



Annual Report 2007



In the year **2007** we have made significant strides towards becoming one of the top financial institutions of the country. This inspires us to unlock our potential in emulating similar feat through further diversifying our products and services in **2008**.

7th ICAB National Awards for Best Published Accounts and Reports 2006



Mr. Mafizuddin Sarker, Managing Director of LankaBangla Finance Limited is seen with the award in the presence of Dr. A B. Mirza Md. Azizul Islam, the Honorable Advisor of Finance, Planning, Commerce, Post & Telecommunication and Mr. Faruq Ahmed Siddiqi, Chairman, SEC



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

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

Contents

03	Notice of the 11th Annual General Meeting
04	Vision
04	Mission
04	Goals
05	Core Values
05	Strategic Objectives
06	Code of Conduct Guiding Principles
07	LankaBangla at a Glance
08	Milestones
09	Recognitions
10	An Eventful Year for LankaBangla
12	Corporate Information
14	Shareholding Structure
15	Board of Directors
18	Management Team
19	Board Committees
19	Management Committees
20	Subsidiary Company
22	Statement on Risk Management
24	Statement on Corporate Governance
26	Statement on Corporate Social Responsibility
28	Projects Financed by LankaBangla
30	Value Added Statement
31	Consolidated Financial Highlights
34	Message from the Chairman
36	Message from the Managing Director
38	Directors' Report
54	Report of the Audit Committee
55	Audited Financial Statements
89	Audited Consolidated Financial Statements
121	Audited Financial Statements of Subsidiary Company



4

Vision

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

Mission

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

Goals

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

Core Values

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

Strategic Objectives

- Introduction of new products and service lines through proper diversification & customization of existing products and services to ensure maximum market coverage.
- 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 human resources to maximise the value of the company.
- Building synergy among business resources and activities to ensure maximum outputs from resource inputs.
- Maintain strict compliance to good governance norms and regulations to ensure long term sustainability of the company.
- Contribute to the society to share the achievements of the company with the nation.

Code of Conduct Guiding Principles

LankaBangla is a values driven organization. This means we do not deviate from our values, even if doing so would appear to have short-term benefits for the company. It is because we recognize that our company's reputation is a priceless asset. Our reputation not only affects whether or not someone will be our customer; it also determines whether we are proud to be associated with this organization.

The Code of Conduct is designed to guide the personal business ethics of all of us. It applies to every employee of LankaBangla and may be furnished to others performing services for the company. 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
- Protect and enhance company's assets and reputation
- Understand and comply with laws, regulations and company policies that apply to the job

Workplace Responsibilities

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

Marketplace Responsibilities

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



LankaBangla at a Glance

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

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

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

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

Credit and Investment Products

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

Corporate Services

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

Card Operation

- MasterCard Issuing
- MasterCard Acquiring
- Third Party Processing

Merchant Banking Operation

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

Deposit Schemes

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

Stock Brokerage Services

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

Milestones

5th November, 1996	Incorporation of the Company
5th November, 1996	Commencement of Business
30th October, 1997	Licensed as Financial Institution by Bangladesh Bank
3rd July, 1997	Registration of First Subsidiary (LankaBangla Securities Limited)
22nd January, 1998	Licensed as Merchant Bank by Securities and Exchange Commission
30th March, 1998	Signing of First Lease Agreement
16th August, 1998	Issuance of First Credit Card
27th April, 2005	Renamed as LankaBangla Finance Limited from Vanik Bangladesh Limited
10th April, 2003	Joining of Sampath Bank Limited, Sri Lanka as Shareholder
10th April, 2003	Joining of First Gulf Asia Holdings Limited, KSA as Shareholder
5th June, 2004	Joining of ONE Bank Limited as Shareholder
5th September, 2005	Launching of MasterCard
6th April, 2005	Commencement of Third Party Processing Business of MasterCard
17th October, 2006	Listing on Dhaka Stock Exchange
31st October, 2006	Listing on Chittagong Stock Exchange
1st November, 2006	Trading of Share in Stock Exchanges
10th February, 2007	Commencement of Operation of Chittagong Branch
11th December, 2007	First Disbursement of Domestic Factoring Facility
18th February, 2008	First Disbursement of Mortgage Loan



Recognitions

As a reward of our relentless efforts to the best practices of corporate and financial reporting, LankaBangla was awarded the Third Prize in Non-Banking Financial Sector for the Best Published Annual Reports and Annual Audited Accounts for the year 2006 by the Institute of Chartered Accountants of Bangladesh (ICAB).

Subsidiary company LankaBangla Securities Limited received certificates for outstanding performance for being ranked first in terms of turnover for the years 2005, 2006 & 2007 by the Chittagong Stock Exchange (CSE) and first in terms of turnover for the years 2006 & 2007 by the Dhaka Stock Exchange (DSE).



Mr. Mafizuddin Sarker, Managing Director of LankaBangla Finance Limited receiving the award in the presence of Dr. A B Mirza Md. Azizul Islam, the Honorable Adviser of Finance, Planning, Commerce, Post & Telecommunication and Mr. Faruq Ahmed Siddiqi, Chairman, SEC



Mr. Mohammad Nasiruddin Chowdhury, CEO & Director of LankaBangla Securities Limited receiving first ranking award from Chittagong Stock Exchange

An Eventful Year



Chairman addresses, 10th Anniversary of LankaBangla



Celebrating the auspicious moment, 10th Anniversary of LankaBangla



Dr. Salehuddin Ahmed, Governor of Bangladesh Bank being introduced to the Directors, 10th Anniversary of LankaBangla



Some distinguished guests gracing the occasion, 10th Anniversary of LankaBangla



Board Meeting in session



Inauguration of new LankaBangla Securities office in Agrabad, Chittagong



Football match between LankaBangla Finance and LankaBangla Securities, Team Building Activity

for LankaBangla



Half Yearly Town Hall Meeting 2007, Dhaka



Mezban, Chittagong



Annual Picnic 2007, Manikganj



Chairman addresses, 10th AGM of LankaBangla



Shareholders' attendance registration, 10th AGM of LankaBangla



Shareholder' speaks, 10th AGM of LankaBangla



Honourable shareholders, 10th AGM of LankaBangla

Corporate Information

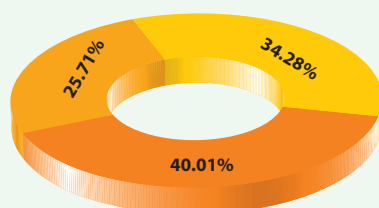
Registered Name of the Company	:	LankaBangla Finance Limited
Legal Form	:	Public Limited Company, incorporated in Bangladesh on November 5, 1996 under Companies Act, 1994 having listed with Dhaka Stock Exchange and Chittagong Stock Exchange
Company Registration Number	:	C-31702 (823)/96
Bangladesh Bank License No.	:	FID(L) - 1053/41-1088
Corporate Head Office	:	Safura Tower (Level 11) 20 Kemal Ataturk Avenue, Banani Dhaka 1213, Bangladesh Phone: (8802) 9883701~10, Fax: (8802) 8810998 e-mail: info@lankabangla.com
Credit & Investment Division	:	Safura Tower (Level 11) 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: info@lankabangla.com
Mortgage Loan & Factoring Division	:	Rupayan Center (Level 6) 32 Kemal Ataturk Avenue, Banani Dhaka 1213, Bangladesh e-mail: cards@lankabangla.com
Merchant Banking Division	:	DSE Annex Building (level 1) 9/E Motijheel C/A, Dhaka 1000 Phone: 9561238, Fax: 9561107
Chittagong Branch Office	:	Ayub Trade Centre (Level 4) 1269/ B Sheikh Mujib Road Agrabad C/A, Chittagong 4100 Phone: (031) 2512601~03, Fax: (031) 2512604
Auditors	:	ACNABIN Chartered Accountants BSRS Bhaban (13th Floor) 12 Karwan Bazaar C/A, Dhaka 1215



- Tax Consultant** : Adil & Associates
50, Purana Paltan Line (4th Floor)
Dhaka 1000
- Legal Advisor** : Lee Khan and Partners
City Heart, Suite 5/8, 67 Naya Paltan, Dhaka 1000
- Principal Bankers** : Prime Bank Limited
Dhaka Bank Limited
Shahjalal Islami Bank Limited
National Bank Limited
Standard Chartered Bank
Commercial Bank of Ceylon Limited
- Head Office of Subsidiary
LankaBangla Securities Ltd.** : DSE Annex Building (Level 2)
9/E Motijheel C/A, Dhaka 1000
Phone: 7174315, Fax: 9555384
- Company Website:** : www.lankabangla.com

Shareholding Structure as on 31 December 2007

	<u>2007</u>	<u>2006</u>
Authorised Capital		
		(Amount in Taka)
100,000,000 ordinary shares of Tk.10/- each	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid up Capital		
35,000,000 ordinary shares of Tk.10/- each	350,000,000	350,000,000
Details of share holding are as under:		
Sponsor shareholders:		
a. Foreign Sponsors		
Sampath Bank Limited, Sri Lanka	22.86%	80,000,000
First Gulf Asia Holdings Limited, KSA	11.42%	40,000,000
	34.28%	120,000,000
b. Local Sponsors		
Institutions:		
ONE Bank Limited	11.42%	40,000,000
SSC Holdings Limited	2.86%	10,000,000
Shanta Apparel Limited	2.86%	10,000,000
	17.14%	60,000,000
Individuals:		
Mohammad A Moyeen	4.28%	14,973,180
Jasmine Sultana	1.43%	5,000,000
Aneesha Mahial Kundanmal	8.59%	30,053,630
Mahbubul Anam	4.28%	14,973,190
Tahsinul Huque	4.29%	15,000,000
	22.87%	80,000,000
	40.01%	140,000,000
General Shareholders	25.71%	90,000,000
	100.00%	350,000,000



■ Foreign sponsors ■ Local sponsors ■ General shareholders



Board of Directors



Mr. Mohammad A. Moyeen

Mr. Mohammad A. Moyeen is a leading industrialist and entrepreneur in Bangladesh. He is associated and involved with a number of businesses 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. Edgar Gunatunge, Director (Representing Sampath Bank Limited)

Mr. Edgar Gunatunge is the Chairman of Sampath Bank Limited, a leading commercial bank in Sri Lanka. He counts over 50 years banking experience. He joined Sampath Bank Limited as its Managing Director and Deputy Chairman and later on elected as the Chairman, the position which he still holds. In addition to his banking activities, presently he is the Chairman of 5 leading Companies and sits on the Board of 11 Public Companies.



Mr. Anil Suneetha Amarasuriya, Director (Representing Sampath Bank Limited)

Mr. Anil Suneetha Amarasuriya is appointed as the Managing Director/Chief Executive Officer of Sampath Bank Limited with effect from 10 July 2000. Previously he served as the General Manager/Chief Executive Officer since 01 April 1999. He has been serving Sampath Bank Limited since May 1989. Mr Anil has experience in Sri Lanka as well as in the Middle East, having worked for Grindlays Bank in Colombo and the Abu Dhabi Commercial Bank in Abu Dhabi. He serves as Director in the subsidiaries of Sampath Bank Limited namely, S C Securities (Pvt.) Ltd., Sampath Surakum Ltd., Sampath Leasing and Factoring Ltd., Sampath Trade Services (Hong Kong) Ltd., Sampath Information Technology Solutions Ltd. and Associate Company LankaBangla Finance Limited and Chairman of Lanka Financial Services Bureau Ltd. He is also Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board.

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

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



Mr. Mahbulul Anam, Director

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 BCCB for long.



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

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

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

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



Mrs. Jasmine Sultana, Director

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

Mrs. Aneasha Mahial Kundanmal, Director

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



Mr. Tahsinul Huque, Director

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

Mr. Mafizuddin Sarker, Managing Director

Mr. Mafizuddin Sarker, Managing Director, has over 32 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 Vice 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 Operating Officer – Card Centre

Ahmed Zafrul Hasan

Vice President & Chief Financial Officer

Quamrul Islam

Vice President & Company Secretary

A.K.M. Kamruzzaman, FCMA



Vice President & Internal Auditor

Mohammed Kamrul Hasan, ACA

Vice President

Khurshed Alam

Assistant Vice Presidents

AKM Rezaul Karim

Sheik Mohammad Fuad

Masum Ali

Md. Anisur Rahman

Mohammad Shoaib

Mahbub Sadi Alam

M.Shakil Islam Bhuiyan

Senior Managers

Abu Md. Hasan Masud

Md. Moniruzzaman

Branch Manager – Chittagong

Md. Solaman Hossain

Board Committees

Executive Committee

Mohammad A Moyeen, Chairman
Anil Suneetha Amarasuriya
Mahbubul Anam
Mirza Ejaz Ahmed
Farman R Chowdhury
Jasmine Sultana
Aneesha Mahial Kundanmal
Tahsinul Huque
Mafizuddin Sarker

Audit Committee

Mirza Ejaz Ahmed, Chairman
Mahbubul Anam
Farman R Chowdhury

Management Committees

Management Committee (MANCOM)

Mafizuddin Sarker, Managing Director, Chairman
A. Malek Shamsheer, SEVP
Ahmed Zafrul Hasan, SVP
Quamrul Islam, VP & CFO
AKM Kamruzzaman, VP & Company Secretary
M Shakil Islam Bhuiyan, AVP

Merchant Banking Committee

Mafizuddin Sarker, Managing Director, Chairman
A. Malek Shamsheer, SEVP
Ahmed Zafrul Hasan, SVP
Quamrul Islam, VP & CFO

Credit Committee

Mafizuddin Sarker, Managing Director, Chairman
A. Malek Shamsheer, SEVP
Ahmed Zafrul Hasan, SVP
AKM Kamruzzaman, VP
Mohammad Shoaib, AVP

Asset Liability Management Committee

Mafizuddin Sarker, Managing Director, Chairman
A. Malek Shamsheer, SEVP
Ahmed Zafrul Hasan, SVP
Quamrul Islam, VP & CFO
AKM Kamruzzaman, VP
Khurshed Alam, VP

Human Resource Committee

Mafizuddin Sarker, Managing Director, Chairman
A. Malek Shamsheer, SEVP
Ahmed Zafrul Hasan, SVP
Quamrul Islam, VP & CFO

Anti Money Laundering Compliance Committee

Mafizuddin Sarker, Managing Director, Chairman
Mohammed Kamrul Hasan, VP
AKM Rezaul Karim, AVP
Masum Ali, AVP
Mohammed Shoaib, AVP
M Shakil Islam Bhuiyan, AVP
Md. Solaman Hossain, Manager Chittagong Branch

Internal Control and Compliance Committee

Mafizuddin Sarker, Managing Director, Chairman
A. Malek Shamsheer, SEVP
Ahmed Zafrul Hasan, SVP
Quamrul Islam, VP & CFO
AKM Kamruzzaman, VP & Company Secretary
Khurshed Alam, VP
Md Anisur Rahman, AVP

Subsidiary Company

LankaBangla Securities Limited

LankaBangla Securities Limited, a fully owned subsidiary of LankaBangla Finance Limited, is a leading stock broking company in the country, serving a diverse customer base of institutional and retail investors. It commenced operations in 1997. Over the passage of time, a team of highly skilled and experienced professionals has made tremendous strides, making it one of the top stock brokers both in DSE and CSE.

LankaBangla Securities Limited is providing investors a platform to trade in DSE & CSE and supporting them with the highest standards of service, convenience and hassle-free trading tools. Its dynamic approach to trade execution and settlement records has earned much recognition and support among local financial institutions, reputed business houses and international fund managers and brokers.

Brokerage Services

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

CDBL Services

- Full Depository Participant (DP) Service
- BO (Beneficiary Owner) accounts opening and maintenance
- Dematerialization and Re-materialization of securities
- Transfer and transmission of securities through CDBL
- Pledging, un-pledging and confiscation of securities
- Corporate announcement management

Research Services

- Daily Stock Market Commentary
- Market updates by monthly publication namely "Market Pulse"
- Economy updates, stock market and listed companies' performance overview
- Customized economic and capital market research
- Designing of different training & development sessions

Statement on Risk Management

Risk management is a structured approach in managing uncertainty through risk assessment, developing strategies to manage it and mitigation of risk using managerial resources.

The risk of Financial Institutions is defined as the possibility of losses, financial or otherwise. In present challenging financial and economic scenario effective risk management is vital for sustainable growth of stakeholders' value. The measure of risk of any investment depends on several factors. To measure the influence of risk and analysing ways of controlling and allocation, it needs critical and sophisticated mathematical and computation tools.

Any Financial Institution needs to make a balanced trade off between the risk and reward. An established risk management system is in place in LankaBangla through proper and effective implementation of departmental policies and operational guidelines approved by the Board of Directors as well as the guidelines circulated by the Bangladesh Bank to address the Core areas like Credit Risk, Liquidity Risk, Market Risk and Operational Risk.

i. Credit Risk

Credit Risk encompasses potential losses arising from the failure of a counter party to perform according to contractual arrangement with the company. This is very difficult to prescribe full proof mechanism for efficient management of Credit Risk. Considering the rapid globalization, liberalization and competition, it is essential that every Financial Institution has tough Credit Risk Management policies and processes.

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

- Multi-tier approval process
- Independent approval from management partner, Sampath Bank Limited
- Ceiling for Sector, Company and Group exposure
- Clean Credit Report (CIB) for every client
- Past payment performance of the borrower before approval
- Strong Credit Administration for defaulted clients
- Interim as well as annual review of the client business/operation
- Obtaining independent legal opinion from external legal advisor on documentation relating to security
- Internal Audit recommendation before disbursement regarding documentation and compliance of the terms of approval.
- Review of overall Performance of the existing exposure to the sectors with market scenario

In addition the Credit Committee regularly meets to review the performance of each client and takes decisions regarding any default.

ii. Liquidity Risk

Liquidity Risk is the possibility that an institution will be unable to meet its obligations as they fall due because of inability to liquidate assets or obtain adequate funding or that it cannot easily unwind or offset specific exposures without significantly lowering market prices because of inadequate market depth or market disruptions. This arises from undesirable variance between maturities of assets and liabilities.

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



iii. Market Risk

Market Risk can be defined as the probable changes in the earning due to fluctuation in a variety of market factors such as rate of interest, foreign exchange rate, and changes in equity prices.

The Treasury Department reviews the trend analysis of market interest rate movement and carry out assets liability gap analysis, forwards this to the Asset Liability Management Committee (ALMCO) regularly for their reviews and to assess the changes, as a result re-pricing the interest rates of products to minimize and control the interest rate risk. To manage this market risk we arrange the funding facilities with competitive interest rate to match with maturity. It also maintains a new spread investment plans and practical policies for provisioning. LankaBangla with its strong earning capacity, favorable credit rating and market goodwill can access money market with a competitive rate.

iv. Operational Risk

Operational risk is the risk of losses which arises due to lack of systems, procedures and internal control, fraud, unauthorized activities, error, omission, inefficiency, ignorance of compliance requirements, non-compliance of corporate governance practices, or failure of internal process and external events. The Main causes that leads to operational risk is as under;-

- Incompetence, insufficient training, lack of integrity and turnover of efficient employees
- Business volume variation, organizational complexity, major changes in products
- Improper segregation of duties, lack of regular monitoring, ineffective procedures, shortcoming of company structure
- Poor technology, lack of automation, simultaneous manual and automation process, IT complexity
- Natural calamities, deteriorated social and political context, changes in statutory requirements/policies

Risk control and measurement techniques taken by LankaBangla are as under;-

- Proper and adequate internal control policies, procedures & manuals are in place to minimize these operational risks.
- Effective internal audit function and direct access of Internal Auditor to the Board and Audit Committee.
- The Internal Audit Department undertakes regular periodic and on demand audit as advised by the management to review the operation and compliance to statutory requirement in Head Office as well as Branches
- Follow up the compliance to Employees Code of Conduct
- Conduct credit rating through external institution
- Allocation of duties and multilayer approval process
- Up gradation of hardware and software to keep up to date ICT facilities
- IT Audit is conducted on regular basis
- Adequate Data Backup system

Rating of Riskiness of LankaBangla Operation

Type of Risk	Rating
Credit Risk	Moderate
Liquidity Risk	Moderate
Market Risk	Moderate
Operational Risk	Low

Statement on Corporate Governance

Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the Board of Directors, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.

Board

Board of Directors of LankaBangla Finance Limited comprises of 11 members, in compliance with the Securities and Exchange Commission corporate Governance guidelines notification dated 20 February 2006, with highly experienced, competent with academic and professional qualification in the international and national business. This gives strong support to our business to deliver their duties and responsibilities under the law professionally and successfully, know the business issues correctly and judge the management performance accurately. The Board reviews the policies and manuals of the various segments of the company in order to establish a effective risk management in credit and other key areas of the business. The Board also reviews the policies and guidelines issued by Bangladesh Bank, Securities and Exchange Commission regarding credit and other corporate matters. The Board has two committees namely Executive Committee and Audit Committee.

Executive Committee

The Executive Committee of LankaBangla works with the policies and guidelines issued by Bangladesh Bank, Board and regulatory bodies regarding credit and other operational matters. The Committee ensures properly and timely implementation of polices and guidelines through the management. The Committee approves investment proposals following the deligated authority and the guidelines given before the Executive Committee of the Board. Management ensures due diligence of the investment policies and risk management before submitting the credit proposals.

Audit Committee

The Audit Committee comprises of three members of the Board, nominated by Board of Directors and operates as per the terms of reference of the Committee duly approved by the Board. The Company Secretary is the secretary of the Committee. The Committee is headed by a Director with highly professional background in accounting and finance. The Head of Internal Audit has direct access to the Committee and the Committee is directly reportable to the Board. The Committee is empowered to ensure that proper and adequate internal controls are in place to assist smooth and obstacle free functioning of the business operation. The Committee also ensures that a sound financial reporting system is in place, managed properly, providing appropriate, accurate and timely information and explanation to Board of Directors, management, regulatory bodies, shareholders and stakeholders to take decisions.

During the year 2007 four (4) audit committee meetings were held. Major activities and responsibilities covered by the Audit Committee during 2007 are as follows:-

- Review of the financial statements for the year ended 2007 submitted by the external auditor
- Review and implementation of the core risk management guidelines
- Review of the Internal Audit reports
- Review of the audit plan for the year 2008

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



Internal Control and Compliance

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

Adequate and proper effort are being taken by LankaBangla, as instructed by Bangladesh Bank through Core Risk Management guidelines, to minimize all types of risks. Considering this the company has taken a positive steps to formulate a comprehensive Credit Risk Management policy to address all sorts of credit risks associated with the business. The company also introduced departmental Control Function Checklists (DCFCL) and the Branch and Division's heads are following and implementing DCFCL regularly. Moreover the company has introduced an Internal Control and Compliance Guidelines as per instruction of Bangladesh Bank to reinforce the control function.

Management

The management team of LankaBangla is headed by its Managing Director. The operation of LankaBangla is being handled by several committees with proper delegation of power for business operation and identifying the management risks. The Committees are Credit Committee, Merchant Banking Committee, Human Resources Committee, Asset and Liability Management Committee, Internal Control and Compliance Committee, Central Anti-Money Laundering Compliance Committee and Management Committee.

Decentralization of Power

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

Audit & Inspection

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

IT Audit

An IT Department headed by Assistant Vice President is in place in compliance with the ICT Guidelines of Bangladesh Bank and to ensure smooth operation of the business and uninterrupted flow of data and information. The objective of the department is to identify the inherent risk and vulnerabilities associated with use of Computer System.

A comprehensive IT audit of LankaBangla has been conducted by an external IT consultant to assess the process of collecting and evaluating evidence whether the existing computer system of LankaBangla provides adequate support to the management requirements, with an IT service and IT enhancement plan to keep it up to state-of-the-art level.



LankaBangla Securities Limited has established a comprehensive IT infrastructure for smooth communication among branch offices with a strong networking and connectivity. Its state-of-the-art technology enables to instantly trade on the DSE and CSE. In the year 2007 it executed and settled turnover of Tk. 32,987 million in DSE and CSE.

Achievements

In 2007, LankaBangla Securities registered a steady and satisfactory market share in terms of turnover in both the bourses. It secured top position in terms of turnover in Dhaka Stock Exchange and Chittagong Stock Exchange for both the years 2006 & 2007.

Market Share of LankaBangla Securities in DSE & CSE

Taka in million

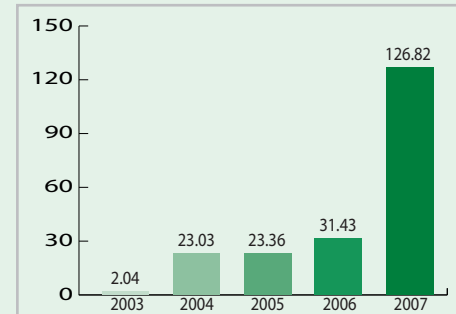
Year	DSE			CSE		
	DSE Turnover	LBSL Turnover	Market Share	CSE Turnover	LBSL Turnover	Market Share
2005	64,835	7,140	5.50%	13,932	3,918	14.00%
2006	65,079	10,174	7.81%	16,529	6,192	18.50%
2007	322,867	49,125	7.62%	53,279	16,847	16.00%

Financial Performance of LankaBangla Securities

Taka in million

Particulars	2003	2004	2005	2006	2007
Share Capital	50	50	50	85	110.5
Net Current Assets	12.59	34.39	47.53	78.57	249.99
Net Worth	30.85	52.56	72.92	103.27	228.27
Net Profit After Tax	2.04	23.03	23.36	31.43	126.82
Return on Equity (ROE)	6.92%	43.82%	27.92%	36.98%	55.56%

Net Profit After Tax



Team LankaBangla Securities

Statement on Corporate Social Responsibility

LankaBangla has celebrated its 10th Anniversary in 2007. In 1997 LankaBangla started its journey with a belief that "good development is good business". LankaBangla believes that society is the ultimate consumer; destroying the society no business can sustain for the long-run. And with this realization, LankaBangla adopted the concept of Corporate Social Responsibility (CSR) and it has now-a-days increasingly become a part of the business practice, every business organization has the responsibility towards the society, LankaBangla also thinks so conceiving that:

- CSR is a pragmatic response to consumer and the civil society
- CSR supports the Small and Medium Enterprise Development in developing countries and is considered crucial to meeting its goal of improving the impact of business on societies
- It is thought that corporate standard would be enhanced if CSR is under pinned by an infallible business case that links social and environmental responsibility with financial success
- Supporting enterprise development through long-term trading relationships and community investment is considered as one of the most practical ways by which the corporates can help the poverty-stricken countries such as Bangladesh in fighting poverty

In precise meaning, Corporate Social Responsibility (CSR, also called corporate responsibility, corporate citizenship, and responsible business) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large.

The first concern of LankaBangla is that it is contributing significantly to the socio-economic development of the country. It is investing in the real economic sectors meaning that the investment is creating employment opportunities, helping to produce goods as well as services and to earn foreign exchange by exporting those products and thereby enhancing GDP and per capita income. As a result, the living standard of the people is improving, the country is being benefited. At the same time it is also to note that LankaBangla is one of the significant contributors to the SME sector development which is the cornerstone of Bangladesh economy and getting increasing attention from all the stakeholders.

LankaBangla believes that sustainable development can only be achieved through long-term economic growth. It is always concern about the impact of its financed projects on surrounding environment. It has an Environmental Policy in line with guidelines issued by the Government. As per the policy, the environmental implication is considered at the time of sanctioning any credit and duly it is taken into the analysis of Credit and Lending Risk. In all the investment projects, LankaBangla's appraisal team meticulously checks whether the client is complying with the Environmental Conservation Act 1995 and Environmental Conservation Rules 1997. In this way, as a leading Financial Institution always intends to deliver the best to all the stakeholders: customers, business partners, shareholders, employees, and the society at large by being "a partner in development".

LankaBangla believes that human resources are the ultimate capital of converting every plan into real outcome. LankaBangla always acknowledges the valuable contribution made by its employees for the continuous apex achievement every year. LankaBangla is committed to ensure fair opportunity and diversity for recruitment; provide equal and adequate opportunity for learning and development through training and professional development activities; monitor, evaluate and reward performance through a well structured performance appraisal and reward mechanism and pay through a competitive and progressive pay-scale.



As a responsible corporate citizen, LankaBangla became very much grieved by the sufferings of the people affected by the floods in 2007. It expressed the heartfelt sympathy and donated a significant amount of money to the Honourable Chief Advisor's Relief Fund to meet the urgent needs of the victims.

LankaBangla also felt an urge to stand beside the people affected by another natural disaster, the Sidr cyclone in the southern part of the country. LankaBangla again came forward with its philanthropic activity; it donated another distinct generous amount of fund to the Honourable Chief Advisor's Relief Fund for the Sidr victims.

In order to serve the nation and humanity in large as part of its Corporate Social Responsibility LankaBangla Foundation has been formed where a portion of profit of the Company would be placed.

Projects Financed by LankaBangla



CNG Refuelling Station



Freeflow Salt Manufacturing Plant



Spinning Project



Hospital Project



Cement Manufacturing Plant



Meat Processing Plant



Composite Textile Plant



Cement Manufacturing Plant



Bridge Construction Project



Garments Factory



Highway Resort



Composite Textile Project



Spinning Mill



Dyeing Plant



Continuous NOF Galvanizing Plant



Commercial Building Project

Value Added Statement

For the year ended 31 December 2007

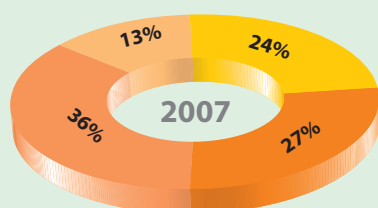
The value added statement represents the wealth created by LankaBangla Finance Limited through its operational activities and also shows how this wealth has been distributed in respective areas. A portion has also been retained in the company for future investment and expansion.

	31 Dec 2007 Taka	%	31 Dec 2006 Taka	%
Value added				
Operating revenue	648,234,941		318,621,705	
Cost of borrowing	(325,144,694)		(148,919,887)	
	323,090,247		169,701,818	
Provisions	(48,360,328)		(14,997,254)	
Operating expenses excluding staff costs and depreciation	44,366,178		(41,587,672)	
	319,096,097	100%	113,116,892	100%

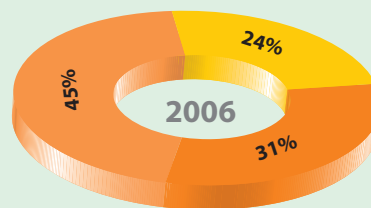
Distribution of value addition

Employees as remuneration	41,313,509	13%	27,167,431	24%
Government as income taxes	75,000,000	24%	-	
Shareholders as dividend	87,500,000	27%	35,000,000	31%
Value retained in the business	115,282,588	36%	50,949,461	45%
	319,096,097	100%	113,116,892	100%

Number of employees at the end of the year	78		65	
Value added per employee	4,090,976		1,740,260	



Employees Taxes Shareholders Retention



Employees Shareholders Retention



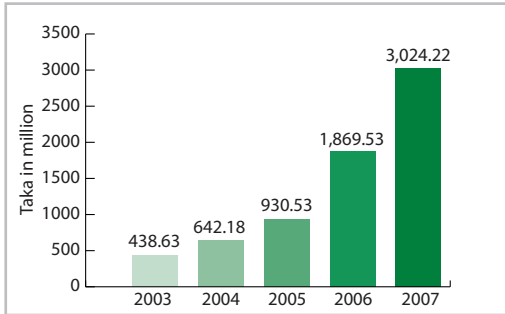
Consolidated Financial Highlights

Taka in million

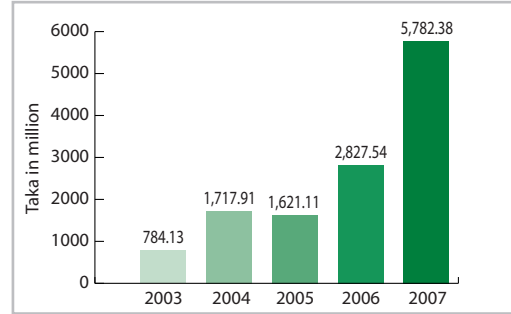
	2003	2004	2005	2006	2007	Growth (%)
Financial Results						
Authorized capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	-
Paid-up capital	201.05	241.05	260.00	350.00	350.00	-
Shareholders' equity	128.74	194.66	267.95	423.69	597.34	40.98%
Business disbursement	438.63	642.18	930.53	1,869.60	3,024.22	61.76%
Total investment portfolio	754.07	742.83	1,294.93	2,420.04	4,717.46	94.93%
Total assets	784.13	1,717.91	1,621.11	2,827.54	5,782.38	104.50%
Total liabilities	655.39	1,523.25	1,353.16	2,403.84	5,185.03	115.70%
Current assets	490.54	1,380.51	1,085.30	1,710.63	3,977.61	132.52%
Current liabilities	356.47	1,268.84	962.30	1,593.86	3,477.92	118.21%
Non current assets	293.59	337.40	535.81	1,116.91	1,804.77	61.59%
Long term liabilities	298.92	254.41	390.86	809.98	1,707.12	110.76%
Term deposits	246.89	464.69	515.53	761.75	1,818.52	138.73%
Operational Results						
Operating revenues	291.05	189.98	240.49	365.66	946.96	158.97%
Operating expenses	270.31	151.61	180.69	299.09	648.57	116.85%
Financial expenses	76.04	81.39	94.37	163.07	418.76	156.79%
General & administrative expenses	43.40	44.49	59.45	92.24	155.48	68.56%
Net profit after tax	20.74	30.26	54.35	66.82	210.47	215.00%
Turnover of share trading by LBSL	2,812.46	11,411.49	11,058.79	16,361.13	65,972.48	303.23%
Financial Ratios						
Current ratio	1.38	1.09	1.13	1.07	1.14	6.56%
Debt equity ratio	5.09	7.83	5.05	5.67	8.68	52.99%
Financial expenses coverage ratio	1.27	1.37	1.58	1.41	1.50	6.59%
Return on equity (%)	30.17	18.71	23.50	19.32	41.23	113.38%
Return on total assets (%)	2.74	2.42	3.26	3.00	4.89	62.76%
Non performing loan (%)	12.86	6.05	2.03	1.45	2.51	73.10%
Share Information						
No. of shares outstanding	20.11	24.11	26.00	35.00	35.00	-
Net asset value per share	6.40	8.08	10.31	12.11	17.07	40.98%
Earning per share (%)	10.34	13.70	21.40	24.30	60.10	147.33%
Closing market price per share	-	-	-	19.90	100.10	403.02%
Price earning ratio (Times)	-	-	-	8.19	16.66	103.38%

Graphical Presentation

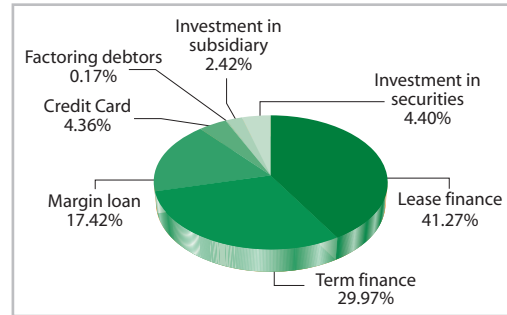
Business disbursement



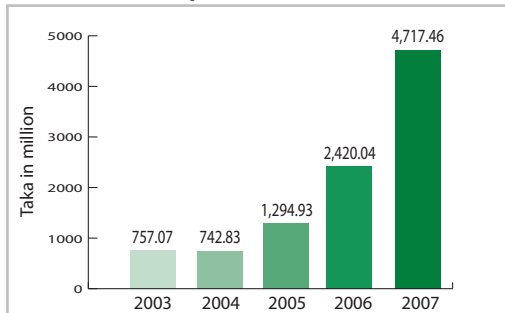
Total assets



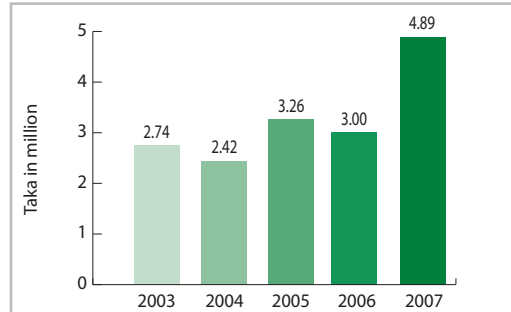
Investment mix



Total investment portfolio

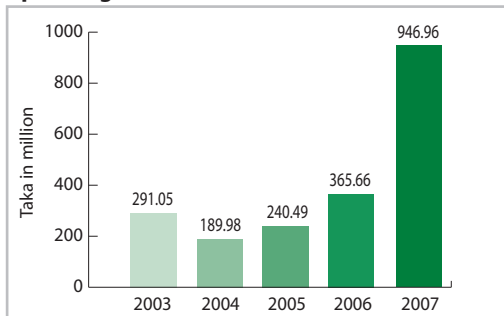


Return on total assets

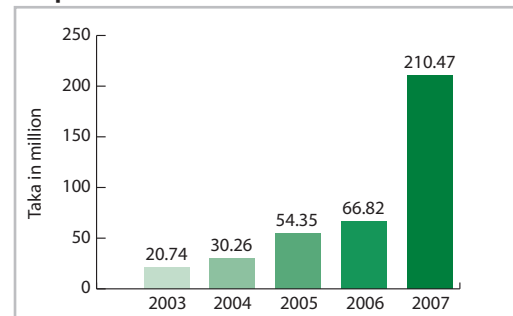




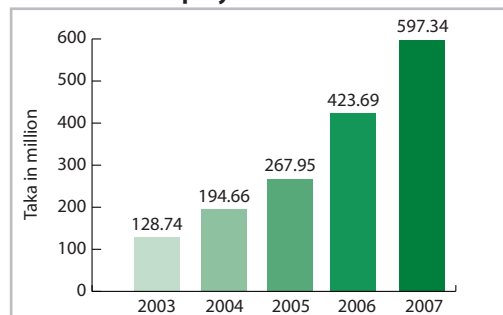
Operating revenues



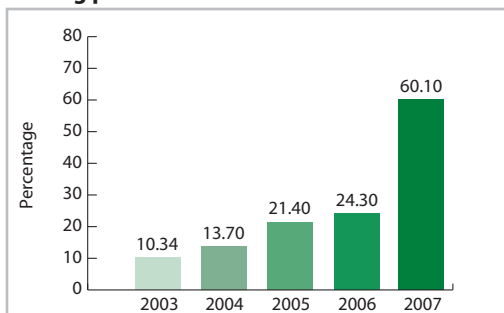
Net profit after tax



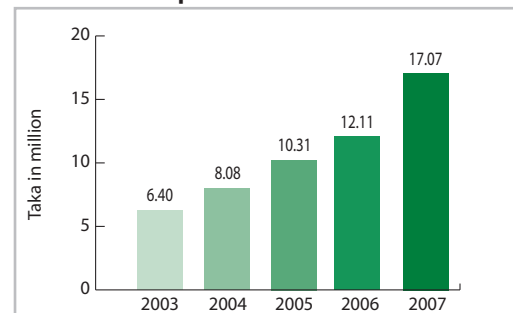
Shareholders' equity



Earning per share



Net asset value per share



Message from the Chairman



Dear Shareholders:

It is a great pleasure to welcome you all to the 11th Annual General Meeting of your Company. LankaBangla has successfully completed 10 years of uninterrupted operations. In spite of a highly competitive financial market, in 2007 your Company has been able to achieve significant growth in terms of business volume and financial results through firm commitments towards excellence in service, adherence to business ethics, compliance to good governance norms and regulations, ensuring continuous improvement in stakeholders' value.

In the age of strong challenges from very dynamic socio-economic environment and regulatory changes, we believe proper diversification and customization of products and services to meet customers' expectation is a core activity in order to maximize the value of your company and to that effect in 2007, we have launched number of new products and services which not only have played a positive impact in our operation in 2007 but also will boost up in coming years that, we believe, will ensure superior value to all our stakeholders.

Effective and efficient utilization of resources is our motto as it ensures value maximization not only for our stakeholders but also for the nation as well. In line with that in 2007 we have restructured our business divisions by redefining and re-launching products and services as well as re-allocating human and other physical resources; reengineered our operational processes through technological advancement, developed our human resources through capacity building programs; which have contributed largely in our growth in 2007 and we hope that our commitment to continuous improvement in utilization of our resources effectively and efficiently will go a long way for the betterment of all our stakeholders.

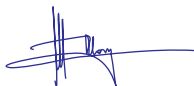
We believe that synergy of business resources and activities can ensure maximum value from input resulting in faster growth and accordingly in 2007 we have put focus on our capital market operations building synergy of LankaBangla Finance Limited and its fully-owned subsidiary LankaBangla Securities Limited, and the outcome was instrumental in the growth of your company. To reap maximum benefit from synergy, we are in the process of establishing an Asset Management Company awaiting approval of the Securities and Exchange Commission. We believe that the capacity we have built so far and expect to build in near future from this synergy has created an opportunity for us from which we expect to harvest in more in coming years.

The year 2007 was a significant year of operation for your Company. The consolidated pretax profit stood at Tk. 298.39 million in 2007, registering a growth of 348.16 % over the previous year and the consolidated net profit after tax stood at Tk. 210.47 million, indicating a growth of 214.98 % over the previous year. The consolidated earnings per share during the year under review were Tk. 6.01 compared to previous year's Tk. 2.43.

Our endeavors range from maintaining higher paid-up capital base, higher and faster growth rate, higher dividend payout 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 in rainy days. This year we have made a tax provision of Tk.87.91 million which represents our commitment to contribute to the economic development of the country. To carry out its social responsibility in large, LankaBangla Foundation has been formed where a portion of profit of the company would be placed to serve the nation and humanity in a better way.

I am thankful to our valued shareholders for their cooperation and support throughout the year. I also express my heartfelt gratitude to the directors and sponsors for their valuable support although. In fact, the achievement in 2007 was possible because of our committed, dedicated and loyal employees and the cooperation and support of our valued business partners. It is actually the customers who have made things happen for us and encouraged us to keep going on. I would also like to thank Bangladesh Bank, Securities and Exchange Commission (SEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Registrar of Joint Stock Companies and Firms (RJSC), National Board of Revenue (NBR) and all other regulatory authorities for their valuable guidance, support and cooperation.

May Almighty Allah's blessing be on all of us.



Mohammad A. Moyeen
Chairman

Message from the Managing Director



2007, this is the 10th anniversary of LankaBangla, right 10 years back we started our journey with a belief that "good dealing is good business". In 2007 LankaBangla has been able to achieve a milestone growth and success in terms of business volume, diversification of products and services, revenues and profits, quality of assets and above all meeting and exceeding various stakeholders' expectations including its shareholders and customers amidst continued uncertainty in economic and political environment together with increase in oil prices and different commodities in the international market.

In 2007 business disbursements growth of 61.76% to Tk.3,024.22 million was mostly contributed through penetration in the existing markets facilitated by launching of operation of Chittagong Branch and introducing a number of new products and services. We put more focus in capital market and merchant banking operation in 2007 to reap the advantage of synergy from our competitive advantage in the capital market and the profit growth has significantly been contributed from this avenue. Notwithstanding our strong desire for business and profit growth, we were focused on controlling non-performing assets and the non-performing assets stood at 2.51% as on 31 December 2007. In fact, in 2007 the consolidated revenue growth of 158.97% to Tk. 946.96 million, consolidated pretax profit growth of 348.16% to Tk. 298.39 million and consolidated post-tax profit growth of 214.98% to Tk. 210.47 million, shows strong commitment of the management and the Board of Directors to its stakeholders.

Our driving force in our growth is customers' satisfaction. We are aware in competitive market we need to continuously explore customers' need and variety and develop products and services which can best serve their expectations. To that effect we have been diversifying our products and services and in 2007 a good number of products and services have been launched to cater to customers' needs which includes work order finance, domestic factoring, real estate developers' finance, housing finance, investment banking and corporate finance activities like syndication of leases/loans, corporate advisory services, etc. We also believe that to retain the customers we need to be customer-oriented and flexible in our operations and to that effect in 2007 we have also customized products and services modifying our existing products and services which also helped us to attract a good number of reputed business houses as our new customers.

In the way towards the achievement of corporate goals and objectives leading to materialization of the vision of the company, we believe that capacity building to ensure optimum contribution to the company is a vital issue. In turn, it is dependant on the professional capability of our employees, transparency in our operational policies and guidelines, availability of infrastructures particularly the information and communication technology. In 2007 we conducted a number of human resources development programs including trainings to a good number of employees and also the quality of working environment has been improved significantly in addition to the life and hospitalization insurance coverage for the employees. Effective remuneration and incentive systems have been implemented in line with the profitability and performance standard of the employees. The human and other physical resources, work-flows, business and operational processes have been restructured and reengineered. A comprehensive ICT policy and its implementation is underway to give the company a complete automated environment for ensuring faster services and state-of-the-art management information system.

Finally, we would like to assure you that we are now strongly consolidated and positioned to face the challenges ahead to make another successful year of 2008 to ensure optimum growth of all stakeholders' wealth maintaining excellence in service, compliance to business ethics, good governance norms and regulations, overcoming all challenges as our performance is guided by well-defined vision, mission, and values.

On behalf of the management, I express my gratitude and heartiest thanks to our shareholders, customers, lenders, depositors, other stakeholders and regulators for their continued support. I also express my sincere gratitude to the Board of Directors and the Chairman for their guidance and invaluable suggestions that the management received all through.

Thank you all, for your cooperation and support.



Mafizuddin Sarker
Managing Director

Directors' Report

Dear Shareholders,

The Board of Directors of LankaBangla Finance Limited is pleased to present the audited financial statements of the Company for the year ended 31 December 2007, auditors' report thereon along with economic review and market status, company's performance and other matters in terms of the Company's Act, 1994, the Guidelines issued by Securities and Exchange Commission and Bangladesh Accounting Standards. In 2007 your Company was able to achieve a substantial growth in terms of business as well as financial performances.

Global Economy

- The world economy continued to grow over 5% in 2007 which was due to rapid growth in most emerging markets and developing countries, mainly China, India and Russia. On the other hand, among advanced economies, growth in the Euro area and Japan slowed in 2007 while United States grew averagely 2.25% due to continued housing downturn.
- Consumer price inflation has been contained in the advanced economies and dropped modestly to around 2.1% while increased moderately to 5.9% in other emerging markets and developing countries in 2007 reflecting strength of domestic demand and the greater weight of rising food prices in the consumer price index. Oil prices experienced rebounding since late March and rose to all-time highs in September, owing to stronger growth of demand, renewed geographical tensions in the Middle East, further OPEC production cuts, and declining inventories in key OECD economies. Non-fuel commodity prices picked up in the first eight months of 2007 driven by metals prices, while some food prices rose sharply.
- Financial risks in global market increased and underlying conditions worsened as compared to previous year. The turbulent conditions in credit markets with increasing volatility affected equity markets which eased subsequently. Since July the emerging market again faced worsening equity prices while widening bond yield spreads, but in general, market assets valuations remained near historic highs. Due to the financial market turmoil, major central banks in advanced economies rolled back policy tightening. Some central banks in emerging markets injected liquidity to ease the strains in inter-bank markets; others remained focused on inflation concerns.
- Despite the turbulent financial market conditions in 2007, the world economy is expected to grow in 2008 at the rate of 4.8%, slightly lower than 2007. Output growth forecasts have been revised downwards in all advanced economies reflecting highest downward adjustment for the United States. Among other emerging and developing countries, growth is anticipated to remain strong with China topping 10% aided by strong domestic demand and rapidly rising current account balance. Growth in South Asia including Bangladesh is expected to be robust with India topping the list. With the projected decline in non-fuel commodity prices, inflation is projected to decline in both advanced economies and other emerging and developing economies.

State of National Economy

- Bangladesh economy maintained a strong growth during FY2007 mainly aided by robust growth in manufacturing activities, increased inflow of workers' remittances from abroad and reasonable growth in exports, despite facing high and volatile oil prices in international market. Bangladesh economy sustained growth in the range of 5.5% in the last decade, which accelerated to 6.5% in FY2007, little lower than the previous year's 6.6%. During FY2007, the industry sector recorded growth of 9.5% caused by the steady expansion of export-oriented manufacturing and a rise in domestic demand. The per capita income of Bangladesh rose to \$520 in FY2007 from \$482 in the previous year.



- Export earnings in US dollar terms recorded a moderate growth of 15.8% while the growth of import payments remained to a sustainable level at 16.6%.
- Bangladesh received remittances amounting to \$6.0 billion in FY 2007 comparing to last year's \$4.8 billion showing 24.7% rise.
- The 12-month consumer price inflation rate on point to point basis hit a record to 9.20% in FY 2007 comparing to 7.54% of previous year due mainly to rising import prices of fuel oil, metal, food grain and some other essentials in the international market aggravated by problems in domestic supply chains like political turmoil in the first half of FY 2007; dislocation of market structure created by anti-hoarding drive and crackdown on corrupt business houses; and lower growth of crop production. Increasing domestic demand induced by high monetary and credit growth added to the uptrend in consumer prices.
- Total domestic credit grew by 14.5%, while credit to private sector grew by 15.1% in FY2007. Gross non performing loans (NPLs) of all banks fell to 14% at the end of June 2007 from 16.6% at the end of June 2006. The risk-weighted capital adequacy ratio (RWCAR) for all banks increased to 10.0% at the end of December 2007 from 9.0% of 2006.
- Total investment by Financial Institutions (FIs) up to June 2007 was Tk.91.97 billion, which was 25.75% higher than that of 2006 amounting Tk.73.14 billion. The rate of default in the FIs is quite low as on June 2007, classified loans and leases of the FIs in aggregate were 6.06% (1.15 percent after deduction of provision and interest suspense).
- Bangladesh Bank has also initiated a strategic move to implement the BASEL II core principles. The Bank Company Act (Amendment) of 2007 is another step to improve the efficiency of the financial sector. Under this amended act, each bank will have to increase its capital base to Tk.2.0 billion among other requirements. The remaining three NCBs have been transformed into public limited companies.
- The share market witnessed a robust growth in FY2007. New equity of Tk.3.14 billion was raised in FY 2007 out of which Tk.3.1 billion through public offerings and Tk.0.04 billion through private offerings comparing to Tk.1.7 billion raised in total in FY2006. Bonus share valuing Tk.6.8 billion was issued in FY2007 against Tk.4.6 billion of FY2006. Market capitalization inclusive of new issues increased by 118.2% in DSE and 103.7% in CSE in FY2007 than last year. In FY2007 market turnover increased by 258.0% in DSE and 200.0% in CSE. In FY2007 all share price index in DSE and CSE increased by 31.7% and 80.4% respectively.

Operational Performance During 2007

LankaBangla over its 10 years of operation has been thriving for continuous growth and improvement. Overcoming initial adversity it has gradually reorganized its management, human resources, strategies and policies from 2003 to expand its business and profitability with caution and care and continuously improved its position up to 2006. In 2007, it has achieved a massive growth in business and profitability through more structured, organized, stable and committed endeavors. In 2007 it put all out efforts in a synergic way through its multi products facilitated by proactive approach in persuasion and selection of clients with flexible terms and conditions, innovative & customized products & services, ethical business practice and compliance to local & international norms, rules, regulations and laws, the output of which is presented below:

- **Lease & Term Finance:** In spite of intense & increasing competition your company had been able to register an impressive business growth of 71.23% in 2007 over 2006 in terms of disbursement against lease and term finance. Lease and term finance disbursement made in 2007 was Tk.2,000 million against that of Tk.1,168 million of 2006. Lease and term finance portfolio also grew by 109.42% to Tk.3,213 million from previous year's Tk.1,743 million.
- **Merchant Banking & Capital Market Operations:** Merchant banking and capital market operations emerged as the highest growth and most profitable business area of the company in 2007 which has been possible due to strong support of our fully owned subsidiary brokerage house LankaBangla Securities Limited (LBSL). We are also managing our own portfolio through investing in listed shares for boosting our profitability and increasing

shareholders' wealth. In 2007 our investment portfolio in listed shares increased by 1,323.74% to Tk.200 million from Tk.14 million of 2006. Our margin loan portfolio grew by 231.2% to Tk.797 million in 2007 from Tk.240 million in 2006.

- **Credit Cards:** We are the lone non-banking financial institution operating credit card business in the country. In 2007 our new card issuance increased by 22% while active cards increased by 29%. Our card portfolio increased by 7.19% to Tk.199.6 million in 2007 from Tk.185.9 million in 2006.
- **Real Estate Developers' Finance:** In 2007 we launched real estate developers' finance as a new product as diversification of our product lines and explore our unattended market and disbursed Tk.20.00 million under the scheme.
- **Work order finance:** This was another unexplored area of LankaBangla in the past and to avail the market opportunity and diversify our product lines we started work order finance and disbursed Tk.60.50 million in 2007.
- **Factoring:** Domestic factoring of invoices is another product that we launched in last quarter of 2007 to boost up our business volume by way of diversification and in the year we disbursed Tk.7.49 million which is expected to be a potential area in 2008.
- **Home loan:** Having the positive intension for long we could not afford to extend home loans to the aspirants for having homes due to fund mis-match. Bangladesh Bank has opened up the door for us through introducing refinance scheme and in response to that we completed ground work in the last quarter of 2007 to launch home loan and expect to contribute to the society from 2008 with greater dimension.
- **Corporate Finance and Advisory Services:** In pursuit of our diversification process we also launched corporate finance and advisory services through a separate department in the last quarter of 2007 to provide various corporate & investment services like lease/loan syndication services, financial structuring & restructuring services, security agent services, secretarial services, merger & acquisition services, etc to meet the increasing investment banking services demand in the country. We entered into agreements with two foreign clients for providing corporate advisory services in 2007 and also completed ground work to act as lead arranger for syndication finance.
- **Treasury Operation:** Our drive to reduce weighted average funding cost, diversify the sources of funding diminishing dependence on conventional sources witnessed remarkable development in 2007. As on December 31, 2007 our total term deposit amount was Tk.1,818.52 million comprising 42.5% of borrowing portfolio.
- **Subsidiary Operation:** LankaBangla Securities Limited, our fully owned subsidiary has emerged as the country's leading brokerage house. In 2007 the Company ranked 1st both in DSE & CSE in terms of turnover. The turnover of the company grew to Tk.65.97 billion in 2007 up by 303.24% from Tk.16.36 billion in 2006 and the net profit of the company increased by 303.50% to Tk.126.82 million in 2007 from Tk.31.43 million in 2006. The company is providing combinations of brokerage, CDBL, on time information and research services.
- **Branch Operation:** Opening of Chittagong Branch in December 2006 resulted in a sizable business for the company representing Tk.265.80 million lease and term finance disbursements in addition to its moderate contribution in credit cards issuing & acquiring business in 2007 making a positive contribution in business development with increasing customer base in Chittagong region.
- **Human Resources:** We believe that right people at right time at right place with right motivation make the difference. In LankaBangla, we are committed to attract and maintain required number of human resources having superior qualification, technological skills and professional expertise with a high level of loyalty, commitment, devotion and dedication to the Company. LankaBangla provides its employees attractive remuneration packages, develops them with proper training and ensures good working environment, to build them properly to face the challenging market situation and demand. We believe in equal employment opportunities regardless of age, gender, disability, religion, race, cast or any other factors.



During 2007, 14 new recruitment have been made to cater to the growth endeavor of the company and 21 training programs have been participated by the employees at home & abroad for their development.

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

- Information Technology:** We believe that Information and Communication Technology is one of the main keys to success and LankaBangla has highly experienced & trained professionals working in a full ledged IT Department. We put strong importance on upgrading our IT continuously. At present LankaBangla has state-of-the-art credit card software which is enriched with full pledged facilities to provide card processing services to other issuers. We have also a separate merchant banking software which is running smoothly taking care of our merchant banking business and financial processes. Integrated leasing and accounting software is also in place in the Company. The Company is in the process of procuring two separate softwares to automate business processes of newly launched factoring and housing finance business. In 2008 our main focus will be on central networking and integration of operations and security of the softwares and databases with development of IT professionals.
- Risk Management:** While managing our business, we always keep in mind the risks that may affect our returns and to address such risks mainly credit risks, market risks, liquidity risks and operational risks, we have put into action a well designed risk management approach which encompasses all impacting factors including measuring the influence of risks, analyzing ways to control and allocate them through prudential trade offs in order to ensure optimal reward for all our stakeholders. In order to continuously monitor, evaluate, assess and mitigate various risks factors, we have four committees namely Credit Committee, Merchant Banking Committee, Asset Liability Management Committee (ALCO) and Internal Control and Compliance Committee which has been contributing towards the value maximization of the stakeholders through an effective risk management techniques. A separate statement on risk management has been issued and furnished at page 22 addressing the risk profile of the company.

Financial Result, Proposed Dividend and Appropriation of Profit

Your company posted a pretax profit of Tk.189.05 million in 2007, up 169.49% from Tk.70.15 million of year 2006 while net profit after tax increased by 62.51% from Tk.70.39 million in 2006 to Tk.114.39 million in 2007.

2007 was a milestone year of operation for your Company completing its 10th anniversary and in this year your Company has harvested a record performance. It 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 has recommendad a cash dividend of 15% and stock dividend of 10%, i.e. 1 share for each 10 shares for the year 2007.

The Directors are pleased to report the financial results for the year 2007 and recommend the following appropriations:-

Net profit after tax	Tk. 114,386,461
Retained earnings brought forward	Tk. 6,172,732
Profit available for appropriation	Tk. 120,559,193

Recommendation for appropriation by the Board of Directors:

Statutory Reserve (20% of net profit)	(Tk. 22,877,292)
Proposed Dividend	
Cash Dividend: @ 15%	(Tk. 52, 500,000)
Stock Dividend: @ 10% (i.e. 1 share for every 10 shares held)	(Tk. 35, 000,000)
Retained earnings carried forward	Tk.10,181,902

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 pages 31-33.

Plan for Utilization of Undistributed Profits

The Company requires substantial funds every year to carry out its regular business operation. The undistributed profits will be utilized to disburse fund for its new investments and will be used to meet contingencies in future as authorized under Regulation 100 of the Schedule I of the Companies Act 1994. Additionally with this retention a reasonable debt equity ratio would be maintained and 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. In 2007 we have made a provision of Tk. 87.91 million.

Outlook

The macroeconomic performance has been showing a continued growth increasingly which continued in FY 2007, despite the economy is coming under rising pressure in the form of higher domestic prices, higher import payments, sluggish export performance. As the financial institutions are facing immense competition in the lease market with the opening up of leasing divisions by commercial banks, your Company would concentrate more on capital market operation, investment banking & corporate finance and diversify its mode of investments in both market segments and products.

Considering this in mind, your Company has already chalked out strategy to put strenuous efforts to achieve the business volumes targeted by all the departments as well as realize the corporate objectives. Innovative & relentless marketing drive would be put into place to attract quality asset in our portfolio and to improve the quality of existing portfolio. As a part of diversification of our business we have applied to obtain license from Securities and Exchange Commission for an Asset Management Company which will be a closely held subsidiary of LankaBangla Finance Limited.

Recognition

As a reward of our relentless efforts to the best practices of corporate and financial reporting, we were awarded the Third Prize in Non-Banking Financial Sector for the Best Published Annual Reports and Annual Audited Accounts for the year 2006 by the Institute of Chartered Accountants of Bangladesh (ICAB).

You will also be glad to know that our subsidiary company LankaBangla Securities Limited was awarded for outstanding performance for being ranked 1st in terms of turnover for the years 2005, 2006 & 2007 by the Chittagong Stock Exchange (CSE) and was awarded 1st position in terms of turnover for the years 2006 & 2007 by the Dhaka Stock Exchange (DSE).

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 Annexure-2.

Election of Directors

In accordance with the Article 98 of Company's Articles of Association, Mr. Mohammad A. Moyeen, Mr. Hesham Al Warraq, Mr. Mirza Ejaz Ahmed and Mr. Tahsinul Huque retire and being eligible, offer themselves for re-election.



Board Meetings & Attendance

During the year 2007 four (4) Meetings of the Board of Directors were held. The attendance of the Directors is shown in the Annexure-1.

Auditors

In the 10th Annual General Meeting of the company, M/S. ACNABIN, Chartered Accountants, was appointed as External Auditors of the Company for a term till conclusion of next Annual General Meeting and being eligible for re-appointment express their willingness to continue in office.

Reporting on Corporate Governance Compliance

Pursuant to Clause 5.00 of SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 the Company's compliance status is shown in Annexure-3.

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 change 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, 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 Company's ability to continue as a going concern.

Acknowledgement

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

Finally, the Board of Directors thanks the respected shareholders and assures them that it 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.

For and on behalf of the Board of Directors

Mohammad A Moyeen
Chairman

পরিচালকের প্রতিবেদন

প্রিয় শেয়ারহোল্ডারবৃন্দ,

লংকাবাংলা ফাইন্যান্স লিমিটেড এর পরিচালক পর্ষদ আনন্দের সাথে কোম্পানীর ৩১ শে ডিসেম্বর, ২০০৭ তারিখে সমাপ্ত বৎসরের নিরীক্ষিত আর্থিক হিসাব ও নিরীক্ষকের প্রতিবেদনসহ, অর্থনৈতিক পর্যালোচনা, বাজার অবস্থা, কোম্পানীর সার্বিক সাফল্যসহ অন্যান্য বিষয়াদি কোম্পানী আইন ১৯৯৪, সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন রুলস, বাংলাদেশে প্রযোজ্য একাউন্টিং স্ট্যান্ডার্ড অনুসারে উপস্থাপন করা হয়েছে। ২০০৭ সনে আপনাদের কোম্পানী একটি প্রশংসনীয় সাফল্য অর্জন করতে সমর্থ হয়।

বিশ্ব অর্থনীতি

- বিশ্ব অর্থনীতিতে ২০০৭ সনে ৫% এর অধিক হারে প্রবৃদ্ধি অব্যাহত ছিল, যার মূলে রয়েছে উন্নয়নশীল ও উদীয়মান দেশের বাজার অর্থনীতির উত্থান বিশেষ করে চীন, ভারত এবং রাশিয়ার দ্রুত প্রবৃদ্ধি। অন্যদিকে উন্নত অর্থনীতিতে যেমন ইউরোপ ও জাপানে ২০০৭ সনে অনেকটা মন্দা অবস্থা ছিল। যুক্তরাষ্ট্রে গৃহায়ন খাতের নিবন্ধিতার জন্য গড়ে ২.২৫% প্রবৃদ্ধি অর্জিত হয়।
- উন্নত অর্থনীতিতে ভোগ্যপণ্যের মূল্যস্ফীতি নিয়ন্ত্রিত ছিল যা সর্বনিম্ন ২.১% এ নেমে আসে, অন্যদিকে এটি উন্নয়নশীল ও উদীয়মান অর্থনীতিতে ২০০৭ সনে ৫.৯% এ উন্নীত হয় যা আভ্যন্তরীণ চাহিদা বৃদ্ধি এবং ভোগ্যপণ্যের তালিকাসূচীর উপর খাদ্যের মূল্য বৃদ্ধির প্রতিফলন করে। গত মার্চ হতে তেলের মূল্য দ্রুত গতিতে বৃদ্ধি পায় এবং প্রচুর চাহিদা, মধ্যপ্রাচ্যে ভৌগলিক অস্থিরতা, OPEC ভুক্ত দেশে তেল উৎপাদন কর্তন, OECD অর্থনীতিতে ক্রমহ্রাসমান পণ্য সম্ভার ইত্যাদির জন্য সেপ্টেম্বরে তেলের মূল্য বৃদ্ধি সর্বোচ্চ পর্যায়ে পৌঁছে। ধাতব পণ্যের মূল্য বৃদ্ধিতে ২০০৭ সনের প্রথম আট মাসে অন্যান্য পণ্যের মূল্যও বৃদ্ধি পায়, বিশেষ করে খাদ্য দ্রব্যের দাম প্রচুর বৃদ্ধি পায়।
- পূর্ববর্তী বৎসরের তুলনায় বিশ্ব বাজারে আর্থিক ঝুঁকি বৃদ্ধি পায় এবং অন্তর্নিহিত অবস্থা আরও খারাপ হয়। অস্থির ঝুঁকি বাজার ইকুইটি মার্কেটকে ক্ষতিগ্রস্ত করে যা পরবর্তীতে কমে আসে। জুলাই হতে বাজার আরও করণ পরিণতির মুখোমুখি হয় এবং বন্ড মার্কেট ইন্ড স্প্রেড আরও বেড়ে যায়, কিন্তু সার্বিকভাবে বাজার সম্পদ মূল্য ঐতিহাসিক উচ্চ পর্যায়ে থাকে। আর্থিক বাজারের অস্থিরতার কারণে উন্নত অর্থনীতিতে প্রধান কেন্দ্রীয় ব্যাংক সমূহ শক্ত নীতিমালা প্রত্যাহার করে। উন্নয়নশীল বাজারে কিছু কেন্দ্রীয় ব্যাংক আন্ত-ব্যাংক বাজারে উদ্বেগ কমানোর উদ্দেশ্যে তারল্য বাড়িয়ে দেয় এবং বাকিরা মুদ্রাস্ফীতি নিয়ন্ত্রনের দিকে মনোযোগ দেয়।
- ২০০৭ সনে অস্থির আর্থিক বাজার অবস্থা সত্ত্বেও বিশ্ব অর্থনীতি ৪.৮% হারে ২০০৮ সনে বৃদ্ধি পাবে বলে আশা করা হয়। উৎপাদন বৃদ্ধির পূর্বাভাস যুক্তরাষ্ট্রসহ সকল উন্নত অর্থনীতিতে নিম্নমুখী সমন্বয় করা হয়। অন্যান্য উদীয়মান এবং উন্নয়নশীল দেশ সমূহের মধ্যে চীনে প্রচুর অভ্যন্তরীণ চাহিদা এবং দ্রুত উদীয়মান চলতি হিসাব উদ্ভবের ফলে ১০% প্রবৃদ্ধি আশা করা হয়। বাংলাদেশ সহ দক্ষিণ এশিয়ায় ব্যাপক প্রবৃদ্ধি আশা করা হয়। এর মধ্যে ভারত শীর্ষে অবস্থান করবে। অ-জ্বালানী পণ্য মূল্যে ধারাবাহিক নিম্নমুখীতার সাথে মূল্য স্ফীতি উন্নত অর্থনীতি এবং অন্যান্য উদীয়মান ও উন্নয়নশীল অর্থনীতিতে নিম্নমুখী অবস্থায় বিরাজ করবে বলে মনে হয়।

জাতীয় অর্থনীতি

- বাংলাদেশ অর্থনীতি আন্তর্জাতিক বাজারে উচ্চ ও অনিশ্চিত তৈল মূল্য সত্ত্বেও উৎপাদন কর্মকাণ্ডে জোরালো প্রবৃদ্ধি, বিদেশ হতে প্রবাসীদের ক্রমবর্ধমান টাকা পাঠানো এবং রপ্তানীতে যথাযথ প্রবৃদ্ধির কারণে ২০০৭ সনে শক্তিশালী প্রবৃদ্ধি বজায় রাখে। বাংলাদেশ অর্থনীতি বিগত দশকে ৫.৫% প্রবৃদ্ধি বজায় রাখে, যা ২০০৭ সনে ৬.৫% এ উন্নীত হয়, যা গত বৎসরের ৬.৬% হতে কিছু কম। ২০০৭ সনে শিল্প খাতে রপ্তানীমুখী উৎপাদন খাতের প্রসারতা এবং অভ্যন্তরীণ চাহিদা বৃদ্ধির কারণে ৯.৫% প্রবৃদ্ধি অর্জিত হয়। বাংলাদেশের মাথাপিছু আয় গত বৎসরের ৪৮২ ডলার হতে ২০০৭ সনে ৫২০ ডলারে বৃদ্ধি পায়।
- মার্কিন ডলারের হিসাবে রপ্তানী আয় ১৫.৮% প্রবৃদ্ধি অর্জন করে যখন আমদানী পরিশোধের প্রবৃদ্ধি সমর্থযোগ্য পর্যায়ে ১৬.৬% এ থাকে।
- বাংলাদেশ ২০০৭ সনে প্রবাসীদের মাধ্যমে ৬.০ বিলিয়ন ডলার রেমিটেন্স অর্জন করে, যা বিগত বৎসরের তুলনায় ২৪.৭% বেশি, ২০০৬ সালে এটা ছিল ৪.৮ বিলিয়ন ডলার।
- প্রায় ১২ মাসে ভোগ্যপণ্য মূল্যে মূল্যস্ফীতির হার রেকর্ড পরিমাণ বৃদ্ধি পেয়ে পূর্ববর্তী বৎসরে ৭.৫৪% এর তুলনায়



জিনিসপত্রের মূল্য বৃদ্ধি যা আরও খারাপ অবস্থার সম্মুখীন হয়। মূলত ২০০৭ সনের প্রথম দিকে রাজনৈতিক গুণ্ডাগোলে আভ্যন্তরীণ সরবরাহ লাইনে সমস্যা সৃষ্টির কারণে মজুতদার বিরোধী অভিযান ও দুর্নীতিবাজ ব্যবসায়ী মহলের বিরুদ্ধে অভিযান ও কৃষিখাতে কর্ম উৎপাদনের কারণে বাজার কাঠামো ভেঙ্গে পড়ে। উচ্চ আর্থিক ও ঋণ প্রবৃদ্ধি যোগ হয়ে ক্রমবর্ধমান আভ্যন্তরীণ চাহিদা ভোগ্যপণ্যের মূল্যকে আরও বাড়িয়ে তোলে।

● ২০০৭ সনে মোট আভ্যন্তরীণ ঋণ ১৪.৫% বৃদ্ধি পায়, যখন প্রাইভেট খাতে বাড়ে ১৫.১%। সকল ব্যাংকের মোট কু-ঋণ ২০০৭ সনে ১৪% এ নেমে আসে যেখানে জুন, ২০০৬ এ ছিল ১৬.৬%। সকল ব্যাংকের জন্য বুকিপুর্ন পুঁজি পর্যাণ্ডতার অনুপাত (RWCAR) ২০০৬ সনের ৯.০% হতে ২০০৭ এর ডিসেম্বরের শেষে ১০.০% এ বৃদ্ধি পায়।

● জুন, ২০০৭ পর্যন্ত আর্থিক প্রতিষ্ঠান কর্তৃক মোট বিনিয়োগ ছিল মাত্র ৯১.৯৭ বিলিয়ন টাকা যা ২০০৬ সনের তুলনায় ২৫.৭৫% বেশী। আর্থিক প্রতিষ্ঠানে ঋণ খেলাপীর পরিমাণ জুন, ২০০৭ এ অনেক কম, গড়ে আর্থিক প্রতিষ্ঠানের শ্রেণীবিন্যাসিত ঋণ ও লিজ ছিল ৬.০৬% (প্রভিশন ও সুদ সাসপেস এর কর্তনের পর ১.১৫%)।

● বাংলাদেশ ব্যাংক BASEL-II মূল্য নীতিমালা বাস্তবায়ন করতে একটি কৌশলগত পদক্ষেপের উদ্দোগ নিয়েছে। ব্যাংক কোম্পানী আইন (সংশোধন) ২০০৭, আর্থিক খাতের দক্ষতার উন্নতিতে আরেকটি পদক্ষেপ। অত্র সংশোধিত আইনের অধীনে প্রত্যেক ব্যাংককে অন্যান্য প্রয়োজনের মধ্যে এর পুঁজি ভিত্তিকে ২.০ বিলিয়নে বৃদ্ধি করতে হবে। অবশিষ্ট তিনটি NCB পাবলিক লিমিটেড কোম্পানীতে রূপান্তরীত করা হয়েছে।

● শেয়ার বাজারে ২০০৭ সনে যথেষ্ট বৃদ্ধি পরিলক্ষিত হয়। ২০০৭ সনে মাত্র ৩.১৪ বিলিয়নের নুতন ইকুইটি উত্তোলন করা হয় যার মধ্যে মাত্র ৩.১ বিলিয়ন টাকা পাবলিক Offering এর মাধ্যমে এবং মাত্র ০.৪ বিলিয়ন বেসরকারী Offering এর মাধ্যমে যা ২০০৬ সনের ১.৭ বিলিয়নের তুলনায়। বোনাস শেয়ার ২০০৬ সনের ৪.৬ বিলিয়ন টাকার তুলনায় ২০০৭ সনে ৬.৮ বিলিয়ন টাকা উত্তোলন করা হয়। নুতন ইস্যুসহ পুঁজিবাজার গত বৎসর হতে ২০০৭ সনে DSE তে ১১৮.২% এবং CSE তে ১০৩.৭% এ বৃদ্ধি পায়। ২০০৭ সনে বাজার আয় DSE তে বাড়ে ২৫৮.০% এবং CSE তে বাড়ে ২০০.০%। ২০০৭ সনে DSE তে সকল শেয়ারের মূল্য বেড়েছে ৩১.৭% এবং CSE তে বেড়েছে ৮০.৪%।

২০০৭ সনে পরিচালনা কর্মকান্ড

বিগত দশ বছরে লংকাবাংলার কার্যক্রম ও প্রবৃদ্ধি ছিল যথেষ্ট। প্রাথমিক খারাপ অবস্থা অতিক্রম করে এটি সাবধানতা ও যত্ন সহকারে ব্যবসা ও লাভজনকতা বৃদ্ধি করতে ২০০৩ হতে এর ব্যবস্থাপনা, জন সম্পদ, কৌশল এবং নীতিমালা ক্রমে ক্রমে পুনঃসংগঠিত করেছে। ২০০৭ সনে এটি সহজ শর্তাদি, নুতন ও উন্নত দ্রব্যাদি ও সেবার পাশাপাশি নৈতিক ব্যবসায়ী আচরণ এবং স্থানীয় ও আন্তর্জাতিক নীতি, আইন, প্রবিধান ও বিধানসমূহের পরিপালনের মাধ্যমে একযোগে এর সকল প্রচেষ্টা নিয়োজিত করে, যার ফলাফল নিম্নে উপস্থাপন করা হল :-

● **লীজ ও মেয়াদী ঋণ :-** প্রচন্ড ও বর্ধিত প্রতিযোগীতা সত্ত্বেও আপনাদের কোম্পানী লীজ ও মেয়াদী ঋণের বিপরীতে বিতরণের হিসাবে ২০০৬ সনের তুলনায় ২০০৭ সনে ৭১.২৩% প্রবৃদ্ধি অর্জন করে। ২০০৭ সনে লীজ ও মেয়াদী ঋণ বিতরণ ছিল ২,০০০ মিলিয়ন টাকা যা ২০০৬ সনে ছিল ১,১৬৮ মিলিয়ন টাকা। ইজারা ও মেয়াদী ঋণ পোর্টফোলিও ১০৯.৪২% বৃদ্ধি পেয়ে ২০০৭ সালে ৩,২১৩ মিলিয়ন টাকাতে দাড়িয়েছে যা পূর্ববর্তী বৎসরে ছিল ১,৭৮৩ মিলিয়ন টাকা।

● **মার্চেন্ট ব্যাংকিং ও পুঁজি বাজার কার্যক্রম :-** মার্চেন্ট ব্যাংকিং এবং পুঁজি বাজার ব্যবসা ২০০৭ সনে কোম্পানীর সব চেয়ে লাভজনক ব্যবসা হিসাবে উত্থিত হয়েছে যা সম্ভব হয়েছে আমাদের পূর্ণ মালিকানাধীন সাবসিডিয়ারী ব্রোকারেজ কোম্পানী লংকাবাংলা সিকিউরিটিজ লিমিটেড (LBSL) এর দৃঢ় সমর্থনের জন্য। আমরা আমাদের শেয়ার মালিকগণের সম্পদের মূল্য বাড়ানোর জন্য তালিকাভুক্ত শেয়ারে বিনিয়োগের মাধ্যমে আমাদের নিজস্ব পোর্টফোলিওরও ব্যবস্থাপনা করছি। ২০০৭ সনে তালিকাভুক্ত শেয়ারে আমাদের বিনিয়োগ পোর্টফোলিও ১,৩২৩.৭৪% বৃদ্ধি পেয়ে ২০০ মিলিয়ন টাকায় উন্নীত হয়, ২০০৬ সনে যা ছিল ১৪ মিলিয়ন টাকা। আমাদের মার্জিন ঋণ পোর্টফোলিও ২৩১.২% বৃদ্ধিপ্রাপ্ত হয়ে ২০০৭ সনে ৭৯৭ মিলিয়ন টাকায় উন্নীত হয়, যা ২০০৬ সনে ছিল ২৪০ মিলিয়ন টাকা।

● **ক্রেডিট কার্ডঃ-** আমরা একমাত্র নন-ব্যাংকিং আর্থিক প্রতিষ্ঠান যা দেশে ক্রেডিট কার্ড ব্যবসা পরিচালনা করেছে। ২০০৭ সনে আমাদের নুতন কার্ড ইস্যু ২২% বৃদ্ধি পায়, সক্রিয় কার্ড বৃদ্ধি পায় ২৯%। আমাদের ক্রেডিট কার্ড পোর্টফোলিও ২০০৭ সনে ৭.১৯% বৃদ্ধি পেয়ে ১৯৯.৬ মিলিয়ন টাকা হয়, যা ২০০৬ সনে ছিল ১৮৫.৯ মিলিয়ন টাকা।

● **রিয়েল এ্যাস্টেট ডেভেলপারস অর্থায়ন :-** ২০০৭ সনে আমরা নতুন বাজার খুঁজতে আমাদের ব্যবসাকে বহুমুখীকরণের জন্য রিয়েল এ্যাস্টেট ডেভেলপারস অর্থায়ন শুরু করি। এই খাতে আমরা ২০০৭ সনে ২০ মিলিয়ন টাকা অর্থায়ন করি।

২০০৭ সনে ৯.২০% এ উন্নীত হয়, যার কারণ আন্তর্জাতিক বাজারে জ্বালানী তেল, ধাতব, খাদ্য দ্রব্য এবং অন্যান্য প্রয়োজনীয় • **ওয়ার্ক অর্ডার অর্থায়ন** ৪- এটি লংকাবাংলার একটি নতুন আর্থিক পণ্য। বাজার সুযোগ গ্রহণ এবং আমাদের আয়ের খাতকে বহুমুখী করতে আমরা ওয়ার্ক অর্ডারে অর্থায়ন শুরু করি এবং ২০০৭ সনে মাত্র ৬০.৫০ মিলিয়ন টাকা বিতরণ করি।

• **ফ্যাক্টরিং** ৪- অভ্যন্তরীণ ইনভয়েসের অর্থায়ন আরেকটি আর্থিক পণ্য যা আমরা ব্যবসা বহুমুখীকরণের মাধ্যমে আমাদের ব্যবসা বৃদ্ধি করতে ২০০৭ সনের শেষ ত্রৈমাসিকে শুরু করি এবং ঐ বৎসরে আমরা মাত্র ৭.৪৯ মিলিয়ন টাকা বিতরণ করি যা ২০০৮ সনে একটি সম্ভাবনাময় আর্থিক পণ্য হিসাবে আর্বিভূত হবে বলে আশা করি।

• **গৃহ ঋণ** ৪- সদিচ্ছা থাকা সত্ত্বেও আমরা তহবিল ব্যবস্থাপনায় অসামঞ্জস্যের কারণে গৃহ নির্মাণে ইচ্ছুক ব্যক্তিগণকে গৃহ ঋণ দিতে পারিনি। বাংলাদেশ ব্যাংক পুনঃ অর্থায়ন স্কীম প্রবর্তনের মাধ্যমে আমাদের জন্য দুয়ার খুলে দিয়েছে এবং এতদুদ্দেশ্যে আমরা গৃহ ঋণ শুরু করতে ২০০৭ সনের শেষ ত্রৈমাসিকে ভিত্তিমূলক কাজ শেষ করি এবং বৃহত্তর পরিসরে ২০০৮ সন হতে এ খাতে অর্থায়নের মাধ্যমে সমাজে অবদান রাখতে আশা করি।

• **কর্পোরেট ফাইন্যান্স ও এ্যাডভাইজারী সেবা** ৪- আমাদের ব্যবসা বহুমুখীকরণের অংশ হিসেবে আমরা দেশে ক্রমবর্ধমান বিনিয়োগ ব্যাংকিং চাহিদা মিটাতে বিভিন্ন কর্পোরেট ফাইন্যান্স ও বিনিয়োগ সেবা যেমনঃ লীজ/ঋণ এর সিডিকেশন সেবা, আর্থিক কাঠামোকরণ ও পুনঃ কাঠামোকরণ সেবা, সিকিউরিটি এজেন্ট সেবা, সেক্রেটারিয়াল সেবা, একত্রিকরণ ও অধিগ্রহণ সেবা ইত্যাদি প্রদান করিতে ২০০৭ সনের শেষ ত্রৈমাসিকে একটি ভিন্ন বিভাগের মাধ্যমে কার্যক্রম শুরু করি। আমরা ২০০৭ সনে কর্পোরেট উপদেষ্টা সেবা প্রদানের জন্য দুইটি বিদেশী প্রতিষ্ঠানের সাথে চুক্তিতে আবদ্ধ হই এবং সিডিকেশন ফাইন্যান্স এর জন্য লীড এ্যারেঞ্জার হিসাবে কাজ করতে ভিত্তিমূলক কাজ সম্পন্ন করি।

• **ট্রেজারী পরিচালনা** ৪- তহবিল খরচ কমানোর প্রচেষ্টা এবং সাধারণ উৎসের উপর নির্ভরতা কমিয়ে তহবিলের উৎসের বহুমুখীকরণে ২০০৭ সনে আমাদের প্রভূত উন্নতি সাধিত হয়। ২০০৭ সনের ৩১শে ডিসেম্বর তারিখে আমাদের মোট মেয়াদী জমার পরিমাণ ছিল ১.৮১৮.৫২ মিলিয়ন টাকা যা মোট গৃহীত ঋণ পোর্টফোলিওর ৪২.৫% ছিল।

• **সাবসিডিয়ারি কার্যক্রম** ৪- লংকাবাংলা সিকিউরিটিজ লিমিটেড আমাদের একটি পূর্ণ মালিকানার সাবসিডিয়ারি কোম্পানী যা দেশের প্রধান ব্রোকারেজ হাউজ হিসাবে আর্বিভূত হয়েছে। ২০০৭ সনে কোম্পানীটি টার্গেটভারের ভিত্তিতে DSE ও CSE এ প্রথম স্থান অধিকার করে। কোম্পানীর টার্গেটভার ২০০৭ সনে ৩০৩.২৪% বৃদ্ধি পেয়ে ৬৫.৯৭ বিলিয়ন টাকায় উঠে আসে যা ২০০৬ সনে ছিল ১৬.৩৬ বিলিয়ন টাকা এবং কোম্পানীর নীট লাভ ২০০৭ সনে ৩০৩.৫০% বৃদ্ধি পেয়ে ১২৬.৮২ মিলিয়ন টাকায় দাঁড়ায়, যা ২০০৬ সনে ছিল ৩১.৫৮ মিলিয়ন টাকা। কোম্পানীটি ব্রোকারেজ, CDBL, তথ্য ও গবেষণা সেবাসহ পুঁজিবাজারের বহুমুখী সেবা প্রদান করছে।

• **শাখা পরিচালনা** ৪- ২০০৬ সনের ডিসেম্বর মাসে চট্টগ্রাম শাখা খোলায় চট্টগ্রাম অঞ্চলে ব্যবসা উন্নয়নের মাধ্যমে শাখাটি কোম্পানীতে বিশেষ অবদান রেখে ২০০৭ সনে ২৬৫.৮০ মিলিয়ন টাকার লীজ ও মেয়াদী ঋণ বিতরণ করে।

• **জন সম্পদ** ৪- আমরা বিশ্বাস করি প্রতিষ্ঠানের লক্ষ্য অর্জনের জন্য সঠিক সময়ে সঠিক জায়গায় সঠিক ব্যক্তির নিয়োগ অপরিহার্য। লংকাবাংলায় আমরা কোম্পানীর প্রতি উচ্চমাত্রায় অনুগত, প্রতিশ্রুত, একগ্রহতা ও নিষ্ঠার সহিত উন্নত যোগ্যতাসম্পন্ন, প্রযুক্তিগত দক্ষতা ও পেশাগত গুণ সম্পন্ন জন সম্পদকে আকর্ষণ ও নিয়ন্ত্রণ করতে প্রতিজ্ঞাবদ্ধ। লংকাবাংলা চ্যালেঞ্জিং বাজার অবস্থা ও চাহিদার মুখোমুখী হতে এই জনসম্পদকে আকর্ষণীয় বেতন ভাতা প্রদানে, তাদের প্রকৃত প্রশিক্ষণ প্রদানে ও কোম্পানীতে প্রকৃত কার্য পরিবেশ বজায় রাখায় বদ্ধ পরিকর। আমরা বয়স, লিঙ্গ, প্রতিবন্ধী, ধর্ম, জাতি, বর্ণ নির্বিশেষে চাকুরী ক্ষেত্রে সমান সুযোগে বিশ্বাস করি। ২০০৭ সনে ১৪ জন কর্মকর্তাকে প্রশিক্ষণ দেওয়া হয় এবং কিছু কর্মকর্তাকে উন্নয়নের জন্য বিদেশে প্রশিক্ষণে পঠানো হয়। কোম্পানীতে কর্মকর্তা/কর্মচারীবৃন্দের জন্য স্বাস্থ্যবীমা ও জীবনবীমাসহ বিভিন্ন সেবামূলক স্কীম রয়েছে।

• **তথ্য প্রযুক্তি** ৪- আমরা বিশ্বাস করি যে, তথ্য ও যোগাযোগ প্রযুক্তি হল সাফল্য লাভের প্রধান চাবি। লংকাবাংলায় উচ্চ অভিজ্ঞতা ও প্রশিক্ষণ প্রাপ্ত পেশাজীবীগণ IT বিভাগে কাজ করেন। আমরা আমাদের IT বিভাগকে উন্নত করতে বিশেষ গুরুত্ব প্রদান করি। বর্তমানে লংকাবাংলায় সর্বাধুনিক ক্রেডিট কার্ড সফটওয়্যার আছে যা কার্ড প্রক্রিয়া প্রদান করতে পূর্ণ সুযোগসুবিধা সহ সজ্জাকৃত। আমাদের একটি ভিন্ন মার্চেন্ট ব্যাংকিং সফটওয়্যার আছে; যা মার্চেন্ট ব্যাংকিং ব্যবসা ও আর্থিক প্রক্রিয়ার যথাযথ ব্যবস্থাপনায় নিয়োজিত। সমন্বিত লীজ ও একাউন্টিং সফটওয়্যারও কোম্পানীতে রয়েছে। কোম্পানীতে নতুন ভাবে সংযোজিত ফ্যাক্টরিং ও গৃহ অর্থায়ন ব্যবসা প্রক্রিয়া অটোমেট করতে বিভিন্ন সফটওয়্যার সংগ্রহ প্রক্রিয়াধীন আছে। ২০০৮ সনে আমাদের প্রধান লক্ষ্য IT পেশাজীবীর উন্নয়নের সঙ্গে সঙ্গে সফটওয়্যার ও ডাটাবেজের পরিচালনা ও নিরাপত্তার সমন্বয় ও কেন্দ্রীয় নেটওয়ার্কিং নিশ্চিত করা।

ঝুঁকি ব্যবস্থাপনা

ব্যবসা পরিচালনার সময় আমরা সব সময়ই ঝুঁকির বিষয়টি বিবেচনায় রাখি যা আমাদের রিটার্নকে ক্ষতিগ্রস্ত করতে পারে এবং এ ধরণের



ঝুঁকি মোকাবেলায় বিশেষ করে ঋণের ঝুঁকি, বাজার ঝুঁকি, তারল্য ঝুঁকি এবং পরিচালনার ঝুঁকি ইত্যাদিতে আমরা দক্ষ ঝুঁকি ব্যবস্থাপনা পদক্ষেপকে কাজে লাগিয়েছি যা সমস্ত সম্ভাব্য ক্ষতিগ্রস্তকারী বিষয়কে লক্ষ্য রাখবে। ঝুঁকি নিয়ন্ত্রণ ও বরাদ্দের জন্য পথ বিশেষণ করে আমাদের শেয়ারমালিকগণের সর্বোচ্চ রিটার্ন নিশ্চিত করার জন্য সার্বক্ষণিক তত্ত্বাবধান, মূল্যায়ণ, নিরীক্ষা কার্যক্রম গ্রহণ সহ বিভিন্ন ঝুঁকি দূর করতে আমাদের ৪টি কমিটি নিয়োজিত আছে যেমন ক্রেডিট কমিটি, মার্চেন্ট ব্যাংকিং কমিটি, এসেট এন্ড লাইবিলিটি ম্যানেজমেন্ট কমিটি যা অবদান রাখছে শেয়ারমালিকগণের সম্পদ বৃদ্ধিকরণ বিষয়ে কার্যকর ঝুঁকি ব্যবস্থাপনা কৌশলে। ঝুঁকি ব্যবস্থাপনার উপর ভিন্ন প্রতিবেদন ২২ পৃষ্ঠায় প্রদান করা হয়েছে।

আর্থিক ফলাফল, প্রস্তাবিত লভ্যাংশ ও লভ্যাংশের উপযোজন

আপনাদের কোম্পানী ২০০৬ সনের ৭০.১৫ মিলিয়ন টাকার করপূর্ব মুনাফার বিপরীতে ২০০৭ সনে ১৮৯.০৫ মিলিয়ন টাকা করপূর্ব মুনাফা অর্জন করে যা পূর্ববর্তী বছরের তুলনায় ১৬৯.৪৯% বেশী। করপূর্ব মুনাফা ২০০৬ সনের ৭০.৩৯ মিলিয়ন টাকা হতে ৬২.৫১% বৃদ্ধি পেয়ে ২০০৭ সনে ১১৪.৩৯ মিলিয়ন টাকায় দাঁড়িয়েছে। দশম বছর পূর্তির সঙ্গে সঙ্গে আপনাদের কোম্পানীর জন্য ২০০৭ সন একটি মাইলফলক হিসেবে চিহ্নিত হয়েছে কারণ এই বছর কোম্পানী উলেখযোগ্য কর্ম সাফল্য অর্জন করেছে। আর্থিক বাজারের সামগ্রিক দক্ষতা, কোম্পানীর বর্তমান কার্যকরী অবস্থা এবং কোম্পানীর ভবিষ্যৎ বিনিয়োগ সুযোগের বিবেচনায় পরিচালক পর্ষদ ১৫% নগদ লভ্যাংশ এবং ১০% বোনাস লভ্যাংশ অর্থাৎ প্রতি ১০ (দশ)টি শেয়ারের বিপরীতে ১ (এক)টি শেয়ার লভ্যাংশ ঘোষণা করেছেন।

পরিচ	আয়কর পরবর্তী মোট মুনাফা	টাকা	১১৪,৩৮৬,৪৬১	করেন:
	অবন্টিত মুনাফা জেরকৃত	টাকা	৬,১৭২,৭৩২	
	বন্টনযোগ্য মুনাফা	টাকা	১২০,৫৫৯,১৯৩	

পরিচ	সংবিধিবদ্ধ রিজার্ভ (মোট লাভের ২০%)	টাকা	(২২,৮৭৭,২৯২)
	প্রস্তাবিত লভ্যাংশ		
	□ নগদ লভ্যাংশ ১৫% হারে	টাকা	(৫২,৫০০,০০০)
	□ স্টক লভ্যাংশ ১০% হারে	টাকা	(৩৫,০০০,০০০)
	□ (অর্থ্যাৎ প্রতি ১০টি শেয়ারের জন্য ১টি শেয়ার)		
	অবন্টিত মুনাফা জেরকৃত	টাকা	১০,১৮১,৯০২

প্রধান পরিচালন ও আর্থিক উপাত্ত

সিকিউরিটিজ এ্যান্ড এক্সচেঞ্জ কমিশনের নোটিফিকেশন নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/প্রশাসন/০২-০৮, তারিখ: ২০ ফেব্রুয়ারী, ২০০৬, অনুযায়ী গত পাঁচ বৎসরের প্রধান অপারেটিং ও আর্থিক উপাত্ত ৩১-৩৩ পৃষ্ঠায় দেখানো হল।

অবিলম্বিত লাভ ব্যবহারের পরিকল্পনা

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

জাতীয় রাজস্ব খাতে অবদান

সরকারকে রাজস্ব আয় গঠনে সহায়তার জন্য এবং এর মাধ্যমে দেশের অর্থনৈতিক উন্নয়নের জন্য লংকাবাংলা ফাইন্যান্স নিয়মিত জাতীয় রাজস্ব খাতে কর জমা প্রদান করে বিভিন্ন উৎসে আয়কর ও ভ্যাট কর্তনের মাধ্যমে এবং কোম্পানীর আয়ের উপর যে আয়কর তাও জমা প্রদান করে। ২০০৭ সনে কোম্পানী ৮৭.৯১ মিলিয়ন টাকা করের জন্য প্রতীশন করে।

দৃষ্টিভঙ্গি

জাতীয় অর্থনীতির কার্য দক্ষতা পর্যায়ক্রমে বৃদ্ধি পাচ্ছে যা ২০০৭ আর্থিক বৎসরেও চালু ছিল যদিও অধিক আভ্যন্তরীণ মূল্য হার, অধিকতর আমদানী ব্যয়, স্থিরগতির রপ্তানি আয়ের কারণে অর্থনীতির উপর চাপ দিন দিন বৃদ্ধি পাচ্ছে। যেহেতু আর্থিক প্রতিষ্ঠানসমূহ বাণিজ্যিক ব্যাংক কর্তৃক লীজ ব্যবসা শুরু করার কারণে প্রচণ্ড প্রতিযোগিতার সম্মুখীন হচ্ছে, সেহেতু আপনাদের কোম্পানী পুঁজি বাজার ব্যবসা কার্যক্রম, বিনিয়োগ ব্যাংকিং ও কর্পোরেট অর্থায়নের উপর অধিক গুরুত্ব আরোপের মাধ্যমে এর বিনিয়োগের পদ্ধতি বহুমুখীকরণ ও সম্প্রসারণ করবে। এটি বিবেচনায় রেখে আপনাদের কোম্পানী বিভিন্ন বিভাগ কর্তৃক ধার্যকৃত লক্ষ্যমাত্রা এবং বাণিজ্যিক উদ্দেশ্য হাসিলের জন্য ইতিমধ্যেই যথাযথ প্রতিযোগিতামূলক কৌশল গ্রহণ করেছে। নতুন উদ্ভাবিত এবং অপ্রতিরোধ্য বাজার কার্যক্রম চালানোর মাধ্যমে আমাদের পোর্টফোলিওতে মানসম্পন্ন সম্পদ আকৃষ্টকরণ এবং বর্তমান পোর্টফোলিওর মান উন্নতকরণ করা হবে। আমাদের ব্যবসা বহুমুখীকরণ ও সম্প্রসারণের অংশ হিসাবে আমরা সিকিউরিটি ও এক্সচেঞ্জ কমিশনে আবেদন করেছি সম্পদ ব্যবস্থাপনা কোম্পানীর জন্য যা লংকাবাংলা ফাইন্যান্স লিঃ এর অঙ্গ প্রতিষ্ঠান হবে।

স্বীকৃতি

আমাদের অক্লান্ত প্রচেষ্টার পুরস্কার হিসেবে নন-ব্যাংকিং ফাইন্যান্সিয়াল সেক্টরে ২০০৬ সনের উৎকৃষ্ট বার্ষিক রিপোর্ট প্রকাশের জন্য এবং বার্ষিক নিরীক্ষা হিসাবের জন্য ইনস্টিটিউট অব চার্টার্ড একাউন্টেন্টস অব বাংলাদেশ (আইসিএবি) কর্তৃক আমাদেরকে তৃতীয় পুরস্কার প্রদান করা হয়।

আপনারা জেনে খুশি হবেন যে, আমাদের সাবসিডিয়ারি কোম্পানী লংকাবাংলা সিকিউরিটিজ লিমিটেড ২০০৫, ২০০৬, ২০০৭ সনে টার্নওভারের ক্ষেত্রে প্রথম হওয়ায় চট্টগ্রাম স্টক এক্সচেঞ্জ লিমিটেড (সিএসই) কর্তৃক পুরস্কৃত হয়েছে এবং ২০০৬ ও ২০০৭ সনের জন্য ঢাকা স্টক এক্সচেঞ্জ লিমিটেড (ডিএসই) কর্তৃকও টার্ন ওভারের ক্ষেত্রে প্রথম হওয়ায় পুরস্কৃত হয়।

শেয়ারহোল্ডিং এর ধরণ

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

পরিচালকদের নির্বাচন

কোম্পানীর সংঘবিধির ৯৮ নং বিধি অনুযায়ী জনাব মোহাম্মদ এ মঈন, জনাব হিসাম আল ওয়ার্নাক, জনাব মির্জা ইজাজ আহমেদ এবং জনাব তাহসিনুল হক অবসর গ্রহণ করেন এবং যোগ্য হওয়ায় তাদেরকে পুনঃনির্বাচনের সুপারিশ করা হয়।

পর্যদ সভা ও উপস্থিতি

২০০৭ সনে পরিচালনা পর্যদের চারটি সভা অনুষ্ঠিত হয়। পরিচালকদের উপস্থিতি সংযুক্তি-১ এ দেখানো হয়েছে।

নিরীক্ষক

কোম্পানীর দশম সাধারণ সভায় মেসার্স আকনাবিন, চার্টার্ড একাউন্টেন্টসকে পরবর্তী সাধারণ সভার সময় পর্যন্ত বহিঃনিরীক্ষক হিসাবে নিয়োগ প্রদান করা হয় এবং পুনঃ নিয়োগের জন্য উপযুক্ত হওয়ায় তারা নিরীক্ষক হিসাবে কাজ করার আগ্রহ প্রকাশ করার প্রেক্ষিতে তাদেরকে পুনঃ নিয়োগের সুপারিশ করা হয়।

কর্পোরেট গভর্নেন্স পরিপালন-এর উপর প্রতিবেদন

সিকিউরিটিজ এ্যান্ড এক্সচেঞ্জ কমিশনের নোটিফিকেশন নং এসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/প্রশাসন/০২-০৮, তারিখ: ২০ ফেব্রুয়ারী, ২০০৬, এর ৫ নং ধারার আলোকে কোম্পানীর পরিপালনের অবস্থা সংযুক্তি-৩ এ প্রদর্শন করা হল।

অতিরিক্ত সংযোজনা

- আর্থিক বিবরণ যা ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক তৈরি করা হয়েছে তাতে পরিষ্কারভাবে কোম্পানীর সার্বিক অবস্থা, এর পরিচালনার ফলাফল, নগদান প্রবাহ এবং সমতার পরিবর্তন উপস্থাপিত হয়েছে।
- কোম্পানীর হিসাবের খাতাপত্র যথাযথভাবে সংরক্ষণ করা হয়েছে।
- যথাযথ হিসাবের নীতি ধারাবাহিকভাবে প্রয়োগ করা হয়েছে আর্থিক বিবরণ তৈরিতে এবং হিসাবের প্রাক্কলন যুক্তিসংগত ও সঠিক বিচারের উপর ভিত্তি করে তৈরি করা হয়েছে।
- আন্তর্জাতিক হিসাবের মান, যা বাংলাদেশে প্রযোজ্য তা আর্থিক বিবরণ তৈরিতে প্রয়োগ করা হয়েছে।
- আভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থা সঠিক ও সহজভাবে সাজানো এবং তা কার্যকরভাবে বাস্তবায়ন ও তদ্বাবধান করা হয়েছে।
- কোম্পানীর চলমান প্রতিষ্ঠান হিসাবে চলার বিষয়ে কোন উল্লেখযোগ্য সন্দেহ নেই।



স্বীকারোক্তি

পরিচালনা পর্ষদ তাদের সম্মানিত গ্রাহক, আমানতকারী, ঋণগ্রহীতা, ব্যাংকার, ব্যবসায়ী, শুভাকাজ্জীসহ সকল অংশীদারগণকে তাঁদের নিরবচ্ছিন্ন সমর্থন ও সহযোগিতার জন্য হৃদয় নিংড়ানো প্রশংসা ও কৃতজ্ঞতা প্রকাশ করছেন। পরিচালক পর্ষদ বাংলাদেশ ব্যাংক, সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন (এসইসি), ঢাকা স্টক এক্সচেঞ্জ (ডিইসি), চট্টগ্রাম স্টক এক্সচেঞ্জ (সিইসি), রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানীজ ও ফার্মস্, জাতীয় রাজস্ব বোর্ড (এনবিআর) এবং অন্যান্য নিয়ন্ত্রক সংস্থার প্রতি কৃতজ্ঞতা প্রকাশ করছেন তাঁদের সাহায্য সহযোগিতা ও মূল্যবান পথ প্রদর্শন এবং পরামর্শের জন্য যা সময়ে সময়ে কোম্পানীকে তাঁরা প্রদান করেছেন। পর্ষদ কোম্পানীর নিরীক্ষক মেসার্স আকনাবিন, চার্টার্ড এ্যাকাউন্টেন্টস্কে ধন্যবাদ জানাচ্ছে, তাদের সময় মতো নিরীক্ষার কাজ সুষ্ঠুভাবে সমাপ্তির জন্য। পরিচালনা পর্ষদ কোম্পানীর ব্যবস্থাপনা ও এর সকল কর্মকর্তা ও কর্মচারীদের তাদের কঠোর পরিশ্রম, অমায়িক সেবা ও উৎসর্গের জন্যও ধন্যবাদ জানাচ্ছেন।

পরিশেষে পরিচালনা পর্ষদ সম্মানিত শেয়ারহোল্ডারগণকে ধন্যবাদ জানাচ্ছেন এবং তাদেরকে নিশ্চয়তা দিচ্ছেন যে, লংকাবাংলার ভিত্তি আরও শক্তিশালী এবং উন্নয়নের মাধ্যমে তাদের বিভূ-বৈভব বাড়ানোর প্রক্রিয়া অব্যহত রাখবেন যার উপর সম্মানিত শেয়ারহোল্ডারগণের আস্থা রয়েছে।

পরিচালনা পর্ষদের পক্ষে,

মোহাম্মদ এ. মঈন
চেয়ারম্যান।

Board Meeting and Attendance

Board of Directors' meeting held during 2007 and attendance by each Director;-

<u>Composition of the Board</u>	<u>Meeting held</u>	<u>Attended</u>
Mr Mohammad A Moyeen	4	4
Mr Edgar Gunatunge	4	1
Mr Anil S Amarasuriya	4	2
Mr Hesham Al-Warraq	4	2
Mr Mahbubul Anam	4	4
Mr Mirza Ejaz Ahmed	4	4
Mr Farman R. Chowdhury	4	2
Mrs Jasmine Sultana	4	2
Mr B W Kundanmal	4	3
(Alternate Director of Mrs Aneesha Mahial Kundanmal)		
Mrs Iffat Huque	4	4
(Alternate Director of Mr Tahsinul Huque)		

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

Shareholding Pattern as on December 31, 2007

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

<u>Name</u>	<u>Relation</u>	<u>Shares Held (nos.)</u>
Sampath Bank Limited, Sri Lanka	Related Party	8,000,000

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

<u>Name</u>		<u>Shares Held (nos.)</u>
Director:		
Mr Mohammad A Moyeen		1,497,318
Mr Edgar Gunatunge	Nominee of Sampath Bank Limited	8,000,000
Mr Anil S Amarasuriya	Nominee of Sampath Bank Limited	
Mr Hesham Al-Warraq	Nominee of First Gulf Asia Holdings Limited	4,000,000
Mr Mahbubul Anam		1,497,319
Mr Mirza Ejaz Ahmed	Nominee of SSC Holdings Limited	1,000,000
Mr Farman R Chowdhury	Nominee of ONE Bank Limited	4,000,000
Mrs Jasmine Sultana		500,000
Mr B W Kundanmal	Alternate Director of	
	Mrs Aneesha Mahial Kundanmal	3,005,363
Mrs Iffat Huque	Alternate Director of	
	Mr Tahsinul Huque	1,500,000



<u>Name</u>		<u>Shares Held (nos.)</u>
CEO/Managing Director, Company Secretary, CFO, Head of Internal Audit:		
Mr Mafizuddin Sarker	Managing Director	None
Mr AKM Kamruzzaman, <small>FCMA, MBA</small>	Company Secretary	None
Mr Quamrul Islam	Chief Financial Officer	None
Mr Mohammed Kamrul Hasan, <small>ACA</small>	Head of Internal Audit	None

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

<u>Designation</u>	<u>Name</u>	<u>Shares Held (nos.)</u>
Sr Executive Vice President	A Malek Shamsher	None
Sr Vice President	Ahmed Zafrul Hasan	None
Vice President	Mr Khurshed Alam	None
Asst Vice President	Mr AKM Rezaul Karim	None
Asst Vice President	Mr Sheik Mohammad Fuad	None

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

<u>Name of Shareholder</u>	<u>Percentage</u>	<u>Shares Held (nos.)</u>
Sampath Bank Limited, Sri Lanka	22.86%	8,000,000
First Gulf Asia Holdings Limited, KSA	11.42%	4,000,000
ONE Bank Limited	11.42%	4,000,000

Status of Compliance of Corporate Governance

Status of compliance on Corporate Governance with the conditions imposed by the Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 issued under Section 2CC of the Securities and Exchange Ordinance, 1969:

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



Condition No.	Title	Compliance Status		Explanation for non-compliance with the condition
		Complied	Not-Complied	
2.2	Requirement to attend Board meeting :- a) Chief Financial Officer (CFO)) b) Company Secretary	✓		
3.00	Audit Committee	✓		
3.1 (i)	Composition of Audit Committee	✓		
3.1 (ii)	Appointment of Audit Committee members & inclusion of Independent Directors	✓		Inclusion of independent director will be complied with shortly
3.1 (iii)	Fill the Casual Vacancy in Audit Committee			No such incidence
3.2	Chairman of the Audit Committee	✓		
3.2 (i)	Selection of Chairman	✓		
3.2 (ii)	Qualification of the Chairman	✓		
3.3	Reporting of the Audit Committee	✓		
3.3.1 (i)	Reporting its activities to the Board of Directors	✓		
3.3.1 (ii)	Report to the Board by the Audit Committee on:			No such incidence
3.3.1 (ii) (a)	● Conflicts of Interest			
3.3.1 (ii) (b)	● Suspected or presumed fraud or irregularity or material defect in the Internal control System			
3.3.1 (ii) (c)	● Suspected Infringements of Laws including securities-related laws, rules and regulations			
3.3.1 (ii) (d)	● Any other matter			
3.3.2	Reporting to the Authorities			No such incidence
3.4	Reporting to the Shareholders and General Investors	✓		
4.00	External/Statutory Auditors	✓		
4.00 (i)	Appraisal of Valuation Services or Fairness Opinions	✓		
4.00 (ii)	Financial Information System design & Implementation	✓		
4.00 (iii)	Book Keeping or Other Service related to Financial Statements	✓		
4.00 (iv)	Broker-dealer Service	✓		
4.00 (v)	Actuarial Service	✓		
4.00 (v)	Internal Audit Services	✓		
4.00 (v)	Any Other Services that Audit Committee determines	✓		

Report of the Activities of Audit Committee of the Board

as per Securities and Exchange Commission Notification

The Audit Committee of LankaBangla consists of three (3) directors, they are

- Mr Mirza Ejaz Ahmed Chairman
- Mr Mahbubul Anam Member
- Mr Farman R Chowdhury Member



During the year 2007, the Committee held four (4) meetings in which the following issues are deliberated;-

- Review of the Financial Statements for the year ended 31 December 2007
- Review of the CRR and SLR maintenance following the Bangladesh Bank guidelines
- Review of the documentation procedures of lease and loans
- Review of the approval, issuing and documentation of credit cards
- Review of the internal control policy and operational risk of the Merchant Banking Division
- Approval of the departmental control function checklist as per Bangladesh Bank guidelines as well as procedure approved by the Board of Directors
- Approval of the internal audit manual and job description of Internal Auditor
- Review and approval of data back-up procedure
- Review of process flow of credit card issuance
- Review of the IT setup of the company and approval of intensive IT Audit by the external consultants.
- Approval of Internal Audit Plan for 2008

Reporting:

The findings and recommendations of the Internal Audit have been reported to the Audit Committee as well as to the Board of Directors. The minutes of each meeting of the Committee were circulated among the members of the Audit Committee.



Mirza Ejaz Ahmed
Chairman
Audit Committee



Audited Financial Statements

Auditors' Report

To the Shareholders of LankaBangla Finance Limited

We have audited the accompanying Balance Sheet of LankaBangla Finance Limited as of 31 December 2007 and the related Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity and Notes to the Financial Statements for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

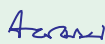
We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence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

In our opinion, the financial statements, referred to above, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the company's affairs as of 31 December 2007 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, Financial Institutions Act, 1993, the Securities and Exchange Rules, 1987, the rules and regulations issued by Bangladesh Bank and other applicable laws and regulations as well as practice followed by Non Banking Financial Institutions.

We also report that:

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

Dhaka
March 18, 2008


ACNABIN
Chartered Accountants

Balance Sheet as at December 31, 2007

	Notes	31.12.2007 Taka	31.12.2006 Taka
I. SOURCES OF FUNDS			
1. Shareholders' Fund			
a) Share capital	3	350,000,000	350,000,000
b) Reserve & surplus	4	47,309,193	20,422,733
c) Proposed dividend		87,500,000	35,000,000
Shareholders' Equity		484,809,193	405,422,733
2. Long-term Loan - net of current maturity			
Long term loans	5	1,193,799,312	557,189,153
3. Long-term liability - net of current maturity			
a) Lease rental advances	6	61,532,387	41,600,195
b) Liability under finance lease	7	566,770	2,414,371
c) Term deposits	8	411,085,974	185,831,000
d) Term finance deposits		1,898,224	234,054
4. Deferred liability-employee gratuity			
	9	6,360,815	4,408,153
5. Deferred tax liability/(asset)			
	10	(1,513,626)	(1,177,397)
6. Interest suspense account			
	11	25,694,531	9,338,983
		2,184,233,580	1,205,261,245
II. APPLICATION OF FUND			
1. Fixed assets			
a) At cost		104,809,413	98,049,728
b) Less: Accumulated depreciation		72,257,949	59,180,375
c) Net Block	12	32,551,464	38,869,353
2. Lease portfolio			
Net investment in leases-net of current maturity	13	1,080,714,585	782,849,222
Advance against leases	14	83,801,573	113,205,069
3. Term finance-net of current maturity			
	15	714,532,179	194,065,559
4. Investment			
	16(a)	111,497,790	50,999,000
5. Provision for doubtful accounts and future losses			
	17	(93,419,875)	(40,075,434)
6. Current assets			
a) Margin loan against share trading	18	797,165,016	240,701,162
b) Short term finance		405,104,770	111,278,903
c) Investment in marketable securities	16(b)	200,422,107	14,068,260
d) Trade receivables and advances	19	335,808,262	276,315,173
e) Prepayments & other receivables	20	286,387,656	137,836,939
f) Current maturity of lease & term finance	21	823,811,617	470,307,380
g) Amounts due from related companies	22	-	68,195,115
h) Cash and cash equivalent	23	335,682,451	225,500,727
7. Less: Current liabilities & provisions			
a) Current maturity of long term borrowings, deposits & advances	24	1,914,022,170	858,633,839
b) Short term borrowings	25	698,427,194	505,100,765
c) Payables and accrued expenses	26	236,762,482	110,120,580
d) Unpaid Dividend		614,169	-
e) Provision for taxation	27	80,000,000	5,000,000
8. Net current assets (6-7)			
		254,555,864	65,348,475
		2,184,233,580	1,205,261,245

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


Chairman

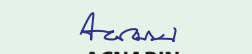

Director


Managing Director


Company Secretary

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

Dhaka
March 18, 2008


ACNABIN
Chartered Accountants



Profit & Loss Account for the year ended December 31, 2007

	Notes	2007 Taka	2006 Taka
Operating Revenue			
Fund based activities			
		462,476,371	253,790,924
Interest income from leases	28	220,137,271	116,429,433
Interest during the construction period		29,480,076	40,177,345
Interest income from term finance	29	109,141,760	24,953,064
Income from credit card	30	61,604,426	56,020,853
Interest income from short term lending		42,046,451	16,210,229
Interest income from factoring		66,387	-
Fee based activities			
		111,921,802	64,383,251
Merchant commission of credit card	31	3,236,365	4,425,105
Membership fees of credit card	32	7,057,800	7,714,550
Income from co-branding of credit card	33	1,868,556	4,399,954
Other operational income from credit card	34	7,111,700	5,420,865
Gain on sale of shares	35	56,740,712	1,208,711
Other operational income	36	35,906,669	41,214,066
Total Operating Revenue		574,398,173	318,174,175
Less: Operating Expenses			
		459,184,709	248,473,427
General and administrative expenses	37	70,490,264	59,664,497
Depreciation/amortization on own and leased asset	38	12,610,789	15,801,183
Financial expenses	39	325,144,694	148,919,887
Other operational expenses	40	-	101,392
Provision for doubtful accounts and future losses	41	48,360,328	14,997,254
Deferred expenditure written-off	42	-	1,959,244
Sampath Bank management & consultancy fee	43	2,578,634	7,029,970
Operating Profit for the year		115,213,464	69,700,748
Profit on Merchant banking operation			
(as per separate profit and loss account enclosed)		73,836,768	447,530
Net Profit before Taxation for the year		189,050,232	70,148,278
Less: Provision for income tax/deferred tax expense (income)	44	74,663,771	(238,345)
Provision for income tax		75,000,000	-
Deferred tax expense/(income)		(336,229)	(238,345)
Net Profit after Taxation for the year		114,386,461	70,386,623
Earning Per Share (EPS)	45	3.27	2.56

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

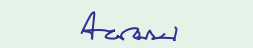

Chairman


Director


Managing Director


Company Secretary

Dhaka
March 18, 2008


ACNABIN
Chartered Accountants

Merchant Banking Operation

Profit & Loss Account for the year ended December 31, 2007

	<u>Notes</u>	<u>2007</u> <u>Taka</u>	<u>2006</u> <u>Taka</u>
Operating revenue			
Underwriting commission		390,750	80,579
Interest income from margin trading	46	121,825,882	19,840,271
Portfolio management income (IPA)		56,330,868	1,862,622
		178,547,500	21,783,472
Less: Operating Expenses			
General and administrative expenses	37	4,578,392	2,700,705
Depreciation/amortization on own and leased asset	38	466,785	338,001
Financial expenses	39	93,615,989	16,627,526
Provision for doubtful accounts and future losses	41	5,047,874	957,527
Deferred expenditure written-off	42	-	155,119
Sampath Bank management & consultancy fee	43	1,001,692	557,064
		104,710,732	21,335,942
Profit/(Loss) transferred to combined profit and loss account		<u>73,836,768</u>	<u>447,530</u>

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



Chairman



Director



Managing Director



Company Secretary

Dhaka
March 18, 2008



Cash Flow Statement for the year ended December 31, 2007

	2007 Taka	2006 Taka
a. Cash Flows from Operating Activities		
Receipt from operational revenues	734,766,579	371,608,748
Interest payments	(320,175,755)	(165,720,914)
Cash payment to employees and suppliers	(45,147,934)	(33,625,569)
	<u>369,442,890</u>	<u>172,262,265</u>
(Increase)/decrease in operating assets :		
Payment against lease assets	(908,344,893)	(735,032,238)
Short term lending	(293,825,867)	(17,333,112)
Term Finance	(668,280,043)	(247,908,328)
Credit card receivables	315,383,811	282,583,366
Investment in shares	(186,353,847)	(6,956,731)
Margin loan to portfolio investor	(556,463,854)	(37,618,666)
Accounts receivable and advance	(33,797,369)	(190,311,440)
Increase/ (decrease) in operating liabilities :		
Receipt of lease rental in advance & term deposits	25,565,782	28,405,168
Accounts payables	(49,516,784)	(151,743,009)
	<u>(2,355,633,064)</u>	<u>(1,075,914,990)</u>
Net cash from operating activities	(1,986,190,174)	(903,652,725)
b. Cash flows from investing activities		
Purchase of fixed assets	(6,759,685)	(6,222,742)
Disposal of fixed assets	-	22,000
Net cash from investing activities	(6,759,685)	(6,200,742)
c. Cash flows from financing activities		
Proceeds from issuance of share capital	-	90,000,000
Draw down of long term loans	1,240,000,000	713,193,035
Repayment of term loans	(384,077,176)	(217,249,520)
Term deposits	1,056,769,516	252,344,647
Net draw down of short term loan	193,326,429	136,555,623
Payment of finance lease liabilities	(2,920,067)	(6,410,117)
Net cash flow from financing activities	2,103,098,702	968,433,668
d. Effect of exchange rate changes on cash & cash equivalents	32,881	(976,660)
Net Cash and Cash Equivalent Surplus for the year (a+b+c+d)	110,181,724	57,603,541
Cash and cash equivalent at beginning of the year	<u>225,500,727</u>	<u>167,897,186</u>
Cash and Cash Equivalent at end of the year	335,682,451	225,500,727


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 18, 2008

Statement of changes in Shareholders' Equity

for the year ended December 31, 2007

Figures are in Taka

Particulars	Share Capital	Statutory Reserve	Proposed Dividend	Retained Earnings	Total
Balance as at January 01,2007	350,000,000	14,250,000	35,000,000	6,172,732	405,422,732
Items involved in changes in Equity					
Net profit for the year	-	-	-	114,386,461	114,386,461
Appropriation to statutory reserve	-	22,877,291	-	(22,877,291)	-
Payment dividend	-	-	(35,000,000)	-	(35,000,000)
Proposed dividend:					
Stock dividend (10%)	-	-	35,000,000	(35,000,000)	-
Cash dividend (15%)	-	-	52,500,000	(52,500,000)	-
Balance as at December 31,2007	350,000,000	37,127,291	87,500,000	10,181,902	484,809,193


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 18, 2008



Notes to the Financial Statements for the year ended December 31, 2007

1.00 Legal Status and Nature of the Company

1.01 Domicile, Legal Form and Country of Operation

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

1.02 Subsidiary Company

The Company has a subsidiary company named "LankaBangla Securities Ltd" (formerly Vanik Bangladesh Securities Limited) with an equity interest of 99.998% (11,049,779 shares of Tk.10 each totaling Tk. 110,497,790) in the subsidiary company. The subsidiary is a private limited company incorporated under the Companies Act, 1994. The principal activity of the subsidiary is to deal with the securities as broker in the capital market having membership no. 132 with Dhaka Stock Exchange Limited and 91 with Chittagong Stock Exchange Limited.

1.03 Company's Activities

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

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

2.00 Significant Accounting Policies

2.01 Basis of Preparation and Presentation of Financial Statements

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

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

2.02 Accounting for Leases

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

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

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

2.03 Accounting for Term Finance

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

2.04 Merchant banking operation

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

2.04 Recognition of Fixed Assets

2.4.1 Assets acquired under own finance

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

2.4.2 Assets acquired under finance lease

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



2.05 Depreciation

2.5.1 Depreciation on Own Fixed Assets

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

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

No depreciation is charged in the month of disposal.

2.5.2 Depreciation/Amortization of Leased Assets

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

2.5.3 Intangible Assets

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

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

2.06 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.

2.07 Borrowing Costs

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

2.08 Books of Accounts

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

2.09 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 Balance Sheet date. Any gain/loss resulting from foreign currency transactions was charged to the Profit & Loss Account.

2.10 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.

2.10.1 Lease Financing

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

2.10.2 Loans and Advances

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

2.10.3 Credit Cards

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

2.10.4 Other Income

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

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

2.10.5 Interest suspense account

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

2.11 Cash and Cash Equivalent and Cash Flow statement

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



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

2.12 Provisions for Doubtful Leases, Loans and Advances

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

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

2.13 Corporate Tax

2.13.1 Provision for income Tax

The Company has made income tax provision for the year 2007 as required by the Income Tax Ordinance 1984 and the Finance Act 2007.

2.13.2 Deferred Tax

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

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

2.14 Investments in securities

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

2.15 Employee benefits

2.15.1 Provident Fund

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

2.15.2 Gratuity Fund

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

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

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

2.15.3 Group Life Insurance Scheme and Health Insurance

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

2.16 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.

2.17 Earning Per Share (EPS)

The company calculates EPS in accordance with the BAS: 33 Earning Per Share, which has been shown on the face of the Income Statements, and the computation is stated in Note 45.

Basic Earnings

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

Weighted average number of ordinary shares outstanding during the year

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

Basic earning per share

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

Diluted Earning per share

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



2.18 Corporate Governance

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting (04 meeting held in the year 2007) 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.

2.19 Risk and uncertainty for use of estimates (Provisions)

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

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

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

2.20 Events after the balance sheet date

All materials events occurring after the balance sheet date are considered and where necessary, adjusted for or disclosed in Note 49.03.

2.21 Proposed Dividend

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

2.22 Reporting Currency and level of Precision

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

2.23 Comparatives

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

	31.12.2007	31.12.2006
	Taka	Taka
3.00 Share capital :Tk.350,000,000		
Authorised		
100,000,000 ordinary shares of Tk.10/- each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up		
35,000,000 ordinary shares of Tk.10/- each	350,000,000	350,000,000
Details of shares holding are as under:		
Sponsor shareholders:		
a. Foreign Sponsors	Percentage	
Sampath Bank Limited, Sri Lanka	22.86%	80,000,000
First Gulf Asia Holdings Limited, KSA (Former Chinkara Capital Pte.Ltd.)	11.42%	40,000,000
	34.28%	120,000,000
b. Local Sponsors		
One Bank Limited, Bangladesh	11.42%	40,000,000
SSC Holdings Limited, Bangladesh	2.86%	10,000,000
Shanta Apparel Limited	2.86%	10,000,000
Individuals	22.87%	80,000,000
	40.01%	140,000,000
General Shareholders	25.71%	90,000,000
	100%	350,000,000

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

Number of share	Number of share	No. of shareholder	% of holding
Less than 500	729,950	1,460	2.09
501 to 5,000	2,216,550	1,230	6.33
5,001 to 10,000	850,000	111	2.43
10,001 to 20,000	462,500	33	1.32
20,001 to 30,000	305,500	13	0.87
30,001 to 40,000	204,000	6	0.58
40,001 to 50,000	147,000	3	0.42
50,001 to 100,000	572,000	8	1.63
100,001 to 1,000,000	2,453,000	7	7.01
Above 1,000,000	27,059,500	10	77.31
	35,000,000	2,881	100.00

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

Share traded Tk. 100.01 and Tk. 100 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2007.

4.00 Reserve & surplus: Tk.47,309,193		
Retained earnings	(Note: 4.01)	10,181,902
Statutory reserve	(Note: 4.02)	37,127,291
		47,309,193
4.01 Retained earnings: Tk. 10,181,902		
Retained earnings as at 01 January		6,172,733
Add: Profit/(loss) for the year		114,386,461
		120,559,193
Less: Transferred to statutory reserve during the year		22,877,291
Proposed dividend:		
Cash dividend (15%)		52,500,000
Stock dividend (10%)		35,000,000
		110,377,291
		10,181,902
4.02 Statutory reserve: Tk. 37,127,291		
Opening balance		14,250,000
add: Profit transferred to statutory reserve during the year @20%		22,877,291
		37,127,291



	31.12.2007	31.12.2006
	Taka	Taka
5.00 Long term Loan- net of current maturity: Tk. 1,193,799,312		
Balance as at January 01	834,196,790	286,863,330
Add: Drawdown during the year	1,240,000,000	783,193,035
Repayment during the year	<u>(384,077,176)</u>	<u>(235,859,575)</u>
Balance at 31 December (Note: 5.01)	1,690,119,614	834,196,790
Less: Current maturity (Note: 24.00)	<u>496,320,302</u>	<u>277,007,637</u>
	<u>1,193,799,312</u>	<u>557,189,153</u>

5.01 Name of the lending institutions: Tk.1,690,119,614

Bangladesh Bank (under re-finance)	-	200,000
BRAC Bank Limited	133,000,000	53,250,000
First Security Bank Limited	-	20,336
Mercantile Bank Limited	-	15,038,170
Prime Bank Limited	150,662,320	83,478,822
Social Investment Bank Limited	150,524,246	15,084,649
Southeast Bank Limited	2,523,084	15,872,512
Shahjalal Islami Bank Limited	247,890,918	113,638,904
The Trust Bank Limited	107,915,259	24,668,585
United Commercial Bank Limited	86,547,169	3,243,954
United Leasing Company Limited	19,200,502	23,600,848
AB Bank Limited	130,598,203	46,002,479
Bank Alfalah Limited	27,799,759	43,139,105
Bank Asia Limited	35,317,776	50,003,000
Commercial Bank of Ceylon Limited	30,554,000	47,222,222
Exim Bank Limited	73,741,732	50,000,000
Janata Bank Limited	39,999,781	66,666,449
National Bank Limited	166,873,565	89,734,326
The Premier Bank Limited	28,344,336	43,332,429
The City Bank Limited	40,031,454	50,000,000
Standard Bank Limited	47,734,007	-
Uttara Bank Limited	83,150,000	-
National Credit & Commerce Bank Limited	43,077,088	-
Mutual Trust Bank Limited	44,634,415	-
	<u>1,690,119,614</u>	<u>834,196,790</u>

Bank Borrowings are secured by:

- a. First ranking pari passu charge on present and future fixed and floating assets of LankaBangla Finance Limited with the future and existing lenders
- b. 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 14.50% p.a. except refinance from Bangladesh Bank which is 5% and the tenure being 3 to 5 years. Amount repayable within one year have been classified under current liabilities.

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

Payable within 1 year	496,320,302	277,007,637
2 years	597,283,783	277,077,638
3 years	370,441,945	196,728,539
4 years	167,000,060	72,446,190
5 years	<u>59,073,524</u>	<u>10,936,785</u>
	<u>1,690,119,614</u>	<u>834,196,790</u>

		31.12.2007	31.12.2006
		Taka	Taka
6.00 Lease rental advances: Tk. 61,532,387			
The Company takes advance rentals from the lessees on signing of lease agreements which are refundable or adjustable at the end of lease terms.			
Total lease rental advances	(Note-6.01)	69,900,736	44,334,954
Less: Current maturity	(Note-24.00)	<u>8,368,349</u>	<u>2,734,759</u>
		<u>61,532,387</u>	<u>41,600,195</u>
6.01 Lease rental advances: Tk. 69,900,736			
Adjustable within 1 year		8,368,349	2,734,759
Adjustable in less than 5 years		<u>61,532,387</u>	<u>41,600,195</u>
		<u>69,900,736</u>	<u>44,334,954</u>
7.00 Liability under finance lease: Tk. 566,770			
Total lease obligations	(Note-7.01)	2,463,252	5,383,319
Less: Current maturity	(Note-24.00)	<u>1,896,482</u>	<u>2,968,948</u>
		<u>566,770</u>	<u>2,414,371</u>
Lease obligation represents liability against purchase of assets for own use under lease agreement with different lessors.			
7.01 Total lease obligations: Tk. 2,463,252			
Adjustable within 1 year		1,896,482	2,968,948
Adjustable in less than 5 years		<u>566,770</u>	<u>2,414,371</u>
		<u>2,463,252</u>	<u>5,383,319</u>
8.00 Term deposits: Tk. 411,085,974			
Payable within 1 year		1,407,437,037	575,922,495
Payable within 2 years		328,980,629	134,348,600
Payable within 3 years & above		<u>82,105,345</u>	<u>51,482,400</u>
Total deposits under term borrowings scheme		1,818,523,011	761,753,495
Less: Current maturity	(Note-24.00)	<u>1,407,437,037</u>	<u>575,922,495</u>
		<u>411,085,974</u>	<u>185,831,000</u>
Term deposit includes Tk.312.31 million from general public, Tk. 1,506.21 million from various financial institutions.			
9.00 Deferred liability-employee gratuity: Tk. 6,360,815			
Balance as at January 01		4,408,153	3,538,741
Add: Provision during the year		<u>2,465,236</u>	<u>1,739,331</u>
		<u>6,873,389</u>	<u>5,278,072</u>
Less: Payment during the year		<u>512,574</u>	<u>869,919</u>
		<u>6,360,815</u>	<u>4,408,153</u>



10.00 Deferred tax liability/(asset) : Tk. (1,513,626)

Balance as at January 01
Add: Provided during the year

31.12.2007	31.12.2006
<u>Taka</u>	<u>Taka</u>
(1,177,397)	(939,052)
<u>(336,229)</u>	<u>(238,345)</u>
<u>(1,513,626)</u>	<u>(1,177,397)</u>

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

11.00 Interest Suspense: Tk. 25,694,531

Lease Finance
Term Finance
Credit Card

15,775,496	5,097,203
6,774,076	116,344
<u>3,144,959</u>	<u>4,125,436</u>
<u>25,694,531</u>	<u>9,338,983</u>

Movement of total interest suspense is as below:

Balance as at January 01
Add: Charged during the year

Less: Written off during the year

9,338,983	7,557,966
<u>16,355,548</u>	<u>2,218,453</u>
25,694,531	9,776,419
-	437,436
<u>25,694,531</u>	<u>9,338,983</u>

		31.12.2007	31.12.2006
		Taka	Taka
12.00	Fixed Assets: Tk.32,551,464		
	A. Cost		
	i) Freehold assets		
	Opening Balance	45,316,707	39,164,465
	Add : Addition during the year	6,759,685	6,222,742
		<u>52,076,392</u>	<u>45,387,207</u>
	Less: Sales/Adjustment during the year	-	70,500
		<u>52,076,392</u>	<u>45,316,707</u>
	ii) Assets under finance lease		
	Opening Balance	26,838,500	26,838,500
	iii) Intangible assets		
	Opening Balance	25,894,521	25,894,521
	Total cost (A)	104,809,413	98,049,728
	B. Accumulated Depreciation		
	i) Own Assets		
	Opening Balance	29,942,338	25,477,177
	Add : Charged during the year	4,978,606	4,535,661
		<u>34,920,944</u>	<u>30,012,838</u>
	Less: Adjustment during the year	-	70,500
		<u>34,920,944</u>	<u>29,942,338</u>
	ii) Leasehold Assets		
	Opening Balance	21,455,181	15,045,062
	Add : Charged during the year	2,920,064	6,410,119
		<u>24,375,245</u>	<u>21,455,181</u>
	iii) Intangible assets:		
	Opening Balance	7,782,856	2,589,452
	Add : Charged during the year	5,178,904	5,193,404
		<u>12,961,760</u>	<u>7,782,856</u>
	Total (B)	72,257,949	59,180,375
	C. Written Down Value (A-B)	32,551,464	38,869,353
	A schedule of fixed assets has been given in Annexure-A		
13.00	Net investment in leases: Tk. 1,080,714,585		
	Gross investment (Note: 13.01)	2,246,196,797	1,517,687,314
	Less: Unearned finance income (Note: 13.02)	581,548,042	364,800,111
	Net Investment in leases (Note: 13.03)	<u>1,664,648,755</u>	<u>1,152,887,203</u>
	Less: Current maturity (Note: 21.00)	583,934,170	370,037,981
		1,080,714,585	782,849,222
13.01	Aging of gross investment in leases: Tk. 2,246,196,797		
	Less than one year	709,650,988	536,382,980
	More than one year below five year	1,536,545,809	981,304,334
		2,246,196,797	1,517,687,314



	31.12.2007	31.12.2006
	<u>Taka</u>	<u>Taka</u>
13.02 Unearned finance income: Tk. 581,548,042		
Less than 1 year	245,566,100	167,072,750
More than 1 year below 5 years	335,981,942	197,727,361
	<u>581,548,042</u>	<u>364,800,111</u>
<p>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.</p>		
13.03 Aging of net investment in leases: Tk. 1,664,648,755		
Receivable within 1 year	464,084,887	370,037,981
Receivable later than 1 year not later than 5 years	1,200,563,868	782,849,222
	<u>1,664,648,755</u>	<u>1,152,887,203</u>
14.00 Advance against leases: Tk. 83,801,573		
Advance against leases (Note: 14.01)	108,531,354	146,140,225
Less: Current maturity (Note: 21.00)	24,729,781	32,935,156
	<u>83,801,573</u>	<u>113,205,069</u>
14.01 Advance against leases: Tk. 108,531,354		
Adjustable within 1 year	24,729,781	32,935,156
Adjustable later than 1 year not later than 5 years	83,801,573	113,205,069
	<u>108,531,354</u>	<u>146,140,225</u>
<p>Advance against leases represents payment for procurement of leased assets against unexecuted leasing agreements which are capitalized on execution of the leases.</p>		
15.00 Term finance- net of current maturity: Tk. 714,532,179		
Long term loans	929,679,845	261,399,802
Less: Current maturity (Note: 21.00)	215,147,666	67,334,243
	<u>714,532,179</u>	<u>194,065,559</u>
<p>Movement is as below</p>		
Balance at 1st January	261,399,802	69,318,305
Disbursed during the year	947,796,653	223,270,000
	<u>1,209,196,455</u>	<u>292,588,305</u>
Recovery during the year	(279,516,610)	(31,188,503)
	<u>929,679,845</u>	<u>261,399,802</u>

	31.12.2007	31.12.2006
	Taka	Taka
16 (a) Investment: Tk.111,497,790		
Investment in subsidiary (LankaBangla Securities Limited) 11,049,779 No. of Share @ Tk. 10. each	110,497,790	49,999,000
Investment in share portfolio	1,000,000	1,000,000
	111,497,790	50,999,000
16 (b) Investment in share portfolio: Tk. 200,422,107		
Investment in marketable securities	200,422,107	14,068,260

Details of the securities are as follow:

SL. No.	Name of the Companies	Number of Share	Average cost per unit	Total Cost (Taka)	Closing Rate 30 December 2007	Market price of Shares at the end of the year (Taka)	Unrealised Gain	Provision for Loss
1	Dhaka Bank Limited	10,000	617.69	6,176,934	706	7,060,000	883,066	-
2	Exim Bank Limited	10,028	372.09	3,731,367	391	3,920,948	189,581	-
3	Mercantile Bank Limited	5,251	391.05	2,053,418	419	2,200,169	146,751	-
4	Eastern Bank Limited	10,000	1,038.15	10,381,475	1,071	10,707,500	326,025	-
5	National Bank Limited	30,000	1,225.42	36,762,469	1,494	44,827,500	8,065,031	-
6	The City Bank Limited	10,000	745.32	7,453,182	725	7,252,500	-	(200,682)
7	IDLC Finance Limited	5,000	594.28	2,971,388	1,519	7,595,000	4,623,612	-
8	Jamuna Bank Limited	10,000	405.60	4,055,965	388	3,882,500	-	(173,465)
9	Mutual Trust Bank Limited	5,000	462.26	2,311,301	597	2,982,500	671,199	-
10	One Bank Limited	10,000	592.77	5,927,657	573	5,725,000	-	(202,657)
11	Prime Bank Limited	10,000	791.90	7,919,017	924	9,237,500	1,318,483	-
12	Shahajalal Islami Bank Ltd.	100,000	351.99	35,198,690	36	36,600,000	1,401,310	-
13	Standard Bank Limited	1,600	100.00	160,000	338	540,400	380,400	-
14	The Trust Bank Limited	10,000	971.90	9,718,965	929	9,292,500	-	(426,465)
15	DESCO	20,000	1,036.21	20,724,143	1,069	21,385,000	660,857	-
16	Summit Power Limited	5,000	1,546.09	7,730,428	1,442	7,207,500	-	(522,928)
17	Padma Oil Limited	13,800	1,092.88	15,081,811	1,403	19,355,880	4,274,069	-
18	Lafarge Surma Cement Ltd.	20,000	457.41	9,148,214	481	9,615,000	466,786	-
19	Eastern Cables Limited	10,000	661.26	6,612,603	605	6,050,000	-	(562,603)
20	Heidelberg Cement Ltd.	5,000	1,260.62	6,303,081	1,205	6,023,750	-	(279,331)
	Total	300,679		200,422,107		221,461,147	23,407,171	(2,368,132)

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

As on 31 December 2007 there were Tk 23,407,171 of gross unrealised gain on investment in marketable listed securities.



	31.12.2007	31.12.2006
	Taka	Taka
17.00 Provision for doubtful accounts and future losses: Tk. 93,419,875		
Lease financing	48,898,744	22,000,112
Term finance	14,881,302	3,027,885
Short term lending	12,022,697	3,507,727
Credit card	15,249,000	10,728,941
Investment in marketable securities & others	2,368,132	810,770
	93,419,875	40,075,434

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

Balance at 1st January	40,075,434	25,308,656
Provision during the year	53,408,202	15,954,781
	93,483,636	41,263,437
Less: Written-off/reversal during the year	(Note 17.01) 63,762	1,188,003
	93,419,875	40,075,434
17.01 Write Off/reversal: Tk. 63,762		
Credit Card operation	63,762	1,188,003

18.00 Margin Loan against Share trading: Tk. 797,165,016

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

19.00 Trade receivables and advances: Tk. 335,808,262

Trade receivables	(Note 19.01) 312,532,980	257,649,075
Advances	(Note 19.02) 23,275,282	18,666,098
	335,808,262	276,315,173

19.01 Trade receivables: Tk. 312,532,980

Lease installment receivables	50,770,679	50,951,535
Term finance receivables	54,720,868	3,865,701
Short term lending receivables	-	16,940,372
Factoring Debtors	7,487,454	-
Credit card receivables	199,553,979	185,891,467
	312,532,980	257,649,075

19.02 Advances: Tk. 23,275,282

Staff loan-others	3,275,121	2,163,182
Advance office rent	1,704,410	1,454,410
Security deposit/Lease deposit	(Note: 19.2.1) 1,158,319	1,158,319
Withholding tax	9,560,861	6,983,672
Advance income tax	7,576,571	6,906,515
	23,275,282	18,666,098

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

	31.12.2007	31.12.2006
	Taka	Taka
19.2.1 Security Deposit: Tk.1,158,319		
Telephone line deposit	500,139	500,139
Lease deposit (Note: 19.2.1.1)	588,930	588,930
Deposit for mobile phones	54,500	54,500
Other deposits	14,750	14,750
	1,158,319	1,158,319
19.2.1.1 Lease deposit: Tk.588,930		
This represents lease installment paid in advances per lease agreement with the following lessors:		
United Leasing Company Limited	378,500	378,500
IDLC	164,480	164,480
Uttara Finance & Investment Ltd.	45,950	45,950
	588,930	588,930
20.00 Prepayments & other receivables: Tk.286,387,656		
Prepayments	9,799,804	8,649,944
Interest receivables-Fixed deposit account	11,262,831	7,728,813
Interest receivables-Term finance	22,782,237	7,524,796
Interest receivables-Short term lending	14,826,858	14,929,807
Current account with Dhaka Bank Ltd.	2,663,946	3,217,688
Receivables against share trading	2,694,563	10,642,544
Master card operator - (payables)/receivables (Note: 20.01)	(3,843,792)	(8,161,739)
Lease receivable-IDCP (Note: 20.02)	64,091,156	54,478,454
Receivables / (Payable) with LBSL- IP A/C	139,616,293	(3,691,901)
Interest receivables-Factoring	66,387	-
Receivables/(Payables) with LBSL-Foreign Trading	20,000,000	-
Other receivables	2,427,373	42,518,533
	286,387,656	137,836,939
20.01 Master card operator: Tk.(3,843,792)		
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	(45,336,210)	(34,357,659)
Prime Bank Limited	9,310,249	10,358,914
National Bank Limited	(2,741,810)	(13,779,956)
Master Card International	88,531,524	43,287,843
One Bank Limited	3,423,417	868,179
Dutch Bangla Bank limited	(71,015,289)	(16,040,476)
Commercial Bank of Cylon	(58,508)	(46,004)
Bank Asia Limited	14,042,834	1,547,420
	(3,843,792)	(8,161,739)
20.02 Lease receivable-IDCP & Delinquent Charges: Tk.64,091,156		
IDCP	64,091,156	54,478,454
Delinquent charges	-	-
	64,091,156	54,478,454
21.00 Current maturity of lease and term finance: Tk.823,811,617		
Executed leases	583,934,170	370,037,981
Un executed leases	24,729,781	32,935,156
Term finance	215,147,666	67,334,243
	823,811,617	470,307,380
22.00 Amount due from related companies: Tk. Nil		
LankaBangla Securities Limited-Current A/C	-	8,195,115
LankaBangla Securities Limited-Loan A/C	-	60,000,000
	-	68,195,115



	31.12.2007	31.12.2006
	Taka	Taka
23.00 Cash and cash equivalents: Tk.335,682,451		
Cash in hand	60,000	40,000
Fixed deposit receipts (FDR) (Note: 23.01)	277,995,025	194,765,320
Interest bearing short term deposit account (Note: 23.02)	43,029,871	10,080,678
Non interest bearing current account (Note: 23.03)	14,597,555	20,614,729
	<u>335,682,451</u>	<u>225,500,727</u>
23.01 Fixed deposit receipts: Tk.277,995,025		
Southeast Bank Limited	27,566,889	25,631,066
Mercantile Bank Limited	25,681,421	23,565,800
BRAC Bank Limited	33,464,500	30,000,000
Prime Bank Limited	57,652,488	51,887,500
Standard Bank Limited	5,068,839	2,323,673
The Premier Bank Limited	34,921,081	31,357,831
National Bank Limited	10,986,950	9,999,450
Shahjalal Islami Bank Limited	22,274,500	20,000,000
Commercial Bank of Cylon Limited	30,000,000	-
Bank Al-Falah Limited	20,000,000	-
Social Investment Bank Limited	10,378,357	-
	<u>277,995,025</u>	<u>194,765,320</u>
23.02 Interest bearing short term deposit account: Tk.43,029,871		
Dhaka Bank Limited	35,031,195	8,324,477
AB Bank Limited	4,061,577	1,286,946
Standard Chartered Bank	78,185	50,344
Prime Bank Limited	2,692,460	(106,842)
One Bank Limited	279,402	509,776
National Credit & Commerce Bank Limited	4,300	-
United Commercial Bank Limited	15,160	15,978
Uttara Bank Limited	5,120	-
Bank Asia Limited	862,473	-
	<u>43,029,871</u>	<u>10,080,678</u>
23.03 Non interest bearing current account: Tk.14,597,555		
Bangladesh Bank	11,823,056	6,583,417
Dhaka Bank Limited	6,067	10,067
Standard Chartered Bank	2,725,189	15,029,353
Prime Bank Limited	(4,334,501)	(2,783,075)
City Bank Limited	357	1,357
Shahjalal Islami Bank Limited	25	-
One Bank Limited	(610,838)	503,659
The Trust Bank Limited	212,453	143,614
Exim Bank Limited	345,185	4,700
Commercial Bank of Cylon Limited	-	200,137
The Premier Bank Limited	104,456	105,506
First Security Bank Limited	712,544	733,701
National Bank Limited	269,949	55,303
Standard Bank Limited	6,950	7,850
Sonali Bank	19,140	19,140
Social Investment Bank Limited	3,142,618	-
Bank Al-Falah Limited	174,906	-
	<u>14,597,555</u>	<u>20,614,729</u>

		31.12.2007	31.12.2006
		Taka	Taka
24.00 Current maturity of long term loans, deposits & advances: Tk.1,914,022,170			
Term deposits		1,407,437,037	575,922,495
Long term loans		496,320,302	277,007,637
Lease rental advances		8,368,349	2,734,759
Lease obligations		1,896,482	2,968,948
		1,914,022,170	858,633,839
25.00 Short term borrowings: Tk. 698,427,194			
Short term borrowings	(Note: 25.01)	335,000,000	235,000,000
Bank Overdraft	(Note: 25.02)	203,427,194	150,100,765
Call loans	(Note: 25.03)	160,000,000	120,000,000
		698,427,194	505,100,765
25.01 Short term borrowings: Tk.335,000,000			
One Bank Limited		235,000,000	235,000,000
Mercantile Bank Limited		100,000,000	-
		335,000,000	235,000,000
25.02 Bank Overdraft: Tk.203,427,194			
Mercantile Bank Limited		(7,235,376)	2,617,464
BRAC Bank Limited		9,918,631	26,616,528
Prime Bank Limited		100,220,506	53,980,888
Southeast Bank Limited		22,123,984	24,892,988
Shahjalal Islami Bank Limited		16,579,049	17,500,000
The Premier Bank Limited		22,695,657	24,492,897
Commercial Bank of Ceylon Limited		39,124,743	-
		203,427,194	150,100,765
25.03 Call loan: Tk.160,000,000			
Dhaka Bank Limited		50,000,000	90,000,000
Southeast Bank Limited		-	30,000,000
The Premier Bank Limited		30,000,000	-
The Trust Bank Limited		50,000,000	-
Eastern Bank Limited		30,000,000	-
		160,000,000	120,000,000
26.00 Accrued expenses: Tk.236,762,482			
Interest payable	(Note: 26.01)	186,798,754	70,570,739
Accrued expenses	(Note: 26.02)	9,418,719	783,342
Welfare fund payable		19,879	19,879
IPA/Managed equity fund		260,409	260,409
Payable to Sampath Bank Limited, Sri Lanka	(Note: 26.03)	9,266,831	21,055,114
Advance receipt against leases		10,959,396	152,402
Payable against merchants claims		1,988,341	1,882,327
Payable against receipt from other card holders		366,205	277,506
Withholding tax payable		176,620	153,717
Payable against MCBS Charges		14,628,621	5,582,475
AIT on Credit Card Payable		2,126,209	6,864,451
IPO Subscription Payable		304,398	2,518,219
Claims on health insurance		10,993	-
VAT on Credit card payable		437,107	-
		236,762,482	110,120,580



26.01 Interest payable: Tk.186,798,754

Interest payable on term deposit
 Interest payable on long term borrowings
 Interest payable on short term borrowings
 Interest payable on call loan borrowings

31.12.2007
Taka

31.12.2006
Taka

127,540,033
 34,155,713
 22,755,121
 2,347,887
186,798,754

46,845,638
 11,770,411
 11,243,886
 710,804
70,570,739

26.02 Accrued expenses: Tk.9,418,719

Utility bills payable
 Audit fees payable
 Postage and courier bills payable
 Others
 Vehicle running expenses
 Profit Incentive Bonus Payable

70,500
 50,000
 62,500
 630,320
 27,500
 8,577,899
9,418,719

60,222
 50,000
 51,823
 595,644
 25,653
 -
783,342

26.03 Payable to Sampath Bank Limited, Sri Lanka: Tk.9,266,831

Management Consultancy Fee payable represents the amount payable to Sampath Bank Ltd., Sri Lanka as per agreement signed on 5th May 2002. Movement of the amount is as below:

Balance at 1st January
 Add: Provision during the year
 Less: Payment during the year

21,055,114
1,679,797
 22,734,910
 13,468,079
9,266,831

13,468,079
7,587,035
 21,055,114
 -
21,055,114

27.00 Provision for taxation: Tk.80,000,000

Balance at 1st January
 Provision during the year

5,000,000
 75,000,000
80,000,000

5,000,000
 -
5,000,000

28.00 Interest income from leases: Tk.220,137,271

This represents interest income from leasing activity recognized during the year

29.00 Interest income from term finance: Tk.109,141,760

This represents interest income from term finance given to individual and corporate bodies recognized as revenue during the year as below.

Interest from loan portfolio
 Interest on staff loan

108,801,576
 340,184
109,141,760

24,665,794
 287,270
24,953,064

	31.12.2007	31.12.2006
	<u>Taka</u>	<u>Taka</u>
30.00 Income from credit card: Tk. 61,404,426		
This represents interest on outstanding loan, late payment charge, outstanding clearing charge and dishonor charge.		
31.00 Merchant commission of credit card: Tk. 3,236,365		
This represents commission received from the merchants on account of sales through credit Cards issued by LankaBangla Finance Limited.		
32.00 Membership fees of credit card: Tk.7,057,800		
This represents membership fee received from various credit card holders		
33.00 Income from co-branding of credit card: Tk.1,868,556		
This represents income receivable from co - branding of credit card with Dhaka Bank Limited		
34.00 Other operational income from credit card: Tk.7,111,700		
Credit shield	4,526,253	4,437,467
Interchange fees	(44,003)	(516,952)
Income from Third Party Processing	2,629,450	1,500,350
	<u>7,111,700</u>	<u>5,420,865</u>
35.00 Gain on sale of shares: Tk.56,740,712		
This represents gain on trading of shares of the investment portfolio through LankaBangla Finance Limited.		
36.00 Other operational income: Tk.35,906,669		
Service charge, commission and commitment fee on leases	9,641,959	4,542,147
Profit /(loss) on sale of fixed asset	-	91,903
Dividend income	26,264,710	35,010,421
Legal/secretarial and others fee	-	1,525,955
Renewal & proceeds against fixed lease	-	43,640
	<u>35,906,669</u>	<u>41,214,066</u>
Dividend income represents 30% stock dividend declared by subsidiary LankaBangla Securities Limited.		
37.00 General & administrative expenses: Tk.75,068,656		
General expenses (Note: 37.01)	41,313,509	27,686,686
Administrative expenses (Note: 37.02)	33,755,147	34,678,516
	<u>75,068,656</u>	<u>62,365,202</u>
Allocation		
Merchant Banking Operation	4,578,392	2,700,705
Other than Merchant Banking Operation	70,490,264	59,664,497
	<u>75,068,656</u>	<u>62,365,202</u>
37.01 General expenses: Tk.41,313,509		
Salary and allowances	36,470,471	24,116,993
Provident fund contributions	1,104,279	958,144
Employees Gratuity	2,465,236	1,739,331
Medical expenses	479,656	352,963
Training expenses	265,178	51,000
Staff welfare expenses	124,871	135,810
Membership & renewal fees	403,818	332,445
	<u>41,313,509</u>	<u>27,686,686</u>
Management emoluments an aggregate amount of Tk. 3,616,000 paid to the Managing Director of the Company as remuneration and benefits.		



37.02 Administrative expenses: Tk.33,755,147

	31.12.2007 <u>Taka</u>	31.12.2006 <u>Taka</u>
Conveyance	688,405	688,356
Travelling	318,777	45,877
Office rent	3,229,212	2,597,808
Telephone bill	1,609,957	1,230,546
Electricity bill	1,157,718	908,159
Internet & e-mail	191,736	189,350
Printing & stationery	3,002,749	1,193,441
News paper & periodicals	13,469	14,606
Credit card production cost	-	6,079
Computer accessories	929,601	673,654
Equipment maintenance	2,741,503	4,072,396
Fuel expense	406,764	255,137
Vehicle maintenances and registration fee	846,390	726,016
Insurance premium	205,630	262,549
Water & sewerage bill	166,201	214,737
Office maintenance expenses	1,811,193	1,237,032
Donation & out of pocket expenses	259,800	248,035
Postage & courier	639,723	656,191
Stamp charges	200,341	152,524
Professional & legal expenses	593,090	815,640
Audit fee	50,000	50,000
Directors' Remuneration	28,000	-
Advertisement expenses	630,926	2,414,953
Entertainment expenses	1,792,100	188,507
Business promotion expenses	447,478	675,962
Bank charges	478,125	222,297
Exchange loss	(32,881)	976,660
Marketing expenses for lease & loan/credit cards	2,097,075	1,618,219
Commission on Recovery of bad loans	428,694	218,526
Provision for MCBS Charges	8,823,371	4,936,732
IPO related expenses	-	7,188,527
	<u>33,755,147</u>	<u>34,678,516</u>

38.00 Depreciation/amortization on own & leased assets: Tk.13,077,574

Freehold own fixed assets	4,978,606	4,535,661
Leased assets under finance method	2,920,064	6,410,119
Amortization of intangible assets	5,178,904	5,193,404
	<u>13,077,574</u>	<u>16,139,184</u>
Allocation		
Depreciation under Merchant Banking Operation	466,785	338,001
Depreciation other than Merchant Banking Operation	12,610,789	15,801,183
	<u>13,077,574</u>	<u>16,139,184</u>

	31.12.2007	31.12.2006
	Taka	Taka
39.00 Financial expenses: Tk.418,760,683		
Interest on term loans	186,666,230	79,645,579
Interest on call loan and short notice	67,435,292	37,985,213
Interest on term deposits	191,648,157	77,142,176
Interest on leased asset under finance method	568,253	1,283,986
	<u>446,317,932</u>	<u>196,056,954</u>
Less: Interest income on fixed deposit	26,593,245	17,148,348
Interest income on short term deposit	864,837	13,153,376
Interest income on call loan lending	-	-
Interest income on current account with subsidiaries	99,167	207,817
	<u>27,557,249</u>	<u>30,509,541</u>
	<u>418,760,683</u>	<u>165,547,413</u>
Allocation		
Finance Cost-Merchant Banking Operation	93,615,989	16,627,526
Finance Cost-Other than Merchant Banking Operation	325,144,694	148,919,887
	<u>418,760,683</u>	<u>165,547,413</u>
40.00 Other operational expenses. Tk.Nil		
Other operational expenses represents loss /(Profit) on disposal of leased assets on retirement of leases.		
41.00 Provision for doubtful accounts and future losses: Tk.53,408,202		
Provision for doubtful accounts and future losses (Note: 41.01)	53,344,440	14,766,777
Write offs (Note: 41.02)	63,762	1,188,003
	<u>53,408,202</u>	<u>15,954,780</u>
Allocation		
Merchant Banking Operation	5,047,874	957,527
Other than Merchant Banking Operation	48,360,328	14,997,254
	<u>53,408,202</u>	<u>15,954,781</u>
41.01 Provision for doubtful accounts and future losses: Tk.53,344,440		
Lease finance	26,898,632	8,844,274
Credit card	4,583,821	1,455,918
Term finance	11,853,417	2,247,457
Short term finance	8,514,970	2,057,365
Reduction of share	1,557,362	215,642
Project investment	-	-
Bad and doubt for related companies	(63,762)	(53,878)
	<u>53,344,440</u>	<u>14,766,777</u>
41.02 Write offs: Tk.63,762		
Credit cards	<u>63,762</u>	<u>1,188,003</u>
42.00 Deferred expenditure written-off: Tk. Nil		
This represents amount written off for the period		
Allocation		
Merchant Banking Operation	-	155,119
Other than Merchant Banking Operation	-	1,959,244
	<u>-</u>	<u>2,114,363</u>



	31.12.2007	31.12.2006
	<u>Taka</u>	<u>Taka</u>
43.00 Sampath Bank management & consultancy fees: Tk.3,580,326		
Management fees		
Profit before tax (As on May 31 ,2007)	52,275,789	72,402,312
Less: Notional tax @ 45%	<u>23,524,105</u>	<u>32,581,040</u>
Net profit after notional tax	<u>28,751,684</u>	<u>39,821,272</u>
Sampath Bank consultancy fee @ 6% (after charge)	<u>1,627,454</u>	<u>2,254,034</u>
Payment of Income Tax & VAT	1,952,872	-
Consultancy fee		5,333,000
	<u>3,580,326</u>	<u>7,587,034</u>
Allocation		
Merchant Banking Operation	1,001,692	557,064
Other than Merchant Banking Operation	<u>2,578,634</u>	<u>7,029,970</u>
	<u>3,580,326</u>	<u>7,587,034</u>

44.00 Provision for income tax/deferred tax expense (income): Tk.74,663,771

Provision for Income tax	75,000,000	-
Deferred tax expense/ (income)	<u>(336,229)</u>	<u>(238,345)</u>
	<u>74,663,771</u>	<u>(238,345)</u>

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

45.00 Basic Earning Per Share (EPS)- Disclosure Under IAS/BAS- 33: Tk.3.27

The computation of EPS is given below:

a) Net Profit after Tax	114,386,461	70,386,623
b) Weighted Average Number of Shares	<u>35,000,000</u>	<u>27,500,000</u>
c) Basic EPS (a/b)	<u>3.27</u>	<u>2.56</u>

46.00 Interest income from margin trading: Tk.121,825,882

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

47.00 Segment information

Headlines	Lease & Loan Operation	Credit card Operation	Merchant Banking Operation	Others	Total
Fund Based Income					
Interest Income from Leases	220,137,271	-	-	-	220,137,271
Interest & Other Income from Credit Cards	-	61,604,426	-	-	61,604,426
Interest Income from Term Finance	110,799,923	-	-	-	110,799,923
Interest Income from Short Term Lending	31,357,256	-	-	9,130,200	40,487,456
Interest Income from margin trading	-	-	121,825,881	-	121,825,881
Interest During Construction - Leasing	29,480,076	-	-	-	29,480,076
Interest Income from Factorin	66,387	-	-	-	66,387
Sub-total	391,840,913	61,604,426	121,825,881	9,130,200	584,401,420
Fee Based Income					
Merchant Commission	-	3,236,365	-	-	3,236,365
Membership Fees of Credit Cards	-	7,057,800	-	-	7,057,800
Charges on Co-branding	-	1,868,556	-	-	1,868,556
Income from TPP	-	2,629,450	-	-	2,629,450
Income from Cardholders Insurance Scheme	-	4,526,253	-	-	4,526,253
Underwriting Commission	-	-	390,750	-	390,750
Portfolio management fees	-	-	22,385,879	-	22,385,879
Brokerage Commission	-	-	33,944,989	-	33,944,989
Sub-total	-	19,318,424	56,721,618	-	76,040,042
Other Operational Income					
Other Operational Income	9,461,603	-	-	-	9,461,603
Dividends Income	-	-	-	26,264,710	26,264,710
Profit/ (Loss) on Sale of Share	-	-	-	56,740,712	56,740,712
Sundry Income, Fees for Guarantees & Others	-	136,352	-	-	136,352
Sub-total	9,461,603	136,352	-	83,005,422	92,603,377
Total Operating Revenue	401,302,516	81,059,202	178,547,499	92,135,622	753,044,839
Operating Expenses					
General and administrative expenses	28,647,852	41,842,593	4,578,392	-	75,068,837
Depreciation/amortization on own and leased asset	2,829,490	9,781,299	466,785	-	13,077,574
Financial expenses	299,386,313	8,129,575	93,615,989	17,727,791	418,859,668
Provision for doubtful accounts and future losses	42,405,658	4,482,962	5,047,874	1,471,708	53,408,202
Sampath Bank management & consultancy fee	2,182,191	396,443	1,001,692	-	3,580,326
Total Operating Expense	375,451,504	64,632,872	104,710,732	19,199,499	563,994,607
Net Profit before tax	25,851,012	16,426,330	73,836,767	72,936,123	189,050,232
Provision for income tax					75,000,000
Deferred tax					(336,229)
Net Profit after tax					114,386,461



48.00 Related party disclosure

SL No.	Name of Related Party	Relationship	%	Transactions	
				2007	Nature of Transactions
1	LankaBangla Securities Limited	Subsidiary company	99.99	76,578,834	Short Term Loan & Current Account
2	Sampath Bank Limited	Shareholder	22.86	(9,266,831)	Management & Consultancy Fees

49.00 Others

49.01 Board Meeting and Directors' remuneration

Each Director is drawing Tk 4,000 for attending each Board Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2007. 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.

49.02 Employees' details

	Year-2007	Year-2006
No. of employee received TK.3,000 per month	0	0
No. of employee received more than Tk.3,000 per month	78	65
	<u>78</u>	<u>65</u>

49.03 Event After Balance Sheet Date

The Board of Director in its 54th Meeting held on 24 March 2008 has recommended 15% Cash Dividend and 10% stock dividend for the year ended 31 December 2007 for placement before shareholder at 11th Annual General Meeting of the company scheduled to be held on 19 May 2008.

49.04 Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at 31 December 2007. There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2007.

49.05 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.

49.06 Foreign Remittances

During the year 2007, the company remitted USD 179,110 & GBP 9,538.20/- (BDT 13,850,162) against technical service fees & Dividend to the foreign shareholders.

49.07 Contingent Liabilities

The company is contingently liable to for the letter of credit for an amount of Tk 89,448,959/- opened for purchase of Machinery Items.


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 18, 2008

LankaBangla Finance Limited

Schedule of Fixed Assets As at 31 December 2007

Particulars	COST			Rate %	DEPRECIATION			Written down value as at 31.12.2007	
	Balance as at 01.01.2007	Addition during the year	Sales/ Adjustment		Balance as at 01.01.2007	Charged during the year	Adjustment		Balance as at 31.12.2007
A. Freeholds assets									
Furniture & Fittings	17,764,229	1,937,025	-	15	14,962,911	796,636	-	15,759,547	3,941,707
Office Equipment	23,727,123	1,371,944	-	20	14,122,078	2,841,251	-	16,963,329	8,135,738
Motor Vehicles	3,825,355	3,450,716	-	25	857,349	1,340,719	-	2,198,068	5,078,003
	45,316,707	6,759,685	-		29,942,338	4,978,606	-	34,920,944	17,155,448
B. Assets under finance lease									
Office Equipemnt	21,500,000	-	-	20	18,605,312	1,649,894	-	20,255,206	1,244,794
Motor Vehicles	5,338,500	-	-	25	2,849,869	1,270,170	-	4,120,039	1,218,461
	26,838,500	-	-		21,455,181	2,920,064	-	24,375,245	2,463,255
C. Intangible assets									
Systems and softwares	25,894,521	-	-	20	7,782,856	5,178,904	-	12,961,760	12,932,761
Total 2007 (A+B+C)	98,049,728	6,759,685	-		59,180,375	13,077,574	-	72,257,949	32,551,464
Total 2006	91,897,486	6,222,742	70,500		43,111,691	16,139,184	70,500	59,180,375	38,869,353



**Audited Consolidated
Financial Statements**



Auditors' Report

To the Shareholders of LankaBangla Finance Limited and its Subsidiary

We have audited the accompanying consolidated Balance Sheet of LankaBangla Finance Limited and its Subsidiary as of December 31, 2007 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement, consolidated Statement of Changes in Equity and the notes to the consolidated Financial Statements for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

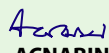
We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence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

In our opinion, the consolidated financial statements, referred to above, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the company's affairs as of December 31, 2006 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, Financial Institutions Act, 1993, the Securities and Exchange Rules, 1987, the rules and regulations issued by Bangladesh Bank, and other applicable laws and regulations as well as practice followed by Non Banking Financial Institutions.

We also report that:

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

Dhaka
March 18, 2008


ACNABIN
Chartered Accountants

Consolidated Balance Sheet as at December 31, 2007

I. SOURCES OF FUNDS	Notes	31.12.2007 Taka	31.12.2006 Taka
1. Shareholders' Fund			
a) Share capital	3	350,000,000	350,000,000
b) Reserve & surplus	4	159,840,406	38,694,725
c) Proposed dividend		87,500,000	35,000,000
Shareholders' Equity		597,340,406	423,694,725
2. Minority interest	5	4,461	2,066
3. Long-term Loan - net of current maturity			
Long term loans	6	1,193,799,312	565,522,334
4. Obligation under Finance Lease		478,909,994	230,079,620
a) Lease rental advances	7	61,532,387	41,600,195
b) Liability under finance lease	8	4,393,409	2,414,371
c) Term deposits	9	411,085,974	185,831,000
d) Term finance deposits		1,898,224	234,054
5. Deferred liability-employee gratuity	10	10,227,040	6,220,907
6. Deferred tax liability/(asset)	11	(1,513,626)	(1,177,397)
7. Interest suspense account	12	25,694,531	9,338,983
		2,304,462,117	1,233,681,238
II. APPLICATION OF FUND			
1. Fixed assets	13	56,689,339	49,258,027
a) At cost		140,216,078	115,122,749
b) Less: Accumulated depreciation		83,526,739	65,864,722
2. Lease portfolio		1,164,516,158	896,054,291
Net investment in leases-net of current maturity	14	1,080,714,585	782,849,222
Advance against leases	15	83,801,573	113,205,069
3. Term finance-net of current maturity	16	658,532,179	194,065,559
4. Investment	17(a)	1,000,000	1,000,000
5. Membership fee at DSE and CSE		17,456,000	16,606,000
6. Provision for doubtful accounts and future losses	18	(93,419,875)	(40,075,434)
7. Current assets		3,977,605,953	1,710,629,918
a) Margin loan against share trading	19	797,165,016	240,701,162
b) Short term finance		405,104,770	111,278,903
c) Investment in marketable securities	17(b)	200,422,107	14,068,260
d) Trade receivables and advances	20	592,285,524	437,522,819
e) Prepayments & other receivables	21	559,059,052	145,401,293
f) Current maturity of lease & term finance	22	823,811,617	470,307,380
g) Cash and cash equivalent	23	599,757,867	291,350,101
8. Less: Current liabilities & provisions		3,477,917,637	1,593,857,123
a) Current maturity of long term borrowings, deposits & advances	24	1,919,021,716	859,367,826
b) Short term borrowing	25	698,427,194	505,100,765
c) Payables and accrued expenses	26	360,848,062	140,267,008
d) Payables to client against share trading		415,651,899	84,121,524
e) Unpaid Dividend		614,169	-
f) Provision for taxation	27	83,354,597	5,000,000
9. Net current assets (7-8)		499,688,316	116,772,795
		2,304,462,117	1,233,681,238

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


Chairman


Director


Managing Director


Company Secretary

This is the Balance Sheet referred to in our report of even date.
Dhaka
March 18, 2008


ACNABIN
Chartered Accountants



Consolidated Profit & Loss Account

for the year ended December 31, 2007

	Notes	2007 Taka	2006 Taka
Operating Revenue			
Fund based activities			
		606,689,637	281,073,178
Interest income from leases	28	220,137,271	116,429,433
Interest during the construction period		29,480,076	40,177,345
Interest income from term finance	29	109,141,760	24,953,064
Income from credit card	30	61,604,426	56,020,853
Interest income from short term lending		42,046,451	9,144,764
Interest income from margin trading	46	121,825,882	19,840,271
Interest income from factoring		66,387	-
Interest income from customer account		22,387,384	14,507,448
Fee based activities			
		340,267,544	84,590,700
Merchant commission of credit card	31	3,236,365	4,425,105
Membership fees of credit card	32	7,057,800	7,714,550
Income from co-branding of credit card	33	1,868,556	4,399,954
Other operational income from credit card	34	7,111,700	5,420,865
Gain on sale of shares	35	56,740,712	1,208,711
Underwriting commission		390,750	80,579
Portfolio management income (IPA)		56,330,868	1,862,622
Income from brokerage service		204,097,049	53,173,933
Other operational income	36	3,433,744	6,304,380
Total Operating Revenue		946,957,181	365,663,878
Less: Operating Expense			
		648,572,118	299,086,327
General and administrative expenses	37	155,477,812	92,239,659
Depreciation/amortization on own and leased asset	38	17,345,095	18,016,001
Financial expenses	39	418,760,683	163,073,097
Other operational expenses	40	-	101,392
Provision for doubtful accounts and future losses	41	53,408,202	15,954,781
Deferred expenditure written-off	42	-	2,114,363
Sampath Bank management & consultancy fee	43	3,580,326	7,587,034
Operating Profit for the year		298,385,063	66,577,551
Less: Provision for income tax/deferred tax expense (income)	44	87,914,240	(238,345)
Provision for income tax		88,250,469	-
Deferred tax expense/(income)		(336,229)	(238,345)
Profit after Taxation for the year		210,470,823	66,815,896
Minority interest		2,432	629
Net profit for the year attributable to the shareholders of parent company		210,468,391	66,815,267
Earning Per Share (EPS)	45	6.01	2.43

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


Chairman

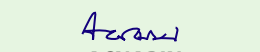

Director


Managing Director


Company Secretary

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

Dhaka
March 18, 2008


ACNABIN
Chartered Accountants

Consolidated Cash Flow Statement

for the year ended December 31, 2007

	2007 Taka	2006 Taka
a. Cash flows from operating activities		
Receipt from operational revenues	938,863,628	424,782,681
Interest payments	(333,903,581)	(172,994,196)
Cash payment to employees and suppliers	(67,817,084)	(45,677,278)
Direct payment-Hawla, Laga charges	(20,811,005)	(5,809,365)
Receipt from other operating activities	29,092,775	17,279,196
Payment for other operating activities	(17,393,690)	(8,599,937)
Payment of tax	(11,718,620)	(3,209,305)
	516,312,423	205,771,796
(Increase)/decrease in operating assets:		
Payment against lease assets	(908,344,893)	(735,032,238)
Short term lending	(293,825,867)	(17,333,112)
Term Finance	(668,280,043)	(247,908,328)
Credit card receivables	315,383,811	282,583,366
Investment in shares	(186,353,847)	(6,956,731)
Margin loan to portfolio investor	(556,463,854)	(37,618,666)
Accounts receivable and advances	(380,653,726)	(254,163,848)
Increase/ (decrease) in operating liabilities:		
Receipt of lease rental in advance & term deposits	25,565,782	28,405,168
Accounts payables	357,316,713	(126,845,658)
	(2,295,655,924)	(1,114,870,049)
Net cash used in operating activities	(1,779,343,501)	(909,098,253)
b. Cash flows from investing activities		
Purchase of fixed assets	(21,616,775)	(10,530,293)
Disposal of fixed assets	773,920	105,450
Acquisition of intangible assets	-	(108,000)
Investment in membership at DSE	(850,000)	-
Net cash used in investing activities	(21,692,855)	(10,532,843)
c. Cash flows from financing activities		
Proceeds from issuance of share capital	-	90,000,000
Draw down of long term loans	1,240,000,000	723,193,035
Repayment of term loans	(387,410,812)	(218,916,338)
Term deposits	1,056,769,516	252,344,647
Net draw down of short term loan	202,607,955	136,555,623
Net Payment of finance lease liabilities	(2,555,418)	(6,409,680)
Net cash flow from financing activities	2,109,411,241	976,767,287
d. Effect of exchange rate changes on cash & cash equivalents	32,881	(976,660)
Net Cash and Cash Equivalent Surplus for the year (a+b+c+d)	308,407,765	56,159,532
Cash and cash equivalent at beginning of the year	291,350,101	235,190,569
Cash and Cash Equivalent at end of the year	599,757,867	291,350,101


Chairman


Director


Managing Director


Company Secretary

Dhaka
March 18, 2008



Statement of changes in Shareholders' Equity

for the year ended December 31, 2007

Particulars	Share Capital	Statutory Reserve	Proposed Dividend	Retained Earnings	Total
Balance as at January 01,2007	350,000,000	14,250,000	35,000,000	24,444,725	423,694,725
Items involved in changes in Equity:					
Net profit for the year	-	-	-	210,468,391	210,468,391
Appropriation to statutory reserve	-	22,877,292	-	(22,877,292)	-
Prior year adjustment	-	-	-	(1,822,711)	(1,822,711)
Payment of dividend	-	-	(34,385,831)	-	(34,385,831)
Unpaid dividend	-	-	(614,169)	-	(614,169)
Proposed dividend					
Stock dividend (1:10)			35,000,000	(35,000,000)	-
Cash dividend (15%)			52,500,000	(52,500,000)	-
Balance as at December 31,2007	350,000,000	37,127,292	87,500,000	122,713,114	597,340,406



Chairman



Director



Managing Director



Company Secretary

Dhaka
March 18, 2008

Notes to the Consolidated Financial Statements

for the year ended December 31, 2007

1.00 Legal Status and Nature of the Company

1.01 Domicile, Legal Form and Country of Operation

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

1.02 Subsidiary Company

The Company has a subsidiary company named "LankaBangla Securities Ltd" (formerly Vanik Bangladesh Securities Limited) with an equity interest of 99.998% (11,049,779 shares of Tk.10 each totaling Tk.110,497,790) in the subsidiary company. The subsidiary is a private limited company incorporated under the Companies Act, 1994. The principal activity of the subsidiary is to deal with the securities as broker in the capital market having membership no. 132 with Dhaka Stock Exchange and 91 with Chittagong Stock Exchange.

1.03 Company's Activities

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

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

2.00 Significant Accounting Policies

2.01 Basis of Preparation and Presentation of Financial Statements

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

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

2.02 Consolidation of operations of subsidiary

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



Financial Statements". The Consolidation of the financial statements has been made after eliminating all material intra group transactions.

Total profits of the Company and its Subsidiary are shown in the consolidated Profit & Loss Account with the proportion of profit after taxation pertaining to minority shareholders being deducted as "Minority Interest".

All Assets and Liabilities of the company and of its subsidiary are shown in the consolidated balance sheet. The Interest of minority shareholders of the subsidiary is shown separately in the consolidated balance sheet under the head "Minority Interest".

2.03 Accounting for Lease

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

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

2.04 Accounting for Term Finance

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

2.05 Merchant banking operation

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

2.06 Recognition of Fixed Assets

2.6.1 Assets acquired under own finance

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

2.6.2 Assets acquired under finance lease

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



2.12 Revenue Recognition

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

2.12.1 Lease Financing

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

2.12.2 Loans and Advances

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

2.12.3 Credit Cards

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

2.12.4 Other Income

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

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

2.12.5 Interest suspense account

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

2.13 Provisions for Doubtful Leases, Loans and Advances

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

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

2.14 Corporate Tax

2.14.1 Provision for income Tax

The Company has made income tax provision for the year 2007 as required by the Income Tax Ordinance 1984.

2.14.2 Deferred Tax

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

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

2.15 Investments in securities

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

2.16 Cash and Cash Equivalent and Cash Flow statement

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

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

2.17 Employee benefits

2.17.1 Provident Fund

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



2.17.2 Gratuity Fund

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

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

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

2.17.3 Group Life Insurance Scheme and Health Insurance

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

2.18 Litigation

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

2.19 Earning Per Share (EPS)

The company calculates EPS in accordance with the BAS: 33 Earning Per Share, which has been shown on the face of the Income Statements, and the computation is stated in Note 45.

Basic Earnings

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

Weighted average number of ordinary shares outstanding during the year

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

Basic earning per share

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

Diluted Earning per share

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

2.20 Corporate Governance

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting (04 meeting held in the year 2007) and documented procedures of independence, the company endeavors to meet the standards expected.

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

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

2.21 Risk and uncertainty for use of estimates (Provisions)

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

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

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

2.22 Events after the balance sheet date

All materials events occurring after the balance sheet date are considered and where necessary, adjusted for or disclosed in Note 48.03.

2.23 Proposed Dividend

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

2.24 Reporting Currency and level of Precision

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

2.25 Comparatives

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



3.00 Share capital : Tk.350,000,000

Authorised

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

31.12.2007
Taka

1,000,000,000

31.12.2006
Taka

1,000,000,000

Issued, subscribed and paid up

35,000,000 ordinary shares of Tk.10/- each

350,000,000

350,000,000

Details of shares holding are as under:

Sponsor shareholders:

a. Foreign Sponsors

Percentage

Sampath Bank Limited, Sri Lanka
First Gulf Asia Holdings Limited, KSA
(Former Chinkara Capital Pte.Ltd.)

22.86%

80,000,000

80,000,000

11.42%

40,000,000

40,000,000

34.28%

120,000,000

120,000,000

b. Local Sponsors

One Bank Limited, Bangladesh
SSC Holdings Limited, Bangladesh
Shanta Apparel Limited
Individuals

11.42%

40,000,000

40,000,000

2.86%

10,000,000

10,000,000

2.86%

10,000,000

10,000,000

22.87%

80,000,000

80,000,000

40.01%

140,000,000

140,000,000

General Shareholders

25.71%

90,000,000

90,000,000

100%

350,000,000

350,000,000

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

Number of share	Number of share	No. of shareholder	% of holding
Less than 500	729,950	1,460	2.09
501 to 5,000	2,216,550	1,230	6.33
5,001 to 10,000	850,000	111	2.43
10,001 to 20,000	462,500	33	1.32
20,001 to 30,000	305,500	13	0.87
30,001 to 40,000	204,000	6	0.58
40,001 to 50,000	147,000	3	0.42
50,001 to 100,000	572,000	8	1.63
100,001 to 1,000,000	2,453,000	7	7.01
Above 1,000,000	27,059,500	10	77.31
	35,000,000	2,881	100.00

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

Share traded Tk. 100.01 and Tk. 100 at Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited respectively at the end of the year 2007.

4.00 Reserve & surplus: Tk.159,840,406

Retained earnings	(Note: 4.01)	122,713,114	24,444,725
Statutory reserve	(Note: 4.02)	37,127,292	14,250,000
		159,840,406	38,694,725

4.01 Retained earnings: Tk. 122,713,114

Retained earnings as at 01 January	24,444,725	7,953,326
Add: Prior year adjustment	(1,822,711)	(1,073,868)
Profit for the year	210,468,391	66,815,267
	233,090,405	73,694,725
Less: Transferred to statutory reserve during the year	22,877,292	14,250,000
Proposed dividend	-	35,000,000
Cash dividend (15%)	52,500,000	-
Stock dividend (10%)	35,000,000	-
	110,377,292	49,250,000
	122,713,114	24,444,725

4.02 Statutory reserve: Tk. 37,127,292

Opening balance	14,250,000	-
Add: Profit transferred to statutory reserve during the year @ 20%	22,877,292	14,250,000
	37,127,292	14,250,000



		31.12.2007	31.12.2006
		Taka	Taka
7.00 Lease rental advances: Tk. 61,532,387			
The Company takes advance rentals from the lessees on signing of lease agreements which are refundable or adjustable at the end of lease terms.			
Total lease rental advances	(Note: 7.01)	69,900,736	44,334,954
Less: Current maturity	(Note: 24.00)	8,368,349	2,734,759
		<u>61,532,387</u>	<u>41,600,195</u>

7.01 Lease rental advances: Tk. 69,900,736

Adjustable within 1 year		8,368,349	2,734,759
Adjustable in less than 5 years		61,532,387	41,600,195
		<u>69,900,736</u>	<u>44,334,954</u>

8.00 Liability under finance lease: Tk. 4,393,409

Lease obligations-LBFL		2,463,252	5,383,319
Lease obligations-LBSL		3,826,639	733,987
	(Note: 8.01)	6,289,891	6,117,306
Less: Current maturity	(Note: 24.00)	1,896,482	3,702,935
		<u>4,393,409</u>	<u>2,414,371</u>

Lease obligation represents liability against purchase of assets for own use under lease agreement with different lessors.

8.01 Total lease obligations: Tk. 6,289,891

Adjustable within 1 year		1,896,482	3,702,935
Adjustable in less than 5 years		4,393,409	2,414,371
		<u>6,289,891</u>	<u>6,117,306</u>

9.00 Term deposits: Tk. 411,085,974

Payable within 1 year		1,407,437,037	575,922,495
Payable within 2 years		328,980,629	134,348,600
Payable within 3 years & above		82,105,345	51,482,400
Total deposits under term borrowings scheme		1,818,523,011	761,753,495
Less: Current maturity	(Note: 24.00)	1,407,437,037	575,922,495
		<u>411,085,974</u>	<u>185,831,000</u>

Term deposit includes Tk.312.31 million from general public, Tk. 1,506.21 million from various financial institutions.

10.00 Deferred liability-employee gratuity: Tk. 10,227,040

Balance as at 01 January		6,220,903	4,601,220
Add: Provision during the year		4,538,207	2,698,602
		10,759,114	7,299,822
Less: Payment during the year		532,074	(1,078,915)
		<u>10,227,040</u>	<u>6,220,907</u>

	31.12.2007	31.12.2006
	<u>Taka</u>	<u>Taka</u>
11.00 Deferred tax liability/(asset) :Tk. (1,513,626)		
Balance as at January 01	(1,177,397)	(939,052)
Provided during the year	(336,229)	(238,345)
	<u>(1,513,626)</u>	<u>(1,177,397)</u>

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

12.00 Interest Suspense:Tk. 25,694,531

Lease Finance	15,775,496	4,876,803
Term Finance	6,774,076	336,744
Credit Card	3,144,959	4,125,436
	<u>25,694,531</u>	<u>9,338,983</u>

Movement of total interest suspense is as below:

Balance as at January 01	9,338,983	7,557,966
Add: Charged during the year	16,355,548	2,218,453
	<u>25,694,531</u>	<u>9,776,419</u>
Less: Written off during the year	-	437,436
	<u>25,694,531</u>	<u>9,338,983</u>



	31.12.2007	31.12.2006
	Taka	Taka
13.00 Fixed Assets: Tk.56,689,339		
A. Cost		
i) Freehold assets		
Opening Balance	60,936,282	50,020,506
Add : Addition during the year	21,616,775	11,114,276
	<u>82,553,057</u>	<u>61,134,782</u>
Less: Sales/Adjustment during the year	-	198,500
	<u>82,553,057</u>	<u>60,936,282</u>
ii) Assets under finance lease		
Opening Balance	28,718,500	28,291,946
Add : Addition during the year	3,900,000	-
	<u>32,618,500</u>	<u>28,291,946</u>
Less: Sales/Adjustment during the year	850,000	-
	<u>31,768,500</u>	<u>28,291,946</u>
iii) Intangible assets		
Opening Balance	25,894,521	25,894,521
Total cost (A)	<u>140,216,078</u>	<u>115,122,749</u>
B. Accumulated Depreciation		
i) Own Assets		
Opening Balance	36,626,686	30,297,507
Add : Charged during the year	8,565,127	6,412,478
	<u>45,191,813</u>	<u>36,709,985</u>
Less: Adjustment during the year	-	83,300
	<u>45,191,813</u>	<u>36,626,685</u>
ii) Leasehold Assets		
Opening Balance	22,372,732	15,045,062
Add : Charged during the year	3,601,064	6,410,119
	<u>25,973,796</u>	<u>21,455,181</u>
Less: Adjustment during the year	600,630	-
	<u>25,373,166</u>	<u>21,455,181</u>
iii) Intangible assets:		
Opening Balance	7,782,856	2,589,452
Add : Charged during the year	5,178,904	5,193,404
	<u>12,961,760</u>	<u>7,782,856</u>
Total (B)	<u>83,526,739</u>	<u>65,864,722</u>
C. Written Down Value (A-B)	<u>56,689,339</u>	<u>49,258,027</u>
A schedule of fixed assets has been given in Annexure-A.		
14.00 Net investment in leases: Tk.1,080,714,585		
Gross investment	(Note: 14.01) 2,246,196,797	1,517,687,314
Less: Unearned finance income	(Note: 14.02) 581,548,042	364,800,111
Net Investment in leases	(Note: 14.03) 1,664,648,755	1,152,887,203
Less: Current maturity	(Note: 22.00) 583,934,170	370,037,981
	<u>1,080,714,585</u>	<u>782,849,222</u>
14.01 Aging of gross investment in leases: Tk. 2,246,196,797		
Less than one year	709,650,988	536,382,980
More than one year below five year	1,536,545,809	981,304,334
	<u>2,246,196,797</u>	<u>1,517,687,314</u>

	31.12.2007	31.12.2006
	<u>Taka</u>	<u>Taka</u>
14.02 Unearned finance income: Tk. 581,548,042		
Less than 1 year	245,566,100	167,072,750
More than 1 year below 5 years	335,981,942	197,727,361
	<u>581,548,042</u>	<u>364,800,111</u>

The Company is the legal owner of the leased assets under the lease portfolio as per lease agreements signed with the leasee and registered documents.

14.03 Aging of net investment in leases: Tk. 1,664,648,755

Receivable within 1 year	464,084,887	370,037,981
Receivable later than 1 year not later than 5 years	1,200,563,868	782,849,222
	<u>1,664,648,755</u>	<u>1,152,887,203</u>

15.00 Advance against leases: Tk. 83,801,573

Advance against leases	(Note: 15.01) 108,531,354	146,140,225
Less: Current maturity	(Note: 22.00) 24,729,781	32,935,156
	<u>83,801,573</u>	<u>113,205,069</u>

15.01 Advance against leases: Tk. 108,531,354

Adjustable within 1 year	24,729,781	32,935,156
Adjustable later than 1 year not later than 5 years	83,801,573	113,205,069
	<u>108,531,354</u>	<u>146,140,225</u>

Advance against leases represents payment for procurement of leased assets against unexecuted leasing agreements which are capitalized on execution of the leases.

16.00 Term finance- net of current maturity: Tk. 658,532,179

Long term loans	873,679,845	261,399,802
Less: Current maturity	(Note: 22.00) 215,147,666	67,334,243
	<u>658,532,179</u>	<u>194,065,559</u>
Movement is as below		
Balance at 1st January	261,399,802	69,318,305
Disbursed during the year	887,796,653	223,270,000
	1,149,196,455	292,588,305
Less: Recovery during the year	275,516,610	31,188,503
	<u>873,679,845</u>	<u>261,399,802</u>



31.12.2007
Taka

31.12.2006
Taka

17 (a) Investment: Tk.1,000,000

Equity investment in Central Depository Bangladesh Limited (CDBL) for 1 (One) ordinary share of Tk. 1,000,000 each which is under investment in non-marketable securities

17 (b) Investment in share portfolio: Tk. 200,422,107

Investment in marketable securities

200,422,107

14,068,260

Details of the securities are as follow:

SL. No.	Name of the Companies	Number of Share	Average cost per unit	Total Cost (Taka)	Closing Rate 30 December 2007	Market price of Shares at the end of the year (Taka)	Unrealised Gain	Provision for Loss
1	Dhaka Bank Limited	10,000	617.69	6,176,934	706	7,060,000	883,066	-
2	Exim Bank Limited	10,028	372.09	3,731,367	391	3,920,948	189,581	-
3	Mercantile Bank Limited	5,251	391.05	2,053,418	419	2,200,169	146,751	-
4	Eastern Bank Limited	10,000	1,038.15	10,381,475	1,071	10,707,500	326,025	-
5	National Bank Limited	30,000	1,225.42	36,762,469	1,494	44,827,500	8,065,031	-
6	City Bank Limited	10,000	745.32	7,453,182	725	7,252,500	-	(200,682)
7	IDLC Finance Limited	5,000	594.28	2,971,388	1,519	7,595,000	4,623,612	-
8	Jamuna Bank Limited	10,000	405.60	4,055,965	388	3,882,500	-	(173,465)
9	Mutual Trust Bank Limited	5,000	462.26	2,311,301	597	2,982,500	671,199	-
10	One Bank Limited	10,000	592.77	5,927,657	573	5,725,000	-	(202,657)
11	Prime Bank Limited	10,000	791.90	7,919,017	924	9,237,500	1,318,483	-
12	Shahajalal Islami Bank Ltd.	100,000	351.99	35,198,690	366	36,600,000	1,401,310	-
13	Standard Bank Limited	1,600	100.00	160,000	338	540,400	380,400	-
14	Trust Bank Limited	10,000	971.90	9,718,965	929	9,292,500	-	(426,465)
15	DESCO	20,000	1,036.21	20,724,143	1,069	21,385,000	660,857	-
16	Summit Power Limited	5,000	1,546.09	7,730,428	1,442	7,207,500	-	(522,928)
17	Padma Oil Limited	13,800	1,092.88	15,081,811	1,403	19,355,880	4,274,069	-
18	Lafarge Surma Cement Ltd.	20,000	457.41	9,148,214	481	9,615,000	466,786	-
19	Eastern Cables Limited	10,000	661.26	6,612,603	605	6,050,000	-	(562,603)
20	Heidelberg Cement Ltd.	5,000	1,260.62	6,303,081	1,205	6,023,75	-	(279,331)
	Total	300,679		200,422,107		221,461,147	23,407,171	(2,368,132)

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

As on 31 December 2007 there were Tk 23,407,171 of gross unrealised gain on investment in marketable listed securities.

	31.12.2007	31.12.2006
	Taka	Taka
18.00 Provision for doubtful accounts and future losses: Tk. 93,419,875		
Lease financing	48,898,744	22,000,112
Term finance	14,881,302	3,027,885
Short term lending	12,022,697	3,507,727
Credit card	15,249,000	10,728,941
Investment in marketable securities & others	2,368,132	810,770
	93,419,875	40,075,434
Provisions for classified and unclassified leases, loans, advances, credit cards receivables and margin loans on share trading have been made as per the FID circular no. 08 dated 03/10/2002, no. 11 dated 31/10/2005 and no. 03 dated 03/05/2006 issued by Department of Financial Institutions and Markets of Bangladesh Bank.		
Balance at 1st January	40,075,434	25,308,656
Provision during the year	53,408,202	15,954,781
	93,483,636	41,263,437
Less: Written-off/reversal during the year (Note 18.01)	63,762	1,188,003
	93,419,875	40,075,434
18.01 Write Off/reversal: Tk. 63,762		
Credit Card operation	63,762	1,188,003
19.00 Margin Loan against Share trading: Tk. 797,165,016		
This represents advances granted to investors for share trading on their own account under the Investors Portfolio Account (IPA)		
20.00 Trade receivables and advances: Tk. 592,285,524		
Trade receivables (Note: 20.01)	312,532,980	257,649,075
Advances (Note: 20.02)	27,146,383	21,894,710
Share trading receivables	252,606,161	157,979,034
	592,285,524	437,522,819
20.01 Trade receivables: Tk. 312,532,980		
Lease installment receivables	50,770,679	50,951,535
Term finance receivables	54,720,868	3,865,701
Short term lending receivables	-	16,940,372
Factoring Debtors	7,487,454	-
Credit card receivables	199,553,979	185,891,467
	312,532,980	257,649,075
20.02 Advances: Tk. 27,146,383		
Staff loan-others	3,384,607	2,475,737
Advance office rent	3,974,418	3,343,151
Security deposit/Lease deposit (Note: 20.2.1)	1,531,419	1,521,419
Withholding tax	9,560,861	7,251,887
Advance income tax	8,695,078	6,906,516
Miscellaneous	-	396,000
	27,146,383	21,894,710

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



	31.12.2007	31.12.2006
	Taka	Taka
20.2.1 Security Deposit: Tk.1,531,419		
Telephone line deposit	744,139	734,139
Lease deposit (Note: 20.2.1.1)	588,930	588,930
Deposit for mobile phones	54,500	54,500
Other deposits	143,850	143,850
	1,531,419	1,521,419
20.2.1.1 Lease deposit: Tk.588,930		
This represents lease installment paid in advances per lease agreement with the following lessors:		
United Leasing Company Limited	378,500	378,500
IDLC	164,480	164,480
Uttara Finance & Investment Ltd.	45,950	45,950
	588,930	588,930
21.00 Prepayments & other receivables: Tk. 559,059,052		
Prepayments	10,588,371	8,739,888
Interest receivables-Fixed deposit account	11,262,831	7,728,813
Interest receivables-Term finance	22,782,237	7,524,796
Interest receivables-Short term lending	14,826,858	14,929,807
Current account with Dhaka Bank Ltd	2,663,946	3,217,688
Receivables against share trading	2,694,563	10,642,544
Master card operator - (payables)/receivables (Note: 21.01)	(3,843,792)	(8,161,739)
Lease receivable-IDCP (Note: 21.02)	64,091,156	54,478,454
Receivables / (Payable) with LBSL- IP A/C	139,616,293	(3,691,901)
Interest receivables-Factoring	66,387	-
Receivable from DSE & CSE	292,737,217	41,706,457
Other receivables	1,572,985	8,286,486
	559,059,052	145,401,293
21.01 Master card operator: Tk.(3,843,792)		
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	(45,336,210)	(34,357,659)
Prime Bank Limited	9,310,249	10,358,914
National Bank Limited	(2,741,810)	(13,779,956)
Master Card International	88,531,524	43,287,843
One Bank Limited	3,423,417	868,179
Dutch Bangla Bank limited	(71,015,289)	(16,040,476)
Commercial Bank of Cylon	(58,508)	(46,004)
Bank Asia Limited	14,042,834	1,547,420
	(3,843,792)	(8,161,739)
21.02 Lease receivable-IDCP & Delinquent Charges: Tk.64,091,156		
IDCP	64,091,156	54,478,454
Delinquent charges	-	-
	64,091,156	54,478,454
22.00 Current maturity of lease and term finance: Tk. 823,811,617		
Executed leases	583,934,170	370,037,981
Un executed leases	24,729,781	32,935,156
Term finance	215,147,666	67,334,243
	823,811,617	470,307,380
23.00 Cash and cash equivalents: Tk.599,757,867		
Cash in hand	73,252	59,123
Fixed deposit account (Note: 23.01)	279,195,204	195,858,320
Interest bearing short term deposit account (Note: 23.02)	304,289,184	74,356,352
Non interest bearing current account (Note: 23.03)	16,200,227	21,076,306
	599,757,867	291,350,101



		31.12.2007	31.12.2006
		Taka	Taka
25.00 Short term borrowings: Tk.698,427,194			
Short term borrowings	(Note: 25.01)	335,000,000	235,000,000
Bank Overdraft	(Note: 25.02)	203,427,194	150,100,765
Call loans	(Note: 25.03)	160,000,000	120,000,000
		<u>698,427,194</u>	<u>505,100,765</u>
25.01 Short term borrowings: Tk.335,000,000			
One Bank Limited		235,000,000	235,000,000
Mercantile Bank Limited		100,000,000	-
		<u>335,000,00</u>	<u>235,000,000</u>
25.02 Bank Overdraft: Tk.203,427,194			
Mercantile Bank Limited		(7,235,376)	2,617,464
BRAC Bank Limited		9,918,631	26,616,528
Prime Bank Limited		100,220,506	53,980,888
Southeast Bank Limited		22,123,984	24,892,988
Shahjalal Islami Bank Limited		16,579,049	17,500,000
The Premier Bank Limited		22,695,657	24,492,897
Commercial Bank of Ceylon Limited		39,124,743	-
		<u>203,427,194</u>	<u>150,100,765</u>
25.03 Call loan: Tk.160,000,000			
Dhaka Bank Limited		50,000,000	90,000,000
Southeast Bank Limited		-	30,000,000
The Premier Bank Limited		30,000,000	-
The Trust Bank Limited		50,000,000	-
Eastern Bank Limited		30,000,000	-
		<u>160,000,000</u>	<u>120,000,000</u>
26.00 Payables & accrued expenses: Tk.360,848,062			
Interest payable	(Note: 26.01)	186,798,490	70,570,739
Accrued expenses	(Note: 26.02)	35,571,090	1,806,406
Welfare fund payable		19,879	19,879
IPA/Managed equity fund		260,409	260,409
Payable to Sampath Bank Limited, Sri Lanka	(Note: 26.03)	9,266,831	21,055,114
Advance receipt against leases		10,959,396	152,402
Payable against merchants claims		1,988,341	1,882,327
Payable against receipt from other card holders		366,205	277,506
Withholding tax payable		(1,427,789)	153,717
Payable against MCBS Charges		14,628,621	5,582,475
AIT on Credit Card Payable		2,126,209	6,864,451
IPO Subscription Payable		304,398	2,518,219
Claims on health insurance		10,993	-
Payable at DSE & CSE		97,709,749	29,129,387
Liabilities for other finance		223,724	(6,023)
VAT on Credit card payable		2,041,516	-
		<u>360,848,062</u>	<u>140,267,008</u>

	31.12.2007	31.12.2006
	<u>Taka</u>	<u>Taka</u>
26.01 Interest payable: Tk.186,798,490		
Interest payable on term deposit	127,540,033	46,845,638
Interest payable on long term borrowings	34,155,713	11,770,411
Interest payable on short term borrowings	22,754,857	11,243,886
Interest payable on call loan borrowings	2,347,887	710,804
	<u>186,798,490</u>	<u>70,570,739</u>

26.02 Accrued expenses: Tk. 35,571,090

Utility bills payable	287,839	243,112
Audit fees payable	95,000	95,000
Postage and courier bills payable	62,500	52,692
Others	653,422	676,839
Vehicle running expenses	27,500	25,653
Profit incentive bonus payable	25,990,499	158,731
CDBL charges	8,454,330	554,379
	<u>35,571,090</u>	<u>1,806,406</u>

26.03 Payable to Sampath Bank Limited, Sri Lanka: Tk.9,266,831

Management Consultancy Fee payable represents the amount payable to Sampath Bank Ltd., Sri Lanka as per agreement signed on 5th May 2002. Movement of the amount is as below:

Balance at 1st January	21,055,113	13,468,079
Add: Provision during the year	1,679,797	7,587,034
	<u>22,734,910</u>	<u>21,055,113</u>
Less: Payment during the year	13,468,079	-
	<u>9,266,831</u>	<u>21,055,113</u>

27.00 Provision for taxation: Tk.83,354,597

Balance at 1st January	5,000,000	5,000,000
Provision during the year	88,250,469	-
	<u>93,250,469</u>	<u>5,000,000</u>
Less: Paid during the year	9,895,872	-
	<u>83,354,597</u>	<u>5,000,000</u>

28.00 Interest income from leases: Tk.220,137,271

This represents interest income from leasing activity recognized during the year

29.00 Interest income from term finance: Tk.109,141,760

This represents interest income from term finance given to individual and corporate bodies recognized as revenue during the year as below.

Interest from loan portfolio	108,801,576	24,665,344
Interest on staff loan	340,184	287,720
	<u>109,141,760</u>	<u>24,953,064</u>

30.00 Income from credit card: Tk.61,404,426

This represents interest on outstanding loan, late payment charge, outstanding clearing charge and dishonor charge.



	31.12.2007	31.12.2006
	<u>Taka</u>	<u>Taka</u>
31.00 Merchant commission of credit card: Tk.3,236,365		
This represents commission received from the merchants on account of sales through credit Cards issued by LankaBangla Finance Limited.		
32.00 Membership fees of credit card: Tk.7,057,800		
This represents membership fee received from various credit card holders		
33.00 Income from co-branding of credit card: Tk.1,868,556		
This represents income receivable from co - branding of credit card with Dhaka Bank Limited		
34.00 Other operational income from credit card: Tk.7,111,700		
Credit shield	4,526,253	4,437,467
Interchange fees	(44,003)	(516,952)
Income from Third Party Processing	2,629,450	1,500,350
	<u>7,111,700</u>	<u>5,420,865</u>
35.00 Gain on sale of shares: Tk.56,740,712		
This represents gain on trading of shares of the investment portfolio through LankaBangla Finance Limited.		
36.00 Other operational income: Tk. 3,433,744		
Service charge, commission and commitment fee on leases	9,641,959	4,585,787
Profit /(loss) on sale of fixed asset	-	91,903
Dividend income	765,220	11,120
Legal/secretarial and others fees	834,766	1,660,927
Income from CDBL	(7,808,200)	(45,357)
	<u>3,433,744</u>	<u>6,304,380</u>
Dividend income represents 30% stock dividend declared by subsidiary LankaBangla Securities Limited.		
37.00 General & administrative expenses: Tk. 155,477,812		
General expenses	(Note: 37.01) 84,730,560	41,134,194
Administrative expenses	(Note: 37.02) 70,747,253	51,105,465
	<u>155,477,812</u>	<u>92,239,659</u>
37.01 General expenses: Tk. 84,730,560		
Salary and allowances	75,734,275	35,720,590
Provident fund contributions	1,921,961	1,406,256
Employees Gratuity	4,538,211	2,698,602
Medical expenses	479,656	352,963
Training expenses	909,985	179,700
Staff welfare expenses	124,871	135,810
Membership & renewal fees	1,021,601	640,273
	<u>84,730,560</u>	<u>41,134,194</u>

Management emoluments an aggregate amount of Tk. 3,616,000 paid to the Managing Director of the Company as remuneration and benefits.

	31.12.2007	31.12.2006
	Taka	Taka
37.02 Administrative expenses: Tk. 70,747,253		
Conveyance	688,405	688,356
Travelling	723,741	568,938
Office rent	5,614,015	4,634,541
Telephone bill	2,930,622	2,112,200
Electricity bill	1,928,936	1,428,870
Internet & e-mail	876,939	705,208
Printing & stationery	5,571,560	2,120,878
News paper & periodicals	31,416	33,107
Credit card production cost	-	6,079
Computer accessories	929,601	673,654
Equipment maintenance	2,741,503	4,072,396
Fuel expenses	630,237	302,287
Vehicle maintenances and registration fee	1,769,567	1,172,741
Insurance premium	730,507	557,480
Water & sewerage bill	397,362	339,026
Office maintenance expenses	3,398,876	1,777,220
Donation & out of pocket expenses	259,800	248,035
Postage & courier	723,531	731,489
Stamp charges	200,341	152,524
Professional & legal expenses	833,090	823,390
Audit fee	95,000	99,275
Directors' Remuneration	128,000	-
Advertisement expenses	954,956	2,705,980
Lease rental	561,449	(312,392)
Entertainment expenses	4,311,942	964,076
Business promotion expenses	447,478	675,962
Bank charges	597,423	294,098
Exchange loss	(32,881)	976,660
Hawla charges	4,317,885	4,173,249
Laga charges	16,493,121	4,090,290
Marketing expenses for lease & loan/credit cards	2,097,075	1,618,219
Commission on Recovery of bad loans	428,694	218,526
Provision for MCBS Charges	8,823,371	4,936,732
Amortization of Software Cost	127,000	63,000
Commission to AIMS of Bangladesh Ltd.	416,691	264,844
IPO related expenses	-	7,188,527
	70,747,253	51,105,465
38.00 Depreciation/amortization on own & leased assets: Tk.17,345,095		
Freehold own fixed assets	8,565,127	6,412,478
Leased assets under finance method	3,601,064	6,410,119
Amortization of intangible assets	5,178,904	5,193,404
	17,345,095	18,016,001
39.00 Financial expenses: Tk.418,760,683		
Interest on term loans	186,666,230	79,645,579
Interest on call loan and short notice	67,435,292	37,985,213
Interest on term deposits	191,648,157	77,142,176
Interest on leased asset under finance method	568,253	1,283,986
	446,317,932	196,056,954
Less: Interest income on fixed deposit	26,593,245	17,148,348
Interest income on short term deposit	864,837	15,835,509
Interest income on call loan lending	-	-
Interest income on current account with subsidiaries	99,167	-
	27,557,249	32,983,857
	418,760,683	163,073,097



		31.12.2007	31.12.2006
		Taka	Taka
40.00 Other operational expenses. Tk. Nil			
Other operational expenses represents loss /(Profit) on disposal of leased assets on retirement of leases.			
41.00 Provision for doubtful accounts and future losses: Tk. 53,408,202			
Provision for doubtful accounts and future losses	(Note: 41.01)	53,344,440	14,766,777
Write offs	(Note: 41.02)	63,762	1,188,003
		<u>53,408,202</u>	<u>15,954,780</u>
41.01 Provision for doubtful accounts and future losses: Tk. 53,344,440			
Lease finance		26,898,632	8,844,274
Credit card		4,583,821	1,455,918
Term finance		11,853,417	2,247,457
Short term finance		8,514,970	2,057,365
Reduction of share		1,557,362	215,642
Project investment		-	(53,878)
Bad and doubt for related companies		(63,762)	-
		<u>53,344,440</u>	<u>14,766,777</u>
41.02 Write offs: Tk. 63,762			
Credit cards		<u>63,762</u>	<u>1,188,003</u>
42.00 Deferred expenditure written-off: Tk. Nil			
This represents amount written off for the period		<u>-</u>	<u>2,114,363</u>
43.00 Sampath Bank management & consultancy fees: Tk.3,580,326			
Management fees			
Profit before tax (As on May 31 ,2007)		52,275,789	72,402,312
Less: Notional tax @ 45%		23,524,105	32,581,040
Net profit after notional tax		<u>28,751,684</u>	<u>39,821,272</u>
Sampath Bank consultancy fee @ 6% (after charge)		1,627,454	2,254,034
Payment of Income Tax & VAT		1,952,872	-
Consultancy fee		-	5,333,000
		<u>3,580,326</u>	<u>7,587,034</u>
44.00 Provision for income tax/deferred tax expense (income): Tk. 87,914,240			
Provision for Income tax		88,250,469	-
Deferred tax expense/ (income)		(336,229)	(238,345)
		<u>87,914,240</u>	<u>(238,345)</u>
In calculating deferred tax, temporary difference arising from freehold assets and liability for gratuity were considered.			
45.00 Basic Earning Per Share (EPS)- Disclosure Under IAS/BAS- 33: Tk. 6.01			
The computation of EPS is given below:			
a) Net Profit after Tax		210,468,391	66,815,267
b) Weighted Average Number of Shares		35,000,000	27,500,000
c) Basic EPS (a/b)		<u>6.01</u>	<u>2.43</u>
46.00 Interest income from margin trading: Tk.121,825,882			
Interest income represents income earned from granting loan to investors under Investors portfolio account.			

47.00 Related party disclosure

Related party Relationship and Transaction

SL No.	Name of Related Party	Relationship	%	Transactions	
				2007	Nature of Transactions
1	Sampath Bank Limited	Shareholder	22.86	(9,266,831)	Management & Consultancy Fees

48.00 Others

48.01 Board Meeting and Directors' remuneration

Each Director is drawing Tk 4,000 for attending each Board Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the year 2007. 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.

48.02 Employees' details

No. of employee received TK.3,000 per month
No. of employee received more than Tk.3,000 per month

Year-2007	Year-2006
0	0
78	65
78	65

48.03 Event After Balance Sheet Date

The Board of Director in its 54th Meeting held on 24 March 2008 has recommended 15% cash dividend and 10% stock dividend for the year ended 31 December 2007 for placement before shareholder at 11th Annual General Meeting of the company scheduled to be held on 19 May 2008.

48.04 Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at 31 December 2007. There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2007.

48.05 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.

48.06 Foreign Remittances

During the year 2007, the company remitted USD 179,110 & GBP 9,538.20/- (BDT 13,850,162) against technical service fees & Dividend to the foreign shareholders.

48.07 Contingent Liabilities

The company is contingently liable to for the letter of credit for an amount of Tk 89,448,959/- opened for purchase of Machinery Items.



Chairman



Director



Managing Director



Company Secretary

Dhaka
March 18, 2008

LankaBangla Finance Limited and its Subsidiary

Schedule of Fixed Assets As at 31 December 2007

Particulars	COST			Rate %	Balance as at 01.01.2007	Charged during the year	DEPRECIATION			Written down value as at 31.12.2007
	Balance as at 01.01.2007	Addition during the year	Sales/ Adjustment				Balance as at 31.12.2007	Adjustment	Balance as at 31.12.2007	
A. Freeholds assets										
Furniture & Fittings	20,459,902	2,679,577	-	15	16,647,550	1,052,067	-	17,699,617	-	5,439,862
Office Equipment	32,622,126	7,170,714	-	20	18,421,219	4,678,555	-	23,099,774	-	16,693,066
Office Renovation	4,028,899	4,789,768	-	20	700,568	1,275,686	-	1,976,254	-	6,842,413
Motor Vehicles	3,825,355	6,976,716	-	25	857,349	1,558,819	-	2,416,168	-	8,385,903
	60,936,282	21,616,775	-		36,626,686	8,565,127	-	45,191,813	-	37,361,244
B. Assets under finance lease										
Office Equipemnt	21,500,000	-	-	20	18,605,312	1,649,894	-	20,255,206	-	1,244,794
Motor Vehicles	7,218,500	3,900,000	850,000	25	3,767,420	1,951,170	600,630	5,117,960	600,630	5,150,540
	28,718,500	3,900,000	850,000		22,372,732	3,601,064	600,630	25,373,166	600,630	6,395,334
C. Intangible assets										
Systems and softwares	25,894,521	-	-	20	7,782,856	5,178,904	-	12,961,760	-	12,932,761
Total 2007 (A+B+C)	115,549,303	25,516,775	850,000		66,782,274	17,345,095	600,630	83,526,739	600,630	56,689,339
Total 2006	104,206,973	11,114,276	198,500		47,932,021	17,016,001	83,300	65,864,722	83,300	49,258,027



2.07 Depreciation

2.7.1 Depreciation on Own Fixed Assets

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

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

No depreciation is charged in the month of disposal.

2.7.2 Depreciation/Amortization of Leased Assets

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

2.7.3 Intangible Assets

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

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

2.08 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, 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 Balance Sheet date. Any gain/loss resulting from foreign currency transactions was charged to the Profit & Loss Account.

	31.12.2007	31.12.2006
	Taka	Taka
5.00 Minority interest: Tk. 4,461		
Share capital	2,210	1,000
Retained earnings	2,251	1,066
Balance as on January 01	1,066	458
Profit for the year	1,185	629
Proir year adjustment	-	(21)
Balance as on December 31	4,461	2,066

6.00 Long term Loan- net of current maturity: Tk. 1,193,799,312

Balance as at 01 January	842,529,971	286,863,330
Add: Drawdown during the year	1,240,000,000	793,193,035
Repayment during the year	(387,410,811)	(237,526,394)
Balance at 31 December (Note: 6.01)	1,695,119,160	842,529,971
Less: Current maturity (Note: 24.00)	501,319,848	277,007,637
	1,193,799,312	565,522,334

6.01 Name of the lending institutions: Tk.1,695,119,160

Bangladesh Bank (under re-finance)	-	200,000
BRAC Bank Limited	137,999,546	61,583,182
First Security Bank Limited	-	20,336
Mercantile Bank Limited	-	15,038,170
Prime Bank Limited	150,662,320	83,478,822
Social Investment Bank Limited	150,524,246	15,084,649
Southeast Bank Limited	2,523,084	15,872,511
Shahjalal Islami Bank Limited	247,890,918	113,638,904
The Trust Bank Limited	107,915,259	24,668,585
United Commercial Bank Limited	86,547,169	3,243,954
United Leasing Company Limited	19,200,502	23,600,848
Arab Bangladesh Bank	130,598,203	46,002,479
Bank Alfalah Limited	27,799,759	43,139,105
Bank Asia Limited	35,317,776	50,003,000
Commercial Bank of Ceylon Limited	30,554,000	47,222,222
Exim Bank Limited	73,741,732	50,000,000
Janata Bank Limited	39,999,781	66,666,449
National Bank Limited	166,873,565	89,734,326
The Premier Bank Limited	28,344,336	43,332,429
The City Bank Limited	40,031,454	50,000,000
Standard Bank Limited	47,734,007	-
Uttara Bank Limited	83,150,000	-
National Credit & Commerce Bank Limited	43,077,088	-
Mutual Trust Bank Limited	44,634,415	-
	1,695,119,160	842,529,971

Bank Borrowings are secured by:

a. First ranking pari passu charge on present and future fixed and floating assets of LankaBangla Finance Limited with the future and existing lenders.

b. 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 14.50% p.a. except refinance from Bangladesh Bank which is 5% and the tenure being 3 to 5 years. Amount repayable within one year have been classified under current liabilities.

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

Payable within 1 year	501,319,848	277,077,638
2 years	597,283,783	256,879,930
3 years	370,441,945	225,189,428
4 years	167,000,060	72,446,190
5 years	59,073,524	10,936,785
	1,695,119,160	842,529,971

	31.12.2007	31.12.2006
	Taka	Taka
23.01 Fixed deposit account: Tk. 279,195,204		
Southeast Bank Limited	27,566,889	25,631,066
Mercantile Bank Limited	25,681,421	23,565,800
BRAC Bank Limited	34,664,679	31,093,000
Prime Bank Limited	57,652,488	51,887,500
Standard Bank Limited	5,068,839	2,323,673
The Premier Bank Limited	34,921,081	31,357,831
National Bank Limited	10,986,950	9,999,450
Shahjalal Islami Bank Limited	22,274,500	20,000,000
Commercial Bank of Cylon Limited	30,000,000	-
Bank Al-Falah Limited	20,000,000	-
Social Investment Bank Limited	10,378,357	-
	279,195,204	195,858,320
23.02 Interest bearing short term deposit account: Tk. 304,289,184		
Dhaka Bank Limited	35,031,195	8,324,477
AB Bank Limited	4,061,577	1,286,946
Standard Chartered Bank	261,168,522	50,344
Prime Bank Limited	2,692,460	(106,842)
One Bank Limited	448,378	509,776
National Credit & Commerce Bank Limited	4,300	-
United Commercial Bank Limited	15,160	15,978
Uttara Bank Limited	5,120	-
Bank Asia Limited	862,473	-
	304,289,184	10,080,678
23.03 Non interest bearing current account: Tk. 16,200,227		
Bangladesh Bank	11,823,056	6,583,417
Dhaka Bank Limited	6,067	10,067
Standard Chartered Bank	3,687,803	15,029,353
Prime Bank Limited	(4,334,501)	(2,783,075)
City Bank Limited	357	1,357
Shahjalal Islami Bank Limited	25	-
One Bank Limited	(610,838)	503,659
The Trust Bank Limited	212,453	143,614
Exim Bank Limited	345,185	4,700
Commercial Bank of Cylon Limited	-	200,137
The Premier Bank Limited	104,456	105,506
First Security Bank Limited	712,544	733,701
National Bank Limited	269,949	55,303
Standard Bank Limited	6,950	7,850
Sonali Bank	19,140	19,140
Social Investment Bank Limited	3,142,618	-
Brac Bank Limited	920	-
The Hongkong and Shamghai Banking Corporation Limited	639,138	-
Bank Al-Falah Limited	174,906	-
	16,200,227	20,614,729
24.00 Current maturity of long term, deposits & advances: Tk. 1,919,021,716		
Term deposits	1,407,437,037	575,922,495
Long term loans	501,319,848	277,007,637
Lease rental advances	8,368,349	2,734,759
Lease obligations	1,896,482	3,702,935
	1,919,021,716	859,367,826



**Audited Financial Statements
of Subsidiary Company**



Independent Auditors' Report to the Shareholders of LankaBangla Securities Limited

We have audited the accompanying financial statements of LankaBangla Securities Limited namely, Balance Sheet as at December 31, 2007 and the related Income Statement, Cash Flow Statement and Notes thereon for the year then ended.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND AUDITORS

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

BASIS OF AUDIT OPINION

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

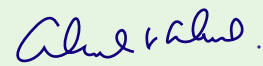
OPINION

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as at December 31, 2007 and of the results of its operations and its Cash Flows for the year the ended and comply with the Companies Act 1994, Securities and Exchange Rule 1987, Dhaka Stock Exchange Rule 1954, Chittagong Stock Exchange Rule 1995 and other applicable laws and regulations.

We also report that

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books, and
- c) The Company's Balance Sheet, Income Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns from branches.

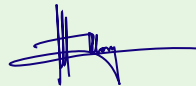
Dated : Dhaka
April 07, 2008


AA Ahmad & Ahmad
Chartered Accountants

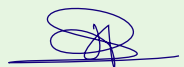
Balance Sheet as at December 31, 2007

	Notes	31.12.2007 Taka	31.12.2006 Taka
SOURCES OF FUNDS			
Share Capital	3	110,500,000	50,000,000
Proposed Dividend		42,500,000	35,000,000
Retained Earnings	4	75,270,041	18,272,359
Shareholders Equity		228,270,041	103,272,359
Long Term Liabilities			
Deffered Liability - Employee Gratuity	5	3,885,725	1,812,750
Lease Finance under Capital Obligation	6	3,826,639	653,283
Long Term Loan	7	56,000,000	-
		63,712,364	2,466,033
Total Capital Employed		291,982,405	105,738,392
APPLICATION OF FUNDS			
Non-Current Assets (A)			
Fixed Assets less accumulated depreciation	8	20,205,796	8,935,228
Investment in Stock Exchange for membership	9	17,456,000	16,606,000
Leased Assets - Motor Vehicles	10	3,932,079	1,453,446
Intangible Asset	11	403,000	171,000
		41,996,875	27,165,674
Current Assets (B)			
Advances, Deposits and Prepayments	12	4,256,668	3,292,553
Receivable from Clients (Schedule-1)	13	252,606,161	157,979,034
Receivable from DSE & CSE	14	292,737,218	41,706,457
Cash and Cash Equivalents	15	264,080,681	65,849,374
		813,680,728	268,827,418
Current Liabilities (C)			
Payable to Clients (Schedule-2)	16	415,651,899	84,121,524
Payable to DSE & CSE	17	97,709,750	29,129,387
Accrued Expenses	18	20,920,794	1,023,064
Liabilities for Other Finance	19	204,224	74,681
Short Term Loans	20	25,853,934	75,906,044
Provision for Tax	21	3,354,597	-
		563,695,198	190,254,700
Net Current Assets (D)=(B-C)		249,985,530	78,572,718
Total Assets (E)=(A+D)		291,982,405	105,738,392

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



Chairman



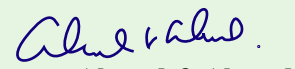
Director & CEO



Company Secretary

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

Dhaka
April 07, 2008


aa Ahmad & Ahmad
Chartered Accountants



Income Statement for the year ended December 31, 2007

	<u>Notes</u>	<u>2007 Taka</u>	<u>2006 Taka</u>
Operating Income:			
Revenue from Brokerage	22	204,097,049	53,173,933
Interest Income	23	22,387,384	9,916,299
Other Operating Income/(Loss)	24	(6,968,170)	89,615
Total Operating Income		219,516,263	63,179,847
Less: Operating & Other Expenses			
Operating Expenses	25	41,870,953	14,905,381
Other Operating Expenses	26	10,422,910	5,746,265
Depreciation on Fixed Assets		4,267,521	1,876,817
Direct Charges	27	20,811,006	5,809,365
Gratuity		2,072,975	959,271
Total Operating & Other Expenses		79,445,365	29,297,099
Profit before Tax		140,070,898	33,882,748
Provision for Taxation :			
Current Tax		(13,250,469)	(2,454,174)
Deferred Tax		-	-
Profit after tax		126,820,429	31,428,574
Appropriations:			
Retained Earnings brought forward		18,272,359	22,917,674
Prior Year Adjustment-Income Tax		(1,822,747)	(1,073,889)
Interim Dividend	2.13	(25,500,000)	-
Proposed Stock Dividend	2.14	(42,500,000)	(35,000,000)
Retained Earnings Carried forward		75,270,041	18,272,359

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

Chairman

Director & CEO

Company Secretary

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

Dhaka
April 07, 2008

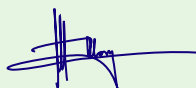
Ahmad & Ahmad
Chartered Accountants

Statement of changes in Equity

for the year ended December 31, 2007

Particulars	Share Capital	Proposed Stock Dividend	Retained Earnings	Total
Balance as at January 01,2006	50,000,000	-	22,917,674	72,917,674
Net profit for the year 2006	-	-	31,428,574	31,428,574
Prior year adjustment	-	-	(1,073,889)	(1,073,889)
Proposed Stock Dividend	-	35,000,000	(35,000,000)	-
Balance at December 31,2006	50,000,000	35,000,000	18,272,359	103,272,359
Prior year adjustment tax paid	-	-	(1,822,747)	(1,822,747)
Net Profit for the year 2007	-	-	126,820,429	126,820,429
Interim dividend	25,500,000	-	(25,500,000)	-
Issuance of bonus share for the year 2006	35,000,000	(35,000,000)	-	-
Proposed stock dividend	-	42,500,000	(42,500,000)	-
Balance as at December 31,2007	110,500,000	42,500,000	75,270,041	228,270,041

Dividend recommended /proposed by management and subsequent payment/distribution thereof are accounted for in the statement of Changes in Equity, on the ground that dividends recommended/proposed by management are not confirmed liabilities unless and until approved by shareholder at annual general meeting.



Chairman



Director & CEO



Company Secretary

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

Dhaka
April 07, 2008



Cash Flow Statement for the year ended December 31, 2007

	2007 Taka	2006 Taka
Cash flow from operating activities		
Receipts from operational revenue	204,097,049	53,173,933
Direct payment - Hawla, Laga charges	(20,811,005)	(5,809,365)
Interest payment	(13,727,826)	(7,273,282)
Cash payment to employees	(22,669,150)	(12,051,709)
(Increase)/Decrease in operating assets	(346,856,357)	(124,757,478)
(Increase)/Decrease in operating liabilities	406,838,762	24,897,351
Interest Income	36,116,210	17,189,581
Non-operating Income	(7,023,435)	89,615
Other Expenses	(17,393,690)	(8,599,937)
Income Tax paid	(11,718,620)	(3,209,305)
Net Cash outflow from Operating Activities	206,851,938	(66,350,596)
Investing Activities		
Sale of fixed assets	773,920	83,450
Renovation work in progress	-	1,303,880
Investment in membership in DSE	(850,000)	-
Leased Assets	(2,728,003)	(719,896)
Acquisition of fixed assets	(14,857,090)	(4,891,535)
Net Cash outflow from Investing Activities	(17,661,173)	(4,224,101)
Financing Activities		
Loan from BRAC Bank	-	10,000,000
Lease Finance	3,092,652	437
Loan repayment to BRAC Bank	(3,333,636)	(1,666,818)
Short term loan	9,281,526	60,897,070
Net Cash inflow/(outflow) from Financing Activities	9,040,542	69,230,689
Net Cash inflow/(outflow) for the year	198,231,307	(1,344,008)
Cash & Cash Equivalent as on 01 January	65,849,374	67,193,382
Cash & Cash Equivalent as at 31 December	264,080,681	65,849,374

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

Chairman

Director & CEO

Company Secretary

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

Dhaka
April 07, 2008

Ahmad & Ahmad
Chartered Accountants

Notes to the Financial Statements

for the year ended December 31, 2007

1.00 Background of the Company

The Company is incorporated under the Companies Act 1994 as a Private Company Limited by Shares namely: Vanik (BD) Securities Ltd. on July 3, 1997 subsequently the company renamed as LankaBangla Securities Limited on April 27, 2005. The Company was entitled to commence the business from July 03, 1997 and the Company is a subsidiary company of LankaBangla Finance Limited, a Non Banking Financial Institution incorporated in Bangladesh.

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

2.00 Specific Accounting Policies

2.01 Basis of Preparing and Presentation of Financial Statements

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

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

2.02 Components of the Financial Statements

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

2.03 Fixed Assets and Depreciation

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

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

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



2.04 Investment

Investment are carried in financial statements at cost.

2.05 Lease Finance

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

2.06 Intangible Asset (Amortisation of Software)

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

2.07 Cash and Cash Equivalents

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

2.08 Provision for Tax

Current Tax

The company has earned taxable income during the year. The management provide Tk 3.354,597 as income tax provision in the financial Statements.

Deferred Tax

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

	2007	2006
	Taka	Taka
i) Written Down Value of Fixed Assets		
a) Carrying amount at balance sheet date	20,205,796	8,935,228
b) Tax base	20,205,796	8,935,228
c) Taxable/(Deductible) Temporary Difference (a-b)	-	-
ii) Employee Liabilities		
a) Carrying amount at balance sheet date	3,586,521	(1,812,750)
b) Tax base	4,063,486	-
c) Taxable/(deductible) temporary Difference (a-b)	(476,965)	(1,812,750)
iii) Total Temporary Difference {i (c) + ii (c)}	(476,965)	(1,812,750)
iv) Tax Rate	40%	40%
v) Deferred tax assets	(190,786)	(725,100)
vi) Increase/Decrease of Deferred Tax (Assets)/Liabilities	(534,314)	(326,670)

The deferred tax assets of Tk. 190,786 which have not included in financial statements due to no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the above benefits.

2.09 Employee Benefits - Gratuity

The company has a gratuity fund. Provision for gratuity has been made as per Service Rules upto 31st December, 2007.

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

2.10 Profit Participation Scheme

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

From 2007 incentive bonus would paid only when the company makes profit in a particular year, the quantum should not have any direct link with the basic salary but with the return on equity. The basis of calculations are as follows:

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

2.11 Number of Employees

Year	Gross over 36,000 per year	Gross below 36,000 per year	Total
2006	51	07	58
2007	83	Nil	83

2.12 Revenue Recognition

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

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

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

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

2.13 Interim Dividend

The Board of Directors has been paid Tk. 25,500,000 as a stock dividend @ 30% out of the profit earned by the company during the year 2007.

2.14 Proposed Stock Dividend

The Board of Directors has proposed to pay stock dividend @ 50% out of the profit earned by the company during the year 2007.



2.15 Consolidation of Financial Statements

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

2.16 Board Meeting Fees

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

2.17 Cash Flow Statement

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

2.18 Foreign Currency Transaction

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

2.19 General

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

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

	31.12.2007	31.12.2006
	Taka	Taka
3.00 Share capital		
3.01 Authorised		
25,000,000 ordinary shares of Tk.10/- each	250,000,000	50,000,000
3.02 Issued, subscribed and paid up		
5,000,000 ordinary shares of Tk.10/- each fully paid	50,000,000	50,000,000
3,500,000 ordinary shares of Taka 10 each issued as bonus	35,000,000	-
2,550,000 ordinary shares of Taka 10 each issued as interim dividend	25,500,000	-
	110,500,000	50,000,000
3.03 Shareholding Position of the Company		
Name of the Shareholders	No. of Shares	
LankaBangla Finance Ltd.	11,049,779	110,497,790
Represented by:		49,999,000
Mr. Mohammad A. Moyeen	-	-
Mr. Mohd. Nasiruddin Chowdhury	-	-
Mr. B W Kundanmal	-	-
Mr Khondoker Monir Uddin	110.5	1,105
Mr Mahbubul Anam	110.5	1,105
	11,050,000	110,500,000
3.04 Subscribed		
In Cash	50,000,000	50,000,000
In other than Cash - Consideration	60,500,000	-
	110,500,000	50,000,000
4.00 Retained Earnings		
Opening Retained Earnings	18,272,359	22,917,674
Net profit for the year	126,820,429	31,428,574
Prior Year Adjustment	(1,822,747)	(1,073,889)
Profit available for appropriation	143,270,041	53,272,359
Appropriation:		
Interim Dividend	(25,500,000)	-
Proposed Stock Dividend	(42,500,000)	(35,000,000)
	(68,000,000)	(35,000,000)
Closing Retained Earnings	75,270,041	18,272,359
5.00 Deffered Liability - Employee Gratuity		
Balance as on 01 January	1,812,750	1,062,479
Add: Addition during the year (Profit & Loss)	2,072,975	959,271
	3,885,725	2,021,750
Less: Paid during the year	-	209,000
Balance at 31st December	3,885,725	1,812,750
6.00 Lease Finance Capital Obligation:		
Present value of the minimum lease payment	7,621,085	1,880,000
Less: Lease Obligation Payment:		
Paid upto 01 January	1,226,717	-
Transfer	1,841,085	687,532
Paid during the year	726,644	539,185
	3,794,446	1,226,717
	3,826,639	653,283



	31.12.2007 Taka	31.12.2006 Taka
7.00 Long Term Loan		
Loan rescheduled (Total 60 equal monthly instalment)	60,000,000	-
Repayment during the year (4 instalment upto 31.12.07)	(4,000,000)	-
	56,000,000	-
8.00 Fixed Assets Less Accumulated Depreciation		
Cost:		
Opening balance	15,619,575	10,856,041
Add: Addition during the year	14,857,090	4,891,534
	30,476,665	15,747,575
Less: Disposal during the year	-	128,000
	30,476,665	15,619,575
Less: Accumulated depreciation:		
Opening balance	6,684,348	4,820,330
Add; Charged during the year	3,586,521	1,876,817
	10,270,869	6,697,147
Less: Adjustment	-	12,800
Accumulated depreciation	10,270,869	6,684,347
Written Down Value	20,205,796	8,935,228
A schedule of fixed assets is given in Annexure-A		
9.00 Investment in Stock Exchanges for Membership		
Dhaka Stock Exchange Limited - Membership	11,606,000	11,606,000
Dhaka Stock Exchange Limited - Office Space	850,000	-
Chittagong Stock Exchange Limited - Membership	5,000,000	5,000,000
	17,456,000	16,606,000
Investment in Stock Exchanges for membership are stated at cost of the memberships comprising value, share premium and entrance fees in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.		
10.00 Lease Assets-Motor Vehicles		
Cost		
Balance as on 01 January	2,370,997	-
Add: Addition during the year	3,900,000	2,370,997
Less: Interest Adjusted (Prior years)	(490,997)	-
Less: Disposal during the year	(850,000)	-
	4,930,000	2,370,997
Less: Accumulated Depreciation:		
Add: Balance as on 01 January	917,551	-
Add: Charged during the year	681,000	917,551
Less: Adjustment during the year	(600,630)	-
Accumulated depreciation	997,921	917,551
Written Down Value as at 31 December	3,932,079	1,453,446
11.00 Intangible Asset (Software)		
Balance as at 1st January	171,000	126,000
Add: Addition During the year	359,000	108,000
	530,000	234,000
Less: Amortization off during the year	127,000	63,000
Balance as at 31 December	403,000	171,000

			31.12.2007	31.12.2006
			Taka	Taka
12.00 Advances, Deposits and Prepayments				
Advances				
Office rent			2,020,008	1,888,740
Employees Advance - Interest			109,486	312,555
Advance tax - deducted at source			1,118,507	268,214
Advance to DSE-3 Nos. Workstation			-	225,000
			3,248,001	2,694,509
Deposits				
Telephone & Telegraph Board			233,000	223,000
Clearing House			25,000	25,000
Security deposit with CDBL			102,500	102,500
Security deposit for Banani Office			250,000	-
Dhaka stock exchange for PABX			11,000	11,000
Deposit with DSE			1,600	1,600
			623,100	363,100
Prepayments				
Group and Health Insurance			385,567	221,954
Insurance for Motor Vehicle			-	12,990
			385,567	234,944
			4,256,668	3,292,553
13.00 Receivable from Clients				
IDLC of Bangladesh Ltd			6,137,903	4053341
LankaBangla Finance Ltd. - IP Account			34,641,987	13407829
Other Clients		(13.01)	211,826,271	140517864
			252,606,161	157,979,034
13.01 Other Clients				
Other Clients includes receivable from share trading.				
14.00 Receivable from DSE & CSE				
ABGNZ	27.12.2007	DSE	55,454,122	-
ABGNZ	29.12.2007	DSE	75,829,817	-
ABGNZ	30.12.2007	DSE	65,463,753	-
Z	19.12.2007	DSE	8,197,026	-
Z	26.12.2007	DSE	1,215,798	-
Z	27.12.2007	DSE	8,560,299	-
Z	30.12.2007	DSE	4,007,084	-
Spot	30.12.2007	DSE	4,571,450	-
ABGN	26.12.2006	DS	-	10,463,367
ABGN	27.12.2006	DSE	-	5,710,250
Z	18.12.2006	DSE	-	432,181
Z	19.12.2006	DSE	-	903,907
Z	20.12.2006	DSE	-	759,603
Z	24.12.2006	DSE	-	1,787,248
Z	26.12.2006	DSE	-	3,024,712
Z	27.12.2006	DSE	-	4,957,233
Z	28.12.2006	DSE	-	455,020
Total DSE			223,299,349	28,493,521



			31.12.2007 Taka	31.12.2006
ABG&N	27.12.2007	CSE	38,020,699	-
ABG&N	30.12.2007	CSE	11,083,840	-
ABG&N	26.12.2007	CSE	7,394,322	-
Z	13.12.2007	CSE	2,157,537	-
Z	17.12.2007	CSE	3,212,894	-
Z	18.12.2007	CSE	729,499	-
Z	19.12.2007	CSE	1,018,457	-
Z	26.12.2007	CSE	2,938,055	-
Z	27.12.2007	CSE	1,282,371	-
Z	30.12.2007	CSE	1,600,194	-
ABG&NZ	26.12.2006	CSE	-	8,450,291
ABG&NZ	27.12.2006	CSE	-	799,813
ABG&N	28.12.2006	CSE	-	2,176,828
Z	27.12.2006	CSE	-	991,702
Z	24.12.2006	CSE	-	490,955
Z	20.12.2006	CSE	-	303,347
Total CSE			69,437,868	13,212,936
Grand Total DSE & CSE			292,737,218	41,706,457

15.00 Cash and Cash Equivalents

Cash in hand	13,252	19,123
Cash at bank (15.01)	264,067,429	65,830,251
	264,080,681	65,849,374

15.01 Cash at Bank

Cash at bank with Standard Chartered Bank on Short Term Deposit Account # 02-1117394-02	177,206,146	26,387,380
Short Term Deposit Account # 02-1117394-03	440,597	295,085
Short Term Deposit Account # 02-1117394-01	42,339,224	12,093,485
FDR with BRAC Bank Ltd. 1,200,179 1,093,000		
Cash at bank with ONE BANK LTD. # 011532019	168,976	153,976
Short Term Deposit with Standard Chartered Bank # 02-1117394-04	14,706,341	20,155,180
Short Term Deposit with Standard Chartered Bank # 02-1117394-05	26,115,766	5,099,998
Short Term Deposit with Standard Chartered Bank # 02-1117394-06	281,663	90,570
	262,458,892	65,368,674
Current Account with Standard Chartered Bank# 01-1117394-04	554,954	218,797
Current Account with Standard Chartered Bank# 01-1117394-06	413,525	241,679
Current Account with Prime Bank Ltd.	-	-
Current Account with HSBC # 002-000917-011	639,138	11
Current Account with BRAC Bank	920	1,090
	1,608,537	461,577
	264,067,429	65,830,251

16.00 Payable to Clients

IDLC of Bangladesh Ltd	24,394,336	20,640,657
LankaBangla Finance Ltd. - IP Account	147,319,155	-
Other Clients (16.01)	243,938,408	63,480,867
	415,651,899	84,121,524

16.01 Other Clients

Other Clients includes payable from share trading.

			31.12.2007	31.12.2006
			Taka	Taka
17.00 Payable to DSE & CSE				
ABGNZ	30.12.2007	DSE	57,387,265	-
Z	26.12.2007	DSE	7,583,389	-
Z	27.12.2007	DSE	5,806,994	-
ABGNZ	28.12.2006	DSE	-	20,911,487
Z	26.12.2006	DSE	-	1,723,885
Z	27.12.2006	DSE	-	1,901,419
Total DSE			<u>70,777,648</u>	<u>24,536,791</u>
ABGNZ	30.12.2007	CSE	21,107,678	-
Z	26.12.2007	CSE	3,674,086	-
Z	27.12.2007	CSE	1,176,567	-
Z	30.12.2007	CSE	973,771	-
ABGNZ	28.12.2006	CSE	-	4,276,302
Z	26.12.2006	CSE	-	316,294
Total CSE			<u>26,932,10</u>	<u>4,592,596</u>
Grand Total DSE & CSE			<u>97,709,750</u>	<u>29,129,387</u>

18.00 Accrued Expenses

Telephone bill	45,457	51,107
Profit participation fund	12,181,023	158,731
Electricity bill	143,987	41,694
Newspaper	-	869
Printing & stationeries - DSE	-	15,150
WASA bill Popular Jute Exchange	16,500	12,938
Water charges - Realfine	11,395	10,422
Audit fee	45,000	45,000
Licence & Renwal	7,366	1,951
Tax consultant	-	50,000
Overtime	12,786	4,812
Printing & stationeries	2,950	19,700
Printing & stationeries - (LBFL) for EID card	-	26,067
Commission payable to AIMS of Bangladesh Ltd.	-	29,244
CDBL charges	8,454,330	554,379
DSE - Electrician	-	1,000
	<u>20,920,794</u>	<u>1,023,064</u>

19.00 Liabilities for Other Finance

Provident fund:		
Company's contribution	(6,023)	(6,023)
Employees contribution	96,428	-
Interest on lease finance	113,819	80,704
	<u>204,224</u>	<u>74,681</u>

20.00 Short Term Loans

Loan from LankaBangla Finance Ltd. (Note 20.01)	20,854,388	67,572,862
Loan from BRAC Bank Ltd. (Note-20.02)	4,999,546	8,333,182
	<u>25,853,934</u>	<u>75,906,044</u>



	31.12.2007	31.12.2006
	Taka	Taka
20.01 Loan from LankaBangla Finance Ltd.		
Balance on 1 January	67,572,862	6,675,792
Add: Adjustment during the year		
Loan taken during year (Margin Loan)	20,000,000	80,000,000
Interest on short term loan (20.01.A)	(6,705,429)	6,079,900
Office rent-reimbursement	-	(166,140)
Petty cash-reimbursement	(13,045)	(16,690)
	<u>13,281,526</u>	<u>85,897,070</u>
	80,854,388	92,572,862
Less: Re-scheduled/Repayment during the year	(60,000,000)	(25,000,000)
	<u>20,854,388</u>	<u>67,572,862</u>
20.01.A Interest on Short Term loan		
Interest on Margin Loan	12,241,062	5,872,083
Interest on Working Capital Loan	-	207,817
Interest on Corporate Gurantee	600,000	600,000
	12,841,062	6,679,900
Less: Payments		
Interest on Corporate Gurantee	600,000	600,000
Interest on Margin Loan	18,946,491	-
	<u>19,546,491</u>	<u>600,000</u>
	(6,705,429)	6,079,900
20.02 Loan from BRAC Bank Ltd.		
Principal	8,333,182	10,000,000
Interest on Loan	-	443,382
Documentation fee	-	150,000
	8,333,182	10,593,382
Less: Payment:		
Principal Loan - Instalment	3,333,636	1,666,818
Interest Paid	-	443,382
Documentation fees	-	150,000
	<u>3,333,636</u>	<u>2,260,200</u>
Balance as at 31st December	4,999,54	8,333,182
21.00 Provision for Tax		
Opening Balance	-	3,000,000
Add: Provision during the year	13,250,469	2,454,174
	<u>13,250,469</u>	<u>5,454,174</u>
Less: Paid during the year	-	3,000,000
Turnover Tax Deducted at Source (21.01)	9,895,872	2,454,174
	9,895,872	5,454,174
	<u>3,354,597</u>	<u>-</u>
21.01 Turnover Tax Deducted at Source		
As per section 82(c) of Income Tax Ordinance 1984, the company provide Income Tax Tk. 9,895,872 against turnover tax rate of 0.015% of turnover during the year ended 31st December, 2007.		
22.00 Revenue from Brokerage		
Local	180,782,611	48,089,492
Foreign	23,314,438	5,084,441
	<u>204,097,049</u>	<u>53,173,933</u>

	31.12.2007 Taka	31.12.2006 Taka
23.00 Interest Income		
Interest on Bank Deposit (a)		
Standard Chartered Bank 02-1117394-01	1,167,771	544,894
Standard Chartered Bank 02-1117394-03	31,570	22,264
Standard Chartered Bank 02-1117394-02	8,303,013	1,758,437
Standard Chartered Bank 02-1117394-04	931,477	177,196
Standard Chartered Bank 02-1117394-05	611,991	62,367
Standard Chartered Bank 02-1117394-06	928	308
Interest on FDR- ONE Bank Ltd.	16,667	16,667
Interest on FDR- BRAC Bank Ltd.	119,343	100,000
	11,182,760	2,682,133
Interest on Debit Balance of clients (b)		
Interest income	24,932,450	14,507,448
Less: Reimbursement	13,727,826	7,273,282
Net Interest Income	11,204,624	7,234,166
Total Interest Income (a+b)	22,387,384	9,916,299
24.00 Other Operating Income/(Loss)		
Service charge from clients for CDBL	6,368,246	3,889,912
B O maintenance fee	1,994,700	-
Sale of Beneficiary Owner Accounts (BO) form	2,295,266	984,900
	10,658,212	4,874,812
Less: Service charge paid to CDBL	18,466,412	4,920,169
Net Income from CDBL	(7,808,200)	(45,357)
Provision written back to income (24.01)	77,067	23,816
Company's contribution written back (Sirajul Islam Shakil)	-	6,023
Exchange gain	191,446	48,760
Seal Commission from IPO	-	50,750
Interest on Employees Loan	23,511	33,318
Sale of scrab	524,550	(31,750)
Dividend	(26,544)	4,055
Undisclosed income	50,000	-
	(6,968,170)	89,615
24.01 Provision Written back to Income		
Provision no longer required:		
Office rent-sylhet	-	21,120
Tax Consultancy fee	50,000	-
Printing of EID Cards	26,067	-
Commission	1,000	2,696
	77,067	23,816



	31.12.2007 Taka	31.12.2006 Taka
25.00 Operating Expenses		
Salaries and allowances	13,970,152	7,869,747
Office rent	1,615,869	1,536,732
Interest on lease finance	561,449	(312,392)
Telephone bill	413,235	162,455
Mobile bill	571,430	430,774
Electricity bill	771,218	520,711
Printing and stationery	1,991,996	581,873
Entertainment	1,907,329	492,542
Car maintenance	923,177	446,725
Legal and professional expenses	240,000	10,000
Audit fee	45,000	45,000
License and renewal	522,783	297,828
Traveling and conveyance	404,964	523,061
Postage and courier	64,308	50,298
Insurance premium	524,877	294,931
Bank charges	119,298	71,801
E-mail charges	203,067	367,965
Advertisement	85,000	166,027
Water charges	196,886	101,062
WASA Bill	34,275	23,227
P.F.Contribution	563,421	230,858
Office maintenance	532,904	138,618
Newspaper and periodicals	17,947	18,501
Repairs and maintenance	583,985	224,200
Crockerioes	-	13,300
Profit participation Fund	13,487,332	209,273
Amortization of Intangible Assets(software cost)	127,000	63,000
Uniform	27,080	14,070
Training Expenses	539,807	1,200
Fuel	223,473	47,150
Commission to AIMS of Bangladesh Ltd.	416,691	264,844
Subscriptions	85,000	-
Board Meeting Fees	100,000	-
	41,870,953	14,905,381
26.00 Other Operating Expenses (relating to other income)		
Salaries and allowances	5,960,917	3,480,508
Office rent	768,934	500,000
Telephone bill	205,000	175,425
Mobile bill	131,000	113,000
Printing and stationery	576,815	345,564
Entertainment	612,513	285,052
License and renewal	10,000	10,000
Postage and courier	19,500	25,000
E-mail charges	482,136	147,893
Advertisement	239,030	125,000
P.F.Contribution	254,261	217,254
Office maintenance	197,764	75,000
Repairs and maintenance	245,950	75,000
Profit participation Fund	614,090	44,069
Training Expenses	105,000	127,500
	10,422,910	5,746,265
27.00 Direct Charges		
Hawla Charges (Per Hawla @ Taka 3.00)	4,317,885	1,719,075
Laga Charges (On Turnover @ .025%)	16,493,121	4,090,290
	20,811,006	5,809,365

LankaBangla Securities Limited

Schedule of Fixed Assets As at 31 December 2007

Particulars	COST			Rate	DEPRECIATION			Written down value as at 31.12.2007		
	Balance as at 01.01.2007	Addition during the year	Disposal During the year		Balance as at 31.12.2007	Charged during the year	Disposal During the year		Balance as at 31.12.2007	
Furniture & Fixtures	2,695,673	742,552	-	3,438,225	10%	1,684,639	255,431	-	1,940,070	1,498,155
Office Equipment	8,895,003	5,798,770	-	14,693,773	20%	4,299,141	1,837,304	-	6,136,445	8,557,328
Office Renovation	4,028,899	4,789,768	-	8,818,667	20%	700,568	1,275,686	-	1,976,254	6,842,413
Motor Vehicles	-	3,526,000	-	3,526,000	20%	-	218,100	-	218,100	3,307,900
Total	15,619,575	14,857,090	-	30,476,665		6,684,348	3,586,521	-	10,270,869	20,205,796
31- Dec- 2006	10,856,041	4,891,534	128,000	15,619,575		4,820,330	1,876,817	12,800	6,684,347	8,935,228





LankaBangla Finance Limited

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

Proxy Form

I/We
of (address).....
being a Member of LankaBangla Finance Limited do hereby appoint Mr/Ms.
of.....
(or failing) Mr/Ms
of..... as my/our Proxy to attend and vote
for me/us and on my/our behalf at the 11th Annual General Meeting to be held on 19 May 2008 and at any adjournment thereof.

Signed this day of May 2008

..... (Signature of the Proxy)	Revenue Stamp Taka 8.00 Signature of the Member(s)
		Folio/BO ID No.....
		No. of shares being held

Notes:

- i) Signature of the shareholders must be in accordance with specimen registered with the company and Depository Register.
- ii) A Member entitled to attend and vote at the 11th Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The Proxy Form, duly filled in and stamped, must be submitted at the Registered Office of the Company at least 72 hours before the time fixed for the meeting.



LankaBangla Finance Limited

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

Membership Attendance Slip

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

I/We hereby record my/our attendance at the 11th Annual General Meeting being held on 19 May 2008 at 10.30 a.m at City Grand Hall (Basement-1&2), Bashundhara City, 13/Ka/1, Panthapath, Dhaka-1215.

..... Name of the Member(s)/Proxy (in Block Letters) Signature of Member(s)/Proxy
---------------------------------------------------------	---------------------------------------

Important: To facilitate registration formalities at the Meeting place, Members are requested to please complete and bring the Attendance Slip at the Meeting.

Note: Annual General Meeting can only be attended by the Honorable Members (i.e., Shareholders) or properly constituted Proxy.



LankaBangla Finance Limited,
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