

## Merchant Banking Operation Profit & Loss Account (Un-Audited)

For the half year ended June 30, 2010

	Amount in Taka	
	30 JUNE 2010	30 JUNE 2009
Interest income	347,077,076	169,498,747
Less : Interest paid on deposits & borrowings	228,899,566	129,544,047
<b>Net interest</b>	<b>118,177,510</b>	<b>39,954,700</b>
Other operational income	72,691,730	80,958,964
<b>Total Operating Income</b>	<b>190,869,240</b>	<b>120,913,664</b>
Salary and allowances	3,422,844	1,910,688
Rent, taxes, insurance, electricity etc.	2,072,359	1,459,010
Legal & professional fees	639,403	160,389
Postage, stamp, telecommunication etc.	423,058	429,447
Stationery, printing, advertisement	1,532,940	1,063,503
Managing director's salary & allowance	887,250	502,125
Director fees and expenses	45,825	11,700
Audit fees	8,938	-
Repairs, maintenance and depreciation	833,472	3,354,285
Other expenses	6,155,311	1,615,143
<b>Total operating expenses</b>	<b>16,021,400</b>	<b>10,506,291</b>
<b>Provision for loans</b>	<b>12,378,303</b>	<b>9,973,752</b>
Specific provision	-	-
General provision	12,378,303	9,973,752
<b>Profit/(Loss) transferred to combined profit and loss account</b>	<b>162,469,537</b>	<b>100,433,621</b>

## Statement of changes in Shareholders' Equity (un-audited)

For the half year ended 30 June 2010

Particulars	Amount in Taka					
	Share Capital	Statutory Reserve	Proposed Dividend	LankaBangla Foundation	Retained Earnings	Total
Balance as at 01 January 2010	442,750,000	140,581,663	154,962,500	3,509,715	148,364,169	890,168,047
<b>Items Involved in Changes in Equity</b>						
Net profit for the year	-	-	-	-	254,024,322	254,024,322
Appropriation to statutory reserve	-	50,804,864	-	-	(50,804,864)	-
Transfer to LB Foundation A/c.	-	-	-	(3,509,715)	-	(3,509,715)
<b>Proposed dividend</b>						
Stock dividend (20%)	88,550,000	-	(88,550,000)	-	-	-
Cash dividend (15%)	-	-	(66,412,500)	-	-	(66,412,500)
<b>Balance as at 30 June 2010</b>	<b>531,300,000</b>	<b>191,386,527</b>	<b>-</b>	<b>-</b>	<b>351,583,626</b>	<b>1,074,270,152</b>

Mafizuddin Sarker  
Managing Director & CEO

Quamrul Islam  
Chief Financial Officer

## Cash Flow Statement (Un-Audited)

For the half year ended June 30, 2010

	Amount in Taka	
	30 June 2010	30 June 2009
<b>A) Cash flows from operating activities</b>		
Interest received	670,690,728	528,852,330
Interest paid	(428,955,815)	(413,168,394)
Dividend received	2,011,958	3,453,022
Fees and commission received	105,342,079	116,303,380
Income from investment	156,464,771	35,238,883
Cash paid to employees (including directors)	(35,571,660)	(23,210,904)
Cash paid to suppliers	(4,716,738)	(3,272,318)
Income taxes paid	(16,414,139)	(4,167,514)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>448,851,184</b>	<b>240,028,485</b>
<b>Increase/ (decrease) in operating assets &amp; liabilities</b>		
Changes in trading securities	(13,522,363)	(53,759,529)
Loans and advances to customers	(1,602,561,404)	(1,757,519,551)
Other assets	(223,728,119)	156,663,025
Deposits from customers	664,252,014	843,635,312
Other liabilities	129,722,962	(30,535,373)
<b>Total increase/ (decrease) in operating assets &amp; liabilities</b>	<b>(1,045,836,910)</b>	<b>(841,516,116)</b>
<b>Net Cash used by Operating Activities (Total of "A"):</b>	<b>(596,985,726)</b>	<b>(601,487,631)</b>
<b>B) Cash flows from investing activities</b>		
Changes in non-trading securities	21,698,000	-
Net proceeds/(payments) for sale/ purchase of Treasury bills	245,265,228	-
Purchase of property, plant and equipment	(14,404,485)	(5,607,840)
Sales proceeds of fixed assets	-	-
Investment in subsidiary-LankaBangla Investments Limited	(10,000,000)	-
<b>Net Cash used by Investing Activities (Total of "B"):</b>	<b>242,558,743</b>	<b>(5,607,840)</b>
<b>C) Cash flows from financing activities</b>		
Increase/(decrease) of long term loan	606,849,425	643,908,826
Dividend paid (cash dividend)	(37,215,896)	(66,488)
<b>Net Cash used by Financing Activities (Total of "C"):</b>	<b>569,633,529</b>	<b>643,842,338</b>
<b>D) Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>215,206,546</b>	<b>36,746,867</b>
<b>E) Opening cash and cash-equivalents</b>	<b>597,614,479</b>	<b>446,988,111</b>
<b>F) Closing cash cash-equivalents (D+E)*</b>	<b>812,821,025</b>	<b>483,734,978</b>
<b>* Closing cash and cash-equivalents</b>		
Cash in hand (including foreign currencies)	125,000	70,000
Balance with Bangladesh Bank and its agent bank (s)	128,653,497	42,933,246
Balance with other Banks and Financial Institutions	684,042,529	440,731,732
<b>Total:</b>	<b>812,821,025</b>	<b>483,734,978</b>

Mafizuddin Sarker  
Managing Director & CEO

Quamrul Islam  
Chief Financial Officer

## Notes to the Half Yearly Financial Statement

for the period ended June 30, 2010

### 1. Half-Yearly financial report

This half-yearly financial report has been prepared in accordance with the Bangladesh Accounting Standard (BAS - 34) "Interim Financial Reporting"

### 2. Accounting policies and methods of computation

The accounting policies and methods used are consistent with those used in the Annual Financial Statements for the period ended December 31, 2009, which was approved and published.

### 3. Consolidation of operations of subsidiary

The financial statements of the company and its subsidiary company named "LankaBangla Securities Limited" and "LankaBangla Asset Management Company Limited" have been consolidated in accordance with Bangladesh Accounting Standards (BAS) No. 27 "Consolidated and Separate Financial Statements". The Consolidation of financial statements has been made after eliminating all material intra group transactions.

Total profits of the Company and its Subsidiary are shown in the consolidated Profit & Loss Account with the proportion of profit after taxation pertaining to minority shareholders being deducted as "Minority Interest". All Assets and Liabilities of the company and of its subsidiary are shown in the consolidated balance sheet. The Interest of minority shareholders of the subsidiary is shown separately in the consolidated balance sheet under the head "Minority Interest".

### 4. Capital enhancement

Stock dividend @ 20% for the year 2009 has been transferred to share capital on March 30, 2010. Therefore, Paid up Capital has been increased to BDT 531.30 million as on June 30, 2010.

### 5. Approval of half-yearly report

The half yearly financial statements for the half year ended June 30, 2009 were approved by the Board of Directors on its 65th Board of Director Meeting held on July 29, 2010.

### 6. Dividend

The Board of Directors has not declared any interim dividend for the half year ended June 30, 2010.

### 7. Subsequent event

There is no significant event to the end of the interim period that has to be reflected in the financial statements.

### 8. Currency and comparatives

The financial statements are expressed in Bangladeshi Taka Currency and rounded off to the nearest integer.

Where necessary comparative figures and accounts title in the financial statements have been adjusted to conform to changes in presentation for the interim period.

### 9. Copies of the half-yearly report

The Company will send its half yearly report to the shareholders within July 31, 2010 and will make copies available from the registered office of the company at Safura Tower (Level - 11), 20 Kemal Ataturk Avenue, Banani, Dhaka and on the Company's website at www.lankabangla.com

## Product range of LankaBangla Finance

LankaBangla offers a wide range of financial services tailored to the needs of its customers which includes:

### Credit and Investment Products

- Lease Finance
- Term Finance
- Short Term Finance
- Working Capital Finance
- Work Order Finance
- Auto Loan
- Domestic Factoring of Accounts Receivables
- SME Finance
- Mortgage Loan
- Real Estate Developers' Finance
- Home Loan
- Equity Participation

### Corporate Services

- Syndication of Lease/Loan
- Corporate Advisory Services
- Investment MasterCard Counseling

### Card Operation

- MasterCard & VISA Card Issuing
- MasterCard Acquiring
- Third Party Card Processing

### Merchant Banking Operation

- Investors' Portfolio Management Services
- Margin Loan
- IPO Advisory
- Issue Management
- Underwriting

### Deposit Schemes

- Cumulative Term Deposit
- Periodic Return Term Deposit
- Double Money Term Deposit
- Money Builders Term Deposit

### Primary Dealership

- Purchase and sale of Government Securities
- Government Treasury Bill
- Government Treasury Bond

### Stock Brokerage Services

(Through its subsidiary LankaBangla Securities Limited)



**LankaBangla Finance Limited**  
Safura Tower (Level 5 & 11), 20 Kemal Ataturk Avenue, Banani  
Dhaka 1213, Bangladesh

Phone: +88 02 9883701-10, Fax: +88 02 8810998, E-mail: info@lankabangla.com  
www.lankabangla.com



## Dear Shareholders

We are pleased to present the un-audited Financial Statements of the Company for the half year ended on June 30, 2010 in accordance with Section 13 of the Securities and Exchange Rules 1987.

During the period from January 01, 2010 to June 30, 2010 your company witnessed steady growth in business and profitability despite ongoing global recession and strong challenges that prevailed in the economy. The consolidated net profit after provision & tax during the period stood at Tk. 829.90 million compared to Tk. 302.19 million of the same period of previous year registering a growth of 174.62%.

The Earning Per Share (EPS) stood at Tk. 15.62 (per share of Tk.10) as on June 30, 2010 up by 174.51% from same period of the last year of TK. 5.69 (restated)

We believe that continuation of our superior services, adoption of new products, harmonious customer relationship, prudent business policies would enable us to face the challenges ahead to make another successful year of 2010.

Thank you for your cooperation & support.

  
**Mafizuddin Sarker**  
 Managing Director & CEO

Consolidated Balance Sheet

## Consolidated Balance Sheet (Un-Audited) As at 30 June 2010

	Amount in Taka	
	30 June 2010	31 December 2009
<b>I. PROPERTY &amp; ASSETS</b>		
<b>1 Cash</b>	<b>128,826,924</b>	<b>53,788,448</b>
a) Cash in hand	173,427	103,108
b) Balance with Bangladesh Bank	128,653,497	53,685,340
<b>2 Balance with others bank and financial institutions</b>	<b>1,996,519,932</b>	<b>1,035,246,257</b>
<b>3 Investment</b>	<b>1,135,283,327</b>	<b>1,764,316,847</b>
a) Government securities	489,104,758	734,369,886
b) Others investment	646,178,569	1,029,946,861
<b>4 Lease, loans &amp; advance</b>	<b>9,847,131,375</b>	<b>8,061,342,532</b>
Lease portfolio, term finance, short term loan, etc.		
<b>5 Fixed assets</b>	<b>94,921,937</b>	<b>92,463,887</b>
a) At cost	233,797,930	220,847,086
b) Less: Accumulated depreciation	138,875,993	128,383,199
<b>6 Other assets</b>	<b>4,329,844,946</b>	<b>2,434,970,582</b>
<b>TOTAL ASSETS:</b>	<b>17,532,528,441</b>	<b>13,442,128,553</b>
<b>II. LIABILITY &amp; CAPITAL</b>		
<b>1 Liabilities</b>	<b>10,629,266,036</b>	<b>9,516,742,975</b>
Borrowings from Bangladesh Bank, other banks & financial institutions	5,532,117,504	5,083,846,457
Term deposits	5,097,148,532	4,432,896,518
<b>2 Other liabilities</b>	<b>2,618,128,321</b>	<b>1,824,835,684</b>
<b>3 Capital &amp; Shareholder's Equity</b>	<b>4,111,315,000</b>	<b>2,100,526,950</b>
Share capital	531,300,000	442,750,000
Retained earnings	1,695,234,473	865,333,367
Proposed dividend	-	154,962,500
Payable to LB Foundation	-	3,509,715
Share premium	1,200,000,000	-
Fair value measurement reserve	493,394,000	493,394,000
Statutory reserve	191,386,527	140,577,368
<b>Minority interest</b>	<b>173,819,083</b>	<b>22,944</b>
<b>TOTAL LIABILITIES:</b>	<b>17,532,528,441</b>	<b>13,442,128,553</b>

  
**Mafizuddin Sarker**  
 Managing Director & CEO

  
**Quamrul Islam**  
 Chief Financial Officer

Consolidated Profit & Loss Account

## Consolidated Profit & Loss Account (Un-Audited) For the half year ended June 30, 2010

	For the half year (January 01, 2010 to June 30, 2010)	For the half year (January 01, 2009 to June 30, 2009)	For the Quarter (April-2010 to June 30, 2010)	For the Quarter (April-2009 to June 30, 2009)
<b>Operating Income</b>				
Net interest	268,788,891	170,614,481	180,133,300	104,893,161
Interest income	716,030,817	585,110,237	419,687,505	323,692,858
Less: Interest paid on deposits & borrowings	447,241,926	414,495,756	239,554,205	218,799,697
Income from investment	189,202,335	35,238,883	144,559,267	31,696,311
Other operational income	985,478,696	377,196,297	561,792,537	206,045,069
<b>Total Operating Income:</b>	<b>1,443,469,922</b>	<b>583,049,661</b>	<b>886,485,104</b>	<b>342,634,541</b>
<b>Operating Expenses</b>				
Salary and allowances	59,409,158	37,625,293	31,121,211	19,518,062
Rent, taxes, insurance, electricity etc.	11,154,391	7,317,307	6,312,678	4,245,136
Legal & professional fees	3,043,657	759,436	1,559,232	373,150
Postage, stamp, telecommunication etc.	2,105,915	1,832,254	1,453,286	1,153,489
Stationery, printing, advertisement	6,842,161	4,480,384	3,781,643	2,910,753
Managing director's salary & allowance	2,730,000	1,545,000	1,365,000	772,500
Director fees and expenses	170,000	36,000	110,000	36,000
Audit fees	68,100	14,501	31,900	5,801
Charges on loan losses	-	-	-	-
Repairs, maintenance and depreciation	17,688,777	14,706,646	9,599,438	8,092,521
Direct charges (Hawla & Laga)	58,718,895	30,254,422	27,989,634	18,170,768
Other expenses	32,761,834	17,172,164	15,834,729	6,142,611
<b>Total Operating Expenses:</b>	<b>194,692,888</b>	<b>115,743,407</b>	<b>99,158,751</b>	<b>61,420,791</b>
<b>Net Operating Income</b>	<b>1,248,777,034</b>	<b>467,306,254</b>	<b>787,326,353</b>	<b>281,213,750</b>
<b>Provision for loans &amp; advance</b>				
Specific provision	143,295,257	86,701,303	119,401,001	73,590,603
General provision	111,170,217	11,522,873	97,540,443	6,804,374
	32,125,040	75,178,430	21,860,558	66,786,229
<b>Profit before tax and reserve:</b>	<b>1,105,481,777</b>	<b>380,604,951</b>	<b>667,925,352</b>	<b>207,623,147</b>
Provision for tax made during the year	208,077,603	78,409,333	143,149,175	4,503,185
<b>Net profit after tax:</b>	<b>897,404,174</b>	<b>302,195,618</b>	<b>524,776,177</b>	<b>212,120,322</b>
Minority Interest	67,503,067	4,903	67,496,925	4,038
<b>Net profit for the year attributable to the shareholders of parent company</b>	<b>829,901,107</b>	<b>302,190,715</b>	<b>457,279,252</b>	<b>212,122,294</b>
<b>Appropriations</b>				
Statutory reserve	50,804,864	60,439,124	104,955,235	42,425,266
<b>Net Profit after Reserve:</b>	<b>846,599,309</b>	<b>241,756,495</b>	<b>419,820,942</b>	<b>169,701,066</b>
Profit / (Loss) brought forward	1,695,234,473	627,581,067	1,695,234,473	627,581,067
<b>Retained earnings carried forward</b>	<b>2,541,833,782</b>	<b>869,337,562</b>	<b>2,115,055,415</b>	<b>797,282,133</b>
<b>Earning per share (2009 restated)</b>	<b>15.62</b>	<b>5.69</b>	<b>8.61</b>	<b>3.99</b>

  
**Mafizuddin Sarker**  
 Managing Director & CEO

  
**Quamrul Islam**  
 Chief Financial Officer

Balance Sheet

## Balance Sheet (Un-Audited) As at 30 June 2010

	Amount in Taka	
	30 June 2010	31 December 2009
<b>I. PROPERTY &amp; ASSETS</b>		
<b>1 Cash</b>	<b>128,778,497</b>	<b>53,755,340</b>
a) Cash in hand	125,000	70,000
b) Balance with Bangladesh Bank	128,653,497	53,685,340
<b>2 Balance with others bank and financial institutions</b>	<b>684,042,529</b>	<b>543,859,139</b>
<b>3 Investment</b>	<b>888,253,184</b>	<b>1,141,694,049</b>
a) Government securities	489,104,758	734,369,886
b) Others investment	399,148,426	407,324,063
<b>4 Lease, loans &amp; advance</b>	<b>9,855,131,880</b>	<b>8,094,181,813</b>
Lease portfolio, term finance, short term loan, etc.		
<b>5 Fixed assets</b>	<b>35,930,606</b>	<b>31,385,966</b>
a) At cost	146,470,662	132,066,177
b) Less: Accumulated depreciation	110,540,056	100,680,211
<b>6 Other assets</b>	<b>1,416,011,332</b>	<b>1,456,430,149</b>
<b>TOTAL ASSETS:</b>	<b>13,008,148,027</b>	<b>11,321,306,457</b>
<b>II. LIABILITY &amp; CAPITAL</b>		
<b>1 Liabilities</b>	<b>10,264,590,175</b>	<b>9,189,434,165</b>
Borrowings from Bangladesh Bank, other banks & financial institutions	5,143,441,643	4,732,537,647
Term deposits	5,121,148,532	4,456,896,518
<b>2 Other liabilities</b>	<b>1,669,287,699</b>	<b>1,241,704,245</b>
<b>3 Capital &amp; Shareholder's Equity</b>	<b>1,074,270,152</b>	<b>890,168,047</b>
Share capital	531,300,000	442,750,000
Retained earnings	351,583,625	148,364,169
Proposed dividend	-	154,962,500
Payable to LB Foundation	-	3,509,715
Statutory reserve	191,386,527	140,581,663
<b>TOTAL LIABILITIES:</b>	<b>13,008,148,027</b>	<b>11,321,306,457</b>

  
**Mafizuddin Sarker**  
 Managing Director & CEO

  
**Quamrul Islam**  
 Chief Financial Officer

Profit & Loss Account

## Profit & Loss Account (Un-Audited) For the half year ended June 30, 2010

	For the half year (January 01, 2010 to June 30, 2010)	For the half year (January 01, 2009 to June 30, 2009)	For the Quarter (April-2010 to June 30, 2010)	For the Quarter (April-2009 to June 30, 2009)
<b>Operating Income</b>				
Net interest	125,864,787	75,729,236	109,943,296	30,241,610
Interest income	325,921,036	359,353,583	189,354,348	175,981,283
Less: Interest paid on deposits & borrowings	200,056,249	283,624,347	79,411,052	145,739,673
Income from investment	258,477,329	130,490,069	118,516,948	126,947,497
Other operational income	32,650,349	35,344,416	18,196,945	27,887,659
<b>Total Operating Income:</b>	<b>416,992,465</b>	<b>241,563,221</b>	<b>246,657,189</b>	<b>185,076,966</b>
<b>Operating Expenses</b>				
Salary and allowances	29,277,816	19,719,216	16,997,746	11,064,409
Rent, taxes, insurance, electricity etc.	4,304,131	3,030,253	2,280,159	1,595,086
Legal & professional fees	1,327,991	333,117	727,292	178,079
Postage, stamp, telecommunication etc.	878,660	891,929	455,179	467,980
Stationery, printing, advertisement	3,183,798	2,208,815	2,077,668	1,584,532
Managing director's salary & allowance	1,842,750	1,042,875	921,375	521,438
Director fees and expenses	95,175	24,300	54,675	24,300
Audit fees	18,563	-	-	-
Repairs, maintenance and depreciation	11,307,737	6,966,591	6,412,705	3,704,138
Other expenses	12,784,106	19,184,399	6,351,315	13,176,244
<b>Total Operating Expenses:</b>	<b>65,020,727</b>	<b>53,401,493</b>	<b>36,278,113</b>	<b>32,316,205</b>
<b>Net Operating Income</b>	<b>351,971,738</b>	<b>188,162,228</b>	<b>210,379,076</b>	<b>152,760,761</b>
<b>Provision for lease, loans &amp; advance</b>				
Specific provision	130,916,954	76,727,551	110,111,208	68,175,351
General provision	111,170,217	11,522,873	97,540,443	6,804,374
	19,746,737	65,204,678	12,570,765	61,370,977
<b>Profit/(loss) on Merchant Banking operation</b> (as per separate profit and loss account enclosed)	<b>162,469,537</b>	<b>100,433,621</b>	<b>80,212,080</b>	<b>57,946,725</b>
<b>Profit before tax and reserve:</b>	<b>383,524,322</b>	<b>211,868,297</b>	<b>180,479,948</b>	<b>142,532,135</b>
<b>Provision for tax</b>				
Provision for the year	129,500,000	63,000,000	92,000,000	40,500,000
<b>Net profit after tax:</b>	<b>254,024,322</b>	<b>148,868,297</b>	<b>88,479,948</b>	<b>102,032,135</b>
<b>Appropriations</b>				
Statutory reserve	50,804,864	29,773,659	17,695,990	20,406,427
<b>Net Profit after Reserve:</b>	<b>203,219,457</b>	<b>119,094,638</b>	<b>70,783,958</b>	<b>81,625,708</b>
Profit / (Loss) brought forward	148,364,169	145,153,816	148,364,169	145,153,816
<b>Retained earnings carried forward</b>	<b>351,583,626</b>	<b>264,248,454</b>	<b>219,148,127</b>	<b>226,779,524</b>
<b>Earning per share (2009 restated)</b>	<b>4.78</b>	<b>2.80</b>	<b>1.67</b>	<b>1.92</b>

  
**Mafizuddin Sarker**  
 Managing Director & CEO

  
**Quamrul Islam**  
 Chief Financial Officer