

annual  
report 2009

LankaBangla Finance Limited

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LankaBangla's  
Strong Foundation,  
Clearly defined Strategies,  
Well structured Processes,  
Committed Team of People,  
Will ensure continued Success,  
Towards

REACHING THE SKY...



### LankaBangla honored with ICAB & SAFA Awards for Best Published Accounts and Reports 2008

These are the recognition of  
our continuous effort towards  
transparency in disclosure of  
information and adherence to  
accounting practices in line  
with national and international  
standards.

We are here because  
of You.



Honorable Minister for Finance  
Mr. AMA Muhith M.P. handing over SAFA merit award to  
Mafizuddin Sarker, Managing Director, LankaBangla



Mafizuddin Sarker, Managing Director, LankaBangla  
receiving ICAB National Award (Second Position) from  
Honorable Minister for Commerce Mr. Muhammad Faruk Khan, M.P.

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# Notice of 13<sup>th</sup> Annual General Meeting

Notice is hereby given that 13<sup>th</sup> Annual General Meeting of the shareholders of LankaBangla Finance Limited will be held on March 30, 2010, Tuesday, at 11:00 a.m. at Spectra Convention Centre, House No. 19, Road No. 7, Gulshan-1, Dhaka- 1212, to transact the following business:

- A 10-13-01: To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended December 31, 2009.
- A 10-13-02: To declare dividend for the year ended December 31, 2009.
- A 10-13-03: To elect Directors in place of those who shall retire by rotation in accordance with the provision of Articles of Association of the Company.
- A 10-13-04: To appoint Auditors of the Company for the year 2010 until conclusion of 14<sup>th</sup> AGM and to fix their remuneration.
- A 10-13-05: To transact any other business with the permission of the Chair.

By Order of the Board



**Mostafa Kamal, FCA**  
Company Secretary

Dated, Dhaka  
March 11, 2010

## Notes:

1. The record date is fixed on March 4, 2010. The Shareholders, whose names will appear in the Share Register of the Company (certificated and depositary) at the close of business on the record date, will be eligible to attend the meeting and get dividend.
2. The Board of Directors has recommended 35% Dividend out of which 15% Cash Dividend and 20% Stock Dividend i.e. 20 (Twenty) Bonus Shares for every 100 (Hundred) Ordinary Shares.
3. 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.
4. Admission into the meeting room will be allowed on production of the Attendance Slip attached with the Proxy Form.

## 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.

# vision mission goals



**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.

# Code of Conduct Guiding Principles

LankaBangla is a value driven organization that means we do not depart from our principles even if it gives sometime temporary benefit for the company. We believe and recognize our company remains in our heart and its reputation and dignity are absolutely priceless asset. The company's affairs get the utmost priority of all among the employees. 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 behaviour. It is in alignment with the Company's Vision and Values to achieve the Mission, Objectives and Aims at enhancing the ethical and transparent process in managing the affairs of the Company. It also 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
- Shall act in accordance with highest standards, adequate professionalism and excellence in quality output
- 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 the 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
- Shall not act upon any confidential information relating to clients especially in share, securities and commodities other than in official capacity in the ordinary course of business
- 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
- SME Finance
- Mortgage Loan
  - Real Estate Developers' Finance
  - Home Loan

## Corporate Services

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

## Card Operation

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

## Merchant Banking Operation

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

## Deposit Schemes

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

## Primary Dealership

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

## Stock Brokerage Services

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

# Milestones

5 <sup>th</sup> November, 1996	Incorporation of the Company
5 <sup>th</sup> November, 1996	Commencement of Business
3 <sup>rd</sup> July, 1997	Registration of First Subsidiary (LankaBangla Securities Limited)
30 <sup>th</sup> October, 1997	Licensed as Financial Institution by Bangladesh Bank
22 <sup>th</sup> January, 1998	Licensed as Merchant Bank by Securities and Exchange Commission
30 <sup>th</sup> March, 1998	Signing of First Lease Agreement
16 <sup>th</sup> August, 1998	Issuance of First Credit Card
5 <sup>th</sup> September, 2005	Launching of MasterCard
17 <sup>th</sup> October, 2006	Listing on Dhaka Stock Exchange
31 <sup>st</sup> October, 2006	Listing on Chittagong Stock Exchange
1 <sup>st</sup> November, 2006	Trading of share in Stock Exchanges
19 <sup>th</sup> February, 2007	Commercial Launching of Chittagong Branch
16 <sup>th</sup> July, 2007	Registration of Second Subsidiary (LankaBangla Asset Management Company Ltd.)
11 <sup>th</sup> December, 2007	First disbursement of Domestic Factoring
18 <sup>th</sup> February, 2008	First disbursement of Mortgage Loan
27 <sup>th</sup> April, 2009	Commencement of Operation of Sylhet Branch
23 <sup>rd</sup> November, 2009	Licensed as Primary Dealer by Bangladesh Bank
24 <sup>th</sup> November, 2009	Issuance of First VISA card
1 <sup>st</sup> December, 2009	Participation in the 1 <sup>st</sup> Auction of Govt. Securities as Primary Dealer

# Accolades



Mr. Mafizuddin Sarker, Managing Director of LankaBangla Finance Ltd. and Chairman, Bangladesh Leasing and Finance Companies Association (BLFCA) is giving a momentum of BLFCA to Dr. Atiur Rahman, Governor, Bangladesh Bank at the reception accorded to the Governor.



Mr. Mafizuddin Sarker, Managing Director of LankaBangla Finance Ltd. is delivering speech at the inaugural ceremony of the Foundation Course for entry level officers organized by BLFCA.

# An Eventful Year for LankaBangla



LankaBangla Securities Limited awarded as top brokerage award from CSE for the year 2008.



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- 1) Board of Directors in 12th AGM.
- 2) Board Meeting in session.
- 3) US Ambassador Mr. James F. Moriartes visited in LankaBangla Securities Limited.
- 4) Honorable Shareholders in 12th AGM.
- 5) Mr. Mafizuddin Sarker, Managing Director of LankaBangla with the other delegates from Bangladesh in ALFA conference.
- 6) Cheque handover to the spouse of a deceased cardmember under CreditShield coverage.
- 7) Mr. Nasir Uddin Chowdhury, CEO and Director of LankaBangla Securities Limited is being nominated by LankaBangla in the Board of Midas Financing Limited as a director.



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- 8) CFO of LankaBangla receiving the crest from honorable Minister for Commerce Mr. Muhammad Faruk Khan, MP at the 2nd International Conference of Global Business and Management Forum, USA, organized by department of finance, University of Dhaka & GBMF.
- 9) Management Committee meeting in session.
- 10) Sports program of spouses of employees in Annual Picnic.
- 11) LankaBangla in Bank and Non-Bank Financial Institution fair arranged by Sheraton Hotel, Dhaka.



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# Corporate Information

<b>Registered Name of the Company</b>	: LankaBangla Finance Limited
<b>Legal Form</b>	: Public Limited Company, incorporated in Bangladesh on November 5, 1996 under Companies Act of 1994 having listed with Dhaka Stock Exchange and Chittagong Stock Exchange
<b>Company Registration Number</b>	: C-31702 (823)/96
<b>Bangladesh Bank Licence No.</b>	FID(L) - 1053/41-1088
<b>Corporate Head Office</b>	: Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani Dhaka 1213, Bangladesh Phone: (8802) 9883701~10, Fax: (8802) 8810998 e-mail: info@lankabangla.com
<b>Credit &amp; Investment Division</b>	: 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
<b>Card Centre</b>	: Safura Tower (Level 5) 20 Kemal Ataturk Avenue, Banani Dhaka 1213, Bangladesh Phone: (8802) 9883701~10, Fax: (8802) 9883604 e-mail: cards@lankabangla.com
<b>Mortgage Loan Division</b>	: Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani Dhaka 1213, Bangladesh Phone: (8802) 9883701~10, Fax: (8802) 8810998 e-mail: info@lankabangla.com
<b>Merchant Banking Division</b>	: DSE Annex Building (Ground Floor) 9/E Motijheel Commercial Area Dhaka-1000, Bangladesh Phone: (8802) 9561238, Fax: (8802) 9561107 e-mail: mbd@lankabangla.com
<b>Chittagong Branch</b>	: 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

<b>Sylhet Branch</b>	: R.N. Tower (Level 4) 49 Chowhatta Sylhet-3100 Phone: (88 0821) 2830870-1, Fax: (88 0821) 2830873 e-mail: sylhet@lankabangla.com
<b>Auditors</b>	: S.F. Ahmed & Co. House # 25, Road # 13A, Block # D, Banani Dhaka-1213, Bangladesh
<b>Tax Consultant</b>	: Adil & Associates 29/A Purana Paltan Lane (1st Floor) Dhaka-1000
<b>Legal Advisor</b>	: Sadat Sarwat & Associates House # 28, Road # 23 Gulshan-1, Dhaka-1212  Law & Remedy City Heart 5/8 Naya Paltan (4th floor), Dhaka-1000
<b>Principal Bankers</b>	: Prime Bank Limited Shahjalal Islami Bank Limited AB Bank Limited National Bank Limited Janata Bank Limited Dhaka Bank Limited ONE Bank Limited United Commercial Bank Limited Standard Chartered Bank Commercial Bank of Ceylon Limited
<b>Head Office of Subsidiary LankaBangla Securities Ltd.</b>	: DSE Annex Building (Level 2) 9/E Motijheel C/A, Dhaka 1000 Phone: 7174315, Fax: 9555384
<b>Branches of LankaBangla Securities Ltd.</b>	: <b>Banani Office:</b> Rupayan Centre (Level 6) 32, Kamal Ataturk Avenue, Banani Dhaka 1213 Phone: 8836627

## Branches of LankaBangla Securities Ltd.

**Islampur Office:**

Jahangir Tower (11th Floor)  
114-116, Islamupur Road  
Dhaka 1100  
Phone: 7396117, 7393573

**Agrabad Office:**

Shafi Bhaban (2nd Floor), 1216/A  
Sk. Mujib Road, Agrabad, Chittagong  
Phone: 0088-031-724547-9,  
Fax: 0088-031-710203

**Khatungonj Office:**

Asma Chamber,  
1016 (old) Ram Joy Mohajan Lane  
Khatungonj, Chittagong.  
Phone: 63001, 632276, 626709,  
Fax: 627312

**Nasirabad Office:**

Rahima Center (5th Floor)  
1839, CDA Avenue  
Nasirabad, Chittagong  
Phone: 0088-31-2554171, 2554172  
Fax: 0088-31-2554174

**Sylhet Office:**

R N Tower (4th floor),  
Chowhatta Sylhet-3100  
Phone: 0088-0821-711143,  
Fax: 0088-0821-711918

## Company Email

: info@lankabangla.com

## Company Website

: www.lankabangla.com

## Shareholding Structure

as at 31 December 2009

Amount in Taka	
2009	2008
1,000,000,000	1,000,000,000
442,750,000	385,000,000

**Authorised Share Capital**

100,000,000 ordinary shares of Tk. 10 each

**Issued, Subscribed and Paid up Capital**

44,275,000 ordinary shares of Tk. 10 each

Details of shareholding are as under:

**Shareholders:****a. Foreign Shareholders**

*Sampath Bank PLC, Sri Lanka*  
*First Gulf Asia Holdings Limited, KSA*

13.55%	60,000,000	88,000,000
11.43%	50,600,000	44,000,000
<b>24.98%</b>	<b>110,600,000</b>	<b>132,000,000</b>

**b. Local Shareholders****Institutions:**

*ONE Bank Limited*  
*SSC Holdings Limited*  
*Shanta Apparels Limited*

9.03%	40,000,000	40,000,000
1.29%	5,700,000	11,000,000
2.03%	9,000,000	10,000,000
<b>12.35%</b>	<b>54,700,000</b>	<b>61,000,000</b>

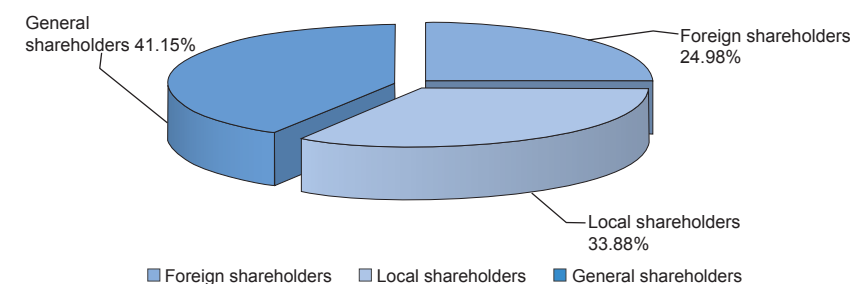
**Individuals:**

*Mr. Mohammad A Moyeen*  
*Ms. Jasmine Sultana*  
*Ms. Aneesha Mahial Kundanmal*  
*Mr. Mahbulul Anam*  
*Mr. Tahsinul Huque*

4.24%	18,769,160	14,973,180
1.13%	5,000,000	5,000,000
7.81%	34,561,670	30,053,630
4.45%	19,719,170	14,973,190
3.90%	17,250,000	15,000,000
<b>21.52%</b>	<b>95,300,000</b>	<b>80,000,000</b>

**General shareholders**

<b>41.15%</b>	<b>182,150,000</b>	<b>112,000,000</b>
<b>100.00%</b>	<b>442,750,000</b>	<b>385,000,000</b>



# Board of Directors



**Mr. Mohammad A. Moyeen**  
Chairman

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 is one of the Founder Directors of Sampath Bank PLC 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. I.W. Senanayake**  
Director (Representing  
Sampath Bank PLC)

Mr. G.L.H. Premaratne is Executive Director of Sampath Bank PLC 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. G.L.H. Premaratne**  
Director (Representing  
Sampath Bank PLC)

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. Mahbubul Anam**  
Director

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 SaudiAmerican 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. Hesham Al Warraq**  
Director (Representing  
First Gulf Asia 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 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. Mirza Ejaz Ahmed,**  
Director (Representing SSC  
Holdings Limited)

# Directors



**Mrs. Jasmine Sultana**  
Director

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.



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

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, 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.



**Mrs. Aneesha Mahial Kundanmal**  
Director



**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 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. 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. Salahuddin Ahmed Khan**  
Independent Director



**Mr. Mafizuddin Sarker**  
Managing Director

Mr. Mafizuddin Sarker, Managing Director, has over 34 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 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

## Management Committees

### Management Committee (MANCOM)

Mafizuddin Sarker, Managing Director	Chairman
A. Malek Shamsher, SEVP	Member
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP	Member
Khurshed Alam, VP	Member
Mohammed Kamrul Hasan, VP	Member
Rashedul Haque, VP	Member
Mostafa Kamal, VP & Company Secretary	Secretary
AKM Rezaul Karim, VP	Member
Mohammad Shoaib, AVP	Member
M Shakil Islam Bhuiyan, AVP	Member
Md. Anisur Rahman, AVP	Member

### Credit Risk Management Committee

Mafizuddin Sarker, Managing Director	Chairman
A. Malek Shamsher, SEVP	Member
AKM Kamruzzaman, SVP	Member
Quamrul Islam, SVP & CFO	Member
Khurshed Alam, VP	Member
Rashedul Haque, VP	Secretary

### Merchant Banking Committee

Mafizuddin Sarker, Managing Director	Chairman
A Malek Shamsher, SEVP	Member
Quamrul Islam, SVP & CFO	Member
M Shakil Islam Bhuiyan, AVP	Secretary

### Asset Liability Management Committee

Mafizuddin Sarker, Managing Director	Chairman
A Malek Shamsher, SEVP	Member
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP	Member
Khurshed Alam, VP	Member
Mostafa Kamal, VP & Company Secretary	Member
Sharawat Islam, AVP	Member
Masum Ali, AVP	Secretary
Nazimuddin Ahmed, Sr. Manager	Member

### Human Resource Committee

Mafizuddin Sarker, Managing Director	Chairman
A Malek Shamsher, SEVP	Member
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP	Member
Mostafa Kamal, VP & Company Secretary	Secretary

### Internal Control and Compliance Committee

Mafizuddin Sarker, Managing Director	Chairman
A Malek Shamsher, SEVP	Member
Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP	Member
Khurshed Alam, VP	Member
Mohammed Kamrul Hasan, VP	Member
Mostafa Kamal, VP & Company Secretary	Secretary
AKM Rezaul Karim, VP	Member
Md. Anisur Rahman, AVP	Member
M Shakil Islam Bhuiyan, AVP	Member

### Anti Money Laundering Compliance Committee

Mafizuddin Sarker, Managing Director	Chairman
Mohammed Kamrul Hasan, VP	Member
AKM Rezaul Karim, VP	Member
Masum Ali, AVP	Secretary
Mohammad Shoaib, AVP	Member
M Shakil Islam Bhuiyan, AVP	Member
Md Solaman Hossain, Sr. Manager Ctg Br.	Member
Md. Enam Ahmed Chowdhury, Manager Sylhet Br.	Member

### Credit Card Operations Committee

Mafizuddin Sarker, Managing Director	Chairman
A Malek Shamsher, SEVP	Member
Quamrul Islam, SVP & CFO	Member
Rashedul Haque, VP	Member
AKM Rezaul Karim, VP	Member
Sheikh Muhammad Fuad, AVP	Secretary

### IT Development Committee

Mafizuddin Sarker, Managing Director	Chairman
Quamrul Islam, SVP & CFO	Member
Md. Anisur Rahman, AVP	Member
Sheikh Muhammad Fuad, AVP	Secretary

## Executive Committee

Mohammad A. Moyeen: Chairman  
 GLH Premaratne : Member  
 Mahbulul Anam : Member  
 Mirza Ejaz Ahmed : Member  
 Farman R Chowdhury : Member  
 Jasmine Sultana : Member  
 Aneesha Mahial Kundanmal : Member  
 Tahsinul Huque : Member  
 Mafizuddin Sarker : Member

## Audit Committee

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

# Management Team

### Managing Director & Chief Executive Officer

Mafizuddin Sarker

### Senior Executive Vice President

A.Malek Shamsher

### Senior Vice President & Chief Financial Officer

Quamrul Islam

### Senior Vice President & Head of Credit Administration

A.K.M. Kamruzzaman, FCMA

### Vice President & Head of Mortgage Loan

Khurshed Alam

### 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

### Vice President & Head of Cards

A.K.M. Rezaul Karim

### Assistant Vice Presidents

Sheik Mohammad Fuad  
 Md. Anisur Rahman  
 Masum Ali  
 Mohammad Shoaib  
 M.Shakil Islam Bhuiyan  
 Sharawat Islam  
 Abu Md. Hasan Masud

# Subsidiary Company

## LankaBangla Securities Limited

LankaBangla Securities Limited (LBSL) is a subsidiary of LankaBangla Finance Limited and a leading equity 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.

The company has the distinction of being the largest broking house in terms of transaction value in the Dhaka Stock Exchange for the last four years and the Chittagong Stock Exchange for the last five years. The company's success is underpinned by its strong network of key clients and its unparalleled standard of service quality, offering clients the highest level of convenience and reliability in transacting business.

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 has planned to open new branches in 2010 at country's different important business hubs at Dhaka, Comilla, Narayanganj, Sylhet. The company is licensed by the SEC as a Stock Broker & Dealer in both the Dhaka and Chittagong Stock Exchanges as well as being licensed by the CDBL as a fully pledged Depository Participant.

### Services

#### 1. Brokerage Services:

- 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.

#### 2. Trading Facility through NITA (Non Resident Investor's Taka Account)

#### 3. Internet Trading

#### 4. 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

#### 5. 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

### Capital Market Overview

The DGEN index on the Dhaka Stock Exchange has grown at an impressive CAGR including a tremendous growth in the last calendar year, making it one of the best performing markets in the world. Turnover levels in the both exchanges has however improved significantly and trading activity has seen a strong and sustained growth momentum over the last few years assisted on the supply side with several new IPO's particularly with large state enterprises and large mobile firms. The stock market continues to be dominated by active local retail participation along with strong domestic institutional participation, primarily being local commercial and merchant banks and foreign institutional investors.

The market capitalization (of DSE) to GDP ratio is only 30% at the end of 2009 while it was 19.26 % at the end of 2008. The current level of ratio ranks as one of the lowest in the world with its neighbor India having 93.94% (NSE) Market Cap to GDP ratio. Expected listing of large cap companies list over the next years will help the capital market to further grow. In terms of risk and return among emerging markets, Bangladesh's risk-return trade-off is very attractive. All along, strong investor protection combined with favorable policy has made the stock market more lucrative to investors in recent years. By enhancing market stability, resilience & liquidity and making the market more vibrant, new Mutual funds sponsored by financial institutions is expected to increase the market depth and introduction of Futures market through derivative instruments in near future will make the stock market more versatile and dynamic.

### Business Overview and Profit Growth of LankaBangla Securities Ltd.

Bangladesh stock market has been performed very well throughout the year 2009 promising encouraging future ahead. Bull beating bear for excess demand over shortage of supply of good securities was observed in the market.

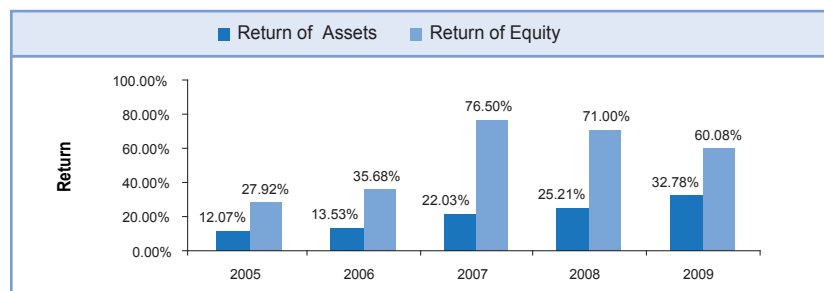
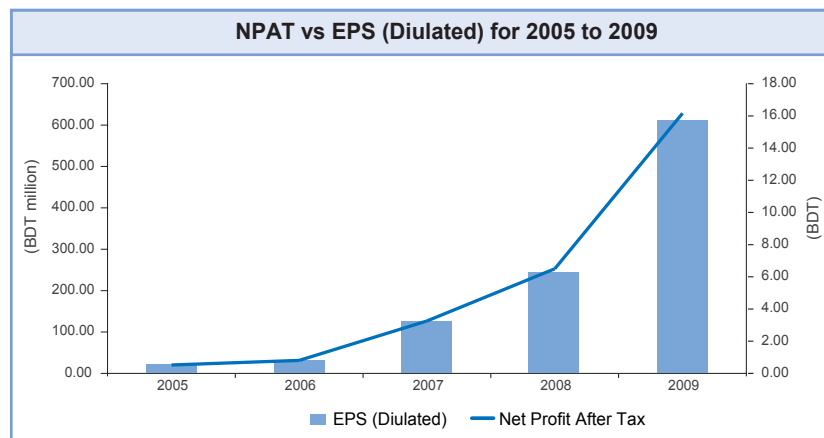
In 2009, our Company registered a tremendous business growth with leading market share in terms of turnover in both the bourses. It has consistently secured the top position in terms of turnover in the Dhaka Stock Exchange and Chittagong Stock Exchange over the last few years. The operating results and the performance graph are shown below:

Figure in million BDT			
	2008	2009	% Growth
Turnover in DSE	99167.2	198992.86	100.66%
Turnover in CSE	28438.22	43217.72	51.97%
Total Turnover of LBSL	127605.42	242210.58	89.81%
Market Share in DSE	7.42%	6.75%	(9.9)%
Market share in CSE	14.10%	13.34%	(5.7)%
Total Assets	1141.91	2696.06	136.10%
Total Shareholders Equity	481.09	1612.64	235.21%
Operating Profit	397.29	877.84	120.96%
Net Profit before tax	277.84	698.27	151.32%
Net Profit after Tax	252.82	638.15	152.41%
Return of Assets	25.31%	33.25%	23.9%
Return of Equity	71.28%	60.96%	(16.9)%

The Company completed another successful year in 2009. Our turnover growth in DSE was 100.66% which was in line with the DSE total turnover growth and turnover growth in CSE was 51.97%. The company registered an operating profit of BDT 877.84 million in 2009 compared to Tk 397.29 million in 2008 making a growth of 120.96%. The net profit of the company as of 31st December 2009 stood at BDT 638.15 million compared to previous year's BDT 252.82 million making growth of 152.41 %. Operating expense increased by 50% from BDT 119.46 million in 2008 to BDT 179.6 million in 2009. This rise in operating expense is mainly attributable to the increase in salaries and allowances.

During the year 2009, the company's ROA stood at 33.25% compared to 25.31% in 2008. ROE has decreased from 71.28% to 60.96% in 2009 indicating dilution affect of large increase in Paid up capital.

Particulars	2005	2006	2007	2008	2009
Total Assets	168.60	295.82	855.68	1141.91	2696.06
Total Shareholders Equity	72.92	103.27	228.27	481.09	1612.64
Net Profit After Tax	20.36	31.43	126.82	252.82	638.15
Return of Assets	12%	14%	22%	25%	33%
Return of Equity	28%	36%	77%	71%	61%



## Business Strategy and Implementation

The Company has taken business strategy by analyzing the near future economic outlook, capital market prospects and competitor standing. DSE and CSE are optimistic about the turnover growth in the markets; our focus is now to retain our market shares in both bourses. Ten new branches in important business hubs of the country will be set to grasp the market opportunity as well as to retain the market share in the competitive market. So, we are hoping that we can retain our market shares at both exchanges through our expansion planning.

## Strategic Planning to convert into Public Limited Company and to go for Public Listing

As part of its strategic planning the Board of Directors of LankaBangla Securities Limited in its 51st meeting held on September 29, 2009; has decided to convert the Company into a Public Limited Company from Private Limited Company. Following the decision, the company has been converted into a Public Limited Company from Private Limited Company.

LankaBangla Securities Limited has decided to go for public listing under Book Building Method. The raised fund will be used for business expansion and diversification. In addition, the company may go for strategic investment in other companies, participate in bond market and effectively activate dealership activities. If the company gets the regulator's approval, it expects to complete the IPO process within short period.

## Strategic Planning regarding investment in Midas Financing Limited

LankaBangla Finance Limited secured a directorship in the Board of Midas Financing Limited on December 29, 2009. It is worthy to note that Mr. Mohammed Nasir Uddin Chowdhury - CEO & Director-LankaBangla Securities Limited is being nominated by LankaBangla Finance Limited to represent LankaBangla Finance Limited in the Board of Midas Financing Limited as a Director. The assessment to enter into the Board of Midas Financing was to diversify the business insight and part of the company's strategic outlook

## Branch Expansion and DSE & CSE Terminals

In line with our business expansion plan, we have extended one new branches in 2009, Nasirabad in Chittagong. The Board of Directors has planned to open 10 new branches in 2010 at country's different important business hubs of Bangladesh like Dhaka, Comilla, Narayanganj, Sylhet. Since the Company is passing through high growth period lined with high growth of Bangladesh Stock Market, increase in number of branches will certainly contribute to grasp the market opportunity and maintain the top leading market share in the industry. In this regard, we will approach to Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) for new trading terminals.



## Niche & Concentrated Marketing and New Client Introduction

The Company has a mix of client base like retail; local & offshore Institutions and offshore funds. The company has earned much recognition for its professionalism in its trade execution capability and settlement procedures from local financial institutions, leading custodian banks, corporate, international fund managers and brokers alike.

Our target marketing group for recent years is the top local institutions, High Net worth Individuals and local & offshore Asset Management Companies. We will continue our endeavor toward our niche and concentrated marketing strategy with different value added services.

In connection with this concern, we have already been nominated as stock broker of renowned institutions and asset management companies. We are also looking forward to make an arrangement with different Institutions to be their nominated stock broker.

## NITA and Internet Trading

Under the planning to open a new window for Non Resident Bangladeshi Investors and offshore investors, LBSL has successfully launched services of Internet Trading and NITA Trading through which Non-Resident Bangladeshis (NRBs) are able to transact under Non-resident Investor's Taka Account (NITA). The company is also dedicated to use extensive recourses to offer new products and services to the existing clients and also to attract new clients. Our choice of an object oriented approach and using the latest technology has given us the flexibility to extend our product & service range as well as ensuring performance, security and scalability.

## Revaluation of our Memberships both in DSE and CSE

LBSL Investment in Stock Exchange for Membership is for DSE at Tk. 11.61 mn and CSE is for Tk.5.00 mn. It is stated at cost in our accounts. So it was needed by the circumstances to revalue the membership at market price. In accordance to the revaluation report, the current market price of DSE & CSE Membership stands at Tk. 350 mn and Tk. 160 mn respectively. The revaluation procedure was done by professional and in accordance with the relating IAS 38 (Intangible assets with indefinite useful lives), IAS 36, and IAS 8 as adopted by ICAB and this revaluation surplus has been added to our book of accounts.

## Introduction of Book Building Process and Scopes for LBSL

Book Building Process is a common practice used in by most of the companies worldwide for marketing a public offer of equity shares of a company. Our exchanges have taken different initiative to introduce Book Building Process. As a stock dealer, LBSL can bid for stock allocation fixed for institutional investors under this Book Building Process. As institutional investors, the Company can get the benefit of investment in the stocks of fundamentally sound company. These scopes open a new investment window for the company.

## Research Services

LBSL provide a variety of research services through its Research Dept. These services are at the core of the value proposition we offer to institutional and individual investor clients and are an integral component of the product offerings to our offshore clients. This group distributes research focusing on different disciplines like fundamental equity research, stock market research, economic research, investment strategy research and Technical Analysis. We consistently rank among the leading research providers in the industry, and our analysts and other professionals cover many sectors and companies.

## Tagging with BDJOBS.com

LBSL and Bdjobs.com have entered to a Memorandum of Understanding ("MOU") with the purpose of working jointly to organize training sessions on Evening Long Course on Stock Market. BDJOBS.com is the largest job portal in Bangladesh which organizes training sessions for the different sectors of our country. They organize a training program for professionals to develop more subject specific knowledge. Now they are offering LankaBangla Securities to take this 18

hours long course on Stock Market. We are considering their offer as we have corporate social responsibility (CSR) for the investors so we participate in different investor awareness program. BDJOBS is also offering use of both company logos at the workshop flyer. We will provide the course material and research team members headed by Mr. Mohammed Nasir Uddin Chowdhury, CEO & Director of LankaBangla Securities Limited. So this will also enhance our brand status as we always emphasize knowledge base trading and provide our clients research updates. CSR and Branding are the important aspects for considering their offer.

## Human Resource 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. Our own research backed training department undertook various training program in 2009 for developing the skills, knowledge and competences. To provide the quality services to our valuable clients, the Company recruited talented fresh graduate from renowned institutions. Our HRM department is continuously working on to impart our employees and undertaking different measures to develop our Human Resources. There were several training sessions arranged for employees on different aspects from Bdjobs, Prothom Alo etc.

## 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.

We have taken strategic process of technology up-gradation by bringing all the branches under centralized platform. Networking of the branches under a strong and uninterrupted server system, server upgrading along with new hard wares up-gradation has been undertaken.

## Annual Conference 2009

The Company conducted an Annual Conference on 17th October, 2009. at Hotel SeaGull, Cox's Bazar. In this program the top management demonstrated the business performance of the company and set the target & strategies to cope up with the capital market development for upcoming year. The top management in their speech emphasized on team building to maintain the recent growth and to place the company in a new arena.

## 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 2009. LankaBangla Securities grabbed the top position for the fourth consecutive year on DSE and fifth consecutive year on CSE.

Last year, there were some honorable guest visiting to LBSL office which were indeed prestigious and remarkable event for the company. US Ambassador Mr. James F. Moriarty accompanied by Mr. Alexander Gazis, Second Secretary, Economic & Commercial Affairs of Embassy of the United States of America visited LankaBangla Securities Limited on Tuesday 03 November 2009. Mr. Md. Rakibur Rahman, President of Dhaka Stock Exchanges Limited. along with high officials of Dhaka Stock Exchanges Ltd. accompanied with the US Ambassador LankaBangla Securities presented their service for the clients and delivered their economic, stock market and company research documents to the honorable guests. US Ambassador told that transparency and credibility can bring more foreign investments in Bangladesh. He also expressed his contentment on the expansion of network of LankaBangla Securities all over Bangladesh.

After that, British High Commissioner in Bangladesh Mr. Stephen Evans also visited LankaBangla Securities Limited on Sunday, January 03, 2010. LankaBangla Securities presented their service for the clients and delivered their economic, stock market and company research papers to the honorable guests. They also demonstrated trade execution along with quantitative & fundamental analysis and website facility of LankaBangla Securities. Mr. Evans had patient hearing about the different aspects of stock market and finally signed in the comments book of LankaBangla Securities Ltd.



# Statement on Risk Management

## Statement of Risk Management

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.

## Risk management framework

Our credit risk management framework includes comprehensive credit risk policies for approval and management of credit risk, as well as methodologies and models to quantify these risks consistently. This is complemented by expert judgment by relationship manager, regular credit reviews, and independent internal audit review. Early problem identification is emphasized. During 2009, credit underwriting criteria relating to retail and corporate lending were updated to reflect the changing economic conditions in our key markets.

Building and maintaining risk management framework requires putting together a mix of the following elements:

- methodology for determining risk appetite of LankaBangla
- policies and procedures for managing risk
- models for measuring risk e.g. Credit Risk Grading (CRG)
- segregation of duties and responsibilities.
- the means of delegating and monitoring the use of credit authority
- tools and techniques for monitoring and reporting risk exposures
- the structures for regularly reviewing risk exposures e.g. risk committees

## Managing Credit Risk

LankaBangla follows the following steps to manage Credit Risk:

- Multi-tier approval process
- Independent Credit Risk Management unit
- 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 monitors the repayment performance on regular basis.
- Disbursement is made upon recommendation by the Head of CRM.

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

## Managing Risk to Lending to Corporate and Institutional Customers:

Loans to corporate and institutional customers are individually underwritten and risk-rated. Credit officers identify and assess the credit risks of large corporate or institutional customers, or customer groups, taking into consideration their financial and business profiles, industry and economic factors, collateral and other credit support. Credit extensions have to meet pre-defined target market and risk acceptance criteria. To ensure objectivity in credit extensions, joint approvals – are required from both the business unit as well as Head of CRM from the credit risk function.

## Managing Risk to Lending to Consumers and Small Businesses:

For the consumer and small business sectors, credit risks are managed on a portfolio basis. Such products include home loan, credit cards, auto loans, commercial property loans, and SME business loans. Loans are underwritten under product programmes that clearly define the target market, underwriting criteria, terms of lending, maximum exposure, credit origination guidelines, and verification processes to prevent fraud. The portfolios are closely monitored using MIS.

## Managing Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and management, or from external events. Operational risk includes legal risk and reputation risk. LankaBangla's operational risk management aims to minimize unexpected and catastrophic losses and to manage expected losses. This enables new business opportunities to be pursued in a risk-conscious and controlled manner.

LankaBangla manages operational risks through a framework that ensures that operational risks are properly identified, managed, monitored, mitigated, and reported in a structured and consistent manner. The framework is underpinned by an internal control system that reinforces the control culture by establishing clear roles and responsibilities for staff and preserving their rights in executing their control functions without fear of intimidation. LankaBangla recognizes the importance of establishing a risk-awareness culture in managing operational risk through embedding risk management in the core processes.

## Managing 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 assesses 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.

## Managing 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. Liquidity Risk 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.

## Remedial Management

Loans are restructured when borrowers face financial difficulties in meeting the original contractual terms of the credit facility and where the borrowers have viable longer-term business prospects. During loan restructuring, credit facility conditions are modified upon mutual agreement between LankaBangla and the borrower.

LankaBangla has established specialized unit to manage problem exposures to ensure timely NPL reduction and maximization of loan recoveries. Timely and risk-based approaches are deployed to optimize collection and asset recovery returns, including monitoring set indicators like delinquency buckets, adverse status, and behavioral score trigger points for consumer NPLs. LankaBangla uses a suite of collection information systems to constantly fine-tune and optimize its objectives of recovery, effectiveness, and improving returns.

## Provision for Leases & Loans

LankaBangla maintains provisions for loans that are sufficient to absorb credit losses inherent in its lease & loan portfolio. Total loan loss reserves comprise specific allowances against each NPL and a portfolio allowance for all loans on books to cover any losses that are not yet evident. Assessment for impairment is conducted on a loan-by-loan basis. The exceptions are homogenous loans (such as housing loans, consumer loans, and credit card receivables) below a certain materiality threshold, where such loans may be operationalizing the market risk management framework to support business growth while ensuring adequate risk control and oversight.

## LankaBangla's Risk Management Strategy

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. 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

LankaBangla considers good corporate governance to be the cornerstone of a well-managed organisation. Good corporate governance goes beyond the output of transparent, timely and full financial disclosures to a gamut of decisions and structures manifested by board composition, decision-making powers, internal governance to instilling the right corporate culture across the organisation. LankaBangla aspires to the highest standards of corporate governance, starting with the Board of Directors and continuing throughout the organisation. The promotion of corporate transparency, fairness and accountability is led by a highly qualified independent Board accountable to shareholders, aided by a seasoned and experienced management team.

The improvement of corporate governance practices is one important area of emphasis of the company in strengthening the foundation of LankaBangla's long-term economic performance and in contributing to a strengthened financial institution. Therefore, corporate governance has emerged as an important focus of the Board of Directors in improving and actively promoting the implementation of corporate governance practices across its subsidiaries at local and country levels.

Our Company is guided in its corporate governance practices by the Code of Corporate Governance (the Code) issued by the Securities and Exchange Commission on Corporate Governance Notification and the NBF (Corporate Governance) Regulations issued by Bangladesh Bank from time to time.

## Board Governance

### Board responsibilities and accountability

Surrounded in the principles of corporate governance is that the Board has a fiduciary role responsible for setting the strategic direction and long-term goals of the company. As elected representatives of the shareholders, the Board is expected to use its integrity and capability to vet corporate strategies, policies, plans and major decisions, and to oversee and monitor management in the interests of the shareholders of LankaBangla. Key to good governance in LankaBangla is an informed and well functioning Board of Directors.

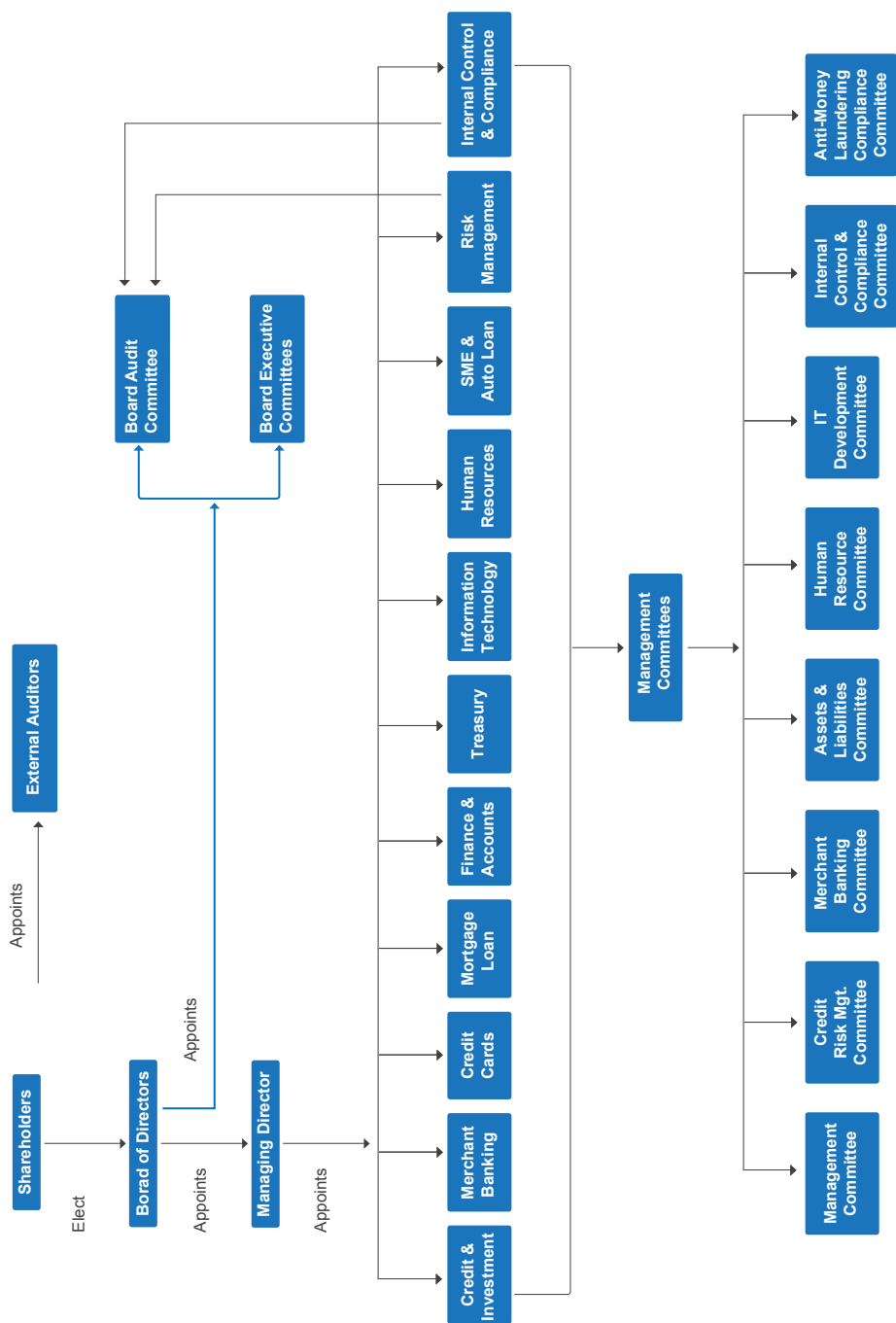
### Board Best Practice

The present Board comprises of 11 non-executive directors of whom 05 are nominee directors and one is independent director. This number is appropriate for the current scope of the company's operations. The Board meets not less than four times in any given calendar year, with at least one meeting per quarter. In the last meeting of the year the budget for the Company for the coming year is placed to discuss and approve.

The Board sets its agenda for Board meetings well in advance with items proposed by the CEO & Managing Director and senior management, so that each member has time to be conversant with the issues by timely dissemination of meeting papers, presentations and reports. The Company Secretary and Chief Financial Officer attend all Board meetings and ensures that all relevant regulations and established procedures regarding the conduct of the Board are complied with.

The Board also delegates its authority and powers to specialized committees to undertake detailed monitoring, advisory and oversight of tasks, such as financial audit, risk management, internal controls, credit controls and approvals, compensation and management development for leadership. These committees confer greater quality on the stewardship and fiduciary responsibilities of the Board.

In addition, the Board constantly places emphasis that not only the Board, but the Company and its employees operate with professionalism, integrity and ethics.



**Independence of Directors**

A basic principle that LankaBangla espouses is its insistence to have a sufficient member of non-executive directors. In our company, the Board comprises eleven non-executive members, of which one is totally independent. Such numbers of non-executive directors and independent director are in compliance with the requirements set out in the Corporate Governance Notification issued by Securities and Exchange Commission (SEC).

The purpose of appointing non-executive and independent directors is first to provide the Board with knowledge, objectivity, judgment and balance which may not be available if the Board consists only of full time executives; and secondly to ensure that the performance of the executive directors and the management of the Company are up to the standards required. Independent director of LankaBangla bring their special expertise and knowledge to bear on the strategy and enterprise of the company. They each bring an independent judgment on issues of conformance and performance.

**Term of Appointment**

At the Annual General Meeting in every year one-third of the Directors for the time being retire from office. The Directors to retire by rotation every year shall be those who have longest in office since last election, but as between persons became Directors on the same day those who are to retire shall, unless they otherwise agree among themselves, be determined by lot. A retiring Director shall be eligible for re-election.

**Separation of the role of Chairman and the Chief Executive Officer**

At LankaBangla, in accordance with the DFIM Circular No. 07, dated 25-09-2007, a clear division of responsibilities between The Chairman and The Chief Executive Officer, allows the Chairman to assume the formal role of an independent leader that chairs all Board meetings and lead the Board in its oversight of management. At annual general meetings and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management. Any questions from shareholders are attended to and addressed at such shareholder meetings.

The CEO heads the Company Management Committee, the highest committee of management body of the company. He oversees execution of the Company's corporate and business strategy and is responsible for managing its day-to-day operation.

**Board Committees**

LankaBangla's governance practices require that specialised skills are best exercised through board level committees. In LankaBangla, these are:

- Audit Committee (AC), supervises the Company's internal control procedures and interacts with the Internal Auditor and external auditor to ensure full compliance with the law and regulations governing accounting standards and financial reporting.
- Board Executive Committee (BEC), reviews and approves credit exposures (exceeding certain limits) of all tenors.

Terms of reference for each of the above Board committees are clearly defined. The terms of reference set forth the responsibilities of that committee, quorum and voting requirements as well as qualifications for committee membership, in line with the regulations and notification issued by Bangladesh Bank and Securities and Exchange Commission. Each committee has direct access to management staff and has the power to hire any independent advisors as it deem necessary.

**Audit Committee**

The Audit Committee comprises of Mr. Mahbulul Anam (Chairman), Mr. Mirza Ejaz Ahmed, Mr Farman R Chowdhury, all non-executive Directors and Mr. Salauddin Ahmed Khan, is independent director. In addition to the review of the LBFL Financial Statements, the Audit Committee reviews and evaluates with the internal auditors and external auditors, the adequacy and effectiveness of the Company's system of internal controls including financial, operational and compliance controls; and risk management policies and systems. It reviews the internal and external auditors' audit plans, the effectiveness of audit, and the independence and objectivity of the external auditors.

The Committee meets not less than four times a year with the internal auditors. All Committee meetings are also attended by Company's Legal, Compliance and Secretariat and the Committee has the discretion to invite any Director and executive officer to attend its meetings. Separate sessions with internal and external audit are also held without the presence of management, to consider any matters which might be raised privately. In addition, the Chairman of the Audit Committee meets the internal auditors on a regular basis to discuss the work undertaken, key findings and any other significant matters arising from the Company's operations.

The Audit Committee reviews the audited financial statements with management and the external auditors to ensure that the Company's financial statements are fairly presented in conformity with the relevant Bangladesh Financial Reporting Standards and Bangladesh Accounting Standards in all material aspects, based on its review and discussions with management and the external auditors.

Every Board meeting is preceded by a Audit Committee meeting. External Auditors' are invited to present in the Audit Committee meeting where Financial Statements of the Company in reviewed for circulation to the Public. The Committee also performs an annual assessment of the effectiveness of the Company's Internal Audit function and ensures that Internal Audit has adequate resources to fulfill its mandate.

The Committee is also responsible for oversight of risk governance, risk framework and limits of LankaBangla. It approves the overall risk governance framework as well as the framework for credit, market and operational risks, including the applicable limits. It is also responsible for approving certain policies in accordance with regulatory requirements. The Committee also monitors the Company's risk profile, including risk trends and concentrations.

#### Board Executive Committee (BEC)

The Committee comprises Mr. Mohammad A. Moyeen (Chairman), Mr. GLH Premarante, Mr. Mahbul Anam, Mr. Mirza Ejaz Ahmed, Mr. Farman R. Chowdhury, Ms. Jasmine Sultana, Mr. Tahsinul Huque and Mr. Mafizuddin Sarker. All credit exposures exceeding the limit delegated by the Board to management are approved by this Committee.

The BEC of LankaBangla works with the policies and guidelines issues 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 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.

#### Board meetings and attendance

In the year under review, there were a total of 05 scheduled Board meetings. At these meetings, the Board reviews the Company's financial performance, corporate strategy, business plans, potential strategic acquisitions or alliances, strategic or significant operational issues and significant matters attended to by Board committees. The Board also reviews the Company's long term corporate strategy and business plans and budget, including principal issues and challenges. In addition to the scheduled meetings, ad hoc meetings were also held when necessary.

Board approval for less critical matters may be obtained through resolutions by circulation. Board of Directors attend the annual general meeting, Board meetings and meetings of the committees on which they serve, and they spend the time needed to properly discharge their responsibilities. Materials and information important for understanding of the matters to be reviewed during the meetings are distributed to the directors in advance of the said meetings to provide sufficient time for the directors to prepare ahead for such meetings.

The table shown in page 39-40 sets out the number of meetings held and the attendance of the Company's Directors, including meetings of the Audit Committee during the year ended 31 December 2009.

#### Internal Audit And Internal Controls

##### Internal Audit Function

LankaBangla Internal Audit is an independent function that reports functionally to the Audit Committee and administratively to the Managing Director. The functional reporting includes matters relating to Audit Charter, risk assessment and related

audit plans, results of internal audit activities and other matters that the Head of Internal Audit deems necessary. The Audit Committee approves the hiring of Head of Internal Audit including appointment, removal, evaluation, promotion, annual compensation and salary adjustment. Administratively, Company's Managing Director facilitates the day-to-day operations of the internal audit function, including budgeting, management accounting and human resource administration. Internal Audit has unfettered access to any and all of the company's documents, records, properties and personnel including the Chairman and Audit Committee of the Board of Directors.

Internal Audit has developed and maintained a quality assurance and improvement program that covers all aspects of the internal audit activity. Internal audit activity of LankaBangla conforms to Bangladesh Standards on Auditing as adopted by the Institute of Chartered Accountants of Bangladesh's (ICAB) and International Standards for the Professional Practice of Internal Auditing.

The professional competence of the LBFL's internal auditors is maintained or upgraded through training programs, conferences and seminars that provide updates on auditing techniques, regulations and banking products and services. An annual audit plan is developed under a structured risk assessment approach that examines the Company's activities, their level of inherent risk and control effectiveness against the various risk types. Audit areas are identified and scoped based on this approach and audit resources are focused on the activities deemed to carry higher risks.

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of LankaBangla's system of internal controls, risk management procedures, governance processes and the quality of performance in carrying out assigned responsibilities.

The progress of corrective actions on outstanding audit issues is monitored monthly. Information on outstanding issues is categorised according to severity and monthly reports are sent to the Audit Committee Chairman, the Chairman of the Board, senior management and all Division/Department heads. All audit reports which are rated as requiring attention are copied to the Audit Committee and senior management.

Internal Audit team work closely with the external auditors and meets them regularly to discuss matters of mutual interest, to strengthen working relationships and to co-ordinate audit efforts. The external auditors review the effectiveness of the Company's internal controls and risk management during an annual statutory audit. Material non-compliance with established practices and procedures and regulations, as well as internal control weaknesses noted during the audit, together with recommendations, are reported to the Audit Committee, which ensures that high-risk outstanding issues are dealt with in a timely manner.

#### Internal Controls

A sound system of internal controls requires a defined organisational and policy framework. LankaBangla has a management framework that clearly defines the roles, responsibilities and reporting lines of business and support units. The delegation of authority, control processes and operational procedures are documented and disseminated to staff. The Internal Audit, Risk Management and Legal & Compliance functions provide independent oversight over controls and risks within the Group.

The Audit Committee and the Risk Management Committee have reviewed the adequacy of LBFL control environment. The Board believes that the system of internal controls in place up to the date of this report is adequate for the current business scope and operations of the Company.

#### Dealings in Securities

LankaBangla has adopted more stringent policies than prescribed guidelines issued by SEC. LankaBangla employees are prohibited from trading in LankaBangla shares and also trading through LankaBangla Merchant Banking Division and Securities. In addition, employees are prohibited at all times from trading if they are in possession of material non-public information

### Compliance Report on SEC's Notification

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*

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 Operating 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	✓		Details given
1.4(k)	Pattern of Shareholding	✓		Available in Annual report
2.1	Appointment of: a) Chief Financial Officer(CFO) b) Head of Internal Audit c) Company Secretary	✓ ✓ ✓		
2.2	Requirement to attend Board meeting:- a) Chief Financial Officer(CFO) b) Company Secretary	✓		
3.0	Audit Committee	✓		

Condition No.	Title	Compliance Status		Explanation for non-Compliance with the Condition
		Complied	Not Complied	
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	✓		No such Incidence
3.3.1(i)	Reporting its activities to the Board Directors	✓		
3.3.1(ii)	Report to the Board by the Audit Committee on -			No such Incidence
3.3.1(ii)(a)	- Conflicts of Interest			
3.3.1(ii)(b)	- Suspected or presumed fraud or irregularity or material defect in the Internal control System			
3.3.1(ii)(c)	- Suspected Infringements of Laws including securities related laws, rules and regulations.			
3.3.1(ii)(d)	- 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 and 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(vi)	Internal Audit Services	✓		
4.00(vii)	Any Other Services that Audit Committee determines	✓		

### Compliance of Section 1.4(j)

*Annexure - II*

Board of Directors meeting held during 2009 and attendance by each director:-

Composition of the Board	Meeting held	Attended
Mr. Mohemmad A. Moyeen	05	05
Mr. I.W. Senanayake	05	04
Mr. G.L.H. Premaratne	05	03
Mr. Hesham Al-Warraq	05	-
Mr. Farman R. Chowdhury	05	05
Mr. Mirza Ejaz Ahmed	05	05
Mr. B W Kundanmal	05	04
(Alternate Director of Mrs. Aneesha Mahial Kundanmal)		

**Composition of the Board**

	Meeting held	Attended
Mrs. Iffat Huque (Alternate Director of Mr. Tahsinul Huque)	05	05
Mr. Mahbubul Alam	05	04
Mrs. Jasmine Sultana	05	04
Mr. Salahuddin Ahmed Khan**	04	03

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

\*\* Mr. Salahuddin Ahmed Khan joined in the Board as Independent Director as of 10 March 2009.

**Compliance of Section 1.4(k)****The pattern of Shareholding****Annexure - III****a) Parent/Subsidiary/Associated companies and other related party :**

Name	Relation	Shares Held
Sampath Bank PLC, Sri Lanka	Related Party	6,000,000

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

Name	Relation	Shares Held
<b>Director</b>		
Mr. I.W. Senanayake Mr. G.L.H. Premaratne	Nominee of Sampath Bank Limited Nominee of Sampath Bank Limited	6,000,000
Mr. Hesham Al-Warraq Mr. Farman R. Chowdhury Mr. Mirza Ejaz Ahmed Mr. B W Kundanmal	Nominee of First Gulf Asia Holding Limited Nominee of One Bank Limited Nominee of SSC Holdings Limited Alternate Director of Mrs. Aneesha Mahial Kundanmal	
Mrs. Iffat Huque Mr. Mohemmad A. Moyeen Mr. Mahbubul Alam Mrs. Jasmine Sultana	Alternate Director of Mr. Tahsinul Huque	1,725,000 1,876,916 1,971,917 500,000
Mr. Mafizuddin Sarker Mr. Mostafa Kamal FCA Mr. Quamrul Islam Mr. Mohammed Kamrul Hasan FCA	Managing Director Company Secretary Chief Financial Officer Head of Internal Audit	None None None 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
Sr Vice President	Mr. AKM Kamruzzaman	None
Vice President	Mr. Khurshed Alam	None
Vice President	Mr. Rashedul Haque	None
Vice President	Mr. AKM Rezaul Karim	None

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

Name of Shareholder	Percentage	Shares Held (nos.)
Sampath Bank Limited, Srilanka	13.55%	6,000,000
First Gulf Asia Holding Limited	11.43%	5,060,000

# 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 exception to this. The Company's responsibility to its multiple stakeholders is a matter of utmost priority. We generate financial value to reward our stakeholders. Profit maximization is not our only goal. LankaBangla has profound commitments towards the society particularly to those who are most disadvantaged and vulnerable.

With a view to execute the Company's Corporate Social Responsibility (CSR) activities LB Foundation (a non-profit organization of LankaBangla) was formed in 2008. The Fund provides the base for our CSR activities. Every year LankaBangla Finance Limited adds up 1.00% of its post tax profit to the Fund. The fund balance at the end of 2009 stood at Tk. 4.96 million. The Company's CSR strategy is aimed at fostering self-reliance, independence and creativity among the most disadvantaged people.

During the year 2009 LBFL has donated a considerable amount of fund and few medical equipments to "Kishoregonj Eye Hospital" (organized by Nari Uddog Kendra), for eye treatment of poor people of that region at free of cost. We have also awarded scholarship to 10 (ten) poor students who obtained GPA-5.00 in the SSC/HSC examination. The Foundation is committed to support them to complete up to post graduation degree in the public sector universities and/or colleges of the Country. Moreover, the company distributed adequate quantity of masks to be used for swine flu protection among the general public.

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. In line with this, Corporate Social Responsibility at LBFL rests on the four pillars:

1. Commitment to contributing to economy through financing through 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.

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, 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 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 regulation, avoidance of deception or fraud, and protection of the environment as well as the professional enrichment of employees.

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 to promote education especially for the poor meritorious students.



LB Foundation handed over cheque to poor students who obtained GPA-5 in SSC Examination.



LB Foundation handed over a medical equipment to Kishoregonj Eye Hospital.

## Directors' Responsibility for Financial Reporting

Dear Shareholders,

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 (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. S.F Ahmed & Co. 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.

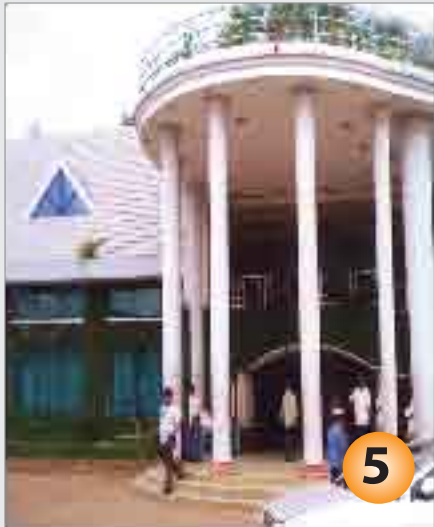


**Mafizuddin Sarker**  
Managing Director & CEO



**Quamrul Islam**  
Chief Financial Officer





# Projects Financed by LankaBangla





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12



13

1. Spinning Mill project
2. Meat Processing Plant
3. Dyeing Project
4. Steel manufacturing Plant
5. Highway resort
6. Readymade garments projects
7. Commercial building project
8. Washing Plant
9. ICT projects



14

10. Northern International Medical College Hospital
11. Water Vessel
12. Composite textile projects
13. Continuous NOF Galvanizing project
14. CNG refueling station
15. Ship-breaking project
16. Cement manufacturing plant
17. Medical equipment
18. A commercial building project under real estate developers finance scheme



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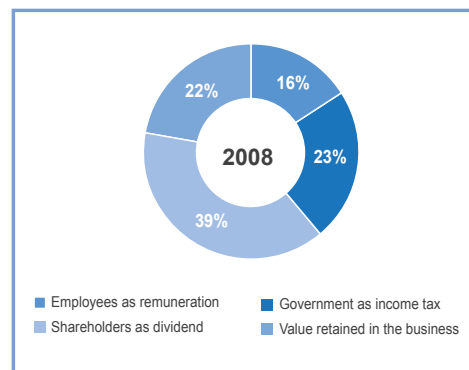
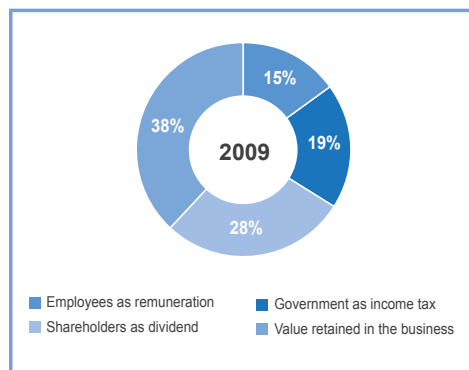
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## Value Added Statement

for the year ended 31 December 2009

The value added statement represents the wealth created by LankaBangla Finance Limited through operational activities and shows how it was distributed in respective areas to meet certain obligations. A portion of it has also been retained in the company for future investment and expansion.

	31 Dec 2009 Taka	%	31 Dec 2008 Taka	%
<b>Value added</b>				
Operating revenue	1,656,546,630		1,170,857,800	
Cost of borrowing	(876,919,119)		(723,549,319)	
	779,627,511		447,308,481	
Provisions	(157,989,408)		(98,353,870)	
Operating expenses excluding staff cost and depreciation	(73,995,466)		(49,245,190)	
	<b>547,642,637</b>		<b>299,709,421</b>	
<b>Distribution of value addition</b>				
Employees as remuneration	79,467,608	15%	48,012,907	16%
Government as income tax	102,688,960	19%	68,953,450	23%
Shareholders as dividend	154,962,500	28%	115,500,000	39%
Value retained in the business	210,523,569	38%	67,243,064	22%
	<b>547,642,637</b>	<b>100%</b>	<b>299,709,421</b>	<b>100%</b>
Number of employees at the end of the year	111		89	
Value added per employee	4,933,717		3,367,522	

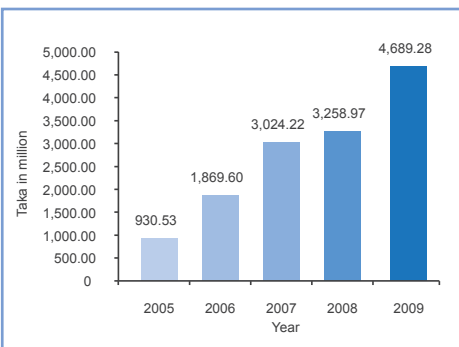


## Consolidated Financial Highlights

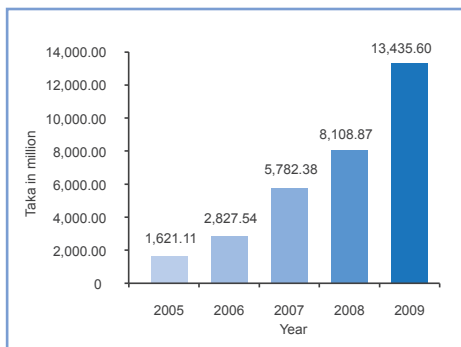
	Taka in million					Growth (%)
	2005	2006	2007	2008	2009	
<b>Financial Results</b>						
Authorized capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	-
Paid-up capital	260.00	350.00	350.00	385.00	442.75	15.00%
Shareholders' equity	267.95	423.69	597.34	922.48	2,100.53	127.71%
Business disbursement	930.53	1,869.60	3,024.22	3,258.97	4,689.28	43.89%
Total investment portfolio	1,294.93	2,420.04	4,717.46	6,869.63	10,699.17	55.75%
Total assets	1,621.11	2,827.54	5,782.38	8,108.87	13,435.00	65.69%
Total liabilities	1,353.16	2,403.84	5,185.03	7,186.40	11,335.07	57.73%
Current assets	1,085.30	1,710.63	3,977.61	5,554.92	8,839.66	59.13%
Current liabilities	962.30	1,593.86	3,477.92	4,793.27	7,394.94	54.28%
Non current assets	535.81	1,116.91	1,804.77	2,553.95	4,595.93	79.95%
Long term liabilities	390.86	809.98	1,707.12	2,393.12	3,940.13	64.64%
Term deposits	515.53	761.75	1,818.52	2,627.30	4,432.90	68.72%
<b>Operational Results</b>						
Operating revenue	240.49	365.66	946.96	1,542.18	2,344.71	52.04%
Operating expenses	180.69	299.09	648.57	1,069.97	1,436.64	34.27%
Financial expenses	94.37	163.07	418.76	707.16	854.25	20.80%
General & administrative expenses	59.45	92.24	155.48	238.94	395.94	65.71%
Net profit before tax	55.10	66.58	298.39	472.21	908.07	92.30%
Net profit after tax	54.35	66.82	210.47	377.64	744.07	97.03%
Turnover of share trading by LBSL	11,058.79	16,361.13	65,972.48	127,605.37	242,210.58	89.81%
<b>Financial Ratios</b>						
Current ratio	1.13	1.07	1.14	1.16	1.20	3.15%
Debt equity ratio	5.05	5.67	8.68	7.79	5.40	-30.73%
Financial expenses coverage ratio	1.58	1.41	1.50	1.53	1.87	21.97%
Return on equity (%)	23.50	19.32	41.23	49.69	49.23	-0.94%
Return on total assets (%)	3.26	3.00	4.89	5.44	6.91	27.04%
<b>Share Information</b>						
No. of share outstanding	26.00	35.00	35.00	38.50	44.28	15.00%
Net asset value per share- (NAV)	10.31	12.11	17.07	23.96	47.44	98.00%
Earning per share (%)	21.40	24.30	54.70	85.30	168.10	97.07%
Closing market price per share	-	19.90	100.10	196.60	313.80	59.61%
Price earning ratio (Times)	-	8.19	18.30	20.04	18.67	-6.85%
Dividend Payment (C-cash & B- bonus)	-	10% C	10% B 15% C	15% B 15% C	20% B 15% C	16.67%
Dividend Payout Ratio (%)	-	49.73%	76.50%	69.45%	44.15%	-36.43%
Dividend Coverage (Times)	-	2.56	1.19	1.44	2.27	57.34%
Dividend Yield (%)	-	5.03%	2.50%	1.53%	1.12%	-26.91%

# Graphical Presentation

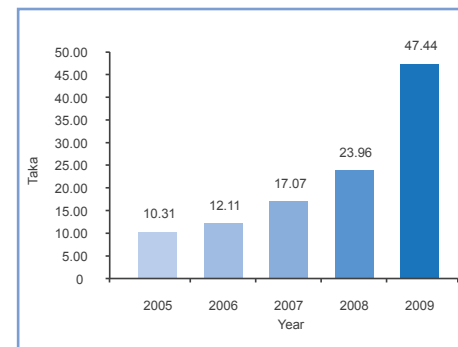
**Business disbursement**



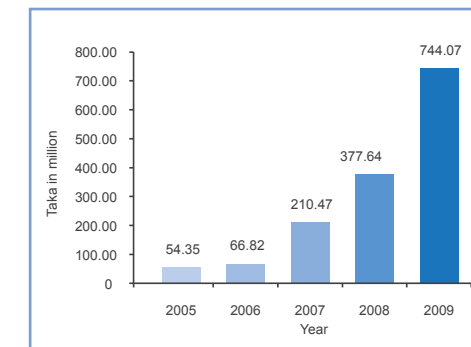
**Total assets**



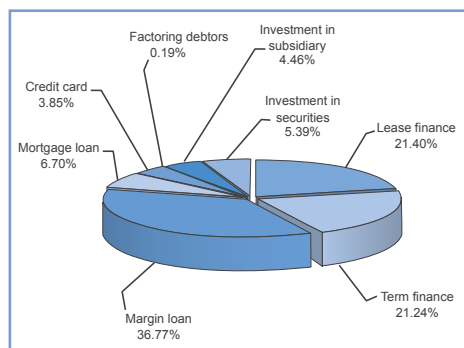
**Net asset value per share**



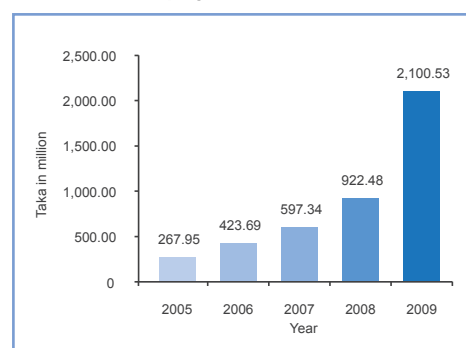
**Net profit after tax**



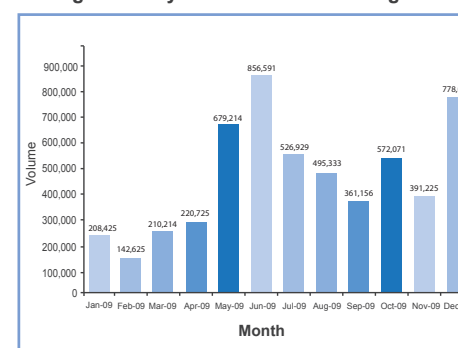
**Investment mix**



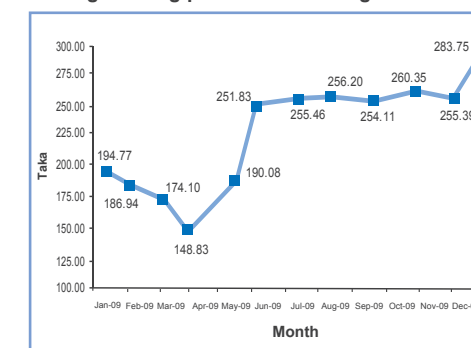
**Shareholders' equity**



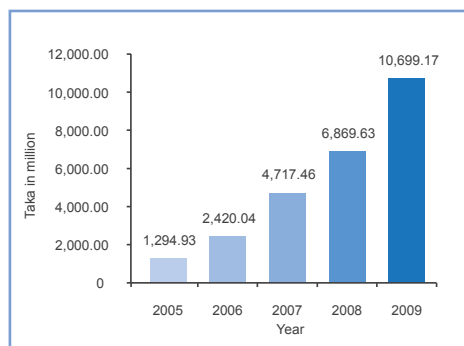
**Average monthly turnover of LankaBangla share**



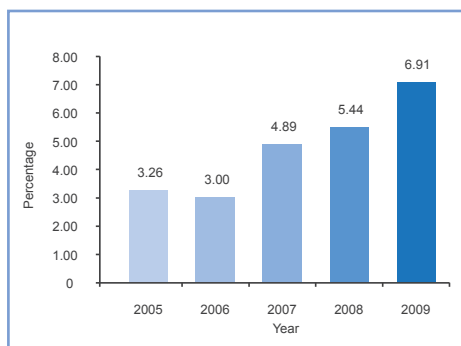
**Average closing price of LankaBangla share**



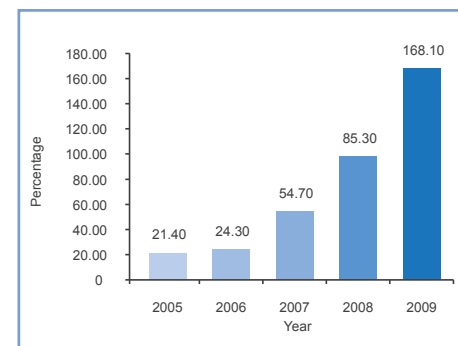
**Total investment portfolio**



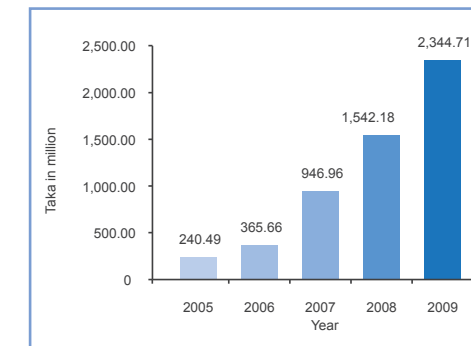
**Return on total assets**



**Earning per share**



**Operating revenue**



“ The market scenerio has changed drastically and we want to do our best to stand by our customers during this difficult period. LANKABANGLA promises to stand by our loyal customers, in particular, those who have used us as their financier, in good times and bad. ”

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

Distinguished Shareholders, guests of honor, ladies and gentlemen,

May Peace, Mercy and Blessings of Allah be upon you,

I am very much happy to be here with you in the 13th Annual General meeting of LankaBangla Finance Limited. 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. We have successfully completed another year of operations. 2009 was a difficult year; one following the unprecedented changes affected by the global financial and economic crisis of late 2008 and, on domestic front the political changes. In spite of such unfavourable climate your company has attained significant growth in the profitably and the highest Income/Cost Ratio amongst the financial institutions of the country, achieved through firm commitments towards excellence in service, adherence to business ethics and regulations, compliance to the norms of good governance, ensuring continuous improvement in stakeholders' value.

Maneuvering through the global crisis will be challenging not only for the Financial Institution and Banks but also for business entities. To emerge from the crisis it required the collective vision and efforts of governments, regulators, the business sector and ordinary citizens. LankaBangla was and is confident that it can ride out of the aftermath of this crisis by sticking to the fundamentals: strong reserves, optimum liquidity, healthy capital adequacy ratios, product innovation, organizational leaness and a motivated staff and management. We have sucessfully done so.

In 2009, LankaBangla had a record year in business, with Profit volume doubling from the previous year. This has been possible through efficient utilization of resources to ensure value maximization for our stakeholders. The growth rate in 2009 was also contributed by the new products and services that were launched, by redefining of business segments, relocation of resources, restructuring of operating processes supported by the state of art technologies, better HR management and capacity building through training and development.

# Message from the Chairman



The vision of the Directors and belief of the management that there is an enormous value proposition in synergy of business resources and activities which can ensure maximum output from limited resources resulting in faster growth and accordingly, during the year 2009, we have put emphasis on capital market operations building synergy between LankaBangla finance and its fully-owned subsidiary LankaBangla securities, and the outcome was instrumental in the growth of your company. To reap maximum benefit from synergy while being compliant with regulatory requirements, we are in the process of establishing a new subsidiary for Merchant Banking Operation shortly. We believe that the capacity built so far and more to be added in the near future creates an opportunity for the company to gain more in the future years.

#### Review of 2009:

The market scenario has changed drastically and we want to do our best to stand by our customers during this difficult period. LANKABANGLA promises to stand by our loyal customers, in particular, those who have used us as their financier, in good times and bad.

In spite of the economic turbulence and record-setting market volatility globally in 2008 along with high inflation, political changes in Bangladesh, our company recorded a high growth in 2009. The Consolidated post tax profit of the LankaBangla stood at Tk. 744.08 million, achieving a growth of 97.04% over last year's profit of Tk. 377.64 million. The consolidated EPS of 2009 was Tk. 16.81 compared to Tk. 8.53 of last year. Full-year consolidated Net Interest Income increased 73.45% to Tk. 413.10 million, Lease & Loan portfolio rose by 35% to Tk. 7,717,90 million as LankaBangla continued to be supportive of customers' financing needs during the year. Fees based income rose by 81% to Tk. 939.39 million. The cost-to-income ratio was 16%, broadly in line with that in 2008. Costs continue to be closely managed. Provisions coverage remains high at 110% compared to 2008 LankaBangla continues to vigilantly monitor credit trends in our loan portfolio. Careful management of credit, market and operational risks has maintained the strength of the balance sheet.

#### Back to the Society:

LB Foundation (a non-profit organized of LankaBangla) was formed in 2008, with a view to execute Company's Corporate Social Responsibility (CSR) activities. The Fund provides the base for much of our CSR activities. Every year LankaBangla Finance Limited adds up to 1% of its post tax profits to the fund. The fund balance as at end of 2009 stood at Tk. 4.96 million (Approx.). The Company's CSR strategy is aimed at fostering self-reliance, independence and creativity among the most disadvantaged Bangladeshi Peoples.

During the year 2009 we have donated a considerable amount of fund and medical equipments to "Kishoregonj Eye Hospital" (organized by Nari Uddeg Kendra), for eye treatment of poor people of that region free of cost. We have also award scholarships to 10 (ten) poor students who obtained GPA-5 in the SSC/HSC examination. The foundation will continue to support them till completion of their graduation.

#### Outlook for 2010:

Our strategy over the next few years is to brand build LankaBangla as a strong, reliable and prudent financial institution. We will seek new customer relationships and explore new market segments, with particular interest in SME financing, asset management, automobile loan finance, corporate advisory services, corporate finance facilities, home loan finances, domestic factoring, strengthening research and development department to enhance investment and provide support to capital market business etc. To be successful in line with the business planning we are to maintain technological superiority which has always been a priority and will continue to be so. We will be ever more committed to invest in our people for greater efficiency and competency for their own and the company's prosperity. Following the business plan and Budget of 2010 portfolio is targeted for a 34% growth to Tk.14,337 million. To meet the portfolio target more deposits, both individual and

institutional, will be attracted. LankaBangla Securities Limited, fully owned subsidiary company of LankaBangla Finance Limited will open more branches within 2010 in the several districts to serve the investors. The Board of LankaBangla Securities decided to list the company with the stock exchanges within a short time, subject to approval of the market regulators.

Our endeavors range from maintaining higher paid-up capital base, higher and faster growth rate, higher dividend pay-out 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 in rainy day. During the year the company made payment of Tk. 88.45 million as Advance Tax and Withholding tax of and made a tax provision of Tk. 165.14 million which represents our commitment to contribute to the economic development of the country.

#### Acknowledgement

I would like to express my gratitude to my fellow board members for their wise counsel and invaluable contributions throughout the year. Special thanks to Mr. Salauddin Ahmed Khan (Independent Director) who stepped in as a board member in 2009. We are grateful for his insights and contributions to the company.

Crisis can make or break organisations. I am proud to say that, the success of 2009 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 for us and encouraged us to keep going on. I would also like to thank Bangladesh Bank, Securities and Exchange Commission (SEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Registrar 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 that I will listen to your criticisms carefully, will at all times take those very seriously and will make clear-cut decisions for the greater interest of the Company.



**Mohammad A Moyeen**  
Chairman

“ LANKABANGLA with its well structured processes, disciplines, work culture will override all adversities & continue to create value for customers, shareholders, partners, employees & the communities. ”

#### **Distinguish Shareholders,**

Year 2009 posted another successful year for LankaBangla despite political uncertainty, shaken confidence among the business community, high inflation and adverse impact of world wide economic crisis. During the year we have expanded the business through opening new branches, launching new products for our customers. Steady growth and development of business has placed your company in a strong position creating an outstanding image.

The consolidated pretax profit stood at Taka 908.07 million in 2009, registering a growth of 92.3% over that of the previous year and the consolidated net profit after tax stood at Taka 744.08 million, indicating a growth of 97.04% over the previous year. The consolidated earnings per share during the year under review were Taka 16.81 compared to previous year's Taka 8.53 up by 97.07%. The investment size of the company at the end of the year stood at Taka 10,699.17 million marking 55.75% growth.

Driving force of our growth is customers' satisfaction. At present financial industry is facing tremendous competition and intense challenges. We, at LankaBangla, believe that identification of customers' needs and tailor product and services commensurate with their expectation & requirement is the only way to maintain the quality growth.

Message from the  
Managing Director

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, upholding professional ethics, transparency in the operational policies, guidelines & availability of modern infrastructural facilities. In 2009, 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 and other resources along with the business and operational process have been restructured & re-engineered.

Your company, LankaBangla is one of the six recipients of license awarded by Bangladesh Bank to act as Primary Dealer. Out of fifteen Primary Dealer, twelve are Banks & three are Financial Institutions, LankaBangla is one of these fifteen. In 2010, special attention will be given to setup a full fledged Primary Dealership operation. Priorities would be attached to expand business operation in SME Sector through opening few SME booth/centre during the year 2010.

LankaBangla is the only NBF1 that operates credit card business in the country. The Portfolio of Credit Cards increased by 15% to Tk. 365.56 million compared to Tk. 318.10 million of 2008, also the number Credit Cards at the end of 2009 increased by 8.95% against 2008. Along with our Master Credit Card operation, in 2009 we expanded our horizon through launching of VISA Cards. Having two internationally reputed brand cards under one roof of LankaBangla would certainly pose a synergy in our credit card operation in 2010 & onwards.

LankaBangla Securities Limited, a fully owned subsidiary of LankaBangla Finance Limited, the leading equity brokerage house in the country with a diverse clientele of Institutions, high net worth individuals, foreign funds and retail investors. The operating income of the Company grew to Tk. 877.84 million in 2009 up by 121% from Tk. 397.29 million in 2008 and the net profit of the Company increased by 152% to Tk. 638.15 million in 2009 from Tk. 252.83 million in 2008.

Merchant Banking operation significantly contributed for the business development of the company having reciprocal impact on the operation of LankaBangla Securities Limited. Consequent upon the directive of SEC, the Board of Directors has decided to establish a fully owned subsidiary of the company for its merchant banking activities under the name & style of LankaBangla Investments Limited, which is in process.

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 2010 to deliver value to all our stakeholders.

On behalf of the management I would like to thank all our valued shareholders for the confidence and trust placed in the company. My thank goes 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. I convey my sincere appreciation to the employees of LankaBangla for their dedication & hard work. Thanks to our lenders, depositors, regulators & other stakeholders for their continued support.

Thank you all for your cooperation and support.



**Mafizuddin Sarker**  
Managing Director & CEO

# Directors' Report



# Directors' Report

## Dear Shareholders,

On behalf of the Board of Directors of LankaBangla Finance Limited, I am very happy to welcome you in the 13th Annual General Meeting.

The Board of Directors has the pleasure in presenting the Annual Report for the year ended 31 December 2009, which includes the business strategy and review, risk management, corporate governance, separate and consolidated audited financial statements, investor relations, and a sustainability supplement. The latter makes relevant cross references, so as to minimize repetition and keep the content of the whole simple, clear and succinct. We resent this annual report in compliance with the Companies Act, 1994, Financial Institutions Act, 1993 and the Guidelines issued by Securities and Exchange Commission, Bangladesh Bank and other regulatory authorities.

In the year 2009 LankaBangla Finance Limited has made a sizeable growth in terms of business as well as financial performance, profitability, improvement in efficiency, strengthening its capital base, development of highly qualified and experienced workforce. These were achieved even in the context of considerable challenges posed in the last year (2008) by global and local conditions and volatile financial market condition.

## Global Economy

- The decisive action taken by governments in late 2008 and early 2009 has succeeded in restoring some degree of stability to the global economy, but the possible length of the downturn has since been severely underestimated. True legacy of the credit crunch – sluggish growth, credit shortages and mounting government liabilities – become ever more apparent.
- According to the Global Financial Stability Report (GFSR) issued by IMF in 2009, systemic risks have been substantially reduced following unprecedented policy actions and nascent signs of improvement in the real economy. There is growing confidence that the global economy has turned the corner, underpinning the improvements in financial markets. Nonetheless, the risk of a reintensification of the adverse feedback loop between the real and financial sectors remains significant as long as banks remain under strain and households and financial institutions need to reduce leverage. Although indicators of sovereign risk are lower than six months ago, the transfer of financial risks to fiscal authorities, combined with the financing burden of fiscal stimulus, has raised concerns over crowding out the private sector and the sustainability of public sector finances. These vulnerabilities underscore the need to strengthen financial intermediation, restore health to the financial system, and eventually reduce the private risks now borne by sovereign balance sheets. Great care in disengaging from public support will be necessary to avoid either sparking a secondary crisis through premature withdrawal or endangering monetary and fiscal credibility through a belated exit. Complacency now becomes a risk-banking system problem could go unresolved and much-needed regulatory reforms may be delayed or diluted. Policymakers should promptly provide a plan for the future regulatory framework that mitigates the buildup of systemic risks, grounds expectations, and underpins confidence, thereby contributing to sustained economic growth.
- Review Report on “Global Commodity Markets” issued by the World Bank summarizes that the financial crisis that erupted in September 2008 and the subsequent global economic downturn relieved most of the demand-side pressures and induced sharp price declines across most commodity sectors. The largest declines occurred in industrial commodities such as metals (which had also registered the greatest gains in the early 2000s). Between July 2008 and February 2009, prices of energy declined by two-thirds while those of metals dropped by more than half. Prices of agricultural goods retreated by more than 30 percent, with prices of edible oils dropping by 42 percent. The troughs in

energy and non-energy indices broadly coincided with troughs in global economic activity (particularly in China and East Asia).

- Prices of energy and metals commodities began to recover in March 2009, in part responding to recovery in industrial production and other factors including strong import demand from China, large-scale production restraint in the extractive commodities, tight scrap markets, and strike-related disruptions in the case of metals. Prices of some agricultural commodities also started to rebound in 2009:Q2, in response to demand increases and, in some cases (for example, sugar and rice), the effects of adverse weather. Dollar price increases also reflected the depreciation of the dollar against major currencies. Yet, expressed in trade-weighted local currency indices, prices rose by much less.
- Overall, net private capital flows to developing countries in 2009 are estimated to have fallen by \$795 billion (relative to their high in 2007), or by almost 70 percent. Even with recovery on the horizon, projected flows in 2010 are only \$517 billion, or 3.2 percent of GDP. Lower-income countries will suffer the most from this shrinkage, because their already minuscule share of total private capital flows (i.e., 2.6 percent in 2007) is expected to dwindle to almost nothing in 2010. Even though small in absolute terms, the capital inflows to these low-income countries represent a significant share of national income and investment, and their loss will certainly have a severe impact on the ability of these countries to meet their financing needs in the short to medium term.
- After a deep global recession, economic growth has turned positive, as a wide range of policy interventions has supported demand and reduced uncertainty and systemic risk in financial markets. However, the recovery is expected to be slow, as financial markets remain impaired, stimulus measures will need to be withdrawn in the not too distant future, and households in countries that suffered asset-price busts are forced to rebuild savings while struggling with high unemployment. Although global growth is expected to return to positive territory in 2010, the pace of the recovery will be slow and subject to uncertainty. After falling by an estimated 2.2 percent in 2009, global output is projected to grow 2.7% and 3.2% in 2010 and 2011, respectively.
- The global economic recovery that is now underway will slow later this year as the impact of fiscal stimulus wanes. Financial markets remain troubled and private sector demand lags amid high unemployment, according to a new report from the World Bank
- *Global Economic Prospects 2010*, released by World Bank recently, warns that while the worst of the financial crisis may be over, the global recovery is fragile. It predicts that the fallout from the crisis will change the landscape for finance and growth over the next 10 years. Global GDP, which declined by 2.2 percent in 2009, is expected to grow 2.7 percent in the year 2010 and 3.2 percent in 2011. Prospects for developing countries are for a relatively robust recovery, growing 5.2 percent this year and 5.8 percent in 2011. GDP in rich countries, which declined by 3.3 percent in 2009, is expected to increase much less quickly by 1.8 and 2.3 percent in 2010 and 2011. World trade volumes, which fell by a staggering 14.4 percent in 2009, are projected to expand by 4.3 and 6.2 percent this year and in 2011.

## Bangladesh Economy

- Bangladesh Economy has sustained growth momentum in FY09 amid current global economic downturn and financial crisis. A good domestic crop harvest together with moderate export growth and sustained high level of remittance flow helped the economy to attain a near six percent growth rate during the fiscal year. According to the data of Bangladesh Bureau of Statistics, real GDP grew by 5.9% in FY09, only 0.30% point lower than FY08. Measured at current market prices the GDP of Bangladesh in FY09 was estimated at Taka 6,149 billion representing a nominal growth with 15.5% recorded in FY08. In FY09, the country's per capital GDP increased by about 4.5% in real terms and about 11.2% in nominal terms.

- Macroeconomic management in FY2007-08 had been challenging, particularly due to aggravated inflationary pressure which was largely underpinned by high commodity prices including that of fuel, food and fertilizer. Taking note of the trends in global commodity markets, the Bangladesh Bank in its Monetary Policy Statement (MPS) for the first half of the fiscal year 2008-09 (FY09) set the inflation target at 9.0 per cent (which was already in double digit at that time) and programmed adequate credit growth in order to support the GDP growth target of 6.5 per cent, which stood at 5.9% in 2009. Priority was accorded to credit which would support creation and expansion of output capacities, e.g. promoting agricultural and SME loans and discouraging expenditures on ostentatious consumption. In order to reduce money supply, the Bangladesh Bank also announced that Cash Reserve Ratio (CRR) should not be less than 4.5 per cent, up from 4.0 per cent, in any day of the month; although, CRR on bi-weekly average remained unchanged at 5 per cent. The central bank also mentioned that any bank that fails to adhere by its CRR guidelines will be penalized at bank rate plus 5 per cent on the difference of the reserves. BB also enhanced its Repo and Reverse Repo interest rates by 25 basis points in September and November 2008 respectively to 8.75 and 6.75 per cent to slowdown the pace of private credit growth.
- As inflationary pressure started to cool down since October 2008, Bangladesh Bank revised the inflation projection downward to 8.5 per cent in its second MPS of FY09. On the other hand, as the global economic recession weakened domestic economic activities, the Repo and Reverse Repo rates were brought down to their earlier level in March 2009. The central bank also made engagement in agriculture lending mandatory for all commercial banks including private and foreign banks during this time. During the last quarter of FY09, the BB introduced a 13 per cent interest cap for on lending (through directive instead of "moral suasion"), except for credit card and consumer loans and allowed rescheduling of loans without any down payment until September 2009 to four export oriented sectors which were affected by fall in external demand viz. for frozen food, jute, leather and textiles.
- Thus, one observes that the monetary policy stance of the central bank in Bangladesh underwent a few adjustments in response to domestic and global economic developments. As a result of these adjustments as well as due to other policy and institutional interventions, Bangladesh economy, at an aggregate level, performed quite appreciably in FY09, with a near-six per cent GDP growth and four and a half per cent per capita income growth. Agriculture sector (particularly crop sector) posted significant achievement to improve food security. Most of the macroeconomic indicators, notwithstanding their structural flaws, exhibited overall robustness. At the end of the fiscal year, lower than estimated inflation rate was realised (7 per cent) compared to revised target of 8.5 per cent, and finally the Inflation rate stood at 8.91% at the end of 2009. Balance of payment was in a comfort zone, to a large extent due to buoyant foreign remittance flow, steady export revenue and lower import demand. Consequently the foreign exchange reserve rose to USD 7.5 billion. Bangladesh remained one of the very few low-income countries that were able to record this level of performance in FY09 and demonstrated significant resilience of its economy.
- A Large amount of non-performing assets have been afflicting the financial sector of Bangladesh for a long time. Total classified loan for first three quarters of FY09 stood at Tk 23,586.22 crore (11.12 per cent of total outstanding loan), registering a decrease of (-) 1.06 per cent over the corresponding figure of FY08. NCBs made impressive progress in reducing the total classified loan, recording a decline of Tk. 952.73 crore, i.e. (-) 6.7 per cent fall from the figure of FY08. Introduction of BPC bond may have made a positive effect in this accounting. Provisions to write-off of bad debts as well as collections prior to the national elections may have contributed towards improving the share of classified loans. Curiously, total classified loan of Foreign Banks (FBs) and Financial Institutions increased significantly by 26.1 per cent during FY09 (due to application of more stringent standards).
- The Present Govt. is going to introduce New Export Policy for the year 2009-2012 Government has declared some fiscal as well as general package of incentives/facilities, which are, Tax Exemptions, Exemption on Insurance Premium, Bond Facilities, Facilities for duty free import of capital machineries, Industries will get the advantage of importing 10 percent spare parts at duty free, providing alternative facilities to export-oriented local textiles and RMG other than

duty-bond or duty-draw-back, Tax holiday, Duty-draw-back scheme. Also following general facilities are adopted by the Govt. :-

- Reduced plane fare for priority products including vegetables and fruits
  - Withdrawal of royalty for expansion of cargo services,
  - Fixing of limit for sending sample of export products annually:
  - Arrangement and participation in international and single country trade fairs and market development programmes abroad:
  - Incentives will be given for organizing and participating in international trade fairs, single exhibition and other market development programmes
  - Every year product-wise Commercially Important Persons (CIPs) will be selected on the basis of the exporters' extra ordinary contributions to export promotion.
  - National Export Trophy (NET) will be given in recognition of extra ordinary contribution to export.
  - The Export Credit Guarantee Scheme (ECGS) will be restructured, activated and made efficient
- Despite of the deep global recession the Economic growth was also aided by rapid growth in exports (growth rate 10.34%) and the remittance inflow into Bangladesh reached a record high of \$9.68 billion in the FY2008- 09. This was 22.3% higher than \$7.91 billion, a previous best, posted last year.
  - In addition to the Commercial Banks Bangladesh Bank has also initiated a strategic move to implement the BASEL II core principles for the Non-Banking Financial Institutions within 2011. FI will have to increase its capital base to Tk. 500.00 million within December 2010 as per directive of Bangladesh Bank.
  - The Central Bank (CB) played a thoughtful part in developing our capital market. It brought transparency to the banking sector, which actually welcomed the retail investors to join the capital market with high confidence. The performance and healthy return of the banking sector worked as a crucial component to bring in institutions and foreign investors. Power and pharmaceutical sector also outperformed the expectations of general investors; resulting fresh fund injection into our capital market. The Capital Market of Bangladesh also passed another successful year 2009, the total market Capitalization of Dhaka Stock Exchange and Chittagong Stock Exchange at the end of the year was Tk. 3,338.02 billion, which is 88.45% higher than that of 2008 (Tk. 1771.26 billion). The Market capitalization of Securities Market has gone up to 55.33% of GDP in the year 2009, (20.80% in 2008).
  - Emerging economy of Bangladesh invited funds from all over the globe. Market capital has shown amazing growth. Although current market price earning ratio is higher than that of the neighbouring country but considering the demand for lack of avenue to invest, the capital market of the country has a bright and attractive future and can yet be considered as untapped sector.

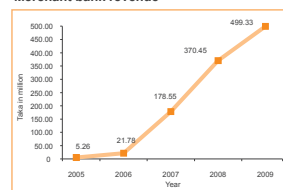
#### Operational Performance During 2009

2009 was another successful year of LankaBangla; we have expanded the business through opening new Branches, launching new products for our customers. In 2009 all out efforts were placed 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 eventual impact of which is presented below:

- **Lease & Term Finance:** After a deep recession and changes in political situation at the end of 2008, the business environment for lease & term loan was not promising in 2009, consequently the disbursement of Lease and Term Finance declined to Tk. 789.00 Million in 2009, from Tk. 1,824.00 Million in 2008.

- **Merchant Banking & Capital Market Operations:** As stated above the year 2009 was an emerging year for Capital market Operations. LankaBangla Securities Limited, the largest Brokerage House in the Country (in terms of Revenue), a fully owned subsidiary of LankaBangla Finance had good penetration in the market. The Margin Loan growth of Merchant Banking Division was 126% to Tk.3,503.51 million in 2009 against Tk.1,548.00 million of 2008. Additionally we could derive optimum benefit through investment in the Stock Market managing our portfolio in the year 2009.

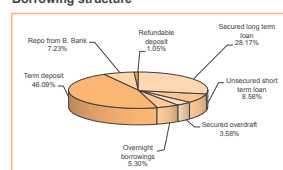
Merchant bank revenue



- **Credit Cards:** LankaBangla is the only NBFIs that operate credit card business in the country. Simultaneously with our Master Card operation we have expanded our business through soft launching of VISA Cards and soon we will launch it commercially. The Portfolio of Credit Cards increased by 15% to Tk. 365.56 million from Tk. 318.10 million of 2008, also the number Credit Cards at the end of 2009 increased by 8.95% over 2008.
- **Factoring:** Domestic factoring of receivables is another new product that we launched in last quarter of 2007 to boost up our business volume by way of diversification and in 2009 we disbursed Tk.18.35 million, against the disbursement in 2008 of Tk. 17.39 million.
- **Home Loan:** 2009 was an excellent year for Mortgage Loan business. Home Loan portfolio growth was 208% over year 2008 and stood at Tk. 491.49 million at the end of 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 agent services, security agent services, secretarial services, merger & acquisition services, etc. to meet the increasing investment banking services demand in the country. During the year 2009 our revenue from these services was Tk.8.36 million.

- **Treasury Operation:** The treasury management / fund mobilization during the year 2009 was smooth for incremental business and managing the debt servicing in time. Our continuous efforts are to reduce the average cost of fund, diversify the sources of funding and diminishing dependence on conventional sources of funding. The Company achieved a remarkable growth in deposit mobilization both individual and institutional levels during 2009. At the end of 2009 total term deposit was Tk. 4,457 million compared to the Term Loan of Tk. 2358 million.

Borrowing structure



- **Subsidiary Operation:** LankaBangla Securities Limited (LBSL) is a subsidiary of LankaBangla Finance Limited and a leading equity brokerage house in the country with a diverse clientele base of institutions, high net worth individuals, foreign funds and retail investors. The operating income of the Company grew to Tk. 877.84 million in 2009 up by 121% from Tk. 397.29 million in 2008 and the after tax net profit of the Company increased by 152% to Tk. 638.15 million in 2009 from Tk. 252.83 million in 2008. The Company is providing combinations of brokerage, CDBL, on time information and research services. LankaBangla Assets Management Company Limited, a fully owned subsidiary, the licensing of which is under consideration of Securities and Exchange Commission.
- **Branch Operation:** During the year 2009 we have focused in Chittagong to expand our business, and the end of 2009 total portfolio at Chittagong Branch was Tk. 998.01 million, compared to Tk. 605.48 million in 2008. We opened Sylhet Branch in late 2008. Our target market for Sylhet operation is SME lending, credit cards and home loan business. We expect good result in 2010.
- **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.

In the year 2009 total 23 numbers of new recruitment has been made to cater to the growth endeavor of the Company, and 13 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 06 nos. of IT 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, for the operation of Lease/Loan and Home Loan, is also in place in your Company. We procured modern & work friendly software for our factoring operations. We are in the process of central networking and integration of operations and security of the software and databases with development of ICT professionals. LBFL is only the Non-banking Financial Institution providing credit card and also providing technical support for Bank Asia and ONE Bank Limited.

#### Financial Result and Proposed Dividend and Appropriation of Profit

- The Company posted a pretax profit for the year end 2009 is Tk. 453.66 million, a growth of 92.84% from Tk. 235.25 million of in 2008 while net profit after tax increased by 111.04% from Tk. 166.30 million of 2008 to Tk. 350.97 million in 2009.
- 2009 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 35% (Cash dividend 15% & Stock dividend 20%) for the year 2009.
- The Directors are pleased to report the financial results for the year 2009 and recommend the following appropriations:

Appropriation:	Taka
Net Profit after Tax for the year 2009	350,971,508
Retained Earnings brought forward	26,059,178
<b>Profit available for appropriation</b>	<b>377,030,686</b>
Less: Statutory reserve	( 70,194,302)
Less: Transferred to LankaBangla Foundation	(3,509,715)
<b>Amount available for declaration of dividend</b>	<b>303,326,669</b>
<b>Proposed Dividend: @ 35%</b>	
Cash dividend: 15%,	
Stock dividend: 20% (20 shares for every 100 shares held)	154,962,500
<b>Retained earnings carried forward</b>	<b>148,364,169</b>

#### 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 51-53.

### 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 Article 100 of the 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 Growth Prospects of Bangladesh economy in the present year will depend significantly on rebound of export growth, this in turn dependent on the pace of global recovery from the ongoing slowdown. The high emphasis placed by Govt. of Bangladesh and the Bangladesh Bank on promoting agricultural and SME activities is expected to lead to more broad-based, more inclusive growth processes; with correspondingly faster reduction of poverty. The Government's revised FY09 budget provided support for export sectors hurt by global slowdown; the FY10 national budget continues the support measures and includes stimulus package including extended social safety net to shore up domestic demand. Bangladesh Bank allowed relaxed down payment requirements in rescheduling of bank loans to sectors hurt by the global slowdown, and kept available refinance lines to support lending to priority economic sectors including agriculture and SMEs. With these support measures to cope with the effects from the global slowdown. Bangladesh economy is conservatively projected to grow by 5.5%-6.0% in FY10; higher growth may also be possible as the global economy recovers faster as we think.

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 first time SAFA (South Asian Federation of Accountants) Best Presented Accounts Award- 2008 in the Non-Banking Sector as Merit Certificate Recipient based on Published Annual Report-2008 and the Second Prize in Non-Banking Financial Sector for the best published Annual Reports and Annual Audited Accounts for the year 2008 by the Institute of Chartered Accountants of Bangladesh (ICAB).

Our subsidiary Company LankaBangla Securities Limited achieved certificate for outstanding performance for being ranked 1st in terms of turnover for consecutive four years 2006, 2007, 2008 & 2009 by both the Dhaka Stock Exchange (DSE) & for consecutive five years 2005, 2006, 2007, 2008 and 2009 by the Chittagong Stock Exchange (CSE).

### Shareholding Pattern

The shareholding pattern as per Clause 1.4(k) of SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 is shown in Page No 17.

### Election of Directors

In accordance with Article 98 of the Company's Articles of Association, Mr. Hesham Al Warraq, Mr. Mirza Ejaz Ahmed, Mr. Farman R Chowdhury and Mrs. Annesha Mahial Kundalmal will retire and being eligible, all of them except Mr. Hesham Al Warraq offer themselves for re-election.

### Board Meetings & Attendance

During the year 2009 five (5) Meetings of the Board of Directors were held. The attendance of the Directors is shown in Page No 39-40

### Auditors

In the 12th Annual General Meeting of the Company, M/s S. F. Ahmed & Co., Chartered Accountants (Bangladesh Representative of ERNST & YOUNG Global since 1975), was appointed as External Auditors of the Company for a term till conclusion of 13th Annual General Meeting. M/s S. F. Ahmed & Co., Chartered Accountants has satisfactorily conducted the audit for the year 2009. Being eligible for re-appointment M/s, S. F. Ahmed & Co. has expressed their willingness to continue as External Auditors.

### 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, iii (in page 38, 39 & 40)

### 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 S.F. Ahmed & Co., 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, 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 2009 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. The Board's pledge to you is that it 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 লক্ষ্যবাহিনী ফাইন্যান্স লিমিটেডের ১৩তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগত জানাচ্ছি। কোম্পানীর পরিচালনা পর্ষদের পক্ষ থেকে আমি ৩১শে ডিসেম্বর ২০০৯ ইং তারিখে সমাপ্ত বছরের নিরীক্ষিত আর্থিক প্রতিবেদনসহ অর্থনৈতিক বিশেষণ এক বাজার হিতাবস্থা, কোম্পানীর সাফল্য এক কোম্পানী আইন ১৯৯৪, সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন কর্তৃক জারীকৃত নির্দেশনাবলী, বাংলাদেশ ব্যাংক এক অন্যান্য নিয়ন্ত্রক সংস্থা সমূহের সংশ্লিষ্ট বিষয়াদি পেশ করছি। আপনাদের কোম্পানী ২০০৯ ইং সালে ব্যবসায় উলেখযোগ্য উন্নতি এবং আর্থিক সাফল্য, কর্নদকতার মান উন্নয়ন, মূলধন অধিকতর শক্তিশালীকরণ এক গঠনমূলক উন্নতি সাধন করেছে।

### বিশ্ব অর্থনীতি

২০০৮-এর শেষভাগ এক ২০০৯-এর শুরুতে গৃহীত সরকারী সিদ্ধান্তসমূহ বিশ্ব অর্থনীতিকে কিছুটা স্থিতিশীল অবস্থায় ফিরিয়ে আনতে সক্ষম হয়েছে, কিন্তু অর্থনৈতিক নন্দাবস্থার প্রভাবের ব্যাপ্তিকে তখন একেবারেই শুরুত্ব দেয়া হয়নি। ডেবিট ড্রাফের ফলে ধীর গতির বৃদ্ধি, ডেবিটের কনতি এক সরকারী দায় বৃদ্ধি আরো প্রকট হয়ে ওঠে।

আইএমএফ কর্তৃক ২০০৯ এ প্রকাশিত গ্লোবাল ফাইন্যান্সিয়াল স্ট্যাবিলাইটি রিপোর্ট (জিএফএসআর) অনুযায়ী সমরোপযোগী পদক্ষেপ গ্রহণের ফলে নিয়মতান্ত্রিক ঝুঁকি কার্যকরভাবে কমেছে এক এর স্তরপ্রভাব বাস্তব অর্থনীতির উপর প্রতিফলিত হয়েছে। যদিও আত্মবিশ্বাস জোরদার হচ্ছে যে, বিশ্ব অর্থনীতি কোনটাও অবস্থা থেকে বেঁচে আসছে তবুও বাস্তব এক অর্থনৈতিক খাতের ভেতর বৈষম্য প্রকট হয়ে ওঠার সম্ভাবনা থেকেই যায় যতদিন ব্যাংকগুলো অব্যাহত চাপের মধ্যে আছে এক আর্থিক প্রতিষ্ঠান ও গৃহস্থালী খাতে বাড়তি ঋণ গ্রহণ চলতে থাকবে। যদিও সার্বভৌম ঝুঁকি গত ৬ মাসের তুলনায় কম, আর্থিক প্রতিষ্ঠানগুলোর উপড় সার্বিক অর্থনৈতিক ঝুঁকি বেড়ে চলেছে। এর ফলে প্রাইভেট সেক্টরের উপর চাপ বাড়ছে ও পাবলিক সেক্টরের বিনিয়োগ ঝুঁকিপূর্ণ হয়ে উঠছে। এই সকল সংবেদনশীল বিষয়গুলোর মোকাবেলায় এখন প্রয়োজন শত হাতে আর্থিক মধ্যস্থতা করা, আর্থিক প্রশালী পুনর্গঠন এক সার্বভৌম ব্যালেন শিট-এর কারণে ঝুঁকির মুখে পড়া ব্যক্তিগত মালিকানাধীন প্রতিষ্ঠানগুলোকে যথাযথভাবে পরিচালনা করা। বর্তমান বাজারে টিকে থাকতে হলে যথেষ্ট যত্নবান হতে হবে অথবা বাজারের কেউ বের হয়ে আসতে চাইলে তা বিশ্বস্ততার পরিচয় দিতে হবে। ভবিষ্যৎ ঝুঁকি এড়াতে ও অর্থনৈতিক প্রবৃদ্ধির ধারা বজায় রাখতে নীতিনির্ধারণের তড়িৎ সিদ্ধান্ত নিতে হবে। যদিও সামগ্রিকভাবে খানিকটা সময় ব্যয় হবে তবুও এটিই সবচেয়ে কার্যকর উপায়।

বিশ্ব ব্যাংক প্রকাশিত গ্লোবাল কনোজিটি মার্কেটের রিভিউ রিপোর্টের সারমর্মে বলা হয়েছে যে, সেপ্টেম্বর ২০০৮ হতে শুরু হওয়া এই অর্থনৈতিক সঙ্কট এক এক ফলে বিশ্ব অর্থনীতির পতনের ফলে নিত্যব্যবহার্য পণ্যের দাম কমেছে এক সাধারণভাবে চাহিদা কমেছে। সবচেয়ে বেশি ক্ষতিগ্রস্ত হয়েছে শিল্প পণ্যে যেমন ধাতু (যা ২০০০ সালের সবচেয়ে লাভজনক শিল্পপণ্যের তালিকাভুক্ত ছিল)। জুলাই ২০০৮ হতে ফেব্রুয়ারি ২০০৯ এর ভেতর এনার্জি জাতীয় পণ্যের দাম দুই তৃতীয়াংশ কমে যায়। মটোরের ক্ষেত্রে যা ছিল অর্ধেকের বেশি। কৃষিপণ্যের দাম ৩০% এর বেশি হ্রাস পায় ও ভোজ্য তেলের মূল্য ৪২% কমে যায়। বিশেষ করে এনার্জি ও নন এনার্জি জাতীয় পণ্যের মধ্যবর্তী সূচক লক্ষ্যীয়ভাবে বিশ্ব অর্থনীতির কর্মকাণ্ডের সাথে পরিবর্তনশীল ছিল।

শিল্পখাতের কর্মকাণ্ড পুরোদমে শুরু হওয়ায় এনার্জি এক মটোর পণ্যের মূল্য পুনরায় ভারসাম্যতা ফিরে পায়। চীন থেকে বড় আকারের আমদানি চাহিদা থাকায় শিল্পপণ্যের ব্যবহার বাড়ে। ২০০৯ এর দ্বিতীয়ভাগে চাহিদার যোগান দিতে গিয়ে কিছু কৃষি পণ্যের দামও যোগ্য অবস্থানে ফিরতে শুরু করে, কিন্তু কিছু ক্ষেত্রে (যেমন চিনি, চাল) আবহাওয়ার বৈচিত্র্য কারণে ডলারের তুলনায় অন্যান্য প্রধান মুদ্রার মূল্য কমতে শুরু করে। সার্বিকভাবে বিভিন্ন সূচক বিশ্লেষণে তবুও দেখা যাচ্ছে মূল্য বৃদ্ধির হার ছিল কম।

সর্বমিলিয়ে বলা যায় ২০০৯ এর মূল্য বিচারে উন্নয়নশীল দেশগুলোতে মোট পুঁজির সরবরাহ ২০০৭-এর তুলনায় ৭৯৫ বিলিয়ন কমেছে যা প্রায় ৭০%, এমনকি এখন এই পুনঃনয়ন এর সময়ও ২০১০ এর পরিকল্পনা অনুযায়ী এই পুঁজির সরবরাহ দাঁড়াতে মাত্র ৮৫১৭ বিলিয়নে, যা মোট জিডিপি মাত্র ৩২%। এই পতনে স্বল্প আয়ের দেশগুলো সার্বিক ক্ষতিগ্রস্ত হবে, কারণ তারা ইতোমধ্যে ব্যক্তিগত পুঁজি সরবরাহের সামান্য অংশের অংশীদার (২০০৭-এ ২.৬%)। আশঙ্কা করা হচ্ছে তাদের অংশ ২০১০-এ নগণ্য হয়ে দাঁড়াবে। যদিও তুলনামূলকভাবে কম, এই সব স্বল্প আয়ের দেশগুলোর পুঁজি সরবরাহ জাতীয় আয়ের এক বিনিয়োগের গুরুত্বপূর্ণ অংশের প্রতিনিধিত্ব করে। ভবিষ্যতে তাদের এই ক্ষতি দেশগুলোর উপর এক বিশাল নেতিবাচক প্রভাব ফেলবে।

দীর্ঘ এক বিশ্বমন্দার পর বিভিন্ন শুরুত্বপূর্ণ নীতিমালা নির্ধারণ ও সেগুলোর যথাযথ প্রয়োগে অর্থনৈতিক বৃদ্ধি আবার ইতিবাচক হয়ে উঠছে। যদিও সম্পূর্ণরূপে সচল হয়ে পূর্বাভাস ফিরতে কিছু সময়ের প্রয়োজন, যতদিন না আর্থিক বাজার এক বিভিন্ন দেশের গৃহস্থালী সম্পদ-মূল্য অসামঞ্জস্যের কারণে সৃষ্ট টানাভেঙের সমাধান হয়। বেকারত্বের ভয়ে ও ভবিষ্যতের অনিশ্চয়তার সাধারণ মানুষ বিনিয়োগের থেকে সঙ্কয়ের দিকে বেশি আগ্রহী হয়ে ওঠে। যদিও বৈশ্বিক প্রবৃদ্ধি ২০১০-এ ইতিবাচক রূপ নেবে বলে আশা করা হচ্ছে, কিন্তু অনিশ্চয়তা এক ধীর বৃদ্ধির আশঙ্কা রয়েছে। ২০০৯-এ ২.২% পতনের পর বৈশ্বিক উৎপাদন ২০১০ এর ২.৭% এক ২০১১ তে ৩.২% বৃদ্ধি পাবে বলে আশা করা হচ্ছে।

বিশ্ব ব্যাংকের রিপোর্ট অনুসারে বিশ্ব অর্থনীতির উপর থেকে এই মন্দার প্রভাব কাটতে এখন খানিকটা সময় লাগবে, বিশেষ করে এই বছরের শেষ অংশে, কারণ

অর্থবাজার সমস্যাগ্রস্ত অবস্থায় আছে এক প্রাইভেট সেক্টরে চাহিদা কম, যে কারণে বেকারত্বের সমস্যাও প্রকট হয়ে উঠছে।

বিশ্ব ব্যাংকের সদ্য প্রকাশিত “গোবাল ইকোনমিক প্রসপেক্ট ২০১০” বিশ্বমন্দার দীর্ঘস্থায়ী প্রভাবের বিষয়ে সতর্ক করেছে। তাদের মতে এর থেকে পুরোপুরি বের হয়ে আসতে আরো দশ বছর সময় লাগবে। বিশ্ব জিডিপি যা ২০০৯ সালে ২.২% কমে গিয়েছিল তা ২০১০ সালে ২.৭% বৃদ্ধি পাবে এক ২০১১ তে ৩.২% বৃদ্ধি পাবে বলে আশা করা যাচ্ছে। উন্নয়নশীল দেশগুলোর জিডিপি বৃদ্ধির হার তুলনামূলকভাবে ভালো হবে, এই বছর ৫.২% এক ২০১১-এ এই বৃদ্ধির হার হবে ৫.৮%। ধনী দেশগুলোর জিডিপি ২০০৯-এ ৩.৩% কমে গিয়েছিল তাদের পুনরুদ্ধার তুলনামূলক ধীর গতিতে ২০১০-এ ১.৮% এক ২০১১-এ ২.৩% পর্যন্ত বৃদ্ধি পাবে। ২০০৯ বিশ্ব বাণিজ্যের পরিমাণ আশঙ্কাজনকভাবে কমে ১৪.৪% হয়েছিল তা ২০১০-এ ৪.৩% এক ২০১১-এ ৬.২% পর্যন্ত বৃদ্ধি পাবে বলে এই রিপোর্টে আশাবাদ ব্যক্ত করা হয়েছে।

### বাংলাদেশের অর্থনীতি

বিশ্ব অর্থনীতির মন্দা ও আর্থিক সঙ্কটের মধ্যেও বাংলাদেশের অর্থনীতি ২০০৯ অর্ধবছরে তার ত্রমুখবৃদ্ধিকে গতিশীল রাখতে সক্ষম হয়েছে। পরিমিত রপ্তানির সাথে দেশে শস্যের ভালো ফলন এক রেমিটেন্সের গতিশীল প্রবাহ এই অর্ধবছরে প্রায় ৬% প্রবৃদ্ধি অর্জনে সহায়তা করেছে। বাংলাদেশ পরিসংখ্যান ব্যুরো'র তথ্য অনুযায়ী ২০০৯ অর্ধবছরে প্রকৃত জিডিপি ৫.৯% যা ২০০৮ অর্ধবছরের তুলনায় মাত্র ০.০০% কম। বর্তমান বাজার মূল্যের পরিপ্রেক্ষিতে ২০০৯ অর্ধবছরে বাংলাদেশের জিডিপি'র মূল্যমান ৬১৪৯ বিলিয়ন টাকা যা গত অর্ধবছরের ১৫.৫% প্রবৃদ্ধির চেয়ে সামান্য বেশি। ২০০৯ অর্ধবছরে দেশের মাথাপিছু অর্জিত প্রকৃত জিডিপি পূর্ববর্তী অর্ধবছরের তুলনায় প্রায় ৪.৫% এক প্রাক্কলিত জিডিপি প্রায় ১১.২% বৃদ্ধি পেয়েছে।

বিশেষ করে তেল, খাদ্য ও সারসহ অন্যান্য অতি প্রয়োজনীয় দ্রব্যের মূল্যবৃদ্ধির ফলে সৃষ্ট মুদ্রাস্ফীতির প্রকোপবৃদ্ধির কারণে ২০০৭-০৮ অর্ধবছরে সামগ্রিক অর্থনীতি ব্যবস্থাপনা ছিল অত্যন্ত চ্যালেঞ্জিং। বিশ্ববাজারে দ্রব্যমূল্যের এই গতিশ্রুতির পরিপ্রেক্ষিতে বাংলাদেশ ব্যাংক এর মনিটরিং পলিসি স্টেটমেন্ট (এমপিএস)-এ ২০০৮-০৯ আর্থিক বছর (২০০৯ অর্ধবছর)-এর প্রথমার্ধে মুদ্রাস্ফীতির লক্ষ্য নির্ধারণ করে ৯.০% (এই সময়েরই যা দুই অকের ঘরে পৌছায়) এক জিডিপি বৃদ্ধির লক্ষ্যমাত্রা অর্জনে ঋণ উন্নয়ন প্রোগ্রাম নির্ধারণ করে যা ২০০৯-এ ৫.৯%-এ দাঁড়ায়। এই প্রোগ্রামে কৃষি ও এসএমইকে অগ্রাধিকার দেয়া হয়েছে যেন এসব খাত থেকে আরো বেশি উৎপাদন ও আয় হয় এক জাঁকালো খরচকে নিরক্ষসহিত করা হয়েছে। এছাড়াও অর্থ সরবরাহের গতি কনিয়ে আনার জন্য মাসের কোনো একটি দিনও যেন ক্যাশ রিজার্ভ রেশিও (সিআরআর) ৪.৫%-এর নিচে না নামে সে ব্যাপারে বাংলাদেশ ব্যাংক কর্তার মনোভাব পোষণ করে, আশে যা ছিল ৪%, যদিও সাপ্তাহিকভাবে ক্যাশ রিজার্ভ রেশিও গড়ে ৫%-এ অপরিবর্তিত থাকে। কেন্দ্রীয় ব্যাংক আরো উল্লেখ করে যে, কোন ব্যাংক ক্যাশ রিজার্ভ রেশিও নির্দেশনা অনুসরণে ব্যর্থ হলে ব্যাংকের জন্য নির্ধারিত হারের সাথে রিজার্ভের পার্থক্যের উপর ৫% জরিমানা ধার্য করা হবে। ব্যক্তিগত ডেবিট বৃদ্ধি হ্রাসকরণে বাংলাদেশ ব্যাংক রেপো এক রিভার্স রেপো সুদের হার বাড়িয়ে সেপ্টেম্বর ও নভেম্বর ২০০৮-এ যথাক্রমে ৮.৭৫ শতাংশ ও ৬.৭৫ শতাংশ উন্নীত করে।

২০০৮-এর অক্টোবর থেকে মুদ্রাস্ফীতির চাপ কিছুটা কমতে শুরু করলে বাংলাদেশ ব্যাংক ২০০৯ অর্ধবছরে এর দ্বিতীয় মনিটরিং পলিসি স্টেটমেন্টে মুদ্রাস্ফীতির পরিমাণ ৮.৫%-এ পুনর্নির্ধারণ করে। অন্যদিকে বিশ্বমন্দার ফলে আন্তর্জাতিক অর্থনৈতিক কার্যক্রম দুর্বল হয়ে পড়ায় রিপো ও রিভার্স রিপো রেট পুনরায় নিচের দিকে নেমে ২০০৯-এর মার্চ মাসে আশের জায়গায় ফিরে যায়। এছাড়াও এ সময়ে প্রাইভেট ও বৈদেশিক ব্যাংকসহ সকল বাণিজ্যিক ব্যাংকের জন্য কৃষি খাতে ঋণ বাধ্যতামূলক করে দেয় বাংলাদেশ ব্যাংক। ২০০৯ অর্ধবছরের শেষের তিন মাসে ডেবিট কার্ড ও কনজুমার লোন ব্যতীত অন্যান্য লোনের ক্ষেত্রে সর্বোচ্চ সুদের হার ১৩% নির্ধারণ (“নৈতিক অনুময়ন”-এর পরিবর্তে সরাসরিভাবে) করে দেয় বাংলাদেশ ব্যাংক এক চাহিদা পড়ে যাওয়ার কারণে ক্ষতিগ্রস্ত চারটি রপ্তানি খাত যেমন, হিমায়িত খাদ্য, পাট, চামড়া ও টেক্সটাইল-কে ২০০৯-এর সেপ্টেম্বর পর্যন্ত কোনো ডাউন পেয়েট ছাড়াই ঋণ পুনঃতফসিলীকরণের অনুমতি দেয়।

সুতরাং একটি বিষয় পরিষ্কার হয় যে, আন্তর্জাতিক ও বৈশ্বিক অর্থনৈতিক উন্নয়নের প্রেক্ষিতে বাংলাদেশের কেন্দ্রীয় ব্যাংকের মনিটরিং পলিসিতে কিছু সময়ের সাধন করা হয়। এসব সময়ের পাশাপাশি অন্যান্য নীতি এক প্রাতিষ্ঠানিক হস্তক্ষেপের ফলে সামগ্রিকভাবে বাংলাদেশের অর্থনীতি ২০০৯ অর্ধবছরে সন্তোষজনক অবস্থান ধরে রাখে, যেখানে প্রায় ৬ শতাংশ জিডিপি প্রবৃদ্ধি হয় এক মাথাপিছু গড় আয় বৃদ্ধি দাঁড়ায় সাতো চার শতাংশে। খাদ্য নিরাপত্তা পরিস্থিতির উন্নয়নে কৃষি খাত (বিশেষ করে খাদ্যশস্য) বয়ে আনে গুরুত্বপূর্ণ সাফল্য। বাংলাদেশের সামগ্রিক অর্থনীতিতে অবকাঠামোগত মৌলিক কিছু সমস্যা থাকলেও সামগ্রিকভাবে শক্ত অবস্থানে রয়েছে। আর্থিক বছরের শেষে মুদ্রাস্ফীতির হার পুনর্নির্ধারণ লক্ষ্যমাত্রা ৮.৫ শতাংশের তুলনায় কম দেখা যায় (৭ শতাংশ), এক অংশে ২০০৯-এর শেষে এই হার দাঁড়ায় ৮.৯ শতাংশে। সন্তোষজনক অবস্থানে ছিল ব্যালান্স অফ পেমেট, বৈদেশী রেমিটেন্স প্রবাহে ছিল তেজীভাব, রপ্তানিখাত থেকে অর্জিত হয়েছে আশানুরূপ রাজস্ব এক আমদানির চাহিদা ছিল কম। ফলে বৈদেশিক মুদ্রার রিজার্ভের পরিমাণ বেড়ে দাঁড়ায় ৭.৫ বিলিয়ন ইউএস ডলারে। বিশ্বের অন্যতম কম আয়ের দেশ হয়েও ২০০৯ অর্ধবছরে একটি ভালো অবস্থান তৈরি করে এর অর্থনীতিতে গতির সঞ্চারণ করতে সক্ষম হয়েছে বাংলাদেশ।

দীর্ঘদিন ধরে অনেকগুলো নিগ্রিম সম্পদ বাংলাদেশের আর্থিক খাতকে ক্ষতিগ্রস্ত করে আসছে। ২০০৯ অর্ধবছরের প্রথম ৯ মাসে মোট শ্রেণীভুক্ত ঋণের পরিমাণ ছিল ২০,৫৮৬.২২ কোটি টাকা (মোট বকেয়া ঋণের ১১.১২ শতাংশ), ২০০৮ অর্ধবছরের তুলনায় যা ১.০৬ শতাংশ কম। মোট শ্রেণীভুক্ত ঋণের পরিমাণ কমাতে উলেখযোগ্য ভূমিকা পালন করেছে এনসিবি, যার পরিমাণ ৯৫২.৭৩ কোটি টাকা এক যা ২০০৮ অর্ধবছরের চেয়ে ৬.৭ শতাংশ কম। বিপিসি বন্ড একেই ইতিবাচক প্রভাব রাখতে সক্ষম হয়েছে। ধার্যকৃত কৃ-ঋণ এক সম্ভবত গত জাতীয় নির্বাচনের পূর্বে সংগৃহীত অর্থ শ্রেণীভুক্ত ঋণের শোষণ হ্রাসে ভূমিকা রাখতে পারে। মজার

ব্যাপার এই যে, ২০০৯ অর্ধবছরে বিদেশী ব্যাংক ও আর্থিক প্রতিষ্ঠানের মোট শ্রেণীভুক্ত ঋণ উলেখযোগ্য হারে ২৬.১ শতাংশ বৃদ্ধি পায় (কেন্দ্রীয় ব্যাংকের কঠোর নিয়ন্ত্রণে এক্ষেত্রে গুরুত্বপূর্ণ ভূমিকা রাখে)।

২০০৯-২০১২ সালের জন্য নতুন রপ্তানি নীতি নিয়ে আসছে বর্তমান সরকার। সরকার কিছু আর্থিক এক সাধারণ ইনসেন্টিভ/সুবিধাসমূহের প্যাকেজ ঘোষণা করেছে, সেগুলো হলো: কর অব্যাহতি, বন্ড সুবিধা, মূলধনকৃত যন্ত্রাংশে করমুক্ত আমদানি সুবিধা, শিল্প প্রতিষ্ঠানের জন্য ১০ শতাংশ খুচরা যন্ত্রাংশ করমুক্ত আমদানি সুবিধা, রপ্তানি সশিষ্ট স্থানীয় টেক্সটাইল কোম্পানি এক তৈরি পোশাক শিল্পের জন্য ডিউটি-বন্ড ও ডিউটি-ড্র-ব্যাংক সুবিধা ছাড়াও অন্য বিকল্প সুবিধা, ট্যাক্স হলিডে, ডিউটি-ড্র-ব্যাংক কিম। এছাড়াও সরকার সামগ্রিক অর্থনৈতিক উন্নয়নের স্বার্থে নিম্নলিখিত সাধারণ সুবিধাগুলো দিচ্ছে:

- শাকসজ্জি ও ফলমূল সহ অগ্রাধিকারযোগ্য পণ্যে বিমান ভাড়া হ্রাস
- কার্গো সার্ভিস বৃদ্ধির জন্য উত্তোলন রয়্যালটি
- রপ্তানিকৃত পণ্যের ক্ষেত্রে স্যাম্পল পাঠানোর নির্দিষ্ট হার নির্ধারণ
- আন্তর্জাতিক ও কোনো একক দেশের বাণিজ্যমেলায় অংশগ্রহণের সুযোগ করে দেয়া এক বিশেষ বাংলাদেশী পণ্যের বাজার তৈরিতে সহায়তা করা আন্তর্জাতিক বাণিজ্যমেলা, একক পণ্য প্রদর্শনীতে অংশগ্রহণের জন্য ইনসেন্টিভ প্রদান এক অন্যান্য বাজার উন্নয়ন প্রকল্প
- রপ্তানি খাতকে উৎসাহিত করতে সরকার প্রতিবছর পণ্য অনুযায়ী কমার্শিয়াল ইমপোর্ট পার্সন (সিআইপি) নির্বাচনে রপ্তানিখাতে যেসব ব্যবসায়ী অসাধারণ ভূমিকা রাখবে তাদের অগ্রাধিকার দিবে।
- রপ্তানিখাতে অসাধারণ অবদানের উপর ভিত্তি করে প্রতিবছর ন্যাশনাল এক্সপোর্ট ট্রফি (এনইটি) বিতরণ করা হবে
- এক্সপোর্ট ড্রেডিট গ্যারান্টি কিম (ইসিজিএস) পুনর্গঠন করে তা কার্যকর করা হবে

বৈশ্বিক অর্থনীতির মন্দা সত্ত্বেও বাংলাদেশের অর্থনীতি ক্রমবর্ধমান রপ্তানিখাত থেকে (প্রবৃদ্ধির হার ১০.৩৪%) সত্ত্বেও প্রবৃদ্ধি অর্জনে সক্ষম হয়েছে এক ২০০৮-২০০৯ অর্ধবছরে রেমিটেন্স প্রবাহ ছিল রেকর্ড পরিমাণ ৯.৬৮ বিলিয়ন মার্কিন ডলার, যা গত অর্ধবছরে অর্জিত ৭.৯১ বিলিয়ন মার্কিন ডলারের চেয়ে ২২.৩ শতাংশ বেশি।

বাণিজ্যিক ব্যাংকগুলোর পাশাপাশি ২০১১ সালের মধ্যে নবব্যবস্থিত আর্থিক প্রতিষ্ঠানে বিএসইএল টু কার্যকরের জন্য বাংলাদেশ ব্যাংক পরিকল্পনা প্রণয়ন করেছে। সংশ্লিষ্ট আর্থিক প্রতিষ্ঠান আইন অনুযায়ী আর্থিক প্রতিষ্ঠানের ন্যূনতম মূলধন ৫০০ মিলিয়ন টাকা নির্ধারণ করা হয়।

কেন্দ্রীয় ব্যাংক দেশের পুঁজি বাজার উন্নয়নে দূরদর্শী ভূমিকা পালন করে। কেন্দ্রীয় ব্যাংকের বিভিন্ন উদ্যোগের কারণে ব্যাংকিং খাতে স্বচ্ছতা এসেছে, ফলে ছোট ছোট বিনিয়োগকারীরা পুঁজি বাজারে অংশগ্রহণে উদ্বুদ্ধ হয়েছে। ব্যাংকিং খাত উন্নয়নে কেন্দ্রীয় ব্যাংকের বিভিন্ন উদ্যোগ আর্থিক প্রতিষ্ঠানের পাশাপাশি বৈদেশিক বিনিয়োগকেও উৎসাহিত করেছে। কিরুং ও ঊষধ শিল্প থেকেও আশাভিত্তিক প্রবৃদ্ধি অর্জিত হয়েছে, পুঁজি বাজারে এর ইতিবাচক প্রভাব পরিস্ফুটিত হয়। দেশের পুঁজি বাজারের জন্যও ২০০৯ একটি সাফল্যময় বছর, ঢাকা ও চট্টগ্রাম স্টক এক্সচেঞ্জে অর্ধবছরের শেষে ৩,৩৩৮.০২ বিলিয়ন টাকা মার্কেট ক্যাপিটালইজেশন দাঁড়ায়, যা গত অর্ধবছরের ১৭৭১.২৬ বিলিয়ন টাকার চেয়ে ৮৮.৪% বেশি। ২০০৯ অর্ধবছরে সিকিউরিটি মার্কেটে মূলধনকৃত অর্থ জিডিপি ৫৫.৩৩%-এ দাঁড়ায় (২০০৮ অর্ধবছরে ছিল ২০.৮০%)।

বাংলাদেশের ক্রমবর্ধমান অর্থনীতি বিদেশী বিনিয়োগের জন্য উৎসাহক। যদিও বর্তমানে পুঁজি বাজারে আগের হার প্রতিবেশীর দেশের তুলনায় বেশি কিন্তু বিনিয়োগের নতুন নতুন খাত তৈরিতে ব্যর্থতা চিন্তার কারণ, অবশ্য দেশের পুঁজি বাজারের উজ্জ্বল ভবিষ্যৎ রয়েছে এক নতুন নতুন ক্ষেত্র তৈরির সুযোগ রয়েছে।

### ২০০৯ সালের পরিচালনা কর্তব্য

২০০৯ সাল লংকাবাংলার জন্য আরেকটি সাফল্যের বছর। আমরা নতুন শাখা উদ্বোধন এক নতুন পণ্য সন্ধানের মাধ্যমে ব্যবসা সম্প্রসারণ করেছি। এ বছর লংকাবাংলা মুনাফায় অধিকতর সুসুশ্রী, স্থিতিশীল ও প্রতিজ্ঞাবদ্ধ প্রচেষ্টার মাধ্যমে ব্যাপক উন্নতি লাভ করেছি। ২০০৯ সালে আমরা আমাদের বিভিন্ন কার্যক্রমে সক্রিয় চেষ্টা, বহুমুখী পণ্য এক গ্রাহক নির্বাচন কৌশল, নতুন ও সহজ সেবা কার্যক্রমে নৈতিক ব্যবসায়িক নীতি এক আন্তর্জাতিক ও আন্তর্জাতিক নীতি, বিবি, শ্রমবাহিনী ও আইন পরিপালনের মাধ্যমে সফল হয়েছি, যার ফলাফল নিম্নে বর্ণনা করা হলো:

**লিজ ও মেয়াদী ঋণ:** দীর্ঘ মন্দা এক রাজনৈতিক পরিস্থিতির পরিবর্তনের পর ২০০৮ এর শেষ নাগাদ লিজ ও মেয়াদী ঋণের জন্য বাণিজ্যিক পরিবেশ আশানুরূপ ছিল না। ফলস্বরূপ ২০০৯-এ লিজ ও মেয়াদী ঋণ প্রবাহ কমে ৭৮৯ মিলিয়নে দাঁড়ায় যা ২০০৮-এ ছিল ১৮২৪ মিলিয়ন।

**মার্কেট ব্যাংকিং ও শেয়ার বাজার:** ২০০৯ সাল পুঁজি বাজারের জন্য উদ্দীপ্ত এক বছর। কোম্পানির সম্পূর্ণ মালিকানাধীন সহায়ক কোম্পানি, লংকাবাংলা সিকিউরিটিজ লি.-এর সহযোগিতায় মার্কেট ব্যাংকিং ও শেয়ার বাজার ব্যবসায় সর্বোচ্চ উন্নতি সাধিত হয়। আমরা নিজেস্বা তালিকাভুক্ত শেয়ারে বিনিয়োগ করে কোম্পানির মুনাফা ও শেয়ারহোল্ডারের মূলধন বৃদ্ধি করতে নিজস্ব পোর্টফোলিও পরিচালনা করি। আমাদের মার্জিন ঋণের পোর্টফোলিও ২০০৮-এর ১৫৪৮ মিলিয়ন

টাকা হতে ১২৬% বৃদ্ধি পেয়ে ২০০৯ সালে ৩৫০৩.৫১ মিলিয়ন টাকা হয়েছে।

**ড্রেডিট কার্ড:** বাংলাদেশ নন-ব্যাংকিং আর্থিক প্রতিষ্ঠানের মধ্যে একমাত্র আমরাই ড্রেডিট কার্ড ব্যবসা পরিচালনা করছি। শীঘ্রই আমরা মাস্টার কার্ডের সাথে ভিসা কার্ডের কার্যক্রম পুরোদমে চালু করব। ২০০৮ সালে ড্রেডিট কার্ডের পোর্টফোলিও ২০০৮-এ ৩১৮.১ মিলিয়ন থেকে ২০০৯-এ ১৫% বেড়ে ৩৬৫.৫৬ মিলিয়ন হয়েছে। ড্রেডিট কার্ড ইস্যুর সংখ্যা ২০০৯ জুড়ে ২০০৮ হতে ৮.৯% বেড়েছে।

**ফ্যাক্টরিং:** আমাদের ব্যবসার পরিমাণ বহুগুণে বৃদ্ধিকরে, বিলের উপর আন্তর্জাতিক ফ্যাক্টরিং আরও একটি নতুন কার্যক্রম যা ২০০৭ সালের শেষের দিকে চালু হয় এক ২০০৮ সালে আমরা মোট ১৭.৩৯ মিলিয়ন টাকা বিতরণ করি, যা ২০০৯ সালে ১৮.৩৫ মিলিয়নে পৌঁছায়।

**পূঁজি ঋণ:** ২০০৯ মার্চপেজ ব্যবসার জন্য একটি চমৎকার বছর ছিল। বাংলাদেশ ব্যাংকের পুনঃঅর্থায়ন ক্রমের প্রচলন আমাদের জন্য সেই দ্বার উন্মুক্ত করে দিয়েছে। পূঁজি ঋণ পোর্টফোলিও ২০০৯ সালে ২০০৮-এর তুলনায় ২০৮% বৃদ্ধি পেয়ে ৪৯১.৪৯ মিলিয়নে পৌঁছায়। আমরা আশা করছি ২০১০ সালে পূঁজি ঋণ আমাদের জন্য একটি সম্ভাবনাময় ক্ষেত্র হবে।

**কর্পোরেট অর্থায়ন ও উপদেশমূলক সেবা:** আমাদের বহুমুখীকরণের প্রক্রিয়ায় ও দেশের ক্রমবর্ধমান বিনিয়োগ ও ব্যাংকিং সেবার চাহিদা মেটাতে, আমরা কর্পোরেট অর্থায়ন ও উপদেশমূলক সেবার প্রচলন করি, যা একটি পৃথক বিভাগের মাধ্যমে পরিচালিত। এর দ্বারা কর্পোরেট ও বিনিয়োগ সেবাসমূহ যেমন: যৌথ লিজ/ঋণ সেবা, আর্থিক গঠন ও পুনর্গঠন সেবা, সম্পত্তির তত্ত্বাবধায়ক সেবা, জামিন প্রতিনিধি সেবা, সচিব বিষয়ক সেবা, একত্রীকরণ ও অধিগ্রহণ সেবা ইত্যাদি প্রদান করা হয়ে থাকে। এক্ষেত্রে ২০০৯-এ আমাদের আয় ৮.৩৬ মিলিয়ন টাকা।

**ট্রেজারি পরিচালনা:** ২০০৯ সালে লংকাবাংলা বেশ সাফল্যজনকভাবেই নতুন ব্যবসায় অর্থ যোগান এক নিয়মিত ঋণ/দায় পরিশোধ করতে পেরেছে। আমাদের নিয়মিত প্রচেষ্টা গড় তহবিল ব্যয় কমানো এক গতানুগতিক উৎসের উপর নির্ভরতা কমিয়ে তহবিলের উৎসের বহুমুখীকরণ। ডিসপোজিট মনিাইজেশনে ২০০৯ সালে বিশেষ নজিরবিহীন সফলতা অর্জন করেছে। উক্ত বছরে ব্যক্তিগত এক প্রাতিষ্ঠানিক মেয়াদী আমানতের যথেষ্ট প্রবৃদ্ধি সাধিত হয়। ২০০৯ সালের ৩১ ডিসেম্বর তারিখে আমাদের মোট মেয়াদী আমানতের পরিমাণ ছিল ৪৪৫৭ মিলিয়ন টাকা পূর্ববর্তী বছরের ২৩৫৮ মিলিয়ন টাকার বিপরীতে।

**সহকারী প্রতিষ্ঠান পরিচালনা:** লংকাবাংলা সিকিউরিটিজ লিঃ আমাদের একটি সম্পূর্ণ মালিকানাধীন সহকারী প্রতিষ্ঠান যা দেশের প্রধান ব্রোকার হাউস হিসেবে বিভিন্ন ধরনের প্রতিষ্ঠান ও ব্যক্তি বিনিয়োগকারীর সাথে কাজ করেছে। কোম্পানির পরিচালনা আয় ২০০৮ সালের ৩৯৭.২৯ মিলিয়ন টাকা হতে ১২১% বৃদ্ধি পেয়ে ২০০৯ সালে ৮৭৭.৮৪ মিলিয়ন টাকা হয়েছে এক নিট লাভ ২০০৮ সালের ২৫২.৮৩ মিলিয়ন টাকা হতে ১৫২% বৃদ্ধি পেয়ে ২০০৯ সালে ৬০৮.১৫ মিলিয়ন টাকা হয়েছে। কোম্পানিটি সম্মিলিতভাবে ব্রোকারেজ, সিডিবিএল, তথ্য ও পণ্যেবা সেবা প্রদান করে থাকে।

**শাখা পরিচালনা:** ব্যবসার প্রবৃদ্ধির লক্ষ্যে ২০০৯ সালে চট্টগ্রাম শাখার কার্যক্রম জোরদার করা হয়েছিল। ২০০৯-এর শেষের দিকে চট্টগ্রাম শাখার মোট পোর্টফোলিও দাঁড়ায় ৯৯৮.০১ মিলিয়ন যা গত বছর ছিল ৬০৫.৪৮ মিলিয়ন। ২০০৮ সালের শেষের দিকে সিলেট শাখার কার্যক্রম চালু করি যেখানে আমাদের লক্ষ্য ছিল এসএমই ঋণ, ড্রেডিট কার্ড এক পূঁজি ঋণ ব্যবসার প্রসার। ২০১০-এ আমরা আরো ভালো ফলাফল আশা করি।

**মানবসম্পদ:** আমাদের বিশ্বাস আমরা সঠিক সময়ে, সঠিক স্থানে, সঠিক ব্যক্তি নিয়োগ প্রদান ও সঠিক শ্রেণীর মাধ্যমে একটি ব্যক্তিগত সৃষ্টি করতে সক্ষম। লংকাবাংলায় আমরা প্রয়োজনীয় সংখ্যক মানবসম্পদ আকর্ষণ করতে প্রতিজ্ঞাবদ্ধ, যাদের যোগ্যতা, প্রযুক্তিগত দক্ষতা এক পেশাগত অভিজ্ঞতা, কোম্পানির প্রতি একান্ত বিশ্বস্ততা, প্রতিজ্ঞাবদ্ধ, নিষ্ঠা এক উৎসর্গ করার মানসিকতা আছে। লংকাবাংলা-এর কর্মকর্তাদের আকর্ষণীয় সম্মানী প্রদান করে থাকে, প্রশিক্ষণের মাধ্যমে তাদের উন্নয়ন এক ভালো কাজের পরিবেশের বিচক্ষণতা 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। ২০০৯ সালে কোম্পানির প্রবৃদ্ধির লক্ষ্য অর্জনে সহায়তার জন্য ২০ জনকে নতুন নিয়োগ দেয়া হয়েছে এক দেশে ও বিদেশে মোট ১৩টি প্রশিক্ষণ কর্মসূচীতে আমাদের কর্মকর্তারা তাদের মান উন্নয়নের জন্য অংশগ্রহণ করেছেন। স্বাস্থ্য ও নিরাপত্তা নিশ্চিত করার লক্ষ্যে কোম্পানি কর্মকর্তাদের চিকিৎসার জন্য হসপিটাল বীমা পলিসি প্রদান করে থাকে এক কোম্পানির 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 এক লংকাবাংলার আইসিটি বিভাগে উচ্চতর অভিজ্ঞতা ও দক্ষতাসম্পন্ন ৬ জন পেশাদার নিয়োজিত আছে। আমরা আইসিটি'র প্রতিনিয়ত আধুনিকায়নে বিশেষ গুরুত্ব দিয়ে থাকি। বর্তমানে লংকাবাংলায় সর্বাধুনিক ড্রেডিট কার্ড সফটওয়্যার আছে, যেটা কার্ড প্রসেসিংয়ে সম্পূর্ণ সুবিধা প্রদানে সক্ষম। আমাদের একটি মার্কেট ব্যাংকিং সফটওয়্যার আছে যা নির্দিষ্ট মার্কেট ব্যাংকিং ব্যবসা ও আর্থিক প্রক্রিয়ার তত্ত্বাবধান করছে। সমন্বিত লিজ, পূঁজি ঋণ ও হিসাববিজ্ঞান সফটওয়্যারও আছে। আমরা আমাদের ফ্যাক্টরিং পরিচালনার জন্য অত্যাধুনিক ও কর্তানুকূল সফটওয়্যার অন্য করেছি। ২০১০ সালে আমাদের লক্ষ্য হবে আইসিটি'র পেশাগত উন্নয়নের পাশাপাশি কেন্দ্রীয় নেটওয়ার্কিং এক সমন্বিত পরিচালনা ব্যবস্থা ও সফটওয়্যার ও ডাটাবেজের নিরাপত্তা নিশ্চিত করা। আমরাই একমাত্র নন ব্যাংকিং ফাইন্যান্সিয়াল প্রতিষ্ঠান যারা ব্যাংক এশিয়া এক ওয়ান ব্যাংক লিমিটেডকে ড্রেডিট কার্ডের সহায়তাও প্রদান করে থাকি।

### আর্থিক ফলাফল, প্রস্তাবিত লভ্যাংশ ও মুনাফার উপযোজন

কোম্পানি ২০০৯ সালে ৪৫৩.৬৬ মিলিয়ন টাকা করপূর্ববর্তী মুনাফা করেছে, যা ২০০৮-এর ২৩৫.২৫ মিলিয়ন টাকা হতে ৯২.৮৪% বেশি, অন্যদিকে করপূর্ববর্তী মুনাফা ২০০৮-এর ১৬৬.৩০ মিলিয়ন টাকা হতে ১১১.০৪% বৃদ্ধি পেয়ে ২০০৯-এ ৩৫০.৯৭ মিলিয়ন টাকা হয়েছে। ২০০৯ সাল হচ্ছে প্রবৃদ্ধি ও সাফল্যের বছর। আর্থিক বাজার পরিবেশ, বর্তমানে কোম্পানির আর্থিক দৃঢ়তা, ভবিষ্যৎ বিনিয়োগ ইত্যাদি সমাপ্তিগত বিবেচনা করে পরিচালনা পর্ষদ ২০০৯ সালের জন্য ৩৫% লভ্যাংশ (১৫% নগদ এবং ২০% স্টক ডিভিডেন্ড) প্রস্তাব করেছে।

পরিচালকগণ আনন্দের সাথে ২০০৯-এর আর্থিক ফলাফলের নিম্ন প্রতিবেদন এবং উপযোজন প্রস্তাব করেন:

উপযোজন	টাকা
২০০৯ সালের আয়কর পরবর্তী মুনাফা	৩৫০,৯৭১,৫০৮
অবশিষ্ট মুনাফা জেরকৃত	২৬,০৫৯,১৭৮
<b>উপযোজনযোগ্য মুনাফা</b>	<b>৩৭৭,০৩০,৬৮৬</b>
বাদ: সংবিধিবদ্ধ সঞ্চিতি	(৭০,১৯৪,৩০২)
বাদ: লক্ষ্যবাংলা ফাউন্ডেশনে স্থানান্তরিত	(৩,৫০৯,৭১৫)
<b>লভ্যাংশ ঘোষণার জন্য অবশিষ্ট মুনাফা</b>	<b>৩০৩,৩২৬,৬৬৯</b>
প্রস্তাবিত লভ্যাংশ : @ ৩৫% নগদ লভ্যাংশ ১৫% হারে বোনাস লভ্যাংশ ২০% হারে (অর্থাৎ প্রতি ১০০টি শেয়ারের জন্য ২০টি শেয়ার)	১৫৪,৯৬২,৫০০
<b>অবশিষ্ট মুনাফা জেরকৃত</b>	<b>১৪৮,৩৬৪,১৬৯</b>

### প্রধান পরিচালন ও আর্থিক উপাত্ত

সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন কর্তৃক জারিকৃত নোটিফিকেশন নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/প্রশাসন/০২-০৮, তারিখ: ২০ ফেব্রুয়ারি, ২০০৬ অনুযায়ী বিগত পাঁচ বছরের প্রধান পরিচালন ও আর্থিক উপাত্তসমূহ ৫১-৫৩ পৃষ্ঠায় প্রদত্ত হল।

### অবশিষ্ট মুনাফা ব্যবহারের পরিকল্পনা

নিয়মিত ব্যবসা কার্যক্রম পরিচালনার জন্য প্রতি বছর কোম্পানির তহবিলের প্রয়োজন হয়। নতুন বিনিয়োগের জন্য তহবিলের যোগান এবং ভবিষ্যৎ সম্ভাব্য খরচের জন্য তহবিলের যোগানের উদ্দেশ্যে অবিলম্বে লাভ থেকে প্রাপ্ত তহবিল ব্যবহার করা হবে, যা কোম্পানী আইন ১৯৯৪-এর তফসিল ১ এর অধীনে ক্ষমতা প্রদান করা হয়েছে। অধিকন্তু অব্যবহৃত তহবিলের মাধ্যমে একটি যুক্তিসংগত ডেটহুকুইটি অনুপাত নিয়ন্ত্রণ করা হবে যাতে কোম্পানির ঋণ গ্রহণের ক্ষমতা বৃদ্ধি পাবে।

### জাতীয় রাজস্ব খাতে অবদান

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

### দৃষ্টিভঙ্গি

বাংলাদেশ অর্থনীতির বৃদ্ধির প্রত্যাশা বর্তমান বছরে নির্ভর করবে রপ্তানি বৃদ্ধি ফিরে আসতে যা কি না বিশ্ব মন্দাবস্থা থেকে পরিমাণের গতির উপর নির্ভরশীল। সরকার

এক বাংলাদেশ ব্যাংকের কৃষি ও এসএমই-এর উপর অধিক গুরুত্বারোপ বড় এবং ব্যাপক আকারের বৃদ্ধির সূচনা করবে যা কি না পাশাপাশি দরিদ্র বিমোচনে ভূমিকা রাখবে। সরকারের ২০০৯ অর্থবছরের সংশোধিত বাজেট বিশ্ব মন্দাবস্থার কারণে রপ্তানি খাতের ক্ষতকে সারিয়ে তুলতে ভূমিকা রাখবে। ২০১০ অর্থবছরের জাতীয় বাজেট আন্তর্জাতিক চাহিদা বৃদ্ধিকল্পে বিভিন্ন সহায়ক ব্যবস্থা এবং উদ্দেশ্যমূলক প্যাকেজ সহায়তা অব্যাহত রেখেছে, যার মধ্যে সম্প্রসারিত সামাজিক নিরাপত্তাও অন্তর্ভুক্ত। বাংলাদেশ ব্যাংক বিশ্বমন্দায় ক্ষতিগ্রস্ত খাতে বিনা ডাউন পেমেণ্টে ঋণ পুনঃতফসিলীকরণ ব্যবস্থা চালুর পাশাপাশি সুবিধাভুক্ত খাত হিসেবে কৃষি এবং এসএমই খাতে পুনঃঅর্থায়ন ক্ষিমেও চালু রাখে। বিশ্বমন্দা মোকাবেলায় এসব পদক্ষেপসহ বাংলাদেশের অর্থনীতি ২০১০-এ ৫.৫%-৬.০% বৃদ্ধি পাবে বলে প্রাক্কলন করা হয়। আমরা যেভাবে ভাবছি, বিশ্ব অর্থনীতি দ্রুততার সাথে পুনঃস্বীকৃতি হলে এর অধিক বৃদ্ধি অর্জনও সম্ভব হতে পারে।

এই বিষয়গুলো গভীরভাবে পর্যালোচনা করে আমাদের প্রতিষ্ঠান নিরলস প্রচেষ্টার মাধ্যমে বিভিন্ন বিভাগের ধার্যকৃত ব্যবসার লক্ষ্যমাত্রা অর্জনের সাথে সাথে প্রতিষ্ঠানের উদ্দেশ্য বাস্তবায়নে ইতোমধ্যে কৌশল গ্রহণ করেছে। নতুন নতুন এক নিরলস বিপণন প্রচেষ্টার মাধ্যমে মানসম্পন্ন সম্পদ রক্ষণ এবং বিদ্যমান পোর্টফোলিওর মান উন্নতকরণ করা হবে।

### স্বীকৃতি

কর্পোরেট এবং আর্থিক প্রতিবেদন তৈরিতে আমাদের নিরলস প্রচেষ্টার পুরস্কার হিসেবে আমরা প্রথমবারের মতো SAFA (South Asian Federation of Accountants) কর্তৃক অ-ব্যক্তিগত আর্থিক প্রতিষ্ঠান খাতে Best Presented Accounts Award-২০০৮-এ Merit Certificate অর্জন করি এবং ইন্সটিটিউট অব চার্টার্ড অ্যাকাউন্টেন্টস অব বাংলাদেশ কর্তৃক ২০০৮ সালের সর্বোত্তম প্রকাশিত বার্ষিক প্রতিবেদন ও বার্ষিক নিরীক্ষিত হিসাবের জন্য দ্বিতীয় পুরস্কার অর্জন করি। আপনারা জেনে খুশি হবেন যে, আমাদের সাবসিডিয়ারি কোম্পানি লক্ষ্যবাংলা সিকিউরিটিজ লিমিটেড অসাধারণ কার্য সম্পাদনের জন্য ২০০৫, ২০০৬, ২০০৭, ২০০৮ ও ২০০৯ সালের টার্নওভারের ক্ষেত্রে চমৎকৃত স্টক এক্সচেঞ্জ লিমিটেড (সিএসই) কর্তৃক প্রথম হওয়ার সনদপ্রাপ্ত হয়েছে এবং ২০০৬, ২০০৭, ২০০৮ ও ২০০৯ 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 ফেব্রুয়ারি, ধারা-১.৪ (কে) অনুযায়ী শেয়ার হোল্ডিংয়ের ধরন ১৭ পৃষ্ঠায় দেখানো হয়েছে।

### পরিচালকদের নির্বাচন

কোম্পানির সংবিধির ৯৮নং বিধি অনুযায়ী জনাব হেশাম আল ওয়্যারাক, জনাব মির্জা ইজাজ আহমেদ, জনাব ফরমান আর চৌধুরী এবং মিসেস আনিষা মাহিয়াল কুন্দাল মাল অবসর গ্রহণ করবেন। জনাব হেশাম আল ওয়্যারাক ছাড়া অন্যান্যরা পুনর্নির্বাচনের জন্য আবেদন করেছেন।

### পর্ষদ সভা ও উপস্থিতি

২০০৯ সনে পরিচালনা পর্ষদের ৫ (পাঁচটি) সভা অনুষ্ঠিত হয়। পরিচালকদের উপস্থিতি ৩৯-৪০ পৃষ্ঠায় দেখানো হয়েছে।

### নিরীক্ষক

কোম্পানির ১২তম বার্ষিক সাধারণ সভায় মেসার্স এসএফ আহমেদ এন্ড কোং (১৯৭৫ সাল থেকে আর্নট এন্ড ইয়াং এর বাংলাদেশ প্রতিনিধি), চার্টার্ড অ্যাকাউন্টেন্টস্কে ১০তম সাধারণ সভার সময় পর্ষদ বহিঃনিরীক্ষক হিসাবে নিয়োগ প্রদান করা হয়। মেসার্স এস এফ আহমেদ এন্ড কোং, চার্টার্ড অ্যাকাউন্টেন্টস্ সংবিধিবদ্ধ নিরীক্ষক হিসাবে কোম্পানির ২০১০ সালের জন্য ১৪তম বার্ষিক সাধারণ সভা সময় পর্ষদ কাজ করার আগ্রহ প্রকাশ করেছে।

### কর্পোরেট গভর্নেন্স পরিপালন-এর উপর প্রতিবেদন

সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নোটিফিকেশন নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/প্রশাসন/০২-০৮, তারিখ: ২০ ফেব্রুয়ারি, ২০০৬-এর ৫নং ধারার আলোকে কোম্পানির পরিপালনের অবস্থা ৩৮, ৩৯ এবং ৪০ পৃষ্ঠায় প্রদর্শন করা হল।

## অতিরিক্ত সংযোজন

- আর্থিক বিবরণ যা ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক তৈরি করা হয়েছে তাতে পরিষ্কারভাবে কোম্পানির আর্থিক অবস্থা, এর পরিচালনার ফলাফল, নগদান প্রবাহ এবং ইকুইটির পরিবর্তন উপস্থাপিত হয়েছে।
- কোম্পানির 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।
- আভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থা সঠিক ও সহজভাবে সাজানো এবং তা কার্যকরভাবে বাস্তবায়ন ও তত্ত্বাবধান করা হয়েছে।
- কোম্পানির চলমান প্রতিষ্ঠান হিসাবে চলার বিষয়ে কোন উল্লেখযোগ্য সন্দেহ নেই।

## কৃতজ্ঞতা স্বীকার

পরিচালনা পর্ষদ কোম্পানির সম্মানিত ড্রেতা, ডিপোজিটর, দাতা, ব্যাংকার এবং ব্যাবসায়িক সহযোগীদের হৃদয় নিংড়ানো প্রশংসা এবং কৃতজ্ঞতা প্রকাশের সুযোগ নিচ্ছে। পর্ষদ বাংলাদেশ ব্যাংক, সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (এসইসি), ঢাকা স্টক এক্সচেঞ্জ (ডিএসই), চট্টগ্রাম স্টক এক্সচেঞ্জ (সিএসই), জয়েন্ট স্টক কোম্পানি এবং ফার্মের রেজিস্টার, জাতীয় রাজস্ব বোর্ড (এনবিআর) এবং অন্যান্য রেগুলেটরি সংস্থাগুলোকে তাদের সাহায্য সহযোগিতা, মূল্যবান পরামর্শের জন্য ধন্যবাদ জানাচ্ছে। পর্ষদ কোম্পানির নিরীক্ষক এস.এফ. আহমেদ এন্ড কোং-কেও তাদের অক্লান্ত পরিশ্রমের মাধ্যমে নিরীক্ষা কার্যক্রম সম্পন্ন করার জন্য ধন্যবাদ জানাচ্ছে। ২০০৬ সাল হতে, লংকাবাংলা ফাইন্যান্স লিমিটেড এর প্রতিযোগীদের পিছনে ফেলে দ্রুত এবং জমাগত প্রবৃদ্ধি অর্জন করেছে। এই সাফল্যের অন্যতম কারণ হচ্ছে আমাদের দৃঢ় কর্তব্য নৈতিকতা যা সর্বক্ষেত্রে কর্তব্যতা বৃদ্ধি করেছে। পরিচালনা পর্ষদের পক্ষ হতে, আমার অত্যন্ত আন্তরিক কৃতজ্ঞতা কোম্পানির ব্যবস্থাপনা ও এর সকল কর্মকর্তা ও কর্মচারীদের প্রতি। আমি ধন্যবাদ জানাচ্ছি তাদের কঠোর পরিশ্রম, অমায়িক সেবা ও উৎসর্গের জন্যও। আমি পরিচালনা পর্ষদকে আন্তরিকভাবে ধন্যবাদ জানাচ্ছি, বিভিন্ন আভ্যন্তরীণ ও বহিঃ প্রতিকূল অবস্থায় তাদের সর্বাঙ্গিক সহযোগিতার জন্য এবং ২০১০ 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 প্রতিশ্রুতি অব্যাহত রাখবেন। আসুন আমরা একই ধরণীয় উনুত্বে এবং সং অংশীদারিত্বে একসাথে কাজ করি। পরিচালনা পর্ষদের পক্ষ থেকে আমি প্রতিশ্রুতি দিচ্ছি যে, আমরা আপনাদের সকল সমালোচনা অত্যন্ত মনোযোগের সাথে শুনব এবং পরবর্তীতে কোম্পানির বৃহত্তর স্বার্থে আন্তরিকতার সাথে সুস্পষ্ট সিদ্ধান্ত নিতে বিবেচনা করব।

পরিচালনা পর্ষদের পক্ষে:-



মোহাম্মদ এ. মঈন  
চেয়ারম্যান

# Board Audit Committee Report

## The Composition of the Committee

In accordance with the currently accepted Best Practice and Corporate Governance Guidelines, the Board appointed Audit Committee comprises of the following Non-Executive and Independent Directors of the Company:

- Mr. Mahbul Anam (Chairman)
- Mr. Mirza Ejaz Ahmed
- Mr. Farman R Chowdhury
- Mr. Salahuddin Ahmed Khan (Independent Director)

The Committee is responsible and reports to the Board of Directors. The Managing Director and the Chief Financial Officer attend committee meetings by invitation. The Company's Vice President – Internal Control and Compliance, functions as the Secretary of the Committee.

## Terms of Reference

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

The role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the Guidelines of Bangladesh Bank on 'Corporate Governance for NBFIs in Bangladesh' and also 'Terms and Conditions on Corporate Governance' by the Securities and Exchange Commission.

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 LankaBangla. The Committee is empower to:-

- Examine any matter relating to the financial and operation of the company.
- Monitor all Internal and External Audit and Bangladesh bank's Inspection Programme.
- 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 and their adherence to Statutory and Regulatory Compliance.
- Review the Company's Annual Report and Accounts and Interim Financial Statements prepared for disclosure, before submission to the Board
- 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 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 Committee reviewed the effectiveness of the financial reporting system in place to ensure that the information provided to the stakeholders is reliable and is in strict adherence and compliance to the requirements of the Bangladesh Accounting Standards and disclosure requirements. The Annual and Interim Financial Statements prepared for disclosure, were reviewed by the Committee prior to submission to the Board for approval. Having assessed the internal financial controls, the Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position of the Bank is well monitored



**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 submitted by the Internal Audit Department, the Committee monitors the due compliance with all requirements

**Managing Risks**

The Committee reviewed the effectiveness of the procedures established for identifying, assessing and managing risks. The 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. LankaBangla's adherence to Risk Management measures approved by the Board is reviewed annually.

**Internal Audit**

The Internal Audit team of the company regularly carries out Internal Audit of All departments, divisions and branches. The Committee regularly reviewed the internal audit and inspection functions. The Quarterly Internal Audit report forwarded to the Audit Committee members. All Audit and Inspection reports on Branches and Head Office Departments were examined to observe operational deficiencies and the recommendations were followed up.

**External Audit**

The Committee met with the 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. Non-Executive Directors had separate meetings with Auditors to ensure they had no cause to compromise on their independence. Auditors' Management Letter together with the Management's response thereto and the Audited Financial Statements were reviewed with the Auditors. The Committee reviewed the non-audit services provided by the Auditors to ensure that such services do not fall within the restricted services and provision of such services does not impair the External Auditors independence and objectivity.

**Internal Controls**

The Committee regularly examined major decisions taken by the 'Management Committee', 'Assets and Liabilities Committee', 'Credit Policy and Credit Risk Management Committee', 'HR Committee' and 'Merchant Banking Committee', all exceptional items and unexpected losses charged to the Income Statement, long outstanding items in Company's Chart of Accounts, credit quality and adherence to bad debts classification and provisioning policies. Credit monitoring procedures were reviewed and further strengthened. The effectiveness 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 LBFL's Code of Ethics are ensured throughout the company. Through implementation of strong Code of Ethics at all levels of staff have been educated and encouraged to comply with the rules and regulations very strictly. The Committee also ensures that appropriate procedures are in place to ensure corporate good governance.

**Terms of Reference of the Audit Committee**

The Terms of Reference of Audit Committee was revised during the year with the concurrence of the Board.



**Mahbul Anam**  
Chairman – Audit Committee

# Auditors' Report and Financial Statements

## Independent Auditors' Report to the Shareholders of LankaBangla Finance Limited

We have audited the accompanying financial statements of LankaBangla Finance Limited ("the Non-Banking Financial Institution") which comprise balance sheet as at 31 December 2009 and the related profit and loss account, statement of changes in equity; cash flow statement; a summary of significant accounting policies and relevant explanatory notes for the period then ended.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements prepared in accordance with the Bangladesh Accounting Standards (BAS) and the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of LankaBangla Finance Limited as of 31 December 2009 and the results of its financial performance and its' cash flows for the period then ended and comply with the Bank Companies Act, 1991; the Finance Institutions Act, 1993; the rules and regulations issued by the Bangladesh Bank; the Companies Act, 1994; the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

### We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- iii) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purpose of the company's business;
- v) the financial position of the company as at 31 December 2009 and the profit and loss account for the period then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with generally accepted accounting principles;
- vi) the financial statements have been drawn up in conformity with the Finance Institutions Act, 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank to the extent applicable to the company;
- vii) adequate provisions have been made for leases and advances which are, in our opinion, doubtful of recovery;
- viii) the financial statements conform to the prescribed standards set in accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix) the records and statements submitted by the divisions and branches have been properly maintained and consolidated in the financial statements; and
- x) the information and explanations required by us have been received and found satisfactory.

Dated, Dhaka;  
10 March 2010

*S. F. Ahmed & Co.*  
**S. F. Ahmed & Co.**  
Chartered Accountants

## Balance Sheet

as at 31 December 2009

	Notes	Amount in Taka	
		31 December 2009	31 December 2008
<b>I. PROPERTY &amp; ASSETS</b>			
<b>1 Cash</b>		<b>53,755,340</b>	<b>35,519,959</b>
a) Cash in hand	3	70,000	60,000
b) Balance with Bangladesh Bank	4	53,685,340	35,459,959
<b>2 Balance with others bank and financial institutions</b>	5	<b>543,859,139</b>	<b>411,468,152</b>
<b>3 Investment</b>	6	<b>1,141,694,049</b>	<b>228,539,315</b>
a) Government securities		734,369,986	-
b) Others investment		407,324,063	228,539,315
<b>4 Lease &amp; loans advance</b>	7	<b>8,093,342,524</b>	<b>5,898,220,434</b>
Lease portfolio, term finance, short term loan, etc.			
<b>5 Fixed assets</b>	8	<b>31,385,966</b>	<b>35,994,107</b>
a) At cost		132,066,177	120,554,073
b) Less: Accumulated depreciation		100,680,211	84,559,966
<b>5 Other assets</b>	9	<b>1,457,269,438</b>	<b>650,324,651</b>
<b>TOTAL ASSETS:</b>		<b>11,321,306,457</b>	<b>7,260,066,618</b>
<b>II. LIABILITY &amp; CAPITAL</b>			
<b>1 Liabilities</b>		<b>9,189,434,165</b>	<b>5,796,292,990</b>
Borrowings from Bangladesh Bank, other banks & financial institutions	10	4,732,537,647	3,144,997,783
Term deposits	11	4,456,896,518	2,651,295,207
<b>2 Other liabilities</b>	12	<b>1,241,704,245</b>	<b>865,164,085</b>
<b>3 Capital &amp; Shareholder's Equity</b>		<b>890,168,047</b>	<b>598,609,543</b>
Share capital	13	442,750,000	385,000,000
Retained earnings	14	148,364,169	26,059,178
Proposed dividend		154,962,500	115,500,000
Payable to LB Foundation		3,509,715	1,663,004
Statutory reserve	15	140,581,663	70,387,361
<b>TOTAL LIABILITIES:</b>		<b>11,321,306,457</b>	<b>7,260,066,618</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.

  
Chairman


  
Director

  
Managing Director

  
Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010

  
S.F. Ahmed & Co.  
Chartered Accountants

## Profit & Loss Account

for the year ended 31 December 2009

	Notes	Amount in Taka	
		2009	2008
<b>Operating Income</b>			
Net interest		133,060,549	129,191,279
Interest income	16	725,553,057	651,599,409
Less : Interest paid on deposits & borrowings	17	592,492,508	522,408,130
Income from investment	18	375,040,572	114,855,517
Other operational income	19	56,618,199	33,955,423
<b>Total Operating Income:</b>		<b>564,719,319</b>	<b>278,002,219</b>
<b>Operating Expenses</b>			
Salary and allowances	20	69,310,817	37,839,379
Rent, taxes, insurance, electricity etc.	21	7,901,769	5,520,115
Legal & professional fees	22	1,758,385	1,188,613
Postage, stamp, telecommunication etc.	23	1,699,895	1,788,363
Stationery, printing, advertisement	24	4,600,402	3,928,078
Managing director's salary & allowance	25	3,685,500	2,085,750
Director fees and expenses	26	133,650	48,600
Audit fees	27	67,500	57,375
Charges on loan losses	28	6,045,540	21,473
Repairs, maintenance and depreciation	29	15,560,298	14,752,717
Other expenses	30	21,181,511	16,270,540
<b>Total Operating Expenses:</b>		<b>131,945,268</b>	<b>83,501,003</b>
<b>Net Operating Income</b>		<b>432,774,052</b>	<b>194,501,216</b>
<b>Provision for loans &amp; advance</b>	31	<b>145,508,621</b>	<b>91,079,271</b>
Specific provision		98,099,700	59,921,400
General provision		47,408,921	31,157,871
<b>Profit/(loss) on Merchant Banking operation</b>		<b>166,395,037</b>	<b>131,831,856</b>
(as per separate profit and loss account enclosed)			
<b>Profit before tax and reserve:</b>		<b>453,660,468</b>	<b>235,253,801</b>
<b>Provision for tax</b>		<b>102,688,960</b>	<b>68,953,450</b>
Provision for the year	32	103,844,525	70,000,000
Deferred tax (expenses)/ income		(1,155,565)	(1,046,550)
<b>Net profit after tax:</b>		<b>350,971,508</b>	<b>166,300,351</b>
<b>Appropriations</b>			
Statutory reserve		70,194,302	33,260,070
<b>Net Profit after Reserve:</b>		<b>280,777,206</b>	<b>133,040,281</b>
Profit / (Loss) brought forward		26,059,178	10,181,902
Proposed dividend		154,962,500	115,500,000
Payable to LB Foundation		3,509,715	1,663,004
<b>Retained earnings carried forward</b>		<b>148,364,169</b>	<b>26,059,178</b>
<b>Earning per share</b>	33	<b>7.93</b>	<b>3.76</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.

  
Chairman

  
Director

  
Managing Director

  
Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010


  
S.F. Ahmed & Co.  
Chartered Accountants

## Merchant Banking Operation Profit & Loss Account

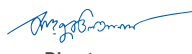
for the year ended 31 December 2009

	Notes	Amount in Taka	
		2009	2008
Interest income	16	421,626,541	241,341,616
Less : Interest paid on deposits & borrowings	17	284,426,611	201,141,189
<b>Net interest</b>		<b>137,199,930</b>	<b>40,200,427</b>
Other operational income	19	77,708,262	129,105,837
<b>Total Operating Income</b>		<b>214,908,192</b>	<b>169,306,264</b>
Salary and allowances	20	10,156,791	6,812,085
Rent, taxes, insurance, electricity etc.	21	3,804,556	2,657,833
Legal & professional fees	22	846,630	572,295
Postage, stamp, telecommunication etc.	23	818,468	861,064
Stationery, printing, advertisement	24	2,215,008	1,891,297
Managing director's salary & allowance	25	1,774,500	1,004,250
Director fees and expenses	26	64,350	23,400
Audit fees	27	32,500	27,625
Repairs, maintenance and depreciation	29	7,491,996	7,103,160
Other expenses	30	10,198,505	9,268,273
<b>Total operating expenses</b>		<b>37,403,304</b>	<b>30,221,282</b>
<b>Provision for loans &amp; advance</b>	31	<b>11,109,852</b>	<b>7,253,126</b>
Specific provision		-	-
General provision		11,109,852	7,253,126
<b>Profit/(Loss) transferred to combined profit and loss account</b>		<b>166,395,037</b>	<b>131,831,856</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.



Chairman



Director



Managing Director



Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010

S. F. Ahmed & Co.

S.F. Ahmed & Co.  
Chartered Accountants


## Cash Flow Statement

for the year ended 31 December 2009

	Notes	Amount in Taka	
		2009	2008
<b>A) Cash flows from operating activities</b>			
Interest received		985,372,175	969,488,911
Interest paid		(819,944,360)	(658,064,654)
Dividend received		4,072,000	1,287,637
Fees and commission received		11,936,539	9,549,479
Income from investment		123,932,812	71,068,730
Cash paid to employees (including directors)		(37,070,565)	(25,213,239)
Cash paid to suppliers		(45,485,370)	(45,872,126)
Income taxes paid		(16,986,170)	-
Received from other operating activities		16,326,710	6,195,573
Paid for other operating activities		(4,734,329)	(4,328,022)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>217,419,441</b>	<b>324,112,289</b>
<b>Increase/(decrease) in operating assets &amp; liabilities</b>			
Changes in trading securities		(127,354,749)	(24,117,207)
Loans and advances to customers		(2,020,656,566)	(2,073,938,078)
Other assets		1,304,839,622	141,708,129
Deposits from customers		1,805,601,311	819,910,141
Other liabilities		(285,627,457)	511,624,707
<b>Total increase/(decrease) in operating assets &amp; liabilities</b>		<b>676,802,161</b>	<b>(624,812,308)</b>
<b>Net Cash used by Operating Activities (Total of "A"):</b>		<b>894,221,602</b>	<b>(300,700,019)</b>
<b>B) Cash flows from investing activities</b>			
Changes in non-trading securities		(56,430,000)	(1,500,000)
Net proceeds/(payments) for sale/ purchase of Treasury bills		(734,369,986)	-
Purchase of property, plant and equipment		(11,180,092)	(21,083,160)
Sales proceeds of fixed assets		-	802,088
Investment in subsidiary-LankaBangla Asset Management Co. Ltd.		-	(24,999,500)
<b>Net Cash used by Investing Activities (Total of "B"):</b>		<b>(801,980,078)</b>	<b>(46,780,572)</b>
<b>C) Cash flows from financing activities</b>			
Increase/(decrease) of long term loan		111,113,969	508,001,229
Dividend paid (cash dividend)		(52,729,124)	(49,214,978)
<b>Net Cash used by Financing Activities (Total of "C"):</b>		<b>58,384,845</b>	<b>458,786,251</b>
<b>D) Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>150,626,369</b>	<b>111,305,660</b>
<b>E) Opening cash and cash-equivalents</b>		<b>446,988,111</b>	<b>335,682,451</b>
<b>F) Closing cash and cash-equivalents (D+E)*</b>		<b>597,614,480</b>	<b>446,988,111</b>
<b>* Closing cash and cash-equivalents</b>			
Cash in hand (including foreign currencies)	3	70,000	60,000
Balance with Bangladesh Bank and its agent bank (s)	4	53,685,340	35,459,959
Balance with other Banks and Financial Institutions	5	543,859,139	411,468,152
<b>Total:</b>		<b>597,614,480</b>	<b>446,988,111</b>



Chairman



Director



Managing Director



Company Secretary

Dated, Dhaka;  
10 March 2010

S. F. Ahmed & Co.

S.F. Ahmed & Co.  
Chartered Accountants

## Statement of Changes in Shareholders' Equity

for the year ended 31 December 2009

Particulars	Amount in Taka					
	Share Capital	Statutory Reserve	Proposed Dividend	LB Foundation	Retained Earnings	Total
<b>Balance as at 01 January 2009</b>	<b>385,000,000</b>	<b>70,387,361</b>	<b>115,500,000</b>	<b>1,663,004</b>	<b>26,059,178</b>	<b>598,609,543</b>
<b>Items Involved in Changes in Equity</b>						
Net profit for the year	-	-	-	-	350,971,508	350,971,508
Appropriation to statutory reserve	-	70,194,302	-	-	(70,194,302)	-
Payment dividend						
Stock dividend (15%)	57,750,000	-	(57,750,000)	-	-	-
Cash dividend (15%)	-	-	(57,750,000)	-	-	(57,750,000)
Transfer to LB Foundation A/c.	-	-	-	(1,663,004)	-	(1,663,004)
Transfer to LB Foundation A/c.	-	-	-	3,509,715	(3,509,715)	-
Proposed dividend						
Stock dividend (20%)	-	-	88,550,000	-	(88,550,000)	-
Cash dividend (15%)	-	-	66,412,500	-	(66,412,500)	-
<b>Balance as at 31 December 2009</b>	<b>442,750,000</b>	<b>140,581,663</b>	<b>154,962,500</b>	<b>3,509,715</b>	<b>148,364,169</b>	<b>890,168,047</b>
<b>Balance as at 31 December 2008</b>	<b>385,000,000</b>	<b>70,387,361</b>	<b>115,500,000</b>	<b>1,663,004</b>	<b>26,059,178</b>	<b>598,609,543</b>



Chairman



Director



Managing Director



Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka:  
10 March 2010

*S.F. Ahmed & Co.*  
S.F. Ahmed & Co.  
Chartered Accountants

## Liquidity Statement

for the year ended 31 December 2009

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank)	53,755,340					53,755,340
Balance with banks and financial institutions	63,360,259		480,498,880			543,859,139
Money at call and short notice	-	-	-	-	-	-
Investments	347,097,063	237,631,762	270,465,224	99,000,000	187,500,000	1,141,694,049
Loans and advances	-	283,613,441	5,016,145,512	2,466,082,408	327,501,163	8,093,342,524
Fixed assets including land, building, furniture and fixtures			14,749,309	16,636,657		31,385,966
Other assets			1,032,274,738		424,994,700	1,457,269,438
Non-banking assets						
<b>Total Assets</b>	<b>464,212,662</b>	<b>521,245,203</b>	<b>6,814,133,663</b>	<b>25,817,719,065</b>	<b>939,995,863</b>	<b>11,321,306,456</b>
<b>Liabilities</b>						
Borrowing from other banks, financial institutions and agents		901,211,288	618,633,864	3,212,692,495		4,732,537,647
Deposits and other accounts		652,408,953		3,804,487,565		4,456,896,518
Provision and other liabilities		-	35,108,695	1,206,595,550		1,241,704,245
<b>Total Liabilities</b>	<b>-</b>	<b>1,553,620,241</b>	<b>653,742,559</b>	<b>8,223,775,610</b>	<b>-</b>	<b>10,431,138,410</b>
<b>Net Liquidity Gap</b>	<b>464,212,662</b>	<b>(1,032,375,038)</b>	<b>6,160,391,104</b>	<b>(5,642,056,545)</b>	<b>939,995,863</b>	<b>890,168,046</b>

# Notes to the Financial Statements

for the year ended 31 December 2009

## 1.00 Legal Status and Nature of the Company:

### Domicile, Legal From 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 with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-31702(823)/96 dated 05 November 1996 as a Public Limited Company under the Companies Act, 1994 in the name of "Vanik Bangladesh Limited". It started commercial operations since 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 transect public shares 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 17 October 2006 and 31 October 2006 respectively.

Consequently the company has acquired the following Licenses and legal approvals:

Sl. No.	Name of License	Registration of License	Date of License	Renewed up to
1.	Trade License	0923826	24.09.2008	2009-2010
2.	Bangladesh Bank License	DFIM(L)/15	30.10.1997	N/A
3.	Tax Identification Number (TIN)	210-200-6736	N/A	N/A
4.	VAT Identification Number	5101018797	N/A	N/A
5.	Import Registration Certificate	BA159696	01.01.06	2009-2010
6.	DCCI Membership Certificate	2857	23.12.2008	2009
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	MBD License	MB-1.064/98-05	22.01.1998	2009
9.	PD License	DMD-14/2009	23.11.2009	N/A
10.	Registration Number	C-31702(823)/96	05.11.1996	N/A

### Subsidiary Companies

The Company is holding a subsidiary company named "LankaBangla Securities Ltd." (formerly Vanik Bangladesh Securities Limited) with an equity interest of 99.998% (39,999,526 shares of Tk.10 each totaling Tk. 399,995,260) in the subsidiary company. The subsidiary is a private limited company incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-33276(22)/97 dated 03 July 1997 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 is also holding another subsidiary company named "LankaBangla Asset management Company Limited" with an equity interest of 99.998% (2,499,950 shares of Tk. 10 each totaling Tk. 24,999,500) in the subsidiary company. LankaBangla Asset management Company Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-67738(289)/2007 dated 16 July 2007 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.

### 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

## 2.00 Significant Accounting Policies:

### 2.01 Basis of preparation and presentation of financial statements:

The financial statements of the Company as at and for the year ended 31 December 2009 have been prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, relevant Bangladesh Bank circulars, Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong stock Exchanges listing regulations and other laws and rules applicable in Bangladesh.

### 2.02 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 DFIM of Bangladesh Bank

### 2.03 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.

### 2.04 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 baking operation includes revenue from issue management, portfolio management, underwriting of shares, shows separately as required by the Regulations of Securities and Exchange Commission.

### 2.05 Investments:

All investments (other than government treasury bills and bonds) are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortised and discount accredited, using the effective or historical yield method. The valuation methods of investments used are:

Items	Applicable accounting Value
Government Treasury Bills	Present value
Government Treasury Bonds	Present value
Quoted Shares	At cost or market price which ever is lower
Un-quoted Shares	At cost

**2.06 Recognition of Fixed Assets:****2.06.01 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.

**2.06.02 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 changes 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.

**2.06.03 Depreciation:****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.

**2.06.04 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.

**2.07 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.

**2.08 Segment Reporting:**

The company has seven reportable segments namely, Credit & Investment, Merchants Banking Wings, Card Centre, Factoring & Short Term Loan, Mortgage Loan, Corporate Finance and Others Investment 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.

**2.09 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 through soft automation 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.

**2.12.01 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.

**2.12.02 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.

**2.12.03 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

**2.12.04 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.

**2.12.05 Interest suspense account:**

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

**2.13 Cash and Cash Equivalent and Cash Flow statement:**

Cash and cash equivalents comprise cash in 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"

**2.14 Provision for Loans and Advances:**

Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in BCD Circular no. 12, dated 4 September 1995; BRPD circular no. 16, dated 6 December 1998; BRPD circular no. 9, dated 14 May 2001; BRPD circular no. 02, dated 15 February 2005 and BRPD circular no. 05, dated 27 April 2005. The classification rates as per Bangladesh Bank circulars used for provision are as follows:-

Business Unit	Rate of Provision					
	UC	SMA	SS	DF	BL	
Consumer	House Building & Professional	2%	5%	20%	50%	100%
	Other than House Building & Professional	5%	5%	20%	50%	100%
Small & Medium Enterprise	1%	5%	20%	50%	100%	
All Others	1%	5%	20%	50%	100%	

**2.15 Corporate Tax:****Provisions for tax****a. Provisions for the year**

Provision for current income tax has been made @42.50% as prescribed in Finance Ordinance, 2008 of the profit made by the company considering major taxable allowances and disallowances and the same is understated/overstated to that extent. Any shortfall/excess provision will be duly adjusted after final assessment.

**b. Deferred Tax**

Deferred Tax is calculated on the taxable/deductible temporary differences between tax base amount and carrying amount of assets and liabilities as required by Bangladesh Accounting Standard (BAS)-12 "Accounting of Taxes".

**2.16 Investments in securities:**

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

**2.17 Employee benefits:****2.17.01 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 are invested in Fixed Deposit with other financial institutions.

**2.17.02 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 actual valuation has not yet been made to assess the adequacy of the liabilities provided for the scheme.

**2.17.03 Profit Participation Scheme:**

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

From 2009 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 bases of calculations are as follows:

- No profit, no bonus;
- 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;
- If Return on Equity (ROE) is between 12%-20%, the employees would receive 5% of profit after taxes;
- 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.

**2.17.03 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# 33".

**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 2009) 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 affect 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 # 38c

## 2.23 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".

## 2.24 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 accounting titles have been adjusted to conform changes in the financial statements the presentation of current year.

## 2.26 Retirement benefits:

The retirement benefits accrued for the employees of the Company during reporting period have been accounted for in accordance with the provisions of BAS-19, "Employee Benefit". Bases of enumeration the retirement benefit schemes operated by the Bank are outlined below:

## 2.27 Liquidity Statement:

The Liquidity Statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following bases.

- Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.
- Investments are on the basis of their residual maturity term.
- Loans and advances are on the basis of their repayment /maturity schedule.
- Fixed assets are on the basis of their useful lives.
- Other assets are on the basis of their adjustment.
- Borrowings from other banks and financial institutions as per their maturity / repayment term.
- Deposits and other accounts are on the basis of their maturity tem and behavioral past trend
- Other long term liability on the basis of their maturity term.
- Provisions and other liabilities are on the basis of their settlement.

Notes	Amount in Taka	
	2009	2008
<b>3.00 Cash in hand :</b>	<b>70,000</b>	<b>60,000</b>
<b>4.00 Balance with Bangladesh Bank:</b>	<b>53,685,340</b>	<b>35,459,959</b>
The above balance was laid with Bangladesh Bank ( Local currency)		
<b>5.00 Balance with other bank and financial institutions:</b>	<b>543,859,139</b>	<b>411,468,152</b>
Fixed deposit account (Note - 5.01)	480,498,880	353,554,481
Interest bearing short term deposit account (Note - 5.02)	36,981,273	28,280,592
Non interest bearing current account (Note - 5.03)	26,378,986	29,633,079
<b>Total:</b>	<b>543,859,139</b>	<b>411,468,152</b>
<b>5.01 Fixed deposit account:</b>	<b>480,498,880</b>	<b>353,554,481</b>
Southeast Bank Limited	2,865,150	2,601,919
Mercantile Bank Limited	31,081,295	28,166,101
BRAC Bank Limited	41,240,098	36,997,458
Prime Bank Limited	98,567,806	88,666,957
Standard Bank Limited	8,630,977	5,591,515
The Premier Bank Limited	42,592,871	38,673,439
National Bank Limited	13,208,534	12,047,679
Shahjalal Islami Bank Limited	27,393,207	24,627,567
Commercial Bank of Cylon Limited	90,317,981	82,745,000
Bank Al-Falah Limited	24,600,960	22,346,687
Social Islami Bank Limited	-	11,090,159
Oman Bangladesh Leasing & Finance Ltd.	100,000,000	-
<b>Total:</b>	<b>480,498,880</b>	<b>353,554,481</b>
<b>5.02 Interest bearing short term deposit account:</b>	<b>36,981,273</b>	<b>28,280,592</b>
Dhaka Bank Limited	11,183,826	18,732,332
Arab Bangladesh Bank Limited	1,239,146	6,179,775
Standard Chartered Bank	33,102	19,244
Prime Bank Limited	1,568,043	92,248
One Bank Limited	105,370	2,218,985
National Credit & Commerce Bank Limited	22,570	3,150
United Commercial Bank Limited	14,907	15,068
Uttara Bank Limited	11,620	12,310
Bank Asia Limited	21,859,000	175,772
Exim Bank Limited	653,353	254,835
The Premier Bank Limited	78,960	94,496
Mutual Trust Bank Limited	3,163	3,056
Standard Bank Limited	18,070	350,000
Citibank N.A	118,421	129,321
ICB Islami Bank Limited	71,723	-
<b>Total:</b>	<b>36,981,273</b>	<b>28,280,592</b>

**5.03 Non interest bearing current account:**

Notes	Amount in Taka	
	2009	2008
	<b>26,378,986.18</b>	<b>29,633,079</b>
Dhaka Bank Limited	1,896	3,896
Standard Chartered Bank	19,003,360	14,482,837
Prime Bank Limited	639,759	1,418,286
Shahjalal Islami Bank Limited	34,217	71,608
One Bank Limited	555,693	4,511,399
The Trust Bank Limited	522,750	59,254
Exim Bank Limited	-	280,148
The Premier Bank Limited	99,256	101,906
First Security Bank Limited	711,144	711,894
National Bank Limited	2,837,326	1,916,450
Standard Bank Limited	3,875	4,950
Sonali Bank Limited	19,140	19,140
Social Islami Bank Limited	560,403	1,242,618
Bank Al-falah Limited	10,005	4,808,693
Mercantile Bank Limited	1,380,162	-
<b>Total:</b>	<b>26,378,986</b>	<b>29,633,079</b>

Disclosers in compliance to the FID Circular # 6, dated 06 November 2003 of the Bangladesh Bank consist of the following:

**Cash Reserve Requirement (CRR)- 2.5%:**

The company requires maintaing cash with Bangladesh Bank Current Account equivalent to 2.50% of Term Deposits other than deposit taken from banks and financial institution.

Required reserve	30,869,000	21,564,000
Actual reserve held	597,544,479	446,928,111
<b>Surplus</b>	<b>566,675,479</b>	<b>425,364,111</b>

**Statutory Liquidity Requirements (SLR)- 5.00%:**

The Company requires maintaining SLR equivalent to 5% of total liability including 2.50% of CRR and excluding loans and deposits taken from banks and financial institutions.

Required reserve	97,584,000	76,037,000
Actual reserve held	543,859,139	411,468,152
<b>Surplus</b>	<b>446,275,139</b>	<b>335,431,152</b>

**6.00 Investment:****in Government securities**

Treasury bills ( Note-6.01)	447,869,986	-
Bonds ( Note-6.02)	286,500,000	-

**Other Investment**

Ordinary shares-Un-Quoted ( Note-6.03)	407,324,063	228,539,315
Ordinary shares-Quoted ( Note-6.04)	53,930,000	2,500,000
	353,394,063	226,039,315

**Total:** **1,141,694,049** **228,539,315**

**6.01 Treasury bills:**

91-days Treasury bills	237,631,762	-
182-days Treasury bills	103,173,840	-
364-days Treasury bills	107,064,384	-
<b>Total:</b>	<b>447,869,986</b>	<b>-</b>

**6.02 Bonds:**

05-Year Treasury bond	99,000,000	-
10-Year Treasury bond	112,500,000	-
15-Year Treasury bond	37,500,000	-
20-Year Treasury bond	37,500,000	-

**Total:** **286,500,000** **-**

**6.03 Ordinary shares-Un Quoted:**

Central Depository ( Bangladesh) Limited	1,000,000	1,000,000
Prime Bank 1st Mutual Fund	1,000,000	-
DBH 1st Mutual Fund	2,000,000	-
Prime finance 1st mutual fund	-	1,500,000
Information Technology Company Limited (ITCL)	5,000,000	-
ACI 20% Convertible Zero Coupon Bond	37,430,000	-
RAK Ceramics Limited	7,500,000	-
<b>Total:</b>	<b>53,930,000</b>	<b>2,500,000</b>

**6.04 Ordinary shares-Quoted:**

AB Bank Limited	9,730,103	3,059,790
The City Bank Limited	3,308,070	13,565,630
Dhaka Bank Limited	14,829,128	93,434,861
Eastern Bank Limited	45,073	6,167,933
IFIC Bank Limited	7,126,911	7,126,920
Jamuna Bank Limited	4,138	9,521,547
Mercantile Bank Limited	2,053,027	2,053,055
National Bank Limited	5,534	3,958,484
ONE Bank Limited	15,450,430	19,864,800
Prime Bank Limited	2,649,499	8,121,072
Shahjalal Islami Bank Ltd.	9,665,214	24,932,200
The Trust Bank Limited	14,491,070	14,491,010
The Premier Bank Ltd.	24,314,815	-
Social Islami Bank Limited	2,776,276	-
EXIM Bank Limited	-	4,286,800
Mutual Trust Bank Limited	-	2,436,600
Midas Finance and Investment Ltd.	131,135,369	-
Green Delta Insurance Company Ltd.	16,474,741	4,706,017
Popular Life Insurance Company Limited	25,339,287	-
Dhaka Electric Supply Company Ltd.	-	2,528,175
Beximco Pharmaceutics Ltd.	17,522,735	-
Square Pharmaceutics Ltd.	5,553,850	5,784,420
Eastern Bank Ltd. 1st Mutual Fund	1,000,000	-
ACI Formulations Limited	5,800,500	-
Advance Chemicals Industries Limited	4,451,100	-
Apex Adelchi Foot Wear Limited	22,202,247	-
Amcl (Pran)	17,464,947	-
<b>Total:</b>	<b>353,394,063</b>	<b>226,039,315</b>

(Annexure-1 may kindly be seen for details)

Notes	Amount in Taka	
	2009	2008
<b>6.04.01 Remaining maturity grouping of other investments:</b>	<b>407,324,063</b>	<b>228,539,315</b>
On demand-	353,394,063	226,039,315
In not more than one month	-	-
In more than one month but not more than three months	-	-
In more than three months but not more than one year	53,930,000	2,500,000
In more than one year but not more than five years	-	-
In more than five years	-	-
<b>Total:</b>	<b>407,324,063</b>	<b>228,539,315</b>
<b>7.00 Lease &amp; loans advance:</b>	<b>8,093,342,524</b>	<b>5,898,220,434</b>
Lease portfolio ( Note-7.01)	1,712,211,315	1,762,649,794
Advance against leases (Note-7.02)	39,182,896	226,024,127
Term finance- ( Note-7.03)	1,578,919,369	1,606,742,444
Mortgage loan ( Not-7.04)	631,459,061	157,173,945
Margin loan against share trading	3,503,515,672	1,548,377,647
Short term finance	244,235,565	272,613,627
Factoring Debtors	18,254,693	6,546,549
Credit card receivables	365,563,953	318,092,301
	<b>8,093,342,524</b>	<b>5,898,220,434</b>
Classifications of loans and advances/ investments have been shown at as under:		
<b>Unclassified:</b>		
Standard	6,677,170,074	5,437,762,869
Special mention account (SMA)	919,771,488	84,642,744
	<b>7,596,941,562</b>	<b>5,522,405,613</b>
<b>Classified:</b>		
Sub standard	370,096,444	235,889,254
Doubtful	12,674,869	75,317,176
Bad & loss	113,629,649	64,608,391
	496,400,962	375,814,821
	<b>8,093,342,524</b>	<b>5,898,220,434</b>
Particulars of loans and advances have been enclosed in "Annexure-2".		
<b>7.01 Lease portfolio:</b>	<b>Total: 1,712,211,315</b>	<b>1,762,649,794</b>
Gross investment	2,301,749,642	2,357,167,073
Less: Unearned finance income	589,538,327	594,517,279
Net Investment in leases	<b>Total: 1,712,211,315</b>	<b>1,762,649,794</b>
<b>7.01.01 Aging of lease portfolio:</b>	<b>2,301,749,642</b>	<b>2,357,167,073</b>
Less than one year	775,242,416	778,983,492
More than one year below five year	1,526,507,226	1,578,183,581
<b>Total:</b>	<b>2,301,749,642</b>	<b>2,357,167,073</b>
<b>7.01.02 Unearned finance income:</b>	<b>589,538,327</b>	<b>594,517,279</b>
Less than one year	336,383,841	257,053,479
More than one year below five year	253,154,486	337,463,800
<b>Total:</b>	<b>589,538,327</b>	<b>594,517,279</b>
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.		

Notes	Amount in Taka	
	2009	2008
<b>7.01.03 Aging of net investment in leases:</b>	<b>1,712,211,315</b>	<b>1,762,649,794</b>
Receivable within one year	537,072,294	521,930,013
Receivable later than one year not later than five years	1,175,139,021	1,240,719,781
<b>Total:</b>	<b>1,712,211,315</b>	<b>1,762,649,794</b>
<b>7.02 Advance against leases:</b>	<b>39,182,896</b>	<b>226,024,127</b>
Advance against leases	-	-
Less: Current maturity	39,182,896	226,024,127
<b>Total:</b>	<b>39,182,896</b>	<b>226,024,127</b>
<b>7.02.01 Aging of Advance against leases:</b>	<b>39,182,896</b>	<b>226,024,127</b>
Adjustable within one year	39,182,896	226,024,127
Adjustable later than one year not later than five years	-	-
<b>Total:</b>	<b>39,182,896</b>	<b>226,024,127</b>
Advance against leases represents payment for procurement of leased assets against unexecuted leasing agreements which are capitalized on execution of the leases.		
<b>7.03 Term finance- net of current maturity:</b>	<b>1,578,919,369</b>	<b>1,606,742,444</b>
Balance at 1st January	1,606,742,444	929,679,845
Disbursed during the year	655,154,401	1,120,188,018
	<b>2,261,896,845</b>	<b>2,049,867,863</b>
Recovery during the year	(682,977,476)	(443,125,419)
<b>Total:</b>	<b>1,578,919,369</b>	<b>1,606,742,444</b>
<b>7.04 Mortgage loan:</b>	<b>631,459,061</b>	<b>157,173,945</b>
Bangladesh Bank Refinance	504,162,765	88,673,945
Developers	79,166,557	53,000,000
Own finance	48,129,739	15,500,000
<b>Total:</b>	<b>631,459,061</b>	<b>157,173,945</b>
<b>8.00 Fixed assets:</b>	<b>32,756,901</b>	<b>35,994,107</b>
<b>A. Cost</b>		
<b>i) Freehold assets</b>		
Opening Balance	72,709,552	52,076,392
Add : Addition during the year	10,362,354	20,633,160
	83,071,906	72,709,552
Less: Sales/Adjustment during the year	-	-
	83,071,906	72,709,552
<b>ii) Assets under finance lease</b>		
Opening Balance	21,500,000	26,838,500
Less: Disposal during the year	-	5,338,500
	21,500,000	21,500,000

	Notes	Amount in Taka	
		2009	2008
<b>iii) Intangible assets</b>			
Opening Balance		26,344,521	25,894,521
Add: Acquisition during the year		1,149,750	450,000
		27,494,271	26,344,521
Total cost (A)		<b>132,066,177</b>	<b>120,554,073</b>
<b>B. Accumulated Depreciation</b>			
<b>i) Own Assets</b>			
Opening Balance		44,829,302	34,920,944
Add : Charged during the year		13,784,881	9,908,358
		58,614,183	44,829,302
Less: Adjustment during the year		-	-
		58,614,183	44,829,302
<b>ii) Leasehold Assets</b>			
Opening Balance		21,500,000	24,375,245
Add : Charged during the year		-	1,265,452
		21,500,000	25,640,697
Less: Adjustment during the year		-	4,140,697
		21,500,000	21,500,000
<b>iii) Intangible assets:</b>			
Opening Balance		18,230,664	12,961,760
Add : Charged during the year		2,335,364	5,268,904
		20,566,028	18,230,664
Total (B)		<b>100,680,211</b>	<b>84,559,966</b>
<b>C. Written Down Value (A-B)</b>			
Schedule of fixed assets has been given in Annexure-3.			
<b>Total:</b>		<b>31,385,966</b>	<b>35,994,107</b>
<b>9.00 Other assets:</b>		<b>1,457,269,438</b>	<b>650,324,651</b>
Trade receivables (Note-9.01)		407,898,352	298,728,703
Advances (Note 09.02)		49,247,027	28,424,401
Prepayments & other receivables ( Note-09.03)		575,129,359	145,175,107
Investment in subsidiary		424,994,700	177,996,440
Lankabangla Securities Limited		399,995,200	152,996,940
Lankabangla Asset Management Co.Limited		24,999,500	24,999,500
<b>Total:</b>		<b>1,457,269,438</b>	<b>650,324,651</b>
<b>09.01 Trade receivables:</b>		<b>407,898,352</b>	<b>298,728,703</b>
Lease installment receivables		238,042,440	177,194,554
Term finance receivables		165,730,674	119,112,871
Short term lending receivables		-	2,116,325
Receivables- Mortgage Loan		3,285,949	304,953
Credit card receivables-VISA		839,289	-
<b>Total:</b>		<b>407,898,352</b>	<b>298,728,703</b>

	Notes	Amount in Taka	
		2009	2008
<b>9.02 Advances:</b>		<b>49,247,027</b>	<b>28,424,401</b>
Staff loan-others		5,244,115	4,112,802
Advance office rent		8,438,905	2,203,730
Security deposit/Lease deposit (Note-9.02.1)		1,173,479	975,889
Withholding tax		17,976,388	12,885,354
Advance income tax		16,414,140	8,246,626
<b>Total:</b>		<b>49,247,027</b>	<b>28,424,401</b>
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 the Income Tax Ordinance 1984.			
<b>09.02.1 Security Deposit:</b>		<b>1,173,479</b>	<b>975,889</b>
Telephone line deposit		725,729	528,139
Lease deposit (Note 09.02.01.01)		378,500	378,500
Deposit for mobile phones		54,500	54,500
Other deposits		14,750	14,750
<b>Total:</b>		<b>1,173,479</b>	<b>975,889</b>
<b>09.02.1.1 Lease deposit:</b>		<b>378,500</b>	<b>378,500</b>
This represents lease installment paid in advances per lease agreement with United Leasing Company Limited:			
<b>9.03 Prepayments &amp; other receivables:</b>		<b>575,129,359</b>	<b>145,175,107</b>
Prepayments		12,809,008	17,698,170
Interest receivables-Fixed deposit account		20,739,630	17,571,876
Interest receivables-Short term deposit account		-	42,383,265
Interest receivables-Term finance		31,769,050	-
Interest receivables-Short term lending		34,717,624	18,332,000
PD-Coupon receivable -Treasury Bonds		1,419,797	-
PD-Coupon receivable -Treasury Bills		509,835	-
PD- Underwriting commission receivable- Treasury bond		214,875	-
PD- Underwriting commission receivable- Treasury bill		114,000	-
Interest receivables-Call loan lending		-	17,778
Interest receivables-Factoring		271,149	1,359,411
Interest receivables-Mortgage loan		3,131,606	51,727
Receivables/(Payables)-Other Master Card Operator (Note-09.03.01)		15,266,415	(41,875,527)
Receivables/(Payables) with LBSL-IP A/C		207,343,016	(58,494,511)
Receivables/(Payables) with LBSL-Foreign Trading		120,000,000	45,243,801
Receivables-IDCP & Delinquent		49,278,775	53,906,025
Receivables against share trading		77,336,672	37,507,700
Current account with Dhaka Bank Ltd.		-	2,382,745
Other receivables		207,907	9,090,647
<b>Total:</b>		<b>575,129,359</b>	<b>145,175,107</b>

Notes	Amount in Taka	
	2009	2008
<b>09.03.01 Master card operator:</b>	<b>15,266,415</b>	<b>(41,875,527)</b>
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	(11,338,635)	(14,786,646)
Prime Bank Limited	9,766,076	8,480,344
National Bank Limited	(1,873,726)	(2,488,814)
Master Card International	189,481,665	139,304,664
One Bank Limited	6,779,602	1,372,876
Dutch Bangla Bank limited	(186,661,978)	(187,874,152)
Commercial Bank of Cylon	(159,236)	(159,236)
Bank Asia Limited	9,272,648	14,275,437
	<b>15,266,415</b>	<b>(41,875,527)</b>
<b>10.00 Borrowings from Bangladesh bank, other banks &amp; financial institutions:</b>	<b>4,732,537,647</b>	<b>3,144,997,783</b>
Short term borrowings (Note - 10.01)	825,000,000	405,000,000
Bank Overdraft (Note - 10.02)	344,348,713	321,876,940
Call loans- (Note - 10.03)	510,000,000	220,000,000
Long term Loan-( Note-10.04)	2,358,188,934	2,198,120,843
REPO against Govt. treasury bills & bonds (Note - 10.05)	695,000,000	-
<b>Total:</b>	<b>4,732,537,647</b>	<b>3,144,997,783</b>
<b>10.01 Short term borrowings:</b>	<b>825,000,000</b>	<b>405,000,000</b>
One Bank Limited	235,000,000	235,000,000
Mercantile Bank Limited	50,000,000	100,000,000
UAE-Bangladesh Investment Company Ltd.	20,000,000	20,000,000
The City Bank Limited	200,000,000	50,000,000
United Leasing Company Limited	100,000,000	-
Eastern Bank Limited	120,000,000	-
Mutual Trust Bank Limited	50,000,000	-
International Leasing & Financial Services Limited	50,000,000	-
<b>Total:</b>	<b>825,000,000</b>	<b>405,000,000</b>
<b>10.02 Bank Overdraft:</b>	<b>344,348,713</b>	<b>321,876,940</b>
Mercantile Bank Limited	13,771,545	(13,358,828)
BRAC Bank Limited	24,599,625	6,332,472
Prime Bank Limited	108,398,216	150,740,767
Southeast Bank Limited	(196,809)	(199,459)
Shahjalal Islami Bank Limited	15,830,195	6,697,214
The Premier Bank Limited	32,458,963	11,977,876
Commercial Bank of Ceylon Limited	149,486,978	159,686,898
<b>Total:</b>	<b>344,348,713</b>	<b>321,876,940</b>
<b>10.03 Call loan:</b>	<b>510,000,000</b>	<b>220,000,000</b>
Dhaka Bank Limited	50,000,000	90,000,000
Bangladesh Commerce Bank Limited	80,000,000	50,000,000
Dutch Bangla Bank Limited	50,000,000	40,000,000
National Bank Limited	-	40,000,000
The Premier Bank Limited	50,000,000	-
The Trust Bank Limited	100,000,000	-
BRAC Bank Limited	30,000,000	-
International Finance & Commerce Bank Limited	100,000,000	-
Jamuna Bank Limited	50,000,000	-
<b>Total:</b>	<b>510,000,000</b>	<b>220,000,000</b>

Notes	Amount in Taka	
	2009	2008
<b>10.04 Long term Loan- net of current maturity:</b>	<b>2,358,188,934</b>	<b>2,198,120,843</b>
Opening Balance	2,198,120,843	1,690,119,614
Add: Drawdown during the period	1,019,032,817	1,144,010,000
	3,217,153,660	2,834,129,614
Less: Repayment during the period	858,964,726	636,008,771
<b>Total:</b>	<b>2,358,188,934</b>	<b>2,198,120,843</b>
<b>Detail of the above balance is presented below:</b>		
Bangladesh Bank (under re-finance)- Women Enterprise	225,000	450,000
Bangladesh Bank (under re-finance)- Mortgage Loan	445,451,511	75,800,000
BRAC Bank Limited	63,775,812	97,750,000
Prime Bank Limited	111,908,411	112,158,984
Social Islami Bank Limited	113,611,299	138,679,788
Shahjalal Islami Bank Limited	118,013,679	218,885,179
The Trust Bank Limited	47,167,644	78,403,712
United Commercial Bank Limited	41,385,295	63,781,708
United Leasing Company Limited	8,370,930	14,167,938
Arab Bangladesh Bank	63,265,698	97,599,168
Bank Al-falah Limited	16,193,333	37,718,320
Bank Asia Limited	51,155,403	19,182,999
Commercial Bank of Ceylon Limited	80,555,556	53,485,161
Exim Bank Limited	256,288,791	229,086,101
Janata Bank Limited	-	13,333,113
National Bank Limited	162,628,332	218,545,465
The Premier Bank Limited	73,745,072	99,386,334
The City Bank Limited	16,159,091	28,536,957
Standard Bank Limited	206,060,615	135,446,339
Jamuna Bank Limited	69,527,919	86,544,572
Uttara Bank Limited	150,016,174	222,221,206
National Credit & Commerce Bank Limited	10,420,348	27,660,519
Mutual Trust Bank Limited	252,263,021	129,297,280
<b>Total:</b>	<b>2,358,188,934</b>	<b>2,198,120,843</b>

**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.

Notes	Amount in Taka	
	2009	2008
<b>10.04.02 Remaining maturity grouping of long term loan:</b>	<b>2,358,188,934</b>	<b>2,198,120,843</b>
On demand	-	-
In not more than one month	76,695,482	65,499,998
In more than one month but not more than three months	-	125,030,291
In more than three months but not more than one year	143,801,781	568,781,814
In more than one year but not more than five years	2,137,691,671	1,438,808,740
In more than five years	-	-
<b>Total:</b>	<b>2,358,188,934</b>	<b>2,198,120,843</b>
<b>10.05 REPO against Govt. treasury bills &amp; bonds</b>	<b>695,000,000</b>	<b>-</b>
REPO against Govt. treasury bills	270,000,000	-
REPO against Govt. bonds	425,000,000	-
<b>Total:</b>	<b>695,000,000</b>	<b>-</b>
<b>11.00 Term deposits:</b>	<b>4,456,896,518</b>	<b>2,651,295,207</b>
From banks (Note- 11.01)	2,150,000,000	1,515,000,000
From other than banks (Note-11.02)	2,306,896,518	1,136,295,207
<b>Total:</b>	<b>4,456,896,518</b>	<b>2,651,295,207</b>
Term deposit includes Tk.312.31 million from general public, Tk. 1,506.21 million from various financial institutions.		
<b>11.01 Remaining maturity grouping of term deposits:</b>	<b>2,150,000,000</b>	<b>1,515,000,000</b>
<b>From banks</b>		
<i>Payable-</i>		
On demand	-	-
In not more than one month	50,000,000	70,000,000
In more than one month but not more than three months	370,000,000	210,000,000
In more than three months but not more than one year	890,000,000	440,000,000
In more than one year but not more than five years	840,000,000	795,000,000
In more than five years	-	-
<b>Total:</b>	<b>2,150,000,000</b>	<b>1,515,000,000</b>
<b>11.02 Remaining maturity grouping of term deposits:</b>	<b>2,306,896,518</b>	<b>1,136,295,207</b>
<b>From other than banks</b>		
<i>Payable</i>		
On demand	-	-
In not more than one month	96,727,163	93,436,889
In more than one month but not more than three months	85,681,790	49,065,102
In more than three months but not more than one year	1,794,342,129	708,406,456
In more than one year but not more than five years	323,545,436	284,886,760
In more than five years	6,600,000	500,000
<b>Total:</b>	<b>2,306,896,518</b>	<b>1,136,295,207</b>
<b>12.00 Other liabilities:</b>	<b>1,241,704,245</b>	<b>865,164,085</b>
Interest payable (Note- 12.01)	295,176,804	271,948,389
Accrued expenses (Note- 12.02)	35,108,695	14,124,995
Welfare fund payable	19,879	19,879
IPA/ Managed equity fund	260,409	260,409
Payable to Sampath Bank Limited, Sri Lanka (Note- 12.03)	9,266,831	9,266,831

Notes	Amount in Taka	
	2009	2008
Advance receipt against leases	21,473,368	24,547,925
Payable against merchants claims	97,761	2,296,513
Payable against receipt from other card holders	902,912	422,765
Withholding tax payable	653,554	163,032
Payable against MCBS charges	36,009,274	25,354,164
AIT on credit card payable	-	424,242
IPO subscription payable	68,646	68,646
Claims on health insurance	324,934	57,293
VAT on credit card payable	534,343	676,621
VISA settlement account	974,952	-
Provision for taxation ( Note-12.04)	236,858,355	150,000,000
Deferred liability-employee gratuity (Note-12.05)	11,856,287	8,019,533
Deferred tax liability/ (asset) ( Note-12.06)	(3,715,741)	(2,560,176)
Interest suspense ( Note-12.07)	141,430,245	69,406,000
Provision for doubtful accounts and future losses ( Note-12.08)	348,370,745	191,752,272
Lease rental advance	101,011,116	95,015,561
Unpaid dividend	5,020,876	3,899,191
<b>Total:</b>	<b>1,241,704,245</b>	<b>865,164,085</b>
<b>12.01 Interest payable:</b>	<b>295,176,804</b>	<b>271,948,389</b>
Interest payable on term deposit	216,598,721	185,354,547
Interest payable on long term borrowings	51,398,648	60,556,099
Interest payable on short term borrowings	23,711,895	22,603,258
Interest payable on call loan borrowings	3,467,540	3,434,485
<b>Total:</b>	<b>295,176,804</b>	<b>271,948,389</b>
<b>12.02 Accrued expenses:</b>	<b>35,108,695</b>	<b>14,124,995</b>
Utility bills payable	70,500	70,500
Audit fees payable	100,000	85,000
Postage and courier bills payable	62,500	62,500
Others	595,320	595,320
Vehicle running expenses	27,500	27,500
Profit Incentive Bonus Payable	34,252,875	13,284,175
<b>Total:</b>	<b>35,108,695</b>	<b>14,124,995</b>
<b>12.03 Payable to Sampath Bank Limited, Sri Lanka:</b>	<b>9,266,831</b>	<b>9,266,831</b>
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 above amount is as under:		
Balance as at 1st January	9,266,831	9,266,831
Provision during the year	-	-
	9,266,831	9,266,831
Payment during the year	-	-
<b>Total:</b>	<b>9,266,831</b>	<b>9,266,831</b>
<b>12.04 Provision for taxation:</b>	<b>236,858,355</b>	<b>150,000,000</b>
Balance as at 1st January	150,000,000	80,000,000
Provision during the year	103,844,525	70,000,000
	253,844,525	150,000,000
Adjusted during the year	16,986,170	-
<b>Total:</b>	<b>236,858,355</b>	<b>150,000,000</b>

Notes	Amount in Taka	
	2009	2008
<b>12.05 Deferred liability-employee gratuity:</b>	<b>11,856,287</b>	<b>8,019,533</b>
Balance as at 01 January	8,019,533	6,360,815
Provision during the year	3,836,754	2,227,818
	<b>11,856,287</b>	<b>8,588,633</b>
Payment during the year	-	(569,100)
<b>Total:</b>	<b>11,856,287</b>	<b>8,019,533</b>
<b>12.06 Deferred tax liability/(asset):</b>	<b>(3,715,741)</b>	<b>(2,560,176)</b>
Balance as at 01 January	(2,560,176)	(1,513,626)
Provided during the year	(1,155,565)	(1,046,550)
Transferred from current tax liability	-	-
<b>Total:</b>	<b>(3,715,741)</b>	<b>(2,560,176)</b>
In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.		
<b>12.07 Interest Suspense:</b>	<b>141,430,245</b>	<b>69,406,000</b>
Lease Finance	74,274,816	36,971,000
Term Finance	63,075,000	29,930,000
Credit Card	4,080,429	2,505,000
<b>Total:</b>	<b>141,430,245</b>	<b>69,406,000</b>
Movement of total interest suspense is as below:		
Balance as at 01 January	69,406,000	25,694,531
Charged during the year	72,024,245	43,711,469
	141,430,245	69,406,000
Less: Written off during the year	-	-
<b>Total:</b>	<b>141,430,245</b>	<b>69,406,000</b>
<b>12.08 Provision for doubtful accounts and future losses</b>	<b>348,370,745</b>	<b>191,752,272</b>
Lease financing	148,213,325	77,940,745
Term finance	121,128,183	51,232,660
Short term lending	39,180,592	14,072,340
Credit card	21,018,391	17,575,527
Mortgage loan	12,533,254	3,195,000
Provision against reduction of share portfolio price	6,297,000	27,736,000
<b>Total:</b>	<b>348,370,745</b>	<b>191,752,272</b>
<b>13.00 Share capital :</b>	<b>442,750,000</b>	<b>385,000,000</b>
<b>Authorised</b>		
100,000,000 ordinary shares of Tk.10/- each	<b>1,000,000,000</b>	<b>1,000,000,000</b>
<b>Issued, subscribed and paid up</b>		
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	35,000,000
Bonus Share for the year-2008 (15%)	57,750,000	-
<b>Total:</b>	<b>442,750,000</b>	<b>385,000,000</b>

Details of shares holding position are as under:

Sponsor shareholders:	Percentage	Amount in Taka	
		2009	2008
a. <b>Foreign Sponsors</b>			
Sampath Bank Limited, Sri Lanka	13.55%	60,000,000	88,000,000
First Gulf Asia Holdings Limited, KSA (Former Chinkara Capital Pte. Ltd.)	11.43%	50,600,000	44,000,000
	24.98%	110,600,000	132,000,000
b. <b>Local Sponsors</b>			
ONE Bank Limited-OBL, Bangladesh	9.03%	40,000,000	40,000,000
SSC Holdings Limited, Bangladesh	1.29%	5,700,000	11,000,000
Shanta Apparel Limited	2.03%	9,000,000	10,000,000
Individuals	21.52%	95,300,000	80,000,000
	33.87%	150,000,000	141,000,000
<b>General Shareholders</b>	41.14%	182,150,000	112,000,000
	100%	442,750,000	385,000,000

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

Shares groups	Number of share	No. of shareholder	% of holding
Less than 500	405,127	1,677	0.92
501 to 5000	2,056,018	1,269	4.64
5,001 to 10000	1,090,150	144	2.46
10,001 to 20000	1,070,141	72	2.42
20,001 to 30000	683,232	28	1.54
30,001 to 40000	545,187	15	1.23
40,001 to 50000	548,275	12	1.24
50,001 to 100000	2,110,359	28	4.77
100,001 to 1000000	8,807,289	23	19.89
Above 1000000	26,959,222	8	60.89
<b>Total:</b>	<b>44,275,000</b>	<b>3,276</b>	<b>100.00</b>

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

Share traded Tk. 313.80 and Tk. 314.10 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2009.

#### 14.00 Retained earnings:

	Amount in Taka	
	2009	2008
	<b>148,364,169</b>	<b>26,059,178</b>
Retained earnings as at 01 January	377,030,686	176,482,252
Add: Profit/(loss) for the period	26,059,178	10,181,902
	350,971,508	166,300,350
Less: Adjustment during the year:	228,666,517	150,423,074
Transfer to statutory reserve during the year	70,194,302	33,260,070
Transfer to LankaBangla Foundation	3,509,715	1,663,004
Proposed Dividend:		
Cash dividend (15%)	66,412,500	57,750,000
Stock dividend (20%)	88,550,000	57,750,000
<b>Total:</b>	<b>148,364,169</b>	<b>26,059,178</b>

#### 15.00 Statutory reserve:

	Amount in Taka	
	2009	2008
Opening balance	70,387,361	37,127,291
Add: Profit transferred to statutory reserve during the year @20%	70,194,302	33,260,070
<b>Total:</b>	<b>140,581,663</b>	<b>70,387,361</b>

Notes	Amount in Taka	
	2009	2008
<b>16.00 Interest income:</b>	<b>1,147,179,598</b>	<b>892,941,025</b>
Interest income from leases	264,267,029	250,775,153
Interest during construction period	20,920,332	30,723,272
Interest income from term finance	229,216,400	214,292,320
Interest income from short term lending	52,690,172	66,080,763
Income from credit card	107,094,659	82,887,052
Interest income on margin trading	421,626,541	241,341,616
Interest income from factoring	1,206,777	2,625,500
Interest income from PD operation	1,929,632	-
Interest Income from mortgage Loan	48,228,056	4,215,349
<b>Total:</b>	<b>1,147,179,598</b>	<b>892,941,025</b>
Allocation of the above amount consists of the following:		
Main operation	725,553,057	651,599,409
Merchant banking operation	421,626,541	241,341,616
<b>Total:</b>	<b>1,147,179,598</b>	<b>892,941,025</b>
<b>17.00 Interest paid on deposits &amp; borrowings:</b>	<b>876,919,118</b>	<b>723,549,318</b>
Interest on term loans	342,096,900	320,971,357
Interest on call loan and short notice	144,520,135	145,117,141
Interest on Bangladesh Bank REPO	1,139,835	-
Interest on term deposits	452,201,079	308,889,554
	<b>939,957,949</b>	<b>774,978,052</b>
<b>Less:</b>	<b>63,038,831</b>	<b>51,428,734</b>
Interest income on fixed deposit	43,272,644	42,258,055
Interest income on short term deposit	1,586,272	1,139,580
Interest income on call loan lending	-	47,986
Interest income on current account with subsidiaries	18,179,915	7,983,113
<b>Total:</b>	<b>876,919,118</b>	<b>723,549,318</b>
Allocation of the above amount consists of the following:		
Main operation	592,492,508	522,408,130
Merchant banking operation	284,426,611	201,141,189
<b>Total:</b>	<b>876,919,118</b>	<b>723,549,319</b>
<b>18.00 Income from Investment:</b>	<b>375,040,572</b>	<b>114,855,517</b>
Income from investment in share	123,932,812	71,068,730
Dividend income	251,107,760	43,786,787
<b>Total:</b>	<b>375,040,572</b>	<b>114,855,517</b>
<b>19.00 Other operational income;</b>	<b>134,326,461</b>	<b>163,061,260</b>
Merchant commission of credit card	3,775,540	3,771,356
Membership fees of credit card	9,531,100	7,715,700
Corporate finance fees	8,361,875	350,000
Portfolio & Issue Management Fee	77,294,408	128,981,990
Underwriting commission	413,854	123,847
Underwriting commission from Treasury Bonds/Bills	328,875	-
Other income from fees & documentations	34,620,809	22,118,367
<b>Total:</b>	<b>134,326,461</b>	<b>163,061,260</b>
Allocation of the above amount consists of the following:		
Main operation	56,618,199	33,955,423
Merchant banking operation	77,708,262	129,105,837
<b>Total:</b>	<b>134,326,461</b>	<b>163,061,260</b>

Notes	Amount in Taka	
	2009	2008
<b>20.00 Salary and allowances:</b>	<b>79,467,608</b>	<b>44,651,464</b>
Salary & allowances	45,041,881	28,982,910
Provident fund contribution	1,690,887	1,090,736
Gratuity fund	3,948,609	2,077,818
Profit incentive bonus	28,786,231	12,500,000
<b>Total:</b>	<b>79,467,608</b>	<b>44,651,464</b>
Allocation of the above amount consists of the following:		
Main operation	69,310,817	37,839,379
Merchant banking operation	10,156,791	6,812,085
<b>Total:</b>	<b>79,467,608</b>	<b>44,651,464</b>
<b>21.00 Rent, taxes, insurance, electricity etc.:</b>	<b>11,706,325</b>	<b>8,177,948</b>
Office rent	8,064,064	5,789,086
Insurance premium	1,973,570	925,071
Electricity	1,668,691	1,463,791
<b>Total:</b>	<b>11,706,325</b>	<b>8,177,948</b>
Allocation of the above amount consists of the following:		
Main operation	7,901,769	5,520,115
Merchant banking operation	3,804,556	2,657,833
<b>Total:</b>	<b>11,706,325</b>	<b>8,177,948</b>
<b>22.00 Legal &amp; professional fees:</b>	<b>2,605,015</b>	<b>1,760,908</b>
Allocation of the above amount consists of the following:		
Main operation	1,758,385	1,188,613
Merchant banking operation	846,630	572,295
<b>Total:</b>	<b>2,605,015</b>	<b>1,760,908</b>
<b>23.00 Postage, stamp, telecommunication etc.:</b>	<b>2,518,362</b>	<b>2,649,427</b>
Postage & courier	940,678	765,254
Stamp charges	366,571	267,180
Telephone bill	1,211,113	1,616,993
<b>Total:</b>	<b>2,518,362</b>	<b>2,649,427</b>
Allocation of the above amount consists of the following:		
Main operation	1,699,895	1,788,363
Merchant banking operation	818,468	861,064
<b>Total:</b>	<b>2,518,362</b>	<b>2,649,427</b>
<b>24.00 Stationery, printing, advertisement:</b>	<b>6,815,410</b>	<b>5,819,375</b>
Printing & stationery	4,764,950	3,667,434
Advertisement	2,050,460	2,151,941
<b>Total:</b>	<b>6,815,410</b>	<b>5,819,375</b>
Allocation of the above amount consists of the following:		
Main operation	4,600,402	3,928,078
Merchant banking operation	2,215,008	1,891,297
<b>Total:</b>	<b>6,815,410</b>	<b>5,819,375</b>



Notes	Amount in Taka	
	2009	2008
<b>25.00 Managing director's salary &amp; allowance:</b>	<b>5,460,000</b>	<b>3,090,000</b>
Salary & allowances	4,800,000	2,760,000
Provident fund contribution	360,000	180,000
Gratuity fund	300,000	150,000
<b>Total:</b>	<b>5,460,000</b>	<b>3,090,000</b>
Allocation of the above amount consists of the following:		
Main operation	3,685,500	2,085,750
Merchant banking operation	1,774,500	1,004,250
<b>Total:</b>	<b>5,460,000</b>	<b>3,090,000</b>
<b>26.00 Director fees and expenses:</b>	<b>198,000</b>	<b>72,000</b>
Allocation of the above amount consists of the following:		
Main operation	133,650	48,600
Merchant banking operation	64,350	23,400
<b>Total:</b>	<b>198,000</b>	<b>72,000</b>
<b>27.00 Audit fees:</b>	<b>100,000</b>	<b>85,000</b>
Allocation of the above amount consists of the following:		
Main operation	67,500	57,375
Merchant banking operation	32,500	27,625
<b>Total:</b>	<b>100,000</b>	<b>85,000</b>
<b>28.00 Charges on loan losses:</b>	<b>6,045,540</b>	<b>21,473</b>
Credit Card receivable	4,230,176	21,473
Lease assets	1,815,364	
<b>Total:</b>	<b>6,045,540</b>	<b>21,473</b>
<b>29.00 Repairs, maintenance and depreciation:</b>	<b>23,052,294</b>	<b>21,855,877</b>
Equipment maintenance	7,166,796	5,413,163
Depreciation	15,885,498	16,442,714
<b>Total:</b>	<b>23,052,294</b>	<b>21,855,877</b>
Allocation of the above amount consists of the following:		
Main operation	15,560,298	14,752,717
Merchant banking operation	7,491,996	7,103,160
<b>Total:</b>	<b>23,052,294</b>	<b>21,855,877</b>
<b>30.00 Other expenses:</b>	<b>31,380,017</b>	<b>25,538,813</b>
Training	151,000	109,060
Staff welfare	335,589	162,383
Membership & renewal fees	1,692,931	1,152,884
Conveyance	845,365	658,084
Traveling	550,412	650,022
Internet & e-mail	275,645	218,832
News paper & periodicals	28,965	19,663
Computer accessories	1,107,080	1,276,458
Fuel expense	529,369	503,157
Vehicle maintenance/Registration	1,204,742	1,413,341
Water & sewerage bill	299,497	258,180
Office maintenance	3,326,152	2,153,742
Donation & Miscellaneous expenses	770,463	465,435
Entertainment	987,324	762,436
Business promotion	1,215,266	761,964

Notes	Amount in Taka	
	2009	2008
Bank charges	1,896,207	495,698
Marketing expenses	3,384,629	3,830,183
Recovery commission	340,363	356,091
CDBL fee	1,995,004	-
MCBS charges	10,443,981	10,158,870
Exchange loss/gain	-	132,330
Inter change fees-VISA	33	-
<b>Total:</b>	<b>31,380,017</b>	<b>25,538,813</b>
Allocation of the above amount consists of the following:		
Main operation	21,181,511	16,270,540
Merchant banking operation	10,198,505	9,268,273
<b>Total:</b>	<b>31,380,017</b>	<b>25,538,813</b>
<b>31.00 Provision for loans and advances :</b>	<b>156,618,473</b>	<b>98,332,397</b>
Provision for doubtful accounts and future losses (Note 31.01)	156,618,473	98,332,397
<b>Total:</b>	<b>156,618,473</b>	<b>98,332,397</b>
Allocation of the above amount consists of the following:		
Main operation	145,508,621	91,079,271
Merchant banking operation	11,109,852	7,253,126
<b>Total:</b>	<b>156,618,473</b>	<b>98,332,397</b>
<b>31.01 Provision for doubtful accounts and future losses:</b>	<b>156,618,473</b>	<b>98,332,397</b>
Lease financing	70,272,580	29,043,001
Term finance	69,895,523	36,351,358
Short term lending	25,108,252	2,049,643
Credit card	3,442,864	2,326,527
Mortgage Loan	9,338,254	3,195,000
Provision against reduction of share portfolio price	(21,439,000)	25,366,868
<b>Total:</b>	<b>156,618,473</b>	<b>98,332,397</b>
Allocation of the above amount consists of the following:		
Specific provision	98,099,700	59,921,400
General provision	58,518,773	38,410,997
<b>Total:</b>	<b>156,618,473</b>	<b>98,332,397</b>
<b>32.00 Provision for tax made during the year :</b>	<b>102,688,960</b>	<b>68,953,450</b>
Current tax expense	103,844,525	70,000,000
Deferred tax expense/ (income)	(1,155,565)	(1,046,550)
<b>Total:</b>	<b>102,688,960</b>	<b>68,953,450</b>
In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.		
<b>33.00 Earning per share (EPS):</b>	<b>7.93</b>	<b>3.76</b>
Earning attributable to ordinary shareholders	350,971,508	166,300,351
Number of ordinary shares outstanding	44,275,000	44,275,000
<b>Basic Earning per Share</b>	<b>7.93</b>	<b>3.76</b>

## 34.00 Segment information:

HEADS	Credit & Investment	Merchants Banking Wings	Card Centre	Factoring & Short Term Loan	Mortgage Loan	Corporate Finance	Others	Total
<b>Fund Based Income</b>								
Interest Income from Leases	264,267,029	-	-	-	-	-	-	264,267,029
Interest & Other Income from Credit Cards	-	-	107,094,659	-	-	-	-	107,094,659
Interest Income from Term Loan	229,216,400	-	-	-	-	-	-	229,216,400
Interest Income from House Loan	-	-	-	-	48,228,056	-	-	48,228,056
Interest Income from Short Term Lending	52,690,172	-	-	-	-	-	-	52,690,172
Interest Income from Factoring	-	-	-	1,206,777	-	-	-	1,206,777
Interest During Construction - Leasing	20,920,332	-	-	-	-	-	-	20,920,332
Interest Income from Margin Loan	-	421,626,541	-	-	-	-	-	421,626,541
<b>Sub-total:</b>	<b>567,093,933</b>	<b>421,626,541</b>	<b>107,094,659</b>	<b>1,206,777</b>	<b>48,228,056</b>	<b>-</b>	<b>-</b>	<b>1,145,249,966</b>
<b>Fee Based Income</b>								
Merchant commission	-	-	3,775,540	-	-	-	-	3,775,540
Membership fees of credit cards	-	-	9,531,100	-	-	-	-	9,531,100
Charges on co-branding	-	-	-	-	-	-	-	-
Corporate finance fees	-	-	-	-	-	8,361,875	-	8,361,875
Income from TPP	-	-	-	-	-	-	-	-
Income from cardholders insurance scheme	-	-	-	-	-	-	-	-
Portfolio management income (IPA)	-	77,294,408	-	-	-	-	-	77,294,408
Inter change fees	-	-	-	-	-	-	-	-
Underwriting commission	-	413,854	-	-	-	-	-	413,854
<b>Sub-total:</b>	<b>-</b>	<b>77,708,262</b>	<b>13,306,640</b>	<b>-</b>	<b>-</b>	<b>8,361,875</b>	<b>-</b>	<b>99,376,777</b>
<b>Other Operational Income</b>								
Other operational income	3,713,482	585,000	12,316,992	118,111	6,779,964	-	13,365,766	36,879,315
Dividends income	-	-	-	-	-	-	251,107,760	251,107,760
Profit/ (Loss) on sale of share	-	-	-	-	-	-	123,932,812	123,932,812
<b>Sub-total:</b>	<b>3,713,482</b>	<b>585,000</b>	<b>12,316,992</b>	<b>118,111</b>	<b>6,779,964</b>	<b>-</b>	<b>388,406,338</b>	<b>411,919,887</b>
<b>Total Operating Revenue:</b>	<b>570,807,415</b>	<b>499,919,803</b>	<b>132,718,291</b>	<b>1,324,888</b>	<b>55,008,020</b>	<b>8,361,875</b>	<b>388,406,338</b>	<b>1,656,546,630</b>

## 35.00 Related party disclosure:

The company in normal course of business has entered into transactions with other individuals/ entities that fall within definition of related party contained in Bangladesh Accounting Standards (BAS)-24 as noted below:

SL. No.	Name of Related Party	Relationship	%	Transactions	
				2009	Nature of Transactions
1	LankaBangla Securities Ltd.	Subsidiary company	99.99	120,000,000	Short Term Loan & Term Loan
2	LankaBangla Asset Management Co.Ltd	Subsidiary company	99.99	(240,000,000)	Term Deposit
3	Sampath Bank Ltd.	Sponsor Shareholder	13.55	9,266,831	Management & Consultancy Fees

## 36 Disclosures of Directors Relation:

Directors' interests in different entities are stated below:

Name of Directors	Status in the Institution	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
Mr. Mohammad A. Moyeen	Chairman	Tropica Garments Ltd. Wings Air Cargo Ltd. Wings Ocean Freight Ltd. Swift Logistics Services Ltd. S G Logistics (Pvt) Ltd. Standard Paper Products Ltd. LankaBangla Securities Ltd. Freight Care Aviation Services Ltd. Expo Express Services Ltd. The M & M Ltd. STS Educational Group Ltd. UCL Logistic Ltd. Airline Cargo Resources Ltd. Wings Logistic Ltd. Cross Freight Lines Ltd. Orchid Air Ltd. STS Holdings Ltd. Global Aviation Services Ltd. Wings Tours & Travels Ltd. Pulsar Shipping Agencies Ltd. Air & Sea International Logistic Ltd. Wings Express Ltd. Global Ground Services Ltd.
Mr. Mahbul Anam	Director	Allied Aviation Bangladesh Ltd. Airlines Services Ltd. Expolanka Bangladesh Ltd. Pulsar Shipping Agencies Ltd. Voyager Airlines Ltd. Tropica Garments Ltd. Wings Air Cargo Ltd. Wings Ocean Freight Ltd. Standard Paper Products Ltd. LankaBangla Securities Ltd.

Name of Directors	Status in the Institution	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
Mr. Mahbul Anam	Director	Freight Care Aviation Services Ltd. Expo Express Services Ltd. The M&M Ltd. STS Educational Group Ltd. UCL Logistic Ltd. Airline Cargo Resources Ltd. Wings Logistic Ltd. Cross Freight Lines Ltd. Orchid Air Ltd. STS Holdings Ltd. Global Aviation Services Ltd. Wings Classic Tours & Travels Ltd. S G Logistics (Pvt) Ltd. Wings Express Ltd.
Mrs. Jasmine Sultana	Director	Shanta Washing Plant Ltd. Moazzem Garments Industries Ltd. Universal Business Machines Ltd. Metro Home Ltd. Dhaka Bank Ltd. Shanta Capital Management Ltd. SPL Holdings Ltd.
Mrs. Aneasha Mahial Kundanm	Director	Royal Park Residence GDS Chemical Bangladesh Ltd.
Mr. Tahsinul Huque	Director	N/A
Shanta Apparel Limited		
Mr. I.W. Senanayake Mr. G.L.H. Premaratne Amarasuriya Representative of Sampath Bank Limited	Director	N/A
Mr. Hesham Al-Warraq Representative of First Gulf Asia Holdings Limited	Director	N/A
Mr. Farman Rahman Chowdhury Representative of One Bank Limited	Director	Industrial Infrastructure Development Finance Co. Ltd.
Mr. Mirza Ejaz Ahmed Representative of SSC Holdings Limited	Director	Section Seven Ltd. PSI Solution Ltd. International Shirt Line Ltd. Shirt Makers Ltd.

### 37 Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS):

Name of BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Segment Reporting	14	Applied
Property, Plant and Equipments	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants and disclosures of Govt. Assurances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Consolidated and Separate Financial Statements	27	N/A
Investments in Associates	28	N/A
Disclosures in Financial Statements of Banks and Similar Financial Institutions	30	Applied
Interest in Joint Ventures	31	N/A
Earning Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A
Share Base Payments	2	N/A
Business Combinations	3	N/A
Non-Current Assets Held for Sale and discontinued operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A

#### ii) Audit Committee Disclosures:

In Compliance with the BRPD Circular no.12 dated 23 December 2002 of Bangladesh Bank, an audit committee of LankaBangla Finance Limited (LBFL) was first constituted by the Board of Director of LBFL in its 47th Board meeting held on 21 May 2006.

SI No.	Name	Status in the Organisation	Status in the Committee	Educational Qualification
01	Mr. Mahbul Anam	Director	Chairman	B.Sc (Mechanical Engineering)
02	Mr. Mirza Ejaz Ahmed	Director	Member	MBA, IBA, University of Dhaka
03	Mr. Farman R Chowdhury	Director	Member	MBA, IBA, University of Dhaka
04	Salauddin Ahmed Khan	Independent Director	Member	MBA

The Company Secretary is to act as Secretary of the Audit committee of the Board.

During the year 2009, the Audit Committee of the Board conducted 4 (four) meetings in which among other things, the following issues were reviewed/discussed.

- Terms of Reference of the Audit Committee as stated in the BRPD Circular No. 12 dated 23/12/2002
- Reviewing the Internal Audit Reports along with Executive Summary of the different LBFL branches/departments conducted by the Internal Audit Team of the Company from time to time and also the status of Compliance thereof.

- Reviewing the organogram of Internal Control & compliance Department as recommended By the Bangladesh Bank prudential guidelines.
- Reviewing the progress of strengthening the internal Control & procedure, strict compliance of Anti-money Laundering Act. And also the Internal Audit team of the Company.
- The committee places its report regularly to the Board of the Company for review and monitoring the activities with recommendations on internal control System, compliance of rules and regulation of the Regulatory Boards.

### 38.00 Others:

#### a) 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 2009. 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.

#### b) Employees' details:

Nos. of employee received TK.3,000 per month  
Nos. of employee received more than Tk.3,000 per month

	Year-2009	Year-2008
Nos. of employee received TK.3,000 per month	0	0
Nos. of employee received more than Tk.3,000 per month	111	89
	<b>111</b>	<b>89</b>

#### c) Event after balance sheet date:

The Board of Director in its 63th Meeting held on 15 February 2010 has recommended 15% Cash Dividend and 20% Stock Dividend for the year ended 31 December 2009 for placement before shareholder at 13th Annual General Meeting of the company scheduled to be held on 30 March 2010.

#### d) Capital Expenditure Commitment:

There was no capital expenditure contracted but not incurred or provided for at December 31, 2009. There was no material capital expenditure authorized by the Board but not contracted for at December 31, 2009.

#### e) 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.

#### f) Foreign remittances:

During the year 2009, the company remitted USD 207,887/-, GBP-9538 (BDT 15,454,346) against technical Service Fees & Dividend to the Foreign Shareholders.

#### g) Contingent liabilities:

There was no contingent liabilities of the Company.

#### h) Numerical presentation:

Figures shown in the accounts have been rounded off to the nearest Taka. Previous year figures have been re-arranged where necessary to conform to current year's presentation.

#### General:

- All shares have been fully called up and paid up.
- Bank Balances shown in the accounts are duly reconciled.



Chairman



Director



Managing Director



Company Secretary

## Statement showing Investment in share as at 31 December 2009

Sl. No.	Name of the Companies	Number of Shares	Average Cost per unit	Total Cost (Taka)	Closing Rate on December 2009	Market price at the end of the year	Unrealised Gain	Provision for loss
1	AB Bank Limited	10,201	953.84	9,730,103	1,176.50	12,001,477	2,271,373	
2	The City Bank Limited	6,450	512.88	3,308,070	729.50	4,705,275	1,397,205	
3	Dhaka Bank Limited	42,703	347.26	14,829,128	483.50	20,646,901	5,817,772	
4	Eastern Bank Limited	278	162.13	45,073	644.25	179,102	134,029	
5	IFIC Bank Limited	7,800	913.71	7,126,911	920.25	7,177,950	51,039	
6	Jamuna Bank Limited	14	295.57	4,138	523.50	7,329	3,191	
7	Mercantile Bank Limited	7,561	271.52	2,053,027	395.00	2,986,674	933,647	
8	National Bank Limited	10	553.41	5,534	646.25	6,463	928	
9	ONE Bank Limited	42,000	367.87	15,450,430	458.00	19,236,000	3,785,570	
10	Prime Bank Limited	7,183	368.86	2,649,499	653.00	4,690,499	2,041,000	
11	Shahjalal Islami Bank Ltd.	40,200	240.43	9,665,214	382.50	15,376,500	5,711,286	
12	The Trust Bank Limited	25,680	564.29	14,491,070	434.00	11,145,120	(3,345,950)	
13	The Premier Bank Ltd.	80,000	303.94	24,314,815	330.25	26,420,000	2,105,185	
14	Social Islami Bank Limited	12,250	226.63	2,776,276	308.00	3,773,000	996,724	
15	Midas Finance and Investment Ltd.	230,000	570.15	131,135,369	798.25	183,597,500	52,462,131	
16	Green Delta Insurance Company Ltd.	11,080	1,486.89	16,474,741	1,669.75	18,500,830	2,026,089	
17	Popular Life Insurance Company Limited	10,350	2,448.24	25,339,287	2,747.75	28,439,213	3,099,926	
18	Dhaka Electric Supply Company Ltd.	150	-	-	1,505.75	225,863	225,863	
19	Beximco Pharmaceuticals Ltd.	111,450	157.23	17,522,735	155.80	17,363,910	(158,825)	
20	Square Pharmaceuticals Ltd.	2,000	2,776.93	5,553,850	2,876.25	5,752,500	198,650	
21	Eastern Bank Ltd. 1st Mutual Fund	100,000	10.00	1,000,000	22.90	2,290,000	1,290,000	
22	ACI Formulations Limited	30,000	193.35	5,800,500	171.20	5,136,000	(664,500)	
23	Advance Chemicals Industries Limited	10,000	445.11	4,451,100	446.90	4,469,000	17,900	
24	Apex Adelft	10,000	2,220.22	22,202,247	2,583.25	25,832,500	3,630,253	
25	Amcl (Pran)	10,000	1,746.48	17,464,803	1,533.75	15,337,500	(2,127,303)	
	<b>Total:</b>	<b>807,360</b>		<b>353,394,063</b>		<b>435,297,279</b>	<b>88,199,761</b>	<b>(6,296,578)</b>

Annexure-1

## Particulars of loans and advances

as at and for the year ended 31 December 2009

Annexure-2

	Amount in Taka	
	2009	2008
i) Debts considered good in respect of which the Bank/ FI is fully secured	6,682,628,164	4,485,194,352
ii) Debts considered good for which the Bank/FI holds no other security than the debtor's personal security.	934,617,549	1,066,194,754
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	476,096,811	346,831,328
iv) Debts adversely classified; for which no provision is created.	-	-
	<b>8,093,342,524</b>	<b>5,898,220,434</b>
v) Debts due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	5,244,115	4,112,802
vi) Debts due by companies and firms in which the directors of the Bank/FI have interests as directors, partners or managing agent or in case of private companies as members.	-	-
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors & managers or officers of the Bank/ FI or any of them either severally or jointly with any other persons.	5,244,115	4,112,802
viii) Maximum total amount of advances, including temporary advances granted during the period to the companies or firms in which the directors of the Bank/FI have interests as directors, partners or managing agents or, in case of private companies as members.	-	-
ix) Due from other Bank/ FI companies	-	-
x) Information in respect of classified loans and advances:		
a) Classified loans for which interest/ profit not credited to income	496,400,962	375,814,821
b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	130,450,988	45,917,000
c) Amount of interest credited to the interest suspense account	141,430,245	69,406,000
xi) Cumulative amount of written off loans:		
Opening Balance	-	-
Amount written off during the year	1,815,364	-
Amount received off during the year	-	-
Balance of written off loans and advances yet to be recovered	<b>1,815,364</b>	-
<b>The amount of written off loans for which law suits have been filed</b>	<b>1,515,124</b>	-

## Schedule of Fixed Assets

as at 31 December 2009

Annexure-3

Particulars	COST			DEPRECIATION			Written down value as at 31.12.2009
	Balance as at 01.01.2009	Addition during the year	Sales/ Adjustment	Balance as at 01.01.2009	Charged during the year	Adjustment	
<b>A. Freeholds assets</b>	<b>72,709,552</b>	<b>10,362,354</b>	-	<b>44,829,301</b>	<b>13,784,881</b>	-	<b>24,457,724</b>
Furniture & Fittings	30,424,000	4,630,365	-	18,270,227	3,064,801	-	13,719,337
Office Equipment	28,927,607	3,506,989	-	20,728,895	7,155,683	-	4,550,018
Motor Vehicles	13,357,945	2,225,000	-	5,830,179	3,564,397	-	6,188,369
<b>B. Intangible assets</b>							
Systems and softwares	26,344,521	1,149,750	-	18,230,664	2,335,365	-	6,928,242
<b>Total (A+B):</b>	<b>99,054,073</b>	<b>11,512,104</b>	-	<b>63,059,965</b>	<b>16,120,246</b>	-	<b>31,385,966</b>

Amount in Taka

## Highlights on the overall activities

as at 31 December 2009

Annexure-4

Amount in Million

SI No.	Particulars		2009	2008
1	Paid-up capital	Taka	442.75	385.00
2	Total capital	Taka	890.17	598.61
3	Capital surplus/(deficit)	Taka	(57.25)	135.00
4	Total assets	Taka	11,322.68	7,260.07
5	Total Deposit	Taka	4,456.90	2,651.00
6	Total loans and advances/ investments	Taka	9,235.04	6,126.76
7	Total contingent liabilities and commitments	Taka	-	220.79
8	Credit deposit ratio	%	181.59	222.47
9	Percentage of classified loans/ investments against total loans and advances/investment	%	5.38	6.13
10	Profit after tax & Provision	Taka	350.97	166.30
11	Amount of classified loans/ investment during the year	Taka	496.40	375.81
12	Provisions kept against classified loans/ Investment	Taka	268.83	131.81
13	Provision surplus/(deficit)	Taka	38.69	-
14	Cost of fund	%	11.58	13.83
15	Interest earning assets	Taka	9,280.89	6,757.63
16	Non interest earning assets	Taka	2,041.78	502.43
17	Return on investment (ROI)	%	3.80	2.71
18	Return on assets( ROA)	%	3.09	2.29
19	Income from investment	Taka	375.04	114.85
20	Earning per share (per share of Tk. 10.00)	Taka	7.93	3.76
21	Net income per share (per share of Tk. 10.00)	Taka	7.93	3.76
22	Price earning ratio	Times	39.57	52.28

# Audited Consolidated Financial Statements

## Independent Auditors' Report

### to the Shareholders of LankaBangla Finance Limited and its Subsidiaries

We have audited the accompanying consolidated financial statements of LankaBangla Finance Limited and its Subsidiaries ("the Non-Banking Financial Institutions") which comprise consolidated balance sheet as of 31 December 2009 and the related consolidated profit and loss account, consolidated statement of changes in equity; consolidated cash flow statement; a summary of significant accounting policies and relevant explanatory notes for the period then ended.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements prepared in accordance with the Bangladesh Accounting Standards (BAS) and the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of LankaBangla Finance Limited and its Subsidiaries as of 31 December 2009 and the results of its financial performance and its' cash flows for the period then ended and comply with the Bank Companies Act, 1991; the Finance Institutions Act, 1993; the rules and regulations issued by the Bangladesh Bank; the Companies Act, 1994; the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

#### We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- iii) the consolidated balance sheet and the consolidated profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purpose of the company's business;
- v) the financial position of the company and its subsidiaries as at 31 December 2009 and the profit and loss account for the period then ended have been properly reflected in the consolidated financial statements and the consolidated financial statements have been prepared in accordance with generally accepted accounting principles;
- vi) the consolidated financial statements have been drawn up in conformity with the Finance Institutions Act, 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank to the extent applicable to the company;
- vii) adequate provisions have been made for leases and advances which are, in our opinion, doubtful of recovery;
- viii) the financial statements conform to the prescribed standards set in accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix) the records and statements submitted by the divisions and branches have been properly maintained and consolidated in the financial statements; and
- x) the information and explanations required by us have been received and found satisfactory.

Dated, Dhaka;  
10 March 2010

*S. F. Ahmed & Co.*  
**S. F. Ahmed & Co.**  
Chartered Accountants

## Consolidated Balance Sheet

as at 31 December 2009

	Notes	Amount in Taka	
		31 December 2009	31 December 2008
<b>I. PROPERTY &amp; ASSETS</b>			
<b>1 Cash</b>		<b>53,788,448</b>	<b>35,561,444</b>
a) Cash in hand	3	103,108	101,485
b) Balance with Bangladesh Bank	4	53,685,340	35,459,959
<b>2 Balance with others bank and financial institutions</b>	5	<b>1,035,246,257</b>	<b>815,025,271</b>
<b>3 Investment</b>	6	<b>1,764,316,847</b>	<b>245,154,700</b>
a) Government securities		734,369,986	-
b) Others investment		1,029,946,861	245,154,700
<b>4 Lease &amp; loans advance</b>	7	<b>8,061,342,532</b>	<b>5,854,220,434</b>
Lease portfolio, term finance, short term loan, etc.			
<b>5 Fixed assets</b>	8	<b>92,463,887</b>	<b>85,296,384</b>
a) At cost		220,847,086	190,480,180
b) Less: Accumulated depreciation		128,383,199	105,183,796
<b>5 Other assets</b>	9	<b>2,434,970,582</b>	<b>1,101,349,987</b>
<b>TOTAL ASSETS:</b>		<b>13,442,128,554</b>	<b>8,136,608,220</b>
<b>II. LIABILITY &amp; CAPITAL</b>			
<b>1 Liabilities</b>		<b>9,516,742,975</b>	<b>5,839,147,652</b>
Borrowings from Bangladesh Bank, other banks & financial institutions	10	5,083,846,457	3,211,852,445
Term deposits	11	4,432,896,518	2,627,295,207
<b>2 Other liabilities</b>	12	<b>1,824,835,684</b>	<b>1,374,974,479</b>
<b>3 Capital &amp; Shareholder's Equity</b>		<b>2,100,526,950</b>	<b>922,475,947</b>
Share capital	13	442,750,000	385,000,000
Retained earnings	14	865,333,367	349,929,877
Proposed dividend		154,962,500	115,500,000
Payable to LB Foundation		3,509,715	1,663,004
Fair value measurement reserve		493,394,000	-
Statutory reserve	15	140,577,368	70,383,066
<b>Minority interest</b>		<b>22,944</b>	<b>10,142</b>
<b>TOTAL LIABILITIES:</b>		<b>13,442,128,554</b>	<b>8,136,608,220</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.



Chairman



Director



Managing Director



Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010



S.F. Ahmed & Co.  
Chartered Accountants

## Consolidated Profit & Loss Account

for the year ended 31 December 2009

	Notes	Amount in Taka	
		2009	2008
<b>Operating Income</b>			
Net interest		413,101,393	238,166,934
Interest income	16	1,267,352,047	945,328,196
Less : Interest paid on deposits & borrowings	17	854,250,654	707,161,262
Income from investment	18	137,964,405	77,727,213
Other operational income	19	939,390,520	519,285,094
<b>Total Operating Income:</b>		<b>1,490,456,317</b>	<b>835,179,241</b>
<b>Operating Expenses</b>			
Salary and allowances	20	191,189,207	107,631,157
Rent, taxes, insurance, electricity etc.	21	23,835,487	15,400,827
Legal & professional fees	22	3,757,068	1,980,908
Postage, stamp, telecommunication etc.	23	4,366,298	4,236,358
Stationery, printing, advertisement	24	12,611,198	10,163,838
Managing director's salary & allowance	25	5,460,000	3,090,000
Director fees and expenses	26	448,000	212,000
Audit fees	27	175,000	155,000
Charges on loan losses	28	6,045,540	21,473
Repairs, maintenance and depreciation	29	44,092,445	34,985,552
Direct charges (Hawla & Laga)		72,247,008	39,390,731
Other expenses	30	61,544,556	45,922,159
<b>Total Operating Expenses:</b>		<b>425,771,805</b>	<b>264,632,893</b>
<b>Net Operating Income</b>		<b>1,064,684,512</b>	<b>570,546,348</b>
<b>Provision for loans &amp; advance</b>	31	<b>156,618,473</b>	<b>98,332,397</b>
Specific provision		98,099,700	59,921,400
General provision		58,518,773	38,410,997
<b>Profit before tax and reserve:</b>		<b>908,066,039</b>	<b>472,213,951</b>
Provision for tax made during the year	32	165,138,795	95,619,880
Deferred tax (expenses)/ income		(1,155,565)	(1,046,550)
<b>Net profit after tax:</b>		<b>744,082,809</b>	<b>377,640,621</b>
Minority Interest		12,802	5,077
<b>Net profit for the year attributable to the shareholders of parent company</b>		<b>744,070,007</b>	<b>377,635,544</b>
<b>Appropriations</b>			
Statutory reserve		70,194,302	33,255,775
Transfer to LankaBangla Foundation		3,509,715	1,663,004
Dividend (Cash & Stock)		154,962,500	115,500,000
<b>Net Profit after Reserve:</b>		<b>515,403,490</b>	<b>227,216,764</b>
Profit / (Loss) brought forward		349,929,877	122,713,113
<b>Retained earnings carried forward</b>		<b>865,333,367</b>	<b>349,929,877</b>
<b>Earning per share</b>	33	<b>16.81</b>	<b>8.53</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.



Chairman



Director



Managing Director



Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010



S.F. Ahmed & Co.  
Chartered Accountants



# Consolidated Cash Flow Statement

for the year ended 31 December 2009

	Amount in Taka	
	2009	2008
<b>A) Cash flows from operating activities</b>	<b>491,420,225</b>	<b>403,598,604</b>
Interest received	1,847,478,456	1,360,197,336
Interest paid	(884,719,800)	(678,567,229)
Direct Payment-Hawla, Laga charges	(72,247,008)	(39,390,731)
Dividend received	4,072,000	1,287,637
Fees and commission received	11,936,539	9,549,479
Income from investment	133,854,905	76,439,576
Cash paid to employees (including directors)	(37,458,705)	(25,894,464)
Cash paid to suppliers	(45,485,370)	(45,872,126)
Income taxes paid	(74,046,243)	(23,941,003)
Receipt from other operating activities	16,326,710	6,195,573
Paid for other operating activities	(84,876,448)	(65,190,704)
Receipt from non-operating activities	144,220,455	53,791,788
Payment for other expenses	(58,033,949)	(24,249,749)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>901,021,541</b>	<b>604,355,383</b>
<b>Increase/ (decrease) in operating assets &amp; liabilities</b>		
Changes in trading securities	(239,968,161)	(24,126,593)
Loans and advances to customers	(2,020,656,566)	(2,073,938,078)
Other assets	1,364,618,955	169,867,751
Deposits from customers	1,805,601,311	819,910,141
Other liabilities	(266,635,137)	413,649,776
<b>Total increase/ (decrease) in operating assets &amp; liabilities</b>	<b>642,960,402</b>	<b>(694,637,003)</b>
<b>Net Cash used by Operating Activities (Total of "A"):</b>	<b>1,543,981,943</b>	<b>(90,281,620)</b>
<b>B) Cash flows from investing activities</b>		
Changes in non-trading securities	(56,430,000)	(1,500,000)
Net proceeds/(payments) for sale/ purchase of Treasury bills	(734,369,986)	-
Purchase of property, plant, equipment & intangible asset	(35,182,701)	(53,175,751)
Sales proceeds of fixed assets	337,170	802,088
Investment in subsidiary-LankaBangla Asset Management Co. Ltd.	-	500
<b>Net Cash used by Investing Activities (Total of "B"):</b>	<b>(825,645,517)</b>	<b>(53,873,163)</b>
<b>C) Cash flows from financing activities</b>		
Increase/(decrease) of long term loan	383,568,118	557,856,346
(Increase)/decrease debit balance to clients	(908,177,057)	(152,854,217)
(Increase)/decrease credit balance to clients	22,693,428	14,807,067
Net drawdown of short term loan	74,756,199	24,389,413
Dividend paid (cash dividend)	(52,729,124)	(49,214,978)
<b>Net Cash used by Financing Activities (Total of "C"):</b>	<b>(479,888,436)</b>	<b>394,983,631</b>
<b>D) Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>238,447,990</b>	<b>250,828,848</b>
<b>E) Opening cash and cash-equivalents</b>	<b>850,586,715</b>	<b>599,757,867</b>
<b>F) Closing cash and cash-equivalents (D+E)*</b>	<b>1,089,034,705</b>	<b>850,586,715</b>
<b>* Closing cash and cash-equivalents</b>		
Cash in hand (including foreign currencies)	3 103,108	101,485
Balance with Bangladesh Bank and its agent bank (S)	4 53,685,340	35,459,959
Balance with other Banks and Financial Institutions	5 1,035,246,257	815,025,271
<b>Total:</b>	<b>1,089,034,705</b>	<b>850,586,715</b>



Chairman



Director



Managing Director



Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010

*S.F. Ahmed & Co.*  
S.F. Ahmed & Co.  
Chartered Accountants

## Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2009

Particulars	Amount in Taka						
	Share Capital	Statutory Reserve	Fair Value Measurement Reserve	Proposed Dividend	LB Foundation	Retained Earnings	Total
Balance as at 01 January 2009	385,000,000	70,383,066	-	115,500,000	1,663,004	349,929,877	922,475,947
<b>Items Involved in Changes in Equity</b>							
Net profit for the year	-	-	-	-	-	744,070,007	744,070,007
Appropriation to statutory reserve	-	70,194,302	-	-	-	(70,194,302)	-
Fair value measurement reserve	-	-	493,394,000	-	-	-	493,394,000
<b>Payment dividend</b>							
Stock dividend (15%)	57,750,000	-	-	(57,750,000)	-	-	-
Cash dividend (15%)	-	-	-	(57,750,000)	-	-	(57,750,000)
<b>Proposed dividend</b>							
Stock dividend (20%)	57,750,000	-	-	88,550,000	-	(88,550,000)	-
Cash dividend (15%)	-	-	-	66,412,500	-	(66,412,500)	-
Transfer to LB Foundation A/c.	-	-	-	-	1,846,711	(3,509,715)	(1,663,004)
<b>Balance as at 31 December 2009</b>	<b>442,750,000</b>	<b>140,577,368</b>	<b>493,394,000</b>	<b>154,962,500</b>	<b>3,509,715</b>	<b>865,333,367</b>	<b>2,100,526,950</b>
<b>Balance as at 31 December 2008</b>	<b>385,000,000</b>	<b>70,383,066</b>	<b>-</b>	<b>115,500,000</b>	<b>1,663,004</b>	<b>349,929,877</b>	<b>922,475,947</b>



Chairman



Director



Managing Director



Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010

*S.F. Ahmed & Co.*  
S.F. Ahmed & Co.  
Chartered Accountants

# Notes to the Consolidated Financial Statements

for the year ended 31 December 2009

## 1.00 Legal Status and Nature of the Company:

### Domicile, Legal From 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 with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-31702(823)/96 dated 05 November 1996 as a Public Limited Company under the Companies Act, 1994 in the name of "Vanik Bangladesh Limited". It started commercial operations since 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 transect public shares 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 17 October 2006 and 31 October 2006 respectively.

Consequently the company has acquired the following Licenses and legal approvals:

Sl. No.	Name of License	Registration of License	Date of License	Renewed up to
1.	Trade License	0923826	24.09.2008	2009-2010
2.	Bangladesh Bank License	DFIM(L)/15	30.10.1997	N/A
3.	Tax Identification Number (TIN)	210-200-6736	N/A	N/A
4.	VAT Identification Number	5101018797	N/A	N/A
5.	Import Registration Certificate	BA159696	01.01.06	2009-2010
6.	DCCI Membership Certificate	2857	23.12.2008	2009
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	MBD License	MB-1.064/98-05	22.01.1998	2009
9.	PD License	DMD-14/2009	23.11.2009	N/A
10.	Registration Number	C-31702(823)/96	05.11.1996	N/A

### Subsidiary Companies

The Company is holding a subsidiary company named "LankaBangla Securities Ltd." (formerly Vanik Bangladesh Securities Limited) with an equity interest of 99.998% (39,999,526 shares of Tk.10 each totaling Tk. 399,995,260) in the subsidiary company. The subsidiary is a private limited company incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-33276(22)/97 dated 03 July 1997 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 is also holding another subsidiary company named "LankaBangla Asset management Company Limited" with an equity interest of 99.998% (2,499,950 shares of Tk. 10 each totaling Tk. 24,999,500) in the subsidiary company. LankaBangla Asset management Company Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-67738(289)/2007 dated 16 July 2007 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.

### 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

## 2.00 Significant Accounting Policies:

### 2.01 Basis of preparation and presentation of financial statements:

The financial statements of the company as at and for the year ended 31 December 2009 have been prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, relevant Bangladesh Bank circulars, Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong stock Exchanges listing regulations and other laws and rules applicable in Bangladesh.

### 2.02 Consolidation of operations of subsidiary:

The financial statements of the company and its subsidiary, 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".

### 2.03 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 DFIM of Bangladesh Bank

### 2.04 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.

### 2.05 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, shown separately as required by the Regulations of Securities and Exchange Commission.

## 2.06 Investments:

All investments (other than government treasury bills and bonds) are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortised and discount accreted, using the effective or historical yield method. The valuation methods of investments used are:

Items	Applicable accounting Value
Government Treasury Bills	Present value
Government Treasury Bonds	Present value
Quoted Shares	At cost or market price which ever is lower
Un-quoted Shares	At cost

## 2.07 Recognition of Fixed Assets:

### 2.07.01 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.

### 2.07.02 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 changes 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.

### 2.07.03 Depreciation:

#### Depreciation on 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%

No depreciation is charged in the month of disposal.

#### 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.

## 2.08 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.

## 2.09 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.

## 2.10 Borrowing Costs:

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

## 2.11 Books of Accounts:

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

## 2.12 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.

## 2.13 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.

### 2.13.01 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.

### 2.13.02 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.

### 2.13.03 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

**2.13.04 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.

**2.13.05 Interest suspense account:**

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

**2.14 Cash and Cash Equivalent and Cash Flow statement:**

Cash and cash equivalents comprise cash in 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"

**2.15 Provision for Loans and Advances:**

Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in BCD Circular no. 12, dated 4 September 1995; BRPD circular no. 16, dated 6 December 1998; BRPD circular no. 9, dated 14 May 2001; BRPD circular no. 02, dated 15 February 2005 and BRPD circular no. 05, dated 27 April 2005. The classification rates as per Bangladesh Bank circulars used for provision are as follows:-

Consumer	Business Unit	Rate of Provision				
		UC	SMA	SS	DF	BL
Consumer	House Building & Professional	2%	5%	20%	50%	100%
	Other than House Building & Professional	5%	5%	20%	50%	100%
	Small & Medium Enterprise	1%	5%	20%	50%	100%
	All Others	1%	5%	20%	50%	100%

**2.16 Corporate Tax:****Provisions for tax****a. Provisions for the year**

Provision for current income tax has been made @42.50% as prescribed in Finance Ordinance, 2008 of the profit made by the company considering major taxable allowances and disallowances and the same is understated/overstated to that extent. Any shortfall/excess provision will be duly adjusted after final assessment.

**b. Deferred Tax**

Deferred Tax is calculated on the taxable/deductible temporary differences between tax base amount and carrying amount of assets and liabilities as required by Bangladesh Accounting Standard (BAS)-12 "Accounting of Taxes".

**2.17 Investments in securities:**

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

**2.18 Employee benefits:****2.18.01 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 are invested in Fixed Deposit with other financial institutions.

**2.18.02 Gratuity Fund:**

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

Year of confirmed services	% of entitlement
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 actual valuation has not yet been made to assess the adequacy of the liabilities provided for the scheme.

**2.18.03 Profit Participation Scheme:**

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

From 2009 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 bases of calculations are as follows:

- No profit, no bonus;
- 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;
- If Return on Equity (ROE) is between 12%-20%, the employees would receive 5% of profit after taxes;
- 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.

**2.18.04 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.

**2.19 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.

**2.20 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# 33".

**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.

**2.21 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 2009) 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.

**2.22 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 affect 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.

**2.23 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 # 38c

**2.24 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".

**2.25 Reporting Currency and level of Precision:**

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

**2.26 Comparatives:**

Where necessary, comparative figures and accounting titles have been adjusted to conform changes in the financial statements the presentation of current year.

**2.27 Retirement benefits:**

The retirement benefits accrued for the employees of the company during reporting period have been accounted for in accordance with the provisions of BAS-19, "Employee Benefit". Bases of enumeration the retirement benefit schemes operated by the Bank are outlined below:

Notes	Amount in Taka	
	2009	2008
<b>3.00 Cash in hand :</b>	<b>103,108</b>	<b>101,485</b>
<b>4.00 Balance with Bangladesh Bank:</b>	<b>53,685,340</b>	<b>35,459,959</b>
The above balance was laid with Bangladesh Bank ( Local currency)		
<b>5.00 Balance with other bank and financial institutions:</b>	<b>1,035,246,257</b>	<b>815,025,271</b>
Fixed deposit account (Note - 5.01)	481,964,504	355,063,838
Interest bearing short term deposit account (Note - 5.02)	526,221,751	429,953,656
Non interest bearing current account (Note - 5.03)	27,060,002	30,007,777
<b>Total:</b>	<b>1,035,246,257</b>	<b>815,025,271</b>
<b>5.01 Fixed deposit account:</b>	<b>481,964,504</b>	<b>355,063,838</b>
Southeast Bank Limited	2,865,150	2,601,919
Mercantile Bank Limited	31,081,295	28,166,101
BRAC Bank Limited	42,705,722	38,318,435
Prime Bank Limited	98,567,806	88,666,957
Standard Bank Limited	8,630,977	5,591,515
The Premier Bank Limited	42,592,871	38,673,439
National Bank Limited	13,208,534	12,047,679
Shahjalal Islami Bank Limited	27,393,207	24,627,567
Commercial Bank of Cylon Limited	90,317,981	82,745,000
Bank Al-Falah Limited	24,600,960	22,346,687
Social Islami Bank Limited	-	11,090,159
ONE Bank Limited	-	188,380
Oman Bangladesh Leasing & Finance Ltd.	100,000,000	-
<b>Total:</b>	<b>481,964,504</b>	<b>355,063,838</b>
<b>5.02 Interest bearing short term deposit account:</b>	<b>526,221,751</b>	<b>429,953,656</b>
Dhaka Bank Limited	12,260,137	19,776,989
Arab Bangladesh Bank Limited	1,239,146	6,179,775
Standard Chartered Bank	455,206,339	396,044,747
Prime Bank Limited	1,568,043	92,248
One Bank Limited	4,020,408	2,218,985
National Credit & Commerce Bank Limited	22,570	3,150
United Commercial Bank Limited	14,907	15,068
Uttara Bank Limited	11,620	12,310
Bank Asia Limited	21,859,000	175,772
Exim Bank Limited	653,353	254,835
The Premier Bank Limited	78,960	94,496
Mutual Trust Bank Limited	3,163	3,056
HSBC	27,547,787	78,986
BRAC Bank Limited	673,168	2,934,268
Dutch Bangla Bank Limited	853,995	1,589,650
Trust Bank Limited	942	-
Standard Bank Limited	18,070	350,000
Citibank N.A	118,421	129,321
ICB Islami Bank Limited	71,723	-
<b>Total:</b>	<b>526,221,751</b>	<b>429,953,656</b>

Notes	Amount in Taka	
	2009	2008
<b>5.03 Non interest bearing current account:</b>	<b>27,060,002</b>	<b>30,007,777</b>
Dhaka Bank Limited	1,896	3,896
Standard Chartered Bank	19,067,009	14,598,474
BRAC Bank Limited	-	920
Prime Bank Limited	1,257,126	1,676,427
The City Bank Limited	-	-
Shahjalal Islami Bank Limited	34,217	71,608
One Bank Limited	555,693	4,511,399
The Trust Bank Limited	522,750	59,254
Exim Bank Limited	-	280,148
Commercial Bank of Cylon Limited	-	-
The Premier Bank Limited	99,256	101,906
First Security Bank Limited	711,144	711,894
National Bank Limited	2,837,326	1,916,450
Sonali Bank Limited	19,140	19,140
Social Islami Bank Limited	560,403	1,242,618
Bank Al-falah Limited	10,005	4,808,693
Mercantile Bank Limited	1,380,162	-
<b>Total:</b>	<b>27,060,002</b>	<b>30,007,777</b>
Disclosers in compliance to the FID Circular # 6, dated 06 November 2003 of the Bangladesh Bank consist of the following:		
<b>Cash Reserve Requirement (CRR) - 2.5%:</b>		
The company requires maintaining cash with Bangladesh Bank Current Account equivalent to 2.50% of Term Deposits other than deposit taken from banks and financial institution.		
Required reserve	30,869,000	21,564,000
Actual reserve held	597,544,479	446,928,111
<b>Surplus</b>	<b>566,675,479</b>	<b>425,364,111</b>
<b>Statutory Liquidity Requirements (SLR)- 5.00%:</b>		
The Company requires maintaining SLR equivalent to 5% of total liability including 2.50% of CRR and excluding loans and deposits taken from banks and financial institutions.		
Required reserve	97,584,000	76,037,000
Actual reserve held	1,035,246,257	815,025,271
<b>Surplus</b>	<b>937,662,257</b>	<b>738,988,271</b>
<b>6.00 Investment:</b>	<b>1,764,316,847</b>	<b>245,154,700</b>
<b>in Government securities</b>		
Treasury bills ( Note-6.01)	734,369,986	-
Bonds ( Note-6.02)	447,869,986	-
	286,500,000	-
<b>Other Investment</b>	1,029,946,861	245,154,700
Ordinary shares-Un-Quoted ( Note-6.03)	53,930,000	2,500,000
Ordinary shares-Quoted ( Note-6.04)	353,394,063	226,039,314
Investment in shares by subsidiary	112,622,798	9,386
Investment in stock exchanges for membership (Note-6.05)	510,000,000	16,606,000
<b>Total:</b>	<b>1,764,316,847</b>	<b>245,154,700</b>
<b>6.01 Treasury bills:</b>	<b>447,869,986</b>	<b>-</b>
91-days Treasury bills	237,631,762	-
182-days Treasury bills	103,173,840	-
364-days Treasury bills	107,064,384	-
<b>Total:</b>	<b>447,869,986</b>	<b>-</b>

Notes	Amount in Taka	
	2009	2008
<b>6.02 Bonds:</b>	<b>286,500,000</b>	<b>-</b>
05-Year Treasury bond	99,000,000	-
10-Year Treasury bond	112,500,000	-
15-Year Treasury bond	37,500,000	-
20-Year Treasury bond	37,500,000	-
<b>Total:</b>	<b>286,500,000</b>	<b>-</b>
<b>6.03 Ordinary shares-Un Quoted:</b>	<b>53,930,000</b>	<b>2,500,000</b>
Central Depository ( Bangladesh) Limited	1,000,000	1,000,000
Prime Bank 1st Mutual Fund	1,000,000	-
DBH 1st Mutual Fund	2,000,000	-
Prime finance 1st mutual fund	-	1,500,000
Information Technology Company Limited (ITCL)	5,000,000	-
ACI 20% Convertible Zero Coupon Bond	37,430,000	-
RAK Ceramics Limited	7,500,000	-
<b>Total:</b>	<b>53,930,000</b>	<b>2,500,000</b>
<b>6.04 Ordinary shares-Quoted:</b>	<b>347,097,063</b>	<b>198,303,314</b>
AB Bank Limited	9,730,103	3,059,790
The City Bank Limited	3,308,070	13,565,630
Dhaka Bank Limited	14,829,128	93,434,861
Eastern Bank Limited	45,073	6,167,933
IFIC Bank Limited	7,126,911	7,126,920
Jamuna Bank Limited	4,138	9,521,547
Mercantile Bank Limited	2,053,027	2,053,055
National Bank Limited	5,534	3,958,484
ONE Bank Limited	15,450,430	19,864,800
Prime Bank Limited	2,649,499	8,121,072
Shahjalal Islami Bank Ltd.	9,665,214	24,932,200
The Trust Bank Limited	14,491,070	14,491,010
The Premier Bank Ltd.	24,314,815	-
Social Islami Bank Limited	2,776,276	-
EXIM Bank Limited	-	4,286,800
Mutual Trust Bank Limited	-	2,436,600
Midas Finance and Investment Ltd.	131,135,369	-
Green Delta Insurance Company Ltd.	16,474,741	4,706,017
Popular Life Insurance Company Limited	25,339,287	-
Dhaka Electric Supply Company Ltd.	-	2,528,175
Beximco Pharmaceuticles Ltd.	17,522,735	-
Square Pharmaceuticles Ltd.	5,553,850	5,784,420
Eastern Bank Ltd. 1st Mutual Fund	1,000,000	-
ACI Formulations Limited	5,800,500	-
Advance Chemicals Industries Limited	4,451,100	-
Apex Adelchi Foot Wear Limited	22,202,247	-
Amcl (Pran)	17,464,947	-
<b>Total:</b>	<b>353,394,063</b>	<b>226,039,314</b>

(Annexure-1 may kindly be seen for details)

Notes	Amount in Taka	
	2009	2008
<b>6.04.01 Remaining maturity grouping of other investments:</b>	<b>407,324,063</b>	<b>228,539,314</b>
On demand-	353,394,063	226,039,314
In not more than one month	-	-
In more than one month but not more than three months	-	-
In more than three months but not more than one year	53,930,000	2,500,000
In more than one year but not more than five years	-	-
In more than five years	-	-
<b>Total:</b>	<b>407,324,063</b>	<b>228,539,314</b>
<b>6.05 Investment in stock exchanges for membership:</b>	<b>510,000,000</b>	<b>16,606,000</b>
Dhaka Stock Exchange Limited-Membership	350,000,000	11,606,000
Chittagong Stock Exchange Limited-Membership	160,000,000	5,000,000
<b>Total:</b>	<b>510,000,000</b>	<b>16,606,000</b>
<b>7.00 Lease &amp; loans advance:</b>	<b>8,061,342,532</b>	<b>5,854,220,434</b>
Lease portfolio ( Note-7.01)	1,712,211,315	1,762,649,794
Advance against leases (Note-7.02)	39,182,896	226,024,127
Term finance-( Note-7.03)	1,546,919,369	1,562,742,444
Mortgage loan ( Not-7.04)	631,459,069	157,173,945
Margin loan against share trading	3,503,515,672	1,548,377,647
Short term finance	244,235,565	272,613,627
Factoring Debtors	18,254,693	6,546,549
Credit card receivables	365,563,953	318,092,301
<b>Total:</b>	<b>8,061,342,532</b>	<b>5,854,220,434</b>
<b>7.01 Lease portfolio:</b>	<b>1,712,211,315</b>	<b>1,762,649,794</b>
Gross investment	2,301,749,642	2,357,167,073
Less: Unearned finance income	589,538,327	594,517,279
Net Investment in leases	<b>1,712,211,315</b>	<b>1,762,649,794</b>
<b>7.01.01 Aging of lease portfolio:</b>	<b>2,301,749,642</b>	<b>2,357,167,073</b>
Less than one year	761,270,422	778,983,492
More than one year below five year	1,540,479,220	1,578,183,581
<b>Total:</b>	<b>2,301,749,642</b>	<b>2,357,167,073</b>
<b>7.01.02 Unearned finance income:</b>	<b>589,538,327</b>	<b>594,517,279</b>
Less than one year	238,170,122	257,053,479
More than one year below five year	351,368,205	337,463,800
<b>Total:</b>	<b>589,538,327</b>	<b>594,517,279</b>

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.

Notes	Amount in Taka	
	2009	2008
<b>7.01.03 Aging of net investment in leases:</b>	<b>1,712,211,315</b>	<b>1,762,649,794</b>
Receivable within one year	537,071,901	521,930,013
Receivable later than one year not later than five years	1,175,139,414	1,240,719,781
<b>Total:</b>	<b>1,712,211,315</b>	<b>1,762,649,794</b>
<b>7.02 Advance against leases:</b>	<b>39,182,896</b>	<b>226,024,127</b>
Advance against leases	-	-
Less: Current maturity	39,182,896	226,024,127
<b>Total:</b>	<b>39,182,896</b>	<b>226,024,127</b>
<b>7.02.01 Aging of Advance against leases:</b>	<b>39,182,896</b>	<b>226,024,127</b>
Adjustable within one year	39,182,896	226,024,127
Adjustable later than one year not later than five years	-	-
<b>Total:</b>	<b>39,182,896</b>	<b>226,024,127</b>
Advance against leases represents payment for procurement of leased assets against unexecuted leasing agreements which are capitalized on execution of the leases.		
<b>7.03 Term finance- net of current maturity:</b>	<b>1,578,919,369</b>	<b>1,606,742,444</b>
Balance at 1st January	1,606,742,444	929,679,845
Disbursed during the year	655,154,401	1,120,188,018
Recovery during the year	2,261,896,845 (682,977,476)	2,049,867,863 (443,125,419)
<b>Total:</b>	<b>1,578,919,369</b>	<b>1,606,742,444</b>
<b>7.04 Mortgage loan:</b>	<b>631,459,061</b>	<b>157,173,945</b>
Bangladesh Bank Refinance	504,162,765	88,673,945
Developers	79,166,557	53,000,000
Own finance	48,129,739	15,500,000
<b>Total:</b>	<b>631,459,061</b>	<b>157,173,945</b>
<b>8.00 Fixed assets:</b>	<b>92,463,887</b>	<b>85,296,384</b>
<b>A. Cost</b>		
<b>i) Freehold assets</b>		
Opening Balance	130,496,559	82,041,057
Add : Addition during the year	30,720,512	48,747,502
	161,217,071	130,788,559
Less: Sales/Adjustment during the year	7,584,360	292,000
	153,632,711	130,496,559

Notes	Amount in Taka	
	2009	2008
<b>ii) Assets under finance lease</b>		
Opening Balance	33,236,100	33,130,500
Add: Addition during the year	5,354,887	5,444,100
Less: Disposal during the year	-	5,338,500
	38,590,987	33,236,100
<b>iii) Intangible assets</b>		
Opening Balance	26,344,521	26,297,521
Add: Acquisition during the year	2,278,867	450,000
	28,623,388	26,747,521
<b>Total cost (A)</b>	<b>220,847,086</b>	<b>190,480,180</b>
<b>B. Accumulated Depreciation</b>		
<b>i) Freehold assets</b>		
Opening Balance	62,249,401	45,190,113
Add : Charged during the year	24,785,035	17,182,088
	87,034,436	62,372,201
Less: Adjustment during the year	6,843,008	122,800
	80,191,428	62,249,401
<b>ii) Leasehold Assets</b>		
Opening Balance	24,300,731	25,374,866
Add : Charged during the year	2,948,639	3,066,562
	27,249,370	28,441,428
Less: Adjustment during the year	-	4,140,697
	27,249,370	24,300,731
<b>iii) Intangible assets:</b>		
Opening Balance	18,230,664	12,961,760
Add : Charged during the year	2,711,737	5,671,904
	20,942,401	18,633,664
<b>Total (B)</b>	<b>128,383,199</b>	<b>105,183,796</b>
<b>C. Written Down Value (A-B)</b>	<b>92,463,887</b>	<b>85,296,384</b>
<b>9.00 Other assets:</b>	<b>2,434,970,582</b>	<b>1,101,349,987</b>
Trade receivables (Note-9.01)	1,721,535,787	704,189,081
Advances (Note 09.02)	111,845,933	42,392,425
Prepayments & other receivables ( Note-09.03)	601,588,862	354,768,481
<b>Total:</b>	<b>2,434,970,582</b>	<b>1,101,349,987</b>
<b>09.01 Trade receivables:</b>	<b>1,721,535,787</b>	<b>704,189,081</b>
Lease installment receivables	238,042,440	177,194,554
Term finance receivables	165,730,674	119,112,871
Short term lending receivables	-	2,116,325
Receivables- Mortgage Loan	3,285,949	304,953
Credit card receivables-VISA	839,289	-
Receivables from trade clients	1,313,637,435	405,460,378
<b>Total:</b>	<b>1,721,535,787</b>	<b>704,189,081</b>



Notes	Amount in Taka	
	2009	2008
<b>9.02 Advances:</b>	<b>111,845,933</b>	<b>42,392,425</b>
Staff loan-others	6,944,115	4,199,052
Advance office rent	20,777,686	5,359,532
Security deposit/Lease deposit (Note-9.02.1)	41,800,579	1,570,989
Withholding tax	17,986,114	12,890,538
Advance for new branch	-	5,705,698
Advance income tax	16,414,140	8,246,626
Advance against miscellaneous expenses	7,923,299	4,419,990
<b>Total:</b>	<b>111,845,933</b>	<b>42,392,425</b>
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 the Income Tax Ordinance 1984.		
<b>09.02.1 Security Deposit:</b>	<b>41,800,579</b>	<b>1,570,989</b>
Telephone line deposit	963,729	734,139
Security deposit to ONE Bank Limited	40,000,000	-
Lease deposit (Note 09.02.01.01)	378,500	378,500
Deposit for mobile phones	54,500	54,500
Other deposits	403,850	403,850
<b>Total:</b>	<b>41,800,579</b>	<b>1,570,989</b>
<b>09.02.1.1 Lease deposit:</b>	<b>378,500</b>	<b>378,500</b>
This represents lease installment paid in advances per lease agreement with United Leasing Company Limited:		
<b>9.03 Prepayments &amp; other receivables:</b>	<b>601,588,862</b>	<b>354,768,481</b>
Prepayments	12,809,008	17,698,170
Interest receivables-Fixed deposit account	20,739,630	17,571,876
Interest receivables-Short term deposit account	-	42,383,265
Interest receivables-Term finance	31,769,050	-
Interest receivables-Short term lending	34,717,624	18,332,000
PD-Coupon Receivable -Treasury Bonds	1,419,797	-
PD-Coupon Receivable -Treasury Bills	509,835	-
PD- Underwriting Commission Receivable- Treasury bond	214,875	-
PD- Underwriting Commission Receivable- Treasury bill	114,000	-
Interest receivables-Call loan lending	-	17,778
Interest receivables-Factoring	271,149	1,359,411
Interest receivables-Mortgage loan	3,131,606	51,727
Receivables/(Payables)-Other MasterCard Operator (9.03.01)	15,266,415	(41,875,527)
Receivables/(Payables)-IP A/C	207,343,016	(58,494,511)
Receivables-IDCP & Delinquent	49,278,775	53,906,025
Receivable from DSE & CSE	144,852,863	254,119,600
Receivables against share trading	77,336,672	37,507,700
Current account with Dhaka Bank Ltd.	-	2,382,745
Other receivables	1,814,546	9,808,222
<b>Total:</b>	<b>601,588,862</b>	<b>354,768,481</b>

Notes	Amount in Taka	
	2009	2008
<b>09.03.01 Master card operator:</b>	<b>15,266,415</b>	<b>(41,875,527)</b>
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	(11,338,635)	(14,786,646)
Prime Bank Limited	9,766,076	8,480,344
National Bank Limited	(1,873,726)	(2,488,814)
Master Card International	189,481,665	139,304,664
One Bank Limited	6,779,602	1,372,876
Dutch Bangla Bank limited	(186,661,978)	(187,874,152)
Commercial Bank of Cylon	(159,236)	(159,236)
Bank Asia Limited	9,272,648	14,275,437
<b>Total:</b>	<b>15,266,415</b>	<b>(41,875,527)</b>
<b>10.00 Borrowings from Bangladesh bank, other banks &amp; financial institutions:</b>	<b>5,083,846,457</b>	<b>3,211,852,445</b>
Short term borrowings (Note - 10.01)	825,000,000	405,000,000
Bank Overdraft (Note - 10.02)	344,348,711	321,876,939
Call loans- (Note - 10.03)	510,000,000	220,000,000
Long term Loan-( Note-10.04)	2,709,497,746	2,264,975,506
REPO against Govt. treasury bills & bonds (Note - 10.05)	695,000,000	-
<b>Total:</b>	<b>5,083,846,457</b>	<b>3,211,852,445</b>
<b>10.01 Short term borrowings:</b>	<b>825,000,000</b>	<b>405,000,000</b>
One Bank Limited	235,000,000	235,000,000
Mercantile Bank Limited	50,000,000	100,000,000
UAE-Bangladesh Investment Company Ltd.	20,000,000	20,000,000
The City Bank Limited	200,000,000	50,000,000
United Leasing Company Limited	100,000,000	-
Eastern Bank Limited	120,000,000	-
Mutual Trust Bank Limited	50,000,000	-
International Leasing & Financial Services Limited	50,000,000	-
<b>Total:</b>	<b>825,000,000</b>	<b>405,000,000</b>
<b>10.02 Bank Overdraft:</b>	<b>344,348,711</b>	<b>321,876,939</b>
Mercantile Bank Limited	13,771,545	(13,358,828)
BRAC Bank Limited	24,599,625	6,332,472
Prime Bank Limited	108,398,216	150,740,767
Southeast Bank Limited	(196,811)	(199,459)
Shahjalal Islami Bank Limited	15,830,195	6,697,214
The Premier Bank Limited	32,458,963	11,977,876
Commercial Bank of Ceylon Limited	149,486,978	159,686,898
<b>Total:</b>	<b>344,348,711</b>	<b>321,876,939</b>

Notes	Amount in Taka	
	2009	2008
<b>10.03 Call loan:</b>	<b>510,000,000</b>	<b>220,000,000</b>
Dhaka Bank Limited	50,000,000	90,000,000
Bangladesh Commerce Bank Limited	80,000,000	50,000,000
Dutch Bangla Bank Limited	50,000,000	40,000,000
National Bank Limited	-	40,000,000
The Premier Bank Limited	50,000,000	-
The Trust Bank Limited	100,000,000	-
BRAC Bank Limited	30,000,000	-
International Finance & Commerce Bank Limited	100,000,000	-
Jamuna Bank Limited	50,000,000	-
<b>Total:</b>	<b>510,000,000</b>	<b>220,000,000</b>
<b>10.04 Long term Loan- net of current maturity:</b>	<b>2,709,497,746</b>	<b>2,264,975,506</b>
Balance as at January 01	2,308,975,506	1,751,119,160
Add: Drawdown during the period	1,441,397,983	1,218,010,000
	3,750,373,489	2,969,129,160
Less: Repayment during the period	1,040,875,743	704,153,654
<b>Total:</b>	<b>2,709,497,746</b>	<b>2,264,975,506</b>
<b>Detail of the above balance is presented below:</b>		
Bangladesh Bank (under re-finance) - Women Enterprise	225,000	450,000
Bangladesh Bank (under re-finance) - Mortgage Loan	445,451,511	75,800,000
BRAC Bank Limited	63,775,812	99,238,761
Prime Bank Limited	111,908,411	112,158,981
Social Islami Bank Limited	113,611,299	138,679,788
Shahjalal Islami Bank Limited	118,013,679	218,885,179
The Trust Bank Limited	47,167,644	78,403,712
United Commercial Bank Limited	41,385,295	63,781,708
United Leasing Company Limited	8,370,930	14,167,938
Arab Bangladesh Bank	63,265,698	97,599,168
Bank Al-falah Limited	16,193,333	37,718,320
Bank Asia Limited	51,155,403	19,182,999
Commercial Bank of Ceylon Limited	80,555,556	53,485,161
Exim Bank Limited	256,288,791	229,086,101
International Leasing & Financial Services Limited	99,473,272	65,365,902
Janata Bank Limited	-	13,333,113
MIDAS Financing	183,333,336	-
National Bank Limited	231,130,536	218,545,465
The Premier Bank Limited	73,745,072	99,386,334
The City Bank Limited	16,159,091	28,536,957
Standard Bank Limited	206,060,615	135,446,339
Jamuna Bank Limited	69,527,919	86,544,572
Uttara Bank Limited	150,016,174	222,221,206
National Credit & Commerce Bank Limited	10,420,348	27,660,519
Mutual Trust Bank Limited	252,263,021	129,297,283
<b>Total:</b>	<b>2,709,497,746</b>	<b>2,264,975,506</b>

**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 in Taka	
	2009	2008
<b>10.04.01 Remaining maturity grouping of long term loan:</b>	<b>2,709,497,746</b>	<b>2,264,975,506</b>
On demand	-	-
In not more than one month	76,695,482	65,499,998
In more than one month but not more than three months	-	125,030,291
In more than three months but not more than one year	143,801,781	568,781,814
In more than one year but not more than five years	2,489,000,483	1,505,663,403
In more than five years	-	-
<b>Total:</b>	<b>2,709,497,746</b>	<b>2,264,975,506</b>
<b>10.05 REPO against Govt. treasury bills &amp; bonds</b>	<b>695,000,000</b>	<b>-</b>
REPO against Govt. treasury bills	270,000,000	-
REPO against Govt. bonds	425,000,000	-
<b>Total:</b>	<b>695,000,000</b>	<b>-</b>
<b>11.00 Term deposits:</b>	<b>4,432,896,518</b>	<b>2,627,295,207</b>
From banks (Note- 11.01)	1,210,000,000	1,515,000,000
From other than banks (Note-11.02)	3,222,896,518	1,112,295,207
<b>Total:</b>	<b>4,432,896,518</b>	<b>2,627,295,207</b>
<b>11.01 Remaining maturity grouping of term deposits:</b>	<b>1,210,000,000</b>	<b>1,515,000,000</b>
<b>From banks</b>		
<i>Payable-</i>		
On demand	-	-
In not more than one month	-	70,000,000
In more than one month but not more than three months	370,000,000	210,000,000
In more than three months but not more than one year	840,000,000	440,000,000
In more than one year but not more than five years	-	795,000,000
In more than five years	-	-
<b>Total:</b>	<b>1,210,000,000</b>	<b>1,515,000,000</b>

Notes	Amount in Taka	
	2009	2008
<b>11.02 Remaining maturity grouping of term deposits:</b>	<b>3,222,896,518</b>	<b>1,112,295,207</b>
<b>From other than banks</b>		
Payable-		
On demand	-	-
In not more than one month	96,737,163	93,436,889
In more than one month but not more than three months	85,681,790	49,065,102
In more than three months but not more than one year	1,937,650,406	708,406,456
In more than one year but not more than five years	315,095,436	261,386,760
In more than five years	787,731,723	-
<b>Total:</b>	<b>3,222,896,518</b>	<b>1,112,295,207</b>
<b>12.00 Other liabilities:</b>	<b>1,824,835,684</b>	<b>1,374,974,479</b>
Interest payable (Note- 12.01)	295,151,613	275,195,196
Accrued expenses (Note- 12.02)	95,909,330	41,869,723
Welfare fund payable	19,879	19,879
IPA/ Managed equity fund	260,409	260,409
Payable to Sampath Bank Limited, Sri Lanka (Note- 12.03)	9,266,831	9,266,831
Advance receipt against leases	21,473,377	24,547,925
Payable against merchants claims	97,761	2,296,513
Payable against receipt from other card holders	902,912	422,765
Withholding tax payable	653,554	163,032
Payable against MCBS Charges	36,009,274	25,354,164
AIT on credit card payable	-	424,242
IPO subscription payable	68,646	68,646
Claims on health insurance	324,934	57,293
VAT on credit card payable	534,343	676,621
VISA settlement account	974,951	-
Provision for taxation ( Note-12.04)	246,146,977	155,040,658
Deferred liability-employee gratuity (Note-12.05)	21,240,958	14,737,258
Deferred tax liability/ (asset) ( Note-12.06)	(3,715,741)	(2,560,176)
Interest suspense ( Note-12.07)	141,430,245	69,406,000
Provision for doubtful accounts and future losses ( Note-12.08)	348,370,745	191,752,272
Payable to share trading clients	453,152,394	430,458,966
Payable to DSE & CSE	42,721,875	23,729,555
Lease finance under capital obligation	7,106,644	4,267,090
Lease rental advance	101,011,116	95,015,561
Liabilities for other finance	701,780	8,604,865
Unpaid dividend	5,020,876	3,899,191
<b>Total:</b>	<b>1,824,835,684</b>	<b>1,374,974,479</b>
<b>12.01 Interest payable:</b>	<b>295,151,613</b>	<b>275,195,196</b>
Interest payable on term deposit	211,337,054	183,392,880
Interest payable on long term borrowings	56,635,124	65,764,573
Interest payable on short term borrowings	23,711,895	22,603,258
Interest payable on call loan borrowings	3,467,540	3,434,485
<b>Total:</b>	<b>295,151,613</b>	<b>275,195,196</b>

Notes	Amount in Taka	
	2009	2008
<b>12.02 Accrued expenses:</b>	<b>95,909,330</b>	<b>41,869,723</b>
Utility bills payable	2,367,119	1,163,375
Audit fees payable	315,000	175,000
Postage and courier bills payable	62,500	62,500
CDBL charges & Others	6,956,218	2,114,554
Vehicle running expenses	27,500	27,500
Liabilities for office decoration work	1,025,400	1,025,400
Profit Incentive Bonus Payable	85,155,593	37,301,394
<b>Total:</b>	<b>95,909,330</b>	<b>41,869,723</b>
<b>12.03 Payable to Sampath Bank Limited, Sri Lanka:</b>	<b>9,266,831</b>	<b>9,266,831</b>
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 above amount is as under:		
Balance as at 1st January	9,266,831	9,266,831
Provision during the year	-	-
Payment during the year	9,266,831	9,266,831
<b>Total:</b>	<b>9,266,831</b>	<b>9,266,831</b>
<b>12.04 Provision for taxation:</b>	<b>246,146,977</b>	<b>155,040,658</b>
Balance as at 1st January	155,040,658	153,354,597
Provision during the year	148,152,625	25,619,880
Adjusted during the year	303,193,283	178,974,477
	57,046,306	23,933,819
<b>Total:</b>	<b>246,146,977</b>	<b>155,040,658</b>
<b>12.05 Deferred liability-employee gratuity:</b>	<b>21,240,958</b>	<b>14,737,258</b>
Balance as at 01 January	14,737,258	10,246,540
Provision during the year	6,891,840	5,741,043
Payment during the year	21,629,098	15,987,583
	388,140.00	1,250,325
<b>Total:</b>	<b>21,240,958</b>	<b>14,737,258</b>
<b>12.06 Deferred tax liability/(asset):</b>	<b>(3,715,741)</b>	<b>(2,560,176)</b>
Balance as at 01 January	(2,560,176)	(1,513,626)
Provided during the year	(1,155,565)	(1,046,550)
Transferred from current tax liability	-	-
<b>Total:</b>	<b>(3,715,741)</b>	<b>(2,560,176)</b>
In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.		
<b>12.07 Interest Suspense:</b>	<b>141,430,245</b>	<b>69,406,000</b>
Lease Finance	74,745,000	36,971,000
Term Finance	62,604,816	29,930,000
Credit Card	4,080,429	2,505,000
<b>Total:</b>	<b>141,430,245</b>	<b>69,406,000</b>

	Notes	Amount in Taka	
		2009	2008
Movement of total interest suspense is as below:			
Balance as at 01 January		69,406,000	25,694,531
Charged during the year		72,024,245	43,711,469
		141,430,245	69,406,000
Less: Written off during the year		-	-
<b>Total:</b>		<b>141,430,245</b>	<b>69,406,000</b>
<b>12.08 Provision for doubtful accounts and future losses</b>		<b>348,370,745</b>	<b>191,752,272</b>
Lease financing		148,213,325	77,940,745
Term finance		121,128,183	51,232,660
Short term lending		39,180,592	14,072,340
Credit card		21,018,391	17,575,527
Mortgage loan		12,533,254	3,195,000
Provision against reduction of share portfolio price		6,297,000	27,736,000
<b>Total:</b>		<b>348,370,745</b>	<b>191,752,272</b>
<b>13.00 Share capital :</b>		<b>442,750,000</b>	<b>385,000,000</b>
<b>Authorised</b>			
100,000,000 ordinary shares of Tk.10/- each		1,000,000,000	1,000,000,000
<b>Issued, subscribed and paid up</b>			
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	35,000,000
Bonus Share for the year-2008 (15%)		57,750,000	-
<b>Total:</b>		<b>442,750,000</b>	<b>385,000,000</b>
Details of shares holding position are as under:			
<b>Sponsor shareholders:</b>			
a. <u>Foreign Sponsors</u>	<u>Percentage</u>		
Sampath Bank Limited, Sri Lanka	13.55%	60,000,000	88,000,000
First Gulf Asia Holdings Limited, KSA (Former Chinkara Capital Pte. Ltd.)	11.43%	50,600,000	44,000,000
	24.98%	110,600,000	132,000,000
b. <u>Local Sponsors</u>			
ONE Bank Limited-OBL, Bangladesh	9.03%	40,000,000	40,000,000
SSC Holdings Limited, Bangladesh	1.29%	5,700,000	11,000,000
Shanta Apparel Limited	2.03%	9,000,000	10,000,000
Individuals	21.52%	95,300,000	80,000,000
	<b>33.87%</b>	<b>150,000,000</b>	<b>141,000,000</b>
<b>General Shareholders</b>	<b>41.14%</b>	<b>182,150,000</b>	<b>112,000,000</b>
	<b>100%</b>	<b>442,750,000</b>	<b>385,000,000</b>

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

Shares groups	Number of share	No. of shareholder	% of holding
Less than 500	405,127	1,677	0.92
501 to 5000	2,056,018	1,269	4.64
5,001 to 10000	1,090,150	144	2.46
10,001 to 20000	1,070,141	72	2.42
20,001 to 30000	683,232	28	1.54
30,001 to 40000	545,187	15	1.23
40,001 to 50000	548,275	12	1.24
50,001 to 100000	2,110,359	28	4.77
100,001 to 1000000	8,807,289	23	19.89
Above 1000000	26,959,222	8	60.89
<b>Total:</b>	<b>44,275,000</b>	<b>3,276</b>	<b>100.00</b>

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

Share traded Tk. 313.80 and Tk. 314.10 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2009.

	Notes	Amount in Taka	
		2009	2008
<b>14.00 Retained earnings:</b>		<b>865,333,367</b>	<b>349,929,877</b>
Retained earnings as at 01 January		1,093,999,883	500,348,656
Add: Profit/(loss) for the period		349,929,877	122,713,114
		744,070,006	377,635,542
Less: Adjustment during the year:		228,666,517	150,418,779
Transfer to statutory reserve during the year		70,194,302	33,255,775
Transfer to LankaBangla Foundation		3,509,715	1,663,004
Proposed Dividend:			
Cash dividend (15%)		66,412,500	57,750,000
Stock dividend (20%)		88,550,000	57,750,000
<b>Total:</b>		<b>865,333,367</b>	<b>349,929,877</b>
<b>15.00 Statutory reserve:</b>		<b>140,577,368</b>	<b>70,383,066</b>
Opening balance		70,383,066	37,127,291
Add: Profit transferred to statutory reserve during the year @20%		70,194,301	33,255,775
<b>Total:</b>		<b>140,577,368</b>	<b>70,383,066</b>
<b>16.00 Interest income:</b>		<b>1,267,352,047</b>	<b>945,328,196</b>
Interest income from leases		264,267,029	250,775,153
Interest during construction period		20,920,332	30,723,272
Interest income from term finance		229,216,400	214,292,320
Interest income from short term lending		52,690,172	66,080,763
Income from credit card		107,094,659	82,887,052
Interest income on margin trading		421,626,541	241,341,616
Interest income from factoring		1,206,777	2,625,500
Interest income from PD operation		1,929,632	-
Interest Income from mortgage Loan		48,228,056	4,215,349
Interest income on debit balance of client		120,172,449	52,387,171
<b>Total:</b>		<b>1,267,352,047</b>	<b>945,328,196</b>

Notes	Amount in Taka	
	2009	2008
<b>17.00 Interest paid on deposits &amp; borrowings:</b>	<b>854,250,654</b>	<b>707,161,262</b>
Interest on term loans	342,096,900	320,971,357
Interest on call loan and short notice	144,520,135	145,117,141
Interest on Bangladesh Bank REPO	1,139,835	-
Interest on term deposits	448,855,658	306,876,046
	<b>936,612,528</b>	<b>772,964,544</b>
<b>Less:</b>	<b>82,361,874</b>	<b>65,803,282</b>
Interest income on fixed deposit	43,543,363	42,411,679
Interest income on short term deposit	20,638,596	15,360,504
Interest income on call loan lending	-	47,986
Interest income on current account with subsidiaries	18,179,915	7,983,113
<b>Total:</b>	<b>854,250,654</b>	<b>707,161,262</b>
<b>18.00 Income from Investment:</b>	<b>137,964,405</b>	<b>77,727,213</b>
Income from investment in share	133,854,905	76,439,576
Dividend income	4,109,500	1,287,637
<b>Total:</b>	<b>137,964,405</b>	<b>77,727,213</b>
<b>19.00 Other operational income;</b>	<b>939,390,520</b>	<b>519,285,094</b>
Revenue from brokerage	842,737,817	376,282,036
Merchant commission of credit card	3,775,540	3,771,356
Membership fees of credit card	9,531,100	7,715,700
Corporate finance fees	8,361,875	350,000
Portfolio & Issue Management Fee	77,294,408	128,981,990
Underwriting commission	413,854	123,847
Underwriting commission from Treasury Bonds/Bills	328,875	-
Other income from fees & documentations	34,620,809	22,118,367
Interest on employees loan & others	302,606	57,800
Income from CDBL	(37,976,364)	(20,116,002)
<b>Total:</b>	<b>939,390,520</b>	<b>519,285,094</b>
<b>20.00 Salary and allowances:</b>	<b>191,189,207</b>	<b>107,631,157</b>
Salary & allowances	100,513,464	62,878,231
Provident fund contribution	3,983,099	2,644,664
Gratuity fund	7,003,695	5,591,043
Profit incentive bonus	79,688,949	36,517,219
<b>Total:</b>	<b>191,189,207</b>	<b>107,631,157</b>

Notes	Amount in Taka	
	2009	2008
<b>21.00 Rent, taxes, insurance, electricity etc.:</b>	<b>23,835,487</b>	<b>15,400,827</b>
Office rent	16,918,112	11,095,304
Insurance premium	3,413,889	1,665,820
Electricity	3,503,486	2,639,703
<b>Total:</b>	<b>23,835,487</b>	<b>15,400,827</b>
<b>22.00 Legal &amp; professional fees:</b>	<b>3,757,068</b>	<b>1,980,908</b>
Professional & legal expenses	3,757,068	1,980,908
<b>Total:</b>	<b>3,757,068</b>	<b>1,980,908</b>
<b>23.00 Postage, stamp, telecommunication etc.:</b>	<b>4,366,298</b>	<b>4,236,358</b>
Postage & courier	1,073,700	903,688
Stamp charges	366,571	267,180
Telephone bill	2,926,027	3,065,490
<b>Total:</b>	<b>4,366,298</b>	<b>4,236,358</b>
<b>24.00 Stationery, printing, advertisement:</b>	<b>12,611,198</b>	<b>10,163,838</b>
Printing & stationery	10,374,938	7,705,876
Advertisement	2,236,260	2,457,962
<b>Total:</b>	<b>12,611,198</b>	<b>10,163,838</b>
<b>25.00 Managing director's salary &amp; allowance:</b>	<b>5,460,000</b>	<b>3,090,000</b>
Salary & allowances	4,800,000	2,760,000
Provident fund contribution	360,000	180,000
Gratuity fund	300,000	150,000
<b>Total:</b>	<b>5,460,000</b>	<b>3,090,000</b>
<b>26.00 Director fees and expenses:</b>	<b>448,000</b>	<b>212,000</b>
Director fees and expenses	448,000	212,000
<b>Total:</b>	<b>448,000</b>	<b>212,000</b>
<b>27.00 Audit fees:</b>	<b>175,000</b>	<b>155,000</b>
Audit fees	175,000	155,000
<b>Total:</b>	<b>175,000</b>	<b>155,000</b>
<b>28.00 Charges on loan losses:</b>	<b>6,045,540</b>	<b>21,473</b>
Credit Card receivable	4,230,176	21,473
Lease assets	1,815,364	-
<b>Total:</b>	<b>6,045,540</b>	<b>21,473</b>
<b>29.00 Repairs, maintenance and depreciation:</b>	<b>44,092,445</b>	<b>34,985,552</b>
Equipment maintenance	14,258,153	9,467,998
Depreciation	29,834,292	25,517,554
<b>Total:</b>	<b>44,092,445</b>	<b>34,985,552</b>

Notes	Amount in Taka	
	2009	2008
<b>30.00 Other expenses:</b>	<b>61,544,556</b>	<b>45,922,159</b>
Training	864,196	2,432,978
Staff welfare	2,135,017	1,329,177
Membership & renewal fees	1,692,931	1,152,884
Conveyance	1,479,433	1,715,805
Traveling	550,412	650,022
Internet & e-mail	2,563,897	1,491,093
News paper & periodicals	108,106	59,915
Computer accessories	1,107,080	1,276,458
Fuel expense	1,131,445	885,287
Vehicle maintenance/Registration	1,204,742	1,413,341
Water & sewerage bill	774,777	636,411
Office maintenance	5,690,602	2,314,062
Donation & Miscellaneous expenses	770,463	465,435
Entertainment	4,189,265	4,090,321
Business promotion	7,783,529	9,342,480
Bank charges	2,440,022	698,345
Marketing expenses	3,384,629	3,830,183
Recovery commission	340,363	356,091
CDBL fee	1,995,004	-
MCBS charges	10,443,981	10,158,870
Exchange loss/gain	-	132,330
Inter change fees-VISA	33	-
Preliminary expenses written off	-	187,500
Other expenses	10,894,629	1,303,171
<b>Total:</b>	<b>61,544,556</b>	<b>45,922,159</b>
<b>31.00 Provision for loans and advances :</b>	<b>156,618,473</b>	<b>98,332,397</b>
Specific provision	98,099,700	59,921,400
General provision	58,518,773	38,410,997
<b>Total:</b>	<b>156,618,473</b>	<b>98,332,397</b>
<b>Break-up of above amount consists of the following:</b>	<b>156,618,473</b>	<b>98,332,397</b>
Lease financing	70,272,580	29,043,001
Term finance	69,895,523	36,351,358
Short term lending	25,108,252	2,049,643
Credit card	3,442,864	2,326,527
Mortgage Loan	9,338,254	3,195,000
Provision against reduction of share portfolio price	(21,439,000)	25,366,868
<b>Total:</b>	<b>156,618,473</b>	<b>98,332,397</b>
<b>32.00 Provision for tax made during the year :</b>	<b>163,983,230</b>	<b>94,573,330</b>
Current tax expense	165,138,795	95,619,880
Deferred tax expense/ (income)	(1,155,565)	(1,046,550)
<b>Total:</b>	<b>163,983,230</b>	<b>94,573,330</b>
In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.		
<b>33.00 Earning per share (EPS):</b>	<b>16.81</b>	<b>8.53</b>
Earning attributable to ordinary shareholders	744,070,006	377,635,544
Number of ordinary shares outstanding	44,275,000	44,275,000
<b>Basic Earning per Share</b>	<b>16.81</b>	<b>8.53</b>

**34.00 Related party disclosure:**

The company in normal course of business has entered into transactions with other individuals/ entities that fall within definition of related party contained in Bangladesh Accounting Standards (BAS)-24 as noted below:

SL. No.	Name of Related Party	Relationship	%	Transactions	
				2009	Nature of Transactions
1	Sampath Bank Ltd.	Sponsor Shareholder	13.55	9,266,831	Management & Consultancy Fees

**35.00 Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS):**

Name of BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Segment Reporting	14	Applied
Property, Plant and Equipments	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants and disclosures of Govt. Assistances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Consolidated and Separate Financial Statements	27	N/A
Investments in Associates	28	N/A
Disclosures in Financial Statements of Banks and Similar Financial Institutions	30	Applied
Interest in Joint Ventures	31	N/A
Earning Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A
Share Base Payments	2	N/A
Business Combinations	3	N/A
Non-Current Assets Held for Sale and discontinued operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A

**36.00 Others:****a) 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 2009. 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.

**b) Employees' details:**

Nos. of employee received TK.3,000 per month  
Nos. of employee received more than Tk.3,000 per month

	Year-2009	Year-2008
Nos. of employee received TK.3,000 per month	0	0
Nos. of employee received more than Tk.3,000 per month	111	89
	<b>111</b>	<b>89</b>

**c) Event after balance sheet date:**

The Board of Director in its 63th Meeting held on 15 February 2010 has recommended 15% Cash Dividend and 20% Stock Dividend for the year ended 31 December 2009 for placement before shareholder at 13th Annual General Meeting of the company scheduled to be held on 30 March 2010.

**d) Capital Expenditure Commitment:**

There was no capital expenditure contracted but not incurred or provided for at December 31, 2009. There was no material capital expenditure authorized by the Board but not contracted for at December 31, 2009.

**e) 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.

**f) Foreign remittances:**

During the year 2009, the company remitted USD 207,887/-, GBP-9538 (BDT 15,454,346) against technical Service Fees & Dividend to the Foreign Shareholders.

**g) Contingent liabilities:**

There was no contingent liabilities of the Company.

**h) Numerical presentation:**

Figures shown in the accounts have been rounded off to the nearest Taka. Previous year figures have been re-arranged where necessary to conform to current year's presentation.

**General:**

- All shares have been fully called up and paid up.
- Bank Balances shown in the accounts are duly reconciled.



Chairman



Director



Managing Director



Company Secretary

## Statement showing Investment in share

as at 31 December 2009

Sl. No.	Name of the Companies	Number of Shares	Average Cost per unit	Total Cost (Taka)	Closing Rate on December 2009	Market price at the end of the year	Unrealised Gain	Provision for loss
1	AB Bank Limited	10,201	953.84	9,730,103	1,176.50	12,001,477	2,271,373	
2	The City Bank Limited	6,450	512.88	3,308,070	729.50	4,705,275	1,397,205	
3	Dhaka Bank Limited	42,703	347.26	14,829,128	483.50	20,646,901	5,817,772	
4	Eastern Bank Limited	278	162.13	45,073	644.25	179,102	134,029	
5	IFC Bank Limited	7,800	913.71	7,126,911	920.25	7,177,950	51,039	
6	Jamuna Bank Limited	14	295.57	4,138	523.50	7,329	3,191	
7	Mercantile Bank Limited	7,561	271.52	2,053,027	395.00	2,986,674	933,647	
8	National Bank Limited	10	553.41	5,534	646.25	6,463	928	
9	ONE Bank Limited	42,000	367.87	15,450,430	458.00	19,236,000	3,785,570	
10	Prime Bank Limited	7,183	368.86	2,649,499	653.00	4,680,499	2,041,000	
11	Shahjalal Islami Bank Ltd.	40,200	240.43	9,665,214	382.50	15,376,500	5,711,286	
12	The Trust Bank Limited	25,680	564.29	14,491,070	434.00	11,145,120	(3,345,950)	
13	The Premier Bank Ltd.	80,000	303.94	24,314,815	330.25	26,420,000	2,105,185	
14	Social Islami Bank Limited	12,250	226.63	2,776,276	308.00	3,773,000	996,724	
15	Midas Finance and Investment Ltd.	230,000	570.15	131,135,369	798.25	183,597,500	52,462,131	
16	Green Delta Insurance Company Ltd.	11,080	1,486.89	16,474,741	1,669.75	18,500,830	2,026,089	
17	Popular Life Insurance Company Limited	10,350	2,448.24	25,339,287	2,747.75	28,439,213	3,099,926	
18	Dhaka Electric Supply Company Ltd.	150	-	-	1,505.75	225,863	225,863	
19	Beximco Pharmaceuticals Ltd.	111,450	157.23	17,522,735	155.80	17,363,910	(158,825)	
20	Square Pharmaceuticals Ltd.	2,000	2,776.93	5,563,850	2,876.25	5,762,500	198,650	
21	Eastern Bank Ltd. 1st Mutual Fund	100,000	10.00	1,000,000	22.90	2,290,000	1,290,000	
22	ACI Formulations Limited	30,000	193.35	5,800,500	171.20	5,136,000	(664,500)	
23	Advance Chemicals Industries Limited	10,000	445.11	4,451,100	446.90	4,469,000	17,900	
24	Apex Adelft	10,000	2,220.22	22,202,247	2,583.25	25,832,500	3,630,253	
25	Amcl (Pran)	10,000	1,746.48	17,464,803	1,533.75	15,337,500	(2,127,303)	
	<b>Total:</b>	<b>807,360</b>		<b>353,394,063</b>		<b>435,297,279</b>	<b>88,199,761</b>	<b>(6,296,578)</b>

Annexure-1

## Audited Financial Statements of Subsidiary Company

### 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, 2009 and the related Income Statement, Cash Flow Statement, Changes in Equity Statement and Notes thereon for the year then ended. The Company's Management is responsible for preparing the financial statements. Our responsibility is to express an independent opinion on 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, 2009 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 Rules 1987, Dhaka Stock Exchange Rules 1954, Chittagong Stock Exchange Rules 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, Cash Flow Statement and Changes in Equity Statement dealt with by this report are in agreement with the books of account and returns from branches.

Dated, Dhaka;  
15 February 2010



**Ahmad & Akhtar**  
Chartered Accountants



## Balance Sheet

as at 31 December 2009

	Notes	Amount in Taka	
		2009	2008
<b>SOURCES OF FUNDS</b>			
Share Capital	3	400,003,200	153,000,000
Proposed Stock Dividend		100,000,800	91,800,000
Retained Earnings	4	619,242,782	236,294,336
Fair Value Measurement Reserve	5	493,394,000	-
<b>Shareholders Equity</b>		<b>1,612,640,782</b>	<b>481,094,336</b>
<b>Long Term Liabilities</b>			
Deferred Liability-Employee Gratuity	6	9,384,671	6,717,725
Lease Finance under Capital Obligation	7	7,106,644	4,267,090
Long Term Loan from Bank & Other Institutions	8	383,308,812	110,854,663
		<b>399,800,127</b>	<b>121,839,478</b>
<b>Total Capital Employed</b>		<b>2,012,440,909</b>	<b>602,933,814</b>
<b>APPLICATION OF FUNDS</b>			
<b>Non-Current Assets (A)</b>			
Fixed Assets less Accumulated Depreciation	9	48,317,779	39,521,318
Investment in Stock Exchange for Membership	10	510,000,000	16,606,000
Investment in Shares		112,622,798	9,386
Lease Assets-Motor Vehicles	11	11,341,617	8,935,369
Intangible Asset	12	752,745	-
		<b>683,034,939</b>	<b>65,072,073</b>
<b>Current Assets (B)</b>			
Advances, Deposits and Prepayments	13	64,195,819	14,708,415
Receivable from Clients	14	1,313,637,435	405,460,378
Receivable from DSE & CSE	15	144,852,863	254,119,600
Cash and Cash Equivalents	16	490,343,915	402,553,947
		<b>2,013,030,032</b>	<b>1,076,842,340</b>
<b>Current Liabilities (C)</b>			
Payable to Clients	17	453,152,394	430,458,966
Payable to DSE & CSE	18	42,721,875	23,729,555
Accrued Expenses	19	59,542,735	26,511,828
Liabilities for Other Finance	20	701,780	8,604,865
Short Term Loans	21	120,000,000	45,243,801
Provision for Tax	22	7,505,278	4,431,584
		<b>683,624,062</b>	<b>538,980,599</b>
<b>Net Current Assets (D)=(B-C)</b>		<b>1,329,405,970</b>	<b>537,861,741</b>
<b>Total Assets (E)=(A+D)</b>		<b>2,012,440,909</b>	<b>602,933,814</b>

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.

Dated, Dhaka;  
15 February 2010



Ahmad & Akhtar  
Chartered Accountants

## Income Statement

for the year ended 31 December 2009

	Notes	Amount in Taka	
		2009	2008
<b>Operating Income:</b>			
Revenue from Brokerage	23	842,737,817	376,282,036
Capital gain from Investment in Share	24	9,922,093	5,370,846
Interest Income	25	19,323,043	14,374,548
Other Operating Profit	26	5,853,450	1,269,981
<b>Total Operating Income</b>		<b>877,836,403</b>	<b>397,297,411</b>
<b>Less: Operating &amp; Other Expenses</b>			
Operating Expenses	27	107,316,949	80,071,579
Direct Charges	28	72,247,008	39,390,731
<b>Total Operating &amp; Other Expenses</b>		<b>179,563,957</b>	<b>119,462,310</b>
<b>Profit before Tax</b>		<b>698,272,446</b>	<b>277,835,101</b>

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.

Dated, Dhaka;  
15 February 2010



Ahmad & Akhtar  
Chartered Accountants

# Retained Earnings Statement

for the year ended 31 December 2009

## Profit Before Tax:

Less: Current Tax

## Appropriations:

Transfer from reserves

Interim Dividend

Proposed Stock Dividend

## Retained Earnings Carried forward

Notes	Amount in Taka	
	2009	2008
	698,272,446	277,835,101
22	(60,120,000)	(25,010,806)
	<b>638,152,446</b>	<b>252,824,295</b>
	236,294,336	75,270,041
	(155,203,200)	-
	(100,000,800)	(91,800,000)
	<b>(18,909,664)</b>	<b>(16,529,959)</b>
	<b>619,242,782</b>	<b>236,294,336</b>

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



Chairman



Director & CEO



Company Secretary



Ahmad & Akhtar  
Chartered Accountants

This is the balance sheet referred to in our report of even date.

Dated, Dhaka;  
15 February 2010

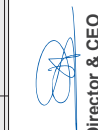
## Changes in Equity Statement

for the year ended 31 December 2009

Particulars	Share Capital	Proposed Stock Dividend	Fair Value Measurement Reserve	Retained Earnings	Total
Balance at January 01, 2009	153,000,000	91,800,000	-	236,294,336	481,094,336
Changes during the year 2009					
Net Profit for the year 2009	-	-	-	638,152,446	638,152,446
Issuance of Bonus Share for the year 2008	91,800,000	(91,800,000)	-	-	-
Interim Dividend	155,203,200	-	-	(155,203,200)	-
Proposed Stock Dividend	-	100,000,800	-	(100,000,800)	-
Membership	-	-	493,394,000	-	493,394,000
Net Changes in year 2009	<b>247,003,200</b>	<b>8,200,800</b>	<b>493,394,000</b>	<b>382,948,446</b>	<b>1,131,546,446</b>
Balance at December 31, 2009	<b>400,003,200</b>	<b>100,000,800</b>	<b>493,394,000</b>	<b>619,242,782</b>	<b>1,612,640,782</b>
Balance at January 01, 2008	110,500,000	42,500,000	-	75,270,041	228,270,041
Changes during the year 2008					
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)	-
Net Changes in year 2008	<b>42,500,000</b>	<b>49,300,000</b>	<b>-</b>	<b>161,024,295</b>	<b>252,824,295</b>
Balance at December 31, 2008	<b>153,000,000</b>	<b>91,800,000</b>	<b>-</b>	<b>236,294,336</b>	<b>481,094,336</b>




Chairman



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This is the balance sheet referred to in our report of even date.

Dated, Dhaka;  
15 February 2010

## Cash Flow Statement

for the year ended 31 December 2009

### Cash Flow from Operating Activities

Receipts from operational revenue	842,737,817	376,282,036
Direct payment - Hawla, Laga charges	(72,247,008)	(39,390,731)
Interest payment	(64,775,440)	(20,502,575)
(Increase)/Decrease in operating assets	59,779,333	28,159,622
(Increase)/Decrease in operating liabilities	18,992,320	(73,980,195)
Interest Income	19,323,043	14,374,548
Capital gain from investment in share	9,922,093	5,370,846
Gratuity Payment	(388,140)	(681,225)
Non-operating Income	144,220,455	53,791,788
Operating Expenses	(80,142,119)	(60,862,682)
Other Expenses	(58,033,949)	(24,249,749)
Income Tax paid	(57,046,306)	(23,933,819)
<b>Net Cash inflow/(outflow) from Operating Activities</b>	<b>762,342,100</b>	<b>234,377,863</b>

### Investing Activities

Sale of fixed assets	337,170	-
Investment in Shares	(112,613,412)	(9,386)
Leased Assets	(2,515,333)	(974,149)
Acquisition of software	(1,129,117)	-
Acquisition of fixed assets	(20,358,159)	(31,118,442)
<b>Net Cash inflow/(outflow) from Investing Activities</b>	<b>(136,278,851)</b>	<b>(32,101,977)</b>

### Financing Activities

Long Term Loan from Bank & Other Institutions	422,365,166	74,000,000
Repayment of Loan	(149,911,017)	(24,144,883)
(Increase)/Decrease debit balance to clients	(908,177,057)	(152,854,217)
(Increase)/Decrease credit balance to clients	22,693,428	14,807,067
Short term loan	74,756,199	24,389,413
<b>Net Cash inflow/(outflow) from Financing Activities</b>	<b>(538,273,281)</b>	<b>(63,802,620)</b>
Net Cash inflow/(outflow) for the year	87,789,968	138,473,266
Cash & Cash Equivalent as on 01 January	402,553,947	264,080,681
<b>Cash &amp; Cash Equivalent as at 31 December</b>	<b>490,343,915</b>	<b>402,553,947</b>

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



Chairman



Director & CEO



Company Secretary



Ahmad & Akhtar  
Chartered Accountants

This is the balance sheet referred to in our report of even date.

Dated, Dhaka;  
15 February 2010

## Notes to the Financial Statements

for the year ended 31 December 2009

### 1.00 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 LankaBangla Finance Limited, a Non Banking Financial Institution incorporated in Bangladesh under Bangladesh Bank.

The main objects of the company are to act as a member of Dhaka Stock Exchanges Ltd. and Chittagong Stock Exchanges Ltd. 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. The company has six branches in Bangladesh namely Chittagong-Khatungonj, Nasirabad, Agrabad, Sylhet, Banani and Islampur Branch.

### 2.00 Specific Accounting Policies

#### 2.01 Basis of Preparing and Presentation of Financial Statements

The financial statement prepared on the historical cost basis, except Investment for Membership are re-measured at fair value: Investment for Membership of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. 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;
- 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

#### 2.02 Components of the Financial Statements

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

#### 2.03 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.

**2.04 Investment in Stock Exchanges for Membership**

Investments for membership are initially recognized at cost (which includes transaction costs) and are subsequently re-measured at fair value based on quoted bid prices. Surplus arising from changes in the fair value of investment for membership are transferred to fair value measurement reserve.

**2.05 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.

**2.06 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.

**2.07 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.

**2.08 Provision for Tax****Current Tax**

The company has earned taxable income during the year. The management provide Tk 60,120,000 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:

Notes	Amount in Taka	
	2009	2008
i) Written Down Value of Fixed Assets		
a) Carrying amount at balance sheet date	48,317,779	38,671,318
b) Tax base	48,317,779	38,671,318
c) Taxable/(Deductible) Temporary Difference (a-b)	-	-
ii) Employee Liabilities		
a) Carrying amount at balance sheet date	(9,384,671)	(6,717,725)
b) Tax base	388,140	681,225
c) Taxable/(deductible) temporary Difference (a-b)	(8,996,531)	(6,036,500)
iii) Total Temporary Difference {i (c) + ii (c)}	(8,996,531)	(6,036,500)
iv) Tax Rate	37.5%	37.5%
v) Deferred tax assets	(3,373,699)	(2,263,688)
vi) Increase/Decrease of Deferred Tax (Assets)/Liabilities	(1,110,012)	(2,072,902)

The deferred tax assets of Tk. 3,373,699 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.

**2.09 Employee Benefits - Gratuity**

The company has a gratuity fund. Provision for gratuity has been made as per Service Rules upto 31st December, 2009.

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

From 2009 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:

- No profit, no bonus;
- 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;
- If Return on Equity (ROE) is between 12%-20%, the employees would receive 5% of profit after taxes;
- 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 50,000 per year	Gross Below 50,000 per year	Total
2009	143	Nil	143
2008	116	Nil	116

**2.12 Revenue Recognition**

Revenue is Recognized 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 from party debit balance is calculated monthly on the daily product basis

**2.13 Interim Stock Dividend**

The Board of Directors has proposed to pay Interim stock dividend @ 63.40% out of the profit earned by the company during the period 30 June 2009 for approval of the shareholders.

**2.14 Proposed Stock Dividend**

The Board of Directors has proposed to pay Interim stock dividend @ 40.85% out of the profit earned by the company during the year 2009.

**2.15 Consolidation of Financial Statements**

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

**2.16 Board Meeting Fees**

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

**2.17 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".

**2.18 Foreign Currency Transaction**

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

**2.19 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.

	Notes	Amount in Taka	
		2009	2008
<b>3.00 Share Capital</b>			
<b>3.01 Authorised Capital</b>			
100,000,000 ordinary shares of Taka 10 each		<b>1,000,000,000</b>	<b>250,000,000</b>
<b>3.02 Issued, Subscribed and Paid-up Capital</b>			
5,000,000 ordinary shares of Taka 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	42,500,000
9,180,000 ordinary shares of Taka 10 each issued as bonus		91,800,000	-
15,520,320 ordinary shares of Taka 10 each issued as interim dividend		155,203,200	-
		<b>400,003,200</b>	<b>153,000,000</b>
<b>3.03 Shareholding Position of the Company</b>			
<b>Name of the Shareholders</b>	<b>No. of Shares</b>		
LankaBangla Finance Ltd.	39,999,526	399,995,260	152,996,960
<b>Represented by:</b>			
Mr. Mohammad A. Moyeen	1	10	-
Mrs. Aneesha Mahial Kundanmal	1	10	-
Mr. Mohammed Nasiruddin Chowdhury	1	10	-
Mr. Mafizuddin Sarker	1	10	-
Mr Khondoker Monir Uddin	397	3,970	1,520
Mr Mahbulul Anam	393	3,930	1,520
	<b>40,000,320</b>	<b>400,003,200</b>	<b>153,000,000</b>
<b>3.04 Subscribed</b>			
In Cash		50,000,000	50,000,000
In other than cash-consideration		194,800,000	60,500,000
		<b>244,800,000</b>	<b>110,500,000</b>
<b>4.00 Retained Earnings</b>			
<b>Opening retained earnings</b>		236,294,336	75,270,041
Net profit for the year		638,152,446	252,824,295
Prior year adjustment		-	-
<b>Profit available for appropriation</b>		<b>874,446,782</b>	<b>328,094,336</b>
<b>Appropriation:</b>			
Interim dividend		(155,203,200)	-
Proposed stock dividend		(100,000,800)	(91,800,000)
		<b>(255,204,000)</b>	<b>(91,800,000)</b>
<b>Closing retained earnings</b>		<b>619,242,782</b>	<b>236,294,336</b>

**5.00 Fair Value Measurement Reserve****Investment for Membership****(i) Dhaka Stock Exchange Ltd.**

Particulars	Carrying Value (Tk.)	Fair Value (Tk.)	Fair Value
	FY 2008	FY 2009	Measurement Reserve (Tk.)
Investment as Membership of DSEL	11,606,000	350,000,000	338,394,000
<b>Sub-total</b>	<b>11,606,000</b>	<b>350,000,000</b>	<b>338,394,000</b>

**(ii) Chittagong Stock Exchange Ltd.:**

Particulars	Carrying Value (Tk.)	Fair Value (Tk.)	Fair Value
	FY 2008	FY 2009	Measurement Reserve (Tk.)
Investment as Membership of CSEL	5,000,000	160,000,000	155,000,000
<b>Sub-total</b>	<b>5,000,000</b>	<b>160,000,000</b>	<b>155,000,000</b>
<b>Total (i+ii)</b>	<b>16,606,000</b>	<b>510,000,000</b>	<b>493,394,000</b>

Investments for membership are initially recognized at cost (which includes transaction costs) and are subsequently re-measured at fair value based on current quoted bid price (in case of CSE Membership based on current bid price and DSE Membership based on fair market value). Surplus arising from changes in the fair value of investment for membership are transferred to Fair Value Measurement Reserve (FVMR).

Investment in Stock Exchanges for membership are stated at fair value determined by Ahmad Ahmad and Associates, a financial consulting firm. Fair Value of investment in Stock Exchanges for Membership are incorporated in the financial statements as on 31.12.2009. Fair Value Measurement Reserve are not available for distribution as dividend to the Shareholders of the company.

**6.00 Deferred Liability - Employee Gratuity**Notes**Amount in Taka**

	2009	2008
Balance as on 01 January	6,717,725	3,885,725
<b>Add:</b> Addition during the year (Note 26 & 27)	<b>3,055,086</b>	<b>3,513,225</b>
	<b>9,772,811</b>	<b>7,398,950</b>
<b>Less:</b> Paid during the year	388,140	681,225
Balance at 31st December	<b>9,384,671</b>	<b>6,717,725</b>
<b>7.00 Lease Finance Capital Obligation</b>		
Present value of the minimum lease payment	12,165,000	6,275,000
Less: Lease obligation payment:		
Paid upto 01 January	2,007,910	1,103,361
Paid during the year	3,050,446	904,549
	5,058,356	2,007,910
	<b>7,106,644</b>	<b>4,267,090</b>

**8.00 Long Term Loan from Bank & Other Institutions**Notes**Amount in Taka**

	2009	2008
<b>Balance as on 01 January</b>		
Lanka Bangla Finance Limited	44,000,000	56,000,000
International Leasing Financial Services Ltd.	65,365,902	-
BRAC Bank Limited	1,488,761	4,999,546
	<b>110,854,663</b>	<b>60,999,546</b>
<b>Addition During the Year</b>		
International Leasing Financial Services Ltd.	-	74,000,000
International Leasing Financial Services Ltd. 2	50,000,000	-
Midas Finance Limited	100,000,000	-
Midas Finance Limited 2	100,000,000	-
National Bank Limited (with interest)	72,365,166	-
One Bank Limited	100,000,000	-
	<b>422,365,166</b>	<b>74,000,000</b>
	<b>533,219,829</b>	<b>134,999,546</b>
<b>Repayment During the Year</b>		
LankaBangla Finance Limited	12,000,000	12,000,000
International Leasing Financial Services Ltd.	11,989,881	8,634,098
BRAC Bank Limited	1,488,761	3,510,785
International Leasing Financial Services Ltd. 2	3,902,749	-
Midas Finance Limited	16,666,664	-
National Bank Limited	3,862,962	-
One Bank Limited	100,000,000	-
	<b>149,911,017</b>	<b>24,144,883</b>
	<b>383,308,812</b>	<b>110,854,663</b>
<b>9.00 Fixed Assets Less Accumulated Depreciation</b>		
<b>Cost:</b>		
Opening balance	56,761,607	29,964,665
Add: Addition during the year	20,358,159	27,088,942
	<b>77,119,766</b>	<b>57,053,607</b>
Less: Disposal during the year	7,584,360	292,000
	<b>69,535,406</b>	<b>56,761,607</b>
<b>Less: Accumulated depreciation:</b>		
Opening balance	17,240,289	10,269,169
Add: Charged during the year	10,820,346	7,093,920
	<b>28,060,635</b>	<b>17,363,089</b>
Less: Adjustment	6,843,008	122,800
Accumulated depreciation	<b>21,217,627</b>	<b>17,240,289</b>
Written down value	<b>48,317,779</b>	<b>39,521,318</b>
A schedule of fixed assets is given in Annexure-A		
<b>10.00 Investment in Stock Exchanges for Membership</b>		
Dhaka Stock Exchange Limited - Membership	350,000,000	11,606,000
Citation Stock Exchange Limited - Membership	160,000,000	5,000,000
	<b>510,000,000</b>	<b>16,606,000</b>

Investments for membership are initially recognized at cost (which includes transaction costs) and are subsequently re-measured at fair value based on current quoted bid price (in case of CSE Membership based on current bid price and DSE Membership based on fair market value). Surplus arising from changes in the fair value of investment for membership are transferred to Fair Value Measurement Reserve (FVMR).

Investment in Stock Exchanges for membership are stated at fair value determined by Ahmad Ahmad and Associates, a financial consulting firm. Fair Value of investment in Stock Exchange for Membership is incorporated in the financial statements as on 31.12.2009. Fair Value Measurement Reserve are not available for distribution as dividend to the Shareholders of the company.

	Notes	Amount in Taka	
		2009	2008
<b>11.00 Lease Assets-Motor Vehicles</b>			
<b>Cost</b>			
Balance as on 01 January		11,736,100	6,292,000
Add: Addition during the year		5,354,887	5,444,100
		<b>17,090,987</b>	<b>11,736,100</b>
Less: Accumulated Depreciation:			
Add: Balance as on 01 January		2,800,731	999,621
Add: Charged during the year		2,948,639	1,801,110
<b>Accumulated depreciation</b>		<b>5,749,370</b>	<b>2,800,731</b>
<b>Written Down Value as at 31 December</b>		<b>11,341,617</b>	<b>8,935,369</b>
<b>12.00 Intangible Asset (Software)</b>			
Balance as at 1st January		-	403,000
Add: Addition during the year		1,129,117	-
		1,129,117	403,000
Less: Amortization off during the year		376,372	403,000
Balance as at 31 December		<b>752,745</b>	-
<b>13.00 Advances, Deposits and Prepayments</b>			
<b>Advances</b>			
Office rent		12,338,781	3,155,802
Advance to employees		1,700,000	80,000
Interest on advance to employee		-	6,250
Advance to new branch		-	5,705,698
Advance against expenses		7,923,299	4,419,990
		<b>21,962,080</b>	<b>13,367,740</b>
<b>Deposits</b>			
Telephone & telegraph board		238,000	234,000
Clearing house		25,000	25,000
Security deposit with CDBL		102,500	102,500
Security deposit for Banani Office		250,000	250,000
Security deposit to One Bank Ltd.		40,000,000	-
Dhaka stock exchange for PABX		10,000	10,000
Deposit with DSE		1,600	1,600
		<b>40,627,100</b>	<b>623,100</b>
<b>Prepayments</b>			
Group and health insurance		1,333,987	480,794
Insurance for office equipment		114,033	121,637
Insurance for motor vehicle		158,619	115,144
		<b>1,606,639</b>	<b>717,575</b>
		<b>64,195,819</b>	<b>14,708,415</b>

	Notes	Amount in Taka	
		2009	2008
<b>14.00 Receivable from Clients</b>			
IDLC of Bangladesh Ltd		-	-
LankaBangla Finance Ltd. - IP Account		22,214,333	12,362,511
Other clients (14.01)		1,291,423,102	393,097,867
		<b>1,313,637,435</b>	<b>405,460,378</b>
<b>14.01 Other Clients</b>			
Other clients includes receivable from share trading.			
<b>15.00 Receivable from DSE &amp; CSE</b>			
ABGNZ	DSE	-	31,332,532
ABGNZ	DSE	-	18,958,727
Z	DSE	15,036,801	29,205,008
Z	DSE	18,559,890	896,175
Z	DSE	11,328,749	18,154,070
Z	DSE	2,951,523	29,942,178
Z	DSE	2,676,178	49,204,863
Z	DSE	4,537,340	1,328,843
Z	DSE	2,539,520	54,146,253
Z	DSE	6,398,345	-
Z	DSE	2,710,020	-
<b>Total DSE</b>		<b>66,738,365</b>	<b>233,168,649</b>
ABG&N	CSE	14,587,601	1,232,044
ABG&N	CSE	46,215,580	9,299,052
ABG&N	CSE	-	3,678,404
Z	CSE	3,391,663	817,172
Z	CSE	1,923,494	976,624
Z	CSE	1,556,626	1,689,450
Z	CSE	1,625,481	423,330
Z	CSE	2,500,333	1,368,136
Z	CSE	2,109,347	934,852
Z	CSE	723,687	531,887
Z	CSE	2,532,549	-
Z	CSE	948,137	-
<b>Total CSE</b>		<b>78,114,498</b>	<b>20,950,951</b>
<b>Grand Total DSE &amp; CSE</b>		<b>144,852,863</b>	<b>254,119,600</b>
<b>16.00 Cash and Cash Equivalents</b>			
Cash in hand		33,108	41,485
Cash at bank (16.01)		490,310,807	402,512,462
		<b>490,343,915</b>	<b>402,553,947</b>

	Notes	Amount in Taka	
		2009	2008
<b>16.01 Cash at Bank</b>			
Short Term Deposit Account # 01-1117394-01& 02-1117394-01		89,476,331	62,725,610
Short Term Deposit Account # 01-1117394-02& 02-1117394-02		278,192,566	186,602,587
Short Term Deposit Account # 01-1117394-03& 02-1117394-03		4,282,309	3,774,562
Short Term Deposit Account # 01-1117394-05& 02-1117394-04		41,142,109	37,631,128
Short Term Deposit Account # 01-1117394-06& 02-1117394-05		9,179,316	28,316,393
Short Term Deposit Account # 01-1117394-07& 02-1117394-06		152,345	43,953
Short Term Deposit Account # 01-1117394-08& 02-1117394-07		12,531,067	32,404,768
Short Term Deposit Account # 01-1117394-09& 02-1117394-08		4,705	281,919
Short Term Deposit Account # 01-1117394-10& 02-1117394-09		4,041,801	44,155,928
Short Term Deposit Account # 01-1117394-11& 02-1117394-10		840	88,655
Short Term Deposit Account # 01-1117394-12& 02-1117394-11		16,041,844	-
Short Term Deposit Account # 01-1117394-13& 02-1117394-12		128,004	-
HSBC # 002-000917-011		27,547,787	78,986
Dutch Bangla Bank Ltd. # 118.110.15835		853,995	1,589,650
BRAC Bank # 1513101111346001		673,168	2,934,268
One Bank Limited # 5-023182-019		3,915,038	-
TBL # 00170320000610		942	-
FDR with BRAC Bank Ltd.		1,465,624	1,320,977
FDR One Bank Limited # 011532019		-	188,380
		<b>489,629,791</b>	<b>402,137,764</b>
Current Account with Standard Chartered Bank # 01-1117394-04		63,649	115,637
Current Account with Prime Bank Ltd.		617,367	258,141
Current Account with BRAC Bank		-	920
		<b>681,016</b>	<b>374,698</b>
		<b>490,310,807</b>	<b>402,512,462</b>
<b>17.00 Payable to Clients</b>			
IDLC of Bangladesh Ltd		19,725,199	9,635,343
LankaBangla Finance Ltd. - IP Account		-	8,001,977
Other clients (17.01)		433,427,195	412,821,646
		<b>453,152,394</b>	<b>430,458,966</b>
<b>17.01 Other Clients</b>			
Other clients includes payable from share trading.			
<b>18.00 Payable to DSE &amp; CSE</b>			
ABGNZ	DSE	41,074,255	224,652
Z	DSE	1,297,415	3,049,776
Z	DSE	-	1,260,973
Z	DSE	-	2,934,990
<b>Total DSE</b>		<b>42,371,670</b>	<b>7,470,391</b>
ABGNZ	CSE	-	12,653,375
Z	CSE	350,205	187,100
Z	CSE	-	429,726
Z	CSE	-	2,988,963
<b>Total CSE</b>		<b>350,205</b>	<b>16,259,164</b>
<b>Grand Total DSE &amp; CSE</b>		<b>42,721,875</b>	<b>23,729,555</b>

	Notes	Amount in Taka	
		2009	2008
<b>19.00 Accrued Expenses</b>			
Telephone bill		39,241	33,119
Mobile bill		9,000	-
Profit participation		50,902,718	24,017,219
Electricity bill		235,412	164,264
Newspaper		1,174	1,114
WASA bill		49,420	36,819
Water charges		38,155	20,247
Audit fee		150,000	50,000
Land rent		10,912	190,602
Office maintenance		124,267	116,644
Salary & overtime		29,258	16,000
Printing & stationeries		1,554,336	113,160
Investor protection fund		37,944	-
CDBL charges		6,360,898	1,519,234
Interest on lease finance		-	233,406
		<b>59,542,735</b>	<b>26,511,828</b>
<b>20.00 Liabilities for Other Finance</b>			
<b>Provident fund:</b>			
Company's contribution		-	(5,480)
Employees contribution		-	(5,480)
Interest on short term loan		-	7,895,340
Tax deducted at source from salary		391	1,792
Other liabilities		701,389	718,693
		<b>701,780</b>	<b>8,604,865</b>
<b>21.00 Short Term Loan from LankaBangla Finance Ltd.</b>			
Balance on 1 January		45,243,801	20,854,388
Loan taken during the year		540,000,000	340,000,000
		<b>585,243,801</b>	<b>360,854,388</b>
Re-scheduled/repayment during the year		465,243,801	315,610,587
		<b>120,000,000</b>	<b>45,243,801</b>
<b>22.00 Provision for Tax</b>			
Opening Balance		4,431,584	3,354,597
<b>Add:</b> Provision during the year		60,120,000	25,010,806
		<b>64,551,584</b>	<b>28,365,403</b>
<b>Less:</b> Paid during the year		4,428,283	3,354,597
Advance tax deducted at source		1,941,849	1,438,416
Tax deducted at source on turnover (22.01)		50,676,174	19,140,806
		<b>57,046,306</b>	<b>23,933,819</b>
		<b>7,505,278</b>	<b>4,431,584</b>
<b>22.01 Tax Deducted at Source on Turnover</b>			

As per section 82(c) of Income Tax Ordinance 1984, the company provide Income Tax Tk. 50,676,174 against turnover tax applying rate of 0.015% upt ot 30 June 2009 and 0.025% from July to December 2009.



	Notes	Amount in Taka	
		2009	2008
<b>23.00 Revenue from Brokerage</b>			
Local		801,998,381	346,944,814
Foreign		40,739,436	29,337,222
		<b>842,737,817</b>	<b>376,282,036</b>
<b>24.00 Capital Gain from Investment in Share</b>			
Sales price of shares invested in different companies		93,855,743	6,671,518
Cost price of shares invested in different companies		(82,744,749)	(1,300,000)
Cost of portfolio management		(205,631)	(672)
Interest on debit balance		(983,270)	-
		(83,933,650)	(1,300,672)
<b>Capital Gain from Investment in Shares</b>		<b>9,922,093</b>	<b>5,370,846</b>
<b>25.00 Interest Income</b>			
<b>Interest on Bank Deposit</b>			
Short Term Deposit Account 02-1117394-01& 01-1117394-01		1,900,122	1,636,595
Short Term Deposit Account 02-1117394-02& 01-1117394-02		11,409,957	7,183,660
Short Term Deposit Account 02-1117394-03& 01-1117394-03		428,139	87,879
Short Term Deposit Account 02-1117394-04& 01-1117394-05		1,630,312	1,366,661
Short Term Deposit Account 02-1117394-05& 01-1117394-06		669,817	911,533
Short Term Deposit Account 02-1117394-06& 01-1117394-07		1,154	5,932
Short Term Deposit Account 02-1117394-07& 01-1117394-08		722,095	523,307
Short Term Deposit Account 02-1117394-08& 01-1117394-09		2,167	1,168
Short Term Deposit Account 02-1117394-09& 01-1117394-10		557,428	291,193
Short Term Deposit Account 02-1117394-10& 01-1117394-11		-	-
Short Term Deposit Account 02-1117394-11& 01-1117394-12		595,132	-
Short Term Deposit Account 02-1117394-12& 01-1117394-13		-	-
BRAC Bank PBT 153101111346001		108,157	2,212,996
HSBC Account # 002-000917-011		56,948	-
ONE Bank Ltd. - 5-023182-019		898,821	-
DBBL # 118.110.15835		72,077	-
FDR with Trust Bank Ltd		100,000	-
Interest on FDR- ONE Bank Ltd.		10,000	19,404
Interest on FDR- BRAC Bank Ltd.		160,719	134,220
		<b>19,323,043</b>	<b>14,374,548</b>
<b>26.00 Other Operating Profit/(Loss)</b>			
Service charge from clients for CDBL		19,363,701	7,886,980
BO maintenance fee		-	6,609,925
Sale of beneficiary owner accounts (BO) form		1,357,600	1,311,207
		20,721,301	15,808,112
<b>Less: Service charge paid to CDBL</b>		<b>58,697,665</b>	<b>35,924,114</b>
<b>Net Income from CDBL</b>		<b>(37,976,364)</b>	<b>(20,116,002)</b>
Interest on debit balance of clients		177,052,549	80,785,086
<b>Less: Reimbursement</b>		<b>56,880,100</b>	<b>28,397,915</b>
<b>Net Interest Income Debit Balance of clients</b>		<b>120,172,449</b>	<b>52,387,171</b>
Interest on employees loan		203,853	33,500
Sale of scrap		98,753	24,300
		<b>302,606</b>	<b>57,800</b>
<b>Total Other Operating Income/(Loss)</b>		<b>82,498,691</b>	<b>32,328,969</b>
Less: Other operating expenses (relating to other income) (27.00)		76,645,241	31,058,988
		<b>5,853,450</b>	<b>1,269,981</b>

	Notes	Amount in Taka	
		2009	2008
<b>27.00 Operating Expenses</b>			
Salaries and allowances		32,173,518	25,760,444
Office rent		4,909,148	4,032,726
Interest on lease finance		545,101	509,314
Telephone bill		161,816	409,012
Mobile bill		832,834	691,845
Electricity bill		1,064,181	893,693
Printing and stationery		3,253,793	3,069,216
Entertainment		1,857,126	2,529,193
Car maintenance		1,638,528	1,437,228
Legal and professional expenses		668,190	167,200
Audit fee		26,000	38,000
License and renewal		1,043,668	886,763
Traveling and conveyance		367,759	803,868
Postage and courier		77,153	105,210
Insurance premium		835,385	562,969
Business promotional expenses		3,809,593	2,062,211
Bank charges		310,062	152,492
E-mail charges		1,327,186	966,918
Advertisement		107,764	232,576
Water charges		245,736	217,697
WASA bill		29,927	69,759
P.F.Contribution		1,329,483	1,180,985
Gratuity		1,771,950	2,670,051
Office maintenance		2,436,671	1,627,743
Newspaper and periodicals		45,902	30,592
Corporate guarantee charge		5,164,589	-
Repairs and maintenance		846,389	1,107,989
Guest house rent		390,000	-
Guest house maintenance		692,353	-
Crockerioes		89,970	69,600
Profit participation		29,523,576	18,253,086
Amortization of intangible assets (software cost)		218,296	306,280
Depriciation on fixed assets		6,273,335	5,801,133
Depriciation on leased assets		1,710,210	959,090
Loss on disposal of fixed assets		404,182	157,200
Uniform		71,244	57,555
Training expenses		413,654	1,766,178
Fuel		349,203	290,419
Subscriptions		156,474	55,344
Board meeting fees		145,000	140,000
		<b>107,316,949</b>	<b>80,071,579</b>



## Audited Financial Statements of Subsidiary Company

### Auditors' Report to the Shareholders of LankaBangla Asset Management Company Limited

We have audited the accompanying Balance Sheet of *LankaBangla Asset Management Company Limited* as of 31 December 2009 and the related Income Statement, Cash Flow Statement and the relevant explanatory notes thereto for the year then ended. The preparation of these financial statements are the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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 all 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 accounting 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 prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of 31 December 2009 and of the result of its operations and its cash flows for the year then ended and comply with the applicable sections of the Companies Act, 1994 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;
- c) The company's Balance Sheet and Income Statement dealt with by the report are in agreement with the books of account and returns.

Dated, Dhaka;  
10 March 2010

*S. F. Ahmed & Co.*  
**S.F. Ahmed & Co.**  
Chartered Accountants

## Balance Sheet

as at 31 December 2009

	Notes	Amount in Taka	
		2009	2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	3	25,000,000	25,000,000
Reserve and surplus			
Retained earning	4	2,972,240	1,015,124
<b>Total:</b>		<b>27,972,240</b>	<b>26,015,124</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets- Net Block</b>			
Gross block	5	665,780	845,590
Less: Depreciation		1,025,400	1,025,400
		359,620	179,810
<b>Current Assets (a)</b>		<b>30,347,704</b>	<b>27,011,507</b>
Cash and bank balances	6	25,076,311	25,044,657
Withholding income tax		9,726	5,184
Interest receivable on TDR		5,261,667	1,961,667
<b>Current Liabilities (b)</b>		<b>3,041,244</b>	<b>1,841,974</b>
Liabilities for expenses	7	1,257,900	1,232,900
Provision for taxation		1,783,344	609,074
<b>Net Current Assets (a-b)</b>		<b>27,306,460</b>	<b>25,169,533</b>
<b>Total Assets:</b>		<b>27,972,240</b>	<b>26,015,124</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.


  
Chairman

  
Managing Director

  
Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010

  
S.F. Ahmed & Co.  
Chartered Accountants

## Income Statement

for the year ended 31 December 2009

	Notes	Amount in Taka	
		2009	2008
<b>Revenue</b>			
Interest income	8	3,345,421	2,013,508
<b>Less: Expenses</b>			
Bank charge		214,035	389,310
Audit fees		9,225	2,000
Depreciation		25,000	20,000
Preliminary expenses written off		179,810	179,810
		-	187,500
<b>Net Earnings before Tax</b>		<b>3,131,386</b>	<b>1,624,198</b>
Provision for taxation		1,174,270	609,074
<b>Net Earnings after Tax</b>	4	<b>1,957,116</b>	<b>1,015,124</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.


  
Chairman

  
Managing Director

  
Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010

  
S.F. Ahmed & Co.  
Chartered Accountants

## Cash Flow Statement

for the year ended 31 December 2009

Notes	Amount in Taka	
	2009	2008
<b>A) Cash flows from operating activities</b>		
Interest received on STD account	45,421	51,841
Bank Charge & income tax payment	(13,767)	(7,184)
	<b>31,654</b>	<b>44,657</b>
Increase/ (decrease) in operating assets & liabilities	-	-
Total increase/ (decrease) in operating assets & liabilities	-	-
<b>Net Cash used by Operating Activities (Total of "A"):</b>	<b>31,654</b>	<b>44,657</b>
<b>B) Cash flows from Investing Activities</b>	-	-
<b>Net Cash used by Investing Activities (Total of "B"):</b>	-	-
<b>C) Cash flows from Financing Activities</b>		
Share money deposit	-	25,000,000
<b>Net Cash used by Financing Activities (Total of "C"):</b>	-	<b>25,000,000</b>
<b>D) Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>31,654</b>	<b>25,044,657</b>
<b>E) Opening cash and cash-equivalents</b>	<b>25,044,657</b>	-
<b>F) Closing cash cash-equivalents (D+E)*</b>	<b>25,076,311</b>	<b>25,044,657</b>
<b>* Closing cash and cash-equivalents</b>		
Cash in hand (including foreign currencies)	-	-
Balance with Bangladesh Bank and its agent bank (s)	-	-
Balance with other Banks and Financial Institutions	<b>25,076,311</b>	<b>25,044,657</b>
<b>Total:</b>	<b>25,076,311</b>	<b>25,044,657</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.


  
Chairman

  
Managing Director

  
Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010

  
S.F. Ahmed & Co.  
Chartered Accountants

## Statement of Changes in Shareholders' Equity

for the year ended 31 December 2009

Particulars	Amount in Taka		
	Share Capital	Statutory Reserve	Proposed Dividend
Balance as at 01 January 2009	25,000,000	-	-
Net profit for the year	-	-	-
<b>Balance as at 31 December 2009</b>	<b>25,000,000</b>	<b>-</b>	<b>-</b>
		<b>Retained Earnings</b>	<b>Total</b>
		1,015,124	26,015,124
		1,957,116	1,957,116
		<b>2,972,240</b>	<b>27,972,240</b>

  
Chairman

  
Managing Director

  
Company Secretary

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
10 March 2010

  
S.F. Ahmed & Co.  
Chartered Accountants

# Notes to the Financial Statements

for the period ended 31 December 2009

## 1.00 Legal Status and Nature of the Company

### 1.01 Domicile, Legal From and Country of Operation

LankaBangla Asset management Company Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-67738(289)/2007 dated 16 July 2007 under the Companies Act, 1994. LankaBangla Asset Management Company Limited has also applied for registration to the Securities and Exchange Commission for approval of operations in the Capital Market as Trustee and Mutual Fund under the Securities and Exchange Commission (Mutual Fund) Regulations, 2001, which is under process.

### 1.02 Company's Activities

The principal activities of the Company will, inter alia, include the following:-

- to manage the assets of any trusts or funds of any type and/or character and to hold, acquire, sell or deal with 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 carry on the business or undertaking and execute trusts and also to act as executor, trustee, custodian and/ or otherwise.

## 2.00 Significant Accounting Policies

### 2.01 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 (BAS) , Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, The securities and Exchange Rules, 1987 and other applicable laws and regulations.

### 2.02 Books of Accounts:

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

### 2.03 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 of its purchase price and any direct attributable cost of bringing the assets to its working condition for its intended use.

Depreciation has been charged for the year using straight line method at the following rate, so as to write off the assets over their expected useful life;

Furniture & fixture	15%
Office equipment	20%

## 2.04 Provision for income tax

The Company has made income tax provision for the year 2009 as required by the Income Tax Ordinance 1984 and Finance Ordinance 2009 in compliance to the Bangladesh Accounting Standards- 12 (BAS- 12, "Income Taxes").

## 2.05 Period of Accounts

The Financial Statements have been prepared for the period from 01 January 2009 to 31 December 2009.

## 2.06 Reporting Currency and level of Precision

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

## 2.07 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.

**3. Share capital :****Authorised**

500,000 ordinary shares of Tk.100/- each

**Issued, subscribed and paid up capital:**

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
2.	Mr. Mahabubul Anam	5

Notes	Amount in Taka	
	2009	2008
	25,000,000	25,000,000
	50,000,000	50,000,000
<b>Total:</b>	<b>25,000,000</b>	<b>25,000,000</b>
	2,972,240	1,015,124
Opening balance	1,015,124	-
Net Earnings after Tax- during the year	1,957,116	1,015,124
<b>Total:</b>	<b>2,972,240</b>	<b>1,015,124</b>

**4. Retained earning:**

Opening balance

Net Earnings after Tax- during the year

**5. Fixed Assets- Net Block: Tk. 665,780 (Year 2008: Tk. 845,590)**

Particulars	COST				DEPRECIATION				Written down value as at 31.12.2009
	Balance as at 1.01.2009	Addition during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2009	Charged during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2009		
Furniture & Fittings	505,400	-	-	75,810	75,810	-	151,620	353,780	
Office Equipment	520,000	-	-	104,000	104,000	-	208,000	312,000	
<b>Total:</b>	<b>1,025,400</b>	<b>-</b>	<b>-</b>	<b>179,810</b>	<b>179,810</b>	<b>-</b>	<b>359,620</b>	<b>665,780</b>	
<b>Year-2008:</b>	<b>-</b>	<b>1,025,400</b>	<b>-</b>	<b>1,025,400</b>	<b>179,810</b>	<b>-</b>	<b>179,810</b>	<b>845,590</b>	

Notes	Amount in Taka	
	2009	2008
<b>6. Cash and bank balances:</b>	<b>25,076,311</b>	<b>25,044,657</b>
Dhaka Bank (Account No.- 20615000001590)	1,076,311	1,044,657
Term deposit with LankaBangla Finance Limited	24,000,000	24,000,000
<b>Total:</b>	<b>25,076,311</b>	<b>25,044,657</b>
<b>7. Liabilities for expenses :</b>	<b>1,257,900</b>	<b>1,232,900</b>
Liabilities for office decoration work	1,025,400	1,025,400
Outstanding audit fees	65,000	40,000
Outstanding expenses	167,500	167,500
<b>Total:</b>	<b>1,257,900</b>	<b>1,232,900</b>
<b>8. Interest income :</b>	<b>3,345,421</b>	<b>2,013,508</b>
Interest on Term deposit	3,300,000	1,961,667
Interest on STD account	45,421	51,841
<b>Total:</b>	<b>3,345,421</b>	<b>2,013,508</b>


  
Chairman

  
Managing Director

  
Company Secretary

**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 13th Annual General Meeting to the Company to be held on Tuesday, 30 March 2010 at 11:00 a.m. at Spectra  
Convention Centre, House No. 19, Road No. 7, Gulshan 1, Dhaka 1212, or at any adjournment thereof or any ballot to be  
taken in consequence thereof.  
Signed this ..... day of ..... 2010  
.....  
(signature of the Proxy)  .....  
signature of the Shareholders(s)  
Folio/BO ID No .....  
No. of shares being held .....

#### Notes :

- 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.
- 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 13th Annual General Meeting being held on Tuesday, 30 March 2010 at 11:00 a.m. at  
Spectra Convention Centre, House No. 19, Road No. 7, Gulshan 1, Dhaka 1212.  
.....  
Name of the Shareholder(s)/Proxy (in Block Letters) ..... signature of the 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