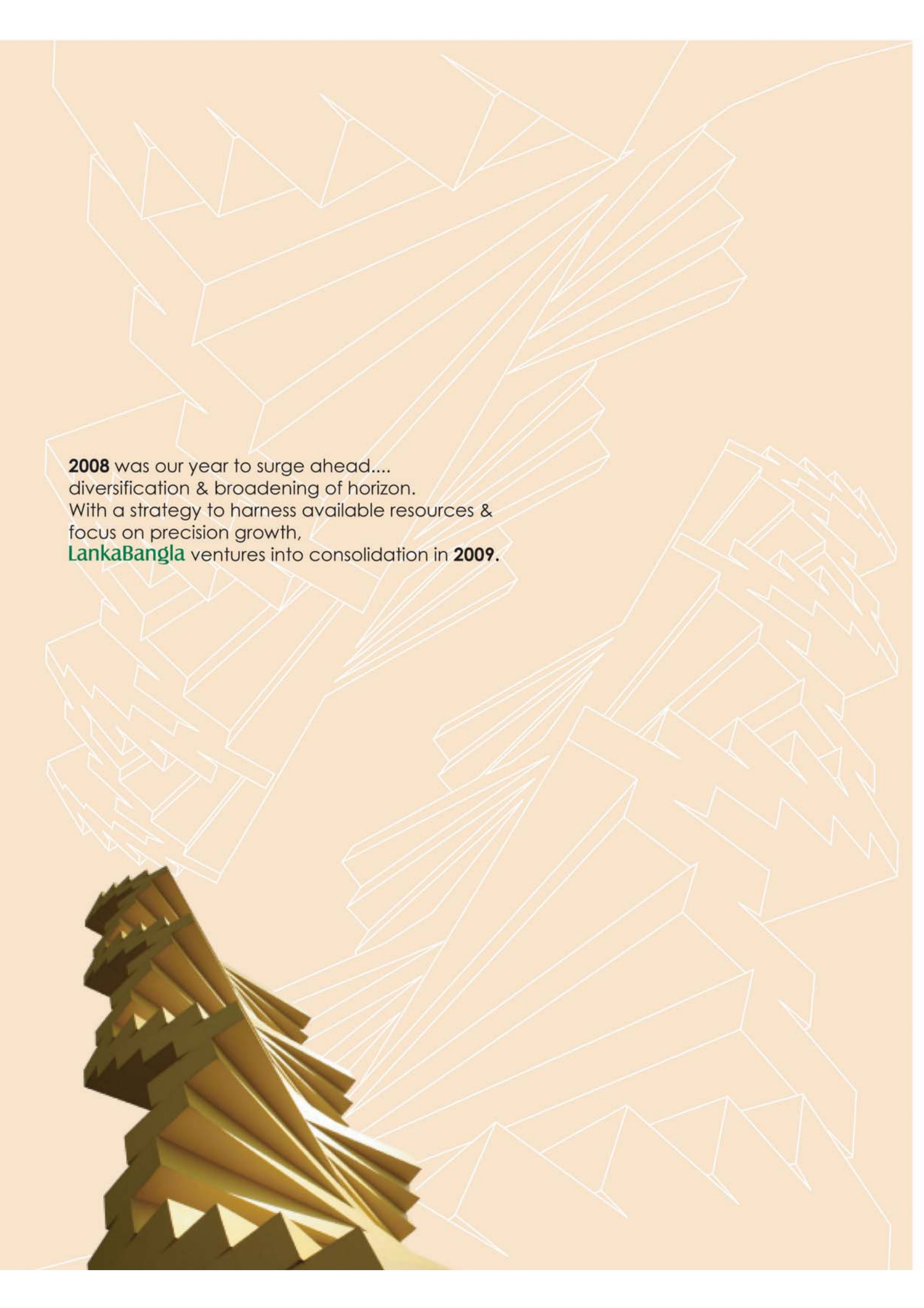


annual|report|08



2008 was our year to surge ahead....
diversification & broadening of horizon.
With a strategy to harness available resources &
focus on precision growth,
LankaBangla ventures into consolidation in **2009**.

8th ICAB National Awards for Best Published Accounts and Reports 2007



Mr. Mafizuddin Sarker, Managing Director of LankaBangla Finance Limited receiving the award from Dr. A. B. Mirza Md. Azizul Islam, the Honorable Advisor of Finance, Planning, Commerce, Post & Telecommunication.



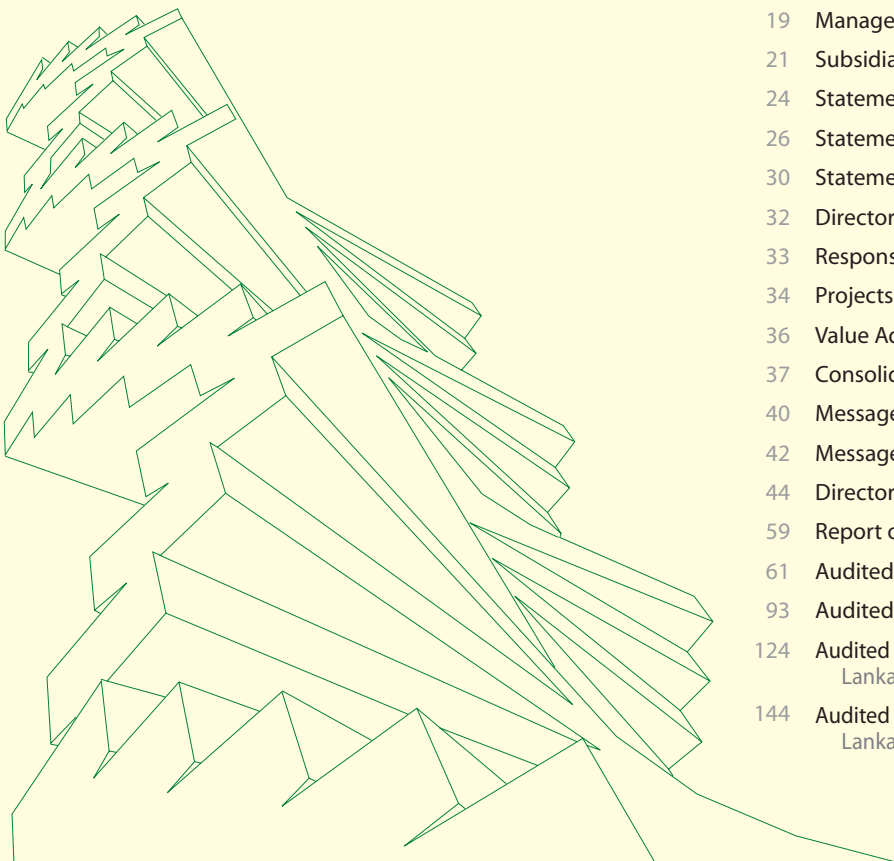
This is a recognition of our
continuous effort towards
transparency
in disclosure of information
and adherence to accounting practices
in line with national
and international standards.

We dedicate this award to
all our valued clients, patrons
and employees.

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Notice of 12th Annual General Meeting

Notice is hereby given that 12th Annual General Meeting of the shareholders of LankaBangla Finance Limited will be held on May 05, 2009, Tuesday, at 10:30 a.m. at National Shooting Federation - Bangladesh, Gulshan 1, Dhaka 1212, to transact the following business:

- A 09-12-01: To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended December 31, 2008.
- A 09-12-02: To declare dividend for the year ended December 31, 2008.
- A 09-12-03: To elect of Directors in place of those who shall retire by rotation in accordance with the provision of Articles of Association of the Company.
- A 09-12-04: To appoint Auditors of the Company for the year 2009 until conclusion of 13th AGM and to fix their remuneration.
- A 09-12-05: To transact any other business with the permission of the Chair.

By Order of the Board



Mostafa Kamal, FCA
Company Secretary

Dated, Dhaka
April 12, 2009

Notes:

- i. The record date is fixed on April 06, 2009. The Shareholders, whose name will appear in the Share Register of the Company (certificated and depository) at the close of business on the record date, will be eligible to attend the meeting and get dividend.
- ii. The Board of Directors has recommended 30% Dividend out of which 15% Cash Dividend and 15% Stock Dividend i.e. 15 (Fifteen) Bonus Shares for every 100 (Hundred) Ordinary Shares.
- iii. A member eligible to attend and vote in the AGM may appoint a Proxy to attend and vote in his/her behalf. The Proxy Form duly completed and stamped must be deposited at the registered office of the Company not later than 72 hours before the time fixed for the meeting.
- iv. Admission into the meeting room will be allowed on production of the Attendance Slip attached with the Proxy Form.



Vision

▶ To be the nation's most preferred financial services provider.

Mission

▶ To lead by example through a commitment that empowers the organization at every level to strive for the highest levels of quality, customer care and stakeholder value.

Goals

- ▶ To be the most sought after facilitator in creating wealth.
- ▶ To optimise the value of being our Customer, Shareholder or Employee.
- ▶ To establish strong regional presence.

Core Values

- **Integrity:** We are committed to conduct that reflects the highest standards of integrity in everything we do.
- **Teamwork:** It is the essence of our ability to succeed as a trusted and preferred provider of financial solutions to our clients. Our overriding loyalty is to the good of the whole organization. We learn from each other and share our skills and resources across organizational boundaries for our clients' benefit and our own.
- **Respect:** We respect every individual. We draw strength from equal opportunity at the same time supporting personal growth and development. We value and we all benefit from the entrepreneurial spirit of each individual.
- **Professionalism:** We are committed to the highest standards of professionalism, we pursue innovation, we continually quest for quality at each level, we are open to new ideas and we act decisively and consistently. We are determined to deliver outstanding quality so that our relationships with our clients will be long-lasting.
- **Value creation:** We offer what creates and maximizes value to the stakeholders.

Strategic Objectives

- Enrichment & expansion of financial offerings by introducing new product and service lines through proper diversification and customization of existing products & services for ensuring maximum market coverage to meet & exceed stakeholders' needs & expectations.
- Continuous improvement in operational processes through technological advancement, employee capacity building and improvement through human resources development programs, thereby ensuring effective and efficient utilization of resources to maximize the value of the company.
- Strengthening building blocks to consolidate the product & service framework and maintaining strict compliance to good governance norms and regulations to ensure long term sustainability of the company.
- Building synergy among resources and activities to ensure maximum outputs from resource inputs.
- Contribute to the society to share the achievements of the company with the nation.

Code of Conduct Guiding Principles

LankaBangla is a value driven organization that means we do not depart from our values even if it gives sometimes short term benefit for the company. We believe and recognize our company remains in our heart and its reputation is absolutely priceless asset. Our reputation not only affects whether or not someone will be our customer; it also determines whether we are proud to be associated with this organization.

The Code of Conduct is designed to guide the employees of the company to observe, comply with the prudential norms of conduct, manner and behavior. It applies to every employee of LankaBangla and may be furnished to others for discharging the responsibilities. In addition to the ethical guidelines included in the code, there are many laws and regulations that affect each of the business that we do. Complying to law is mandatory for everyone and is not subject to business priorities or individual discretion.

Personal Responsibilities

- Be an ethical role model by maintaining integrity and devotion to work
- Protect and enhance company's interest, dignity and reputation
- Adherence to the company's policies, laws and regulations that obviously apply to the job

Workplace Responsibilities

- Treat colleagues with respect and dignity
- Support the company's commitment to diversity and equal employment opportunity
- Provide a positive work environment free from intimidation and harassment
- Do not hold any outside positions with, or accept business opportunities from anyone who does business or competes with company
- Ensure that financial records are accurate and complete
- Protect company's asset and property

Marketplace Responsibilities

- Safeguard the privacy, confidential and security of customer data
- Protect confidential information from other
- Make only factual and truthful statement about the company's products
- Prevent the use of company services for money laundering purposes

LankaBangla at a Glance

LankaBangla Finance Limited, a joint-venture financial institution established with multinational collaboration, started its journey in 1997. The institutional shareholding structure and corporate culture have enabled LankaBangla to be the most diversified financial service providing institution of the country.

In 2003, LankaBangla entered into a new dimension with fresh equity investment from Sampath Bank Limited, a leading commercial bank of Sri Lanka and First Gulf Asia Holdings Limited, Kingdom of Saudi Arabia, a multi-faceted asset management and investment banking company. In 2004, ONE Bank Ltd was inducted as a shareholder of LankaBangla. The technical support provided by Sampath Bank has been working as a catalyst for LankaBangla to emerge as the most innovative financial solution provider of the country.

In November 2006, the paid-up capital of LankaBangla was raised to Tk 350 million, through public subscription of Tk 90 million.

LankaBangla now 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
- Car Finance
- Domestic Factoring of Accounts Receivables
- Mortgage Loan
 - Real Estate Developers' Finance
 - Home Loan

Corporate Services

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

Card Operation

- MasterCard 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

Stock Brokerage Services

LankaBangla established a wholly-owned subsidiary, LankaBangla Securities Limited, to provide customers' stock brokerage solutions.

Milestones

5th November, 1996	Incorporation of the Company
5th November, 1996	Commencement of Business
3rd July, 1997	Registration of First Subsidiary (LankaBangla Securities Limited)
30th October, 1997	Licensed as Financial Institution by Bangladesh Bank
22nd January, 1998	Licensed as Merchant Bank by Securities and Exchange Commission
30th March, 1998	Signing of First Lease Agreement
16th August, 1998	Issuance of First Credit Card
6th April, 2005	Commencement of Third Party Processing Business of MarsterCard
27th April, 2005	Renamed as LankaBangla Finance Limited from Vanik Bangladesh Limited
5th September, 2005	Launching of MasterCard credit card
17th October, 2006	Listing on Dhaka Stock Exchange
31st October, 2006	Listing on Chittagong Stock Exchange
1st November, 2006	Trading of share in Stock Exchanges
19th February, 2007	Commercial launching of Chittagong Branch
11th December, 2007	First disbursement of Domestic Factoring business
18th February, 2008	First disbursement of Mortgage Loan
24th November, 2008	MOU signing for launching VISA credit card
27th January, 2009	Approval for opening Sylhet Branch

Recognitions

As a reward of our continuous and relentless efforts to the best practices of corporate and financial reporting, we were awarded consecutive second time since our listing in Non-Banking Financial Institution category for the best published Annual Reports and Annual Audited Accounts for the year 2007 by the Institute of Chartered Accountants of Bangladesh (ICAB).

You will also be glad to know that our subsidiary company LankaBangla Securities Limited achieved certificate for outstanding performance for being ranked 1st in terms of turnover for the years 2006, 2007 & 2008 by the Dhaka Stock Exchange (DSE) & 2005, 2006, 2007 & 2008 by the Chittagong Stock Exchange (CSE). Beside that LankaBangla Securities Limited bagged the best IT user award 2008 from Bangladesh Association of Software sponsored by GrameenPhone.



Mr. Mafizuddin Sarker, Managing Director of LankaBangla Finance Ltd. receiving the 8th ICAB National awards for Best Published Accounts and Reports, 2007 from Dr. A.B. Mirza Md. Azizul Islam, the Honorable Advisor of Finance, Planning, Commerce, Post & Telecommunication.



Mr. Mohammad Nasiruddin Chowdhury, CEO & Director of LankaBangla Securities Ltd. receiving the "BEST IT USER AWARD-2008" from Mr. Habibullah N Karim, President of Bangladesh Association of Software, in presence of the Honorable Minister, Ministry of Foreign Affairs Dr. Dipu Moni, M.P. and Honorable State Minister, Ministry of Chittagong Hill Tracts Affairs Mr. Dipankar Talukder M.P.

An Eventful Year



1. Board meeting in session
 2. Mohammad A. Moeen, Chairman addressing in 11th AGM
 3. Honorable shareholders, 11th AGM
 4. Inauguration of LankaBangla Securities Branch at Islampur, Dhaka

5. Signing of investment management agreement between LankaBangla & UBICO for consultancy of portfolio management
 6. Signing ceremony between LankaBangla & ITCL for IPO and fund raising
 7. Sports program of employees' Kids in annual picnic
 8. Cheque handover to the first client of Home Loan under Bangladesh Bank refinance scheme in 2008

for LankaBangla



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- 9. An employee's daughter awarded by the Chairman for obtaining GPA 5 in S.S.C examination in Town Hall Meeting, 2008
- 10. One of the best performers awarded by the Chairman in Town Hall Meeting, 2008
- 11. Inauguration of LankaBangla Securities Branch in Sylhet
- 12. Cheque handover to the spouse of a deceased card member under Credit Shield coverage

- 13. Mr. Nasir, CEO & Director of LankaBangla Securities at Investing in Asian Frontier Markets Conference, Singapore
- 14. LankaBangla Finance a co-sponsor of a debate program namely "Academia Debate Fest' 08
- 15. LankaBangla members with the Chairman & Managing Director
- 16. An employee receiving 1st prize of raffle draws in annual picnic

Corporate Information

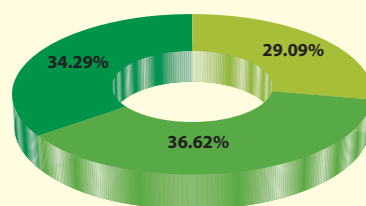
Registered Name of the Company	: LankaBangla Finance Limited
Legal Form	: Public Limited Company, incorporated in Bangladesh on November 5, 1996 under Companies Act, 1994 having listed with Dhaka Stock Exchange and Chittagong Stock Exchange
Company Registration Number	: C-31702 (823)/96
Bangladesh Bank License No.	: FID(L) - 1053/41-1088
Corporate Head Office	: Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani Dhaka 1213, Bangladesh Phone: (8802) 9883701~10, Fax: (8802) 8810998 e-mail: info@lankabangla.com
Credit & Investment Division	: Faruk Rupayan Tower (Level 6) 32 Kemal Ataturk Avenue, Banani Dhaka 1213, Bangladesh Phone: (8802) 8836483, 8836387 Fax: (8802) 9861547 e-mail: info@lankabangla.com
Card Centre	: Safura Tower (Level 5) 20 Kemal Ataturk Avenue, Banani Dhaka 1213, Bangladesh Phone: (8802) 9883701~10, Fax: (8802) 9883604 e-mail: cards@lankabangla.com
Mortgage Loan Division	: Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani Dhaka 1213, Bangladesh Phone: (8802) 9883701~10, Fax: (8802) 8810998 e-mail: info@lankabangla.com
Merchant Banking Division	: DSE Annex Building (Ground Floor) 9/E Motijheel C/A, Dhaka 1000 Phone: 9561238, Fax: 9561107 e-mail: mbd@lankabangla.com
Chittagong Branch	: Ayub Trade Centre (Level 4) 1269/ B Sheikh Mujib Road Agrabad C/A, Chittagong 4100 Phone: (031) 2512601~03, Fax: (031) 2512604 e-mail: ctg@lankabangla.com
Sylhet Branch	: R.N.Tower (Level 4) 49 Chowhatta Sylhet-3100 Phone: (88 0821) 2830870-1, Fax: (88 0821) 2830873 e-mail: sylhet@lankabangla.com

Auditors	:	ACNABIN Chartered Accountants BSRS Bhaban (13th Floor) 12 Karwan Bazaar C/A, Dhaka 1215	
Tax Consultant	:	Adil & Associates 29/A Purana Paltan Lane (1st Floor) DIT Road, Dhaka 1000	
Legal Advisor	:	Lee and Associates City Heart, Suite 5/8 67 Naya Paltan, Dhaka 1000	Sadat Sarwat & Associates House # 28, Road # 23 Gulshan-1, Dhaka 1212
Principal Bankers	:	Prime Bank Limited Dhaka Bank Limited Shahjalal Islami Bank Limited Arab Bangladesh Bank Limited	National Bank Limited Janata Bank Limited Standard Chartered Bank Commercial Bank of Ceylon Limited
Head Office of Subsidiary LankaBangla Securities Ltd.	:	DSE Annex Building (Level 2) 9/E Motijheel C/A, Dhaka 1000 Phone: 7174315, Fax: 9555384 e-mail: info@lbsbd.com Website: www.lbsbd.com	
Branches of LankaBangla Securities Ltd.	:	<p>Banani Branch: Rupayan Centre (Level 6) 32, Kamal Ataturk Avenue, Banani Dhaka 1213 Phone: 01713161424 (Mobile) e-mail: azia@lbsbd.com</p> <p>Agrabad Branch: Shafi Bhaban (2nd Floor), 1216/A Sk. Mujib Road, Agrabad, Chittagong Phone: 0088-031-724547-9, Fax: 0088-031-710203 e-mail: sowkat@lbsbd.com</p> <p>Sylhet Branch: R N Tower (4th floor), Chowhatta Sylhet-3100 Phone: 0088-0821-711143, Fax: 0088-0821-711918 e-mail: shamsuddin@lbsbd.com</p>	<p>Islampur Branch: Jahangir Tower (11th Floor) 114-116, Islamupur Road Dhaka 1100 Phone: 01715472164 (Mobile) e-mail: nadim@lbsbd.com</p> <p>Khatungonj Branch: Asma Chamber, 1016 (old) Ram Joy Mohajan Lane Khatungonj, Chittagong. Phone: 63001, 632276, 626709, Fax: 627312, e-mail: amir@lbsbd.com</p> <p>Nasirabad Branch: Rahim Center 1618/1839 No. CDA Avenue Nasirabad, Panchlaish, Chittagong Phone: 2554171-4 e-mail: munir@lbsbd.com</p>
Corporate Email	:	info@lankabangla.com	
Company Website	:	www.lankabangla.com	

Shareholding Structure as on 31 December 2008

(Amount in Taka)

	<u>2008</u>	<u>2007</u>
Authorised Capital		
100,000,000 ordinary shares of Tk.10/- each	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid up Capital		
38,500,000 ordinary shares of Tk.10/- each	385,000,000	350,000,000
Details of share holding are as under:		
Sponsor shareholders:		
a. Foreign Sponsors		
Sampath Bank Limited, Sri Lanka	22.86%	88,000,000
First Gulf Asia Holdings Limited, KSA	11.43%	44,000,000
	34.29%	132,000,000
b. Local Sponsors		
Institutions:		
ONE Bank Limited	10.39%	40,000,000
SSC Holdings Limited	2.86%	11,000,000
Shanta Apparel Limited	2.60%	10,000,000
	15.84%	61,000,000
Individuals:		
Mohammad A. Moyeen	3.89%	14,973,180
Jasmine Sultana	1.30%	5,000,000
Aneesha Mahial Kundanmal	7.81%	30,053,630
Mahbubul Anam	3.89%	14,973,190
Tahsinul Huque	3.90%	15,000,000
	20.78%	80,000,000
	36.62%	141,000,000
General Shareholders	29.09%	90,000,000
	100.00%	385,000,000
	350,000,000	



■ Foreign sponsors ■ Local sponsors ■ General shareholders



Board of Directors



Mr. Mohammad A. Moyeen

Mr. Mohammad A. Moyeen is a leading industrialist and entrepreneur in Bangladesh. He is associated and involved with a number of business and industries which include among others Apollo Hospitals Dhaka, International School Dhaka, Tropica Garments Ltd, Wings Air Cargo Ltd. He is also the Chairman of LankaBangla Securities Limited, a leading brokerage house of the country. Mr Moyeen is a B. Arch. from BUET.

Mr. I.W. Senanayake, Director (Representing Sampath Bank Limited)

Mr. I.W. Senanayake is one of the Founder Directors of Sampath Bank Limited since March 1987. He was appointed as the Deputy Chairman of the Bank in April 1998. He is the Chairman of the Bank since October 2008. Mr. Senanayake is Past Honorary Trade Representative for Singapore Trade Development Board in Sri Lanka, Chairman of American President Lines Lanka (Pvt.) Limited, Chairman and Chief Executive Officer of I.W.S. Holdings (Pte) Limited -a conglomerate with diversified business interests in Telecommunications, Broadcasting, Information Technology, Aviation, Shipping, Automobiles, Warehousing and Logistics Support Services, Consultancy and Project Management Services for the Telecommunications, Packing and Food Processing Industries.



Mr. G.L.H. Premaratne, Director (Representing Sampath Bank Limited)

Mr. G.L.H. Premaratne is Executive Director of Sampath Bank Limited since November 2008. He is a qualified Banker and an Associate of the Chartered Institute of Bankers, London. He was appointed as the CEO (Designate) in October 2008 & as the CEO in January 2009. Mr. Premaratne had a long and distinguished career of 39 years at Commercial Bank of Ceylon Ltd, where he held many senior positions and retired as the Senior Deputy General Manager - Corporate Banking. He has extensive experience in the fields of Finance, Trade Services, Trade Finance, Corporate Banking and Management Consultancy spanning the private sector.

Mr. Hesham Al Warraq, Director (Representing First Gulf Asia Holdings Limited)

Mr. Hesham Talaat Mohamed Al Warraq, a Saudi Arabian, obtained his Bachelor of Business Degree in Financing & Banking from Western Illinois University, USA. He started his career with Al Saudi Bank in Paris in 1983 and thereafter served Saudi American Bank (Previously CitiBank Joint Venture in Kingdom of Saudi Arabia) till 1997 in various capacities. In 1997 he joined Booz, Allen & Hamilton, Saudi Arabia and served there as Vice President. Currently he is managing his own investments and provides advice to local companies in Saudi Arabia.



Mr. Mahbubul Anam, Director

Mr. Mahbubul Anam is a B. Sc. (Mechanical Engineering) from BUET. Mr. Anam is the Managing Director of Expolanka Bangladesh Ltd., BAX Global Limited & Wings Classic Tours & Travels Ltd. and Director of a number of businesses and industries. Mr. Anam enjoys enormous reputation in the field of sports, cultural & social work. He served as the General Secretary of Bangladesh Cricket Control Board (BCCB) for long. Presently he is the Senior Vice President of BCCB.

Mr. Mirza Ejaz Ahmed, Director (Representing SSC Holdings Limited)

Mr. Mirza Ejaz Ahmed is an MBA from the Institute of Business Administration (IBA), University of Dhaka. He started his career in American Express Bank and served there for long 17 years and left American Express as Senior Director. Before joining HRC Group as the Group Managing Director in 2002, he served in ONE Bank as its Managing Director for about 2 years.





Mr. Farman R. Chowdhury, Director (Representing One Bank Limited)

Mr. Farman R. Chowdhury is an MBA from the Institute of Business Administration (IBA), University of Dhaka. He started his career in American Express Bank and served the bank in several responsible positions, particularly in the Credit and Marketing Divisions till 1998. In July 1999, he joined ONE Bank Limited as Senior Vice President and now is the Managing Director of the Bank.

Mrs. Jasmine Sultana, Director

Mrs. Jasmine Sultana, wife of Mr. Khondoker Monir Uddin, Director of Dhaka Bank Limited, is a Bachelor of Arts from University of Dhaka. She is a leading woman entrepreneur in Bangladesh and associated with a number of business and industrial ventures which includes among others Dhaka Bank Limited, Shanta Washing Plant Ltd, Moazzem Garments Industries Ltd.



Mrs. Aneesha Mahial Kundanmal, Director

Mrs. Aneesha Mahial Kundanmal, wife of Mr. Bhagwan Wassiamal Kundanmal, is a B. A. (Honors) in Public Administration from University of Dhaka and involved with a number of business houses as a leading woman entrepreneur in the country. She is the Director of Royal Park Residence and GDS Chemical Bangladesh (Pvt) Ltd. She is associated with various social and cultural organizations.

Mr. Tahsinul Huque, Director

Mr. Tahsinul Huque graduated from Williams College, Massachusetts, USA with majors in Economics and Political Science. He started his career with Merrill Lynch in 1990 and served the company at different capacity until 2003. He, then joined Deutsche Bank as Managing Director of Investment Banking Division and is stationed at London, UK. Mr. Huque has established himself as an accomplished investment banker in the international arena.



Mr. Salahuddin Ahmed Khan, Independent Director

Mr. Salahuddin Ahmed Khan is a Professor of Department of Finance of University of Dhaka. He started his career in 1986 as a Lecturer in the same department of University of Dhaka. He has vast experience in teaching especially on Portfolio Management, Security Analysis and Financial Markets, Corporate Finance, and Business Finance. His several research based articles and research monographs were published in various renowned journals. Recently he has successfully completed his five year term (from September 2003 to December 2008) as the Chief Executive Officer of Dhaka Stock Exchange Limited. Mr. Khan has working experience as consultant for UNDP, World Bank, CONCERN, Ministry of Education, Dhaka Chamber, and other renowned organizations. He successfully organized numbers of international and regional seminars, conferences and led delegations for Capital Markets at home and abroad.

Mr. Mafizuddin Sarker, Managing Director

Mr. Mafizuddin Sarker, Managing Director, has over 33 years of experience in Financial Market. He started his career in 1976 with Bangladesh Shilpa Rin Shangstha and thereafter he joined IDLC Finance Limited and served there for 13 years in various key positions including General Manager till he joined International Leasing and Financial Services Limited as Managing Director in 1998. He joined LankaBangla Finance Limited as Managing Director on 01 June, 2006. He is also the Acting Chairman of Bangladesh Leasing & Finance Companies' Association (BLFCA). Mr. Sarker is an MBA from the Institute of Business Administration (IBA), University of Dhaka.





Management Team

Managing Director & Chief Executive Officer

Mafizuddin Sarker

Senior Executive Vice President

A.Malek Shamsheer

Vice President & Chief Financial Officer

Quamrul Islam

Vice President & Head of Mortgage Loan

Khurshed Alam

Vice President & Head of Credit & Investment

A.K.M. Kamruzzaman, FCMA

Vice President & Head of Internal Control & Compliance

Mohammed Kamrul Hasan, FCA

Vice President & Head of Credit Risk Management

Rashedul Haque

Vice President & Company Secretary

Mostafa Kamal, FCA

Assistant Vice Presidents

AKM Rezaul Karim
Sheik Mohammad Fuad
Md. Anisur Rahman
Masum Ali
Mohammad Shoaib
Mahbub Sadi Alam
M.Shakil Islam Bhuiyan
Sharawwat Islam

Board Committees

Executive Committee

Mohammad A. Moyeen, Chairman
 GLH Premaratna
 Mahbulul Anam
 Mirza Ejaz Ahmed
 Farman R Chowdhury
 Jasmine Sultana
 Tahsinul Huque
 Mafizuddin Sarker

Audit Committee

Mirza Ejaz Ahmed : Chairman
 Mahbulul Anam : Member
 Farman R Chowdhury : Member
 Salahuddin Ahmed Khan : Member

Management Committees

Management Committee (MANCOM)

Mafizuddin Sarker, Managing Director
 A. Malek Shamsheer, SEVP
 Quamrul Islam, VP & CFO
 AKM Kamruzzaman, VP
 Khurshed Alam, VP
 Mohammed Kamrul Hasan, VP (ICC)
 Rashedul Haque, VP (CRM)
 Mostafa Kamal, VP & Company Secretary

Chairman
 Member
 Member
 Member
 Member
 Member
 Member
 Secretary

Credit Risk Management Committee

Mafizuddin Sarker, Managing Director
 A. Malek Shamsheer, SEVP
 AKM Kamruzzaman, VP
 Quamrul Islam, VP & CFO
 Khurshed Alam, VP
 Rashedul Haque, VP (CRM)

Chairman
 Member
 Member
 Member
 Member
 Secretary

Merchant Banking Committee

Mafizuddin Sarker, Managing Director
 A. Malek Shamsheer, SEVP
 Quamrul Islam, VP & CFO
 M Shakil Islam Bhuiyan, AVP

Chairman
 Member
 Member
 Secretary

Asset Liability Management Committee

Mafizuddin Sarker, Managing Director
 A. Malek Shamsheer, SEVP
 Quamrul Islam, VP & CFO
 AKM Kamruzzaman, VP
 Khurshed Alam, VP
 Mostafa Kamal, VP & Company Secretary
 Sharawwat Islam, AVP (CF)
 Masum Ali, AVP (Accounts)

Chairman
 Member
 Member
 Member
 Member
 Member
 Member
 Secretary

Human Resource Committee

Mafizuddin Sarker, Managing Director
 A. Malek Shamsheer, SEVP
 Quamrul Islam, VP & CFO
 AKM Kamruzzaman, VP
 Mostafa Kamal, VP & Company Secretary

Chairman
 Member
 Member
 Member
 Secretary

IT Development Committee

Mafizuddin Sarker, Managing Director
 Quamrul Islam, VP & CFO
 Md. Anisur Rahman, AVP (Head of IT)
 Sheikh Muhammad Fuad, AVP (IT-CC)

Chairman
 Member
 Member
 Secretary



Internal Control and Compliance Committee

Mafizuddin Sarker, Managing Director
 A Malek Shamsheer, SEVP
 Quamrul Islam, VP & CFO
 AKM Kamruzzaman, VP
 Khurshed Alam, VP
 Mohammed Kamrul Hasan, VP (ICC)
 Mostafa Kamal, VP & Company Secretary
 Md. Anisur Rahman, AVP (IT)
 Mahbub Sadi Alam, AVP (CC)
 M Shakil Islam Bhuiyan, AVP (MBD)

Chairman
 Member
 Member
 Member
 Member
 Secretary
 Member
 Member
 Member
 Member

Anti Money Laundering Compliance Committee

Mafizuddin Sarker, Managing Director
 Mohammed Kamrul Hasan, VP (ICC)
 AKM Rezaul Karim, AVP (CC)
 Masum Ali, AVP (Accounts)
 Mohammad Shoaib, AVP
 M Shakil Islam Bhuiyan, AVP (MBD)
 Md Solaman Hossain, Manager Ctg Br.
 Md. Enam Ahmed Chowdhury, Manager Sylhet Br.

Chairman
 Member
 Member
 Secretary
 Member
 Member
 Member
 Member

Credit Card Operations Committee

Mafizuddin Sarker, Managing Director
 A Malek Shamsheer, SEVP
 Quamrul Islam, VP & CFO
 Rashedul Haque, VP (CRM)
 Mahbub Sadi Alam, AVP (CC)
 Sheikh Muhammad Fuad, AVP (IT)
 AKM Rezaul Karim, AVP (CC)

Chairman
 Member
 Member
 Member
 Member
 Member
 Secretary



Subsidiary Company

LankaBangla Securities Limited

Corporate Profile

LankaBangla Securities Limited (LBSL) is a subsidiary of LankaBangla Finance Limited and a leading securities brokerage house in the country with a diverse clientele of institutions, high net worth individuals, foreign funds and retail investors. The company commenced stock broking activities in 1997 and has over time become the largest stock broking company in the country having developed a strong team of highly skilled and experienced professionals lead by its CEO Mr. Mohammed Nasir Uddin Chowdhury.

LankaBangla Securities provides investors with a platform to trade in both the Dhaka and Chittagong Stock Exchanges in each of its branches in Dhaka (Motijheel, Banani, Islampur), Chittagong (Agrabad, Khatungong, Nasirabad) and Sylhet zones. The company is licensed by the SEC as a Stock Broker in both the Dhaka and Chittagong Stock Exchanges as well as being licensed by the CDBL as a full fledged Depository Participant.

Key Strengths

- Exceptional quality and professionalism in its service offerings to clients
- An experienced and dedicated senior management team
- A trained and professional sales team
- A competent equity market research unit
- The widest network of local branches (Dhaka, Chittagong & Sylhet)
- Ability to provide a one stop service offering at all its branches
- Modern technology utilized in trade execution, back office systems and reporting systems
- International affiliation

Services

- Brokerage Service
- Trade Execution Service" for clients in Dhaka and Chittagong Stock Exchange
- Trading of portfolio accounts maintained with the Merchant Banking Division of LankaBangla Finance Limited and IDLC Finance Ltd.
- Custodial Services provided for clients for safe custody of securities
- Extend credit facilities through Margin Trading.

CDBL Services:

- Full Depository Participant (DP) Service
- BO (Beneficial Owner) account opening and maintenance
- Dematerialization and Re-materialization of securities
- Transfers and transmission of securities through CDBL
- Pledging, Un-pledging and confiscation of securities
- Corporate announcement management

Research Services:

LankaBangla Securities Ltd is supported by a competent research team that provides among others:

- Economic, market, sector and listed company research reports
- A daily stock market report and market commentary
- A monthly publication on the equity market
- Customized economic and capital market related research
- Designing of training & development sessions related to the capital markets

Review of Company Operation

Business Overview and Profit Growth

Bangladesh stock market has performed very well throughout the year 2008 promising encouraging future ahead. Bull beating bear for excess demand over shortage of supply of good securities was observed in the market. Market capitalization at the end of December 2008 was BDT 10 billion which is 15.88 percent of GDP while it was 7.59 percent in 2007.

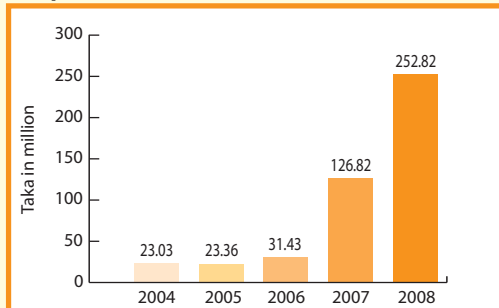
In 2008, our Company registered a tremendous business growth with leading market share in terms of turnover in both the bourses. It has consistently secured the top position in terms of turnover in the Dhaka Stock Exchange and Chittagong Stock Exchange over the last few years. The operating results and the performance graph are shown below:

Market Share of LankaBangla Securities in DSE & CSE

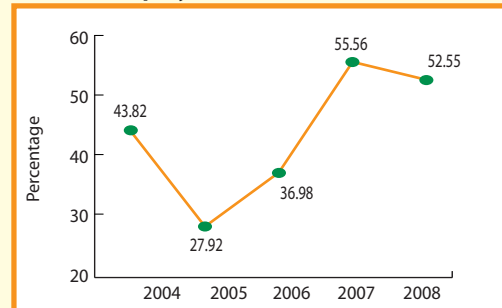
Taka in million

	2008	2007	% Growth
Market Share in DSE	7.42%	7.62%	
Market Share in CSE	14.10%	16.00%	
Total Assets	1141.91	855.67	33.45%
Total Shareholders Equity	481.09	228.27	110.76%
Operating Profit	397.29	209.09	90.01%
Net Profit before tax	277.84	140.07	98.36%
Net Profit after tax	252.82	126.82	99.36%
Return on Assets	22.14%	14.82%	
Return on Equity	52.55%	55.56%	

Net profit after tax



Return on equity



The Company completed another successful year in 2008. Our turnover growth in DSE was 101.86% which was in line with the DSE total turnover growth and turnover growth in CSE was 68.80%.

The company registered an operating profit of Tk. 397.29 million in 2008 compared to Tk 209.09 million in 2007 making a growth of 90.01%. The net profit after tax of the company as of 31st December 2008 stood at Tk. 252.82 million compare to previous year's Tk. 126.82 million making growth of 99.36%.

During the year 2008, the company's ROA stood at 22.14% compared to 14.82% in 2007. In last two years the company maintain higher than 50% of ROE which exhibited the profitability and the strong fundamentals of the company.

Branch Expansion

In line with our business expansion plan, we have extended 3 new branches in 2008, namely Banani & Islampur branches at Dhaka and Nasirabad at Chittagong. The Board of Directors has planned to open 4 new branches in 2009 at country's important business hubs.

Introduction of Value Added Services

Survival without value added services would be arduous in the coming days. We introduced different value added services like value-based research, new integrated Broker software. To produce marketable information for our valued clients and also to serve the purpose of tapping offshore funds by providing fundamental research insights, we are generating our research papers on country's economy, stock market, valuations on listed companies.

Human Recourse Development

The Company always acknowledges the valuable contribution made by its employees for sustainable growth. The mission of the company is to be the market leader in the country providing excellent services backed by qualified and highly motivated team. Different motivational packages and training programs were offered to our employees.

Business Monitoring, Compliance & Security Management

An exclusive credit monitoring department has been put in action for better credit risk management. Headed by the departmental head, the department will oversee the exposure limits continuously and thus reduce the credit risk. The Company has also re-organized the internal control mechanism for the safe and sound operation of the Company. To ensure the security of our recourses, the company has taken different steps like inclusion of CC Camera and restricted entry by proximity cards.

IT Development

Updating and upgrading of the IT infrastructure in the changing and dynamic market environment is a challenge for a company. Our Company has put step though the implementation of the new broker software "Blue Chip" which is first integrated broker software in our country .Throughout 2008, IT division worked on consolidation of the implemented software.

Achievements and Recognition

Our Company retained the most active member position in both the bourses, Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) in the outgoing year 2008. LankaBangla Securities grabbed the top position for the third consecutive year on DSE and fourth consecutive year on CSE. Our Company also received the "BEST IT USER AWARD-2008" from Bangladesh Association of Software & Information Services (BASIS) for successfully conducting its operations and receiving satisfactory benefits through the use of Blue-chip a computer application software designed, developed, implemented and supported by LeadSoft Bangladesh Limited.

Statement on Risk Management

Risk management framework

The term risk management framework refers to the structure within which the management of risk is effected within an organization. Building and maintaining this structure requires putting together a mix of the following elements.

- methodology for determining risk appetite
- policies and procedures for managing risk
- models for measuring risk e.g. credit grading
- tools for analyzing risk e.g. spreading balance sheets
- processes for recording and approving credit requests
- the means of delegating and monitoring the use of credit authority
- the management of documentation and limit input
- tools and techniques for monitoring and reporting risk exposures
- the structures for regularly reviewing risk exposures e.g. risk committees

Risk management is the active process of identifying, assessing, communicating and managing the risks facing an organization to ensure that an organization meets its strategic objectives. As a financial institution, taking risk lies at the core of our business activity and we earn return of our investments through managing that risk. Therefore it is imperative that we at LankaBangla understand the risks we are taking in order to carry out our business and have an effective Risk Management System in place to identify, measure and manage these risks in order to ensure our asset quality, to explore innovative ventures and business opportunities. Additionally a proper Risk Management System ensures the taken risk is within our underwriting standards approved by the Board of Directors and is aligned with our strategy.

LankaBangla has established risk management system in place through proper and effective implementation of departmental policies and operational guidelines approved by the Board of Directors as well as the guidelines circulated by the Bangladesh Bank to address various core risks management.

Types of Risks:

Often credit risk is considered as the only risk that a financier needs to evaluate when arriving at a lending decision. In an increasingly dynamic and complex marketplace, it is imperative that we consider all the types of risk that could exist and then dimension and evaluate the critical ones so as to focus our limited time and resources on them before arriving at a decision. The major risks that are faced by LankaBangla as a financial institution are as follows -

Credit Risk:

Credit risk refers to the probability that a counterparty will not repay its financial obligations in due time. As a lending institution credit risk cannot be eliminated but can be reduced and managed. The recent financial crisis underscored the impotence of a proper credit risk management system.

In LankaBangla following steps are in place to manage Credit Risk;

- Multi-tier approval process
- Independent Credit Risk Management unit
- Independent approval from management partner, Sampath Bank Limited
- In depth analysis of the borrower in view of managerial capacity, financial strength, industry prospect and macroeconomic scenario.
- Credit Administration ensures that all documentations are properly completed and monitor the repayment performance in regular basis.
- Disbursement is made upon recommendation by the Internal Auditor.

Additionally, the Credit Committee regularly meets to review new credit proposal as well as performance of existing portfolio

Market Risk:

Market Risk is the risk that may affect LankaBangla's earnings and capital due to changes in the market level of interest rates, securities, foreign exchange and equities, as well as the volatilities of those prices.

The Treasury Department reviews and prepares a report on the trend of market interest rate movement and carry out asset liability gap analysis. This report is forwarded to the Asset Liability Management Committee (ALCO) regularly for their reviews and strategic directions. ALCO assess the changes in the market and, along with other strategies, recommends re-pricing of interest rate of existing products to minimize and control the interest rate risk. To manage

the market risk LankaBangla has managed to arrange the funding facilities with competitive interest rate to match with maturity. It also maintains a new spread investment plans and practical provisioning policy. LankaBangla with its strong earning capacity, favorable credit rating and market goodwill can access money market with a competitive rate.

Liquidity Risk:

Liquidity risk management involves the ability to manage and maintain adequate financial liquidity at all times. Good liquidity risk management results LankaBangla's position (in the normal course of business) to meet all its obligations to fulfill commitments to lend and to meet any other commitments it may have made. Of critical importance is the need to avoid having to liquidate assets or to raise funds at unfavorable terms resulting in financial loss. Prudent liquidity management is of paramount importance as the ultimate cost of a lack of liquidity is being out of business.

The purpose of managing Liquidity Risk is to ensure that all upcoming funding commitments and deposits encashment that can be met when due. Liquidity Risk Management of LankaBangla is well managed by The Treasury Department by assessing the availability of fund to meet its investment requirement as well as to discharge short term and long term financial obligations. In addition to that the Asset Liability Management Committee (ALCO) meets frequently to review the mismatches in liquidity if any and recommends encountering and mitigating the risk.

Compliance Risk

Since financial service activities are conducted within a framework of obligations imposed by regulators, complying with such requirements is not optional, but mandatory for the financial institutions. The consequences of non-compliance include fines, public reprimands, and enforced supervision of operations or withdrawal of authorization to operate, any of which can lead to loss of reputation particularly through adverse publicity in national or international media.

In order to address risk LankaBangla is working towards developing a robust framework of procedures and controls so as to minimize compliance risk and to ensure that everyone understands their roles and responsibilities in this process. All employees are expected to observe the Professional and Institutional Code of Conduct.

Operational Risk:

Operational Risk is the risk of losses that will incur directly or indirectly due to an event or action causing the failure of technology, processes, infrastructure, personnel, unauthorized activities, non-compliance of regulatory or corporate governance, failure to meet internal processes and other risks having an operational impact. Common sources of operational events are:

- Operational errors
- Non-compliance with internal regulations, legal requirements, etc
- Non-compliance with the Corporate internal guidelines such as operational procedures, limits, delegated authorities, code of conduct
- Infrastructure failure, including technology
- Launching new products without adequate operational support
- Late or incorrect payments
- Rogue traders
- Staff fraud, including theft
- Model risk
- Inadequate or incorrect documentation.
- Natural disasters, fire, theft

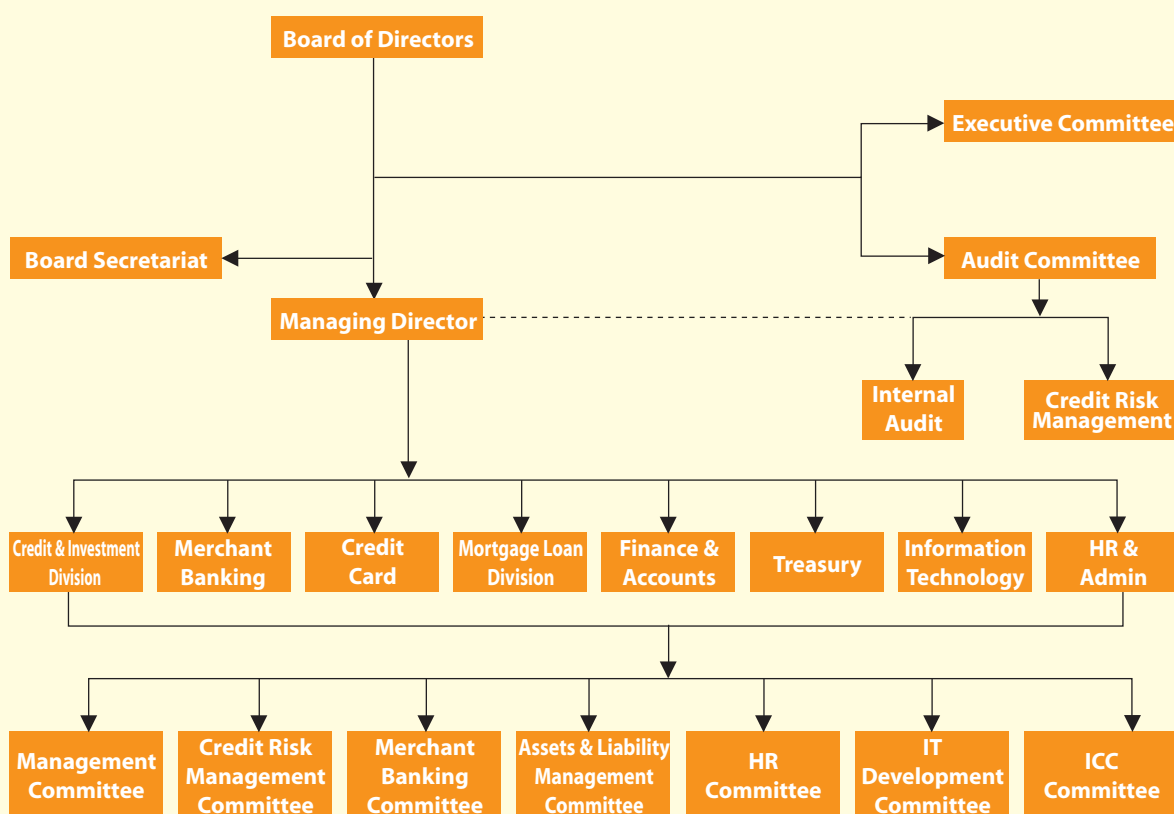
LankaBangla's Risk Management Strategy

In order to monitor and manage the risks arising from all organizational activities, an appropriate organizational structure is second to none. LankaBangla manages to place proper organizational structure with proper segregation of duties and delegation of authorities. Adequate segregation of duties is a prerequisite for an effective system of internal control. One of the key features of risk management is the segregation of the Marketing/Relationship Management function from Approval /Risk Management/Administration functions. In order to separate the Marketing function from Risk Management function, LankaBangla established an independent Credit Risk Management (CRM) Department. Key functions of this department are to oversee LankaBangla's credit policies, procedures and controls relating to all credit risk arising from corporate/commercial/institutional/treasury operation and to oversee the asset quality of LankaBangla. The Risk Management process of LankaBangla is governed by Credit Risk Manual approved by the Board of Directors, which facilitate effective management oversight and proper execution of credit risk management and control process.

Statement on Corporate Governance

CORPORATE GOVERNANCE IS "THE SET OF RESPONSIBILITIES AND PRACTICES EXERCISED BY THE BOARD AND EXECUTIVE MANAGEMENT WITH THE GOAL OF PROVIDING STRATEGIC DECISION , ENSURING THAT OBJECTIVES ARE ACHIEVED, ASCERTAINING, THAT RISKS ARE MANAGED APPROPRIATELY AND VERIFYING THAT THE ORGANIZATION RESOURCES ARE USED RESPONSIBLY" - Extract from a publication jointly issued by IFAC's Professional Accountants in Business and The Chartered Institute of Management Accountants.

Corporate Governance can also be defined as a combination of fairness, precision, accountability and sustainability of corporate behavior. Good corporate governance is a key factor to achieve the improved performance of an organisation. It is fundamental element to safeguard interest of all the stakeholders and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company's objectives are set, and the means of attaining those objectives and monitoring performance.



The Board of Directors

Board of Directors of LankaBangla Finance Limited comprises of 10 non-executive members of whom 05 (five) are nominee directors, one independent director and one executive director, who is the Managing Director of the Company. They encompass a range of talents, skills and expertise required to provide sound and prudent guidance in respect to the operations and interests of the company. The Board is comprised with highly experienced, competence with academic and professional qualification in the international and national business. This gives strong support to our business to deliver their duties and responsibilities under the law professionally and successfully, know the business issues correctly and judge the management performance accurately.

Regular Board Meetings are held quarterly while special Board meetings are convened whenever necessary. In addition there are several Board sub-committees, details of which are given in pages no. 19.

The Directors are appointed by the shareholders in the General Meeting. Casual Vacancies, if any are filled up by the Board in accordance with the provisions of the Companies Act, 1994 and Articles of the company. In addition, 1/3 (one-third) of the Directors retire from the Board every year in the AGM, but remain eligible for re-election.

The Board of Directors is committed to add value and bring independence to bear on the decision-making process of the company, while meeting stakeholders' expectations of sound corporate governance practices. The Board determines the corporate governance arrangement of the company. The Board is positive in respect of corporate governance all its business activities and puts in place those arrangements which it considers are best in the company's interest and its shareholders. The Bangladesh Bank Guidelines in respect of Responsibility of Board and Chairman and CEO/Managing Director vide DFIM Circular No. 07, dated 25-09-2007 are properly complied by the Board.

Following the Bangladesh Bank Guidelines, the Board is responsible for:

- Establish, observe and evaluate the Policies, Planning, management performance criteria.
- Regular review of the operational success and failure and point out the reason for the failure and well-timed reporting to the shareholders in the AGM.
- Ensuring the proper decision making and accountability structure throughout the Company so that the staff down the line is fully accountable to the management.
- Determine the key performance indicator of the CEO/Managing Director and senior management of the company and regular evaluation of the same.
- Establishment of Management Committees to delegate some regular important matters for prompt decision.
- Monitor the business risks and reviewing how they are managed as per Bangladesh Bank Guidelines for "Managing Core Risks".
- Approval and monitor timely completion of all annual budget and capital expenditures.
- Review/examine on regular basis the financial statements, overdue situation, financial performance, provisioning, SLR, capital adequacy and Legal steps against the default cases.
- Evaluation of proposal which requires Board approval and/or suggestions.
- Policy of Bank account operation and to establish financial fairness.
- Appointment of CEO/Managing Director and his/her performance evaluation.
- Ensuring the necessary skills and experience of the Sr. Management team, to perform their responsibilities, functions effectively, in the best interest of the company.
- Ensure the adequacy of Internal Control System and regular monitoring.
- Approval of Human Resources Policy and ensure the policy are duly complied with in case of appointment, promotion, transfer, discipline, disciplinary action, termination etc.
- Ensure state of the art ICT system in the organization which is sufficient to operate the organization activities smoothly and effectively.

A Chartered Accountant with adequate experience functions as secretary to the Board. He ensures that proper Board procedures are followed and applicable rules and regulations are adhered to. All legal matters for which clarification is needed by the Board are referred to top management by the Company Secretary, who in turn provides such information after obtaining necessary professional advice, wherever necessary.

Executive Committee (EC)

The EC of LankaBangla works with the policies and guidelines issued by Bangladesh Bank, Board and Regulatory bodies regarding credit and other operational matters. The Committee ensures properly and timely implementation of Policies and guidelines through the management. The Committee approves the Lease/Loan and other business proposals following the approved policy of the Board. Management ensures due diligence of the investment policies and risk management before submitting the credit proposals.

Audit Committee

The Audit Committee comprises of four members of the Board, including one independent director as per requirement of the SEC notification, nominated by Board of Directors and operates as per the terms of reference of the Committee duly approved by the Board. The Internal Auditor is the secretary of the Committee. The Committee is headed by a director with highly professional background in accounting and finance. The head of Internal Audit, the Head of Internal Control and Compliance and Head of Credit Risk management have direct access to the Committee and the Committee is directly reportable to the Board. The Committee is empowered to ensure proper and adequate internal controls that are in place to assist smooth and obstacle free functioning of the business operations. The Committee also ensures that a sound financial reporting system is in place managed properly, providing appropriate, accurate and timely information and explanation to Board of Directors, management, regulatory bodies, shareholders and stakeholders to take decisions.

During the year under review four (4) audit committee meetings were held. Functions and responsibilities are as under;-

- Examine any matter relating to the financial and other connected to the company.
- Review all internal and external Audit and inspection programs of Bangladesh Bank.
- Review Internal and External Audit reports and ensure follow up of the recommendations
- Review the efficiency of Internal Control systems and procedures, in place.
- Review the Quality of Accounting Policies to Statutory and Regulatory Compliance.
- Ensure that a well managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, Regulatory Authorities, Management and all other stakeholders.
- Ensure Company's policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders.

Securities and Exchange Commission has issued a Corporate Governance Notification (dated 20 February 2006) for the companies listed with stock exchanges. The Compliance of the notification is attached to Annexure I, II and III of this report.

Internal Control and Compliance

Internal control comprises the plan of organization and all of the coordinated methods adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. This definition recognizes that a system of internal control extends beyond those matters which relate directly to the functions of the accounting and financial departments. The Board of Directors are responsible for ensuring application of effective and sound internal control system in the company.

Directors have put in place effective Internal Control, Risk Management and Compliance Systems to ensure that no legal and regulatory provisions (Including Financial Institution Act, Companies Act, SEC Rules and Regulations and Dhaka and Chittagong Stock Exchange Regulations) are violated. A summary of the risk assessment has been given page no. 24.

The effectiveness of the internal control systems is periodically reviewed by the Board Audit Committee and major observations are reported to the Board. It also ensures that effective internal and external audit procedures are in place and these functions are carried out by the Internal Auditor. The Board reviews the reports arising from the internal and external audits, Bangladesh Bank Inspection and monitors the progress of the company by evaluating the results against the budget and the industry performance.

Management

The management team of LankaBangla is headed by its Managing Director Mr. Mafizuddin Sarker. The Operation of LankaBangla is being operation by 09 (nine) committees, details of the Committees are given in page no. 19 with proper delegation of power for business operation and identifying the management risks. The Committees are headed by the Managing Director.

Decentralization of Power

The management of LankaBangla has been delegated appropriate financial and operational power to ensure effective corporate governance. To ensure proper operation and early disposal of investment proposals, the Board has delegated authority to Credit Committee to approve proposal with certain limit. The delegation has supported the business positively.

Audit & Inspection

The Inspection team of Bangladesh Bank conducted their inspection in LankaBangla during April-2008, including our Merchant Banking division. The inspection team specially emphasized on the Treasury Operation, Accounts and Investment division. They have also exchanged their views with the Internal Auditor & Head of Internal Control & Compliance of the company. The inspection report is duly reviewed by the Head of Internal Audit and Audit Committee. The findings and recommendation have been duly complied with by the respective departments and intimated to Bangladesh Bank within scheduled time.

The Internal audit department of LBFL conducts regular audit/inspection of the business operation of all divisions of the company, following the Internal control policy, manuals, guidelines, instruction and rules applicable to the company laid down by the Bangladesh Bank, Securities and Exchange Commission, Income Tax Authorities, Stock Exchanges of Bangladesh and other regulatory bodies. The audit also includes examining whether various instructions, orders given by the Board of Directors and Committees has been adhered to duly.

Corporate Social Responsibility

The socio-economic interpretation states that the existence of every organization is to fulfill the social obligations. Lankabangla Finance Limited (LBFL) is no more exception to this. How? The answer may be cited in the following paragraph.

LBFL finances companies (both existing and new ventures) engaged in business activities and the companies invest the funds in the real production: manufacturing and/or providing society's needed goods and services and thereby contribute to GDP of the nation. At the same time, employments are also created in these companies: people work there, earn their income and lead their families. In turn they also contribute to the national treasury through paying tax. This is a real scenario of LBFL's CSR fulfillment. And in line with this, Corporate Social Responsibility at LBFL rests on the four pillars:

1. Commitment to contributing to economy through financing the business activities;
2. Commitment to people and communities through helping businesses to produce quality goods and services;
3. Commitment to environment through complying with the Environmental Conservation Act 1995 and Environmental Conservation Rules 1997;
4. Commitment to ethical business conduct through complying with all guidelines from Bangladesh Bank and other regulatory bodies concerned.

Historically, the concept of Corporate Social Responsibility (CSR) reporting has largely been within the context of Western economies. However, in the wake of highly publicized incidents such as Bhopal in India and the struggle of the Ogoni people in Nigeria, many large corporations now claim to be taking steps to improve their environmental and social performance within developing countries like Bangladesh. LBFL is also in line with this motto.

LBFL believes that CSR adoption and CSR performance is another dimension of measuring its management performance. As per eight (08) mandates of United Nations Millennium Development Goals (MDGs), LBFL is working to help combat diseases, protect the environment, assist in the economic development of poor nations, improve education worldwide, eradicate poverty and hunger, empower women, reduce child mortality, and improve the health of mothers through its (LBFL's) finance activities governed by CSR guidelines and corporate governance.

LBFL provides a broad range of financial solutions that address the evolving financial needs of business in the country. The continuous innovation is the key factor behind the LBFL's array of financial services to address the unmet needs of the economy.

LBFL associates strive to create value beyond business success for the economy at large. When we operate in a way that is respectful of human rights in our funded projects, socially equitable and environmentally sustainable, we can better meet our economic responsibilities. Business success and social responsibility are mutually inclusive - indeed, they depend on each other.

The hierarchy of corporate responsibilities at LBFL begins with essential, non-negotiable corporate duties: compliance with national laws and regulations, avoidance of deception or fraud, and protection of the environment as well as the professional enrichment of employees. In this hierarchy, LBFL sent two high officials to Sri Lanka in 2008 for overseas training.

Enlightened companies have long-recognized that acting in a responsible way means taking into account legitimacy as well as legality - and sometimes doing more than the law requires. Legitimate corporate conduct is doing the right thing: for example, maintaining consistent corporate governance and regulatory guidelines.

Finally, our hierarchy of corporate responsibilities includes philanthropy: community and neighborhood programs, volunteerism and donations. In this regard the specific activities include donation to the Government Fund for the natural calamities affected people such as flood and cyclone, victims as well as donation for the development of extra-curricular activities through Debate Competition at High School level and financial support to deceased family member of credit card holders under creditshield coverage.

Directors' Responsibility for Financial Reporting

The hallmark of a positive control environment is a commitment by the Board of Directors and senior management to strong controls. A Company's Board of Directors and management are responsible for establishing and maintaining effective internal control that meets statutory and regulatory requirements and responds to changes in the Company's environment and conditions. They must ensure that the system operates as intended and is modified appropriately when circumstances dictate. The Board and management must make sure that the Company's information systems produce pertinent and timely information in a form that enables employees, auditors, and inspectors to carry out their respective responsibilities.

The Board of Directors, who oversees the control system in general, approves and reviews the business strategies and policies that govern the system. They are also responsible for understanding risk limits and setting acceptable ones for the Company's major business activities, establishing organizational control structure, and making sure senior management identifies, measures, monitors, and controls risks and monitors internal control effectiveness. The Board: (1) discuss periodically the internal control system's effectiveness with management; (2) review internal control evaluations conducted by management, auditors, and inspectors in a timely manner; (3) monitor management's actions on auditors' and inspectors' recommendations on internal control and their concerns; and (4) periodically review the Company's strategy and risk limits.

Senior management oversees operations and provides leadership and direction for the communication and monitoring of control policies, practices, and processes. They implement the Board's strategies and policies by establishing effective internal control and delegating or allocating control duties and responsibilities to appropriate personnel. Management is also responsible for performing background checks on staff members before they are hired and ensuring that they are qualified, experienced, trained, and compensated to effectively conduct control activities.

Board and management consider whether a control system's methods, records, and procedures are proper in relation to the Company's:

- Asset size.
- Organization and ownership characteristics.
- Business activities.
- Operational complexity.
- Risk profile.
- Methods of processing data.
- Legal and regulatory requirements.

The Board of Directors ensure that management properly considers the risks and control issues of emerging technologies, enhanced information systems, and accounting. These issues include: more users with access to information systems; less segregated duties; a shift from paper to electronic audit trails; a lack of standards and controls for end-user systems; and, more complex contingency planning and recovery planning for information systems.

The Board of Directors of LankaBangla Finance Limited is responsible for ensuring that an adequate and effective internal control system exists in the organization and that the senior management is maintaining and monitoring the performance of that system. Moreover, Board periodically reviews the internal control systems and the significant findings. From the above it can be said that:

The overall responsibility of setting acceptable level of risk, ensuring that the senior management committee take necessary steps to identify, measure, monitor and control these risks, establishing broad business strategy, significant policies and understanding significant risks of the Company.

Through establishment of an 'Audit Committee' of the Board and Internal Control Department the Board of Directors monitor the effectiveness of internal control system.

The internal as well as external audit reports are sent to the Board Audit Committee without any intervention of the management and ensure that the management takes timely and necessary actions as per the recommendations.

The Board holds periodic review meetings with the senior management to discuss the effectiveness of the internal control system of the Company and ensure that the management has taken appropriate actions as per the recommendations of the auditors and/or inspectors.

Responsibility Statement of CEO and CFO


The Financial Statements are prepared in compliance with the International Accounting Standards and/or International Financial Reporting Standards as adopted by The Institute of Chartered Accountants of Bangladesh, the requirements of the Companies Act 1994, rules and regulation of Securities and Exchange Commission, Bangladesh Bank and other regulatory authorities. There is no departure from the prescribed Accounting Standards in their adoption. The accounting policies used in the preparation of the Financial Statements are appropriate and consistently applied.

The Board of Directors and the management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect a true and fair view, that from the substance of transactions, and reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in introducing a system of internal controls and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted periodic Audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by M/s. ACNABIN Chartered Accountants, the External Auditors.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent auditors and the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

It is also declared and confirmed that the Company has complied with the ensured compliance by the auditors with the guidelines for the audit of Listed Companies where mandatory compliance is required. It is further confirmed that all other guidelines have been complied with.



Mafizuddin Sarker
Managing Director



Quamrul Islam
Chief Financial Officer

Projects Financed by LankaBangla



1. □ Readymade garments project
2. □ Cement manufacturing plant
3. □ Water vessel
4. □ Continuous NOF galvanizing plant

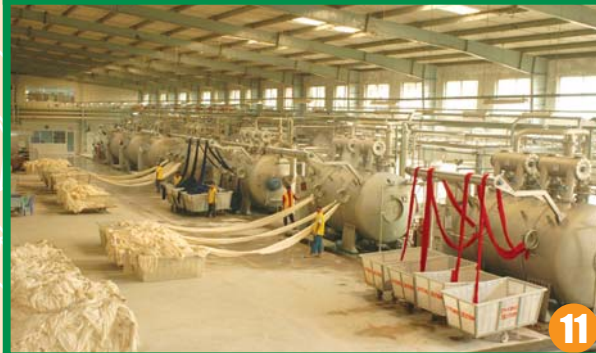
5. □ Textile dyeing plant
6. □ Highway resort
7. □ Commercial building project
8. □ Washing plant



9



10



11



12



13



14



15



16

- 9. □ Steel mill project
- 10. □ Circular knitting project
- 11. □ Composite textile project
- 12. □ ICT project

- 13. □ Medical college & hospital project
- 14. □ Ship-breaking project
- 15. □ CNG refueling station
- 16. □ Real estate developer's finance project

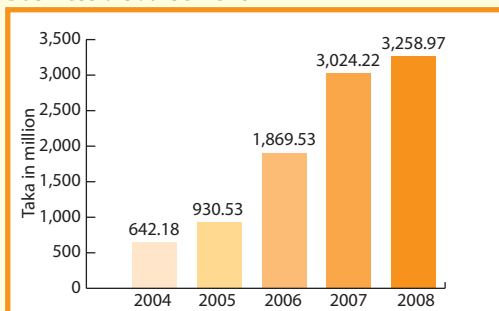
Consolidated Financial Highlights

Taka in million

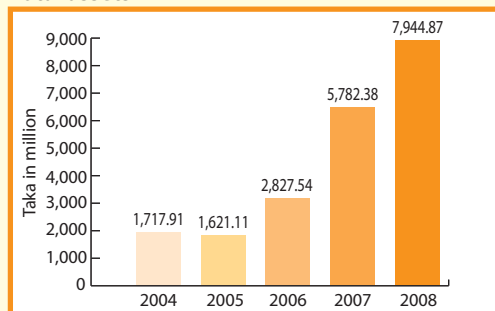
	2004	2005	2006	2007	2008	Growth (%)
Financial Results						
Authorized capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	-
Paid-up capital	241.05	260.00	350.00	350.00	385.00	10.00%
Shareholders' equity	194.66	267.95	423.69	597.34	922.48	54.43%
Business disbursement	642.18	930.53	1,869.60	3,024.22	3,258.97	7.76%
Total investment portfolio	742.83	1,294.93	2,420.04	4,717.46	6,869.63	45.62%
Total assets	1,717.91	1,621.11	2,827.54	5,782.38	7,944.87	37.40%
Total liabilities	1,523.25	1,353.16	2,403.84	5,185.03	7,022.39	35.44%
Current assets	1,380.51	1,085.30	1,710.63	3,977.61	5,554.92	39.65%
Current liabilities	1,268.84	962.30	1,593.86	3,477.92	4,793.27	37.82%
Non current assets	337.40	535.81	1,116.91	1,804.77	2,389.95	32.42%
Long term liabilities	254.41	390.86	809.98	1,707.12	2,229.12	30.58%
Term deposits	464.69	515.53	761.75	1,818.52	2,651.30	45.79%
Operating revenue	189.98	240.49	365.66	946.96	1,542.18	62.86%
Operating expenses	151.61	180.69	299.09	648.57	1,069.97	64.97%
Financial expenses	81.39	94.37	163.07	418.76	707.16	68.87%
General & administrative expenses	44.49	59.45	92.24	155.48	238.94	53.68%
Net profit before tax	38.37	55.10	66.58	298.39	472.21	58.26%
Net profit after tax	30.26	54.35	66.82	210.47	377.64	79.43%
Turnover of share trading by LBSL	11,411.49	11,058.79	16,361.13	65,972.48	127,605.37	93.42%
Current ratio	1.09	1.13	1.07	1.14	1.16	1.33%
Debt equity ratio	7.83	5.05	5.67	8.68	7.61	-12.30%
Financial expenses coverage ratio	1.37	1.58	1.41	1.50	1.53	2.09%
Return of equity (%)	18.71	23.50	19.32	41.23	49.69	20.54%
Return of total assets (%)	2.42	3.26	3.00	4.89	5.50	12.54%
No. of share outstanding	24.11	26.00	35.00	35.00	38.50	10.00%
Net asset value per share- (NAV)	8.08	10.31	12.11	17.07	23.96	40.39%
Earning per share (%)	13.70	21.40	24.30	54.70	98.10	63.23%
Closing market price per share	-	-	19.90	100.10	196.60	96.40%
Price earning ratio (Times)	-	-	8.19	18.30	20.04	20.32%
Dividend Payment	-	-	10%	25%	30%	20.00%
Dividend Payout Ratio	-	-	49.73%	76.50%	69.45%	-9.22%
Dividend Coverage (Times)	-	-	2.56	1.19	1.44	21.00%
Dividend Yield	-	-	5.03%	2.50%	1.53%	-38.80%

Graphical Presentation

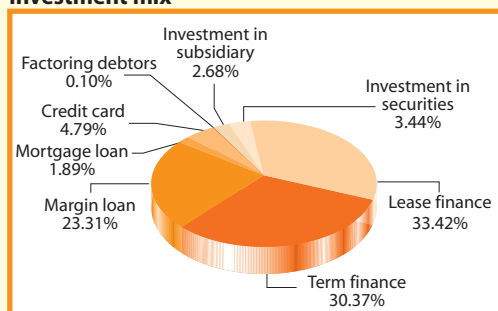
Business disbursement



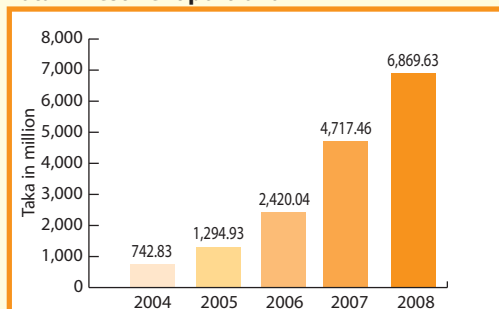
Total assets



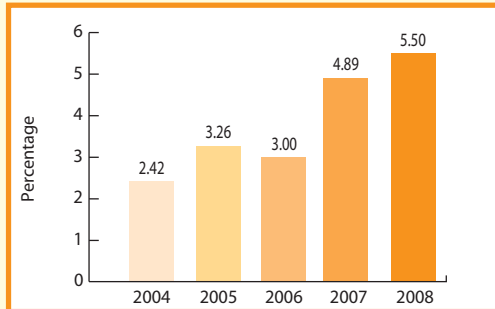
Investment mix



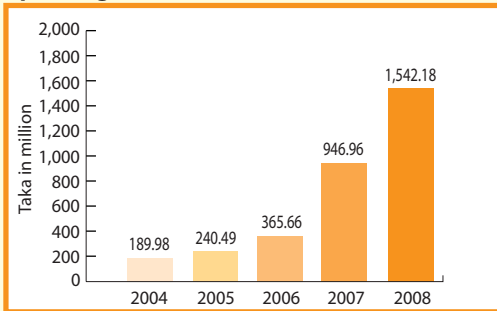
Total investment portfolio



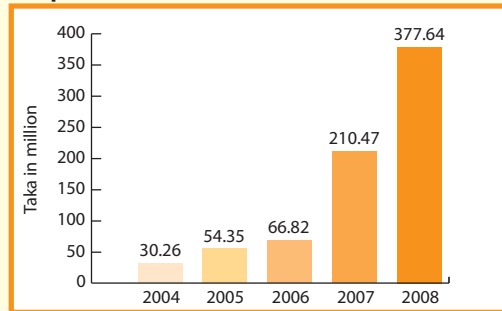
Return on total assets



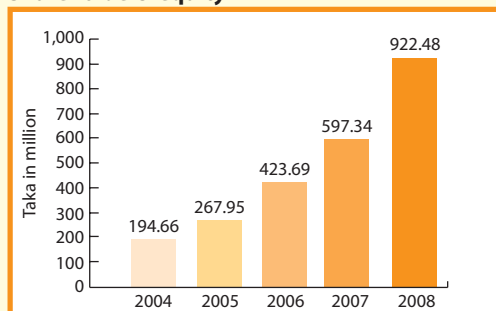
Operating revenue



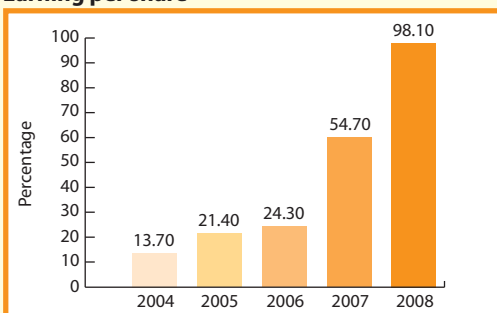
Net profit after tax



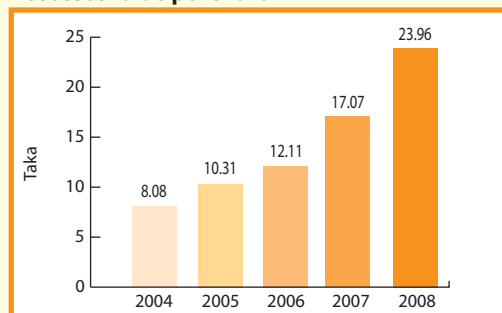
Shareholders' equity



Earning per share



Net asset value per share



Message from the Chairman



In the name of Allah, the most beneficent and the most merciful.

Distinguished Shareholders, guests of honor, ladies and gentlemen,

Assalamu Alaikum

It is a great pleasure to welcome you to the 12th Annual General meeting of your Company. On behalf of the Board of Directors and myself, I would like to express my heartfelt thanks and profound gratitude to all of you for your continuous support and guidance in achieving excellence in the performance of the Company. LankaBangla has successfully completed 11 years of uninterrupted operations. In 2008, in spite of high competition in financial market, your Company has achieved significant growth in terms of business volume and financial results through firm commitments towards excellence in service, adherence to business ethics, practicing norms of good governance, compliance to regulations and ensuring continuous improvement in stakeholders' value.

In this age of strong challenges from a diverse socio-economic environment & regulatory changes, we believe that proper diversification and customization of products and services to meet, or even exceed, customers' expectation is essential in order to realize the desired growth of your company and to that effect we have launched a number of new products and services which have not only made a positive impact in our operation in 2008 but will continue to do so in the years ahead.

Effective and efficient utilization of resources is core to our operation that ensures value maximization not only for our stakeholders but also for the nation as a whole. In line with that, in 2008, we have restructured our business divisions by redefining and re-launching

products and services as well as relocating human resources and other physical resources; reengineered our operational processes through technological advancement, developed our human resources through capacity building programs; all of which have contributed to our growth. We hope that our commitment towards better utilization of our resources will bring greater success for the company.

We believe that the synergy of business activities can maximize the output from resources employed, resulting in faster growth. Accordingly, in 2008, we have focused on capital market operations building synergy between LankaBangla Finance Limited and its subsidiary LankaBangla Securities Limited and the resulting outcome was instrumental in the growth of your company. To reap maximum benefit from this synergy, we are in the process of establishing an asset management company which is awaiting approval from the Securities and Exchange Commission. We believe that the capacity we have built in this arena so far has created an opportunity for us from which we can expect significantly larger returns in the coming years.

The year 2008:

I am proud to report an impressive performance by your company in 2008. It was a significant year of operation for the Company despite political uncertainty, shaken confidence of the business community, high inflation and an unexpected global economic crisis. The consolidated pretax profit stood at Taka 472.21 million in 2008, registering a growth of 58.25% over the previous year and the consolidated net profit after tax stood at Taka 377.64 million, indicating a growth of 79.43% over the previous year. The consolidated earnings per share during the year under review was Taka 9.81 compared to Taka 5.47 in the previous year. The assets of the Company registered a growth of 37.40% and stood at Taka 7,944.87 million at the end of the year.

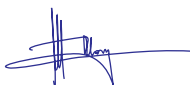
Outlook for 2009:

We expect higher growth of business in 2009 through enhancing fee based activities (providing corporate advisory services, corporate finance facilities etc.), promote home loan under Bangladesh Bank's refinancing scheme, promote domestic factoring etc. As per our business plan and budget for 2009 our portfolio will grow to Taka 8,827 million from 6,870 million of 2008. To meet the portfolio target more deposits, both individual and institutional, will be attracted which is expected to grow by 55.27% to Taka 4,097.00 million. The Company has opened a branch in Sylhet on January 27, 2009 through which deposit collection activities as well as home loan, credit card business will be expanded. The Company will launch VISA Cards within June 2009. LankaBangla Securities Limited, wholly owned subsidiary company of LankaBangla Finance Limited will open four more branches within 2009 and separate department will be opened to serve the Foreign Institutional Clients and NRB accountholders.

Our endeavors range from maintaining higher paid-up capital base, higher and faster growth rate, higher dividend payout ratio comparing to the industry. Your company continues to follow prudent policy of building adequate provisions for doubtful accounts & future losses to face the challenges of rainy days. This year we have made a tax provision of Tk. 94.57 million which represents our commitment to contribute to the economic development of the country. To carry out its social responsibility in large, LankaBangla Foundation has been formed where a portion of profit of the Company would be placed to serve the nation & humanity in a better way.

I am thankful to our valued shareholders for their cooperation and support throughout the year. I also express my heartfelt gratitude to the directors and sponsors for their valuable support. In fact, the achievement in 2008 was possible because of our committed, dedicated and loyal employees and the cooperation and support of our valued business partners. It is actually the customers who have made things happen and encouraged us to keep on going in full steam. I would also like to thank Bangladesh Bank, Securities and Exchange Commission (SEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Register of Joint Stock Companies and Firms (RJSC), National Board of Revenue (NBR) and all other regulatory authorities for their valuable guidance, support and cooperation. Finally, my pledge to you is to listen to your criticisms carefully, take these seriously and to make firm and clear decisions for the greater interest of the Company.

May Almighty Allah bless us all



Mohammad A. Moyeen
Chairman

Message from the Managing Director



Distinguished Shareholders,

In 2008, LankaBangla has been able to achieve a milestone growth in terms of business, diversification of products & services, revenues & profit, meeting & exceeding expectation of stakeholders. Steady growth & development of business has placed your company in a strong position creating an outstanding image.

The year was a significant year of operation despite political uncertainty, shaken confidence among the business community of the country, high inflation, and world wide economic crisis. The consolidated pretax profit stood at Taka 472.21 million in 2008, registering a growth of 58.25% over the previous year and the consolidated net profit after tax stood at Taka 377.64 million, indicating a growth of 79.43% over the previous year. The consolidated earnings per share during the year under review were Taka 9.81 compared to previous year's Taka 5.47 up by 79.34%. The asset size of the Company at the end of the year stood at Taka 7,944.87 million marking 37.40% growth.

Driving force of our growth is customers' satisfaction. Since financial industry is facing tremendous competition & challenges, identification of customers' need & variety and development of product & services which can best serve their expectation is the only way to maintain a sustained high quality growth, we believe.

We believe that capacity building to ensure optimum contribution to the company is a vital issue. In turn, it is dependent on the professional capability of the employees, transparency in the operational policies, guidelines & availability of modern infrastructural facilities. In 2008 we imparted a number of training to our employees, improved quality of working environment, effective remuneration & incentive system have been implemented in line with the profitability & performance standard of the employees. The human & other resources along with the business & operational processes have been restructured & re-engineered.

The world economic crisis & stiff domestic competition in the banking/financial industry is expected to make the year 2009 very challenging. In FY 2008, Bangladesh economy experienced a moderate growth rate of 6.2% against which the target level growth for FY 2009 has been set at 6.5%. International financial experts projected that the growth rate in 2009 would be lower than what has been projected due to dampened global demand could weigh on exports & remittances. World Bank projected the economic growth in 2009 would be 4.8% whereas Asian Development Bank projected at 5.5% against the target of 6.5% due to world economic melt down. However we do believe that continuation of our superior services, adoption of new products through enhancing fee based activities (providing corporate advisory services, corporate finance facilities etc.), promote home loan, increase the volume of domestic factoring, harmonious customer relationship, improvisation of skill & motivation of human resources, prudent business policies, better risk management, corporate governance system would enable us to face the challenges ahead to make another successful year of 2009. To meet the portfolio target, more deposits, both individual and institutional, will be attracted. All formalities have been completed to open a branch in Sylhet as a part of our service net work expansion plan. The Company is in the process of completing formalities to launch VISA Cards within 2009. LankaBangla Securities Limited, fully owned subsidiary of LankaBangla Finance Limited will open four more branches within 2009 and separate department will be opened to serve the Foreign Institutional clients and NRB account holders. Merchant Banking operation would be streamlined side by side with the net work expansion of LankaBangla Securities to avail the synergic impact on the operational performance.

On behalf of the management I would like to thank all our valued shareholders for the confidence & trust placed in the company. My thanks to the loyal customers, who continued to be with us despite strong pressure from the competitors. I also express my heartfelt gratitude to the Chairman & Members of the Board for their guidance and invaluable suggestions that management received all through. Thanks to our lenders, depositors, regulators & other stakeholders for their continued support

Thank you all, for your cooperation and support.



Mafizuddin Sarker
Managing Director

Directors' Report

Dear Shareholders,

It is my pleasure to welcome you to the 12th Annual General Meeting of LankaBangla Finance Limited. On behalf of the Board of Directors of the Company I am pleased to present the audited Financial Statements of the Company for the year ended 31 December 2008, Auditors' Reports thereon along with economic review & market status, Company's performance and other matters in terms of the Companies Act, 1994, the Guidelines issued by Securities and Exchange Commission, Bangladesh Bank and other regulatory authorities. Your Company ended 2008 with a very substantial growth in terms of business as well as financial performance, improvement in efficiency, strengthening its capital base and achieving strong organic growth. These were achieved even in the context of considerable challenges posed by global and local conditions and volatile financial market condition.

Global Economy

- The world economy that registered an unprecedented average growth of 5% a year for consecutive four years has entered a major downturn in 2008 in the face of the most severe shock in mature financial markets since 1930s. The major advanced economies fall in recession while a number of emerging and developing countries are under extreme pressure. The downturn in advanced economies has been triggered by collapse of the US subprime mortgage following major corrections in housing markets in US and a number of advanced countries. IMF estimated that the advanced economies as a group would grow by 1.5% while the growth of emerging market & developing countries as a group would be 6.9% in 2008.
- Consumer price inflation has increased markedly in the advanced economies which was 3.6% in FY 2008. Consumer price rises have been particularly strong in emerging and developing economies and inflation has gone up to 9.4 percent in FY 2008 reflecting strong growth of domestic demand and the greater weight of energy and particularly food in the consumer price index. The growth of world trade volume in FY 2008 declined to 4.9 percent compared with 7.2 percent in FY 2007.
- The Global Financial Stability Report (GFSR) released by the IMF in October 2008 indicates that the global financial system has undoubtedly come under increasing strains and risks to financial stability that erupted in August 2007 have developed into the largest financial shock since great depression. Equity markets have turned downward while volatility measures have remained elevated. Domestic interest rates have been increased in response to rising inflation but real rates have declined.
- Financial risks in global market increased and underlying conditions worsened as compared to previous year. The turbulent conditions in credit markets with increasing volatility affected equity markets which eased subsequently. Since July 2008 the emerging market again faced worsening of equity prices while widening bond yield spreads, but in general, market assets valuations remained near historic highs. Due to the financial market turmoil, major central banks in advanced economies rolled back policy tightening. Some central banks in emerging markets injected liquidity to ease the strains in inter-bank markets; others remained focused on inflation concerns.
- Looking forward in 2009, in the face of financial crisis entering a new, more severe stage, the global economy is projected to slow further to 3.0% growth. Output growth forecasts have been revised downward in all of the countries of advanced economies where growth would be negative in Italy, Spain & UK. Among other emerging market & developing countries, growth is expected to be ease but remain at a high level. China is projected to grow at 9.3% in 2009, driven by strong domestic demand and rapidly rising current account balance. South Asia's (Bangladesh, India, Pakistan & Sri Lanka) growth rate is expected to be quite robust. With the projected decline of non-fuel commodity prices, inflation is projected to decline in both advanced economies and emerging market & developing economies.

State of National Economy

- Despite adverse effects of several negative domestic & global developments, the real economy performed well in FY 2008 with a GDP growth rate of 6.2% but still lower than 6.4% of FY 2007. The performance of most of the macroeconomic indicators was also satisfactory.
- Monetary aggregates and credit market indicators generally moved in line with the monetary policy stance adopted in 2008. An analysis of bank advances showed a high growth in purchase through credit cards and consumer goods credit although their share in total advance is relatively small. Meantime the banks & financial institutions have been asked to provide more finance to sectors that contribute directly to increasing production.
- Current Export Policy includes important export incentives such as, amongst others, subsidized rates of interest on loans, duty free import of machinery & intermediate inputs, cash subsidy and exemption from value-added tax and exercise duties. Economic growth was also aided by rapid growth in exports (growth rate 15.7%) & surging remittances (growth rate 25.6%) in FY2008.
- Inflation was upward during FY 2008 mainly due to rising import prices of fuel oil, food grains & some other essentials in the international market; and lower growth of crop production. To stave off the uptrend in inflation, the monetary policy stance pursued by the Bangladesh Bank aimed at stabilizing the exchange rate of Taka. The annual average inflation increased to 9.9% in FY 08 from 7.2% in FY 07, while the 12-month consumer price inflation on point to point basis increased over the same period to 10.00%.
- Total domestic credit grew by 21.8% while credit to private sector increased by 24.9% in FY2008. Gross non performing loans (NPLs) of all banks fell to 12.34% at the end of June 2008 from 14.00% at the end of June 2007.
- Bangladesh Bank has also initiated a strategic move to implement the BASEL II core principles. The Bank Company Act (Amendment) of 2007 is another step to improve the efficiency of the financial sector. Under this amended act, each bank will have to increase its capital base to Tk. 2.00 billion among other requirements. The remaining three NCBs have been transformed into public limited companies.
- The securities market passed another successful year in 2008 raising the total market capitalization to the GDP ratio to 19.26% against 15.88% in 2007. The total market capitalization of DSE crossed to Tk. 1.00 trillion-mark in 2008 for the first time. DSE market capitalization stood at Tk. 1,043.8 billion on December 30, 2008 while it was Tk. 759.66 billion on January 1, 2008. For global capital markets, 2008 was a traumatic year as stock market indices around the world fell by around 40%, against this in Dhaka Stock Exchange General Index fell by a mere 3.00% or so.

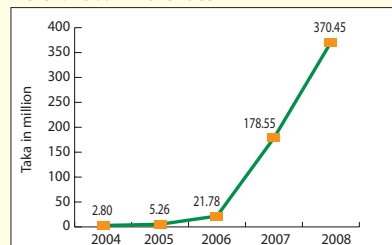
Operational Performance During 2008

In 2008, LankaBangla has achieved a massive growth in business and profitability through more structured, organized, stable and committed endeavors. In 2008 it put all out efforts in a synergic way through its multi products facilitated by proactive approach in persuasion and selection of clients with flexible terms and conditions, innovative & customized products & services, ethical business practice and compliance to local & international norms, rules, regulations and laws, the output of which is presented below:

- **Lease & Term Finance:** In spite of intense & increasing competition your Company had been able to disburse Tk. 1,824 million in 2008 against Tk. 2,000 million in 2007. The industry witnessed a declining trend of disbursement against lease finance in the year 2008 and LankaBangla had experienced the same.

- Merchant Banking & Capital Market Operations:** Merchant banking and capital market operations emerged as the highest growth and most profitable business area of the Company in 2008 which has been possible due to strong support of our fully owned subsidiary brokerage house, LankaBangla Securities Limited (LBSL). We are also managing our own portfolios through investing in listed shares for boosting our profitability and increasing shareholders' wealth. Our margin loan portfolio grew by 94.23% to Tk. 1,548 million in 2008 from Tk. 797 million in 2007.

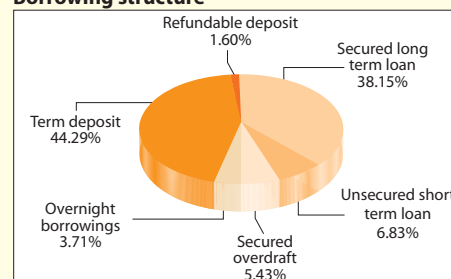
Merchant bank revenues



- Credit Cards:** We are the lone non-banking financial institution operating credit card business in the country. In 2008 our new card issuance increased by 87.40%. Our card portfolio increased by 59.40% to Tk. 318.10 million in 2008 from Tk. 199.60 million in 2007.
- Factoring:** Domestic factoring of invoices is another product that we launched in last quarter of 2007 to boost up our business volume by way of diversification and in 2008 we disbursed Tk. 17.39 million which is expected to be a potential area in 2009.
- Home loan:** Having the positive intension we could not afford to extend home loans to the aspirants for having homes due to fund mis-match. Bangladesh Bank has opened up the door for us through introducing refinance scheme. In the year 2008 we made a disbursement of Tk. 159.70 million in the area (Tk. 71.30 million with own fund & Tk. 88.40 million under Bangladesh Bank Re-finance Scheme). We expect this area could be a potential field for us in 2009.
- Corporate Finance and Advisory Services:** In pursuit of our diversification process we also launched corporate finance and advisory services through a separate department to provide various corporate & investment services like lease/loan syndication services, financial structuring & restructuring services, trustee services, security agent services, secretarial services, merger & acquisition services, etc. to meet the increasing investment banking services demand in the country.

- Treasury Operation:** Despite the acute liquidity crisis prevailed in the money market during the year 2008, we had been able to mobilize fund for incremental business and also managed all the scheduled debt servicing. Our continuous effort is to reduce the weighted average funding cost, diversify the sources of funding and diminishing dependence on conventional sources witnessed remarkable development in 2008. The company achieved a remarkable growth in deposit mobilization both individual and institutional during 2008. As on December 31, 2008 our total term deposit amount was Tk. 2,651.30 million comprising 44.29% of borrowing portfolio

Borrowing structure



- Subsidiary Operation:** LankaBangla Securities Limited a fully owned subsidiary has emerged as the country's leading brokerage house. The Company was ranked 1st both in DSE for consecutive three years (in 2006, 2007 & 2008) and in CSE for consecutive four years (in 2005, 2006, 2007 & 2008) in terms of turnover. The operating income of the Company grew to Tk. 397.30 million in 2008 up by 90% from Tk. 209.09 million in 2007 and the net profit of the Company increased by 100% to Tk. 252.82 million in 2008 from Tk. 126.82 million in 2007. The Company is providing combinations of brokerage, CDBL, on time information and research services.
- Branch Operation:** Opening of Sylhet Branch in late 2008 is expected to make a positive contribution in business development with increasing customer base in the region.
- Human Resources:** We believe that right people at right time at right place with right motivation can make the difference. In LankaBangla, we are committed to attract and maintain required number of human resources having superior qualification, technological skills and professional expertise with a high level of loyalty, commitment, devotion and dedication to the Company. LankaBangla provides its employees attractive remuneration packages, develops them

with proper training and ensures good working environment, to build them properly to face the challenging market situation and demand. We believe in equal employment opportunities regardless of age, gender, disability, religion, race, cast or any other factors.

During 2008, 23 numbers of new recruitment has been made to cater to the growth endeavor of the Company and 08 numbers of training programs have been participated by the employees at home & abroad for their development.

In order to ensure employee health and safety, the Company provides hospitalization insurance coverage to the employees to ensure medical security of its staff and also for covering unforeseen accidental loss and death the Company has life insurance scheme for its permanent staff.

Information Technology: We believe that Information and Communication Technology is one of the main keys to success and LankaBangla has highly experienced & trained professionals working in a full fledged ICT Department. We put strong importance on upgrading our ICT continuously. At present LankaBangla has state-of-the-art credit card software which is enriched with full fledged facilities to provide card processing. We have also a separate merchant banking software which is running smoothly taking care of our merchant banking business and financial processes. Integrated leasing and accounting software is also in place in your Company. We procured modern & work friendly software for our factoring operations. The Company is in the process of procuring one software to automate business processes of housing finance business. In 2009 our main focus will be on central networking and integration of operations and security of the software and databases with development of ICT professionals.

Financial Result, Proposed Dividend and Appropriation of Profit

- The Company posted a pretax profit of Tk. 235.25 million in 2008, up 24.43% from Tk. 189.05 million in 2007 while net profit after tax increased by 45.38% from Tk. 114.39 million in 2007 to Tk. 166.30 million in 2008.
- 2008 was a year of growth & prosperity. Considering the overall environment of financial market, current financial strength of the Company, and future investment prospect the Board is recommending a dividend at the rate of 30% (15% cash dividend and 15% stock dividend) for the year 2008.
- The Directors are pleased to report the financial results for the year 2008 and recommend the following appropriations:-

Appropriation:	Amount in Taka
Net profit after tax for the year 2008	166,300,350
Retained earnings brought forward	10,181,902
Profit available for appropriation	176,482,252
Less: Statutory reserve	(33,260,070)
Less: Transferred to LankaBangla Foundation	(1,663,004)
Amount available for declaration of dividend	141,559,178
Proposed Dividend	
Cash Dividend: @ 15%	(57,750,000)
Stock Dividend: @ 15% (i.e. 15 share for every 100 shares held)	(57,750,000)
Retained earnings carried forward	26,059,178

Key Operating and Financial Data

Key operating and financial data for last five years as per SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 is shown in Page no. 37-39.

Plan for Utilization of Undistributed Profits

The Company requires substantial funds every year to carry out its regular business operation. The undistributed profits will be utilized to disburse fund for its new investments and will be used to meet contingencies in future as authorized under Regulation 100 of Schedule I of the Companies Act 1994. Additionally with this retention a reasonable debt equity ratio would be maintained & the borrowing power of the Company would enhance.

Contribution to National Exchequer

With a view to assist the Government in building up revenues and thus contribute to the economic development of the Country, LankaBangla Finance deposits taxes regularly to the National Exchequer by way of collection of income taxes and VAT at sources from various payments and also deposits income taxes on its income.

Outlook

The macroeconomic performance has been showing a continued growth increasingly which will continue in FY 2009, despite the economy is coming under rising pressure in the form of higher domestic prices, higher import payments, sluggish export performance. As the financial institutions are facing immense competition in the lease market with the opening up of leasing divisions by commercial banks, the Company would concentrate more on capital market operation, investment banking & corporate finance and diversify its mode of investments both market segments and products.

Considering this in mind, your Company has already chalked out strategy to put strenuous efforts to achieve the business volumes targeted by all the departments as well as realize the corporate objectives. Innovative & relentless marketing drive would put in place to attract quality asset in our portfolio & to improve the quality of existing portfolio.

Recognition

As a reward of our relentless efforts to the best practices of corporate and financial reporting, we were awarded the Third Prize in Non-Banking Financial Sector for the best published Annual Reports and Annual Audited Accounts for the year 2007 by the Institute of Chartered Accountants of Bangladesh (ICAB).

You will also be glad to know that our subsidiary Company LankaBangla Securities Limited achieved certificate for outstanding performance for being ranked 1st in terms of turnover for consecutive three years (2006, 2007 & 2008) by the Dhaka Stock Exchange (DSE) & for consecutive four years (2005, 2006, 2007 and 2008) by the Chittagong Stock Exchange (CSE).

Shareholding Pattern

The shareholding pattern as per Clause 2(k) of SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 is shown in Page no. 14.

Election of Directors

In accordance with Article 98 of the Company's Articles of Association, Mr. I.W. Senanayake, Mr. G.L.H. Premaratne, Mr. Mahbulul Anam, and Ms. Jasmine Sultana will retire and being eligible, offer themselves for re-election.

Board Meetings & Attendance

During the year 2008 four (4) Meetings of the Board of Directors were held. The attendance of the Directors is shown in page no. 56.

Auditors

In the 11th Annual General Meeting of the Company, M/s ACNABIN, Chartered Accountants, was appointed as External Auditors of the Company for a term till conclusion of 12th Annual General Meeting. M/s ACNABIN, Chartered Accountants has satisfactorily conducted the audit for the year 2008.

As per FID Circular no. 03 dated March 2, 1999 of Bangladesh Bank the same external audit firm can not be appointed for more than three consecutive years as statutory auditors. Three years term of the external auditors, M/s ACNABIN will expire as on the date of 12th AGM. Therefore, they are not eligible for reappointment. M/s S.F. Ahmed & Co., Chartered Accountants (Bangladesh Representative of ERNST & YOUNG Global since 1975) has given their consent to be appointed as statutory auditors of the Company for the year 2009 till completion of 13th AGM.

Reporting on Corporate Governance Compliance

Pursuant to Clause 5.00 of SEC Notification No. SEC/CMRRCD/2006-158/ Admin/02-08 dated February 20, 2006 the Company's compliance status is shown in Annexure-I, II and III.

Additional Disclosures

- The financial statements prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards and International Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

Acknowledgement

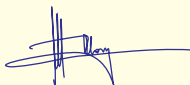
The Board of Directors takes this opportunity of expressing its heart-felt appreciation and gratitude to the valued clients, depositors, lenders, bankers, patrons and business partners for their continued support and cooperation. The Board also expresses its deep gratitude to Bangladesh Bank, Securities & Exchange Commission (SEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR) and other regulatory bodies for their help, assistance, valuable guidance and advice being extended to the Company from time to time. The Board also thanks M/s ACNABIN, the Auditors of the Company, for their efforts for timely completion of audits.

Since 2006, LankaBangla Finance Limited has recorded rapid and consistent growth, outperforming its competitors. One of the major reasons for this success was possible with a strong work ethic which has improved productivity at all levels. My high and sincere appreciation, on behalf of the Board of Directors, is due to the management and all members of staff of the Company, led by our Managing Director, for their outstanding efforts, loyalty, sincere services and dedication.

I would like to take this opportunity to thank my colleagues on Board, who have extended their all sorts of cooperation, in the face of adverse internal and external conditions, and made the year 2008 another year of success for the Company.

Finally, the Board of Directors thank the respected shareholders and assure them that they will continue to add to maximize the shareholders' wealth through further strengthening and development of the Company in which they have placed their trust and confidence. Let us work together in a spirit of open and honest partnership. Our pledge to you is that we will listen your criticisms carefully, will at all times take those very seriously and will make clear-cut decisions for the greater interest of the Company.

For and on behalf of the Board of Directors



Mohammad A. Moyeen
Chairman

পরিচালকদের প্রতিবেদন

প্রিয় শেয়ারহোল্ডারবৃন্দ,

আমি অত্যন্ত আনন্দের সাথে লংকাবাংলা ফাইন্যান্স লিমিটেডের ১২তম বার্ষিক সাধারণ সভায় আপনাদেরকে স্বাগত জানাচ্ছি। কোম্পানীর পরিচালনা পর্ষদের পক্ষ থেকে আমি ৩১শে ডিসেম্বর ২০০৮ ইং তারিখে সমাপ্ত বছরের নিরীক্ষিত আর্থিক প্রতিবেদনসহ অর্থনৈতিক বিশ্লেষণ এবং বাজার স্থিতিবস্থা, কোম্পানীর সাফল্য এবং কোম্পানী আইন, ১৯৯৪, সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন কর্তৃক জারীকৃত নির্দেশাবলী, বাংলাদেশ ব্যাংক এবং অন্যান্য নিয়ন্ত্রক সংস্থা সমূহের সংশ্লিষ্ট বিষয়াদি পেশ করছি। আপনাদের কোম্পানী ২০০৮ ইং সালে ব্যবসায় উলেখযোগ্য উন্নতি এবং আর্থিক সাফল্য, কর্মদক্ষতার মান উন্নয়ন, মূলধনের অধিকতর শক্তিশালীকরণ এবং গঠনমূলক উন্নতি সাধন করেছে।

বিশ্ব অর্থনীতি

- বিশ্ব অর্থনীতি ধারাবাহিকভাবে চার বছর যাবত ৫% প্রবৃদ্ধির পর ২০০৮ সালে ব্যাপক মন্দায় পতিত হয়, যাহা ১৯৩০ সালের পর পরিপূর্ণ বিশ্ব অর্থনৈতিক বাজারে একটি প্রচণ্ড ধাক্কা। মার্কিনযুক্তরাষ্ট্রসহ উন্নত দেশসমূহে গৃহায়ণ বাজারে উলেখযোগ্য সংশোধনের ধারাবাহিকতায় মার্কিন সাবপ্রাইম মর্টগেজের প্রভাবে উন্নত অর্থনীতিসমূহে ধস নামে। আইএমএফ এর প্রাক্কলন অনুযায়ী ২০০৮ সালে উন্নত অর্থনীতি সমূহের সমষ্টিগতভাবে ১.৫% প্রবৃদ্ধি অর্জনের বিপরীতে উদীয়মান এবং উন্নয়নশীল দেশসমূহে সমষ্টিগতভাবে ৬.৯% প্রবৃদ্ধি প্রাক্কলন করা হয়।
- ২০০৮ অর্থবছরে উন্নতবিশ্বে ভোগ্যমূল্যের মুদ্রাস্ফীতি সুস্পষ্ট ভাবে ৩.৬% বৃদ্ধি পায়। অগ্রগামী এবং উন্নয়নশীল বিশ্ব বাজারে দৃঢ়ভাবে ভোগ্যমূল্য বৃদ্ধি পায় এবং ২০০৮ অর্থবছরে মুদ্রাস্ফীতি ৯.৪% পর্যন্ত বৃদ্ধি পায়, যাহা আভ্যন্তরীণ চাহিদার বৃদ্ধি এবং ভোগ্যপণ্যের সূচকের উপর জ্বালানী ও খাদ্যপণ্যের অধিকতর প্রভাব পরিলক্ষিত হয়। বিশ্ব বানিজ্যের বৃদ্ধির ২০০৭ অর্থবছরের ৭.২% এর তুলনায় ২০০৮ এ ৪.৯% এ নেমে আসে।
- অক্টোবর ২০০৮ এ আইএমএফ কর্তৃক প্রকাশিত “গোবাল ফিন্যান্সিয়াল স্টাবিলিটি রিপোর্ট” অনুযায়ী বিশ্ব আর্থিক ব্যবস্থা সন্দেহাতীতভাবে দ্রুতবর্ধমান চাপ এবং আর্থিক স্থিতিশীলতার ঝুঁকির মধ্যে পতিত হয়, যা আগষ্ট ২০০৭ ইং সালে পরিলক্ষিত, এবং মহামন্দার পর বৃহত্তম অর্থনৈতিক বিপর্যয় হিসাবে প্রকাশ পায়। শেয়ার বাজারে নিম্নমুখী পতন পরিলক্ষিত হয় কিন্তু অস্থিতিশীলতা অধিকমাত্রায় থাকে। মুদ্রাস্ফীতি বৃদ্ধির ফলে আভ্যন্তরীণ সুদের হার বেড়ে যায় কিন্তু প্রকৃত হারের পতন ঘটে।
- বিশ্ববাজারে আর্থিক ঝুঁকি বেড়ে যায় এবং বাজারের মৌলিক অবস্থা গত বছরের তুলনায় খারাপ হতে থাকে। ঋণ বাজারের অশান্ত অবস্থা শেয়ার বাজারকেও আক্রান্ত করে যাহা পরবর্তীতে কিছুটা শান্ত হয়। জুলাই ২০০৮ হতে উদীয়মান বাজারসমূহ পুনরায় শেয়ার মূল্যের খারাপ অবস্থার সম্মুখীন হয়, যখন বন্ডের ইন্ডেক্সপ্রাইড বৃদ্ধি পায়, কিন্তু সাধারণ বাজারের সম্পত্তির মূল্যায়ন ঐতিহাসিক উচ্চস্থানে অবস্থান করে। আর্থিক বাজারের অস্থিরতার জন্য, উন্নত বিশ্বে অধিকাংশ কেন্দ্রীয়ব্যাংকসমূহ সংকোচনমূলক পলিসি গ্রহণ করতে থাকে। উন্নত বিশ্বের কতিপয় কেন্দ্রীয় ব্যাংক আন্তঃব্যাংক বাজারের চাপ কমাতে তারল্যের যোগান দিতে থাকে, অন্যান্যরা মুদ্রাস্ফীতির বিষয়সমূহের প্রতি মনোযোগী হয়।
- ২০০৯ এর অগ্রে তাকালে বিশ্ব অর্থনীতি, নতুন রূপে আর্বিভূত অর্থনৈতিক মন্দা, যা অত্যধিক খারাপ পর্যায়ে পৌঁছে তার সম্মুখীন ও আরো ধীর প্রবৃদ্ধির সম্মুখীন হয় যা মাত্র ৩%। উন্নত অর্থনীতির প্রায় সবদেশের উৎপাদন প্রবৃদ্ধি অনুমান সংশোধন করে নিম্নমুখী করা হয়, যেখানে ইতালি, স্পেন ও যুক্তরাজ্যেও প্রবৃদ্ধি হবে ঋণাত্মক। অন্যান্য সব উদীয়মান অর্থনীতি ও উন্নয়নশীল দেশে, সহজ কিন্তু উচ্চতর প্রবৃদ্ধি ধারণা করা হয়। চীনের ২০০৯ সালের পরিকল্পিত প্রবৃদ্ধির হার ধরা হয় ৯.৩%, যাহা শক্তিশালী আভ্যন্তরীণ চাহিদা ও দ্রুত বৃদ্ধিপ্রাপ্ত চলতি হিসাব উদ্বৃত্ত দ্বারা নিয়ন্ত্রিত। দক্ষিণ এশিয়ার (বাংলাদেশ, ভারত, পাকিস্তান ও শ্রীলংকা) প্রবৃদ্ধির হার সবল ধারণা করা হচ্ছে। অ-জ্বালানী ভোগ্যপণ্যের মূল্যের নিম্নমুখী ধারণার সাথে, উন্নত অর্থনীতি, অগ্রগামী বাজার ও উন্নয়নশীল অর্থনীতির মুদ্রাস্ফীতি নিম্নমুখী হবে বলে ধারণা করা হচ্ছে।

জাতীয় অর্থনীতি

কতিপয় বিপরীত আভ্যন্তরীণ ও বিশ্ব উন্নয়নের প্রতিকূল ফলাফল সত্ত্বেও, ২০০৮ অর্থবছরে প্রকৃত অর্থনীতির জিডিপি প্রবৃদ্ধি হার ৬.২% অর্জিত হয়েছে কিন্তু ইহা ২০০৭ অর্থবছরের ৬.৪% হার এর তুলনায় কম। বেশীরভাগ ব্যাষ্টিক অর্থনীতি নির্দেশক সমূহের অর্জনও সন্তোষজনক।

আর্থিক বিষয়সমূহ এবং ঋণ বাজারের নির্দেশক সাধারণতঃ ২০০৮ সালে গৃহিত আর্থিক নীতির সাথে সমান্তরালভাবে চলিত। ব্যাংক ঋণের

এক বিশেষনে দেখা যায় যে, ক্রেডিট কার্ড ও গ্রাহক ঋণের মাধ্যমে জয়ের হার বৃদ্ধি পেয়েছে, যদিও এদের অনুপাত মোট ঋণের তুলনায় খুবই কম। ইতোমধ্যে ব্যাংক ও আর্থিক প্রতিষ্ঠান সমূহকে উৎপাদন খাতে বেশী ঋণ দেয়ার পরামর্শ দেয়া হয়েছে।

সাম্প্রতিক রপ্তানী নীতিতে রয়েছে আমদানি রপ্তানী সহায়তা যেমন, অন্যান্যদের মধ্যে, ঋণের সুদের হারে সহায়তা, শুল্কমুক্ত যন্ত্রপাতি ও মধ্যবর্তী কাঁচামাল আমদানি, নগদ সহায়তা এবং মূল্য সংযোজন কর ও অবগারী শুল্ক হতে পরিত্রাণ। অর্থনৈতিক প্রবৃদ্ধি ২০০৮ সালের দ্রুত বৃদ্ধিপ্রাপ্ত রপ্তানী (প্রবৃদ্ধির হার ১৫.৭%) এবং বৈদেশিক আয় প্রেরণ দ্বারা সহায়তা প্রাপ্ত।

মুদ্রাস্ফীতি ২০০৮ সালে উর্ধ্বমুখী হওয়ার কারণ ছিল আন্তর্জাতিক বাজারে জ্বালানী তেল, খাদ্যশস্য ও প্রয়োজনীয় দ্রব্যের মূল্য বৃদ্ধি, এবং দেশে ফসলের কম উৎপাদন। মুদ্রাস্ফীতির উর্ধ্বমুখী প্রবণতা রোধকল্পে বাংলাদেশ ব্যাংক টাকার বিনিময় হার স্থিতিকরনের লক্ষ্যে মুদ্রানীতি প্রনয়ণ করে। ২০০৭ এর ৭.২% হতে ২০০৮ সালে বার্ষিক গড় মুদ্রাস্ফীতির হার ৯.৯% এ বৃদ্ধি পায়, যখন ১২ মাসের ভোক্তামূল্যেও মুদ্রাস্ফীতি একই সময়ে ১০% বৃদ্ধি পায়।

মোট আভ্যন্তরীণ ঋণ ২০০৮ সালে ২১.৮% বৃদ্ধি পায় যার মধ্যে বেসরকারী খাতে ঋণ বৃদ্ধি পায় ২৪.৯%। ২০০৮ এর শেষে ব্যাংকসমূহের মোট মন্দ ঋণের হার ১২.৩৪% এ নেমে আসে, যা ২০০৭ এ ছিল ১৪.০০%।

বাংলাদেশ ব্যাংক বাসেল-২ মুখ্যনীতি সমূহ চালু করার জন্য সুপারিকল্পিত ব্যবস্থা গ্রহন করেছে। ব্যাংক কোম্পানী আইন (সংশোধিত) ২০০৭ আর্থিক ব্যবস্থার দক্ষতা উন্নয়নের আরেকটি পদক্ষেপ, এই আইনের আওতায় ব্যাংকসমূহকে তাদের মূলধনভিত্তি, অন্যান্য প্রয়োজনীয় বিষয়ের সাথে, ২ বিলিয়ন টাকায় উন্নিত করতে হবে। অবশিষ্ট ৩টি রাষ্ট্রীয় ব্যাংকও পাবলিক লিমিটেড কোম্পানীতে রূপান্তরিত হয়েছে।

২০০৮ সালে শেয়ার বাজার আরেকটি সফল বছর পার করে। এবছর বাজার মূলধন জিডিপির অনুপাতে ১৯.২৬% বৃদ্ধি পায় যা ২০০৭ সালে ছিল ১৫.৮৮%। ডিএসই*র মোট বাজার মূলধন ২০০৮ সালে প্রথমবারের মত ১ ট্রিলিয়ন টাকা অতিক্রম করেছে। ডিএসই*র বাজার মূলধন ৩০-১২-২০০৮ তারিখে ১,০৪৩.৪০ বিলিয়ন টাকায় দাঁড়ায়, যা ০১-০১-২০০৮ তারিখে ছিল ৭৫৯.৬৬ বিলিয়ন টাকা। ২০০৮ সাল বিশ্ব শেয়ার বাজারের জন্য ছিল এক আতঙ্কের বছর, শেয়ার বাজারের সূচক সারা বিশ্বে ৪০% এর কাছাকাছি পতন হয়, যার বিপরীতে ঢাকা স্টক এক্সচেঞ্জের সাধারণ সূচক কেবলমাত্র ৩% এর মত পতন ঘটে।

২০০৮ সালের পরিচালনা কর্নকাভ

২০০৮ সালে লংকাবাংলা ব্যবসা ও মুনাফায় অধিকতর, সুশৃঙ্খল, স্থিতিশীল ও প্রতিজ্ঞাবদ্ধ প্রচেষ্টার মাধ্যমে ব্যাপক উন্নতি লাভ করেছে। ২০০৮ সালে আমরা আমাদের বিভিন্ন কার্যক্রমে সক্রিয় চেষ্টা এবং গ্রাহক নির্বাচন, নতুন ও সহজ সেবার ও কার্যক্রমে, নৈতিক ব্যবসায়িক নীতি এবং আভ্যন্তরীণ ও আন্তর্জাতিক নীতি, বিধি, প্রবিধান ও আইন পরিপালনের মাধ্যমে সফল হয়েছি, যার ফলাফল নিম্নে বর্ণনা করা হলো:

লীজ ও মেয়াদী ঋণ:- লীজ ও মেয়াদী ঋণ অর্থাৎ ২০০৭ এর ২,০০০ মিলিয়ন টাকার বিপরীতে ২০০৮ সালে ১,৮২৪ মিলিয়ন টাকা বিতরণ করা হয়েছে। ২০০৮ সালে লীজ অর্থাৎ শিল্পে এক নিম্নমুখী প্রবণতা লক্ষ্য করা যায় যা লংকাবাংলার ক্ষেত্রেও পরিলক্ষিত হয়।

মার্চেন্ট ব্যাংকিং ও শেয়ার বাজার:- ২০০৮ সালে মার্চেন্ট ব্যাংকিং ও শেয়ার বাজার ব্যবসায় কোম্পানীর সর্বোচ্চ উন্নতি সাধিত হয়, যা কোম্পানীর সম্পূর্ণ মালিকানাধীন সহায়ক কোম্পানী, লংকাবাংলা সিকিউরিটিজ লিঃ এর সহযোগিতায় সম্ভব হয়েছে। আমরা নিজেরাও তালিকাভুক্ত শেয়ারে বিনিয়োগ করে কোম্পানীর মুনাফা ও শেয়ারহোল্ডারদের মূলধন বৃদ্ধি করতে নিজস্ব পোর্টফোলিও পরিচালনা করি। আমাদের মার্জিন ঋণের পোর্টফোলিও ২০০৭ এর ৭৯৭ মিলিয়ন টাকা হতে ৯৪.২৪% বৃদ্ধি পেয়ে ২০০৮ সালে ১,৫৪৮ মিলিয়ন টাকা হয়েছে।

ক্রেডিট কার্ড:- বাংলাদেশে নন-ব্যাংকিং আর্থিক প্রতিষ্ঠানের মধ্যে একমাত্র আমরাই ক্রেডিট কার্ড ব্যবসা পরিচালনা করছি। ২০০৮ সালে আমাদের কার্ড ইস্যুর সংখ্যা ৮৭.৪০% বৃদ্ধি পায়। আমাদের কার্ড বিনিয়োগ ২০০৭ সালের ১৯৯.৫৫ মিলিয়ন টাকা হতে ২০০৮ সালে ৫৯.৪০% বৃদ্ধি পেয়ে ৩১৮.১০ মিলিয়ন টাকায় উন্নিত হয়েছে।

ফ্যাকটরিং:- আমাদের ব্যবসার পরিমাণ বহুরূপে বৃদ্ধিকল্পে, বিলের উপর আভ্যন্তরীণ ফ্যাকটরিং আরও একটি নতুন কার্যক্রম যা ২০০৭ সালের শেষের দিকে চালু হয় এবং ২০০৮ সালে আমরা মোট ১৭.৩৯ মিলিয়ন টাকা বিতরণ করি, যা ২০০৯ সালে একটি সম্ভাবনাময় ক্ষেত্র হবে বলে ধারণা করছি।

গৃহ ঋণ:- আমাদের সদৃষ্টি থাকা সত্ত্বেও অর্থের অসম যোগানের ফলে আমরা গৃহের জন্য কাঙ্ক্ষিতদের গৃহঋণের সুবিধা দিতে পারি নাই। বাংলাদেশ ব্যাংকের পুনঃঅর্থায়ন স্কীমের প্রচলন আমাদের জন্য সেই দ্বার উন্মুক্ত করে দিয়েছে। ২০০৮ সালে আমরা এই ক্ষেত্রে ১৫৯.৭ মিলিয়ন টাকা গৃহ ঋণ বিতরণ করেছি (৭১.৩০ মিলিয়ন টাকা নিজস্ব অর্থায়নে এবং ৮৮.৪০ মিলিয়ন টাকা বাংলাদেশ ব্যাংকের পুনঃঅর্থায়ন স্কীমের আওতায়)। আমরা আশা করছি ২০০৯ সালে গৃহায়ন ঋণ আমাদের জন্য একটি সম্ভাবনাময় ক্ষেত্র হবে।

কর্পোরেট অর্থায়ন ও উপদেশমূলক সেবা:- আমাদের বহুরূপীকরণের প্রক্রিয়ায় ও দেশের ত্রমবর্ধমান বিনিয়োগ ও ব্যাংকিং সেবার চাহিদা মিটাতে, আমরা কর্পোরেট অর্থায়ন ও উপদেশমূলক সেবার প্রচলন করি, যা একটি পৃথক বিভাগের মাধ্যমে পরিচালিত। এর দ্বারা কর্পোরেট ও বিনিয়োগ সেবা সমূহ যেমন, যৌথ লীজ/ ঋণ সেবা, আর্থিক গঠন ও পুনঃগঠন সেবা, সম্পত্তির তত্ত্বাবধায়ক সেবা, জামিন প্রতিনিধি সেবা, সচিব বিষয়ক সেবা, একত্রীকরণ ও অধিগ্রহণ সেবা ইত্যাদি প্রদান করা হয়ে থাকে।

ট্রেজারি পরিচালনা:- ২০০৮ সালে মুদ্রা বাজারে তীব্র তারল্য সংকট পরিলক্ষিত হলেও লংকাবাংলা বেশ সাফল্যজনক ভাবেই নতুন ব্যবসায় অর্থ যোগান এবং নিয়মিত ঋণ/দায় পরিশোধ করতে পেরেছে। আমাদের নিয়মিত প্রচেষ্টা গড় তহবিল ব্যয় কমানো এবং গতানুগতিক উৎসের উপর নির্ভরতা কমিয়ে তহবিলের উৎসের বহুমুখী করা যাহা ২০০৮ সালে বিশেষ উন্নতি সাধন করেছে। উক্ত বছরে ব্যক্তিগত এবং প্রাতিষ্ঠানিক মেয়াদী আমানতের যথেষ্ট প্রবৃদ্ধি সাধিত হয়। ২০০৮ সালের ৩১ ডিসেম্বর তারিখে আমাদের মোট মেয়াদী আমানতের পরিমাণ ছিল ২,৬৫১.৩০ মিলিয়ন টাকা যা কোম্পানীর মোট কর্জের ৪৪.২৯%।

সহকারী প্রতিষ্ঠান পরিচালনা:- লংকাবাংলা সিকিউরিটিজ লিঃ আমাদের একটি সম্পূর্ণ মালিকানাধীন সহকারী প্রতিষ্ঠান যাহা দেশের প্রধান ব্রোকার হাউস হিসাবে আত্মপ্রকাশ করেছে। এই কোম্পানীর ব্যবসার পরিমানের দিক বিবেচনায় ডিএসই তে ক্রমান্বয়ে তিন বছর যাবত ১ম স্থান (২০০৬, ২০০৭ ও ২০০৮) এবং সিএসই তে ক্রমান্বয়ে চার বছর যাবত (২০০৫, ২০০৬, ২০০৭ ও ২০০৮) ১ম স্থান দখল করে। কোম্পানীর পরিচালনা আয় ২০০৭ সালের ২০৯.০৯ মিলিয়ন টাকা হতে ৯০.০০% বৃদ্ধি পেয়ে ২০০৮ সালে ৩৯৭.৩০ মিলিয়ন টাকা হয়েছে এবং নীট লাভ ২০০৭ সালের ১২৬.৮২ মিলিয়ন টাকা হতে ১০০.০০% বৃদ্ধি পেয়ে ২০০৮ সালে ২৫২.৮২ মিলিয়ন টাকা হয়েছে। কোম্পানীটি সম্মিলিতভাবে ব্রোকারেজ, সিডিবিএল, তথ্য ও গবেষণা সেবা প্রদান করে থাকে।

শাখা পরিচালনা:- ২০০৮ সালের শেষের দিকে সিলেট শাখার কার্যক্রম শুরু করার মাধ্যমে ধারণা করছি ইহা ঐ অঞ্চলে গ্রাহক ভিত্তি ও ব্যবসা উন্নয়নে স্পষ্ট ভূমিকা রাখবে।

মানবসম্পদ:- আমাদের বিশ্বাস আমরা সঠিক সময়ে, সঠিক স্থানে, সঠিক ব্যক্তি নিয়োগ প্রদান ও সঠিক শ্রেণীর মাধ্যমে একটি ব্যতিক্রম সৃষ্টি করতে সক্ষম। লংকাবাংলায় আমরা প্রয়োজনীয় সংখ্যক মানবসম্পদ আকর্ষণ করতে প্রতিজ্ঞাবদ্ধ, যাদের যোগ্যতা, প্রযুক্তিগত দক্ষতা এবং পেশাগত অভিজ্ঞতা, কোম্পানীর প্রতি একান্ত বিশ্বস্ততা, প্রতিজ্ঞাবদ্ধ, নিষ্ঠা এবং উৎসর্গ করার মানসিকতা আছে। লংকাবাংলা এর কর্মকর্তাদের আকর্ষণীয় সন্মান প্রদান করে থাকে, প্রশিক্ষণের মাধ্যমে তাদের আত্ম উন্নয়ন এবং ভাল কর্ম পরিবেশের নিশ্চয়তা দেয় যাতে তারা সাম্প্রতিক প্রতিদ্বন্দ্বিতা ও চাহিদার সম্মুখীন হতে পারে। আমরা বয়স, লিঙ্গ, শারীরিক সক্ষমতা, ধর্ম, বর্ণ, গোত্র ও অন্যান্য বিষয় বিবেচনা না করে সম অধিকারে বিশ্বাস করি। ২০০৮ সালে কোম্পানীর প্রবৃদ্ধির লক্ষ্য অর্জনে সহায়তার জন্য ২৩ জনকে নতুন নিয়োগ দেয়া হয়েছে এবং দেশে ও বিদেশে মোট ৮টি প্রশিক্ষণ কর্মসূচীতে আমাদের কর্মকর্তারা তাদের মান উন্নয়নের জন্য অংশগ্রহণ করেছেন।

স্বাস্থ্য ও নিরাপত্তা নিশ্চিত করার লক্ষ্যে কোম্পানী কর্মকর্তাদের চিকিৎসার জন্য হসপিটাল বীমা পলিসি প্রদান করে থাকে এবং কোম্পানীর স্থায়ী কর্মকর্তাদের অনিশ্চিত দুর্ঘটনাজনিত ক্ষতি ও মৃত্যুর জন্য জীবন বীমা পলিসি প্রকল্প গ্রহণ করেছে।

তথ্যপ্রযুক্তি:- আমরা বিশ্বাস করি যে, তথ্য ও যোগাযোগ প্রযুক্তি সাফল্যের অন্যতম প্রধান চাবিকাঠি এবং লংকাবাংলার আইসিটি বিভাগে উচ্চতর অভিজ্ঞতা ও দক্ষতাসম্পন্ন পেশাদারগণ নিয়োজিত আছে। আমরা আইসিটির প্রতিনিয়ত আধুনিকায়নে বিশেষ গুরুত্ব দিয়ে থাকি। বর্তমানে লংকাবাংলায় সর্বাধুনিক ক্রেডিট কার্ড সফটওয়্যার আছে, যেটা কার্ড প্রসেসিং এ সম্পূর্ণ সুবিধা প্রদানে সক্ষম। আমাদের একটি মার্চেন্ট ব্যাংকিং সফটওয়্যার আছে যাহা নির্বিঘ্নে মার্চেন্ট ব্যাংকিং ব্যবসা ও আর্থিক প্রক্রিয়ার তত্ত্বাবধান করছে। সমন্বিত লীজ ও হিসাববিজ্ঞান সফটওয়্যারও আছে। আমরা আমাদের ফ্যাকটরিং পরিচালনার জন্য অত্যাধুনিক ও কর্মানুকূল সফটওয়্যার ক্রয় করেছি। কোম্পানীর গৃহ ঋণের ব্যবসা প্রক্রিয়া সময়ক্রিয় করার জন্যও একটি সফটওয়্যার ক্রয় প্রক্রিয়াধীন। ২০০৯ সালে আমাদের লক্ষ্য হবে আইসিটির পেশাগত উন্নয়নের পাশাপাশি কেন্দ্রীয় নেটওয়ার্কিং এবং সমন্বিত পরিচালনা ব্যবস্থা ও সফটওয়্যার ও ডাটাবেজের নিরাপত্তা নিশ্চিত করা।

আর্থিক ফলাফল, প্রস্তাবিত লভ্যাংশ ও মুনাফার উপয়োজন

কোম্পানী ২০০৮ সালে ২৩৫.২৫ মিলিয়ন টাকা করপূর্ববর্তী মুনাফা করেছে, যা ২০০৭ এর ১৮৯.০৫ মিলিয়ন টাকা হতে ২৪.৪৩% বেশী, অন্যদিকে করপূর্ববর্তী মুনাফা ২০০৭ এর ১১৪.৩৯ মিলিয়ন টাকা হতে ৪৫.৩৮% বৃদ্ধি পেয়ে ২০০৮ এ ১৬৬.৩০ মিলিয়ন টাকা হয়েছে।

২০০৮ সাল হচ্ছে প্রবৃদ্ধি ও সাফল্যের বছর। আর্থিক বাজার পরিবেশ, বর্তমানে কোম্পানীর আর্থিক দৃঢ়তা, ভবিষ্যত বিনিয়োগ ইত্যাদি সমষ্টিগত বিবেচনা করে পরিচালনা পর্ষদ ২০০৮ সালের জন্য ৩০% লভ্যাংশ (১৫% নগদ এবং ১৫% বোনাস লভ্যাংশ) প্রস্তাব করেছে।

পরিচালকগণ আনন্দের সহিত ২০০৮ এর আর্থিক ফলাফলের নিম্নরূপ প্রতিবেদন এবং উপযোজন প্রস্তাব করেন:

উপযোজন □	পরিমাণ (টাকা)
২০০৮ সালের আয়কর পরবর্তী প্রকৃত মুনাফা□	১৬৬,৩০০,৩৫০
অবক্ষিত মুনাফা জেরকৃত□	১০,১৮১,৯০২
উপযোজনযোগ্য মুনাফা□	১৭৬,৪৮২,২৫২
বাদ - সংবিধিবদ্ধ সঞ্চিতি□	(৩৩,২৬০,০৭০)
বাদ - লংকাবাংলা ফাউন্ডেশন এ স্থানান্তরিত (নীট লাভের ১%)□	(১,৬৬৩,০০৪)
লভ্যাংশ ঘোষনার জন্য অবক্ষিত মুনাফা□	১৪১,৫৫৯,১৭৮
প্রস্তাবিত লভ্যাংশ□	
নগদ লভ্যাংশ ১৫% হারে□	(৫৭,৭৫০,০০০)
বোনাস লভ্যাংশ ১৫% হারে (অর্থ্যাৎ প্রতি ১০০টি শেয়ারের জন্য ১৫টি শেয়ার)□	(৫৭,৭৫০,০০০)
অবক্ষিত মুনাফা জেরকৃত□	২৬,০৫৯,১৭৮

প্রধান পরিচালন ও আর্থিক উপাত্ত

সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন কর্তৃক জারীকৃত নোটিফিকেশান নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/প্রশাসন /০২-০৮, তারিখ: ২০ ফেব্রুয়ারী, ২০০৬, অনুযায়ী বিগত পাঁচ বছরের প্রধান পরিচালন ও আর্থিক উপাত্তসমূহ ৩৭-৩৯ পৃষ্ঠায় প্রদত্ত হল।

অবক্ষিত মুনাফা ব্যবহারের পরিকল্পনা

নিয়মিত ব্যবসা কার্যক্রম পরিচালনার জন্য প্রতি বৎসর কোম্পানীর তহবিলের প্রয়োজন হয়। নতুন বিনিয়োগের জন্য তহবিলের যোগান এবং ভবিষ্যত সম্ভাব্য খরচের জন্য তহবিলের যোগানের উদ্দেশ্যে অবিলম্বিত লাভ থেকে প্রাপ্ত তহবিল ব্যবহার করা হবে, যা কোম্পানী আইন ১৯৯৪ এর তফসিল ১ এর রেগুলেশন ১০০ এর আওতায় ক্ষমতা প্রদান করা হয়েছে। অধিকন্তু অব্যবহৃত তহবিলের মাধ্যমে একটি যুক্তিসংগত ডেট-ইকুইটি অনুপাত নিয়ন্ত্রণ করা হবে যাতে কোম্পানীর ঋণ গ্রহণের ক্ষমতা বৃদ্ধি পাবে।

জাতীয় রাজস্ব খাতে অবদান

সরকারের রাজস্ব বৃদ্ধি এবং এর মাধ্যমে দেশের অর্থনৈতিক উন্নয়নের জন্য লংকাবাংলা ফাইন্যান্স লিমিটেড নিয়মিত জাতীয় রাজস্ব খাতে কর জমা প্রদান করে বিভিন্ন উৎসে আয়কর ও ভ্যাট কর্তনের মাধ্যমে এবং কোম্পানীর আয়ের উপর আয়কর জমা প্রদান করে।

দৃষ্টিভঙ্গি

জাতীয় অর্থনীতির কার্য দক্ষতা পর্যায়ক্রমে বৃদ্ধি পাচ্ছে, যা ২০০৯ সালে বিদ্যমান থাকবে, যদিও উচ্চতর আভ্যন্তরীণ মূল্যসূচক, অধিকতর আমদানী ব্যয়, স্থিরগতির রপ্তানী আয়ের কারণে অর্থনীতির উপর চাপ ক্রমশঃ বৃদ্ধি পাচ্ছে। যেহেতু আর্থিক প্রতিষ্ঠান সমূহ বাণিজ্যিক ব্যাংক কর্তৃক লীজ ব্যবসা শুরু করার কারণে প্রচলিত প্রতিযোগিতার সম্মুখীন হচ্ছে, সেহেতু আপনাদের কোম্পানী পুঁজি বাজার ব্যবসা কার্যক্রম, বিনিয়োগ ব্যাংকিং ও কর্পোরেট অর্থায়নের উপর অধিক গুরুত্ব আরোপের মাধ্যমে এর বিনিয়োগের পদ্ধতি বহুমুখীকরণ ও সম্প্রসারণ করবে।

এটি বিবেচনায় রেখে আপনাদের কোম্পানী বিভিন্ন বিভাগ কর্তৃক ধার্যকৃত লক্ষ্যমাত্রা এবং বাণিজ্যিক উদ্দেশ্য হাসিলের জন্য ইতিমধ্যে যথাযথ প্রতিযোগিতামূলক কৌশল গ্রহণ করেছে। নতুন উদ্ভাবিত এবং অপ্রতিরোধ্য বিরামহীন বাজার কার্যক্রম চালানোর মাধ্যমে আমাদের পোর্টফোলিওতে মানসম্পন্ন সম্পদ আকর্ষণ এবং বর্তমান পোর্টফোলিওর মান উন্নয়ন করা হবে।

স্বীকৃতি

আমাদের অক্লান্ত প্রচেষ্টার পুরস্কার হিসেবে নন-ব্যাংকিং ফাইন্যান্সিয়াল সেক্টরে ২০০৭ সনের উৎকৃষ্ট বার্ষিক রিপোর্ট প্রকাশের জন্য এবং বার্ষিক নিরীক্ষা হিসাবের জন্য বাংলাদেশ চার্টার্ড একাউন্টেন্টস প্রতিষ্ঠান (আইসিএবি) কর্তৃক আমাদেরকে তৃতীয় পুরস্কার প্রদান করা হইয়াছে।

আপনারা জেনে খুশি হবেন যে, আমাদের সাবসিডিয়ারি কোম্পানী লংকাবাংলা সিকিউরিটিজ লিমিটেড অসাধারণ কার্য সম্পাদনের জন্য ২০০৫, ২০০৬, ২০০৭ ও ২০০৮ সালের টার্গেটভারের ক্ষেত্রে চট্টগ্রাম স্টক এক্সচেঞ্জ লিমিটেড (সিএসই) কর্তৃক প্রথম হওয়ার সনদপ্রাপ্ত হয়েছে এবং ২০০৬, ২০০৭ ও ২০০৮ সালের জন্য ঢাকা স্টক এক্সচেঞ্জ লিমিটেড এ (ডিএসই) প্রথমস্থান অধিকার করেছে।

শেয়ারহোল্ডিং এর ধরন

এসইসি'র প্রজ্ঞাপন নং এসইসি/ সিএমআরআরসিডি/ ২০০৬-১৫৮/ প্রশাসন ০২-০৮, তারিখ ২০০৬ এর ২০ ফেব্রুয়ারী, ধারা-২ (কে) অনুযায়ী শেয়ার হোল্ডিং এর ধরণ ১৪ পৃষ্ঠায় দেখানো হয়েছে।

পরিচালকদের নির্বাচন

কোম্পানীর সংবিধির ৯৮ নং বিধি অনুযায়ী জনাব আই ডব্লিউ সেনানায়ক, জনাব জি এল এইচ প্রেমারদে, জনাব মাহবুবুল আনাম এবং মিসেস জেসমিন সুলতানা অবসর গ্রহণ করবেন। যোগ্য হওয়ায় তাদেরকে পুনঃনির্বাচনের জন্য সুপারিশ করা হয়।

পর্ষদ সভা ও উপস্থিতি

২০০৮ সনে পরিচালনা পর্ষদের চারটি সভা অনুষ্ঠিত হয়। পরিচালকদের উপস্থিতি ৫৬ পৃষ্ঠায় দেখানো হয়েছে।

নিরীক্ষক

কোম্পানীর ১১তম বার্ষিক সাধারণ সভায় মেসার্স আকনাবিন, চার্টার্ড একাউন্টেন্টস্কে ১২তম সাধারণ সভার সময় পর্যন্ত বহিঃনিরীক্ষক হিসাবে নিয়োগ প্রদান করা হয়। মেসার্স আকনাবিন, চার্টার্ড একাউন্টেন্টস্ সন্তোষজনকভাবে ২০০৮ সালের অডিট সম্পন্ন করেছে।

বাংলাদেশ ব্যাংকের এফআইডি সার্কুলার নং ০৩, তারিখঃ ০২ মার্চ, ১৯৯৯ অনুযায়ী একই বহিঃনিরীক্ষক ফার্মকে ত্রমাসে তিন বছরের বেশী সময়ের জন্য নিয়োগ প্রদান করা যাবে না। মেসার্স আকনাবিন, চার্টার্ড একাউন্টেন্টস্ এর তিন বছর মেয়াদ ১২তম বার্ষিক সাধারণ সভায় উত্তীর্ণ হবে। সুতরাং তারা পুনঃনিয়োগের জন্য উপযুক্ত নয়। মেসার্স এস এফ আহমেদ এন্ড কোং, চার্টার্ড একাউন্টেন্টস্ (বাংলাদেশে ১৯৭৫ সাল হতে ERNEST & YOUNG Global এর প্রতিনিধি) সংবিধিবদ্ধ নিরীক্ষক হিসাবে কোম্পানীর ২০০৯ সালের জন্য ১৩তম বার্ষিক সাধারণ সভা সময় পর্যন্ত কাজ করার আশ্রয় প্রকাশ করেছে।

কর্পোরেট গভর্নেন্স পরিপালন - এর উপর প্রতিবেদন

সিকিউরিটিজ এ্যান্ড এক্সচেঞ্জ কমিশনের নোটিফিকেশন নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/প্রশাসন/০২-০৮, তারিখঃ ২০ ফেব্রুয়ারী, ২০০৬, এর ৫ নং ধারার আলোকে কোম্পানীর পরিপালনের অবস্থা ৫৭ পৃষ্ঠায় প্রদর্শন করা হল।

অতিরিক্ত সংযোজনা

আর্থিক বিবরণ যা ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক তৈরি করা হয়েছে তাতে পরিষ্কারভাবে কোম্পানীর সার্বিক অবস্থা, এর পরিচালনার ফলাফল, নগদান প্রবাহ এবং ইকুইটির পরিবর্তন উপস্থাপিত হয়েছে।

কোম্পানীর হিসাবের খাতাপত্র যথাযথভাবে সংস্করণ করা হয়েছে।

আর্থিক বিবরণী তৈরিতে যথাযথ হিসাবের নীতি ধারাবাহিকভাবে প্রয়োগ করা হয়েছে এবং হিসাবের প্রাক্কলন যুক্তিসংগত ও সঠিক বিচারের উপর ভিত্তি করে তৈরি করা হয়েছে।

আন্তর্জাতিক হিসাবের মান, যা বাংলাদেশে প্রযোজ্য তা আর্থিক বিবরণী তৈরিতে প্রয়োগ করা হয়েছে।

আন্তর্জাতিক নিয়ন্ত্রণ ব্যবস্থা সঠিক ও সহজভাবে সাজানো এবং তা কার্যকরভাবে বাস্তবায়ন ও তত্ত্বাবধায়ন করা হয়েছে।

কোম্পানীর চলমান প্রতিষ্ঠান হিসাবে চলার বিষয়ে কোন উল্লেখযোগ্য সন্দেহ নেই।

কৃতজ্ঞতা স্বীকার

২০০৬ সাল হতে, লংকাবাংলা ফাইন্যান্স লিমিটেড এর প্রতিযোগীদের পিছনে ফেলে দ্রুত এবং ত্রমাসে প্রবৃদ্ধি অর্জন করেছে। এই সাফল্যে সফল হওয়ার অন্যতম কারণ হচ্ছে আমাদের দৃঢ় কর্ন নৈতিকতা যাহা সর্বক্ষেত্রে কর্নক্ষমতা বৃদ্ধি করেছে। পরিচালনা পর্ষদের পক্ষ হতে, আমার অত্যন্ত আন্তরিক কৃতজ্ঞতা কোম্পানীর ব্যবস্থাপনা ও এর সকল কর্নকর্তা ও কর্নচারীদের প্রতি যারা আমাদের ব্যবস্থাপনা পরিচালকের নেতৃত্বে পরিচালিত। আমি ধন্যবাদ জানাচ্ছি তাদের কর্নোন্নয়ন, আনায়িক সেবা ও উৎসর্গের জন্যও।

আমি পরিচালনা পর্ষদকে আন্তরিকভাবে ধন্যবাদ জানাচ্ছি, বিভিন্ন আন্তর্জাতিক ও বহিঃ প্রতিকূল অবস্থায় তাদের সর্বাঙ্গিক সহযোগিতার জন্য এবং ২০০৮ সালকে আরও একটি সাফল্যের বছরে পরিণত করার জন্য।

পরিশেষে, পরিচালনা পর্ষদ (যার উপর সম্মানিত শেয়ারহোল্ডারগণের আস্থা রয়েছে) সম্মানিত শেয়ারহোল্ডারগণকে ধন্যবাদ জানাচ্ছেন এবং তাদেরকে নিশ্চয়তা দিচ্ছেন যে, লংকাবাংলার ভিত্তি আরও শক্তিশালীকরণ এবং উন্নয়নের মাধ্যমে তাদের বিত্ত-বৈভব বাড়ানোর প্রক্রিয়া অব্যাহত রাখবেন। আসুন আমরা একই ধারনায় উন্মুক্ত এবং সং অংশীদারীত্বে একসাথে কাজ করি। পরিচালনা পর্ষদের পক্ষ থেকে আমি প্রতিশ্রুতি দিচ্ছি যে, আমি আপনাদের সকল সমালোচনা অত্যন্ত মনোযোগের সাথে শুনব এবং পরবর্তীতে কোম্পানীর বৃহত্তর স্বার্থে আন্তরিকতার সহিত সুস্পষ্ট সিদ্ধান্ত নিতে বিবেচনা করব।

পরিচালনা পর্ষদের পক্ষে:-



মোহাম্মদ এ. মঈন
চেয়ারম্যান।

Status of Compliance of Corporate Governance

Status of Compliance with the Conditions imposed by the Commission, Pursuant to the Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006 issued under Section 2CC of the Securities Exchange Ordinance, 1969, detailed in Annexure I, II & III below :

Annexure I

Compliance of Section 1.4(j)

Board of Directors meeting held during 2008 and attendance by each director:

Composition of the Board	Meeting held	Attended
Mr. Mohemmad A. Moyeen	04	04
Mr. Edgar Gunatunge*	04	02
Mr. Anil Suneetha Amarasuriya*	04	01
Mr. I.W. Senanayake*	04	01
Mr. G.L.H. Premaratne*	04	-
Mr. Hesham Al-Warraq	04	01
Mr. Farman R. Chowdhury	04	04
Mr. Mirza Ejaz Ahmed	04	04
Mrs. Aneesha Mahial Kundanmal	04	01
Mr. Tahsinul Huque	04	04
Mr. Mahbulul Alam	04	04
Mrs. Jasmine Sultana	04	04

Note: Directors who could not attend meetings were granted leave of absence by the Board.

* Mr. Edgar Gunatunge & Mr. Anil Suneetha Amarasuriya, nominee directors of Sampath Bank Limited were replaced by Mr. I.W. Senanayake & Mr. G.L.H. Premaratne with effect from November 27, 2008

Annexure II

Compliance of Section 1.4(k)

The pattern of Shareholding

a) Parent/Subsidiary/Associated companies and other related party :

Name	Relation	Shares Held
Sampath Bank Limited, Sri Lanka	Related Party	8,000,000

b) Directors, Chief Executive Officer/Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children : NIL

Name	Shares Held
Director	
Mr. I.W. Senanayake	8,800,000
Mr. G.L.H. Premaratne	4,400,000
Mr. Hesham Al-Warraq	4,000,000
Mr. Farman R. Chowdhury	1,100,000
Mr. Mirza Ejaz Ahmed	3,005,363
Mrs. Aneesha Mahial Kundanmal	1,500,000
Mr. Tahsinul Huque	1,497,318
Mr. Mohemmad A. Moyeen	1,497,319
Mr. Mahbulul Alam	500,000
Mrs. Jasmine Sultana	
Mr. Mafizuddin Sarker	None
Mr. Mostafa Kamal FCA	None
Mr. Quamrul Islam	None
Mr. Mohammed Kamrul Hasan FCA	None

c) Executives (Top five salaried employees of the company, other than Directors, CEO, CFO and Head of Internal Audit

Designation	Name	Shares Held
Sr Executive Vice President	A. Malek Shamsher	None
Vice President	Mr. Khurshed Alam	None
Vice President	Mr. Rashedul Haque	None
Asst. Vice President	Mr. AKM Rezaul Karim	None
Asst. Vice President	Mr. Anisur Rahman	None

d) Shareholding ten percent (10%) or more voting interest in the company:

<u>Name of Shareholder</u>	<u>Percentage</u>	<u>Shares Held (nos.)</u>
Sampath Bank Limited, Sri Lanka	22.86%	8,800,000
First Gulf Asia Holding Limited	11.43%	4,400,000
ONE Bank Limited	10.39%	4,000,000

Annexure III

SEC has issued a notification applicable for all listed companies in order to develop the Corporate Governance in the interest of the Investors and Capital market, imposed certain conditions on "Comply or Explain" basis.

Condition No.	Title	Compliance Status		Explanation for non-compliance with the condition
		Complied	Not-Complied	
1.1	Board's size	✓		
1.2 (i)	Independent Director	✓		
1.2 (ii)	Independent Directors' Appointment	✓		
1.3	Chairman of the Board & Chief Executive Officer	✓		
1.4	The Directors' Report to the Shareholders	✓		
1.4 (a)	Report of Fairness of state of affairs, the results of operations, cash flows and changes in equity	✓		
1.4 (b)	Maintenance of Proper Books of Accounts	✓		
1.4 (c)	Consistency in application of appropriate accounting policies in preparation of Financial Statements	✓		
1.4 (d)	IASs as applicable in Bangladesh, followed in FS preparation and any departure adequately disclosed	✓		
1.4 (e)	Soundness of Internal Control system and effectively implemented and monitored	✓		
1.4 (f)	No significant doubts upon its ability to continue as a going concern	✓		
1.4 (g)	Significant deviations from last year in Operating Results	—		No deviation
1.4 (h)	Key Operation and Financial data in last three preceding years	✓		Available in Annual report
1.4 (i)	If the Company not Declared Dividend	—		Company declared dividend
1.4 (j)	Number of Board Meeting held during the year and attendance by each director	✓		Available in Annual report
1.4 (k)	Pattern of Shareholdings	✓		Available in Annual report
2.1	Appointment of: a) Chief Financial Officer (CFO) b) Head of Internal Audit c) Company Secretary	✓ ✓ ✓		

Condition No.	Title	Compliance Status		Explanation for non-compliance with the condition
		Complied	Not-Complied	
2.2	Requirement to attend Board meeting :- a) Chief Financial Officer (CFO) b) Company Secretary	✓		
3.00	Audit Committee	✓		
3.1 (i)	Composition of Audit Committee	✓		
3.1 (ii)	Appointment of Audit Committee members & inclusion of Independent Directors	✓		
3.1 (iii)	Fill the Casual Vacancy in Audit Committee	✓		No such incidence
3.2	Chairman of the Audit Committee			
3.2 (i)	Selection of Chairman	✓		
3.2 (ii)	Qualification of the Chairman	✓		
3.3	Reporting of the Audit Committee	✓		
3.3.1 (i)	Reporting its activities to the Board of Directors	✓		
3.3.1 (ii)	Report to the Board by the Audit Committee on:			No such incidence
3.3.1 (ii) (a)	<ul style="list-style-type: none"> ● Conflicts of Interest 			
3.3.1 (ii) (b)	<ul style="list-style-type: none"> ● Suspected or presumed fraud or irregularity or material defect in the Internal control System 			
3.3.1 (ii) (c)	<ul style="list-style-type: none"> ● Suspected Infringements of Laws including securities-related laws, rules and regulations 			
3.3.1 (ii) (d)	<ul style="list-style-type: none"> ● Any other matter 			
3.3.2	Reporting to the Authorities			No such incidence
3.4	Reporting to the Shareholders and General Investors	✓		
4.00	External/Statutory Auditors	✓		
4.00 (i)	Appraisal of Valuation Services or Fairness Opinions	✓		
4.00 (ii)	Financial Information System design & Implementation	✓		
4.00 (iii)	Book Keeping or Other Service related to Financial Statements	✓		
4.00 (iv)	Broker-dealer Service	✓		
4.00 (v)	Actuarial Service	✓		
4.00 (v)	Internal Audit Services	✓		
4.00 (v)	Any Other Services that Audit Committee determines	✓		

Report on the Activities of Audit Committee of the Board as per Securities and Exchange Commission Notification

Composition of the Committee

In accordance with the currently accepted Best Practice and Corporate Governance Guidelines of SEC, the Board appointed Audit Committee comprised of three non-executive directors and one independent director. The Chairman of the Committee is an former Banker with a wealth of experience in Audit, Accounting and Financial reporting in Banking and non-Banking sector. The Committee is responsible to and reports to the Board of Directors and is assisted by the Managing Director who attends committee meetings by invitation. The Company's Internal Auditor functions as the Secretary of the Committee.

Role of the Committee

Terms of Reference of the Audit Committee which clearly defines the roles and responsibility of the Audit Committee is periodically reviewed with the concurrence of the Board of Directors. This process ensures that new developments and concerns are adequately addressed:

The main objective of the Audit Committee is to assist the Board of Directors to effectively carry on its responsibilities relating to financial and other connected affairs of the Company. The Committee is empowered to:

- Examine any matter relating to the financial and other connected to the company
- Review all internal and external Audit and inspection programs of Bangladesh Bank
- Review Internal and External Audit reports and follow up on recommendations
- Review the efficiency of Internal Control systems and procedures, in place
- Review the Quality of Accounting Policies to Statutory and Regulatory Compliance
- Ensure that a well managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, Regulatory Authorities, Management and all other stakeholders
- Ensure Company's policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders

Meetings

The Committee held on four meetings during the year under review. Managing Director/CEO attended the meetings by invitation. Members of the senior management of the company were invited to participate at meetings as and when required. The Proceedings of the Audit Committee meetings are regularly reported to the Board of Directors.

Activities

The Committee carried out the following activities:

Financial Reporting

The Committees reviewed the financial reporting system in place to ensure reliability of the information provided to the stakeholders and strict adherence and compliance to the accounting policies and requirement of Bangladesh Accounting Standards (BAS). Having assessed the internal financial controls, the committee is of the view that reasonable assurance that the company's assets are safeguard and that the financial position of the NBFIs is well decorated.

Regulatory Compliance

The Company's procedures in place to ensure Compliance with Mandatory Bangladesh Bank's instructions and statutory requirements were under close scrutiny. The Committee monitors the due compliance with all requirements through the quarterly statements on compliance status submitted by the Internal Audit Department.

Managing Risks

The Committee reviewed the effectiveness of the procedures established for identifying, assessing and managing risks. The Head of Credit Risk Management was invited to make presentations on Risk Management measures adopted in their areas of responsibility. Risk rating guidelines with an appropriate Risk Grading Matrix has been formulated for identifying and assessing the operational risks. NBF's adherence to Risk Management measures approved by the Board is reviewed annually.

Internal Audit

The Internal Audit team of the company carrying out the regular Internal Audit of all departments, divisions and branches. The Committee regularly reviewed the internal audit and inspection functions. The Quarterly Internal Audit report was forwarded to the Audit Committee members and in the meeting details discussion have been taken place on the examinations and findings and recommendations of the Internal Audit.

External Audit

The Head of Internal Audit met with the external auditors prior to commencement and at the conclusion of the Annual Audit to discuss the audit scope, approach and methodology to be adopted and the findings of the audit. Managing Director had separate meeting with auditors to ensure they had no cause to compromise on their independence.

Internal Controls

The Committee regularly examined major decisions taken by the "Management Committee", "Credit Risk Management Committee", "Merchant Banking Committee", "Assets and Liabilities Committee", "HR Committee", all exceptional items charged to the Income Statement, Credit Quality and adherence to bad debts classification and provisioning policies. Credit monitoring procedures were reviewed and strengthened. The efficacies of the internal control procedures in place for selected processes were carefully evaluated.

Good Governance

Highest standards in Corporate Good Governance and strict adherence to the requirements of NBF's Code of Ethics are ensured through close monitoring. Through the Code of Ethics all levels of staff have been educated and encouraged to resort to whistle blowing, when they suspect wrong doings by other employees



Mirza Ejaz Ahmed
Chairman
Audit Committee



Audited Financial Statements

Auditors' Report

To the Shareholders of LankaBangla Finance Limited

We have audited the accompanying Balance Sheet of LankaBangla Finance Limited as of 31 December 2008 and the related Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity and Notes to the Financial Statements for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

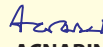
We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, which have been prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the company's affairs as of 31 December 2008 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, the Financial Institutions Act, 1993, the Securities and Exchange Rules, 1987, the rules and regulations issued by Bangladesh Bank and other applicable laws and regulations as well as practice followed by Non Banking Financial Institutions.

We also report that:

- a) 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 and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account maintained by the company and examined by us;
- d) the financial statements have been drawn up in conformity with the rules and regulations issued by Bangladesh Bank to the extent applicable to the company;
- e) adequate provisions have been made for leases and advances which are in our opinion, doubtful of recovery;
- f) the company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets;
- g) the information and explanations required by us have been received and found satisfactory;
- h) the expenditures incurred for the year under audit were for the purpose of the company's business.

Dhaka
March 12, 2009


ACNABIN
Chartered Accountants


Balance Sheet as at December 31, 2008

	Notes	31.12.2008 Taka	31.12.2007 Taka
I. SOURCES OF FUNDS			
1. Shareholders' Fund			
a) Share capital	3	385,000,000	350,000,000
b) Reserve & surplus	4	98,109,543	47,309,193
c) Proposed dividend		115,500,000	87,500,000
Shareholders' Equity		598,609,543	484,809,193
2. Long-term Loan - net of Current Maturity			
Long term loans	5	1,438,808,739	1,193,799,312
3. Long-term liability - net of Current Maturity		676,360,226	475,083,355
a) Lease & term loan rental advances	6	78,872,351	63,430,611
b) Liability under finance lease	7	-	566,770
c) Term deposits	8	597,487,875	411,085,974
4. Deferred liability-employee gratuity	9	8,019,533	6,360,815
5. Deferred tax liability/(asset)	10	(2,560,176)	(1,513,626)
6. Interest suspense account	11	69,406,000	25,694,531
		2,788,643,865	2,184,233,580
APPLICATION OF FUND			
1. Fixed assets			
a) At cost	12	35,994,107	32,551,464
b) Less: Accumulated depreciation		120,554,073	104,809,413
		84,559,966	72,257,949
2. Lease portfolio		1,159,117,783	1,164,516,158
Net investment in leases-net of current maturity	13	983,666,302	1,080,714,585
Advance against leases	14	175,451,481	83,801,573
3. Term finance-net of current maturity	15	1,226,725,382	714,532,179
4. Mortgage loan	16	125,183,381	-
5. Investment	17(a)	180,496,440	111,497,790
6. Provision for doubtful accounts and future losses	18	(191,752,272)	(93,419,875)
7. Current assets		4,532,549,525	3,184,381,879
a) Margin loan against share trading	19	1,548,377,647	797,165,016
b) Short term finance		272,613,627	405,104,770
c) Investment in marketable securities	17(b)	226,039,314	200,422,107
d) Trade receivables and advances	20	651,791,954	335,808,262
e) Prepayments & other receivables	21	145,175,107	286,387,656
f) Current maturity of lease & term finance	22	1,241,563,764	823,811,617
h) Cash and cash equivalent	23	446,988,111	335,682,451
8. Less: Current liabilities & provisions		4,279,670,481	2,929,826,015
a) Current maturity of long term borrowings, deposits & advances	24	2,829,262,646	1,914,022,170
b) Short term borrowings	25	946,876,940	698,427,194
c) Payables and accrued expenses	26	349,631,704	236,762,482
d) Unpaid Dividend		3,899,191	614,169
e) Provision for taxation	27	150,000,000	80,000,000
9. Net current assets (7-8)		252,879,044	254,555,864
		2,788,643,865	2,184,233,580

The annexed notes form an integral part of the Balance Sheet.


Chairman

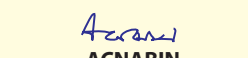

Director


Managing Director


Company Secretary

This is the Balance Sheet referred to in our report of even date.

Dhaka
March 12, 2009


ACNABIN
Chartered Accountants

Profit & Loss Account for the year ended December 31, 2008

	Notes	2008 Taka	2007 Taka
Operating Revenue			
Fund based activities		651,599,409	462,476,371
Interest income from leases	28	250,775,153	220,137,271
Interest during the construction period		30,723,272	29,480,076
Interest income from term finance	29	214,292,320	109,141,760
Income from credit card	30	82,887,052	61,604,426
Interest income from short term lending		66,080,763	42,046,451
Interest income from mortgage Loan		4,215,349	-
Interest income from factoring		2,625,500	66,387
Fee based activities		148,810,938	111,921,802
Merchant commission of credit card	31	3,771,356	3,236,365
Membership fees of credit card	32	7,715,700	7,057,800
Income from co-branding of credit card		-	1,868,556
Corporate finance fees		350,000	-
Gain on sale of shares	33	71,068,732	56,740,712
Other operational income lease/loan	34	65,905,150	43,018,369
Total Operating Revenue		800,410,347	574,398,173
Less: Operating Expenses		697,019,303	459,184,709
General and administrative expenses	35	69,127,492	70,490,264
Depreciation/amortization on own and leased asset	36	14,382,937	12,610,789
Financial expenses	37	522,408,130	325,144,694
Provision for doubtful accounts and future losses	38	91,100,744	48,360,328
Sampath Bank management & consultancy fee	39	-	2,578,634
Operating Profit for the year		103,391,044	115,213,464
Profit/(loss) on Merchant banking operation (as per separate profit and loss account enclosed)		131,862,756	73,836,768
Net Profit before Taxation for the year		235,253,800	189,050,232
Less: Provision for income tax/deferred tax expense (income)	40	68,953,450	74,663,771
Provision for income tax		70,000,000	75,000,000
Deferred tax expense/(income)		(1,046,550)	(336,229)
Net Profit after Taxation for the year		166,300,350	114,386,461
Earning Per Share (EPS)	41	4.32	2.97

The annexed notes form an integral part of the Profit & Loss Account.


Chairman

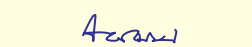

Director


Managing Director


Company Secretary

This is the Profit and Loss Account referred to in our report of even date.

Dhaka
March 12, 2009


ACNABIN
Chartered Accountants

Merchant Banking Operation

Profit & Loss Account for the year ended December 31, 2008

	<u>Notes</u>	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Operating revenue		370,447,453	178,547,500
Underwriting commission		123,847	390,750
Interest income from margin trading	42	241,341,616	121,825,882
Portfolio management income (IPA)		128,981,990	56,330,868
Less: Operating Expenses		238,584,697	104,710,732
General and administrative expenses	35	28,130,605	4,578,392
Depreciation/amortization on own and leased asset	36	2,059,777	466,785
Financial expenses	37	201,141,189	93,615,989
Provision for doubtful accounts and future losses	38	7,253,126	5,047,874
Sampath Bank management & consultancy fee	39	-	1,001,692
Profit/(Loss) transferred to combined profit and loss account		131,862,756	73,836,768

The annexed notes form an integral part of the Profit & Loss Account (Merchant Banking Wing)


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 12, 2009

Cash Flow Statement for the year ended December 31, 2008

	2008 Taka	2007 Taka
a. Cash Flows from Operating Activities:		
Receipt from operational revenues	969,488,911	734,766,579
Interest payments	(658,064,654)	(320,175,755)
Cash payment to employees and suppliers	(71,085,365)	(45,147,934)
	240,338,892	369,442,890
(Increase)/decrease in operating assets:		
Payment against lease assets	(763,028,712)	(908,344,893)
Short term lending	132,491,143	(293,825,867)
Term Finance	(913,428,938)	(668,280,043)
Credit card receivables	377,515,005	315,383,811
Mortgage loan	(157,173,945)	-
Investment in shares	(25,617,207)	(186,353,847)
Margin loan to portfolio investor	(750,312,631)	(556,463,854)
Accounts receivable and advances	176,266,548	(33,797,369)
Increase/ (decrease) in operating liabilities:		
Receipt of lease rental in advance & term deposits	24,031,892	25,565,782
Accounts payables	240,276,193	(49,516,784)
	(1,658,980,652)	(2,355,633,064)
Net cash used in operating activities	(1,418,641,760)	(1,986,190,174)
b. Cash flows from investing activities:		
Purchase of fixed assets	(21,083,160)	(6,759,685)
Investment in subsidiary-LankaBangla Asset Management Co. Ltd.	(24,999,500)	-
Sale of fixed assets	802,088	-
Net cash used in investing activities	(45,280,572)	(6,759,685)
c. Cash flows from financing activities:		
Draw down of long term loans	1,144,010,000	1,240,000,000
Repayment of term loans	(636,008,771)	(384,077,176)
Term deposits	819,910,141	1,056,769,516
Net draw down of short term loan	248,449,746	193,326,429
Payment of finance lease liabilities	(1,265,454)	(2,920,067)
Net cash flow from financing activities	1,575,095,662	2,103,098,702
d. Effect of exchange rate changes on cash & cash equivalents	132,330	32,881
Net Cash and Cash Equivalent Surplus for the year (a+b+c+d)	111,305,660	110,181,724
Cash and cash equivalent at beginning of the year	335,682,451	225,500,727
Cash and Cash Equivalent at end of the year	446,988,111	335,682,451


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 12, 2009

Statement of changes in Shareholders' Equity

for the year ended December 31, 2008

Figures are in Taka

Particulars	Share Capital	Statutory Reserve	LankaBangla Foundation	Proposed Dividend	Retained Earnings	Total
Balance as at January 01,2008	350,000,000	37,127,291	-	87,500,000	10,181,902	484,809,193
Items involved in changes in Equity						
Net profit for the year	-	-	-	-	166,300,350	166,300,350
Appropriation to statutory reserve	-	33,260,070	-	-	(33,260,070)	-
LankaBangla Foundation	-	-	1,663,004	-	(1,663,004)	-
Payment dividend						
Stock dividend (10%)	35,000,000	-	-	(35,000,000)	-	-
Cash dividend (15%)	-	-	-	(52,500,000)	-	(52,500,000)
Proposed dividend						
Stock dividend (15%)	-	-	-	57,750,000	(57,750,000)	-
Cash dividend (15%)	-	-	-	57,750,000	(57,750,000)	-
Balance as at December 31,2008	385,000,000	70,387,361	1,663,004	115,500,000	26,059,178	598,609,543


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 12, 2009

Notes to the Financial Statements for the year ended December 31, 2008

1. Legal Status and Nature of the Company

1.1 Domicile, Legal Form and Country of Operation

LankaBangla Finance Limited (here in after referred to as LankaBangla or the Company), a joint venture non-banking financial institution, was incorporated in Bangladesh on 05 November 1996 as a Public Limited Company under the Companies Act, 1994 and in the name 'Vanik Bangladesh Limited'. It started commercial operation in the year 1997 obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. LankaBangla also obtained license from Securities and Exchange Commission vide No. MB-1.064/98-05 to operate in the Capital Market as Merchant Banker. Subsequently it was renamed as LankaBangla Finance Limited on 27 April 2005. The Company went for public issue in 2006 and its shares are listed in Dhaka Stock Exchange and Chittagong Stock Exchange on 17 October 2006 and 31 October 2006 respectively.

1.2 Subsidiary Companies

The Company has a subsidiary company named "LankaBangla Securities Ltd" (formerly Vanik Bangladesh Securities Limited) with an equity interest of 99.998% (15,299,694 shares of Tk.10 each totaling Tk. 152,996,940) in the subsidiary company. The subsidiary is a private limited company incorporated under the Companies Act, 1994. The principal activity of the subsidiary is to deal with the securities as broker in the capital market having membership no. 132 with Dhaka Stock Exchange and 91 with Chittagong Stock Exchange.

The Company has an other subsidiary company named "LankaBangla Asset management Company Limited" with an equity interest of 99.998% (2,499,950 shares of Tk.100 each totaling Tk. 24,999,500) in the subsidiary company.

1.3 Company's Activities

The activities of the company include services broadly classified as fee based and fund based services:

- Fees based services include credit card membership fees, merchants commission , underwriting of securities, IPOs, Portfolio Management, corporate financial services etc.
- Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, etc.
- LankaBangla also provides brokerage services through its 99.998% owned subsidiary company

2. Significant Accounting Policies

2.1 Basis of Preparation and Presentation of Financial Statements

The financial statements have been prepared and the disclosure have been made in accordance with the requirements of the Financial Institution Act, 1993, The Companies Act, 1994, The securities and Exchange rules, 1987, Guideline from Bangladesh Bank, the Listing Regulation of Dhaka and Chittagong Stock Exchange, Bangladesh Accounting Standards (BASs) and other applicable laws and regulations.

No adjustment has been made for inflationary factors affecting these financial statements since Historical Cost Convention is followed.

2.2 Accounting for Leases

The company, through implementation of BAS 17, has been following the finance lease method for accounting of lease incomes. The aggregate lease receivables including un-guaranteed residual value are recorded as

gross lease receivables while the excess of gross lease receivables over the total acquisition cost and interest during the acquisition period of lease assets, constitutes the unearned lease income. Initial direct cost (if any) in respect of lease are charged in the year in which such cost are incurred.

The unearned lease income is usually amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealized income is suspended, in compliance with the requirements of circular issued by the FID of Bangladesh Bank.

2.3 Accounting for Term Finance

Books of accounts of term finance operation are maintained based on the accrual method of accounting. Outstanding loans, along with the accrued interest thereon, for short-term finance, and unrealized principal for long-term finance are accounted for as term finance assets of the company. Interest earnings are recognised as operational revenue periodically.

2.4 Merchant banking operation

Merchant Banking operation includes the services of issue management, portfolio management, underwriting of shares and securities advisory services, as outlined in Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules 1996. Accordingly profit and loss account of merchant banking operation includes revenue from issue management, portfolio management, underwriting of shares, shows separately as required by the Regulations of Securities and Exchange Commission.

2.5 Recognition of Fixed Assets

2.5.1 Assets acquired under own finance

These are recognized initially at cost and subsequently at cost less accumulated depreciation in compliance with the BAS 16, Property Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any direct cost attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the assets, the expenditure is capitalized as an additional cost of the assets. Software and all up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

2.5.2 Assets acquired under finance lease

Assets acquired under finance lease are accounted for by recording the assets at the lower of present value of minimum lease payments under the lease agreement and the fair value of the asset. The related obligation under the lease is accounted for as liability. Financial charges are located to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability. Depreciation on fixed assets acquired under lease has been charged in the accounts following the principal recovery method.

2.6 Depreciation

2.6.1 Depreciation on Own Fixed Assets

Depreciation on freehold fixed assets is charged using straight-line method at the following rates starting from the month of acquisition of assets:

Furniture & fixture	15%
Office equipment	20%
Vehicle	25%

No depreciation is charged in the month of disposal.

2.6.2 Depreciation/Amortization of Leased Assets

Leased assets in the use and possession of the Company are depreciated in the books of the Company over the lease terms. The principal portions of lease installment paid/due are charged as depreciation in the year to which it relates.

2.6.3 Intangible Assets

Intangible assets are initially recognized at cost including any directly attributable cost. Amortization is provided on a straight-line basis at 20% to write off the cost of intangible assets.

Intangible assets include software, integrated systems along with related hardware.

2.7 Segment Reporting

The company has three reportable segments namely, Lease financing operation, Merchant Banking Operation and Credit Card Operation, as the SEC requires us to prepare a separate profit & loss account for Merchant Banking Operations. Merchant Banking Operations include managing IPOs, underwriting of securities, portfolio management and other financial advisory services. Operating result of merchant banking operation has been presented separately as well as consolidated with the of the results of income from financing operations. LankaBangla evaluates the performance of its segment based primarily on income before taxes.

2.8 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they incur in accordance with BAS 23 "Borrowing cost".

2.9 Books of Accounts

The Company maintains its books of accounts for main business in electronic form, and a separate set of books of accounts for the merchant banking operation as required under the regulations of Securities and Exchange Commission.

2.10 Foreign Currency Transaction

Foreign currency transactions were converted into Bangladesh Taka at exchange rates ruling on the date of transactions, while foreign currency monetary items reported at the rate prevailing on the Balance Sheet date. Any gain/loss resulting from foreign currency transactions was charged to the Profit & Loss Account.

2.11 Revenue Recognition

As per BAS 18, Revenue is recognized when it was probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

2.11.1 Lease Financing

The Company follows the finance lease method for accounting of lease incomes in compliance with BAS 17. Interests are recognized as and when interest/incomes are accrued. Lease interests outstanding over 5 months are not recognized as revenue, and used to keep under interest suspense account. Fee based income and delinquent charges from lease operations are accounted for on cash basis.

2.11.2 Loans and Advances

Interest on term finance is recognized when interest is accrued. No interest on loan is accounted for as revenue where any portion of capital or interest is in arrears for more than 5 months. Fee based income and delinquent charges from loan operations are accounted for on cash basis.

2.11.3 Credit Cards

Interests on credit card are accrued and taken to accounts upto three (3) months. Interest on credit card for more than three months is accounted as Interest-in-Suspense and is not added to revenues. Thereafter interest is recognized on cash basis reversing the suspense account. Fee based income from credit card operations are accounted for on accrual basis.

2.11.4 Other Income

Fee based incomes other than above are recognized as income at the stage of completion of transaction when the amount of revenue can be measured reliably and economic benefits associated with the transaction flows to the company.

- Revenues from merchant banking operations are recognized following accrual basis of accounting.
- Profit or loss arising from the sale of shares are accounted for on cash basis
- FDRs, if not en-cashed on due date, are considered automatically renewed with interest earned upto maturity date and with the equivalent current rate of interest.

2.11.5 Interest suspense account

Lease income earned, interest on term finance overdue beyond three months period are not recognised as revenue and credited to interest suspense account.

2.12 Cash and Cash Equivalent and Cash Flow statement

Cash and cash equivalents comprise cash on hand and fixed deposits, together with short-term highly liquid investments that are readily convertible to a known amount of cash, and that are not subject to significant risk of change in value.

The Cash flow statement is prepared using the direct method as stipulated in Bangladesh Accounting Standards (BAS) no. 7 "Cash Flow Statement".

2.13 Provisions for Doubtful Leases, Loans and Advances

Provisions for classified and unclassified leases, loans, advances and credit cards receivables have been made as per guidelines of Bangladesh Bank through FID Circular no. 08 of 2002, FID Circular no. 11 of 2005, FID Circular no. 03 of 2006 and other directives as applicable:

Overdue period (lease, loan and advances)	Overdue period (credit card receivables)	Classifications	Provision required net of eligible securities
Months			%
1-2	1-2	Unclassified	1
3-5	3-5	Special Mention Account	5
6-11	6-8	Sub-standard	20
12-17	9-11	Doubtful	50
18 and over	12 and over	Bad or Loss	100

2.14 Corporate Tax

2.14.1 Provision for income Tax

The Company has made income tax provision for the year 2008 as required by the Income Tax Ordinance 1984 and Finance Ordinance 2008.

2.14.2 Deferred Tax

Company provides for deferred taxation using the liability method considering temporary timing differences arising between the tax base of assets and liabilities and their carrying amount for Financial Reporting purpose. Deferred tax is determined at the income tax rate prevailing at the Balance Sheet date.

In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.

2.15 Investments in securities

The investments in marketable shares are valued at lower of cost or market price.

2.16 Employee benefits

2.16.1 Provident Fund

The Company maintains a contributory employees Provident Fund recognized by National Board of Revenue for its permanent employees. The Fund is administered by a Board of Trustees and is funded equally by the employer and the employees. Provident Fund monies are invested in Fixed Deposit with other financial institutions.

2.16.2 Gratuity Fund

The Company operates an unfunded gratuity scheme. Employees are entitled to gratuity benefit at the following rates:

<u>Year of confirmed services</u>	<u>% of entitlement</u>
3 years and above but less than 4 years	50% of last basic salary
4 years and above but less than 5 years	100% of last basic salary
5 years and above	150% of last basic salary

The actuarial valuation has not yet been made to assess the adequacy of the liabilities provided for the scheme.

2.16.3 Group Life Insurance Scheme and Health Insurance

The Company has a group life insurance scheme for all of its permanent employees. It has also a health insurance scheme for all of its permanent employees including their spouse and children.

2.17 Litigation

The company is no party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loan/lease payment. The company however, provides adequate provisions against any doubtful payments.

2.18 Earning Per Share (EPS)

The company calculates EPS in accordance with the BAS: 33 Earning Per Share, which has been shown on the face of the Income Statements and the computation, is stated in Note 42.

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no Preference Dividend, Minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighting factor. The time-weighting factor is the numbers of days the specific shares are outstanding as a proportionate of the number of days in the year.

Basic earning per share

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding for the year.

Diluted Earning per share

No diluted earning per share is required to be calculated for the year, as there was no scope for dilution during the year under review.

2.19 Corporate Governance

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting (04 meeting held in the year 2008) and documented procedures of independence, the company endeavors to meet the standards expected.

The company has taken note of the recently prescribed measures by the Securities and Exchange Commission in this regard and intends to introduce the concept of independent Director at the earliest possible opportunity. An Audit Committee is already in place. The Company also prohibits provision of non-audit services by the external auditors. The Audit committee keeps under review the independence and objectivity of the external auditors.

The Board is also committed to effective communication between the company and its subsidiaries, investors, regulators and third party interests.

2.20 Risk and uncertainty for use of estimates (Provisions)

The Preparation of financial statements in conformity with Bangladesh Accounting Standards requires management to make estimates and assumptions that effect the reported amounts of revenue and expenses, assets and liabilities and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. Due to inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

In accordance with the guidelines as prescribed by BAS 37, Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:-

- When the company has an obligation as result of past events;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the operation.

2.21 Events after the balance sheet date

All materials events occurring after the balance sheet date are considered and where necessary, adjusted for or disclosed in Note 45.3.

2.22 Proposed Dividend

Proposed dividend has been shown separately under the shareholders' equity in accordance with Bangladesh Accounting Standards BAS 10, "Events After the Balance Sheet Date".

2.23 Reporting Currency and level of Precision

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

2.24 Comparatives

Where necessary comparative figures and account title in the financial statements have been adjusted to conform to changes in presentation in the current year.

	31.12.2008	31.12.2007
	Taka	Taka
3. Share capital :Tk.385,000,000		
Authorised		
100,000,000 ordinary shares of Tk.10/- each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up		
35,000,000 ordinary shares of Tk.10/- each	350,000,000	350,000,000
Bonus Share for the year-2007 (10%)	35,000,000	-
	385,000,000	350,000,000
Details of shares holding are as under:		
Sponsor shareholders:		
a. <u>Foreign Sponsors</u>		
Sampath Bank Limited, Sri Lanka	22.86%	88,000,000
First Gulf Asia Holdings Limited, KSA (Former Chinkara Capital Pte. Ltd.)	11.43%	44,000,000
	34.29%	132,000,000
b. <u>Local Sponsors</u>		
ONE Bank Limited-OBL, Bangladesh	10.39%	40,000,000
SSC Holdings Limited, Bangladesh	2.86%	11,000,000
Shanta Apparel Limited	2.60%	10,000,000
Individuals	20.78%	80,000,000
	36.62%	141,000,000
General Shareholders	29.09%	112,000,000
	100%	385,000,000

Classification of shareholders by holding as required by Regulation 37 of the Listing Regulations of Dhaka Stock Exchange Ltd.

<u>Number of share</u>	<u>Number of share</u>	<u>No. of shareholder</u>	<u>% of holding</u>
Less than 500	629,300	1,615	1.63
501 to 5,000	2,916,750	1,863	7.58
5,001 to 10,000	1,097,850	145	2.85
10,001 to 20,000	993,250	72	2.58
20,001 to 30,000	569,950	23	1.48
30,001 to 40,000	576,350	17	1.50
40,001 to 50,000	275,000	6	0.71
50,001 to 100,000	1,023,150	14	2.66
100,001 to 1,000,000	3,608,850	9	9.37
Above 1,000,000	26,809,550	9	69.64
	38,500,000	3,773	100.00

The shares were listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on October 17, 2006 and October 31, 2006 respectively, also trading started in the both houses from November 01, 2006.

Share traded Tk. 196.60 and Tk. 196.10 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2008.

4. Reserve & surplus: Tk. 98,109,543		
Retained earnings	(Note: 4.1)	26,059,178
Statutory reserve	(Note: 4.2)	70,387,361
LankaBangla Foundation	(Note: 4.1.1)	1,663,004
		98,109,543
4.1 Retained earnings: Tk. 26,059,178		
Retained earnings as at 01 January		10,181,902
Add: Profit/(loss) for the year		166,300,350
		176,482,252
Less: Transferred to statutory reserve during the year		33,260,070
Transfer to LankaBangla Foundation	(Note: 4.1.1)	1,663,004
Proposed dividend:		
Cash dividend (15%)		57,750,000
Stock dividend (15%)		57,750,000
		110,377,291
		26,059,178
		10,181,902
4.1.1 Transfer to LankaBangla Foundation: Tk. 1,663,004		

Provision for LankaBangla Foundation has made @1% on after tax profit amounting Tk. 1,663,004 for the year 2008. Provision has made from current year profit as per decision of the Executive Committee of the Board of Directors of the LankaBangla Finance. (Minutes of 50th Board Meeting held on 27 March 2007).

	31.12.2008	31.12.2007
	Taka	Taka
4.2 Statutory reserve: Tk. 70,387,361		
Opening balance	37,127,291	14,250,000
Add: Profit transferred to statutory reserve during the year @20%	33,260,070	22,877,291
	70,387,361	37,127,291
5. Long term Loan- net of current maturity: Tk. 1,438,808,739		
Balance as at January 01	1,690,119,614	834,196,790
Add: Drawdown during the year	1,144,010,000	1,240,000,000
Repayment during the year	(636,008,771)	(384,077,176)
Balance at 31 December (Note: 5.1)	2,198,120,843	1,690,119,614
Less: Current maturity (Note: 24)	759,312,104	496,320,302
	1,438,808,739	1,193,799,312
5.1 Name of the lending institutions: Tk. 2,198,120,843		
Bangladesh Bank (under re-finance) - Women Enterprise	450,000	-
Bangladesh Bank (under re-finance) - Mortgage Loan	75,800,000	-
BRAC Bank Limited	97,750,000	133,000,000
Prime Bank Limited	112,158,984	150,662,320
Social Investment Bank Limited	138,679,788	150,524,246
Southeast Bank Limited	-	2,523,084
Shahjalal Islami Bank Limited	218,885,179	247,890,918
The Trust Bank Limited	78,403,712	107,915,259
United Commercial Bank Limited	63,781,708	86,547,169
United Leasing Company Limited	14,167,938	19,200,502
Arab Bangladesh Bank	97,599,168	130,598,203
Bank Alfalah Limited	37,718,320	27,799,759
Bank Asia Limited	19,182,999	35,317,776
Commercial Bank of Ceylon Limited	53,485,161	30,554,000
Exim Bank Limited	229,086,101	73,741,732
Janata Bank Limited	13,333,113	39,999,781
National Bank Limited	218,545,465	166,873,565
The Premier Bank Limited	99,386,334	28,344,336
The City Bank Limited	28,536,957	40,031,454
Standard Bank Limited	135,446,339	47,734,007
Jamuna Bank Limited	86,544,572	-
Uttara Bank Limited	222,221,206	83,150,000
National Credit & Commerce Bank Limited	27,660,519	43,077,088
Mutual Trust Bank Limited	129,297,280	44,634,415
	2,198,120,843	1,690,119,614

Bank Borrowings are secured by:

- First ranking pari passu charge on present and future fixed and floating assets of LankaBangla Finance Limited with the future and existing lenders
- Usual charge documents (Letter of Hypothecation, Promissory Notes, Letter of Continuation, Letter of Arrangements etc.)

Funds required for the operation of business are primarily obtained from various banks and financial institutions. Secured loans are covered by way of first priority floating charge with full title guarantee ranking pari-passu among all the lenders of the company. The company has offered corporate guarantee in some cases as demanded by the lending institutions. The rates of long term borrowing varies between 10% to 15.50% p.a. except refinance from Bangladesh Bank which is 5% and the tenure being 3 to 5 years. Amount repayable within one year have been classified under current liabilities.

Long Term Loan outstanding on December 31 are repayable as follows:

Payable within 1 year	759,312,104	496,320,302
2 years	639,567,308	597,283,783
3 years	407,718,316	370,441,945
4 years	289,450,066	167,000,060
5 years	102,073,049	59,073,524
	2,198,120,843	1,690,119,614

		31.12.2008	31.12.2007
		<u>Taka</u>	<u>Taka</u>
6. Lease rental advances: Tk. 78,872,351			
The Company takes advance rentals from the lessees on signing of lease agreements which are refundable or adjustable at the end of lease terms.			
Total lease rental advances	(Note-6.1)	95,015,561	71,798,960
Less: Current maturity	(Note-24)	16,143,210	8,368,349
		<u>78,872,351</u>	<u>63,430,611</u>
6.1 Lease rental advances: Tk. 95,015,561			
Adjustable within 1 year		16,143,210	8,368,349
Adjustable in less than 5 years		78,872,351	63,430,611
		<u>95,015,561</u>	<u>71,798,960</u>
7. Liability under finance lease: Tk. Nil			
Total lease obligations	(Note-7.1)	-	2,463,252
Less: Current maturity	(Note-24)	-	1,896,482
		<u>-</u>	<u>566,770</u>
Lease obligation represents liability against purchase of assets for own use under lease agreement with different lessors.			
7.1 Total lease obligations: Tk. Nil			
Adjustable within 1 year		-	1,896,482
Adjustable in less than 5 years		-	566,770
		<u>-</u>	<u>2,463,252</u>
8. Term deposits: Tk. 597,487,875			
Payable within 1 year		2,053,807,332	1,407,437,037
Payable within 2 years		494,379,765	328,980,629
Payable within 3 years & above		103,108,110	82,105,345
Total deposits under term borrowings scheme		2,651,295,207	1,818,523,011
Less: Current maturity	(Note-24)	2,053,807,332	1,407,437,037
		<u>597,487,875</u>	<u>411,085,974</u>
9. Deferred liability-employee gratuity: Tk. 8,019,533			
Balance as at January 01		6,360,815	4,408,153
Add: Provision during the year		2,227,818	2,465,236
		8,588,633	6,873,389
Less: Payment during the year		569,100	512,574
		<u>8,019,533</u>	<u>6,360,815</u>
10. Deferred tax liability/(asset) : Tk. (2,560,176)			
Balance as at January 01		(1,513,626)	(1,177,397)
Add: Provided during the year		(1,046,550)	(336,229)
Transferred from current tax liability		-	-
		<u>(2,560,176)</u>	<u>(1,513,626)</u>
In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.			
11. Interest Suspense: Tk. 69,406,000			
Lease Finance		36,971,000	15,775,496
Term Finance		29,930,000	6,774,076
Credit Card		2,505,000	3,144,959
		<u>69,406,000</u>	<u>25,694,531</u>
Movement of total interest suspense is as below:			
Balance as at January 01		25,694,531	9,338,983
Charged during the year		43,711,469	16,355,548
		<u>69,406,000</u>	<u>25,694,531</u>

		31.12.2008	31.12.2007
		Taka	Taka
12.	Fixed Assets: Tk. 35,994,107		
	A. Cost		
	i) Freehold assets		
	Opening Balance	52,076,392	45,316,707
	Add : Addition during the year	20,633,160	6,759,685
		<u>72,709,552</u>	<u>52,076,392</u>
	Less: Sales/Adjustment during the year	-	-
		<u>72,709,552</u>	<u>52,076,392</u>
	ii) Assets under finance lease		
	Opening Balance	26,838,500	26,838,500
	Less: Disposal during the year	5,338,500	-
		<u>21,500,000</u>	<u>26,838,500</u>
	iii) Intangible assets		
	Opening Balance	25,894,521	25,894,521
		450,000	-
		<u>26,344,521</u>	<u>25,894,521</u>
	Total cost (A)	<u>120,554,073</u>	<u>104,809,413</u>
	B. Accumulated Depreciation		
	i) Own Assets		
	Opening Balance	34,920,944	29,942,338
	Add : Charged during the year	9,908,358	4,978,606
		<u>44,829,302</u>	<u>34,920,944</u>
	Less: Adjustment during the year	-	-
		<u>44,829,302</u>	<u>34,920,944</u>
	ii) Leasehold Assets		
	Opening Balance	24,375,245	21,455,181
	Add : Charged during the year	1,265,452	2,920,064
		<u>25,640,697</u>	<u>24,375,245</u>
	Less: Adjustment during the year	4,140,697	-
		<u>21,500,000</u>	<u>24,375,245</u>
	iii) Intangible assets:		
	Opening Balance	12,961,760	7,782,856
	Add : Charged during the year	5,268,904	5,178,904
		<u>18,230,664</u>	<u>12,961,760</u>
	Total (B)	<u>84,559,966</u>	<u>72,257,949</u>
	C. Written Down Value (A-B)	<u>35,994,107</u>	<u>32,551,464</u>
	A schedule of fixed assets has been given in Annexure-A		
13.	Net investment in leases: Tk. 983,666,302		
	Gross investment	(Note: 13.1) 2,357,167,073	2,246,196,797
	Less: Unearned finance income	(Note: 13.2) 594,517,279	581,548,042
	Net Investment in leases	(Note: 13.3) 1,762,649,794	1,664,648,755
	Less: Current maturity	(Note: 22) 778,983,492	583,934,170
		<u>983,666,302</u>	<u>1,080,714,585</u>
13.1	Aging of gross investment in leases: Tk. 2,357,167,073		
	Less than one year	778,983,492	709,650,988
	More than one year below five years	1,578,183,581	1,536,545,809
		<u>2,357,167,073</u>	<u>2,246,196,797</u>

	31.12.2008	31.12.2007
	Taka	Taka
13.2 Unearned finance income: Tk. 594,517,279		
Less than 1 year	257,053,479	245,566,100
More than 1 year below 5 years	337,463,800	335,981,942
	<u>594,517,279</u>	<u>581,548,042</u>
The Company is the legal owner of the leased assets under the lease portfolio as per lease agreements signed with the lessee and registered documents.		
13.3 Aging of net investment in leases: Tk. 1,762,649,794		
Receivable within 1 year	521,930,013	464,084,887
Receivable later than 1 year not later than 5 years	1,240,719,781	1,200,563,868
	<u>1,762,649,794</u>	<u>1,664,648,755</u>
14. Advance against leases: Tk. 175,451,481		
Advance against leases (Note: 14.1)	226,024,127	108,531,354
Less: Current maturity (Note: 22)	50,572,646	24,729,781
	<u>175,451,481</u>	<u>83,801,573</u>
14.1 Advance against leases: Tk. 226,024,127		
Adjustable within 1 year	50,572,646	24,729,781
Adjustable later than 1 year not later than 5 years	175,451,481	83,801,573
	<u>226,024,127</u>	<u>108,531,354</u>
Advance against leases represents payment for procurement of leased assets against unexecuted leasing agreements which are capitalized on execution of the leases.		
15. Term finance- net of current maturity: Tk. 1,226,725,382		
Long term loans	1,606,742,444	929,679,845
Less: Current maturity (Note: 22)	380,017,062	215,147,666
	<u>1,226,725,382</u>	<u>714,532,179</u>
Movement is as below		
Balance at 1st January	929,679,845	261,399,802
Disbursed during the year	1,120,188,018	947,796,653
	<u>2,049,867,863</u>	<u>1,209,196,455</u>
Recovery during the year	(443,125,419)	(279,516,610)
	<u>1,606,742,444</u>	<u>929,679,845</u>
16. Mortgage loan-Net of current maturity: Tk. 125,183,381		
Mortgage loans (Note: 16.1)	157,173,945	-
Less: Current maturity (Note: 22)	31,990,564	-
	<u>125,183,381</u>	<u>-</u>
16.1 Mortgage loan: Tk. 157,173,945		
Mortgage loan-Bangladesh Bank Refinance	88,673,945	-
Mortgage loan-Developers	53,000,000	-
Mortgage loan- Own finance	15,500,000	-
	<u>157,173,945</u>	<u>-</u>

	31.12.2008	31.12.2007
	Taka	Taka
17 (a) Investment: Tk. 180,496,440		
15,299,694 No. of Share @ Tk. 10. each	152,996,940	110,497,790
Investment in subsidiary (LankaBangla Asset Management Co. Limited)	24,999,500	-
2,499,950 No. of Share @ Tk. 10. each		
Investment in share portfolio (non-listed)	2,500,000	1,000,000
	180,496,440	111,497,790
17 (b) Investment in share portfolio: Tk. 226,039,314		
Investment in marketable securities	226,039,314	200,422,107

Details of the securities are as follow:

SL. No.	Name of the Companies	Number of Share	Average cost per unit	Total Cost (Taka)	Closing Rate 30 December 2008	Market price of Shares at the end of the year (Taka)	Unrealised Gain	Provision for Loss
1	AB Bank Limited	4,016	761.90	3,059,790	822.25	3,302,156	242,366	-
2	Dhaka Bank Limited	232,506	401.86	93,434,861	360.50	83,818,413	-	(9,616,448)
3	Exim Bank Limited	14,000	306.20	4,286,800	323.50	4,529,000	242,200	-
4	IFIC Bank Limited	6,000	1,187.82	7,126,920	1,188.75	7,132,500	5,580	-
5	Mercantile Bank Limited	6,301	325.83	2,053,055	348.25	2,194,323	141,268	-
6	Eastern Bank Limited	11,700	527.17	6,167,933	589.25	6,894,225	726,292	-
7	National Bank Limited	5,007	790.59	3,958,484	1,014.25	5,078,350	1,119,866	-
8	The City Bank Limited	23,000	589.81	13,565,630	451.50	10,384,500	-	(3,181,130)
9	Jamuna Bank Limited	26,085	365.02	9,521,547	266.75	6,958,174	-	(2,563,373)
10	Mutual Trust Bank Limited	7,500	324.88	2,436,600	319.75	2,398,125	-	(38,475)
11	ONE Bank Limited	45,000	441.44	19,864,800	333.00	14,985,000	-	(4,879,800)
12	Prime Bank Limited	12,850	631.99	8,121,072	539.75	6,935,788	-	(1,185,284)
13	Shahajalal Islami Bank Limited	85,000	293.32	24,932,200	311.25	26,456,250	1,524,050	-
14	Trust Bank Limited	21,400	677.15	14,491,010	445.00	9,523,000	-	(4,968,010)
15	Green Delta Insurance Limited	1,790	2,629.06	4,706,017	1,982.00	3,547,780	-	(1,158,237)
16	DESCO	2,500	1,011.27	2,528,175	953.25	2,383,125	-	(145,050)
17	Square Pharmaceuticals Ltd.	2,000	2,892.21	5,784,420	3,151.25	6,302,500	518,080	-
	Total	506,655		226,039,314		202,823,208	4,519,702	(27,735,808)

All investment in marketable securities are valued on an aggregate portfolio basis at the lower of cost and market value at the Balance sheet date.

As on 31 December 2008 there were Tk.4,519,702 of gross unrealised gain on investment in marketable listed securities.

	31.12.2008	31.12.2007
	Taka	Taka
18. Provision for doubtful accounts and future losses: Tk. 191,752,272		
Lease financing	77,940,745	48,898,744
Term finance	51,232,660	14,881,302
Short term lending	14,072,340	12,022,697
Credit card	17,575,527	15,249,000
Mortgage Loan	3,195,000	-
Investment in marketable securities & others	27,736,000	2,368,132
	191,752,272	93,419,875

Provisions for classified and unclassified leases, loans, advances, credit cards receivables and margin loans on share trading have been made as per the FID circular no. 08 date 03/10/2002, no. 11 dated 31/10/2005 and no. 03 dated 03/05/2006 issued by Financial Institutions Department of Bangladesh Bank.

Balance at 1st January	93,419,874	40,075,434
Provision during the year	98,353,871	53,408,202
	191,773,745	93,483,636
Less: Written-off/reversal during the year (Note 18.1)	21,473	63,762
	191,752,272	93,419,875
18.1 Write Off/reversal: Tk. 21,473		
Credit Card operation	21,473	63,762

19. Margin Loan against Share trading: Tk. 1,548,377,647

This represents advances granted to investors for share trading on their own account under the Investors Portfolio Account (IPA)

20. Trade receivables and advances: Tk. 651,791,954

Trade receivables (Note 20.1)	623,367,553	312,532,980
Advances (Note 20.2)	28,424,401	23,275,282
	651,791,954	335,808,262

20.1 Trade receivables: Tk. 623,367,553

Lease installment receivables	177,194,554	50,770,679
Term finance receivables	119,112,871	54,720,868
Short term lending receivables	2,116,325	-
Receivables - Mortgage Loan	304,953	-
Factoring Debtors	6,546,549	7,487,454
Credit card receivables	318,092,301	199,553,979
	623,367,553	312,532,980

20.2 Advances: Tk. 28,424,401

Staff loan-others	4,112,802	3,275,121
Advance office rent	2,203,730	1,704,410
Security deposit/Lease deposit (Note: 20.2.1)	975,889	1,158,319
Withholding tax	12,885,354	9,560,861
Advance income tax	8,246,626	7,576,571
	28,424,401	23,275,282

Withholding tax represents amount of income tax deducted at source by different financial institution on the interests on bank balances of LankaBangla Finance Limited with various financial institutions. Advance income tax represents corporate income tax paid as per section 64 of I.T. Ordinance 1984.

	31.12.2008	31.12.2007
	Taka	Taka
20.2.1 Security deposit: Tk. 975,889		
Telephone line deposit	528,139	500,139
Lease deposit (Note: 20.2.1.1)	378,500	588,930
Deposit for mobile phones	54,500	54,500
Other deposits	14,750	14,750
	975,889	1,158,319
20.2.1.1 Lease deposit: Tk. 378,500		
This represents lease installment paid in advances per lease agreement with the following lessors:		
United Leasing Company Limited	378,500	378,500
IDLC Finance Limited	-	164,480
Uttara Finance & Investment Ltd.	-	45,950
	378,500	588,930
21. Prepayments & other receivables: Tk. 145,175,107		
Prepayments	17,698,170	9,799,804
Interest receivables-Fixed deposit account	17,571,876	11,262,831
Interest receivables-Term finance	42,383,265	22,782,237
Interest receivables-Short term lending	18,332,000	14,826,858
Interest receivables-Mortgage Loan	51,727	-
Interest receivables-Call Loan	17,778	-
Current account with Dhaka Bank Ltd.	2,382,745	2,663,946
Receivables against share trading	37,507,700	2,694,563
Master card operator - (payables)/receivables (Note: 21.1)	(41,875,527)	(3,843,792)
Lease receivable-IDCP (Note 21.02)	53,906,025	64,091,156
Receivables / (Payable) with LBSL- IP A/C	(58,494,511)	139,616,293
Interest receivables-Factoring	1,359,411	66,387
Receivables/(Payables) with LBSL-Foreign Trading	45,243,801	20,000,000
Other receivables	9,090,647	2,427,373
	145,175,107	286,387,656
21.1 Master card operator: Tk. (41,875,527)		
This represents receivable/payables from the other master card operators which is created due to the use of credit card systems at the point of sales.		
Standard Chartered Bank	(14,786,646)	(45,336,210)
Prime Bank Limited	8,480,344	9,310,249
National Bank Limited	(2,488,814)	(2,741,810)
Master Card International	139,304,664	88,531,524
ONE Bank Limited	1,372,876	3,423,417
Dutch Bangla Bank limited	(187,874,152)	(71,015,289)
Commercial Bank of Cylon	(159,236)	(58,508)
Bank Asia Limited	14,275,437	14,042,834
	(41,875,527)	(3,843,792)
21.2 Lease receivable-IDCP & delinquent charges: Tk. 53,906,025		
IDCP	53,906,025	64,091,156
Delinquent charges	-	-
	53,906,025	64,091,156
22. Current maturity of lease and term finance: Tk. 1,241,563,764		
Executed leases	778,983,492	583,934,170
Un executed leases	50,572,646	24,729,781
Term finance	380,017,062	215,147,666
Mortgage Loan	31,990,564	-
	1,241,563,764	823,811,617

	31.12.2008	31.12.2007
	Taka	Taka
23. Cash and cash equivalents: Tk. 446,988,111		
Cash in hand	60,000	60,000
Fixed deposit receipts (FDR) (Note: 23.1)	353,554,482	277,995,025
Interest bearing short term deposit account (Note: 23.2)	28,280,592	43,029,871
Non interest bearing current account (Note: 23.3)	65,093,038	14,597,555
	446,988,111	335,682,451
23.1 Fixed deposit receipts: Tk. 353,554,482		
Southeast Bank Limited	2,601,919	27,566,889
Mercantile Bank Limited	28,166,101	25,681,421
BRAC Bank Limited	36,997,458	33,464,500
Prime Bank Limited	88,666,957	57,652,488
Standard Bank Limited	5,591,515	5,068,839
The Premier Bank Limited	38,673,439	34,921,081
National Bank Limited	12,047,679	10,986,950
Shahjalal Islami Bank Limited	24,627,567	22,274,500
Commercial Bank of Cylon Limited	82,745,000	30,000,000
Bank Al-Falah Limited	22,346,687	20,000,000
Social Investment Bank Limited	11,090,159	10,378,357
	353,554,482	277,995,025
23.2 Interest bearing short term deposit account: Tk. 28,280,592		
Dhaka Bank Limited	18,732,332	35,031,195
Arab Bangladesh Bank Limited	6,179,775	4,061,577
Standard Chartered Bank	19,244	78,185
Prime Bank Limited	92,248	2,692,460
ONE Bank Limited	2,218,985	279,402
National Credit & Commerce Bank Limited	3,150	4,300
United Commercial Bank Limited	15,068	15,160
Uttara Bank Limited	12,310	5,120
Bank Asia Limited	175,772	862,473
Exim Bank Limited	254,835	-
The Premier Bank Limited	94,496	-
Mutual Trust Bank Limited	3,056	-
Standard Bank Limited	350,000	-
Citibank N.A	129,321	-
	28,280,592	43,029,871
23.3 Non interest bearing current account: Tk. 65,093,038		
Bangladesh Bank	35,459,959	11,823,056
Dhaka Bank Limited	3,896	6,067
Standard Chartered Bank	14,482,837	2,725,189
Prime Bank Limited	1,418,286	(4,334,501)
The City Bank Limited	-	357
Shahjalal Islami Bank Limited	71,608	25
ONE Bank Limited	4,511,399	(610,838)
The Trust Bank Limited	59,254	212,453
Exim Bank Limited	280,148	345,185
Commercial Bank of Cylon Limited	-	-
The Premier Bank Limited	101,906	104,456
First Security Bank Limited	711,894	712,544
National Bank Limited	1,916,450	269,949
Standard Bank Limited	4,950	6,950
Sonali Bank Limited	19,140	19,140
Social Investment Bank Limited	1,242,618	3,142,618
Bank Alfalah Limited	4,808,693	174,906
	65,093,038	14,597,555

		31.12.2008	31.12.2007
		Taka	Taka
24. Current maturity of long term loans, deposits & advances: Tk. 2,829,262,646			
Term deposits		2,053,807,332	1,407,437,037
Long term loans		759,312,104	496,320,302
Lease rental advances		16,143,210	8,368,349
Lease obligations		-	1,896,482
		2,829,262,646	1,914,022,170
25. Short term borrowings: Tk. 946,876,940			
Short term borrowings	(Note: 25.1)	405,000,000	335,000,000
Bank Overdraft	(Note: 25.2)	321,876,940	203,427,194
Call loans	(Note: 25.3)	220,000,000	160,000,000
		946,876,940	698,427,194
25.1 Short term borrowings: Tk. 405,000,000			
ONE Bank Limited		235,000,000	235,000,000
Mercantile Bank Limited		100,000,000	100,000,000
UAE-Bangladesh Investment Company Ltd.		20,000,000	-
The City Bank Limited		50,000,000	-
		405,000,000	335,000,000
25.2 Bank Overdraft: Tk. 321,876,940			
Mercantile Bank Limited		(13,358,828)	(7,235,376)
BRAC Bank Limited		6,332,472	9,918,631
Prime Bank Limited		150,740,767	100,220,506
Southeast Bank Limited		(199,459)	22,123,984
Shahjalal Islami Bank Limited		6,697,214	16,579,049
The Premier Bank Limited		11,977,876	22,695,657
Commercial Bank of Ceylon Limited		159,686,898	39,124,743
		321,876,940	203,427,194
25.3 Call loan: Tk. 220,000,000			
Dhaka Bank Limited		90,000,000	50,000,000
Bangladesh Commerce Bank Limited		50,000,000	-
Dutch Bangla Bank Limited		40,000,000	-
National Bank Limited		40,000,000	-
The Premier Bank Limited		-	30,000,000
The Trust Bank Limited		-	50,000,000
Eastern Bank Limited		-	30,000,000
		220,000,000	160,000,000
26. Payables & accrued expenses: Tk. 349,631,704			
Interest payable	(Note: 26.1)	271,948,389	186,798,754
Accrued expenses	(Note: 26.2)	14,124,995	9,418,719
Welfare fund payable		19,879	19,879
IPA/Managed equity fund		260,409	260,409
Payable to Sampath Bank Limited, Sri Lanka	(Note: 26.3)	9,266,831	9,266,831
Advance receipt against leases		24,547,925	10,959,396
Payable against merchants claims		2,296,513	1,988,341
Payable against receipt from other card holders		422,765	366,205
Withholding tax payable		163,032	176,620
Payable against MCBS Charges		25,354,164	14,628,621
AIT on Credit Card Payable		424,242	2,126,209
IPO Subscription Payable		68,646	304,398
Claims on health insurance		57,293	10,993
VAT on Credit Card payable		676,621	437,107
		349,631,704	236,762,482

	31.12.2008	31.12.2007
	Taka	Taka
26.1 Interest payable: Tk. 271,948,389		
Interest payable on term deposit	185,354,547	127,540,033
Interest payable on long term borrowings	60,556,099	34,155,713
Interest payable on short term borrowings	22,603,258	22,755,121
Interest payable on call loan borrowings	3,434,485	2,347,887
	271,948,389	186,798,754
26.2 Accrued expenses: Tk. 14,124,995		
Utility bills payable	70,500	70,500
Audit fees payable	85,000	50,000
Postage and courier bills payable	62,500	62,500
Others	595,320	630,320
Vehicle running expenses	27,500	27,500
Profit Incentive Bonus Payable	13,284,175	8,577,899
	14,124,995	9,418,719
26.3 Payable to Sampath Bank Limited, Sri Lanka: Tk. 9,266,831		
Management Consultancy Fee payable represents the amount payable to Sampath Bank Ltd., Sri Lanka as per agreement signed on 5th May 2002. Movement of the amount is as below:		
Balance at 1st January	9,266,831	21,055,114
Add: Provision during the year	-	1,679,797
	9,266,831	22,734,910
Less: Payment during the year	-	13,468,079
	9,266,831	9,266,831
27. Provision for taxation: Tk. 150,000,000		
Balance at 1st January	80,000,000	5,000,000
Provision during the year	70,000,000	75,000,000
	150,000,000	80,000,000
28. Interest income from leases: Tk. 250,775,153		
This represents interest income from leasing activity recognized during the year		
29. Interest income from term finance: Tk. 214,292,320		
This represents interest income from term finance given to individual and corporate bodies recognized as revenue during the year as below.		
Interest from loan portfolio	213,912,986	108,801,576
Interest on staff loan	379,334	340,184
	214,292,320	109,141,760

	31.12.2008	31.12.2007
	Taka	Taka
30. Income from credit card: Tk. 82,887,052		
This represents interest on outstanding loan, late payment charge, outstanding clearing charge and dishonour charge.		
31. Merchant commission of credit card: Tk. 3,771,356		
This represents commission received from the merchants on account of sales through credit Cards issued by LankaBangla Finance Limited.		
32. Membership fees of credit card: Tk. 7,715,700		
This represents membership fee received from various credit card holders		
33. Gain on sale of shares: Tk. 71,068,732		
This represents gain on trading of shares of the investment portfolio through LankaBangla Finance Limited.		
34. Other operational income: Tk. 65,905,150		
Service charge, commission and commitment fee on leases	7,225,925	9,641,959
Profit /(loss) on sale of fixed asset	802,088	-
Dividend income	43,786,787	26,264,710
Other operational income from mortgage Loan	3,350,776	-
Credit shield	5,821,586	4,526,253
Interchange fees	400,763	(44,003)
Income from Third Party Processing	4,517,225	2,629,450
	<u>65,905,150</u>	<u>43,018,369</u>

Dividend income represents 30% stock dividend declared by subsidiary LankaBangla Securities Limited.

35. General & administrative expenses: Tk. 97,258,098		
General expenses	(Note: 35.1) 49,165,791	41,313,509
Administrative expenses	(Note: 35.2) 48,092,307	33,755,147
	<u>97,258,098</u>	<u>75,068,656</u>
Allocation		
Merchant Banking Operation	28,130,605	4,578,392
Other than Merchant Banking Operation	69,127,493	70,490,264
	<u>97,258,098</u>	<u>75,068,656</u>

35.1 General expenses: Tk. 49,165,791

Salary and allowances	44,242,910	36,470,471
Provident fund contributions	1,270,736	1,104,279
Employees Gratuity	2,227,818	2,465,236
Medical expenses	-	479,656
Training expenses	109,060	265,178
Staff welfare expenses	162,383	124,871
Membership & renewal fees	1,152,884	403,818
	<u>49,165,791</u>	<u>41,313,509</u>

Management emoluments an aggregate amount of Tk. 3,750,000 paid to the Managing Director of the Company as remuneration and benefits.

	31.12.2008	31.12.2007
	<u>Taka</u>	<u>Taka</u>
35.2 Administrative expenses: Tk. 48,092,307		
Conveyance	658,084	688,405
Traveling	650,022	318,777
Office rent	5,789,086	3,229,212
Telephone bill	1,616,993	1,609,957
Electricity bill	1,463,791	1,157,718
Internet & e-mail	218,832	191,736
Printing & stationery	3,667,434	3,002,749
News paper & periodicals	19,663	13,469
Computer accessories	1,276,458	929,601
Equipment maintenance	5,413,163	2,741,503
Fuel expenses	503,157	406,764
Vehicle maintenances and registration fee	1,413,341	846,390
Insurance premium	925,071	205,630
Water & sewerage bill	258,180	166,201
Office maintenance expenses	2,153,742	1,811,193
Donation & out of pocket expenses	465,435	259,800
Postage & courier	765,254	639,723
Stamp charges	267,180	200,341
Professional & legal expenses	1,760,908	593,090
Audit fee	85,000	50,000
Directors' Remuneration	72,000	28,000
Advertisement expenses	2,151,941	630,926
Entertainment expenses	762,436	1,792,100
Business promotion expenses	761,964	447,478
Bank charges	495,698	478,125
Exchange Loss/Gain	132,330	(32,881)
Marketing expenses for lease & loan/credit cards	3,830,183	2,097,075
Commission on Recovery of bad loans	356,091	428,694
Provision for MCBS Charges	10,158,870	8,823,371
	<u>48,092,307</u>	<u>33,755,147</u>
36. Depreciation/amortization on own & leased assets: Tk.16,442,714		
Freehold own fixed assets	9,908,358	4,978,606
Leased assets under finance method	1,265,452	2,920,064
Amortization of intangible assets	5,268,904	5,178,904
	<u>16,442,714</u>	<u>13,077,574</u>
Allocation		
Depreciation under Merchant Banking Operation	2,059,777	466,785
Depreciation other than Merchant Banking Operation	14,382,937	12,610,789
	<u>16,442,714</u>	<u>13,077,574</u>
37. Financial expenses: Tk.723,549,319		
Interest on term loans	320,971,357	186,666,230
Interest on call loan and short notice	145,117,141	67,435,292
Interest on term deposits	308,889,554	191,648,157
Interest on leased asset under finance method	-	568,253
	<u>774,978,053</u>	<u>446,317,932</u>
Less: Interest income on fixed deposit	42,258,055	26,593,245
Interest income on short term deposit	1,139,580	864,837
Interest income on call loan lending	47,986	-
Interest income on current account with subsidiaries	7,983,113	99,167
	<u>51,428,734</u>	<u>27,557,249</u>
	<u>723,549,319</u>	<u>418,760,683</u>
Allocation		
Finance Cost-Merchant Banking Operation	201,141,189	93,615,989
Finance Cost-Other than Merchant Banking Operation	522,408,130	325,144,694
	<u>723,549,319</u>	<u>418,760,683</u>

	31.12.2008	31.12.2007
	Taka	Taka
38. Provision for doubtful accounts and future losses: Tk. 98,353,870		
Provision for doubtful accounts and future losses (Note: 38.1)	98,332,397	53,344,440
Write offs (Note: 38.2)	21,473	63,762
	98,353,870	53,408,202
Allocation		
Merchant Banking Operation	7,253,126	5,047,874
Other than Merchant Banking Operation	91,100,744	48,360,328
	98,353,870	53,408,202
38.1 Provision for doubtful accounts and future losses: Tk. 98,332,397		
Lease finance	29,043,001	26,898,632
Credit card	2,326,527	4,583,821
Term finance	36,351,358	11,853,417
Short term finance	2,049,643	8,514,970
Reduction of share	25,366,868	1,493,600
Mortgage Loan	3,195,000	-
	98,332,397	53,344,440
38.2 Write offs: Tk. 21,473		
Credit cards	21,473	63,762
39. Sampath Bank management & consultancy fees: Tk. Nil		
Management fees		
Profit before tax (As on 31 May 2007)	-	52,275,789
Less: Notional tax @ 45%	-	23,524,105
Net profit after notional tax	-	28,751,684
Sampath Bank consultancy fee @ 6% (after charge)	-	1,627,454
Payment of Income Tax & VAT	-	1,952,872
	-	3,580,326
Allocation		
Merchant Banking Operation	-	1,001,692
Other than Merchant Banking Operation	-	2,578,634
	-	3,580,326
40. Tax Expense: Tk. 68,953,450		
Current tax expense	70,000,000	75,000,000
Deferred tax expense/ (income)	(1,046,550)	(336,229)
	68,953,450	74,663,771

In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.

41. Earning Per Share (EPS): Tk. 4.32

<u>Earning Per Share</u>		
Earning attributable to Ordinary Shareholders	166,300,350	114,386,461
Number of ordinary shares outstanding	38,500,000	38,500,000
Basic Earning Per Share	4.32	2.97

Earning Per Share has been Calculated in accordance with BAS-33: "Earning Per Share (EPS)". Previous year's figures have been adjusted for the issue of 3,500,000 Bonus Shares during the year.

42. Interest income from margin trading: Tk. 241,341,616

Interest income represents income earned from granting loan to investors under Investors portfolio account.

43. Segment information

Headlines	Credit & Investment	Merchant Banking Wings	Card Centre	Factoring & Short Term Loan	Mortgage Loan	Corporate Finance	Others	TOTAL (TK)
Fund Based Income								
Interest Income from Leases	250,775,153	-	-	-	-	-	-	250,775,153
Interest & Other Income from Credit Cards	-	-	82,887,052	-	-	-	-	82,887,052
Interest Income from Term Loan	214,292,320	-	-	-	-	-	-	214,292,320
Interest Income from House Loan	-	-	-	-	4,215,349	-	-	4,215,349
Interest Income from Short Term Lending	66,080,763	-	-	-	-	-	-	66,080,763
Interest Income from Factoring	30,723,272	-	-	2,625,500	-	-	-	30,723,272
Interest During Construction - Leasing	-	241,341,616	-	-	-	-	-	241,341,616
Interest Income from Margin Loan	-	-	-	-	-	-	-	-
Sub-total	561,871,508	241,341,616	82,887,052	2,625,500	4,215,349	-	-	892,941,025
Fee Based Income								
Merchant Commission	-	-	3,771,356	-	-	-	-	3,771,356
Membership Fees of Credit Cards	-	-	7,715,700	-	-	-	-	7,715,700
Charges on Co-branding	-	-	-	-	-	-	-	-
Corporate Finance Fees	-	-	-	-	-	350,000	-	350,000
Income from TPP	-	-	-	-	-	-	-	-
Portfolio management income (IPA)	-	128,981,990	-	-	-	-	-	128,981,990
Inter Change Fees	-	-	-	-	-	-	-	-
Underwriting Commission	-	123,847	-	-	-	-	-	123,847
Sub-total	-	129,105,837	11,487,056	-	-	350,000	-	140,942,893
Other Operational Income								
Other Operational Income - Lease Renewal & Proceeds from Leases	7,225,925	-	-	-	-	-	-	7,225,925
Profit on Sale of Fixed Assets	-	-	-	-	-	-	-	-
Dividends Income	-	-	-	-	-	-	802,088	802,088
Profit/ (Loss) on Sale of Share	-	-	-	-	-	-	43,786,787	43,786,787
Other Operational Income - Credit Card	-	-	10,739,578	-	-	-	71,068,730	71,068,730
Sundry Income	-	-	-	-	-	-	-	10,739,578
Other operational Income - Mortgage Loan	-	-	-	-	3,350,776	-	-	3,350,776
Sub-total	7,225,925	-	10,739,578	-	3,350,776	-	115,657,605	136,973,884
Total Operating Revenue	569,097,433	370,447,453	105,113,686	2,625,500	7,566,125	350,000	115,657,605	1,170,857,802
Operating Expenses								
Salary & allowances	10,942,031	15,011,505	18,083,863	698,715	1,023,569	317,117	1,664,664	47,741,464
General and administrative expenses	5,585,411	13,119,100	27,878,245	840,725	838,672	162,703	1,091,777	49,516,633
Depreciation on fixed asset	3,099,812	2,059,777	9,734,855	-	-	42,906	1,505,364	16,442,714
Financial expenses	458,300,087	201,141,189	19,957,486	887,928	900,338	-	42,362,288	723,549,319
Provision for Assets	60,212,347	7,253,126	2,326,529	-	3,195,000	-	25,366,868	98,353,870
Total Operating Expense	538,139,688	238,584,697	77,980,978	2,427,368	5,957,579	522,726	71,990,961	935,604,001
Net Profit before tax	30,957,745	131,862,756	27,132,708	198,132	1,608,546	(172,726)	43,666,644	235,253,801
Provision for income tax	-	-	-	-	-	-	-	70,000,000
Deferred tax	-	-	-	-	-	-	-	(1,046,550)
Net Profit after tax	-	-	-	-	-	-	-	166,300,350

44. Related party disclosure

Related party Relationship and Transaction

SL No.	Name of Related Party	Relationship	%	Transactions	
				2008	Nature of Transactions
1	Sampath Bank Limited	Sponsor Shareholder	22.86	(9,266,831)	Management & Consultancy Fees

45. Others

45.1 Board Meeting and Directors' remuneration

Each Director is drawing Tk 4,000 for attending each Board Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2008. Nothing is due from any Director of the Company as on the date of closing the accounts. During the year under audit four board of director's meeting were held.

45.2 Employees' details (LankaBangla Finance Ltd. & LankaBangla Securities Ltd.)

	Year-2008	Year-2007
No. of employee received TK.3,000 per month	0	0
No. of employee received more than Tk.3,000 per month	89	78
	89	78

45.3 Event After Balance Sheet Date

The Board of Director in its 58th Meeting held on 10 March 2009 has recommended 15% Cash Dividend & 15% Stock Dividend for the year ended 31 December 2008 for placement before shareholder at 12th Annual General Meeting of the company scheduled to be held on 5th May 2009.

45.4 Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at December 31, 2008. There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2008.

45.5 Director's Interest in Contracts with the Company

There was no transaction resulting in Director's interest with the Company and no leasing facilities have been made available to the Directors.

45.6 Foreign Remittances

During the year 2008, the company remitted USD 267,118 & GBP 9,538/- (BDT 22,473,518) against technical service fees & Dividend to the foreign shareholders.

45.7 Contingent Liabilities

The company is contingently liable to for the letter of credit for an amount of Tk 220,793,524/- opened for purchase of Machinery Items.


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 12, 2009

LankaBangla Finance Limited

Schedule of Fixed Assets As at 31 December 2008

Particulars	COST			Rate %	DEPRECIATION			Written down value as at 31.12.2008	
	Balance as at 01.01.2008	Addition during the year	Sales/ Adjustment		Balance as at 31.12.2008	Charged during the year	Adjustment		Balance as at 31.12.2008
A. Freeholds assets									
Furniture & Fittings	19,701,254	10,722,746	-	30,424,000	15	2,510,680	-	18,270,227	12,153,773
Office Equipment	25,099,067	3,828,540	-	28,927,607	20	3,765,566	-	20,728,895	8,198,712
Motor Vehicles	7,276,071	6,081,874	-	13,357,945	25	3,632,111	-	5,830,179	7,527,766
	52,076,392	20,633,160	-	72,709,552		9,908,357	-	44,829,301	27,880,251
B. Assets under finance lease									
Office Equipemnt	21,500,000	-	-	21,500,000	20	1,244,794	-	21,500,000	-
Motor Vehicles	5,338,500	-	5,338,500	-	25	20,658	4,140,697	-	-
	26,838,500	-	5,338,500	21,500,000		1,265,452	4,140,697	21,500,000	-
C. Intangible assets									
Systems and softwares	25,894,521	450,000	-	26,344,521	20	5,268,904	-	18,230,664	8,113,857
Total 2008 (A+B+C)	104,809,413	21,083,160	5,338,500	120,554,073		16,442,713	4,140,697	84,559,965	35,994,108
Total 2007	98,049,728	6,759,685	-	104,809,413		13,077,574	-	72,257,949	32,551,464



**Audited Consolidated
Financial Statements**

Auditors' Report

To the Shareholders of LankaBangla Finance Limited and its Subsidiary

We have audited the accompanying consolidated Balance Sheet of LankaBangla Finance Limited and its Subsidiary as of 31 December 2008 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement, consolidated Statement of Changes in Equity and the notes to the consolidated Financial Statements for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements, referred to above, which have been prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the company's affairs as of 31 December 2008 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, the Financial Institutions Act, 1993, the Securities and Exchange Rules, 1987, the rules and regulations issued by Bangladesh Bank, and other applicable laws and regulations as well as practice followed by Non Banking Financial Institutions.

We also report that:

- a) 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 and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account maintained by the company and examined by us;
- d) the financial statements have been drawn up in conformity with the rules and regulations issued by Bangladesh Bank to the extent applicable to the company;
- e) adequate provisions have been made for leases and advances which are in our opinion, doubtful of recovery;
- f) the company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets;
- g) the information and explanations required by us have been received and found satisfactory;
- h) the expenditures incurred for the year under audit were for the purpose of the company's business.


Dhaka
March 12, 2009


ACNABIN
Chartered Accountants

Consolidated Balance Sheet as at December 31, 2008

	Notes	31.12.2008 Taka	31.12.2007 Taka
I. SOURCES OF FUNDS			
1. Shareholders' fund			
a) Share capital	3	385,000,000	350,000,000
b) Reserve & surplus	4	421,975,948	159,840,406
c) Proposed dividend		115,500,000	87,500,000
Shareholders' equity		922,475,948	597,340,406
2. Minority interest		10,142	4,461
3. Long-term loan - net of current maturity			
Long term loans	5	1,492,342,461	1,193,799,312
4. Long-term liability - net of current maturity		655,189,491	478,909,994
a) Lease rental advances	6	78,872,351	63,430,611
b) Liability under finance lease	7	2,829,265	4,393,409
c) Term deposits	8	573,487,875	411,085,974
5. Deferred liability-employee gratuity	9	14,737,258	10,227,040
6. Deferred tax liability/(asset)	10	(2,560,176)	(1,513,626)
7. Interest suspense account	11	69,405,999	25,694,531
		3,151,601,123	2,304,462,117
II. APPLICATION OF FUND			
1. Fixed assets			
a) At cost	12	84,446,384	56,689,339
b) Less: Accumulated depreciation		189,227,180	140,216,078
		104,780,796	83,526,739
2. Lease portfolio		1,159,117,783	1,164,516,158
Net investment in leases-net of current maturity	13	983,666,302	1,080,714,585
Advance against leases	14	175,451,481	83,801,573
3. Term finance-net of current maturity	15	1,193,003,113	658,532,179
4. Mortgage loan	16	125,183,381	-
5. Investment	17 (a)	2,500,000	1,000,000
6. Membership fee at DSE and CSE		17,456,000	17,456,000
7. Provision for doubtful accounts and future losses	18	(191,752,272)	(93,419,875)
8. Current assets		5,554,920,174	3,977,605,953
a) Margin loan against share trading	19	1,548,377,647	797,165,016
b) Short term finance		272,613,627	405,104,770
c) Investment in marketable securities	17(b)	226,039,314	200,422,107
d) Trade receivables and advances	20	1,066,828,366	592,285,524
e) Prepayments & other receivables	21	359,188,471	559,059,052
f) Current maturity of lease & term finance	22	1,231,286,033	823,811,617
g) Cash and cash equivalent	23	850,586,715	599,757,867
9. Less: Current liabilities & provisions		4,793,273,440	3,477,917,637
a) Current maturity of long term borrowings, deposits & advances	24	2,842,532,651	1,919,021,716
b) Short term borrowing	25	948,365,701	698,427,194
c) Payables and accrued expenses	26	412,976,274	360,848,062
d) Payables to client against share trading		430,458,966	415,651,899
e) Unpaid Dividend		3,899,191	614,169
f) Provision for taxation	27	155,040,658	83,354,597
10. Net current assets (8-9)		761,646,734	499,688,316
		3,151,601,123	2,304,462,117

The annexed notes form an integral part of the Balance Sheet.


Chairman

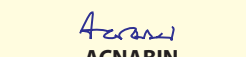
This is the Balance Sheet referred to in our report of even date.


Director


Managing Director


Company Secretary

Dhaka
March 12, 2009


ACNABIN
Chartered Accountants

Consolidated Profit & Loss Account

for the year ended December 31, 2008

	Notes	2008 Taka	2007 Taka
Operating Revenue			
Fund based activities			
		945,328,196	606,689,637
Interest income from leases	28	250,775,153	220,137,271
Interest during the construction period		30,723,272	29,480,076
Interest income from term finance	29	214,292,320	109,141,760
Income from credit card	30	82,887,052	61,604,426
Interest income from short term lending		66,080,763	42,046,451
Interest income from margin trading	42	241,341,616	121,825,882
Interest income from mortgage		4,215,349	-
Interest income from factoring		2,625,500	66,387
Interest income from customer account		52,387,171	22,387,384
Fee based activities			
		596,855,105	340,267,544
Merchant commission of credit card	31	3,771,356	3,236,365
Membership fees of credit card	32	7,715,700	7,057,800
Income from co-branding of credit card		-	1,868,556
Corporate finance fees		350,000	-
Gain on sale of shares	33	76,439,578	56,740,712
Underwriting commission		123,847	390,750
Portfolio management income (IPA)		128,981,990	56,330,868
Income from brokerage service		376,282,036	204,097,049
Other operational income	34	3,190,598	10,545,444
Total Operating revenue		1,542,183,301	946,957,181
Less: Operating expenses			
		1,069,969,353	648,572,118
General and administrative expenses	35	238,936,666	155,477,812
Depreciation/amortization on own and leased asset	36	25,517,554	17,345,095
Financial expenses	37	707,161,263	418,760,683
Provision for doubtful accounts and future losses	38	98,353,870	53,408,202
Sampath Bank management & consultancy fee	39	-	3,580,326
Operating profit for the year		472,213,948	298,385,063
Less: Provision for income tax/deferred tax expense (income)	40	94,573,330	87,914,240
Provision for income tax		95,619,880	88,250,469
Deferred tax expense/(income)		(1,046,550)	(336,229)
Profit after taxation for the year		377,640,619	210,470,823
Minority interest		5,077	2,432
Net profit for the year attributable to the shareholders of parent company		377,635,542	210,468,391
Earning Per Share (EPS)	41	9.81	5.47

The annexed notes form an integral part of the Profit & Loss Account.


Chairman


Director


Managing Director


Company Secretary

This is the Balance Sheet referred to in our report of even date.

Dhaka
March 12, 2009


ACNABIN
Chartered Accountants

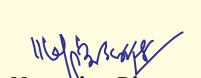
Consolidated Cash Flow Statement

for the year ended December 31, 2008

	2008 Taka	2007 Taka
a. Cash flows from operating activities		
Receipt from operational revenues	1,345,776,211	938,863,628
Interest payments	(678,567,229)	(333,903,581)
Direct payment-Hawla, Laga charges	(39,390,731)	(20,811,005)
Cash payment to employees and suppliers	(120,481,066)	(67,817,084)
Receipt from other operating activities	67,053,254	29,092,775
Payment for other operating activities	(29,869,370)	(17,393,690)
Payment of tax	(23,933,819)	(11,718,620)
	520,587,250	516,312,423
(Increase)/decrease in operating assets:		
Payment against lease assets	(681,768,128)	(908,344,893)
Short term lending	132,491,143	(293,825,867)
Term Finance	(913,428,938)	(668,280,043)
Credit card receivables	404,515,008	315,383,811
Mortgage loan	(157,173,945)	-
Investment in shares	(25,626,593)	(186,353,847)
Margin loan to portfolio investor	(751,212,631)	(556,463,854)
Accounts receivable and advances	51,599,228	(380,653,726)
Increase/ (decrease) in operating liabilities :		
Receipt of lease rental in advance & term deposits	24,031,892	25,565,782
Accounts payables	73,715,203	357,316,713
	(1,842,857,761)	(2,295,655,924)
Net cash used in operating activities	(1,322,270,511)	(1,779,343,501)
b. Cash flows from investing activities		
Purchase of fixed assets	(53,175,751)	(21,616,775)
Investment in subsidiary-LankaBangla Asset Management Co. Ltd.	500	-
Investment in membership at DSE	-	(850,000)
Sale of fixed assets	802,088	773,920
Net cash used in investing activities	(52,373,163)	(21,692,855)
c. Cash flows from financing activities		
Draw down of long term loans	1,209,375,902	1,240,000,000
Repayment of term loans	(651,519,556)	(387,410,812)
Term deposits	795,910,141	1,056,769,516
Net draw down of short term loan	272,839,159	202,607,955
Payment of finance lease liabilities	(1,265,454)	(2,555,418)
Net cash flow from financing activities	1,625,340,192	2,109,411,241
d. Effect of exchange rate changes on cash & cash equivalents	132,330	32,881
Net Cash and Cash Equivalent Surplus for the year (a+b+c+d)	250,828,848	308,407,765
Cash and cash equivalent at beginning of the year	599,757,867	291,350,101
Cash and Cash Equivalent at end of the year	850,586,715	599,757,867


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 12, 2009

Statement of changes in Shareholders' Equity

for the year ended December 31, 2008

Figures are in Taka

Particulars	Share Capital	Statutory Reserve	LankaBangla Foundation	Proposed Dividend	Retained Earnings	Total
Balance as at January 01, 2008	350,000,000	37,127,291	-	87,500,000	122,713,114	597,340,406
Items involved in changes in Equity:						
Net profit for the year	-	-	-	-	377,635,542	377,635,542
Appropriation to statutory reserve	-	33,255,775	-	-	(33,255,775)	-
LankaBangla Foundation	-	-	1,663,004	-	(1,663,004)	-
Payment dividend						
Stock dividend (10%)	35,000,000	-	-	(35,000,000)	-	-
Cash dividend (15%)	-	-	-	(52,500,000)	-	(52,500,000)
Proposed dividend						
Stock dividend (15%)	-	-	-	57,750,000	(57,750,000)	-
Cash dividend (15%)	-	-	-	57,750,000	(57,750,000)	-
Balance as at December 31, 2008	350,000,000	70,383,066	1,663,004	115,500,000	349,929,877	922,475,948


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 12, 2009

Notes to the Consolidated Financial Statements

for the year ended December 31, 2008

1.0 Legal Status and Nature of the Company

1.1 Domicile, Legal Form and Country of Operation

LankaBangla Finance Limited (here in after referred to as LankaBangla or the Company), a joint venture non-banking financial institution, was incorporated in Bangladesh on 05 November 1996 as a Public Limited Company under the Companies Act, 1994 and in the name 'Vanik Bangladesh Limited'. It started commercial operation in the year 1997 obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. LankaBangla also obtained license from Securities and Exchange Commission vide No. MB-1.064/98-05 to operate in the Capital Market as Merchant Banker. Subsequently it was renamed as LankaBangla Finance Limited on 27 April 2005. The Company went for public issue in 2006 and its shares are listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on October 18, 2006.

1.2 Subsidiary Companies

The Company has a subsidiary company named "LankaBangla Securities Ltd" (formerly Vanik Bangladesh Securities Limited) with an equity interest of 99.998% (15,299,694 shares of Tk.10 each totaling Tk. 152,996,940) in the subsidiary company. The subsidiary is a private limited company incorporated under the Companies Act, 1994. The principal activity of the subsidiary is to deal with the securities as broker in the capital market having membership no. 132 with Dhaka Stock Exchange and 91 with Chittagong Stock Exchange.

The Company has an other subsidiary company named "LankaBangla Asset management Company Limited" with an equity interest of 99.998% (2,499,950 shares of Tk.100 each totaling Tk. 24,999,500) in the subsidiary company. LankaBangla Asset management Company Limited was incorporated in Bangladesh on 16 July 2007 as a Private Limited Company under the Companies Act, 1994. LankaBangla Asset Management Company Limited also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market as Trustee and Mutual Fund under the Securities and Exchange Commission (Mutual Fund) Regulations, 2001, which is under process.

1.3 Company's Activities

The activities of the company include services broadly classified as fee based and fund based services:

- Fees based services include underwriting of securities, IPOs, Portfolio Management, corporate financial services etc.
- Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, etc.
- LankaBangla also provides brokerage services through its 99.998% owned subsidiary company

2.0 Significant Accounting Policies

2.1 Basis of Preparation and Presentation of Financial Statements

The financial statements have been prepared and the disclosure have been made in accordance with the requirements of the Companies Act-1994, Financial Institution Act-1993, The Securities and Exchange Rules-1987, Guideline from Bangladesh Bank, the Listing Regulation of Dhaka and Chittagong Stock Exchange, Bangladesh Accounting Standards (BAS) and other applicable laws and regulations.

No adjustment has been made for inflationary factors affecting these financial statements since Historical Cost Convention is followed

2.2 Consolidation of operations of subsidiary

The financial statements of the company and its subsidiary, as mentioned in the Note No. 1.2, have been consolidated in accordance with Bangladesh Accounting Standards (BAS) No. 27 "Consolidated and Separate Financial Statements". The Consolidation of the 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".

2.3 Accounting for Lease

The company, through implementation of BAS 17, has been following the finance lease method for accounting of lease incomes. The aggregate lease receivables including un-guaranteed residual value are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost and interest during the acquisition period of lease assets, constitutes the unearned lease income. Initial direct cost (if any) in respect of lease are charged in the year in which such cost are incurred.

The unearned lease income is usually amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Unrealized income is suspended, in compliance with the requirements of circular issued by the FID of Bangladesh Bank.

2.4 Accounting for Term Finance

Books of accounts of term finance operation are maintained based on the accrual method of accounting. Outstanding loans, along with the accrued interest thereon, for short-term finance, and unrealised principal for long-term finance are accounted for as term finance assets of the company. Interest earnings are recognised as operational revenue periodically.

2.5 Merchant banking operation

Merchant Banking operation includes the services of issue management, portfolio management, underwriting of shares and securities advisory services, as outlined in Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules 1996. Accordingly profit and loss account of merchant banking operation includes revenue from issue management, portfolio management, underwriting of shares, shows separately as required by the Regulations of Securities and Exchange Commission.

2.6 Recognition of Fixed Assets

2.6.1 Assets acquired under own finance

These are recognized initially at cost and subsequently at cost less accumulated depreciation in compliance with the BAS -16: Property Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any direct cost attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the assets, the expenditure is capitalized as an additional cost of the assets. Software and all up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

2.6.2 Assets acquired under finance lease

Assets acquired under finance lease are accounted for by recording the assets at the lower of present value of minimum lease payments under the lease agreement and the fair value of the asset. The related obligation under the lease is accounted for as liability. Financial charges are located to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability. Depreciation on fixed assets acquired under lease has been charged in the accounts following the principal recovery method.

2.7 Depreciation

2.7.1 Depreciation on Own Fixed Assets

Depreciation on freehold fixed assets is charged using straight-line method at the following rates starting from the month of acquisition of assets:

Head	Parent Company	Subsidiary
Furniture & fixtures	15%	10%
Office equipment	20%	20%
Vehicle	25%	-
Office Renovation	20%	20%

No depreciation is charged in the month of disposal.

2.7.2 Depreciation/Amortization of Leased Assets

Leased assets in the use and possession of the Company are depreciated in the books of the Company over the lease terms. The principal portions of lease installment paid/due are charged as depreciation in the year to which it relates.

2.7.3 Intangible Assets

Intangible assets are initially recognized at cost including any directly attributable cost. Amortization is provided on a straight-line basis at 20% to write off the cost of intangible assets.

Intangible assets include software, integrated systems along with related hardware.

2.8 Segment Reporting

The company has three reportable segments namely, Lease financing operation, Merchant Banking Operation and Credit Card Operation, as the SEC requires us to prepare a separate profit & loss account for Merchant Banking Operations. Merchant Banking Operations include managing IPOs, underwriting of securities, portfolio management and other financial advisory services. Operating result of merchant banking operation has been presented separately as well as consolidated with the of the results of income from financing operations. LankaBnagla evaluates the performance of its segment based primarily on income before taxes.

2.9 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they incur in accordance with BAS 23 "Borrowing cost".

2.10 Books of Accounts

The Company maintains its books of accounts for main business in electronic form, and a separate set of books of accounts for the merchant banking operation as required under the regulations of Securities and Exchange Commission.

2.11 Foreign Currency Transaction

Foreign currency transactions were converted into Bangladesh Taka at exchange rates ruling on the date of transactions, while foreign currency monetary items reported at the rate prevailing on the Balance Sheet date. Any gain/loss resulting from foreign currency transactions was charged to the Profit & Loss Account.

2.12 Revenue Recognition

As per BAS 18, Revenue is recognized when it was probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

2.12.1 Lease Financing

The Company follows the finance lease method for accounting of lease incomes in compliance with BAS 17. Interests are recognized as and when interest/incomes are accrued. Lease interests outstanding over 5 months are not recognized as revenue, and used to keep under interest suspense account. Fee based income and delinquent charges from lease operations are accounted for on cash basis.

2.12.2 Loans and Advances

Interest on term finance is recognized when interest is accrued. No interest on loan is accounted for as revenue where any portion of capital or interest is in arrears for more than 5 months. Fee based income and delinquent charges from loan operations are accounted for on cash basis.

2.12.3 Credit Cards

Interests on credit card are accrued and taken to accounts upto three (3) months. Interest on credit card for more than three months is accounted as Interest-in-Suspense and is not added to revenues. Thereafter interest is recognized on cash basis reversing the suspense account. Fee based income from credit card operations are accounted for on accrual basis.

2.12.4 Other Income

Fee based incomes other than above are recognized as income at the stage of completion of transaction when the amount of revenue can be measured reliably and economic benefits associated with the transaction flows to the company.

- Revenues from merchant banking operations are recognized following accrual basis of accounting.
- Profit or loss arising from the sale of shares are accounted for on cash basis
- FDRs, if not en-cashed on due date, are considered automatically renewed with interest earned upto maturity date and with the equivalent current rate of interest.

2.12.5 Interest suspense account

Lease income earned, interest on term finance overdue beyond three months period are not recognised as revenue and credited to interest suspense account.

2.13 Provisions for Doubtful Leases, Loans and Advances

Provisions for classified and unclassified leases, loans, advances and credit cards receivables have been made as per guidelines of Bangladesh Bank through FID Circular No. 08 of 2002, No. 11 of 2005, No. 03 of 2006 and other directives as applicable:

Overdue period (lease/loan and advances)	Overdue period (credit cards and receivables)	Classifications	Provision required net of eligible securities
Months			%
1-2	1-2	Unclassified	1
3-5	3-5	Special Mention Account	5
6-11	6-8	Sub-standard	20
12-17	9-11	Doubtful	50
18 and over	12 and over	Bad or Loss	100

2.14 Corporate Tax

2.14.1 Provision for income Tax

The Company has made income tax provision for the year 2008 as required by the Income Tax Ordinance 1984 and Finance Ordinance 2008.

2.14.2 Deferred Tax

Company provides for deferred taxation using the liability method considering temporary timing differences arising between the tax base of assets and liabilities and their carrying amount for Financial Reporting purpose. Deferred tax is determined at the income tax rate prevailing at the Balance Sheet date.

In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered

In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.

2.15 Investments in securities

The investments in marketable shares are valued at lower of cost or market price.

2.16 Cash and Cash Equivalent and Cash Flow statement

Cash and cash equivalents comprise cash on hand and fixed deposits, together with short-term highly liquid investments that are readily convertible to a known amount of cash, and that are not subject to significant risk of change in value.

The Cash flow statement is prepared using the direct method as stipulated in Bangladesh Accounting Standards (BAS) no. 7 "Cash Flow Statement"

2.17 Employee benefits

2.17.1 Provident Fund

The Company maintains a contributory employees Provident Fund recognized by National Board of Revenue for its permanent employees. The Fund is administered by a Board of Trustees and is funded equally by the employer and the employees. Provident Fund monies are invested in Fixed Deposit with other financial institutions.

2.17.2 Gratuity Fund

The Company operates an unfunded gratuity scheme. Employees are entitled to gratuity benefit at the following rates:

<u>Year of confirmed services</u>	<u>% of entitlement</u>
3 years and above but less than 4 years	50% of last basic salary
4 years and above but less than 5 years	100% of last basic salary
5 years and above	150% of last basic salary

The actuarial valuation has not yet been made to assess the adequacy of the liabilities provided for the scheme.

2.17.3 Group Life Insurance Scheme and Health Insurance

The Company has a group life insurance scheme for all of its permanent employees. It has also a health insurance scheme for all of its permanent employees including their spouse and children.

2.18 Litigation

The company is no party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loan/lease payment. The company however, provides adequate provisions against any doubtful payments.

2.19 Earning Per Share (EPS)

The company calculates EPS in accordance with the BAS: 33 Earning Per Share, which has been shown on the face of the Income Statements, and the computation is stated in Note 41.

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no Preference Dividend, Minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighting factor. The time-weighting factor is the numbers of days the specific shares are outstanding as a proportionate of the number of days in the year.

Basic earning per share

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding for the year.

Diluted Earning per share

No diluted earning per share is required to be calculated for the year, as there was no scope for dilution during the year under review.

2.20 Corporate Governance

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting (04 meeting held in the year 2006) and documented procedures of independence, the company endeavors to meet the standards expected.

The company has taken note of the recently prescribed measures by the Securities and Exchange Commission in this regard and intends to introduce the concept of independent Director at the earliest possible opportunity. An Audit Committee is already in place. The Company also prohibits provision of non-audit services by the external auditors. The Audit committee keeps under review the independence and objectivity of the external auditors.

The Board is also committed to effective communication between the company and its subsidiaries, investors, regulators and third party interests.

2.21 Risk and uncertainty for use of estimates (Provisions)

The Preparation of financial statements in conformity with Bangladesh Accounting Standards requires management to make estimates and assumptions that effect the reported amounts of revenue and expenses, assets and liabilities and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. Due to inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

In accordance with the guidelines as prescribed by BAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations: -

- When the company has an obligation as result of past events;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the operation.

2.22 Events after the balance sheet date

All materials events occurring after the balance sheet date are considered and where necessary, adjusted for or disclosed in Note 44.3.

2.23 Proposed Dividend

Proposed dividend has been shown separately under the shareholders' equity in accordance with Bangladesh Accounting Standards(BAS) No. 10 "Events After the Balance Sheet Date".

2.24 Reporting Currency and level of Precision

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

2.25 Comparatives

Where necessary comparative figures and account title in the consolidated financial statements have been adjusted to conform to changes in presentation in the current year.

	31.12.2008	31.12.2007
	Taka	Taka
3.00 Share capital :Tk. 385,000,000		
Authorised		
100,000,000 ordinary shares of Tk.10/- each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up		
35,000,000 ordinary shares of Tk.10/- each	350,000,000	350,000,000
Bonus Share for the year-2007 (10%)	35,000,000	-
	385,000,000	350,000,000
Details of shares holding are as under:		
Sponsor shareholders:		
a. Foreign Sponsors		
	Percentage	
Sampath Bank Limited, Sri Lanka	22.86%	88,000,000
First Gulf Asia Holdings Limited, KSA (Former Chinkara Capital Pte.Ltd.)	11.43%	44,000,000
	34.29%	132,000,000
b. Local Sponsors		
One Bank Limited, Bangladesh	10.39%	40,000,000
SSC Holdings Limited, Bangladesh	2.86%	11,000,000
Shanta Apparel Limited	2.60%	10,000,000
Individuals	20.78%	80,000,000
	36.62%	141,000,000
General Shareholders	29.09%	112,000,000
	100%	385,000,000

Classification of shareholders by holding as required by Regulation 37 of the Listing Regulations of Dhaka Stock Exchange Ltd.

Number of share	Number of share	No. of shareholder	% of holding
Less than 500	629,300	1,615	1.63
501 to 5,000	2,916,750	1,863	7.58
5,001 to 10,000	1,097,850	145	2.85
10,001 to 20,000	993,250	72	2.58
20,001 to 30,000	569,950	23	1.48
30,001 to 40,000	576,350	17	1.50
40,001 to 50,000	275,000	6	0.71
50,001 to 100,000	1,023,150	14	2.66
100,001 to 1,000,000	3,608,850	9	9.37
Above 1,000,000	26,809,550	9	69.64
	38,500,000	3,773	100.00

The shares were listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on October 17, 2006 and October 31, 2006 respectively, also trading started in the both houses from November 01, 2006.

Share traded Tk. 196.60 and Tk. 196.10 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2008.

4.00 Reserve & surplus: Tk. 421,975,948

Retained earnings	(Note: 4.1) 349,929,877	122,713,114
Statutory reserve	(Note: 4.2) 70,383,067	37,127,292
LankaBangla Foundation	1,663,004	-
	421,975,948	159,840,406

4.01 Retained earnings: Tk. 349,929,877

Retained earnings as at January 01	122,713,114	24,444,725
Add: Profit/(loss) for the period	377,635,542	208,645,680
	500,348,656	233,090,405
Less: Transfer to statutory reserve during the year	33,255,775	22,877,292
Transfer to LankaBangla Foundation	(Note: 4.1.1) 1,663,004	-
Proposed Dividend		
Cash dividend (15%)	57,750,000	52,500,000
Stock dividend (10%)	57,750,000	35,000,000
	150,418,779	110,377,292
	349,929,877	122,713,114

4.01.1 Transfer to LankaBangla Foundation: Tk. 1,663,004

Provision for LankaBangla Foundation has made @1% on after tax profit amounting Tk. 1,663,004 for the year 2008. Provision has made from current year's profit as per decision of the Executive Committee of the Board of Directors of the LankaBangla Finance. (Minutes of 50th Board Meeting held on 27 march 2007).

	31.12.2008	31.12.2007
	<u>Taka</u>	<u>Taka</u>
4.2 Statutory reserve: Tk. 70,383,067		
Opening balance	37,127,292	14,250,000
Add: Profit transferred to statutory reserve during the year @ 20%	33,255,775	22,877,292
	<u>70,383,067</u>	<u>37,127,292</u>
5. Long term Loan- net of current maturity: Tk. 1,492,342,461		
Balance as at January 01	1,690,119,614	842,529,971
Add: Drawdown during the period	1,218,010,000	1,240,000,000
	2,908,129,614	2,082,529,971
Less: Repayment during the period	644,642,869	387,410,811
Balance at 31 December (Note: 5.1)	<u>2,263,486,745</u>	<u>1,695,119,160</u>
Less: Current maturity (Note: 24)	771,144,284	501,319,848
	<u>1,492,342,461</u>	<u>1,193,799,312</u>
5.1 Name of the lending institutions: Tk. 2,263,486,745		
Bangladesh Bank (under re-finance) - Women Enterprise	450,000	-
Bangladesh Bank (under re-finance) - Mortgage Loan	75,800,000	-
BRAC Bank Limited	97,750,000	137,999,546
Prime Bank Limited	112,158,984	150,662,320
Social Investment Bank Limited	138,679,788	150,524,246
Southeast Bank Limited	-	2,523,084
Shahjalal Islami Bank Limited	218,885,179	247,890,918
The Trust Bank Limited	78,403,712	107,915,259
United Commercial Bank Limited	63,781,708	86,547,169
United Leasing Company Limited	14,167,938	19,200,502
Arab Bangladesh Bank	97,599,168	130,598,203
Bank Alfalah Limited	37,718,320	27,799,759
Bank Asia Limited	19,182,999	35,317,776
Commercial Bank of Ceylon Limited	53,485,161	30,554,000
Exim Bank Limited	229,086,101	73,741,732
Janata Bank Limited	13,333,113	39,999,781
National Bank Limited	218,545,465	166,873,565
The Premier Bank Limited	99,386,334	28,344,336
The City Bank Limited	28,536,957	40,031,454
Standard Bank Limited	135,446,339	47,734,007
Jamuna Bank Limited	86,544,572	-
Uttara Bank Limited	222,221,206	83,150,000
National Credit & Commerce Bank Limited	27,660,519	43,077,088
Mutual Trust Bank Limited	129,297,280	44,634,415
International Leasing & Financial Services Limited	65,365,902	-
	<u>2,263,486,745</u>	<u>1,695,119,160</u>

Bank Borrowings are secured by:

- First ranking pari passu charge on present and future fixed and floating assets of LankaBangla Finance Limited with the future and existing lenders.
- Usual charge documents (Letter of Hypothecation, Promissory Notes, Letter of Continuation, Letter of Arrangements etc.)

Funds required for the operation of business are primarily obtained from various banks and financial institutions. Secured loans are covered by way of first priority floating charge with full title guarantee ranking pari-passu among all the lenders of the company. The company has offered corporate guarantee in some cases as demanded by the lending institutions. The rates of long term borrowing varies between 10% to 15.50% p.a. except refinance from Bangladesh Bank which is 5% and the tenure being 3 to 5 years. Amount repayable within one year have been classified under current liabilities.

Long Term Loan outstanding on December 31 are repayable as follows:

Payable within 1 year	771,144,284	501,319,848
2 years	639,567,308	597,283,783
3 years	407,718,316	370,441,945
4 years	289,450,066	167,000,060
5 years	155,606,771	59,073,524
	<u>2,263,486,745</u>	<u>1,695,119,160</u>

		31.12.2008	31.12.2007
		<u>Taka</u>	<u>Taka</u>
6. Lease rental advances: Tk. 78,872,351			
The Company takes advance rentals from the lessees on signing of lease agreements which are refundable or adjustable at the end of lease terms.			
Total lease rental advances	(Note: 6.1)	95,015,561	71,798,960
Less: Current maturity	(Note: 24)	<u>16,143,210</u>	<u>8,368,349</u>
		<u>78,872,351</u>	<u>63,430,611</u>
6.1 Lease rental advances: Tk. 95,015,561			
Adjustable within 1 year		16,143,210	8,368,349
Term finance deposits		-	1,898,224
Adjustable in less than 5 years		<u>78,872,351</u>	<u>61,532,387</u>
		<u>95,015,561</u>	<u>71,798,960</u>
7. Liability under finance lease: Tk. 2,829,265			
Lease obligations	(Note: 7.1)	4,267,090	6,289,891
Less: Current maturity	(Note: 24)	<u>1,437,825</u>	<u>1,896,482</u>
		<u>2,829,265</u>	<u>4,393,409</u>
Lease obligation represents liability against purchase of assets for own use under lease agreement with different lessors.			
7.1 Total lease obligations: Tk. 4,267,090			
Adjustable within 1 year		1,437,825	1,896,482
Adjustable in less than 5 years		2,829,265	4,393,409
Adjustable in more than 5 years		-	-
		<u>4,267,090</u>	<u>6,289,891</u>
8. Term deposits: Tk. 573,487,875			
Payable within 1 year		2,053,807,332	1,407,437,037
Payable within 2 years		470,379,765	328,980,629
Payable within 3 years & above		103,108,110	82,105,345
Total deposits under term borrowings scheme		<u>2,627,295,207</u>	<u>1,818,523,011</u>
Less: Current maturity	(Note: 24)	<u>2,053,807,332</u>	<u>1,407,437,037</u>
		<u>573,487,875</u>	<u>411,085,974</u>
9. Deferred liability-employee gratuity: Tk. 14,737,258			
Balance as at January 01		10,227,040	6,220,903
Provision during the year		<u>5,741,043</u>	<u>4,538,207</u>
		15,968,083	10,759,114
Less: Payment during the year		<u>1,230,825</u>	<u>532,074</u>
		<u>14,737,258</u>	<u>10,227,040</u>

	31.12.2008 Taka	31.12.2007 Taka
10. Deferred tax liability/(asset) : Tk. (2,560,176)		
Balance as at January 01	(1,513,626)	(1,177,397)
Provided during the year	(1,046,550)	(336,229)
	<u>(2,560,176)</u>	<u>(1,513,626)</u>

In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.

11. Interest Suspense: Tk. 69,405,999

Lease Finance	36,970,999	15,775,496
Term Finance	29,930,000	6,774,076
Credit Card	2,505,000	3,144,959
	<u>69,405,999</u>	<u>25,694,531</u>

Movement of total interest suspense is as below:

Balance as at January 01	25,694,531	9,338,983
Add: Charged during the year	43,711,468	16,355,548
	<u>69,405,999</u>	<u>25,694,531</u>

	31.12.2008	31.12.2007
	<u>Taka</u>	<u>Taka</u>
12. Fixed Assets: Tk. 84,446,384		
A. Cost		
i) Building		
Opening Balance	-	-
Add : Addition during the year	<u>4,092,000</u>	<u>-</u>
	4,092,000	-
ii) Freehold assets		
Opening Balance	82,553,057	60,936,282
Add : Addition during the year	<u>48,685,002</u>	<u>21,616,775</u>
	131,238,059	82,553,057
Less: Sales/Adjustment during the year	<u>292,000</u>	<u>-</u>
	130,946,059	82,553,057
iii) Leasehold Assets		
Opening Balance	31,768,500	28,718,500
Add : Addition during the year	<u>1,414,600</u>	<u>3,900,000</u>
	33,183,100	32,618,500
Less: Disposal during the year	<u>5,338,500</u>	<u>850,000</u>
	27,844,600	31,768,500
iv) Intangible assets		
Opening Balance	25,894,521	25,894,521
Add: Acquisition during the year	<u>450,000</u>	<u>-</u>
	26,344,521	25,894,521
Total cost (A)	<u>189,227,180</u>	<u>140,216,078</u>
B. Accumulated Depreciation		
i) Building		
Opening Balance	-	-
Add : Charged during the year	<u>51,150</u>	<u>-</u>
	51,150	-
ii) Freehold assets		
Opening Balance	45,191,813	36,626,686
Add : Charged during the year	<u>17,670,088</u>	<u>8,565,127</u>
	62,861,901	45,191,813
Less: Adjustment during the year	<u>122,800</u>	<u>-</u>
	62,739,101	45,191,813
iii) Leasehold Assets		
Opening Balance	25,373,166	22,372,732
Add : Charged during the year	<u>2,527,412</u>	<u>3,601,064</u>
	27,900,578	25,973,796
Less: Adjustment during the year	<u>4,140,697</u>	<u>600,630</u>
	23,759,881	25,373,166
iv) Intangible assets:		
Opening Balance	12,961,760	7,782,856
Add : Charged during the year	<u>5,268,904</u>	<u>5,178,904</u>
	18,230,664	12,961,760
Total (B)	<u>104,780,796</u>	<u>83,526,739</u>
C. Written Down Value (A-B)	<u>84,446,384</u>	<u>56,689,339</u>

A schedule of fixed assets has been given in Annexure-1.

13. Net investment in leases: Tk. 983,666,302

Gross investment	(Note: 13.1)	2,357,167,073	2,246,196,797
Less: Unearned finance income	(Note: 13.2)	<u>594,517,279</u>	<u>581,548,042</u>
Net Investment in leases	(Note: 13.3)	1,762,649,794	1,664,648,755
Less: Current maturity	(Note: 22)	<u>778,983,492</u>	<u>583,934,170</u>
		<u>983,666,302</u>	<u>1,080,714,585</u>

		31.12.2008	31.12.2007
		Taka	Taka
13.1	Aging of gross investment in leases: Tk. 2,357,167,073		
	Less than one year	778,983,492	709,650,988
	More than one year below five years	1,578,183,581	1,536,545,809
		<u>2,357,167,073</u>	<u>2,246,196,797</u>
13.2	Unearned finance income: Tk.594,517,279		
	Less than 1 year	257,053,479	245,566,100
	More than 1 year below 5 years	337,463,800	335,981,942
		<u>594,517,279</u>	<u>581,548,042</u>
	The Company is the legal owner of the leased assets under the lease portfolio as per lease agreements signed with the lessee and registered documents.		
13.3	Aging of net investment in leases: Tk.1,762,649,794		
	Receivable within 1 year	521,930,013	464,084,887
	Receivable later than 1 year not later than 5 years	1,240,719,781	1,200,563,868
		<u>1,762,649,794</u>	<u>1,664,648,755</u>
14.	Advance against leases: Tk.175,451,481		
	Advance against leases (Note: 14.1)	226,024,127	108,531,354
	Less: Current maturity (Note: 22)	50,572,646	24,729,781
		<u>175,451,481</u>	<u>83,801,573</u>
14.1	Advance against leases: Tk.226,024,127		
	Adjustable within 1 year	50,572,646	24,729,781
	Adjustable later than 1 year not later than 5 years	175,451,481	83,801,573
		<u>226,024,127</u>	<u>108,531,354</u>
	Advance against leases represents payment for procurement of leased assets against unexecuted leasing agreements which are capitalized on execution of the leases.		
15.	Term finance- net of current maturity: Tk.1,193,003,113		
	Long term loans	1,562,742,444	873,679,845
	Less: Current maturity (Note: 22)	369,739,331	215,147,666
		<u>1,193,003,113</u>	<u>658,532,179</u>
	Movement is as below		
	Balance at 1st January	873,679,845	261,399,802
	Add: Disbursed during the year	1,120,188,018	947,796,653
		1,993,867,863	1,209,196,455
	Less: Recovery during the year	431,125,419	335,516,610
		<u>1,562,742,444</u>	<u>873,679,845</u>
16.	Mortgage loan - net of current maturity: Tk.125,183,381		
	Mortgage loans (Note: 16.1)	157,173,945	-
	Less: Current maturity (Note: 22)	31,990,564	-
		<u>125,183,381</u>	<u>-</u>
16.1	Mortgage loan: Tk.157,173,945		
	Mortgage loan-Bangladesh Bank Refinance	88,673,945	-
	Mortgage loan-Developers	53,000,000	-
	Mortgage loan- Own finance	15,500,000	-
		<u>157,173,945</u>	<u>-</u>

	31.12.2008	31.12.2007
	Taka	Taka
17. (a) Investment: Tk. 2,500,000		
Investment in share portfolio(non-listed)	2,500,000	1,000,000
	2,500,000	1,000,000
17. (b) Investment in share portfolio: Tk. 226,039,314		
Investment in marketable securities	226,039,314	200,422,107

Details of the securities are as follow:

SL. No.	Name of the Companies	Number of Share	Average cost per unit	Total Cost (Taka)	Closing Rate 30 December 2008	Market price of Shares at the end of the year (Taka)	Unrealised Gain	Provision for Loss
1	AB Bank Limited	4,016	761.90	3,059,790	822.25	3,302,156	242,366	-
2	Dhaka Bank Limited	232,506	401.86	93,434,861	360.50	83,818,413	-	(9,616,448)
3	Exim Bank Limited	14,000	306.20	4,286,800	323.50	4,529,000	242,200	-
4	IFIC Bank Limited	6,000	1,187.82	7,126,920	1,188.75	7,132,500	5,580	-
5	Mercantile Bank Limited	6,301	325.83	2,053,055	348.25	2,194,323	141,268	-
6	Eastern Bank Limited	11,700	527.17	6,167,933	589.25	6,894,225	726,292	-
7	National Bank Limited	5,007	790.59	3,958,484	1,014.25	5,078,350	1,119,866	-
8	The City Bank Limited	23,000	589.81	13,565,630	451.50	10,384,500	-	(3,181,130)
9	Jamuna Bank Limited	26,085	365.02	9,521,547	266.75	6,958,174	-	(2,563,373)
10	Mutual Trust Bank Limited	7,500	324.88	2,436,600	319.75	2,398,125	-	(38,475)
11	ONE Bank Limited	45,000	441.44	19,864,800	333.00	14,985,000	-	(4,879,800)
12	Prime Bank Limited	12,850	631.99	8,121,072	539.75	6,935,788	-	(1,185,284)
13	Shahajalal Islami Bank Limited	85,000	293.32	24,932,200	311.25	26,456,250	1,524,050	-
14	Trust Bank Limited	21,400	677.15	14,491,010	445.00	9,523,000	-	(4,968,010)
15	Green Delta Insurance Limited	1,790	2,629.06	4,706,017	1,982.00	3,547,780	-	(1,158,237)
16	DESCO	2,500	1,011.27	2,528,175	953.25	2,383,125	-	(145,050)
17	Square Pharmaceuticals Ltd.	2,000	2,892.21	5,784,420	3,151.25	6,302,500	518,080	-
	Total	506,655		226,039,314		202,823,208	4,519,702	(27,735,808)

All investment in marketable securities are valued on an aggregate portfolio basis at the lower of cost and market value at the Balance Sheet date.

As on 31 December 2008 there were Tk 4,519,702 of gross unrealised gain on investment in marketable listed securities.

	31.12.2008	31.12.2007
	Taka	Taka
18. Provision for doubtful accounts and future losses: Tk. 191,752,272		
Lease financing	77,940,745	48,898,744
Term finance	51,232,660	14,881,302
Short term lending	14,072,340	12,022,697
Credit card	17,575,527	15,249,000
Mortgage Loan	3,195,000	-
Investment in marketable securities	27,736,000	2,368,132
	191,752,272	93,419,875
Provisions for classified and unclassified leases, loans, advances, credit cards receivables and margin loans on share trading have been made as per the FID circular no.08 dated 03/10/2002, no. 11 dated 31/10/2005 and no.03 dated 03/05/2006 issued by Department of Financial Institutions and Markets of Bangladesh Bank.		
Balance at 1st January	93,419,875	40,075,434
Provision during the year	98,353,870	53,408,202
	191,773,745	93,483,636
Written-off/reversal during the year (Note: 18.1)	21,473	63,762
	191,752,272	93,419,875
18.1 Write Off/reversal: Tk. 21,473		
Credit Card operation	21,473	63,762
19. Margin Loan against Share trading: Tk. 1,548,377,647		
This represents advances granted to investors for share trading on their own account under the Investors Portfolio Account (IPA)		
20. Trade receivables and advances: Tk. 1,066,828,366		
Trade receivables (Note: 20.1)	623,367,553	312,532,980
Advances (Note: 20.2)	38,000,435	27,146,383
Share trading receivables	405,460,378	252,606,161
	1,066,828,366	592,285,524
20.1 Trade receivables: Tk. 623,367,553		
Lease installment receivables	177,194,554	50,770,679
Term finance receivables	119,112,871	54,720,868
Short term lending receivables	2,116,325	-
Receivables - Mortgage Loan	304,953	-
Factoring Debtors	6,546,549	7,487,454
Credit card receivables	318,092,301	199,553,979
	623,367,553	312,532,980
20.2 Advances: Tk. 38,000,435		
Staff loan-others	4,199,052	3,384,607
Advance office rent	11,065,230	3,974,418
Security deposit/Lease deposit (Note-20.2.1)	1,598,989	1,531,419
Withholding tax	12,890,538	9,560,861
Advance income tax	8,246,626	8,695,078
	38,000,435	27,146,383
Withholding tax represents amount of income tax deducted at source by different financial institution on the interests on bank balances of LankaBangla Finance Limited with various financial institutions. Advance income tax represents corporate income tax paid as per section 64 of I.T. Ordinance 1984.		
20.2.1 Security Deposit: Tk. 1,598,989		
Telephone line deposit	772,139	744,139
Lease deposit (Note 20.2.1.1)	378,500	588,930
Deposit for mobile phones	54,500	54,500
Other deposits	393,850	143,850
	1,598,989	1,531,419

	31.12.2008	31.12.2007
	Taka	Taka
20.2.1.1 Lease deposit: Tk. 378,500		
This represents lease installment paid in advances per lease agreement with the following lessors:		
United Leasing Company Limited	378,500	378,500
IDLC	-	164,480
Uttara Finance & Investments Ltd.	-	45,950
	378,500	588,930
21.00 Prepayments & other receivables: Tk. 359,188,471		
Prepayments	22,835,735	10,588,371
Interest receivables-Fixed deposit account	17,571,876	11,262,831
Interest receivables-Term finance	42,383,265	22,782,237
Interest receivables-Short term lending	18,332,000	14,826,858
Interest receivables-Mortgage Loan	51,727	-
Interest receivables-Call Loan	17,778	-
Current account with Dhaka Bank Ltd	2,382,745	2,663,946
Receivables against share trading	37,507,700	2,694,563
Master card operator - (payables)/receivables (Note 21.01)	(41,875,527)	(3,843,792)
Lease receivable-IDCP (Note 21.02)	53,906,025	64,091,156
Receivables / (Payable) with LBSL- IP A/C	(58,494,511)	139,616,293
Interest receivables-Factoring	1,359,411	66,387
Receivable from DSE & CSE	254,119,600	292,737,217
Other receivables	9,090,647	1,572,985
	359,188,471	559,059,052
21.1 Master card operator: Tk. (41,875,527)		
This represents receivable/payables from the other master card operators which is created due to the use of credit card systems at the point of sales.		
Standard Chartered Bank	(14,786,646)	(45,336,210)
Prime Bank Limited	8,480,344	9,310,249
National Bank Limited	(2,488,814)	(2,741,810)
Master Card International	139,304,664	88,531,524
One Bank Limited	1,372,876	3,423,417
Dutch Bangla Bank limited	(187,874,152)	(71,015,289)
Commercial Bank of Ceylon	(159,236)	(58,508)
Bank Asia Limited	14,275,437	14,042,834
	(41,875,527)	(3,843,792)
21.2 Lease receivable-IDCP & Delinquent Charges: Tk. 53,906,025		
IDCP	53,906,025	64,091,156
22. Current maturity of lease and term finance: Tk. 1,231,286,033		
Executed leases	778,983,492	583,934,170
Un executed leases	50,572,646	24,729,781
Term finance	369,739,331	215,147,666
Mortgage loan	31,990,564	-
	1,231,286,033	823,811,617
23. Cash and cash equivalents: Tk. 850,586,715		
Cash in hand	101,485	73,252
Fixed deposit account (Note: 23.1)	354,875,459	279,195,204
Interest bearing short term deposit account (Note: 23.2)	430,063,050	304,289,185
Non interest bearing current account (Note: 23.3)	65,546,722	16,200,227
	850,586,715	599,757,867

	31.12.2008	31.12.2007
	Taka	Taka
23.1 Fixed deposit account: Tk. 354,875,459		
Southeast Bank Limited	2,601,919	27,566,889
Mercantile Bank Limited	28,166,101	25,681,421
BRAC Bank Limited	38,318,435	34,664,679
Prime Bank Limited	88,666,957	57,652,488
Standard Bank Limited	5,591,515	5,068,839
The Premier Bank Limited	38,673,439	34,921,081
National Bank Limited	12,047,679	10,986,950
Shahjalal Islami Bank Limited	24,627,567	22,274,500
Commercial Bank of Ceylon Limited	82,745,000	30,000,000
Bank Al-Falah Limited	22,346,687	20,000,000
Social Investment Bank Limited	11,090,159	10,378,357
	<u>354,875,459</u>	<u>279,195,204</u>
23.2 Interest bearing short term deposit account: Tk. 430,063,050		
Dhaka Bank Limited	19,776,989	35,031,195
Arab Bangladesh Bank Limited	6,179,775	4,061,577
BRAC Bank Limited	2,934,268	-
Dutch Bangla Bank Limited	1,589,650	-
Standard Chartered Bank	396,044,747	261,168,522
Prime Bank Limited	92,248	2,692,460
ONE Bank Limited	2,407,365	448,378
National Credit & Commerce Bank Limited	3,150	4,300
United Commercial Bank Limited	15,068	15,160
Uttara Bank Limited	12,310	5,120
Bank Asia Limited	175,772	862,473
Exim Bank Limited	254,835	-
The Premier Bank Limited	94,496	-
Mutual Trust Bank Limited	3,056	-
Standard Bank Limited	350,000	-
Citibank N.A	129,321	-
	<u>430,063,050</u>	<u>304,289,185</u>
23.3 Non interest bearing current account: Tk. 65,546,722		
Bangladesh Bank	35,459,959	11,823,056
Dhaka Bank Limited	3,896	6,067
Standard Chartered Bank	14,598,474	3,687,803
BRAC Bank Limited	920	920
Prime Bank Limited	1,676,427	(4,334,501)
The City Bank Limited	-	357
Shahjalal Islami Bank Limited	71,608	25
ONE Bank Limited	4,511,399	(610,838)
The Trust Bank Limited	59,254	212,453
Exim Bank Limited	280,148	345,185
Commercial Bank of Ceylon Limited	-	-
The Premier Bank Limited	101,906	104,456
First Security Bank Limited	711,894	712,544
National Bank Limited	1,916,450	269,949
Standard Bank Limited	4,950	6,950
HSBC	78,986	639,138
Sonali Bank Limited	19,140	19,140
Social Investment Bank Limited	1,242,618	3,142,618
Bank Alfalah Limited	4,808,693	174,906
	<u>65,546,722</u>	<u>16,200,227</u>

		31.12.2008	31.12.2007
		Taka	Taka
24. Current maturity of long term loans, deposits & advances: Tk. 2,842,532,651			
Term deposits		2,053,807,332	1,407,437,037
Long term loans		771,144,284	501,319,848
Lease rental advances		16,143,210	8,368,349
Lease obligations		1,437,825	1,896,482
		2,842,532,651	1,919,021,716
25. Short term borrowings: Tk. 948,365,701			
Short term borrowings	(Note: 25.1)	406,488,761	335,000,000
Bank Overdraft	(Note: 25.2)	321,876,940	203,427,194
Call loans	(Note: 25.3)	220,000,000	160,000,000
		948,365,701	698,427,194
25.1 Short term borrowings: Tk.406,488,761			
ONE Bank Limited		235,000,000	235,000,000
Mercantile Bank Limited		100,000,000	100,000,000
UAE-Bangladesh Investment Company Ltd.		20,000,000	-
The City Bank Limited		50,000,000	-
BRAC Bank Limited		1,488,761	-
		406,488,761	335,000,000
25.2 Bank Overdraft: Tk. 321,876,940			
Mercantile Bank Limited		(13,358,828)	(7,235,376)
BRAC Bank Limited		6,332,472	9,918,631
Prime Bank Limited		150,740,767	100,220,506
Southeast Bank Limited		(199,459)	22,123,984
Shahjalal Islami Bank Limited		6,697,214	16,579,049
The Premier Bank Limited		11,977,876	22,695,657
Commercial Bank of Ceylon Limited		159,686,898	39,124,743
		321,876,940	203,427,194
25.3 Call loan: Tk. 220,000,000			
Dhaka Bank Limited		90,000,000	50,000,000
Bangladesh Commerce Bank Limited		50,000,000	-
Dutch Bangla Bank Limited		40,000,000	-
National Bank Limited		40,000,000	-
The Premier Bank Limited		-	30,000,000
The Trust Bank Limited		-	50,000,000
Eastern Bank Limited		-	30,000,000
		220,000,000	160,000,000
26. Payables & accrued expenses: Tk. 412,976,274			
Interest payable	(Note: 26.1)	275,213,811	186,798,490
Accrued expenses	(Note: 26.2)	41,869,723	35,571,090
Welfare fund payable		19,879	19,879
IPA/Managed equity fund		260,409	260,409
Payable to Sampath Bank Limited, Sri Lanka	(Note: 26.3)	9,266,831	9,266,831
Advance receipt against leases		24,547,925	10,959,396
Payable against merchants claims		2,296,513	1,988,341
Payable against receipt from other card holders		422,765	366,205
Withholding tax payable		163,032	(1,427,789)
Payable against MCBS Charges		25,354,164	14,628,621
AIT on Credit Card Payable		424,242	2,126,209
IPO Subscription Payable		68,646	304,398
Claims on health insurance		57,293	10,993
Payable at DSE & CSE		23,729,555	97,709,749
Liabilities for other finance		8,604,865	223,724
VAT on Credit Card payable		676,621	2,041,516
		412,976,274	360,848,062

	31.12.2008	31.12.2007
	Taka	Taka
26.1 Interest payable: Tk. 275,213,811		
Interest payable on term deposit	183,392,880	127,540,033
Interest payable on long term borrowings	65,783,188	34,155,713
Interest payable on short term borrowings	22,603,258	22,754,857
Interest payable on call loan borrowings	3,434,485	2,347,887
	<u>275,213,811</u>	<u>186,798,490</u>
26.2 Accrued expenses: Tk.41,869,723		
Utility bills payable	326,063	287,839
Audit fees payable	175,000	95,000
Postage and courier bills payable	62,500	62,500
Vehicle running expenses	27,500	27,500
CDBL charges	1,519,234	8,454,330
Profit Incentive Bonus Payable	37,301,394	25,990,499
Liabilities against office decoration	1,025,400	-
Others	1,432,632	653,422
	<u>41,869,723</u>	<u>35,571,090</u>
26.3 Payable to Sampath Bank Limited, Sri Lanka: Tk.9,266,831		
Management Consultancy Fee payable represents the amount payable to Sampath Bank Ltd., Sri Lanka as per agreement signed on 5th May 2002. Movement of the amount is as below:		
Balance at 1st January	9,266,831	21,055,113
Add: Provision during the year	-	1,679,797
	<u>9,266,831</u>	<u>22,734,910</u>
Less: Payment during the year	-	13,468,079
	<u>9,266,831</u>	<u>9,266,831</u>
27. Provision for taxation: Tk.155,040,658		
Balance at 1st January	83,354,597	5,000,000
Add: Provision during the year	95,619,880	88,250,469
	<u>178,974,477</u>	<u>93,250,469</u>
Less: Adjusted during the year	23,933,819	9,895,872
	<u>155,040,658</u>	<u>83,354,597</u>

28. Interest income from leases: Tk. 250,775,153

This represents interest income from leasing activity recognized during the year.

	31.12.2008	31.12.2007
	Taka	Taka
29. Interest income from term finance: Tk. 214,292,320		
This represents interest income from term finance given to individual and corporate bodies recognized as revenue during the year as below.		
Interest from loan portfolio	213,912,986	108,801,576
Interest on staff loan	379,334	340,184
	214,292,320	109,141,760
30. Income from credit card: Tk. 82,887,052		
This represents interest on outstanding loan, late payment charge, outstanding clearing charge and dishonour charge.		
31. Merchant commission of credit card: Tk. 3,771,356		
This represents commission received from the merchants on account of sales through credit Cards issued by LankaBangla Finance Limited.		
32. Membership fees of credit card: Tk. 7,715,700		
This represents membership fee received from various credit card holders.		
33. Gain on sale of shares: Tk. 76,439,578		
This represents gain on trading of shares of the investment portfolio through LankaBangla Finance Limited.		
34. Other operational income: Tk. 3,190,598		
Service charge, commission and commitment fee on leases	7,225,925	9,641,959
Profit /(loss) on sale of fixed asset	669,188	-
Dividend income	1,287,637	765,220
Other operational income from mortgage Loan	3,350,776	-
Credit shield	5,821,586	4,526,253
Interchange fees	400,763	790,762
Income from third party processing	4,517,225	2,629,450
Interest income on employees loan	33,500	-
Income from CDBL	(20,116,002)	(7,808,200)
	3,190,598	10,545,444
35. General & administrative expenses: Tk. 238,936,666		
General expenses	(Note: 35.1) 115,709,017	84,730,560
Administrative expenses	(Note: 35.2) 123,227,649	70,747,252
	238,936,666	155,477,812
35.1 General expenses: Tk. 115,709,017		
Salary and allowances	102,155,450	75,734,275
Provident fund contributions	2,824,664	1,921,961
Employees Gratuity	5,741,043	4,538,211
Medical expenses	-	479,656
Training expenses	2,432,978	909,985
Staff welfare expenses	162,383	124,871
Membership & renewal fees	2,392,499	1,021,601
	115,709,017	84,730,560

	31.12.2008	31.12.2007
	<u>Taka</u>	<u>Taka</u>
35.2 Administrative expenses: Tk. 123,227,649		
Conveyance	658,084	688,405
Traveling	1,707,743	723,741
Office rent	11,095,304	5,614,015
Telephone bill	3,065,490	2,930,622
Electricity bill	2,639,703	1,928,936
Internet & e-mail	1,491,093	876,939
Printing & stationery	7,705,876	5,571,560
News paper & periodicals	59,915	31,416
Computer accessories	1,276,458	929,601
Equipment maintenance	5,413,163	2,741,503
Fuel expenses	885,287	630,237
Vehicle maintenances and registration fee	3,304,430	1,769,567
Insurance premium	1,665,820	730,507
Water & sewerage bill	636,411	397,362
Office maintenance expenses	5,920,698	3,398,876
Donation & out of pocket expenses	465,435	259,800
Postage & courier	903,688	723,531
Stamp charges	267,180	200,341
Professional & legal expenses	1,980,908	833,090
Audit fee	155,000	95,000
Directors' Remuneration	212,000	128,000
Advertisement expenses	2,457,962	954,956
Entertainment expenses	4,090,321	4,311,942
Business promotion expenses	9,342,480	447,478
Bank charges	698,345	597,423
Exchange loss/Gain	132,330	(32,881)
Marketing expenses for lease & loan/credit cards	3,830,183	2,097,075
Commission on Recovery of bad loans	356,091	428,694
Provision for MCBS Charges	10,158,870	8,823,371
Lease rental	670,150	561,449
Amortization of Intangible Assets (Software Cost)	403,000	127,000
Hawla charges	7,489,386	4,317,885
Laga charges	31,901,345	16,493,121
Commission to AIMS of Bangladesh Ltd.	-	416,691
Preliminary expenses written off	187,500	-
	<u>123,227,649</u>	<u>70,747,252</u>
36. Depreciation/amortization on own & leased assets: Tk. 25,517,554		
Freehold own fixed assets	17,721,238	8,565,127
Leased assets under finance method	2,527,412	3,601,064
Amortization of intangible assets	5,268,904	5,178,904
	<u>25,517,554</u>	<u>17,345,095</u>
37. Financial expenses: Tk. 707,161,263		
Interest on term loans	320,971,357	186,666,230
Interest on call loan and short notice	145,117,141	67,435,292
Interest on term deposits	306,927,887	191,648,157
Interest on leased asset under finance method	-	568,253
	<u>773,016,386</u>	<u>446,317,932</u>
Less: Interest income on fixed deposit	42,411,679	26,593,245
Interest income on short term deposit	15,412,345	864,837
Interest income on call loan lending	47,986	-
Interest income on current account with subsidiaries	7,983,113	99,167
	<u>65,855,123</u>	<u>27,557,249</u>
	<u>707,161,263</u>	<u>418,760,683</u>

	31.12.2008	31.12.2007
	Taka	Taka
38. Provision for doubtful accounts and future losses: Tk. 98,353,870		
Provision for doubtful accounts and future losses (Note: 38.1)	98,332,397	53,344,440
Write offs (Note: 38.2)	21,473	63,762
	98,353,870	53,408,202
38.1 Provision for doubtful accounts and future losses: Tk.98,332,397		
Lease finance	29,043,001	26,898,632
Credit card	2,326,527	4,583,821
Term finance	36,351,358	11,853,417
Short term finance	2,049,643	8,514,970
Reduction of share	25,366,868	1,493,600
Mortgage Loan	3,195,000	-
	98,332,397	53,344,440
38.2 Write offs: Tk. 21,473		
Credit Cards	21,473	63,762
39. Sampath Bank management & consultancy fees: Tk. Nil		
Management fees		
Profit before tax (As on May 31 ,2007)	-	52,275,789
Less: Notional tax @ 45%	-	23,524,105
Net profit after notional tax	-	28,751,684
Sampath Bank consultancy fee @ 6% (after charge)	-	1,627,454
Payment of Income Tax & VAT	-	1,952,872
Concultyancy fee	-	-
	-	3,580,326
Allocation		
Merchant Banking Operation	-	1,001,692
Other than Merchant Banking Operation	-	2,578,634
	-	3,580,326
40. Tax Expense: Tk.94,573,330		
Current tax expense	95,619,880	88,250,469
Deferred tax expense/ (income)	(1,046,550)	(336,229)
	94,573,330	87,914,240

In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.

41. Earning Per Share (EPS): Tk. 9.81

<u>Earning Per Share</u>		
Earning attributable to Ordinary Shareholders	377,635,542	210,468,391
Number of ordinary shares outstanding	38,500,000	38,500,000
Basic Earning Per Share (EPS)	9.81	5.47

Earning Per Share has been Calculated in accordance with BAS-33:" Earning Per Share (EPS)". Previous year's figures have been adjusted for the issue of 3,500,000 Bonus Shares during the year.

42. Interest income from margin trading: Tk. 241,341,616

Interest income represents income earned from granting loan to investors under Investors portfolio account.

43. Related party disclosure

Related party Relationship and Transaction

SL No.	Name of Related Party	Relationship	%	Transactions	
				2008	Nature of Transactions
1	Sampath Bank Limited	Sponsor Shareholder	22.86	(9,266,831)	Management & Consultancy Fees

44. Others

44.1 Board Meeting and Directors' remuneration

Each Director is drawing Tk 4,000 for attending each Board Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2008. Nothing is due from any Director of the Company as on the date of closing the accounts. During the year under audit four board of director's meeting were held.

44.2 Employees' details (LankaBangla Finance Ltd. & LankaBangla Securities Ltd.)

	Year-2008	Year-2007
No. of employee received TK.3,000 per month	0	0
No. of employee received more than Tk.3,000 per month	205	161
	<u>205</u>	<u>161</u>

44.3 Event After Balance Sheet Date

The Board of Director in its 58th Meeting held on 10 March 2009 has recommended 15% Cash Dividend & 15% Stock Dividend for the year ended 31 December 2008 for placement before shareholder at 12th Annual General Meeting of the company scheduled to be held on 5th May 2009.

44.4 Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at December 31, 2008. There was no material capital expenditure authorized by the Board but not contracted for at December 31, 2008.

44.5 Director's Interest in Contracts with the Company

There was no transaction resulting in Director's interest with the Company and no leasing facilities have been made available to the Directors.

44.6 Foreign Remittances

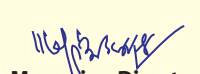
During the year 2008, the company remitted USD 267,118 & GBP 9,538/- (BDT 22,473,518) against technical service fees & Dividend to the foreign shareholders.

44.7 Contingent Liabilities

The company is contingently liable to for the letter of credit for an amount of Tk 220,793,524/- opened for purchase of Machinery items.


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 12, 2009

LankaBangla Finance Limited

Schedule of Fixed Assets As at 31 December 2008

Figures are in Taka

Particulars	COST				Rate %	Balance as at 01.01.2008	DEPRECIATION					
	Balance as at 01.01.2008	Addition during the year	Sales/ Adjustment	Balance as at 31.12.2008			Charged during the year	Adjustment	Balance as at 31.12.2008	Written down value as at 31.12.2008		
A. Freeholds assets												
Building	-	4,092,000	-	4,092,000	15	-	51,150	-	51,150	-	51,150	4,040,850
Furniture & Fittings	23,139,479	12,398,574	-	35,538,053	15	17,699,617	2,917,333	-	20,616,950	-	20,616,950	14,921,103
Office Equipment	39,792,840	13,992,774	292,000	53,493,614	20	23,099,774	7,195,775	122,800	30,172,749	-	30,172,749	23,320,865
Office Renovation	8,818,667	12,113,680	-	20,932,347	20	1,976,254	2,946,058	-	4,922,312	-	4,922,312	16,010,035
Motor Vehicles	10,802,071	10,179,974	-	20,982,045	25	2,416,168	4,610,921	-	7,027,089	-	7,027,089	13,954,956
	82,553,057	52,777,002	292,000	135,038,059		45,191,813	17,721,237	122,800	62,790,250		62,790,250	72,247,809
B. Assets under finance lease												
Office Equipemnt	21,500,000	-	-	21,500,000	20	20,255,206	1,244,794	-	21,500,000	-	21,500,000	-
Motor Vehicles	10,268,500	1,414,600	5,338,500	6,344,600	25	5,117,960	1,282,619	4,140,697	2,259,882	4,140,697	2,259,882	4,084,718
	31,768,500	1,414,600	5,338,500	27,844,600		25,373,166	2,527,413	4,140,697	23,759,882		23,759,882	4,084,718
C. Intangible assets												
Systems and softwares	25,894,521	450,000	-	26,344,521	20	12,961,760	5,268,904	-	18,230,664	-	18,230,664	8,113,857
Total 2008 (A+B+C)	140,216,078	54,641,602	5,630,500	189,227,180		83,526,739	25,517,554	4,263,497	104,780,796		104,780,796	84,446,384
Total 2007	115,549,303	25,516,775	850,000	140,216,078		66,782,274	17,345,095	600,630	83,526,739		83,526,739	56,689,339

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**Audited Financial Statements
of Subsidiary Company
LankaBangla Securities Limited**

Independent Auditors' Report to the Shareholders of LankaBangla Securities Limited

We have audited the accompanying financial statements of LankaBangla Securities Limited namely, Balance Sheet as at December 31, 2008 and the related Income Statement, Cash Flow Statement and Notes thereon for the year then ended.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND AUDITORS

The Company's Management is responsible for preparing the financial statements. Our responsibility is to express an independent opinion of these financial statements based on our audit.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as at December 31, 2008 and of the results of its operations and its Cash Flows for the year then ended and comply with the Companies Act 1994, Securities and Exchange Rule 1987, Dhaka Stock Exchange Rule 1954, Chittagong Stock Exchange Rule 1995 and other applicable laws and regulations.

We also report that

- a) 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;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books, and
- c) The Company's Balance Sheet, Income Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns from branches.

Dated : Dhaka
March 10, 2009


Ahmad & Akhtar
Chartered Accountants

Balance Sheet as at December 31, 2008

	Notes	31.12.2008 Taka	31.12.2007 Taka
SOURCES OF FUNDS			
Share capital	3	153,000,000	110,500,000
Proposed dividend		91,800,000	42,500,000
Retained earnings	4	236,294,336	75,270,041
Shareholders equity		481,094,336	228,270,041
Long Term Liabilities			
Deffered liability - employee gratuity	5	6,717,725	3,885,725
Lease finance under capital obligation	6	4,267,090	3,826,639
Long term loan	7	44,000,000	56,000,000
Long term loan from ILFSL	8	65,365,902	-
		120,350,717	63,712,364
Total Capital Employed		601,445,053	291,982,405
APPLICATION OF FUNDS			
Non-Current Assets (A)			
Fixed assets less accumulated depreciation	9	43,521,968	20,205,796
Investment in Stock Exchange for membership	10	17,456,000	17,456,000
Investment in shares		9,386	-
Leased assets - motor vehicles	11	4,084,719	3,932,079
Intangible asset	12	-	403,000
		65,072,073	41,996,875
Current Assets (B)			
Advances, deposits and prepayments	13	14,708,415	4,256,668
Receivable from clients	14	405,460,378	252,606,161
Receivable from DSE & CSE	15	254,119,600	292,737,218
Cash and cash equivalents	16	402,553,947	264,080,681
		1,076,842,340	813,680,728
Current Liabilities (C)			
Payable to clients	17	430,458,966	415,651,899
Payable to DSE & CSE	18	23,729,555	97,709,750
Accrued expenses	19	26,511,828	21,034,613
Liabilities for other finance	20	8,604,865	90,405
Short term loans	21	46,732,562	25,853,934
Provision for tax	22	4,431,584	3,354,597
		540,469,360	563,695,198
Net Current Assets (D)=(B-C)		536,372,980	249,985,530
Total Assets (E)=(A+D)		601,445,053	291,982,405

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



Chairman



Director & CEO



Company Secretary

This is the Balance Sheet referred to in our report of even date.

Dhaka
March 10, 2009

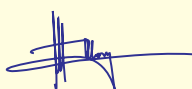


Ahmad & Akhtar
Chartered Accountants

Income Statement for the year ended December 31, 2008

	<u>Notes</u>	<u>2008 Taka</u>	<u>2007 Taka</u>
Operating Income:			
Revenue from brokerage	23	376,282,036	204,097,049
Capital gain from investment in share	23.1	5,370,846	-
Interest income	24	14,374,548	11,182,760
Other operating income/(Loss)	25	1,269,981	(6,186,456)
Total Operating Income		397,297,411	209,093,353
Less: Operating & Other Expenses			
Operating expenses	26	80,071,579	48,211,449
Direct charges	27	39,390,731	20,811,006
Total Operating & Other Expenses		119,462,310	69,022,455
Profit before Tax		277,835,101	140,070,898
Provision for Taxation :			
Current tax	22	(25,010,806)	(13,250,469)
Deferred tax		-	-
Profit after tax		252,824,295	126,820,429
Appropriations:			
Retained earnings brought forward		75,270,041	18,272,359
Prior year adjustment-income tax		-	(1,822,747)
Interim dividend		-	(25,500,000)
Proposed stock dividend		(91,800,000)	(42,500,000)
Retained Earnings Carried forward		236,294,336	75,270,041

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



Chairman



Director & CEO



Company Secretary

This is the income statement referred to in our report of even date.

Dhaka
March 10, 2009

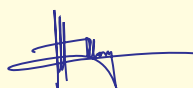


Ahmad & Akhtar
Chartered Accountants

Statement of changes in Equity

for the year ended December 31, 2008

Particulars	Share Capital	Proposed Stock Dividend	Retained Earnings	Total
Balance as at January 01, 2007	50,000,000	35,000,000	18,272,359	103,272,359
Net profit for the year 2007	-	-	126,820,429	126,820,429
Prior year adjustment	-	-	(1,822,747)	(1,822,747)
Interim dividend	25,500,000	-	(25,500,000)	-
Issuance of bonus share for the year 2006	35,000,000	(35,000,000)	-	-
Proposed stock dividend	-	42,500,000	(42,500,000)	-
Balance at December 31, 2007	110,500,000	42,500,000	75,270,041	228,270,041
Prior year adjustment tax paid	-	-	-	-
Net profit for the year 2008	-	-	252,824,295	252,824,295
Issuance of bonus share for the year 2007	42,500,000	(42,500,000)	-	-
Proposed stock dividend	-	91,800,000	(91,800,000)	-
Balance as at December 31, 2008	153,000,000	91,800,000	236,294,336	481,094,336



Chairman



Director & CEO



Company Secretary

This is the statement of changes in equity referred to in our report of even date

Dhaka
March 10, 2009



Ahmad & Akhtar
Chartered Accountants

Cash Flow Statement for the year ended December 31, 2008

	2008 Taka	2007 Taka
Cash flow from operating activities		
Receipts from operational revenue	376,282,036	204,097,049
Direct payment - Hawla, Laga charges	(39,390,731)	(20,811,005)
Interest payment	(20,502,575)	(13,727,826)
Cash payment to employees	(48,714,476)	(22,669,150)
(Increase)/Decrease in operating assets	(124,694,594)	(346,856,357)
(Increase)/Decrease in operating liabilities	(59,173,129)	406,838,762
Interest income	14,374,548	36,116,210
Capital gain from investment in share	5,370,846	-
Gratuity payment	(681,225)	-
Non-operating income	47,263,203	(7,023,435)
Other expenses	(29,869,370)	(17,393,690)
Income tax paid	(23,933,819)	(11,718,620)
Net Cash outflow from Operating Activities	96,330,713	206,851,938
Investing Activities		
Sale of fixed assets	-	773,920
Investment in Shares	(9,386)	-
Investment in membership in DSE	-	(850,000)
Leased Assets	(974,149)	(2,728,003)
Acquisition of fixed assets	(31,118,442)	(14,857,090)
Net Cash outflow from Investing Activities	(32,101,977)	(17,661,173)
Financing Activities		
Loan from ILFSL	65,365,902	-
Lease Finance	-	3,092,652
Loan repayment to BRAC Bank	(3,510,785)	(3,333,636)
Loan repayment to LBFL	(12,000,000)	-
Short term loan	24,389,413	9,281,526
Net Cash inflow/(outflow) from Financing Activities	74,244,530	9,040,542
Net Cash inflow/(outflow) for the year	138,473,266	198,231,307
Cash & Cash Equivalent as on 01 January	264,080,681	65,849,374
Cash & Cash Equivalent as at 31 December	402,553,947	264,080,681

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



Chairman



Director & CEO



Company Secretary

This is the cash flow statement referred to in our report of even date.

Dhaka
March 10, 2009



Ahmad & Akhtar
Chartered Accountants

Notes to the Financial Statements

for the year ended December 31, 2008

1. Background of the Company

The Company is incorporated under the Companies Act 1994 as a Private Company Limited by Shares namely: Vanik (BD) Securities Ltd. on July 03, 1997 subsequently the company renamed as LankaBangla Securities Limited on April 27, 2005. The Company was entitled to commence the business from July 03, 1997 and the Company is a subsidiary company of Lanka Bangla Finance Limited, a Non Banking Financial Institution incorporated in Bangladesh.

The main objects of the company are to act as a member of stock exchanges and to carry on the business of brokers, or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, foreign currencies, treasury bills and/or any financial instruments.

2. Specific Accounting Policies

2.1 Basis of Preparing and Presentation of Financial Statements

The following underlying assumptions, measurement base, laws, rules, regulations and accounting pronouncements have been considered in preparing and presenting the financial statements:

- Going concern;
- Consistency;
- Accrual;
- Historical cost convention;
- Generally Accepted Accounting Principles (GAAP) and
- Bangladesh Accounting Standards (BAS's)
- Securities and Exchange Rules 1987
- Dhaka Stock Exchange Rules 1954 and
- Chittagong Stock Exchange Rules 1995

2.2 Components of the Financial Statements

- Balance Sheet
- Income Statement
- Statement of Changes in Equity
- Cash Flow Statement
- Accounting Policies and Explanatory notes

2.3 Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost represents cost of acquisition and includes purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use. Depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives of such assets. The rates of depreciation used on a straight-line method are as follows:

Building	2.5%
Office equipment	20%
Furniture and fixtures	10%
Office renovation	20%
Motor Vehicle	20%

Half year's depreciation has been charged on the assets additions during the year of acquisition and disposals.

2.4 Investment

Investment are carried in financial statements at cost.

2.5 Lease Finance

The lease is classified as an finance lease as it transfer substantially all the risks and rewards incident to ownership consistent with the view laid in IAS - 17 "Accounting for Leases". Lease finance capital obligation is considered as a liability.

2.6 Intangible Asset (Amortisation of Software)

Software is generally charged off as revenue expenditure but considering the ability of generation of future economic benefits and the costs incurred to procure software, some times it is shown as intangible asset, which is amortised within two years after the year of acquisition.

2.7 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits held at call with banks and financial institutions and short term liquid investments that are readily convertible to known amount of cash.

2.8 Provision for Tax

Current Tax

The company has earned taxable income during the year. The management provide Tk 25,010,806 as income tax provision in the financial Statements.

Deferred Tax

The Company calculated deferred tax in accordance with the provision of Bangladesh Accounting Standard (BAS)-12. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction recognized in the income statements resulting in deferred tax assets or deferred tax liability. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the financial statements. The Calculation of deferred tax assets are as follows:

	2008	2007
	Taka	Taka
i) Written Down Value of Fixed Assets		
a) Carrying amount at balance sheet date	43,521,968	20,205,796
b) Tax base	43,521,968	20,205,796
c) Taxable/(Deductible) Temporary Difference (a-b)	-	-
ii) Employee Liabilities		
a) Carrying amount at balance sheet date	(6,717,725)	3,586,521
b) Tax base	681,225	4,063,486
c) Taxable/(deductible) temporary Difference (a-b)	(6,036,500)	(476,965)
iii) Total Temporary Difference {i (c) + ii (c)}	(6,036,500)	(476,965)
iv) Tax Rate	37.5%	40%
v) Deferred tax assets	(2,263,688)	(190,786)
vi) Increase/Decrease of Deferred Tax (Assets)/Liabilities	(2,072,902)	(534,314)

The deferred tax assets of Tk. 2,263,688 which have not included in financial statements due to no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the above benefits.

2.9 Employee Benefits - Gratuity

The company has a gratuity fund. Provision for gratuity has been made as per Service Rules upto 31st December, 2008.

<u>Year of confirmed service</u>	<u>% of entitlement</u>
3 years and above but less than 4 years	50% of last basic salary
4 years and above but less than 5 years	100% of last basic salary
5 years and above	150% of last basic salary

2.10 Profit Participation Scheme

Every employees who have completed at least three months confirmed service in the concerned year and will receive the incentive bonus on a prodata basis in addition, the employee must be on the pay roll on the day of declaration of incentive bonus .

From 2008 incentive bonus would paid only when the company makes profit in a particular year, the quantum should not have any direct link with the basic salary but with the return on equity. The basis of calculations are as follows:

- (a) No profit, no bonus;
- (b) If Return on Equity (ROE) is less than 12%, no bonus will be entitled as it does not cover the cost of fund of the shareholders;
- (c) If Return on Equity (ROE) is between 12%-20%, the employees would receive 5% of profit after taxes;
- (d) If Return on Equity (ROE) is above 20%, quantum of incentive bonus would be (c) above plus 10% of excess amount of 20% of ROE.

2.11 Number of Employees

Year	Gross over 36,000 per year	Gross below 36,000 per year	Total
2008	116	Nil	116
2007	83	Nil	83

2.12 Revenue Recognition

Revenue is Recognised only when it is probable that the economic benefits associated with the transaction will flow to the enterprise the revenue during the year are recognized as following:

Brokerage commission is recognized as income when selling or buying order executed.

Interest income on STD account is recognized when the respective banks credited our accounts.

Interest income from party debit balance is calculated monthly on the daily product basis.

2.13 Proposed Stock Dividend

The Board of Directors has proposed to pay stock dividend @ 60% out of the profit earned by the company during the year 2008 for approval of the shareholders.

2.14 Consolidation of Financial Statements

A separate set of records for consolidation the statement of affairs and Income Statement of the Chittagong, Khatungonj, Sylhet, Banani and Islampur branch were maintained at the Dhaka Office of the entity based on which these financial statements have been prepared.

2.15 Board Meeting Fees

Directors are entitled Tk 10,000 as board meeting fees for attending each board meeting.

2.16 Cash Flow Statement

Statement of Cash Flows is prepared principally in accordance with IAS-7 cash flow statement and the cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions that "Enterprises are encouraged to report Cash Flow Operating Activities using the Direct Method".

2.17 Foreign Currency Transaction

No Foreign Currency Transaction but foreign client deal with custodian bank.

2.18 General

(i) Previous year's figures have been rearranged wherever necessary, to confirm to the current year's presentation.

(ii) Figures have been rounded off to the nearest taka.

	31.12.2008	31.12.2007
	Taka	Taka
3. Share capital		
3.1 Authorised		
25,000,000 ordinary shares of Tk.10/- each	250,000,000	250,000,000
3.2 Issued, subscribed and paid up Capital		
5,000,000 ordinary shares of Tk.10/- each fully paid	50,000,000	50,000,000
3,500,000 ordinary shares of Taka 10 each issued as bonus	35,000,000	35,000,000
2,550,000 ordinary shares of Taka 10 each issued as interim dividend	25,500,000	25,500,000
4,250,000 ordinary shares of Taka 10 each issued as bonus	42,500,000	-
	153,000,000	110,500,000
3.3 Shareholding Position of the Company		
Name of the Shareholders	No. of Shares	
LankaBangla Finance Ltd.	15,299,696	152,996,960
Represented by:	-	-
Mr. Mohammad A. Moyeen	-	-
Mr. Mohd. Nasiruddin Chowdhury	-	-
Mr. B W Kundanmal	-	-
Mr Khondoker Monir Uddin	152	1520
Mr Mahbubul Anam	152	1520
	15,300,000	153,000,000
3.4 Subscribed		
In Cash	50,000,000	50,000,000
In other than Cash - Consideration	103,000,000	60,500,000
	153,000,000	110,500,000
4. Retained Earnings		
Opening Retained Earnings	75,270,041	18,272,359
Net profit for the year	252,824,295	126,820,429
Prior Year Adjustment	-	(1,822,747)
Profit available for appropriation	328,094,336	143,270,041
Appropriation:		
Interim Dividend	-	(25,500,000)
Proposed Stock Dividend	(91,800,000)	(42,500,000)
	(91,800,000)	(68,000,000)
Closing Retained Earnings	236,294,336	75,270,041
5. Deferred Liability - Employee Gratuity		
Balance as on 01 January	3,885,725	1,812,750
Add: Addition during the year (Note 25 & 26)	3,513,225	2,072,975
	7,398,950	3,885,725
Less: Paid during the year	681,225	-
Balance at 31st December	6,717,725	3,885,725
6. Lease Finance Capital Obligation:		
Present value of the minimum lease payment	6,275,000	7,621,085
Less: Lease Obligation Payment:		
Paid upto 01 January	1,103,361	1,226,717
Transfer	-	1,841,085
Paid during the year	904,549	726,644
	2,007,910	3,794,446
	4,267,090	3,826,639

	31.12.2008 Taka	31.12.2007 Taka
7. Long Term Loan		
Balance as on 01 January	56,000,000	60,000,000
Repayment during the year	(12,000,000)	(4,000,000)
	44,000,000	56,000,000
8. Long Term Loan from ILFSL		
Balance as on 01 January	74,000,000	-
Repayment during the year	(8,634,098)	-
	65,365,902	-
9. Fixed Assets Less Accumulated Depreciation		
Cost:		
Opening balance	30,476,665	15,619,575
Add: Addition during the year	31,118,442	14,857,090
	61,595,107	30,476,665
Less: Disposal during the year	292,000	-
	61,303,107	30,476,665
Less: Accumulated depreciation:		
Opening balance	10,270,869	6,684,348
Add: Charged during the year	7,633,070	3,586,521
	17,903,939	10,270,869
Less: Adjustment	122,800	-
Accumulated depreciation	17,781,139	10,270,869
Written Down Value	43,521,968	20,205,796
A schedule of fixed assets is given in Annexure-A		
10. Investment in Stock Exchanges for Membership		
Dhaka Stock Exchange Limited - Membership	11,606,000	11,606,000
Dhaka Stock Exchange Limited - Office Space	850,000	850,000
Chittagong Stock Exchange Limited - Membership	5,000,000	5,000,000
	17,456,000	17,456,000
Investment in Stock Exchanges for membership are stated at cost of the memberships comprising value, share premium and entrance fees in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.		
11. Lease Assets-Motor Vehicles		
Cost		
Balance as on 01 January	4,930,000	2,370,997
Add: Addition during the year	1,414,600	3,900,000
Less: Interest Adjusted (Prior years)	-	(490,997)
Less: Disposal during the year	-	(850,000)
	6,344,600	4,930,000
Less: Accumulated Depreciation:		
Add: Balance as on 01 January	997,921	917,551
Add: Charged during the year	1,261,960	681,000
Less: Adjustment during the year	-	(600,630)
Accumulated depreciation	2,259,881	997,921
Written Down Value as at 31 December	4,084,719	3,932,079
12. Intangible Asset (Software)		
Balance as at 1st January	403,000	171,000
Add: Addition During the year	-	359,000
	403,000	530,000
Less: Amortization off during the year	403,000	127,000
Balance as at 31 December	-	403,000

	31.12.2008	31.12.2007
	Taka	Taka
13. Advances, Deposits and Prepayments		
Advances		
Office rent	3,155,802	2,020,008
Advance to Employees	80,000	109,486
Interest on Advance to Employee	6,250	-
Advance tax - deducted at source	-	1,118,507
Advance to New Branch	5,705,698	-
Advance against Expenses	4,419,990	-
	13,367,740	3,248,001
Deposits		
Telephone & Telegraph Board	234,000	233,000
Clearing House	25,000	25,000
Security deposit with CDBL	102,500	102,500
Security deposit for Banani Office	250,000	250,000
Dhaka stock exchange for PABX	10,000	11,000
Deposit with DSE	1,600	1,600
	623,100	623,100
Prepayments		
Group and Health Insurance	480,794	385,567
Insurance for Office Equipment	121,637	-
Insurance for Motor Vehicle	115,144	-
	717,575	385,567
	14,708,415	4,256,668
14. Receivable from Clients		
IDLC of Bangladesh Ltd.	-	6,137,903
LankaBangla Finance Ltd. - IP Account	12,362,511	34,641,987
Other Clients (14.01)	393,097,867	211,826,271
	405,460,378	252,606,161
14.1 Other Clients		
Other Clients includes receivable from share trading.		
15. Receivable from DSE & CSE		
ABGNZ 28.12.2008	DSE 31,332,532	-
ABGNZ 30.12.2008	DSE 18,958,727	-
Z 18.12.2008	DSE 29,205,008	-
Z 21.12.2008	DSE 896,175	-
Z 22.12.2008	DSE 18,154,070	-
Z 23.12.2008	DSE 29,942,178	-
Z 24.12.2008	DSE 49,204,863	-
Z 28.12.2008	DSE 1,328,843	-
Z 30.12.2008	DSE 54,146,253	-
ABGN 26.12.2007	DSE -	55,454,122
ABGN 29.12.2007	DSE -	75,829,817
ABGN 30.12.2007	DSE -	65,463,753
Z 19.12.2007	DSE -	8,197,026
Z 26.12.2007	DSE -	1,215,798
Z 27.12.2007	DSE -	8,560,299
Z 30.12.2007	DSE -	4,007,084
Spot 30.12.2007	DSE -	4,571,450
Total DSE	233,168,649	223,299,349

		31.12.2008	31.12.2007
		Taka	Taka
ABG&N 24.12.2008	CSE	1,232,044	-
ABG&N 28.12.2008	CSE	9,299,052	-
ABG&N 30.12.2008	CSE	3,678,404	-
Z 18.12.2008	CSE	817,172	-
Z 21.12.2008	CSE	976,624	-
Z 22.12.2008	CSE	1,689,450	-
Z 23.12.2008	CSE	423,330	-
Z 24.12.2008	CSE	1,368,136	-
Z 28.12.2008	CSE	934,852	-
Z 30.12.2008	CSE	531,887	-
ABG&N 27.12.2007	CSE	-	38,020,699
ABG&N 30.12.2007	CSE	-	11,083,840
ABG&N 26.12.2007	CSE	-	7,394,322
Z 13.12.2007	CSE	-	2,157,537
Z 17.12.2007	CSE	-	3,212,894
Z 18.12.2007	CSE	-	729,499
Z 19.12.2007	CSE	-	1,018,457
Z 26.12.2007	CSE	-	2,938,055
Z 27.12.2007	CSE	-	1,282,371
Z 30.12.2007	CSE	-	1,600,194
Total CSE		20,950,951	69,437,868
Grand Total DSE & CSE		254,119,600	292,737,218
16. Cash and Cash Equivalents			
Cash in hand		41,485	13,252
Cash at bank (16.01)		402,512,462	264,067,429
		402,553,947	264,080,681
16.1 Cash at Bank			
Cash at bank with Standard Chartered Bank on			
Short Term Deposit Account # 01-1117394-01& 02-1117394-01		62,725,610	42,339,224
Short Term Deposit Account # 01-1117394-02& 02-1117394-02		186,602,587	177,206,146
Short Term Deposit Account # 01-1117394-03& 02-1117394-03		3,774,562	440,597
Short Term Deposit Account # 01-1117394-05& 02-1117394-04		37,631,128	14,706,341
Short Term Deposit Account # 01-1117394-06& 02-1117394-05		28,316,393	26,529,291
Short Term Deposit Account # 01-1117394-07& 02-1117394-06		43,953	281,663
Short Term Deposit Account # 01-1117394-08& 02-1117394-07		32,404,768	-
Short Term Deposit Account # 01-1117394-09& 02-1117394-08		281,919	-
Short Term Deposit Account # 01-1117394-10& 02-1117394-09		44,155,928	-
Short Term Deposit Account # 01-1117394-11& 02-1117394-10		88,655	-
Dutch Bangla Bank Ltd.# 118.110.15835		1,589,650	-
BRAC Bank # 1513101111346001		2,934,268	-
FDR with BRAC Bank Ltd.		1,320,977	1,200,179
Cash at bank with ONE BANK LTD. # 011532019		188,380	168,976
		402,058,778	262,872,417
Current Account with Standard Chartered Bank # 01-1117394-04		115,637	554,954
Current Account with Prime Bank Ltd.		258,141	-
Current Account with HSBC # 002-000917-011		78,986	639,138
Current Account with BRAC Bank		920	920
		453,684	1,195,012
		402,512,462	264,067,429
17. Payable to Clients			
IDLC of Bangladesh Ltd.		9,635,343	24,394,336
LankaBangla Finance Ltd. - IP Account		8,001,977	147,319,155
Other Clients (17.01)		412,821,646	243,938,408
		430,458,966	415,651,899
17.1 Other Clients			
Other Clients includes payable from share trading.			

					31.12.2008	31.12.2007
					Taka	Taka
18. Payable to DSE & CSE						
ABGNZ	30.12.2008	DSE		224,652	-	
Z	24.12.2008	DSE		3,049,776	-	
Z	28.12.2008	DSE		1,260,973	-	
Z	30.12.2008	DSE		2,934,990	-	
ABGNZ	30.12.2007	DSE		-	57,387,265	
Z	26.12.2007	DSE		-	7,583,389	
Z	27.12.2007	DSE		-	5,806,994	
Total DSE				7,470,391	70,777,648	
ABGNZ	30.12.2008	CSE		12,653,375	-	
Z	24.12.2008	CSE		187,100	-	
Z	28.12.2008	CSE		429,726	-	
Z	30.12.2008	CSE		2,988,963	-	
ABGNZ	30.12.2007	CSE		-	21,107,678	
Z	26.12.2007	CSE		-	3,674,086	
Z	27.12.2007	CSE		-	1,176,567	
Z	30.12.2007	CSE		-	973,771	
Total CSE				16,259,164	26,932,102	
Grand Total DSE & CSE				23,729,555	97,709,750	
19. Accrued Expenses						
Telephone bill				33,119	45,457	
Profit participation				24,017,219	12,181,023	
Electricity bill				164,264	143,987	
Newspaper				1,114	-	
WASA bill Popular Jute Exchange				36,819	16,500	
Water charges				20,247	11,395	
Audit fee				50,000	45,000	
Licence & Renwal				-	7,366	
Office Rent				190,602	-	
Office Maintenance				116,644	-	
Salary & Overtime				16,000	12,786	
Printing & stationeries				113,160	2,950	
CDBL charges				1,519,234	8,454,330	
Interest on lease Finance				233,406	113,819	
				26,511,828	21,034,613	
20. Liabilities for Other Finance						
Provident fund:						
Company's contribution				(5,480)	(6,023)	
Employees contribution				(5,480)	96,428	
Interest on short term loan				7,895,340	-	
Tax deducted at source from salary				1,792	-	
Other liabilities				718,693	-	
				8,604,865	90,405	

	31.12.2008 Taka	31.12.2007 Taka
21. Short Term Loans		
Loan from LankaBangla Finance Ltd. (Note 21.01)	45,243,801	20,854,388
Loan from BRAC Bank Ltd. (Note-21.02)	1,488,761	4,999,546
	46,732,562	25,853,934
21.1 Loan from LankaBangla Finance Ltd.		
Balance on 1st January	20,854,388	67,572,862
Add: Adjustment during the year		
Loan taken during year (Margin Loan)	340,000,000	20,000,000
Interest on short term loan	-	(6,705,429)
Petty cash-reimbursement	-	(13,045)
	340,000,000	13,281,526
	360,854,388	80,854,388
Less: Re-scheduled/Repayment during the year	(315,610,587)	(60,000,000)
	45,243,801	20,854,388
21.1.A Interest on Short Term loan		
Interest on Margin Loan	12,353,530	12,241,062
Interest on Corporate Gurantee	600,000	600,000
	12,953,530	12,841,062
Less: Payments		
Interest on Corporate Gurantee	-	600,000
Interest on Margin Loan	5,058,190	18,946,491
	5,058,190	19,546,491
	7,895,340	(6,705,429)
21.2 Loan from BRAC Bank Ltd.		
Principal	4,999,546	8,333,182
Less: Payment:		
Principal Loan - Instalment	3,510,785	3,333,636
Balance as at 31st December	1,488,761	4,999,546
22. Provision for Tax		
Opening Balance	3,354,597	-
Add: Provision during the year	25,010,806	13,250,469
	28,365,403	13,250,469
Less: Paid during the year	3,354,597	-
Advance Tax Deducted at Source	1,438,416	-
Turnover Tax Deducted at Source (22.01)	19,140,806	9,895,872
	23,933,819	9,895,872
	4,431,584	3,354,597

	31.12.2008	31.12.2007
	Taka	Taka
22.1 Turnover Tax Deducted at Source		
As per section 82(c) of Income Tax Ordinance 1984, the company provide Income Tax Tk. 19,140,806 against turnover tax rate of 0.015% of turnover during the year ended 31st December, 2008.		
23. Revenue from Brokerage		
Local	346,944,814	180,782,611
Foreign	29,337,222	23,314,438
	376,282,036	204,097,049
23.1 Capital Gain from Investment in Share		
Sale of Grameen Mutual Fund Two Shares (13000 shares@Tk.51.32)	6,671,518	-
Cost of Share of Grameen Mutual Fund Two (Placement through LBFL-MB) (13000 shares@Tk.10)	(1,300,000)	-
Cost of Portfolio Management	(672)	-
Capital Gain from Investment in Shares	5,370,846	-
24. Interest Income		
Interest on Bank Deposit		
Short Term Deposit Account 02-1117394-01& 01-1117394-01	1,636,595	1,167,771
Short Term Deposit Account 02-1117394-03& 01-1117394-03	87,879	31,570
Short Term Deposit Account 02-1117394-02& 01-1117394-02	7,183,660	8,303,013
Short Term Deposit Account 02-1117394-04& 01-1117394-04	1,366,661	931,477
Short Term Deposit Account 02-1117394-05& 01-1117394-05	911,533	611,991
Short Term Deposit Account 02-1117394-06& 01-1117394-06	5,932	928
Short Term Deposit Account 02-1117394-07& 01-1117394-07	523,307	-
Short Term Deposit Account 02-1117394-08& 01-1117394-08	1,168	-
Short Term Deposit Account 02-1117394-09& 01-1117394-09	291,193	-
BRAC Bank PBT 15310111346001	2,212,996	-
Interest on FDR- ONE Bank Ltd.	19,404	16,667
Interest on FDR- BRAC Bank Ltd.	134,220	119,343
	14,374,548	11,182,760
25.00 Other Operating Profit/(Loss)		
Service charge from clients for CDBL	7,886,980	6,368,246
B O Maintenance fee	6,609,925	1,994,700
Sale of Beneficiary Owner Accounts (BO) form	1,311,207	2,295,266
	15,808,112	10,658,212
Less: Service charge paid to CDBL	35,924,114	18,466,412
Net Income from CDBL	(20,116,002)	(7,808,200)
Interest on Debit Balance of clients	80,785,086	24,932,450
Less: Reimbursement	28,397,915	13,727,826
Net Interest Income Debit Balance of clients	52,387,171	11,204,624
Provision written back to income(24.01)	-	77,067
Exchange gain	-	191,446
Interest on Employees Loan	33,500	23,511
Sale of scrab	24,300	524,550
Dividend	-	(26,544)
Undisclosed income	-	50,000
	57,800	840,030
Total Other Operating Income/(Loss)	32,328,969	4,236,454
Less: Other Operating Expenses (relating to other income) (26.00)	31,058,988	10,422,910
	1,269,981	(6,186,456)

	31.12.2008	31.12.2007
	Taka	Taka
25.1 Provision Written back to Income		
Provision no longer required:		
Office rent-sylhet	-	-
Tax Consultancy fee	-	50,000
Printing of EID Cards	-	26,067
Commission	-	1,000
	-	77,067
26. Operating Expenses		
Salaries and allowances	25,760,444	13,970,152
Office rent	4,032,726	1,615,869
Interest on lease finance	509,314	561,449
Telephone bill	409,012	413,235
Mobile bill	691,845	571,430
Electricity bill	893,693	771,218
Printing and stationery	3,069,216	1,991,996
Entertainment	2,529,193	1,907,329
Car maintenance	1,437,228	923,177
Legal and professional expenses	167,200	240,000
Audit fee	38,000	45,000
License and renewal	886,763	522,783
Traveling and conveyance	803,868	404,964
Postage and courier	105,210	64,308
Insurance premium	562,969	524,877
Business Promotional Exp.	2,062,211	-
Bank charges	152,492	119,298
E-mail charges	966,918	203,067
Advertisement	232,576	85,000
Water charges	217,697	196,886
WASA Bill	69,759	34,275
P.F.Contribution	1,180,985	563,421
Gratuity	2,670,051	2,072,975
Office maintenance	1,627,743	532,904
Newspaper and periodicals	30,592	17,947
Repairs and maintenance	1,107,989	583,985
Crockerioes	69,600	-
Profit participation	18,253,086	13,487,332
Amortization of Intangible Assets(software cost)	306,280	127,000
Depriciation on Fixed Assets	5,801,133	3,586,521
Depriciation on Leased Assets	959,090	681,000
Loss on Disposal of Fixed Assets	157,200	-
Uniform	57,555	27,080
Training Expenses	1,766,178	539,807
Fuel	290,419	223,473
Commission to AIMS of Bangladesh Ltd.	-	416,691
Subscriptions	55,344	85,000
Board Meeting Fees	140,000	100,000
	80,071,579	48,211,449

	31.12.2008	31.12.2007
	<u>Taka</u>	<u>Taka</u>
26.1 Other Operating Expenses (relating to other income)		
Salaries and allowances	8,134,877	5,960,917
Gratuity	843,174	-
Office rent	1,273,492	768,934
Telephone bill	129,162	205,000
Mobile bill	218,478	131,000
Electricity bill	282,219	-
Printing and stationery	969,226	576,815
Entertainment	798,692	612,513
Traveling and conveyance	253,853	-
Interest on lease finance	160,836	-
License and renewal	280,031	10,000
Newspaper and periodicals	9,660	-
Postage and courier	33,224	19,500
Insurance premium	177,780	-
E-mail charges	305,343	482,136
Business Promotional Exp.	6,518,305	-
Advertisement	73,445	239,030
Audit fee	12,000	-
P.F.Contribution	372,943	254,261
Bank charge	48,155	-
Car maintenance	453,861	-
Office maintenance	536,003	197,764
Uniform	18,175	-
Fuel	91,711	-
Repairs and maintenance	349,891	245,950
Depriciation on Fixed Assets	1,831,937	-
Depriciation on Leased Assets	302,870	-
Profit participation	5,764,133	614,090
WASA Bill	22,029	-
Water charges	68,746	-
Subscriptions	17,477	-
Amortization of Intangible Assets(software cost)	96,720	-
Legal and professional expenses	52,800	-
Training Expenses	557,740	105,000
	<u>31,058,988</u>	<u>10,422,910</u>
27. Direct Charges		
Hawla Charges (Per Hawla @ Taka 3.00)	7,489,386	4,317,885
Laga Charges (On Turnover @ .025%)	31,901,345	16,493,121
	<u>39,390,731</u>	<u>20,811,006</u>

LankaBangla Securities Limited

Schedule of Fixed Assets As at 31 December 2008

Annexure A

Particulars	COST			Rate of Depreciation	DEPRECIATION			Written down value as at 31.12.2008 Taka	
	Balance as at 01.01.2008 Taka	Addition during the year Taka	Disposal During the year Taka		Balance as at 31.12.2008 Taka	Charged during the year Taka	Disposal During the year Taka		Balance as at 31.12.2008 Taka
Building	-	4,092,000	-	2.5%	-	51,150	-	51,150	4,040,850
Furniture & Fixtures	3,438,225	1,170,428	-	10%	1,940,070	330,843	-	2,270,913	2,337,740
Office Equipment	14,693,773	9,644,234	292,000	20%	6,136,445	3,326,209	122,800	9,339,854	14,706,153
Office Renovation	8,818,667	12,113,680	-	20%	1,976,254	2,946,058	-	4,922,312	16,010,035
Motor Vehicles	3,526,000	4,098,100	-	20%	218,100	978,810	-	1,196,910	6,427,190
Total	30,476,665	31,118,442	292,000		10,270,869	7,633,070	122,800	17,781,139	43,521,968
31- Dec- 2007	15,619,575	14,857,090	-		6,684,348	3,586,521	-	10,270,869	20,205,796

The background of the page is a solid light orange color. Overlaid on this is a complex, abstract pattern of thin white lines. These lines form a series of overlapping, angular shapes that resemble a stylized, multi-layered structure or a series of interconnected planes, creating a sense of depth and movement. The lines are primarily oriented vertically and diagonally, with some horizontal elements interspersed.

**Audited Financial Statements
of Subsidiary Company
LankaBangla Asset Management
Company Limited**

Auditors' Report to the Shareholders of LankaBangla Assets Management Company Ltd.

We have audited the accompanying Balance Sheet of LankaBangla Assets Management Company Ltd. as of 31 December 2008 and the related Profit and Loss Account, Cash Flows Statement, Statement of Changes in Shareholders' Equity and the note to the Financial Statements for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above give a true and fair view of the state of the company's affairs as of 31 December 2008 and of the results of its operations and its cash flows for the year then ended in accordance with Bangladesh Accounting Standards and comply with the Companies Act, 1994, the Securities and Exchange Rules, 1987, and other applicable laws and regulations.

We also report that

- a) 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 and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) The Company's Balance Sheet dealt with by the report are in agreement with the books of account.

Dated : Dhaka
March 10, 2009


ACNABIN
Chartered Accountants

Balance Sheet as at December 31, 2008

	<u>Notes</u>	<u>Amount Taka</u>
I. SOURCES OF FUNDS		
1. Shareholders' Funds		
a. Share Capital	3	25,000,000
b. Retained Earning	4	1,015,124
		26,015,124
II. APPLICATION OF FUNDS		
1. Fixed Assets		
a. Gross Block	5	845,590
b. Less : Accumulated depreciation		-
c. Net Block		845,590
2. Term Deposit with LankaBangla Finance Limited		
		24,000,000
3. Current Assets, Loans and Advances		
a. Cash and Bank Balances	6	1,044,657
b. Withholding Income Tax		5,184
c. Interest Receivable on TDR		1,961,667
		3,011,508
4. Less : Current Liabilities & Provisions		
a. Liabilities for expenses	7	1,232,900
b. Provision for Taxation		609,074
		1,841,974
5. Net Current Assets (3-4)		
		1,169,534
		26,015,124

The annexed notes form an integral part of the balance sheet.

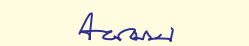

Chairman


Managing Director


Company Secretary

This is the Balance Sheet referred to in our report of even date.

Dhaka
March 10, 2009


ACNABIN
Chartered Accountants

Income Statement for the year ended December 31, 2008

	<u>Notes</u>	<u>Amount Taka</u>
Operating Revenue		
Interest income	8	2,013,508
Total Operating Revenue		2,013,508
Less: Operating Expenses		389,310
Bank Charge		2,000
Audit Fee		20,000
Depriciation on own Asset		179,810
Preliminary Expenses written off		187,500
Operating Profit for the year		1,624,198
Net Profit before Taxation for the year		1,624,198
Less: Provision for income tax/deferred tax expense (income)		609,074
Net Profit after Taxation for the year		1,015,124

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


Chairman


Managing Director


Company Secretary

This is the income statement referred to in our report of even date.

Dhaka
March 10, 2009


ACNABIN
Chartered Accountants

Statement of changes in Shareholders' Equity

for the year ended December 31, 2008

Figures are in Taka

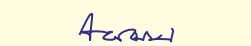
Particulars	Share Capital	Statutory Reserve	Proposed Dividend	Retained Earnings	Total
Balance as at January 01,2008	-	-	-	-	-
Items involved in changes in Equity	25,000,000	-	-	-	25,000,000
Net profit for the year	-	-	-	1,015,124	1,015,124
Balance as at December 31,2008	25,000,000	-	-	1,015,124	26,015,124


Chairman


Managing Director


Company Secretary

Dhaka
March 10, 2009


ACNABIN
Chartered Accountants

Cash Flow Statement as at December 31, 2008

<u>Notes</u>	<u>Amount Taka</u>
a. Cash Flows from Operating Activities	
Interest Received on STD Account	51,841
Bank Charge & Income Tax Payment	(7,184)
Net cash flow from operating activities	<u>44,657</u>
b. Cash Flows from Investing Activities	
Term Deposit with LankaBangla Finance Limited	(24,000,000)
Net cash used in investing activities	<u>(24,000,000)</u>
c. Cash flows from Financing Activities	
Share Money Deposit	25,000,000
Net cash flow from financing activities	<u>25,000,000</u>
Net Cash Surplus/(Deficit) for the year (a+b+c)	1,044,657
Cash & Bank Balances at beginning of the period	-
Cash & Bank Balances at end of the year	<u><u>1,044,657</u></u>



Chairman



Managing Director



Company Secretary

Notes to the Financial Statements

for the year ended December 31, 2008

1. Legal Status and Nature of the Company

1.1 Domicile, Legal Form and Country of Operation

LankaBangla Asset Management Company Ltd. was incorporated in Bangladesh on 16 July 2007 as a Private Limited Company under the Companies Act, 1994. LankaBangla also applied for registration to Securities and Exchange Commission to operate in the Capital Market as Trustee and Mutual Fund under the Securities and Exchange Commission (Mutual Fund) Regulations, 2001, which is under process.

1.2 Company's Activities

The principal activities of the company will, among others, include the following services:

- to manage the assets of any trusts or funds of any type and/or character and to hold acquire, sell or deal in such assets of any trust or funds.
- to float administer and manage any mutual fund, growth fund or any other allotted scheme approved by the Government for the time being.
- To manage and administer mutual fund, provident fund, pension fund for the purpose of investment and its carry on the business or undertaking and executing trusts and also to act as executor, trustee, custodian and otherwise.

2. Significant Accounting Policies

2.1 Basis of Preparation and Presentation of Financial Statements

The financial statements have been prepared and the disclosure have been made in accordance with the requirements of Bangladesh Accounting Standards, the Companies Act, 1994, The securities and Exchange rules, 1987 and other applicable laws and regulations.

2.2 Recognition of Fixed Assets and depreciation

These are recognized initially at cost in compliance with the BAS 16, Property Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any direct cost attributable cost of bringing the assets to its working condition for its intended use.

No depreciation has been charged for the period, as the Fixed Assets are not put into its intended use during the period under audit.

2.3 Period of Accounts

The Financial Statements have been prepared for the year from 01 January 2008 to 31 December 2008

2.4 Reporting Currency and level of Precision

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

2.5 General

Figures have been rounded off to the nearest Taka.

			Amount Taka
3. Share capital			
Authorised			
500,000 ordinary shares of Tk.100/- each			<u>50,000,000</u>
Issued, subscribed and paid up			
250,000 Ordinary shares of Tk. 100/- each fully paid up. Details are as follows:			
Sl.	Name of Shareholders	No. of Shares	
1.	LankaBangla Finance Limited	249,995	24,999,500
2.	Mr. Mahabubul Anam	5	500
			<u>25,000,000</u>
4. Retained earnings			
Retained earnings as at January 01			-
Add: Profit/(loss) for the period			1,015,124
			<u>1,015,124</u>
5. Fixed Assets			
At cost:			
Opening balance			-
Add: Addition during the period			1,025,400
			<u>1,025,400</u>
Less: Accumulated depreciation:			
Opening balance			-
Add: Charged for the period			179,810
			<u>179,810</u>
Written down value			<u>845,590</u>
A schedule of Fixed Assets has been given in Annexure-A.			
6. Cash and Bank Balances			
Name of the Bank	Account No		
Dhaka Bank Limited	206150000001590	<u>1,044,657</u>	
7. Liabilities for Expenses			
Liabilities for Office decoration work			1,025,400
Outstanding Audit Fees			40,000
Outstanding Expenses			167,500
			<u>1,232,900</u>
8. Interest Income			
Interest on Term Deposit			1,961,667
Interest on STD Account			51,841
			<u>2,013,508</u>

LankaBangla Asset Management Company Ltd.

Schedule of Fixed Assets As at 31 December 2008

Figures are in Taka

Particulars	COST				Rate %	Balance as at 01.01.2008	DEPRECIATION			Written down value as at 31.12.2008
	Balance as at 01.01.2008	Addition during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2008			Charged during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2008	
Furniture & Fittings	-	505,400	-	505,400	15	-	75,810	-	75,810	429,590
Office Equipment	-	520,000	-	520,000	20	-	104,000	-	104,000	416,000
Total	-	1,025,400	-	1,025,400		-	179,810	-	179,810	845,590

LankaBangla Finance Limited

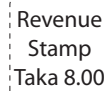
Registered Office: Safura Tower (Level-11), 20 Kemal Ataturk Avenue, Banani, Dhaka-1213

Proxy Form

I/We
of
being a shareholder of LankaBangla Finance Limited do hereby appoint Mr/Ms.
of.....
(or failing) Mr/Ms
of..... as my/our Proxy to attend and vote
on my/our behalf at the 12th Annual General Meeting to the Company to be held on Tuesday, May 05, 2009 at 10:30 a.m. at National Shooting Federation Bangladesh, Gulshan-1, Dhaka 1212, or at any adjournment thereof or any ballot to be taken in consequence thereof.

Signed this day of 2009

.....
(Signature of the Proxy)



.....
Signature of shareholder(s)

Folio/BO ID No.....

No. of shares being held

Notes:

- i) This form of Proxy, duly completed must be deposited at least 72 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as indicated above.
- ii) Signature of the Shareholder should agree with the specimen Signature registered with the Company

LankaBangla Finance Limited

Registered Office: Safura Tower (Level-11), 20 Kemal Ataturk Avenue, Banani, Dhaka-1213

Attendance Slip

Folio/BO ID No. No. of Shares being held

I/We hereby record my/our attendance at the 12th Annual General Meeting being held on May 05, 2009 at 10:30 a.m. at National Shooting Federation Bangladesh, Gulshan - 1, Dhaka 1212.

.....
Name of the shareholder(s)/Proxy (in Block Letters)

.....
Signature of shareholder(s)/Proxy

Folio/BO ID No..... No. of shares being held

N.B.: Shareholders attending the Meeting in person or by proxy are requested to complete Attendance Slip and deposit the same at the entrance of the Meeting hall.

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