



Heading towards becoming the nation's most preferred financial services provider, we have diversified our products & services; strengthened our people; improvised our systems, processes & policies; made our stakeholders believing in reaching the sky. To further expand our horizon, we are now focused towards empowering the society utilizing our hard earned valued possessions as

Light of Empowerment



LankaBangla honored with ICAB & SAFA Awards for Best Published Accounts and Reports 2009



Mafizuddin Sarker, Managing Director, LankaBangla receiving ICAB National Award from Honorable Minister for Finance Mr. AMA Muhith M.P.



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

We
overcome the hurdles and
consolidate our position
just because of
You





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Letter of Transmittal

To
All shareholders
Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Subject: Annual Report for the year ended December 31, 2010

Dear Sir,

We are delighted to forward a copy of the Annual Report together with the Audited Financial Statements for the year ended December 31, 2010 for your kind information and record.

Sincerely yours,



Mostafa Kamal, FCA
Company Secretary

Notice of 14th Annual General Meeting

Notice is hereby given that 14th Annual General Meeting of the shareholders of LankaBangla Finance Limited will be held on March 27, 2011, Sunday 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 11-14-01:** To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended December 31, 2010.
- A 11-14-02:** To declare dividend for the year 2010.
- A 11-14-03:** 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 11-14-04:** To appoint Auditors of the Company for the year 2011 until conclusion of 15th AGM and to fix their remuneration.
- A 11-14-05:** To transact any other business with the permission of the Chair.

By Order of the Board



Mostafa Kamal FCA
Company Secretary

Dated, Dhaka
March 06, 2011

Notes:

1. The record date is fixed on March 3, 2011. The Shareholders, whose names will appear in the Share Register of the Company on the record date, will be eligible to attend the meeting and get dividend.
2. The Board of Directors has recommended 55% Stock Dividend i.e. 55 (Fifty five) 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.



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 maximise the value of being our Customer, Shareholder or Employee.
- To establish strong regional presence.
- To optimise contribution to the society.

Core Values

Integrity: We are committed to conduct that reflects the highest standard 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 stakeholders' 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 and the society.



Strategic Objectives

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

Code of Conduct Guiding Principles

LankaBangla is a value driven organization that means we do not depart from our principles even if it gives sometimes temporary benefit to the company. We believe and recognize that 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 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
- 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
- Always act and behave like an ambassador of the company

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
- Maintain an effective system of internal controls over financial reporting
- Protect company's assets and properties

Marketplace Responsibilities

- Act responsibly in all sort of communications with customers, suppliers, vendors, partners and regulatory authorities
- Safeguard the privacy, confidentiality and security of customer data
- Make only factual and truthful statement about the company's products
- Gather business intelligence properly and ethically
- Prevent the use of company's services against money laundering purposes

Corporate Citizenship

- Support all communities and optimize contributions to the society
- Protect the general safety and the environment
- Respond to public and cooperate with the government



LankaBangla at a Glance

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

Under the right direction of the resourceful management the company has emerged as one of the leading Financial Institutions in the country. LankaBangla is the lone Non-Banking Financial Institution who operates MasterCard & VISA card including third party processing business with other banks. The company is also involved in dealing with Securities as Broker in Capital Market at both DSE & CSE through its Subsidiary named "LankaBangla Securities Limited" who is the business leader in this arena. The Merchant Banking Department has been converted into another subsidiary of LankaBangla Finance to comply with the statutory regulations who is catering to the premier investment banking services.

LankaBangla has been able to widen its operational periphery by inaugurating full fledged branch in Chittagong and Sylhet. The company has been awarded the ICAB national award consecutively from 2006 to 2009 and SAFA merit award 2008 and 2009 that represent the transparency in disclosure of information.

Products and Services

Credit and Investment Products



- ◆ Lease Finance
- ◆ Term Finance
- ◆ Short Term Finance
- ◆ Working Capital Finance
- ◆ Work Order Finance
- ◆ Factoring Finance
- ◆ Personal Loan

Deposit Schemes



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

Mortgage Loan



- ◆ Home Loan
- ◆ Real Estate Developers' Finance

Merchant Banking Operation



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

SME Finance



- ◆ SME Finance- for small and medium businesses to empower the people.

Corporate Services



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

Auto Loan



- ◆ Car Finance – for individuals and institutions.

Stock Broking



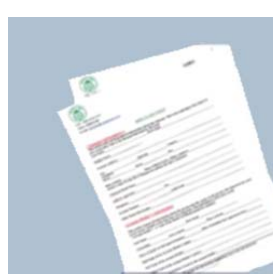
- ◆ Cutting edge Broking provided by LBSL, our Subsidiary

Card Operation



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

Primary Dealership



- Primary and secondary operation of
- ◆ Treasury Bill and
 - ◆ Treasury Bond



Milestones of LankaBangla

Incorporation of the Company	5th November, 1996
Commencement of Business	5th November, 1996
Registration of First Subsidiary (LankaBangla Securities Limited)	3rd July, 1997
Licensed as Financial Institution by Bangladesh Bank	30th October, 1997
Signing of First Lease Agreement	30th March, 1998
Issuance of First Credit Card	16th August, 1998
Launching of MasterCard	5th September, 2005
Listing on Dhaka Stock Exchange	17th October, 2006
Listing on Chittagong Stock Exchange	31st October, 2006
Trading of share in Stock Exchanges	1st November, 2006
Commercial Launching of Chittagong Branch	19th February, 2007
Registration of Second Subsidiary (LankaBangla Asset Management Company Limited)	16th July, 2007
First disbursement of Domestic Factoring	11th December, 2007
First disbursement of Mortgage Loan	18th February, 2008
Commencement of Operation of Sylhet Branch	27th April, 2009
Licensed as Primary Dealer	23rd November, 2009
Issuance of First VISA card	24th November, 2009
Participation in the 1st Auction of Govt. Securities as Primary Dealer	1st December, 2009
Registration of Third Subsidiary (LankaBangla Investments Limited)	29th March, 2010

Accoladesh



Dr. Atiur Rahman, Governor, Bangladesh Bank is accorded a reception by Mr. Mafizuddin Sarker, Managing Director of LankaBangla Finance Limited & Chairman of Bangladesh Leasing and Finance Companies Association (BLFCA)



Mr. Mohammed Nasiruddin Chowdhury, CEO & Director of LankaBangla Securities Limited receives Top Broker Award from CSE on behalf of the company

An Eventful Year for



1. Board of Directors at 13th AGM
2. Honourable Shareholders at 13th AGM
3. LankaBangla family enjoys picnic 2010
4. Bloomberg representative Ms. Natasha presenting at 'Bloomberg Professional Service' launching ceremony at LankaBangla Securities
5. A day of enjoyment for LankaBangla family, picnic 2010

LankaBangla[®]

FINANCE



6



7



8



9

6. The British High Commissioner Mr. Stephen Evans visits LankaBangla Securities
7. LankaBangla meets SME clients to exchange views and ideas
8. IPO Road Show of LankaBangla Securities at Ball Room, Hotel Sheraton
9. A team building activity of LankaBangla
10. Picnic 2010, LankaBangla family enjoys



10

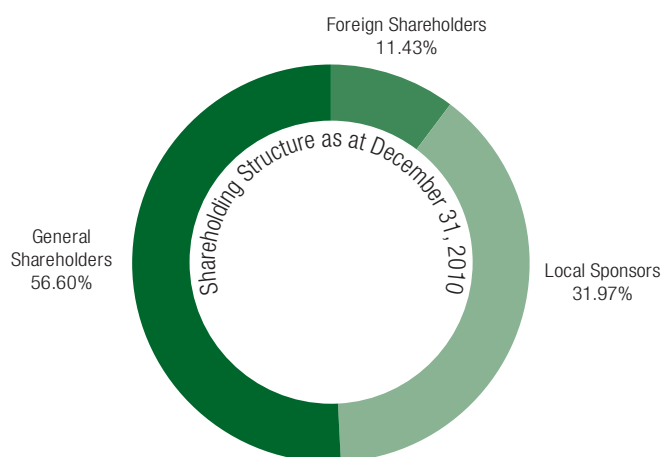
Corporate Information

Registered Name of the Company	LankaBangla Finance Limited
Legal Form	Public Limited Company, listed with Dhaka Stock Exchange and Chittagong Stock Exchange having incorporated in Bangladesh on November 5, 1996 under Companies Act of 1994
Company Registration Number	C-31702 (823)/96
Bangladesh Bank Licence No.	FID(L) - 1053/41-1088
Corporate Head Office	Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani Dhaka-1213, Bangladesh. Phone: (8802) 9883701~10, Fax: (8802) 8810998
Company Email	info@lankabangla.com
Company Website	www.lankabangla.com
Credit & Investment Division	Safura Tower (Level 8) 20 Kemal Ataturk Avenue, Banani Dhaka-1213, Bangladesh Phone: (8802) 9883701~10, Fax: (8802) 8810998 e-mail: info@lankabangla.com
Card Centre	Safura Tower (Level 5) 20 Kemal Ataturk Avenue, Banani Dhaka-1213, Bangladesh Phone: (8802) 9883701~10, Fax: (8802) 9883604 e-mail: cards@lankabangla.com
Mortgage Loan Division	Safura Tower (Level 8) 20 Kemal Ataturk Avenue, Banani Dhaka-1213, Bangladesh Phone: (8802) 9883701~10, Fax: (8802) 8810998 e-mail: info@lankabangla.com
Chittagong Branch	Akhteruzzaman Center (Level 6) 21-22, Agrabad Commercial Area Chittagong-4100, Bangladesh Phone: (031) 2512601~03, Fax: (031) 2512604 e-mail: ctg@lankabangla.com
Sylhet Branch	R.N. Tower (Level 4) 49 Chowhatta Sylhet-3100, Bangladesh Phone: (88 0821) 2830870-1, Fax: (88 0821) 2830873 e-mail: sylhet@lankabangla.com
Auditors	S.F. Ahmed & Co. House #25, Road # 13A, Block # D, Banani Dhaka-1213, Bangladesh
Tax Consultant	Adil & Associates 29/A, Purana Paltan Lane (1st floor) Dhaka-1000, Bangladesh

Legal Advisors	Sadat Sarwat & Associates House #28, Road #23 Gulshan-1, Dhaka-1212	Law & Remedy City Heart (4th Floor) 5/8, Naya Paltan, Dhaka-1000
Principal Bankers	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
LankaBangla Securities Limited (A subsidiary of LankaBangla Finance Limited)	A-A Bhaban (Level 5) 23, Motijheel Commercial Area Dhaka-1000, Bangladesh Phone: (8802) 9563901-5, Fax: (8802) 9563902 Web: www.lbsbd.com	
Branches of LankaBangla Securities Limited	<p>Principal Branch: DSE Annex Building (1st Floor) 9/E, Motijheel Commercial Area Dhaka 1000 Phone: 9561868 Fax: 9555384</p> <p>Islampur Office: Jahangir Tower (11th Floor) 114-116, Islamupur Road Dhaka 1100 Phone: 7396117, 7393573</p> <p>Agrabad Office: Shafi Bhaban (2nd Floor), 1216/A Sk. Mujib Road, Agrabad, Chittagong Phone: 031-724547-9, Fax: 031-710203</p> <p>Nasirabad Office: Rahima Center (5th Floor) 1839, CDA Avenue Nasirabad, Chittagong Phone: (031) 2554171, 2554172 Fax: (031) 2554174</p> <p>Sylhet Office: R N Tower (4th floor), Chowhatta Sylhet-3100 Phone: 0088-0821-711143, Fax: 0088-0821-711918</p>	<p>Banani Office: F. R. Tower (Level 6) 32, Kemal Ataturk Avenue, Banani Dhaka 1213 Phone: 8836627</p> <p>Narayangonj Office: Haji Plaza (2nd Floor) 53/1, S.M. Maleh Road Tan Bazar, Narayangonj Phone: 7630560 Fax: 7630582</p> <p>Khatungonj Office: Asma Chamber, 1016 (old) Ram Joy Mohajan Lane Khatungonj, Chittagong. Phone: (031) 63001, 632276, Fax: 627312</p> <p>Comilla Office: Nahar Plaza (1st Floor) 67/58, Nazrul islam Avenue Kandirpar, Comilla Phone: (081) 62117, 62109 Fax: (081) 62116</p>
LankaBangla Investments Limited (A subsidiary of LankaBangla Finance Limited)	A-A Bhaban (Level 6) 23, Motijheel Commercial Area Dhaka-1000, Bangladesh Phone: (8802) 9561238, Fax: (8802) 9561107 e-mail: mbd@lankabangla.com	

Shareholding Structure as at 31 December

	Amount in Taka		
	2010	2009	
Authorised Share Capital 100,000,000 ordinary shares of Tk. 10 each	1,000,000,000	1,000,000,000	
Issued, Subscribed and Paid up Capital 53,130,000 ordinary shares of Tk. 10 each	531,300,000	442,750,000	
Shareholders:			
a. Foreign Shareholders			
Sampath Bank PLC, Sri Lanka	11.29%	60,000,000	60,000,000
First Gulf Asia Holdings Limited, KSA	0.14%	720,000	50,600,000
	11.43%	60,720,000	110,600,000
b. Local Shareholders			
Institutions:			
ONE Bank Limited	7.53%	40,000,000	40,000,000
SSC Holdings Limited	1.07%	5,700,000	5,700,000
Shanta Apparels Limited	1.84%	9,800,000	9,000,000
	10.44%	55,500,000	54,700,000
Individuals:			
Mr. Mohammad A. Moyeen	4.24%	22,522,990	18,769,160
Ms. Jasmine Sultana	1.13%	6,000,000	5,000,000
Ms. Aneesha Mahial Kundanmal	7.81%	41,474,000	34,561,670
Mr. Mahbulul Anam	4.45%	23,663,000	19,719,170
Mr. Tahsinul Huque	3.90%	20,700,000	17,250,000
	21.53%	114,359,990	95,300,000
General Shareholders	56.60%	300,720,010	182,150,000
	100.00%	531,300,000	442,750,000





নতুন রং এ
জীবন মাতান

CARD OPERATION

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





Safura Tower, Level-05, 20 Kemal Ataturk Avenue, Banani, Dhaka-1213
Phone: 988 3701-10, www.lankabangla.com



বিশালতায়
পা রাখুন

TERM DEPOSIT SCHEMES

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

Hot Line: 01819 245296



Safura Tower, Level-11, 20 Kemal Ataturk Avenue, Banani, Dhaka-1213
Phone: 988 3701-10, www.lankabangla.com

Profile of the



Mr. Mohammad A. Moyeen
Chairman



Mr. I.W. Senanayake
Director (Representing Sampath Bank PLC)



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

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 Telecommunications, Packing and Food Processing Industries.

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.

Board of Directors



Mr. Mahbulul Anam
Director



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



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

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

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



Mrs. Jasmine Sultana
Director



Mr. Tahsinul Huque
Director



Mrs. Aneesha Mahial Kundanmal
Director

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

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.

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



Mr. Salahuddin Ahmed Khan
Independent Director



Mr. Mafizuddin Sarker
Managing Director

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

Mr. Mafizuddin Sarker, Managing Director, 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

Managing Director & Chief Executive Officer

Mafizuddin Sarker

Senior Executive Vice President

A.Malek Shamsheer

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

Abu Md. Hasan Masud

Branch Managers

Md. Solaman Hossain

Enam Ahmed Chowdhury

Board Committees

Executive Committee

Mohammad A. Moyeen	Chairman
GLH Premaratne	Member
Mahbubul 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

Mahbubul Anam	Chairman
Mirza Ejaz Ahmed	Member
Farman R Chowdhury	Member
Salahuddin Ahmed Khan	Member

Management Committees

Management Committee (MANCOM)		Human Resource Committee	
Mafizuddin Sarker, Managing Director	Chairman	Mafizuddin Sarker, Managing Director	Chairman
A. Malek Shamsher, SEVP	Member	A. Malek Shamsher, SEVP	Member
Quamrul Islam, SVP & CFO	Member	Quamrul Islam, SVP & CFO	Member
AKM Kamruzzaman, SVP	Member	AKM Kamruzzaman, SVP	Member
Khurshed Alam, VP	Member	Mostafa Kamal, VP & Company Secretary	Secretary
Mohammed Kamrul Hasan, VP	Member	Internal Control and Compliance Committee	
Rashedul Haque, VP	Member	Mafizuddin Sarker, Managing Director	Chairman
Mostafa Kamal, VP & Company Secretary	Secretary	A. Malek Shamsher, SEVP	Member
AKM Rezaul Karim, VP	Member	Quamrul Islam, SVP & CFO	Member
Mohammad Shoaib, AVP	Member	AKM Kamruzzaman, SVP	Member
Md. Anisur Rahman, AVP	Member	Khurshed Alam, VP	Member
Credit Risk Management Committee		Mohammed Kamrul Hasan, VP	Member
Mafizuddin Sarker, Managing Director	Chairman	Mostafa Kamal, VP & Company Secretary	Secretary
A. Malek Shamsher, SEVP	Member	AKM Rezaul Karim, VP	Member
AKM Kamruzzaman, SVP	Member	Md. Anisur Rahman, AVP	Member
Quamrul Islam, SVP & CFO	Member	Anti Money Laundering Compliance Committee	
Khurshed Alam, VP	Member	Mafizuddin Sarker, Managing Director	Chairman
Rashedul Haque, VP	Secretary	Quamrul Islam, SVP & CFO	Member
Mohammad Shoaib, AVP	Member	Mohammed Kamrul Hasan, VP	Member
Capital Market Operation Committee		AKM Rezaul Karim, VP	Member
Mafizuddin Sarker, Managing Director	Chairman	Masum Ali, AVP	Secretary
A. Malek Shamsher, SEVP	Member	Mohammad Shoaib, AVP	Member
Quamrul Islam, SVP & CFO	Member	Md. Solaman Hossain, Sr. Manager Ctg Br.	Member
Rashedul Haque, VP	Member	Md. Enam Ahmed Chowdhury, Manager Sylhet Br.	Member
M A Faisal Mahmud, AM	Secretary	Credit Card Operations Committee	
Asset Liability Management Committee		Mafizuddin Sarker, Managing Director	Chairman
Mafizuddin Sarker, Managing Director	Chairman	A. Malek Shamsher, SEVP	Member
A. Malek Shamsher, SEVP	Member	Quamrul Islam, SVP & CFO	Member
Quamrul Islam, SVP & CFO	Member	Rashedul Haque, VP	Member
AKM Kamruzzaman, SVP	Member	AKM Rezaul Karim, VP	Member
Khurshed Alam, VP	Member	Sheik Mohammad Fuad, AVP	Secretary
Mostafa Kamal, VP & Company Secretary	Member	BASEL II Implementation Committee	
Mohammad Shoaib, AVP	Member	Mafizuddin Sarker, Managing Director	Chairman
Masum Ali, AVP	Secretary	Quamrul Islam, SVP & CFO	Member
Nazimuddin Ahmed, Sr. Manager	Member	AKM Kamruzzaman, SVP	Member
IT Development Committee		Mohammed Kamrul Hasan, VP	Member
Mafizuddin Sarker, Managing Director	Chairman	Rashedul Haque, VP	Secretary
Quamrul Islam, SVP & CFO	Member	Masum Ali, AVP	Member
Md. Anisur Rahman, AVP	Member	Md. Anisur Rahman, AVP	Member
Sheik Mohammad Fuad, AVP	Secretary		

Subsidiary Companies

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 lead by its CEO Mr. Mohammed Nasir Uddin Chowdhury.

LBSL (Formerly known as Vanik Bangladesh Securities Ltd) started its stock broking business in 1997 trading on the Chittagong Stock Exchange (CSE) Ltd, while commencing trading on the Dhaka Stock Exchange (DSE) in 1998. The company was renamed LankaBangla Securities with effect from 27 April 2005 following a restructuring of the company.

The company has the distinction of being the largest broking house in terms of transaction value in the Dhaka Stock Exchange for the last five years and the Chittagong Stock Exchange for the last six 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.

Furthermore 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. The company's ability of fostering a diverse and loyal client base is a result of its commitment toward building long lasting relationships with its clients based on mutual trust and respect and providing its services with the utmost professionalism while promptly responding to customer needs.

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, Narayanganj, Kawran Bazar), Chittagong (Agrabad, Khatungong, Nasirabad), Comilla and Sylhet zones. The Company has planned to open new branches in 2011 at country's different important business hubs at Dhaka, Chittagong, Sylhet. The company is licensed by the SEC as a Stock Broker in both the Dhaka and Chittagong Stock Exchanges as well as being licensed by the CDBL as a fully pledged Depository Participant.

Capital Market Overview

The year 2010 was a notable for the investors while DGEN said farewell ending at 8,290 points that started at 4,568 points on 1st trading day of 2010. The benchmark ranked 3rd in term of performance in the world gaining 81.47% next to Mongolian MSE TOP 20 Index and Srilankan Colombo All Share Index and that gained 169.72% and 101.47% respectively. In the past six years, DGEN increased from 1,971 points to 8,290 points and trailing price earning ratio touched to 34. But the growth of the stock market has been boosted by the strong domestic factors and growth potential of our economy. Robust corporate earning growth in 2010 also justifies higher price for given earnings. There has also been an impressive growth in liquidity in the recent years. The trading volumes have also grown substantially. Both the bourses have been on the record breaking rally, with the largest recorded daily transaction of DSE crossing BDT 30.0 billion. Average Daily Turnover increased from BDT 121.9 million in 2002 to BDT 16,434 million in 2010 implying a stupendous 13,381% growth. Market liquidity has increased substantially reflected in the 2,266.7% and 1,433.04% growth of average no of trade and average daily trading volume respectively from 2002 to 2010. Also average no of trade and average daily trade volume increased 83.62% and 113.10% respectively only in 2010.

The stock market is growing rapidly as more investors, both retail and institutional, are actively participating in both the bourses. The number of Beneficiary Owner Accounts experienced more than 45.91% growth from June 2009 to November 2010 to reach 3.1 million which indicates the surge of interest for investment in shares. After introduction of Central Depository System of Bangladesh in 2004 and listing of new securities, Dhaka Stock Exchange became more vibrant in term of market depth and liquidity. Retail and institutional investors got more access to market and availed the opportunity of hassle free trading system. In 2005 the total number of BO account holder was around 360,908 and at the end of 2010 the total number of BO account holder stood at 3.10 million with a humongous average growth of 159% each year. In 2004 where total number of trade was 2.25 million it became 52.20 million in 2010 and number of traded shares surged to 16975 million in 2010 from 684 million in 2004.

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
 - Advising foreign investors on their Bangladesh market entry and investment strategy
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 named “Market Pulse”
 - Customized economic and capital market related research
 - Designing of training & development sessions related to the capital markets

Business Overview and Profit Growth of LankaBangla Securities Limited

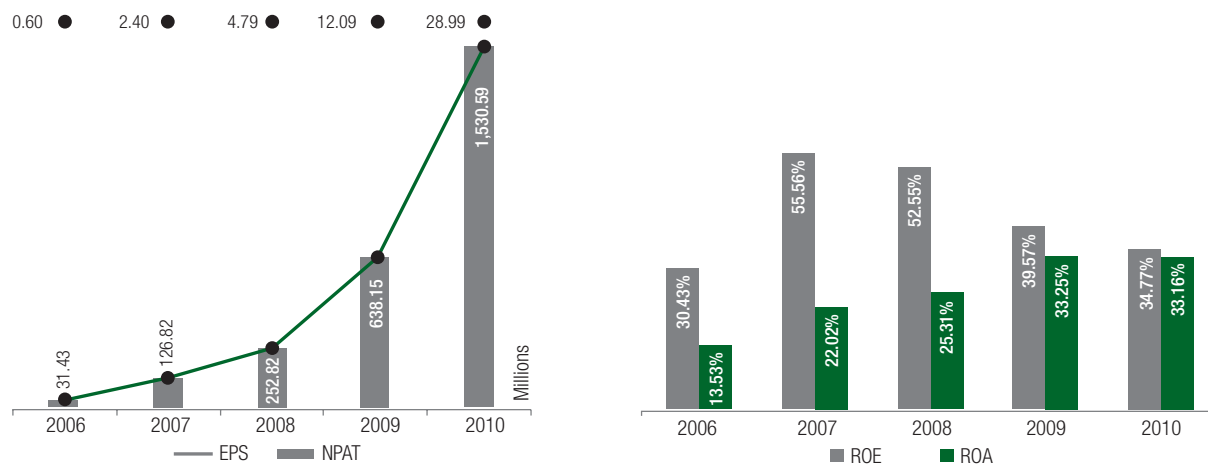
LankaBangla Securities Limited (LBSL) has a staggering 139.85 percent growth in Net Profit in 2010 to BDT 1530.59 million largely backed by a quantum growth of 123.91 percent of Brokerage Income. Further analysis of Net Profit 2010 reveals that LBSL has been able to control its operating expenses which have increased by 27.98 percent only. In 2010 LBSL has significantly improved its margin loan facilities to clients and at the end of 2010 it has registered a growth of 191.42 percent compared to previous year.

Figure in million BDT

	2008	2009	2010
Turnover in DSE	99,167.20	198,992.86	492,422.93
Turnover in CSE	28,438.22	43,217.72	67,943.10
Total Turnover of LBSL	127,605.42	242,210.58	560,366.03
Market Share in DSE	7.42%	6.75%	6.14%
Market Share in CSE	14.10%	13.34%	9.96%
Total Assets	1,141.91	2,696.06	6,535.55
Total Shareholders’ Equity	481.09	1,612.64	4,402.27
Operating Income	397.29	877.84	2,096.79
Net Profit Before Tax	277.84	698.27	1,811.05
Net Profit After Tax	252.82	638.15	1,530.59
Return on Asset	25.31%	33.25%	33.16%
Return on Equity	52.55%	39.57%	34.77%

Income from interest on client receivable and capital gain from investment in shares has remarkably increased registering growth of 158.10 percent and 770 percent compared to 2009. Therefore Earnings Per Share (EPS) has increased to BDT 28.99 in 2010 from BDT 12.09 in 2009. In 2010 Return on Equity (ROE) and Return on Asset (ROA) stood at 34.77 percent and 33.16 percent respectively. Decrease of ROE & ROA is indicating dilution effect of large increase of paid up capital of LankaBangla Securities Limited.

	2010	2009	2008	2007	2006
Total Shareholders' Equity	4,402.27	1,612.64	481.09	228.27	103.27
Total Assets	6,535.55	2,696.06	1,141.91	855.68	295.99
Net Profit After Tax	1,530.59	638.15	252.82	126.82	31.43
Return on Assets	33.16%	33.25%	25.31%	22.02%	13.53%
Return on Equity	34.77%	39.57%	52.55%	55.56%	30.43%
Earnings per Share	28.99	12.09	4.79	2.40	0.60



The balance sheet of the company became stronger in 2010. Fixed assets increased by 182.16 percent reaching BDT 136.34 million at the end of 2010. Cash and Cash equivalents marked a considerable rise of 153 percent and stood at BDT 1240.10 million as 31 December, 2010. Shareholders' Equity increased by 172.98 percent in 2010 and reached at BDT.4,402.27 million. Finally the Balance Sheet size of LBSL i.e. Total Assets increased significantly by 147.33 percent and reached at BDT 6,535.55 million as on 31 December, 2010.

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 moderately optimistic about the turnover growth in the markets; the main focus is now to retain the market share in the both bourses. Three 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. On the other hand In 2011 the most priority will be given in developing of the company's IT infrastructure. Because updating and upgrading of the IT infrastructure in the changing and dynamic market environment is a challenge for a company and the management of LBSL wants to be prepared to take the challenge in the coming changing business environment.

Converted 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 public limited company from private limited company. Following the decision the company has been converted into a public limited company on November 24, 2009. The company has also decided to go for public under Book Building Method. In this regard the company has assigned AAA Consultants & Financial Advisers as issue manager. The company has arranged a road show for price discovery from Eligible Institutional Investors (EII) on July 26, 2010. The company has already submitted it's draft prospectus and other relevant documents to the Securities and Exchange Commission for the approval to go for Initial Public Offering (IPO) under book building method.

Branch Expansion and DSE & CSE Terminal:

In line with business expansion plan, LBSL opened two new branches in 2010, Comilla and Narayangonj and is planning to open three new branches in 2011 at country's different important business hubs. Since the company is passing through growth period lined with growth of Bangladesh Capital Market, increase in number of branches will certainly contribute to grasp the market opportunity and maintain the top leading market share in industry.

Participating in the Book Building Process:

As a stock dealer LBSL has been participating in bidding for stock allocation fixed for the institutional investors under the book building process. In 2010 LBSL has participated in the bidding of RAK Ceramics (BD) Limited, M I Cement Factory Limited, and MJL Bangladesh Limited.

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.

Credit Rating

The company was adjudged credit rating of AA2 (Double A Two) in the long term by Credit Rating Agency of Bangladesh (CRAB) based on audited Financial Statements of 31st December, 2009 and other relevant information. Company rated AA2 in the long term belongs to "very strong capacity" cohort. This rating also indicates that the company has very strong capacity to meet its financial commitments and is judged to be of very high quality and is subject to very low credit risk.

Research Services

The management of LBSL firmly believes in the knowledge based investment in the capital market to keep pace with the advanced market and sophisticated clients. Apart from efficient and effective brokerage services, LBSL is backed by the strength of a comprehensive Research Unit, which provides a range of services from company, industry and country research to corporate valuation. The Research & Analysis Department puts its efforts to analyze the capital market along with the fundamental and technical indicators of listed securities of DSE market. The approach is to understand the psychology and trend history of the market, and most importantly the actions of investors. Much of the effort involves publishing Daily Market report, Weekly Market report, Monthly Market Review, macro economic reports, sectors reports, specific company valuation and IPO analysis. Research and Analysis Department also conducts in house training program for its employees. Research and Analysis Department also carries out outside training program by tagging with reported training provider BD Jobs to increase the knowledge and awareness of capital market.

Subscribing of Bloomberg Professional Service

LankaBangla Securities Ltd has become the subscriber of Bloomberg Professional Service of Bloomberg L.P., an internationally reputed Professional financial service provider and Research and Analysis Department regularly updates its report in the LBSL's dedicated Bloomberg page to update the Bangladesh Market to the international market professionals.

Human Resources Development

LBSL has sound HR policy to ensure congenial working environment and better career opportunity. As a core strategic partner, the department performs the function of HR planning, recruitment & selection, training & development, employee awareness program, compensation management, reward system management, succession planning, employee motivation and retention. Most of the employees of LBSL are very young and enthusiastic, accomplished education from country's renowned public and private universities. The company always offers different motivational packages and training programs both at home and abroad. In addition, for better orientation, LBSL organizes seminar, conference and awareness program for its all level of employees and clientele. Its own research oriented training department undertook various training programs in 2010 for developing knowledge, skills and abilities (KSAs) and competencies of the employees. Team and Group work receives appreciation in all parts of the company. LBSL believes in empowering employees to build up future leaders for the Company and the sector as well. In addition, strong recognition and rewarding system also stimulates employees' potentiality to perform in favor of the Company. HR Software will soon be introduced by the company for the future technological strength.

Information Technology Development:

The main focus on investment in IT is the prime dedication of management to ensure the viable ROI of the organization. The diversification of

business and changes in the technologies forward the LBSL management emphasis to renovating the existing IT infrastructure and resources which commits to ensure the best support to the valued investors and other stakeholders. LBSL is planning to develop its IT infrastructure through defining and planning IT roadmap, providing internet and SMS services, network assessment and system audit, enhancement of back office software application, achieving ISO 27001 and so on.

Achievements and Recognition:

The Company retained most active member position in both the bourses, Dhaka Stock Exchange (DSE) Limited and Chittagong Stock Exchange (CSE) Limited in the outgoing year 2010. LankaBangla Securities Limited grabbed the top position for the fifth consecutive year on DSE and sixth consecutive year on CSE. In 2010, Mr. Mohammed Nasir Uddin Chowdhury, the Chief Executive Officer of LankaBangla Securities Limited has been selected as Senior Vice President of Dhaka Stock Exchange Limited. In last year, British High Commissioner in Bangladesh Mr. Stephen Evans visited LankaBangla Securities Limited on 03 January, 2010. LankaBangla Securities Limited presented its services to the clients and delivered their economic, stock market and company research papers to the honorable guests. Mr. Evans had patient hearing about the different aspects of stock market and finally signed in the comments book of LankaBangla Securities Limited.

LankaBangla Investments Limited

LankaBangla Investments Limited (LBIL) is a newly formed subsidiary of LankaBangla Finance Limited. LBIL was previously the merchant banking wing of LankaBangla Finance Limited. With effect from January 02, 2011 LankaBangla Investments Limited started its journey as a separate company.

As one of the country's premier investment banks, LankaBangla Investments Limited provides clients with expert advice, innovative solutions, outstanding service and comprehensive access to the capital market. Whether the clients require portfolio management service, issue management and underwriting service or advisory service, LBIL has the competence and experience to meet their needs. LBIL's key strengths are the knowledgeable management team with market insight and a strong ethical and governance framework.

LBIL offers a wide selection of advisory and management consultancy services for institutional clients seeking to raise finances for business development, to merge with or acquire another business, to re-structure for better performance, or to grow business by exploring new territories. The expertise, market insight and knowledge to support the aspirations of clients help LBIL render these services efficiently.

LBIL also offers a selection of investment services and opportunities to both individual and institutional clients. By combining portfolio management expertise with knowledge of the market, objective advice, continuous market access, fast execution of trades and the best research team LBIL brings out the best solutions for each individual with different investment objectives. LBIL has a commanding view of the capital markets and an expert understanding of what's driving investment trends. Using multiple information sources and a group of expert analysts and researchers, LBIL delivers up-to-the-minute market information to help clients take more informed decisions.

Services

Primary Market Services:

1. Raising Capital through Equity Placement

Raising capital through a private placement of a company's securities is an effective and timely alternative to debt financing. A company can consider such financing at an early stage in its development or as interim financing until a public offering can be completed. We provide end-to-end advisory solutions to companies on their capitalization strategies, which help them to achieve their growth targets. Our services include: transaction feasibility analysis, deal structuring, capital raising, pricing & valuation, negotiating with investors, and effective project management to successful closing.

2. Issue Management

LBIL helps companies with good growth potential and excellent business ideas raise fund through initial public offering. Through our issue management services we not only aid clients to increase the value of their company but also aid in increasing the supply of quality shares in the capital market. We manage issues for Initial Public Offering (IPO), Repeat Public Offering (RPO), Bonds, and Preference Shares. The Issue Management Team has wide experience in managing the different types of issues across various industries, leading to in-depth knowledge of the regulatory issues and processes. Our services include: consultancy services, regulatory compliance fulfillment, valuation of securities,

price discovery and book building, underwriting cooperation, public offer and subscription management, and effective project management to successful closing.

3. Underwriting

LBIL provides underwriting services for public issues to create efficiencies in the capital markets and reduce risk for new, repeat and right issues. LBIL has underwritten a large number of issues in various industries.

4. Mezzanine Financing / Bridge Financing

We carry out Mezzanine Debt Financing for clients to leverage on debt as an instrument to raise capital for various requirements including new projects, expansions, and modernizations. LBIL can arrange a deal, lead it, or act as the sole investor and will structure the product according to the needs of the clients. We have strong relationships with lending banks, in-depth product knowledge and a skilled negotiation process.

5. Corporate and Financial Advisory Services

In today's environment of complex transactions and competitive markets, increasing the value of business requires skills and experience. Thus we help clients to undertake the right decision the right way to make their business more competitive and profitable by providing integrated and objective advisory services. We provide assistance in due diligence, support the creation of financial models, act as financial advisors, aid in overall project management and provide solutions on financial and corporate matters. Whatever the size, nature or location of a company or deal - we can play a critical role throughout the deal lifecycle.

LBIL also provides restructuring advisory services to underperforming companies and companies experiencing liquidity problems, in all sectors and in all markets. We provide a prompt and strategic review of the situation and then develop and implement a tailored strategy to help turn around business performance.

6. Mergers and Acquisitions

LankaBangla acts as the financial advisor for the total merger or acquisition transaction whether the client is the bidder or the target. The experienced M&A advisors at LBIL help companies steer through profitable opportunities starting from origination to closure. Our knowledge of company law, business acumen, relationships and resources facilitate achieve successful transactions. Our work includes identification of the business to be acquired, strategic planning of the acquisition, valuations, transaction structuring, negotiation with parties, advice on financing, supervising due diligence, legal and other issues to work towards successful completion.

Secondary Market Services:

1. Non-Discretionary Investment Portfolio

In case of a Non-Discretionary investment portfolio, clients shall have absolute discretionary power to make investment decisions. LBIL provides support for efficient execution of trades through LankaBangla Securities Limited. Apart from execution of trades, LBIL also provides the investors with a range services, which include:

- Extension of margin loan facilities so that the investors can have a better return on investment.
- Registration of the securities, collecting dividend, and bonus shares.
- Subscription of placement shares.
- Subscription of the rights issues.

2. Discretionary Investment Portfolio

Discretionary Investment Portfolio is suitable for any individual having little or no experience of investing in capital market and those institutions and individuals who do not afford the time to manage a well-diversified portfolio. LBIL has the power to take decisions for managing Discretionary Investment Portfolios according to specific needs and constraints of each investor. The services include:

- Active management of the portfolio.
- Periodic review and analysis of individual risk – return objectives.

- Formulating appropriate investment strategies
- Constructing and rebalancing of portfolios.
- Periodic status reporting to clients.

Research Services:

LBIL Research Team is one of the knowledge leaders in the capital market arena of Bangladesh. The analysts and researchers deliver LBIL's valued clients with timely, in-depth analysis of companies, industries, and the overall market and economy. The research teams provide daily insights to clients to help them make investment decisions that lead to superior returns.

- Economic and overall market research
- Sector-wise research and analysis
- Company specific research : Fundamental Analysis and Technical Analysis

Statement on Risk Management

Risk management is the active and dynamic 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 on 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 and protect our stakeholders' interest. Additionally a proper Risk Management System ensures that the taken risk is within our underwriting standards approved by the Board of Directors and in line with our corporate strategy.

LankaBangla has an 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 Bangladesh Bank to address various core risks.

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.

Risk Management Framework

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

- Methodology for determining risk appetite of LankaBangla
- Policies and procedures for managing risk
- Segregation of duties among marketing, credit risk management and credit administration unit.
- Models for measuring risk e.g. Credit Risk Grading (CRG)
- Processes for recording and approving credit requests
- Tools and techniques for monitoring and reporting risk exposures
- Structures for regularly reviewing risk exposures

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.

Managing Credit Risk

Credit risk is the potential of loss arising from failure of a debtor or counter party to meet their contractual obligations. As a lending institution credit risk cannot be fully eliminated, however it can be managed to optimize the risk-adjusted return. At LankaBangla, we manage the credit risk both at individual account level as well as at portfolio level. At portfolio level, credit risk includes concentration risk arising from excessive exposure to a single counterparty or to an industry sector.

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

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.

For the consumer and small business sectors, credit risks are managed on portfolio basis. Such products include home loan, credit cards, auto loans, commercial property loans, and SME business loans. Loans are underwritten under Product Program Guidelines (PPG) that clearly define the target market, underwriting criteria, terms of lending, maximum exposure, credit origination guidelines, and verification processes to prevent fraud.

Managing Operational Risk

Operational risk is the potential of loss resulting from failed or inadequate internal processes, people, systems and management, or from external events. 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 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 sits periodically to assess the changes in the market and, along with other strategies, recommends re-pricing of interest rate of existing products to minimize and control the interest rate risk.

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 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 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.

Loan Recovery Management & Provision

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.

Statement on Corporate Governance

“To remain competitive in a changing world, corporations must be innovative and adapt their corporate governance practices so that they can meet new demands and grasp new opportunities”

(Quote from OECD Principles on Corporate Governance)

LankaBangla Finance Limited (LBFL) considers good corporate governance to be the cornerstone of a well-managed organization. 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 organization. LankaBangla aspires to the highest standards of corporate governance, starting with the Board of Directors and continuing throughout the organization. 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.

Corporate governance is one important area of emphasis of the Company in strengthening the foundation of LankaBangla's long-term economic performance and ensuring the interest of LBFL shareholders and its stakeholders are looked after. Corporate governance remains an important focus of the Board of Directors to improve and promote across its subsidiaries, local and country levels.

As a Financial Institution, 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 Governance 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 Composition and Frequency

The present Board comprises of 11 non-executive directors of whom 04 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 in every three months. 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 and 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 the 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.

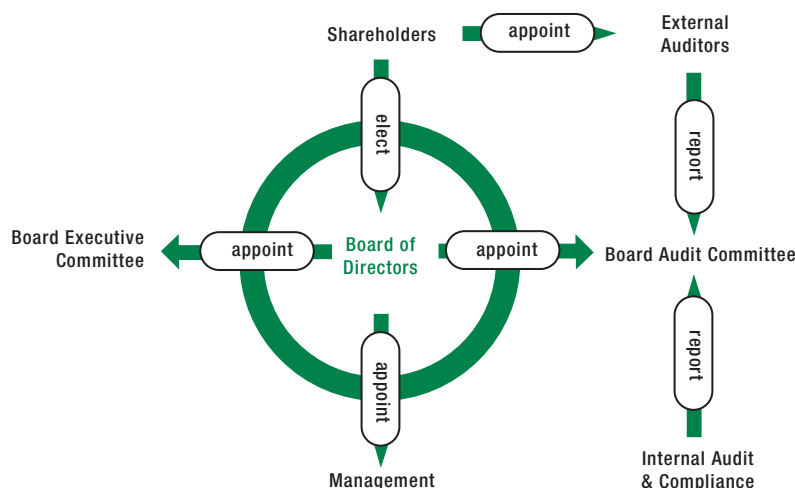
In addition, the Board constantly places emphasis that not only the Board, but the Company and its employees operate with professionalism, integrity and ethics.

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. Directors of LankaBangla bring their special expertise and knowledge to bear on the strategy and enterprise of the company. They each bring independent judgment on issues of conformance and performance.



Term of appointment

Directors usually serve three three-year terms, which the Board considers an appropriate length of time for directors to immerse themselves fully in the Company’s affairs and gain a sufficient understanding of the Company’s operations so as to make an effective contribution as a director.

The Articles of Association requires one-third of the Board (being the longest period in office) to retire from office every year at the annual general meeting. Therefore, by rotation, every director is required to offer themselves for re-nomination and re-election by shareholders at regular intervals of at least once every three years. 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 meeting and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the management. Any questions from shareholders are attended to and addressed at such shareholders’ 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 governance practices require that specialised skills are best exercised through board level committees. In LankaBangla, these are:

- Audit Committee 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 reviews and approves credit exposures exceeding certain limit.

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 advisor as it deem necessary.

Audit Committee

The Audit Committee comprises of Mr. Mahbul Anam (Chairman), Mr. Mirza Ejaz Ahmed, Mr Farman R Chowdhury, all non-executive Directors and Mr. Salauddin Ahmed Khan, 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 Head of ICC and Head of CRM and the Committee has the discretion to invite any Director and executive officer to attend its meetings. Separate sessions with internal and external auditors 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 an Audit Committee meeting. External Auditors are invited to present in the Audit Committee meeting where Financial Statements of the Company is 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, Ms. Aneesha Mahial Kundanmal, Mr. Mirza Ejaz Ahmed, Mr. Farman R. Chowdhury, Ms. Jasmine Sultana and Mr. Tahsinul Huque. 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, adhoc 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 Annexure II 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 2010.

RELATED PARTY TRANSACTIONS

LankaBangla has refined and embedded enhanced procedures to comply with existing regulations governing related party transactions for banks and listed companies. These regulations include the Financial Institutions Act, Bangladesh Accounting Standards (BAS-24). The relevant provisions in the FI Act and the BAS directives impose prudential limits on credit exposures by the Company to certain Subsidiary and associates entities and persons, also the related party transactions in the BAS cover all types of related party transactions generally.

All new directors are briefed on the relevant provisions that they need to comply with. If necessary, existing credit facilities to related parties are adjusted prior to a director's appointment, and all credit facilities to related parties are monitored on an on-going basis. Checks are conducted prior to the Company entering into credit and non-credit-related transactions to determine whether the counterparty is a related party under applicable regulations and to take the appropriate action to comply with the regulations.

The Company has granted credit facilities to the following related parties in the ordinary course of business on normal terms and conditions. The outstanding amounts of these credit facilities and the estimated values of collaterals as at 31 December 2010 are given in the Notes to the Financial Statements Note no. 36.

INTERNAL AUDIT AND INTERNAL CONTROLS

Internal Audit Function

In 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 the Standards on Auditing 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.

IT GOVERNANCE

Information Technology Governance forms an integral part of the NBF's Corporate Governance, deals primarily with optimizing the linkage between Strategic Direction and Information Systems Management of the Company. In this regard, implementation of the organizational structure with well defined roles for the responsibility of information, business processes, applications, infrastructure, etc. generates value for our stakeholders while mitigating the risks associated with incorrect deployment and use of Information Technology.

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. In addition, employees are prohibited at all times from trading if they are in possession of material non-public information.

DISSEMINATION OF INFORMATION

LankaBangla maintains an active dialogue with shareholders. It holds in-person briefing sessions or telephone conference calls with the media and analysts when quarterly results are released. All press statements and quarterly financial statements are published on the national Daily Newspapers and DSE & CSE websites. A dedicated investor relations team supports the Company's CEO and Chief Financial Officer (CFO) and Company Secretary in maintaining a close dialogue with institutional investors.

The Company embraces and commits to fair, transparent and timely disclosure policy and practices. All price-sensitive information or data are publicly released, prior to individual sessions held with investors or analysts.

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 Director(s)- Appointment	✓		
1.3	Chairman of the Board & Chief Executive Officer	✓		
1.4	The Director 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 in Anexure II
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	✓ ✓		
3.00	Audit Committee	✓		
3.1(I)	Composition of Audit Committee	✓		
3.1(ii)	Appointment of Audit Committee members & inclusion of Independent Directors	✓		

Condition No.	Title	Compliance Status		Explanation for non-Compliance with the Condition
		Complied	Not Complied	
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 -			
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	✓		
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	✓		

Annexure -II

Compliance of Section 1.4(j)

Meeting of Board of Directors and Audit Committee held during 2010 and attendance by each director;-

Composition	Board		Audit Committee	
	Meeting held	Attended	Meeting held	Attended
Mr. Mohammad A Moyeen	05	03		
Mr. I.W. Senanayake	05	03		
Mr. G.L.H. Premaratne	05	02		
Mr. Mahbul Anam	05	02	07	07
Mr. Mirza Ejaz Ahmed	05	04	07	02
Mr. Farman R. Chowdhury	05	05	07	05
Mrs. Jasmine Sultana	05	00		
Mr. Tahsinul Huque	05	03		
Mrs. Aneesha Mahial Kundanmal	05	02		
Mr. Salahuddin Ahmed Khan	05	04	07	07

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

Compliance of Section 1.4(k)
The pattern of Shareholding

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

Name	Relation	Shares Held
Sampath Bank Limited, Srilanka	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:

Name		Shares Held
Director		
Mr. I.W. Senanayake	Nominee of Sampath Bank Limited	6,000,000
Mr. G.L.H. Premaratne	Nominee of Sampath Bank Limited	
Mr. Farman R. Chowdhury	Nominee of One Bank Limited	4,000,000
Mr. Mirza Ejaz Ahmed	Nominee of SSC Holdings Limited	570,000
Mrs. Aneesha Mahial Kundanmal		4,147,400
Mr. Tahsinul Huque		2,070,000
Mr. Mohammad A Moyeen		2,252,299
Mr. Mahbubul Alam		2,366,300
Mrs. Jasmine Sultana		600,000
Mr. Mafizuddin Sarker	Managing Director	None
Mr. Mostafa Kamal FCA	Company Secretary	None
Mr. Quamrul Islam	Chief Financial Officer	None
Mr. Mohammed Kamrul Hasan FCA	Head of Internal Audit	1,590

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

Designation	Name	Shares Held
Sr Executive Vice President	A. Malek Shamsher	None
Senior Vice President	A.K.M. 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	11.29%	6,000,000

Statement on Corporate Social Responsibilities

We believe that our business – financing – is necessary for business progress and is intrinsically tied to the overall economic development. We welcome you to read this report to learn how we operate responsibly in the eye of both: regulators and the society.

Corporate Responsibility at LankaBangla means demonstrating its vision and values throughout our corporation, throughout our operations, and throughout our partnerships. In this document – our 14th annual Corporate Responsibility Report – we are proud to share how our compliance, social and governance systems, processes and actions support our vision to be a company most admired for its people, partnership and performance.



LankaBangla extends Scholarships to the underprivileged meritorious students achieving outstanding results in SSC/HSC examination.

We always intend to operate business in a manner that accounts for the social and environmental impact created by the business finance by LankaBangla. We are deeply committed to develop policies that integrate responsible practices into daily business operations, and to reporting on progress made toward implementing these practices.

From the standpoint of Corporate Social Responsibility (CSR), we discharge our task in a way to incorporate:

- Adoption of internal controls in complying with the requirements from regulatory bodies;
- Commitment to diversity in hiring employees and barring discrimination;
- Management teams that view employees as assets rather than costs;
- High performance workplaces that integrate the views of line employees into decision-making processes;
- Adoption of operating policies that exceed compliance with social and environmental laws;
- Encouraging business through advanced resource productivity, focused on the use of natural resources in a more productive, efficient and profitable fashion (such as recycled content and product recycling);
- Taking responsibility for conditions under which goods are produced by the undertakings financed by us.

LankaBangla is devoted to the best utilization of human resources. LankaBangla has long been dedicated to driving educational improvement; in fact, education has been part of LankaBangla culture since it was founded in 1996. LankaBangla has donated an illustrating amount of money in 2010 through different educational programs such as scholarship, debate, etc.

As part of its CSR duties, LankaBangla took steps to distribute blankets and different kinds of warm clothes among the poor people living in different slums and areas in Dhaka city during the winter season. The programs to distribute the clothes to protect the poor from fierce cold were arranged from the initiative of LB Foundation. The programs were attended by Managing Director and other high officials as well as operating people of LankaBangla.

LankaBangla is well aware of the health, safety and well being of employees and their immediate family members. And in this connection, LankaBangla provides hospitalization insurance coverage facilities to the staff. At the same time, LankaBangla has insurance scheme for its employees against unforeseen accidental loss and death.

In conclusion, LankaBangla typically addresses issues impacting virtually every area of operations: governance and ethics; employee hiring, opportunity and training; responsible purchasing and supply chain policies; energy and environmental impact, etc.

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 reviews 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 Board undertakes 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 the Board ensures 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 ensures 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 of LankaBangla Finance Limited both separate and consolidated with its Subsidiaries as at 31st December 2010 are prepared in compliance with the Bangladesh Accounting Standards and/or Bangladesh Financial Reporting Standards as adopted by The Institute of Chartered Accountants of Bangladesh, the requirements of Companies Act 1994, rules and regulations of Securities and Exchange Commission, Bangladesh Bank and other regulatory authorities. The Accounting Policies used in the preparation of the Financial Statements are appropriate and are consistent (material departures, if any, have been disclosed and explained in the notes to the Financial Statements). There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our External Auditors and the Audit Committee.

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 in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing 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, and the Company's External Auditors. The Audit Committee of the Company meets periodically with the Internal Auditors and the External 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 External 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 Auditor with the guidelines for the audit of Listed Companies where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with.



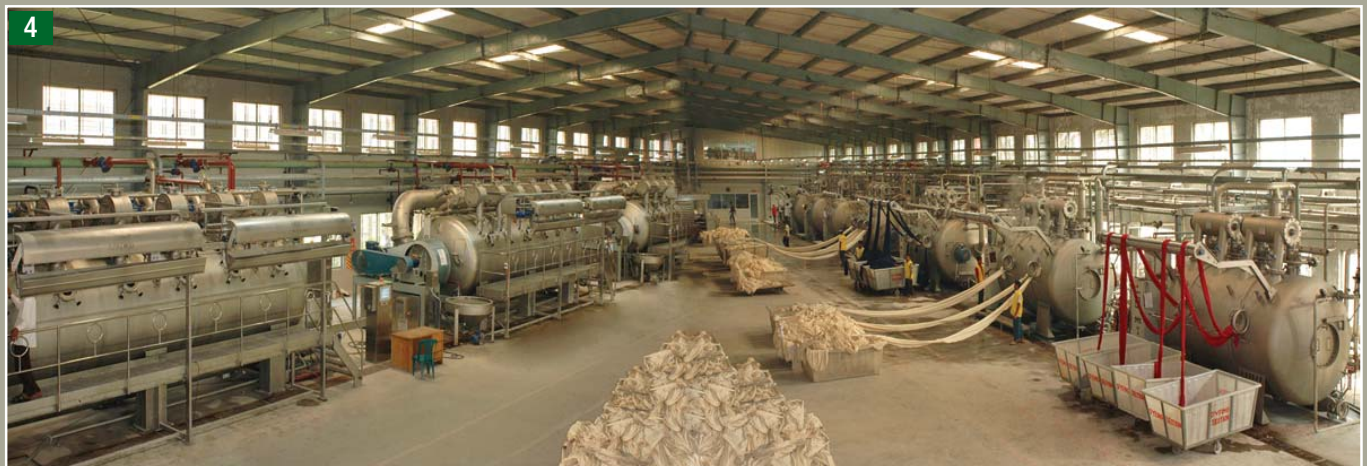
Mafizuddin Sarker
Managing Director & CEO



Quamrul Islam
Chief Financial Officer



Projects Financed by



1. A Textile Dyeing Project
2. A Ready-Made-Garments Project
3. A Composite Knit Garments Project
4. A Composite Textile Project



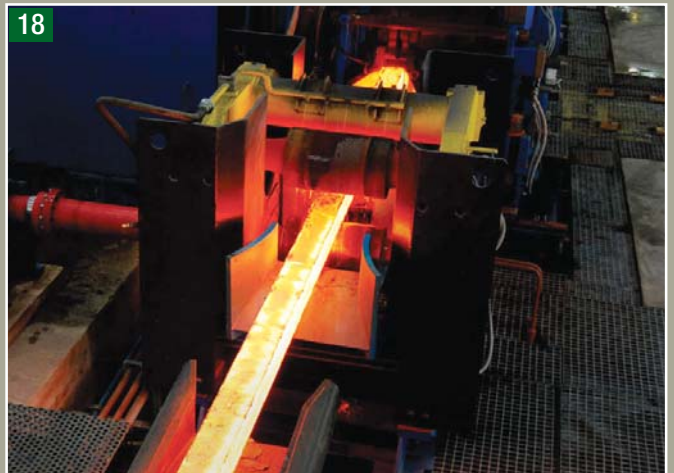
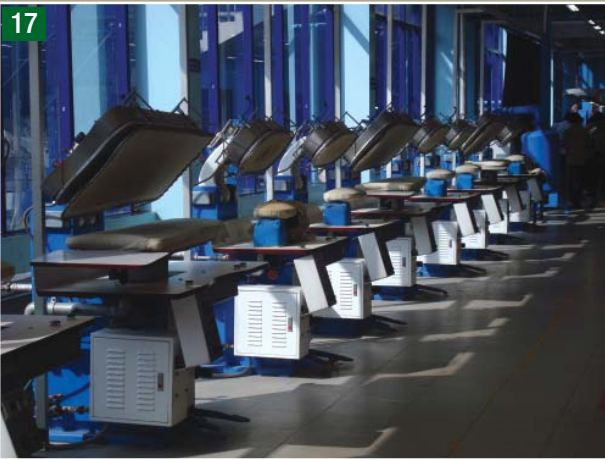

LankaBangla[®]
FINANCE



5. A CNG Refuelling Project
6. Dyeing Laboratory of a Composite Dyeing Project
7. A Power Plant
8. A Composite Knitting Project



- 9. An SME Project in Sylhet
- 10. Medical Equipment
- 11. An SME Project in Chittagong
- 12. A Meat Processing Plant
- 13. A Salt Processing Plant

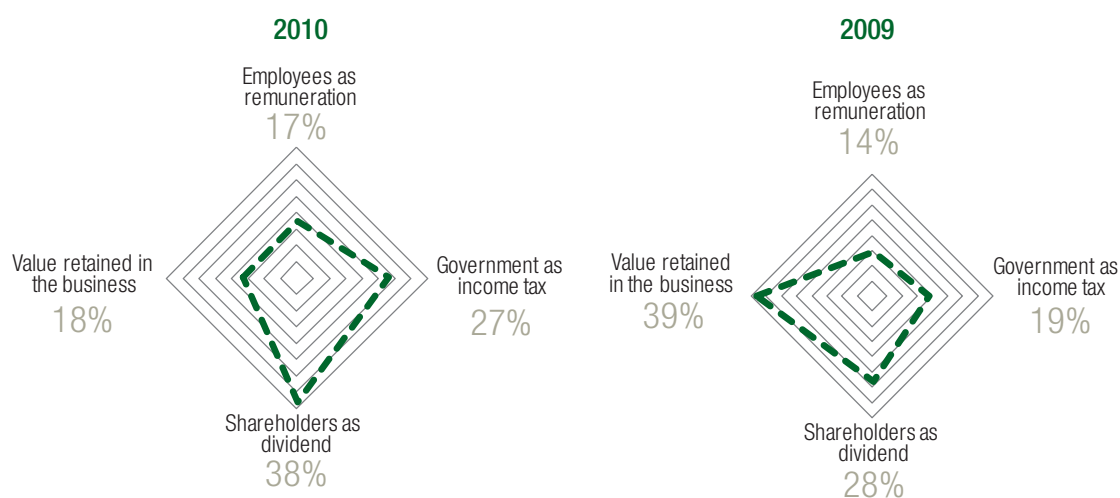


- 14. A Real-Estate Project
- 15. An SME Project in Old Dhaka
- 16. A Washing Plant in Gazipur
- 17. A Composite RMG Project
- 18. A Re-rolling Mill

Value Added Statement

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 2010 Taka	%	31 Dec 2009 Taka	%
Value added				
Operating Revenue	2,071,748,143		1,719,585,461	
Cost of borrowing	(1,019,690,923)		(939,957,949)	
	1,052,057,220		779,627,512	
Provisions	(191,975,250)		(156,618,473)	
Operating expenses excluding staff cost and depreciation	(84,811,819)		(73,995,466)	
	775,270,151	100%	549,013,573	100%
Distribution of value addition				
Employees as remuneration	131,599,385	17%	79,467,608	14%
Government as income tax	208,235,722	27%	102,688,960	19%
Shareholders as dividend	292,215,000	38%	154,962,500	28%
Value retained in the business	143,220,044	18%	211,894,505	39%
	775,270,151	100%	549,013,573	100%
Number of employees at the end of the year	135		111	
Value added per employee	5,667,637		4,946,068	





Consolidated Financial Highlights

*Year 2010, another successful year for **LankaBangla** securing results ahead of plan. We reinforced our efforts to maximize the **Value** for our esteemed **Shareholders** by redefining our approach in creating **Wealth** providing prudent services. Our unique approach to value creation resulted in a significant improvement in the figures we reported for the year.*



We stand at the center of many of the finest and most innovative financial solutions...

BDT 1,700.15mn

At 1,700.15mn Profit after Tax, we reach in 2010 securing 128.5% Growth over 2009.

BDT 15,064.57mn

Total Portfolio, reached at 15,064.57mn in 2010 achieving 40.8% Growth over 2009.

BDT 19,322.24mn

Asset Base, marking 43.7% Growth over previous year stands at 19,322.24mn.

BDT 4,790.04mn

Equity Base, taking at 4,790.04mn offering impressive 128.0% YoY growth.

BDT 560.37bn

Blurring our history, we set record turnover by LBSL at 560.37bn, marking 131.4% growth over 2009.

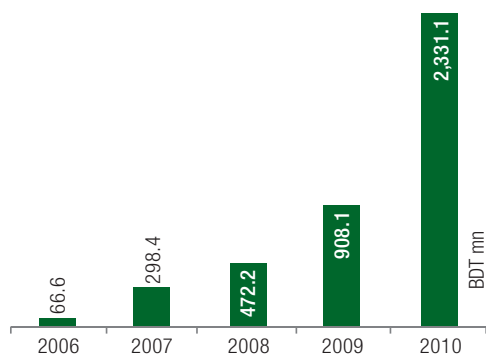
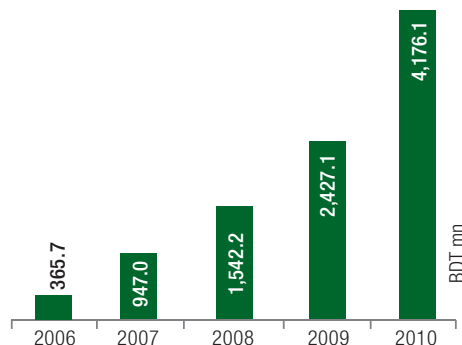
Taka in Million

	2006	2007	2008	2009	2010	Growth (%)
Financial Performance						
Total Assets	2,827.54	5,782.38	8,108.87	13,435.00	19,322.24	43.74%
Total Liabilities	2,403.84	5,185.03	7,186.40	11,335.07	14,532.20	28.21%
Business Disbursement	1,869.60	3,024.22	3,258.97	4,689.28	4,275.50	-8.82%
Current Assets	1,710.63	3,977.61	5,554.92	8,839.66	8,985.65	1.65%
Current Liabilities	1,593.86	3,477.92	4,793.27	7,394.94	7,869.65	6.42%
Non Current Assets	1,116.91	1,804.77	2,553.95	4,595.93	10,337.59	124.93%
Long Term Liabilities	809.98	1,707.12	2,393.12	3,940.13	6,662.55	69.09%
Term Deposits	761.75	1,818.52	2,627.30	4,432.90	4,560.00	2.87%
Total Investment Portfolio	2,420.04	4,717.46	6,869.63	10,699.17	15,064.57	40.80%
Operational Performance						
Operating Revenue	365.66	946.96	1,542.18	2,427.07	4,176.11	72.06%
Operating Expenses	299.09	648.57	1,069.97	1,362.38	1,513.72	11.11%
Financial Expenses	163.07	418.76	707.16	936.61	1,016.08	8.48%
Net Profit Before Tax	66.58	298.39	472.21	908.07	2,331.10	156.71%
Net Profit After Tax	66.82	210.47	377.64	744.08	1,700.15	128.49%
Turnover of Share Trading by LBSL	16,361.13	65,972.48	127,605.37	242,210.58	560,366.03	131.35%
Financial Ratios						
Current Ratio	1.07	1.14	1.16	1.20	1.14	-4.48%
Debt Equity Ratio	5.67	8.68	7.79	5.40	3.03	-43.90%
Financial Expense Coverage Ratio	1.41	1.50	1.53	1.79	2.67	48.97%
Return on Equity (%)	19.32%	41.23%	40.94%	35.42%	35.49%	0.18%
Return on Assets (%)	3.00%	4.89%	4.66%	5.54%	8.80%	58.86%
Equity Parameters						
Authorized Capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	-
Paid-up Capital	350.00	350.00	385.00	442.75	531.30	20.00%
Shareholders' Equity	423.69	597.34	922.48	2,100.53	4,790.04	128.04%
No. of Share Outstanding	35.00	35.00	38.50	44.28	53.13	19.99%
Net Asset Value (NAV) Per Share	12.11	17.07	23.96	47.44	90.18	90.09%
Earnings Per Share (EPS)	2.43	5.47	9.81	14.00	32.00	128.49%
Market Price Per Share (Closing)	19.90	100.10	196.60	313.80	497.90	58.67%
Price Earnings Ratio (Times)	8.19	18.30	20.04	22.41	15.56	-30.56%
Dividend Payment (C-cash & B- bonus)	10% C	10% B 15% C	15% B 15% C	20% B 15% C	55% B	-
Dividend Payout Ratio (%)	49.73%	76.50%	69.45%	44.15%	72.49%	64.20%
Dividend Coverage (Times)	2.56	1.19	1.44	2.27	1.38	-39.23%
Dividend Yield (%)	5.03%	2.50%	1.53%	1.12%	1.10%	-1.37%

5 year CAGR
83.6%

Operating Revenue

With impressive 72.06% YoY growth, LankaBangla secured BDT 4,176.1 mn Operating Revenue in 2010. The 5 year CAGR of 83.6% shows how impressively our operations expanded over time.



Operating Profit

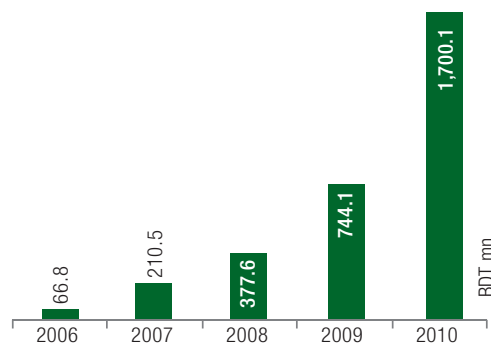
Operating Profit in 2010 reached BDT 2,331.1 mn which is 156.7% higher than the previous year. There was tremendous growth in operating profit counting 143.3% CAGR over the last 5 years.

5 year CAGR
143.4%

5 year CAGR
124.6%

Net Profit

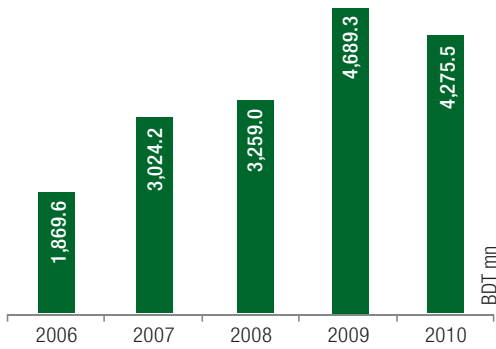
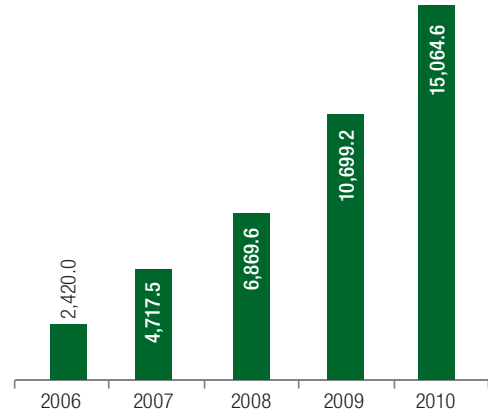
Net Profit increased staggering 128.5% in 2010 compared to 2009 to arrive at BDT 1,700.1mn. We achieved remarkable 124.6% CAGR over the last 5 years.



5 year CAGR
58.0%

Investment Portfolio

Investment Portfolio increased 40.80% at the end of 2010 compared to 2009 to reach BDT 15,064.6mn. Our portfolio grew 58% over the last 5 years.



Business Disbursement

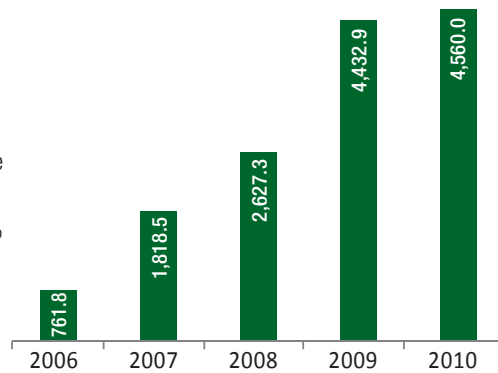
Business disbursement was slightly lower than 2009, amounting BDT 4,275.5mn in 2010. Even though financial sluggishness in domestic economy hindered our business in 2008/09, we attained 23.0% growth in last 5 years.

5 year CAGR
23.0%

5 year CAGR
56.4%

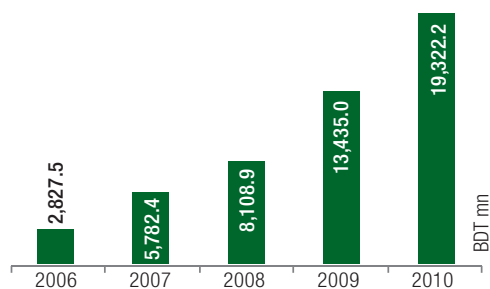
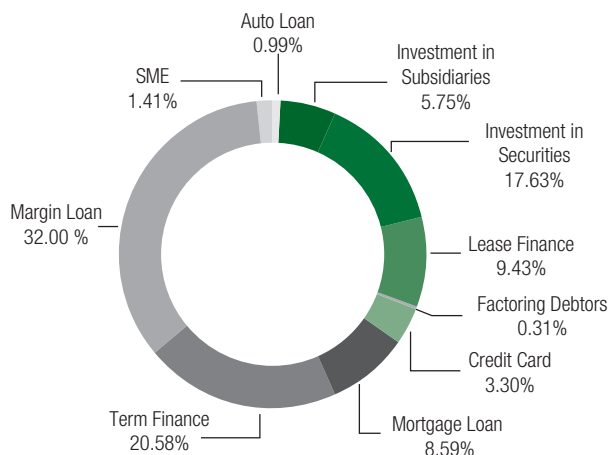
Term Deposits

Term Deposit stood BDT 4,560.0 mn at the end of 2010 which was BDT 4,432.9 mn at the end of 2009. Deposit grew at 56.4% over the last 5 years. We are strengthening our efforts in pulling of idle savings from individuals and large funds from corporate houses.



Investment Mix

LankaBangla has diversified its portfolio in many asset classes with term finance and margin loan having major share in the pie. Lease Finance and Margin Loan are in the 3rd and 4th position consecutively. SME, Auto Loan and Factoring are growing every day.



Total Asset

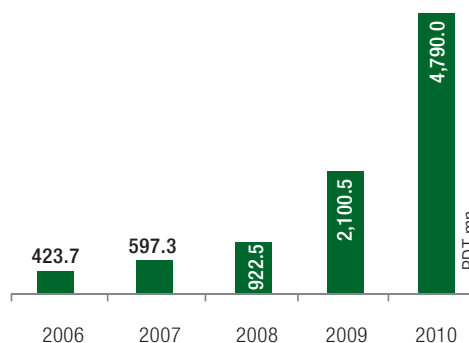
Total Asset Grew 43.7% in 2010 compared to 2009. LankaBangla's Asset Base is BDT 19,322.2mn as of December 31, 2010. The company had 61.7% CAGR over the last 5 years.

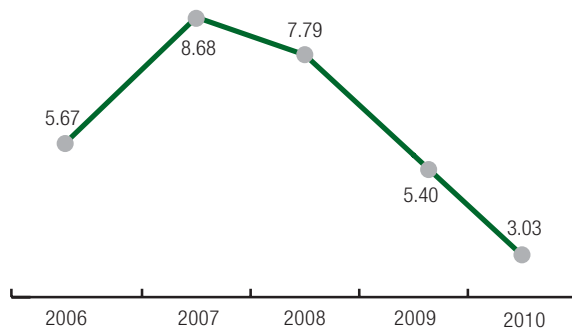
5 year CAGR
61.7%

5 year CAGR
83.4%

Shareholders' Equity

Shareholders' Equity grew from BDT 2,100.5 mn to BDT 4,790.0 mn marking staggering 128.0% growth in 2010 over 2009. The 5 year CAGR is 83.4%.



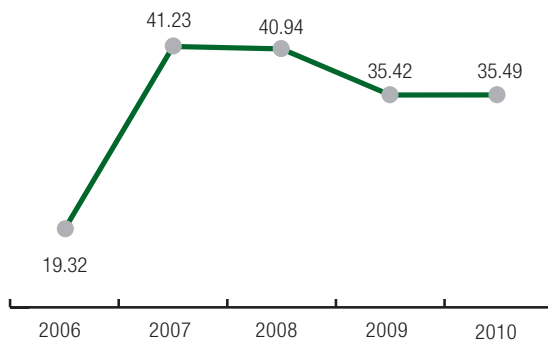
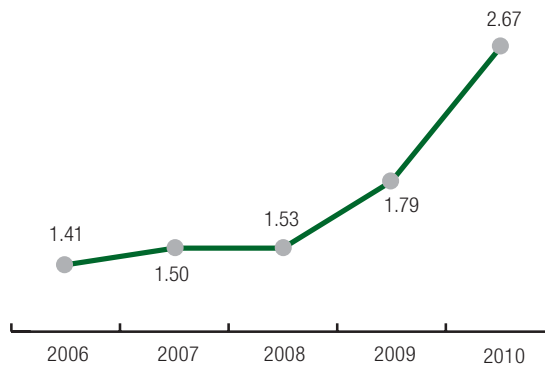


Debt to Equity Ratio

LankaBangla's high growth in Shareholders' Equity allowed it to enjoy lower Debt to Equity Ratio. Steady decline in this ratio indicates stronger debt equity position.

Financial Expense Coverage Ratio

Financial Expense Coverage Ratio is increasing every year. It indicates LankaBangla's increasing strength in meeting debt obligations.

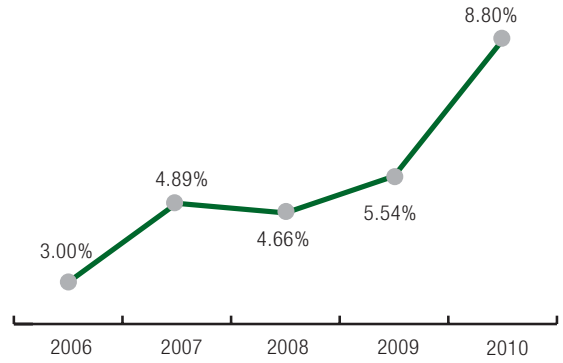


Return on Equity

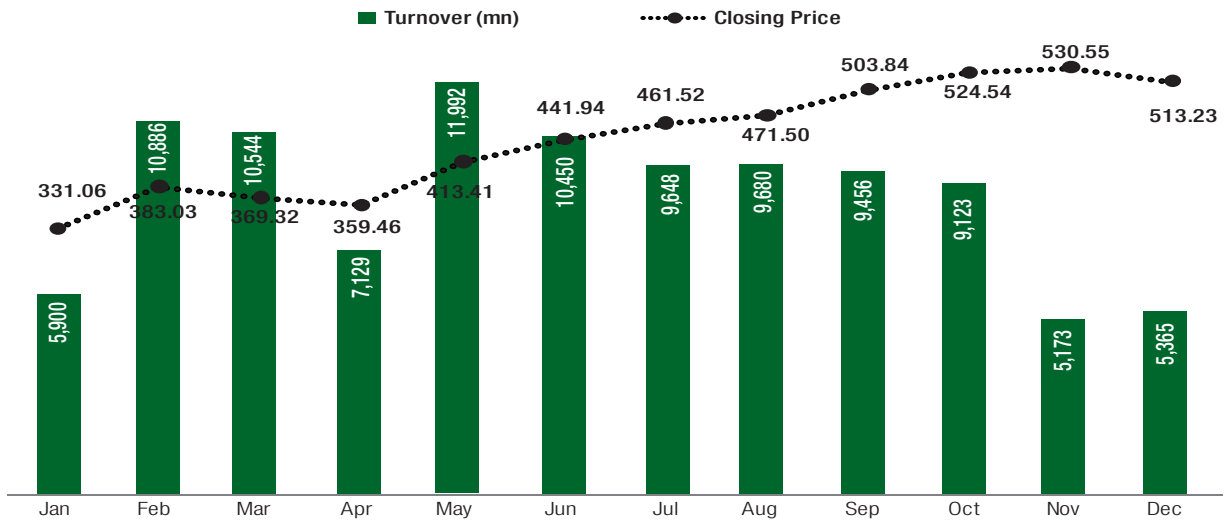
Return on Equity is 35.49% in 2010 compared to 35.42% in 2009. We could keep improving further with the pace of equity enhancements.

Return on Asset

Return on Asset is 8.80% in 2010 compared to 5.54% in 2009. This indicates increasing efficiency in asset base utilization.



Monthly Turnover and Average Price of LankaBangla Share:



Market capitalization of LankaBangla increased tremendously in line with the growth of business. 2010 was a boon for lankabangla's shareholders. Turnover of the stock also increased significantly compared to 2009. We are keeping all our efforts defying all odds to maximize shareholders' value.



স্বপ্ন পূরণের যাত্রা

SME Loan

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Message from the Chairman

*“At **LankaBangla**, we understand that our success is determined by how well we develop mutually beneficial relationships with our stakeholders. We serve our **Customers** exceptionally well and they reward us with their business. We provide our **Shareholders** with high-quality returns and they invest in our company. We offer our **Employees** a diverse and opportunity-filled workplace where every one of them can achieve success and they repay us with their talent and commitment. We contribute to our **Communities** and they welcome our presence and honor us with their trust.”*

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

Distinguished Shareholders, guests of honor, ladies and gentlemen,

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

It is indeed a great pleasure for me to be here with you in the 14th 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. Despite cut throat competition, the year 2010 was another successful one for our Company during which we earned a record net profit. We are proud that LankaBangla is considered a leader in best practices in corporate governance and we continually work to strengthen our policies and procedures, and adopt new standards as they evolve. We are committed to becoming more open and transparent with our stakeholders.

The consolidated net profit after tax of LankaBangla stood at Taka 1,700.15 million, achieving a growth of 128.49% over last year's profit of Taka 744.08 million. Costs continue to be closely managed. LankaBangla continues to vigilantly monitor credit trends in the loan portfolio. Careful management of credit, market and operational risks has maintained the strength of the balance sheet. This has been possible through efficient utilization of resources to ensure value maximization for our stakeholders. The growth rate in 2010 was also contributed by the new products and services that were launched, by redefining business segments, relocation of resources, restructuring of operating processes supported by the state of the art technologies, better HR management and capacity building through training and development.

The vision of the Directors and belief of the management that there is an enormous value proposition in synergy of activities among owned companies which can ensure maximum output from limited resources resulting in faster growth. Accordingly, during the year 2010, we have put emphasis on capital market operations, building synergy between LankaBangla Finance Limited and its subsidiary LankaBangla Securities Limited, and the outcome was instrumental in the growth of your company. Complying with the regulatory requirements and to reap maximum benefit from synergy we have formed a new subsidiary namely LankaBangla Investments Limited for Merchant Banking Operation, which has started its operation from January 16, 2011. We believe that the capacity built so far and to be added further will create opportunities for the company to gain more in the future years.

LB Foundation (a non-profit organization of LankaBangla) was formed in 2008, with a view to manage the company's Corporate Social Responsibility (CSR) activities. The Fund provides the basis for much of our CSR activities. Every year LankaBangla Finance Limited adds up 1% of its post tax profits to the Fund. The Company's CSR strategy is aimed at fostering self-reliance, independence and creativity among the most under privileged people. During the year 2010 we have spent a considerable amount for distribution of blankets among the poor to protect them from the agony of winter. We have also awarded scholarships to 20 poor meritorious students who obtained GPA-5 in the SCC/HSC examination. The Foundation will continue to support them till completion of their graduation.

During the year LankaBangla made payment of Taka 254.53 million as advance tax and withholding tax and made tax provision of Taka 491.78 million which represents our commitment to contribute to the economic development of the country.

Our strategy over the next few years is to build the brand image of LankaBangla as a strong, dynamic, reliable and prudent financial institution. We will seek new customers and explore new markets, with particular interest in SME financing, introducing Islamic financing, asset management, automobile loan financing, 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 2011, consolidated portfolio is targeted for a 27% growth to Taka 19,132 million. To attain the portfolio target deposit collection would be streamlined. LankaBangla Securities Limited, subsidiary company of LankaBangla Finance Limited will open more branches within 2011 to serve the investors. Our endeavors range from maintaining higher paid-up capital base, higher and faster growth rate, higher dividend pay-out ratio compared to the industry. Your company continues to follow prudent policy of building adequate provisions for doubtful accounts & future losses to face the challenges of a rainy day.

I would like to express my gratitude to my fellow Board Members for their invaluable contributions throughout the year. We are grateful for their insights and contributions to the company.

Crises can make or break an organization. I am proud to say that the success of 2010 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 in the path of growth. I would also like to extend my gratitude to Bangladesh Bank, Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Register of Joint Stock Companies and Firms, National Board of Revenue and all other regulatory authorities for their valuable guidance, support and cooperation. Finally, we stay committed to serve all our stakeholders. On behalf of the Board of Directors, I pledge that we will continue to add value for the shareholders through execution of prudent business strategies whilst ensuring that we contribute towards the achievement of national priorities.



Mohammad A. Moyeen
Chairman



Message from the Managing Director

*“Despite having stiff competition the success of **LankaBangla** is focused by offering superior services, adoption of new business line, streamlining the existing product base, harmonious customer relationship, improvisation of skill and motivation of human resources, promotion of strong risk management culture and good corporate governance system.”*

Distinguished Shareholders,

Financial Industry of Bangladesh has been facing challenges in terms of liquidity, volatility and stiff competition. In the process, LankaBangla had to face a number of challenges during the year 2010. This is my pleasure to let you know that despite many constraints faced by LankaBangla and the industry as a whole, the year 2010 has turned out to be another successful year for the company.

In 2010 LankaBangla posted consolidated pretax profit of Tk. 2,331.10 million, registering a growth of 156.71% over that of the previous year. The consolidated net profit after tax stood at Tk. 1,700.15 million, indicating a growth of 128.49% over the previous year. The consolidated earnings per share during the year under review were Tk. 32.00 compared to previous year's Tk. 14.00 up by 128.49%. Investment size of the company at the end of 2010 stood at Tk. 15,064.57 million marking 40.80% growth over last year.

The driving force of our success has always been our strong belief in customers' satisfaction. Since financial industry of our country is facing tremendous competition and challenges, customer orientation is the key to success for any institution. Therefore, identification of customers' need and developing new products and services in order to cater to those needs is the only way to maintain a quality growth. We always believe that diversification of products & services and revenue streams are the best way to march forward. Accordingly during the year we focused on multiple business areas. LankaBangla also maintains a well diversified investment portfolio in major sectors. Steady growth and development of business has placed your company in a strong position creating an outstanding image.

LankaBangla continues to be recognized as the leading multi-product NBF of the country and is a continuous role for the sector. LankaBangla Securities Limited, a subsidiary of LankaBangla Finance Limited, is the leading brokerage house of the country with a diverse clientele of institutions, high net worth individuals, foreign funds and retail investors. Consequent upon the directives of SEC, another fully owned subsidiary of LankaBangla Finance Limited has been floated complying all regulatory formalities under the name & style of "LankaBangla Investments Limited" for conducting the merchant banking activities having a new license in lieu of the earlier one of the parent company. From 2011 all merchant banking operations will be carried out under the banner of new company, LBIL. Inheriting the existing portfolio and resources of LankaBangla Finance Limited, LBIL is expected to be positioned as a top ranking merchant banking player of the country. We believe there is enormous value proposition in building synergy among LankaBangla Securities & LankaBangla Investments and the outcome would be instrumental in the growth of your company in the days to come.

We also believe that capacity building is another vital issue to ensure optimum contribution to the company. It is dependent on the professional capabilities of the employees, upholding professional ethics, and transparency in the operational policies, guidelines and availability of modern infrastructural facilities. In 2010, we imparted a number of training to our employees, improved quality of working environment; effective remuneration and incentive system have been implemented in line with the profitability and performance standard of the employees. The human resources as well as other resources have been restructured and re-engineered along with the business and operational processes.

NBF industry experienced cut throat competition in 2010 from the Banking industry that has been using lower cost of funds. It is expected that interest rate competition will be prevailed in the year 2011 as well, particularly in the traditional mode of financing like leasing and term loan. Going forward, we do believe that continuation of our superior services, adoption of new products, promotion of home and SME loan, increase of the volume of domestic factoring, harmonious customer relationship, improvisation of skill and motivation of human resources, product business policies, promotion of strong risk management culture, corporate governance system would enable us to make another successful year of 2011 for delivering superior value to all our stakeholders.

On behalf of the management I would like to thank all our shareholders for the confidence and trust placed in the company. My thanks go to the loyal customers who continued to be with us despite strong pressure from the competitors. I also express my heartfelt gratitude to our distinguished Chairman and honorable Members of the Board for their guidance, invaluable suggestions and encouragement that management received all through. I convey my appreciation to the employees of LankaBangla for their sincerity, diligence and team work. Thanks to our lenders, depositors, regulators and other stakeholders for their continued support. Thank you very much.



Mafizuddin Sarker
Managing Director & CEO

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of LankaBangla Finance Limited, I am very happy to welcome you in the 14th Annual General Meeting of LankaBangla Finance Limited.

The Board of Directors has the pleasure in presenting the Annual Report for the year ended 31 December 2010, which includes the business strategy and review, risk management, corporate governance, separate and consolidated audited financial statements and a sustainability supplement. 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 2010 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.

Global Economy:

Among the developed economies, in case of United States of America the pace of the recovery has been the weakest in the country's post-recession experience estimated to be at 2.6 percent in 2010. The growth prospects for Europe and Japan are even dimmer. Japan's initially strong rebound, fuelled by net export growth, started to falter in the course of 2010.

Among the economies in transition, the Commonwealth of Independent States (CIS) and Georgia experienced a rebound in GDP by about 4 percent on average in 2010. Domestic demand remains weak in most economies, especially in Ukraine. After a prolonged period of contraction, output growth in the economies in transition in South-eastern Europe, except for Croatia, returned to positive territory in 2010. Developing countries continue to drive the global recovery in 2010. Developing Asia, led by China and India, continues to show the strongest growth performance, but GDP growth in these two new economic giants is expected to experience some moderation in 2011 and 2012.

Growth in Latin America, particularly that in the South American economies, is projected to remain relatively robust at about 4.1 percent in the baseline forecast. Yet this implies a marked moderation from the 5.6 per cent GDP growth estimated for 2010. Brazil continues to act as the engine of regional growth, with strong domestic demand helping to boost the export growth of neighboring countries.

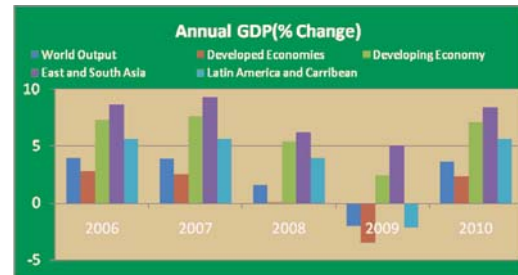
Some Important Indicators:

Inflation:

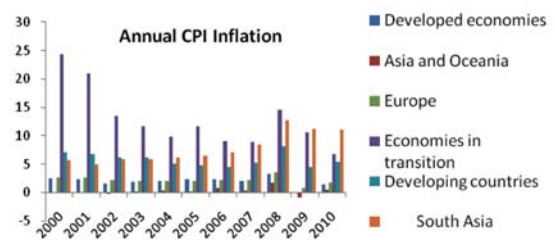
Aggregate price levels declined (deflation) after the recession period, 2009. Then during the recovery period inflation came back, but in a very low level. During 2010, inflation ranged between 1 to 2 percent in most developed countries. Among developing countries particularly South Asian region Consumer Price Indices was 11.0 percent during 2010. The strong inflationary pressure of this region reflects a combination of supply and demand side factors. Higher fuel price, strong demand of manufactured goods and rapidly rising food prices were important factors for this inflationary pressure.

Unemployment:

The unemployment problem became acute during 2007 to 2009 for great recession. At least 30 million people lost their job in the whole world. The labor market situation improves slightly in the developed countries during early 2010 and fall again later. Unemployment rates are



Source: World Bank Global Economic Prospects



Source: inflationdata.com

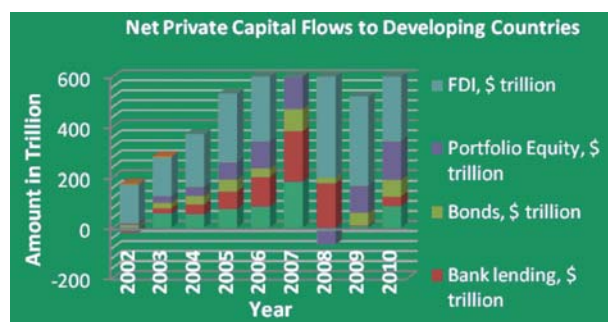
very high among young people both in developed and developing regions. High unemployment and lower real wages are the important factors that delay the quick recovery from the recession.

Per Capita Income:

Overall, the number of countries experiencing declines in per capita income dropped significantly, from 52 in 2009 to 12 in 2010. During 2010, 45 developing countries achieved per capita growth rates of 3 per cent or more, which is sometimes considered the minimum rate needed to facilitate substantial poverty reduction. In comparison, before the crisis in 2007, there were 68 developing countries with welfare increases above that threshold. In sub-Saharan Africa, 13 countries registered per capita growth of more than 3 per cent in 2010, compared with 23 in 2007.

Capital Inflows:

Net private capital inflows continued to increase during 2010. Net private inflows were above \$800 billion in 2010. FDI inflows were more than 40 percent of the total inflows to emerging economies during 2010. The portfolio equity has been strongest among different types of capital inflows and increased by 25 percent in 2010. Developing countries and economies have continued to accumulate foreign exchange reserves which were near about \$500 billion in 2010. The recovery of exports and the subsequent returns of capital flows facilitate the starting of the growth in reserve holding.



Source: United Nations World Economic Situation

World Trade:

World trade continued to recover during 2010, shown high growth rate in the first quarter and ran down in the second quarter. However, the exports of developed economy have not yet reached full recovery and were still below 8 percent comparing to the pre-crisis period. World trade received a boost as most commodity prices have rebounded. Prices of both oil and other commodities rose considerably in 2010 because of increase in global demand but decrease in supply of selected commodities. Due to the natural calamities damage of crop was much higher than last year which causes increase of commodity price in global market. It was a year of record speaks for more than a dozen commodities, as China's rapid urbanization sent basic material prices soaring. However, it was precious metals grabbing all the headlines in 2010. As the end of the year approaches, the oil price has edged closer to \$100 a barrel. OPEC has not changed its production quotas since December 2008. Gold price hit new all-time highs and the silver price jumped to its highest level in 30 years.

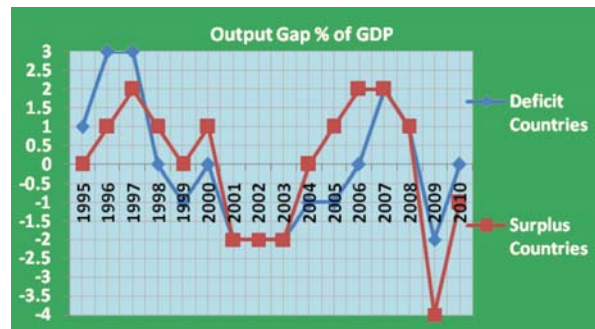
Some Key Points to be highlighted:

- The pickup in growth among high-income countries (a 6.2 percentage point improvement in growth rates) was more marked than in developing countries (5 percentage point increase in growth rate).
- Low and middle-income countries contributed almost half of global growth (46 percent) in 2010. Moreover, all of developing country growth was due to increased domestic demand.
- On average, middle-income countries underwent a much more pronounced cycle than low-income countries, with GDP for middle-income countries growing only 1.9 percent in 2009, before rebounding 5.9 percent in 2010.
- The bounce-back in growth was strongest among current-account deficit countries within the group (7.6 percentage points) as renewed capital inflows eased domestic demand growth constraints.

The global economy is transitioning from the bounce-back phase of recovery to a period of slower but more sustainable growth. The economy of the most countries is close to having recovered from the global economic downturn over the past couple of years. Expansion of internal market helps to be robust the economy of emerging and developing countries. On the other hand, many high income countries were unable to recover as expectation because of high level of unemployment and spare capacity.

According to Global Economic Prospects issued by World Bank, real GDP is estimated to have expanded by 3.9 percent in 2010, once again led by strong domestic demand in developing countries. Restructuring and right –sizing in the banking and construction sectors, combined with necessary fiscal and household consolidation, will continue to drag on the growth in many high income economies and developing Europe and Central Asian countries.

The global financial system is still in recovery phase and significant uncertainty is prevailing in the global financial system. According to Global Financial Stability Report issued by IMF in 2010, Macroeconomic risks have increased, as heightened market pressures for fiscal consolidation have complicated the challenge of managing a smooth transition to growth. The recovery has begun to lose steam, after better-than-expected growth in early 2010. Consumer confidence and other leading indicators have started to level off, reflecting rising uncertainty about the next phase of the recovery. The improvement in overall credit risks experienced in the last year has paused. Market risk and liquidity risk experience downturn results in forceful policy response in Europe. General levels of risk appetites have declined. Monetary and financial conditions have also tightened as a result of these strains and because of initial steps by central banks to start unwinding support measures introduced in response to the global credit crisis.

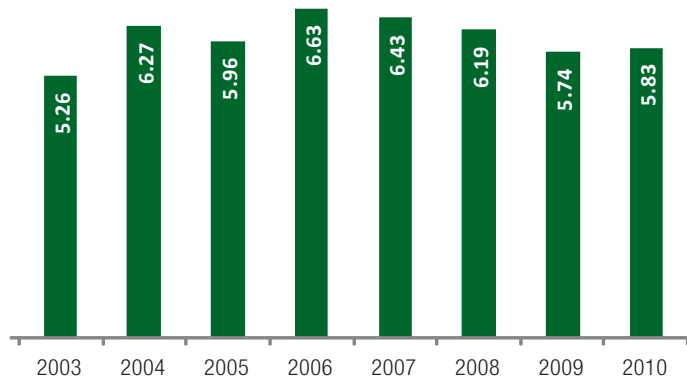


Source: World Bank Global Economic Prospect

Bangladesh Economy

Bangladesh is estimated to have grown at a healthy rate in Fiscal Year 2010 despite the slow global recovery, global economic recession on export and decrease in remittance inflows in the last half of the year. Bangladesh has been one of the few countries which successfully overcame the recent economic crisis.

GDP Growth Rate over the Years (%)

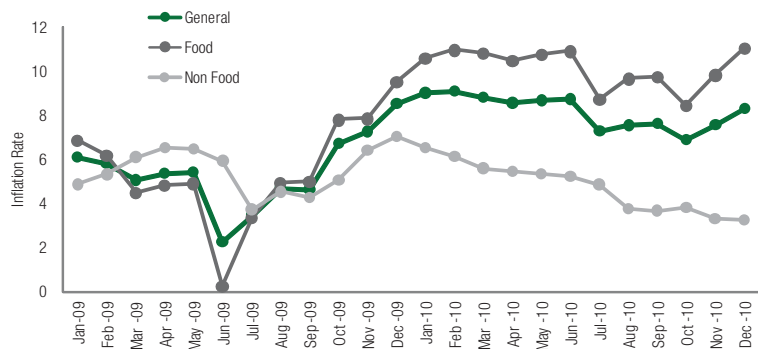


Source: Bangladesh Bank

According to revised estimates, real GDP is clocking 5.8 percent in FY 2010. Strong performance by agriculture and nonfarm sectors and a pickup in public spending contributed to this respectable growth. Agriculture grew strongly with continued government support, which encouraged favorable supply responses. Satisfactory growth in rural non-farm activities supported the growth in consumption, while construction benefited from a nearly 32 percent improvement in the implementation of the Annual Development Program (ADP) compared to FY 2009. Industrial growth was supported by term credit disbursement, which increased by more than 29 per cent in FY 2010 over FY 2009, despite severe gas and power shortages. The service sectors also remained vibrant.

Since beginning of FY 2010-11 national point to point inflation was on a rising curve. 12 months average inflation rate at the national level has reached as high as 8.1 percent in October 2010 compared to 5.1 percent in October 2009. The major reasons for hike of inflation is substantial increase in food price in the international market due to inclement weather in the major food producing countries and food price is also expected to rise in coming future as many exporting countries banned food export to manage domestic supply. One part of CPI inflation is food price inflation which was 9.8% in November 2010 and we apprehend it will be higher in the second half of fiscal year 2011. Bangladesh Bank also expects fuel price hike as global petroleum price increased more than 23% as of August 2010 and per barrel oil price soared to 100 USD as of February 1, 2011. Non food CPI inflation was 8.14% in November 2010 which is expected to uptrend due to energy price revision on card and ongoing exchange rate depreciation.

Inflation Rate Over the Years (Point to Point %)



Agricultural Situation:

Agriculture has a significant contribution to our economy which comprises about 20 percent of the country's gross domestic product (GDP) and employs around 50 per cent of the total labor force. According to the latest estimates of the Bangladesh Bureau of Statistics (BBS), the agriculture sector grew by 4.7% in FY 2010 up from 4.1% in FY 2009. Favorable weather conditions along with broad-based government support including a subsidy for irrigation, timely supply of seeds and distribution of fertilizers, higher procurement prices, access to credit, and better extension services are the major contributing factors. However, during the FY 2009-10 food grain production including rice increased significantly.

Disbursement of agricultural credit during July-December, 2010 stood higher at Tk. 62,248.00 million as compared to Tk. 55,979.00 million during July-December, 2009. Recovery of agricultural credit during July-December, 2010 also stood higher at Tk. 61,910.50 million as compared to Tk. 53,852.20 million during July-December, 2009.

Performance of RMG Sector:

Performance of the RMG sector along with jute, Bangladesh's export earnings registered 41 per cent growth in the first two quarters (July-December) of the current fiscal year compared to the same period of previous fiscal. The single month export figure of December 2010 also observed a robust 67.76 per cent increase compared to December 2009. The export earnings in December totaled US\$ 1,988.35 million compared to US\$ 1,185.22 million in December 2009, according to the latest statistics released by the Export Promotion Bureau (EPB). According to EPB statistics for six months until December this fiscal, knitwear export fetched US\$ 4,311.92 million, registering 43.39 percent growth over the same month in 2009 while export earnings for woven garments totaled US\$ 3,636.57 million, marking a growth of 40.79 percent.

Export, Import and Revenue Collection Situation:

Both export and revenue collection grew significantly in FY10. Exports receipts during July-December, 2010 increased by US\$ 2,984.57 million or 41.00 percent to US\$ 10,263.64 million as compared to US\$ 7,279.07 million during July-December, 2009. Revenue collection by NBR showed 27.11 percent growth in the July-December, 2010 period in comparison to the same period of the last fiscal. Import also increased significantly. Import payments during July-November, 2010 increased by US\$ 3,276.40 or 36.50 percent to US\$ 12,253.50 million compared to US\$ 8,977.10 million during July-November, 2009. The country's overall trade balance, on the merchandise account, recorded a deficit of \$2.752 billion as compared to that of \$1.976 billion of the corresponding period of the previous fiscal.

Liquidity Position:

Total liquid assets of the scheduled banks stood lower at Tk. 838,930.00 million at the end of December, 2010, against Tk. 871,966.10 million as of end June, 2010. Excess liquidity of the scheduled banks also stood lower at Tk. 237,213.40 million as of end December, 2010, against Tk. 344,987.30 million as of end June, 2010.

Balance of Payments Situation:

The country's overall balance of payments has entered the negative level after a long time due to widening trade gap, lower growth of inward remittance and deficit balance in the financial account. According to Bangladesh Bank's data, the financial account deficit was US\$ 873 million and the overall balance showed a deficit of \$ 584 million during July-November, 2010 against the surplus of \$ 2,156 million during July-November, 2009. The current account balance also decreased by over 66 percent to US\$ 563 million during July-November period of fiscal 2010-11 from \$ 1.674 billion of the same period of previous fiscal.

Remittance Condition:

Though the remittances receipts during July-December, 2010 increased by US\$ 11.76 million or 0.21 percent to US\$ 5,544.96 million against US\$ 5,533.20 million during July-December, 2009, the remittance inflow decreased during December in comparison to November from US\$ 9,98.64 million to US\$ 9,63.53 million. Bangladeshi workers employed abroad remitted \$4.5 billion during the July-November period, decrease by 2.8 percent.

Financial Sector:

The Bangladesh banking system has been relatively healthy in recent years. The risk-weighted capital asset ratio stayed above 11% throughout 2009. However, at 21.7% in March 2010, the non-performing loan (NPL) ratio remained stubbornly high at state-owned commercial banks, whereas at private commercial banks the ratio stood at just 4.2% in that month. Despite plans to strengthen regulation and supervision, the disparity in the NPL rates between state-owned and private banks is expected to persist. In recent months BB has taken steps to direct credit into “productive” sectors, such as agriculture, and discourages lending for speculative purposes, such as property purchase and share-buying. In 2009/10 private-sector credit expanded by 24%, compared with 15% in the previous fiscal year. In mid-August the central bank tightened monetary policy by raising the repurchase (repo) rate and reverse repo rate.

The lending rate (calculated on quarterly basis) of scheduled banks stood lower at 11.18 percent in September, 2010 as compared to 11.23 percent in June, 2010. The deposit rate (also calculated on quarterly basis) of scheduled banks stood higher at 6.00 percent in September, 2010 as compared to 5.95 percent in June, 2010.

The disbursement of industrial term lending stood at Tk. 258.8 billion in FY 2010, 29.6% higher than in FY 2009. While the disbursements of large industries (accounting for 73.4% of total funds) grew by 29.5% and medium-sized industries (accounting for 21.3% of total funds) grew by 21.6%, disbursement of small and cottage industries rose by 76.0%.

Following Bangladesh Bank’s policy directives, outstanding loans to SMEs reached Tk. 567.2 billion in FY2010, 17.0% growth over FY 2009. However, the ratio of SME loans to total loans in the banking system declined to 19.9% in June 2010 from 21.0% in June 2009. Foreign banks recorded the highest growth in outstanding loans of 37.7%, followed by private commercial banks (PCBs) with 18.2% and state-owned commercial banks (SCBs) with 15.4%. Although PCBs still have the highest share (54.3%) in total SME loans followed by SCBs (33.6%), SME loans from SCBs constitute 32.3% of their total outstanding loans in contrast to 17.4% in PCBs.

During the year 2010, NBFIs’ operating profit went up by 25% as shown in the figure below. They have made these huge profits from the booming stock market in step with banks. Some institutions earned as high as 60-70 percent of their profits from the stock business. But the contribution to the profits from their core business has gone down. Lease financing has come down to 40 percent of total business in 2010 from 55 percent a year ago. Though this is alarming that non-banks are earning a majority of their profits from the capital market but the NBFIs had no alternative avenue for investment other than stock market as the energy crisis slowed demand for industrial loans. Withdrawal of depreciation allowance in 2007 also added to the crisis. NBFIs are changing their strategies in the changed situation. They are giving emphasis to small and medium enterprises (SMEs) and housing sector for the sustaining business growth.

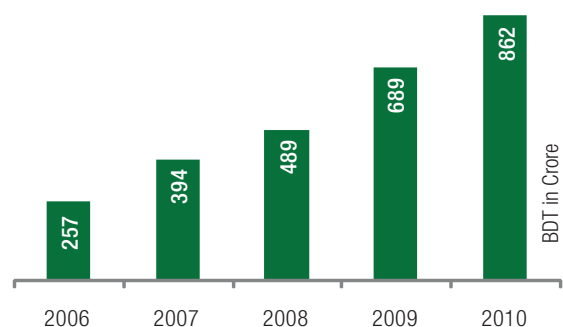
In the backdrop of the low **Export growth** of FY 2009-10 (7.0 percent), the robust performance during the first five months of FY 2010-11 is indeed encouraging. Export registered 35.8 percent growth in this period. This growth in export was contributed by both RMG and non-RMG sectors such as raw jute, frozen food and leather products. However, it is to be noted that this high growth was against the low benchmark of the comparable period of the previous fiscal year. RMG export growth during the first five months of FY 2010-11 was an impressive 36.4 percent while non-RMG posted 33.7 percent growth. Over this period, export has been able to pace ahead of the target set for the current fiscal year.

A relatively broad-based export growth has boosted foreign exchange earnings of Bangladesh. However, decelerate remittance receipts and swelling import payments have put pressure on the Balance of Payment. Stagnant FDI and low inflow of foreign aid are putting further strains on the BoP.

Foreign Direct Investments (FDIs) has not been able to play its role to the extent desired in Bangladesh. In fact FDI inflow exhibited a decrease since 2008 and stood at only USD 636 million in FY 2009-10, with marginal improvement during the initial four months of FY 2010-11, despite the many advantages that the country offers. However, due to low FDI and foreign aid inflow the government tries to get some foreign loan for soothing up the BoP and long term investment in the infrastructure sector.

The Exchange Rate of Taka against USD has been more or less stable in recent years showing some tendency towards depreciation in recent times. The stability of exchange rate is also important from the perspective of balancing the tension between inflation and export competitiveness.

NBFIs Operating Profits Over the Years



However, it may be mentioned here that USD has depreciated against Chinese Yuan and Indian Rupee by 2.5 percent and 1.1 percent respectively over the last six months. This could help export competitiveness of Bangladesh vis a vis Chinese and Indian counterparts. On the other hand, this would also put some pressure on prices of imported consumer goods as well as intermediate and capital goods. However, till December 31, 2010 Foreign Exchange Reserve stood at over \$ 11.00 billion but the decelerate remittance receipts and swelling import payments have put further strain on the foreign exchange reserve.

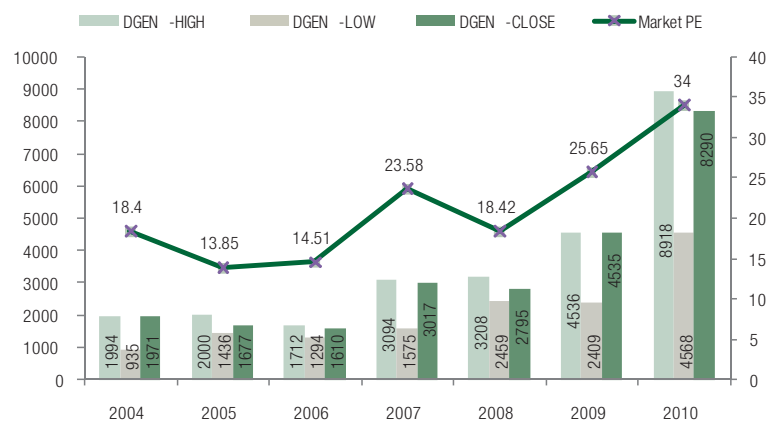
Private investment as a percentage of GDP remained stagnant at 19.7 per cent in FY 2009 10 although certain discrete developments may be observed which allude to some improvement in the investment situation. The export growth has been very robust due to improvement in import demand in line with the global recovery. Overall Import increased by 33.5 percent during the first four months of FY 2010 11; especially it is to be noted that the import of capital machinery increased by 35.7 percent. Further, LC settlement for capital machinery also experienced a healthy growth of 36.0 percent.

Thus, while the public investment situation continues to remain lackluster, private investment scenario do exhibit some encouraging signs associated with the external economy. It is now to be observed whether the emerging trends can catalyze a dynamic investment performance leading to a broad based manufacturing growth.

The power sector crisis which is already constraining growth by an estimated one half of one percent of GDP is growing in intensity and should be tackled in crisis footing. At present, only 48.5 percent of the total population in Bangladesh has access to electricity and per capita annual consumption rate is a mere 236 kwh, one of the lowest in the world. To mitigate the problem, the government has been taking a number of initiatives, on several fronts, with different degree of success. Whilst some new generation schemes have come on stream, it is worrying that a number of the quick rental and rental plants commissioned as part of the new power plan could not go into production on time.

Capital Market Scenario in 2010

Amid record breaking turnover and index and at the same time the highest single day fall and the fearful investors' agitation, the country's stock markets have passed a remarkable coincided with some turmoil situation in the year 2010. The year 2010 was a notable for the investors while DGEN said farewell ending at 8,290 points that started at 4,568 points on 1st trading day of 2010. The benchmark ranked 3rd in term of performance in the world gaining 81.47% next to Mongolian MSE TOP 20 Index and Sri Lankan Colombo All Share Index that gained 169.72% and 101.47% respectively. In the past six years, DGEN increased from 1,971 points to 8,290 points and trailing price earnings ratio touched to 34. But the growth of the stock market has been boosted by the strong domestic factors and growth potential of our economy. Robust corporate earnings growth in 2010 also justify higher price for given earnings. There has also been an impressive growth in liquidity in the recent years. The trading volumes have also grown substantially. Both the bourses have been on the record breaking rally, with the largest recorded daily transaction of DSE crossing BDT 30.0 billion. Average Daily Turnover increased from BDT 121.9 million in 2002 to BDT 16,434 million in 2010 implying a stupendous 13,381% growth. Market liquidity has increased substantially reflected in the 2,266.7% and 1,433.04% growth of average no. of trade and average daily trading volume respectively from 2002 to 2010. Also average no. of trade and average daily trade volume increased 83.62% and 113.10% respectively in 2010.



The stock market is growing rapidly as more investors, both retail and institutional, are actively participating in both the bourses. The number of Beneficiary Owner Accounts experienced more than 45.91% growth from June 2009 to November 2010 to reach 3.1 million which indicates the surge of interest for investment in shares. After introduction of Central Depository System of Bangladesh in 2004 and listing of new securities, Dhaka Stock Exchange became more vibrant in term of market depth and liquidity. Retail and institutional investors got more access to market and availed the opportunity of hassle free trading system. In 2005 the total number of BO account holder was 360,908 and at the end of 2010 the total number of BO account holder stood at 3,100,470 with average growth of 159% each year. In 2004 where total number of trade was 2.25 million it became 52.20 million in 2010 and number of traded shares surged to 16,975 million in 2010 from 684 million in 2004.

Operational Performance During 2010

The year 2010 was another successful year of LankaBangla; we have expanded the business through opening new Branches, launching new products. In 2010 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:** In spite of intense and increasing competition your Company had been able to disburse Taka 1,618.94 million in lease and term finance during the year 2010 against Taka 790.00 million in 2009 registering a growth of 104.93%.
- **Merchant Banking & Capital Market Operations:** The year 2010 was an emerging year for Capital Market Operations. LankaBangla Securities Limited, the Largest Brokerage House in the Country (in terms of Revenue), a subsidiary of LankaBangla Finance Limited had good penetration in the market. The Margin Loan growth of Merchant Banking Division was 19% to Taka 4,176.04 million in 2010 against Taka 3,503.52 million of 2009. Additionally we could derive optimum benefit through investment in the Stock Market managing our portfolio in the year 2010. Securities & Exchange Commission vide its letter no. SEC/Reg/MB/2009/449 dated December 21, 2009 has issued a directive that the Merchant Banking business of the Company can only be operated through formation of a separate subsidiary company. Complying with all formalities such a subsidiary company of LankaBangla Finance Limited has been incorporated with Register of Joint Stock Companies & Firms (RJSC), Bangladesh being no. C-83568/10 given at Dhaka on 29th day of March 2010; under the name and style of "LankaBangla Investments Limited". The Securities and Exchange Commission has issued a full fledged Merchant Banking license number 57/2010 on January 02, 2011 in favor of LankaBangla Investments Limited. Thereafter, all the Merchant Banking activities of LankaBangla Finance Limited are carried out by LankaBangla Investments Limited.
- **Credit Cards:** LankaBangla is the only NBFI that operate credit card business in the country. Simultaneously with our Master Card operation we have expanded our business through launching of VISA Cards. The Portfolio of Credit Cards increased by 18% to Taka 430.64 million from Taka 366.40 million of 2009.
- **Factoring:** Domestic factoring of receivables is another new line of product that we launched in last quarter of 2007 to boost up our business volume by way of diversification. In 2010 we disbursed Taka 81.41 million, against the disbursement of Taka 18.25 million in 2009.
- **Home Loan:** 2010 was an excellent year for Mortgage Loan business despite passing of the Bangladesh Bank Refinancing Scheme. Home Loan Portfolio Growth was 77% over year 2009 and stood at Taka 1,120.81 million at the end of 2010.
- **Corporate Finance and Advisory Services:** In pursuit of our diversification process we triggered corporate finance and advisory services through a separate department to provide various corporate & investment services like lease/loan syndication, financial structuring & restructuring, trustee services, security agent services, secretarial services, merger & acquisition, etc. to meet the increasing investment banking services demand in the country. During the year 2010 our revenue from these services was Taka 7.69 million. Due to separation of Merchant Banking activities of the Company as per regulation of Securities and Exchange Commission from January 2011 Corporate Finance and Advisory Services of the Company will be carried out by LankaBangla Investments Limited.
- **Treasury Operation:** The Treasury management / Fund Mobilization during the year 2010 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 considerable growth in deposit mobilization both individual and institutional levels during 2010. At the end of 2010 total term deposit stood at Taka 4,814.94 million compared to the Term Loan of Taka 4,456.90 million at the end of 2009.
- **Primary Dealership:** After receiving the primary dealership license from Bangladesh Bank we are participating in the auction process regularly according to the calendar. The PD department has been streamlined and the capacity has been developed among the officials by proper training. We are also involved in the secondary trading of T-Bill and T-Bond and trying our level best to develop a vibrant bond market in the country with other license holders.
- **Subsidiary Operation:** LankaBangla Securities Limited (LBSL) is a subsidiary of LankaBangla Finance Limited, a leading 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 Taka 2,096.79 million in 2010 up by 138.86% from Taka 877.84 million in 2009 and the net profit after tax of the Company increased by 139.85% to Taka 1,530.59 million in 2010 from Taka 638.15 million in 2009. 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 the Company is under consideration of Securities and Exchange Commission.

- **Branch Operation:** During the year 2010 we have focused in Chittagong and Sylhet to expand our business. At the end of 2010 total portfolio at Chittagong Branch was Taka 1,306.70 million, compared to Taka 898.21 million in 2009 and total portfolio of Sylhet Branch stood at Taka 41.62 million compared Taka 17.15 million in 2009. Our target market for Branch operation is SME lending, credit cards and home loan business. We expect good result in 2011.
- **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 2010 total 36 numbers of new recruitment has been made to cater to the growth endeavor of the Company, and 35 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 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. 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 pretax profit for the year end 2010 amounting to Taka 611.33 million, indicating growth of 34.80% from Taka 453.66 million in 2009 while net profit after tax increased by 14.90% from Taka 350.97 million of 2009 to Taka 403.10 million in 2010.
- 2010 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 55% Stock dividend for the year 2010.
- The Directors are pleased to report the financial results for the year 2010 and recommend the following appropriations:

Appropriation:	Taka
Net Profit after Tax for the year 2010	403,098,430
Retained Earnings brought forward	148,364,169
Profit available for appropriation	551,462,599
Less: Statutory reserve	(80,619,686)
Less: Transferred to LankaBangla Foundation	(4,030,984)
Amount available for declaration of dividend	466,811,929
Proposed Stock Dividend: @ 55%	(292,215,000)
Retained earnings carried forward	174,596,929

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 54.

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 of income taxes of the Company 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 recent 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 FY 2010 budget provided support for export sectors; the FY 2011 national budget continues the support measures and includes stimulus package including extended social safety net to shore up domestic demand. Bangladesh economy is conservatively projected to grow by 6.5% in FY 11; higher growth may also be possible as the global economy recovers faster.

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 SAFA (South Asian Federation of Accountants) Best Presented Accounts Award- 2009 in the Non-Banking Sector as Merit Certificate Recipient based on Published Annual Report-2009 and the Third Prize in Non-Banking Financial Sector for the best published Annual Reports and Annual Audited Accounts for the year 2009 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 five years 2006, 2007, 2008, 2009 & 2010 by both the Dhaka Stock Exchange (DSE) & for consecutive six years 2005, 2006, 2007, 2008, 2009 and 2010 by the Chittagong Stock Exchange (CSE).

Shareholding Pattern

The shareholding pattern as per Clause 2(k) of SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 is shown in page 18.

Election of Directors

In accordance with Article 98 of the Company's Articles of Association, Mr. Mohammad A. Moyeen, Mr. I.W. Senanayake, Mr. G.L.H. Premaratne and Ms. Jasmine Sultana will retire and being eligible, all of them offered themselves for re-election.

Board Meetings & Attendance

During the year 2010 five Meetings of the Board of Directors were held. The attendance of the Directors is shown in the page 43.

Auditors

In the 13th 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 14th Annual General Meeting. M/s S. F. Ahmed & Co., Chartered Accountants has satisfactorily conducted the audit for the year 2010. Being eligible for Re-appointment M/s S. F. Ahmed & Co. has express 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 page 42.

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 2010 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 sprit of open and honest partnership. The Board's pledge to you is that we will listen your criticisms carefully, will at all times take those very seriously and will make clear-cut decisions for the greater interest of the Company.

For and on behalf of the Board of Directors



Mohammad A. Moyeen
Chairman

পরিচালনা পর্ষদের প্রতিবেদন

প্রিয় শেয়ারহোল্ডারবৃন্দ

আমি অত্যন্ত আনন্দের সাথে লংকাবাংলা ফিন্যান্স লিমিটেড-এর পরিচালনা পর্ষদের পক্ষ থেকে আপনাদের সবাইকে ১৪তম বার্ষিক সাধারণ সভায় আমন্ত্রণ জানাচ্ছি।

পরিচালনা পর্ষদের অনুমোদনকৃত ৩১ ডিসেম্বর, ২০১০ সমাপ্ত বছরের এই বার্ষিক প্রতিবেদনে অন্তর্ভুক্ত আছে প্রতিষ্ঠানের ব্যবসায়িক কৌশল ও পর্যালোচনা, ঝুঁকি ব্যবস্থাপনা, কর্পোরেট শাসন, স্বতন্ত্র ও সমন্বিত নিরীক্ষিত আর্থিক বিবরণী। এই বার্ষিক প্রতিবেদন আমরা কোম্পানি আইন, ১৯৯৪, আর্থিক প্রতিষ্ঠান আইন, ১৯৯৩-এর সঙ্গে সঙ্গতিপূর্ণ রেখে এবং সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন, বাংলাদেশ ব্যাংক এবং অন্যান্য নিয়ন্ত্রক সংস্থার নীতিমালা অনুযায়ী তৈরি করেছি।

২০১০ অর্থবছরে লংকাবাংলা ফিন্যান্স লিমিটেড ব্যবসায় উল্লেখযোগ্য প্রবৃদ্ধি করেছে। পাশাপাশি আর্থিক সাফল্য, লভ্যাংশ অর্জন, দক্ষতায় উৎকর্ষ বৃদ্ধি, মূলধন ভিত মজবুত করা এবং উচ্চ যোগ্যতাসম্পন্ন ও অভিজ্ঞ কর্মবাহিনীর উন্নয়নে উল্লেখযোগ্য অগ্রগতি লাভ করেছে।

বিশ্ব অর্থনীতি

উন্নত বিশ্বের অর্থনীতিগুলোর মধ্যে, যুক্তরাষ্ট্রের অর্থনীতি পুনরুদ্ধারের গতি ছিল সবচেয়ে দুর্বল, যা ছিল ২.৬ শতাংশের মতো। ইউরোপ ও জাপানের প্রবৃদ্ধি সম্ভাবনা ছিল আরো খারাপ। প্রকৃত রফতানি প্রবৃদ্ধির প্রকোপে জাপানের প্রাথমিক ঘুরে দাঁড়ানোর প্রক্রিয়া শেষমেশ ২০১০ সালে পড়তে শুরু করে।

উত্তরণের মধ্যবর্তী অবস্থায় থাকা দেশগুলো, যেমন কমনওয়েলথ অব ইন্ডিপেন্ডেন্ট স্টেটস (সিআইএস) ও জর্জিয়া ২০১০ সালে গড়ে ৪ শতাংশ হারে প্রবৃদ্ধি অর্জন করে। অধিকাংশ অর্থনীতিতে অভ্যন্তরীণ চাহিদা ছিল দুর্বল, বিশেষ করে ইউক্রেনে। দীর্ঘমেয়াদে সংকোচন অভিজ্ঞতা পার করার পর ফ্রোয়েশিয়া ছাড়া দক্ষিণ-পূর্ব ইউরোপের উত্তরণ স্তরে থাকা দেশগুলোর উৎপাদন প্রবৃদ্ধি ২০১০ সালে ইতিবাচক প্রবণতার দিকে গেছে। ২০১০ সালে উন্নয়নশীল দেশগুলোই বিশ্ব অর্থনীতি পুনরুদ্ধারের যাত্রাকে ত্বরান্বিত করেছে। চীন ও ভারতের নেতৃত্বে উন্নয়নশীল এশিয়া শক্তিশালী প্রবৃদ্ধি সাফল্য অব্যাহত রাখে, কিন্তু নতুন এই দুই অর্থনৈতিক জায়ান্টের জিডিপি প্রবৃদ্ধি ২০১১ ও ২০১২ সালে কিছু সংযমী অভিজ্ঞতা প্রত্যক্ষ করবে বলে ধারণা করা হচ্ছে।

ল্যাটিন আমেরিকায়, বিশেষ করে দক্ষিণ আমেরিকার অর্থনৈতিক প্রবৃদ্ধি মোটামুটি ৪.১ শতাংশ হারে বাড়তে থাকবে বলে আশা করা হচ্ছে। তবে, ২০১০ সালের ধারণাকৃত জিডিপি প্রবৃদ্ধি থেকে এটা কিছুটা পরিমিত হবে। ব্রাজিল এ অঞ্চলে আঞ্চলিক প্রবৃদ্ধির চালিকাশক্তি হিসেবে কাজ করছে, অভ্যন্তরীণ শক্তিশালী চাহিদা পাশ্চাত্য দেশগুলোর রফতানি প্রবৃদ্ধি বৃদ্ধিতে সাহায্য করে।

গুরুত্বপূর্ণ কিছু সূচক

মুদ্রাস্ফীতি

মন্দা চলাকালীন সময়ের পর সামগ্রিক মূল্য স্তর হ্রাস পায়। এরপর অর্থনীতি পুনরুদ্ধার পর্বে মুদ্রাস্ফীতি ফিরে আসে, যদিও এর হার অত্যন্ত স্বল্প। ২০১০ সালে অধিকাংশ উন্নত দেশগুলোর মুদ্রাস্ফীতির হার ১ থেকে ২ শতাংশের মধ্যে ছিল। উন্নয়নশীল দেশগুলোর ক্ষেত্রে, বিশেষ করে দক্ষিণ এশিয়ায় ২০১০ সালে ভোজ্য মূল্য সূচক ছিল ১১ শতাংশ। এই অঞ্চলে অতিমাত্রায় মুদ্রাস্ফীতির আধিক্যের কারণ হচ্ছে যোগান ও চাহিদার অংশের সমন্বিত উপস্থিতি, জ্বালানি তেলের উচ্চমূল্য, উৎপাদিত পণ্যের দারুণ চাহিদা এবং খাদ্যদ্রব্যের ক্রমবর্ধিত মূল্য এই মুদ্রাস্ফীতির পেছনে ভূমিকা রাখে।

বেকারত্ব

মহামন্দার কারণে ২০০৭ থেকে ২০০৯ পর্যন্ত বেকারত্ব সমস্যা প্রকট হয়েছিল। বিশ্বব্যাপী প্রায় ৩ কোটি মানুষ চাকরি হারায়। গত বছরের প্রথমদিকে উন্নত বিশ্বে শ্রমিক বাজারের অবস্থা কিছুটা উন্নত হয়েছিল, কিন্তু পরবর্তী সময়ে তা আবার পড়ে যায়। উন্নত ও উন্নয়নশীল উভয় দেশগুলোতে তরুণদের মধ্যে বেকারত্বের হার ছিল অনেক বেশি। বেকারত্বের উচ্চহার এবং নিম্ন প্রকৃত মজুরি মন্দা দ্রুত কাটিয়ে ওঠার প্রক্রিয়াকে বিলম্বিত করতে ভূমিকা রাখে।

মাথাপিছু আয়

সামগ্রিকভাবে, মাথাপিছু আয় হ্রাস পাওয়া দেশগুলোর সংখ্যা উল্লেখযোগ্য হারে কমে গিয়েছে। ২০০৯ সালের ৫২টি দেশের মধ্যে ২০১০ সালে এ সংখ্যা ঠেকেছে ১২ তে। ২০১০ সালে ৪৫টি উন্নয়নশীল দেশ মাথাপিছু আয়ে ৩ শতাংশ বা আরো বেশি প্রবৃদ্ধি অর্জন করেছে, যে হারকে দারিদ্র দূরীকরণে অন্যতম সহায়ক হার হিসেবে বিবেচনা করা হয়। তুলনামূলক বিচারে, মন্দার আগে ২০০৭ সালে, ৬৮টি উন্নয়নশীল দেশ ছিল যাদের কল্যাণমুখী অবদানে বিনিয়োগ বেড়েছিল। সাব-সাহারা আফ্রিকায়, ২০১০ সালে ১৩টি দেশ মাথাপিছু আয়ে ৩ শতাংশ বা তার বেশি হারে প্রবৃদ্ধি অর্জন করেছে, ২০০৭ সালে এই সংখ্যা ছিল ২৩।

মূলধন আগমন বা অভ্যন্তরমুখী প্রবাহ

২০১০ সালে প্রকৃত বেসরকারি মূলধন আগমন বৃদ্ধির প্রবণতা অব্যাহত ছিল, এই অর্থবছরে এর পরিমাণ ছিল ৮০০ বিলিয়ন মার্কিন ডলার। ২০১০ সালে উদীয়মান অর্থনীতির মোট আগমনের মধ্যে শতকরা ৪০ শতাংশেরও বেশি ছিল সরাসরি বৈদেশিক বিনিয়োগ। বিভিন্ন ধরনের মূলধন আগমনের মধ্যে পোর্টফোলিও ইকুইটি ছিল সবচেয়ে শক্তিশালী এবং একই অর্থবছরে তা বেড়েছিল ২৫ শতাংশ। উদীয়মান দেশ এবং এদের অর্থনীতি বৈদেশিক মুদ্রা সঞ্চিতি অব্যাহতভাবে বাড়িয়ে চলেছে, যার পরিমাণ ২০১০ সালে ছিল প্রায় ৫০০ বিলিয়ন মার্কিন ডলার। রফতানি পূর্বের অবস্থায় ফিরে যাওয়া এবং পরবর্তী পর্যায়ে মূলধন প্রবাহ ফিরে আসা প্রবৃদ্ধির এই সঞ্চিতিক সहाয়তা করেছে।

বিশ্ব বাণিজ্য

গোটা ২০১০ জুড়ে বিশ্ব বাণিজ্য ঘুরে দাঁড়ানোর প্রক্রিয়া অব্যাহত ছিল, প্রথম তিন মাসে প্রবৃদ্ধি হার ছিল অনেক বেশি এবং দ্বিতীয় কোয়ার্টারে কিছুটা হ্রাস পেয়েছিল। তবে, সংকট-পূর্ব অবস্থার সঙ্গে তুলনামূলক বিচার করলে উন্নয়নশীল দেশগুলোর রফতানি এখনো পুরো মাত্রায় পূর্বের অবস্থায় ফিরে আসেনি এবং এখনো তা ৮ শতাংশের নীচে। অধিকাংশ ভোগপণ্যের দাম বেড়ে যাওয়ায় বিশ্ব বাণিজ্য গতি পেয়েছে। বিশ্বব্যাপী চাহিদা বৃদ্ধির কারণে ২০১০ সালে তেল ও অন্যান্য পণ্যের দাম উল্লেখযোগ্যহারে বেড়েছে, তবে কিছু কিছু পণ্যের সরবরাহ হ্রাসও পেয়েছে। প্রাকৃতিক দুর্যোগজনিত ক্ষয়ক্ষতির জন্য গত বছরের তুলনায় শস্যের দাম ছিল অনেক বেশি, যা বিশ্ব বাজারে ভোগপণ্যের দাম বাড়াতে ভূমিকা রাখে। ডজন খানেকেরও বেশি পণ্যের ক্ষেত্রে এই বছরটা ছিল খুবই উল্লেখযোগ্য, যেহেতু চীনের দ্রুত নগরায়ণ মৌলিক কিছু উপকরণ পণ্যের দাম অতিমাত্রায় বাড়িয়ে দিয়েছিল। তবে, ২০১০ সালে শিরোনাম হয়েছিল মূল্যবান উপকরণসমূহ। বছর শেষ হতে চললে, তেলের মূল্য ব্যারেল প্রতি দাঁড়িয়েছে ১০০ ডলারের কাছাকাছি। যদিও, ডিসেম্বর ২০০৮ থেকে ওপেক তাদের উৎপাদন কোটায় পরিবর্তন আনেনি। স্বর্ণের মূল্য সর্বকালের রেকর্ড ছুঁয়েছে এবং রূপার দাম গত ৩০ বছরের মধ্যে সর্বোচ্চ পর্যায়ে পৌঁছেছে।

কিছু উল্লেখযোগ্য সূচক

- উচ্চআয়ের দেশগুলোর (প্রবৃদ্ধি হারে ৬.২ শতাংশ পয়েন্ট উন্নয়ন) প্রবৃদ্ধিতে উন্নয়নশীল দেশগুলোর চেয়ে বেশি প্রত্যক্ষ করা গেছে (প্রবৃদ্ধি হারে ৫ শতাংশ পয়েন্ট বৃদ্ধি)।
- নিম্ন ও মধ্যআয়ের দেশগুলো ২০১০ সালে বিশ্বব্যাপী প্রবৃদ্ধির প্রায় অর্ধেক (৪৬ শতাংশ) যোগ করেছে। উন্নয়নশীল দেশগুলোর প্রবৃদ্ধির কারণ ছিল অভ্যন্তরীণ বর্ধিত চাহিদা।
- স্বল্প আয়ের দেশগুলোর চেয়ে মধ্য আয়ের দেশগুলোর গড় অর্থনীতি ভালোই কেটেছে, ২০০৯-এ যেখানে এই দেশগুলোর জিডিপি প্রবৃদ্ধি ছিল ১.৯ শতাংশ, ২০১০-এ সেটা ঘুরে দাঁড়িয়ে পৌঁছেছে ৫.৯ শতাংশ।
- প্রবৃদ্ধির এই ঘুরে দাঁড়ানো সবচেয়ে বেশি প্রত্যক্ষ করা গেছে চলতি হিসাবে ঘটতি থাকা দেশগুলোর ক্ষেত্রে, কারণ নতুন মাত্রায় মূলধন আগমন অভ্যন্তরীণ চাহিদা বৃদ্ধির বাধাগুলো কাটিয়ে ওঠার প্রক্রিয়াকে সহজতর করেছিল।

বিশ্ব অর্থনীতি এ মুহূর্তে মন্দা কাটিয়ে উঠে ঘুরে দাঁড়ানোর পর্ব থেকে শ্রুগতির দিকে, তবে টেকসই প্রবৃদ্ধির মধ্যবর্তী পর্যায় পার করেছে। বিশ্বের অধিকাংশ দেশের অর্থনীতি গত কয়েকবছর ধরে বৈশ্বিক অর্থনৈতিক ধস থেকে কাটিয়ে ওঠা অর্থনীতির সঙ্গে যুক্ত। অভ্যন্তরীণ বাজারের বিস্তৃতি উদীয়মান ও উন্নয়নশীল দেশগুলোর অর্থনীতিকে টেকসই ভিত্তি দিয়েছে। অন্যদিকে, উচ্চ আয়ের অধিকাংশ দেশ যেমনটা আশা করা হয়েছিল ঠিক সেই গতিতে অর্থনীতি পুনরুদ্ধার করতে সক্ষম হয়নি, এর অন্যতম কারণগুলোর মধ্যে ছিল বেকারত্ব এবং উৎপাদন ক্ষমতা অলস অবস্থায় পড়ে থাকা।

ওয়ার্ল্ড ব্যাংক প্রকাশিত গোবাল ইকোনমিক প্রসপেক্ট অনুযায়ী, ২০১০ সালে প্রকৃত জিডিপি বেড়েছে ৩.৯ শতাংশ, আবারও এর নেতৃত্ব দিয়েছে উন্নয়নশীল দেশগুলোর শক্তিশালী অভ্যন্তরীণ চাহিদা। ব্যাংকিং এবং নির্মাণ খাত পুনর্গঠন এবং সঠিক আদান প্রদানের পাশাপাশি আর্থিক ও গৃহায়ন খাতের কার্যকর সমন্বয় অধিকাংশ উন্নত দেশ এবং উন্নয়নশীল ইউরোপ ও মধ্য এশিয়ার দেশগুলোর অর্থনৈতিক প্রবৃদ্ধিকে এগিয়ে নিয়ে যাবে।

বিশ্ব আর্থিক ব্যবস্থা এখনো পুনরুদ্ধার পর্বে আছে, এ ব্যবস্থায় যথেষ্ট অনিশ্চয়তাও থেকে যাচ্ছে। আইএমএফ প্রকাশিত ২০১০ সালের গোবাল ফিন্যান্সিয়াল স্ট্যাবিলিটি রিপোর্ট অনুযায়ী সামস্টিক অর্থনৈতিক ঝুঁকি বেড়ে গিয়েছে, আর্থিক সমন্বয়ের জন্য বাজারের চাপ প্রবৃদ্ধির দিকে বিপত্তিহীন উত্তরণের চ্যালেঞ্জকে আরো জটিল করে তুলেছে। ভোক্তা আস্থা ও অন্যান্য গুরুত্বপূর্ণ সূচক সমান হতে শুরু করেছে, যেটা পুনরুদ্ধার-পরবর্তী পর্যায়ের বাড়তে থাকা ঝুঁকির প্রতিফলন ঘটাবে। গত বছরে সামগ্রিক ঋণের ঝুঁকিতে যে উন্নতি দেখা যাচ্ছিল তা থমকে দাঁড়িয়েছে। ইউরোপে নীতিগত পরিবর্তনের ফলে বাজার ঝুঁকি ও তারল্য ঝুঁকিতে নিম্নমুখিতা দেখা দিয়েছে। ঝুঁকি প্রবণতার সাধারণ স্তরও হ্রাস পেয়েছে। এসব পদক্ষেপের কারণে মুদ্রা ও আর্থিক বাজার আরো বেশি নিয়ন্ত্রণের মধ্যে রাখা হয়েছে এবং এর কারণ হচ্ছে বিশ্ব আর্থিক সংকট কাটিয়ে উঠতে প্রাথমিক অবস্থায় কেন্দ্রীয় ব্যাংকগুলোর সহায়তামূলক পদক্ষেপ।

বাংলাদেশের অর্থনীতি

বিশ্ব অর্থনীতির ধীর গতির পুনরুদ্ধার পর্ব, রফতানিতে বৈশ্বিক অর্থনৈতিক মন্দা এবং গত বছর শেষার্ধ্বে রেমিটেন্স প্রবাহে হ্রাস সত্ত্বেও ২০১০ অর্থবছরে বাংলাদেশের অর্থনৈতিক প্রবৃদ্ধি ছিল বেশ শক্তিশালী। সাম্প্রতিক মন্দা সফলভাবে কাটিয়ে উঠতে পারা গুটিকয়েক দেশগুলোর মধ্যে বাংলাদেশ অন্যতম।

সংশোধিত লক্ষ্যমাত্রা অনুসারে ২০১০ অর্থবছরে প্রকৃত জিডিপি অর্জিত হতে যাচ্ছে ৫.৮ শতাংশ। কৃষি ও অকৃষি খাতের দারুণ সাফল্য এবং উন্নয়ন ব্যয় বৃদ্ধি এই কাজিফত প্রবৃদ্ধিতে অবদান রেখেছে। কৃষি খাতে মজবুত প্রবৃদ্ধি ঘটেছে, উপকরণ যোগান ব্যবস্থা ঠিক রাখাসহ অব্যাহত সরকারি সহায়তা এতে

ভূমিকা রেখেছে। ভোগের ক্ষেত্রে যে প্রবৃদ্ধি ঘটেছে তাকে সহায়তা দিয়েছে গ্রামীণ অকৃষি কর্মকাণ্ডে সন্তোষজনক প্রবৃদ্ধি, অন্যদিকে গত অর্ধবছরের তুলনায় চলতি অর্ধবছরে বার্ষিক উন্নয়ন কর্মসূচি বাস্তবায়নের মধ্যে নির্মাণ খাতে প্রবৃদ্ধি ঘটেছে ৩২ শতাংশ। দীর্ঘমেয়াদী ঋণ বিতরণ, যা গত বছরের তুলনায় এ বছরে ৩২ শতাংশ বেড়েছে, সহায়তা করেছে শিল্প খাতে প্রবৃদ্ধি, যদিও তীব্র গ্যাস ও বিদ্যুৎ সংকট ছিল। সেবা খাতও গত অর্ধবছরে প্রাণবন্ত ছিল।

২০১০-১১ অর্ধবছর শুরুর সময় থেকে জাতীয় পয়েন্ট টু পয়েন্ট মুদ্রাস্ফীতি বাড়তির দিকে ছিল। ১২ মাসের গড় মুদ্রাস্ফীতি হার অক্টোবর, ২০১০-এ ছিল ৮.১ শতাংশ, ২০০৯-এর অক্টোবরে এটা ছিল ৫.১ শতাংশ। উচ্চ মুদ্রাস্ফীতির কারণগুলোর মধ্যে রয়েছে খাদ্য উৎপাদনকারী দেশগুলোতে বিরূপ আবহাওয়াজনিত কারণে আন্তর্জাতিক বাজারে খাদ্য দ্রব্যের মূল্য বৃদ্ধি এবং এ দাম নিকট ভবিষ্যতে আরো বৃদ্ধি পাবে কারণ অভ্যন্তরীণ যোগান ঠিকঠাক রাখতে রফতানিকারক দেশগুলোর অনেকে রফতানির ওপর নিষেধাজ্ঞা আরোপ করেছে। ভোক্তা মূল্য সূচক মুদ্রাস্ফীতির একটা অংশ হচ্ছে খাদ্যদ্রব্যের দামে স্ফীতি, নভেম্বর ২০১০-এ এটা ছিল ৯.৮ শতাংশ এবং ধারণা করা হচ্ছে ২০১১ অর্ধবছরের শেষাংশে এটা আরো বেশি হবে। জুলানী তেলের দাম বৃদ্ধিরও আশংকা করছে বাংলাদেশ ব্যাংক, যেহেতু আগস্ট ২০১০ পর্যন্ত বিশ্ব বাজারে তেলের মূল্য ২৩ শতাংশ বেড়েছে এবং ফেব্রুয়ারি ০১, ২০১১-এ তেলের দাম ব্যারেল প্রতি ১০০ ডলার ছুঁই ছুঁই করছে। নভেম্বর ২০১০-এ খাদ্য বহির্ভূত সিপিআই মুদ্রাস্ফীতির পরিমাণ ছিল ৮.১৪ শতাংশ, আশংকা করা হচ্ছে এটাও বাড়বে, কারণ বিদ্যুতের দাম বৃদ্ধির বিষয়টি আলোচনায় রয়েছে এবং বিনিময় হারের অবমূল্যায়ন অব্যাহত রয়েছে।

কৃষি কর্মকাণ্ড

আমাদের অর্থনীতিতে কৃষির অবদান উলেখযোগ্য, মোট অভ্যন্তরীণ উৎপাদনের প্রায় ২০ শতাংশ এবং আমাদের শ্রমশক্তির প্রায় ৫০ শতাংশ এ খাতে জড়িত। বাংলাদেশ পরিসংখ্যান ব্যুরোর সর্বশেষ তথ্য অনুযায়ী, কৃষি খাত ২০০৯ অর্ধবছরের ৪.১ শতাংশের বিপরীতে ২০১০ অর্ধবছরে বেড়েছে ৪.৭ শতাংশ। অনুকূল আবহাওয়া এবং সেচ কার্যক্রমে ত্বরিতকি, সময়মত বীজ ও সার সরবরাহ, উচ্চ খাদ্য সংগ্রহ মূল্য, ঋণ কার্যক্রমে বিস্তৃতিসহ ব্যাপকভিত্তিক সরকারি সহায়তা এক্ষেত্রে ভূমিকা রেখেছে। ২০০৯ অর্ধবছরে ধানসহ শস্য উৎপাদন খরচ উলেখযোগ্য হারে বেড়েছিল।

২০১০ সালের জুলাই-ডিসেম্বর পর্যন্ত কৃষি ঋণ বিতরণের পরিমাণ ছিল ৬২,২৪৮ মিলিয়ন টাকা, জুলাই-ডিসেম্বর ২০০৯-এ এর পরিমাণ ছিল ৫৫,৯৭৯ মিলিয়ন টাকা। ঋণ আদায়ের পরিমাণ জুলাই-ডিসেম্বর ২০১০-এ ছিল ৬১, ৯১০.৫০ মিলিয়ন টাকা, অন্যদিকে জুলাই-ডিসেম্বর ২০০৯-এ আদায়ের পরিমাণ ছিল ৫৩,৮৫২.২০ মিলিয়ন টাকা।

তৈরি পোষাক খাতের সাফল্য

পাটসহ তৈরি পোষাক খাত মিলিয়ে বাংলাদেশের রফতানি আয় গত অর্ধবছরের একই সময়ের তুলনায় চলতি অর্ধবছরের প্রথম দুই কোয়ার্টারে (জুলাই-ডিসেম্বর) ৪১ শতাংশ প্রবৃদ্ধি অর্জন করেছে। কেবল ডিসেম্বর ২০১০, এ মাসেই রফতানি আয় গত অর্ধবছরের একই মাসের তুলনায় ৬৭.৭৬ শতাংশ বেড়েছে। রফতানি উন্নয়ন ব্যুরোর (ইপিবি) সর্বশেষ তথ্য অনুযায়ী, ডিসেম্বর ২০১০-এ রফতানি আয় ছিল ১৯৮৮.৩৫ মিলিয়ন মার্কিন ডলার, ২০০৯-এর ডিসেম্বরে এটা ছিল ১১৮৫.২২ মিলিয়ন মার্কিন ডলার। ইপিবি'র ডিসেম্বর পর্যন্ত গত ৬ মাসের পরিসংখ্যান অনুসারে, নিটওয়্যার রফতানির পরিমাণ ছিল ৪৩১১.৯২ মিলিয়ন মার্কিন ডলার, গত বছরের একই সময়ের চেয়ে ৪৩.৩৯ শতাংশ প্রবৃদ্ধি, অন্যদিকে ওভেন গার্মেন্টস-এর রফতানি আয় ছিল ৩৬৩৬.৫৭ মিলিয়ন মার্কিন ডলার, প্রবৃদ্ধির পরিমাণ ছিল ৪০.৭৯ শতাংশ।

রফতানি, আমদানি ও রাজস্ব সংগ্রহ পরিস্থিতি

২০১০ অর্ধবছরে রফতানি ও রাজস্ব সংগ্রহ উলেখযোগ্য হারে বেড়েছে। জুলাই-ডিসেম্বর, ২০১০ পর্যন্ত রফতানি আয় ২,৯৮৪.৫৭ মিলিয়ন বেড়ে দাঁড়িয়েছিল ১০,২৬৩.৬৪ মিলিয়ন ডলার, বিগত অর্ধবছরের ৭,২৭৯.০৭ মিলিয়ন মার্কিন ডলারের চেয়ে ৪১ শতাংশ বেশি। রাজস্ব আদায় বিগত অর্ধবছরের জুলাই-ডিসেম্বরের তুলনায় চলতি অর্ধবছরের একই সময়ে ২৭.১১ শতাংশ বেড়েছে। আমদানিও উলেখযোগ্য হারে বেড়েছে। জুলাই-ডিসেম্বর, ২০১০ পর্যন্ত আমদানি ব্যয় ৩,২৭৬.৪০ মিলিয়ন থেকে বেড়ে দাঁড়িয়েছিল ১২,২৫৩.৫০ মিলিয়ন ডলার, বিগত অর্ধবছরের ৮৯৭৭.১০ মিলিয়ন মার্কিন ডলারের চেয়ে ৩৬.৫০ শতাংশ বেশি। দেশের সামগ্রিক বাণিজ্য ভারসাম্য বিগত অর্ধবছরের ১,৯৭৬.০০ বিলিয়ন মার্কিন ডলারের তুলনায় চলতি অর্ধবছরে ঘাটতি ছিল ২,৭৫২ বিলিয়ন ডলার।

তারল্য পরিস্থিতি

তালিকাতুল্য ব্যাংকগুলোর মোট তারল্য সম্পদের পরিমাণ ডিসেম্বর শেষে দাঁড়িয়েছিল ৮৩৮,৯৩০ মিলিয়ন ডলার। একই বছরের জুন পর্যন্ত এর পরিমাণ ছিল ৮৭১,৯৬৬.১০ মিলিয়ন ডলার। তালিকাতুল্য ব্যাংকগুলোর অতিরিক্ত তারল্যও ২০১০-এর জুন শেষের ৩৪৪,৯৮৭.৩০ মিলিয়ন ডলার থেকে কমে ডিসেম্বর ২০১০ পর্যন্ত দাঁড়িয়েছিল ২৩৭,২১৩.৪০ মিলিয়ন মার্কিন ডলার।

ব্যালেন্স অব পেমেণ্ট

দীর্ঘ সময় পর দেশের সামগ্রিক ব্যালেন্স অব পেমেণ্ট নেতিবাচকে গিয়ে ঠেকেছে, এর কারণ বাড়তে থাকা বাণিজ্য ঘাটতি, আন্তঃপ্রবাহমান রেমিটেন্সে ধীরগতির প্রবৃদ্ধি এবং আর্থিক হিসাবে ঘাটতি। বাংলাদেশ ব্যাংকের তথ্য অনুসারে, আর্থিক হিসাবে ঘাটতি ছিল ৮৭৩ মিলিয়ন ডলার এবং সামগ্রিক ব্যালেন্স জুলাই-নভেম্বর ২০১০-এ ছিল ৫৮৪ মিলিয়ন ডলারের ঘাটতি, গত অর্ধবছরের একই সময়ে উদ্বৃত্ত ছিল ২,১৫৬ মিলিয়ন মার্কিন ডলার। ২০১০-১১ অর্ধবছরে জুলাই-নভেম্বরে চলতি হিসাব ব্যালেন্সও গত অর্ধবছরের ১,৬৭৪ মিলিয়ন মার্কিন ডলার থেকে ৬৬ শতাংশ হ্রাস পেয়ে ৫৬৩ মিলিয়ন মার্কিন ডলারে ঠেকেছে।

রেমিটেন্স

যদিও রেমিটেন্স প্রবাহ জুলাই-ডিসেম্বর ২০১০-এ গত অর্থবছরের একই সময়ে ৫,৫৩৩.২০ মিলিয়ন ডলারের তুলনায় ১১.৭৬ মিলিয়ন বেড়ে ৫,৫৪৪.৯৫ মিলিয়নে পৌঁছেছিল, তা সত্ত্বেও, গত অর্থবছরের ডিসেম্বরের ৯৯৮.৬৪ মিলিয়নের তুলনায় চলতি অর্থবছরের ডিসেম্বরে কমে দাঁড়িয়েছিল ৯৬৩.৫৩ মিলিয়ন ডলার। বিদেশে কর্মরত বাংলাদেশিরা জুলাই-নভেম্বর ২০১০-এ মোট রেমিটেন্স পাঠিয়েছিল ৪.৫ বিলিয়ন ডলার, গত বছরের একই সময়ের তুলনায় যা ২.৮ শতাংশ কম।

আর্থিক খাত

গত কয়েক বছরে বাংলাদেশে ব্যাংকিং ব্যবস্থা তুলনামূলক ভাবে শক্তিশালী হয়েছে। রিস্ক ওয়েটেড ক্যাপিটাল অ্যাসেস্ট অনুপাত গোটা ২০০৯ জুড়ে ছিল ১১ শতাংশের ওপরে। মার্চ ২০১০-এর ২১.৭ শতাংশে, নন-পারফর্মিং লোন (এনপিএল) অনুপাত রাষ্ট্রায়ত্ত্ব বাণিজ্যিক ব্যাংকগুলোর ক্ষেত্রে ছিল অনেক বেশি, যেখানে রেসরকারি বাণিজ্যিক ব্যাংকগুলোর ক্ষেত্রে একই মাসে এর পরিমাণ ছিল ৪.২ শতাংশ। নিয়ন্ত্রণ ও তদারকিমূলক ব্যবস্থা শক্তিশালী করার পরিকল্পনা সত্ত্বেও, রাষ্ট্রায়ত্ত্ব ও বেসরকারি ব্যাংকগুলোর মধ্যে এনপিএল হারের এই বৈষম্য রয়ে যাবে বলে ধারণা করা হচ্ছে। সাম্প্রতিক মাসগুলোতে বাংলাদেশ ব্যাংক 'উৎপাদনশীল খাত'-এ সরাসরি ঋণ প্রদানের ব্যবস্থা নিয়েছে, যেমন কৃষি এবং সম্পত্তি ও শেয়ার কেনা-বেচার মত ফটকাবাজার উদ্দেশ্যে ব্যবহৃত হতে পারে এমন ঋণকে নিরুৎসাহিত করেছে। ২০০৯-১০ অর্থবছরে বেসরকারি খাতের ঋণ পূর্ববর্তী বছরের ১৫ শতাংশের তুলনায় বৃদ্ধি পায় ২৪ শতাংশ।

তালিকাভুক্ত ব্যাংকগুলোর ঋণ প্রদান হার (ত্রৈমাসিক ভিত্তিতে হিসাবকৃত) সেপ্টেম্বর ২০১০-এ কমে দাঁড়িয়েছিল ১১.১৮ শতাংশ, জুন ২০১০-এ এটা ছিল ১১.২৩ শতাংশ। তালিকাভুক্ত ব্যাংকগুলোর জমার হার (ত্রৈমাসিক ভিত্তিতে হিসাবকৃত) সেপ্টেম্বর ২০১০-এ বেড়ে দাঁড়িয়েছিল ৬.০০ শতাংশ, জুন ২০১০-এটা ছিল ৫.৯৫ শতাংশ।

২০১০ অর্থবছরে শিল্প ঋণ বিতরণের পরিমাণ ছিল ২৫৮.৮ বিলিয়ন টাকা, ২০০৯ অর্থবছরের চেয়ে ২৯.৬ শতাংশ বেশি। বৃহৎ শিল্প ঋণ বিতরণ (মোট তহবিলের ৭৩.৪ শতাংশ) এবং মাঝারি আকারের শিল্প ঋণ বিতরণের (মোট তহবিলের ২১.৬ শতাংশ) পরিমাণ পূর্ববর্তী বছরের তুলনায় বেড়েছিল যথাক্রমে ২৯.৫ এবং ২১.৬ শতাংশ, অন্যদিকে ক্ষুদ্র ও কুটির শিল্পের ক্ষেত্রে বেড়েছিল ৭৬.০ শতাংশ।

বাংলাদেশ ব্যাংকের নীতি নির্দেশনা অনুসারে, ২০১০ অর্থবছরে এসএমই'র ক্ষেত্রে আউটস্ট্যান্ডিং ঋণের পরিমাণ ছিল ৫৬৭.২ বিলিয়ন টাকা, পূর্ববর্তী অর্থবছরের চেয়ে ১৭.০ শতাংশ বেশি। তবে, ব্যাংকিং ব্যবস্থায় এসএমই ও মোট ঋণের অনুপাত ২০০৯-এর ২১.০ শতাংশ থেকে হ্রাস পেয়ে জুন ২০১০-এ দাঁড়িয়েছিল ১৯.৯ শতাংশ। আউটস্ট্যান্ডিং ঋণে বিদেশি ব্যাংকগুলো সর্বোচ্চ প্রবৃদ্ধি অর্জন করেছিল, শতাংশের হিসেবে ৩৭.৭ শতাংশ, পরের অবস্থানে ছিল যথাক্রমে বেসরকারি বাণিজ্যিক ব্যাংক (পিসিবি) এবং রাষ্ট্রায়ত্ত্ব ব্যাংক (এসসিবি), শতাংশ হিসেবে এ প্রবৃদ্ধির পরিমাণ ছিল যথাক্রমে ১৮.২ এবং ১৫.৪। যদিও এসএমই ঋণে পিসিবি'র রয়েছে সর্বোচ্চ বিনিয়োগ (৫৪.৩ শতাংশ), এরপর এসসিবি'র অবস্থান (৩৩.৬ শতাংশ)। এসসিবিগুলোর মোট আউটস্ট্যান্ডিং ঋণের ৩২.৩ শতাংশ ছিল এসএমই ঋণ, পিসিবি'র ক্ষেত্রে এর পরিমাণ ১৭.৪ শতাংশ।

২০১০ অর্থবছরে, এনবিএফআই-এর অপারেটিং লভ্যাংশ বেড়ে গিয়েছিল ২৫ শতাংশ। তেজি পুঁজিবাজারে বিনিয়োগ করে প্রতিষ্ঠানগুলো বিশাল এই লভ্যাংশ পেয়েছে। কিছু কিছু প্রতিষ্ঠান শেয়ার ব্যবসা থেকে তাদের লভ্যাংশের ৬০-৭০ শতাংশ অর্জন করেছে। কিন্তু, তাদের মূল ব্যবসার লভ্যাংশ হ্রাস পেয়েছে। সামগ্রিক ব্যবসার মধ্যে লিজ ফিন্যান্সিং পূর্ববর্তী বছরের ৫৫ শতাংশের তুলনায় কমে দাঁড়িয়েছে ৪০ শতাংশে। ব্যাংক বহির্ভূত আর্থিক প্রতিষ্ঠানগুলো তাদের লভ্যাংশের বড় অংশ মূলধন বাজার থেকে সংগ্রহ করেছে, যদিও এই প্রবণতা আশংকাজনক, কিন্তু শেয়ার বাজারের বাইরে বিনিয়োগের অন্য কোনো পথ তাদের সামনে ছিল না, যেহেতু বিদ্যুৎ সংকট শিল্প ঋণের চাহিদাও কমিয়ে দিয়েছিল। ২০০৭ সালে অবচয় ভাতা তুলে নেয়াও এ সংকটে ভূমিকা রেখেছে। পরিবর্তিত এই পরিস্থিতিতে এনবিএফআইগুলো তাদের কৌশলে পরিবর্তন আনছে। তারা টেকসই ব্যবসায়িক প্রবৃদ্ধির জন্য ক্ষুদ্র ও মাঝারি আকারের প্রতিষ্ঠান এবং গৃহায়ন খাতের ওপর জোর দিচ্ছে।

২০০৯-১০ অর্থবছরে ধীরগতির রফতানি প্রবৃদ্ধির (৭ শতাংশ) বিপরীতে ২০১০-১১ অর্থবছরের প্রথম পাঁচ মাসের দৃঢ় সাফল্য সত্যিই আশাব্যঞ্জক। এই সময়ে রফতানি প্রবৃদ্ধি ঘটেছে ৩৫.৮ শতাংশ। রফতানির এই প্রবৃদ্ধিতে ভূমিকা রেখেছে তৈরিপোষাক শিল্প এবং তৈরিপোষাক শিল্প বর্হিভূত খাত যেমন, কাঁচা পাট, হিমায়িত খাদ্য ও চামড়া জাত পণ্য। তবে, এটা উল্লেখ করা প্রয়োজন যে, এই উচ্চ প্রবৃদ্ধি পূর্ববর্তী অর্থবছরের তুলনামূলক কম সাফল্যজনক পরিস্থিতির বিপরীতে ঘটেছে। ২০১০-১১ অর্থবছরের প্রথম ৫ মাসে তৈরিপোষাক শিল্প প্রবৃদ্ধি ছিল দারুন অর্থাৎ ৩৬.৪ শতাংশ, অন্যদিকে তৈরিপোষাক শিল্প বর্হিভূত খাতে প্রবৃদ্ধির পরিমাণ ছিল ৩৩.৭ শতাংশ। এ সময়ে রফতানি লক্ষ্যমাত্রা পূর্ব ধার্যকৃত লক্ষ্যমাত্রাকে ছাড়িয়ে গেছে।

তুলনামূলক ব্যাপক-ভিত্তিক রফতানি প্রবৃদ্ধি বাংলাদেশের বৈদেশিক মুদ্রা আয়ের পথকে সুগম করেছে। তবে, রেমিটেন্স প্রবাহে ভাটা এবং ক্রমবর্ধমান আমদানি মূল্য পরিশোধের কারণে লেনদেন ভারসাম্যের (ব্যালেন্স অব পেমেন্টে) ওপর চাপ পড়েছে। প্রত্যক্ষ বিদেশী বিনিয়োগ ও বিদেশি সাহায্যের প্রবাহ হ্রাস পাওয়ায় লেনদেন ভারসাম্যে আরো চাপ পড়ছে।

প্রত্যক্ষ বিদেশি বিনিয়োগ (এফডিআই) বাংলাদেশে কাক্ষিত ভূমিকা রাখতে পারছে না। প্রকৃতপক্ষে ২০০৮ থেকে এফডিআই প্রবাহ হ্রাস পেতে শুরু করে এবং সরকারের যথেষ্ট উদ্যোগ সত্ত্বেও ২০০৯-১০ অর্থবছরে এর পরিমাণ ছিল মাত্র ৬৩৬ মিলিয়ন মার্কিন ডলার, যদিও চলতি অর্থবছরের প্রথম ৪ মাসে কিছুটা বেড়েছে। তবে, প্রত্যক্ষ বিদেশি বিনিয়োগ ও অনুদানের স্বল্পতার কারণে সরকার লেনদেন ভারসাম্যেরকে ধনাত্মক পর্যায়ে তুলে আনতে এবং অবকাঠামো খাতে দীর্ঘমেয়াদী বিনিয়োগে আগ্রহ সৃষ্টি করতে বিদেশি ঋণ সংগ্রহের চেষ্টা করছে।

সাম্প্রতিক বছরগুলোতে ডলারের বিপরীতে টাকার বিনিময় হার কমবেশি স্থিতিশীল ছিল, সম্প্রতি অবমূল্যায়নের প্রবণতাও দেখা গিয়েছে। বিনিময় হারের এই স্থিতিশীলতা খুবই গুরুত্বপূর্ণ, মুদ্রাস্ফীতি এবং রফতানি সক্ষমতার আন্তঃসম্পর্কে সামঞ্জস্য রাখার প্রয়োজনের দিক বিবেচনায় ধরলে অত্যন্ত গুরুত্বপূর্ণ। এখানে উল্লেখ করা প্রয়োজন যে, গত ছয় মাসের মধ্যে চীনা ইউয়ান ও ভারতীয় রুপির বিপরীতে মার্কিন ডলার যথাক্রমে ২.৫ ও ১.১ শতাংশ অবমূল্যায়িত হয়েছে। এটা চীন ও ভারতের সঙ্গে বাংলাদেশের রফতানি সক্ষমতা বাড়াতে সাহায্য করবে। অন্যদিকে, আমদানিকৃত ভোজ্য পণ্যের পাশাপাশি মধ্যবর্তী ও মূলধন পণ্যের দামের উপর এটা চাপ রাখবে। ২০১০ ডিসেম্বর শেষে বৈদেশিক মুদ্রার সঞ্চয়ের পরিমাণ ছিল ১১ বিলিয়ন ডলারের ওপর, কিন্তু নিম্নগামী রেমিটেন্স প্রবাহ ও বাড়তে থাকা আমদানী ব্যয় বৈদেশিক মুদ্রা সঞ্চিগতির ওপর চাপ সৃষ্টি করেছে। বেসরকারি বিনিয়োগ জিডিপি'র শতাংশ হিসেবে ২০০৯-১০ অর্থবছরে ১৯.৭ শতাংশে অপরিবর্তিত ছিল, যদিও কিছু নির্দিষ্ট উন্নয়নের ছাপ চোখ এড়িয়ে যায় না, যেটা বিনিয়োগ পরিস্থিতিতে ইতিবাচক ভূমিকা রেখেছে। রফতানি প্রবৃদ্ধি ছিল খুবই দারুণ, বৈশ্বিক অর্থনীতি চাঙ্গার সঙ্গে সঙ্গতি রেখে বাড়তে থাকা আমদানি চাহিদা এক্ষেত্রে অবদান রেখেছে। ২০১০-১১ অর্থবছরের প্রথম ৪ মাসে সামগ্রিক আমদানি বেড়েছে ৩৩.৫ শতাংশ; এখানে অব্যাহত উল্লেখ করা প্রয়োজন যে, মূলধন যন্ত্রাংশ আমদানি বেড়েছে ৩৫.৭ শতাংশ। মূলধন যন্ত্রাংশ আমদানির ক্ষেত্রে ঋণপত্র নিষ্পত্তিতে ৩৬.০ শতাংশ প্রবৃদ্ধি হয়েছে।

সরকারি বিনিয়োগ পরিস্থিতি বিপর্যস্ত থাকলেও বেসরকারি বিনিয়োগ চিত্র কিছুটা উৎসাহব্যঞ্জক ছিল, যা মূলত বৈদেশিক অর্থনীতির সঙ্গে সংশ্লিষ্ট। এখন দেখার সময় অর্থনীতির এই উদীয়মান প্রবণতা বিনিয়োগ মুখর প্রাণবন্ত অর্থনীতিকে সহায়তা করে বিস্তৃত পরিসরের উৎপাদন প্রবৃদ্ধির দিকে ধাবিত করতে পারে কিনা।

জিডিপিকে দশমিক ৫০ শতাংশে কমিয়ে দেয়ার ক্ষেত্রে ভূমিকা পালনকারী বিদ্যুৎ খাতের বিপর্যস্ত অবস্থা আরো ঘনীভূত হচ্ছে এবং এক্ষেত্রে দ্রুত কার্যকর উদ্যোগ নেয়া প্রয়োজন। বর্তমানে, দেশের মোট জনসংখ্যার মধ্যে মাত্র ৪৮.৫ শতাংশ মানুষ বিদ্যুতের আওতায় রয়েছে এবং জনপ্রতি বিদ্যুৎ ব্যবহারের পরিমাণ গড়ে ২৩৬ কিলোওয়াট, যা বিশ্বের মধ্যে সবচেয়ে কম। সমস্যা সমাধানে সরকার বেশ কয়েকটি উদ্যোগ নিয়েছে, বিভিন্ন স্তরে ভিন্ন ভিন্ন উৎপাদন সক্ষমতা বিবেচনায় নিয়েই তারা এ অবস্থা থেকে উত্তরণের চেষ্টা চালাচ্ছে। নতুন উৎপাদিত কিছু বিদ্যুৎ জাতীয় গ্রিডে সংযুক্ত হলেও এটা উদ্বেগের ব্যাপার যে, অনুমোদনপ্রাপ্ত কুইক রেন্টাল ও রেন্টাল কারখানাগুলোর মধ্যে কয়েকটি যথা সময়ে উৎপাদনে যেতে পারছে না।

পুঁজিবাজার চিত্র ২০১০

উর্ধ্বমুখী রেকর্ড ভঙ্গকারী লভ্যাংশ ও সূচক এবং একইসময়ে একটিমাত্র দিনে সর্বোচ্চ পতন ও আতঙ্কিত বিনিয়োগকারীদের বিক্ষোভের মধ্যে দেশের পুঁজিবাজার ২০১০ সালে উদ্বেগজনক পরিস্থিতিসহ দারুণ সাফল্য দেখিয়েছে। বিনিয়োগকারীদের জন্য ২০১০ ছিল স্মরণীয়, যদিও ডিএসই সাধারণ সূচক (ডিজেন) ২০১০ সালের প্রথম দিনের ৪.৫৬৮ পয়েন্ট থেকে প্রায় দ্বিগুণের কাছাকাছি ৮,২৯৯ সূচকে উঠে আবার পড়তে শুরু করে। সাফল্যের দিক থেকে এটা বিশ্বের মধ্যে তৃতীয়, মঙ্গোলিয়ার এমএসই সেরা ১০ সূচক এবং শ্রীলংকার কলম্বো অল শেয়ার সূচকের যথাক্রমে ১৬৯.৭২ শতাংশ ও ১০১.৪৭ শতাংশের পর ডিজেন বেড়েছিল ৮১.৪৭ শতাংশ। গত ৬ বছরে ডিজেন ১৯৭১ শতাংশ থেকে বেড়ে ৮২৯০ শতাংশে উঠেছিল এবং প্রাইস আর্নিং অনুপাত ৩৪ হুইহুই করছিল। দেশের পুঁজিবাজার বিস্তৃতির পেছনে কাজ করেছিল শক্তিশালী অভ্যন্তরীণ চাহিদা এবং আমাদের অর্থনীতির প্রবৃদ্ধির সম্ভাবনা। ২০১০-এ করপোরেট লভ্যাংশ শক্তিশালী ভিতের ওপর ছিল। গত কয়েকবছর ধরে তারল্য পরিস্থিতিতে প্রবৃদ্ধি ঘটেছে। বাণিজ্যের পরিমাণও উল্লেখযোগ্য বেড়েছে। দেশের দুটি স্টক এক্সচেঞ্জ একের পর এক রেকর্ড ভাঙতে থাকে, ডিএসই একদিনের সর্বোচ্চ লেনদেন ছিল ৩০ বিলিয়ন টাকা। বার্ষিক লেনদেন ২০০২ সালের ১২১.৯ মিলিয়ন টাকা থেকে ২০১০ সালে ১৬,৪৩৪ মিলিয়ন পৌছায়, প্রবৃদ্ধির হার এক্ষেত্রে অবিশ্বাস্য রকম বেশি ১৩,৩৮১ শতাংশ। ২০০২ থেকে ২০১০-এর মধ্যে বাজার তারল্যও বেড়েছে, গড় লেনদেন এবং গড় লেনদেনের পরিমাণ বেড়েছে যথাক্রমে ২২৬৬.৭ শতাংশ এবং ১৪৩৩.০৪ শতাংশ। ২০১০ সালে গড় লেনদেন এবং গড় লেনদেনের পরিমাণ বেড়েছে যথাক্রমে ৮৩.৬২ শতাংশ ও ১১৩.১০ শতাংশ।

দেশের পুঁজিবাজারে প্রবৃদ্ধি দ্রুত হারে বৃদ্ধির কারণ হচ্ছে উভয় এক্সচেঞ্জে ক্ষুদ্র ও প্রাতিষ্ঠানিক উভয় বিনিয়োগকারীর সক্রিয় অংশগ্রহণ। বিও হিসাবের সংখ্যায় জুন ২০০৯ থেকে নভেম্বর ২০১০ পর্যন্ত ৪৫.৯১ শতাংশ প্রবৃদ্ধি হয়েছে, সংখ্যায় এটা ৩১ লাখ, যার অর্থ শেয়ারে বিনিয়োগের হুকুম পড়ে গিয়েছিল। ২০০৪ সালে কেন্দ্রীয় ডিপোজিটরি ব্যবস্থা চালু এবং নতুন সিকিউরিটি তালিকাভুক্তির সময় থেকে ঢাকা স্টক এক্সচেঞ্জ বাজার বিস্তৃতি এবং তারল্যের বিচারে প্রাণবন্ত হয়ে ওঠে। ক্ষুদ্র ও প্রাতিষ্ঠানিক বিনিয়োগকারীরা বাজারে আরো সহজভাবে অংশ নেয়ার ক্ষমতা পায় এবং বামোলামুক্ত লেনদেন ব্যবস্থার সুবিধা নিয়ে বিনিয়োগ করতে থাকে। ২০০৫ সালে বিও হিসাবধারীর মোট সংখ্যা ছিল ৩,৬০,৯০৮ এবং ২০১০ শেষে এ সংখ্যা দাঁড়ায় ৩১,০০,৪৭০ বছর প্রতি বৃদ্ধি পায় ১৫৯ শতাংশ হারে। ২০০৪ সালে মোট লেনদেনের পরিমাণ ছিল ২.২৫ মিলিয়ন, ২০১০-এ এটা বেড়ে দাঁড়িয়েছিল ৫২.২০ মিলিয়নে এবং লেনদেনকৃত শেয়ারের সংখ্যা ২০০৪ সালের ৬৮৪ মিলিয়ন থেকে বেড়ে দাঁড়িয়েছিল ১৬,৯৭৫ মিলিয়ন টাকা।

২০১০ সালে পরিচালনা সফলতা

লংকাবাংলার জন্য ২০১০ ছিল আরেকটি সফল বছর; নতুন শাখা, নতুন সেবা প্রচলনের মধ্য দিয়ে আমরা আমাদের ব্যবসার সম্প্রসারণ ঘটিয়েছি। ২০১০ জুড়ে আমাদের যাবতীয় প্রচেষ্টা জড়িত ছিল বহুমুখী পণ্যকে ঘিরে। এক্ষেত্রে নমনীয় শর্তে নতুন উদ্ভাবিত ও গ্রাহক উপযুক্ত পণ্য ও সেবা, ব্যবসায় নৈতিক রীতি এবং স্থানীয় ও আন্তর্জাতিক প্রথা, নিয়ম, নির্দেশনা ও আইনের সঙ্গে সঙ্গতি রক্ষা ইত্যাদি বিষয়ের পাশাপাশি গ্রাহক অন্বেষণ ও নির্বাচনে আমাদের কর্মমুখী দৃষ্টিভঙ্গি দারুণ ভূমিকা পালন করেছে। নিচের অংশে এগুলোর প্রভাব আলোচনা করা হলো :

- **লিজ ও দীর্ঘমেয়াদী ঋণ:** কঠোর ও ক্রমবর্ধমান প্রতিযোগিতা সত্ত্বেও, আপনাদের প্রতিষ্ঠান ২০০৯ সালের ৭৮৯.০০ মিলিয়ন টাকার বিপরীতে ২০১০ সালে ১৪৮৯.৮৩ মিলিয়ন টাকা বিতরণ করতে সমর্থ হয়েছে।
- **মার্চেস্ট ব্যাংকিং এবং পুঁজিবাজার কার্যক্রম:** ২০১০ পুঁজিবাজারের ক্ষেত্রে ছিল দারুণ সফল এক বছর। দেশের সর্ববৃহৎ ব্রোকারেজ হাউজ লংকা বাংলা সিকিউরিটিজ লিমিটেড, লংকা বাংলা ফিন্যান্সের একটি সহযোগী প্রতিষ্ঠান, পুঁজিবাজারে তার অবস্থান ধরে রেখেছিল। মার্চেস্ট ব্যাংকিং ডিভিশনের প্রান্তিক ঋণ প্রবৃদ্ধি ছিল ১৯ শতাংশ, ২০০৯-এর ৩৫০৩.৫২ মিলিয়নের বিপরীতে ২০১০-এ ছিল ৪১৭৬.০৪ মিলিয়ন

টাকা। পাশাপাশি, ২০১০ সালে আমাদের পোর্টফোলিও ব্যবস্থাপনার মাধ্যমে শেয়ার বাজারে বিনিয়োগ করে আমরা লভ্যাংশ সর্বোচ্চকরণ করি। সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন তাদের ডিসেম্বর ২১, ২০০৯ সালে জারি করা এসইসি/আরইজি/এমবি/২০০৯/৪৪৯ নির্দেশনার মাধ্যমে এ সিদ্ধান্ত জানিয়ে দেয় যে, কোনো প্রতিষ্ঠান মার্চেন্ট ব্যাংকিং ব্যবসা কেবল নতুন একটি স্বতন্ত্র সহযোগী কোম্পানি প্রতিষ্ঠার মাধ্যমেই কেবল করতে পারবে। এ জাতীয় সহযোগী প্রতিষ্ঠানের ক্ষেত্রে প্রযোজ্য যাবতীয় আনুষ্ঠানিকতা শেষ করে লংকা বাংলা ফিন্যান্স লিমিটেড জয়েন্ট স্টক কোম্পানিজ অ্যান্ড ফার্মস (আরজেএসসি)-এ 'লংকা বাংলা ইনভেস্টমেন্ট লিমিটেড' নামে ২৯ মার্চ, ২০১০-এ নিবন্ধিত হয়। লংকা বাংলা ইনভেস্টমেন্ট লিমিটেডের অনুকূলে সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন জানুয়ারি ০২, ২০১১ সালে একটি পূর্ণাঙ্গ লাইসেন্স ইস্যু করে যার নম্বর হচ্ছে ৫৭/২০১০। তারপর থেকে, এই প্রতিষ্ঠানটি লংকা বাংলা ফিন্যান্স লিমিটেডের যাবতীয় মার্চেন্ট ব্যাংকিং কার্যক্রম পরিচালনা করছে।

- **ক্রেডিট কার্ড :** লংকা বাংলা একমাত্র ব্যাংক বহির্ভূত আর্থিক প্রতিষ্ঠান যারা দেশে ক্রেডিট কার্ড ব্যবসায় নিয়োজিত। আমাদের মাস্টার কার্ড কার্যক্রমের পাশাপাশি ভিসা কার্ড যুক্ত আমরা ব্যবসা সম্প্রসারিত করেছি। ক্রেডিট কার্ড পোর্টফোলিওর প্রবৃদ্ধি হয়েছে ১৮ শতাংশ, ২০০৯ সালের ৩৬৬.৪০ মিলিয়ন টাকার বিপরীতে ২০১০ সালে ক্রেডিট কার্ডের মাধ্যমে ঋণ বিতরণের পরিমাণ ছিল ৪৩০.৬৪ মিলিয়ন টাকা।
- **ফ্যাক্টরিং :** অভ্যন্তরীণ ফ্যাক্টরিং আরেকটি নতুন পণ্য যেটা আমরা ২০০৭ সালের শেষ কোয়ার্টারে চালু করেছিলাম। বৈচিত্র্যময় পণ্যের মাধ্যমে ব্যবসার আকার বাড়ানোর জন্যই এটা শুরু করেছিলাম আমরা। ২০১০ সালে আমরা ৪০.৪৪ মিলিয়ন টাকা বিতরণ করেছি, ২০০৯ সালে এর পরিমাণ ছিল ১৮.২৫ শতাংশ।
- **গৃহঋণ :** বন্ধকি ঋণ ব্যবসার জন্য ২০১০ ছিল চমৎকার এক বছর। ২০০৯ সালের তুলনায় গৃহঋণ পোর্টফোলিওর প্রবৃদ্ধি হয়েছিল ৭৭ শতাংশ এবং ২০১০ সালের শেষে গিয়ে গৃহঋণের পরিমাণ দাঁড়িয়েছিল ১১২০.৮১ মিলিয়ন।
- **কর্পোরেট ফিন্যান্স এবং অ্যাডভাইজরি সেবা :** বৈচিত্র্যময় পণ্য সম্ভার গড়ে তুলতে আমরা স্বতন্ত্র একটি বিভাগের মাধ্যমে কর্পোরেট ফিন্যান্স এবং অ্যাডভাইজরি সেবা চালু করেছিলাম। লিজ/লোন সিডিকেশন সেবা, আর্থিক গঠন ও পুনর্গঠন সেবা, ট্রাস্টি সেবা, সিকিউরিটি এজেন্ট সেবা, সার্চিবিক সেবা, একীভূতকরণ সেবাসহ বিভিন্ন ধরনের কর্পোরেট ও বিনিয়োগ সেবা প্রদান এবং ক্রমবর্ধমান বিনিয়োগ চাহিদা পূরণের জন্য এই বিভাগ খুলেছিলাম আমরা। ২০১০ সালে এসব সেবা থেকে আয় হয়েছিল ৭.৬৯ মিলিয়ন টাকা। সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জের নির্দেশনা অনুসারে মার্চেন্ট ব্যাংকিং কার্যক্রম আলাদা হয়ে যাওয়ার পর জানুয়ারি ২০১১ থেকে প্রতিষ্ঠানের কর্পোরেট ফিন্যান্স এবং অ্যাডভাইজরি সেবা পরিচালনা করছে লংকাবাংলা ইনভেস্টমেন্ট লিমিটেড।
- **ট্রেজারি কার্যক্রম :** ২০১০ জুড়ে ট্রেজারি ব্যবস্থাপনা/ফান্ড মবিলাইজেশন কার্যক্রম ছিল গতিশীল, বিশেষ করে বৃদ্ধিঘটিত (ইনক্রিমেন্টাল) ব্যবসার ক্ষেত্রে, পাশাপাশি যথাসময়ে ঋণ সেবা ব্যবস্থাপনার কারণে বছরটি উল্লেখযোগ্য ছিল। আমাদের নিরবিচ্ছিন্ন প্রচেষ্টা ছিল ফান্ড বা তহবিলের খরচ কমানো, অর্থায়নের উৎসে বৈচিত্র্য আনা এবং প্রথাগত অর্থায়ন উৎসের প্রতি নির্ভরশীলতা কমানো। ব্যক্তি বা প্রাতিষ্ঠানিক পর্যায়ে ২০১০ সালে কোম্পানি তহবিল মবিলাইজেশনে অসাধারণ প্রবৃদ্ধি অর্জন করেছে। ২০১০ শেষে মোট টার্ম ডিপোজিটের পরিমাণ দাঁড়িয়েছে ৪৮১৪.৯৪ মিলিয়ন টাকা, ২০০৯ সালে এটা ছিল ৪৪৫৬.৯০ মিলিয়ন টাকা।
- **প্রাইমারি ডিলারশিপ:** বাংলাদেশ ব্যাংক কর্তৃক লাইসেন্স প্রাপ্ত হয়ে লংকাবাংলা ফাইন্যান্স শুরু থেকে প্রতিটি নিলামে অংশগ্রহণ করে যাচ্ছে। প্রাইমারি ডিলারশীপ ডিপার্টমেন্টকে সুবিন্যস্ত করা হয়েছে এবং এর সাথে সম্পর্কিত কর্মকর্তাবৃন্দকে সঠিক প্রশিক্ষণের মাধ্যমে তাদের দক্ষতা বৃদ্ধি করা হয়েছে।
- **অধীনস্থ প্রতিষ্ঠানের (সাবসিডিয়ারি) কার্যক্রম :** লংকা বাংলা সিকিউরিটিজ লিমিটেড লংকা বাংলা ফিন্যান্স লিমিটেডের একটি অধীনস্থ প্রতিষ্ঠান। এটা দেশের অন্যতম ব্রোকারেজ হাউজ যার রয়েছে বৈচিত্র্যময় গ্রাহক ভিত্তি এর মধ্যে রয়েছে, বড় ধরনের খুচরো বা ব্যক্তি বিনিয়োগকারী, বিদেশি তহবিল এবং খুচরো বিনিয়োগকারী। ২০১০ সালে ২০৯৬.৭৯ মিলিয়ন টাকা পরিচালনা আয় হিসেবে হিসাবভুক্ত হয়েছিল, যেটা ২০০৯-এর ৮৭৭.৮৪ মিলিয়নের চেয়ে ১৩৮.৮৬ শতাংশ প্রবৃদ্ধি। কর পরবর্তী নেট লাভ পূর্ববর্তী বছরের ৬৩৮.১৫ মিলিয়ন থেকে ১৩৯.৮৫ শতাংশ প্রবৃদ্ধিতে ২০১০-এ দাঁড়িয়েছে ১৫৩০.৫৯ মিলিয়ন টাকা। কোম্পানির সেবাসমূহে ব্রোকারেজ সেবা, সিডিবিএল, যথা সময়ে তথ্য প্রদান এবং গবেষণা সেবার সম্মিলন ঘটেছে। লংকাবাংলা অ্যাসেট ম্যানেজমেন্ট কোম্পানি লিমিটেড লংকাবাংলার একটি শতভাগ মালিকানাধীন কোম্পানি, কোম্পানিটির লাইসেন্স প্রদানের বিষয়টি সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের বিবেচনাধীন রয়েছে।
- **শাখা কার্যক্রম :** ২০১০ সাল জুড়ে আমরা আমাদের ব্যবসায়িক কার্যক্রম সম্প্রসারণে চট্টগ্রাম ও সিলেটের ওপর গুরুত্ব দিয়েছি। বছর শেষে চট্টগ্রাম শাখার মোট পোর্টফোলিও'র পরিমাণ ছিল ১৩০৬.৭০ মিলিয়ন টাকা, পূর্ববর্তী বছরে এটা ছিল ৮৯৮.২১ মিলিয়ন টাকা। সিলেট শাখায় ২০০৯ সালের ৪১.৬২ মিলিয়ন টাকার মোট পোর্টফোলিও'র বিপরীতে এ বছরে তা ছিল ১৭.১৫ মিলিয়ন টাকা। শাখা কার্যক্রমে আমাদের সেবাগুলো হচ্ছে এসএমই, ক্রেডিট কার্ড, গৃহঋণ সেবা ও ফ্যাক্টরিং। ২০১১ সালে শাখাগুলো থেকে আমরা আরো ভালো সাফল্য আশা করছি।
- **মানব সম্পদ :** আমরা বিশ্বাস করি উপযুক্ত প্রণোদনাসহ সঠিক স্থানে, যথা সময়ে উপযুক্ত মানুষগুলোই পার্থক্য তৈরি করতে পারে। লংকা বাংলায় আমরা প্রতিষ্ঠানের প্রতি অনুগত, প্রতিশ্রুতিবদ্ধ, ত্যাগী ও নিবেদিত এবং উপযুক্ত যোগ্যতা, প্রযুক্তিগত দক্ষতা ও জ্ঞানসম্পন্ন পেশাগত বিশেষজ্ঞদের জায়গা দিতে সবসময় প্রতিশ্রুতিবদ্ধ। কর্মীদের জন্য রয়েছে আকর্ষণীয় বেতন-ভাতা প্যাকেজ ও কাজের চমৎকার পরিবেশ, পাশাপাশি পরিবর্তিত বাজার ব্যবস্থা ও চাহিদাকে মোকাবেলা করতে সক্ষম মানবসম্পদ উন্নয়নের জন্য উপযুক্ত প্রশিক্ষণও কোম্পানি প্রদান

করছে। বয়স, লিঙ্গ, প্রতিবন্ধীতা, ধর্ম, জাতি, শ্রেণী বা অন্য কোনো বিবেচনা না রেখে কর্মী নিয়োগের ক্ষেত্রে আমরা সমতা বজায় রাখি। প্রবৃদ্ধির গতিকে আরো দৃঢ় করতে ২০১০ সালে ৩৬টি নতুন পদ পূরণ করা হয়েছে এবং কর্মক্ষমতা উন্নয়নে দেশে ও বিদেশের বিভিন্ন প্রশিক্ষণে প্রতিষ্ঠানের ৩৫ জন কর্মী অংশ নিয়েছেন। কর্মীদের স্বাস্থ্য এবং নিরাপত্তা নিশ্চিত করতে, কোম্পানির কর্মীরা হসপিটালাইজেশন বীমার আওতাভুক্ত এবং আকস্মিক দুর্ঘটনাজনিত ক্ষতি এবং মৃত্যুর ক্ষেত্রে স্থায়ী কর্মীরা জীবন বীমার আওতাভুক্ত।

- **তথ্যপ্রযুক্তি :** আমরা বিশ্বাস করি তথ্য ও যোগাযোগ প্রযুক্তি সফলতার ক্ষেত্রে প্রধানতম সহায়ক শক্তি এবং লংকা বাংলায় আছে অভিজ্ঞ ও প্রশিক্ষিত তথ্যপ্রযুক্তি পেশাজীবী, যারা একটি পূর্ণাঙ্গ আইসিটি বিভাগ পরিচালনা করছেন। আইসিটি আমরা ক্রমাগত হালনাগাদ রাখছি। বর্তমানে লংকা বাংলায় আছে সর্বশেষ প্রযুক্তির ক্রেডিট কার্ড সফটওয়্যার যেটা কার্ড প্রসেসিংয়ে পূর্ণাঙ্গ ক্ষমতাসম্পন্ন। আমাদের রয়েছে স্বতন্ত্র একটি মার্চেন্ট ব্যাংকিং সফটওয়্যার যেটা আমাদের মার্চেন্ট ব্যাংকিং কার্যক্রম ও আর্থিক বিষয় প্রক্রিয়াজাত করছে। লিজ/লোন এবং গৃহস্থান কার্যক্রম প্রক্রিয়াজাত করার জন্য আমাদের রয়েছে সমন্বিত লিজিং এবং অ্যাকাউন্টিং সফটওয়্যার। আমাদের ফ্যাক্টরিং কার্যক্রম পরিচালনার জন্য আমরা আধুনিক ও কাজ-বান্ধব সফটওয়্যার ব্যবহার করি। আমাদের সবগুলো কার্যক্রম একটি কেন্দ্রীয় নেটওয়ার্কের মধ্যে আনার কাজটি প্রক্রিয়াধীন রয়েছে এবং সফটওয়্যার ও ডেটাবেজের নিরাপত্তা নিশ্চিত করতে আইসিটি কার্যক্রমের উন্নয়ন ঘটাচ্ছি আমরা। লংকা বাংলা ফিন্যান্স লিমিটেড একমাত্র ব্যাংক বহির্ভূত আর্থিক প্রতিষ্ঠান যারা ক্রেডিট কার্ড সেবা প্রদান করছে এবং ব্যাংক এশিয়া ও ওয়ান ব্যাংককে কারিগরী সহায়তা প্রদান করছে।

আর্থিক প্রতিবেদন, প্রস্তাবিত লভ্যাংশ এবং মুনাফার উপযোজন

- কোম্পানির করপূর্ব লভ্যাংশ হয়েছে ৬১১.৩৩ মিলিয়ন টাকা, ২০০৯ সালের ৪৫৩.৬৬ মিলিয়ন টাকা থেকে ৩৪.৮০ শতাংশ বেশি। অন্যদিকে করপূর্ব লভ্যাংশ ২০০৯-এর ৩৫০.৯৭ মিলিয়ন টাকা থেকে ১৪.৯০ শতাংশ বেড়ে ২০১০ সালে দাঁড়িয়েছে ৪০৩.১০ মিলিয়ন টাকা।
- ২০১০ ছিল প্রবৃদ্ধি ও সমৃদ্ধির বছর। আর্থিক বাজারের সামগ্রিক পরিস্থিতি, কোম্পানির বর্তমান আর্থিক সক্ষমতা এবং ভবিষ্যৎ বিনিয়োগ সম্ভাবনা বিবেচনায় নিয়ে পরিচালনা পর্ষদ ২০১০ সালের জন্য ৫৫ শতাংশ স্টক ডিভিডেন্ড সুপারিশ করছে।
- ২০১০ সালের আর্থিক প্রতিবেদন প্রকাশ করতে পেরে পরিচালকবৃন্দ আনন্দিত এবং তাঁরা নিম্নলিখিত অ্যাপ্রোপ্রিয়েশনের সুপারিশ করেছেন।

উপযোজন	টাকা
২০১০ সালের করপূর্ব মুনাফা	৪০৩,০৯৮,৪৩০
অবনতি মুনাফার জের	১৪৮,৩৬৪,১৬৯
উপযোজনযোগ্য মুনাফা	৫৫১,৪৬২,৫৯৯
বাদ : সংবিধিবদ্ধ সঞ্চিতি	(৮০,৬১৯,৬৮৬)
বাদ : লংকাবাংলা ফাউন্ডেশনের স্থানান্তরিত	(৪,০৩০,৯৮৪)
লভ্যাংশ ঘোষণার জন্য অবনতি মুনাফা	৪৬৬,৮১১,৯২৯
প্রস্তাবিত লভ্যাংশ : বোনাস লভ্যাংশ ৫৫% হারে	(২৯২,২১৫,০০০)
অবনতি মুনাফা জেরকৃত	১৭৪,৫৯৬,৯২৯

গুরুত্বপূর্ণ পরিচালনাগত ও আর্থিক কিছু তথ্য

ফেব্রুয়ারি ২০, ২০০৬ সালে জারিকৃত এসইসি নোটিশ নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/প্রশাসন/০২-০৮ অনুযায়ী গত ৫ বছরের পরিচালনাগত ও আর্থিকভাবে গুরুত্বপূর্ণ কিছু তথ্য ৫৪ নং পাতায় প্রদান করা হলো।

অবিলম্বিত লভ্যাংশ ব্যবহারের পরিকল্পনা

নিয়মিত ব্যবসায়িক কার্যক্রম পরিচালনার জন্য প্রতিবছর কোম্পানির বিশাল অংশের তহবিল প্রয়োজন হয়। অবিলম্বিত এই লভ্যাংশ নতুন বিনিয়োগের ক্ষেত্রে ব্যবহার করা হবে এবং কোম্পানি আইন, ১৯৯৪-এর ১০০ ধারা অনুযায়ী ভবিষ্যৎ আকস্মিক পরিস্থিতি মোকাবেলায় ব্যবহার করা হবে। পাশাপাশি তহবিল গচ্ছিত রাখার মাধ্যমে একটি গ্রহণযোগ্য ঋণ ইকুইটি অনুপাত বজায় রাখা হবে এবং কোম্পানির ঋণ প্রদানের ক্ষমতা বৃদ্ধি পাবে।

জাতীয় কোষাগারে অবদান

সরকারের রাজস্ব আয়ে সহায়তা করা এবং দেশের অর্থনৈতিক উন্নয়নে ভূমিকা রাখার উদ্দেশ্যে লংকাবাংলা ফিন্যান্স বিভিন্ন ধরনের অর্থ মঞ্জুরের ক্ষেত্রে উৎসাহ দেয় ও ভ্যাট কেটে তা নিয়মিতভাবে জাতীয় কোষাগারে জমা দেয়। পাশাপাশি কোম্পানির আয়ের ওপর আয়করও জমা করে।

দৃষ্টিভঙ্গি

চলতি বছরে বাংলাদেশের অর্থনীতির প্রবৃদ্ধি সম্ভাবনা অনেকটাই নির্ভর করছে রপ্তানি প্রবৃদ্ধির গতিপ্রকৃতির ওপর। পক্ষান্তরে, এটা নির্ভর করছে বিশ্বজুড়ে সাম্প্রতিক ধ্বস থেকে অর্থনৈতিক পুনর্বাসনের গতি প্রকৃতির ওপর। কৃষি উন্নয়ন এবং স্বল্প ও মাঝারি উদ্যোগ কার্যক্রমের ওপর বাংলাদেশ ব্যাংক এবং বাংলাদেশ সরকার কর্তৃক আরোপিত গুরুত্বের পরিণতি হিসেবে আশা করা হচ্ছে, বৃহত্তর প্রেক্ষাপটে বৃহত্তর প্রবৃদ্ধি এবং দারিদ্রের দ্রুততর বিমোচন। ২০১০ অর্থবছরে সরকারের সংশোধিত বাজেট নিশ্চিত করছে রপ্তানি খাতের জন্য সহায়তা; ২০১১ অর্থবছরে জাতীয় বাজেট অব্যাহত রেখেছে এই সহায়তা পদক্ষেপ। পাশাপাশি যুক্ত হয়েছে দেশীয় চাহিদা পূরণে সম্প্রসারিত সামাজিক নিরাপত্তা বলয়সহ প্রণোদনা প্যাকেজ। ২০১১ অর্থবছরে বাংলাদেশের অর্থনীতির প্রবৃদ্ধি ৬.৫% বৃদ্ধি পাবে বলে আশা করা হচ্ছে; অবশ্য বিশ্ব অর্থনীতির পুনরুদ্ধারের সাপেক্ষে আরো বেড়ে যাবে এই প্রবৃদ্ধি।

বিষয়টি বিবেচনায় রেখে, কর্পোরেট লক্ষ্যমাত্রার পাশাপাশি প্রতিটি বিভাগের ব্যবসায়িক লক্ষ্যমাত্রা অর্জনে ইতোমধ্যেই অধ্যবসায়ী কর্মকৌশল নির্ধারণ করেছে আপনার প্রতিষ্ঠান। এ মুহূর্তে আমাদের পোর্টফোলিওতে গুণগতমানসম্পন্ন সম্পদ আকৃষ্ট করতে এবং তাকে আরো উন্নত অবস্থানে নিয়ে যেতে আমাদের হাতে একমাত্র কার্যকর হাতিয়ার হচ্ছে উদ্ভাবনী এবং অবিরাম মার্কেটিং উদ্যোগ।

স্বীকৃতি

কর্পোরেট এবং আর্থিক প্রতিবেদন প্রকাশে শ্রেষ্ঠত্বের লক্ষ্যে আমাদের নিরন্তর প্রয়াসের স্বীকৃতি হিসেবে আমরা অর্জন করেছি সাফা (সিউথ এশিয়ান ফেডারেশন অব অ্যাকাউন্ট্যান্টস) বেস্ট প্রেজেন্টেড অ্যাকাউন্টস অ্যাওয়ার্ড-২০০৯ এবং ইনস্টিটিউট অব চার্টার্ড অ্যাকাউন্ট্যান্টস অব বাংলাদেশ (আইসিএবি) কর্তৃক নন-ব্যাংকিং খাতে প্রকাশিত বার্ষিক প্রতিবেদনের ভিত্তিতে মেরিট সার্টিফিকেট রিসিপেন্ট এবং নন-ব্যাংকিং আর্থিক খাতে সেরা বার্ষিক প্রতিবেদন এবং বার্ষিক অডিটেড অ্যাকাউন্টস এর জন্য তৃতীয় সেরার পুরস্কার।

আমাদের সহযোগী কোম্পানি লংকা বাংলা সিকিউরিটিজ লিমিটেড উপর্যুপরি, ২০০৬, ২০০৭, ২০০৮, ২০০৯ এবং ২০১০ সালে আয় বিবেচনায় প্রথম স্থান দখলের সুবাদে ঢাকা স্টক এক্সচেঞ্জ (ডিএসই) কর্তৃক অনন্য অবদানের স্বীকৃতিস্বরূপ সনদ অর্জন করে এবং ২০০৫, ২০০৬, ২০০৭, ২০০৮, ২০০৯ এবং ২০১০ সালে অনুরূপ সাফল্যের স্বীকৃতিস্বরূপ চট্টগ্রাম স্টক এক্সচেঞ্জ (সিএসই) কর্তৃক পুরস্কৃত হয়।

শেয়ারহোল্ডিং বিন্যাস

১৮ নং পাতায় ফেব্রুয়ারি ২০, ২০০৬ তারিখে এসইসি নোটিফিকেশন নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/অ্যাডমিন/০২-০৮ এর অনুচ্ছেদ ২(কে) অনুসারে প্রদর্শিত হলো শেয়ারহোল্ডিং বিন্যাস।

পরিচালক নির্বাচন

কোম্পানির আর্টিকেল অব অ্যাসোসিয়েশন এর অনুচ্ছেদ ৯৮ অনুসারে জনাব মোহম্মদ এ. মঈন, জনাব আই ডব্লিউ সেনানায়েকে, জনাব জি এল এইচ প্রেমরাত্নে এবং মিসেস জেসমিন সুলতানা অবসরপ্রাপ্ত হবেন এবং উপযুক্ততা অর্জনের প্রেক্ষিতে, প্রত্যেকেই পুনর্নির্বাচনে প্রার্থী হন।

বোর্ডের সভা এবং উপস্থিতি

২০১০ সালে পরিচালনা পর্ষদের পাঁচটি সভা অনুষ্ঠিত হয়। এসব সভায় পরিচালকের উপস্থিতির বিবরণ ৪৩ নং পাতায় প্রদর্শিত হয়েছে।

নিরীক্ষক

কোম্পানির ত্রয়োদশ সাধারণ বার্ষিক সভায় মেসার্স এস এফ আহমেদ অ্যান্ড কোম্পানি, চার্টার্ড অ্যাকাউন্ট্যান্টস (১৯৭৫ থেকে ইআরএনএসটি এবং ইয়াং গ্লোবাল এর বাংলাদেশ প্রতিনিধি), কে ত্রয়োদশ বার্ষিক সাধারণ সভার সমাপ্তির মোয়াদকাল পর্যন্ত কোম্পানির বহিঃনিরীক্ষক হিসেবে নিয়োগ দেয়া হয়। ২০১০ সালের নিরীক্ষা কার্যক্রম ইতোমধ্যেই সন্তোষজনকভাবে সম্পন্ন করেছেন মেসার্স এস এফ আহমেদ অ্যান্ড কোম্পানি, চার্টার্ড অ্যাকাউন্ট্যান্টস। পুনঃনিয়োগ প্রাপ্তির উপযুক্ততা অর্জনের সুবাদে বহিঃনিরীক্ষক হিসেবে কাজ অব্যাহত রাখার আগ্রহ প্রকাশ করেছেন মেসার্স এস এফ আহমেদ অ্যান্ড কোম্পানি।

কর্পোরেট প্রশাসনের সুসঙ্গতি বিষয়ক প্রতিবেদন

২০০৬ সালের ২০ ফেব্রুয়ারি তারিখে এসইসি নোটিফিকেশন নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/অ্যাডমিন/০২-০৮ এর ৫.০০ ধারা অনুসারে এ ক্ষেত্রে কোম্পানির অবস্থান ৪২ নং পাতায় প্রদর্শিত হলো।

অতিরিক্ত তথ্যাবলী

- ব্যবস্থাপনা পর্ষদের প্রস্তুতকৃত আর্থিক প্রতিবেদনে স্পষ্ট উল্লিখিত হয়েছে কোম্পানির বর্তমান পরিস্থিতি, এ পর্যন্ত গৃহীত কার্যক্রমের ফলাফল, নগদ অর্থ প্রবাহ এবং ইকুইটির পরিবর্তন।
- যথাযথ সংরক্ষিত হয়েছে কোম্পানির হিসাব-নিকাশ।
- আর্থিক প্রতিবেদন প্রস্তুতের কাজে বস্তুনিষ্ঠভাবে প্রয়োগ করা হয়েছে সঠিক হিসাব নীতিমালা এবং লক্ষ্য রাখা হয়েছে যাতে প্রাক্কলিত ব্যয় নির্ধারণের ক্ষেত্রে যুক্তি এবং সঠিক বিবেচনাবোধকে যথাযথভাবে কাজে লাগানো সম্ভব হয়।

- আর্থিক প্রতিবেদন প্রণয়নের ক্ষেত্রে, প্রায়োগিক বিবেচনায়, অনুসরণ করা হয়েছে হিসাব বিজ্ঞান এবং আর্থিক প্রতিবেদনের আন্তর্জাতিক মানদণ্ড।
- তাত্ত্বিক ভিত্তিতে আমাদের অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতি একটি নিশ্চিত পদ্ধতি এবং নিশ্চিত হয়েছে এর কার্যকর প্রয়োগ ও নিয়মিত তদারকি।
- চালু প্রকল্প হিসেবে অব্যাহত থাকার ক্ষেত্রে সংশয়াতীতভাবে সমর্থ এই কোম্পানি।

কৃতজ্ঞতা

এ মর্মে কোম্পানীর প্রতি অব্যাহত সমর্থন ও সহযোগিতা প্রদানের জন্য সম্মানিত গ্রাহক, সম্পদ গচ্ছিতকারী, ঋণদাতা, ব্যাংকার, পোষক এবং ব্যবসায়ী সহযোগীদের আন্তরিক অভিনন্দন ও কৃতজ্ঞতা জানাচ্ছে পরিচালনা পর্ষদ। পাশাপাশি, বাংলাদেশ ব্যাংক, সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (এসইসি), ঢাকা স্টক এক্সচেঞ্জ (ডিএসই), চট্টগ্রাম স্টক এক্সচেঞ্জ (সিএসই), রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানিজ অ্যান্ড ফার্মস, জাতীয় রাজস্ব বোর্ড (এনবিআর) এবং অন্যান্য নিয়ন্ত্রক সংস্থাসমূহকে বিভিন্ন সময়ে দেয়া তাদের সাহায্য, সহযোগিতা, মূল্যবান দিকনির্দেশনা এবং পরামর্শ প্রদানের জন্য গভীর কৃতজ্ঞতা প্রকাশ করছে পরিচালনা পর্ষদ। একই সাথে, নিরীক্ষণের কাজ যথাসময়ে সম্পন্ন করার জন্য মেসার্স এস এফ আহমেদ অ্যান্ড কোম্পানিকে ধন্যবাদ জ্ঞাপন করছে এই পর্ষদ।

২০০৬ সাল থেকে লংকাবাংলা ফিন্যান্স লিমিটেড প্রতিদ্বন্দ্বীদের পেছনে ফেলে অব্যাহত রেখেছে তার প্রবৃদ্ধি। সমগ্র পর্যায়ে অগ্রগতি নিশ্চিতকারী একটি শক্তিশালী কর্মনীতির কারণেই সম্ভবপর হয়েছে এ সাফল্য। পরিচালনা পর্ষদের পক্ষ থেকে অসাধারণ প্রয়াস, আনুগত্য, আন্তরিক সেবা এবং ত্যাগী মনোভাবের স্বীকৃতি হিসেবে কোম্পানির ব্যবস্থাপনা এবং কর্মীবাহিনীর জন্য আমার আন্তরিক অভিনন্দন।

এই সুযোগে আমি ধন্যবাদ জানাতে চাই পর্ষদে আমার সহকর্মীদের, ভেতরে এবং বাইরে বিরূপ পরিস্থিতির মুখেও যারা অব্যাহত রেখেছেন সর্বপ্রকার সহযোগিতা এবং ২০১০ সালকে পরিণত করেছেন কোম্পানির আরো একটি সাফল্যের স্মারক হিসেবে।

সবশেষে, সম্মানিত শেয়ারহোল্ডারদের ধন্যবাদ জানিয়ে পরিচালনা পর্ষদ এই নিশ্চয়তা দিচ্ছে যে, তাদের আস্থা এবং বিশ্বাসভাজন এই কোম্পানির উপর্যুপরি সমৃদ্ধি এবং উন্নয়নের মধ্য দিয়ে শেয়ারহোল্ডারদের মুনাফা সর্বোচ্চ করার লক্ষ্যে নিরন্তর কাজ করে যাবে এই পর্ষদ। আসুন, স্বচ্ছ এবং সং অংশীদারিত্বের মন নিয়ে আমরা একসঙ্গে কাজ করি। আপনাদের কাছে পর্ষদের অঙ্গীকার, আমরা আপনাদের সব ধরনের সমালোচনা শুনতে প্রস্তুত থাকব, সব সময়ে এগুলো গুরুত্বের সঙ্গে বিবেচনা করব এবং কোম্পানির বৃহত্তর স্বার্থে সর্বদা সুস্পষ্ট সিদ্ধান্ত গ্রহণ করব।

পরিচালনা পর্ষদের পক্ষে



মোহাম্মদ এ. মঈন
চেয়ারম্যান

Report of the Audit Committee

THE COMPOSITION OF THE COMMITTEE

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

- Mr. Mahbubul 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, the Chief Financial Officer and the head of Credit Risk Management attend committee meetings on 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. The Role and functions of the Committee

are further regulated by the rules governing the Audit Committee as specified by the “Conditions on Corporate Governance” issued by the Securities and Exchange Commission and Guidelines on Corporate Governance issued by Bangladesh Bank.

ROLE OF THE AUDIT COMMITTEE

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’.

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 empowered to;-

- Examine any matter relating to the financial and other issues related to the company
- Monitor all Internal and External Audit and Bangladesh bank's Inspection Program
- 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 that Company's policies are firmly committed to the highest standards of good corporate governance practices and operations conforming to the highest ethical standards and in the best interests of all stakeholders



MEETINGS

The Committee held seven (7) meetings during the year under review. Managing Director/CEO attended the meetings on 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 supports the Board of Directors to discharge their responsibility for the preparation of Financial Statements that reflect a True and Fair view of the financial performance and financial position based of the Company's accounting records and in terms of the Bangladesh Accounting Standards, by :-

- Reviewing the systems and procedures to ensure that all transactions are completely and accurately recorded in the books of account.
- Reviewing the effectiveness of the financial reporting system in place to ensure reliability of the information provided to the stakeholders
- Reviewing the Accounting Policies and to determine the most appropriate accounting policies after consideration of all choices available
- Strict adherence and compliance with the Bangladesh Accounting Standards and recommended best accounting practices
- Reviewing the Annual Report and Accounts and the Interim Financial Statements prepared for publication, prior to submission to the Board

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 Company 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 carrying out regular Internal Audit of All departments and branches. The Committee regularly reviewed the internal audit and inspection functions. The Quarterly Internal Audit report is 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 was carefully evaluated.

Good Governance

Highest standards in Corporate Good Governance and strict adherence to the requirements of LBFL's Code of Ethics are ensured through close monitoring. Through the Code of Ethics 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 conduct independent investigations into all such incidents.

THE CHARTER OF THE AUDIT COMMITTEE

The Terms of Reference of Audit Committee was revised in the year 2009 with the concurrence of the Board.

EVALUATION OF THE COMMITTEE

An evaluation on the effectiveness of the Committee was carried out by the other Members of the Board of Directors and the Committee has been found to be effective.

RE-APPOINTMENT OF THE EXTERNAL AUDITOR

The Audit Committee has recommended to the Board of Directors that M/s S F Ahmed & Co. Chartered Accountants, be re-appointed for the financial year ending 31 December 2011, subject to the approval of shareholders at the next Annual General Meeting.



MAHBUBUL ANAM

Chairman – Audit Committee

Dhaka


February 15, 2011


Balance Sheet


as at 31 December 2009

	Notes	Amount in Taka	
		31 December 2009	31 December 2008
I. PROPERTY & ASSETS			
1 Cash	3	53,755,340	35,519,959
a) Cash in hand	4	70,000	60,000
b) Balance with Bangladesh Bank		53,685,340	35,459,959
2 Balance with others bank and financial institutions	5	543,859,139	411,468,152
3 Investment	6	1,141,694,049	228,539,315
a) Government securities		734,369,986	228,539,315
b) Others investment	7	407,324,063	5,898,220,434
4 Lease & loans advance	8	8,093,342,524	35,994,107
Lease portfolio, term finance, short term loan, etc.		31,385,966	120,554,073
		132,066,177	84,559,966
		100,680,211	
5 Fixed assets	9	1,457,269,438	650,324,651
a) At cost		11,321,306,457	7,260,066,618
b) Less: Accumulated depreciation			
Other assets			
TOTAL ASSETS:			
		9,189,434,165	5,796,292,990
LIABILITY & CAPITAL			
Liabilities			
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
Other liabilities	12	1,241,704,245	865,164,085
Capital & Shareholder's Equity			
Share capital	13	890,168,047	598,609,543
Retained earnings	14	442,750,000	385,000,000
Unappropriated dividend		148,364,169	26,059,177
Grants receivable from LB Foundation		154,962,500	115,500,000
Reserve	15	3,509,715	1,863,000
		140,581,563	70,387,300
TOTAL LIABILITIES:			
		11,321,306,457	7,260,066,618

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


Director


Managing Director


Company Secretary

This financial statement is prepared in accordance with the provisions of the Companies Act, 1993.

Dr. M. M. Hossain
Chairman
Audit Committee

Auditors' Report and Audited Financial Statements



Profit & Loss Account for the year ended 31st March 2009

Operating Income
 Net interest
 Interest income
 Less: Interest paid on deposits
 Income from investment
 Other operational income

Operating Expenses

Salary and allowances
 Rent, taxes, insurance, electricity etc.
 Legal & professional fees
 Postage, stamp, telecommunication etc.
 Stationery, printing, advertisement
 Managing director's salary & allowance
 Director fees and expenses
 Audit fees
 Charges on loan losses
 Repairs, maintenance and depreciation
 Other expenses

Net Operating Income

Provision for loans & advance
 Specific provision
 General provision

Profit/(loss) on Merchant Banking operation
 (as per separate profit and loss account enclosed)

Provision for tax

Provision for the year
 Deferred tax (expenses)/ income

Appropriations

Statutory reserve
 Profit / (Loss) brought forward
 Proposed dividend
 Payable to LB Foundation
 Retained earnings carried forward
 Earning per share

Notes
 16
 17
 18
 19
Operating Income:
 20
 21
 22
 23
 24
 25
 26
 27
 28
 29
 30
Total Operating Expenses:
 31
 32
Net profit after tax:
Net Profit after Reserve:
 33

Amount in Table	
2009	2008
133,060,549	129,191,379
725,553,057	651,599,499
592,492,508	522,408,130
375,040,572	114,855,517
56,618,199	33,955,423
564,719,319	278,002,219
69,310,817	37,839,379
7,901,769	5,520,115
1,758,385	1,188,613
1,699,895	1,788,363
4,600,402	3,928,078
3,685,500	2,085,750
133,650	48,600
67,500	57,375
6,045,540	21,473
15,560,298	14,752,717
21,181,511	16,270,540
131,945,268	83,501,003
432,774,052	194,501,216
145,508,621	91,079,271
98,099,700	59,921,400
47,408,921	31,157,871
166,395,037	131,831,856
453,660,468	235,253,801
102,688,960	68,953,450
103,844,525	70,000,000
(1,155,565)	(1,046,550)
350,971,508	166,306,351
70,194,302	33,260,07
280,777,206	133,046,21
26,059,178	10,181,3
154,962,500	115,000,0
3,509,715	1,863,7
188,344,149	24,058,
7.93	

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

[Signature]
 Director

[Signature]
 Managing Director

[Signature]
 Chairman

Approved on behalf of the Board of Directors of the Company
 31st March 2009

Auditors' Report

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 statement of financial position (balance sheet) as of 31 December 2010 and the related statement of comprehensive income (profit and loss account), statement of changes in equity, statement of cash flows, a summary of significant accounting policies and relevant explanatory notes for the year 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 present fairly, in all material respect, the financial position of LankaBangla Finance Limited as of 31 December 2010 and the results of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with 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 statement of financial position (balance sheet) and statement of comprehensive income (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 of 31 December 2010 and the comprehensive income (profit and loss) for the year 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;
15 February 2011

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

LankaBangla Finance Limited

Statement of Financial Position (Balance Sheet)

As at 31 December 2010

		Amount in Taka	
	Notes	31 December 2010	31 December 2009
I. PROPERTY & ASSETS			
1	Cash	92,557,463	53,755,340
	a) Cash in hand	125,000	70,000
	b) Balance with Bangladesh Bank	92,432,463	53,685,340
2	Balance with others bank and financial institutions	524,391,963	543,859,140
	Local Currency	524,262,339	543,674,744
	Foreign Currency	129,624	184,396
3	Investment	1,877,091,161	1,141,694,049
	a) Government securities	1,345,693,012	734,369,986
	b) Others investment	531,398,149	407,324,063
4	Lease, loans & advances	9,480,978,635	8,093,342,524
	Lease portfolio, term finance, short term loan, etc.		
5	Fixed assets	38,943,142	31,385,966
	a) At cost	131,012,947	110,566,177
	b) Less: Accumulated depreciation	92,069,805	79,180,211
5	Other assets	1,707,011,210	1,460,985,179
	TOTAL ASSETS:	13,720,973,574	11,325,022,198
II. LIABILITY & CAPITAL			
1	Liabilities	10,576,819,410	9,189,434,165
	Borrowings from Bangladesh Bank, Other Banks & Financial Institutions	5,761,881,177	4,732,537,647
	Term deposits	4,814,938,233	4,456,896,518
2	Other liabilities	1,920,809,903	1,245,419,986
3	Capital/Shareholder's Equity	1,223,344,261	890,168,047
	Paid up Capital	531,300,000	442,750,000
	Retained earnings	466,811,929	148,364,169
	Proposed dividend	-	154,962,500
	Payable to LB Foundation	4,030,984	3,509,715
	Statutory reserve	221,201,348	140,581,663
	TOTAL LIABILITIES:	13,720,973,574	11,325,022,198

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

S. F. Ahmed & Co.

S. F. Ahmed & Co.

Chartered Accountants

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

Dated, Dhaka;
15 February 2011

LankaBangla Finance Limited

Statement of Comprehensive Income (Profit & Loss Account)

For the year ended on 31 December 2010

		Amount in Taka	
	Notes	2010	2009
Operating Income			
Net interest		338,506,717	131,130,918
Interest income	16	828,475,511	786,662,256
Less : Interest paid on deposits & borrowings	17	489,968,794	655,531,338
Income from investment	18	265,510,351	376,970,204
Commission, Exchange and Brokerage Income	19	4,144,677	4,104,415
Other operational income	20	59,119,227	52,513,784
Total Operating Income:		667,280,972	564,719,320
Operating Expenses			
Salary and allowances	21	100,571,398	69,310,817
Rent, taxes, insurance, electricity etc.	22	13,962,012	7,901,769
Legal & professional fees	23	3,203,037	1,758,385
Postage, stamp, telecommunication etc.	24	1,798,571	1,699,895
Stationery, printing, advertisement	25	5,003,083	4,600,402
Managing director's salary & allowance	26	3,786,750	3,685,500
Director fees and expenses	27	250,796	133,650
Audit fees	28	85,388	67,500
Charges on loan losses	29	1,956,426	6,045,540
Repairs, maintenance and depreciation	30	19,701,135	15,560,298
Other expenses	31	23,897,784	21,181,511
Total Operating Expenses:		174,216,379	131,945,268
Net Operating Income		493,064,593	432,774,052
Provision for loans & advance and Investment	32	184,643,830	166,947,621
Specific provision		134,720,875	98,099,700
General provision		49,922,955	68,847,921
Provision for Diminution in value of investment in equity shares	12.08	16,139,000	(21,439,000)
Profit/(loss) on Merchant Banking operation		319,052,389	166,395,037
(as per separate statement of comprehensive income enclosed)			
Profit before tax and reserve:		611,334,152	453,660,468
Provision for tax	33	208,235,722	102,688,960
Provision for the year		219,834,990	103,844,525
Deferred tax expenses/(income)		(11,599,268)	(1,155,565)
Net profit after tax:		403,098,430	350,971,508
Appropriations:			
Statutory reserve		80,619,686	70,194,302
Net Profit after Reserve:		322,478,744	280,777,206
Profit / (Loss) brought forward		148,364,169	26,059,178
Proposed dividend		-	154,962,500
Payable to LB Foundation		4,030,984	3,509,715
Retained earnings carried forward		466,811,929	148,364,169
Earning per share	34	7.59	6.61

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

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Dated, Dhaka;
15 February 2011

LankaBangla Finance Limited

Merchant Banking Operation

Statement of Comprehensive Income (Profit & Loss Account)

For the year ended on 31 December 2010

	Notes	Amount in Taka	
		2010	2009
Interest income	16	735,477,515	421,626,541
Less : Interest paid on deposits & borrowings	17	529,722,129	284,426,611
Net interest		205,755,386	137,199,930
Commission, Exchange and Brokerage Income	19	571,220	413,854
Other operational income	20	178,449,642	77,294,408
Total Operating Income		384,776,248	214,908,192
Salary and allowances	21	31,027,987	10,156,791
Rent, taxes, insurance, electricity etc.	22	6,722,450	3,804,556
Legal & professional fees	23	1,542,203	846,630
Postage, stamp, telecommunication etc.	24	865,979	818,468
Stationery, printing, advertisement	25	2,408,892	2,215,008
Managing director's salary & allowance	26	1,823,250	1,774,500
Director fees and expenses	27	120,754	64,350
Audit fees	28	41,113	32,500
Repairs, maintenance and depreciation	30	2,333,472	7,491,996
Other expenses	31	11,506,340	10,198,506
Total operating expenses		58,392,439	37,403,304
Provision for loans & advance	32	7,331,420	11,109,852
Specific provision		-	-
General provision		7,331,420	11,109,852
Profit/(Loss) transferred to combined Statement of Comprehensive Income		319,052,389	166,395,037

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



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Managing Director



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Dated, Dhaka;
15 February 2011

LankaBangla Finance Limited

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2010

Amount in Taka

Particulars	Share Capital	Statutory Reserve	Proposed Dividend	LB Foundation	Retained Earnings	Total
Balance as at 01 January 2010	442,750,000	140,581,663	154,962,500	3,509,715	148,364,169	890,168,047
Items involved in changes in equity						
Net profit for the year	-	-	-	-	403,098,430	403,098,430
Appropriation to statutory reserve	-	80,619,686	-	-	(80,619,686)	-
Payment dividend	-	-	-	-	-	-
Stock dividend (15%)	-	-	-	-	-	-
Cash dividend (15%)	-	-	-	-	-	-
Transfer to LB foundation A/c.	-	-	-	(3,509,715)	-	(3,509,715)
Transfer to LB foundation A/c.	-	-	-	4,030,984	(4,030,984)	-
Proposed dividend	-	-	-	-	-	-
Stock dividend (20%)	88,550,000	-	(88,550,000)	-	-	-
Cash dividend (15%)	-	-	(66,412,500)	-	-	(66,412,500)
Balance as at 31 December 2010	531,300,000	221,201,348	-	4,030,984	466,811,928	1,223,344,261
Balance as at 31 December 2009	442,750,000	140,581,663	154,962,500	3,509,715	148,364,169	890,168,047

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




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Director



Managing Director



Company Secretary

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S. F. Ahmed & Co.
Chartered Accountants

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Dated, Dhaka;
15 February 2011

LankaBangla Finance Limited


Statement of Cash Flows

For the year ended on 31 December 2010

	Amount in Taka	
	2010	2009
A) Cash flows from operating activities		
Interest received	1,593,008,278	985,372,175
Interest paid	(1,038,269,797)	(819,944,360)
Dividend received	3,936,752	4,072,000
Fees and commission received	199,465,519	11,936,539
Income from investment	212,018,347	123,932,812
Cash paid to employees (including directors)	(181,246,245)	(37,070,565)
Cash paid to suppliers	(95,399,434)	(45,485,370)
Income taxes paid	(18,857,801)	(16,986,170)
Received from other operating activities	38,319,247	16,326,710
Paid for other operating activities	(4,734,329)	(4,734,329)
Cash generated from operating activities before changes in operating assets and liabilities	708,240,537	217,419,441
Increase/ (decrease) in operating assets & liabilities		
Changes in trading securities	(142,271,474)	(127,354,749)
Loans and advances to customers	(1,399,401,825)	(2,020,656,566)
Other assets	330,265,939	1,304,839,622
Deposits from customers	358,036,882	1,805,601,311
Other liabilities	165,618,836	(285,627,457)
Total increase/ (decrease) in operating assets & liabilities	(687,751,642)	676,802,161
Net Cash flows from Operating Activities (Total of "A"):	20,488,895	894,221,602
B) Cash flows from investing activities		
Changes in non-trading securities	17,197,382	(56,430,000)
Net proceeds/(payments) for sale/ purchase of Treasury bills	(736,397,118)	(734,369,986)
Purchase of property, plant and equipment	(25,381,588)	(11,180,092)
Sales proceeds of fixed assets	743,550	-
Investment in subsidiary-LankaBangla Investments Ltd.	(199,999,970)	-
Investment in subsidiary-LankaBangla Asset Management Co. Ltd.	(24,999,500)	-
Net Cash used by Investing Activities (Total of "B"):	(968,837,244)	(801,980,078)
C) Cash flows from financing activities		
Increase/(decrease) of long term loan	1,029,343,529	111,113,969
Dividend paid (cash dividend)	(61,660,233)	(52,729,124)
Net Cash flows from Financing Activities (Total of "C"):	967,683,296	58,384,845
D) Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	19,334,946	150,626,369
E) Opening cash and cash-equivalents	597,614,480	446,988,111
F) Closing cash cash-equivalents (D+E)*	616,949,426	597,614,480
* Closing cash and cash-equivalents		
Cash in hand (including foreign currencies)	3 125,000	70,000
Balance with Bangladesh Bank and its agent bank (s)	4 92,432,463	53,685,340
Balance with other Banks and Financial Institutions	5 524,391,963	543,859,140
Total:	616,949,426	597,614,480



Chairman



Director



Managing Director



Company Secretary

S. F. Ahmed & Co.

S. F. Ahmed & Co.

Chartered Accountants

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

Dated, Dhaka;
15 February 2011

LankaBangla Finance Limited

Liquidity Statement

For the year ended 31 December 2010

Particulars	Amount in Taka					
	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	92,557,463	-	-	-	-	92,557,463
Balance with banks and financial institutions	-	-	524,391,963	-	-	524,391,963
Money at call and short notice	-	-	-	-	-	-
Investments	-	479,293,011	532,398,150	-	866,400,000	1,878,091,161
Loans and advances	-	34,859,180	297,956,058	8,099,017,992	1,049,145,405	9,480,978,635
Fixed assets including land, building, furniture and fixtures	-	-	-	38,943,142	-	38,943,142
Other assets	-	-	972,962,439	78,028,663	749,994,059	1,800,985,161
Non-banking assets	-	-	-	-	-	-
Total Assets	92,557,463	514,152,191	2,327,708,610	8,215,989,797	2,665,539,464	13,815,947,525
Liabilities						
Borrowing from other banks, financial institutions and agents	1,517,504,736	657,179,924	548,135,916	540,512,057	2,498,548,544	5,761,881,177
Deposits and other accounts	287,607,180	872,002,670	2,492,124,045	1,157,701,338	5,500,000	4,814,935,233
Provision and other liabilities	-	64,154,732	1,952,655,060	-	-	2,016,809,792
Total Liabilities	1,805,111,916	1,593,337,326	4,992,915,021	1,698,213,395	2,504,048,544	12,593,626,202
Net Liquidity Gap	(1,712,554,453)	(1,079,185,135)	(2,665,206,411)	6,517,776,402	161,490,920	1,222,321,323

Notes to the Financial Statements

for the year ended 31 December 2010

1.00 Legal status and nature of the company:

Domicile, legal form and country of operation

LankaBangla Finance Limited (here in after referred to as “LankaBangla” or “the Company”), a joint venture **non-banking financial institution**, was incorporated in Bangladesh 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 transact 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	2010-2011
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	01.01.2006	2010-2011
6.	DCCI Membership Certificate	2857	23.12.2008	2010
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	MBD License	MB-1.064/98-05	22.01.1998	2010
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

LankaBangla Securities Limited

The Company is holding a subsidiary company named “LankaBangla Securities Ltd.” (formerly Vanik Bangladesh Securities Limited) with an equity interest of 90.90% (49,999,409 shares of Tk.10 each totaling Tk. 499,994,090) 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.

LankaBangla Asset Management Company Limited

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.

LankaBangla Investment Limited

The Company is also holding another subsidiary company named “LankaBangla Investment Limited” with an equity interest of 99.998% (19,999,997 shares of Tk. 10 each totaling Tk. 199,999,970) in the subsidiary company. LankaBangla Investment Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-83568/10 dated 29 March 2010 under the Companies Act, 1994. LankaBangla Investment Limited LankaBangla Asset Management Company Limited also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market .

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, factoring 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 on 31 December 2010 have been prepared under the historical cost convention and in compliance with the "DFIM Circular No. – 11, dated 23 December 2009 and 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 statement of comprehensive income (profit and loss account) of merchant banking operation includes revenue from issue management, portfolio management, underwriting of shares, shows separately as required by the Regulations of Securities and Exchange Commission.

2.05 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 to 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 charges are located to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability. Depreciation on fixed assets acquired under lease has been charged in the accounts following the principal recovery method.

2.06.03 Depreciation:

Depreciation on Own Fixed Assets:

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

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

No depreciation is charged in the year 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 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.

2.09 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 (five) 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 (five) 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 up to 3 (three) 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 3 (three) months period are not Recognized as revenue and credited to interest suspense account.

2.13 Cash and cash equivalents and statement of cash flows:

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 statement of Cash flows is prepared using the direct method as stipulated in Bangladesh Accounting Standards (BAS) no. 7 "Statement of Cash Flows"

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 FID Circular no. 08, dated 03 August 2002; FID Circular no. 11, dated 31 October 2005; FID Circular no. 6, dated 20 August 2006;. 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%

2.15 Corporate tax:

Provisions for tax

a. Provision for the year

Provision for current income tax has been made @ 42.50% as prescribed in Finance Act, 2010 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 " Income 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 actuarial 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:

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

2.17.04 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.

2.18 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 requirement of BAS – 33: "Earning Per Share", which has been shown on the face of the Statement of Comprehensive Income and the computation is shown in "Note # 34".

Basic earnings:

This represents earnings for the year ended on 31 December 2010 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 (as bonus share) 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:

Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future, i.e., potential shares, without inflow of resources to the Company against such issue. This is in compliance with the requirement of BAS – 33.

2.20 Corporate Governance:

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting (05 meeting held in the year 2010) 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 Reporting Period:

All materials events occurring after the reporting period are considered and where necessary, adjusted for or disclosed in Note # 40 c.

2.23 Proposed dividend:

Disclosure of proposed dividend has been shown in note # 40 c in accordance with Bangladesh Accounting Standards BAS 10, "Events after the Reporting Period".

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 Bank during reporting period have been accounted for in accordance with the provisions of BAS-19, "Employee Benefit".

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 term 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.

	Amount in Taka	
	2010	2009
3.00 Cash in hand :	125,000	70,000
4.00 Balance with Bangladesh Bank:	92,432,463	53,685,340
The above balance was laid with Bangladesh Bank (local currency)		
5.00 Balance with other bank and financial institutions:	524,391,963	543,859,140
<u>Local Currency:</u>		
Fixed deposit account (Note - 5.01)	330,649,920	480,498,880
Interest bearing short term deposit account (Note - 5.02)	79,353,540	36,796,877
Non interest bearing current account (Note - 5.03)	114,258,879	26,378,987
Sub-Total:	524,262,339	543,674,744
<u>Foreign Currency:</u>		
Dhaka Bank Limited-USD Account (USD 1,342.40 @ Tk. 70.20)	94,236	137,795
Dhaka Bank Limited-POUND Account (Pound 265.79 @ Tk. 107.23)	28,501	34,946
Dhaka Bank Limited-EURO Account (Euro 75.18 @ Tk.91.60)	6,886	11,655
Sub-Total:	129,624	184,396
Total:	524,391,963	543,859,140
Country of Deposit:		
In Bangladesh	524,391,963	543,859,140
Outside of Bangladesh	-	-
	524,391,963	543,859,140

		Amount in Taka	
		2010	2009
5.01	Fixed deposit account:	330,649,920	480,498,880
	Southeast Bank Limited	-	2,865,150
	Mercantile Bank Limited	50,577,940	31,081,295
	BRAC Bank Limited	-	41,240,098
	Prime Bank Limited	127,769,211	98,567,806
	Standard Bank Limited	3,275,207	8,630,977
	The Premier Bank Limited	-	42,592,871
	National Bank Limited	-	13,208,534
	Shahjalal Islami Bank Limited	99,027,562	27,393,207
	Commercial Bank of Ceylon Limited	-	90,317,981
	Bank Al-Falah Limited	-	24,600,960
	Reliance Finance Limited	50,000,000	100,000,000
	Total:	330,649,920	480,498,880
5.02	Interest bearing short term deposit account:	79,353,540	36,796,877
	Dhaka Bank Limited	7,136,190	10,999,430
	Arab Bangladesh Bank Limited	844,944	1,239,146
	Standard Chartered Bank	15,714	33,102
	Prime Bank Limited	25,946,913	1,568,043
	ONE Bank Limited	1,319,565	105,370
	National Credit & Commerce Bank Limited	271,079	22,570
	United Commercial Bank Limited	266,669	14,907
	Uttara Bank Limited	10,470	11,620
	Bank Asia Limited	34,410,964	21,859,000
	Exim Bank Limited	1,002	653,353
	The Premier Bank Limited	72,690	78,960
	Mutual Trust Bank Limited	2,220	3,163
	Standard Bank Limited	15,922	18,070
	Citibank N.A	117,721	118,421
	ICB Islami Bank Limited	75,935	71,723
	Social Islami Bank Limited	10,000	-
	The City Bank Ltd.	3,363,738	-
	IFIC Bank Ltd.	131,242	-
	Pubali Bank Ltd.	5,000	-
	Ai-Arafah Islami Bank Ltd.	8,850	-
	Dutch Bangla Bank Ltd.	5,326,712	-
	Total:	79,353,540	36,796,877

	Amount in Taka	
	2010	2009
5.03 Non interest bearing current account:	114,258,879	26,378,986
Dhaka Bank Limited	896	1,896
Standard Chartered Bank	83,917,301	19,003,360
Prime Bank Limited	13,556,599	639,759
Shahjalal Islami Bank Limited	4,679,919	34,217
ONE Bank Limited	698,563	555,693
The Trust Bank Limited	887,929	522,750
Exim Bank Limited	1,767,646	-
The Premier Bank Limited	354,436	99,256
First Security Bank Limited	709,719	711,144
National Bank Limited	195,338	2,837,326
Standard Bank Limited	2,561,466	3,875
Sonali Bank Limited	19,140	19,140
Social Islami Bank Limited	723,866	560,403
Bank Al-falah Limited	8,363	10,005
Mercantile Bank Limited	3,584,198	1,380,162
Jamuna Bank Ltd.	1,315	-
BRAC Bank Limited	363,196	-
Shahjalal Islami Bank Limited	228,989	-
Total:	114,258,879	26,378,986

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

Cash reserve requirement(CRR) - 2.50%:

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

Required reserve	40,662,000	30,869,000
Actual reserve held	92,432,463	53,685,340
Surplus	51,770,463	22,816,340

Statutory liquidity requirements (SLR)- 5.00%:

The Company requires to maintain 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	114,612,000	97,584,000
Actual reserve held	616,949,426	543,674,744
Surplus	502,337,426	446,090,744

		Amount in Taka	
		2010	2009
6.00 Investment:		1,877,091,161	1,141,694,049
In Government securities		1,345,693,012	734,369,986
Treasury bills (Note-6.01)		479,293,012	447,869,986
Bonds (Note-6.02)		866,400,000	286,500,000
Other investment		531,398,149	407,324,063
Ordinary shares-un-quoted (Note-6.03)		35,732,617	53,930,000
Ordinary shares-quoted (Note-6.04)		495,665,532	353,394,063
Total:		1,877,091,161	1,141,694,049
<u>Investment is Designated as follows:</u>			
Held for Trading		495,665,532	353,394,063
Held to Maturity		1,345,693,012	734,369,986
Available for Sale		4,416,700	1,000,000
Others		31,315,917	52,930,000
		1,877,091,161	1,141,694,049
<u>Maturity Wise Group</u>			
Up to 01 Month		630,691,410	354,394,063
More than 01 Month to 03 Months		87,803,367	237,631,762
More than 03 Month to 01 Year		292,196,384	263,168,224
More than 01 Year to 05 Years		354,900,000	99,000,000
More than 05 Years		511,500,000	187,500,000
		1,877,091,161	1,141,694,049
6.01 Treasury Bills:		479,293,012	447,869,986
91-days Treasury Bills		169,497,781	237,631,762
182-days Treasury Bills		169,515,055	103,173,840
364-days Treasury Bills		140,280,176	107,064,384
Total:		479,293,012	447,869,986
6.02 Treasury Bonds:		866,400,000	286,500,000
05-Years Treasury Bond		354,900,000	99,000,000
10-Years Treasury Bond		232,700,000	112,500,000
15-Years Treasury Bond		164,500,000	37,500,000
20-Years Treasury Bond		114,300,000	37,500,000
Total:		866,400,000	286,500,000

		Amount in Taka	
		2010	2009
6.03	Ordinary Shares - Unquoted:	35,732,617	53,930,000
	Central Depository (Bangladesh) Limited	4,416,700	1,000,000
	Prime Bank 1st Mutual Fund	-	1,000,000
	DBH 1st Mutual Fund	-	2,000,000
	Envoy Textiles Limited	9,982,000	
	Information Technology Company Limited (ITCL)	5,000,000	5,000,000
	ACI 20% Convertible Zero Coupon Bond	-	37,430,000
	RAK Ceramics Limited	-	7,500,000
	MJL Bangladesh Ltd.	6,125,108	-
	Amara Technology	5,250,000	-
	Saiham Cotton Mills Ltd.	1,350,000	-
	MI Cement Factory Limited	3,608,809	-
	Total:	35,732,617	53,930,000
6.04	Ordinary Shares - Quoted:	495,665,532	353,394,063
	AB Bank Limited	-	9,730,103
	The City Bank Limited	-	3,308,070
	Dhaka Bank Limited	-	14,829,128
	Eastern Bank Limited	-	45,073
	IFIC Bank Limited	-	7,126,911
	Jamuna Bank Limited	-	4,138
	Mercantile Bank Limited	-	2,053,027
	National Bank Limited	-	5,534
	ONE Bank Limited	-	15,450,430
	Prime Bank Limited	-	2,649,499
	Shahjalal Islami Bank Ltd.	-	9,665,214
	The Trust Bank Limited	-	14,491,070
	The Premier Bank Ltd.	649,019	24,314,815
	Social Islami Bank Limited	-	2,776,276
	Midas Financing Limited	131,135,369	131,135,369
	Green Delta Insurance Company Ltd.	-	16,474,741
	Popular Life Insurance Company Limited	-	25,339,287
	Beximco Pharmaceuticals Ltd.	148,616,826	17,522,735
	Square Pharmaceuticals Ltd.	-	5,553,850
	Eastern Bank Ltd. 1st Mutual Fund	-	1,000,000
	ACI Formulations Limited	17,172,864	5,800,500
	Advance Chemicals Industries Limited	19,552,624	4,451,100
	Apex Adelchi Foot Wear Limited	-	22,202,247
	Amcl (Pran)	-	17,464,947
	Prime Finance & Investment Limited	24,084,561	-
	Union Capital Limited	12,648,893	-
	Agrani Insurance Co. Ltd.	15,596,995	-
	Continental Insurance Limited	5,915,702	-
	Progati Life Insurance Ltd.	10,544,474	-

	Amount in Taka	
	2010	2009
Quasem Drycells	3,061,435	-
DBH First Mutual Fund	500,000	-
Green Delta Mutual Fund	10,000,000	-
ACI 20% Convertible Zero Coupon Bond	37,430,000	-
Beximco Ltd.	47,935,971	-
Delta Spinners ltd	1,800	-
RAK Ceramics (Bangladesh) Limited	7,797,916	-
BEXTEX Ltd.	3,021,083	-
Total	495,665,532	353,394,063

(Annexure-1 may kindly be seen for details)

Investment in quoted shares are recognized and shown at lower of cost and fair value instead of at fair value as per BAS -39. According to the provision of DFID's Circular No. 11 dated: 23 December 2009 NBFIs requires to ascertain fair value of investment in equity shares at year end and make provisions on diminution in value.

7.00 Lease & loans advance:

	9,480,978,635	8,093,342,524
Lease portfolio (Note-7.01)	969,270,162	1,712,211,315
Advance against leases (Note-7.02)	-	39,182,896
Term finance-(Note-7.03)	2,183,632,003	1,578,919,369
Mortgage loan (Not-7.04)	1,111,701,735	631,459,061
Margin loan against share trading	4,176,039,592	3,503,515,672
Short term finance	220,083,054	244,235,565
Factoring debtors	34,859,180	18,254,693
Credit card receivables	430,637,948	365,563,953
SME	182,990,057	-
Auto Loan	128,751,080	-
Work Order Finance - Factoring	5,584,300	-
Work Order Finance	37,429,524	-
	9,480,978,635	8,093,342,524
<u>Place of Disbursement:</u>		
In Bangladesh	9,480,978,635	8,093,342,524
Outside of Bangladesh	-	-
Total:	9,480,978,635	8,093,342,524
<u>Maturity Wise Grouping:</u>		
On Demand	-	-
More than 01 Month to 03 Months	34,859,180	283,613,441
More than 03 Month to 01 Year	297,956,058	5,016,145,512
More than 01 Year to 05 Years	8,099,017,992	2,466,082,408
More than 05 Years	1,049,145,405	327,501,163
Total:	9,480,978,635	8,093,342,524

		Amount in Taka	
		2010	2009
Classifications of loans and advances/ investments have been shown at as under:			
<u>Unclassified:</u>			
Standard		8,469,578,770	6,677,170,074
Special mention account (SMA)		113,836,136	919,771,488
		8,583,414,906	7,596,941,562
<u>Classified:</u>			
Sub standard		240,733,292	370,096,444
Doubtful		65,490,691	12,674,869
Bad & loss		591,339,746	113,629,649
		897,563,729	496,400,962
		9,480,978,635	8,093,342,524
Particulars of loans and advances have been enclosed in "Annexure-4".			
7.01 Lease portfolio:	Total:	969,270,162	1,712,211,315
Gross investment (7.01.01)		1,267,220,674	2,301,749,642
Less: Unearned finance income (7.01.02)		297,950,512	589,538,327
Net Investment in leases	Total:	969,270,162	1,712,211,315
7.01.01 Aging of lease portfolio:		1,267,220,674	2,301,749,642
Less than one year		459,779,493	775,242,416
More than one year below five years		807,441,181	1,526,507,226
	Total:	1,267,220,674	2,301,749,642
7.01.02 Unearned finance income:		297,950,512	589,538,327
Less than one year		133,088,945	336,383,841
More than one year below five years		164,861,567	253,154,486
	Total:	297,950,512	589,538,327
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.			
7.01.03 Aging of net investment in leases:		969,270,162	1,712,211,315
Receivable within one year		326,678,325	537,072,294
Receivable later than one year not later than five years		642,591,837	1,175,139,021
	Total:	969,270,162	1,712,211,315
7.02 Advance against leases:		-	39,182,896
Advance against leases		-	-
Less: Current maturity		-	39,182,896
		-	39,182,896

		Amount in Taka	
		2010	2009
7.02.01	Aging of advance against leases:	-	39,182,896
	Adjustable within one year	-	39,182,896
	Adjustable later than one year not later than five years	-	-
	Total	-	39,182,896
	Advance against leases represents payment for procurement of leased assets against unexecuted leasing agreements which are capitalized on execution of the leases.		
7.03	Term finance:	2,183,632,003	1,578,919,369
	Balance at 1st January	1,578,919,369	1,606,742,444
	Disbursed during the year	1,850,765,028	655,154,401
		3,429,684,397	2,261,896,845
	Recovery during the year	(1,246,052,394)	(682,977,476)
	Total:	2,183,632,003	1,578,919,369
7.04	Mortgage loan:	1,111,701,735	631,459,061
	Bangladesh Bank refinance	858,751,017	504,162,765
	Developers	62,556,330	79,166,557
	Own finance	190,394,388	48,129,739
	Total:	1,111,701,735	631,459,061

		Amount in Taka	
		2010	2009
8.00	Fixed assets:	38,943,142	31,385,966
	A. Cost		
	i) Freehold assets		
	Opening Balance	83,071,906	72,709,552
	Add : Addition during the year	25,341,839	10,362,354
		108,413,745	83,071,906
	Less: Sales/ adjustment during the year	4,934,819	-
		103,478,926	83,071,906
	ii) Intangible assets		
	Opening Balance	27,494,271	26,344,521
	Add: Acquisition during the year	39,750	1,149,750
		27,534,021	27,494,271
	Total cost (A)	131,012,947	110,566,177
	B. Accumulated depreciation		
	i) Own assets		
	Opening Balance	58,614,182	44,829,302
	Add : Charged during the year	14,487,251	13,784,881
		73,101,433	58,614,183
	Less: Adjustment during the year	3,308,020	-
		69,793,413	58,614,183
	ii) Intangible assets:		
	Opening Balance	20,566,029	18,230,664
	Add : Charged during the year	1,710,363	2,335,364
		22,276,392	20,566,028
	Total (B)	92,069,805	79,180,211
	C. Written down value (A-B) Total:	38,943,142	31,385,966
	Schedule of fixed assets has been enclosed in Annexure-2.		
9.00	Other assets:	1,707,011,210	1,460,985,179
	Trade receivables (Note-9.01)	507,266,694	407,898,353
	Advances (Note 09.02)	78,028,663	49,247,027
	Prepayments & other receivables (Note-09.03)	471,721,683	578,845,099
	Investment in subsidiary	649,994,170	424,994,700
	LankaBangla Securities Limited	399,995,200	399,995,200
	LankaBangla Asset Management Co. Limited	49,999,000	24,999,500
	LankaBangla Investments Limited	199,999,970	-
	Total:	1,707,011,210	1,460,985,179

		Amount in Taka	
		2010	2009
09.01	Trade receivables:	507,266,694	407,898,353
	Lease installment receivables	261,489,237	238,042,440
	Term finance receivables	164,434,814	165,730,675
	Short term lending receivables	8,533,875	-
	Receivables- Mortgage loan	9,109,483	3,285,949
	Credit card receivables-VISA	-	839,289
	Term finance receivables - SME	949,200	-
	Lease Rental Receivable	310,620	-
	Work Order finance receivable	62,439,465	-
	Total:	507,266,694	407,898,353
9.02	Advances:	78,028,663	49,247,027
	Staff loan-others	6,529,775	5,244,115
	Advance office rent	9,978,991	8,438,905
	Security deposit/ lease deposit (Note-9.02.1)	1,973,479	1,173,479
	Advance income tax	59,546,418	34,390,528
	Total:	78,028,663	49,247,027
	Advance income tax represents corporate income tax paid as per Section- 64 of the Income Tax Ordinance 1984 and the amount of income tax deducted at source (TDS) by different financial institutions on the interest on bank balances of LankaBangla Finance Limited and on dividend income.		
09.02.1	Security deposit:	1,973,479	1,173,479
	Telephone line deposit	1,525,729	725,729
	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
	Total:	1,973,479	1,173,479
09.02.1.1	Lease deposit:	378,500	378,500
	This represents lease installment paid in advances per lease agreement with United Leasing Company Limited.		

		Amount in Taka	
		2010	2009
9.03	Prepayments & other receivables:	471,721,683	578,845,099
	Prepayments	15,623,675	12,809,008
	Interest receivables-Fixed deposit account	16,510,948	20,739,630
	Interest receivables-Term finance	4,025,092	31,769,050
	Interest receivables-Short term lending	4,690,901	34,717,624
	PD-Coupon receivable -Treasury bonds	18,460,984	1,419,797
	PD-Coupon receivable -Treasury bills	671,334	509,835
	PD- Underwriting commission receivable- Treasury bond	128,625	214,875
	PD- Underwriting commission receivable- Treasury bill	103,375	114,000
	Interest receivables-Factoring	65,604	271,149
	Interest receivables-Mortgage loan	-	3,131,606
	Receivables/ (Payables)-Other master card operator (Note-09.03.01)	58,499,320	15,266,415
	Receivables from LBSL - IP A/C	-	207,343,016
	Receivables from LBSL - Foreign trading	300,000,000	120,000,000
	Receivables-IDCP & delinquent	-	49,278,775
	Receivables against share trading	3,588,599	77,336,672
	Deferred tax asset (Note-09.03.02)	15,315,009	3,715,740
	Receivable from LankaBangla Investment Limited	21,609,725	-
	Sundry Debtors	12,428,491	207,907
	Total:	471,721,683	578,845,099
09.03.01	Master card operator:	58,499,320	15,266,415
	Standard Chartered Bank	(4,228,108)	(11,338,635)
	Prime Bank Limited	9,639,589	9,766,076
	National Bank Limited	(408,190)	(1,873,726)
	Master Card International	228,620,810	189,481,665
	ONE Bank Limited	2,264,666	6,779,602
	Dutch Bangla Bank limited	(186,387,005)	(186,661,978)
	Commercial Bank of Ceylon	(159,235)	(159,236)
	Bank Asia Limited	11,131,280	9,272,648
	Bank Alfala	5,280	-
	BRAC Bank Limited	(1,979,766)	-
	Total:	58,499,320	15,266,415
	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.		
09.03.02	Deferred tax Asset:	15,315,009	3,715,741
	Balance as at 01 January	3,715,741	2,560,176
	Provided during the year (see details in Annex - 5)	11,599,268	1,155,565
	Transferred from current tax liability	-	-
	Total:	15,315,009	3,715,741
	In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.		

		Amount in Taka	
		2010	2009
10.00	Borrowings from Bangladesh bank, other banks & financial institutions:	5,761,881,177	4,732,537,647
	<u>Secured:</u>		
	Bank overdraft (Note - 10.01)	420,384,567	344,348,713
	Long term loan-(Note-10.02)	3,248,991,874	2,358,188,934
	REPO against Govt. treasury bills & bonds (Note- 10.03)	717,504,736	695,000,000
	Sub-Total:	4,386,881,177	3,397,537,647
	<u>Unsecured:</u>		
	Short term borrowings (Note - 10.04)	575,000,000	825,000,000
	Call loans- (Note - 10.05)	800,000,000	510,000,000
	Sub-Total:	1,375,000,000	1,335,000,000
	Total:	5,761,881,177	4,732,537,647
	<u>Maturity Wise Grouping:</u>		
	On Demand	1,517,504,736	1,205,000,000
	More than 01 Month to 03 Months	657,179,924	901,695,482
	More than 03 Month to 01 Year	548,135,916	344,348,713
	More than 01 Year to 05 Years	540,512,057	143,801,781
	More than 05 Years	2,498,548,544	2,137,691,671
		5,761,881,177	4,732,537,647
10.01	Bank overdraft:	420,384,567	344,348,713
	Mercantile Bank Limited	65,640,322	13,771,545
	BRAC Bank Limited	-	24,599,625
	Prime Bank Limited	202,054,297	108,398,216
	Southeast Bank Limited	-	(196,809)
	Shahjalal Islami Bank Limited	-	15,830,195
	The Premier Bank Limited	-	32,458,963
	Commercial Bank of Ceylon	152,689,948	149,486,978
	Total:	420,384,567	344,348,713
	The amount of bank overdraft is secured against FDR.		

		Amount in Taka	
		2010	2009
10.02	Long term loan:	3,248,991,874	2,358,188,934
	Opening Balance	2,358,188,934	2,198,120,843
	Add: Drawdown during the period	2,202,514,459	1,019,032,817
		4,560,703,393	3,217,153,660
	Less: Repayment during the period	1,311,711,519	858,964,726
	Total:	3,248,991,874	2,358,188,934
Detail of the above balance is presented below:			
	Bangladesh Bank (under Re-Finance)- Women Entrepreneur	7,975,000	225,000
	Bangladesh Bank (under Re-Finance)- Mortgage Loan	883,794,144	445,451,511
	BRAC Bank Limited	38,559,082	63,775,812
	Prime Bank Limited	340,131,914	111,908,411
	Social Islamic Bank Limited	99,771,522	113,611,299
	Shahjalal Islami Bank Limited	44,796,306	118,013,679
	The Trust Bank Limited	204,655,068	47,167,644
	United Commercial Bank Limited	10,534,846	41,385,295
	United Leasing Company Limited	1,788,378	8,370,930
	Arab Bangladesh Bank	25,663,970	63,265,698
	Bank Alfalah Limited	6,940,000	16,193,333
	Bank Asia Limited	130,272,931	51,155,403
	Commercial Bank of Ceylon	40,555,560	80,555,556
	Exim Bank Limited	194,557,911	256,288,791
	National Bank Limited	314,104,683	162,628,332
	The Premier Bank Limited	55,022,171	73,745,072
	The City Bank Limited	-	16,159,091
	Standard Bank Limited	160,758,154	206,060,615
	Jamuna Bank Limited	49,288,341	69,527,919
	Uttara Bank Limited	88,232,637	150,016,174
	National Credit & Commerce Bank Limited	-	10,420,348
	Dutch Bangla Bank Limited	210,767,994	-
	Mutual Trust Bank Limited	245,730,576	252,263,021
	Southeast Bank Limited	95,090,683	-
	Total:	3,248,991,874	2,358,188,934

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 12% to 13% p.a. except refinance from Bangladesh Bank which is 5% and the tenure being 3 to 5 years.

		Amount in Taka	
		2010	2009
10.03	REPO against Govt. treasury bills & bonds	717,504,736	695,000,000
	REPO against Govt. treasury bills	284,026,293	270,000,000
	REPO against Govt. bonds	433,478,443	425,000,000
	Total:	717,504,736	695,000,000
10.04	Short term borrowings:	575,000,000	825,000,000
	ONE Bank Limited	235,000,000	235,000,000
	Mercantile Bank Limited	-	50,000,000
	UAE-Bangladesh Investment Company Ltd.	20,000,000	20,000,000
	The City Bank Limited	200,000,000	200,000,000
	United Leasing Company Limited	50,000,000	100,000,000
	Eastern Bank Limited	70,000,000	120,000,000
	Mutual Trust Bank Limited	-	50,000,000
	International Leasing & Financial Services Limited	-	50,000,000
	Total:	575,000,000	825,000,000
10.05	Call loan:	800,000,000	510,000,000
	Dhaka Bank Limited	-	50,000,000
	Bangladesh Commerce Bank Limited	-	80,000,000
	Jamuna Bank Limited	-	50,000,000
	The Premier Bank Limited	-	50,000,000
	The Trust Bank Limited	-	100,000,000
	Agrani Bank Limited	-	30,000,000
	International Finance & Commerce Bank Limited	-	100,000,000
	Dutch Bangla Bank Limited	100,000,000	50,000,000
	Sonali Bank Limited	100,000,000	-
	Rupali Bank Limited	200,000,000	-
	United Leasing Company Ltd.	30,000,000	-
	Midas Financing Limited	20,000,000	-
	DBH Finance Corporation Limited	200,000,000	-
	ONE Bank Ltd.	50,000,000	-
	Bank Al-falah Ltd.	100,000,000	-
	Total:	800,000,000	510,000,000

		Amount in Taka	
		2010	2009
11.00	Term deposits:	4,814,938,233	4,456,896,518
	From banks (Note- 11.01)	2,030,000,000	2,150,000,000
	From other than banks (Note-11.02)	2,784,938,233	2,306,896,518
	Total:	4,814,938,233	4,456,896,518
	Term deposit includes Tk.859.40 million from general public, Tk. 1,925.54 million from various financial institutions.		
11.01	Remaining maturity grouping of term deposits:	2,030,000,000	2,150,000,000
	From banks		
	<i>Payable-</i>		
	On demand	-	-
	In not more than 01 month	200,000,000	50,000,000
	In more than 01 month but not more than 06 months	510,000,000	370,000,000
	In more than 06 months but not more than 01 year	1,320,000,000	890,000,000
	In more than 01 year but not more than 05 years	-	840,000,000
	In more than 05 years but not more than 10 years	-	-
	In more than 10 years	-	-
	Total:	2,030,000,000	2,150,000,000
11.02	Remaining maturity grouping of term deposits:	2,784,938,233	2,306,896,518
	From other than banks		
	<i>Payable</i>		
	On demand	-	-
	In not more than 01 month	87,607,180	96,727,163
	In more than 01 month but not more than 06 months	362,002,670	85,681,790
	In more than 06 months but not more than 01 year	1,172,127,045	1,794,342,129
	In more than 01 year but not more than 05 years	1,157,701,338	323,545,436
	In more than 05 years but not more than 10 years	5,500,000	6,600,000
	In more than 10 years	-	-
	Total:	2,784,938,233	2,306,896,518

		Amount in Taka	
		2010	2009
12.00	Other liabilities:	1,920,809,903	1,245,419,986
	Interest payable (Note- 12.01)	307,919,780	295,176,804
	Accrued expenses (Note- 12.02)	64,154,732	35,108,695
	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	28,430,119	21,473,368
	Payable against merchants claims	9,666,256	97,761
	Payable against receipt from other card holders	1,053,658	902,912
	Withholding tax payable	375,935	653,554
	Payable against MCBS charges	46,589,015	36,009,274
	AIT on credit card payable	357,895	-
	IPO subscription payable	58,646	68,646
	Claims on health insurance	139,416	324,934
	VAT on credit card payable	45,689	534,343
	VISA settlement account	85,351	974,952
	Provision for taxation (Note-12.04)	456,693,345	236,858,355
	Deferred liability-employee gratuity (Note-12.05)	17,947,647	11,856,287
	Interest suspense (Note-12.06)	185,069,398	141,430,245
	Provision for doubtful accounts and future losses (Note-12.07)	533,760,993	342,073,745
	Provision for diminution in value of investment in equity shares (Note-12.08)	22,436,000	6,297,000
	Lease rental advance	119,955,029	101,011,116
	Unpaid dividend	9,686,084	5,020,876
	ITCL statement A/C.	96,000	-
	VAT - Payable - VISA	15,332	-
	Receivables/(Payables) with LBSL-IP A/C	106,719,314	-
	Exise Duty payable	7,150	-
	Total:	1,920,809,903	1,245,419,986
12.01	Interest payable:	307,919,780	295,176,804
	Interest payable on term deposit	223,965,030	216,598,721
	Interest payable on long term borrowings	41,311,957	51,398,648
	Interest payable on short term borrowings	41,952,514	23,711,895
	Interest payable on call loan borrowings	690,279	3,467,540
	Total:	307,919,780	295,176,804
12.02	Accrued expenses:	64,154,732	35,108,695
	Utility bills payable	167,224	70,500
	Audit fees payable	126,500	100,000
	Postage and courier bills payable	143,494	62,500
	Vehicle running expenses	57,860	27,500
	Profit incentive bonus payable	58,184,192	34,252,875
	others	5,475,462	595,320
	Total:	64,154,732	35,108,695

		Amount in Taka	
		2010	2009
12.03	Payable to Sampath Bank Limited, Sri Lanka:	9,266,831	9,266,831
	Balance as at 01 January	9,266,831	9,266,831
	Provision during the year	-	-
		9,266,831	9,266,831
	Payment during the year	-	-
	Total:	9,266,831	9,266,831
	Management Consultancy Fee payable represents the amount payable to Sampath Bank Ltd., Sri Lanka as per agreement signed on 5th May 2002. Movement of the above amount is as under:		
12.04	Provision for taxation:	456,693,345	236,858,355
	Balance as at 01 January	236,858,355	150,000,000
	Provision during the year	219,834,990	103,844,525
		456,693,345	253,844,525
	Adjusted during the year	-	16,986,170
	Total:	456,693,345	236,858,355
12.05	Deferred liability-employee gratuity:	17,947,647	11,856,287
	Balance as at 01 January	11,856,287	8,019,533
	Provision during the year	6,280,360	3,836,754
		18,136,647	11,856,287
	Payment during the year	189,000	-
	Total:	17,947,647	11,856,287
12.06	Interest suspense:	185,069,398	141,430,245
	Lease Finance	105,185,997	74,745,000
	Term Finance	74,065,401	62,604,816
	Credit Card	5,368,000	4,080,429
	Mortgage Loan	450,000	-
	Total:	185,069,398	141,430,245
	Movement of total interest suspense is as below:		
	Balance as at 01 January	141,430,245	69,406,000
	Charged during the year	43,639,153	72,024,245
		185,069,398	141,430,245
	Less: Written off during the year	-	-
	Total:	185,069,398	141,430,245

		Amount in Taka	
		2010	2009
12.07	Provision for doubtful accounts and future losses	533,760,993	342,073,745
	Lease financing	232,978,950	148,213,325
	Term finance	250,055,837	160,308,775
	Credit card	27,560,436	21,018,391
	Mortgage loan	23,165,770	12,533,254
	Total:	533,760,993	342,073,745
12.08	Provision for diminution in value of investment in equity shares	22,436,000	6,297,000
	Provision as on 01.01.2010	6,297,000	27,736,000
	Add: Provision made during the year	16,139,000	(21,439,000)
	Provision as on 31.12.2010	22,436,000	6,297,000
13.00	Share capital :	531,300,000	442,750,000
	Authorized		
	100,000,000 ordinary shares of Tk.10/- each	1,000,000,000	1,000,000,000
	Issued, subscribed and paid up		
	35,000,000 ordinary shares of Tk.10/- each	350,000,000	350,000,000
	Bonus Share for the year-2007 (10%)	35,000,000	35,000,000
	Bonus Share for the year-2008 (15%)	57,750,000	57,750,000
	Bonus Share for the year-2009 (20%)	88,550,000	-
	Total:	531,300,000	442,750,000

Details of shares holding position are as under:

Sponsor shareholders:

		Percentage		
a.	<u>Foreign sponsors</u>			
	Sampath Bank Limited, Sri Lanka	11.29%	60,000,000	60,000,000
	First Gulf Asia Holdings Limited, KSA (Former Chinkara Capital Pte. Ltd.)	0.14%	720,000	50,600,000
		11.43%	60,720,000	110,600,000
b.	<u>Local sponsors</u>			
	ONE Bank Limited, Bangladesh	7.53%	40,000,000	40,000,000
	SSC Holdings Limited, Bangladesh	1.07%	5,700,000	5,700,000
	Shanta Apparel Limited, Bangladesh	1.84%	9,800,000	9,000,000
	Individuals	21.52%	114,359,990	95,300,000
		31.97%	169,859,990	150,000,000
	General Shareholders	56.60%	300,720,010	182,150,000
		100%	531,300,000	442,750,000

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

<u>Shares groups</u>	<u>Number of share</u>	<u>No. of shareholder</u>	<u>Percentage</u>
Less than 500	849,902	2,475	1.60
501 to 5,000	3,701,047	2,103	6.97
5,001 to 10,000	1,720,538	227	3.24
10,001 to 20,000	1,740,729	115	3.28
20,001 to 30,000	1,600,767	64	3.01
30,001 to 40,000	1,080,190	31	2.03
40,001 to 50,000	1,352,000	29	2.54
50,001 to 100,000	3,476,538	49	6.54
100,001 to 1,000,000	16,029,704	51	30.17
Above 1000000	21,578,585	7	40.61
Total:	53,130,000	5,151	100.00

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 01 November 2006 .

Share traded Tk. 495.90 and Tk. 495.30 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2010.

	Amount in Taka	
	2010	2009
14.00 Retained earnings:	466,811,929	148,364,169
	551,462,599	377,030,686
Retained earnings as at 01 January	148,364,169	26,059,178
Add: Profit/(loss) for the period	403,098,430	350,971,508
Less: Adjustment during the year:	84,650,670	228,666,517
Transfer to statutory reserve during the year	80,619,686	70,194,302
Transfer to LankaBangla Foundation	4,030,984	3,509,715
Proposed dividend:		
Cash dividend (15%)	-	66,412,500
Stock dividend (20%)	-	88,550,000
Total:	466,811,929	148,364,169
15.00 Statutory reserve:	221,201,348	140,581,663
Opening balance	140,581,663	70,387,361
Add: Profit transferred to statutory reserve @ 20%	80,619,685	70,194,302
Total:	221,201,348	140,581,663

		Amount in Taka	
		2010	2009
16.00	Interest income:	1,563,953,026	1,208,288,797
	Interest income from leases	195,988,715	264,267,029
	Interest during construction period	-	20,920,332
	Interest income from term finance	277,441,913	229,216,400
	Interest income from short term lending	43,130,803	52,690,172
	Income from credit card	115,073,862	107,094,659
	Interest income on margin trading	735,477,515	421,626,541
	Interest income from factoring	1,570,294	1,206,777
	Interest Income from mortgage loan	90,549,842	48,228,056
	Interest Income from SME	9,618,156	-
	Interest Income from auto loan	5,212,362	-
	Interest income on fixed deposit	48,091,555	43,272,644
	Interest income on short term deposit	3,178,398	1,586,272
	Interest income on current account with subsidiaries	38,619,611	18,179,915
	Total:	1,563,953,026	1,208,288,797
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	828,475,511	786,662,256
	Merchant banking operation	735,477,515	421,626,541
	Total:	1,563,953,026	1,208,288,797
17.00	Interest paid on deposits & borrowings:	1,019,690,923	939,957,949
	Interest on term loans	285,292,635	342,096,900
	Interest on call loan and short notice	183,358,773	144,520,135
	Interest on Bangladesh Bank REPO	35,452,157	1,139,835
	Interest on term deposits	515,587,358	452,201,079
	Total:	1,019,690,923	939,957,949
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	489,968,794	655,531,338
	Merchant banking operation	529,722,129	284,426,611
	Total:	1,019,690,923	939,957,949
18.00	Income from investment:	265,510,351	376,970,204
	Income from investment in share (Capital)	212,018,347	123,932,812
	Dividend income	4,436,752	251,107,760
	Interest income from PD operation	49,055,252	1,929,632
	Total:	265,510,351	376,970,204

		Amount in Taka	
		2010	2009
19.00	Commission, Exchange and Brokerage Income	4,715,897	4,518,269
	Underwriting commission	571,220	413,854
	Underwriting commission from treasury bonds/ bills	792,940	328,875
	Merchant commission of credit card	3,351,737	3,775,540
		4,715,897	4,518,269
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	4,144,677	4,104,415
	Merchant banking operation	571,220	413,854
		4,715,897	4,518,269
20.00	Other operational income;	237,568,869	129,808,192
	Membership fees of credit card	9,181,200	9,531,100
	Corporate finance fees	12,190,000	8,361,875
	Portfolio & issue management fee	177,878,422	77,294,408
	Other income from fees & documentations	38,319,247	34,620,809
	Total:	237,568,869	129,808,192
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	59,119,227	52,513,784
	Merchant banking operation	178,449,642	77,294,408
	Total:	237,568,869	129,808,192
21.00	Salary and allowances:	131,599,385	79,467,608
	Salary & allowances	65,172,963	45,041,881
	Provident fund contribution	2,411,870	1,690,887
	Gratuity fund	5,830,360	3,948,609
	Incentive bonus on profit	58,184,192	28,786,231
	Total:	131,599,385	79,467,608
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	100,571,398	69,310,817
	Merchant banking operation	31,027,987	10,156,791
	Total:	131,599,385	79,467,608
22.00	Rent, taxes, insurance, electricity etc.:	20,684,462	11,706,325
	Office rent	16,495,476	8,064,064
	Insurance premium	2,023,631	1,973,570
	Electricity	2,165,355	1,668,691
	Total:	20,684,462	11,706,325
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	13,962,012	7,901,769
	Merchant banking operation	6,722,450	3,804,556
	Total:	20,684,462	11,706,325

		Amount in Taka	
		2010	2009
23.00	Legal & professional fees:	4,745,240	2,605,015
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	3,203,037	1,758,385
	Merchant banking operation	1,542,203	846,630
	Total:	4,745,240	2,605,015
24.00	Postage, stamp, telecommunication etc.:	2,664,550	2,518,362
	Postage & courier	870,931	940,678
	Stamp charges	269,427	366,571
	Telephone bill	1,524,192	1,211,113
	Total:	2,664,550	2,518,362
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	1,798,571	1,699,895
	Merchant banking operation	865,979	818,468
	Total:	2,664,550	2,518,362
25.00	Stationery, printing, advertisement:	7,411,975	6,815,410
	Printing & stationery	4,509,904	4,764,950
	Advertisement	2,902,071	2,050,460
	Total:	7,411,975	6,815,410
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	5,003,083	4,600,402
	Merchant banking operation	2,408,892	2,215,008
	Total:	7,411,975	6,815,410
26.00	Managing director's salary & allowance:	5,610,000	5,460,000
	Salary & allowances	4,800,000	4,800,000
	Provident fund contribution	360,000	360,000
	Gratuity fund	450,000	300,000
	Total:	5,610,000	5,460,000
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	3,786,750	3,685,500
	Merchant banking operation	1,823,250	1,774,500
	Total:	5,610,000	5,460,000
27.00	Director fees and expenses:	371,550	198,000
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	250,796	133,650
	Merchant banking operation	120,754	64,350
	Total:	371,550	198,000

		Amount in Taka	
		2010	2009
28.00	Audit fees:	126,500	100,000
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	85,388	67,500
	Merchant banking operation	41,113	32,500
	Total:	126,500	100,000
29.00	Charges on loan losses:	1,956,426	6,045,540
	Credit card receivable	1,956,426	4,230,176
	Lease assets	-	1,815,364
	Total:	1,956,426	6,045,540
30.00	Repairs, maintenance and depreciation:	22,034,607	23,052,294
	Equipment maintenance	5,836,993	7,166,796
	Depreciation	16,197,614	15,885,498
	Total:	22,034,607	23,052,294
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	19,701,135	15,560,298
	Merchant banking operation	2,333,472	7,491,996
	Total:	22,034,607	23,052,294
31.00	Other expenses:	35,404,124	31,380,017
	Training	266,368	151,000
	Staff welfare	363,187	335,589
	Membership & renewal fees	2,771,910	1,692,931
	Conveyance	1,204,495	845,365
	Travelling	413,470	550,412
	Internet & e-mail	907,007	275,645
	News paper & periodicals	113,867	28,965
	Computer accessories	1,376,213	1,107,080
	Fuel expense	633,689	529,369
	Vehicle maintenance/Registration	1,586,830	1,204,742
	Water & sewerage bill	387,430	299,497
	Office maintenance	4,745,218	3,326,152
	Donation & Miscellaneous expenses	2,877,827	770,463
	Entertainment	850,486	987,324
	Business promotion	670,860	1,215,266
	Bank charges	1,262,015	1,896,207
	Marketing expenses	3,751,882	3,384,629
	Recovery commission	453,998	340,363
	CDBL fee	883,446	1,995,004
	MCBS charges	8,942,081	10,443,981
	Loss on sales of fixed asset	908,249	-
	Inter change fees-VISA	17,415	33
	PD premium	16,181	-
	Total:	35,404,124	31,380,017
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	23,897,784	21,181,511
	Merchant banking operation	11,506,340	10,198,506
	Total:	35,404,124	31,380,017

		Amount in Taka	
		2010	2009
32.00	Provision for loans and advances :	191,975,250	178,057,473
	Provision for doubtful accounts and future losses (Note 31.01)	191,975,250	178,057,473
	Total:	191,975,250	178,057,473
	<u>Allocation of the above amount consists of the following:</u>		
	Main operation	184,643,830	166,947,621
	Merchant banking operation	7,331,420	11,109,852
	Total:	191,975,250	178,057,473
32.01	Provision for doubtful accounts and future losses:	191,975,250	178,057,473
	Lease financing	84,053,627	70,272,580
	Term finance & Short term lending	90,747,062	95,003,775
	Credit card	6,542,045	3,442,864
	Mortgage Loan	10,632,516	9,338,254
	Total:	191,975,250	178,057,473
	<u>Break- up of the above amount consists of the following:</u>		
	<u>Main Operation</u>		
	Specific provision	134,720,875	98,099,700
	General provision	49,922,955	68,847,921
		184,643,830	166,947,621
	<u>Merchant banking operation</u>		
	Specific provision	-	-
	General provision	7,331,420	11,109,852
		7,331,420	11,109,852
	Total:	191,975,250	178,057,473
33.00	Provision for tax made during the year :	208,235,722	102,688,960
	Current tax expense	219,834,990	103,844,525
	Deferred tax expense/ (income) [See Annexure - 5]	(11,599,268)	(1,155,565)
	Total:	208,235,722	102,688,960
	In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.		
34.00	Earning per share (EPS):	7.59	6.61
	Earning attributable to ordinary shareholders	403,098,430	350,971,508
	Number of ordinary shares outstanding	53,130,000	53,130,000
	Basic Earning per Share	7.59	6.61

Diluted EPS:

There are no commitment for issue of equity instruments in the foreseeable future without inflow of resources to the Company against such issue. Thus, there is no dilution of basic EPS calculated in this note above.

35.00 Segment Information:

Amount in Taka

HEADS	Credit & Investment	Merchants Banking Wings	Card Centre	Factoring & Short Term Loan	Mortgage Loan	Corporate Finance	SME Finance	Auto Loan	PD Operation	Other Investment	Total
Interest Income											
Interest income from Leases	195,988,715	-	-	-	-	-	-	-	-	-	195,988,715
Interest & other income from Credit Cards	-	-	115,073,862	-	-	-	-	-	-	-	115,073,862
Interest income from Term Loan	277,441,913	-	-	-	-	-	-	-	-	-	277,441,913
Interest income from House Loan	-	-	-	-	90,549,842	-	-	-	-	-	90,549,842
Interest income from Short Term Lending	43,130,803	-	-	-	-	-	-	-	-	-	43,130,803
Interest income from Factoring	-	-	-	1,570,294	-	-	-	-	-	-	1,570,294
Income from Deposit	-	-	-	51,269,953	-	-	-	-	-	-	51,269,953
Income from SME	-	-	-	-	-	-	9,618,156	-	-	-	9,618,156
Income from Auto Loan	-	-	-	-	-	-	-	5,212,362	-	-	5,212,362
Interest income on current account with subsidiaries	-	-	-	-	-	-	-	-	-	38,619,611	38,619,611
Interest income from margin loan	-	735,477,515	-	-	-	-	-	-	-	-	735,477,515
Sub-total:	516,561,431	735,477,515	115,073,862	52,840,247	90,549,842	-	9,618,156	5,212,362	-	38,619,611	1,563,953,026
Income from Investment											
Income from Investment in Shares	-	-	-	-	-	-	-	-	-	212,018,347	212,018,347
Dividends Income	-	-	-	-	-	-	-	-	-	4,436,752	4,436,752
Income from PD Operation	-	-	-	-	-	-	-	49,055,252	-	-	49,055,252
Sub-total:	-	-	-	-	-	-	-	49,055,252	-	216,455,099	265,510,351
Commission Exchange and Brokerage Income											
Underwriting Commission	-	1,364,160	-	-	-	-	-	-	-	-	1,364,160
Merchant Commission	-	-	3,351,737	-	-	-	-	-	-	-	3,351,737
Sub-total:	-	1,364,160	3,351,737	-	-	-	-	-	-	-	4,715,897
Other Operational Income											
Membership fees of Credit Cards	-	-	9,181,200	-	-	-	-	-	-	-	9,181,200
Corporate finance fees	-	-	-	-	-	12,190,000	-	-	-	-	12,190,000
Portfolio Management income (IPA)	-	177,878,422	-	-	-	-	-	-	-	-	177,878,422
Other operational income	9,762,757	760,000	18,126,542	102,567	7,339,702	-	1,428,486	799,193	-	-	38,319,247
Sub-total:	9,762,757	178,638,422	27,307,742	102,567	7,339,702	12,190,000	1,428,486	799,193	-	-	237,568,869
Total Operating Revenue:	526,324,188	915,480,097	145,733,341	52,942,814	97,889,544	12,190,000	11,046,642	6,011,555	49,055,252	255,074,710	2,071,748,143

36.00 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-24 (BAS-24) as noted below:

SL. No.	Name of Related Party	Relationship	%	Transactions	
				2010	Nature of Transactions
1	LankaBangla Securities Ltd.	Subsidiary company	90.90	300,000,000	Short Term Loan & Term Loan
2	LankaBangla Investments Ltd.	Subsidiary company	99.99	200,000,000	Term Deposit
3	LankaBangla Asset Management Co. Ltd.	Subsidiary company	99.99	(54,940,000)	Term Deposit
4	Sampath Bank Ltd.	Sponsor Shareholder	11.29	9,266,831	Management & Consultancy Fees

37.00 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. (Name changed to WAC Logistics 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., Global Ground Services Ltd., Wings Express Ltd., Pulsar Shipping Agencies Ltd., Air & Sea International Logistics Ltd., Wings Aviation Ltd., Colloid Enterprise 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. Mahbubul 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., Freight Care Aviation Services Ltd., Expo Express Services Ltd., The M&M Ltd., STS Educational Group Ltd., UCL Logistic Ltd., Airline Cargo Resources Ltd., Air & Sea International Logistics Ltd., SDV Bangladesh (Pvt.) 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., LankaBangla Asset Management 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. Aneesha Mahial Kundanm	Director	Royal Park Residence, GDS Chemical Bangladesh Ltd.
Mr. Tahsinul Huque	Director	N/A
Mr. I.W. Senanayake 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	N/A

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. Mirza Ejaz Ahmed Representative of SSC Holdings Limited	Director	Section Seven Ltd., International Shirt Line Ltd., Shirt Makers Ltd., Excel Apparels Ltd., Section Seven Apparels Ltd.

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

Name of BAS	BAS/BFRS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Statements of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	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. Assistancess	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plan	26	N/A
Consolidated and Separate Financial Statements	27	N/A
Investments in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied
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
Financial Instrument: Recognition and Measurement	39	N/A
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
Financial Instruments: Disclosure	7	Applied
Operating Segments	8	Applied

39.00 Audit Committee Disclosures:

In Compliance with the requirement of Securities and Exchange Commission (SEC) Notification No. SEC/CMMRRCD/2006-158/ Admin/02-08, dated 20 February, 2006 - 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 Organization	Status in the Committee	Educational Qualification
01	Mr. Mahbubul 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 2010, the Audit Committee of the Board conducted 7 (seven) 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.

40.00 Others:

a) Board meeting and directors' remuneration:

Each Director is drawing Tk 5,000 for attending each Board Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2010. 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:

	Year-2010	Year-2009
Nos. of employee received TK.3,000 per month	0	0
Nos. of employee received more than Tk.3,000 per month	135	111
	135	111

c) Event after the Reporting Period:

Dividend Information

The Board of Director in its 68th Meeting held on 15 February, 2011 has recommended 55% Stock Dividend for the year ended 31 December, 2010 for placement before shareholder at 14th Annual General Meeting of the company scheduled to be held on 27 March, 2011.

Fair Value of Share Portfolio

Due recent upheaval in the capital market of Bangladesh the fair market value of investment portfolio fall drastically from BDT 947,290,852 (as on 31 December, 2010, the date of Statement of Financial Position) to BDT 673,747,264 (as on 15 February, 2011, the date of issue of report by the Board of LankaBangla Finance Limited, Accordingly, the unrealized loss from share portfolio increased to BDT 91,384,068 from BDT 22,435,398 (as on 31 December, 2010) for which provision has already been made in the financial statements.

d) Capital Expenditure Commitment:

There was no capital expenditure contracted but not incurred or provided for at December 31, 2010. There was no material capital expenditure authorized by the Board but not contracted for at December 31, 2010.

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 2010, the company remitted USD 173,954.65 (in BDT 12,134,994), GBP-9,817.50 (in BDT 1,030,135) against technical Service Fees & Dividend to the Foreign Shareholders.

g) Contingent liabilities:

LankaBangla Finance Limited has issued a corporate guarantee on behalf of LankaBangla Securities Limited to Dhaka Stock Exchanges and Chittagong Stock Exchanges amounting BDT 800,000,000 to each of the stock exchanges. That is, LBFL has a contingent liability of BDT 1600,000,000 as on 31 December 2010.

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:

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



Chairman



Director



Managing Director



Company Secretary

Annexure -1

LankaBangla Finance Limited

Statement showing investment in share (Own Portfolio)

As at 31 December 2010

Sl. No.	Name of the Companies	Number of Shares	Average Cost Per Unit	Total Cost (Taka)	Closing Rate on December 2010	Market Price at the end of the Year	Unrealized Gain	Provision for loss
1	The Premier Bank Limited	10,000	65	649,019	64	644,000	-	(5,019)
2	Prime Finance & Investment Limited	50,000	482	24,084,561	466	23,295,000	-	(789,561)
3	Union Capital Limited	50,000	253	12,648,893	247	12,340,000	-	(308,893)
4	Midas Financing Limited	310,500	422	131,135,369	1,853	575,434,125	444,298,756	-
5	Agrani Insurance Company Limited	16,000	975	15,596,995	902	14,432,000	-	(1,164,995)
6	Continental Insurance Limited	5,000	1,183	5,915,702	1,105	5,525,000	-	(390,702)
7	Pragati Life Insurance Limited	2,500	4,218	10,544,474	4,287	10,717,500	173,026	-
8	Quasem Drycells	20,000	153	3,061,435	153	3,060,000	-	(1,434)
9	Beximco Pharmaceuticals Limited	1,000,000	149	148,616,826	135	135,100,000	-	(13,516,826)
10	DBH First Mutual Fund	50,000	10	500,000	16	805,000	305,000	-
11	Green Delta Mutual Fund	1,000,000	10	10,000,000	14	13,600,000	3,600,000	-
12	ACI Formulations Limited	100,000	172	17,172,864	140	13,980,000	-	(3,192,864)
13	Advance Chemicals Industries Limited	47,500	412	19,552,624	373	17,698,500	-	(1,854,124)
14	ACI 20% Convertible Zero Coupon Bonds	50,000	749	37,430,000	774	38,675,000	1,245,000	-
15	BEXIMCO Limited	150,000	320	47,935,971	312	46,725,000	-	(1,210,971)
16	Delta Spinners Limited	18	100	1,800	693	12,479	10,679	-
17	RAK Ceramics (Bangladesh) Limited	187,618	42	7,797,916	172	32,195,249	24,397,333	-
18	BEXTEX Limited	40,000	76	3,021,033	76	3,052,000	30,967	-
	Total:	3,089,136		495,665,532		947,290,852	474,060,760	(22,435,389)

LankaBangla Finance Limited

Schedule of Fixed Assets
As at December 31, 2010

Particulars	C O S T			D E P R E C I A T I O N					Written down value as at 31.12.2010	
	Balance as at 01.01.2010	Addition during the year	Sales/ Adjustment	Balance as at 31.12.2010	Rate %	Balance as at 01.01.2010	Charged during the year	Adjustment		Balance as at 31.12.2010
A. Freeholds assets	83,071,906	25,341,839	4,934,819	103,478,926		58,614,182	14,487,251	3,308,020	69,793,413	33,685,513
Furniture & Fittings	35,054,365	13,819,772	4,683,419	44,190,718	15	21,335,028	4,552,003	3,082,160	22,804,871	21,385,847
Office Equipment	32,434,596	10,302,067	251,400	42,485,263	20	27,884,578	6,602,364	225,860	34,261,082	8,224,181
Motor Vehicles	15,582,945	1,220,000	-	16,802,945	25	9,394,576	3,332,884	-	12,727,460	4,075,485
B. Intangible assets										
Systems and softwares	27,494,271	39,750	-	27,534,021	20	20,566,029	1,710,363	-	22,276,392	5,257,629
Total (A+B):	110,566,177	25,381,589	4,934,819	131,012,947		79,180,213	16,197,614	3,308,020	92,069,805	38,943,142

LankaBangla Finance Limited

Highlights on the overall activities

As at December 31, 2010

SI No.	Particulars		2010	2009
1	Paid-up capital	Taka	531.30	442.75
2	Total capital	Taka	1,223.34	890.17
3	Capital surplus/(deficit)	Taka	31.30	(57.25)
4	Total assets	Taka	13,720.97	11,322.68
5	Total Deposit	Taka	4,814.94	4,456.90
6	Total loans and advances/ investments	Taka	11,358.07	9,235.04
7	Total contingent liabilities and commitments	Taka	1,600.00	-
8	Credit deposit ratio	%	196.91	181.59
9	Percentage of classified loans/ investments against total loans and advances/investment	%	7.90	5.38
10	Profit after tax & Provision	Taka	403.10	350.97
11	Amount of classified loans/ investment during the year	Taka	897.56	496.40
12	Provisions kept against classified loans/ Investment	Taka	448.14	268.83
13	Provision surplus/(deficit)	Taka	1.78	38.69
14	Cost of fund	%	11.28	11.58
15	Interest earning assets	Taka	11,162.67	9,280.89
16	Non interest earning assets	Taka	2,556.30	2,041.78
17	Return on investment (ROI)	%	3.55	3.80
18	Return on assets(ROA)	%	2.94	3.09
19	Income from investment	Taka	265.52	375.04
20	Earning per share (per share of Tk. 10.00)	Taka	7.59	7.93
21	Net income per share (per share of Tk. 10.00)	Taka	7.59	7.93
22	Price earning ratio	Times	65.63	39.57

LankaBangla Finance Limited

Particulars of Loans and Advances

As at and for the year ended on 31 December 2010

		Amount in Taka	
		2010	2009
i)	Debts considered good in respect of which the Bank/ FI is fully secured	7,472,076,407	6,682,628,164
ii)	Debts considered good for which the Bank/FI holds no other security than the debtor's personal security.	453,081,972	934,617,549
iii)	Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	1,555,820,256	476,096,811
iv)	Debts adversely classified; for which no provision is created.	-	-
		9,480,978,635	8,093,342,524
v)	Debts due by directors or officers of the Bank/ FI or any of them either jointly or separately with any other persons.	6,529,775	5,244,115
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.	6,529,775	5,244,115
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	897,563,729	496,400,962
	b) Amount of provision kept against loans classified as bad/ loss as at the Balance Sheet date	448,137,686	130,450,988
	c) Amount of interest credited to the interest suspense account	185,069,348	141,430,245
xi)	Cumulative amount of written off loans:		
	Opening Balance	1,815,124	-
	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	1,815,124	1,815,364
	The amount of written off loans for which law suits have been filed	1,515,124	1,515,124

LankaBangla Finance Limited

Calculation of Deferred Tax Liability and Deffered Tax Asset

For the year ended on 31 December 2010

Sl.	Particular	Carrying Amount/Book Value	Tax Base	Taxable (Deductible) Temporary Differences	Deferred Tax Liability (Asset)
1	Furniture & Fittings	21,385,847	26,603,285	(5,217,438)	(2,217,411)
2	Office Equipment	8,224,181	18,869,257	(10,645,076)	(4,524,157)
3	Motor Vehicles	4,075,485	6,300,639	(2,225,154)	(945,690)
4	Provision for Gratuity Fund	17,947,647	-	(17,947,647)	(7,627,750)
Deferred Tax Asset as on 31 December, 2010					(15,315,009)
Less: Provision made up to 31 December, 2009					3,715,741
Provision made during 2010:					(11,599,268)

Audited Consolidated
Financial Statements

Auditors' Report

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") prepared from separate financial statements which comprise consolidated statement of financial position (Balance Sheet) as of 31 December 2010 and the related consolidated statement of comprehensive income (Profit and Loss Account), consolidated statement of changes in equity; consolidated statement of cash flows; a summary of significant accounting policies and relevant explanatory notes for the year 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 2010 and the results of its financial performance and its' cash flows for the year then ended and comply with 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 Statement of Financial Position (Balance Sheet) and the Consolidated Statement of Comprehensive Income (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 2010 and the profit and loss account for the year 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;
17 February 2011

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

LankaBangla Finance Limited

Consolidated Statement of Financial Position (Balance Sheet)

As at 31 December 2010

		Amount in Taka	
	Notes	31 December 2010	31 December 2009
I. PROPERTY & ASSETS			
1 Cash		92,634,585	53,788,448
a) Cash in hand	3	202,122	103,108
b) Balance with Bangladesh Bank	4	92,432,463	53,685,340
2 Balance with others bank and financial institutions	5	1,765,749,855	1,035,246,257
3 Investment	6	2,299,844,449	1,764,316,847
a) Government securities		1,345,693,012	734,369,986
b) Others investment		954,151,437	1,029,946,861
4 Lease, loans & advances	7	9,472,165,117	8,061,342,532
Lease portfolio, term finance, short term loan, etc.			
5 Fixed assets	8	195,003,546	92,463,887
a) At cost		331,922,323	220,847,086
b) Less: Accumulated depreciation		136,918,777	128,383,199
6 Other assets	9	5,496,845,259	2,434,970,582
TOTAL ASSETS:		19,322,242,811	13,442,128,553
II. LIABILITY & CAPITAL			
1 Liabilities		10,911,453,955	9,516,742,975
Borrowings from Bangladesh Bank, other banks & financial institutions	10	6,351,455,722	5,083,846,457
Term deposits	11	4,559,998,233	4,432,896,518
2 Other liabilities	12	3,277,591,656	1,824,835,684
3 Capital & Shareholder's Equity		4,790,041,221	2,100,526,950
Share capital	13	531,300,000	442,750,000
Share Premium		1,090,888,800	-
Retained earnings		2,459,287,496	865,333,367
Proposed dividend		-	154,962,500
Payable to LB Foundation		4,030,984	3,509,715
Fair value measurement reserve		448,531,657	493,394,000
General reserve		34,800,936	-
Statutory reserve		221,201,348	140,577,368
Minority interest		343,155,979	22,944
TOTAL LIABILITIES:		19,322,242,811	13,442,128,553
Net asset value per share- (NAV)		90.16	47.44

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

Dated, Dhaka;
17 February 2011

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


S. F. Ahmed & Co.
Chartered Accountants

LankaBangla Finance Limited

Consolidated Statement of Comprehensive Income (Profit & Loss Account)

For the year ended 31 December 2010

		Amount in Taka	
	Notes	2010	2009
Operating Income			
Net interest		585,019,310	411,171,761
Interest income	14	1,601,102,083	1,347,784,289
Less : Interest paid on deposits & borrowings	15	1,016,082,773	936,612,528
Income from investment	16	352,892,777	139,894,037
Commission, Exchange and Brokerage Income	17	1,891,649,236	4,518,269
Other operational income	18	330,463,231	934,872,251
Total Operating Income:		3,160,024,554	1,490,456,318
Operating Expenses			
Salary and allowances	19	225,477,135	191,189,207
Rent, taxes, insurance, electricity etc.	20	27,953,087	23,835,487
Legal & professional fees	21	5,952,740	3,757,068
Postage, stamp, telecommunication etc.	22	3,880,215	4,366,298
Stationery, printing, advertisement	23	10,247,269	12,611,198
Managing director's salary & allowance	24	5,610,000	5,460,000
Director fees and expenses	25	523,550	448,000
Audit fees	26	294,250	175,000
Charges on loan losses	27	1,956,426	6,045,540
Repairs, maintenance and depreciation	28	31,720,255	44,092,445
Direct charges (Hawla & Laga)		-	72,247,008
Other expenses	29	184,023,948	61,544,556
Total Operating Expenses:		497,638,875	425,771,807
Net Operating Income		2,662,385,679	1,064,684,511
Provision for loans & advance	30	292,975,139	178,057,473
General provision		158,254,264	58,518,773
Specific provision		134,720,875	119,538,700
Provision for diminution in value of investment in equity shares		38,308,895	(21,439,000)
Profit before tax and reserve:		2,331,101,645	908,066,038
		491,777,403	163,983,230
Provision for tax made during the period	31	507,827,856	165,138,795
Deferred tax (expenses)/ income		(16,050,453)	(1,155,565)
Net profit after tax:		1,839,324,242	744,082,808
Minority interest		139,170,798	12,802
Net profit for the period attributed to the shareholders of parent company		1,700,153,444	744,070,006
		1,839,324,242	744,082,808
Earning per share (2009 restated)		32.00	14.00

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

Dated, Dhaka;
17 February 2011

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


S. F. Ahmed & Co.
Chartered Accountants

LankaBangla Finance Limited

Consolidated Statement of Cash Flows

For the year ended on 31 December 2010

	Notes	Amount in Taka	
		2010	2009
A) Cash flows from operating activities			
Interest received		3,549,327,282	1,847,478,456
Interest paid		(1,155,037,090)	(884,719,800)
Direct payment-hawla, laga charges		(126,228,586)	(72,247,008)
Dividend received		3,936,752	4,072,000
Fees and commission received		199,465,519	11,936,539
Income from investment		212,018,347	133,854,905
Cash paid to employees (including directors)		(182,119,645)	(37,458,705)
Cash paid to suppliers		(95,399,434)	(45,485,370)
Income taxes paid		(254,532,363)	(74,046,243)
Received from other operating activities		38,319,247	16,326,710
Paid for other operating activities		(294,256,080)	(84,876,448)
Receipt from non- operating activities		395,113,216	144,220,455
Other Expenses		(142,923,721)	(58,033,949)
Cash generated from operating activities before changes in operating assets and liabilities		2,147,683,444	901,021,542
Increase/ (decrease) in operating assets & liabilities			
Changes in trading securities		(365,383,177)	(239,968,161)
Loans and advances to customers		(1,399,401,825)	(2,020,656,566)
Other assets		330,265,939	1,364,618,955
Deposits from customers		133,036,882	1,805,601,311
Other liabilities		165,618,836	(266,635,137)
Total increase/ (decrease) in operating assets & liabilities		(1,135,863,345)	642,960,402
Net Cash Flows from Operating Activities (Total of "A"):		1,011,820,099	1,543,981,944
B) Cash flows from investing activities			
Changes in non-trading securities		17,197,382	(56,430,000)
Net proceeds/(payments) for sale/ purchase of Treasury bills		(736,397,118)	(734,369,986)
Purchase of property, plant and equipment		(134,405,102)	(35,182,701)
Sales proceeds of fixed assets		743,550	337,170
Investment in subsidiary-LankaBangla Investments Ltd.		(199,999,970)	-
Investment in subsidiary-LankaBangla Asset Management Co. Ltd.		(24,999,500)	-
Net Cash used by Investing Activities (Total of "B"):		(1,077,860,758)	(825,645,517)
C) Cash flows from financing activities			
Increase/(decrease) of long term loan		1,035,609,255	383,568,118
Increase/(decrease) debit balance to clients		(2,514,536,729)	(908,177,057)
Increase/(decrease) credit balance to clients		520,978,070	22,693,428
Issuance of Shares		275,000,030	-
Share premium		1,200,000,000	-
Net drawdown of short term loan		380,000,000	74,756,199
Dividend paid (cash dividend)		(61,660,233)	(52,729,124)
Net Cash Flows from Financing Activities (Total of "C"):		835,390,393	(479,888,436)
D) Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)		769,349,733	238,447,991
E) Opening cash and cash-equivalents		1,089,034,705	850,586,715
F) Closing cash cash-equivalents (D+E)*		1,858,384,439	1,089,034,705
* Closing cash and cash-equivalents			
Cash in hand (including foreign currencies)	3	202,122	103,108
Balance with Bangladesh Bank and its agent bank (s)	4	92,432,463	53,685,340
Balance with other Banks and Financial Institutions	5	1,765,749,855	1,035,246,257
Total:		1,858,384,440	1,089,034,705

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

Dated, Dhaka;
17 February 2011

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


S. F. Ahmed & Co.
Chartered Accountants

LankaBangla Finance Limited

Consolidated Statement of Changes in Shareholders' Equity


For the year ended 31 December 2010

Particulars	Share Capital	Statutory Reserve	General Reserve	Fair value measurement reserve	Proposed Dividend	LB Foundation	Share premium	Retained Earnings	Total
Balance as at 01 January 2010	442,750,000	140,577,368	-	493,394,000	154,962,500	3,509,715	-	865,333,367	2,100,526,950
Prior Year Adjustment	-	4,294	-	-	-	-	-	13,252,291	13,256,585
Restated Balance:	-	140,581,662	-	-	-	-	-	878,585,658	2,113,783,535
Items Involved in Changes in Equity									
Net profit for the period	-	-	-	-	-	-	-	1,700,153,444	1,700,153,444
Appropriation to statutory reserve	-	-	-	-	-	-	-	(80,619,686)	-
Adjustment against minority interest	-	80,619,686	-	(44,862,343)	-	-	-	-	(44,862,343)
Appropriation to General reserve	-	-	34,800,936	-	-	-	-	(34,800,936)	-
Transfer to LB Foundation A/c.	-	-	-	-	-	(3,509,715)	-	-	(3,509,715)
Transfer to LB Foundation A/c.	-	-	-	-	-	4,030,984	-	(4,030,984)	-
Share premium received from Shareholders	-	-	-	-	-	-	1,090,888,800	-	1,090,888,800
Proposed dividend									
Stock dividend (20%)	88,550,000	-	-	-	(88,550,000)	-	-	-	-
Cash dividend (15%)	-	-	-	-	(66,412,500)	-	-	-	(66,412,500)
Balance as at 31 December 2010	531,300,000	221,201,348	34,800,936	448,531,657	-	4,030,984	1,090,888,800	2,459,287,496	4,790,041,221
Minority Interest:	-	-	3,480,806	44,862,343	-	-	109,111,200	185,701,631	343,155,979
Total:	531,300,000	221,201,348	38,281,742	493,394,000	-	4,030,984	1,200,000,000	2,645,989,126	5,134,197,200

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;

17 February 2011



S.F. Ahmed & Co.

Chartered Accountants

Notes to the Consolidated Financial Statements

for the year ended 31 December 2010

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	0421870		2010-2011
2.	Bangladesh Bank License	DFIM(L)/15	30.10.1997	N/A
3.	Tax Identification Number (TIN)	210-200-6736		N/A
4.	VAT Identification Number	5101018797		N/A
5.	Import Registration Certificate	BA159696	01.01.06	2010-2011
6.	DCCI Membership Certificate	2857	23.12.2008	2010
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	MBD License	MB-1.064/98-05	22.01.1998	2010
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

LankaBangla Securities Ltd:

The Company is holding a subsidiary company named “LankaBangla Securities Ltd.” (formerly Vanik Bangladesh Securities Limited) with an equity interest of 90.998% (49,999,409 shares of Tk.10 each totaling Tk. 499,994,090) 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.

LankaBangla Asset Management Company Limited

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.

LankaBangla Investment Limited

The Company is also holding another subsidiary company named “LankaBangla Investment Limited” with an equity interest of 99.998% (19,999,97 shares of Tk. 10 each totaling Tk. 199,999,970) in the subsidiary company. LankaBangla Investment

Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-83568/10 dated 29 March 2010 under the Companies Act, 1994. LankaBangla Investment Limited also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market .

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, Factoring 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 2010 have been prepared under the historical cost convention and in accordance with DFIM Circular No. - 11, dated 23 December 2009 and 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 statement of comprehensive Income 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 of financial position. The Interest of minority shareholders of the subsidiary is shown separately in the consolidated statement of financial position (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 FID 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 statement of comprehensive income of Merchant Banking Operation includes revenue from issue management, portfolio management, underwriting of shares, shows separately as required by the Regulations of Securities and Exchange Commission.

2.06 Investments:

All investments (other than government treasury bills and bonds) are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized 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

2.07 Recognition of Fixed Assets:

2.07.01 Assets acquired under 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:

Head	Parent Company	Subsidiary
Building	-	2.50%
Furniture & fixtures	15%	10%
Office equipment	20%	20%
Vehicle	25%	20%-25%
Office Renovation	-	20%

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 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 Translation:

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 statement of financial position date. Any gain/loss resulting from foreign currency transactions was charged to the statement of comprehensive income.

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 Equivalents and Statement of Cash Flows:

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

The statement of cash flows is prepared using the direct method as stipulated in Bangladesh Accounting Standards (BAS) no. 7 "Statement of Cash Flows".

2.14 Provision for Loans and Advances:

Parent Company:

Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in FID Circular No. 08, dated 03 August 2002, FID Circular No. 11, dated 31 October 2005, and FID Circular No. 06, dated 20 August 2006;. 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%

2.15 Corporate Tax:

Provisions for taxation

a. Current Tax

Provision for current income tax has been made @42.50% for Parent Company and @37.50 for Subsidiary Companies as prescribed in Finance Ordinance, 2010 of the profit made by the companies 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 "Income 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 monies 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 actuarial 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.

2.17.04 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.

2.18 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 Statement of comprehensive income and the computation is stated in "Note# 32".

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:

Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future, i.e., potential shares,

without inflow of resources to the Company against such issue. This is in compliance with the requirement of BAS – 33: “Earning Per Share”.

2.20 Corporate Governance:

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting (05 meeting held in the year 2010) 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 Reporting Period:

All materials events occurring after the reporting period are considered and where necessary, adjusted for or disclosed in Note 34.c.

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 Reporting Period”.

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”.

	Amount in Taka	
	2010	2009
3.00 Cash in hand :	202,122	103,108
4.00 Balance with Bangladesh Bank:	92,432,463	53,685,340
The above balance was laid with Bangladesh Bank (Local currency)		
5.00 Balance with other bank and financial institutions:	1,765,749,855	1,035,246,257
<u>Local Currency</u>		
Fixed deposit account (Note - 5.01)	330,649,920	481,964,504
Interest bearing short term deposit account (Note - 5.02)	1,320,711,433	526,037,355
Non interest bearing current account (Note - 5.03)	114,258,879	27,060,002
Sub-Total:	1,765,620,232	1,035,061,861
<u>Foreign Currency:</u>		
Dhaka Bank Ltd- USD Account (Exchange Rate: Tk.70.20)	94,236	137,795
Dhaka Bank Ltd- POUND Account (Exchange Rate: Tk.107.23)	28,501	34,946
Dhaka Bank Ltd- EURO Account (Exchange Rate: Tk.91.60)	6,886	11,655
Sub-Total:	129,623	184,396
Total	1,765,749,855	1,035,246,257
Country of Deposit:		
In Bangladesh	1,765,749,855	1,035,246,257
Outside of Bangladesh	-	-
	1,765,749,855	1,035,246,257
5.01 Fixed deposit account:	330,649,920	481,964,504
Southeast Bank Limited	-	2,865,150
Mercantile Bank Limited	50,577,940	31,081,295
BRAC Bank Limited	-	42,705,722
Prime Bank Limited	127,769,211	98,567,806
Standard Bank Limited	3,275,207	8,630,977
The Premier Bank Limited	-	42,592,871
National Bank Limited	-	13,208,534
Shahjalal Islami Bank Limited	-	27,393,207
Commercial Bank of Cylon	99,027,562	90,317,981
Bank Al-Falah Limited	-	24,600,960
Reliance Finance Limited	50,000,000	100,000,000
Total:	330,649,920	481,964,504

	Amount in Taka	
	2010	2009
5.02 Interest bearing short term deposit account:	1,320,711,433	526,037,355
Dhaka Bank Limited	8,463,701	12,075,741
Arab Bangladesh Bank Limited	844,944	1,239,146
Standard Chartered Bank	3,922,717	455,206,339
Prime Bank Limited	25,946,914	1,568,043
One Bank Limited	1,168,156,527	4,020,408
National Credit & Commerce Bank Limited	271,079	22,570
United Commercial Bank Limited	266,669	14,907
Uttara Bank Limited	10,470	11,620
Bank Asia Limited	4,891,548	21,859,000
Exim Bank Limited	1,002	653,353
The Premier Bank Limited	72,690	78,960
Mutual Trust Bank Limited	2,220	3,163
Standard Bank Limited	15,922	18,070
Citibank N.A	117,721	118,421
ICB Islami Bank Limited	75,935	71,723
Social Islami Bank Ltd.	29,519,416	-
Bank Asia Limited, Agrabad	10,000	-
The City Bank Ltd.	3,363,738	-
IFIC Bank Ltd.	131,242	-
Pubali Bank Limited	5,000	-
Al-Arafah Islami Bank Ltd.	8,850	-
HSBC	9,599,047	27,547,787
BRAC Bank Limited	44,269,171	673,168
Dutch Bangla Bank Limited	7,123,541	853,995
Trust Bank Limited	942	942
Commercial bank Ceylon	13,620,427	-
Total	1,320,711,433	526,037,355
5.03 Non interest bearing current account:	114,258,879	27,060,002
Dhaka Bank Limited	896	1,896
Standard Chartered Bank	83,917,301	19,067,009
Prime Bank Limited	13,556,599	1,257,126
Shahjalal Islami Bank Limited	4,908,908	34,217
One Bank Limited	698,563	555,693
The Trust Bank Limited	887,929	522,750
The Premier Bank Limited	354,436	99,256
First Security Bank Limited	709,719	711,144
National Bank Limited	195,338	2,837,326
Standard Bank Limited	2,561,466	3,875
Sonali Bank	19,140	19,140
Social Investment Bank Limited	723,866	560,403
Bank Alfallah Limited	8,363	10,005
Mercantile Bank Limited	3,584,198	1,380,162

	Amount in Taka	
	2010	2009
Exim Bank Ltd.	1,767,646	-
BRAC Bank Limited	363,196	-
Jamuna bank Ltd.	1,315	-
Total	114,258,879	27,060,002
6.00 Investment:	2,299,844,449	1,764,316,847
<i>in Government securities</i>	1,345,693,012	734,369,986
Treasury bills (Note-6.01)	479,293,012	447,869,986
Bonds (Note-6.02)	866,400,000	286,500,000
<i>Other Investment</i>	954,151,437	1,029,946,861
Ordinary shares-Un-Quoted (Note-6.03)	64,435,797	53,930,000
Ordinary shares-Quoted (Note-6.04)	889,715,640	353,394,063
Investment in shares by subsidiary	-	112,622,798
Investment in stock exchanges for membership (Note-6.05)	-	510,000,000
Total:	2,299,844,449	1,764,316,847
6.01 Treasury bills:	479,293,012	447,869,986
91-days Treasury bills	169,497,781	237,631,762
182-days Treasury bills	169,515,055	103,173,840
364-days Treasury bills	140,280,176	107,064,384
Total:	479,293,012	447,869,986
6.02 Bonds:	866,400,000	286,500,000
05-Year Treasury bond	354,900,000	99,000,000
10-Year Treasury bond	232,700,000	112,500,000
15-Year Treasury bond	164,500,000	37,500,000
20-Year Treasury bond	114,300,000	37,500,000
Total:	866,400,000	286,500,000
6.03 Ordinary shares-Un Quoted:	64,435,797	53,930,000
Central Depository (Bangladesh) Limited	4,416,700	1,000,000
Prime finance 1st mutual fund	-	1,000,000
Information Technology Company Limited (ITCL)	5,000,000	5,000,000
Information Technology Consultants Limited	5,000,000	-
Envoy Textiles Limited	15,801,000	-
ACI 20% Convertible Zero Coupon Bond	-	37,430,000
DBH 1st Mutual Fund	-	2,000,000
RAK Ceramics Limited	-	7,500,000
MI Cement Factory Ltd.	7,217,729	-
Aamra Technology Limited	10,500,000	-
Saiham Cotton Mills Limited	1,350,000	-
GBB Power Limited	1,400,000	-
Financial Excellence limited	1,500,000	-
MJL bangladesh Ltd.	12,250,368	-
Total:	64,435,797	53,930,000

	Amount in Taka	
	2010	2009
6.04 Ordinary shares-Quoted:	889,715,640	353,394,063
AB Bank Limited	-	9,730,103
The City Bank Limited	-	3,308,070
Dhaka Bank Limited	-	14,829,128
Eastern Bank Limited	57,840,000	45,073
IFIC Bank Limited	-	7,126,911
Jamuna Bank Limited	-	4,138
Mercantile Bank Limited	-	2,053,027
National Bank Limited	-	5,534
NCC Bank Limited	-	15,450,430
Prime Bank Limited	-	2,649,499
Shahjalal Islami Bank Ltd.	-	9,665,214
Trust Bank Limited	-	14,491,070
The Premier Bank Ltd.	-	24,314,815
Social Islami Bank Limited	-	2,776,276
Midas Financing Ltd.	229,657,250	131,135,369
Green Delta Insurance Company Ltd.	-	16,474,741
Popular Life Insurance Company Limited	-	25,339,287
Beximco Pharmaceuticles Ltd.	-	17,522,735
Square Pharmaceuticles Ltd.	-	5,553,850
Eastern Bank Ltd. 1st Mutual Fund	-	1,000,000
ACI Formulations Limited	17,172,864	5,800,500
Advance Chemicals Industries Limited	-	4,451,100
Apex Adelchi Foot Wear Limited	-	22,202,247
Amcl (Pran)	24,084,561	17,464,947
Delta Spinning Ltd.	1,800	-
DBH 1st Mutual Fund	500,000	-
RAK Ceramics Limited	7,803,580	-
ACI 20% Convertible Zero Coupon Bond	37,430,000	-
Heidelberg cement	63,201,233	-
Lafarge Cement	8,662,545	-
Rupali Bank Limited	13,285,420	-
The City Bank Limited	-	3,308,070
IFIC Bank Limited	-	7,126,911
Shahjalal Islami Bank Limited	-	9,665,214
Eastern Bank Limited 1st Mutual Fund	-	1,000,000
Advance Chemicals Industries Limited	19,552,624	4,451,100
The Primier Bank Limited	649,019	24,314,815
Socoal Islami Bank Limited	-	2,776,276
Green Delta Insurance Company Limited	-	16,474,741
Popular Life Insurance Company Limited	-	25,339,287
Beximco Pharmaceuticales Ltd.	300,644,246	17,522,735
Union Capital	12,648,893	-
Agrani Insurance Co. Ltd.	15,596,995	-

	Amount in Taka	
	2010	2009
Continental Insurance Ltd.	5,915,702	-
Quasem Drycells	3,061,435	-
Green Delta Mutual Fund	10,000,000	-
Beximco Ltd.	47,935,971	-
Bextex Ltd.	3,021,033	-
Pragati Life Insurance Ltd.	10,544,524	-
Ocean Containers limited	5,945	-
Janata Bank 1st Mutual fund	500,000	-
Total	889,715,640	353,394,063

(Annexure-1 may kindly be seen for details)

7.00 Lease loans & advance:	9,472,165,117	8,061,342,532
Lease portfolio	960,456,644	1,712,211,315
Advance against leases	-	39,182,896
Term finance	2,183,632,002	1,546,919,369
Mortgage loan (Note- 07.01)	1,111,701,735	631,459,069
Margin loan against share trading	4,176,039,592	3,503,515,672
Short term finance	220,083,055	244,235,565
Factoring Debtors	34,859,180	18,254,693
Credit card receivables	430,637,948	365,563,953
Term Finance -SME	182,990,057	-
Term Finance -Auto Loan	128,751,080	-
Work Order Finance - Factoring	5,584,300	-
Work Order Finance	37,429,524	-
Total:	9,472,165,117	8,061,342,532
7.01 Mortgage loan	1,111,701,735	631,459,061
Mortgage Loan-Under Bangladesh Bank Scheme	858,751,017	504,162,765
Mortgage Loan-Under Own Finance	62,556,330	48,129,739
Mortgage -Developer Finance	190,394,388	79,166,557
Total:	1,111,701,735	631,459,061
8.00 Fixed assets:	195,003,546	92,463,887
A. Cost		
i) Freehold assets		
Opening Balance	153,632,711	130,496,559
Add : Addition during the year	133,645,627	30,720,512
	287,278,338	161,217,071
Less: Sales/Adjustment during the year	8,219,740	7,584,360
	279,058,598	153,632,711
ii) Asset under finance lease		
Opening Balance	38,590,987	33,236,100
Add: Addition during the year	7,059,600	5,354,887
	45,650,587	38,590,987
Less: Disposal during the year	21,500,000	-
	24,150,587	38,590,987

		Amount in Taka	
		2010	2009
iii) Intangible assets			
	Opening Balance	28,623,388	26,344,521
	Add: Acquisition during the year	89,750	2,278,867
		28,713,138	28,623,388
	Less: Sales/Adjustment during the year	-	-
		28,713,138	28,623,388
	Total cost (A)	331,922,323	220,847,086
B. Accumulated Depreciation			
i) Freehold assets			
	Opening Balance	80,191,428	62,249,401
	Add : Charged during the year	30,503,960	24,785,035
		110,695,388	87,034,436
	Less: Adjustment during the year	6,592,941	6,843,008
		104,102,447	80,191,428
ii) Leasehold Assets			
	Opening Balance	27,249,370	24,300,731
	Add : Charged during the year	4,021,157	2,948,639
		31,270,527	27,249,370
	Less: Adjustment during the year	21,500,000	-
		9,770,527	27,249,370
iii) Intangible assets:			
	Opening Balance	20,942,401	18,633,664
	Add : Charged during the year	2,103,402	2,308,737
		23,045,803	20,942,401
	Total (B)	136,918,777	128,383,199
C. Written Down Value (A-B) Total:		195,003,546	92,463,887
9.00 Other assets:		5,496,845,259	2,434,970,582
	Trade receivables (Note-9.01)	4,629,086,773	1,721,535,787
	Advances (Note 09.02)	170,209,038	111,845,933
	Prepayments & other receivables (Note-09.03)	187,549,448	601,588,862
	Investment	510,000,000	-
	Dhaka Stock Exchange Limitem-Membership	350,000,000	-
	Chittagong Stock Exchange Limitem-Membership	160,000,000	-
	Total:	5,496,845,259	2,434,970,582
09.01 Trade receivables:		4,629,086,773	1,721,535,787
	Lease installment receivables	261,489,237	238,042,440
	Term finance receivables	164,434,814	165,730,674
	Short term lending receivables	8,533,875	-
	Receivables- Mortgage Loan	9,109,483	3,285,949
	Term finance receivables-SME	949,200	-
	Receivable Lease Rental-Auto Loan	310,620	-
	Credit Card receivables-VISA	-	839,289
	Work order finance receivable	62,439,465	-
	Receivables from trade clients	3,828,174,164	1,313,637,435
	Receivables from DSE & CSE	293,645,915	-
	Total:	4,629,086,773	1,721,535,787

		Amount in Taka	
		2010	2009
9.02	Advances:	170,209,038	111,845,933
	Staff loan-others	6,529,775	6,944,115
	Advance office rent	33,638,882	20,777,686
	Security deposit/Lease deposit (Note 09.02.1)	42,414,979	41,800,579
	Advance income tax	60,245,598	34,400,254
	Advance for others	26,579,804	7,923,299
	Advance payment for accounting software	800,000	-
	Total:	170,209,038	111,845,933
	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.		
09.02.1	Security Deposit:	42,414,979	41,800,579
	Telephone line deposit	41,967,229	963,729
	Security deposit to ONE Bank Ltd.	-	40,000,000
	Lease deposit (Note 09.02.01.01)	378,500	378,500
	Deposit for mobile phones	54,500	54,500
	Other deposits	14,750	403,850
	Total:	42,414,979	41,800,579
09.02.1.1	Lease deposit:	378,500	378,500
	This represents lease installment paid in advances per lease agreement with United Leasing Company Limited:		
9.03	Prepayments & other receivables:	187,549,448	601,588,862
	Prepayments	15,623,675	12,809,008
	Interest receivables-Fixed deposit account	18,744,598	20,739,630
	Interest receivables-Short term deposit account	4,690,901	-
	Interest receivables-Term finance	4,128,882	31,769,050
	Interest receivables-Short term lending	-	34,717,624
	PD-Coupon receivable -Treasury Bonds	18,460,984	1,419,797
	PD-Coupon receivable -Treasury Bills	671,334	509,835
	PD- Underwriting commission receivable- Treasury bond	128,625	214,875
	PD- Underwriting commission receivable- Treasury bill	103,375	114,000
	Interest receivables-Factoring	65,604	271,149
	Interest receivables-Mortgage loan	-	3,131,606
	Receivables/(Payables)-Other Master Card Operator (Note-09.03.01)	58,499,320	15,266,415
	Receivables/(Payables) with LBSL-IP A/C	-	207,343,016
	Receivables-IDCP & Delinquent	-	49,278,775
	Receivables against share trading	3,588,599	77,336,672
	Deferred tax liabilities/(asset)	28,805,336	-
	Other receivables	34,038,215	1,814,546
	Receivable from DSE & CSE	-	144,852,863
	Total:	187,549,448	601,588,862

		Amount in Taka	
		2010	2009
09.03.01	Master card operator:	58,499,320	15,266,415
	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	(4,228,108)	(11,338,635)
	Prime Bank Limited	9,639,589	9,766,076
	National Bank Limited	(408,190)	(1,873,726)
	Master Card International	228,620,810	189,481,665
	One Bank Limited	2,264,666	6,779,602
	Dutch Bangla Bank limited	(186,387,005)	(186,661,978)
	Commercial Bank of Cylon	(159,236)	(159,236)
	Bank Asia Limited	11,131,280	9,272,648
	Bank Alfala	5,280	-
	Brac Bank	(1,979,766)	-
		58,499,320	15,266,415
10.00	Borrowings from Bangladesh bank, other banks & financial institutions:	6,351,455,722	10,167,692,914
	Secured		
	Bank Overdraft (Note - 10.01)	420,384,567	344,348,711
	Long term Loan-(Note-10.02)	3,638,566,419	2,709,497,746
	REPO against Govt. treasury bills & bonds(Note - 10.03)	717,504,736	695,000,000
	Sub-Total:	4,776,455,722	3,748,846,457
	Unsecured		
	Short term borrowings (Note - 10.04)	775,000,000	825,000,000
	Call loans- (Note - 10.05)	800,000,000	510,000,000
	Sub-Total:	1,575,000,000	1,335,000,000
	Total:	6,351,455,722	10,167,692,914
10.01	Bank Overdraft:	420,384,567	344,348,711
	Mercantile Bank Limited	65,640,322	13,771,545
	BRAC Bank Limited	-	24,599,625
	Prime Bank Limited	202,054,297	108,398,216
	Southeast Bank Limited	-	(196,811)
	Shahjalal Islami Bank Limited	-	15,830,195
	The Premier Bank Limited	-	32,458,963
	Commercial Bank of Ceylon Limited	152,689,948	149,486,978
	Total:	420,384,567	344,348,711
10.02	Long term Loan- net of current maturity:	3,638,566,419	2,709,497,746
	Balance as at January 01	2,709,497,746	2,308,975,506
	Add: Drawdown during the period	2,344,514,466	1,441,397,983
		5,054,012,212	3,750,373,489
	Less: Repayment during the period	(1,415,445,793)	1,040,875,743
	Total:	3,638,566,419	2,709,497,746
	Detail of the above balance is presented bellow:		
	Bangladesh Bank (under Re-Finance)- Women Entrepreneur	7,975,000	225,000

	Amount in Taka	
	2010	2009
Bangladesh Bank (under Re-Finance)- Mortgage Loan	883,794,144	445,451,511
BRAC Bank Limited	38,559,082	63,775,812
Prime Bank Limited	340,131,914	111,908,411
Social Investment Bank Limited	99,771,522	113,611,299
Shahjalal Islami Bank Limited	44,796,306	118,013,679
The Trust Bank Limited	204,655,068	47,167,644
United Commercial Bank Limited	10,534,846	41,385,295
United Leasing Company Limited	1,788,378	8,370,930
Arab Bangladesh Bank	25,663,970	63,265,698
Bank Alfalah Limited	6,940,000	16,193,333
Bank Asia Limited	130,272,931	51,155,403
Commercial Bank of Ceylon Limited	40,555,560	80,555,556
Exim Bank Limited	194,557,911	256,288,791
National Bank Limited	361,786,240	231,130,536
The Premier Bank Limited	55,022,171	73,745,072
The City Bank Limited	-	16,159,091
Standard Bank Limited	160,758,154	206,060,615
Jamuna Bank Limited	49,288,341	69,527,919
Uttara Bank Limited	88,232,637	150,016,174
National Credit & Commerce Bank Limited	-	10,420,348
Dutch Bangla Bank Limited	210,767,994	-
Mutual Trust Bank Limited	245,730,576	252,263,021
Southeast Bank Limited	95,090,683	-
International Leasing & Financial Services Limited	124,365,731	99,473,272
MIDAS Financing	192,075,134	183,333,336
Others	25,452,126	-
Total:	3,638,566,419	2,709,497,746

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 13.00% p.a. except refinance from Bangladesh Bank which is 5% and the tenure being 3 to 5 years and for Bangladesh Bank maximum 20 years.

		Amount in Taka	
		2010	2009
10.03	REPO against Govt. treasury bills & bonds	717,504,736	695,000,000
	REPO against Govt. treasury bills	284,026,293	270,000,000
	REPO against Govt. bonds	433,478,443	425,000,000
	Total:	717,504,736	695,000,000
10.04	Short term borrowings:	775,000,000	825,000,000
	One Bank Limited	235,000,000	235,000,000
	Mercantile Bank Limited	-	50,000,000
	UAE-Bangladesh Investment Company Ltd.	20,000,000	20,000,000
	The City Bank Limited	200,000,000	200,000,000
	United Leasing Company Limited	50,000,000	100,000,000
	Eastern Bank Limited	70,000,000	120,000,000
	Mutual Trust Bank Limited	-	50,000,000
	International Leasing & Financial Services Limited	-	50,000,000
	Phoenix Finance & Investment Limited	200,000,000	-
	Total:	775,000,000	825,000,000
10.05	Call loan:	800,000,000	510,000,000
	Dhaka Bank Limited	-	50,000,000
	Bangladesh Commerce Bank Limited	-	80,000,000
	Jamuna Bank Limited	-	50,000,000
	Midas Financeing Ltd.	20,000,000	-
	The Premier Bank Limited	-	50,000,000
	The Trust Bank Limited	-	100,000,000
	Agrani Bank Limited	-	30,000,000
	Rupali Bank Ltd.	200,000,000	-
	International Finance & Commerce Bank Limited	-	100,000,000
	Dutch Bangla Bank Limited	100,000,000	50,000,000
	United leasing company	30,000,000	-
	Sonali Bank Limited	100,000,000	-
	DBH	200,000,000	-
	One Bank Ltd.	50,000,000	-
	Bank Al falah Ltd.	100,000,000	-
	Total:	800,000,000	510,000,000
11.00	Term deposits:	4,559,998,233	4,432,896,518
	From banks	2,030,000,000	1,210,000,000
	From other than banks	2,529,998,233	3,222,896,518
	Total:	4,559,998,233	4,432,896,518

		Amount in Taka	
		2010	2009
12.00	Other liabilities:	3,277,591,656	1,824,835,684
	Interest payable (Note- 12.01)	307,919,780	295,151,613
	Accrued expenses (Note- 12.02)	204,930,652	95,909,330
	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	28,430,119	21,473,377
	Payable against merchants claims	9,666,256	97,761
	Payable against receipt from other card holders	1,053,658	902,912
	Withholding tax payable	375,935	653,554
	Payable against MCBS Charges	46,589,015	36,009,274
	AIT on credit card payable	357,895	-
	IPO subscription payable	58,646	68,646
	Claims on health insurance	139,416	324,934
	VAT on credit card payable	45,689	534,343
	VISA settlement Account	85,351	974,951
	Provision for taxation (Note-12.04)	518,300,271	246,146,977
	Deferred liability-employee gratuity (Note-12.05)	38,909,509	21,240,958
	Deferred tax liability/ (asset) (Note-12.06)	-	(3,715,741)
	Provision for doubtful accounts and future losses (Note-12.07)	634,760,882	342,073,745
	Interest suspense (Note-12.08)	185,069,398	141,430,245
	Provision against reduction of share portfolio price	44,605,895	6,297,000
	Lease rental advance	119,955,029	101,011,116
	Unpaid dividend	9,686,084	-
	ITCL statement A/C.	96,000	-
	VAT - Payable - VISA	15,332	5,020,876
	Excise Duty Payable	7,150	-
	Lease finance under capital obligation	-	7,106,644
	Liabilities for other finance	-	701,780
	Payable DSE & CSE	9,229,034	42,721,875
	Payable to share trading clients	1,080,844,478	453,152,394
	Other liabilities	26,913,062	-
	Total:	3,277,591,656	1,824,835,684
12.01	Interest payable:	307,919,780	295,151,613
	Interest payable on term deposit	223,965,030	211,337,054
	Interest payable on long term borrowings	41,311,957	56,635,124
	Interest payable on short term borrowings	41,952,514	23,711,895
	Interest payable on call loan borrowings	690,279	3,467,540
	Total:	307,919,780	295,151,613
12.02	Accrued expenses:	204,930,652	95,909,330
	Utility bills payable	491,715	2,367,119
	Audit fees payable	330,250	315,000
	Postage and courier bills payable	143,494	62,500

		Amount in Taka	
		2010	2009
	CDBL charges & others	14,838,834	6,956,218
	Vehicle running expenses	57,860	27,500
	Liabilities for office decoration works	-	1,025,400
	Profit Incentive Bonus Payable	181,969,862	85,155,593
	Office Rent	966,750	-
	Others	6,131,887	-
	Total:	204,930,652	95,909,330
12.03	Payable to Sampath Bank Limited, Sri Lanka:	9,266,831	9,266,831
	Management Consultancy Fee payable represents the amount payable to Sampath Bank Ltd., Sri Lanka as per agreement signed on 5th May 2002. Movement of the 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	-	-
	Total:	9,266,831	9,266,831
12.04	Provision for taxation:	518,300,271	246,146,977
	Balance as at 1st January	246,146,977	155,040,658
	Provision during the year	507,827,856	148,152,625
		753,974,833	303,193,283
	Adjusted during the year	235,674,562	57,046,306
	Total:	518,300,271	246,146,977
12.05	Deferred liability-employee gratuity:	38,909,509	21,240,958
	Balance as at 01 January	21,240,958	14,737,258
	Provision during the year	18,730,951	6,891,840
		39,971,909	21,629,098
	Payment during the year	1,062,400	388,140
	Total:	38,909,509	21,240,958
12.06	Deferred tax liability/(asset):	-	(3,715,741)
	Balance as at 01 January	-	(2,560,176)
	Provided during the year	-	(1,155,565)
	Transferred from current tax liability	-	-
	Total:	-	(3,715,741)
	In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.		
12.07	Provision for doubtful accounts and future losses	634,760,882	342,073,745
	Lease financing	232,978,950	148,213,325
	Term finance & Short term loan	250,055,837	160,308,775
	Credit card	27,560,436	21,018,391
	Mortgage Loan	23,165,770	12,533,254
	Provision on receivable from clients	100,999,889	-
	Total:	634,760,882	342,073,745

		Amount in Taka	
		2010	2009
12.08 Interest Suspense:		185,069,398	141,430,245
Lease Finance		105,185,997	74,745,000
Term Finance		74,065,401	62,604,816
Credit Card		5,368,000	4,080,429
Mortgage loan		450,000	-
Total:		185,069,398	141,430,245
Movement of total interest suspense is as below:			
Balance as at 01 January		141,430,245	69,406,000
Charged during the year		43,639,153	72,024,245
		185,069,398	141,430,245
Less: Written off during the year		-	-
Total:		185,069,398	141,430,245
13.00 Share capital :		531,300,000	442,750,000
Authorised			
100,000,000 ordinary shares of Tk.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up			
35,000,000 ordinary shares of Tk.10/- each		350,000,000	350,000,000
Bonus Share for the year-2007 (10%)		35,000,000	35,000,000
Bonus Share for the year-2008 (15%)		57,750,000	57,750,000
Bonus Share for the year-2009 (20%)		88,550,000	-
Total:		531,300,000	442,750,000
Details of shares holding position are as under:			
Sponsor shareholders:			
a. <u>Foreign Sponsors</u>	Percentage		
Sampath Bank Limited, Sri Lanka	11.29%	60,000,000	60,000,000
First Gulf Asia Holdings Limited, KSA (Former Chinkara Capital Pte. Ltd.)	0.14%	720,000	50,600,000
	11.43%	60,720,000	110,600,000
b. <u>Local Sponsors</u>			
ONE Bank Limited, Bangladesh	7.53%	40,000,000	40,000,000
SSC Holdings Limited, Bangladesh	1.07%	5,700,000	5,700,000
Shanta Apparel Limited, Bangladesh	1.84%	9,800,000	9,000,000
Individuals	21.52%	114,359,990	95,300,000
	31.96%	169,859,990	150,000,000
General Shareholders	56.60%	300,720,010	182,150,000
	100%	531,300,000	442,750,000

	Amount in Taka	
	2010	2009
14.00 Interest income:	1,601,102,083	1,347,784,289
Interest income from leases	195,485,909	264,267,029
Interest during construction period	-	20,920,332
Interest income from term finance	277,441,913	229,216,400
Interest income from short term lending	43,130,803	52,690,172
Income from credit card	115,073,862	107,094,659
Interest income on margin trading	735,477,515	421,626,541
Interest income from factoring	1,570,294	1,206,777
Interest Income from mortgage loan	90,549,842	48,228,056
Interest income on debit balance of client	-	120,172,449
Interest Income from SME	9,618,156	-
Interest Income from auto loan	5,212,362	-
Interest income on fixed deposit	48,283,941	43,543,363
Interest income on short term deposit	79,257,486	20,638,596
Interest income on call loan lending	-	-
Interest income on current account with subsidiaries	-	18,179,915
Total:	1,601,102,083	1,347,784,289
15.00 Interest paid on deposits & borrowings:	1,016,082,773	936,612,528
Interest on term loans	285,292,635	342,096,900
Interest on call loan and short notice	183,358,773	144,520,135
Interest on Bangladesh Bank REPO	35,452,157	1,139,835
Interest on term deposits	511,979,208	448,855,658
Total:	1,016,082,773	936,612,528
16.00 Income from Investment:	352,892,777	139,894,037
Income from investment in share	298,400,773	133,854,905
Dividend income	5,436,752	4,109,500
Interest income from PD operation	49,055,252	1,929,632
Total:	352,892,777	139,894,037
17.00 Commission, Exchange and Brokerage Income	1,891,649,236	4,518,269
Underwriting commission	571,220	413,854
Underwriting commission from Treasury Bonds/Bills	792,940	328,875
Merchant commission of credit card	3,351,737	3,775,540
Brokerage commission	1,886,933,339	-
Total:	1,891,649,236	4,518,269
18.00 Other operational income;	330,463,231	934,872,251
Membership fees of credit card	9,181,200	9,531,100
Corporate finance fees	12,190,000	8,361,875
Portfolio & Issue Management Fee	177,878,422	77,294,408
Other income from fees & documentations	38,319,247	34,620,809
Interest on employees loan & others	-	302,606
Revenue from Brokerage	-	842,737,817
Income from CDBL	92,894,362	(37,976,364)
Total:	330,463,231	934,872,251

		Amount in Taka	
		2010	2009
19.00	Salary and allowances:	225,477,135	191,189,207
	Salary & allowances	102,794,070	100,513,464
	Provident fund contribution	4,174,009	3,983,099
	Gratuity fund	10,810,596	7,003,695
	Profit incentive bonus	107,698,460	79,688,949
	Total:	225,477,135	191,189,207
20.00	Rent, taxes, insurance, electricity etc.:	27,953,087	23,835,487
	Office rent	21,683,839	16,918,112
	Insurance premium	3,061,084	3,413,889
	Electricity	3,208,164	3,503,486
	Total:	27,953,087	23,835,487
21.00	Legal & professional fees:	5,952,740	3,757,068
22.00	Postage, stamp, telecommunication etc.:	3,880,215	4,366,298
	Postage & courier	938,712	1,073,700
	Stamp charges	269,427	366,571
	Telephone bill	2,672,076	2,926,027
	Total:	3,880,215	4,366,298
23.00	Stationery, printing, advertisement:	10,247,269	12,611,198
	Printing & stationery	7,084,236	10,374,938
	Advertisement	3,163,033	2,236,260
	Total:	10,247,269	12,611,198
24.00	Managing director's salary & allowance:	5,610,000	5,460,000
	Salary & allowances	4,800,000	4,800,000
	Provident fund contribution	360,000	360,000
	Gratuity fund	450,000	300,000
	Total:	5,610,000	5,460,000
25.00	Director fees and expenses:	523,550	448,000
26.00	Audit fees:	294,250	175,000
27.00	Charges on loan losses:	1,956,426	6,045,540
	Credit Card receivable	1,956,426	4,230,176
	Lease assets	-	1,815,364
	Total:	1,956,426	6,045,540
28.00	Repairs, maintenance and depreciation:	31,720,255	44,092,445
	Equipment maintenance	7,102,425	14,258,153
	Depreciation	24,617,830	29,834,292
	Total:	31,720,255	44,092,445

	Amount in Taka	
	2010	2009
29.00 Other expenses:	184,023,948	61,544,556
Training	927,604	864,196
Staff welfare	363,187	2,135,017
Membership & renewal fees	2,771,910	1,692,931
Conveyance	1,204,495	1,479,433
Traveling	680,133	550,412
Internet & e-mail	907,007	2,563,897
News paper & periodicals	150,169	108,106
Computer accessories	1,376,213	1,107,080
Fuel expense	988,871	1,131,445
Vehicle maintenance/Registration	3,308,263	1,204,742
Water & sewerage bill	654,096	774,777
Office maintenance	7,747,944	5,690,602
Donation & Miscellaneous expenses	2,877,827	770,463
Entertainment	2,816,410	4,189,265
Business promotion	3,047,970	7,783,529
Bank charges	1,481,654	2,440,022
Marketing expenses	3,751,882	3,384,629
Recovery commission	453,998	340,363
CDBL fee	883,446	1,995,004
MCBS charges	8,942,081	10,443,981
Loss on sales of fixed asset	908,249	-
Inter change fees-VISA	17,415	33
Loan processing fee	389,938	-
Corporate guarantee charge	5,504,156	-
IPO related expenses	344,142	-
Subscription	264,977	-
Uniform	55,004	-
Hawla charges	13,118,675	-
laga charges	113,109,911	-
PD premium	16,181	-
License and renewal fee	1,133,076	-
Networking charge	2,433,339	-
Other expenses	1,393,725	10,894,629
Total:	184,023,948	61,544,556
30.00 Provision for loans and advances :	292,975,139	178,057,473
Specific provision	134,720,875	119,538,700
General provision	158,254,264	58,518,773
Total:	292,975,139	178,057,473

		Amount in Taka	
		2010	2009
30.01	Provision for doubtful accounts and future losses:	292,975,139	178,057,473
	Lease financing	84,053,627	70,272,580
	Term finance and Short term lending	90,747,062	95,003,775
	Credit card	6,542,045	3,442,864
	Mortgage Loan	10,632,516	9,338,254
	Provision on receivable from clients	100,999,889	-
	Total:	292,975,139	178,057,473
31.00	Provision for tax made during the year :	491,777,403	163,983,230
	Current tax expense	507,827,856	165,138,795
	Deferred tax expense/ (income)	(16,050,453)	(1,155,565)
	Total:	491,777,403	163,983,230

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

32.00	Earning per share (EPS):	32.00	14.00
	Earning attributable to ordinary shareholders	1,700,139,880	744,070,006
	Number of ordinary shares outstanding	53,130,000	53,130,000
	Basic Earning per Share	32.00	14.00

33.00 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-24 (BAS-24) as noted below:

SL. No.	Name of Related Party	Relationship	Share holding (%)	Outstanding Balance	
				2010	Nature of Transactions
1.	Sampath Bank Ltd.	Sponsor Shareholder	11.29	9,266,831	Management & Consultancy Fees

34.00 Others:

a) 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.

b) Contingent liabilities:

LankaBangla Finance Limited (LBFL) has issued a corporate guarantee on behalf of LankaBangla Securites Limited to Dhaka Stock Exchange and Chittagong Stock Exchanges amounting BDT 800,000,000 to each of the exchanges. That is, LBFL has a contingent liability of BDT 1600,000,000 as on 31 December 2010.

c) Event after the Reporting Period:

Dividend Information:

Parent:

The Board of Director in its 68th Meeting held on 15 February 2011 has recommended 55% Stock Dividend for the year ended on 31 December 2010 for placement before shareholder at 14th Annual General Meeting of the company scheduled to be held on 27 March 2011.

Subsidiaries:

LankaBangla Securities Limited

The Board of Director in its 60th Meeting held on 15 February 2011 has recommended 75% Stock Dividend, that is three bonus shares for every four fully paid equity shares for the year ended on 31 December 2010 for placement before shareholder at 15th Annual General Meeting of the company.

Fair Value of Share Portfolio:

Parent:

Due recent upheaval in the capital market of Bangladesh the fair market value of investment portfolio fall drastically from BDT 947,290,852 (as on 31 December 2010, the date of Statement of Financial Position) to BDT 673,747,264 (as on 15 February 2010, the date of issue of report by the Board of LankaBangla Finance Limited. Accordingly, the unrealized loss from share portfolio increased to BDT 91,384,068 from BDT 22,435,398 (as on 31 December 2010) for which provision has already been made in the financial statements.

Subsidiaries:

Due recent upheaval in the capital market of Bangladesh the fair market value of investment portfolio fall drastically from BDT 707,874,754 (as on 31 December 2010, the date of Statement of Financial Position) to BDT 465,899,561 (as on 15 February 2011, the date of issue of report by the Board of LankaBangla Finance Limited. Accordingly, the unrealized loss from share portfolio increased to BDT 68,759,936 (as on 15 February 2011) from BDT 22,169,896 (as on 31 December 2010) for which provision have already been made in the financial statements.

d) 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.

e) General:

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



Chairman



Director



Managing Director



Company Secretary

LankaBangla Finance Limited and its Subsidiaries

Consolidated Fixed Assets Schedule

As at December 31, 2010

Amount in Taka

Particulars	C O S T			D E P R E C I A T I O N			Written down value as at 31.12.2010		
	Balance as at 01.01.2010	Addition during the year	Sales/ Adjustment	Balance as at 31.12.2010	Rate %	Balance as at 01.01.2010		Charged during the year	Adjustment
A. LankaBangla Finance Ltd.									
I. Freeholds assets	83,071,906	25,341,839	4,934,819	103,478,926		58,614,182	14,487,251	3,308,020	69,793,413
Furniture & Fittings	35,054,365	13,819,772	4,683,419	44,190,718	15	21,335,028	4,552,003	3,082,160	22,804,871
Office Equipment	32,434,596	10,302,067	251,400	42,485,263	20	27,884,578	6,602,364	225,860	34,261,082
Motor Vehicles	15,582,945	1,220,000	-	16,802,945	25	9,394,576	3,332,884	-	12,727,460
II. Lease Hold Assets	21,500,000	-	21,500,000	-		21,500,000	-	21,500,000	-
II. Intangible assets									
Systems and softwares	27,494,271	39,750	-	27,534,021	20	20,566,029	1,710,363	-	22,276,392
Sub Total (A):	132,066,177	25,381,589	26,434,819	131,012,947		100,680,211	16,197,614	24,808,020	92,069,805
B. LankaBangla Investment limited									
Motor Vehicles	-	4,683,000	-	4,683,000	25	-	233,281	-	233,281
Sub Total (B):	-	4,683,000	-	4,683,000		-	233,281	-	4,449,719
C. LankaBangla Asset management Company Limited									
Furniture & Fittings	505,400	-	-	505,400	15	151,620	75,810	-	227,430
Office Equipment	520,000	-	-	520,000	20	208,000	104,000	-	312,000
Sub Total (C):	1,025,400	-	-	1,025,400		359,620	179,810	-	539,430

Particulars	C O S T				D E P R E C I A T I O N				Written down value as at 31.12.2010	
	Balance as at 01.01.2010	Addition during the year	Sales/ Adjustment	Balance as at 31.12.2010	Rate %	Balance as at 01.01.2010	Charged during the year	Adjustment		Balance as at 31.12.2010
D. LankaBangla Securities Limited										
Building	9,642,000	70,834,150	-	80,476,150	2.50	212,200	1,115,852	-	1,328,052	79,148,098
Furniture & Fittings	2,779,275	2,581,524	-	5,360,799	10.00	578,898	407,004	-	985,902	4,374,897
Office Equipment	30,778,678	15,141,384	3,284,921	42,635,141	20.00	10,965,490	7,307,297	3,284,921	14,987,866	27,647,275
Office Renovation	24,102,853	15,063,730	-	39,166,583	20.00	8,358,459	6,326,944	-	14,685,403	24,481,180
Motor Vehicles	2,232,600	-	-	2,232,600	20.00	1,102,580	446,520	-	1,549,100	683,500
Motor Vehicles- Leased	17,090,987	7,059,600	-	24,150,587	20.00	5,749,370	4,021,157	-	9,770,527	14,380,060
Intangible Assets	1,129,117	50,000	-	1,179,117	33.33	376,372	393,039	-	769,411	409,706
Sub Total (D):	87,755,510	103,620,788	3,284,921	195,200,977		27,343,369	20,017,813	3,284,921	44,076,261	151,124,716
Ground Total (A+B+C+D):	220,847,087	133,685,377	29,719,740	331,922,324		128,383,200	36,628,518	28,092,941	136,918,777	195,003,547

LankaBangla Finance Limited and its Subsidiaries

A. LankaBangla Finance Limited

Sl. No.	Name of the Companies	Number of Shares	Average Cost Per Unit	Total Cost (Taka)	Closing Rate on December 2010	Market Price at the end of the Year	Unrealized Gain	Provision for loss
1	The Premier Bank Limited	10,000	65	649,019	64	644,000	-	(5,019)
2	Prime Finance & Investment Limited	50,000	482	24,084,561	466	23,295,000	-	(789,561)
3	Union Capital Limited	50,000	253	12,648,893	247	12,340,000	-	(308,893)
4	Midas Financing Limited	310,500	422	131,135,369	1,853	575,434,125	444,298,756	-
5	Agrani Insurance Company Limited	16,000	975	15,596,995	902	14,432,000	-	(1,164,995)
6	Continental Insurance Limited	5,000	1,183	5,915,702	1,105	5,525,000	-	(390,702)
7	Pragati Life Insurance Limited	2,500	4,218	10,544,474	4,287	10,717,500	173,026	-
8	Quasem Drycells	20,000	153	3,061,435	153	3,060,000	-	(1,434)
9	Beximco Pharmaceutics Limited	1,000,000	149	148,616,826	135	135,100,000	-	(13,516,826)
10	DBH First Mutual Fund	50,000	10	500,000	16	805,000	305,000	-
11	Green Delta Mutual Fund	1,000,000	10	10,000,000	14	13,600,000	3,600,000	-
12	ACI Formulations Limited	100,000	172	17,172,864	140	13,980,000	-	(3,192,864)
13	Advance Chemicals Industries Limited	47,500	412	19,552,624	373	17,698,500	-	(1,854,124)
14	ACI 20% Convertible Zero Coupon Bonds	50,000	749	37,430,000	774	38,675,000	1,245,000	-
15	BEXIMCO Limited	150,000	320	47,935,971	312	46,725,000	-	(1,210,971)
16	Delta Spinners Limited	18	100	1,800	693	12,479	10,679	-
17	RAK Ceramics (Bangladesh) Limited	187,618	42	7,797,916	172	32,195,249	24,397,333	-
18	BEXTEX Limited	40,000	76	3,021,033	76	3,052,000	30,967	-
	Sub Total (A):	3,089,136		495,665,532		947,290,852	474,060,760	(22,435,389)

LankaBangla Finance Limited and its Subsidiaries

B. LankaBangla Securities Limited

Sl. No.	Name of the Companies	Number of Shares	Average Cost Per Unit	Total Cost (Taka)	Closing Rate on December 2010	Market Price at the end of the Year	Unrealized Gain	Provision for loss
1	Heidelberg Cement BD Ltd	16,485	3,834	63,201,233	3,659	60,322,736	-	(2,878,497)
2	Lafarge Surma Cement Ltd	14,650	591	8,662,545	564	8,258,938	-	(403,607)
3	Estern Cables Limited	80,000	723	57,840,000	720	57,600,000	-	(240,000)
4	Rupali Bank Limited	6,660	1,995	13,285,420	1,737	11,565,090	-	(1,720,330)
5	Ocean Containers Limited	45	132	5,945	131	5,904	-	(41)
6	Midas Financing Limited	234,427	420	98,521,820	1,853	434,451,838	335,930,018	-
7	Rak Ceramics (BD) Limited	118	48	5,664	172	20,249	14,585	-
8	Janata bank 1st Mutual fund	50,000	10	500,000	11	550,000	50,000	-
9	Beximco Pharmaceuticals Ltd.	1,000,000	152	152,027,420	135	135,100,000	-	(16,927,420)
	Sub Total (B):	1,402,385		394,050,103		707,874,755	335,994,603	(22,169,895)
	Ground Total (A+B):	4,491,521		889,715,640	-	1,655,165,607	810,055,363	(44,605,895)

Audited
Financial Statements
of
LankaBangla
Securities Limited

Auditors' Report

Independent Auditors' Report to the Shareholders of LankaBangla Securities Limited

We have audited the accompanying Statement of Financial Position of the LankaBangla Securities Limited as on December 31, 2010 and the Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and Notes thereon related for the year 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) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs as at December 31, 2010 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 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;
- (c) The Company's Financial Statements dealt with by this report are in agreement with the books of account and returns from branches; and
- (d) The expenditure incurred and payments made were for the purpose of the company's business.

Dated: Dhaka
February 17, 2011


AHMAD & AKHTAR
Chartered Accountants

LankaBangla Securities Limited

Statement of Financial Position

As on December 31, 2010

	Notes	2010	2009
SOURCES OF FUNDS			
Share Capital	4	550,004,000	400,003,200
Share Premium	5	1,200,000,000	-
General Reserve	6	38,281,742	-
Retained Earnings		2,120,586,239	719,243,582
Fair Value Measurement Reserve	7	493,394,000	493,394,000
Shareholders Equity		4,402,265,981	1,612,640,782
Long Term Liabilities			
Deferred Liability-Employees' Gratuity	8	20,961,862	9,384,671
Lease Finance under Capital Obligation	9	8,813,518	7,106,644
Long Term Loan	10	389,574,538	383,308,812
		419,349,918	399,800,127
Total Capital Employed		4,821,615,899	2,012,440,909
APPLICATION OF FUNDS			
Non-Current Assets (A)			
Investment in Stock Exchange for Membership	11	510,000,000	510,000,000
Fixed Assets less Accumulated Depreciation	12	136,334,949	48,317,779
Lease Assets-Motor Vehicles	13	14,380,060	11,341,617
Intangible Asset	14	409,706	752,745
		661,124,715	570,412,141
Current Assets (B)			
Advances, Deposits and Prepayments	15	76,149,195	64,195,819
Investment in Securities	16	422,753,288	112,622,798
Receivable from Clients	17	3,828,174,164	1,313,637,435
Receivable from DSE & CSE	18	293,645,915	144,852,863
Accrued Interest		103,790	-
Deferred Tax Assets	26	13,490,327	-
Cash and Cash Equivalents	19	1,240,107,504	490,343,915
		5,874,424,181	2,125,652,830
Current Liabilities (C)			
Payable to Clients	20	974,130,464	453,152,394
Payable to DSE & CSE	21	9,229,034	42,721,875
Accrued Expenses	22	140,464,670	59,542,735
Other Liabilities	23	33,365,746	701,780
Short Term Loans	24	500,000,000	120,000,000
Provision for Current Tax	25	56,743,084	7,505,278
		1,713,932,998	683,624,062
Net Current Assets (D)=(B-C)		4,160,491,183	1,442,028,768
Total Assets (E)=(A+D)		4,821,615,899	2,012,440,909

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



Chairman



Director & CEO



Company Secretary

This is the Statement of Financial Position referred to in our report of even date.

Dated, Dhaka;
February 17, 2011



AHMAD & AKHTAR
Chartered Accountants

LankaBangla Securities Limited

Statement of Comprehensive Income

For the year ended December 31, 2010

	Notes	2010	2009
Operating Income:			
Revenue from brokerage	27	1,886,933,339	842,737,817
Capital gain from investment in share	28	86,382,426	9,922,093
Interest income	29	69,194,921	19,323,043
Other operating income	30	54,274,751	5,853,450
Total Operating Income		2,096,785,437	877,836,404
Less: Operating & Other Expenses			
Operating expenses	31	137,339,716	107,316,949
Direct charges	33	126,228,586	72,247,008
Total Operating & Other Expenses		263,568,302	179,563,957
Operating Profit before Provision		1,833,217,135	698,272,446
Less: Provision for Loan, Advances and Investment			
Provision for diminuation in value of investment	23.01	22,169,895	-
Other provisions		-	-
Total Provision for Loan, Advances and Investment		22,169,895	-
Operating Profit before Taxation		1,811,047,240	698,272,446
Less: Provision for Tax			
Current tax	25	284,912,368	60,120,000
Deferred tax expense/(income)	26	(4,451,185)	-
Total Provision for Tax		280,461,183	60,120,000
Net Profit after Taxation		1,530,586,057	638,152,446
Other comprehensive income		-	-
Total comprehensive income		1,530,586,057	638,152,446
Profit for the period attributable to:			
Owners of the parent		1,391,415,304	638,139,779
Non-controlling interests		139,170,753	12,667
		1,530,586,057	638,152,446
Total Comprehensive income for the period attributable to:			
Owners of the parent		1,391,415,304	638,139,779
Non-controlling interests		139,170,753	12,667
		1,530,586,057	638,152,446
Appropriation			
Retained Surplus brought forward	34	728,282,724	328,094,336
General Reserve		(38,281,742)	-
Interim Dividend		-	(155,203,200)
Stock Dividend for last year		(100,000,800)	(91,800,000)
		590,000,182	81,091,136
Retained Earnings Carried forward		2,120,586,239	719,243,582
Earnings per Share (EPS)	35	28.99	12.09

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



Chairman



Director & CEO



Company Secretary

This is the Statement of Comprehensive Income referred to in our report of even date.

Dated, Dhaka;
February 17, 2011



AHMAD & AKHTAR
Chartered Accountants

LankaBangla Securities Limited

Statement of Changes in Equity

For the year ended December 31, 2010

Particulars	Share Capital	Share Premium	General Reserve	Fair Value Measurement Reserve	Retained Earnings	Total
Balance at January 01, 2010	400,003,200	-	-	493,394,000	719,243,582	1,612,640,782
Adjustment for Deferred Tax Asset 2009	-	-	-	-	9,039,142	9,039,142
Changes during the year 2010						
Net Profit for the year 2010	-	-	-	-	1,530,586,057	1,530,586,057
Bonus Share for the year 2009	100,000,800	-	-	-	(100,000,800)	-
Share Issue	50,000,000	-	-	-	-	50,000,000
Share Premium	-	1,200,000,000	-	-	-	1,200,000,000
General Reserve	-	-	38,281,742	-	(38,281,742)	-
Net Changes in year 2010	150,000,800	1,200,000,000	38,281,742	-	1,392,303,515	2,780,586,057
Balance at December 31, 2010	550,004,000	1,200,000,000	-	493,394,000	2,120,586,239	4,402,265,981
Balance at January 01, 2009	153,000,000	-	-	-	328,094,336	481,094,336
Changes during the year 2009						
Net Profit for the year 2009	-	-	-	-	638,152,446	638,152,446
Bonus Share for the year 2008	91,800,000	-	-	-	(91,800,000)	-
Interim Dividend	155,203,200	-	-	-	(155,203,200)	-
Surplus of fair value of Investment for Membership	-	-	-	493,394,000	-	493,394,000
Net Changes in year 2009	247,003,200	-	-	493,394,000	391,149,246	1,131,546,446
Balance at December 31, 2009	400,003,200	-	-	493,394,000	719,243,582	1,612,640,782



Chairman



Director & CEO



Company Secretary



AHMAD & AKHTAR
Chartered Accountants

This is the Statement of Changes in equity referred to in our report of even date.

Dated, Dhaka;

February 17, 2011

LankaBangla Securities Limited

Statement of Cash Flows

For the year ended December 31, 2010

	2010	2009
Cash Flows from Operating Activities		
Receipts from operational revenue	1,886,933,339	842,737,817
Direct charges	(126,228,586)	(72,247,008)
(Increase)/Decrease in operating assets	(160,746,428)	59,779,333
Increase/(Decrease) in operating liabilities	(33,492,841)	18,992,320
Gratuity Payment	(873,400)	(388,140)
Non-operating Income	395,113,216	144,220,455
Operating Expenses	(95,282,482)	(80,142,119)
Other Expenses	(142,923,721)	(58,033,949)
Net Cash generated from Operating Activities	1,722,499,098	854,918,709
Other Operating Activities		
Interest Payment	(116,723,929)	(64,775,440)
Interest Income	69,091,132	19,323,043
Income Tax paid	(235,674,562)	(57,046,306)
	(283,307,359)	(102,498,703)
Net cash from operating activities	1,439,191,739	752,420,006
Cash Flows from Investing Activities		
Investment in Shares	(309,494,129)	(112,613,412)
Capital gain from investment in share	86,382,426	9,922,093
Sale of Fixed Assets	-	337,170
Leased Assets	(5,352,726)	(2,515,333)
Acquisition of software	(50,000)	(1,129,117)
Acquisition of fixed assets	(103,620,788)	(20,358,159)
Net Cash used by Investing Activities	(332,135,217)	(126,356,758)
Cash Flows from Financing Activities		
Long Term Loan from Bank & Other Institutions	110,000,000	422,365,166
Repayment of Loan	(103,734,274)	(149,911,017)
Issuance of Shares (Pre-IPO)	50,000,000	-
Share Premium	1,200,000,000	-
(Increase)/Decrease debit balance to clients	(2,514,536,729)	(908,177,057)
Increase/(Decrease) credit balance to clients	520,978,070	22,693,428
Short term Loan	380,000,000	74,756,199
Net Cash used by Financing Activities	(357,292,933)	(538,273,281)
Net Increased in Cash and Cash Equivalents	749,763,589	87,789,968
Cash & Cash Equivalent as on January 01, 2010	490,343,915	402,553,947
Cash & Cash Equivalent as on December 31, 2010	1,240,107,504	490,343,915

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



Chairman



Director & CEO



Company Secretary



AHMAD & AKHTAR
Chartered Accountants

Dated, Dhaka;
February 17, 2011

Notes to the Financial Statements

1.00 Company and its activities

1.01 Legal status of the company

LankaBangla Securities Limited (here in after referred as “LBSL” or “the Company”) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vides registration no. C-33276(22)/97 dated July 03, 1997 as a Private Company Limited by Shares namely: Vanik (BD) Securities Limited, subsequently the company renamed as LankaBangla Securities Limited on April 27, 2005. On March 02, 2010 the Company was emerged as a Public Limited Company with its registered office at Safura Tower, 11th Floor, 20 Kemal Ataturk Avenue, Banani, Dhaka. The Company was entitled to commence its business from July 03, 1997 and the Company is a subsidiary of Lanka Bangla Finance Limited, a Non Banking Financial Institution incorporated in Bangladesh under Bangladesh Bank.

1.02 Principal activities of the company

The principal activities of the company are to act as a member of Dhaka Stock Exchanges Ltd. and Chittagong Stock Exchange 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 nine branches in Bangladesh namely Dhaka-Principal, Banani, Islampur, Chittagong-Khatungonj, Nasirabad, Agrabad, Sylhet-Sylhet, Comilla-Comilla and Narayangonj-Narayangonj Branch.

2.00 Basis of preparation and Significant Accounting Policies

2.01 Components of the financial statements

The financial statements referred to here comprise:

- a) Statement of Financial Position;
- b) Statement of Comprehensive Income;
- c) Statement of Changes in Equity;
- d) Statement of Cash Flows; and
- e) Notes to the Financial Statements.

2.02 Statement of compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in according with the Companies Act 1994, Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Financial Reporting Standards (BFRS's) including Bangladesh Accounting Standards (BASs) and other applicable laws and regulations.

2.03 Basis of measurement

The financial statements have been prepared based on historical cost basis, except Investment for Membership in Dhaka Stock Exchange and Chittagong Stock Exchange which have been re-measured at fair value. No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

2.04 Date of authorization

The Board of Directors has authorized these financial statements for issue on 15 February 2011.

2.05 Presentation and functional currency and level of precision

The financial statements have been presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest integer.

2.06 Use of estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

Provisions and accrued expenses are recognized in the financial statements in line with the Bangladesh Accounting Standard (BAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when

- the Company has a legal or constructive obligation as a result of past event.
- it is probable that an outflow of economic benefit will be required to settle the obligation.
- a reliable estimate can be made of the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

2.07 Going concern

The Company has adequate resources to continue in operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.08 Materiality and aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.09 Property and equipment

i) Recognition and measurement

Freehold Assets

The cost of an item of property and equipment is recognized as an asset if, it is probable that the future economic benefits associated with the item will flow to the company and the cost of item can be measured reliably.

Property and equipment are stated at cost less accumulated depreciation. Cost represents the cost of acquisition includes purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use as per Bangladesh Accounting Standard (BAS) 16 "Property, Plant and Equipment".

Leasehold assets

Leasehold assets of which the Company assumes substantially all the risks and rewards of ownership are accounted for as finance leases and capitalized at the inception of the lease at fair value of the leased property or at the present value of the minimum lease payment, which ever is lower as per Bangladesh Accounting Standard (BAS) 17 "Leases". The corresponding obligation under the lease is accounted for as liability.

ii) Subsequent expenditure on property and equipment

Subsequent expenditure is capitalised only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

iii) Depreciation

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 is charged in the year in which the related assets are put into use and disposed off irrespective of the date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Comprehensive Income Statement.

2.10 Intangible assets and amortization of intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is expensed as incurred.

2.11 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.

2.12 Investment in securities

Investment in marketable ordinary shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis. Investment in non-marketable shares has been valued at cost.

Full provision for diminution in value of shares as on closing of the year on an individual basis has been made in the account.

2.13 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits held with banks and financial institutions and short term liquid investments that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Cash flow statement has been prepared in accordance with the Bangladesh Accounting Standards (BAS) 7, "Cash flow statement" under direct method.

2.14 Provision for tax

Current tax

Provision for current tax is made in accordance with the provision of Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

Deferred tax

Deferred tax is calculated as per Bangladesh Accounting Standard (BAS) 12 "Income Taxes". Deferred tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences.

Deferred tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

2.15 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 and in accordance with the Bangladesh Accounting Standard (BAS) 18 "Revenue Recognition":

a. Brokerage commission

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

b. Interest income from margin loan

Interest Income from margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective parties. Income is recognized on monthly basis.

c. Dividend income and profit/(loss) on sale of marketable securities

Dividend income is recognized when right to receive payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

2.16 Earnings per share

The Company calculates earnings per share in accordance with Bangladesh Accounting Standard (BAS) 33 "Earning Per Share" which has been shown in the face of the Profit and Loss Account.

2.17 General reserve

The Board of LankaBangla Securities has decided to create a general reserve by 1% on outstanding margin loan provided to the client against marketable securities. Add or adjustment with general reserve will depend on size of outstanding margin loan for the respective year.

2.18 Employee benefit Obligation

a. Defined contribution plan

The Company operates a contributory provident fund for its permanent employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is funded by the equal contribution both by the Company and employees at a predetermined rate. This fund is invested separately from the Company's assets and is audited by an external auditor.

b. Defined benefit plan (Gratuity scheme)

The Company has a funded gratuity scheme for all eligible employees who have completed minimum 02 (two) years of confirmed service with the Company. Required amount of gratuity is calculated on the basis of last basic pay depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the respective financial year. This scheme is approved by the National Board of Revenue (NBR) and administered by an independent Board of Trustees.

Following benefits are payable on retirement, death or leaving service:

Year of confirmed service	% of entitlement
2 years and above but less than 4 years	50% of last basic salary
4 years and above but less than 6 years	100% of last basic salary
6 years and above	150% of last basic salary

2.19 Related party disclosure

As per Bangladesh Accounting Standards (BAS)-24 "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

Related party disclosures have been given in note 38.

2.20 Proposed dividend

Proposed dividend has not been recognised as a liability in the balance sheet in accordance with Bangladesh Accounting Standards (BAS)-10 "Event after the Balance Sheet Date".

2.21 Reclassifications

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged/ restated/reclassified whenever considered necessary to conform to current period's presentation.

2.22 Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Company's positions at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are non-adjusting events are disclosed in note-36.

2.23 Branch accounting

The Company has 8 number of Branch offices (excluding Head Office), with no overseas branch as on 31 December, 2010. Accounts of the branches are maintained at the head offices which are included in the accompanying financial statements.

3.00 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

4.00 Share Capital

Authorised Capital

100,000,000 ordinary shares of Taka 10 each

Issued, Subscribed and Paid-up Capital

50,000,400 ordinary shares of Taka 10 each fully paid
(2009: 40,000,320 ordinary shares of Tk. 10 each fully paid)

5,000,000 ordinary shares of Tk.10 each fully paid at June 2010

Total

Detail of Shareholding Position of the Company

		Amount in Taka	
		2010	2009
Authorised Capital		1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-up Capital		550,004,000	400,003,200
50,000,400 ordinary shares of Taka 10 each fully paid (2009: 40,000,320 ordinary shares of Tk. 10 each fully paid)		500,004,000	400,003,200
5,000,000 ordinary shares of Tk.10 each fully paid at June 2010		50,000,000	-
Total		550,004,000	400,003,200
Detail of Shareholding Position of the Company			
Name of the Sponsor & Directors Shareholders	No. of Shares		
LankaBangla Finance Ltd.	49,999,409	499,994,090	399,995,260
Mr. Mohammad A. Moyeen	150,001	1,500,010	10
Mr Mahbubul Anam	150,491	1,504,910	3,930
Mr Khondoker Monir Uddin	496	4,960	3,970
Mrs. Aneesha Mahial Kundanmal	1	10	10
Mr. Mohammed Nasiruddin Chowdhury	16,001	160,010	10
Mr. Mafizuddin Sarker	1	10	10
	50,316,400	503,164,000	400,003,200
Private Placement Shareholders	4,684,000	46,840,000	-
Total	55,000,400	550,004,000	400,003,200

4.01 Private Placement of Shares:

Equity supported extended by 'AAA Consultants & Financial Advisers Ltd.' as issues manager through private placement considering final consent from Securities and Exchange Commission vide their consent letter SEC/Ci/CPLC-221/2010-492 dated on May 13, 2010.

In view of the above, the management of the company have availed the equity support under private placement and made allotment of 50,000,000 ordinary shares of Tk. 10/= each at an issue price of Tk. 250/= each (issuance of capital for Tk. 500,000,000) dated on 10 June 2010. All required documents including the return of allotment (for-XV) have duly been filed to the office of the register of joint stock companies & Firm, Dhaka Bangladesh.

5.00 Share Premium

Premium amount received against issue of 5,000,000

shares @ 240 per share in 2010.

1,200,000,000	-
1,200,000,000	-

6.00 General Reserve

Balance as on 01 January

Add: Addition during the year

Less: Adjustment during the year

Balance at 31 December

-	-
38,281,742	-
38,281,742	-
-	-
38,281,742	-

The Board of LankaBangla Securities has decided to create a general reserve by 1% on outstanding margin loan provided to the client against marketable securities. Add or adjustment with general reserve will depend on size of outstanding margin loan for the respective year. Margin loan is Tk. 3,828,174,164.00 as on December 31, 2010.

7.00 Fair Value Measurement Reserve

Investment for Membership (i) Dhaka Stock Exchange Ltd.

Investment as Membership of Dhaka Stock Exchange
Sub-total

(ii) Chittagong Stock Exchange Ltd.:

Investment as Membership of Chittagong Stock Exchange
Sub-total
Total (i+ii)

Amount in Taka	
2010	2009
Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)
338,394,000	338,394,000
338,394,000	338,394,000
Fair Value Measurement Reserve (Tk.)	Fair Value Measurement Reserve (Tk.)
155,000,000	155,000,000
155,000,000	155,000,000
493,394,000	493,394,000

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.

8.00 Deffered Liability - Employees' Gratuity

Balance as on 01 January
Add: Addition during the year

Less: Paid during the year
Balance at 31 December

9,384,671	6,717,725
12,450,591	3,055,086
21,835,262	9,772,811
873,400	388,140
20,961,862	9,384,671

9.00 Lease Finance Under Capital Obligation

Balance as on 01 January
Add: Addition during the year

Less: Paid during the year
Balance at 31 December

7,106,644	4,267,090
6,300,000	5,890,000
13,406,644	10,157,090
4,593,126	3,050,446
8,813,518	7,106,644

10.00 Long Term Loan

Balance as on 01 January
Add: Drawdown during the year

Less: Repayment during the year

383,308,812	110,854,663
110,000,000	422,365,166
493,308,812	533,219,829
103,734,274	149,911,017
389,574,538	383,308,812

	Amount in Taka	
	2010	2009
Detail of the above balance is presented below:		
LankaBangla Finance Limited	25,452,126	32,000,000
International Leasing Financial Services Ltd.	39,166,777	53,376,021
International Leasing Financial Services Ltd. 2	38,167,797	46,097,251
International Leasing Financial Services Ltd. 3	47,031,157	-
Midas Financing Limited	58,325,130	83,333,336
Midas Financing Limited 2	75,000,004	100,000,000
Midas Financing Limited 3	58,750,000	-
National Bank Limited	47,681,547	68,502,204
	389,574,538	383,308,812
11.00 Investment in Stock Exchanges for Membership		
Dhaka Stock Exchange Limited - Membership	350,000,000	350,000,000
Chittagong Stock Exchange Limited - Membership	160,000,000	160,000,000
	510,000,000	510,000,000
12.00 Fixed Assets Less Accumulated Depreciation		
Cost:		
Opening balance	69,535,406	56,761,607
Add: Addition during the year	103,620,788	20,358,159
	173,156,194	77,119,766
Less: Disposal during the year	3,284,921	7,584,360
	169,871,273	69,535,406
Less: Accumulated depreciation:		
Opening balance	21,217,627	17,240,289
Add: Charged during the year	15,603,618	10,820,346
	36,821,245	28,060,635
Less: Adjustment	3,284,921	6,843,008
	33,536,324	21,217,627
Written down value	136,334,949	48,317,779
A schedule of fixed assets is given in Annexure-A		
13.00 Lease Assets-Motor Vehicles		
Cost		
Balance as on 01 January	17,090,987	11,736,100
Addition during the year	7,059,600	5,354,887
	24,150,587	17,090,987
Less: Accumulated Depreciation:		
Balance as on 01 January	5,749,370	2,800,731
Charged during the year	4,021,157	2,948,639
Accumulated depreciation	9,770,527	5,749,370
Written Down Value as at 31 December	14,380,060	11,341,617
14.00 Intangible Asset (Software)		
Balance as at 1st January	752,745	-
Add: Addition during the year	50,000	1,129,117
	802,745	1,129,117
Less: Amortization off during the year	393,039	376,372
Balance as at 31 December	409,706	752,745

15.00 Advances, Deposits and Prepayments

Amount in Taka

Advances

	2010	2009
Office rent	9,127,891	12,338,781
Advance to employees	-	1,700,000
Advance for new branch opening	8,453,143	-
Advance for corporate guarantee charge	15,485,655	7,245,535
Advance against expenses	510,334	677,764
	33,577,023	21,962,080

Deposits

Telephone & telegraph board	-	238,000
Clearing house	25,000	25,000
PCS Bangladesh (Pvt.) Ltd.	64,000	-
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	40,000,000
Dhaka stock exchange for PABX	-	10,000
Deposit with DSE	-	1,600
	40,441,500	40,627,100

Prepayments

Group and health insurance	1,493,571	1,333,987
Insurance for office equipment	303,385	114,033
Insurance for motor vehicle	333,716	158,619
	2,130,672	1,606,639
	76,149,195	64,195,819

16.00 Investment in Securities

Invest in un-listed securities (16.01)	28,703,180	6,500,000
Invest in listed securities (16.02)	394,050,108	106,122,798
	422,753,288	112,622,798

16.01 Investment in unlisted securities

Particulars	No. of Shares	Cost Price	Market Price
Information Technology Consultants Limited	500,000	5,000,000	N/A
Envoy Textile Limited	253,000	5,819,000	N/A
Financial Excellence Limited	150,000	1,500,000	N/A
Aamra Technologies Limited	140,000	5,250,000	N/A
GBB Power Limited	20,000	1,400,000	N/A
MI Cement Factory Limited	32,338	3,608,920	N/A
MJL Bangladesh Limited	40,192	6,125,260	N/A
		28,703,180	

16.02 Investment in listed securities

Particulars	No. of Shares	Cost Price	Market Price As on 31 Dec'10	Unrealise Gain/(Loss)
Heidelberg Cement BD Ltd	16,485	63,201,233	60,322,736	(2,878,497)
Lafarge Surma Cement Ltd	14,650	8,662,545	8,258,938	(403,608)
Eastern Cables Limited	80,000	57,840,000	57,600,000	(240,000)
Rupali Bank Limited	6,660	13,285,420	11,565,090	(1,720,330)
Ocean Containers Limited	45	5,945	5,904	(41)
Midas Financing Limited	234,427	98,521,881	434,451,838	335,929,957
RAK Ceramics (BD) Limited	118	5,664	20,249	14,585
Janata Bank 1st Mutual Fund	50,000	500,000	550,000	50,000
Beximco Pharma Limited	1,000,000	152,027,420	135,100,000	(16,927,420)
		394,050,108	707,874,754	313,824,647

		Amount in Taka	
		2010	2009
17.00	Receivable from Clients		
	LankaBangla Finance Ltd. - IP Account	106,719,314	22,214,333
	Other clients (17.01)	3,721,454,850	1,291,423,102
		3,828,174,164	1,313,637,435
17.01	Other Clients		
	Other clients includes receivable from share trading.		
18.00	Receivable from DSE & CSE		
	ABG&N	6,903,170	-
	ABG&N	18,027,080	-
	ABG&N	83,455,255	-
	ABG&N (Spot)	18,594,220	-
	Z	65,990,523	15,036,801
	Z	720,600	18,559,890
	Z	2,822,963	11,328,749
	Z	1,316,800	2,951,523
	Z	22,890,000	2,676,178
	Z	1,658,035	4,537,340
	Z	667,750	2,539,520
	Z	-	6,398,345
	Z	-	2,710,020
	Total DSE	223,046,395	66,738,365
	ABG&N	12,038,824	14,587,601
	ABG&N	20,981,969	46,215,580
	ABG&N	32,628,967	-
	ABG&N (Spot)	4,949,760	-
	Z	-	3,391,663
	Z	-	1,923,494
	Z	-	1,556,626
	Z	-	1,625,481
	Z	-	2,500,333
	Z	-	2,109,347
	Z	-	723,687
	Z	-	2,532,549
	Z	-	948,137
	Total CSE	70,599,520	78,114,498
	Grand Total DSE & CSE	293,645,915	144,852,863
19.00	Cash and Cash Equivalents		
	Cash in hand	77,122	33,108
	Cash at bank (19.01)	1,240,030,382	490,310,807
		1,240,107,504	490,343,915
19.01	Cash at Bank		
	Standard Chartered Bank	3,907,003	455,236,886
	BRAC Bank Limited	44,269,171	673,168
	ONE Bank Limited	1,166,836,962	3,915,038
	Dutch-Bangla Bank Limited	1,796,829	853,995
	Hongkong and Shanghai Corporation Ltd.	9,599,047	27,547,787
	Trust Bank Limited	942	942
	Prime Bank Limited	1	617,367
	Commercial Bank of Ceylon	13,620,427	-
	FDR with BRAC Bank Ltd.	-	1,465,624
		1,240,030,382	490,310,807

		Amount in Taka	
		2010	2009
20.00	Payable to Clients		
	IDLC of Bangladesh Ltd	50,363,538	19,725,199
	Other clients (20.01)	923,766,926	433,427,195
		974,130,464	453,152,394
20.01	Other Clients		
	Other clients includes payable from share trading.		
21.00	Payable to DSE & CSE		
	ABG&N	6,671,027	41,074,255
	Z	2,558,007	1,297,415
	Total DSE	9,229,034	42,371,670
	ABG&N	-	-
	Z	-	350,205
	Total CSE	-	350,205
	Grand Total DSE & CSE	9,229,034	42,721,875
22.00	Accrued Expenses		
	Telephone bill	21,502	39,241
	Mobile bill	10,763	9,000
	Incentive	123,785,670	50,902,718
	Office rent	966,750	-
	Electricity bill	221,158	235,412
	Newspaper	3,018	1,174
	WASA bill	25,340	49,420
	Water charges	56,491	38,155
	Audit fee	60,000	50,000
	Land rent	23,188	10,912
	Office maintenance	273,440	124,267
	Overtime for casual employees	49,579	29,258
	Professional Fees	20,000	100,000
	Printing & stationeries	108,937	1,554,336
	Investor protection fund	-	37,944
	CDBL charges	14,838,834	6,360,898
		140,464,670	59,542,735
23.00	Other Liabilities		
	Provident fund	(14,400)	-
	Interest on short term loan	9,627,024	-
	LankaBangla Finance Ltd.	636,361	-
	Tax deducted at source from salary	16,664	391
	Tax and VAT deducted at source	22,928	-
	Provision for diminuation in value of investment (Note: 23.01)	22,169,895	-
	Other liabilities	907,274	701,389
		33,365,746	701,780

		Amount in Taka	
		2010	2009
23.01	Provision for Diminuation in Value of Investment		
	Provision as on 1 January	-	-
	Add: Provision made during the year (Note: 23.02)	22,169,895	-
		22,169,895	-
23.02	Allocation of Provision in Value of Investment		
	Listed Securities	22,169,895	-
	Unlisted Securities	-	-
		22,169,895	-
24.00	Short Term Loan/Term Loan		
	Balance on 1 January	120,000,000	45,243,801
	Loan taken during the year	1,150,000,000	540,000,000
		1,270,000,000	585,243,801
	Re-scheduled/repayment during the year	770,000,000	465,243,801
		500,000,000	120,000,000
	Detail of the above balance is presented below:		
	LankaBangla Finance Limited	300,000,000	120,000,000
	Phoenix Finance & Investment Limited	200,000,000	-
		500,000,000	120,000,000
25.00	Provision for Current Tax		
	Opening Balance	7,505,278	4,431,584
	Add: Provision during the year	284,912,368	60,120,000
		292,417,646	64,551,584
	Less: Paid during the year	8,688,238	4,428,283
	Advance tax deducted at source	7,073,956	1,941,849
	Tax deducted at source on turnover (25.01)	219,912,368	50,676,174
		235,674,562	57,046,306
		56,743,084	7,505,278
25.01	Tax Deducted at Source on Turnover		

As per section 82(c) of Income Tax Ordinance 1984, the company provide Income Tax Tk. 219,912,368 against turnover tax applying rate of 0.050% during the year ended 31 December 2010

26.00 Deferred Tax

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets/liabilities and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS) 12 "Income Taxes".

Particulars	Carrying Amount at Balance Sheet Taka	Tax Base Taka	Taxable/Deductible Temporary Difference Taka
Assets:			
Fixed assets net of depreciation	136,334,949	151,347,292	(15,012,343)
Liabilities:			
Provision for Gratuity	20,961,862	-	(20,961,862)
Total	157,296,811	151,347,292	(35,974,205)
Applicable Tax Rate			37.5%
Deferred Tax Assets as on 31 December 2010			13,490,327
Deferred Tax Assets as on 01 January			9,039,142
Deferred tax income accounted for during the year			4,451,185

27.00 Revenue from Brokerage

	Amount in Taka	
	2010	2009
DSE	1,652,225,916	681,202,574
CSE	234,707,423	161,535,243
	1,886,933,339	842,737,817

28.00 Capital Gain from Investment in Share

Sales price of shares invested in different companies	1,372,065,545	93,855,743
Cost price of shares invested in different companies	1,285,683,119	83,933,650
	86,382,426	9,922,093

29.00 Interest Income

Interest on Bank Deposit

Standard Chartered Bank	15,010,644	17,916,322
BRAC Bank Limited	1,879,408	108,157
ONE Bank Limited	51,641,368	898,821
Dutch-Bangla Bank Limited	163,969	72,077
Hong Kong & Shanghai Banking Corporation	352,443	56,948
Commercial Bank of Ceylon	147,088	-
Interest on FDR- Trust Bank Ltd	-	100,000
Interest on FDR- ONE Bank Ltd.	-	10,000
Interest on FDR- BRAC Bank Ltd.	-	160,719
	69,194,921	19,323,043

30.00 Other Operating Income

Service charge from clients for CDBL	43,619,002	19,363,701
Sale of beneficiary owner accounts (BO) form	3,134,300	1,357,600
	46,753,302	20,721,301
Less: Service charge paid to CDBL	117,835,409	58,697,665
Net Income from CDBL	(71,082,107)	(37,976,364)
Interest on debit balance of clients	456,979,505	177,052,549
Less: Interest Expenses	126,350,953	56,880,100
Net Interest Income Debit Balance of clients	330,628,552	120,172,449
Excess provision in last year	737,882	203,853
Sale of scrap	-	98,753
	737,882	302,606
Total Other Operating Income	260,284,327	82,498,691
Less: Other operating expenses	206,009,576	76,645,241
	54,274,751	5,853,450

(Note: 32.00)

31.00 Operating Expenses

Salaries and allowances

P.F.Contribution

Gratuity

Incentive

Office rent

Telephone bill

Mobile bill

Electricity bill

Printing and stationery

Entertainment

Car maintenance

Traveling and conveyance

Interest on lease finance

Postage and courier

Newspaper and periodicals

License and renewal

Office maintenance

Repairs and maintenance

WASA bill

Water charges

Fuel

Insurance premium

Advertisement

Bank charges

Loan processing fee

Networking charge

Audit fee

Board meeting fees

Legal and professional expenses

Business promotional expenses

Training expenses

Uniform

Depriciation on fixed assets

Depriciation on leased assets

Amortization of intangible assets(software)

Software maintenance fee

Loss on disposal of fixed assets

Corporate guarantee charge

IPO related expenses

Subscriptions

Guest house rent

Guest house maintenance

Amount in Taka

2010

2009

37,621,107 32,173,518

1,762,139 1,329,483

4,980,236 1,771,950

49,514,268 29,523,576

5,188,363 4,909,148

174,040 161,816

973,844 832,834

1,042,809 1,064,181

2,574,332 3,253,793

1,965,924 1,857,126

1,721,433 1,638,528

266,663 367,759

502,806 545,101

67,781 77,153

36,302 45,902

1,133,076 1,043,668

3,002,726 2,526,641

1,162,332 846,389

39,399 29,927

227,267 245,736

355,182 349,203

1,037,453 835,385

260,962 107,764

205,654 310,062

389,938 -

2,433,339 1,327,186

24,000 26,000

152,000 145,000

1,207,490 668,190

2,377,110 3,809,593

661,236 413,654

55,004 71,244

6,241,447 6,273,335

1,608,462 1,710,210

157,216 218,296

103,100 -

- 404,182

5,504,156 5,164,589

344,142 -

264,977 156,474

- 390,000

- 692,353

137,339,716

107,316,949

32.00 Other Operating Expenses

	Amount in Taka	
	2010	2009
Salaries and allowances	56,431,661	23,298,065
P.F.Contribution	2,643,209	962,729
Gratuity	7,470,355	1,283,136
Incentive	74,271,402	21,379,142
Office rent	7,782,544	3,554,900
Telephone bill	261,060	117,177
Mobile bill	1,460,767	603,087
Electricity bill	1,564,214	770,614
Printing and stationery	3,861,499	2,356,195
Entertainment	2,948,885	1,344,815
Car maintenance	2,582,150	1,186,521
Traveling and conveyance	399,995	266,309
Interest on lease finance	754,209	394,728
Postage and courier	101,672	55,869
Newspaper and periodicals	54,452	33,239
License and renewal	1,699,614	755,760
Office maintenance	4,504,090	1,829,637
Repairs and maintenance	1,743,498	612,903
WASA bill	59,098	21,671
Water charges	340,900	177,946
Fuel	532,774	252,871
Insurance premium	1,556,179	604,934
Advertisement	391,443	78,036
Bank charges	308,481	224,528
Loan processing fee	584,907	-
Networking charge	3,650,009	961,066
Audit fee	36,000	24,000
Board meeting fees	228,000	105,000
Legal and professional expenses	1,811,235	483,862
Business promotional expenses	3,565,665	2,758,670
Training expenses	991,854	299,542
Uniform	82,506	51,591
Depriciation on fixed assets	9,362,171	4,547,011
Depriciation on leased assets	2,412,694	1,238,428
Amortization of intangible assets(software)	235,823	158,076
Software maintenance fee	154,650	-
Corporate guarantee charge	8,256,234	3,739,875
IPO related expenses	516,213	-
Subscriptions	397,465	113,308
	206,009,576	76,645,241

	Amount in Taka	
	2010	2009
33.00 Direct Charges		
Hawla charges	13,118,675	11,694,363
Laga charges	113,109,911	60,552,645
	126,228,586	72,247,008

34.00 Retained Surplus brought forward

Balance at 1 January	719,243,582	-
Adjustment for def. tax*	9,039,142	-
Restated/Adjusted retained surplus	728,282,724	-

* Due to adoption of the policy on Deferred Tax as per BAS 12 "Income Tax" the opening balance of the affected component of equity for the earliest prior period presented has been adjusted/restated as per BAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

35.00 Earnings per Share (EPS):

Net profit after Tax	1,530,586,057	638,152,446
Number of Ordinary Shares Outstanding (Note: 35.01)	52,792,067	52,792,067
Earnings Per Share (EPS)	28.99	12.09

Earnings per Share has been calculated in accordance with BAS-33: "Earnings Per Share (EPS)".

*** Previous year's EPS has been restated by the current year's outstanding shares

35.01 Number of Ordinary Shares Outstanding

Balance on 1 January	40,000,320	15,300,000
Bonus Issued on 03 March 2010	10,000,080	9,180,000
Ordinary share Issued on 10 June 2010	2,791,667	-
No. of Shares issued 5,000,000 weighted {5,000,000*(201/360)}	52,792,067	24,480,000

36.00 Events after the Balance Sheet Date

The Board of Directors at the 60th Board Meeting held on February 15, 2011, recommended to the shareholders a stock dividend (bonus shares) in the ratio of @ 75% i.e. three bonus share for every four fully paid shares (3:4) of Tk 10 each (amounting to Tk 412,503,000.00). This will be considered for approval by the shareholders at the 15th Annual General Meeting (AGM).

37.00 Number of Employees

The Company paid an aggregate amount of more than Taka 36,000 p.a. to 206 employees and more than Taka 3,000 per month to 206 employees who were in employment for full year or part of the year.

38.00 Related Party Disclosure

During the year the Company carried out a number of transactions with related parties in the normal course of business on arm's length bases. Name of those related parties, nature of those transaction and their total value have been shown below in accordance with the provisions of BAS 24 "Related Party Disclosure"

Name of the Party	Relationship	Nature of Transaction	Transaction			
			Opening balance	Addition	Adjustment	Closing balance
LankaBangla Finance Ltd.	Sponsor Shareholder	Long Term Loan	(32,000,000)	-	6,547,874	(25,452,126)
LankaBangla Finance Ltd.	Sponsor Shareholder	Short Term Loan	(120,000,000)	(180,000,000)	-	(300,000,000)
LankaBangla Finance Ltd.	Sponsor Shareholder	Interest	-	(9,627,024)	-	(9,627,024)
LankaBangla Finance Ltd.	Sponsor Shareholder	IP Accounts	22,214,333	83,868,620	-	106,082,953
LankaBangla Finance Ltd.	Sponsor Shareholder	Lease	(7,106,644)	(1,706,874)	-	(8,813,518)

LankaBangla Securities Limited

Schedule of Fixed Assets

For the year ended December 31, 2010

Annexure-A

Particulars	COST			"Rate of Depreciation"	DEPRECIATION			Written Down Value at 31 December 2010		
	Balance on 1 January 2010	Additions during the period	Disposal during the period		Balance at 31 December 2010	Charged during the period	Disposal during the period		Balance at 31 December 2010	
	Taka	Taka	Taka		Taka	Taka	Taka		Taka	
Building	9,642,000	70,834,150	-	80,476,150	2.5%	212,200	1,115,852	-	1,328,052	79,148,098
Furniture & Fixtures	2,779,275	2,581,524	-	5,360,799	10%	578,898	407,004	-	985,902	4,374,897
Office Equipment	30,778,678	15,141,384	3,284,921	42,635,141	20%	10,965,490	7,307,297	3,284,921	14,987,866	27,647,275
Office Renovation	24,102,853	15,063,730	-	39,166,583	20%	8,358,459	6,326,944	-	14,685,403	24,481,180
Motor Vehicle	2,232,600	-	-	2,232,600	20%	1,102,580	446,520	-	1,549,100	683,500
Total 2010	69,535,406	103,620,788	3,284,921	169,871,273	-	21,217,627	15,603,618	3,284,921	33,536,324	136,334,949
Total 2009	56,761,607	20,358,159	7,584,360	69,535,406	-	17,240,289	10,820,346	6,843,008	21,217,627	48,317,779

Audited
Financial Statements
of
LankaBangla
Investments Limited

Auditors' Report

Independent Auditors' Report to the shareholders of LankaBangla Investments Limited

We have audited the accompanying financial statements of LankaBangla Investments Limited ("the company") which comprise the balance sheet as at 31 December 2010, 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 from 29 March 2010 to 31 December 2010.

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 Investments Limited as at 31 December 2010 and the results of its financial performance and its' cash flows for the period from 29 March 2010 to 31 December 2010 and comply with the Companies Act, 1994; 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;
- 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;

Dhaka, 17 February 2011



Rahman Rahman Huq
Chartered Accountants

LankaBangla Investments Limited

Balance Sheet

as at 31 December 2010

	Notes	Amount in Taka
ASSETS		
Property, plant and equipments	4	4,449,719
Non-current assets		4,449,719
Cash and cash equivalents	5	165,992
Advances, deposits and prepayments	6	215,351,239
Current assets		215,517,231
Total assets		219,966,950
EQUITIES AND LIABILITIES		
Equity		
Share capital	10	200,000,000
Retained earnings		3,441,708
Total equity		203,441,708
LIABILITIES		
Non current liabilities		-
Total non-current liabilities		-
Due to related parties	7	14,626,811
Provision for tax	8	1,783,431
Other liabilities	9	115,000
Current liabilities		16,525,242
Total liabilities		16,525,242
Total equity and liabilities		219,966,950

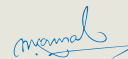
The annexed notes 1 to 12 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Company Secretary

Dhaka, 17 February 2011

As per our annexed report of same date.



Auditors

Rahman Rahman Huq
Chartered Accountants

LankaBangla Investments Limited

Profit & Loss Account

for the period ended 31 December 2010

	Notes	Amount in Taka
Operating income		
Fees and commission income		-
Total operating income		-
Other operating income		
Interest income on savings deposits		192,386
Interest income on term deposits		6,781,944
Total other operating income		6,974,330
Total income		6,974,330
Operating expenses		
Repairs, maintenance and depreciation	11	233,281
Audit fees		115,000
Preliminary expenses		1,393,725
Bank charges		7,185
Total operating expenses		1,749,191
Profit before tax		5,225,139
Provision for tax	8	1,783,431
Net profit after tax for the period		3,441,708

The annexed notes 1 to 12 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Company Secretary

Dhaka, 17 February 2011

As per our annexed report of same date.



Auditors
Rahman Rahman Huq
Chartered Accountants

LankaBangla Investments Limited

Statement of Changes in Equity

for the period ended 31 December 2010

	Share capital Taka	Retained earnings Taka	Total Taka
Balance as at 29 March 2010	-	-	-
Share capital raised during the period	200,000,000	-	200,000,000
Net profit for the period	-	3,441,708	3,441,708
Balance as at 31 December 2010	200,000,000	3,441,708	203,441,708

LankaBangla Investments Limited

Cash Flow Statement

for the period ended 31 December 2010

	Amount in Taka
A. Cash flows from Operating Activities	
Received from interest income on savings deposits	192,386
Paid for bank charges	(7,185)
AIT on interest income on savings deposits	(19,239)
Net cash flow from operating activities	<u>165,962</u>
B. Cash flows from Investing Activities	
Acquisition of Term deposits in LBFL	(200,000,000)
Net cash flow from investing activities	<u>(200,000,000)</u>
C. Cash flows from Financing Activities	
Received for share capital	200,000,000
Received from LBFL for bank account opening	30
Net cash flow from financing activities	<u>200,000,030</u>
D. Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	165,992
E. Opening cash and cash equivalents	-
F. Closing cash and cash equivalents	<u><u>165,992</u></u>
 <i>Closing cash and cash equivalents represents</i>	
Cash in hand	-
Cash at bank	<u>165,992</u>
	<u><u>165,992</u></u>

Notes to the Financial Statements

For the period from 29 March 2010 to 31 December 2010

1 Legal status and nature of the Company

LankaBangla Investments Limited (here in after referred to as “LankaBangla” or “the Company”) was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSC) vide registration no. C 83568/10 dated 29 March 2010 as a Private Limited Company under the Companies Act, 1994. The address of the Company’s registered office is A.A Bhaban (6th floor), 23, Motijheel C/A, Dhaka-1000. This Company is a fully owned subsidiary of LankaBangla Finance Limited.

The activities of the company include services broadly classified as fee based and fund based services, such as underwriting of securities, issue management, portfolio management, corporate financial services etc.

2 Significant accounting policies

(a) Statement of compliance

The financial statements of the Company as at and for the period ended 31 December 2010 have been prepared in accordance with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), Companies Act 1994 and other laws and rules applicable in Bangladesh.

(b) Basis of measurement

The financial statements are prepared on historical cost convention.

(c) Basis of accounting

The financial statements except for cash flow information have been prepared on accrual basis of accounting.

(d) Use of estimates and assumptions

The preparation of the financial statements requires management to use judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. However, no such revisions to accounting estimates took place during the reporting period.

(e) Reporting period

The financial period of the Company has been determined to be from 1 January to 31 December each period. These financial statements cover the period from 29 March 2010 to 31 December 2010.

(f) Functional and presentation currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company’s functional currency. All financial information presented in BDT has been rounded off to the nearest Taka.

3. Specific accounting policies selected and applied for significant transactions and events

The accounting policies set out below have been applied for the reporting period presented in these financial statements.

3.1 (a) Property, plant and equipment

Recognition and measurement

Assets 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 for 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. Software and all up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each components of an item of property, plant and equipment. Depreciation is charged at the following rates starting from the month of acquisition of assets:

<u>Category of assets</u>	<u>Rate of depreciation</u>
Motor vehicle	25%

No depreciation is charged in the month of disposal.

Disposal of fixed assets

Gains and losses on disposal of an item of property plant and equipment are to be determined by comparing the proceeds from disposal with the carrying amount of the property plant and equipment disposed off and is recognized net with "other income" in profit or loss account.

b) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred indicating a negative effect on the estimated future cash flows from that asset. All impairment losses are recognized in profit or loss. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

Non financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognized in profit and loss account if the carrying amount of an asset exceeds its estimated recoverable amount. However, no such condition that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.2 Intangible assets

Intangible assets are to be initially recognized at cost including any directly attributable cost. Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is to be 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.

3.3 Books of accounts

The Company maintains its books of accounts in electronic form through soft automation.

3.4 Cash and cash equivalent and cash flow statement

Considering the provisions of BAS-1 and BAS-7, cash on hand and bank deposits, which were held and available for use of the Company without any restriction have been stated as cash and cash equivalent.

The net cash flow from operating activities is determined for the period under direct method as per BAS-7 "Cash Flow Statement".

3.5 Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company has become a party to the contractual provisions of the instruments.

Due from/to related party

Due from/to related party is stated at their nominal values.

3.6 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 a 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.

A provision is recognized if, as a result of past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

3.7 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.

3.8 Income and expenditures

Income and expenditures are recognized on accrual basis. Income is only recognized if its realization is reasonably certain.

3.9 Corporate tax

Provision for income tax has been made @ 37.50% as prescribed in the Finance Ordinance, 2010 of the profit made by the company considering major taxable allowances and disallowances. Any shortfall/excess provision will be duly adjusted after final assessment.

3.10 Events after the balance sheet date

LankaBangla Investments Limited has obtained Merchant Banking license (registration certificate no-MB-57/2010) from the Securities and Exchange Commission on 2 January 2011.

4. Property, plant and equipments

	Motor vehicles Taka	Total Taka
Particulars		
Cost		
Balance at 29 March 2010	-	-
Acquisitions	4,683,000	4,683,000
Disposals	-	-
Balance at 31 December 2010	4,683,000	4,683,000
Rate of depreciation	25%	-
Depreciation		
Balance at 29 March 2010	-	-
Depreciation for the period	233,281	233,281
Disposals	-	-
Balance at 31 December 2010	233,281	233,281
Carrying amounts		
At 29 March 2010	-	-
At 31 December 2010	4,449,719	4,449,719

5. Cash and cash equivalents

	Amount in Taka
Cash in hand	-
Cash at bank*	165,992
	165,992

* The above amount was lying with Dhaka Bank Limited.

6. Advances, deposits and prepayments

	Amount in Taka
Balance with other banks and financial institutions*	200,000,000
Advance income tax	19,239
Prepaid rental	14,532,000
Advance payment for accounting software	800,000
	<u>215,351,239</u>

* A term deposit amounting Tk 200,000,000 was issued by LankaBangla Finance Limited.

7. Due to related parties

Due to LBFL* for vehicle procurement	4,683,000
Due to LBFL for Eunoos Trade Centre advance	14,532,000
Due to LBFL for software procurement advance	800,000
Due to LBFL for bank account opening	30
Due to LBFL for preliminary expenses	1,393,725
Due from LBFL for interest on term deposits	(6,781,944)
	<u>14,626,811</u>

LBFL* means LankaBangla Finance Limited which is the parent company of the entity.

Parent and ultimate controlling party

During the reporting period the Company's shares (19,999,997 shares out of total 20,000,000 shares) were acquired by the LankaBangla Finance Limited. As a result, the ultimate controlling party of the company is LankaBangla Finance Limited.

8. Provision for tax

Opening balance	-
Add: Provision made during the year	1,783,431
Less: Paid during the period	-
	<u>1,783,431</u>
Provision for tax	1,783,431

Provision for tax is made @37.5% considering the significant allowance and disallowable items.

9. Other liabilities

Audit fees payable	115,000
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10. Share capital

	Amount in Taka
Authorized	
300,000,000 Ordinary shares of Tk 10 each	3,000,000,000

The issued, subscribed and fully paid up capital of the entity is Tk 200,000,000 divided into 20,000,000 ordinary shares of Tk 10 each. The break up of issued, subscribed and paid up capital of Tk 200,000,000 as on 31 December 2010 is as follows:

Name of Shareholders	Number of shares	% of share holding	Taka
LankaBangla Finance Ltd.	19,999,997	99.99999%	199,999,970
Mohammad A. Moyeen	1	0.00001%	10
Md. Abdullah Al Karim	1	0.00001%	10
Shakil Islam Bhuiyan	1	0.00001%	10
Total	20,000,000	100%	200,000,000

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and entitled to vote per share at meetings of the company.

11. Repairs, maintenance and depreciation

	Amount Taka
Depreciation expenses	233,281

12. Contingencies and commitments

There are no contingent assets or liabilities and unrecognized contractual commitments at the balance sheet date.

Audited
Financial Statements
of
LankaBangla Asset
Management
Company Limited

Auditor's Report

Independent Auditors' Report to the shareholders of LankaBangla Asset Management Company Limited

We have audited the accompanying statement of financial position (Balance Sheet) of LankaBangla Asset Management Company Limited as of 31 December 2010 and the related statement of comprehensive income (Income Statement), Cash Flow Statement and the relevant explanatory notes thereto for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of 31 December 2010 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 statement of financial position (Balance Sheet) and statement of comprehensive income (Income Statement) dealt with by the report are in agreement with the books of account and returns.

Dated, Dhaka;
10 February 2011

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

LankaBangla Asset Management Company Limited

Statement of Financial Position (Balance Sheet)

As at 31 December 2010

	Notes	Amount in Taka	
		2010	2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	3	50,000,000	25,000,000
Reserve and surplus			
Retained earning	4	5,134,018	2,972,240
Total:		55,134,018	27,972,240
APPLICATION OF FUNDS			
Fixed Assets- Net Block			
Gross block	5	485,970	665,780
Less: Depreciation		1,025,400	1,025,400
		539,430	359,620
Current Assets (a)			
Cash and bank balances	6	59,015,109	30,347,704
Advance income tax		56,101,518	25,076,311
Interest receivable on TDR		679,941	9,726
		2,233,650	5,261,667
Current Liabilities (b)			
Liabilities for expenses	7	4,367,061	3,041,244
Provision for taxation		1,286,650	1,257,900
		3,080,411	1,783,344
Net Current Assets (a-b)		54,648,048	27,306,460
Total:		55,134,018	27,972,240

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 February 2011

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

LankaBangla Asset Management Company Limited

Statement of Comprehensive Income (Income Statement)

For the year ended on 31 December 2010

	Notes	Amount in Taka	
		2010	2009
Revenue			
Interest income	8	3,674,205	3,345,421
Less: Expenses		215,360	214,035
Bank charge		6,800	9,225
Audit fees		28,750	25,000
Depreciation	5	179,810	179,810
Net Earnings before Tax		3,458,845	3,131,386
Provision for taxation		1,297,067	1,174,270
Net Earnings after Tax	4	2,161,778	1,957,116

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 February 2011


S. F. Ahmed & Co.
Chartered Accountants

LankaBangla Asset Management Company Limited

Statement of Cash Flows

For the year ended 31 December 2010

	Notes	Amount in Taka	
		2010	2009
A) Cash flows from Operating Activities			
Interest received on STD account		102,147	45,421
Bank Charge & income tax payment		(16,940)	(13,767)
		85,207	31,654
Increase/ (decrease) in operating assets & liabilities		-	-
Total increase/ (decrease) in operating assets & liabilities		-	-
Net Cash flows from Operating Activities (Total of "A"):		85,207	31,654
B) Cash flows from Investing Activities		-	-
Investment In TDR		(25,000,000)	-
Net Cash used by investing activities (Total of "B"):		(25,000,000)	-
C) Cash flows From Financing Activities			
Share money deposit		25,000,000	-
Net Cash Flows from Financing Activities (Total of "C"):		25,000,000	-
D) Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)		85,207	31,654
E) Opening cash and cash-equivalents		1,076,311	25,044,657
F) Closing cash cash-equivalents (D+E)*		1,161,518	25,076,311
*Closing cash and cash-equivalents			
Cash in hand (including foreign currencies)		-	-
Balance with Bangladesh Bank and its agent bank (s)		-	-
Balance with other Banks and Financial Institutions		1,161,518	25,076,311
Total:		1,161,518	25,076,311



Chairman



Managing Director



Company Secretary

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

Dated, Dhaka;
10 February 2011

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

LankaBangla Asset Management Company Limited

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2010

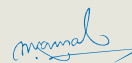
Particulars	Share Capital	Statutory Reserve	Proposed Dividend	Retained Earnings	Total
Balance as at 01 January 2010	25,000,000	-	-	2,972,240	27,972,240
Share capital issued during the year	25,000,000	-	-	-	25,000,000
Net profit for the year	-	-	-	2,161,778	2,161,778
Balance as at 31 December 2010	50,000,000	-	-	5,134,018	55,134,018



Chairman



Managing Director



Company Secretary

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

Dated, Dhaka;
10 February 2011

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

Notes to the Financial Statements

For the year ended 31 December 2010

1.00 Legal Status and Nature of the Company

1.01 Domicile, Legal Form and Country of Operation

LankaBangla Asset Management Company Limited was incorporated with the register of Joint Stock Companies and Firms (RJSCF) vice 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 to operations in the Capital Market as Trustee of 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, interalia, 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 2010 as required by the Income Tax Ordinance 1984 and Finance Ordinance 2010 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 2010 to 31 December 2010.

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.

2.08 Restatement of Balances:

For better presentation and comparability figures have restated in few cases.

3. Share Capital :

Authorised

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

Issued, subscribed and paid up capital:

500,000 Ordinary shares of Tk. 100/- each fully paid up.

Details are as follows:

<u>Sl. No.</u>	<u>Name of Shareholders</u>	<u>No. of Shares</u>	<u>Amount in Taka</u>	
			<u>2010</u>	<u>2009</u>
1.	LankaBangla Finance Limited	499,990	49,999,000	24,999,500
2.	Mr. Mahabubul Anam	10	1,000	500
Total:			50,000,000	25,000,000

4. Retained Earning:

Opening balance	2,972,240	1,015,124
Net Earnings after Tax- during the year	2,161,778	1,957,116
Total:	5,134,018	2,972,240

5. Fixed Assets:

Amount in Taka

Particulars	C O S T				D E P R E C I A T I O N					Written down value as at 31.12.2010
	Balance as at 01.01.2010	Addition during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2010	Rate %	Balance as at 01.01.2010	Charged during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2010	
Furniture & Fittings	505,400	-	-	505,400	15	151,620	75,810	-	227,430	277,970
Office Equipment	520,000	-	-	520,000	20	208,000	104,000	-	312,000	208,000
Total:	1,025,400	-	-	1,025,400		359,620	179,810	-	539,430	485,970
Year-2009:	1,025,400	-	-	1,025,400		179,810	179,810	-	359,620	665,780

		Amount in Taka	
		2010	2009
6.	Cash and Bank Balances:	56,101,518	25,076,311
	Dhaka Bank (Account No.- 206150000001590)	1,161,518	1,076,311
	Term deposit with LankaBangla Finance Limited	54,940,000	24,000,000
	Total:	56,101,518	25,076,311
7.	Liabilities for Expenses :	1,286,650	1,257,900
	Liabilities for office decoration work	1,025,400	1,025,400
	Outstanding audit fees	28,750	-
	Outstanding expenses	167,500	167,500
	Payable to from LBFL	65,000	65,000
	Total:	1,286,650	1,257,900
8.	Interest Income :	3,674,205	3,345,421
	Interest on Term deposit	3,571,983	3,300,000
	Interest on STD account	102,222	45,421
	Total:	3,674,205	3,345,421



Chairman



Managing Director



Company Secretary

Note:

A series of horizontal dotted lines provided for writing notes.

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 14th Annual General Meeting of the Company to be held on March 27, 2011, Sunday 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 March, 2011

.....
(Signature of the Proxy)

Revenue Stamp Taka 8.00

.....
Signature of the Shareholder(s)

BO ID No

No. of shares being held

Notes :

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

LankaBangla Finance Limited

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

Attendance Slip

I/We hereby record my/our attendance at the 14th Annual General Meeting being held on March 27, 2011, Sunday 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

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.

