharika and accrued profit thereon			
- associated undertaking - note 11.1	July 2007	143,000,000	-
- others - note 11.2	June 2008	649,122,957	466,561,978
		792,122,957	466,561,978
Certificate of Musharika - note 11.3	June 2012	285,755,000	345,900,000
		1,077,877,957	812,461,978
Less:			
Current portion of redeemable capital		819,505,067	610,131,978
		258,372,890	202,330,000

11.1

The estimated share of profit payable on Musharika facilities ranges from Re.0.2655 to Re.0.2882 per rupees one thousand per day.

11.2

The estimated share of profit payable on Musharika facilities ranges from Re.0.1507 to Re.0.3014 (2006: Re.0.1644 to Re. 0.4384) per rupees one thousand per day.

11.3

The estimated share of profit payable on Certificates of Musharika ranges from Re.0.0822 to Re.0.2192 (2006: Re.0.0822 to Re. 0.2192) per rupees one thousand per day.

12. CERTIFICATE CAPITAL

Authorised certificate capital

2007	2006		2007 Rupees	2006 Rupees
50,000,000	40,000,000	Modaraba certificates of Rs. 10 each	500,000,000	400,000,000
Issued, subscribed and paid-up capital				
28,500,000	28,500,000	Modaraba certificates of Rs. 10 each fully paid in cash	285,000,000	285,000,000
14,722,410	10,793,100	Modaraba certificates of Rs. 10 each issued as fully paid bonus certificates	147,224,100	107,931,000
43,222,410	39,293,100		432,224,100	392,931,000

As at June 30, 2007, the Standard Chartered Services of Pakistan (Private) Limited (the Management Company) and Standard Chartered Bank (Pakistan) Limited held 4,322,241 (2006: 3,929,310) and 4,322,241 (2006: 3,929,310) certificates of Rs. 10 each respectively.

13. RESERVES AND PROFIT DISTRIBUTION

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

After the balance sheet date the following dividends were proposed by the directors of the management company. The dividends have not been provided for:

Cash dividend @ Rs. 1.50 per certificate (2006: @ Rs. 1 per certificate)	64,833,615	39,293,100
Bonus shares @ 5% out of share premium account (2006: 10%)	21,611,205	39,293,100

14. CONTINGENCIES AND COMMITMENTS

During the year 2000-2001, the Sales Tax Department had issued a show cause notice to the Modaraba in which it was alleged that during July 1997 to June 2000, the Modaraba had received a total amount of Rs. 364,882,919 on which sales tax was due. However, no specific amount in respect of the alleged sales tax liability was mentioned in the show cause notice. By an order dated January 29, 2002, the Collector, Collectorate of Customs, Sales Tax and Central Excise decided the case against the Modaraba to the extent that the liabilities towards sales tax should be determined on the basis of amount received after June 16, 1998. The department has not determined the liability under this order and no demand notice has been issued so far. An appeal against this order has been filed before the Appellate Tribunal and was fixed for hearing on August 26, 2004. The tribunal after hearing the case was pleased to allow the appeal and set aside the order passed against the Modaraba. In view of the decision of the Tribunal in favor of the Modaraba, no provision has, therefore, been made in these financial statements.

15. FINANCIAL CHARGES

	2007 Rupees	2006 Rupees
Profit on redeemable capital	77,149,682	88,360,188
Profit on musharika finances	43,394,766	43,601,581
Profit on morabaha finances	12,418,611	17,517,754
Bank charges	41,519	11,304
	133,004,578	149,490,827

16. OTHER INCOME

	2007 Rupees	2006 Rupees
Profit / (Loss) on disposal of assets in own use	136,771	(2,165)
Gain on early termination of leases	5,892,479	3,011,344
Others	4,064,145	2,000,670
	10,093,395	5,009,849

17. OPERATING EXPENSES

	NOTE	2007 Rupees	2006 Rupees
Salaries and other staff benefits	17.2	18,563,885	16,498,413
Depreciation	6.1	1,310,226	1,149,372
Amortisation	6.1	-	814,082
Advertising, travelling and entertainment		1,261,799	963,329
Postage		640,640	428,806
Telecommunication		274,232	241,051
Printing and stationery		735,926	1,475,075
Legal and professional		2,489,473	1,585,039
Repairs and maintenance		794,419	637,119
Charges by associated undertaking	17.3	9,997,710	7,249,726
Subscriptions		547,770	430,711
Auditors' remuneration	17.4	430,000	393,000
COM trustee fee		85,396	92,916
Insurance:			
- own assets		112,913	107,626
- assets leased out		-	262,038
Donations		-	165,777
Sundries		1,325,903	1,284,504
		38,570,292	33,778,584

17.1

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

17.2

Salaries and other benefits include Rs. 787,360 and Rs. 12,344 (2006: Rs. 803,835 and Rs. 509,317) on account of Modaraba's contribution to the staff provident fund and gratuity fund respectively

17.3

Charges by associated undertaking represents reimbursement of actual salary cost and benefits of staff deployed on Modaraba affairs.

17.4 Auditors' Remuneration

	2007 Rupees	2006 Rupees
Audit fee	300,000	270,000
Review of six months period financial statements	60,000	60,000
Review reports on statements of compliance with code of corporate governance	40,000	40,000
Sundry advisory services and certification of remittance of profit to non-resident certificate-holders	20,000	20,000
Out of pocket expenses	10,000	3,000
	430,000	393,000

18. MODARABA'S COMPANY'S MANAGEMENT FEE

In accordance with Modaraba Companies and Modaraba Rules, 1981 management fee @ 10% of annual profits is payable to management company.

19. EARNINGS PER CERTIFICATE

	2007 Rupees	2006 Rupees
Profit for the year	82,195,635	61,511,967
	Number of certificates	Number of certificates
Average number of certificates	43,222,410	43,222,410
	Rupees	Rupees
Earnings per certificate	1.90	1.42

20. REMUNERATION OF OFFICERS

	2007 Rupees	2006 Rupees
Remuneration and staff retirement benefits	18,036,661	15,888,601
Medical expenses reimbursed	240,080	231,258
Other benefits	287,144	378,554
	18,563,885	16,498,413
Number of persons at end of the year	21	19

21. MATURITIES OF ASSETS AND LIABILITIES

	Total	2007								
		Up to one month	One month to 3 months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets										
Cash and bank balances	14,744,123	14,744,123	-	-	-	-	-	-	-	-
Securities, deposits, investments and other receivables	842,200	85,641	280,061	201,829	274,575	63,364	13,564	-	-	-
Loans to borrowers	79,514	-	-	-	-	-	-	-	-	-
Consumer Modaraba finance	19,144	-	5,571	2,571	-	-	-	-	-	-
Dividend Modaraba	13,022,210	15,428	38,814	15,294	120,568	289,420	478,108	1,139,214	2,347,052	1,056,251
Net investment in joint finance - net of related deposits	7,179,385,254	96,822,848	187,321,056	278,440,064	450,290,752	686,149,628	440,154,568	350,176,032	-	-
Financial receivable	6,125,073	1,104,071	-	-	-	-	-	-	-	-
Fixed assets	4,240,973	-	-	40,689	-	2,141,154	379,021	570,117	1,936,708	-
Total Assets	2,560,769,821	115,897,117	197,647,535	278,707,527	450,424,805	887,819,687	441,036,276	355,045,533	5,283,060	7,656,251
Liabilities										
Modaraba finance	218,001,866	218,001,866	-	-	-	-	-	-	-	-
Modaraba finance	100,000,000	-	100,000,000	-	-	-	-	-	-	-
Securities deposits	224,732,078	1,207,600	17,302,403	19,273,316	22,351,278	57,082,700	52,678,017	54,032,404	-	-
Customers' accrued and other balances	62,819,458	80,369,324	12,449,122	-	-	-	-	-	-	-
Reserve/Modaraba	1,277,837,957	151,845,101	597,720,538	30,964,768	154,944,852	22,622,890	98,205,000	139,630,000	-	-
Unsettled profit/losses	17,432,013	-	-	-	-	-	-	-	-	-
Total Liabilities	1,700,892,445	436,885,486	626,672,063	45,272,882	157,296,080	88,605,590	149,883,017	193,862,404	-	-
Net Assets / (Liabilities)	-839,867,176	(320,988,291)	(428,424,528)	(230,434,645)	-93,226,815	-80,213,497	-91,138,359	-171,220,428	5,283,060	7,656,251

	Total	2006								
		Up to one month	One month to 3 months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets										
Cash and bank balances	62,811,465	62,811,465	-	-	-	-	-	-	-	-
Securities, deposits, investments and other receivables	7,266,813	4,057,858	2,054,858	169,219	80,249	16,885	-	-	-	-
Loans to borrowers	16,885	-	-	-	-	-	-	-	-	-
Consumer Modaraba finance	30,844	-	12,716	19,074	19,074	16,885	-	-	-	-
Dividend Modaraba	17,109,152	37,791	43,562	97,119	154,023	427,440	477,741	974,142	2,567,488	1,207,111
Modaraba arrangements	204,000,000	-	-	100,000,000	100,000,000	-	-	-	-	-
Net investment in joint finance - net of related deposits	7,262,701,198	89,738,075	1,70,720,187	243,182,476	419,647,562	615,501,489	395,491,692	309,347,213	-	-
Financial receivable	8,126,072	8,126,072	-	-	-	-	-	-	-	-
Fixed assets	8,193,533	-	-	-	-	571,240	1,263,739	987,267	2,311,488	-
Total Assets	2,557,999,953	183,626,152	173,791,295	343,486,619	519,947,486	616,463,054	397,325,171	505,708,442	5,172,956	6,201,618
Liabilities										
Modaraba finance	477,365,344	477,365,344	-	-	-	-	-	-	-	-
Modaraba finance	100,000,000	-	100,000,000	-	-	100,000,000	-	-	-	-
Securities deposits	185,762,816	1,304,855	15,865,559	5,631,571	20,621,567	57,875,290	59,613,470	39,279,408	-	-
Customers' accrued and other balances	48,079,218	30,525,298	12,553,291	-	-	-	-	-	-	-
Reserve/Modaraba	812,481,878	19,182,000	42,145,000	111,296,200	437,190,361	1,520,728	14,567,657	126,247,010	-	-
Unsettled profit/losses	17,032,764	17,032,764	-	-	-	-	-	-	-	-
Total Liabilities	1,745,761,312	565,457,849	167,564,489	117,127,681	458,012,440	151,326,718	153,978,927	185,827,021	-	-
Net Assets / (Liabilities)	819,364,641	(381,831,697)	(12,196,206)	226,358,938	61,935,046	465,136,336	243,756,244	319,881,421	5,172,956	6,201,618

The above are based on contractual maturities and not on their expected realisation, which may change due to sale / rollover, etc.

22. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

In the opinion of management, fair value of financial assets and liabilities, other than those short term in nature, cannot be calculated with sufficient reliability due to absence of current and active market for such assets and reliable data regarding market rates for similar instruments. The Modaraba's short term financial instruments are expected to be settled in short term hence, their carrying amount is not considered to be materially different from fair values.

23. FINANCIAL INSTRUMENTS

Yield / profit rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual repricing or maturity date.

	Effective yield / Profit rate %	Total	2007										Reclassification to off-balance sheet instruments	
			Less than 12 months	12 to 24 months	25 to 36 months	37 to 48 months	49 to 60 months	Over 60 months	Over 60 months	Over 60 months	Over 60 months	Over 60 months		
		Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Financial Assets														
Cash and bank balances	0%	15,744,123	15,744,123											
Advances, deposits (including bills) and other receivables due to customers	7%	442,702	4,111	16,281	27,598	38,734				88,888	-1,934			106,667
Consumer Mortgage finance	12%	14,710		5,572	5,370				120,368	388,433				
Commercial Mortgages	12%	13,252,335	14,428											
Net investment in debt finance - net of related liabilities	8.25% - 10.5%	23,930,294	86,820,844	197,071,484	178,408,282	163,220,712	696,149,622	147,184,948	881,175,368					1,265,114
Total Financial Assets as at 30 June 2007		3,508,478,684	111,421,744	181,302,864	275,492,664	493,989,944	888,848,924	180,888,887	284,115,746	5,562,957	1,265,114			1,265,114
Liabilities														
Mortgage finance	8.25% - 12.75%	218,231,492	179,227,492		100,000,000									
Mortgage finance	10.5% - 12.6%	122,299,482			11,000,000									
Security deposits	8.25% - 12.25%	424,732,268	1,227,500		14,276,418	22,223,214	47,181,200	152,979,517	14,276,418					22,223,214
Overdrafts, advances and other liabilities		22,818,426												
Reserve for Capital	5.50% - 10.50%	3,071,627,261	183,648,127	811,120,138	30,384,564	15,144,960	10,722,491	96,220,886	1,89,542,900					1,89,542,900
Unearned profit attributable		11,542,213												
Total Financial Liabilities as at 30 June 2007		3,766,992,445	371,944,119	812,220,141	41,272,982	157,226,264	66,899,585	148,848,617	143,862,418					1,89,542,900
Total (net) of the net sensitivity gap		(258,513,761)	(160,522,375)	(130,917,277)	(26,780,318)	(63,236,320)	(218,940,661)	(68,663,731)	(40,746,672)					(1,628,786)
Unaudited (net) of the net sensitivity gap		(258,513,761)	(160,522,375)	(130,917,277)	(26,780,318)	(63,236,320)	(218,940,661)	(68,663,731)	(40,746,672)					(1,628,786)

	Effective yield / Profit rate %	Total	2006										Reclassification to off-balance sheet instruments	
			Less than 12 months	12 to 24 months	25 to 36 months	37 to 48 months	49 to 60 months	Over 60 months	Over 60 months	Over 60 months	Over 60 months	Over 60 months		
		Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Financial Assets														
Cash and bank balances	0%	8,971,449	8,229,449											
Advances, deposits (including bills) and other receivables due to customers	7%	7,226,171	3,294	18,228	16,817	30,624				18,463				30,624
Consumer Mortgage finance	12%	31,884												
Commercial Mortgages	12%	11,100,122	11,387											
Net investment in debt finance - net of related liabilities	8.75% - 11.5%	200,000,000												
Net investment in debt finance - net of related liabilities	8.25% - 10.5%	2,289,721,188	88,798,675	170,230,181	543,182,476	1,632,747,922	113,181,184	284,497,898	222,241,212					1,265,114
Unearned profit attributable		17,522,158												
Total Financial Assets as at 30 June 2006		2,617,400,542	101,438,649	170,230,181	543,182,476	1,632,747,922	113,181,184	284,497,898	222,241,212					1,265,114
Liabilities														
Mortgage finance	8.75% - 12.25%	477,300,224	177,389,492		100,000,000									
Mortgage finance	9.25% - 11.47%	450,000,000			10,000,000									
Security deposits	8.45% - 11.50%	165,752,512	2,054,555		9,891,474	20,829,443	21,873,282	34,213,474	46,174,434					20,829,443
Overdrafts, advances and other liabilities		48,279,214												
Reserve for Capital	10.0% - 12.0%	672,481,378	18,634,022	82,144,266	111,286,209	427,730,483	1,732,228	75,981,652	1,89,542,900					1,89,542,900
Unearned profit attributable		17,522,158												
Total Financial Liabilities as at 30 June 2006		1,332,717,312	488,000,397	189,214,266	111,277,689	428,562,440	151,136,712	102,175,312	1,89,542,900					1,89,542,900
Total (net) of the net sensitivity gap		(715,316,770)	(386,561,748)	(19,024,085)	(32,095,213)	(205,814,518)	(337,955,528)	(188,934,014)	(67,301,688)					(1,628,786)
Unaudited (net) of the net sensitivity gap		(715,316,770)	(386,561,748)	(19,024,085)	(32,095,213)	(205,814,518)	(337,955,528)	(188,934,014)	(67,301,688)					(1,628,786)

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

24. RISK

Risk is inherent in the Modaraba's business and the effective management of that risk is seen as a core competence within the Modaraba. Through its risk management structure, the modaraba seeks to manage efficiently the seven core risks:

Credit, Market and Liquidity risks arise directly through the Modaraba's commercial activities whilst Business, Regulatory, Operational and Reputational risks are a normal consequence of any business undertaking.

24.1 CREDIT RISK

Credit risk is the risk that a counterparty will not settle its obligation in accordance with agreed terms.

Clear responsibilities for credit risk are delegated to Risk Officers through the Standard Chartered Group (the Group) credit chain. Each credit decision in the Modaraba is approved by two directors including the Managing Director. The Senior Credit Officer of Standard Chartered Bank, Pakistan lends his support to all credit decisions of the Modaraba.

Special procedures for managing credit risk are determined with specific policies and procedures to adapt to business goals.

Credit analysis includes review of facility detail, credit grade determination and financial analysis. There is a clear segregation of duties with facility applications being prepared by people who are not part of the approval chain.

The Modaraba employs a variety of tools to monitor the portfolio and to ensure the timely recognition of problem credits. Accounts are placed on Early Alert when they display signs of weakness. Such accounts are subject to a dedicated process involving senior risk officers and representatives from a recovery unit, which is independent of the business unit. Account plans are re-evaluated and remedial actions are agreed and monitored until complete recovery has taken place. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exit of the account or immediate movement of the account into the control of the specialist recovery unit.

24.2 Market Risk

The Modaraba recognises market risk as the exposure created by the potential changes in the market prices and rates. The Modaraba measures the impact of market price and rate risk using Value at Risk (VaR) model, which is monitored by an Asset Liability Management Committee.

24.3 Liquidity Risk

The Modaraba defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall due.

A range of tools is used for the management of liquidity. These comprise commitment and underwriting guidelines, key balance sheet ratios and medium-term funding requirements. Moreover, day-to-day monitoring of future cash flows takes place and suitable levels of liquid reserves are maintained by the business.

25. SEGMENT BY CLASS OF BUSINESS

25.1 Net Investment in Ijarah Finance and Musharika arrangement

	Note	2007		2006	
		Rupees	%age	Rupees	%age
Fuel and Energy		433,736,955	18.90	368,340,270	16.18
Pharmaceuticals and Chemicals		347,534,926	15.15	300,870,857	13.21
Food and Beverage		156,946,344	6.84	290,655,508	12.77
Sugar		79,442,743	3.46	203,010,417	8.92
Financial Institutions		47,891,837	2.09	72,774,435	3.20
Travel and Transport		181,051,971	7.89	123,369,049	5.42
Services		183,827,364	8.01	173,862,357	7.64
Textile		104,303,368	4.55	157,448,041	6.91
Electrical and Engineering		144,145,021	6.28	150,373,190	6.60
Communication		131,522,738	5.73	147,441,237	6.48
Leather		2,721,851	0.12	13,599,336	0.60
Distribution		36,458,311	1.59	14,784,120	0.65
Cement		183,370,468	7.99	80,285,967	3.53
Construction		1,679,749	0.07	18,066,471	0.79
Others		259,989,549	11.33	162,057,333	7.12
	25.2	2,294,623,195	100	2,276,938,588	100

25.2

	2007 Rupees	2006 Rupees
Net investment in Ijarah Finance	2,519,355,254	2,262,701,198
Musharika arrangement	-	200,000,000
Security deposits	(224,732,059)	(185,762,610)
	2,294,623,195	2,276,938,588

25.3 For Musharika, Morabaha and Redeemable Capital

	Note	2007 Rupees	2006 Rupees
Sugar and allied		-	410,910,883
Paper and allied		-	10,000,000
Financial institutions		467,469,998	677,365,344
Others		928,439,919	391,551,095
	25.4	1,395,909,917	1,489,827,322

25.4

Morabaha finance	100,000,000	200,000,000
Redeemable Capital	1,077,877,957	812,461,978
Musharika finance	218,031,960	477,365,344
	1,395,909,917	1,489,827,322

26. RELATED PARTIES TRANSACTIONS

The related parties of the Modaraba comprise of holding company, management company, fellow subsidiary, staff retirement funds, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel (which are employed by the management company) under the terms of their employment are as follows:

	2007 Rupees	2006 Rupees
Holding Company		
Lease rentals received	15,799,777	34,407,481
Profit on musharika finance	43,394,766	43,601,581
Profit on deposit account	573,808	212,109
Bank charges and commission	41,519	61,304
Charges for reimbursement of portion salaries and benefits	9,997,710	7,249,726
Staff retirement benefits funds		
Contribution to the Staff Provident Fund	787,360	803,835
Contribution to the Staff Gratuity Fund	12,344	509,317
Management Company		
Management fee	9,132,848	6,800,195
Other related party		
Profit on musharika finance	5,054,048	-

The Modaraba enters into transactions with related parties for lease of assets, borrowings under musharika finances and other general banking services. These transactions are based on a transfer pricing policy under which all transactions are carried out on arms's length basis. The balances with related parties have been disclosed in the respective note.

27. ACCOUNTING ESTIMATES AND JUDGEMENTS

Provision against non-performing loans and advances

The Modaraba reviews its loan portfolio of Ijara, Musharika and Morabaha financing to assess amount of non-performing contracts and provision required there against on a quarterly basis. The provision is made in accordance with group policies which fully comply with the prudential regulations issued by the SECP.

Income taxes

No provision has been made in these financial statements for income taxes as the Modaraba plans to distribute at least 90% of its profits to certificate holders.

28. DATE OF AUTHORISATION

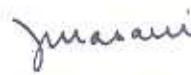
These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on September 12, 2007.



Badar Kazmi
Chairman
Standard Chartered Services
of Pakistan (Private) Limited



Arjumand A. Minai
Chief Executive
Standard Chartered Services
of Pakistan (Private) Limited



Cyrus J. Masani
Director
Standard Chartered Services
of Pakistan (Private) Limited

Standard Chartered Modaraba Six Years' Financial Summary

	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07
Key Financial Figures (Rs. in millions)						
Profit & Loss Account						
Revenues from operations	332	323	240	222	244	253
Financial Charges	128	115	81	102	149	133
Impairment loss against doubtful debts	2	1	4	-	-	-
Net Profit	172	175	111	96	62	82
Dividend including Bonus certificates	150	150	94	94	79	86
Balance Sheet						
Certificate-holders' fund	396	386	377	378	440	506
Reserves	299	335	358	377	377	354
Borrowings from financial institutions	477	222	556	994	677	416
Redeemable capital and deposits	852	817	761	839	998	1,303
Portfolio	2,365	2,012	2,129	2,648	2,463	2,510
Lease / Musharika disbursements	1,210	743	1,215	1,733	1,010	1,457
Key Financial Ratios						
Return on equity (%)	24.75	24.27	15.10	12.72	7.53	9.56
Financial charges cover ratio	2.34	2.52	2.37	1.94	1.41	1.62
Profit before tax ratio (%)	51.81	54.18	46.25	43.24	25.22	32.52
Income / Expense ratio	1.92	1.97	1.85	1.64	1.32	1.45
Debt / Equity ratio	2.55	1.92	1.98	2.28	2.13	1.98
Shares and Earnings						
Break-up value per certificate	18.58	19.26	19.63	20.19	20.79	19.89
Market value per certificate	24.10	38.25	34.40	24.00	17.40	13.60
Earning per certificate	4.61	4.68	2.97	2.56	1.42	1.90
Cash dividend per certificate	4.00	4.00	2.50	2.00	1.00	1.50
Bonus certificate (%)	-	-	-	5.00	10.00	5.00
Price earning ratio	5.23	8.17	11.58	9.38	12.25	7.16

