

Standard Chartered (SFD No 1) Limited
Directors' report and financial statements

31 December 1998

Registered Number: 2403771



Standard Chartered (SFD No 1) Limited

Report of the directors

The directors present their annual report and the audited financial statements for the year ended 31 December 1998, which were approved on 19 February 1999.

Activities

The principal activity of the Company has been that of a holding company and it is anticipated that this will remain the principal activity of the Company for the foreseeable future.

Results

The results of the company are set out on page 6.

Dividends

An interim dividend of £3,037,500 was paid to the holders of ordinary shares in the holding company, Chartered Financial Holdings Limited and WestLB Europe (UK) Holdings Limited on 22 December 1998.

Directors and directors' interests

The directors who held office during the year were as follows-

M H Hayman

I L Sayers (resigned 26 June 1998)

L E Young (appointed 9 November 1998)

D A Harvey (appointed as an alternate for L E Young on 8 February 1999)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

The directors who held office at the end of the financial year had the following interests in the ordinary shares of 25p each of Standard Chartered PLC.

	Options		Ordinary shares	
	1.1.98*	31.12.98	1.1.98*	31.12.98
M H Hayman	73,528	132,822	170,002	115,922
L E Young	2,335	2,335	453	453

* or date of appointment if later.

Standard Chartered (SFD No 1) Limited

Fixed Assets

Details of fixed assets held and movements are set out in Note 6 to the financial statements.

Year 2000

The directors have considered the impact of the Year 2000 issue on the Company. A Group-wide programme, which has been underway since 1996, is addressing the issues. A Project Steering Committee chaired by a Group Executive Director of the Company's ultimate parent company Standard Chartered PLC supervises this programme. Full details of the Group's Year 2000 Programme are reported in Standard Chartered PLC's 1998 report and accounts. Standard Chartered Bank will meet all the costs associated with the programme.

Auditors

KPMG Audit Plc have signified their willingness to continue in office and in accordance with Section 384 of the Companies Act 1985, a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board



J A Cross
Secretary

19 February 1999

1 Aldermanbury Square
London, EC2V 7SB

Standard Chartered (SFD No 1) Limited

Directors' responsibility statement

The following statement, which should be read in conjunction with the auditors' responsibility statement set out below, is made to distinguish the responsibilities of the directors for the financial statements from those of the auditors.

The directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. The financial statements must be prepared on a going concern basis unless it is inappropriate to presume that the Company will continue its business.

The directors consider that, in preparing the financial statements on pages 6 to 12 inclusive, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors' responsibility statement

The auditors are responsible for forming an independent opinion on the financial statements presented by the directors, based on their audit, and for reporting their opinion to members. They also have the responsibility under the Companies Act 1985 to report to members if particular requirements are not met. These requirements are:-

- that the Company has maintained proper accounting records and obtained proper returns from branches not visited by the auditors;
- that the financial statements are in agreement with the accounting records;
- that the directors' emoluments and other transactions with directors are properly disclosed in the financial statements; and
- that they have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditor's opinion does not encompass the directors' report on pages 2 and 3 (together with matters included therein by reference). However, the Companies Act 1985 requires the auditors to report to members if the matters contained in the directors' report are inconsistent with the financial statements.

Standard Chartered (SFD No 1) Limited

Report of the auditors to the members of Standard Chartered (SFD No 1) Limited

We have audited the financial statements on pages 6 to 12.

Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

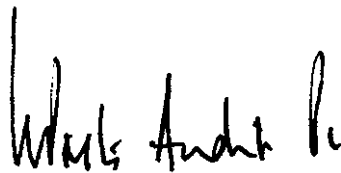
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud, or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

February 24, 1999
London

Standard Chartered (SFD No 1) Limited

Profit and loss account for the year ended 31 December 1998

	Note	1998 £	1997 £
Dividend from shares in group undertakings		<u>3,796,875</u>	<u>5,343,750</u>
Profit on ordinary activities before taxation	2,3	3,796,875	5,343,750
Tax on profit on ordinary activities	4	<u>(759,375)</u>	<u>(1,069,000)</u>
Profit on ordinary activities after taxation		3,037,500	4,274,750
Dividends paid and proposed	5	<u>(3,037,500)</u>	<u>(4,274,750)</u>
Retained profit for the financial year		<u>-</u>	<u>-</u>

The Company has no recognised gains or losses for the years ended 31 December 1998 and 1997 other than the profit for the year.

The notes on pages 9 to 12 form part of these financial statements.

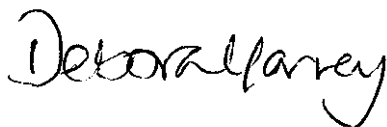
Standard Chartered (SFD No 1) Limited

Balance sheet as at 31 December 1998

	Note	1998 £	1997 £
Fixed assets			
Investment in subsidiary undertaking	6	98	98
Current assets			
Debtors	7	<u>1,002</u>	<u>1,002</u>
Total assets		<u>1,100</u>	<u>1,100</u>
Capital and reserves			
Called up share capital	8	<u>1,100</u>	<u>1,100</u>
Shareholders' funds	9	<u>1,100</u>	<u>1,100</u>

The notes on pages 9 to 12 form part of these financial statements.

These financial statements were approved by the Board of Directors on 19 February 1999 and were signed on its behalf by:



D A Harvey
Director

Standard Chartered (SFD No 1) Limited

Cashflow statement for the year ended 31 December 1998

	1998 £	1997 £
Returns on investments and servicing of finance		
Dividends received	3,037,500	4,274,750
Dividends paid	<u>(3,037,500)</u>	<u>(4,274,750)</u>
Net movement in cash	<u>-</u>	<u>-</u>

The cash balances at 1 January and 31 December 1998 were nil (1997:nil).

Standard Chartered (SFD No 1) Limited

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for permanent diminution in value.

2. Auditors' remuneration

The auditors' remuneration for 1998 and 1997 was borne by Standard Chartered Bank.

3. Remuneration of directors

None of the directors received any fees or emoluments from the company during the year (1997: Nil).

4. Taxation

	1998 £	1997 £
Tax attributable to franked investment income at 20% (1997 20%).	<u>759,375</u>	<u>1,069,000</u>

Standard Chartered (SFD No 1) Limited

5. Dividends paid and proposed

	1998 £	1997 £
On ordinary shares:		
Interim	<u>3,037,500</u>	<u>4,274,750</u>

6. Fixed asset investments

	1998 £	1997 £
Subsidiary undertaking: Cost at 1 January and 31 December 1998	<u>98</u>	<u>98</u>

The entities in which the Company's interest (direct and indirect) is more than 10% is as follows:-

Direct	Country of registration or incorporation	Principal activity	Class and percentage of shares held
Standard Chartered (SFD No 2) Limited	England and Wales	Investment Holding Company	75% of ordinary share capital
Indirect			
CWB Capital Partners Limited	England and Wales	Investment Holding Company	56% of ordinary share capital
CWB Capital Partners (Investments) Limited	England and Wales	Investment Holding Company	56% of ordinary share capital
CWB Capital Partners (Nominees) Limited	England and Wales	Nominee Company	28% of ordinary share capital

In the opinion of the directors the investment in the subsidiary undertaking is worth at least the amount at which it is stated in the balance sheet.

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7. Debtors

	1998 £	1997 £
Amounts due by parent undertaking	<u>1,002</u>	<u>1,002</u>

8. Called up share capital

	1998 £	1997 £
Authorised		
100 Ordinary shares of £1 each	100	100
1,000 Preference Shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>1,100</u>	<u>1,100</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
1,000 Preference Shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>1,100</u>	<u>1,100</u>

9. Shareholders' funds

	1998 £	1997 £
At 1 January and at 31 December 1998	<u>1,100</u>	<u>1,100</u>

10. Related Party Transaction

There have been no other related party transactions other than those disclosed in the accounts for the year end 31 December 1998.

11. **Ultimate holding company**

The company is a subsidiary undertaking of Standard Chartered PLC registered in England and Wales.

The only group in which the results of the company are consolidated is that headed by Standard Chartered PLC registered in England and Wales. The consolidated financial statements of this company are available to the public and may be obtained from its registered office located at 1 Aldermanbury Square, London EC2V 7SB.