'If you have any query about this document, you may consult issuer, issue manager and underwriter'

Prospectus

for

Public offer of 45,000,000 ordinary shares of Tk. 10/- each at par totaling to Tk. 450,000,000/-

of

Fareast Finance & Investment Limited

Opening date for subscription: **July 14, 2013**

Closing date for subscription: **July 18, 2013**

For Non-Resident Bangladeshi Quota, subscription closes on: **July 27, 2013**

Manager to the Issue

Grameen Capital Management Limited

Grameen Bank 1st Building (2nd Floor)

Mirpur-2, Dhaka-1216

Phone: 9004923, 9005257-69 Ext-1293 Fax: 8057618

E-mail: gramcap@yahoo.com

Website: www.grameencapitalbd.org

Underwriters

Grameen Capital Management Limited Grameen Bank 1st Building (2nd Floor), Mirpur-2, Dhaka-1216	**Prime Finance Capital Management Limited** 63, Dilkusha C/A,Dhaka-1000
GSP Finance Company (Bangladesh) Limited 1, Paribagh, Mymensingh Road, Ramna, Dhaka-1000	**Prime Bank Investment Limited** People's Insurance Bhaban,11th Floor, 36Dilkusha C/A,Dhaka-1000
ICB Capital Management Limited BDBL Bhaban (16th Floor), 8, RAJUK Avenue Dhaka-1000	**PLFS Investments Limited** Paramount Heights (13 Floor), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka
Jamuna Bank Capital Management Limited 2, Dilkusha C/A (3rd Floor) Hadi Mansion, Dhaka	**Southeast Bank Capital Services Limited** Eunoos Centre (Level 2), 52-53 Dilkusha C/A,Dhaka-1000
LankaBangla Investments Limited Eunoos Centre (Level 21), 52-53 Dilkusha C/A,Dhaka-1000	**Union Capital Limited** Noor Tower (5th Floor), 73 Sonargaon Road, Dhaka-1205
MTB Capital Limited 68 Dilkusha C/A (6th Floor), Dhaka-1000	

Credit Rating Status

Rating Company: Credit Rating Information and Services Limited (CRISL)

Long term: **A** Short term: **ST-3**

Issue Date of the Prospectus: **11 June 2013**

The issue shall be placed in "N" category

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR"

Fareast Finance & Investment Limited

Eunoos Centre (8th level)

52-53 Dilkusha Commercial Area

Dhaka-1000, Bangladesh

Phone & Fax: 88-02-7162328, 9554174, 9559621, 9563253, 9572169

E-mail: ffil@bdcom.net; Website: www.ffilbd.com

Availability of Prospectus

The Prospectus of **Fareast Finance & Investment Limited** may be obtained from the Issuer Company, Issue Manager, the Underwriters and The Stock Exchanges as follows:

Issuer Company	Contact Person	Telephone Number
Fareast Finance & Investment Limited Eunoos Centre (8th Level), 52-53 Dilkusha C.A, Dhaka-1000	**Mr. Sheikh Khaled Zahir**, Company Secretary	**9563253,9572169**

Manager to the Issue	Contact Person	Telephone Number
Grameen Capital Management Limited Grameen Bank Complex (10th Floor) Mirpur-2, Dhaka-1216	**Mr. Shieadul Morsalin** Head of Merchant Banking	9004923, 9005257-69 Ext-1293

Underwriters	Contact Person	Telephone Number
Grameen Capital Management Limited Grameen Bank 1st Building (2nd Floor), Mirpur-2, Dhaka-1216	**Mr. Shieadul Morsalin** Head of Merchant Banking	9004923, 9005257-69 Ext-1293
GSP Finance Company (Bangladesh) Limited 1, Paribagh, Mymensingh Road, Ramna, Dhaka-1000	**Mr. Toaha Muhammad** GM & COO (MBU)	9674306
ICB Capital Management Limited BDBL Bhaban (16th Floor), 8, RAJUK Avenue Dhaka-1000	**Mr. Md. Moshiur Rahman** Chief Executive Officer	7160326-27
Jamuna Bank Capital Management Limited 2, Dilkusha C/A (3rd Floor) Hadi Mansion, Dhaka	**Mr. Md. Altaf Hossain** Assistant Vice President	7113204
LankaBangla Investments Limited Eunoos Centre (Level 21), 52-53 Dilkusha C.A.,Dhaka-1000	**Mr. M. Shakil Islam Bhuiyan** Chief Executive Officer	7113585, 9561238
MTB Capital Limited 68 Dilkusha C.A (6th Floor), Dhaka-1000	**Mr. Khairul Bashar Abu Taher** Chief Executive Officer	7170138-9
Prime Finance Capital Management Limited 63, Dilkusha C/A,Dhaka-1000	**Mr. M. Mosharraf Hossain PhD, FCA** MD & CEO	9563883
Prime Bank Investment Limited People's Insurance Bhaban,11th Floor, 36Dilkusha C.A,Dhaka-1000	**Mr. Khandoker Raihan Ali** Assistant Vice President	9555674
PLFS Investments Limited Paramount Heights (13 Floor), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka	**Mr. Mustofa Kamal** Chief Executive Officer	7119654
Southeast Bank Capital Services Limited Eunoos Centre (Level 2), 52-53 Dilkusha C.A,Dhaka-1000	**Mr. Md. Alamgir Hossain** Assistant Vice President	9571115
Union Capital Limited Noor Tower (5th Floor), 73 Sonargaon Road, Dhaka-1205	**Mr. Abdul Munim Khan** EVP & Head of Business	9662888

Stock Exchanges	Available at	Telephone Number
Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C.A., Dhaka–1000	DSE Library	**9564601-7**
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080 Sheikh Mujib Road, Agrabad,Chittagong–4100	CSE Library	**(031) 714632-3** **(031) 720871-3**

Prospectus is also available on the websites **www.ffilbd.com, www.grameencapitalbd.org**, **www.secbd.org, www.dsebd.org, www.csebd.com** and public reference room of the Securities and Exchange Commission (SEC) for reading and study.

Name and Address of the Auditors

AHMED ZAKER & CO.

Chartered Accountants
Saiham Sky View Tower (2nd Floor)
45, Shaheed Nazrul Islam Sarani
Bijoy Nagar, Dhaka-1000
Phone: 8391440-3 and Fax: 8391011

Table of Contents

Definition and Elaboration of the abbreviated words and technical terms used in the Prospectus

Allotment	: Letter of allotment for shares
BO	: Beneficiary Owner
BAS	: Bangladesh Accounting Standards
BFRS	: Bangladesh Financial Reporting Standards
Commission/SEC	: Securities and Exchange Commission
CSE	: Chittagong Stock Exchange Limited
CDBL	: Central Depository Bangladesh Limited
Certificate	: Share Certificate
CIB	: Credit Information Bureau
DSE	: Dhaka Stock Exchange Limited
DFIM	: Department of Financial Institutions & Markets
FFIL	: Fareast Finance & Investment Limited
FC Account	: Foreign Currency Account
IPO	: Initial Public Offering
Issue	: Public Issue of Shares of FFIL
MP	: Market Price
NAV	: Net Asset Value of the Company
NRB	: Non Resident Bangladeshi
NBR	: National Board of Revenue
NPAT	: Net Profit after Tax
Offering Price	: Price of the share of FFIL being offered
RJSC	: Registrar of Joint Stock Companies & Firms
Registered Office	: Head Office of the Company
Subscription	: Application money
STD Account	: Short Term Deposit Account
Securities	: Shares of Fareast Finance & Investment Limited
SEC	: Securities and Exchange Commission
SC	: Share Certificate
Stockholder	: Shareholder
Securities Market	: The Share Market of Bangladesh
Sponsors	: The Sponsor Shareholders of FFIL
The Company/Issuer	: Fareast Finance & Investment Limited

SECTION-I: STATUTORY CONDITIONS

Disclosure in respect of Issuance of Security in Dematerialized Form

“As per provisions of the Depository Act, 1999 and regulations made there under, share of the company will be issued in dematerialized form only. Therefore, all transfer/transmission, splitting or conversion will take place in the CDBL system and any further issuance of shares (including right/bonus) will also be issued in dematerialized form only”.

Conditions under section 2CC of the securities and exchange ordinance, 1969

PART–A

1. The company shall go for Initial Public Offer (IPO) for 45,000,000 ordinary shares of Tk. 10/- each at par worth Taka 45,00,00,000/- (Forty five crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.

2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (Four) national daily newspapers (two in Bangla and two in English), within 3 (Three) working days of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Securities and Exchange Commission, in the issuer’s website and shall also put on the websites of the Commission, stock exchanges, and the issue manager, within 3 (Three) working days from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the Stock Exchanges and the Issue Manager a diskette containing the text of the vetted prospectus in “MS -Word” format.

3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.

4. The company shall submit 40 (Forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.

5. The issuer company and the issue manager shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through email, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within 5 (Five) working days of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manager within 2 (Two) working days from the date of said dispatch of the prospectus and the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at condition no. 2 above, shall be submitted to the Commission within 24 hours of the publication thereof.

7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open Foreign Currency (FC) account(s) to deposit the application money of the Non Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the above-mentioned accounts for IPO purpose; and close these accounts after refund of over-subscription money. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required for traveling to Bangladesh.

8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within 7 (Seven) working days from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.

9. The following declaration shall be made by the company in the prospectus, namely: -

“**Declaration about Listing of Shares with the stock exchange (s):**

None of the stock exchange(s), if for any reason, grants listing within 75 (Seventy Five) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within 15 (Fifteen) days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (Seventy Five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid 15 (Fifteen) days, the Directors of the company, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (Two Percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within 7 (Seven) days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

10. The subscription list shall be opened and the sale of securities commenced after **25 (Twenty Five) days** of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days**.

11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus 9 (Nine) days. Applications received by the company after the above time period will not be considered for allotment purpose.

12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank Ltd, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, wherever applicable.

13. The Company and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshi(s), if applicable, for allotment of shares.

14. Upon completion of the period of subscription for securities, the issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 5 (Five) working days, in respect of the following matters, namely: -

    (a) Total number of securities for which subscription has been received;
    (b) Amount received from the subscription; and
    (c) Amount of commission paid to the bankers to the issue.

15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) in electronic form in 2 (Two) CDs and final status of subscription to the Commission within **3 (Three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than 5 (Five) weeks from the date of the subscription closure), if any of the following events occur:

    (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or

    (b) At least 50% of the IPO is not subscribed.

17. **20% of total public offering shall be reserved for ¶wZM¯— ¶` wewb‡qvMKvix, 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 60% shall be open for subscription by the general public. In case of under-subscription under any of the 20% and 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the managers to the issue shall jointly conduct an open lottery of all the applicants added together.**

18. All the applicants shall first be treated as applied for one minimum market lot of **500 shares worth Taka 5,000**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.

19. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**

20. **The applicants shall provide with the same bank account number in the application form as it is in the BO account of the application.**

21. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.**

22. Lottery (if applicable) shall be held within **4 (Four) weeks** from closure of the subscription date.

23. The company shall issue share allotment letters to all successful applicants within **5 (Five) weeks** from the date of the subscription closing. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through direct deposit to the applicant's bank account as far as possible/ Account Payee Cheque/ refund warrants with bank account number, bank's name and branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be subject to condition no. 20 above.

    Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have chosen the option in the IPO application forms, as maintained with the bankers to the issue or any other banks mentioned in the application.

    A compliance report in this regard shall be submitted to the Commission within 7 (Seven) weeks from the date of closure of subscription.

24. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (Twenty Four) hours** of allotment.

25. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to Para -16 above). The issuer must notify the underwriters to take up the underwritten shares within 10 (Ten) days of the closing of subscription on full payment of the share money within 15 (Fifteen) days of the issuer's notice. The underwriter shall not share any underwriting fee with the issue manager, other underwriters, issuer or the sponsor group.

26. All issued shares of the issuer at the time of according this consent shall be subject to a **lock-in period of 3 (Three) years** from the date of issuance of prospectus or commercial operation, whichever comes later.

    Provided that the persons (other than Directors and those who hold 5% or more shares in the company), who have subscribed to the shares of the company within immediately preceding two years of according consent shall be subject to a **lock-in period of 1 (One) year** from the date of issuance of prospectus or commercial operation, whichever comes later.

27. In respect of shares of Sponsors/Directors/Promoters (if in paper format) shall be handed over to security custodian bank registered with SEC and shall remain till completion of lock in and the name the name and branch of the bank shall be furnished to the Commission jointly by the issuer and issue manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s). Or they (shares of Sponsors/ Directors/ Promoters) can be demated and will remain in lock-in under CDBL system and issuer will submit a dematerialization confirmation report generated by CDBL and attested by Managing Director of the company along with lock-in confirmation with SEC within one week of

listing of the shares with the stock exchange(s). In respect of shares other than Sponsors/Directors/Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to SEC.

28. The company shall apply to the stock exchanges for listing within 7 (Seven) working days of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
29. "The Company shall deposit 3% tax to the Government Treasury on the share premium of the IPO and submit authenticated copy of 'Treasury Challan' among others to obtain consent for holding of lottery in line with the NBR's order no.Rvivi‡ev/AvqKi ev‡RU/2010/97 dated 30.06.2010 and Rvivi‡ev/Ki-4/Avat¶Î/11(4)/2003 (Ask)-1/225 dated 06.07.2010".

30. The Company shall not declare any further benefit/dividend based on the financial statements for the year ended on December 31, 2012 before listing of its capital with stock exchange (s).

PART–B

1. The issuer and the Issue Manager shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity with the conditions of this letter without any error/omission, as vetted by the Securities and Exchange Commission.

2. The issue manager shall carefully examine and compare the published abridged version of the prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/ inconsistency is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with SEC.

3. Both the issuer company and the issue manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through Public Offering shall not be utilized prior to listing with stock exchanges and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.

5. The company shall furnish report to the Commission on utilization of Public Offering proceeds within 15 (Fifteen) days of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.

6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).

7. Proceeds of the Public Offering shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the shareholders Meeting under intimation to SEC and stock exchanges.

8. Directors on the Company's Board will be in accordance with applicable laws, rules and regulations

9. The financial statements should be prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as required by the Securities and Exchange Rules, 1987.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.

2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (Including rights/bonus) will be made in dematerialized form only.

   An applicant (including NRB) shall not be able to apply for allotment of shares without Beneficial Owners (BO) account.

2. The company and the issue manager shall ensure due compliance of all the above conditions and the Securities & Exchange Commission (Public Issue) Rules, 2006.

GENERAL INFORMATION

01. **Grameen Capital Management Limited,** the Issue Manager, has prepared this prospectus based on the information provided by **Fareast Finance & Investment Limited** (the Company/Issuer) and also upon several discussions with the Managing Director and concerned executives of the issuer company. The Directors, including Managing Director of FFIL collectively and individually, having made all reasonable inquires, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.

02. No person is authorized to give any information or to make any representation not contained in this Prospectus, and if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer Company or Issue Manager.

03. The Issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

04. A copy of this Prospectus may be obtained from the Head Office of Fareast Finance & Investment Limited, Grameen Capital Management Limited, the Underwriters and the Stock Exchanges where the securities will be traded.

SECTION-II: DECLARATIONS AND DUE DILIGENCE CERTIFICATES

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS INCLUDING THE CEO OF THE COMPANY "FAREAST FINANCE & INVESTMENT LIMITED" IN RESPECT OF THE PROSPECTUS

This Prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the Prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this Public Issue and Prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this Prospectus to enable the investors to make a well informed decision for investment.

Sd/- M. A. Khaleque Chairman & Director	Sd/- Md. Monir Hossain Vice Chairman & Director	Sd/- M. Mustafizur Rahman Director
Sd/- Md. Anwer Hossian Khan Director	Sd/- Delwar Hossain Rana Director	Sd/- Umme Fatima Khaledee Jahan Director
Sd/- Md. Azmat Rahman Director	Sd/- Md. Shamsul Islam Director	Sd/- Md. Ershad Ullah Director
Sd/- M. A. Wahhab Director	Sd/- Nazim Asadul Haque Representing Asian Gate Ltd.	Sd/- Santanu Saha Managing Director

CONSENT OF DIRECTOR(S) TO SERVE AS DIRECTOR(S)

We hereby agree that we have been serving as Director(s) of "Fareast Finance & Investment Limited" and continue to act as a Director of the Company.

Sd/- M. A. Khaleque Chairman & Director	Sd/- Md. Monir Hossain Vice Chairman & Director	Sd/- M. Mustafizur Rahman Director
Sd/- Md. Anwer Hossian Khan Director	Sd/- Delwar Hossain Rana Director	Sd/- Umme Fatima Khaledee Jahan Director
Sd/- Md. Azmat Rahman Director	Sd/- Md. Shamsul Islam Director	Sd/- Md. Ershad Ullah Director
Sd/- M. A. Wahhab Director	Sd/- Nazim Asadul Haque Representing Asian Gate Ltd.	Sd/- Santanu Saha Managing Director

DECLARATION ABOUT FILING OF PROSPECTUS WITH THE REGISTRAR OF JOINT STOCK COMPANIES AND FIRMS

A dated and signed copy of the Prospectus has been filed for registration with the Registrar of Joint Stock Companies & Firms, Government of the Peoples' Republic of Bangladesh, as required under Section 138(1) of the Companies Act, 1994, on or before the date of publication of the prospectus.

DECLARATION BY THE ISSUER ABOUT THE APPROVAL FROM SECURITIES AND EXCHANGE COMMISSION FOR ANY MATERIAL CHANGES

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

Sd/-
Santanu Saha
Managing Director
Fareast Finance & Investment Limited

DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM SECURITIES AND EXCHANGE COMMISSION FOR ANY MATERIAL CHANGES

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Manager to the Issue

Sd/-
Md. Anwar Hossain
Managing Director
Grameen Capital Management Limited

DUE DILIGENCE CERTIFICATE OF THE MANAGER TO THE ISSUE

Subject: Public Offer of 45,000,000 Ordinary Shares of Tk. 10/- each at par, totaling Tk. 450,000,000/- of Fareast Finance & Investment Limited

We, the under-noted Manager to the Issue to the above mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft Prospectus pertaining to the said Issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and

2. On the basis of such examination and discussions with the issuer company, it’s Directors and Officers, and other agencies; independent verification of the statements concerning objects of the Issue and the contents of the documents and other materials furnished by the issuer company.

We confirm that:

(a) The draft Prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the Issue;

(b) All the legal requirements connected with the said issue have been duly complied with; and

(c) The disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

For Manager to the issue

Sd/-
Md. Anwar Hossain
Managing Director
Grameen Capital Management Limited

Date: 24 December 2012

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER(S)

Subject: Public Offer of 45,000,000 Ordinary Shares of Tk. 10/- each at par, totaling Tk. 450,000,000/- of Fareast Finance & Investment Limited

We, the under-noted Underwriters to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a Firm commitment basis, have examined the draft prospectus, other documents and materials as relevant for our underwriting decision; and

2. On the basis of such examination and the discussions with the issuer company, it's Directors and Officers, and other agencies, independent verification of the statements concerning objects of the issue, and the contents of the documents and other materials furnished by the issuer company.

We confirm that:

(a) All information as are relevant to our underwriting decision has been received by us and that the draft prospectus forwarded to the Commission has been approved by us;

(b) We shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within fifteen (15) days of calling up thereof by the Issuer; and

(c) This Underwriting commitment is unequivocal and irrevocable.

For Underwriter (s)

Sd/-
(Chief Executive Officer/Managing Director)
Grameen Capital Management Limited
GSP Finance Company (Bangladesh) Limited
ICB Capital Management Limited
Jamuna Bank Capital Management Limited
LankaBangla Investments Limited
MTB Capital Limited
Prime Finance Capital Management Limited
Prime Bank Investment Limited
PLFS Investments Limited
Southeast Bank Capital Services Limited
Union Capital Limited

SECTION-III: RISK FACTORS & MANAGEMENT PERCEPTION ABOUT THE RISKS

Most of the times only credit risk is considered as risk to be evaluated at the time of lending decision. But except credit risk there is also some more kind of risk that is also aligning in financial business sector. The major risks that are faced by Fareast Finance & Investment Limited as a financial institution are as follows:

(a) Interest Rate Risk and Management Perception

Interest Rate Risk

Interest rate risk is concerned with borrowed funds of short term and long term maturity. Volatility in money market and increased demand for loan/investment raise the rate of interest. Increase in interest rate of borrowings could narrow or eliminate the spread, or result in a negative spread and could adversely affect the business and future financial performance resulting from high cost of fund of a company.

Management Perception

The Company's leases are generally structured at fixed rates for specified terms. Nevertheless, the consequences of unusual and abrupt increase in borrowing rate cannot be avoided. The Company will definitely take all the appropriate measures to minimize the negative consequences, and increase the lending rates wherever possible.

(b) Exchange Rate Risk and Management Perception

Exchange rate risk:

Exchange rate risk arises from exchange rate fluctuations when any institution holds foreign currency fund or raises loan in foreign currencies or deals in foreign currencies.

Management Perception

FFIL has not borrowed any fund from foreign sources nor it deals in foreign exchange as FFIL is not authorized by Bangladesh Bank to deal in foreign exchange. Therefore, such foreign exchange fluctuations will not have any adverse impact on the company.

(c) Industry Risk and Management Perception

Industry Risk

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower revenues, profit margins, market share etc. which could have an adverse impact on the business, financial condition and results of operation. FFIL is operating in a highly competitive market. Some of the competitors have more resources than those of the Issuer Company, broader range of products, complementary lines of business etc. It is, therefore, very difficult to predict in advance the move of the competitors in the coming years.

Management Perception

FFIL has a sound financial base. Besides, this company has strong capital base and a successful history of sustainable growth for more than a decade. FFIL always strives to provide products according to customers' needs with a personalized service. Continuous efforts for mobilizing funds at competitive prices from Banks/Insurance

Companies & individuals will make it competitive in the market. Management of FFIL is very much optimistic about future growth of the Company.

(d) Market Risk and Management Perception

Market risk

Market risk is the risk that may affect FFIL's earnings and capital due to changes in the market level of interest rates, securities, equities as well as the volatilities of those prices. Volatility of money market, which ultimately imposes upward pressure on interest rate structure, may erode the Company's profitability. Devaluation of local currency against major international currencies affects business performance of import based companies or companies borrowed in foreign currency adversely. Inability to offer on to a proactive and competitive posture due to lack of market access and inability to offer competitive products will hinder the Company's growth potential.

Management perceptions

The Company is less dependent on short-term borrowings rather depends on term deposit and line of credit facilities from commercial banks for funding its business activities. The renewal rate of its maturing deposits mitigates the interest rate risk. As far as interest on term loan is concerned, rise in interest rate of borrowing results in increase of lending rate to clients. FFIL does not have any foreign currency loan. Moreover, since it is a leasing company it imports equipment, plant & machinery etc. to lease out to the prospective clients. In case of currency fluctuation it is the prospective client who ultimately takes the risk. The treasury department reviews and prepares a report on the trend of market interest rate movement and carry out asset liability gap analysis. To manage the market risk FFIL has managed to arrange the funding facilities with competitive interest rate to match with maturity. FFIL with its strong earning capacity, favorable credit rating and market goodwill can access to money market with a competitive rate.

(e)Technology Related Risk and Management Perception

Technology Related Risk

Technology always plays an essential role in any business concern that ensures better services to the customers and reduces the cost in various aspects. Any invention of new and more cost effective technology may cause technological obsolescence and negative operational efficiency. Besides, any severe defects in the software & server may have an effect on productivity and profitability due to additional investment for replacement or maintenance.

Management Perception

As a Non-Banking Financial Institution FFIL is operated within the legal framework prevailing in the country which has little scope of introducing completely new technology. However, Management of the Company is aware of recent development and implementation of appropriate technology and is committed to adopt new technology and keeps their employees up-to-date on those by providing necessary training.

(f) Risk related to Potential or Existing Government Regulations and Management Perception

Risk related to Potential or Existing Government Regulations

The Company operates under Companies Act, 1994, The Financial Institutions Act-1993, The Financial Institutions Regulations-1994, Income Tax Ordinance, 1984, Income Tax Rules, 1984, Value Added Tax (VAT) Act, 1991, Value Added Tax (VAT) Rules, 1991, Customs Act, 1969, Securities and Exchange Rules, 1987 and other related regulations. The company also obtained license from Bangladesh Bank as a Financial Institution under the Financial Act, 1993. Any abrupt changes of the policies made by the regulatory authorities may unfavorably affect the business of the Company.

Management Perception

Unless any policy is changed that may negatively and materially affect the industry as a whole, the business of the Company is expected not to be affected significantly. Financial sector in Bangladesh is a sector with considerable local demand for differentiated product lines. Therefore, it is highly unlikely that the Government/Central Bank will initiate any fiscal measure having adverse effect on the growth of the industry.

(g) Risk related to Potential changes in Global or National Policies and Management Perception

Risk related to Potential changes in Global or National Policies

Changes in the existing global or national policies can have either positive or negative impacts for the company. The performance of the company will be hindered due to unavoidable circumstances both in Bangladesh and worldwide like political turmoil. Since the risk involved with the potential changes in global or national policies is a macro factor, it is beyond the control of Fareast Finance & Investment Limited.

Management Perception

The management of Fareast Finance & Investment Limited is always concerned about the prevailing and upcoming future changes in the global or national policy and shall response appropriately and timely to safeguard its interest. Due to maintaining a diversified portfolio in major sectors in line with the country’s growth scenario as well as industrial policy, the company will always endeavor to withstand the unexpected changes or any such potential threats. Nevertheless, political stability and a congenial business environment is definitely the best situation in which FFIL will achieve its maximum potential. Political turmoil and the disturbance are not good for the economy as a whole and neither is good for the company.

(h) Operational Risk and Management Perception

Operational risk

Operational risk addresses the risk associated with fraud, forgery, unauthorized activities, error, omission, system failure and external events among others. Some more operational events are including operational errors, non compliance with internal regulations, non-compliance of legal requirements, launching new products without adequate operational support, rouge traders etc.

Management perception

In order to monitor and manage the risk arising from all operational activities, an appropriate organizational structure is second to none. FFIL Management manages to place proper organizational structure with proper segregation of duties and delegation of authorities. FFIL has independent Credit Risk Management (CRM) Department, independent Treasury Department, self-governing Compliance Department, isolate Finance & Administration Department and Information technology Department for technical services to operate the organization smoothly as per Bangladesh Bank's directives.

(i) History of non operation, if any

Is there any history for the Company to become non-operative from its commercial operation?

Fareast Finance and Investment limited does not have any history of non operation to date. The Company has an independent body that is operated by its Memorandum & Articles of Association and other applicable laws Implemented by the Government. Besides, the Company's financial strength is satisfactory. The Company is staffed with expert management team & guided by experienced Directors to make the Company more efficient and stronger in the financial sector. So, the chance of becoming non-operative for the Company is very low.

(j) Maturity Gap Risk and management perception:

Maturity Gap Risk

The duration of assets is larger than the duration of liabilities, the duration gap is positive. In this situation, if interest rates rise, assets will lose more value than liabilities, thus reducing the value of the firm's equity. If interest rates fall, assets will gain more value than liabilities, thus increasing the value of the firm's equity.

Conversely, when the duration of assets is less than the duration of liabilities, the duration gap is negative. If interest rates rise, liabilities will lose more value than assets, thus increasing the value of the firm's equity. If interest rates fall, liabilities will gain more value than assets, thus reducing the value of the firm's equity.

By duration matching, that is creating a zero duration gap, the firm becomes immunized against interest rate risk. Duration has a double-facet view. It can be beneficial or harmful depending on where interest rates are headed.

Management perception

To mitigate risk management carefully analysis the maturity gap on a varieties of levels. To deal with those sorts of risk management concentrates on the various categories of risk and their impact on different levels of the organization. To minimize the risk at a tolerable level the gap between the cash out and inflows management is closely followed up and necessary measures are taken by the management.

(k) Credit risk and management perception

Credit risk

Credit risk refers to the probability that a borrower party will not repay its financial obligations in due time. As a lending institution credit risk cannot be eliminated but reduced to a minimum level and managed. The recent global financial meltdown underscored the importance of a proper credit risk management system.

Management perceptions

To ensure sound asset quality and a prudent credit culture throughout the lending activities of the company, a sound credit approval process followed by FFIL management is responsive to customer needs and credit losses that ensure an independent assessment of credit and mitigate the credit risks of the company.

All Non Performing Loan (NPL) accounts should be assigned to a group of Executive, who are responsible for coordinating and administering the action plan/recovery of the account after the account is downgraded to substandard.

Rescheduling of problem accounts should be aimed at a timely resolution of actual or expected problem accounts with a view to effecting maximum recovery within a reasonable period of time. In all cases FFIL management shall follow the guidelines for rescheduling issued by Bangladesh Bank from time to time and monitor accordingly. If FFIL management feels that rescheduling of a credit facility is required and recommended by the CRM, shall place the reschedule proposal before the Board Audit Committee for recommendation to the Board for decision.

FFIL Management has also taken the following steps to manage credit risk at a minimum level:

a) Independent credit risk management unit.
b) Multi-tier term/lease approval process.
c) In depth analysis of the borrower in view of financial strength, managerial capacity, industry prospect and macroeconomic scenario.
d) Credit Administration ensures that all documentations are properly completed and monitor the repayment performance on regular basis.
e) Disbursement is made upon independent recommendation by the compliance department.
f) The credit committee regularly meets to review new credit proposals as well as performance of existing portfolios.

(l) Liquidity Risk and Management Perception

Liquidity risk

Liquidity risk management involves the ability to manage and maintain adequate financial liquidity at all times. Good liquidity risk management results FFIL’s position to meet all its obligations to fulfillment of commitments in due time. Sometimes critical importance is the need to avoid having to liquidate assets or to raise funds at unfavorable terms resulting in financial loss. Prudent liquidity management is of paramount importance as the ultimate cost of a lack of liquidity is being out of business.

Management perceptions

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

(m) Compliance Risk and Management Perception

Compliance risk

Internal control and compliance contains self-monitoring mechanisms, and actions taken to correct deficiencies as they are identified. Since financial service activities are conducted within a framework of obligations imposed by regulators, complying with such requirements in not optional but mandatory for financial institutions. The consequences of non compliance include fines, public reprimands and enforced supervision of operation or withdrawal of authorization to operate, any of which can lead to loss of reputation particularly through adverse publicity in national media.

Management perceptions

The company has been practicing internal control system based on the guidelines framed by Bangladesh Bank. Internal control and compliance department of FFIL covers all areas of company's operational activities where risk of operational losses may arise as well as to ensure that everyone understands their roles and responsibilities in this process. All employees are expected to observe the professional and institutional code of conduct.

(n) Risks relating to under pricing and high concentration of loan portfolio and management perception

Risks relating to under pricing and high concentration of loan portfolio

If FFIL under prices its loan to its associate namely Fareast Stocks and Bonds Limited (FSBL) and commission on corporate guarantee that will help to make high profit in FSBL's books of accounts. In that case the under pricing and reduced commission rate will hamper the FFIL's profitability.

Risk mitigation & management perception

FFIL provides loan and commission on corporate guarantee at a competitive rate to its associate FSBL. So, there is no option of under pricing. Hence profitability of FFIL will not hamper.

(o) Risk factor related to high concentration of loan portfolio and management perception

Risk factor related to high concentration of loan portfolio

Fareast Finance & Investment Limited has provided loan of Tk.183,73,40,125 representing 37.17% of total loans and a corporate guarantee of Tk.75,00,00,000 in favor of Fareast Stocks & Bonds Limited which is an associate company of Fareast Finance & Investment Limited. This high concentration of loan and corporate guarantee might generate some risk if FSBL defaults.

Risk mitigation & management perception

As FFIL has got 50% ownership of FSBL, 50% of the profit of Fareast Stocks & Bonds Limited (FSBL) is going to FFIL's account, which is maintaining a good health of FFIL. Moreover, FFIL is in the Board of Directors of Fareast Stocks & Bonds Limited and always keeps an eye on the repayments of FSBL, which reduces FSBL's status being defaulter in repayment.

(p) Risk related to high volume of classified loan portfolio and management perception

Risk related to high volume of classified loan portfolio

As per audited financial statements of FFIL for the year ended on 31 December 2011, classified loan, advances and lease of the company was 7.59% of total loans, advances and lease and 12.07% of total loans, advances and lease excluding Tk. 183,73,40,125.00 provided to associate. A high volume of classified loan portfolio compared to total loan portfolio might hamper smooth operation of the business.

Risk mitigation & management perception

Good loan becoming to classified loan cannot be eliminated but can be reduced to a minimum level and managed through vigorous persuasion. However, FFIL always take adequate measures for reducing the classified loan. FFIL is making diversification of its loan portfolio, which in future will reduce the classification quantum. FFIL already established the recovery team, which is working effectively to keep its classified amount at a minimum limit. However, FFIL always keeps provision for its classified loans according to the Bangladesh Bank’s guideline in this regard.

(q) Risk related to writing off of loan portfolio and management perception

Risk related to writing off of loan portfolio

Writing off of loan portfolio ultimately deprives the shareholders from their due benefits. If loan write-off becomes a common phenomenon/regular practice in the company, it might harm the shareholders due securities benefit.

Risk mitigation & management perception

To keep the balance sheet at its actual size write off is the fair solution, which is the common practice in the industry. FFIL writes off loan as per guideline of Bangladesh Bank. However, company maintains reasonable securities against every loan disbursed to its clients. If any client defaults, the securities are taken into company’s possession. Besides, the company continues its persuasion for recovery from the write off and accordingly many written off amount are collected. Whenever company succeeds to recover, it directly increases the profit, which is ultimately beneficial for the shareholders. Therefore, the risk of shareholders arising out of writing off of loan is minimized.

(r) Risk relating to reschedule of loan and management perception

Risk relating to reschedule of loan

Rescheduling of loan hampers the regular expected profitability of an organization. Excessive rescheduling may increases the chance of raise in probable default clients. Hence, a potential risk is related with excessive rescheduling of loan. Loan accounts maintained with FFIL, that has been rescheduled for 3 (three) times or more are:

Name of loan account	Agreement #	Type of facility	Last rescheduled amount (Taka)	Times of reschedule
Anudip Motors Limited	20030100305014	Lease finance	12,997,456	3
Anudip Motors Limited	20030102707314	Lease finance	16,615,406	3
Anudip Services Limited	200302012055	Term finance	4,098,993	3
Islam Trading Company Limited	20030104509101	Lease finance	939,570	3
Islam Trading Company Limited	200402055147	Term finance	996,077	4*
Islam Trading Company Limited	200502007191	Term finance	3,515,586	4*
The Delta Apparels Limited	20050102617901	Lease finance	41,998,214	3
The Delta Apparels Limited	20060101520301	Lease finance	27,441,322	3
S. K. M. Trade Center	200502005189	Term finance	23,403,322	3
S. K. M. Trade Center	200502038221	Term finance	30,134,022	3

* Reschedule has been done based on Honorable High Court’s judgment dated July 06, 2010 against the ITCL’s writ petition no. 3802 of 2010.

Management perception regarding rescheduling of loan

Rescheduling is not always bad for an organization. A good and solvent client also might need to reschedule its loans due to temporary crisis. The loan portfolio mentioned above were facing problem due to industry downswing/liquidity crisis. To overcome the problem it was required to have some moratorium and lower installment size. On the basis of their request and as per guideline of Bangladesh Bank reschedules were allowed. It may be noted here that from company’s perspective handsome amount of collection was made as down payment at the time reschedule. Besides, Tk.30,727,710 representing 18.95% of the above mentioned rescheduled amount was collected against the facilities after last reschedule. Management of FFIL is very much careful about rescheduling loans of its clients and believes that risk relating to rescheduling of loan could be mitigated successfully.

(s) Risk related to dependency on high cost fund such as bank borrowing and management perception

Risk related to dependency on high cost fund such as bank borrowing

If dependency on bank borrowing is high then risk relating to interest rate fluctuation and availability of bank borrowing at the time of necessity of fund rises. FFIL’s credit deposit ratio was 212.85% during the year 2011. Hence, FFIL is subject to such risk.

Risk mitigation & management perception:

For the financial institution sector it is the common phenomena to invest by using the bank borrowing. The main sources of fund for FFIL are own equity, bank borrowings & deposits from customers. Besides, FFIL is in the process of listing through floating shares in the secondary market which will add a reasonable amount of fund to it equity and strengthen its capital base. This will ultimately reduce its dependency on bank borrowing. Moreover, FFIL has already launched deposit mobilization department which will also reduce its dependency on bank borrowing.

(t) Six Core Risks As Per Directive Of Bangladesh Bank And Management Perception

1. Internal Control & Compliance risk

Internal control and compliance contains self-monitoring mechanisms, and actions taken to correct deficiencies as they are identified. Since financial service activities are conducted within a framework of obligations imposed by regulators, complying with such requirements in not optional but mandatory for financial institutions. The consequences of non compliance include fines, public reprimands and enforced supervision of operation or withdrawal of authorization to operate, any of which can lead to loss of reputation particularly through adverse publicity in national media.

Management perceptions

The company has been practicing internal control and compliance system based on the guidelines framed by Bangladesh Bank. Internal control and compliance department of FFIL covers all areas of company's operational activities where risk of operational losses may arise as well as to ensure that everyone understands their roles and responsibilities in this process. All employees are expected to observe the professional and institutional code of conduct.

2. Foreign Exchange Risk

Generally risk factor arises from exchange rate fluctuations when any institution holds foreign currency fund or raises loan in foreign currencies or deals in foreign exchange currencies.

Management Perception

FFIL usually does not borrow from foreign sources nor it deal in foreign exchange as FFIL is not authorized by Bangladesh Bank to deal in foreign exchange. Therefore, such foreign exchange fluctuations will not have any adverse impact on the company.

3. Credit risk

Credit risk refers to the probability that a counter party will not repay its financial obligations in due time. As a lending institution credit risk cannot be eliminated but reduced to a minimum level and managed. The recent global financial meltdown underscored the importance of a proper credit risk management system.

Management perceptions

FFIL Management has taken the following steps to manage credit risk at a minimum level:

- g) Independent credit risk management unit.
- h) Multi-tier term/lease approval process.
- i) In depth analysis of the borrower in view of financial strength, managerial capacity, industry prospect and macroeconomic scenario.
- j) Credit Administration ensures that all documentations are properly completed and monitor the repayment performance on regular basis.
- k) Disbursement is made upon independent recommendation by the compliance department.
- l) The credit committee regularly meets to review new credit proposals as well as performance of existing portfolios.

4. Asset Liability Management Risk

Responsibility for maintaining asset liability matching as well as in order to cash management by the means of well defined procedures and delegation. Any departure from general rules requires the prior authorization of ALCO.

Management Perception

Responsibility for borrowings and investment with a fixed term is delegated to the treasury departments, which are required to comply with specific procedures, position of the banks involved, risk free investment and monitoring of financial transactions. Borrowings and investment are monitored on monthly basis by means of report produced by the treasury and finance and accounts department and submitted to senior management. In thus way FFIL maintains its asset liability mismatch at a minimum level.

5. Money Laundering Risk

In wider sense money laundering risk stands for moving, converting or transferring proceeds of crime or property involved in an offence for concealing or disguising the illicit nature, source, location, ownership or control of the proceeds of crime. For Financial Institution it can lead to an unstable liability base and to unsound asset structures thereby creating risks of monetary instability and even systematic crisis. The loss of credibility and investor confidence that such crises can bring has the potential of destabilizing financial systems, particularly in smaller economies.

Management Perception

At first FFIL always stands to combat money laundering for the sake of economical sustainability. Because money laundering always effects or distorts asset and commodity prices and leads to misallocation of resources. In order to identify the money laundering risk and to combat it fruitfully FFIL always keep the proper documentation of its clients and depositors information. The KYC (know your customer) and loan documentation checklist, clients business status and history always monitored on regular basis in order to prevent money laundering.

6. Information and Communication Technology and Security Risk

In recent years Information and Communication Technology (ICT) has brought the momentous transformation in providing service to the company’s customers and also processing the information in rapid way. So, security of ICT systems for a financial institution has therefore gained much greater in importance, and it is vital that we ensure that such risks are properly identified and managed. The risks can be internal or external. Internal risk includes data thievery, data misplaced, unauthorized data access or deletion etc. External risk includes virus attack, hackers, phishers etc. Moreover information and information technology systems are essential assets of the financial institutions and as well as for their customers and stakeholders. Financial institutions must take the responsibility of protecting the information from unauthorized access, modification, disclosure and destruction to protect customers’ interest.

In view of the above, Fareast Finance & Investment Limited (FFIL) introduced ICT guideline, policies and procedures according to the Bangladesh Bank’s ICT Guideline in relation with effective evaluation and control on ICT of the company through adopting of this ICT Guideline.

Management Perception

Fareast Finance & Investment Limited has developed a secured ICT infrastructure according to Bangladesh Bank’s ICT Guideline considering internal and external security issues. All ICT equipments like computers, servers, printers, wired and wireless networks etc of FFIL are password protected and always need authentication. The office premise is under 24 x 7 digital surveillance systems. FFIL ICT infrastructure has a specific backup procedure which is executed everyday and a disaster recovery site to resume the operation in case of any disaster. This secured ICT infrastructure of FFIL is furnished by the following policies:

1. Acceptable Use Policy
2. Authentication Policy
3. Virus Protection Policy
4. Audit Policy
5. Risk Assessment Policy
6. Server Security Policy
7. Backup Policy
8. Disaster Recovery Policy
9. Business Continuity Policy
10. Fallback Policy

SECTION-IV: ISSUE SIZE & PURPOSE OF THE PUBLIC OFFERING

Capital Structure

The capital structure of Fareast Finance & Investment Limited before and after IPO is as under:

Particulars	No. of Shares	Face Value	Taka
Before IPO			
Authorized Capital	200,000,000	10	2,000,000,000
Issued & Fully paid-up capital as per audited accounts as on 31/12/2011	104,601,624	10	1,046,016,240
Raising of paid up capital (raising of paid up capital by issuing 10% bonus share which has been approved by SEC vide letter no. SEC/CI/CPLC-05/2001/1286 dated May 14, 2012)	10,460,162	10	104,601,620
Total paid up capital before IPO (Considering 10% bonus share for the year 2011)	115,061,786	10	1,150,617,860
After IPO			
To be issued as IPO	45,000,000	10	450,000,000
Paid up capital (Post IPO)	**160,061,786**		**1,600,617,860**

* The Board of Directors of Fareast Finance & Investment Limited unanimously agreed and recommended 10% Stock Dividend i.e., 1B:10 (One bonus share for every ten shares of Tk. 10/- each) for the year ended 31st December 2011 and approved by the shareholders in the 11th AGM and subsequently applied to SEC for approval. The SEC vide their letter no. SEC/CI/CPLC-05/2001/1286 dated May 14, 2012 approved application for raising paid up capital. Accordingly, the return of allotment (Form-XV) for this additional capital of the Company has duly been certified by the Registrar of Joint Stock Companies & Firms on 16 May 2012)

Use of IPO Proceeds

The public issue of Fareast Finance & Investment Limited is to meet the compliance of the statutory requirement of the company. The net proceeds will strengthen the capital base and liquidity of the Company. Besides, it will augment business expansion as net proceeds of the present issue of 45,000,000 ordinary shares of Tk. 10.00 each at par, totaling Tk. 450,000,000 would be utilized in the normal business operations such as investment, industrial development, leasing, lending, refinancing etc. and refund of high cost borrowing of the Company within 1 (One) year of listing.

Sd/-	Sd/-
Santanu Saha	**Mohammad Hafizour Rahman**
Managing Director	SVP & Chief Financial Officer

Contracts with any Party for Using the Proceeds of Sale of Securities

The issuer company has no such contract with any party regarding the proceeds of sale of securities to be used.

SECTION-V: INFORMATION ABOUT THE COMPANY

Chronological history of the company

Fareast Finance & Investment Limited (FFIL) was incorporated in Bangladesh as a public limited company on June 21, 2001 under The Companies Act, 1994. The company commenced its business on 21 June of the same year. The company obtained license from Bangladesh Bank as a Non-Banking Financial Institution under the Financial Institution Act, 1993 on July 03, 2001 to operate as a leasing and financing company as provided under the relevant law.

On 01 January 2002, FFIL initiated its commercial operation. In the same year, the company signed first lease agreement and took part in a syndicated lease agreement.

Particulars	Registration/Licence/Reference No.	Date of obtaining
Certificate of Incorporation	C-43400(2759)/2001	21 June 2001
Certificate for commencement of business	15172	21 June 2001
FI License	FID (L)/26	3 July 2001
TIN certificate	003-201-4861	10 April 2002

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Fareast operates its business to serve its clients with high ethical standards and accountability. Because it has a team staffed with some of the most qualified, experienced and innovative personnel in this sector. Furthermore, Fareast believes that each of its activities must provide satisfaction to its customers and will start progress for them. Fareast management also feels for what its clients feel to make their life style more comfortable, convenient and peaceful.

Nature of business

The company concentrates its activities for full payout leases and term finances, extended on the basis of recovering the full capital cost of the asset/finance, plus imputed interest charges. The company extends lease finance for all types of machinery, equipment, household durables including vehicles for the purpose of industrial, commercial, agricultural and personal use in Bangladesh and also term finance to its clients within the purview of the Law.

Principal products and services

From the very beginning, FFIL is open to flourish the new ideas, thinking and non-traditional innovative financing. For faster growth and wealth maximization customers can get assistance from Fareast Finance & Investment Limited through the following fund based products:

Lease finance

Lease finance is a contractual arrangement between two parties whereby the owner of an asset (the Lessor) allows another party (the lessee) the exclusive right to use of the asset, usually for an agreed period of time, in return for the payment of rent. Lessor retains ownership of the asset but the lessee is usually responsible for insurance, maintenance and all other costs of ownership of the asset. At the end of the lease period the lessee has the option to buy, re-lease or return the equipment to the Lessor.

Fareast management provides full payout financial leases for all types of equipment with a wide range of capital machinery to be used in industry, construction and vehicles for private and commercial use.
Fareast also arrange syndicate lease finances. FFIL arranges sale and lease back financing facilities in some special cases.

Term finance

Term finance is a facility provided for a fixed period, usually from one year to five years. Over the period, the borrower pays back the principal along with interest by installments often monthly, quarterly or half yearly. This is the most common form of business loan. It may be secured or unsecured.

FFIL provides term finance facility to meet the liquidity requirements mainly for of working capital. Regarding the facility period, interest rate, security and repayment structure Fareast is very much flexible.

Short term finance

Short-term finance is a facility provided for a fixed period less than one year. Within the period, the borrower pays back the principal along with interest. It may be secured or unsecured.

FFIL offers short-term finance facility to its clients with a view to provide liquidity comfort in emergency situation.

Consumer Credit Scheme

Consumer credit scheme provide finance facilities to the consumers to meet their demands of the household for maintaining a higher standard of living, procuring the durable goods and for fulfillment of their sudden necessities. Generally it's repayment period is less than two years. Over the period, the borrower pays back the principal along with interest by monthly installments. It may be secured or unsecured.

Factoring

Simply defined, factoring is the purchase of an invoice at a discount. Instead of waiting 30, 45 or 60 days to get paid factoring allows a business to turn its existing and ongoing accounts receivable into available cash to be used to fund its operations.

Recently FFIL, started its journey in the field of Factoring. FFIL do local factoring that is financing against local supplies. FFIL is the fourth factor in Bangladesh. FFIL is working hard to achieve the apex position in this industry. To reach our goal, FFIL have efficient set up. Our motto is 'Factor your credit, Give up your worries, Concentrate and grow your business, FFIL will take care of your flow of cash.

Bond discounting

Bond is a piece of paper by which the issuing authority generally a company limited by shares raises funds from members of public. In nature, it is a long-term liability of the issuing authority. Over the maturity period, issuing authority repays the principal along with the interest as per terms and conditions set forth at the time of issuing the bond. Bonds are usually issued against investments, mortgages, credit card income etc. as marketable securities.

Bond discounting is a facility by which finance are made to the bond holder against the face value of the bond which is normally lower than the face value of the bond. It may be noted here that face value is the price given to a bond when it is issued.

FFIL offers this facility to the Government bonds or bonds acceptable to the stock exchanges or private bonds acceptable to Fareast Finance & Investment Limited.

Import finance

Import finance is a finance facility through which the borrower has the liberty to import any consumable or capital item from foreign countries through import finance. The borrower also has the liberty to select the supplier and other terms and conditions including price and repayment period. In these cases, payment is made direct to the bank after obtaining borrower’s approval. The custom duties and other charges like transportation may also be funded. It may be secured or unsecured.
Fareast offers this facility with attractive rate and repayment structure.

Bridge finance

Bridge finance is a method of funding used for a short duration of time until permanent financing is put in place. Sometimes an individual or a company is assured to get a finance facility from any financial institution or bank or members of public through initial public offering to meet her/his specific requirements. But there may be a time gap between the requirement and actual receipt of the fund. In those cases, bridge finance is the solution.

Deposit Scheme

Fareast Finance is also committed to maximizing returns on your hard-earned money by giving you the best possible rates on your deposits. To secure bright and prosperous future, FFIL's offer various deposit schemes aimed at meeting your exact requirement with full satisfaction.

- FFIL Sanirbhorota – You are in safe hands– Annual income scheme
- FFIL Pension Plan – Live freely– Monthly income scheme
- FFIL Shomriddhi – Bringing your prosperity– Quarterly income scheme
- FFIL Subidha – Smile twice in a year– Half yearly income scheme
- FFIL Double Money Benefit Scheme – Double your dream
- FFIL Triple Money Benefit Scheme – When money does matter
- FFIL Lakhpati Scheme – Be a millionaire
- FFIL Crorepati Scheme – Fortune favors the depositors
- FFIL Education Plan – Secure your child’s future– Monthly deposit scheme
- FFIL Safollo – Plan for sure success– Quarterly deposit scheme
- FFIL Supreme – Go with dream– Instant and annual income scheme

Products/service that accounts for more than 10% of the company's total revenue

Followings are the services of the company, which contribute more than 10% of the company's total revenue. The following table illustrates the total turnover and respective percentage of services of Fareast Finance & Investment Limited that accounted for more than 10% of the total revenue:

Service Name	For the year ended on 31 Dec 2011	
	Revenue (Tk.)	Value Contribution %
Interest income on loans, advances and leases	**678,445,423**	**92.02**
Interest on term finances	566,710,856	76.87%
Lease Income	79,225,286	10.75%
Interest during grace period	10,380,034	1.41%
Interest on call loans	4,187,500	0.57%
Interest on balance with banks and other FI	17,941,747	2.43%
Total Revenue	**737,245,618**	**100.00**

Associates, subsidiary/related holding company and their Core areas of business

Name of the company	Relation	Nature of business of the company
Fareast Stocks & Bonds Limited	Associate Company (50% shares holding)	Act as depository participant and stock dealer.

Distribution of products/services

FFIL renders services from its Head Office situated at Eunoos Centre (Level-8), 52-53 Dilkusha C/A, Dhaka-1000.

Competitive condition of business

The financial sector in Bangladesh comprises the money and capital markets, insurance and pensions, and microfinance. There are 4 state-owned commercial banks (SCBs), 5 state-owned specialized banks, 30 domestic private commercial banks (PCBs), 9 foreign commercial banks, and 31 non-bank financial institutions (NBFIs) in Bangladesh as of 2011. Being a Non Banking Financial Institution, FFIL faces major competition from the following non banking financial institutes:

Sl.	Name of the Company	Sl.	Name of the Company
1	IDLC Finance Limited	8	Islamic Finance & Investment Ltd.
2	Lankabangla Finance Ltd.	9	Bangladesh Industrial Fin. Co. Ltd.
3	Prime Finance & Investment Ltd.	10	Industrial Promotion and Development Company of Bangladesh Ltd
4	Delta Brac Housing Finance Corporation Limited	11	First Lease International Ltd.
5	International Leasing & Financial Services Limited	12	Fidelity Assets Ltd.
6	United Leasing Company Limited	13	Bangladesh Finance and Industrial Company Ltd
7	Bay Leasing and Investment Ltd	14	Premier Leasing International Ltd.

Source of raw materials

FFIL being a service provider operates on the basis of professional expertise relevant to leasing industry. Its' product is a service. The general leasing industry has since developed and expanded fast in order to meet the growing need of the economy. FFIL has procured the servicees of experienced professional personnel from existing industry. FFIL has also set goals of training program for traning of the fresh graduates for development of its growing need of human resources.

Sources of and requirement for power, gas and water or any other utilities

The company does not require such utilities except for ordinary use in office work.

Customer providing 10% or more revenues

Fareast Stocks & Bonds Limited, an associate of FFIL is one of the customers provided 37.17% of revenue in the year 2011.

Description of contract with principal suppliers/customers

The Company has not entered into any such contract with suppliers and customers.

Description of any material patents, trademarks, licenses or royalty agreements

The Company has not entered into any such agreement.

Number of Employees

As on 31 December 2011, total numbers of employees of FFIL are as follows:

Particulars	No. of employees
Above Tk. 3000/month	40
Below Tk. 3000/month	0
Total	**40**

All the employees are full time employees.

Sources and availability of raw materials & name of principal suppliers

FFFIL does not require any kind of raw materials as it is a service oriented Company in which human resource is the major asset. So the question of principal suppliers does not arise.

SECTION-VI: DESCRIPTION OF PROPERTY

Disclosure about Property

As per audited accounts as on 31 December 2011, the company has the following fixed assets:

(as per audited accounts)

Sl #	Description	Written down value as at 31 Dec 2011 Amount (Tk.)
01	Furniture and fixture	4,823,128
02	Office equipment	5,818,055
03	Office software	290,682
04	Crockeries	2
05	Land	5,485,000
06	Motor Vehicle	7,718,774
	Total	**24,135,641**

1. Entire above mentioned properties are located at Company's registered office at Eunoos Center (8th Level), 52-53 Dilkusha Commercial Area, Dhaka-1000 except the land which is located at Bogra and the properties are in good operational condition.
2. The area of land is 366 decimal which is in the physical possession of FFIL. Current rent receipt has been paid up to Bangla year 1420.
3. The company itself owns the fixed assets except motor vehicles which are leased from International Leasing & Financial Services Limited.
4. The owned assets of the Company are free from mortgage and lien. However owned assets have been used as fixed and floating charges under paripassu against the laon taken from different banks and Financial institution.
5. The company had taken five motor vehicles under four financial lease agreements from International Leasing and Financial Services Limited (ILFSL). Details status of expiration date is as under:

Name of Lessor	Type of loan	Amount of loan	Sanction Date	Expiration Date
ILFSL	Financial Lease	4,020,000	06-Mar-07	13-Apr-11
		1,920,000	12-Mar-08	15-Apr-12
		6,642,000	31-Jul-11	01-Aug-16
		3,774,938	31-Jul-11	25-July-16

SECTION-VII: PLAN OF OPERATION & DISCUSSION OF FINANCIAL CONDITIONS

Internal and external sources of cash

(as per audited accounts)

Particulars	31 Dec 2011 (Tk.)	31 Dec 2010 (Tk.)	31 Dec 2009 (Tk.)
Internal Source			
Paid up Capital	1,046,016,240	871,680,200	195,750,100
Statutory reserve	114,643,818	92,924,248	47,308,589
Retained earnings	108,539,225	195,996,983	130,984,348
Sub total	**1,269,199,283**	**1,160,601,431**	**374,043,037**
External Source			
Borrowing from Banks, other financial institutes and agents	1,888,107,716	2,032,427,567	970,866,827
Deposits & other accounts	2,322,858,796	1,171,199,591	872,004,713
Sub Total	**4,210,966,512**	**3,203,627,158**	**1,842,871,540**
Grand Total	**5,480,165,795**	**4,364,228,589**	**2,216,914,577**

Material commitment for capital expenditure

FFIL has no material commitments for capital expenditures except for those required in the course of carrying out normal business operation.

Material changes from period to period

(as per audited accounts)

Particulars	2011	2010	2009
Total operating income	231,582,659	437,703,426	124,527,221
Less: total operating expense	58,991,287	62,098,938	36,566,921
Profit before provision	172,591,372	375,604,488	87,960,300
Less: total provision	44,832,041	112,026,194	18,782,947
Profit before tax	127,759,331	263,578,294	69,177,353
Less: Provision for Income Tax	19,161,479	35,500,000	8,500,000
Net Profit after Tax	**108,597,852**	**228,078,294**	**60,677,353**

The Company incurred net profit after tax approximately 60.68 million in 2009. In 2010 the figure increased to around 228.08 million. The reason behind this sharp increase of net income was mainly for the unusual boost up of capital market. Since the Company had investment in capital market that led the Company to post net income in the statement of Profit and Loss resulting from capital gain in different shares & dividend. However, the capital market witnessed sharp & continuous fall in index along with acute liquidity crisis in money market that forced the whole financial sector including Fareast Finance & Investment Limited slow down its profit to around 108.60 million.

Seasonal aspect of the Company's business

There is no significant seasonal impact on the services and business of the company.

Known trends, events or uncertainties

Uneven competition with competitive companies, any abrupt change in policy by central bank of Bangladesh, political unrest like Hartal and any other change at home and abroad is known events that may affect the business of the Company.

Change in the assets of the Company used to pay off any liabilities

No assets of the company have been used to pay off any liabilities of the company.

Loan taken from or given to holding/parent company or subsidiary company

The company is neither a parent nor a subsidiary of any other concern. However, it has an associate company namely Fareast Stocks & Bonds Limited in which FFIL has fifty percent shareholding. The aforesaid associate Company was incorporated on 03 September 2009 as a private limited company under The Companies Act, 1994. Details transaction between associate company and the issuer are given below:

Name of the party	Nature of Transactions	Relation	Nature of Relationship	31 Dec, 09 Value (Tk)	31 Dec, 10 Value (Tk)	31 Dec, 11 Value (Tk)
Fareast Stocks & Bonds Limited	Funded: Loans, Advances & Leases	Creditor	Associate	-	1,417,340,125	1,837,340,125
	Non-Funded: Letter of Grantee	Creditor		-	750,000,000	750,000,000

Future contractual liabilities

FFIL neither has any future contractual liabilities nor have any plan to enter into any contractual liabilities withing next one year other than normal course of business that would impact the financial fundamentals of the company.

Future capital expenditure

The Company does not have any plan for capital expenditure in near future.

VAT, income tax, customs duty or other tax liability

a) VAT

As on December 31, 2011 outstanding balance of VAT deducted at source was Tk.117,177 which was subsequently deposited to NBR through Treasury Challan.

b) Income Tax

Provision for corporate income tax is made @ 42.5% on estimated taxable profit in accordance with income tax laws. The income tax return for the assessment year 2011-2012 was filed under section 83 (2) of the Income Tax Ordinance 1984. The income tax assessment status of the company since its incorporation is given below:

Year	Assessment year	Assessment status
2001	2002-2003	Assessment completed. No tax liability as per certificate given by DCT of Large Taxpayers Unit (LTU), Dhaka.
2002	2003-2004	Assessment completed. No tax liability as per certificate given by DCT of Large Taxpayers Unit (LTU), Dhaka.
2003	2004-2005	Assessment completed. No tax liability as per certificate given by DCT of Large Taxpayers Unit (LTU), Dhaka.
2004	2005-2006	Assessment completed. No tax liability as per certificate given by DCT of Large Taxpayers Unit (LTU), Dhaka.
2005	2006-2007	Assessment completed. No tax liability as per certificate given by DCT of Large Taxpayers Unit (LTU), Dhaka.
2006	2007-2008	Assessment completed. No tax liability as per certificate given by DCT of Large Taxpayers Unit (LTU), Dhaka.
2007	2008-2009	Assessment completed. No tax liability as per certificate given by DCT of Large Taxpayers Unit (LTU), Dhaka.
2008	2009-2010	Assessment completed. No tax liability as per certificate given by DCT of Large Taxpayers Unit (LTU), Dhaka.
2009	2010-2011	Assessment completed. No tax liability as per certificate given by DCT of Large Taxpayers Unit (LTU), Dhaka.
2010	2011-2012	Assessment completed. Tax was demanded Tk.48,392,044. The company filed an appeal to the commissioner of Taxes (Appeals) against the order of the DCT on March 27, 2013. In case of rejection of appeal maximum tax liability will be Tk. 48,392,044. It may be noted here that against this adequate provision has been made.
2011	2012-2013	The company has filed return to Large Taxpayers Unit (LTU), Dhaka on July 10, 2012 but assessment has not yet been completed.

Beside above, as on December 31, 2011 outstanding balance of Tax deducted at source was Tk. 2,599,172 which was subsequently deposited to NBR/Bangladesh Bank/ Sonali Bank through Treasury Challan.

Detail income tax status for the year 2007, 2008 & 2009 as per SEC query:

Year	Income year	Assessment year	Tax imposed as per Notice Demand u/s 135 of ITO, 1984	Tax paid	Difference	Reasons for non payment of tax and its consequence	Current status
2007	2007-2008	2008-2009	18,006,820	494,487	17,512,333	The company applied for rectification u/s 173 of the ITO, 1984 on April 8, 2012 for setting off of carry forward business losses. After rectification, there will be no demand of tax.	The order from the DCT was received on October 21, 2012. There was no tax liability.
2008	2008-2009	2009-2010	22,181,173	1,920,100	20,261,073	The company applied for rectification u/s 173 of the ITO, 1984 on April 8, 2012 for setting off of carry forward business losses. After rectification, there will be demand of tax about Tk.5,674,706 only.	The order from the DCT was received on January 10, 2013. There was tax demand of Tk.6,482,873 including interest. Tax was fully paid on January 15, 2013 and hence there was no tax liability.
2009	2009-2010	2010-2011	43,113,115	21,206,441	21,906,674	The company filed appeal before the Appellate Tribunal on different grounds on July 12, 2012. The company believes that the verdict of the Tribunal will be in favour of the company resulting no tax liability.	The Tribunal order was received on Sept. 13, 2012. The revised order u/s 159 of ITO, 1984 was received on Feb. 13, 2013. There was tax demand of Tk.3,911,197 including interest. Tax was fully paid on Feb. 14, 2013 and hence there was no tax liability.
Total			**83,301,108**	**23,621,028**	**59,680,080**		

c) Custom Duty and other Liabilities

As on December 31, 2011 outstanding balance of Excise duty deducted at source was Tk.760,370 which was subsequently deposited to NBR/Bangladesh Bank/ Sonali Bank through Treasury Challan.

Operating lease commitment during last five years

Sl.	Location	Contract Period	Yearly rent (Tk.)					
			2011	2010	2009	2008	2007	Total
01	Printers Building (9th level), 5, Rajuk Avenue Motijheel C/A Dhaka-1000.	01 January 2002 to 31 December 2006 and extended up to October 31, 2010.	-	3,441,750	2,096,250	1,950,000	1,950,000	**9,438,000**
02	Eunoos Centre (8th level), 52-53, Dilkusha C/A Dhaka-1000.	01 December 2009 to 30 November 2021	6,588,641	6,908,625	529,000	-	-	**14,026,266**
Total			**6,588,641**	**10,350,375**	**2,625,250**	**1,950,000**	**1,950,000**	**23,464,266**

Financial commitment including lease commitment during last five years

The company had taken five motor vehicles under lease finance agreement from International Leasing and Financial Services Limited (ILFSL). Details status is as follows:

Name of institution	Type of loan	Amount of loan (Tk.)	Rate of interest	Sanction Date	Installment Size (Tk.)	Outstanding Balance
ILFSL	Financial Lease	4,020,000	15.50%	06-Mar-07	111,510	NIL
		1,920,000	15.57%	12-Mar-08	53,300	104,554
		6,642,000	16.00%	31-Jul-11	181,780	6,267,365
		3,774,938	16.00%	31-Jul-11	91,800	3,562,005

Personnel related scheme

The company is currently staffed with 40 full time employees. FFIL strongly believes that human resources are the best assets of the Company. This is why the Company pays first priority in developing human resources through training and providing them with opportunities for rewarding careers that support our strong position in the financial market. In line with these beliefs, the Company has a well-designed compensation package for the employees to encourage professionalism, stimulate team-work and promote innovation reinforced with high ethical standards.

The company’s remuneration benefits include salary and allowances, festival bonus. The company also has the following retirement/ terminal benefits for the employees:

Provident fund

There is an NBR recognized provident fund scheme under the defined contribution plan. The fund is operated by a separate Board of Trustees. All eligible employees contribute 10% of their basic pay to the fund. The company also contributes equal of employee’s contribution to the fund. Benefits from the fund are given to eligible employees at the time of retirement/resignation as per approved rules of the fund.

Gratuity

The company has a separate Board of Trustees for operating the staff gratuity fund as approved by NBR. Employees of the company, who served the company for five years or above is entitled to get gratuity benefit at rates determined by the approved rules of the fund.

Bonus

The company gives two festival bonuses to employees, each equivalent to one month's basic salary, one at the time of Eid-ul-Fitr and another at the time of Eid-ul-Azha. Beside that the company also gives performance bonus in every year based on its profitability as decided by the Board.

Break down of IPO expense:

Sl.	Description	Basis of Fees	Amount in Tk. (approx.)
A.	**Issue Management Fees**		
1	Manager to the Issue Fee	Lump sum	1,500,000
2	VAT against Issue Management Fees	@ 4.5% on the Issue Management Fee	67,500
B.	**Listing Related Expenses:**		
3	Prospectus Submission Fee to DSE	Fixed	5,000
4	DSE & CSE Listing- Initial Fees	@ 0.25% on Tk. 100 million and 0.15% on the rest amount of paid up capital; maximum Tk. 2 million for each exchange	4,000,000
C.	**SEC Fees:**		
5	Application Fee		10,000
6	SEC Consent Fee	fee @ 0.15% on entire offer	675,000
D.	**IPO Commission & Fees**		
7	Underwriting Commission	@ 0.4% on Underwritten Amount	900,000
8	Bankers to the issue fee	@ 0.1% on collected amount (Five Times)	2,250,000
9	Credit Rating Fees	Lump sum	200,000
E.	**CDBL Fees and Expenses:**		
10	Security Deposit	Fixed	500,000
11	Annual Fee	At actual	100,000
12	Documentation Fee	At actual	2,500
13	Connection Fee	At actual	6,000
14	IPO Fees	@.025% of issue size	112,000

F.	**Printing and Post Public Offer Expenses:**	To be paid at actual	
15	Publication of abridge Version prospectus		300,000
16	Printing of Prospectus		500,000
17	Printing of application Forms		200,000
18	Hall & Others		250,000
19	BUET for Lottery conduction		250,000
20	Data entry & processing and other related job		5,000,000
21	Distribution of Allotment and Refund warrant including courier		350,000
22	Publication of Notice		200,000
23	Stationeries & Others		100,000
G.	**Grand Total**		**17,478,000**

Revaluation of Company's assets and summary thereof

The company has not made revaluation of any of its assets since its inception. However, the Associate Company of FFIL namely Fareast Stocks & Bonds Limited revalued its membership of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) based on prevailing market price the details of which are as under:

Description	**Information**
Name of valuer	M. M. Rahman & Co.
Address of valuer	54, Dilkusha Commercial Area, Dhaka-1000
Qualification of valuer	Chartered Accountants Firm
Work done by the valuer	Uttara Bank Limited, National Cotton Mills Limited
Reason for revaluation	For fair value measurement
Date of revaluation	31 Dec 2010
Value of asset prior to revaluation	Tk. 322,712,500
Historical cost of asset	Tk. 322,712,500
Value of asset after revaluation	Tk. 1,250,000,000

*[Considering the impairment of the revalued assets which is calculated according to the amount as disclosed in the letter # SEC/CI/IPO-92/2006/1974 dated 11 February 2013 of Bangladesh Securities and Exchange Commission (which was based on the observation of Chittagong Stock Exchange Ltd.) addressed to Ahmed Zaker & Co., Chartered Accountants, auditor of Fareast Finance & Investment Limited, it is found that the value of membership of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) is reduced to Tk. 520,000,000.]

Transaction between holding/subsidiary/associate Company and the issuer

The company is neither a parent nor a subsidiary of any other concern. However, it has an associate company namely Fareast Stocks & Bonds Limited in which FFIL holds fifty percent shareholding. The aforesaid associate Company was incorporated on 03 September 2009 as a private limited company under The Companies Act, 1994. Details transaction between associate company and the issuer are given below:

Name of the party	Nature of Transactions		Relation	Nature of Relationship	31 Dec, 09 Tk	31 Dec, 10 Tk	31 Dec, 11 Tk
Fareast Stocks & Bonds Limited	Funded	Loan	Creditor	Associate	-	1,417,340,125	1,837,340,125
		Investment			212,168,918	677,042,366	861,491,285
	Non-Funded	Letter of Guarantee	Creditor		-	750,000,000	750,000,000

Declaration for a Non-Banking Financial Institution

We hereby declare that requirements have been met as specified in the Financial Institution Act, 1993 (Act No. 27 of 1993) under the Financial Institutions Regulation 1994.

Sd/- M. A. Khaleque Chairman & Director	Sd/- Md. Monir Hossain Vice Chairman & Director	Sd/- M. Mustafizur Rahman Director
Sd/- Md. Anwer Hossian Khan Director	Sd/- Delwar Hossain Rana Director	Sd/- Umme Fatima Khaledee Jahan Director
Sd/- Md. Azmat Rahman Director	Sd/- Md. Shamsul Islam Director	Sd/- Md. Ershad Ullah Director
Sd/- M. A. Wahhab Director	Sd/- Nazim Asadul Haque Representing Asian Gate Ltd.	Sd/- Santanu Saha Managing Director

Auditors certificate regarding any allotment of shares to the directors & subscribers in Memorandum of Assoiciation & Articles of Association for any consideration otherwise than for cash

This is to certify that the paid-up capital of Fareast Finance & Investment Limited as of 31 December 2011 was Tk. 1,046,016,240 divided into 104,601,624 ordinary shares of Tk.10 each. Details are as follows:

Allotment Year	Basis			Total Amount (Tk.)
	In cash(Tk.)	Rights Share(Tk.)	Bonus Share(Tk.)	
First in 2001	50,000,000	-	-	50,000,000
Second in2004	-	87,500,100	7,500,000	95,000,100
Third in 2006	-	-	29,000,000	29,000,000
Fourth in 2007	-	-	21,750,000	21,750,000
Fifth in 2010	-	-	117,450,000	117,450,000
Sixth in 2010	-	50,000,000	-	50,000,000
Seventh in 2010	-	508,480,100	-	508,480,100
Eighth in 2011	-	-	174,336,040	174,336,040
Total	**50,000,000**	**645,980,200**	**350,036,040**	**1,046,016,240**

The shareholders of Fareast Finance & Investment Limited approved 10% stock dividend for the year ended 2011 in its 11th Annual General Meeting held on 8 March 2012 and accordingly they applied to Securities and Exchange Commission for approval vide letter no. FFIL/FS-005 (2)/2012/585 dated 8 March 2012. If approved by the SEC, the paid up capital before Initial Public Offering will stand Tk. 1,150,617,860 divided into 115,061,786 ordinary shares of TK. 10 each.

Besides, the company denominated the face value of its ordinary share from Tk. 100 to Tk. 10 through a special resolution in the Extraordinary General Meeting held on 20 October 2010.

Sd/-
Ahmed Zaker & Co.
Chartered Accountants

Dhaka
Date: 19 March 2012

* The SEC vide their letter no. SEC/CI/CPLC-05/2001/1286 dated May 14, 2012 approved application for raising paid up capital. Accordingly, the return of allotment (Form-XV) for this additional capital of the Company has duly been certified by the Registrar of Joint Stock Companies & Firms on 16 May 2012)

Declaration regarding suppression of material information

This is to declare that, to the best of our knowledge and belief, no information, facts or circumstances, have been suppressed, which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public.

For Fareast Finance & Investment Limited,

Sd/-
Santanu Saha
Managing Director
Fareast Finance & Investment Limited
Date: 24 December 2012

SECTION-VIII: INFORMATION ABOUT DIRECTORS & OFFICERS

Directors of the Company

Name	Designation	Age	Experience	Representing
M. A. Khaleque	Chairman & Director	63 years	38 years	Self
Md. Monir Hossain	Vice Chairman & Director	48 years	20 years	Self
M. Mustafizur Rahman	Director	76 years	51 years	Self
Md. Anwer Hossian Khan	Director	49 years	22 years	Self
Delwar Hossain Rana	Director	43 years	22 years	Self
Umme Fatima Khaledee Jahan	Director	38 years	11 years	Self
Md. Azmat Rahman	Director	38 years	16 years	Self
Md. Shamsul Islam	Director	39 years	23 years	Self
Md. Ershad Ullah	Director	37 years	15 years	Self
M. A. Wahhab	Director	72 years	47 years	Self
*Nazim Asadul Haque	Director	36 years	10 years	Asian Gate Limited
Santanu Saha	Managing Director	45 years	19 years	N/A

*Asian Gate Limited has nominated Nazim Asadul Haque as the Director of FFIL until further instruction.

Information regarding directors and directorship

Name	Designation	Date of becoming Director for the first time	Date of Expiration of Current Term
M. A. Khaleque	Chairman & Director	10 August 2004	13th AGM (2014)
Md. Monir Hossain	Vice Chairman & Director	21 June 2001	14th AGM (2015)
M. Mustafizur Rahman	Director	21 June 2001	14th AGM(2015)
Md. Anwer Hossian Khan	Director	21 June 2001	12th AGM(2013)
Delwar Hossain Rana	Director	21 June 2001	12th AGM(2013)
Umme Fatima Khaledee Jahan	Director	21 June 2001	12th AGM(2013)
Md. Azmat Rahman	Director	21 June 2001	12th AGM(2013)
Md. Shamsul Islam	Director	21 June 2001	13th AGM(2014)
Md. Ershad Ullah	Director	21 June 2001	13th AGM(2014)
M. A. Wahhab	Director	23 August 2005	14th AGM(2015)
Nazim Asadul Haque	Director	21 June 2001	13th AGM(2014)
Santanu Saha	Managing Director	01 June 2011	31 May 2014

Directors’ involvement in other organization

Name	Designation in the company	Directorship/Sponsorship/Ownership with other companies	Position
M. A. Khaleque	Chairman & Director	Maksons Bangladesh Limited Maksons Associates Limited Prime Bank Limited Fareast Islami Life Insurance Company Ltd. Getco Limited Getco Agro Vision Limited Getco Agri Techologist Limited Getco Elevator Company Limited Prime Property Holdings Limited PFI Properties Limited PFI Securities Limited Prime Prudential Fund Limited Prime Financial Securities Limited Fareast Stocks & Bonds Limited	Chairman Chairman Vice Chairman Director Director Director Director Director Chairman Chairman Sponsor Shareholder Chairman Chairman Chairman
Md. Monir Hossain	Vice Chairman & Director	Fahim Textile Mills Limited Noor Silk Mills (Pvt.) Limited M. R. F Trading Fariha Spinning Mills Limited	Managing Director Director Propietor Managing Director
M. Mustafizur Rahman	Director	Credit Rating Agency of Bangladesh Limited	Director
Md. Anwer Hossian Khan	Director	Anwer Khan Modern Medical College Modern Holding Limited Anwar Khan Modern Hospital Limited Haji Sakhawat Anwara Eye Hospital Limited Modern Diabetic Center Limited Modern Diagnostic Center Limited Marrey Gold Holdings Limited Shahjalal Islami Bank Limited Fareast Stocks & Bonds Limited Taqaful Islami Insurance Limited Prime University	Chairman Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Chairman Director Director Sponsor member
Delwar Hossain Rana	Director	Noor Silk Mills (Pvt) Limited Sunflower Fashion	Director Proprietor
Umme Fatima Khaledee Jahan	Director	Getco Agro Vision Limited Easy Fly Express Limited KBZ Properties Limited	Director Director Director

Md. Azmat Rahman	Director	Azmat Fashions Limited Azmat Apparels Limited Sharaka Industries Limited Fareast Dresses Limited Z-3 Dresses Limited Z-3 Embroidery Limited Zee-3 Washing Plant Limited Z-3 Composite Knitwear Limited Sulekha Paper Converting & Packaging Limited Mohona Television Limited A to Z Migration World Excelsior Agro Complex	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Director Partner Proprietor
Md. Shamsul Islam	Director	Karim Chemicals JSA Autos KV Industries Limited JSA Multitrade & Products Ltd R.K. Metal Industries Limited	Proprietor Proprietor Shareholder Managing Director Shareholder
Md. Ershad Ullah	Director	Ershad Enterprize M/S Ershad Shipping Line Diganta Paribahan Pvt. Limited	Proprietor Proprietor Managing Director
M. A. Wahhab	Director	Prime Islami Life Insurance Co. Limited MAWSONS Limited Fareast Stocks & Bonds Limited PFI Securities Limited PFI Properties Limited Prime Prudential Fund Limited Prime Asia University	Director Manging Director Director Director Director Direcrtor Director
Nazim Asadul Haque	Director	Bangla Trac Limited Bangla Trac Communications Ltd. Asian Gate Limited ACORN Infrastructure Services Ltd. B-Trac Engineering Ltd. Bangla Trac Power Ltd. Khoniz Bangladesh Ltd. THANE Technology Bangla Trac Oil & Gas Ltd. Miaki Media Ltd. Bangla Trac Miaki VAS Ltd. Bangla Trac Miaki Green Power Ltd. Bangla Trac Media Ltd. B-Trac Aviation Ltd. Trac Resources Ltd. ACORN Limited	Managing Director Chairman Managing Director Chairman Director Managing Director Managing Director Chairman Managing Director Chairman Chairman Chairman Chairman Chairman Chairman Managing Director
Santanu Saha	Managing Director	Nil.	-

Family Relationship among Directors

Name of the directors	Positon in the company	Relationship
Md. Monir Hossain	Vice Chairman & Director	Brother of Delwar Hossain Rana, Director
Delwar Hossain Rana	Director	Brother of Md. Monir Hossain, Vice Chairman & Director
Md. Shamsul Islam	Director	Brother-in-law of Ershad Ullah, Director
Ershad Ullah	Director	Brother-in-law of Md. Shamsul Islam, Director

Family Relationship among the Directors and top five executives

There is no family relationship among Directors and top five officers of the Company.

Short Bio-Data of the Directors.

M. A. Khaleque, *Chairman, Board of Directors*

Mr. M. A. Khaleque, the Founder and Sponsor Director of Prime Bank Limited, Chairman of Prime Property Holdings Limited and Director of Fareast Islami Life Insurance limited has vast experience in the banking, insurance and financial institution arena.

He is also associated with many social organizations and has established many colleges, schools, madrasas in Pirojpur and Jhalakathi.

Md. Monir Hossain, *Vice Chairman*

Mr. Md. Monir Hossain hailing from textile family started his own trading business and also involved in the textile industry in the year 1990. Subsequently in 2000, Mr. Hossain flourished his textile business by establishing Fahim Textile Mills Limited and subsequently he launched a spinning mill namely Fariha Spinning Mills Limited.

M. Mustafizur Rahman, *Director*

Mr. M. Mustafizur Rahman, a renowned former Government Official, completed his M. A. from the University of Dhaka, Bangladesh and from Williams College, Massachusetts, USA. Mr. Rahman served the Government in different capacities including Chairman, Water Development Board, Secretary, Civil Aviation and Tourism, Information and Broadcasting and Education. He was also Finance Secretary, President's Secretary, Alternate Executive Director of World Bank and Executive Chairman, Board of Investment, Government of Bangladesh.

On retirement from the Government service, Mr. Rahman involved himself in the development of Financial Institutions and became the founder Chairman of Fareast Finance & Investment Limited. Besides, he is a Director of Credit Rating Agency of Bangladesh Limited.

Md. Anwer Hossian Khan, *Director*

Mr. Md. Anwer Hossian Khan completed his Masters in Accounting in the year 1988 from Dhaka University. Immediately after completion of his academic pursuits, he started diagnostic business in the name of Modern Diagnostic Center Limited and over the 17 years he has made impressive gains in industrial and service sectors and has developed several model institutions in the country. In the year 2001 Mr. Khan added the banking, insurance and finance sector in his operational area when he became Sponsor Director of Shahjalal Islami Bank Limited, Taqaful Islami Insurance Limited and Fareast Finance & Investment Limited. Now he is the Chairman of Shahjalal Islami Bank Limited.

In the year 2003, Mr. Khan started Prime University as a sponsor Member of the Board of Governing Council and in the year 2005, Mr. Khan again started to complete his dream of establishing a modern general hospital, Eye hospital and also a Diabetic Center in the name of Anwer Khan Modern Hospital, Haji Shakhawat Anwara Eye Hospital and Modern Diabetic Center Ltd. respectively.

Delwar Hossain Rana, *Director*

Mr. Delwar Hossain Rana, a commerce graduate started his career in textile sector in the year 1988 along with his father Alhajj Noor Mohammad, Chairman, Noor Silk Mills Limited. Subsequently, in the year 2001 he diversified his interest from textile to financial institution sector and became a sponsor director of Fareast Finance & Investment Limited.

Umme Fatima Khaledee Jahan, *Director*

Mrs. Umme Fatima Khaledee Jahan wife of Mr. Azizur Rahman Bhuiyan is currently residing in Canada. She is a wage earner. She is also the director of Getco Agro Vision Limited, Easy Fly Express Limited and KBZ Properties Limited.

Md. Azmat Rahman, *Director*

Mr. Md. Azmat Rahman born in the year 1971 completed his Graduation in the year 1994 from University of WYOMING, USA. After completion his academic he joined his family garment business in the same year. After his joining, the company flourished in different ways and made impressive gains.

In the year 2001 Mr. Rahman diversified his operation from garment to the financial sector and became a Sponsor Director of Fareast Finance & Investment Limited.

Md. Shamsul Islam, *Director*

Mr. Md. Shamsul Islam a Masters in Management joined his father’s renowned tobacco business in the year 1987 and continued up to 8 years. Subsequently, he joined his father’s match factory in the year 1996 as Managing Director and with his skill, proficiency and courage he made a turnaround of the company from a losing concern to a profit generating company.

Besides, from the very beginning of his business career, he was engaged in trading business of Chemicals and vehicles.

Lately Mr. Islam diversified his interest in the financial sector and joined in Fareast Finance & Investment Limited as Sponsor Director in the year 2001.

Md. Ershad Ullah, *Director*

Mr. Md. Ershad Ullah completed his graduation in Management from Southeast Asian Union American College, Singapore in the year 1995. He is hailing from a family engaged in transport and has given commendable support to his father in running a renowned transport organization "Diganta Paribahan" from the same year. After joining of Mr. Md. Ershad Ullah the business flourished and made impressive gains. Subsequently, in the year 1996 he started a new transport business line in the name of Ershad Enterprise.

In the year 2001 he diversified his operational area from transport to financial institution sector and became a Sponsor Director of Fareast Finance & Investment Limited.

M. A. Wahhab, Director

Mr. M. A. Wahhab a veteran banker joined in the Janata Bank (the then United Bank Limited) in the year 1961 and served there up to 1984. Then he was placed to Rupali Bank in the year 1984 as the General Manager. Subsequently in the year 1985 he joined the National Bank Limited as the Deputy Managing Director and he retired from the service as the Managing Director of the same bank.

After successful completion of banking carrier Mr. Wahhab started his business career as the Managing Director of MAWSONS Limited. Subsequently, he made investment in the financial institution sector by becoming director in Fareast Finance & Investment Limited. Besides, he is a Member of the Board of Governing Council of Prime Asia University.

Nazim Asadul Haque, *Director, Representative of. Asian Gate Limited*

Mr. Nazim Asadul Haque born in the year 1974 completed his Masters in Finance from London University. After completion of his academic he joined in Goldman Sachs, Investment Banking Company, London as an Analyst in the year 1998. At present he is the Managing Director of Bangla Trac Limited, an indenter, importer, supplier of heavy equipment.

Credit Information Bureau (CIB) Report

Neither the company nor any of its Directors or shareholders who hold 5% or more shares in the paid up capital of the issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

Description of top executives and departmental heads

Name	Designation	Date of joining	Educational qualification	Last five years experience
Santanu Saha	Managing Director	January 5, 2002 (Appointed as Managing Director on June 1, 2011)	M. Com., FCA, FCMA, ACS, FIAT	Deputy Managing Director and Company Secretary at FFIL
Mohammed Hafizour Rahman	Senior Vice President & CFO, (Accounts & Finance)	April 1, 2008	M.com, ACA	Hoda Vasi & Company, Fahmi Group of Industries
Md. Anwar Hussain	Assistant Vice President, (Finance & HR)	April 12, 2003	MBA	FFIL
Sheik Khaled Zahir	AVP & Company Secretary, (Corporate Affairs)	February 20,2011	MBA, ACS	ASA International, DBL Group, Singer Bangladesh Ltd.
Tanvir Hasan	Assistant Vice President, (Internal Control & Compliance)	September 1, 2009	M.Com, ACA	Square Pharmaceuticals Ltd., FFIL
Mohammad Hossain Khan	Assistant Vice President, (Treasury)	October 15, 2009	M.Com, CA-Inter	Pran RFL, GSP Finance, FFIL
Mohammad Rofiqul Alam	Senior Manager, (Credit)	April 01, 2008	MBA	FFIL
Mutiul Aziz Khan	Manager, (Capital Market Operation)	February 8, 2007	MDS, MBA	Globe Securities Ltd., FFIL

Involvement of Directors and Officers in certain legal proceedings

No officer or Director of the Company was involved in any of the following types of legal proceedings in the last ten years.

(a) Any Bankruptcy Petition filed by or against any company of which any officer or director of the Company filing the Prospectus was a director, officer or partner at the time of the bankruptcy.
(b) Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.
(c) Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.
(d) Any order of the Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities

Certain relationships and related transactions

As per Bangladesh Accounting Standard-24 "Related Party Disclosures" and DFIM circular # 11 dated 23 December 2009, no transaction was made with the related parties and on balance sheet date there is no balance outstanding excluding the following transactions and closing balances in the ordinary course of business at normal commercial interest rate:

Name of the company	Nature of relationship	Related directors	Nature of transactions	Total transaction during the year 2011	Balance as at 31 December 2011	Balance as at 31 December 2010	Balance as at 31 December 2009
				Taka	Taka	Taka	Taka
Shahjalal Islami Bank Ltd.	Common Director	Mr. Md. Anwer Hossian Khan	Deposit given Deposit taken Term loan taken STD account	305,626 0 264,042,430 10,567	4,300,189 0 242,366,923 57,411	3,994,563 0 0 67,978	3,681,807 50,000,000 0 68,379
Prime Islami Life Insurance Ltd.	Common Director	Mr. M. A. Wahhab	Deposit taken	102,476,628	150,256,928	47,780,300	140,000,000
Fareast Islami Life Insurance Co. Ltd.	Common Director	Mr. M. A. Khaleque	Deposit taken	424,460,000	474,460,000	50,000,000	0
Prime Bank Ltd.	Common Director	Mr. M. A. Khaleque	STD account	18,347	748,816	730,469	595,322
Fareast Stocks & Bonds Ltd.	Common Director	Mr. M. A. Khaleque Mr. Md. Anwer Hossian Khan Mr. M. A. Wahhab	Investments Term loan given Letter of guarantee	184,448,919 778,810,971 0	861,491,285 1,837,340,125 750,000,000	677,042,366 1,417,340,125 750,000,000	212,168,918 0 0

Except the above the company neither proposed any transaction nor had any transaction during the last two years, between the issuer and any of the following persons:

a) Any director or executive officer of the issuer
b) Any director or officer

c) Any person owning 5% or more of the outstanding shares of the issuer
d) Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.
e) Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of prospectus.
f) Any loan either taken or given from or to any director or any person connected with the director, any loan taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan.

Interest and facilities enjoyed by the Directors

The Directors did not enjoy any interest, any facilities, whether pecuniary or non-pecuniary excepting fee for attending in the Meetings of the Board of Directors.

Executive Compensation

a) Remuneration paid to top five salaried officers

Name	Designation	Gross Salary (Tk.) Jan- Dec 2011
*Santanu Saha	Managing Director	4,275,000
*Mohammed Hafizour Rahman	Senior Vice President & CFO	1,535,424
Md. Anwar Hussain	Assistant Vice President	1,171,968
Sheik Khaled Zahir	AVP & Company Secretary	617,903
Mohammad Hossain Khan	Senior Manager	861,744

* Mr. Santanu Saha, MD and Mohammad Hafizour Rahman, SVP & CFO have been provided full time car facility.

b) Aggregate amount of Remuneration paid to the Directors and Officers during last Accounting Year

Particular	Amount (Taka) Paid in Jan-Dec 2011
Directors’ fees	830,000
Officers/Employees	30,476,010

c) Remuneration paid to Director who was not an officer during the last accounting year.

The company did not pay any remuneration to any director who was not an officer during the last accounting year.

d) Future Compensation to Directors or Officers

There is no contract with any Director or Officer providing for the payment of any future compensation.

e) Pay increase intention

Except for normal annual increment and allowances, there is no plan for substantial pay increase to its officers and Directors in the current year.

Options granted to Directors, officers and employees

The company did not grant any option to any officer, Director and all other officers of the Company or to any other person involved with the company.

Transaction with the Directors and subscribers to the memorandum

a) The Directors and subscriber to the memorandum have not received any benefits directly or indirectly other than dividend and Directors' fees during last five years. The issuer also has not received any assets, services or other consideration from its Directors and subscribers to the memorandum except fund against allotment of shares.

b) No assets were acquired or are to be acquired from the Directors and subscribers to the memorandum.

Tangible assets per share

(As per audited accounts as on 31 December 2011)

Particulars	Amount (Taka)
Asset:	
Cash	35,539,776
Balance with other banks and financial institutions	216,579,703
Investments	192,708,218
Loans, advances and leases	4,944,245,906
Fixed assets including premises, furniture and fixtures	24,135,641
Other assets	1,101,190,798
Total Asset (A)	**6,514,400,042**
Liability :	
Borrowings from other banks, financial institutions and agents	1,888,107,716
Deposits and other accounts	2,322,858,796
Other liabilities	570,590,497
Total Liabilities (B)	**4,781,557,009**
Net tangible asset value C=(A-B)	**1,732,843,033**
Total no. of shares (D)	104,601,624
Net tangible asset value per share E=C/D	**16.57**

Ownership of the Company's securities

Sl.	Name of the Shareholders	Position	Address	Number of Shares	% of holding (Pre-IPO)	% of holding (Post-IPO)
1.	Mohammad Abdul Khaleque	Chairman & Director	Priyoprangan, D-04-07, 2, Paribag, Dhaka, Bangladeshi	3,201,236	2.78	2.00
2.	Md. Monir Hossain	Vice Chairman & Director	Vill. – Noapara, P.O. – Tarab, P.S.-Rupganj, District-Narayanganj, Bangladeshi	10,011,232	8.70	6.25
3.	Mir Mustafizur Rahman	Director	112, Gulshan Avenue, Gulshan, Dhaka, Bangladeshi	4,961,088	4.31	3.10
4.	Md. Anwer Hossian Khan	Director	Apt. # 4D, Eastern Housing Apratment, 26/B, Topkhana Road, Segunbagicha, Dhaka , Bangladeshi	9,320,863	8.10	5.82
5.	Delwar Hossain Rana	Director	Vill. – Noapara, P.O. – Tarab, P.S-Rupganj, District-Narayanganj, Bangladeshi	3,313,443	2.88	2.07
6.	Umme Fatima Khaledee Jahan	Director	House # 5, Road # 13, Block # E, Baridhara, Dhaka, Bangladeshi	3,201,236	2.78	2.00
7.	Md. Azmat Rahman	Director	CTD-6, Century Tower, Bara Moghbazar, Dhaka, Bangladeshi	9,594,108	8.34	5.99

8.	Md. Shamsul Islam	Director	Vill. – Sarai, P.O. – Haragas, P.S.– Kawnia, District- Rangpur, Bangladeshi	3,201,236	2.78	2.00
9.	Md. Ershad Ullah	Director	257/Ka, Bagbari, Mirpur, Dhaka, Bangladeshi	5,655,796	4.92	3.53
10.	Mohammad Abdul Wahhab	Director	House # 63, Avenue # 5, Section # 6, Block # A, Mirpur Housing Estate, Dhaka, Bangladeshi	5,633,758	4.90	3.52
11.	Asian Gate Limited	Director (represented by Nazim Asadul Haque)	House # 13, Road # 104, Gulshan, Dhaka-1212, Bangladeshi	8,605,941	7.48	5.38
12.	AlhajjTofazzal Hossain	Shareholder	Vill. – Noapara, P.O. – Tarab, P.S.- Rupganj, District- Narayanganj, Bangladeshi	8,537,050	7.42	5.33
13.	Shahriar Khaled	Shareholder	Priyoprangan, D-04-07, 2, Paribag, Dhaka, Bangladeshi	2,279,100	1.98	1.42
14.	Dr. Khadiza Waheeda Jahan	Shareholder	House # 63, Avenue # 5, Section # 6, Block # A, Mirpur Housing Estate, Dhaka, Bangladeshi	2,972,156	2.58	1.86
15.	Khondker Mohammad Khaled	Shareholder	GETCO Plaza. 26, Shaymoli, Mirpur Road, Dhaka, Bangladeshi	5,404,678	4.70	3.38

16.	Tahmina Afroz	Shareholder	House # 32 (Flat # C3), Road # 5, Dhanmondi R/A, Dhaka, Bangladeshi	2,153,799	1.87	1.35
17.	Umme Islam Sohana	Shareholder	Vill. – Sarai, P.O. – Haragas, P.S.– Kawnia, District- Rangpur, Bangladeshi	1,444,787	1.26	0.90
18.	Mehdi Hassan	Shareholder	House # NE(B)-3B, Road # 74, Gulshan, Dhaka, Bangladeshi	3,797,587	3.30	2.37
19.	Nawsia Ershad	Shareholder	257/Ka, Bagbari, Mirpur, Dhaka, Bangladeshi	538,902	0.47	0.34
20.	Iftekhar Uddin Ahmed	Shareholder	Village and Post Office: Rupshi, Pollice Station: Rupganj, District: Narayangonj, Bangladeshi	1,334,047	1.16	0.83
21.	Md. Kabir Hossain	Shareholder	32 Boro Moghbazar, Dhaka, Bangladeshi	2,501,339	2.17	1.56
22.	Abdul Aziz Bepari	Shareholder	346/1/A West Rampura, Polashbag Road, Dhaka, Bangladeshi	1,334,047	1.16	0.83
23.	Mujibur Rahman	Shareholder	114 Dilu Road, Dhaka, Bangladeshi	3,335,119	2.90	2.08
24.	Rahima Khatun	Shareholder	102/3 Ibrahimpur, Dhaka, Bangladeshi	1,334,047	1.16	0.83
25.	Khalilur Rahman	Shareholder	150 Rohomatgonj, Dhaka, Bangladeshi	2,501,339	2.17	1.56
26.	Momtaz Begum	Shareholder	C/O Mr. A K M Alauddin Al Mamun House # 23 (1st floor), Road # Westend Street, Dhanmondi-1205, Bangladeshi	1,334,047	1.16	0.83

27.	Anowara Begum	Shareholder	213 Senpara Parbata, Mirpur, Dhaka, Bangladeshi	1,334,047	1.16	0.83
28.	Sharmin Akter	Shareholder	9/A/2 West Jatrabari, Dhaka, Bangladeshi	1,667,558	1.45	1.04
29.	Rubaiyat Khaled	Shareholder	Priyoprangan, D-04-07, 2, Paribag, Dhaka, Bangladeshi	2,279,100	1.98	1.42
30.	Sarwat Khaled	Shareholder	Priyoprangan, D-04-07, 2, Paribag, Dhaka, Bangladeshi	2,279,100	1.98	1.42
	Total			**115,061,786**	**100**	**71.89**

Securities owned by the top ten salaried officers, and all other officers as a group of the Company

There are no shares owned by the top ten salaried officers, and all other officers as a group of the Company.

Shareholder holding 5% or more shares

Name of the shareholders	Position	Address	No. of shares	% of total shareholding
Md. Monir Hossain	Vice Chairman & Director	Vill. – Noapara, P.O. – Tarab, P.S.-Rupganj, District-Narayanganj, Bangladeshi	10,011,232	8.70
Md. Anwer Hossian Khan	Director	Apt. # 4D, Eastern Housing Apratment, 26/B, Topkhana Road, Segunbagicha, Dhaka , Bangladeshi	9,320,863	8.10
Md. Azmat Rahman	Director	CTD-6, Century Tower, Bara Moghbazar, Dhaka, Bangladeshi	9,594,108	8.34
Asian Gate Limited	Director (represented by Nazim Asadul Haque)	House # 13, Road # 104, Gulshan, Dhaka-1212, Bangladeshi	8,605,941	7.48
AlhajjTofazzal Hossain	Shareholder	Vill. – Noapara, P.O. – Tarab, P.S.-Rupganj, District-Narayanganj, Bangladeshi	8,537,050	7.42

SECTION-IX: OFFER PRICE DETERMINATION & FEATURES OF IPO

Determination of offer price

Method 1: Price based on Net Asset Value per share

Sl.	Particulars	Amount
1	Paid up capital	1,046,016,240
2	Statutory reserve	114,643,818
3	Revaluation reserve	463,643,750
4	Retained earnings	108,539,225
5	**Total Equity including revaluation reserve**	**1,732,843,033**
*6	Revaluation reserve considering impairment in the valuation of DSE and CSE membership of the associate company	98,643,750
*7	**Total Equity considering impairment in the valuation of revaluation reserve**	**1,367,843,033**
8	**Total Equity excluding revaluation reserve**	**1,269,199,283**
9	No. of share outstanding before IPO considering 10% bonus	115,061,786
10	**Net Asset Value per share including revaluation reserve**	**15.06**
*11	**Net Asset Value per share considering impairment of revaluation reserve**	**11.89**
12	**Net Asset Value per share excluding revaluation reserve**	**11.03**

*Considering the impairment of the revalued assets which is calculated according to the amount as disclosed in the letter # SEC/CI/IPO-92/2006/1974 dated 11 February 2013 of Bangladesh Securities and Exchange Commission (which was based on the observation of Chittagong Stock Exchange) addressed to Ahmed Zaker & Co. Chartered Accountants, Auditor of Fareast Finance & Investment Limited.

From the above calculation, it appears that the offer price Tk. 10 each at par is quite justified.

Market for the securities being offered

The issuer shall apply to all the stock exchanges in Bangladesh with 7 (Seven) working days from the date of consent accorded by the Commission to issue prospectus.

The issuer will apply at:

Dhaka Stock Exchange Limited.
9/E, Motijheel Commercial Area, Dhaka 1000.

And

Chittagong Stock Exchange Limited
CSE Building, 1080, Sheikh Mujib Road, Chittagong 4100

Declaration about listing of shares with Stock Exchange(s)

None of the stock exchange(s), if for any reason, grants listing within seventy five (75) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said seventy five (75) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen (15) days, the company's Directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (Two Percent) per month above the bank rate, to the subscribers concerned.

The Issue Manager, in addition to the Issuer Company, shall ensure due compliance of the above mentioned conditions and submit compliance report, thereon, to the Commission within seven (7) days of expiry of the aforesaid fifteen (15) days time period allowed for refund of the subscription money.

Trading and settlement
Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the Company

The issue shall be placed in Category "N" with DSE and CSE

Description of Securities outstanding or being offered

Dividend, Voting, Preemption Rights

The share capital of the company is divided into ordinary shares, carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the company. All Shareholders shall have the usual voting right in person or by proxy or power of attorney in connection with, among others, selection of Directors and Auditors and other usual General Meeting whether ordinary or extraordinary. On a show of hands every shareholder present and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.

In case of any additional issue of shares for raising further capital, the existing shareholders shall be entitled to issue of Rights shares in terms of the guidelines issued by SEC from time to time.

Conversion and Liquidation Rights

If the Company at any time issues convertible preferences shares or debentures with the consent of SEC or/and other regulatory authority, such holders of securities shall be entitled to convert such securities into ordinary shares if it is so determined by the Company.

In terms of the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant rules in force, the shares, if any, of the company are freely transferable. The company shall not charge any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mind.

Dividend Policy

1. The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association and subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the shares held by them respectively.
2. No larger dividend shall be declared than is recommended by the Directors, but the Company at its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net profit of the company shall be conclusive.
3. No dividend shall be payable except out of profits of the company or any other undistributed profits. Dividend shall not carry interest as against the Company.
4. The Directors may, from time to time, pay the members, such interim dividend, as in their judgment, the financial position of the Company may justify.
5. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
6. There is no limitation on payment of dividends to common stockholders.

Other Rights of the Shareholders

In terms of provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The Directors shall present the financial statements as required under the law and Bangladesh Accounting Standards (BAS). Financial Statements will be prepared in accordance with the Bangladesh Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and Bangladesh Accounting Standard to the shareholders regarding the financial and operational position of the Company. The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it, in proportion to their shareholdings, on the date of book closure for the purpose.

The shareholder holding not les than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the company as provided under Section 84 of the Companies Act, 1994.

Debt Securities

The Company has not issued any debt securities and has no future plan as such within six months.

SECTION-X: LOCK-IN PROVISION

All issued shares of the issuer at the time of according consent to public offering shall be subject to **a lock-in period of 3 (Three) years** from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than Directors and those who hold 5% or more, who have subscribed to the shares of the Company within immediately preceding 2 (Two) years of according consent, shall be subject to **a lock-in period of 1 (One) year** from the date of issuance of prospectus or commercial operation, whichever comes later.

Shares held by Directors & those who hold 5% or more shares

Sl.	Name of the Shareholders	Position	Date of 1st acquisition	Number of Shares	Lock in	Expiration date
1	Mohammad Abdul Khaleque	Chairman & Director	12 August 2004	3,201,236	3 years	10 June 2016
2	Md. Monir Hossain	Vice Chairman & Director	21 June 2001	10,011,232	3 years	10 June 2016
3	Mir Mustafizur Rahman	Director	21 June 2001	4,961,088	3 years	10 June 2016
4	Md. Anwer Hossian Khan	Director	21 June 2001	9,320,863	3 years	10 June 2016
5	Delwar Hossain Rana	Director	21 June 2001	3,313,443	3 years	10 June 2016
6	Umme Fatima Khaledee Jahan	Director	21 June 2001	3,201,236	3 years	10 June 2016
7	Md. Azmat Rahman	Director	21 June 2001	9,594,108	3 years	10 June 2016
8	Md. Shamsul Islam	Director	21 June 2001	3,201,236	3 years	10 June 2016
9	Md. Ershad Ullah	Director	21 June 2001	5,655,796	3 years	10 June 2016
10	Mohammad Abdul Wahhab	Director	12 August 2004	5,633,758	3 years	10 June 2016
11	Asian Gate Limited	Director (represented by Nazim Asadul Haque)	12 August 2004	8,605,941	3 years	10 June 2016
12	AlhajjTofazzal Hossain	Shareholder	21 June 2001	8,537,050	3 years	10 June 2016

Shares held by persons other than Directors & those who hold 5% or more shares

Name of the Shareholders	Date of 1st acquisition	Number of Shares	Lock in	Expiration date
Shahriar Khaled	21 June 2001	2,279,100	3 Years	10 June 2016
Khondker Mohammad Khaled	12 Aug 2004	5,404,678	3 Years	10 June 2016
Tahmina Afroz	29 June 2005	2,153,799	3 Years	10 June 2016
Umme Islam Sohana	14 Aug 2007	1,444,787	3 Years	10 June 2016
Mehdi Hassan	27 Nov 2007	3,797,587	3 Years	10 June 2016
Nawsia Ershad	24 Jan 2008	538,902	3 Years	10 June 2016
Iftekhar Uddin Ahmed	20 Oct 2010	1,334,047	3 Years	10 June 2016
Md. Kabir Hossain	20 Oct 2010	2,501,339	3 Years	10 June 2016
Abdul Aziz Bepari	20 Oct 2010	1,334,047	3 Years	10 June 2016
Mujibur Rahman	20 Oct 2010	3,335,119	3 Years	10 June 2016
Rahima Khatun	20 Oct 2010	1,334,047	3 Years	10 June 2016
Khalilur Rahman	20 Oct 2010	2,501,339	3 Years	10 June 2016
Momtaz Begum	20 Oct 2010	1,334,047	3 Years	10 June 2016
Anowara Begum	20 Oct 2010	1,334,047	3 Years	10 June 2016
Sharmin Akter	20 Oct 2010	1,667,558	3 Years	10 June 2016
Rubaiyat Khaled	20 Oct 2010	2,279,100	3 Years	10 June 2016
Sarwat Khaled	20 Oct 2010	2,279,100	3 Years	10 June 2016

SECTION-XI: REFUND & SUBSCRIPTION

Refund of subscription money

As per SEC Notification Dated February 9, 2010, the issuer shall refund application money to the unsuccessful applicant of the public offer by any of the following manner based on the option given by the applicant in the application form;-

(a) Through banking channel for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription; or

(b) Through issuance of refund warrant in the name and address of the applicant as provided in the respective application form for subscription:

Provided that, in case of deposit into the applicant's bank account, the applicant will bear the applicable service charge, if any, of the applicant's banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected."

Subscription by and refund to non-resident Bangladeshis (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".

2. The value of securities applied for by such person may be paid in Taka or US dollar or UK pound sterling or EURO at the rate of exchange mentioned in the securities application form.

3. Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

Availability of securities

1. Securities

	Securities	Number of shares	Total amount (Tk.)
A	10% of IPO of Ordinary Shares shall be reserved for Non Resident Bangladeshis	4,500,000	45,000,000
B	10% of IPO of Ordinary Shares shall be reserved for Mutual funds and Collective Investment schemes registered with the Commission	4,500,000	45,000,000
C	20% of IPO of Ordinary Shares shall be reserved for aggrieved small investors	9,000,000	90,000,000
D	60% of IPO of Ordinary Shares shall be opened for Subscription by the General Public	27,000,000	270,000,000
	Total (A+B+C+D)	**45,000,000**	**450,000,000**

2. All securities as stated in 1(A), 1(B), 1(C) and 1(D) shall be offered for subscription and subsequent allotment by the Issuer, subject to any restriction, which may be imposed, from time to time, by the Securities and Exchange Commission.
3. In case of over-subscription under any of the categories mentioned in the clause 1(A), 1(B) 1(C) and I(D), the Issue Manger shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.
4. In case of under-subscription under any of the 20% and 10% categories mentioned in clause A, B and C the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
5. In case of under subscription of the public offering, the unsubscribed portion of the shares shall be taken up by the underwriter (s).
6. The lottery as stated in clause (3) and (4) shall be conducted in presence of representatives from Issuer, Stock Exchange(s) and the applicants, if there be any.

SECTION-XII: PLAN OF DISTRIBUTION

Underwriting of shares

The initial public offering (IPO) is for 45,000,000 ordinary shares of Tk. 10 each at par, totaling Tk. 450,000,000 of Fareast Finance & Investment Limited. As per guideline of the Securities and Exchange Commission, 50% of the IPO amount i.e., 22,500,000 shares has to be underwritten on a firm commitment basis by the following underwriters:
No additional commission will be paid on the amount of shares required to be subscribed by the underwriters.

Sl.	Name of Underwriters	Number of shares underwritten	Amount (Tk.)
1	Grameen Capital Management Ltd.	5,000,000	50,000,000
2	GSP Finance Company (BD) Ltd.	1,000,000	10,000,000
3	ICB Capital Management Ltd.	2,500,000	25,000,000
4	Jamuna Bank Capital Management Limited	1,000,000	10,000,000
5	Lanka Bangla Investments Ltd.	1,500,000	15,000,000
6	MTB Capital Limited	1,000,000	10,000,000
7	Prime Finance Capital Management Ltd.	5,000,000	50,000,000
8	Prime Bank Investment Ltd.	1,500,000	15,000,000
9	PLFS Investment Ltd.	1,000,000	10,000,000
10	Southeast Bank Capital Services Ltd.	1,000,000	10,000,000
11	Union Capital Ltd.	2,000,000	20,000,000
	Total	**22,500,000**	**225,000,000**

Principal terms and conditions of underwriting agreement

1. If and to the extent that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (Ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares in cash in full within 15(Fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.

2. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the Agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account has been credited.

3. In any case within 7 (Seven) days after the expiry of the aforesaid 15(Fifteen) days, the Company shall send proof of subscription and payment by the underwriter to the Commission.

4. In the case of failure by the underwriter to pay for the shares under the terms mentioned above, the said Underwriter will not be eligible to underwrite any issue, until such time as he fulfils his underwriting

commitment under the Agreement and also other penalties as may be determined by the Commission may be imposed on him.

5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under the Agreement.

6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequence and/or penalties as determined by the Securities and Exchange Commission under the law may be imposed on them.

Commission for the underwriters

The company shall pay to the underwriter an underwriting commission at the rate of 0.4% of 50% of the IPO amount of issue value of shares underwritten by them out of the Public Issue.

Right of Underwriters on Company's Board

Underwriters have not acquired any right to have their representatives in the Board of Direcrtors of the Company.

Application for subscription

1. Application for shares may be made for a minimum lot for **500** ordinary shares to the value of **Tk. 5,000/- (Taka Five Thousand only)** and should be made on the company's Printed Application Forms. Application Forms and Prospectus may be obtained from the Registered Office of the Company, members of Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, or from the Bankers to the issue. In case, adequate Forms are not available, applicants may use photocopied/ cyclostyled/ handwritten/typed copies of the Forms. Applications must not be for less than **500** shares. Any application not meeting this criterion will not be considered for allotment purpose.

2. Joint application form for more than two (2) persons will not be accepted. In the case of joint application, each party must sign the application form.

3. Application must be in full name of individuals, or limited companies, or trusts or societies, and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies and limited companies must be accompanied by Memorandum and Articles of Association.

4. **An applicant cannot submit more than two applications, one in his/her own name and other jointly with another person. In case an applicant makes more than two applications, all the application will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (Fifteen) of the application money will be forfeited by the Commission and the balance amount will be refurnded to the applicant.**

5. **The applicant shall provide with the same bank account number in the application form as it is in the BO account of the application.**

6. **The applilcants who have applied for more than two applicantions using same bank account, their application will not be considered for lottery and the Commission may forfeit whole or part of the their application too.**

7. An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application) is completed. If any BO account mentioned in the IPO application is found closed, the allotted security may be forfeited by SEC.

8. Bangladeshi Nationals (including non-resident Bangladeshi Nationals working abroad) and foreign nationals shall be entitled to apply for the share.

9. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/offices of the banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque/ Pay Order/ Bank Draft shall be made payable to the bank to which it is sent and be marked **“Fareast Finance & Investment Limited”** and shall bear the crossing **“A/C Payee Only”** and must be drawn on a bank in the same town of the bank to which application form is deposited.

10. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft, drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for.
    The value of securities applied for may be paid in Taka, US Dollars, UK Pounds Sterling or EURO at the spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. Refund against over subscription of shares shall be made in the currency, in which the value of shares, applied for, was paid by the applicant. Shares application form against the quota for NRB shall be sent by the applicant directly along with a bank draft or cheque to the Company at its registered office. Copies of application form and prospectus shall be available with the Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia, and South Korea and on the website of the Issuer, Issue Manager, DSE, CSE & the SEC.

11. All completed application forms together with remittances for the full amount, payable on application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.

12. The IPO subscription money collected from investors (other than non-resident Bangladeshis in US Dollar or UK Pound Sterling or EURO) by the Bankers to the Issue will be remitted to the **Company’s Account No. 1505200130865001** with BRAC Bank Limited for this purpose.

13. The subscription money collected from Non-Resident Bangladeshis in US Dollars or UK Pund Sterling or EURO shall be deposited to three FC accounts opened by the Company for IPO purpose are as follows:

Sl.	Name of the FC Accounts	Currency	Account No.	Bank
1.	Fareast Finance & Investment Limited	US Dollar	1505200130865002	BRAC Bank Limited
2.		GB Pound	1505200130865003	
3.		Euro	1505200130865004	

14. In the case of over-subscription of securities to the NRB applicants, refund shall be made by FFIL out of the "FC Account for IPO NRB Subscription". FFIL has already opened the aforesaid FC Accounts & Current Account and shall close these FC accounts after refund of over-subscription, if any.

Applications not in conformity with the above requirements and the instructions printed on the applicant form are liable to be rejected.

Allotment

The company reserves the right of accepting any application, either in whole, or in part, successful applicants will be notified by the dispatch on an allotment letter by registered post/courier. Letter of allotment and refund warrants will be issued within 5 (five) weeks from the closing of the subscription. After allotment the company will have to transfer the shares to the allotees' Beneficiary Owners (BO) account, which has been mentioned in the application form.

The company shall issue share allotment letter to all successful applicants, within 5(five) weeks, from the date of the subscription closing date. At the same time, the unsuccessful application shall be refunded with the application money within 5 (five) weeks from the closing of the subscription date, by Account Payee Cheque, without interest payable at Dhaka/Chittagong/Khulna/Rajshahi/Barisal/Sylhet as the case may be.

Where allotment is made, in whole or in part in respect of joint application, the allotment letter will be dispatched to the person whose name appears first in the application form notwithstanding that the shares have been allotted to the joint applicants. Where joint applicant is accepted in part, the balance of any amount paid on application will be refunded without interest to the person named first in the application form.

Material Contract

The following are material conract in the ordinary course of business which have been entered into by the Company.

a) Underwriting Agreements between the Company and the Underwriters.
b) Issue Management Agreement between the Company and Grameen Capital Management Limited.
c) Contract between the Company and the Central Depository Bangladesh Limited (CDBL).
d) Credit Rating Agreement between the Company and Credit Rating Information & Services Limited (CRISL)

Copies of the aforementioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Letter from Securities and Exchange Commission may be inspected, on any working day, during office hours, at the Company's Registered Office.

Managers to the issue

Grameen Capital Management Limited, Grameen Bank 1st Building (2nd Floor), Mirpur-2, Dhaka-1216 is acting as the Issue Manager. The Issue Management fee for the Issue Manager shall be BDT 1,500,000

Commission to the bankers to the issue

Commission at the rate of 0.10% of the amount collected will be paid to the Bankers to the Issue for the services to be rendered by them.

BANKERS TO THE ISSUE

Dutch-Bangla Bank Ltd.
Baburhat Br. Narsingdi
Narayanganj Br. Narayanganj
B.B. Road Br. Narayanganj
Patherhat Br. Chittagong
Hathazari Br. Chittagong
Dania Br.Dhaka
Khulna Br. Khulna
Sylhet Br. Sylhet
Dhaka EPZ Br. Dhaka
Board Bazar Br. Gazipur
Netaiganj Br. Narayanganj
Bogra Br. Bogra
Barisal Br. Barisal
CDA Avenue Br.Chittagong
Joypara Br. Dhaka
Biswanath Br. Sylhet
Moulavi Bazar Br. M'Bazar
Muradpur Br. Chittagong
Gopalgonj Br. Sylhet
Rajshahi Br. Rajshahi
Savar Bazar Br. Dhaka
Gazipur Chowrasta Br. Gazipur
Feni Br. Feni
Comilla Br. Comilla
Jubilee Rd Br. Chittagong
Kadamtali Br. Chittagong
Mirzapur Br. Tangail
Cox's Bazar Br. Cox's Bazar
Lohagara Br. Chittagong
Manikgonj Br. Manikgonj
Fatikchari Br. Chittagong
Konabary Br. Gazipur
Choumuhani Br. Noakhali
Sonagazi Br. Feni
Goala Bazar Br. Sylhet
Khatunganj Br. Chittagong
Mymensing Br. Mymensing
Shahzadpur Br. Sirajganj
Beani Bazar Br. Sylhet
Chhatak Br. Sunamganj
Bandura br. Dhaka
Saidpur Br. Nilphamary
Rangpur Br. Rangpur
Jessore Br. Jessore
Halishhar Br. Chittagong
Basurhat br.(Rural) Noakhali
Sremangal Br. M'Bazar
Kushtia Br. Kushtia
Pabna Br. Pabna
Narsingdi Br, Narsingdi
Satmosjid Road Br. Dhaka
Dinajpur Br. Dinajpur
Bhairab Br. Bhairab
Dagonbhuiyan Br. Feni
Gobindaganj Br. Gaibandha
Bhulta Br. Narayanganj
Narayanganj BSCIC Br. N.ganj
Tongi Br. Gazipur
Satkhira Br. Satkhira
Madaripur Br. Madaripur
Munshiganj Br. Munshiganj
Habiganj Br. Habiganj
Chittagong EPZ Br. Chittagong
Faridpur Br. Faridpur
Shahajalal Uposhohor Br. Sylhet
Tangail Br. Tangail
Matuail Br. Matuail
Keraniganj Br. Keraniganj
Uttara Sonargaon Janopad Br.
Uttara Digpait Br. Jamalpur
Amberkhana Br. Sylhet
Ashkona Br. Dhaka
Borolekha Br. Moulvibazar
Sunamganj Br. Sunamganj
Pagla Br. Narayanganj
Jamalpur Br. Jamalpur
Naogaon Br. Naogaon
Vatara Br. Gulshan, Dhaka
Laxmipur Br. Laxmipur
Laksham Br. Comilla
Pallabi Br. Dhaka
Brahmanbaria Br. Brahmanbaria
Mawna Br. Gazipur

Dhaka Bank Ltd.
Local office, Dhaka
Gulshan Br. Dhaka
Uttara Br. Dhaka
Khilgaon Br. Dhaka
Dhanmondi Model Br. Dhaka
Foreign Exchang Br. Dhaka
Moghbazar Br. Dhaka
Mohakhali Br. Dhaka
Kawranbazar Br. Dhaka
Mirpur Br. Dhaka
Halishahar Br. Chittagong
Agrabad Br. Chittagong
CDA Avenue Br. Chittagong
Uposhahar Br. Sylhet
Comilla Br. Comilla
Barishal Br. Barisal
Rajshahi Br. Rajshahi
KDA Avenue Br. Khulna
Narayangonj Br. Narayangonj
Rangpur Br. Rangpur

Eastern Bank Ltd.
Motijheel Br. Dhaka
Shamoly Br. Dhaka
Uttara Br. Dhaka
Basundhara Br. Dhaka
Moghbazar Br. Dhaka
Narayanganj Br. Dhaka
Banasree Br. Dhaka
Savar Br. Savar
Mirpur Dar-us-salam Rd. Br. Dhaka
Uttar Garib-E-Newaz Br. Dhaka
Khulna Br. Khulna
Jessore Br. Jessore
Jubilee Rd. Br. Chittagong
O.R. Nizam Rd. Br. Chittagong
Chandgaon Br. Chittagong
Panchlaish Br. Chittagong
Halishahar Br. Chittagong
Rajshahi Br. Rajshahi
Bogra Br. Bogra
Moulvibazar Br. Moulvibazar

Uposhahar Br. Sylhet
Chouhatta Br. Sylhet
Mymensingh SME Br. Mymensingh

Mutual Trust Bank Ltd.
Babu Bazar Br. Dhaka
Banani Br. Dhaka
Dhanmondi Br. Dhaka
Dholaikhal Br. Dhaka
Dilkusha Br. Dhaka
Elephant Road Br. Dhaka
Fulbaria Br. Dhaka
Gulshan Br. Dhaka
Mohammadpur Br. Dhaka
MTB Corporate center Br. Dhaka
Pallabi Br. Dhaka
Panthapath Br. Dhaka
Principal Br. Dhaka
Progati Sarani Br. Dhaka
Savar Br. Dhaka
Shanir Akhra Br. Dhaka
Tongi Br. Dhaka
Uttara Model Town Br. Dhaka
Narayangonj Br. Narayangonj
Sonargaon Br. Narayang onj
Agrabad Br. Chittagong
Alankar Mour Br. Chittagong
CDA Avenue Br. Chittagong
Jubilee Road Br. Chittagong
Khatungunj Br. Chittagong
Feni Br. Feni
Rajshahi Br. Rajshahi
Rangpur Br. Rangpur
Bogra Br. Bogra
Pabna Br. Pabna
Kushtia Br. Kushtia
Sylhet Br. Sylhet
Moulvi Bazar Br., Sylhet
Gournadi Br. Barisal
Jessor Br. Jessore
Habigonj Br. Habigonj

National Bank Ltd.
Agrabad Br. Chittagong
Anderkillah Br. Chittagong
Asadgate Br. Dhaka
Babubazar Br. Dhaka
Banani Br. Dhaka
Bangshal Road Br. Dhaka
Barisal Br. Barisal
Beani Bazar Br. Sylhet
Bhatiary Br. Chittagong
Bogra Br. Bogra
CDA Avenue Br. Chittagong
Chaktai Br. Chittagong
Chandpur Notun Bazar Br. Chandpur
Chawkbazar Br. Chittatong
Chowmuhani Br. Noakhali
Comilla Br. Comilla
Dhanmondi Br. Dhaka
Dilkusha Br. Dhaka
Elephant Road Br. Dhaka
Faridpur Br. Faridpur
Feni Br. Feni
Foreign Ex. Br. Dhaka
Gazipur Br. Gazipur
Godagari Br, Rajshahi
Gulshan Br. Dhaka
Halishahar Br. Chittagong
Imamganj Br. Dhaka
Islampur Br. Dhaka
Jatrabari Br. Dhaka
Jessore Br. Jessore
Jubilee Road Br.Chittagong
Kadomtoli Br. Sylhet
Kawran Bazar Br. Dhaka
KDA Br. Khulna
Khatunganj Br. Chittagong
Khulna Br. Khulna
Lake Circus Br. Dhaka
Madhupur Br. Tangail
Malibagh Br. Dhaka
Mirassari Br. Chittagong
Mirpur Br. Dhaka
Mohakhali Br. Dhaka
Mohammadpur Br. Dhaka
Motijheel Br. Dhaka
Muradpur Br. Chittagong
Mymensingh Br. Mymensingh
Narayanganj Br. N’ganj
Narsingdi Br. Narsingdi
Netaigonj Br. N’Gonj
New Eskaton Br. Dhaka
North Brook Hall Br. Dhaka
Pabna Br. Pabna
Pagla bazar Br. Narayanganj
Pahartali Br. Chittagong
Patiya Br. Chittagong
Pragati Sarani Br. Dhaka
Rajshahi Br.Rajshahi
Rifles Square Br. Dhaka
Rokeya Sarani Br. Dhaka
Sk Mujib Rd. Br. Chittagong
Savar Bazar Br. Dhaka
Sunamgonj Br. Sunamgonj
Sylhet Br. Sylhet
Tangail Br. Tangail
Tongi Br. Gazipur
Uttara Br. Dhaka
Z.H. Sikdar College Br. Dhaka
Zindabazar Br. Sylhet

One Bank Ltd.
Principal Br. Dhaka
Motijheel Br. Dhaka
Kawran Bazar Br.Dhaka
Gulshan Br. Dhaka
Mirpur Br. Dhaka
Uttara Br. Dhaka
Dhanmondi Br. Dhaka
Banani Br. Dhaka
Kakrail Br. Dhaka
Progati Sharani Br. Dhaka
Elephant Road Br. Dhaka
Jatrabari Br. Dhaka
Nawabgonj Br. Dhaka
Bangshal Br. Dhaka
Ganakbari (EPZ) Br. Savar
Imamganj Br. Dhaka
Narayanganj Br.Narayanganj
Joypara Br. Dohar
Agrabad Br. Chittagong
Khatunganj Br. Chittagong
CDA Avenue Br. Chittagong
Nanupur Bazar Br. Chittagong
Cox’sBazar Br. Cox’sBazar
Jubilee road Br. Chittagong
Chowmuhuni Br. Noakhali
Chandragonj Br. Lakshmipur
Feni Br. Feni
Raipur Br. Laxmipur
Dagon Bhuiyan Br. Feni
Sylhet Br. Sylhet
Sherpur Br. MoulviBazar
Islampur Br. Sylhet
Jessore Br. Jessore
Bogra Br. Bogra
Sirajgonj Br. Sirajgonj
Laksham Br. Comilla
Ramganj Br. Laxmipur
Maijdee Court Br.Noakhali
Banasree Br. Dhaka
Rajshahi Br. Rajshahi
Shahjadpur Br. Sirajgonj
Jagannathpur Br. Dhaka
Tongi Br. Gazipur
Comilla Br. Comilla
Basabo Br. Dhaka
Sathkhira Br. Sathkhira
Madhabdi Br. Narsingdi
Rangamati Br. Rangamati
Sitakunda Br. Chittagong
Moghbazar Br. Dhaka
Laldighirpar Br. Sylhet
Rangpur Br. Rangpur
Khulna Br. Khulna
Ring Road Br. Dhaka

Prime Bank Ltd.
Asad Gate Br. Dhaka
Bangshal Br, Dhaka
Banani Br. Dhaka
Dhanmondi Br. Dhaka
Elephant Road Br. Dhaka
IBB Dilkusha Br. Dhaka
IBB Mirpur Br. Dhaka
Kawran Bazar Br. Dhaka
Foreign Exchange Br. Dhaka
Mohakhali Br. Dhaka
Mouchak Br. Dhaka
New Eskaton Br. Dhaka
Narayanganj Br. Narayanganj
Sat Masjid Rd. Br. Dhaka
SBC Tower Br. Dhaka
Tongi Br. Gazipur
Uttara Br. Dhaka
Agrabad Branch, Chittagong
Khatunganj Br. Chittagong
IBB O.R. Nizam Rd. Br. Chittagong Jubilee Rd. Br. Chittagong
Laldighi East Br. Chittagong
Probortok More Br. Chittagong
Subid Bazar Br. Sylhet
Upashahar Br. Sylhet
Sremongal Br, Moulvibazar
Court Road Br. Moulvibazar
Bogra Br. Bogra
Rajshahi Br. Rajshahi
Rangpur Br. Rangpur
Jessore Br. Jessore
Khulna Br. Khulna
Faridpur Br. Faridpur
Dinajpur Br. Dinajpur
Natore Br. Natore
Comilla Br. Comilla
Sunamgonj Br, Sunamgonj
Mymensingh Br. Mymensingh
Feni Br. Feni
Basundhara Br. Dhaka

Pubali Bank Ltd.
Principal Br. Dhaka
Motijheel Corporate Br. Dhaka
Foreign Exchange Br. Dhaka
Dhaka Stadium Corporate Br. Dhaka
Mohakhali Corporate Br. Dhaka
Gulshan Model Town Br. Dhaka
Sadarghat Br. Dhaka
International Airport Br. Dhaka
Johnson Rd. Br. Dhaka
Kawran Bazar Br. Dhaka
Malibag Br. Dhaka
Nayapaltan Br. Dhaka
Shahbag Br. Dhaka
Savar Br. Dhaka
Agriculture Complex Br. Dhaka
C.D.A Corporate Br. Chittagong
Agrabad Corporate Br. Chittagong
Laldighi East Br. Chittagong
Khatunganj Br. Chittagong
Cox’s Bazar Br. Cox’sBazar
Narayanganj Br. Narayanganj
Kalir Bazar Br. Narayanganj
Sylhet Main Br. Sylhet
Dargahgate Br. Sylhet
Khulna Br. Khulna
Rajshahi Br. Rajshahi
Barisal Br. Barisal
Comilla Br. Comilla
Uttara Model Town Br. Dhaka
Tangail Main Br. Tangail
Jessore Br. Jessore
Gopalganj Br. Gopalgonj
Feni Br. Feni
Sreemangal Br. Moulvibazar
Sunamgonj Br. Sunamgonj
Faridpur Br. Faridpur
Habiganj Br. Habiganj
Kishorganj Br. Kishorganj
Myemensingh Br. Mymensingh
Sirajganj Br. Sirajganj

Southeast Bank Ltd.
Principal Br. Dhaka
Corporate Br. Dhaka
Imamganj Br. Dhaka

Dhanmondi Br. Dhaka
Uttara Br. Dhaka
New Elephant Road Br. Dhaka
Gulshan Br. Dhaka
Kakrail Br. Dhaka
Banani Br. Dhaka
Bangshal Br. Dhaka
New Eskaton Br. Dhaka
Pragati Sarani Br. Dhaka
Agargaon Br. Dhaka
Sat Masjid Road Br. Dhaka
Shyamoli Br. Dhaka
Aganagor Br. Dhaka
Kawran Bazar Br. Dhaka
Madabdhi Br. Narshingdi
Ashulia Br. Dhaka
Narayanganj Br. Narayanganj
Rokeya Sarani Br. Dhaka
Savar Br. Dhaka
Mouchack Br. Dhaka
Konabari Br. Gazipur
Tongi Br. Gazipur
Bashundhara Br. Dhaka
Mohammadpur Br. Dhaka
Madambibir Hat Br. Chittagong
Comilla Br. Comilla
Munshigonj Br. Munshigonj
Chouhatta Br. Sylhet
Laldighirpar Br. Sylhet
Shahajal Uposhahar Br. Sylhet
Khulna Br. Khulna
Pathantula Br. Sylhet
Agrabad Br. Chittagong
Khatunganj Br. Chittagong
Jubilee Road Br.Chittagong
Halishahar Br. Chittagong
Motijheel Br. Dhaka
Chowmuhani Br. Noakhali
CDA Avenue Br. Chittagong
Cox’s Bazar Br. Cox’sBazar
Chagalnaiya Br. Feni
Feni Br.Feni
Pahartali Br. Chittagong
Bashurhat Br. Noakhali
Momin Road Br. Chittagong
Rangpur Br. Rangpur
Bogra Br. Bogra
Jessore SME Br, Jessore
Barisal Br. Barisal
Dhania Br. (Rural)
Naogaon Br. Naogaon
Bandar Bazar Br. Sylhet
Moulvibazar Br. Moulvibazar
Satkhira SME Br. Satkhira
Narsinghdi SME Br. Narsinghdi
Islampur Br. Dhaka
Kotwali Br. Dhaka
Rajshahi Br. Rajshahi
Tangail SME Br. Tangail
Chapainawabganj Br. Chapainawabganj
Dinajpur Br. Dinajpur
Hemayetpur Br. Savar
Joydebpur Br. Gazipur

Social Islami Bank Ltd.

Principal Br. Dhaka
Agrabad Br. Chittagong
Khulna Br. Khulna
Sylhet Br. Sylhet
Rajshahi Br. Rajshahi
Gulshan Br. Dhaka
South Surma Br. Sylhet
Comilla Br. Comilla
Islampur Br. Dhaka
New Eskaton Br. Dhaka
Chandpur Br. Chandpur
Chawk Bazar Br. Chittagong
Babu Bazar Br. Dhaka
Begum Rokeya Sarani Br. Dhaka
Panthapath Br. Dhaka
Sonargaon Br. Narayanganj
Foreign Exchange Br. Dhaka
Dhanmondi Br. Dhaka
Uttara Br. Dhaka
Mirpur Br. Dhaka
Banani Br. Dhaka
Rampura Br. Dhaka
Dania Rasulpur Br. Dhaka
Narayanganj Br. Narayanganj
Jessore Br. Jessore
Rangpur Br. Rangpur
Barisal Br. Barisal
South Banosree Br. Dhaka
Mohakhali Br. Dhaka
Feni Br. Feni

Shahjalal Islami Bank Ltd.

Dhaka Main Br. Dhaka
Dhanmondi Br. Dhaka
Gulshan Br. Dhaka
Foreign Ex. Br. Dhaka
Kawran Bazar Br. Dhaka
Motijheel Br. Dhaka
Bijoy Nagar Br. Dhaka
Banani Br. Dhaka
Eskaton Br. Dhaka
Panthapath Br.Dhaka
Agrabad Br. Chittagong
Khatunganj Br. Chittagong
Jubilee Road Br. Chittagong
Sylhet Br. Sylhet
Satmasjid Road Br. Dhaka
Uttara Br. Uttara
Mirpur Br. Dhaka
Gulsan South Av. Br. Dhaka
Joydevpur Chowrasta Br. Gazipur
Narayanganj Br. Narayanganj

Standard Bank Ltd.

Principal Br. Dhaka
Foreign Exchange Br. Dhaka
Topkhana Road Br. Dhaka
Imamgonj Br. Dhaka
Gulshan Br. Dhaka
Dhanmondi Br. Dhaka
Mirpur Br. Dhaka
Uttara Br. Dhaka
Panthapath Br. Dhaka
Banani Br. Dhaka
Pragoti Sarani Br. Dhaka
Nawabpur Rd. Br. Dhaka
Green Road Br. Dhaka
Narayanganj Br. Narayanganj
Jubilee Road Br. Chittagong
Agrabad Br. Chittagong
Khatungonj Br. Chittagong
CDA Avenue Br. Chittagong
Sadarghat Br. Chittagong
Comilla Br. Comilla
Sylhet Br. Sylhet
Beani Bazar Br. Sylhet
Moulvi Bazar Br. MoulviBazar
Mymensingh Br. Mymensingh
Rajshahi Br. Rajshahi
Rangpur Br. Rangpur
Dinajpur Br. Dinajpur
Jessore Br. Jessore
Khulna Br. Khulna
Kushtia Br. Kushtia
Faridpur Br. Faridpur
Barisal Br. Barisal

Uttara Bank Ltd.

Corporate Br. Dhaka
Local Office Br. Dhaka
B.B. Avenue Br. Dhaka
Gulshan Br. Dhaka
Shantinagar Br. Dhaka
Kawran Bazar Br. Dhaka
Moghbazar Br. Dhaka
Shyamoli Br. Dhaka
Pallabi Br. Dhaka
Satmasjid Rd. Br. Dhaka
New Market Br. Dhaka
Azimpur Br. Dhaka
Banijya Shaka, Dhaka
Ramna Br. Dhaka
Fakirapool Br. Dhaka
Siddeshwari Br. Dhaka
Malibag Br. Dhaka
Green Road Br. Dhaka
Rokeya Sarani Br. Dhaka
Darus Salam Rd. Br. Dhaka
Mirpur Br. Dhaka
Manikgonj Br. Manikgonj
Rangpur Br. Rangpur
Saver Br. Dhaka
Jatrabari Br. Dhaka
Postagola Br. Dhaka
Narayanganj Br. Narayanganj
DIT Br. Narayanganj
Narsinghdi Br. Narsinghdi
Agrabad Br. Chittagong
Khatungonj Br. Chittagong
Jubilee Rd. Br. Chittagong
Nasirabad Br. Chittagong
Reazuddin Bazar Br. Chittagong
Laldighi Br. Chittagong
Sadarghat Br. Chittagong
Cox’s Bazar Br. Cox’sBazar
Rangamati Br. Rangamati
Jessore Br. Jessore
Sir Iqbal Rd. Br. Khulna
KDA Br. Khulna
Mymensingh Br. Mymensingh
Dinajpur Br. Dinajpur
Shahebbazar Br. Rajshahi
Sylhet Br. Sylhet
Faridpur Br. Faridpur
Barisal Br. Barisal
Bogra Br. Bogra

United Commercial Bank Ltd.

Principal Br. Dhaka
Nayabazar Br. Dhaka
Dhanmondi Br. Dhaka
Narayanganj Br. Narayanganj
Mirpur Br. Dhaka
Uttara Br. Dhaka
Corporate Br. Dhaka
Gulshan Br. Dhaka
Mohakhali Br. Dhaka
Banani Br. Dhaka
Tejgaon Br. Dhaka
Bijoynagar Br. Dhaka
Mymensingh Br. Mymensingh
Khatunganj Br. Chittagong
Agrabad Br. Chittagong
Cox’s Bazar. Cox’sBazar
Jubilee Road Br. Chittagong
Comilla Br. Comilla
Maijdee Court Br. Noakhali
Sylhet Br. Sylhet
Pabna Br. Pabna
Rangpur Br. Rangpur
Dinajpur Br. Dinajpur
Bogra Br. Bogra
Rajshahi Br. Rajshahi
Khulna Br. Khulna
Jessore Br. Jessore
Kushtia Br. Kushtia
Barisal Br. Barisal
Faridpur Br. Faridpur

SECTION-XIII: CORPORATE DIRECTORY

Registered and Corporate Office	**Fareast Finance & Investment Limited.** Eunoos Centre (Level-8) 52-53 Dilkusha Commercial Area Dhaka-1000 Bangladesh. Tel:+88(02) 9554174, 7162328
Auditors	**Ahmed Zaker & Co.** Chartered Accountant 45, Shaheed Syed Nazrul Islam Sarani Bijoynagar, Dhaka-1000 Tel: 8391440-3
Legal Advisor	Mr. M. Ziaul Hasan, Barrister-at-Law Mr. Muhammad Sakhawat Hossain, Barrister-at-Law Mr. A.M. Masum, Barrister-at-Law Mr. Md. Golam Sorrower, LL.B.,(Hons), L.L.M Mr. Lutfor Rahman, LL.B. Mr. Meah Mohammed Kausar Alam, LL.B. (Hons.), LL.M. Mr. Morshed Ahmed Khan, Barrister-at-law
Tax Consultant	**A.Hossain & Co.** Chartered Accountant
Manager to the Issue	**Grameen Capital Management Limited** Grameen Bank Complex (10th Floor) Mirpur-2, Dhaka-1216 Phone: 9004923, Fax: 8057618
Company's Compliance Officer	**Mr. Sheikh Khaled Zahir** ACS Company Secretary

All investors are hereby informed by the Company that it has appointed compliance officer who may be contacted in case of any Pre-Issue/Post-Issue related problems such as non-receipt of letters of allotment/share certificate/refund warrant/cancelled stock investors, etc.

Auditors' Report to the Shareholders
of
Fareast Finance & Investment Limited

We have audited the accompanying financial statements of Fareast Finance & Investment Limited (the "Company") which comprise the balance sheet as at 31 December 2011 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, the liquidity statement as at 31 December 2011 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements of the company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements of the company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the company. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements of the company, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements of the company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements along with notes thereon of the company prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the balance sheet of the company as at 31 December 2011, and of the results of its profit and loss account and its cash flows for the year then ended and comply with the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of accounts 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 accounts;

d) the financial statements have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the company;

e) the financial position of the company as at 31 December 2011 and the profit for the year then ended have been properly reflected in the financial statements of the company, and these financial statements have been prepared in accordance with the generally accepted accounting principles;

f) the expenditure incurred and payments made were for the purpose of the company's business;

g) adequate provisions have been made for loans and advances, investments and other assets which are, in our opinion, doubtful of recovery;

h) the company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets;

i) the information and explanations required by us have been received and found satisfactory;

j) as far as it was revealed from our test checks, the existing rules and regulation for loan/advance and lease sanctioning and disbursements as well as classification, provisioning and suspension of interest have been followed properly;

k) adequate capital of the company, as required by law, has been maintained during the year under audit;

l) it appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable frauds and forgeries;

m) 80 percent of the risk-weighted assets have been reviewed spending over 800 person hours.

Sd/-

Ahmed Zaker & Co.

Dhaka, 22 February 2012

Chartered Accountants

Fareast Finance & Investment Limited
Balance Sheet
as at 31 December 2011

Particulars	Note	Amounts in Taka 2011	2010 Restated*
PROPERTY AND ASSETS			
Cash	4	**35,539,776**	**18,563,655**
In hand (including foreign currencies)		12,540	46,000
Balance with Bangladesh Bank and its agent banks (including foreign currencies)		35,527,236	18,517,655
Balance with other banks and financial institutions	5	**216,579,703**	**129,091,294**
In Bangladesh		216,579,703	129,091,294
Outside Bangladesh		0	0
Money at call and short notice	6	**0**	**250,000,000**
Investments	7	**192,708,218**	**144,929,265**
Government		0	0
Others		192,708,218	144,929,265
Loans, advances and leases		**4,944,245,906**	**3,868,415,282**
Loans, cash credits, overdrafts, leases, etc.	8	4,944,245,906	3,868,415,282
Bills purchased and discounted	9	0	0
Fixed assets including premises, furniture and fixtures	10	**24,135,641**	**11,876,707**
Other assets	11	**1,101,190,798**	**868,547,853**
Non-business assets	12	**0**	**0**
Total assets		**6,514,400,042**	**5,291,424,056**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	13	**1,888,107,716**	**2,032,427,567**
Deposits and other accounts	14	**2,322,858,796**	**1,171,199,591**
Current deposits		0	0
Bills payable		0	0
Savings deposits		0	0
Term deposits		2,322,858,796	1,171,199,591
Bearer certificate of deposit		0	0
Other deposits		0	0
Other liabilities	15	**570,590,497**	**463,551,717**
Total liabilities		**4,781,557,009**	**3,667,178,875**

Particulars	Note	Amounts in Taka 2011	2010 Restated*
Capital/Shareholders' equity		**1,732,843,033**	**1,624,245,181**
Paid up capital	16	1,046,016,240	871,680,200
Statutory reserve	17	114,643,818	92,924,248
Revaluation reserve	11.3.1	463,643,750	463,643,750
Retained earnings	18	108,539,225	195,996,983
Total liabilities and Shareholders' equity		**6,514,400,042**	**5,291,424,056**
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	19.1	**750,000,000**	**750,850,000**
Acceptances and endorsements		0	0
Letter of guarantee		750,000,000	750,850,000
Irrevocable letter of credit		0	0
Bills for collection		0	0
Other contingent liabilities		0	0
Other commitments	19.2	**0**	**0**
Documentary credits and short term trade related transactions		0	0
Forward assets purchased and forward deposits placed		0	0
Undrawn note issuance and revolving underwriting facilities		0	0
Spot and foreign exchange rate contract		0	0
Undrawn formal standby facilities, credit lines and other commitments		0	0
Total off-balance sheet items including contingent liabilities		**750,000,000**	**750,850,000**
Net asset value per share (Tk.)		**16.57**	**15.53**

* Please see note-2.2.

The annexed notes 1 to 49 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
M. A. Khaleque	Md. Monir Hossain	Santanu Saha	Sheikh Khaled Zahir
Chairman	Vice Chairman	Managing Director	Company Secretary

As per our annexed report of same date.

Sd/-
Ahmed Zaker & Co.
Chartered Accountants

Dhaka, 22 February 2012

Fareast Finance & Investment Limited
Profit and Loss Account
for the year ended 31 December 2011

Particulars	Note	Amounts in Taka 2011	2010
Interest income on loans, advances and leases	21	678,445,423	435,045,891
Interest expenses on borrowings, deposits, etc.	22	(505,662,959)	(370,047,641)
Net interest income		**172,782,464**	**64,998,250**
Investment income	23	(16,783,268)	234,703,102
Commission, exchange and brokerage	24	3,827,000	4,958,257
Other operating income	25	71,756,463	133,043,817
Total operating income		**231,582,659**	**437,703,426**
Salary and allowances	26	25,681,580	23,725,263
Rent, taxes, insurance, electricity, etc.	27	7,152,912	10,648,559
Legal expenses	28	1,801,805	2,094,628
Postage, stamp, telecommunication, etc.	29	713,299	269,232
Stationery, printing, advertisements, etc.	30	3,576,354	3,264,659
Managing Director's salary and allowances	31	4,794,430	4,020,000
Directors' fees	32	830,000	866,000
Auditors' fees	33	130,625	230,000
Charges on losses regarding loans, advances and leases		0	0
Depreciation and repairs of company's assets	34	6,506,529	4,223,884
Other operating expenses	35	7,803,753	12,756,713
Total operating expenses		**58,991,287**	**62,098,938**
Profit before provisions		**172,591,372**	**375,604,488**
Provisions for loans, advances and leases:	36	24,129,861	107,868,915
Provision for the diminution in the value of investments	37	20,702,180	4,157,279
Other provisions		0	0
Total provisions		**44,832,041**	**112,026,194**
Total profit before income tax		**127,759,331**	**263,578,294**
Provision for income tax	38	19,161,479	35,500,000
Net profit after income tax		**108,597,852**	**228,078,294**
Retained earnings brought forward from previous years		195,996,983	130,984,348
Profit available for appropriations		**304,594,835**	**359,062,642**

Particulars	Note	Amounts in Taka 2011	2010
Appropriations			
Statutory reserve	17	21,719,570	45,615,659
Dividend (Bonus shares)		174,336,040	117,450,000
		196,055,610	**163,065,659**
Retained earnings carried to the balance sheet	18	**108,539,225**	**195,996,983**
Earnings per share (restated 2010)	39	**1.04**	**2.18**
Diluted earnings per share	39	**1.04**	**2.18**
Weighted average number of outstanding shares		**104,601,624**	**104,601,624**
Total number of ordinary shares		**104,601,624**	**104,601,624**

The annexed notes 1 to 49 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
M. A. Khaleque	Md. Monir Hossain	Santanu Saha	Sheikh Khaled Zahir
Chairman	Vice Chairman	Managing Director	Company Secretary

As per our annexed report of same date.

Sd/-
Ahmed Zaker & Co.
Chartered Accountants

Dhaka, 22 February 2012

Fareast Finance & Investment Limited
Cash Flow Statement
for the year ended 31 December 2011

Particulars	Amounts in Taka 2011	2010
Cash flows from operating activities		
Interest receipt in cash	558,944,887	314,990,606
Interest payments	(404,364,249)	(272,930,791)
Dividend receipts	1,272,645	904,242
Fees and commission received in cash	77,000	4,958,257
Recoveries of loan previously written-off	18,000,000	0
Income taxes paid	(9,947,084)	0
Receipts from other operating activities	53,700,550	367,746,919
Payments for other operating activities	(53,873,643)	(57,468,846)
Cash generated from operating activities before changes in operating assets and liabilities	**163,810,106**	**358,200,387**
Increase/decrease in operating assets and liabilities		
Statutory deposit	0	0
Trading securities	0	0
Loans, advances and leases	(1,075,830,624)	(1,903,851,499)
Other assets	(2,833,844)	113,558,720
Deposit and other accounts	1,151,659,205	299,194,878
Other liabilities on account of customers	(61,705,116)	69,388,451
Trading liabilities	0	0
Other liabilities	68,171,460	14,173,886
	79,461,081	**(1,407,535,564)**
Net cash from operating activities	**243,271,187**	**(1,049,335,177)**
Cash flows from investing activities		
(Increase)/decrease in purchase and sale of securities	(47,778,953)	2,240,490
(Increase)/decrease of fixed assets	(12,258,934)	(335,613)
(Increase)/decrease regarding purchase and sale of subsidiary	(184,448,919)	(213,398,616)
Net cash used in investing activities	**(244,486,806)**	**(211,493,739)**
Cash flows from financing activities		
Receipt of borrowings from other banks, financial institutions and agents	390,416,938	1,756,494,020
Repayment of borrowings from other banks, financial institutions and agents	(534,736,789)	(694,933,283)
Receipt against issue of share capital	0	558,480,100
Dividend paid in cash	0	0
Net cash from financing activities	**(144,319,851)**	**1,620,040,837**

Particulars	Amounts in Taka 2011	2010
Net increase/(Decrease) in cash and cash equivalents	(145,535,470)	359,211,921
Effects of exchange rate changes on cash and equivalents	0	0
Cash and cash equivalents at beginning of the year	397,654,949	38,443,028
Cash and cash equivalents at the end of the year	**252,119,479**	**397,654,949**
Cash and cash equivalents at the end of the year		
Cash in hand (including foreign currencies)	12,540	46,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	35,527,236	18,517,655
Balance with other banks and financial institutions	216,579,703	129,091,294
Money at call and short notice	0	250,000,000
	252,119,479	**397,654,949**

Sd/-	Sd/-	Sd/-	Sd/-
M. A. Khaleque	Md. Monir Hossain	Santanu Saha	Sheikh Khaled Zahir
Chairman	Vice Chairman	Managing Director	Company Secretary

As per our annexed report of same date.

Sd/-
Ahmed Zaker & Co.
Chartered Accountants

Dhaka, 22 February 2012

Fareast Finance & Investment Limited
Statement of Changes in Equity
for the year ended 31 December 2011

Particulars	Paid up capital	Statutory reserve	Revaluation reserve*	Retained earnings	Total
	Taka	Taka	Taka	Taka	Taka
Balance at 01 January 2010	195,750,100	47,308,589	0	130,984,348	374,043,037
Changes in accounting policy(s)	0	0	0	0	0
Restated balance	**195,750,100**	**47,308,589**	**0**	**130,984,348**	**374,043,037**
Surplus/deficit on account of revaluation of properties	0	0	0	0	0
Surplus/deficit on account of revaluation of investments	0	0	0	0	0
Currency translation differences	0	0	0	0	0
Net gains and losses not recognized in the profit and loss account	0	0	0	0	0
Net profit for the year	0	0	0	228,078,294	228,078,294
Dividend (Bonus shares)	117,450,000	0	0	(117,450,000)	0
Cash dividend	0	0	0	0	0
Issue of share capital	558,480,100	0	0	0	558,480,100
Appropriations during the year	0	45,615,659	0	(45,615,659)	0
Revaluation of Fareast Stocks & Bonds Ltd. (note-11.3.1)	0	0	463,643,750	0	463,643,750
Balance as at 31 December 2010	**871,680,200**	**92,924,248**	**463,643,750**	**195,996,983**	**1,624,245,181**
Balance at 01 January 2011	871,680,200	92,924,248	463,643,750	195,996,983	1,624,245,181
Changes in accounting policy(s)	0	0	0	0	0
Restated balance	**871,680,200**	**92,924,248**	**463,643,750**	**195,996,983**	**1,624,245,181**
Surplus/deficit on account of revaluation of properties	0	0	0	0	0
Surplus/deficit on account of revaluation of investments	0	0	0	0	0
Currency translation differences	0	0	0	0	0
Net gains and losses not recognized in the profit and loss account	0	0	0	0	0
Net profit for the year	0	0	0	108,597,852	108,597,852
Dividend (Bonus shares)	174,336,040	0	0	(174,336,040)	0
Cash dividend	0	0	0	0	0
Issue of share capital	0	0	0	0	0
Appropriations during the year	0	21,719,570	0	(21,719,570)	0
Revaluation of Fareast Stocks & Bonds Ltd. (note-11.3.1)	0	0	0	0	0
Balance as at 31 December 2011	**1,046,016,240**	**114,643,818**	**463,643,750**	**108,539,225**	**1,732,843,033**

* Please see note-2.2.

Sd/-	Sd/-	Sd/-	Sd/-
M. A. Khaleque	Md. Monir Hossain	Santanu Saha	Sheikh Khaled Zahir
Chairman	Vice Chairman	Managing Director	Company Secretary

As per our annexed report of same date.

Sd/-
Ahmed Zaker & Co.
Chartered Accountants

Dhaka, 22 February 2012

Fareast Finance & Investment Limited
Liquidity Statement
(Analysis of maturity of assets and liabilities)
As at 31 December 2011

Particulars	Up to 1 month Taka	1-3 months Taka	3-12 months Taka	1-5 years Taka	Above 5 years Taka	Total Taka
Assets						
Cash in hand	35,539,776	0	0	0	0	35,539,776
Balance with other banks and financial institutions	112,279,514	100,000,000	4,300,189	0	0	216,579,703
Money at call and short notice	0	0	0	0	0	0
Investments	192,708,218	0	0	0	0	192,708,218
Loans, advances and leases	337,966,437	111,658,179	2,657,540,161	1,818,457,236	18,623,893	4,944,245,906
Fixed assets including premises, furniture and fixtures	5,003,135	2,994	529,486	18,115,026	485,000	24,135,641
Other assets	210,928,968	6,469,093	18,869,368	3,432,084	861,491,285	1,101,190,798
Non-business assets	0	0	0	0	0	0
Total assets	**894,426,048**	**218,130,266**	**2,681,239,204**	**1,840,004,346**	**880,600,178**	**6,514,400,042**
Liabilities						
Borrowings from other banks, financial institutions and agents	37,376,483	131,513,883	655,012,516	1,064,204,834	0	1,888,107,716
Deposits and other accounts	251,645,000	356,400,000	433,773,250	1,244,806,546	36,234,000	2,322,858,796
Provision and other liabilities	85,249,856	80,267,918	189,849,467	210,480,324	4,742,932	570,590,497
Total liabilities	**374,271,339**	**568,181,801**	**1,278,635,233**	**2,519,491,704**	**40,976,932**	**4,781,557,009**
Net liquidity gap	**520,154,709**	**(350,051,535)**	**1,402,603,971**	**(679,487,358)**	**839,623,246**	**1,732,843,033**

Sd/-	Sd/-	Sd/-	Sd/-
M. A. Khaleque	Md. Monir Hossain	Santanu Saha	Sheikh Khaled Zahir
Chairman	Vice Chairman	Managing Director	Company Secretary

As per our annexed report of same date.

Sd/-
Ahmed Zaker & Co.
Chartered Accountants

Dhaka, 22 February 2012

Fareast Finance & Investment Limited
Notes to the Financial Statements and significant accounting policies
for the year ended 31 December 2011
(forming an integral part of the financial statements)

1. Legal status and nature of the company

1.1 Domicile, legal form, country of incorporation and status of the company

Fareast Finance & Investment Limited ("the company") was incorporated in Bangladesh as a public limited company with limited liability, on 21 June 2001 under the Companies Act, 1994. The company was authorized to commence business in Bangladesh as per Certificate of Commencement dated 21 June 2001.

The company obtained license from Bangladesh Bank as a Financial Institution under the Financial Institutions Act, 1993 to operate as a leasing and financing company on 03 July 2001.

1.2 Address of registered office and place of business of the company

The registered office of the company is at Eunoos Centre (8th level), 52-53, Dilkusha Commercial Area, Dhaka-1000, Bangladesh. Company's principal office is also situated at the same address and at present, the company has no branch office in Bangladesh or abroad.

1.3 Principal activities of the company

The company concentrates its activities for full payout leases and term finances, extended on the basis of recovering the full capital cost of the asset/finance, plus imputed interest charges. The company eventually will seek to broaden its leasing and financing services by entering into vendor programs with asset suppliers, underwriters, brokers, leveraged leases, lease syndications, sale and lease back finances, financing for business expansions and temporarily financed assets. The company may extend guarantees for lease/finance obligations to other institutions/companies subject to the Laws and Rules of the Government of the Peoples' Republic of Bangladesh.

1.4 Nature of operation of the company

The company extends lease finance for all types of machinery, equipment, household durables including vehicles for the purpose of industrial, commercial, agricultural and personal use in Bangladesh and also term finance to its clients within the purview of the Law.

1.5 Information regarding associate company

The company has 1 (one) associate company namely Fareast Stocks & Bonds Limited (fifty percent shareholding), was incorporated on 03 September 2009 as a private limited company under The Companies Act, 1994 with authorized share capital of Tk.500,000,000. The company had started its operation from 27 April 2010. The main business of the company is to carry on the business as a stock broker, stock dealer in stocks and dealing in securities, commercial papers, bonds, debenture stocks, foreign currencies, treasury bills/bonds and/or any financial instruments.

1.6 Number of employees of the company

The number of employees of the company was forty both at the end of the year 2011 and 2010.

2. Basis of preparation and significant accounting policies

As per the requirements of BAS 1: “Presentation of Financial Statements” and DFIM circular # 11 dated 23 December 2009 issued by Bangladesh Bank, financial statements comprise a statement of financial position as at the end of the period (Balance sheet), a statement of comprehensive income for the period (Profit and Loss Account), a statement of changes in equity for the period, a statement of cash flows for the period, liquidity statement, and relevant notes and disclosures.

Financial statements are made as at 31 December 2011 with a comparative amounts as at 31 December 2010 and are prepared under the historical cost convention on generally accepted accounting principles on going concern basis. Financial statements have been prepared in accordance with the measurements and recognition requirements of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

Adopted International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), the Companies Act 1994 and DFIM circular # 11 dated 23 December 2009, have been used as a model for the presentation and disclosure framework to provide additional information and analysis of the key items in the financial statements except as the company considers disclosures inappropriate.

Specific accounting policies selected and applied for significant transactions and events are depicted below:

2.1 Basis of preparation

The financial statements are prepared using the accrual basis of accounting except for the cash flow information where the material class of similar item has been presented separately. As per the requirements of BAS 1: “Presentation of Financial Statements” and DFIM circular # 11 dated 23 December 2009, the comparative amounts have been restated. The figures in the financial statements have been rounded off to the nearest taka.

2.2 Prior period error

As per paragraph 49 of BAS 8: “Accounting Policies, Changes in Accounting Estimate and Errors” the company inadvertently did not consider 50% of revaluation reserve of its associate company namely Fareast Stocks & Bonds Limited in the year 2010. Due to such prior year error, investment in associate and revaluation reserve has been reduced by Tk.463,643,750 as such, the balances of investment in associate and revaluation reserve has been restated.

2.3 Cash flow statement

Cash flow statement is prepared in accordance with BAS 7: “Cash Flow Statement”, DFIM circular # 11 dated 23 December 2009 and as recommended by the Securities and Exchange Rules 1987. The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. Cash and cash equivalents include notes and coins on hand, unrestricted balance held with the Bangladesh Bank and its agent bank including balances with other commercial banks. It is broken down into operating activities, investing activities and financing activities. The direct method is used to show the operating activities.

According to BAS 7: "Cash Flow Statements", cash comprises cash in hand and demand deposits and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Considering the provisions of BAS 7 and BAS 1, cash in hand, fixed deposits and bank balances have been considered as cash and cash equivalents.

2.4 Statement of changes in equity

The statement of changes in equity is prepared in accordance with BAS 1: "Presentation of Financial Statements" and DFIM Circular # 11 dated 23 December 2009.

2.5 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared in accordance with the guidelines issued by Bangladesh Bank through DFIM circular # 11 dated 23 December 2009 as per following bases:

a) Balance with other banks and financial institutions are on the basis of their maturity term.
b) Investments are on the basis of their residual maturity term.
c) Loans, advances and leases are on the basis of their repayment/maturity schedule.
d) Fixed assets are on the basis of their useful lives.
e) Other assets are on the basis of their adjustment terms.
f) Borrowings from other banks, financial institutions and agents as per their maturity/repayment terms.
g) Deposits and other accounts are on the basis of their maturity term and behavioral past trends.
h) Other liabilities are on the basis of their settlement terms.

2.6 Contingent liabilities and contingent assets

The company does not recognize contingent liabilities and contingent asset but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

2.7 Proposed dividend

Proposed dividend has not been recognized as a liability in the balance sheet in accordance with BAS 10: "Events after the Reporting Period".

2.8 Events after the Reporting Period

All material events occurring after the reporting period has been considered and where necessary, adjusted for or disclosed in note-47.

2.9 Provision for income tax

BAS 12: "Income Taxes" and Income Tax ordinance 1984 have been used for the calculation of deferred tax and current tax expense respectively. Provision for income tax represents the sum of the current tax expense and deferred tax expense.

a) Current tax expense

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in succeeding years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

b) Deferred tax expense

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized.

Deferred tax is calculated at the tax rates, which are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit and loss account.

2.10 Fixed assets

All fixed assets are stated at cost less accumulated depreciation as per BAS 16: "Property, Plant and Equipment". The cost of acquisition of an asset comprise its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the items can be measured reliably. Normal expenditure incurred after the assets have been put into operation such as repairs and maintenance other than major replacements, renewals and or betterment of the assets are charged off as revenue expenditure in the period in which it is incurred.

Depreciation on fixed assets has been charged only from the month of acquisition of the asset (if purchased on or before fifteenth day of the month) to the end of the year and in case of assets disposed off, no depreciation on the assets has been charged on the month of disposal of assets. Depreciation on all assets is computed to write off over the estimated useful economic lives of the assets.

Depreciation on fixed assets under company's own use is charged on straight-line method throughout the estimated useful lives of the assets. The annual depreciation rates applicable to the class of assets are as follows:

Item of assets	**Rate (%)**
Furniture	18
Office equipment	20
Office software	20
Office crockery	20
Motor vehicle	20

2.11 Impairment of assets

In each year the management assess whether there is any indication that the assets may be impaired in accordance with BAS 36: "Impairment of Assets" considering the current economic situations. Management concludes that there is no such indication exists.

2.12 Accounting for investment in leases

As per BAS 17: "Leases", the company recognizes leased assets in the balance sheet and presents them as receivable at an amount equal to the net investment in the lease. Under a finance lease all the risks and rewards incident to legal ownership are transferred by the company, and thus the lease payment receivable is treated as repayment of principal and finance income to reimburse and reward for its investment and services. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

2.13 Accounting for term finances

As per IFRS 7: "Financial Instruments: Disclosures", term finances given by the company are recognized as financial asset on its balance sheet when and only when, the company becomes a party to the contractual provisions of the finances and have a contractual right to receive cash or another financial asset from the finance. Subsequently, the financial assets are presented in the balance sheet at amortized cost using the effective interest rate method.

2.14 Accounting for investment in associates

An associate is an entity in which the company has significant influence and which is neither a subsidiary nor a joint venture. The company's investment in associate is accounted for in the financial statements using the equity method in accordance with BAS 28: "Accounting for investment in associates". Such investments are classified as other assets in the balance sheet and the share of profit/loss of such investment is classified under other operating income in the profit and loss account.

2.15 Recognition of leased assets

Company's leased assets are stated at the gross lease receivables less the unearned lease income. Lease payments relating to the accounting period are applied against the gross investment in the lease to reduce both the principal and the unearned lease income.

2.16 Recognition of term finances

Term finances are stated at the initial investment less accumulated principal amortization calculated under effective interest rate method. Initial investment represents principal finance and capitalization of interest accumulated before starting repayment and amortization rate under effective interest rate method represents the rate that exactly discounts the expected stream of future cash payments through maturity.

2.17 Recognition of investment in associate

Recognition of income on the basis of distributions received from associate may not be an adequate measure of the income earned by the Company on an investment in an associate because the distributions received may bear little relation to the performance of the associate. Because of the company has significant influence over the associate; the company has an interest in the associate's performance and as a result the return of investment. The company's accounts for this interest by extending the scope of its financial statements to include its share of profit/loss of such an associate. As a result application of the equity methods provides more informative reporting of the net asset and profit or loss of the investor.

2.18 Provision for loans, advances and leases

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations.

No provision is recognized for any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or any present obligation that arises from past events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimates of the amount of obligation cannot made.

The company evaluates its loans, advances and leases portfolio on regular intervals and maintains its provision requirement at a level adequately considering the identifiable and unforeseen losses in the portfolio and also the quality of the portfolio commensurate with changes in the economic conditions.

The following three principles are followed to estimate the company's provision:

- Bangladesh Bank guidelines relating to classification and provisioning of loans, advances and leases.
- BAS 37: "Provisions, Contingent Liabilities and Contingent Assets".
- Management consideration regarding the quality of portfolio.

Provision has been recognized as on the date of the balance sheet and charged to the profit and loss accounts on incremental basis.

2.19 Depreciation of assets under finance lease

As per BAS 17: “Leases”, the company recognizes its assets, taken on lease as its assets under fixed assets and liabilities in the Balance Sheet at amounts equal at the inception of the lease to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. The depreciation policy for depreciable leased assets is consistent with that of depreciable assets owned, and the depreciation recognized is calculated on the basis set out in BAS 16: “Property, Plant and Equipment”.

2.20 Investment in shares

Investment in shares are treated as financial asset as per BAS 32: “Financial Instruments: Presentation”, classified as financial asset at fair value through profit and loss as per BAS 39: “Financial Instruments: Recognition and Measurement” and are recognized as current investment and shown in the Balance Sheet under the current assets and investments head.

Investment in shares has been shown at fair value considering the Bangladesh Bank guidelines and SEC notifications in this regard.

Provision has been made for reduction in market price of shares as on the date of the balance sheet and charged to the profit and loss accounts on incremental basis.

2.21 Borrowings from other banks, financial institutions and agents

In conformation to BAS 30: “Disclosures in the Financial Statements of Banks and Similar Financial Institutions” and DFIM circular # 11 dated 23 December 2009 issued by Bangladesh Bank, borrowings from other banks, financial institutions and agents are placed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

2.22 Deposits and other accounts

The company takes term deposits from banks, financial institutions and general public at various rates against issuance of fixed deposits receipts within the parameters set by Bangladesh Bank through different circulars.

The company places the deposits and other accounts into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date considering the BAS 30: “Disclosures in the Financial Statements of Banks and Similar Financial Institutions” and DFIM circular # 11 dated 23 December 2009 issued by Bangladesh Bank.

2.23 Interest suspense account

According to Bangladesh Bank’s guidelines relating to classification and provisioning of loans, advances and leases, interest included in the overdue having status other than standard are not recognized as income rather transferred to interest suspense account. Recovery of overdue balances credited to interest suspense account is recognized as income on cash basis.

2.24 Revenue recognition

The revenue is recognized after satisfying all the conditions for revenue recognition as provided BAS 18: “Revenue”. Detailed income wise policy for revenue recognition is as under:

a) Interest income on loans, advances and leases

Interest on loans is recognized as income at the time of its becoming receivable from the client.

As per BAS 17: “Leases”, finance income are recognized as income based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Interest included in the installments against the loans, advances and leases, which are in standard status as per Bangladesh Bank’s guidelines relating to classification and provisioning of loans, advances and leases are recognized as income irrespective of received or not.

Incase of loans, advances and leases, which are in status other than standard mentioned above, interest included in the overdue installments are not recognized as income.

Interest accrued on loans, advances and leases for the period from the due date in December to the balance sheet date is recognized as income (on time proportion basis).

b) Capital gain

Capital gain on sale of shares listed in the stock exchanges is recognized on cash basis. Company does not recognize the unrealized capital gain in the profit and loss account.

c) Dividend income

Dividend income has been accounted for when the right to receive the dividend is established.

d) Commission income

Commission income has been accounted for on cash basis.

e) Other operating income

Income classified as fee has been accounted for on cash basis.

Profit or loss on sale of leased assets has been accounted for on completion of sale basis at the time of sale of the respective leased asset as per BAS 17: “Leases”.

Profit or loss on sale of fixed assets has been accounted for on completion of sale basis at the time of sale of the respective fixed asset as per BAS 16: “Property, Plant and Equipment”.

Income from associate has been accounted for using the equity method under BAS 28: “Accounting for investment in associates”.

2.25 Post employment benefits to the employees

The retirement benefits accrued for the employees of the company as on the reporting date have been accounted for in accordance with the provisions of BAS 19: “Employee Benefit”. Bases of enumerating the retirement benefits schemes operated by the company are outlined below:

a) Provident fund

There is a provident fund scheme under the defined contribution plan. The fund is operated by a separate Board of Trustees. All eligible employees contribute 10% of their basic pay to the fund. The company also contributes equal of employee’s contribution to the fund. Benefits from the fund are given to eligible employees at the time of retirement/resignation as per approved rules of the fund. The financial statements are duly prepared for the provident fund as per the requirements of BAS 26: “Accounting and Reporting by Retirement Benefit Plans”.

b) Staff gratuity

The company has a separate Board of Trustees for operating the staff gratuity fund. Employees of the company, who served the company for five years or above is entitled to get gratuity benefit at rates determined by the approved rules of the fund. The financial statements are duly prepared for the gratuity fund as per the requirements of BAS 26: “Accounting and Reporting by Retirement Benefit Plans”.

2.26 Foreign currency transaction

a) Functional and presentational currency

Financial statements of the company are presented in Taka, which is the company’s functional and presentational currency.

b) Foreign currency translation

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transaction as per BAS 21: “The Effects of Changes in Foreign Exchange Rates”.

2.27 Borrowing costs

Interest on borrowings of fund from different sources is recognized as financial expenses according to BAS 23: “Borrowing Costs”. Interest amount represents the amount paid and accrued up to the end of the year.

2.28 Related party transactions

The managements duly identified the party/parties related to the company and disclose the transactions of the related party in note # 42 as per BAS 24: “Related Party Disclosures”.

2.29 Earnings per share (EPS)

The company calculates earnings per share (EPS) in accordance with BAS 33: "Earnings Per Share" shown on the face of the profit and loss account while, the computation of EPS is stated in note # 39.

Basic earnings per share

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

For calculation of basic earnings and weighted average number of ordinary shares outstanding during the year, the following formulas have been used:

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 share issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days the specific shares outstanding as a proportion of the total number of days during the year.

Diluted earnings per share

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

2.30 Provision for liabilities

According to BAS 37: "Provision, Contingent Liabilities and Contingent Assets" the company recognizes the provision in the balance sheet when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations.

2.31 Derivatives

According to IFRS 7: "Financial Instruments: Disclosures", the company was not a party to any derivative contract (financial instruments) at the Balance Sheet date, such as forward exchange contracts, currency swap agreement or contract to hedge currency exposure related to import of capital machinery to be leased to lessees in future.

2.32 Risk management

Most of the times only credit risk is considered as risk to be evaluated at the time of lending decision. But except credit risk there is also some more kind of risk that is also aligning in financial business sector. The major risks that are faced by Fareast Finance & Investment Limited (FFIL) as a financial institution are as follows:

a) Credit risk

Credit risk refers to the probability that a counter party will not repay its financial obligations in due time. As a lending institution credit risk cannot be eliminated but reduced at a minimum level and managed. The recent global financial meltdown underscored the importance of a proper credit risk management system.

FFIL Management has established an independent credit risk management unit who will supervise, review and undertakes multi-tier term/lease approval process, in depth analysis of the borrower in view of financial strength, managerial capacity, industry prospect and macroeconomic scenario, Credit Administration ensures that all documentations are properly completed and monitor the repayment performance on regular basis, disbursement is made upon independent recommendation by the compliance department, the credit committee regularly meets to review new credit proposals as well as performance of existing portfolios.

b) Liquidity risk

Liquidity risk management involves the ability to manage and maintain adequate financial liquidity at all times. Good liquidity risk management results FFIL’s position to meet all its obligations to fulfillment of commitments in due time. Sometimes critical importance is the need to avoid having to liquidate assets or to raise funds at unfavorable terms resulting in financial loss. Prudent liquidity management is of paramount importance as the ultimate cost of a lack of liquidity is being out of business.

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

c) Market risk

Market risk is the risk that may affect FFIL’s earnings and capital due to changes in the market level of interest rates, securities, equities as well as the volatilities of those prices. Volatility of money market, which ultimately imposes upward pressure on interest rate structure, may erode the company's profitability. Devaluation of local currency against major international currencies affects business performance of import based companies or companies borrowed in foreign currency adversely. The company is operating in a highly competitive industry. Inability to hold on to a proactive and competitive posture due to lack of market access and inability of offering competitive products will hinder the Company's growth potential.

The company is less dependent on short-term borrowings rather depends on term deposit and line of credit facilities from commercial banks for funding its business activities. The renewal rate of its maturing deposits mitigates the interest rate risk. As far as interest on term loan is concerned, rise in interest rate of borrowing results in increase of lending rate to clients. Fareast Finance & Investment Limited does not have any foreign currency loan. Moreover since it is a leasing company it imports equipment, plant & machinery etc. to lease out to the prospective clients. In case of currency fluctuation it is the prospective client who ultimately takes the risk. The treasury department reviews and prepares a report on the trend of market interest rate movement and carry out asset liability gap analysis. To manage the market risk FFIL has managed to arrange the funding facilities with competitive interest rate to match with maturity. It also maintains a new spread investment plans and practical provisioning policy. FFIL with its strong earning capacity, favorable credit rating and market goodwill can access money market with a competitive rate.

d) Compliance risk

Internal control and compliance contains self-monitoring mechanisms and actions taken to correct deficiencies as they are identified. Since financial service activities are conducted within a framework of obligations imposed by regulators, complying with such requirements is not optional but mandatory for financial institutions. The consequences of non compliance include fines, public reprimands and enforced supervision of operation or withdrawal of authorization to operate, any of which can lead to loss of reputation particularly through adverse publicity in national media.

The company has been practicing internal control system based on the guidelines framed by Bangladesh Bank. Internal control and compliance department of FFIL covers all areas of company’s operational activities where risk of operational losses may arise as well as to ensure that everyone understands their roles and responsibilities in this process. All employees are expected to observe the professional and institutional code of conduct.

e) Operational risk

Operational risk addresses the risk associated with fraud, forgery, unauthorized activities, error, omission, system failure and external events among others. Some more operational events are including operational errors, non-compliance with internal regulations, non-compliance of legal requirements, launching new products without adequate operational support, routing traders etc.

In order to monitor and manage the risk arising from all organizational activities, an appropriate organizational structure is second to none. FFIL Management manages to place proper organizational structure with proper segregation of duties and delegation of authorities. FFIL has independent Credit Risk Management (CRM) department, independent Treasury Department, independent Compliance department, independent Finance & Administration department and independent Information Technology department for technical services to operate the organization smoothly as per Bangladesh Bank’s directives.

3. Additional information on financial statements

3.1 Responsibility for preparation and presentation of financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements under section 183 of the Companies Act 1994.

3.2 Components of the financial statements

Following the BAS 1: “Presentation of Financial Statements”, the company's complete set of financial statements include the following components:

a) a statement of financial position (Balance Sheet) as at 31 December 2011
b) a statement of comprehensive income (Profit and Loss Account) for the year ended 31 December 2011
c) Cash Flow Statement for the year ended 31 December 2011
d) Statement of Changes in Equity for the year ended 31 December 2011
e) Liquidity Statement as at 31 December 2011
f) Notes to the Financial Statements and significant accounting policies.

3.3 Uncertainties for use of estimates in preparation of financial statements

The preparation of financial statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of other information at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates. Estimates are used for accounting of certain items such as depreciation on fixed assets, accrued expenses and income taxes in respect of note numbers 10, 15.1 and 15.4 respectively.

3.4 Compliance with local Laws and Rules

The financial statements have been prepared in compliance with the requirements of the following laws and regulations:

a) The Financial Institutions Act, 1993
b) The Companies Act, 1994
c) The Income Tax Ordinance, 1984
d) The Value Added Tax Act, 1991
e) The Artha Rin Adalat Ain, 2003
f) The Negotiable Instrument Act, 1881
g) The Stamp Act, 1899
h) Rules, regulations and circulars issued by the Bangladesh Bank
i) Securities and Exchange Rules, 1987

3.5 Comparatives

As per paragraph 38 of BAS 1: “Presentation of Financial Statements” the company has disclosed comparative information in respect of the previous period for all amounts reported in the current period’s financial statements.

3.6 Compliance with BFRS and BAS

The financial statements have been prepared in compliance with the requirements of the following BFRS and BAS:

Sl. #	BFRS & BAS #	Name of BFRS and BAS	Status
1	BFRS 1	First time Adoption of International Financial Reporting Standards	Not applicable
2	BFRS 2	Share-based Payment	Not applicable
3	BFRS 3	Business Combinations	Not applicable
4	BFRS 4	Insurance Contracts	Not applicable
5	BFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Not applicable
6	BFRS 6	Exploration for and Evaluation of Mineral Resources	Not applicable
7	BFRS 7	Financial Instruments: Disclosures	Complied
8	BFRS 8	Operating Segments	Not applicable
9	BAS 1	Presentation of Financial Statements.	Complied
10	BAS 2	Inventories	Complied
11	BAS 7	Cash Flow Statements	Complied
12	BAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
13	BAS 10	Events after the Reporting Period	Complied
14	BAS 11	Construction Contracts	Not applicable
15	BAS 12	Income Taxes	Complied
16	BAS 16	Property, Plant and Equipment	Complied
17	BAS 17	Leases	Complied
18	BAS 18	Revenue	Complied
19	BAS 19	Employee Benefits	Complied
20	BAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
21	BAS 21	The Effects of Changes in Foreign Exchange Rates	Complied
22	BAS 23	Borrowing Costs	Complied
23	BAS 24	Related Party Disclosures	Complied
24	BAS 26	Accounting and Reporting by Retirement Benefit Plans	Complied
25	BAS 27	Consolidated Financial Statements	Not applicable
26	BAS 28	Investments in Associates	Complied
27	BAS 31	Interests in Joint Ventures	Not applicable
28	BAS 32	Financial Instruments: Presentation	Complied
29	BAS 33	Earnings Per Share	Complied
30	BAS 34	Interim Financial Reporting	Complied
31	BAS 36	Impairment of Assets	Complied
32	BAS 37	Provisions, Contingent Liabilities and Contingent Assets	Complied
33	BAS 38	Intangible Assets	Complied
34	BAS 39	Financial Instruments: Recognition and Measurement	Complied
35	BAS 40	Investment Property	Not applicable
36	BAS 41	Agriculture	Not applicable

3.7 Reporting period

Financial statements of the company cover one calendar year from 01 January to 31 December consistently.

		Amounts in Taka	
		2011	**2010**
4.	**Cash**		
4.1	*Cash in hand*		
	In local currency	12,540	46,000
	In foreign currency	0	0
		12,540	**46,000**
4.2	*Balance with Bangladesh Bank and its agent Bank(s)*		
	In local currency	35,527,236	18,517,655
	In foreign currency	0	0
		35,527,236	**18,517,655**

4.3 *Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)*

Cash Reserve Requirement @ 2.5% and Statutory Liquid Ratio @ 5% have been calculated and maintained in accordance with FID Circular # 02 and 06 dated 10 November 2004 and 31 May 2001 respectively. Details calculation are as follows:

		2011	2010
a)	**Cash Reserve Requirement**		
	Required reserve	29,182,231	10,836,069
	Actual reserve maintained	33,836,516	18,517,655
	Surplus/(deficit)	**4,654,285**	**7,681,586**
b)	**Statutory Liquidity Ratio**		
	Required reserve (including CRR)	74,622,266	34,121,094
	Actual reserve maintained (including CRR) (note-4.3.1)	250,585,592	142,019,665
	Surplus/(deficit)	**175,963,326**	**107,898,571**

		2011	2010
4.3.1	*Actual reserve maintained (including CRR)*		
	Cash in hand	12,540	46,000
	Balance with Bangladesh Bank and its agent Bank(s) as per bank statement	33,836,516	18,517,655
	Balance with other banks and financial institutions as per bank statement	216,736,536	123,456,010
		250,585,592	**142,019,665**
5.	**Balance with other banks and financial institutions**		
	In Bangladesh		
	Current accounts (note-5.1)	163,628	171,197
	Short term deposit accounts (note-5.2)	11,529,847	21,625,319
	Savings accounts (note-5.3)	0	0
	Fixed deposit accounts (note-5.4)	204,886,228	107,294,778
		216,579,703	**129,091,294**
	Outside Bangladesh	0	0
		0	**0**

The company does not maintain any account outside Bangladesh.

		Amounts in Taka	
		2011	**2010**

5.1 *Current accounts*

		2011	2010
BRAC Bank Limited	Gulshan Branch	94,911	96,182
Jamuna Bank Limited	Moulovi Bazar Branch	40,855	42,355
Janata Bank Limited	Topkhana Road Corporate Branch	2,603	3,753
National Bank Limited	Gulshan Branch	16,242	17,700
Rupali Bank Limited	Local Office	2,985	4,025
Uttara Bank Limited	Local Office	6,032	7,182
		163,628	**171,197**

5.2 *Short term deposit accounts*

		2011	2010
Bank Alfalah Limited	Main Branch	3,077,762	4,713,731
Bangladesh Commerce Bank Limited	Dilkusha Branch	38,695	38,574
BASIC Bank Limited	Dilkusha Branch	452,939	431,752
Bank Asia Limited	Principal Office Branch	1	1
Export Import Bank of Bangladesh Ltd	Motijheel Branch	6,586	6,042
Islami Bank Bangladesh Limited	Foreign Exchange Branch	31,021	30,346
Dhaka Bank Limited	Adamjee Court Branch	777	1,956
Dutch-Bangla Bank Limited	Bashundhara Branch	487,094	6,799
Mercantile Bank Limited	Main Branch	46,987	48,787
Mutual Trust Bank Limited	Dilkusha Branch	287,201	1,206,538
One Bank Limited	Principal Branch	2,333	3,246
Prime Bank Limited	IBB Dilkusha Branch	748,816	730,469
Shahjalal Islami Bank Limited	Dhaka Main Branch	57,411	67,978
Social Islami Bank Limited	Babu Bazar Branch	10,164	2,779
Southeast Bank Limited	Corporate Branch	5,824,578	13,896,414
Standard Bank Limited	Principal Branch	1,800	5,000
The City Bank Limited	Principal Office	455,682	434,907
		11,529,847	**21,625,319**

5.3 *Savings accounts*

	2011	2010
Savings accounts	0	0
	0	**0**

The company does not maintain any savings account.

5.4 *Fixed deposit accounts*

		2011	2010
Bangladesh Industrial Finance Co. Ltd	Head Office	0	2,769,000
Reliance Finance Limited	Head Office	200,000,000	100,000,000
Shahjalal Islami Bank Limited	Dhaka Main Branch	4,300,189	3,994,563
Standard Bank Limited	Dhanmondi Branch	586,039	531,215
		204,886,228	**107,294,778**

5.5 *Maturity grouping of balance with other banks and financial institutions*

	2011	2010
Up to 1 month	112,279,514	21,796,516
Over 1 month but not more than 3 months	100,000,000	531,215
Over 3 months but not more than 1year	4,300,189	106,763,563
Over 1 year but not more than 5 years	0	0
Over 5 years	0	0
	216,579,703	**129,091,294**

		Amounts in Taka	
		2011	**2010**
6.	**Money at call and short notice**		
	Bangladesh Industrial Finance Company Limited	0	50,000,000
	Prime Finance & Investment Limited	0	100,000,000
	Pubali Bank Limited	0	50,000,000
	Reliance Finance Limited	0	50,000,000
		0	**250,000,000**
7.	**Investments**		
7.1	*Investment classified as per nature*		
	Government securities (note-7.1.1)	0	0
	Others investments (note-7.1.2)	192,708,218	144,929,265
		192,708,218	**144,929,265**
7.1.1	*Government securities*		
	Treasury bills	0	0
	National investment bonds	0	0
	Bangladesh Bank bills	0	0
	Government notes/bonds	0	0
	Prize bonds	0	0
	Others	0	0
		0	**0**
7.1.2	*Others investments*		
	Investment in shares (Annexure-A)	192,708,218	144,929,265
	Debenture and bonds	0	0
	Other investment	0	0
	Gold, bullion etc.	0	0
		192,708,218	**144,929,265**
7.2	*Residual maturity grouping of investments*		
	Repayable on demand	192,708,218	98,678,447
	Up to 1 month	0	0
	Over 1 month but not more than 3 months	0	0
	Over 3 months but not more than 1year	0	46,250,818
	Over 1 year but not more than 5 years	0	0
	Over 5 years	0	0
		192,708,218	**144,929,265**
8.	**Loans, advances and leases**		
8.1	*a) Inside Bangladesh*		
	Investment in leases (note-8.1.1)	653,246,474	703,331,160
	Term finances (note-8.1.2)	4,290,999,432	3,165,084,122
		4,944,245,906	**3,868,415,282**
	b) Outside Bangladesh	**0**	**0**
	Total	**4,944,245,906**	**3,868,415,282**

		Amounts in Taka	
		2011	**2010**
8.1.1	*Investment in leases*		
	Principal outstanding	510,749,198	579,746,210
	Accounts receivable	122,497,276	95,784,950
	Advance against lease finance	20,000,000	27,800,000
	Total	**653,246,474**	**703,331,160**
8.1.2	*Term finances*		
	Principal outstanding	4,127,660,005	3,047,630,258
	Accounts receivable	163,339,427	117,453,864
	Total	**4,290,999,432**	**3,165,084,122**
8.2	*Sector wise loans, advances and leases*		
	Public sector	0	0
	Co-operative sector	55,995,168	55,106,933
	Private sector	4,888,250,738	3,813,308,349
		4,944,245,906	**3,868,415,282**
8.3	*Residual maturity grouping of loans, advances and leases*		
	Repayable on demand	0	0
	Not more than 3 months	449,624,616	401,157,863
	Over 3 months but not more than 1year	2,657,540,161	486,649,002
	Over 1 year but not more than 5 years	1,818,457,236	2,954,137,528
	Over 5 years	18,623,893	26,470,889
		4,944,245,906	**3,868,415,282**
8.4	*Loans, advances and leases on the basis of significant concentration*		
	a) Loans, advances and leases to Directors and organizations related to Directors	1,837,340,125	1,417,340,125
	b) Loans, advances and leases to Chief Executive Officer and other senior	0	0
	c) Loans, advances and leases to customer groups:		
	i) Loans	2,453,659,307	1,747,743,997
	ii) Leases	653,246,474	703,331,160
		4,944,245,906	**3,868,415,282**
	d) Loans, advances and leases on sector basis:		
	1. Trade and Commerce	166,999,031	167,080,395
	2. Industry:		
	i) Garments and Knitwear	354,753,170	332,652,043
	ii) Textile	248,647,497	300,719,683
	iii) Jute and Jute-Products	41,473,680	21,003,154
	iv) Food Production and Processing Industry	221,103,604	316,415,944
	v) Plastic Industry	122,960,989	16,183,539
	vi) Leather and Leather-Goods	0	0
	vii) Iron, Steel and Engineering	81,055,202	49,676,452
	viii) Pharmaceuticals and Chemicals	186,717,729	206,141,099
	ix) Cement and Allied Industry	18,099,751	26,002,077
	x) Telecommunication and Information Technology	3,443,304	6,449,872
	xi) Paper, Printing and Packaging	114,195,233	18,128,048
	xii) Glass, Glassware and Ceramic Industry	51,115,836	60,828,652
	xiii) Ship Manufacturing Industry	263,535,947	98,886,348
	xiv) Electronics and Electrical Products	12,363,944	13,498,493
	xv) Power, Gas, Water and Sanitary Service	60,655,699	61,692,974
	xvi) Transport and Aviation	364,303,604	517,627,218

	Amounts in Taka	
	2011	2010
3. Agriculture	12,207,817	37,808,222
4. Housing	93,579,965	89,985,029
5. Others:		
i) Merchant Banking	0	0
ii) Margin Loan	0	0
iii) Others	2,527,033,904	1,527,636,040
	4,944,245,906	**3,868,415,282**

8.5 Loans, advances and leases on geographical basis

Inside Bangladesh		
Urban		
Dhaka Division	3,676,597,974	2,865,394,601
Chittagong Division	1,079,134,173	809,135,014
Khulna Division	178,345,940	180,104,116
Rajshahi Division	10,167,819	13,781,551
Barisal Division	0	0
Sylhet Division	0	0
	4,944,245,906	**3,868,415,282**
Rural		
Dhaka Division	0	0
Chittagong Division	0	0
Khulna Division	0	0
Rajshahi Division	0	0
Barisal Division	0	0
Sylhet Division	0	0
	0	**0**
	4,944,245,906	**3,868,415,282**
Outside Bangladesh	**0**	**0**
Total	**4,944,245,906**	**3,868,415,282**

8.6 Loans, advances and leases on security basis

Collateral of moveable and immovable assets	1,582,870,511	1,671,912,050
Fixed deposit receipts	633,747,180	117,005,163
Shares of listed public limited companies	119,712,347	258,334,949
Corporate guarantee	216,171,109	293,181,820
Personal guarantee	54,816,089	74,167,734
Other securities	2,336,928,670	1,453,813,566
	4,944,245,906	**3,868,415,282**

8.7 Classification of loans, advances and leases

Unclassified		
Standard	4,475,388,746	3,340,653,426
Special mention account	93,453,670	214,300,277
	4,568,842,416	**3,554,953,703**
Classified		
Sub-standard	45,210,261	17,399,544
Doubtful	72,567,798	90,977,298
Bad/Loss	257,625,431	205,084,737
	375,403,490	**313,461,579**
Total	**4,944,245,906**	**3,868,415,282**

			Amounts in Taka	
			2011	**2010**

8.8 Provision for loans, advances and leases

Status	**Base for provision**	**Rate (%)**		
Provision for unclassified loans, advances and leases-General provision				
Standard	4,475,388,746	1	44,753,887	33,406,534
Special mention account	86,183,952	5	4,309,197	9,742,893
			49,063,084	**43,149,427**
Provision for classified loans, advances and leases-Specific provision				
Sub-standard	21,279,533	20	4,255,907	1,627,138
Doubtful	37,537,844	50	18,768,922	23,536,129
Bad/Loss	68,597,125	100	68,597,125	50,522,450
			91,621,954	**75,685,717**
Required provision for loans, advances and leases			140,685,038	118,835,144
Total provision maintained (note-15.2)			140,685,038	118,835,144
Excess/(short) provision as at 31 December			0	0

8.9 Net loans, advances and leases

Total loans, advances and leases (note-8.0)	4,944,245,906	3,868,415,282
Less:		
Non-performing loans, advances and leases (note-8.7)	375,403,490	313,461,579
Interest suspense (note-15.5)	84,988,359	82,864,412
Provision for loans, advances and leases (note-15.2)	140,685,038	118,835,144
	601,076,887	515,161,135
	4,343,169,019	**3,353,254,147**

8.10 Particulars of loans, advances and leases

a)	Loans, advances and leases considered good in respect of which the financial institution is fully secured	4,673,258,708	3,501,065,728
b)	Loans, advances and leases considered good against which the financial institution holds no security other than the debtors personal guarantee	54,816,089	74,167,734
c)	Loans, advances and leases considered good secured by personal undertaking of one or more parties in addition to the personal guarantee of the debtors	216,171,109	293,181,820
		4,944,245,906	**3,868,415,282**
d)	Loans, advances and leases adversely classified: provision not maintained there	0	0
e)	Loans, advances and leases due by directors or officers of the financial institution or any of them either separately or jointly with any other person	0	0
f)	Loans, advances and leases due from companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members	1,837,340,125	1,417,340,125
g)	Maximum total amount of loans, advances and leases, including temporary advances made at any time during the year to the directors or managing directors or officers of the financial institution or any of them either separately or jointly with any other person	0	0

		Amounts in Taka	
		2011	**2010**
h)	Maximum total amount of loans, advances and leases, including temporary advances granted during the year to companies or firms in which the directors of the financial institution have interest as directors, partners, managing agents or in case of the private companies, as members	0	0
i)	Due from banks and other financial institutions	0	0
j)	Classified loans, advances and leases:		
	i) Classified loans, advances and leases on which no interest has been charged	375,403,490	313,461,579
	ii) Provision on classified loans, advances and leases	91,621,954	75,685,717
	iii) Provision kept against loans, advances and leases classified as bad debts	68,597,125	50,522,450
	iv) Interest credited to interest suspense account (note-15.5)	84,988,359	82,864,412
k)	Cumulative amount of written-off of loans, advances and leases		
	Opening balance	119,906,493	78,763,251
	Add: Amount written-off during the year	3,130,198	41,143,242
	Less: Adjustment against realised written-off amount	24,018,754	0
		99,017,937	119,906,493
	Amount realized against loans, advances and leases previously written-off	18,000,000	0
	Amount relating to written-off/classified loans, advances and leases for which law suites has been filed excluding late payment interest and other charges	324,732,561	190,527,291

8.11 Suites filed by the company

As at 31 December 2011, Fareast Finance & Investment Limited filed 21 suits against 21 clients under Artha Rin Adalat Ain 2003. Total suit amount was Tk.392,074,117 only.

9. Bills purchased and discounted

	2011	2010
Payable in Bangladesh	0	0
Payable outside Bangladesh	0	0
	0	**0**

As at 31 December 2011, Fareast Finance & Investment Limited was not involved in any transactions relating to bills purchase and or discount.

10. Fixed assets including premises, furniture and fixtures

	2011	2010
Cost		
Balance as at 01 January	25,620,787	23,136,175
Add: Addition during the period	18,102,852	4,242,877
Less: Disposal during the period	0	1,758,265
Balance as at 31 December	**43,723,639**	**25,620,787**
Accumulated depreciation		
Balance as at 01 January	13,744,080	11,595,081
Add: Addition during the period	5,843,918	3,436,897
Less: Disposal during the period	0	1,287,898
Balance as at 31 December	**19,587,998**	**13,744,080**
Written down value of the asset as at 31 December (Annexure-B)	**24,135,641**	**11,876,707**

		Amounts in Taka	
		2011	**2010**
11.	**Other assets**		
	Advances, Deposits and Prepayments (note-11.1)	21,908,619	151,557,906
	Interest and Commission Receivable (note-11.2)	70,486,593	35,073,495
	Investment in associate (note-11.3)	861,491,285	677,042,366
	Amount receivable against shares sold	145,951,111	4,621,440
	Deferred tax assets (note-11.4)	838,521	0
	Miscellaneous	514,669	252,646
		1,101,190,798	**868,547,853**

11.1 Advances, Deposits and Prepayments

Advance to employees	86,500	559,000
Advance against car loan facility	0	666,656
Advance corporate income tax	18,114,646	8,167,562
Advance office rent	3,129,423	2,700,000
Advance to Fareast Capital Management Limited	567,450	0
Advance to Fareast Stocks & Bonds Limited	0	133,400,000
Advance to vendors for new office premises	0	6,054,088
Miscellaneous	10,600	10,600
	21,908,619	**151,557,906**

11.2 Interest and Commission Receivable

Guarantee commission receivable	3,750,000	0
Interest accrued on fixed deposit receipts	12,000,936	2,373,436
Interest accrued on call loan	0	951,389
Interest accrued on loans, advances and leases	54,735,657	31,748,670
	70,486,593	**35,073,495**

11.3 Investment in associate

Considering the paragraph 11 of BAS-28: "Investment in associates", investment in associate is recorded under the equity method. As per the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the company's share of net assets of the associate. Losses in excess of the cost of the investment in an associate are recognised when the company has incurred obligations on its behalf. Profit and loss account reflects the company's share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Fareast Finance & Investment Limited has one associate namely Fareast Stocks & Bonds Limited (50% shareholding) on the date of reporting. Movement of investment in associate is as follows:

Balance at 01 January	677,042,366	95,000,000
Investment/(Adjustment)	133,250,000	712,500
Revaluation reserve*	0	463,643,750
Share of profit for the year	51,198,919	117,686,116
Cash dividend	0	0
Balance at 31 December	**861,491,285**	**677,042,366**

* Please see note-2.2.

11.3.1 Revaluation reserve

Revaluation reserve includes proportionate revaluation reserve of Fareast Stocks & Bonds Limited. In the year 2010, Fareast Stocks & Bonds Limited revalued its membership of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) based on the prevailing market price.

		Amounts in Taka	
		2011	2010

11.4 Deferred tax asset

Deferred tax has been calculated based on deductible taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of BAS 12: "Income Taxes". Deferred tax asset is arrived at as follows:

Particulars	Carrying amount at balance sheet	Tax base	(Taxable)/deductible temporary difference
Assets			
Fixed assets net of depreciation	24,135,641	26,108,631	1,972,990
Liabilities	0	0	0
Total	**24,135,641**	**26,108,631**	**1,972,990**
Applicable tax rate			42.50%
Deferred tax asset as on 31 December 2011			**838,521**

11.5 Divisions of other assets

	2011	2010
Income generating other assets	931,977,878	712,115,861
Non income generating other assets	169,212,920	156,431,992
	1,101,190,798	**868,547,853**

12. Non-business assets

	2011	2010
	0	0
	0	**0**

As at 31 December 2011, Fareast Finance & Investment Limited does not have any non-business assets.

13. Borrowings from other banks, financial institutions and agents

	2011	2010
In Bangladesh (note-13.1)	1,888,107,716	2,032,427,567
Outside Bangladesh (note-13.2)	0	0
	1,888,107,716	**2,032,427,567**

13.1 In Bangladesh

	2011	2010
Bangladesh Commerce Bank Limited	85,613,666	9,362,601
Bank Alfalah Limited	26,542,340	36,098,186
BASIC Bank Limited	180,406,286	228,162,415
Dutch-Bangla Bank Limited	140,904,875	200,000,000
Dhaka Bank Limited	75,927,355	92,445,211
International Leasing And Financial Services Limited	9,933,944	1,110,339
Mercantile Bank Limited	68,333,327	88,333,331
Mutual Trust Bank Limited	275,617,305	443,351,960
National Bank Limited	77,890,481	109,149,272
One Bank Limited	14,352,238	31,467,073
Pubali Bank Limited	113,549,089	170,236,844
Rupali Bank Limited	164,860,007	45,613,397
Shahjalal Islami Bank Limited	242,366,923	0
Social Islami Bank Limited	117,012,955	184,024,701
Sonali Bank Limited	57,888,000	78,944,000
Southeast Bank Limited	101,227,067	85,788,731
Standard Bank Limited	35,868,759	44,314,214
Trust Bank Limited	(89,247)	691,954
Uttara Bank Limited	99,902,346	183,333,338
	1,888,107,716	**2,032,427,567**

		Amounts in Taka	
		2011	**2010**
13.2	*Outside Bangladesh*	0	0
		0	**0**

As at 31 December 2011, the company does not have any borrowing from outside Bangladesh.

13.3 Security against borrowings from other banks, financial institutions and agents

	2011	2010
Secured	1,888,107,716	2,032,427,567
Unsecured	0	0
	1,888,107,716	**2,032,427,567**

Borrowings from other banks, financial institutions and agents are secured by floating charges on all movable and immovable assets of the company ranking Pari-Passu among the lenders.

13.4 Maturity grouping of borrowings from other banks, financial institutions and agents

	2011	2010
Payable on demand	0	0
Up to 1 month	37,376,483	126,960,680
Over 1 month but not more than 3 months	131,513,883	124,598,148
Over 3 month but not more than 1year	655,012,516	424,479,340
Over 1 year but not more than 5 years	1,064,204,834	1,356,389,399
Over 5 years	0	0
	1,888,107,716	**2,032,427,567**

14. Deposits and other accounts

	2011	2010
Current deposits (note-14.1)	0	0
Bills payable (note-14.2)	0	0
Savings deposits (note-14.3)	0	0
Term deposits (note-14.4)	2,322,858,796	1,171,199,591
Bearer certificate of deposit (note-14.5)	0	0
Other deposits (note-14.6)	0	0
	2,322,858,796	**1,171,199,591**

		2011	2010
14.1	*Current deposits*	0	0
		0	**0**

To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any current deposit account.

		2011	2010
14.2	*Bills payable*	0	0
		0	**0**

As at 31 December 2011, the company does not have any bills payable.

		2011	2010
14.3	*Savings deposits*	0	0
		0	**0**

To conform the Bangladesh Bank's guidelines regarding deposits, the company does not operate any savings deposit account.

14.4 Term deposits

	2011	2010
Deposits from other banks and financial institutions (note-14.4.1)	1,150,000,000	740,000,000
Deposits from customers (note-14.4.2)	1,172,858,796	431,199,591
	2,322,858,796	**1,171,199,591**

		Amounts in Taka	
		2011	**2010**
14.4.1	*Deposits from other banks and financial institutions*		
	Agrani Bank Limited	0	150,000,000
	Bangladesh Commerce Bank Limited	50,000,000	150,000,000
	BRAC Bank Limited	100,000,000	60,000,000
	Dutch-Bangla Bank Limited	0	100,000,000
	Eastern Bank Limited	100,000,000	20,000,000
	Investment Corporation of Bangladesh	350,000,000	0
	Janata Bank Limited	0	50,000,000
	Social Islami Bank Limited	150,000,000	100,000,000
	Sonali Bank Limited	300,000,000	0
	The City Bank Limited	0	110,000,000
	United Commercial Bank Limited	100,000,000	0
		1,150,000,000	**740,000,000**
14.4.2	*Deposits from customers*		
	Deposits from general public	410,572,793	257,515,267
	Deposits from companies	762,286,003	173,684,324
		1,172,858,796	**431,199,591**

14.4.3 Rate of interest

Rate of interest on term deposit receipts ranges from 10% to 16.5%.

14.5	*Bearer certificate of deposit*	0	0
		0	**0**

To conform the Bangladesh Bank's guidelines regarding deposits, the company does not have any bearer certificate of

14.6	*Other deposits*	0	0
		0	**0**

As at 31 December 2011, the company does not have any other deposit account.

14.7	*Maturity grouping of deposits and other accounts*		
	Payable on demand	0	0
	Up to 1 month	251,645,000	329,572,045
	Over 1 month but not more than 6 months	668,275,750	443,677,539
	Over 6 month but not more than 1year	121,897,500	297,145,567
	Over 1 year but not more than 5 years	1,244,806,546	96,536,458
	Over 5 years but not more than 10 years	36,234,000	4,267,982
	Over 10 years	0	0
		2,322,858,796	**1,171,199,591**
15.	**Other liabilities**		
	Expenditure and other payables (note-15.1)	194,677,613	93,543,742
	Provision for bonus	2,283,640	2,845,075
	Provision for loans, advances and leases (note-15.2)	140,685,038	118,835,144
	Provision for the diminution in the value of investments (note-15.3)	25,310,659	4,608,479
	Provision for income tax (note-15.4)	87,595,137	67,595,137
	Interest suspense account (note-15.5)	84,988,359	82,864,412
	Advance rental/installment against loans, advances and leases	19,486,826	19,488,197
	Received from clients against partial rental/installment	11,725,024	73,428,769
	Margin loan from Prime Finance Capital Management Limited	357,745	0
	Leave fare assistance payable	3,737	3,737
	Income Tax, VAT and Excise Duty deducted at source	3,476,719	339,025
		570,590,497	**463,551,717**

		Amounts in Taka	
		2011	**2010**
15.1	*Expenditure and other payables*		
	Accrual of leave encashment	738,687	948,727
	Accrued interest on borrowings from other banks, financial institutions and agents	47,236,424	23,229,125
	Accrued interest on deposits and other accounts	145,821,011	68,529,600
	Auditors' fee	130,625	144,015
	Office rent	623,616	572,125
	Office utilities	64,000	68,000
	Office security	15,000	13,500
	Office plantation	3,000	0
	Telephone and mobile bill	45,250	38,650
		194,677,613	**93,543,742**

15.2 *Provision for loans, advances and leases*

This represents the amount arrived at after calculation as per circulars issued by the Bangladesh Bank in this context in order to cover all the required provisions of the company as at 31 December 2011. Total provision is made up as follows:

	2011	2010
General provision on unclassified loans, advances and leases	49,063,085	43,149,427
Specific provision on classified loans, advances and leases	91,621,953	75,685,717
Balance at 31 December	**140,685,038**	**118,835,144**
Movements in general provision on unclassified loans, advances and leases		
Balance at 01 January	43,149,427	26,496,384
Add: Provision made during the year	5,913,658	16,653,043
Balance at 31 December	**49,063,085**	**43,149,427**
Movements in specific provision on classified loans, advances and leases		
Balance at 01 January	75,685,717	19,102,959
Less: Fully provided debts written-off during the year	2,279,967	34,633,114
Add: Recoveries of amount previously written-off	0	0
Add: Provision made during the year	18,216,203	91,215,872
Less: Provision no longer required	0	0
Add: Net charge to profit and loss account	18,216,203	91,215,872
Balance at 31 December	**91,621,953**	**75,685,717**
Total	**140,685,038**	**118,835,144**

15.3 *Provision for the diminution in the value of investments*

	2011	2010
Balance at 01 January	4,608,479	451,200
Add: Provision made during the year	20,702,180	4,157,279
Balance at 31 December (Annexure-A for detail)	**25,310,659**	**4,608,479**

15.4 *Provision for income tax*

The company calculated its tax liability considering the BAS 12: "Income Taxes". Details calculation of tax liability as at 31 December 2011 is as follws:

	2011	2010
Balance at 01 January	67,595,137	32,095,137
Add: Provision made during the year (note-38)	19,161,479	35,500,000
Add: Deferred tax asset (note-11.4)	838,521	0
Balance at 31 December	**87,595,137**	**67,595,137**
Current tax liability	87,595,137	51,223,729
Deferred tax liability	0	16,371,408
Total	**87,595,137**	**67,595,137**

Current tax liability represents tax calculated @ 42.5% on profit before tax less advance tax paid.

	Amounts in Taka	
	2011	2010

15.5 Interest suspense account

This represents interest on loans and lease income not recognized as income according to Bangladesh Bank's FID circular # 03 of 2006. Details are as follows:

	2011	2010
Balance at 01 January	82,864,412	49,557,641
Add: Amount transferred to interest suspense account during the year	2,974,178	39,816,899
Less: Amount recovered from interest suspense account during the year	0	0
Less: Amount written-off during the year	850,231	6,510,128
Balance at 31 December	**84,988,359**	**82,864,412**

15.5.1 Details of interest suspense account

	2011	2010
Interest suspense for unclassified loans, advances and leases		
Standard	0	0
Special mention account	7,269,718	19,442,410
	7,269,718	19,442,410
Interest suspense for classified loans, advances and leases		
Sub-standard	4,657,827	2,260,984
Doubtful	15,007,484	19,830,401
Bad/Loss	58,053,330	41,330,617
	77,718,641	63,422,002
Total	**84,988,359**	**82,864,412**

16. Share capital

16.1 Authorized capital

	2011	2010
200,000,000 ordinary shares of Tk.10 each	**2,000,000,000**	**2,000,000,000**

16.2 Issued, subscribed and fully paid up capital

	2011	2010
104,601,624 ordinary shares of Tk.10 each	1,046,016,240	871,680,200
	1,046,016,240	**871,680,200**

The company did not issue any share other than cash on the basis of any agreement.

16.3 Raising of share capital

Fareast Finance & Investment Limited raised its share capital as follows:

Year	Type of issue of paid up capital	# of share	Face value per share	Value of share	Cumulative paid up capital
2001	Opening capital	500,000	100	50,000,000	50,000,000
2004	Bonus share	75,000	100	7,500,000	57,500,000
2004	Right share	875,001	100	87,500,100	145,000,100
2006	Bonus share	290,000	100	29,000,000	174,000,100
2007	Bonus share	217,500	100	21,750,000	195,750,100
2010	Bonus share	1,174,500	100	117,450,000	313,200,100
2010	Right share	5,000,000	10	50,000,000	363,200,100
2010	Right share	50,848,010	10	508,480,100	871,680,200
2011	Bonus share	17,433,604	10	174,336,040	1,046,016,240
Total		**104,601,624**		**1,046,016,240**	

Face value of the share has been denominated to Tk.10 from Tk.100 per share by the shareholders in their third Extra Ordinary General Meeting held on 20 October 2010.

		Amounts in Taka	
		2011	**2010**

16.4 Composition of shareholders by shareholding as at 31 December 2011

Holding of shares	**# of holders**	**Holding (%)**
Less than 500 shares	0	0
500 to 5,000 shares	0	0
5,001 to 10,000 shares	0	0
10,001 to 20,000 shares	0	0
20,001 to 30,000 shares	0	0
30,001 to 40,000 shares	0	0
40,001 to 50,000 shares	0	0
50,001 to 100,000 shares	0	0
100,001 to 1,000,000 shares	1	0.47
Over 1,000,000 shares	29	99.53
Total	**30**	**100.00**

16.5 Capital adequacy requirement

As per Clause-4 (Gha) of The Financial Institutions Regulations, 1994 and Bangladesh Bank's DFIM Circular # 5 dated 24 July 2011, company's capital adequacy is as under:

Required capital	**Paid up capital**	**Excess/(deficit)**
1,000,000,000	**1,046,016,240**	**46,016,240**

17. Statutory reserve

According to the Rule 6 of The Financial Institutions Regulation, 1994, the company transfers 20% of its net profit for the respective year to statutory reserve. Detailed movement of the reserve is as follows:

	2011	2010
Balance at 01 January	92,924,248	47,308,589
Add: Transferred during the year	21,719,570	45,615,659
Balance at 31 December	**114,643,818**	**92,924,248**

18. Retained earnings

	2011	2010
Balance at 01 January	195,996,983	130,984,348
Less: Issue of bonus shares	174,336,040	117,450,000
Add: Net profit for the year	108,597,852	228,078,294
Less: Transfer to statutory reserve	21,719,570	45,615,659
Balance at 31 December	**108,539,225**	**195,996,983**

19. Contingent liabilities and commitments

19.1 Contingent liabilities

	2011	2010
Acceptances and endorsements	0	0
Letter of guarantee (note-19.1.1)	750,000,000	750,850,000
Irrevocable letter of credit	0	0
Bills for collection	0	0
Other contingent liabilities	0	0
	750,000,000	**750,850,000**

19.1.1 Letters of guarantee

	2011	2010
Claims lodged with the company which is not recognized as loan	0	0
Money for which the company is contingently liable in respect of the following:		
Directors	0	0
Government	0	0
Banks and other financial institutions	0	0
Others	750,000,000	750,850,000
	750,000,000	**750,850,000**

19.2 Other commitments

	2011	2010
Documentary credits and short term trade related transactions	0	0
Forward assets purchased and forward deposits placed	0	0
Undrawn note issuance and revolving underwriting facilities	0	0
Spot and foreign exchange rate contract	0	0
Undrawn formal standby facilities, credit lines and other commitments	0	0
	0	**0**

		Amounts in Taka	
		2011	**2010**
20.	**Income statement**		
	Income		
	Interest, discount and similar income (note-20.1)	660,389,510	668,844,751
	Dividend income (note-23)	1,272,645	904,242
	Commission, exchange and brokerage (note-24)	3,827,000	4,958,257
	Gains less losses arising from dealing in securities	0	0
	Gains less losses arising from investment in securities	0	0
	Gains less losses arising from dealing in foreign currencies	0	0
	Income from non-business assets	0	0
	Other operating income (note-25)	71,756,463	133,043,817
	Profit less losses on interest rate changes	0	0
		737,245,618	**807,751,067**
	Expenses		
	Interest expenses on deposits, borrowings, etc. (note-22)	505,662,959	370,047,641
	Charges on losses regarding loans, advances and leases	0	0
	Administrative expenses (note-20.2)	45,343,616	45,905,328
	Other operating expenses (note-35)	7,803,753	12,756,713
	Depreciation on company's fixed assets (note-34)	5,843,918	3,436,897
		564,654,246	**432,146,579**
		172,591,372	**375,604,488**
20.1	*Interest, discount and similar income*		
	Interest income on loans, advances and leases (note-21)	678,445,423	435,045,891
	Capital gain on sale of shares (note-23)	(18,055,913)	233,798,860
		660,389,510	**668,844,751**
20.2	*Administrative expenses*		
	Salary and allowances (note-26)	25,681,580	23,725,263
	Rent, taxes, insurance, electricity, etc. (note-27)	7,152,912	10,648,559
	Legal expenses (note-28)	1,801,805	2,094,628
	Postage, stamp, telecommunication, etc. (note-29)	713,299	269,232
	Stationery, printing, advertisement, etc. (note-30)	3,576,354	3,264,659
	Managing Director's salary and allowances (note-31)	4,794,430	4,020,000
	Directors' fees (note-32)	830,000	866,000
	Auditors' fees (note-33)	130,625	230,000
	Repairs of company's fixed assets (note-34)	662,611	786,987
		45,343,616	**45,905,328**
21.	**Interest income on loans, advances and leases**		
	Interest on term finances	566,710,856	332,302,402
	Lease income	79,225,286	82,898,546
	Interest during grace period	10,380,034	10,404,360
	Interest on call loans	4,187,500	5,358,125
	Total interest income on loans, advances and leases	660,503,676	430,963,433
	Interest on balance with banks and other financial institutions	17,941,747	4,082,458
		678,445,423	**435,045,891**

		Amounts in Taka	
		2011	**2010**
22.	**Interest expenses on borrowings, deposits, etc.**		
	a) Interest expenses on borrowings		
	Interest on term loans	271,265,379	218,098,128
	Interest on call loans	2,888,820	11,379,539
	Interest on secured overdrafts	22,261,789	7,120,046
	Interest on margin accounts	19,983	3,663,134
	Bank charges	439,635	476,116
		296,875,606	**240,736,963**
	b) Interest expenses on deposits	**208,787,353**	**129,310,678**
	Total	**505,662,959**	**370,047,641**
23.	**Investment income**		
	Capital gain on sale of shares	(18,055,913)	233,798,860
	Dividend income	1,272,645	904,242
		(16,783,268)	**234,703,102**
24.	**Commission, exchange and brokerage**		
	Guarantee commission	3,827,000	4,953,733
	Realization of L/C commission	0	4,524
		3,827,000	**4,958,257**
25.	**Other operating income**		
	Income from associate	51,198,919	117,686,116
	Documentation fees	752,837	1,169,545
	Realization of late payment interest	19,214,800	13,086,789
	Profit/(loss) on disposal of leased assets	357,014	1,008,518
	Profit/(loss) on disposal of fixed assets	0	(221,067)
	Miscellaneous earnings	232,893	313,916
		71,756,463	**133,043,817**
26.	**Salary and allowances**		
	Basic pay and allowances	18,315,330	16,090,638
	Bonus (note-26.1)	3,719,104	4,272,775
	Company's contribution to provident fund	975,512	795,687
	Retirement benefit and gratuity	1,560,283	1,630,162
	Annual leave encashment	1,111,351	936,001
		25,681,580	**23,725,263**
26.1	*Bonus*		
	Festival	1,350,680	1,277,068
	Performance	2,368,424	2,995,707
		3,719,104	**4,272,775**
27.	**Rent, taxes, insurance, electricity, etc.**		
	Rent, rate and taxes	6,588,641	10,350,375
	Insurance	98,208	0
	Power and electricity	466,063	298,184
		7,152,912	**10,648,559**
28.	**Legal expenses**		
	Legal expenses	1,285,921	1,614,187
	Professional charges	515,884	480,441
		1,801,805	**2,094,628**

	Amounts in Taka	
	2011	**2010**
29. Postage, stamp, telecommunication, etc.		
Postage	25,087	17,372
Telegram, telex, fax, and e-mail	4,000	3,000
Data communication	120,360	80,735
Telephone-office	555,039	162,833
Telephone-residence	8,813	5,292
	713,299	**269,232**
30. Stationery, printing, advertisement, etc.		
Office stationery	216,910	354,462
Computer consumable stationery	112,108	140,570
Publicity and advertisement	3,247,336	2,769,627
	3,576,354	**3,264,659**
31. Managing Director's salary and allowances		
Basic pay	1,614,202	1,440,000
Bonus	844,430	720,000
House rent allowance	836,956	720,000
House maintenance allowance	321,965	200,004
Medical allowance	371,965	320,004
Entertainment allowance	203,976	180,000
Utility allowance	321,960	199,992
Leave fare assistance	278,976	240,000
	4,794,430	**4,020,000**

Besides, total perquisites of Tk.213,927 in the year 2011 (Tk.499,895 in the year 2010) was paid in relation to the Managing Director of the company which includes the financial expenses incurred for the vehicle taken on lease.

32. Directors' fees

	2011	2010
Fees		
Board of Directors	500,000	536,000
Board Audit Committee	90,000	85,000
Executive Committee	240,000	245,000
	830,000	**866,000**
Other benefits	**0**	**0**
	830,000	**866,000**

Other disclosures regarding the Board and Committee meetings are as follows:

a) In the year 2011 the following meetings were held:

Name of meetings	**Number of meetings**	
Board of Directors	11	13
Board Audit Committee	5	6
Executive Committee	9	10

b) Directors did not take any honorarium from the company during the year.

c) No amount of money was expended by the company for compensating any member of the Board for special services rendered.

d) Tk.4,000 (up to February 2010) and Tk.5,000 (from March 2010) per person per meeting was paid to the Directors of the company as attendance fee.

	Amounts in Taka	
	2011	**2010**

33. Auditors' fees

Auditors' fees including VAT @ 4.5%	130,625	230,000
Auditors' certificate fees	0	0
	130,625	**230,000**

34. Depreciation and repairs of company's assets

Depreciation on company's fixed assets (Annexure-B)	5,843,918	3,436,897
Repairs of company's fixed assets	662,611	786,987
	6,506,529	**4,223,884**

35. Other operating expenses

Office maintenance	3,846,833	4,608,011
Travel and conveyance	139,139	303,300
Motor vehicle expenses	1,673,203	1,490,597
Meeting expenses	311,255	398,058
Training expenses	137,500	217,500
Books and periodicals	11,420	15,720
Share business expense	798,361	4,975,717
Subscription	200,000	200,000
Entertainment and public relation	555,862	421,930
Annual General Meeting	15,180	10,880
Miscellaneous	115,000	115,000
	7,803,753	**12,756,713**

Tk.883,254 was spent for the year 2011 (Tk.730,725 for the year 2010) for the vehicle used by the Chairman following of Bangladesh Bank's guidelines.

36. Provision for loans, advances and leases

General provision on unclassified loans, advances and leases	5,913,658	16,653,043
Specific provision on classified loans, advances and leases	18,216,203	91,215,872
	24,129,861	**107,868,915**

37. Provision for investment in shares

Balance at 01 January	4,608,479	451,200
Add: Provision made during the year	20,702,180	4,157,279
Balance at 30 June (Annexure-A for detail)	**25,310,659**	**4,608,479**

38. Provision for income tax

Current tax	36,371,408	27,751,468
Deferred tax	(17,209,929)	7,748,532
Total	**19,161,479**	**35,500,000**

39. Earning per share (EPS)

Net profit after tax for the year	108,597,852	228,078,294
Weighted average number of ordinary shares at 31 December (Note-39.1)	104,601,624	33,108,043
Restated weighted average number of ordinary shares	104,601,624	104,601,624
Total number of ordinary shares	104,601,624	104,601,624
Earnings per share (Basic)	1.04	6.89
Earnings per share (restated 2010)	1.04	2.18
Diluted earnings per share	1.04	2.18

39.1 Weighted average number of ordinary shares at 31 December 2011

	Number of shares	Date	Days	Weighted average
Balance at 01 January 2011	87,168,020	1-Jan-11	365	87,168,020
Bonus shares issued	17,433,604	29-Mar-11	365	17,433,604
Balance at 31 December 2011	**104,601,624**			**104,601,624**

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

40. Number of employees

At the end of the year the number of employees drawing Tk.3,000 or above per month was forty (forty in 2010).

41. Assets pledged as security for liabilities

As at 31 December 2011, all the fixed and floating assets of the company were pledged as security under pari-passu security sharing agreement with lenders.

42. Related party disclosures

42.1 Name of directors and their interest in different organizations

According to the Bangladesh Accounting Standard-24 “Related Party Disclosures” and DFIM circular # 11 dated 23 December 2009, directors' name and their interest in different organizations are presented in Annexure-C.

42.2 Significant contracts where company is a party and wherein directors have interest

Fareast Finance & Investment Limited holds 50% of ordinary share capital of Fareast Stocks & Bonds Limited. The following shareholders of Fareast Finance & Investment Limited are also the sponsor shareholders of Fareast Stocks & Bonds Limited:

Name of directors	Shareholding % in the company	Shareholding % in FSB
Mr. M. A. Khaleque	2	7
Mr. Md. Anwer Hossian Khan	8	10
Mr. M. A. Wahhab	5	10

42.3 Shares issued to directors and executives without consideration or at a discount

Till 31 December 2011, no shares were issued to the directors and executives of the company without having any consideration or at a discount.

42.4 Related party transactions

As per Bangladesh Accounting Standard-24 “Related Party Disclosures” and DFIM circular # 11 dated 23 December 2009, no transaction was made with the related parties and on balance sheet date there is no balance outstanding excluding the following transactions in the ordinary course of business at normal commercial interest rate:

Name of related party	Related directors	Nature of transactions	Taka
Shahjalal Islami Bank Limited	Mr. Md. Anwer Hossian Khan	Deposit given	4,300,189
		Term loan taken	242,366,923
		STD account	57,411
			238,009,323
Prime Islami Life Insurance Limited	Mr. M. A. Wahhab	Deposit taken	**150,256,928**
Fareast Islami Life Insurance Co. Limited	Mr. M. A. Khaleque	Deposit taken	**474,460,000**
Prime Bank Limited	Mr. M. A. Khaleque	STD account	**748,816**
Fareast Stocks & Bonds Limited	Mr. M. A. Khaleque	Investments	861,491,285
	Mr. Md. Anwer Hossian Khan	Term loan given	1,837,340,125
	Mr. M. A. Wahhab		**2,698,831,410**

42.5 Status of transactions done with related parties

As at 31 December 2011, there is no balance outstanding to the related parties other than disclosed in note-42.4.

42.6 Business with related parties

As at 31 December 2011, the company does not have any business with related parties under section 18(2) of the Bank Companies Act 1991.

42.7 Transactions with the securities of related parties

As at 31 December 2011, the company holds the shares of the following related parties:

Name of related party	Related directors	Number of shares
Shahjalal Islami Bank Limited	Mr. Md. Anwer Hossian Khan	36,000
Prime Islami Life Insurance Limited	Mr. M. A. Wahhab	15,000
Prime Bank Limited	Mr. M. A. Khaleque Mr. M. A. Wahhab	66,253
Fareast Islami Life Insurance Co. Limited	Mr. M. A. Khaleque	294,036
Fareast Stocks & Bonds Limited	Mr. M. A. Khaleque Mr. Md. Anwer Hossian Khan Mr. M. A. Wahhab	29,712,500

42.8 Transaction with key management personnel

As per paragraph 16 and 17 of BAS: 24 "Related Party Disclosures", the compensation of key management personnel are given below:

42.8.1 Compensation of key management personnel

a)	Short-term employee benefits		
	Basic pay and allowances	10,523,439	10,282,933
	Bonus	2,600,588	1,713,416
	Annual leave encashment	849,451	146,232
	Motor vehicle expenses	702,930	585,526
	Telephone and mobile allowances	73,321	20,738
		14,749,729	**12,748,845**
b)	Post-employment benefits		
	Company's contribution to provident fund	455,915	448,955
	Retirement benefit and gratuity	1,489,800	663,522
		1,945,715	**1,112,477**
c)	Other long-term benefits	0	0
d)	Termination benefits	0	0
e)	Share-based payments	0	0
Total		**16,695,444**	**13,861,322**

42.8.2 Other transactions with key management personnel

There is no transaction other than compensation with key management personnel.

43. Disclosure on Board Audit Committee

43.1 Particulars of Board Audit Committee

According to the guidelines of Bangladesh Bank, the Board of Directors of Fareast Finance & Investment Limited (FFIL) constituted the Board Audit Committee of the company. Details of the Committee members are as follows:

Name of committee members	Status with FFIL	Status with committee	Educational qualification
Mr. Md. Anwer Hossian Khan	Director	Chairman	M. Com.
Mr. Delwar Hossain Rana	Director	Member	B. Com. (Management)
Mrs. Umme Fatima Khaledee Jahan	Director	Member	Advanced Diploma in Business
Mr. Md. Azmat Rahman	Director	Member	B. Sc. (Engineering)
Mr. Md. Ershad Ullah	Director	Member	BBA (Management)

43.2 Meetings held by the committee during the year

In the year 2011 the Committee met five times.

43.3 Activities of the audit committee during the year

In the year 2011 the Board Audit Committee carried out the following activities:

a) The committee reviewed the financial reporting system in place to ensure reliability of information provided to the stakeholders and strict adherence and compliance to the accounting policies and requirement of Bangladesh Accounting Standards and Bangladesh Bank.

b) Monitoring and review of the compliance regarding the security documentation as approved by the Board of

c) Regular monitoring of the company’s portfolio.

d) Review of the company’s overdue position with the objective of reduction in amount and quality.

e) Review and recommendation to the Board regarding the delinquent portfolio against which litigation started by the company.

f) Review and recommendation to the Board regarding reschedule of facilities.

g) Monitoring the internal control system of the company and its compliance.

h) Discussion on the reports issued by Bangladesh Bank and stautory auditors and actions taken by the management.

43.4 Effective internal control and security documentation of the company

Having assessed the internal financial controls, information system and reporting models, the committee is in the opinion that:

a) Procedures followed by the management for internal control of the company’s activities under the manual set by the management in line with Bangladesh Bank’s guidelines are satisfactory.

b) Company’s assets are reasonably safeguarded and the financial position of the company is sound enough.

c) Overdue and litigation position of the company as stated by the management presents a true and fair view.

44. Disclosure on Executive Committee

To conform the Bangladesh Bank guidelines, the Board of Directors of Fareast Finance & Investment Limited (FFIL) constituted the Executive Committee of the company comprising members from the Board and management of the company. In the year 2011 the committee met nine times.

45. Disclosure regarding branch

As at 31 December 2011, the company has no branch in or outside Bangladesh. For having a branch at Chittagong the consent of Bangladesh Bank is under process.

46. Highlights

Highlights of the company for the year 2011 and 2010 is presented below:

Sl. #	Particulars	Amounts in Taka 2011	2010
1	Paid up capital	1,046,016,240	871,680,200
2	Total capital	1,781,906,118	1,667,394,608
3	Capital surplus/(deficit)	46,016,240	567,677,183
4	Total assets	6,514,400,042	5,291,424,056
5	Total deposits	2,322,858,796	1,171,199,591
6	Total loans, advances and leases	4,944,245,906	3,868,415,282
7	Total contingent liabilities and commitments	750,000,000	750,850,000
8	Credit deposit ratio	212.85	330.30
9	% of classified loans, advances and leases against total loans, advances and leases	7.59	8.10
10	Profit after provisions and income tax	108,597,852	228,078,294
11	Loans, advances and leases classified during the year	375,403,490	313,461,579
12	Provision kept against classified loans, advances and leases	91,621,953	75,685,717
13	Provision surplus/(deficit)	0	0
14	Cost of fund (%)	14.76	12.18
15	Interest earning assets	6,285,511,705	5,104,551,702
16	Non-interest earning assets	228,888,337	186,872,354
17	Return on investments (ROI) (%)	13.48	19.71
18	Return on assets (ROA) (%)	1.84	6.28
19	Income from investments	(16,783,268)	234,703,102
20	Earnings per share (restated)	1.04	2.18
21	Net income per share	1.04	2.18
22	Price earnings ratio (times)-based on face value	9.63	4.59

47. Subsequent events-disclosure under BAS-10 “Events after the Reporting Period”

47.1 Dividend for the year 2011

As per paragraph 13 of BAS: 10 "Events after the Reporting Period" and paragraph 137 of BAS: 1 "Presentation of Financial Statements", the Board of Directors at the 128th board meeting held on 22 February 2012, recommended to the shareholders a stock dividend @ 10% i.e. one bonus share for every ten fully paid shares of Tk.10 each (amounting to Tk.104,601,620). This will be considered for approval by the shareholders at the 11th Annual General Meeting (AGM) to be held on 8 March 2012.

47.2 Issue of shares through IPO

The company is in the process for listing its securities with Stock Exchanges through issuance of new shares to raise the capital for the expansion of business in the year 2012.

48. Risk factors-disclosure under IFRS-7 “Financial Instruments: Disclosures”

a) Management believes that the fair value of all the assets and liabilities approximate their carrying value.

b) As on Balance Sheet date, the company has no borrowing in foreign currency and hence there is no rate fluctuation risk.

c) The company made its investment in a wide range of portfolios and the management believes that concentration of investment risk is negligible.

49. General

49.1 Business

The detail of businesses done by the company are as follows:

Description	2011 Contracted Taka	2011 Disbursed Taka	2010 Contracted Taka	2010 Disbursed Taka
Term finances	1,808,900,000	1,696,500,000	2,752,990,125	2,489,690,125
Leases	94,202,773	89,102,123	165,844,400	157,898,500
Total	**1,903,102,773**	**1,785,602,123**	**2,918,834,525**	**2,647,588,625**

49.2 Office space

The company is using 7,500 sft at its registered address @ Tk.60 per sft. The property is owned by Eunoos Trade Centre Limited. The lease agreement signed with the company was effective from 01 December 2009 to 30 November 2021. The rate of rent shall be valid for a period of 2 years commencing from 01 December 2009 up to 30 November 2011 and thereafter the rent shall increase @ 15% after expiry of every 2 years on the then existing rate.

The company entered into an agreement with Mr. Mohammed Ayub, Proprietor of Ayub Trade Center at Agrabad, Chittagong on 23 November 2011 for renting 1,374 sft area on the 2nd floor of the building for a period of 5 years starting from 01 January 2012 to 31 December 2016 @ Tk.65 per sft to open a branch office.

49.3 Declarations

The Board of Directors of Fareast Finance & Investment Limited adopted the Financial Statements of the company for the year ended 31 December 2011 in their 128th meeting held on 22 February 2012 and recommended to the shareholders for approval.

Sd/-	Sd/-	Sd/-	Sd/-
M. A. Khaleque	Md. Monir Hossain	Santanu Saha	Sheikh Khaled Zahir
Chairman	Vice Chairman	Managing Director	Company Secretary

Annexure-A

Fareast Finance & Investment Limited
Investment in shares
As at 31 December 2011

Sl. #	Name of the company	Type of shares	Face value	# of shares	Cost/present value of holdings	Average cost	Quoted rate per share as at 31 Dec. 2011	Total market value as at 31 Dec. 2011	Estimated commission on sale of shares	Fair value as at 31 Dec. 2011	Provision required as at 31 Dec. 2011
			Taka		Taka	Taka	Taka	Taka	Taka	Taka	Taka
1	Asia Insurance Co. Ltd.	A	10	3,000	160,080	53.36	57.70	173,100	519	172,581	(12,501)
2	Beximco Ltd.	A	10	10,000	1,190,000	119.00	113.00	1,130,000	3,390	1,126,610	63,390
3	BRAC Bank Ltd.	A	10	70,000	3,521,000	50.30	45.70	3,199,000	9,597	3,189,403	331,597
4	BSRM Ltd.	A	10	113,200	15,401,992	136.06	118.70	13,436,840	40,311	13,396,529	2,005,463
5	Confidence Cement Industries Ltd.	A	10	20,000	3,712,600	185.63	124.50	2,490,000	7,470	2,482,530	1,230,070
6	Delta Brac Housing Ltd.	A	10	42,000	5,374,152	127.96	91.60	3,847,200	11,542	3,835,658	1,538,494
7	Eastern Bank Ltd.	A	10	102,000	7,010,460	68.73	65.80	6,711,600	20,135	6,691,465	318,995
8	EXIM Bank Ltd.	A	10	124,000	4,114,980	33.19	27.80	3,447,200	10,342	3,436,858	678,122
9	Fareast Islami Life Insurance Co. Ltd.	A	10	294,036	46,250,961	157.30	162.00	47,633,897	142,902	47,490,995	(1,240,034)
10	Fu Wang Foods Ltd.	A	10	23,500	1,174,060	49.96	50.80	1,193,800	3,581	1,190,219	(16,159)
11	Green Delta Mutual Fund	A	10	100,000	1,000,000	10.00	6.80	680,000	2,040	677,960	322,040
12	Heidelberg Cement Industries Ltd.	A	10	48,800	17,932,536	367.47	255.90	12,487,920	37,464	12,450,456	5,482,080
13	IAMCL 2nd NRB Mutual Fund	A	10	322,500	6,700,260	20.78	14.10	4,547,250	13,642	4,533,608	2,166,652
14	Islami Bank BD Ltd.	A	10	38,000	1,990,426	52.38	54.50	2,071,000	6,213	2,064,787	(74,361)
15	Lankabangla Finance Ltd.	A	10	63,000	12,442,500	197.50	170.20	10,722,600	32,168	10,690,432	1,752,068
16	M.I. Cement Factory Ltd.	N	10	32,600	4,338,408	133.08	110.50	3,602,300	10,807	3,591,493	746,915
17	Meghna Life Insurance Co. Ltd.	A	10	5,000	1,233,850	246.77	186.80	934,000	2,802	931,198	302,652
18	National Bank Ltd.	A	10	40,000	2,768,400	69.21	66.80	2,672,000	8,016	2,663,984	104,416
19	NCC Bank Limited	A	10	70,001	2,264,512	32.35	30.40	2,128,015	6,384	2,121,631	142,880
20	Phoenix Finance & Investment Ltd.	A	10	23,500	1,631,135	69.41	69.60	1,635,600	4,907	1,630,693	442
21	Popular Life 1st Mutual Fund	A	10	200,000	2,000,000	10.00	6.90	1,380,000	4,140	1,375,860	624,140
22	Prime Bank Ltd.	A	10	66,253	3,160,235	47.70	44.50	2,948,236	8,845	2,939,392	220,844
23	Prime Finance & Investment Ltd.	A	10	10,000	1,259,500	125.95	98.40	984,000	2,952	981,048	278,452
24	Prime Islami Life Insurance Ltd.	A	10	15,000	5,360,100	357.34	212.50	3,187,500	9,563	3,177,938	2,182,163
25	Shahjalal Islami Bank Ltd.	A	10	36,000	1,343,160	37.31	32.50	1,170,000	3,510	1,166,490	176,670
26	Social Islami Bank Ltd.	A	10	67,000	1,774,160	26.48	26.20	1,755,400	5,266	1,750,134	24,026
27	Southeast Bank Limited	A	10	269	6,085	22.62	30.10	8,097	24	8,073	(1,988)
28	Square Pharmaceuticals Ltd.	A	10	49,150	13,035,875	265.23	237.10	11,653,465	34,960	11,618,505	1,417,370
29	The City Bank Ltd.	A	10	58,600	3,159,712	53.92	52.60	3,082,360	9,247	3,073,113	86,599
30	Titas Gas Transmission & Dist. Co. Ltd.	A	10	162,000	15,028,740	92.77	67.60	10,951,200	32,854	10,918,346	4,110,394
31	Trust Bank Ltd.	A	10	70,000	3,319,400	47.42	42.90	3,003,000	9,009	2,993,991	325,409
32	United Leasing Co. Ltd.	A	10	9	700	81.62	56.30	482	1	481	218
33	Uttara Bank Ltd.	A	10	39,000	3,048,240	78.16	77.80	3,034,200	9,103	3,025,097	23,143
33	**Total as at 31 December 2011**				**192,708,218**			**167,901,263**	**503,704**	**167,397,559**	**25,310,659**
	Total as at 31 December 2010				**144,929,265**			**178,709,961**	**500,388**	**178,209,573**	**4,608,479**

Annexure-B

Fareast Finance & Investment Limited
Schedule of fixed assets
As at 31 December 2011

Particulars	Cost: Opening balance as at 01 January 2011	Cost: Addition during the year	Cost: Disposal during the year	Cost: Total balance as at 31 December 2011	Depreciation: Opening balance as at 01 January 2011	Depreciation: Addition during the year	Depreciation: Disposal during the year	Depreciation: Total balance as at 31 December 2011	Written down value as at 31 December 2011
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Owned assets									
Furniture and fixture	4,035,429	5,609,103	0	9,644,532	3,794,933	1,026,471	0	4,821,404	4,823,128
Office equipment	7,319,993	3,233,811	0	10,553,804	3,074,450	1,661,299	0	4,735,749	5,818,055
Office software	1,626,725	0	0	1,626,725	1,011,503	324,540	0	1,336,043	290,682
Crockeries	56,640	0	0	56,640	56,010	628	0	56,638	2
Land	0	5,485,000	0	5,485,000	0	0	0	0	5,485,000
Sub total	**13,038,787**	**14,327,914**	**0**	**27,366,701**	**7,936,896**	**3,012,938**	**0**	**10,949,834**	**16,416,867**
Leasehold assets									
Motor vehicle	12,582,000	3,774,938	0	16,356,938	5,807,184	2,830,980	0	8,638,164	7,718,774
Sub total	**12,582,000**	**3,774,938**	**0**	**16,356,938**	**5,807,184**	**2,830,980**	**0**	**8,638,164**	**7,718,774**
Total as at 31 December 2011	**25,620,787**	**18,102,852**	**0**	**43,723,639**	**13,744,080**	**5,843,918**	**0**	**19,587,998**	**24,135,641**
Total as at 31 December 2010	**23,136,175**	**4,242,877**	**1,758,265**	**25,620,787**	**11,595,081**	**3,436,897**	**1,287,898**	**13,744,080**	**11,876,707**

Carrying amount of motor vehicle includes the value of five motor vehicles (cost Tk.16,356,938) leased from International Leasing And Financial Services Limited.

Annexure-C

Fareast Finance & Investment Limited
Name of directors and their interest in different organizations

Sl. #	Name of Directors	Status in FFIL	Entities where they have interest	Status in interested entities	% of holding/interest in the concern as 31 Dec. 2011
1	Mr. M. A. Khaleque	Chairman	Maksons Bangladesh Limited	Chairman	50
			Maksons Associates Limited	Chairman	50
			Prime Bank Limited	Vice Chairman	2.12
			Fareast Islami Life Insurance Co. Ltd.	Director	0.36
			GETCO Limited	Director	37.5
			GETCO Agro Vision Limited	Director	27.5
			GETCO Agri Technologies Limited	Director	40
			GETCO Elevator Company Limited	Director	30
			Prime Property Holdings Limited	Chairman	20
			PFI Properties Limited	Chairman	10
			PFI Securities Limited	Sponsor shareholder	0.18
			Prime Prudential Fund Limited	Chairman	10
			Prime Financial Securities Limited	Chairman	20
			Fareast Stocks & Bonds Limited	Chairman	7.24
2	Mr. Md. Monir Hossain	Vice Chairman	Fahim Textile Mills Limited	Managing Director	17.25
			Noor Silk Mills (Pvt.) Limited	Director	15
			M. R. F Trading	Proprietor	100
			Fariha Spinning Mills Limited	Managing Director	49.33
3	Mr. M. Mustafizur Rahman	Director	Credit Rating Agency of Bangladesh Ltd.	Director	8.2
4	Mr. Md. Anwer Hossian Khan	Director	Anwer Khan Modern Medical College	Chairman	100
			Modern Holdings Limited	Managing Director	50
			Anwer Khan Modern Hospital Limited	Managing Director	90
			Hajji Sakhawat Anwara Eye Hospital Ltd.	Managing Director	90
			Modern Diabetic Center Limited	Managing Director	90
			Modern Diagnostic Center Limited	Managing Director	87
			Marry Gold Holdings Limited	Managing Director	90
			Shahjalal Islami Bank Limited	Chairman	2
			Fareast Stocks & Bonds Limited	Director	10
			Taqaful Islami Insurance Limited	Director	1.74
			Prime University	Member of Governing Committee	
5	Mr. Delwar Hossain Rana	Director	Noor Silk Mills (Pvt) Limited	Director	18
			Sunflower Fashion	Proprietor	100
6	Mrs. Umme Fatima Khaledee Jahan	Director	GETCO Agro Vision Limited	Director	15
			Easy Fly Express Limited	Director	9
			KBZ Properties Limited	Director	11

7	Mr. Md. Azmat Rahman	Director	Azmat Fashions Limited	Managing Director	17.5
			Azmat Apparels Limited	Managing Director	20
			Sharaka Industries Limited	Managing Director	18.05
			Fareast Dresses Limited	Managing Director	33.33
			Z-3 Dresses Limited	Managing Director	30
			Z-3 Embroidery Limited	Managing Director	30
			Zee-3 Washing Plant Limited	Managing Director	3.59
			Z-3 Composite Knitwear Limited	Managing Director	30
			Sulekha Paper Converting & Packaging Ltd.	Managing Director	17.46
			Mohona Television Limited	Director	6
			A to Z Migration World	Partner	50
			Excelsior Agro Complex	Proprietor	100
8	Mr. Md. Shamsul Islam	Director	Karim Chemicals	Proprietor	100
			JSA Autos	Proprietor	100
			K. V Industries Ltd	Shareholder	10
			JSA Multitrade & Products Ltd.	Managing Director	70
			R.K. Metal Industries Ltd	Shareholder	0.5
9	Mr. Md. Ershad Ullah	Director	Ershad Enterprize	Proprietor	100
			M/S Ershad Shipping Line	Proprietor	100
			Diganta Paribahan (Pvt) Limited	Managing Director	50
10	Mr. M. A. Wahhab	Director	Prime Islami Life Insurance Co. Limited	Director	3.33
			MAWSONS Limited	Managing Director	53
			Fareast Stocks & Bonds Limited	Director	10
			PFI Securities Limited	Director	5.13
			PFI Properties Limited	Director	10
			Prime Prudential Fund Limited	Director	10
			Prime Asia University	Director	7.42
11	Mr. Nazim Asadul Haque Representative of Asian Gate Limited	Director	Bangla Trac Limited	Managing Director	50
			Bangla Trac Communications Limited	Chairman	50
			Asian Gate Limited	Managing Director	20
			ACORN Infrastructure Services Limited	Chairman	14.5
			B-Trac Engineering Limited	Director	40
			Bangla Trac Power Limited	Managing Director	25
			Khoniz Bangladesh Limited	Managing Director	50
			THANE Technology	Chairman	25
			Bangla Trac Oil & Gas Limited	Managing Director	25
			Miaki Media Limited	Chairman	50
			Bangla Trac Miaki VAS Limited	Chairman	50
			Bangla Trac Miaki Green Power Limited	Chairman	50
			Bangla Trac Media Limited	Chairman	42.5
			B-Trac Aviation Limited	Chairman	50
			Trac Resources Limited	Chairman	50
			ACORN Limited	Managing Director	25
12	Mr. Santanu Saha	Managing Director	Nil.		

Independent Auditors' Report
To the Shareholders of
Fareast Stocks & Bonds Limited

We have audited the accompanying financial statements of Fareast Stocks & Bonds Limited, which comprise the balance sheet as at December 31, 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and the related notes.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Fareast Stocks & Bonds Limited as of December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

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 purpose of our audit and made due verification thereof;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;

c) The Company's Balance Sheet and Income Statement dealt with by this report are in agreement with the books of account.

Sd/-

Date: Dhaka, **M. M. RAHMAN & CO.**

January 25, 2012 **Chartered Accountants**

Fareast Stocks & Bonds Limited
Balance Sheet
as at December 31, 2011

(Figures in BDT)

	Notes	2011	2010
SOURCES OF FUNDS			
Share Capital	3	594,250,000	95,000,000
Retained Earnings	4	105,020,069	235,372,232
Fair Value Measurement Reserve	5	927,287,500	927,287,500
Shareholders Equity		**1,626,557,569**	**1,257,659,732**
Long Term Liabilities			
Loan from Directors	6	-	266,500,000
Margin Loan	7	2,707,480,698	1,992,382,071
Leased Finance - Capital Obligation	8	6,223,177	3,774,687
Total Long Term Liabilities		**2,713,703,875**	**2,262,656,758**
Total Capital Employed		**4,340,261,444**	**3,520,316,490**
APPLICATION OF FUNDS			
Non-Current Assets		**1,282,982,680**	**1,284,450,811**
Fixed Assets - at cost less accumulated depreciation	9	31,144,536	33,285,591
Intangible Asset - Software	10	1,838,144	1,165,220
Investment in Membership of Stock Exchanges	5	1,250,000,000	1,250,000,000
Current Assets		**3,135,272,791**	**2,298,059,849**
Advances, Deposits and Prepayments	11	6,466,959	9,399,922
Receivable from Clients		2,934,227,207	1,884,998,058
Dividend Receivable		567,000	-
Receivable from DSE/CSE	12	17,686,121	54,701,722
Investment in Shares	13	118,633,173	69,143,996
Cash and Cah Equivalents	14	57,692,331	279,816,151
Current Liabilities		**77,994,027**	**62,194,170**
Accrued Expenses	15	10,422,944	16,948,558
Payable to Clients		58,569,486	30,109,503
Payable to DSE/CSE	16	6,651,208	3,009,570
Provision for Taxes	17	2,350,389	12,126,539
Net Surplus in Current Assets		**3,057,278,764**	**2,235,865,679**
Net Assets		**4,340,261,444**	**3,520,316,490**

These financial statements should be read in conjunction with the annexed notes.

Sd/-	Sd/-	Sd/-
M. A. Khaleque	M. A Wahhab	Tarafder Jahangir Alam, ACA, ACS
Chairman	Director	Chief Executive Officer

Signed in terms of our separate report of even date

Sd/-
M. M. RAHMAN & CO.
Chartered Accountants

Dated: January 25, 2012

Fareast Stocks & Bonds Limited
Income Statement
For the Year Ended December 31, 2011

(Figures in BDT)

	Notes	2011	2010
Turnover		33,962,852,428	70,829,897,279
Operating Income			
Revenue from Brokerage Commission		127,527,518	235,114,204
Capital gain from Investment in Shares	**18**	(23,195,411)	20,000,799
Interest Income on Bank Deposit	**19**	1,167,667	2,828,592
Dividend Income	**20**	731,819	641,623
Other Operating Income	**21**	54,768,089	48,603,332
Total Operating Income		**160,999,682**	**307,188,550**
Operating and Other Expenses			
Operating Expenses	**22**	22,209,461	11,519,510
Direct Expenses	**23**	7,907,984	15,466,354
Total Operating and Other Expenses		**30,117,445**	**26,985,864**
Profit before Tax		130,882,237	280,202,685
Current Tax	**17**	28,484,400	43,873,558
Profit after Tax		**102,397,837**	**236,329,127**
Profit/(Loss) brought forward		2,622,232	(956,895)
Profit carried forward		**105,020,069**	**235,372,232**
EPS	**25**	**1.72**	**24.88**
Appropriations			
Transfer to Reserve Funds		15,882,569	2,622,232
Proposed Stock Dividend @ 15.00%		89,137,500	232,750,000
		105,020,069	**235,372,232**

These financial statements should be read in conjunction with the annexed notes.

Sd/-	Sd/-	Sd/-
M. A. Khaleque	M. A Wahhab	Tarafder Jahangir Alam, ACA, ACS
Chairman	Director	Chief Executive Officer

Signed in terms of our separate report of even date

Sd/-
M. M. RAHMAN & CO.
Chartered Accountants

Dated: January 25, 2012

Fareast Stocks & Bonds Limited
Cash Flow Statement
For the Year Ended December 31, 2011

(Figures in BDT)

	Notes	2011	2010
OPERATING ACTIVITIES			
Receipts from operational revenue-Brokerage Commission		127,527,518	235,114,204
Direct charges - Hawla, Laga charges	**23**	(7,907,984)	(15,466,354)
Interest Income	**19**	1,167,667	2,828,592
Capital gain from Investment in Shares	**18**	(23,195,411)	20,000,799
Non Operating Income	**21**	80,173,370	60,490,781
Operating Expenses	**22**	(18,533,601)	(8,768,977)
Other Operating Expenses	**24**	(21,729,421)	(5,143,005)
Income Tax Paid	**17**	(38,260,550)	(31,747,019)
Dividend Income	**20**	731,819	641,623
(Increase)/Decrease in Operating Assets		39,381,564	(58,142,254)
(Increase)/Decrease in Operating Liabilities	**16**	(2,883,976)	3,009,570
Net Cash inflow/(outflow) from Operating Activities		**136,470,995**	**202,817,960**
INVESTING ACTIVITIES			
Acquisition of Fixed Assets	**9**	(5,210,665)	(26,328,561)
Acquisition of Software	**10**	(672,924)	(1,080,220)
Investment in Shares	**13**	(49,489,177)	(69,143,996)
Net Cash inflow/(outflow) from Investing Activities		**(55,372,766)**	**(96,552,777)**
FINANCING ACTIVITIES			
Loan from Directors	**6**	(266,500,000)	24,122,287
Margin Loan Received	**7**	715,098,627	1,992,382,071
Leased Asset	**8**	2,448,490	3,774,687
Share Capital	**3**	266,500,000	-
(Increase)/Decrease Debit Balance to the Clients		(1,049,229,149)	(1,884,998,058)
(Increase)/Decrease Credit Balance from Clients		28,459,983	30,109,503
Net Cash inflow/(outflow) from Financing Activities		**(303,222,049)**	**165,390,490**
Net Cash inflow/(outflow) for the year		**(222,123,820)**	**271,655,673**
Cash & Cash Equivalent as on 01 January		279,816,151	8,160,478
Cash & Cash Equivalents as at 31 December		**57,692,331**	**279,816,151**

These financial statements should be read in conjunction with the annexed notes.

Sd/-	Sd/-	Sd/-
M. A. Khaleque	M. A Wahhab	Tarafder Jahangir Alam, ACA, ACS
Chairman	Director	Chief Executive Officer

Signed in terms of our separate report of even date

Sd/-

Dated: January 25, 2012

M. M. RAHMAN & CO.
Chartered Accountants

Fareast Stocks & Bonds Limited
Statement of Changes in Equity
For the Year Ended December 31, 2011

Particulars	Share Capital	Proposed Stock Dividend	Retained Earnings	Fair Value Measurement Reserve	Total
Balance as on 01 January (A)	95,000,000	-	2,622,232	927,287,500	1,024,909,732
Changes during the year 2011:					
Net Profit for the year	-	-	102,397,837	-	102,397,837
Stock Dividend @ 245%	232,750,000	-	-	-	- 232,750,000
Proposed Dividend @ 15.00%	-	89,137,500	(89,137,500)	-	-
Directors' Loan - Converted to Capital	266,500,000	-	-	-	266,500,000
Net Changes in 2011 (B)	499,250,000	89,137,500	13,260,337	-	- 601,647,837
Balance as at 31 December (C=A+B)	**594,250,000**	**89,137,500**	**15,882,569**	**927,287,500**	**1,626,557,569**

These financial statements should be read in conjunction with the annexed notes.

Sd/-	Sd/-	Sd/-
M. A. Khaleque	M. A Wahhab	Tarafder Jahangir Alam, ACA, ACS
Chairman	Director	Chief Executive Officer

Signed in terms of our separate report of even date

Sd/-
M. M. RAHMAN & CO.
Chartered Accountants

Dated: January 25, 2012

Auditors' report under section 135(1) and Para 24(1) of Part-II of the Schedule-III of the Companies Act, 1994

As per section 135(1) and Para 24(1) of Part-II of the Schedule-III of the Companies Act, 1994 Fareast Finance & Investment Limited has prepared and presented the following statements of assets and liabilities and statements of operating result for the year ended 31 December 2011, 2010, 2009, 2008 and 2007 to us. Our responsibility is to review the corresponding audited financial statements and confirm the related information that have been correctly extracted from the relevant financial statements.

A. The statements of assets and liabilities (Balance Sheet) of the company as at 31 December 2011, 2010, 2009, 2008 and 2007 are as follows:

	Amounts in Taka				
Particulars	**2011**	**2010**	**2009**	**2008**	**2007**
PROPERTY AND ASSETS					
Cash	**35,539,776**	**18,563,655**	**13,812,132**	**6,374,491**	**6,349,315**
In hand (including foreign currencies)	12,540	46,000	2,837,705	2,729,850	538,300
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	35,527,236	18,517,655	10,974,427	3,644,641	5,811,015
Balance with other banks and financial institutions	**216,579,703**	**129,091,294**	**24,630,896**	**14,797,205**	**10,230,809**
In Bangladesh	216,579,703	129,091,294	24,630,896	14,797,205	10,230,809
Outside Bangladesh	0	0	0	0	0
Money at call and short notice	**0**	**250,000,000**	**0**	**0**	**0**
Investments	**192,708,218**	**144,929,265**	**147,169,755**	**101,753,144**	**93,311,314**
Government	0	0	0	0	0
Others	192,708,218	144,929,265	147,169,755	101,753,144	93,311,314
Loans, advances and leases	**4,944,245,906**	**3,868,415,282**	**1,964,563,784**	**1,795,330,309**	**1,453,278,647**
Loans, cash credits, overdrafts, leases, etc.	4,944,245,906	3,868,415,282	1,964,563,784	1,795,330,309	1,453,278,647
Bills purchased and discounted	0	0	0	0	0
Fixed assets including premises, furniture and fixtures	**24,135,641**	**11,876,707**	**11,541,094**	**7,305,370**	**7,064,859**
Other assets	**1,101,190,798**	**868,547,853**	**269,990,710**	**22,227,644**	**41,730,593**
Non-business assets	**0**	**0**	**0**	**0**	**0**
Total assets	**6,514,400,042**	**5,291,424,056**	**2,431,708,371**	**1,947,788,163**	**1,611,965,537**
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	**1,888,107,716**	**2,032,427,567**	**970,866,827**	**1,013,422,901**	**821,923,996**
Deposits and other accounts	**2,322,858,796**	**1,171,199,591**	**872,004,713**	**437,594,755**	**348,542,414**
Current deposits	0	0	0	0	0
Bills payable	0	0	0	0	0
Savings deposits	0	0	0	0	0
Term deposits	2,322,858,796	1,171,199,591	872,004,713	437,594,755	348,542,414
Bearer certificate of deposit	0	0	0	0	0
Other deposits	0	0	0	0	0
Other liabilities	**570,590,497**	**463,551,717**	**214,793,794**	**183,404,823**	**178,386,415**
Total liabilities	**4,781,557,009**	**3,667,178,875**	**2,057,665,334**	**1,634,422,479**	**1,348,852,825**
Capital/Shareholders' equity	**1,732,843,033**	**1,624,245,181**	**374,043,037**	**313,365,684**	**263,112,712**
Paid up capital	1,046,016,240	871,680,200	195,750,100	195,750,100	195,750,100
Statutory reserve	114,643,818	92,924,248	47,308,589	35,173,118	25,122,523
Revaluation reserve	463,643,750	463,643,750	0	0	0
Retained earnings	108,539,225	195,996,983	130,984,348	82,442,466	42,240,089
Total liabilities and Shareholders' equity	**6,514,400,042**	**5,291,424,056**	**2,431,708,371**	**1,947,788,163**	**1,611,965,537**

Particulars	Amounts in Taka 2011	2010	2009	2008	2007
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	**750,000,000**	**750,850,000**	**79,100,000**	**6,650,000**	**0**
Acceptances and endorsements	0	0	0	0	0
Letter of guarantee	750,000,000	750,850,000	70,000,000	0	0
Irrevocable letter of credit	0	0	9,100,000	6,650,000	0
Bills for collection	0	0	0	0	0
Other contingent liabilities	0	0	0	0	0
Other commitments	**0**	**0**	**0**	**0**	**0**
Documentary credits and short term trade related transactions	0	0	0	0	0
Forward assets purchased and forward deposits placed	0	0	0	0	0
Undrawn note issuance and revolving underwriting facilities	0	0	0	0	0
Spot and foreign exchange rate contract	0	0	0	0	0
Undrawn formal standby facilities, credit lines and other commitments	0	0	0	0	0
Total off-balance sheet items including contingent liabilities	**750,000,000**	**750,850,000**	**79,100,000**	**6,650,000**	**0**
Net asset value per share of Tk.10 each	**16.57**	**18.63**	**19.11**	**16.01**	**13.44**

B. The statements of operating result (Profit and Loss Account) of the company for the year ended 31 December 2011, 2010, 2009, 2008 and 2007 are as follows:

Particulars	Amounts in Taka 2011	2010	2009	2008	2007
Interest income on loans, advances and leases	678,445,423	435,045,891	272,443,427	254,036,000	202,506,208
Interest expenses on borrowings, deposits, etc.	(505,662,959)	(370,047,641)	(208,253,198)	(195,527,087)	(158,692,334)
Net interest income	**172,782,464**	**64,998,250**	**64,190,229**	**58,508,913**	**43,813,874**
Investment income	(16,783,268)	234,703,102	42,041,674	30,447,627	68,048,408
Commission, exchange and brokerage	3,827,000	4,958,257	380,371	48,555	64,602
Other operating income	71,756,463	133,043,817	17,914,947	28,542,801	10,299,693
Total operating income	**231,582,659**	**437,703,426**	**124,527,221**	**117,547,896**	**122,226,577**
Salary and allowances	25,681,580	23,725,263	16,099,790	11,103,678	8,422,189
Rent, taxes, insurance, electricity, etc.	7,152,912	10,648,559	2,758,921	2,092,848	2,040,988
Legal expenses	1,801,805	2,094,628	1,527,668	1,471,700	261,512
Postage, stamp, telecommunication, etc.	713,299	269,232	197,560	279,865	193,906
Stationery, printing, advertisements, etc.	3,576,354	3,264,659	2,920,600	2,653,902	1,151,527
Managing Director's salary and allowances	4,794,430	4,020,000	3,440,000	2,880,000	2,880,000
Directors' fees	830,000	866,000	564,000	628,000	784,000
Auditors' fees	130,625	230,000	130,625	130,890	102,250
Charges on losses regarding loans, advances and leases	0	0	0	0	0
Depreciation and repairs of company's assets	6,506,529	4,223,884	3,663,203	3,288,395	2,872,372
Other operating expenses	7,803,753	12,756,713	5,264,554	6,211,094	5,852,432
Total operating expenses	**58,991,287**	**62,098,938**	**36,566,921**	**30,740,372**	**24,561,176**
Profit before provisions	**172,591,372**	**375,604,488**	**87,960,300**	**86,807,524**	**97,665,401**
Provisions for loans, advances and leases:	24,129,861	107,868,915	24,484,228	20,583,023	41,709,094
Provision for the diminution in the value of investments	20,702,180	4,157,279	(5,701,281)	3,971,529	1,512,334
Other provisions	0	0	0	0	0
Total provisions	**44,832,041**	**112,026,194**	**18,782,947**	**24,554,552**	**43,221,428**
Total profit before income tax	**127,759,331**	**263,578,294**	**69,177,353**	**62,252,972**	**54,443,973**
Provision for income tax	19,161,479	35,500,000	8,500,000	12,000,000	2,000,000
Net profit after income tax	**108,597,852**	**228,078,294**	**60,677,353**	**50,252,972**	**52,443,973**
Retained earnings brought forward from previous years	195,996,983	130,984,348	82,442,466	42,240,089	22,034,911
Profit available for appropriations	**304,594,835**	**359,062,642**	**143,119,819**	**92,493,061**	**74,478,884**
Appropriations					
Statutory reserve	21,719,570	45,615,659	12,135,471	10,050,595	10,488,795
Dividend (Bonus shares)	174,336,040	117,450,000	0	0	21,750,000
	196,055,610	**163,065,659**	**12,135,471**	**10,050,595**	**32,238,795**
Retained earnings carried to the balance sheet	**108,539,225**	**195,996,983**	**130,984,348**	**82,442,466**	**42,240,089**
Earnings per share of Tk.10 each (Basic)	**1.04**	**6.89**	**3.10**	**2.57**	**2.68**
Earnings per share of Tk.10 each (Restated)	**1.04**	**2.18**	**0.58**	**0.48**	**0.50**
Weighted average number of outstanding shares	**104,601,624**	**33,108,043**	**19,575,010**	**19,575,010**	**19,575,010**
Restated weighted average number of outstanding shares	**104,601,624**	**104,601,624**	**104,601,624**	**104,601,624**	**104,601,624**

C. The Cash Flow Statement of the company for the year ended 31 December 2011, 2010, 2009, 2008 and 2007 are as follows:

	Amounts in Taka				
Particulars	**2011**	**2010**	**2009**	**2008**	**2007**
Cash flows from operating activities					
Interest receipt in cash	558,944,887	314,990,606	233,335,092	211,400,680	218,935,770
Interest payments	(404,364,249)	(272,930,791)	(147,495,161)	(159,569,139)	(122,490,111)
Dividend receipts	1,272,645	904,242	308,276	410,134	955,012
Fees and commission received in cash	77,000	4,958,257	380,371	48,555	64,602
Recoveries of loan previously written-off	18,000,000	0	2,203,791	0	0
Income taxes paid	(9,947,084)	0	(3,956,442)	(653,499)	0
Receipts from other operating activities	53,700,550	367,746,919	59,956,621	58,990,428	31,128,691
Payments for other operating activities	(53,873,643)	(57,468,846)	(34,219,608)	(28,678,375)	(23,348,626)
Cash generated from operating activities before changes in operating assets and liabilities	**163,810,106**	**358,200,387**	**110,512,940**	**81,948,784**	**105,245,338**
Increase/decrease in operating assets and liabilities					
Statutory deposit	0	0	0	0	0
Trading securities	0	0	0	0	0
Loans, advances and leases	(1,075,830,624)	(1,903,851,499)	(169,233,475)	(342,051,662)	(226,929,814)
Other assets	(2,833,844)	113,558,720	(202,952,499)	36,450,417	(15,280,719)
Deposit and other accounts	1,151,659,205	299,194,878	434,409,958	89,052,341	112,574,753
Other liabilities on account of customers	(61,705,116)	69,388,451	(15,368,850)	9,095,858	(1,326,510)
Trading liabilities	0	0	0	0	0
Other liabilities	68,171,460	14,173,886	(47,888,333)	(52,720,730)	43,294,538
	79,461,081	**(1,407,535,564)**	**(1,033,199)**	**(260,173,776)**	**(87,667,752)**
Net cash from operating activities	**243,271,187**	**(1,049,335,177)**	**109,479,741**	**(178,224,992)**	**17,577,586**
Cash flows from investing activities					
(Increase)/decrease in purchase and sale of securities	(47,778,953)	2,240,490	(45,416,611)	(8,441,830)	(78,403,814)
(Increase)/decrease of fixed assets	(12,258,934)	(335,613)	(4,235,724)	(240,511)	(6,180,801)
(Increase)/decrease regarding purchase and sale of subsidiary	(184,448,919)	(213,398,616)	0	0	0
Net cash used in investing activities	**(244,486,806)**	**(211,493,739)**	**(49,652,335)**	**(8,682,341)**	**(84,584,615)**
Cash flows from financing activities					
Receipt of borrowings from other banks, financial institutions and agents	390,416,938	1,756,494,020	450,000,000	589,181,959	869,729,213
Repayment of borrowings from other banks, financial institutions and agents	(534,736,789)	(694,933,283)	(492,556,074)	(397,683,054)	(806,396,842)
Receipt against issue of share capital	0	558,480,100	0	0	0
Dividend paid in cash	0	0	0	0	0
Net cash from financing activities	**(144,319,851)**	**1,620,040,837**	**(42,556,074)**	**191,498,905**	**63,332,371**
Net increase/(Decrease) in cash and cash equivalents	(145,535,470)	359,211,921	17,271,332	4,591,572	(3,674,658)
Effects of exchange rate changes on cash and equivalents	0	0	0	0	0
Cash and cash equivalents at beginning of the year	397,654,949	38,443,028	21,171,696	16,580,124	20,254,782
Cash and cash equivalents at the end of the year	**252,119,479**	**397,654,949**	**38,443,028**	**21,171,696**	**16,580,124**
Cash and cash equivalents at the end of the year					
Cash in hand (including foreign currencies)	12,540	46,000	2,837,705	2,729,850	538,300
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	35,527,236	18,517,655	10,974,427	3,644,641	5,811,015
Balance with other banks and financial institutions	216,579,703	129,091,294	24,630,896	14,797,205	10,230,809
Money at call and short notice	0	250,000,000	0	0	0
	252,119,479	**397,654,949**	**38,443,028**	**21,171,696**	**16,580,124**

D. Dividend

The company declared dividend for the last five years as follows:

Particulars	**2011**	**2010**	**2009**	**2008**	**2007**
Cash dividend	-	-	-	-	-
Stock dividend	10%	20%	60%	-	-

Sd/-

Dhaka, 15 March 2012

Ahmed Zaker & Co.
Chartered Accountants

Ratio Analysis

Auditors' certificate regarding calculation of ratios for the years ended 31 December 2011, 2010, 2009, 2008 and 2007

We have examined the following ratios of Fareast Finance & Investment Limited ("the company") for the years ended 31 December 2011, 2010, 2009, 2008 and 2007, as produced by the management of the company. The calculation of ratios is the responsibility of the company's management. Our responsibility is to review and certify as to whether those have been properly calculated using acceptable principles on the basis of the audited financial statements for the years ended 31 December 2011, 2010, 2009, 2008 and 2007.

Based on our review, we certify that the company has properly calculated the ratios using acceptable principles on the basis of the audited financial statements for the above mentioned years as follows:

		Amounts in Taka				
Ratios	**Units**	**2011**	**2010**	**2009**	**2008**	**2007**
I. Liquidity ratios						
(i) Current ratio	Times	1.71	0.81	0.81	0.78	0.95
(ii) Quick ratio	Times	1.71	0.81	0.81	0.78	0.95
(iii) Times interest earned ratio	Times	1.34	2.02	1.42	1.44	1.62
(iv) Debt-equity ratio	Times	2.43	1.97	4.93	4.63	4.45
II. Operating ratios						
(i) Accounts receivable turnover ratio	Times	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
(ii) Inventory turnover ratio	Times	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
(iii) Asset turnover ratio	Times	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
III. Profitability ratios						
(i) Gross margin ratio	%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
(ii) Operating income ratio	%	23.41	46.50	26.43	27.73	34.77
(iii) Net income ratio	%	14.73	28.24	18.23	16.05	18.67
(iv) Return on assets ratio	%	1.84	5.91	2.77	2.82	3.60
(v) Return on equity ratio	%	6.47	22.83	17.65	17.43	22.14
(vi) Earning per share of Tk.10 each	Tk.	1.04	6.89	3.10	2.57	2.68

Formula

Current ratio = Current assets / Current liabilities
Quick ratio = (Current assets - Inventories) / Current liabilities
Times interest earned ratio = (Income from operation + Financial expenses) / Financial expenses
Debt-equity ratio = Total debts / Shareholders' equity
Operating income ratio = Income from operation / Operational income * 100
Net income ratio = Net profit after tax / Operational income * 100
Return on assets Ratio = Net profit after tax / Average assets * 100
Return on equity ratio = Net profit after tax / Average shareholders' equity * 100
Earning per share = Net profit after tax / Weighted average number of outstanding shares

Sd/-

Dhaka, 15 March 2012

Ahmed Zaker & Co.
Chartered Accountants

Reasons for decrease in profitability ratios:

After tax profits of the company over the last three years were as under:

Year-2011	Year-2010	Year-2009
Tk.108,597,852	Tk.228,078,294	Tk.60,677,353

In the year 2010 the capital market was unusually boosted up. The company had investment in the capital market and through the boost up, company earned handsome amount of profit in the year 2010. Unfortunately the year 2011 showed downswing in the market and the company could not able to earn same profit from the capital market, which resulted decrease in overall profit of the company. Thus all the profitability ratios of the company for the year 2011 showed downward trend.

Additional ratios:

Years	2011	2010	2009	2008	2007
Credit deposit ratio (%)	212.85	330.30	225.29	410.27	416.93

Formula: Credit deposit ratio = Loans, advances and leases/Term deposits X 100

Years	2011	2010	2009	2008	2007
Cost of fund	14.76%	12.18%	12.64%	14.02%	13.53

Reason for increase of cost:

Over the years, cost of borrowing from banks and term deposits of the company are increasing day by day. This increase resulted increase in cost of fund of the company. Recently company established the Deposit Mobilisation Department. Company believes that over the period through this department company will be able to collect deposits from general public with low cost, which will result decrease in cost of fund of the company. Moreover the company is planning to raise fund through floading shares to the general public which will also strengthen the capital base of the company and redude its cost of fund.

REPORT: RR / 1408 / 12

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL long-term rating is valid for only one year and short term rating for six months from the date of rating. After the above periods, these ratings will not carry any validity unless the financial institution goes for rating surveillance. ***CRISL followed Bank/FI Rating Methodology published in CRISL website www.crislbd.com***

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Entity Rating
Long Term: A
Short Term: ST-3

Outlook: Stable

FAREAST FINANCE & INVESTMENT LIMITED

DATE OF INCORPORATION
June 21, 2001

CHAIRMAN
Mr. M. A. Khaleque

MANAGING DIRECTOR
Mr. Santanu Saha

EQUITY
TK.1732.84 million

TOTAL ASSETS
TK.6514.40 million

CREDIT PORTFOLIO
TK.4944.25 million

Date of Rating	**April 19, 2012**	
	Long Term	**Short Term**
Entity Rating	A	ST-3
Outlook	Stable	

1.0 RATIONALE

CRISL has assigned 'A' (pronounced as single A) rating in Long Term and 'ST-3' in the Short Term to Fareast Finance & Investment Limited (hereinafter called 'FFIL' or 'the company') based on financials up to December 31, 2011 and other relevant qualitative and quantitative information up-to the date of rating. The above ratings have been assigned after due consideration to its fundamentals such as sound equity base with considerable business growth, good liquidity, good corporate governance, experienced management team etc. The above factors are however constrained to some extent by moderate asset quality, moderate financial performance, portfolio concentration on few clientele base, small operational network etc.

Financial Institutions rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. Short term rating signifies good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good.

CRISL also placed the entity under 'Stable outlook' considering that the company might be able to maintain the above fundamentals during the rating validity period.

2.0 CORPORATE PROFILE

2.1 Genesis

Fareast Finance & Investment Limited, a Financial Institution in Bangladesh, was incorporated as a Public Limited Company on June 21, 2001 under the Companies Act, 1994 and received license from Bangladesh Bank on July 03, 2001 under the Financial Institutions Act, 1993. The company started its commercial operation on the same day of incorporation with the objective to become market leader by increasing capital investment and providing quality services to the clients with high ethical standards and accountability. The company initially started with a paid up capital of TK.50 million against an authorized capital of Tk.500.00 million sponsored by several individual businessman, professionals and institutional investors. Meanwhile, fresh capital, mainly in the form of rights share and bonus issue, was injected and the paid up capital stood at Tk.1046.02 million against authorized capital of Tk.2000.00 million as on December 31, 2011. The company is currently operating with credit portfolio of TK.4944.25 million as on December 31, 2011 against Tk.3868.42 million in December 31, 2010. However, the recent plan for IPO will further enhance the credit portfolio as well as the equity base of the company. FFIL has been running all its operational activities from the Head Office located at Eunoos Centre (8th level), 52-53, Dilkusha Commercial Area, Dhaka-1000, Bangladesh.

2.2 Ownership Pattern

Being a closely held public limited company, the ownership of the company is shared by six families (62.08%), one institutional investor (Asian Gate Ltd. 7.48%) and twelve individual businessmen and professionals (30.44%). The company had a total of 104.60 million ordinary shares of TK. 10 each as on December 31, 2011. Out of the total shareholding, Vice chairman, Mr. Md. Monir Hossain and his relatives hold the maximum share (19%) followed by Md. Anwar Hossain Khan and his relatives (9.97%), Md. Shamsul Islam and his relatives (9.42%), Chairman, Mr. M. A. Khaleque and his relatives (8.72%); while other two directors

Moderate market share

Muhammed Abdul Wahhab and Umme Fatima Khaledee Jahan with their relatives hold 7.48% share each. However, after IPO flotation, the shareholding will be diluted to a great extent.

2.3 Market Share of Credit Portfolio

FFIL has been operating its business with a moderate market share. The outstanding credit portfolio of the company stood at TK 4.94 billion (excluding investment in securities) as on December 31, 2011 against TK. 3.87 billion in December 31, 2010 representing market share of around 1.85% and 1.63% respectively. The company registered around 27.81% portfolio growth against the industry growth 12.65% during the year 2011.

Limited product line

2.4 Product and Services

FFIL has been operating with limited product lines. Assets Products of FFIL is confined to only different leases and term finance under different modes. On the other hand, the company offer different liability products with different features which are 'Sanirbhorota' (safe hands), Pension Plan (Live freely), 'Shomriddhi' (Bring prosperity), 'Subidha' (Smile twice in a year), Double Money Benefit Scheme (Double your dream) Triple Money Benefit Scheme (money does matter), 'Lakhpati' Scheme (Be a millionaire), 'Crorepati' Scheme (Fortune favors the depositors), Education Plan (Secure child's future), Safollo (Plan for sure success) and Supreme (Go with dream). FFIL is trying to develop new products as well as to change feature of existing products, which is likely to enhance the sources of fund and income stream of the company.

3.0 NON-BANK FINANCIAL INSTITUTION SECTOR

Financial sector of Bangladesh had long been solely confined to banking institutions since independence. With the promulgation of Financial Institutions Act 1993, the sector has entered into a new era of development. Since the promulgation of the Act, 31 FIs have been licensed by the Bangladesh Bank (BB). The sector have been contributing towards increasing both the quality and quantity of financial services and thus mitigating the lapses of existing financial intermediation to meet growing needs of different types of investment in the country. However, with the opening of leasing units by the banks directly, the FIs have been facing tough competition. Over the last 15 years, this sector witnessed a number of changes, which eventually made their operation more effective and consolidated. Along with the banks, FIs enjoy the privilege of issuing shares, debentures and bonds to raise funds. They are allowed to take public deposits and borrow funds from banks under the Financial Institutions Act 1993. FIs are also allowed to collect fund from the call money market up to certain limit of their total net assets for their investment purpose.

The financing modes of FIs are long term in nature. The outstanding credit portfolio of the FIs stood at around TK.267.44 billion as on December 31, 2011 having positive growth over previous year. Although the FIs are allowed to take public deposits, the public in general, are less confident on FIs and feel free to put their money in banks instead of FIs even at a lower interest rate. Credit lines from banks, consequently, remain one of the principal sources of funding for FIs, which makes their cost of funds higher than that of banks. In the competitive market scenario FIs, therefore, operate on a very thin margin. Most of the FIs are, therefore, in fund problem.

Bangladesh Bank, in its effort to streamline the activities of the FIs, has enacted the loan classification and provisioning system as a mandatory task for all FIs since 2000. Transformation into financial lease method in 2004 from the operating lease method of accounting is another development of the sector that reduces the confusion between lessor and the lessee, and brings fair presentation in the accounting treatment. Moreover, Bangladesh Bank circulated guidelines regarding roles, responsibilities and transparency of the Board of Directors, Chairman and the Managing Director for the financial institutions. In line with core risk management guidelines, BB also introduced risk based audit system known as 'system audit'. Bangladesh Bank also issued prudential regulation for financial institutions covering details of corporate governance and operational periphery in December 2010. In connection of the above BB issued guideline on ICT security for Bank and financial institutions.

Bangladesh Bank has already given the road map of Basel-II framework for FIs in keeping with the global standard. Under the above directive, all the FIs will have to maintain 10% of the Risk Weighted Assets (RWA) as capital. The FIs are in test run of BASEL-II during 2011 with complete switch over from 2012. The directive will warrant additional capital at one side and sound risk management at the other. Meanwhile, BB has directed the FIs to enhance their capital base.

Against the backdrop of the global financial crisis, FIs have been asked to be cautious in their financial management. As part of better management, BB has instructed the FIs to take adequate steps to realize default loans whose classified loans to total outstanding loan ratios have raised sharply. The BB has asked the FIs to take measures to rationalize investment portfolios and overcome other adverse trends. CRISL forecasts a qualitative change through successful implementation of the aforementioned reform initiatives. However, Finance Ordinance 2007 withdrew the facility to claim depreciation on leased assets by the FIs which has significant adverse impact on the cash flows of those FIs which are operating mainly under leasing sector. Under the above backdrop, FIs are now endeavoring to diversify their business portfolio to absorb the shock.

In the process of further strengthening the financial institution, Govt. is at final stage of amending the existing Financial Institution Act. The range of the proposed "Financial Institution Act 2011" is being expanded to include development finance, credit card, factoring and forfeiting under the law. The proposed law imposes various restrictions regarding tenure and number of directors of the NBFIs like that in Banks. As per the draft, no person, company or members of a same family can hold more than 10 percent of shares of any NBFI either alone or collectively. In the proposed law the maximum number of members in the Board of Directors of the financial institutions has been fixed at 13 for ensuring good governance. It has specific rules on forming subsidiary company by the financial institutions and investing in shares of to other companies. The institutions will have to obtain the central bank's permission for forming subsidiary company. An NBFI can invest 10 percent of its capital in the general share of to other companies in the stock market and in case of venture capital the ceiling is 15 percent.

4.0 CORPORATE GOVERNANCE

The overall corporate governance of FFIL has been found to be good. CRISL examines and evaluates the following areas under corporate governance practice:

4.1 Board of Directors

Board of Directors hold 56.63% share

The overall operation of the company is guided and supervised by a Board of Directors from different business arena. The Board of FFIL consists of eleven Directors excluding the Managing Director as Ex-officio. The Board is currently Chaired by M. A. Khaleque who has vast experience in the financial sector. He was the Vice Chairman of Prime Bank Limited and is former Chairman of Prime Finance and Investments Ltd. The Board of Directors jointly hold 56.63% of total outstanding share of FFIL. The Board held 11 meetings during 2011 and 13 meeting 2010. The Board deals with establishing overall policies and procedures and approves/ reviews financial facilities beyond the delegated limit of the different Committees.

4.2 Key Board Committees

Two Board committees

In order to discharge functions more effectively, the Board has constituted two sub committees namely Executive Committee (EC) and Audit Committee (AC). The five members Executive Committee (EC), headed by Mr. M. Mustafizur Rahman, is responsible for ensuring proper and timely implementation of policies and guidelines issued by Bangladesh Bank, Board and Regulatory Authorities regarding operational and credit matters. The committee reviews all lease and loan proposals and has the authority to reject the same (in case of approval by the Management Committee) although does not enjoy any approval authority. The five-member Audit committee, headed by Mr. Md. Anwer Hossain Khan, is responsible for examining financial matter of the company as well as to review the internal control system, quality of accounting policy and financial reporting system etc. Executive Committee (EC) and

Audit Committee (AC) held 9 and 5 meetings respectively during year 2011 against 10 and 6 during the previous year. The Board is yet to have any independent Director to maintain SEC's corporate best practices guideline.

Experienced and enthusiastic management team

4.3 Management

FFIL is being operated by a good combination of experienced and enthusiastic management personnel led by the Managing Director Mr. Santanu Saha having around 19 years experience. The other senior professionals of the company have required experience and qualification to run the company smoothly. The overall management is segregated into six broad areas which are Operation, Finance & Administration, Treasury, Capital Market, Human Resources Management and Compliance/Audit. In order to run the day to day operation, the management has formed eight committees namely, Management Committee (MANCOM), Management Recruitment Committee, Risk Management Committee, Assets Liability Management Committee, Basel II Implementation Committee, SME Committee, IT Committee and Anti Money Laundering Committee headed by the Managing Director. The above committees enjoy specific delegations. The Management Committee, in addition to having certain administrative and financial delegation, enjoys financing delegation to approve up-to TK.2.00 million for lease and loan financing.

4.4 Human Resources Management

Board Approved Service Rules

FFIL has an experienced management team with wide exposure in different financial institutions. The quality of human resources has been found to be good. The company has its own documented Service Rules for the employees to create congenial working environment. It also has incorporated provident fund and gratuity for the employees. However, the compensation package has not been found competitive among the Financial Institutions in the industry. Human Resources activities are supervised by an Assistant Vice President. Total HR strength of the company stood at 40 including 10 supporting staff as of December 31, 2011 against 40 at December 31, 2010. During the year 2011, FFIL recruited 17 new employees and promoted 4 employees at various levels. However, 17 professionals left the company during the same year. The HR turnover of the company has been found at the higher side during the last couple of year. In order to improve the human resources quality, FFIL sent its 16 employees during year 2011 to attend various training, workshops and seminars organized by Bangladesh Leasing & Finance Companies Association (BLFCA), Institute of Chartered Secretaries of Bangladesh (ICSB), Bangladesh Bank and similar organizations. Training programs were related to decision making in financing and other professional courses. HR development program of FFIL seems good.

4.5 IT and its use in MIS

No Disaster Recovery Site

The Management Information System of FFIL is still at the developing stage. In view of small operation, the company is yet to have any separate IT department for MIS requirement. The overall ICT related activities are currently supervised by a Manager. The company uses 40 desktop computers connected with Local Area Network (LAN) and Wide Area Network (WAN) supported by two servers. The company is using MS SQL based in-house developed customized software and different application package software to run the operation smoothly. By using this software FFIL records its day to day operations, all accounts related activities and generates different financial statements and statutory reports as well as other MIS reports such as trial balance, CRR report and amortization schedule etc. In addition to the above, the company is in the process of developing SMS service, Software for share department, leave management, HR & payroll management, inventory management and factoring module etc. For ensuring data safety, FFIL maintains daily, monthly, quarterly and yearly backup and keeps it at different physical locations. The company has also adopted Disaster Management System and Business Continuity Plan (BCP) to establish the rules for the recovering data in case any failure to run the systems and to ensure business continuity in the event of disaster. However, the company still does not have any Disaster Recovery Site which should be located at a minimum of 10 kilometers (radius) distance from the production site.

5.0 BUSINESS STRATEGY

FFIL is currently operating with small operational network and is concentrated mainly on term financing (87% of total portfolio). Without having any network of branch, the overall operations are centralized and run from the Head office.

Small operational network

The company is focused on loan financing, lease finance, working capital financing and syndication etc. for all type of capital investment, household durable product and others facilities to make the life of client more comfortable, convenient and peaceful. The majority of the company's clients are different institutions. In addition to existing financing facilities, the company is in the process of exploring real estate finance, housing finance and consumer finance. On the other hand, Liability wing operates with the main task of collecting fund through term deposits and bank credit lines. The main strategy of the company is to encourage different types of savings from different banks as well as from the marginal depositors with a view to giving them a competitive return as well as accumulation of company's source of fund.

6.0 PERFORMANCE

6.1 Financial Performance

Moderate financial performance

Overall financial performance of FFIL has been found to be moderate with having down turn trend in profitability. The above was mainly due to significant decrease in income from capital market. The company incurred loss of Tk.16.78 million in year 2011 from the capital market operation against income of Tk.234.70 million in the previous year. CRISL also evaluates the financial performance in terms of Return on Average Assets (ROAA), Return on Average Equity (ROAE) and Net Profit Margin (NPM) etc.

Total operating income of the company decreased to Tk.231.58 million during the year 2011 against Tk.437.70 million in the previous year registering 47.09% negative growth. Similarly, profit before tax of the company stood at Tk.127.76 million in the year 2011 against Tk. 263.58 million in on December 31, 2010 representing 51.53% decline during the period. Total earning assets of the company has been increased to TK.6285.51 million as on December 31, 2011 against TK.5104.55 million as on December 31, 2010 because of increase in credit portfolio. The operating income mix in the year 2011 revealed that 74.61% (14.85% in 2010) income was generated from net interest income from loans, leases and advances, 30.99% (30.40 % in 2010) from other operating income (of which 71.35% from income from associate) and rest are income from investment, commission, exchange and brokerage charges. Again while reviewing the interest income composition from core business activities, it has been found that 83.53% was generated from term finance, 11.68% from lease finance while rest from IDGP, interest on call loans and interest on balance with bank and other FIs. On the other hand, the operating expenses increased to Tk.58.99 million in the year 2011 against TK.62.10 million from the last year showing 5.00% decline; the major portion of the same was comprised of salary & allowances (43.53%), office maintenance, share business and other expenses (13.23%), depreciation (11.03%) and rest are other operational and management expenses.

Consequently, ROAA (before tax) of the company decreased to 2.16% in the year 2011 against 6.83% of the previous year. Similarly, ROAE (before tax) decreased to 7.61% in the year 2011 against 26.38% in the previous year. Return on average earning assets also decreased to 1.91% in the year 2011 compared to 6.30% of the previous year because of higher growth in earning assets than the return. Again, net profit to operating income of FFIL decreased to 46.89% in the year 2011 against 52.11% in year 2010.

6.2 Operating Efficiency

Moderate operating efficiency

The overall operating efficiency of FFIL has been found to be moderate during the year 2011. CRISL measures operating efficiency in terms of efficiency ratio (cost to income ratio), time interest earned ratio, yield per TK. 1.00 staff cost etc. The cost to income ratio (operating cost excluding provision) of the company stood 25.47% in the year 2011 against 14.19% in the previous year. The time interest earned stood 1.34 times in 2011 against 2.02 times in the previous year. Yield per taka staff cost decreased to TK 4.97 in the year 2011 from TK 11.11 in 2010.

7.0 RISK MANAGEMENT

Risk management is one of the core operational pillars of financial institutions. The primary objective of risk management is to take calculative risk in order to safeguard its capital and well manage the financing business. In order to go for more risk sensitive financing, Bangladesh Bank formulated Core Risk Management Guidelines on the basis of best practices in the industry and advised the FIs to comply with the above. The risk management modules circulated by the Bangladesh Bank covers three core risk areas i.e. credit risk, asset and liability/balance sheet risks, internal control and compliance risks, IT security risk. The risk related observations of CRISL are narrated below:

7.1 Credit Risk Management

FFIL has its Board approved policy guideline for the Credit Risk Management (CRM). The credit aspect of the company has been operating through separate Operation, Monitoring and Recovery department. The Operation Department is responsible for managing the overall credit management starting from credit application collection to final approval. The department has three separate wings credit operation, credit administration and recovery with specific job description. The Dept. is headed by a Senior Vice President who is responsible for the overall job related to loan lease approval procedure (application collection, screening, analysis as well as the project inspection if required) to achieve its desired business target. On the other hand, Monitoring and Recovery Department is responsible for preparing different monitoring report and activate recovery of impaired assets. FFIL formed a Management Committee headed by Managing Director to review and recommend loan/lease proposals for approval within the delegated credit limit (Up-to TK.2 million).

Traditional credit approval procedure

7.1.1 Credit Approval Process

The FFIL is following traditional credit approval procedure. The company has 10 professionals in marketing, promotion and operation who are directly involved with collecting different credit application, screening the application as well as analysis.

First, officers of Operation and Marketing Department collect the credit/lease application. The credit analyst and marketing professional jointly screen and analyze the background of the applicant, purpose & amount of credit, financials of the applicant and forward the credit proposal to the Management Committee for approval. The Management Committee validates the assumptions and security covenants requirements and approves the credit appraisal within delegated limit (Tk.2.00 million) and forwards the same to Executive Committee for NOC. In case of any credit proposal beyond the delegated limit, the file is reviewed in the EC before placing the same to the Board for approval.

7.2 Operational Risk Management

The operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Some of the examples of Operational Risks are internal and external frauds, legal risks, damages to clients, diversity, damage to physical assets, business interruptions etc. The global best practice suggests that the financial institutions irrespective of size and business must identify and assess all operational risk against all of its products and services and monitor the same through an operationally independent professional.

The company has separate Compliance/Audit Department which ensures that all accounting, financial and government regulations and standards are complied with. The company has two member Compliance and audit team which carries out periodical inspection and reports to the Board Audit Committee through the Managing Director.

7.3 Single Borrower Risk

Financial Institutional Act 1993 limits the large loan up-to 30% (more than 100% upon approval of BB) of capital or 50% of the financing facilities of the FI. The company has exposure of Tk.1837.34 million to a single borrower Fareast Stocks and Bonds Limited

Exposed to single borrower risk

(Associate Company) as on December 31, 2011 which is 37.16% of total outstanding portfolio and 106.03% of equity capital. However, the performance of the exposure has been good. Despite, considering high concentration to a single borrower, the company is exposed to single party risk.

7.4 Spread Management

Cost of borrowing 14.76%

Financial market of Bangladesh has been experiencing volatile interest rate in the recent years. Pressure of market to reduce the lending rate forced the FIs to rearrange interest rate of financing agreements in many cases, which ultimately squeezed the margin of FIs. Subsequent interest rate adjustment capability of the company plays a vital role in minimizing the interest rate risk. Financial Institution like FFIL has high dependency on the credit line provided by the commercial banks. The company's move towards saving mobilization reduces the single source dependency. However, the cost of borrowing of the company stood at 14.76% during the last year which is comparatively very high. On the contrary, weighted average lending rate during the same time stood at 18.89% which put pressure on spread management of the company.

8.0 ASSET QUALITY

Assets growth 23.11%

The total assets of FFIL stood at TK. 6514.40 million as on December 31, 2011 which represents 23.11% growth over the previous year. The total assets have been composed of 75.90% by lease, loan and advances (of which 13.21% lease and 86.79% term loan), 16.90% by investment in associates and other assets, 3.32% by balance with bank and FIs, 2.96% by investment in share and rest by cash & cash equivalent and fixed assets of the company. The above asset base was financed 26.60% by equity capital, 35.66% by deposit, 28.98% by borrowing from bank and FIs and 8.76% by others liabilities as on December 31, 2011.

8.1 Quality of Credit Portfolio

Moderate credit quality

The overall credit quality of FFIL has been found to be moderate with 27.81% growth over previous year. The above portfolio was largely contributed by the loan given to the own associates Fareast Stocks & Bonds Limited (FSBL) which contributes 37.16% (TK.1837.34 million) of the outstanding portfolio. FICL statement submitted to Bangladesh Bank (BB) as on December 31, 2011 reveals classified amount of TK.375.40 million (of which 12.04% was substandard, 19.33% doubtful and 68.63% bad & loss) against TK.313.46 million (of which 5.55% was substandard, 29.02% doubtful and 65.43% bad & loss) indicating around 19.76% increase in the year 2011. However, the gross NPL ratio reduced and stood at 7.59% as on December 31, 2011 against 8.10% on December 31, 2010 due to considerable growth in credit portfolio. After considering provision and interest suspense, the net NPL ratio increased to stand at 4.32% as on December 31, 2011 against 4.18% on December 31, 2010. NPL coverage ratio of the company stood at 47.26% as on December 31, 2011 against 47.53% as on December 31, 2010. Infection ratio (considering overdue of one and above) of the company stood at 31.76% as on December 31, 2011 against 32.64% as on December 31, 2010. By analyzing sector wise infection ratio, lease finance have been found at the higher side having 73.73% infection ratio as on December 31, 2011 compared to 60.84% on December 31, 2010. Moreover, CRISL also analyzed the risk prone assets (SMA as per Bangladesh Bank Guideline) and High risk prone assets (considering overdue of 5 installments) which shows that, overall risk prone assets stood at 1.89% of outstanding portfolio as on December 31, 2011 against 5.54% as on December 31, 2010. Similarly, high risk prone assets stood at 1.48% of outstanding portfolio as on December 31, 2011 against 2.26% of as on December 31, 2010.

Performance of rescheduled assets is yet to arrive at satisfactory level

The performance of rescheduled assets of FFIL has not been found at satisfactory level. Total outstanding amount of rescheduled assets of the company stood at TK.794.38 million (16.07% of total loan outstanding) as on December 31, 2011 against TK.759.87 million as on December 31, 2010. Out of the above, 33.26% of total rescheduled assets were found classified as on December 31, 2011. During the year 2011, the company rescheduled an amount of TK.204.52 million against 11 contracts (3 leases and 8 term financing). The recovery from the contracts after rescheduling was TK.152.22 million in the year 2011.

Again the outstanding portfolio of top twenty clients including Fareast Stocks & Bonds Limited stood TK.3664.92 million as on December 31, 2011 (74.12% of total outstanding portfolio) against 2682.12 million as on December 31, 2010. However, while reviewing the performance of the top twenty clients, it has been found that Tk.253.22 million was in the classified category which was 5.12% of total portfolio. The above scenario reveals that the overall portfolio is concentrated on few clientele bases.

8.2 Quality of Investment Portfolio

The investment portfolio of FFIL in different securities stood at TK.192.71 million as on December 31, 2011 against TK. 144.93 million as on December 31, 2010. The market price of the investment portfolio of listed securities as on December 31, 2011 stood at TK.167.40 million. Though the investment portfolio was diversified among numbers of companies, market value of few companies was found below the acquisition cost as on December 31, 2011 and for the same the company kept provision of TK.25.31 million during the year 2011.

8.3 Sectoral Exposure

The loan portfolio of FFIL is concentrated to few sectors. While reviewing the loan portfolio of the company on December 31, 2011 it has been found that portfolio is concentrated towards loan to stock broker & dealer companies 49.08% (of which FSBL 75.72% and stock broker and dealer companies 24.28%) followed by textile and garments 12.21%, transport and aviation 7.37%, ship manufacturing 5.33%, Food Production & Processing Industry sector4.47% and rest are insignificantly diversified into different sectors. CRISL reviewed the sectoral portfolio performance as on December 31, 2011 and it has been revealed that around 37.62% of the total non-performing loan was constituted of transport and aviation sector followed by housing 22.30%, Power, Gas, Water & Sanitary Service 15.26% and rest are insignificantly distributed among the other sectors.

9.0 CAPITAL ADEQUACY

Sound capital base

FFIL has been operating with sound capital base and the company has complied with minimum capital requirement as directed by Bangladesh Bank. The equity base of the company stood at Tk.1732.84 million as on December 31, 2011 against Tk.1624.25 million as on December 31, 2010. The above growth was mainly due to injection of fresh capital through bonus share during the last year. The total equity capital includes share capital of Tk.1046.02 million, revaluation reserve of Tk.463.64 million, statutory reserve Tk.114.64 million and retained earnings of Tk.108.54 million as on December 31, 2011. The key indicators related to capital adequacy also improved in 2011 compared to previous year. As per the Risk Based Capital Adequacy Framework of Basel II as on December 31, 2011, the Risk Weighted Assets stood at Tk.6769.70 million of which 89.95% emanated from credit risk, 5.91% from operational risk and rest 4.14% from market risk. Against the same, the eligible capital stood at Tk.1345.30 million based on which risk weighted Capital Adequacy Ratio stood at 19.87% as on December 31, 2011 which puts the company in comfort zone.

In addition to the above, the overall capital base will further be enhanced after successful IPO floatation. The company has the plan to collect Tk.450 million from IPO proceed under fixed price method which is subject to approval of the regulatory body. The above proceeds will strengthen the capital base, liquidity as well as the credit portfolio.

The shareholder's equity to total assets of the company decreased to 26.60% in year 2011 from 30.70% in year 2010 due to high growth in total assets compared to shareholder's equity. Similarly, shareholder's equity to earning assets also decreased to 27.57% in 2011 from 31.82% in the previous year. The total debt-equity ratio (considering borrowing and deposit) of the company stood at 2.43 times in year 2011 against 1.97 times in 2010. However, internal capital generation ratio of FFIL decreased to 1.84% in the year 2011 against 5.91% in 2010 due to decrease in profit during 2011.

10.0 FUNDING AND LIQUIDITY

10.1 Fund Management

Being an FI, the company has to depend on high cost funding sources. FFIL mainly depends on loans from different commercial banks and deposits for its funding source. Borrowing from commercial banks includes long term loan, short term loan and overnight (call loan) facilities. Funding composition of FFIL as on December 31, 2011 includes term deposit receipts (TDR) of Tk.2322.86 million (35.66% of total funding and of which 49.51% was financial institutional deposit while 32.82% was corporate deposit and 17.67% was public deposit), borrowing from bank and FIs Tk.1888.11 million (28.98% of total funding), shareholder's equity of Tk.1732.84 million (26.60% of total funding) and other sources of fund Tk.570.59 million (8.76% of total funding). The shareholder's equity was contributed by paid-up capital (60.36%), revaluation reserve (26.76%), statutory reserve (6.62%) and remaining 6.26% is retained earnings. The good capital base keeps the company in comfort zone in gearing ratio as well as the overall funding mix.

Credit line with 18 commercial banks and an FI

FFIL enjoys credit line with 18 commercial banks and an FI for credit limit of Tk.3102.34 million (Tk.2762.34 million term loan and Tk.360.00 million overdraft facilities) whereas outstanding amount was Tk.1888.11 million as on December 31, 2011. Interest rate of those credit lines varies from 13.00% to 18.00% with different maturity period. Moreover, the company has a plan to increase credit line with 8 commercial banks for loan of Tk.1200.00 million which is under process. The company involved in the call money market mainly as borrower during 2011 with an average borrowing of Tk.56.96 million per month within the range of 8.50% to 12.05% interest rate and also performed as lender only in January, October and November 2011 with a total lending of Tk.567.93 million with 14.00% to 18.87% interest rate.

10.2 Liquidity Management

Good liquidity

The FFIL has been operating its business with good liquidity. While analyzing the assets liability maturity bucket, it has been observed that liquidity bucket (1-3 month and 3-12 months period) has been showing a surplus balance of Tk.170.10 million and 1402.60 million respectively indicating adequate fund to discharge the liability of the above period. Times interest earned ratio stood at 1.34 times in 2011 against 2.02 times in 2010. The liquid assets to total assets of FFIL stood at 58.24% as on December 31, 2011 against 30.64% as on December 31, 2010. However, loan (credit portfolio) to deposit ratio has been decreased to 2.13 times in 2011 against 3.30 times in the previous year.

11.0 OBSERVATION SUMMARY

Rating Comforts:	Rating Concerns:
• Sound equity base • Good liquidity • Good corporate governance • Experienced management team • Considerable business growth • Good HRM development plan	• Moderate asset quality • Moderate financial performance • Exposed to single borrower risk • High cost of fund • Portfolio concentrated to limited clientele base • Small operational network • Performance of rescheduled assets is yet to arrive at satisfactory level
Business Opportunities:	**Business Challenges:**
• Scope to explore fee based products • Scope of exploring cheaper cost funding sources • Good access of high investment grade FIs to commercial banks under Basel-II capital adequacy framework	• Increased competition in the market for quality products • Commercial banks portfolio expansion to lease financing

12.0 PROSPECTS

The financial sector of Bangladesh is now considered to be the most regulated sector compared to any other industrial sectors. Alongside 47 banks, 31 NBFIs are now in operation in a small economy like Bangladesh. Consequently, the financial institutions have been facing tough competition in grabbing market share. The economy of Bangladesh had gone through a crucial time for the last couple of years. It had to face several downside risks including political disruption, infrastructure constraints, power shortage, natural calamities etc. There were high inflation, sluggishness in the capital Market and sudden oil price fall in the world market. Above all, the world felt the pinch of debacle in the financial institutions in the western world causing financial meltdown leading to recession in the western economy. Especially in USA all recovery financial package, advanced by Government did not bring the desired impetus in the banking and financial system. The meltdown has affected all western countries including some Asian countries. Due to timely withdrawal of investment by Bangladesh Bank from the western world country's interest has been safe guarded.

Introduction of risk based capital adequacy for banks under Basel-II framework will also pose challenges to NBFIs for smooth fund mobilization from the banks. The existing 20% risk weight against FIs' exposure will be replaced by a dynamic risk weight depending on the credit quality of the respective FI while unrated exposure will attract a risk weight of 100%. This may decrease the present practice of wholesale funding through banking sector to NBFIs, unless the FIs carry high investment grade rating. Therefore, extraction of funds from banking system will be dependent on the overall credit quality of the NBFIs. BB already introduced mandatory credit rating for scheduled banks. Although the financial institutions are yet to come under regulatory framework of rating, many banks ask for the same before extending credit lines or fixing the rate for the NBFIs. Meanwhile, BB has implemented Basel-II framework for the NBFIs in keeping with global standard which will again press on a new challenge to NBFIs for better risk management at one side and additional capital requirement at the other. In line with the above, BB has already advised all the NBFIs to enhance their capital base.

Though FFIL has been maintaining considerable capital base and asset portfolio over the last couple of years, the income has not increased in the same line because of having significant involvement in the capital market operation. However, being supported by good capital base, the company has the potential to enhance the core business operation and tap growth opportunities by exploring its franchise value and making proper marketing drives. Above all, the long run sustainability of the company depends, to a great extent on maintenance of good asset quality, good human resource base and effective implementation of risk management tools.

END OF THE REPORT

[We have examined, prepared, finalized and issued this report without compromising with the matters of any conflict of interest. We have also complied with all the requirements, policy procedures of the SEC rules as prescribed by the Securities and Exchange Commission.]

CORPORATE INFORMATION:

Date of Incorporation : June 21, 2001
Date of Commencement of Business : June 21, 2001

Board of Directors:

Mr. M. A. Khaleque	Chairman
Mr. Md. Monir Hossain	Vice Chairman
Mr. M. Mustafizur Rahman	Director
Mr. Md. Anwer Hossian Khan	Director
Mr. Delwar Hossain Rana	Director
Mrs. Umme Fatima Khaledee Jahan	Director
Mr. Md. Azmat Rahman	Director
Mr. Md. Shamsul Islam	Director
Mr. Md. Ershad Ullah	Director
Mr. M. A. Wahhab	Director
Mr. Nazim Asadul Haque	Director

Auditor:

Ahmed Zaker & Co.
Chartered Accountants

Management:

Mr. Santanu Saha (M. Com., FCA, FCMA, ACS, FIAT)	Managing Director
Mr. Mohammed Hafizour Rahman (M. Com., ACA, ACS)	Senior Vice President & CFO
Mr. Md. Anwar Hussain (MBA)	Assistant Vice President
Mr. Sheikh Khaled Zahir (MBA, ACS)	AVP & Company Secretary
Mr. Tanvir Hasan (M. Com., ACA)	Assistant Vice President
Mr. Mohammad Hossain Khan (M. Com., CA-Inter)	Senior Manager
Ms. Nazmun Nahar (MBA, ACS)	Senior Manager

Capital History:

Year	Authorized Capital (Million Taka)	Issued, Subscribed and Paid-up Capital (Million Taka)	Rate of Increase %	Source of Capital
2001	500.00	50.00	---	Opening Capital
2004	500.00	57.50	---	Issuance of Bonus share
2004	500.00	145.00	190.00	Issuance of Right share
2006	500.00	174.00	20.00	Issuance of Bonus share
2007	500.00	195.75	12.50	Issuance of Bonus share
2010	2000.00	313.20	---	Issuance of Bonus share
2010	2000.00	363.20	---	Issuance of Right share
2010	2000.00	871.68	345.30	Issuance of Right share
2011	2000.00	1046.02	20.00	Issuance of Bonus share

FINANCIAL INFORMATION

A. Balance Sheet (As on December 31)

Amount in million TK.

Particulars:	2011	2010	2009
Cash:	**35.54**	**18.56**	**13.81**
Cash in hand	0.01	0.04	2.84
Balance with Bangladesh Bank	35.53	18.52	10.97
Balance with other Banks and Financial Institutions:	**216.58**	**129.09**	**24.63**
Inside Bangladesh	216.58	129.09	24.63
Outside Bangladesh	0.00	0.00	0.00
Money at Call & Short Notice	**0.00**	**250.00**	0.00
Investments in Securities	**192.71**	**144.93**	**147.17**
Government	0.00	0.00	0.00
Others	192.71	144.93	147.17
Lease, Loans and Advances:	**4944.25**	**3868.42**	**1964.56**
Loans, Cash Credits, Overdrafts, Leases etc.	4944.25	3868.42	1964.56
Bills Purchased & Discounted	0.00	0.00	0.00
Fixed Assets including Premises, Furniture and Fixtures	**24.14**	**11.88**	**11.54**
Other Assets	**1101.19**	**868.55**	**269.99**
Non Business Assets	0.00	0.00	0.00
Total Assets	**6514.40**	**5291.42**	**2431.71**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, Financial Institutions and agents	**1888.11**	**2032.43**	**970.87**
Deposits and Other Accounts	**2322.86**	**1171.20**	**872.00**
Current Deposits	0.00	0.00	0.00
Term Deposits	2322.86	1171.20	872.00
Other Deposits	0.00	0.00	0.00
Other Liabilities	**570.59**	**463.55**	**214.79**
Total Liabilities	**4781.56**	**3667.18**	**2057.67**
Capital / Shareholders' Equity	**1732.84**	**1624.25**	**374.04**
Paid-up Capital	1046.02	871.68	195.75
Statutory Reserve	114.64	92.92	47.31
Revaluation reserve	463.64	463.64	
Retained Earnings	108.54	196.00	130.98
Total Liabilities & Shareholders' Equity	**6514.40**	**5291.42**	**2431.71**
Profit and Loss Account (Year end December 31)			
Particulars:	**2011**	**2010**	**2009**
Interest Income	678.45	435.05	272.44
Less: Interest paid on Deposits & Borrowings etc.	505.66	370.05	208.25
Net Interest Income	**172.78**	**65.00**	**64.19**
Income from Investment	(16.78)	234.70	42.04
Commission, Exchange and Brokerage	3.83	4.96	0.38
Other Operating Income	71.76	133.04	17.91
Total Operating Income	**231.58**	**437.70**	**124.52**
Salaries and Allowances	25.68	23.73	16.10
Rent, Taxes, Insurances, Electricity etc.	7.15	10.65	2.76
Legal Expenses	1.80	2.09	1.53
Postage, Stamps, Telecommunication etc.	0.71	0.27	0.20
Stationery, Printings, Advertisements etc.	3.58	3.26	2.92
Managing Director's Salary and Allowances	4.79	4.02	3.44
Directors' Fees	0.83	0.87	0.56
Auditors' Fees	0.13	0.23	0.13
Depreciation and repairs of company's assets	6.51	4.22	3.66
Other Operating Expenses	7.80	12.76	5.26
Total Operating Expenses	**58.99**	**62.10**	**36.56**
Profit before Provision	**172.59**	**375.60**	**87.96**
Provision for Loans, Advances & Leases	24.13	107.87	24.48
Provision for the diminution in the value of investments	20.70	4.16	-5.70
Other Provisions	0.00	0.00	0.00
Total Provision	**44.83**	**112.03**	**18.78**
Total Profit before Provisions for Taxation	**127.76**	**263.58**	**69.18**
Provision for Income Tax	**19.16**	**35.50**	**8.50**
Current Tax Expenses	36.37	27.75	-0.12
Deferred Tax Expenses	(17.21)	7.75	8.62
Net Profit after Taxation	**108.60**	**228.08**	**60.68**

CRISL RATING SCALES AND DEFINATIONS

LONG-TERM – BANK AND FINANCIAL INSTITUTIONS

RATING	DEFINITION
AAA Triple A (Highest Safety)	Bank/FIs rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of banks.
AA+, AA, AA- (Double A) (High Safety)	Bank/ FIS rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A- Single A (Adequate Safety)	Bank/FIs rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Bank/FIs rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a bank is under-performing in some areas. These entities are however, considered to have the capability to overcome the above-mentioned limitations with special care and cautious operation. Risk factors are more variable in periods of economic stress than those rated in the higher categories.
BB+, BB, BB- Double B (Inadequate Safety)	Bank/FIs rated in this category are adjudged to lack of key protection factors, which results in an inadequate safety. This level of rating indicates a bank as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (Risky)	Bank/FIs rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support.
CCC+,CCC, CCC- Triple C (Vulnerable)	Bank/FIs rated in this category are adjudged to be with vulnerable protection factors. This rating indicates that the degree of certainty regarding timely payment of financial obligations is doubtful unless circumstances are favorable.
CC+,CC, CC- Double C (Highly Vulnerable)	Bank/FIs rated in this category are adjudged to be with high vulnerable position. This rating indicates that the degree of certainty regarding timely payment of financial obligations is quite lower unless overall circumstances are favorable or there is possibility of high degree external support.
C (Near to Default)	Bank/FIs rated in this category are adjudged to be with near to default in timely repayment of financial obligations. This type rating may be used to cover a situation where a insolvency petition has been filed or similar action has been taken, but payments on the obligation are being continued with high degree of external support.
D (Default)	Bank/FIs rated in this category are adjudged to be either currently in default or expected to be in default. This level of rating indicates that the entities are unlikely to meet maturing financial obligations and calls for immediate external support of a high order.

(For long-term ratings, CRISL assigns + (Positive) sign to indicate that the issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group.)

SHORT-TERM- BANK AND FINANCIAL INSTITUTIONS

ST-1	**Highest Grade** Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations.
ST-2	**High Grade** High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	**Good Grade** Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	**Satisfactory Grade** Satisfactory liquidity and other protection factors qualify issues as to Investment grade. Risk factors are larger and subject to more variation.
ST-5	**Non-Investment Grade** Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
ST-6	**Default** Issuer failed to meet scheduled principal and/or interest payments.

SECTION-XVI: MANAGEMENT DISCLOSURE

SEC Query: It appears from the content of the Financial Institution License that the registered address of the company as mentioned in the license differs with that of memorandum. Please explain the reason of difference.

Management Disclosure: At the time of application to Bangladesh Bank for the Financial Institution License of FFIL the address of the company was at SW(A)-25, Gulshan Avenue, Gulshan, Dhaka-1212. Hence, the address of Gulshan was used by Bangladesh Bank at the time of issuing the license. Subsequently the company has started its business at the Printers' Building (9th level), 5 Rajuk Avenue, Motijheel Commercial Area, Dhaka-1000. The change was communicated to Bangladesh Bank and Bangladesh Bank through their letter # FID(L)/1053/67-3011 dated 31 October 2001 approved such change. Thereafter the company again has changed its registered address to Eunoos Centre (8th Level), 52-53, Dilkusha Commercial Area, Dhaka-1000. The Bangladesh Bank has also approved the changed address vide their letter no. DFIM(L)/1053/67/2010-39 dated 6 October 2010.

SEC Query: Please disclose whether guarantee commission receivable of Tk. 37,50,000.00 (note 11.2) from associate company is received by the company and disclose the subsequent status along with the date of receipt.

Management Disclosure: Guarantee commission receivable of Tk. 37,50,000.00 from associate company was received from them on January 04, 2012.

SEC Query: Please mention whether the provisions of section 14 of the Financial Institution Act 1993 is complied with for providing the loan to the associate company.

Management Disclosure: Explanation regarding complying with section 14 of The Financial Institutions Act, 1993 is as follows:

According to the section 14 of The Financial Institutions Act, 1993 there is bar regarding the single exposure limit. However, there was a dilemma whether this limit was applicable for the associate company.

For the financial institutions day by day the business margin was going down and hence profitability was reducing. Under the circumstances, as part of strategic diversification program, which would have far reaching implication for the company's growth and development; a strategic diversification into the brokerage business operation took place in FFIL by taking 50% stake in a brokerage business in the name of Fareast Stocks & Bonds Limited. To run the business in a profitable manner and as the investment is less risky, the investment in the associate company was made.

The issue was first raised in the year 2011 and the matter was explained to Bangladesh Bank on several occasions through different letters. In line with spirit of Bangladesh Bank's letter, Fareast Finance & Investment Limited stopped to increase its investment in Fareast Stocks & Bonds Limited from July 27, 2011.

The last explanation regarding the issue was sent to Bangladesh Bank on October 10, 2011 under letter # FFIL/FB-001(15)/2011/2588. In this regard, the company received a reply from Bangladesh Bank on October 13, 2011 through letter # DFIM(C)1054/5(20)/2011-522. Through the letter Bangladesh Bank advised the company to be more careful to follow the section 14(1)(c) of The Financial Institutions Act, 1993 in future. Moreover through DFIM Circular # 2 dated January 31, 2012 Bangladesh Bank allowed the financial institutions to adjust the overexposed investment under section 14(1)(c) of The

Financial Institutions Act 1993 within December 31, 2013. In line with the circular it was understood that up to December 31, 2013 Bangladesh Bank agreed with the overexposed investment in principle and thus the investment in associate company may be treated as non violation of the section 14 of The Financial Institutions Act 1993. However, FFIL is in the process of reducing the loan exposure to the FSBL gradually.

SEC Query: It is learnt from the discussion with your officer that the revaluation of your associate company was made by the external auditor of the associate company. It appears the violation of the Commission's Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February 2006. Please explain it.

Management Disclosure: As per para 3 of Commission's Notification No.SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 companies listed with any stock exchange in Bangladesh should comply with all the conditions cited in the said notification or should explain the reasons for non-compliance. As Fareast Stocks & Bonds Limited is not a listed company, the said notification is not applicable for them.

SEC Query: The Annexure – C of the audited accounts shows that the directors namely 1) Mr. Md. Anwer Hossain Khan, 2) Mr. M.A. Wahhab and 3) Mr. M.A. Khaleque are also the directors of Banks, Insurance Companies, and other financial institutions. It appears to be violation of the provision of section 25 of the Financial Institution Act 1993. Please provide your explanation regarding such violation.

Management Disclosure: The section 25(3) was replaced by the following new section through the Financial Institution (Amendment) Act, 2001:

"আপাততঃ বলবৎ অন্য কোন আইনে যাহা কিছুই থাকুক না কেন, কোন ব্যক্তি একাধিক আর্থিক প্রতিষ্ঠান বা একাধিক ব্যাংক কোম্পানী বা একাধিক সাধারণ বীমা কোম্পানী বা একাধিক জীবন বীমা কোম্পানীর পরিচালক থাবিবেন না ।"

As per the Financial Institution (Amendment) Act, 2001, requirement under section 25(3) of the Act is not violated.

SEC Query: Bangladesh Bank has informed us that the list of directors mentioned in the inquiry forms differ from those contained in the CIB database.

Management Disclosure: While reviewing the file by the Commission, FFIL came to know that an error report was received from the CIB department of Bangladesh Bank because of mismatch in the company's directors' name record kept with the CIB database. The management of FFIL immediately discussed the issue with the lenders of FFIL and found that some of the Banks did not update the directors' name in the CIB database in correct manner. In this regard necessary actions were taken promptly and finally all corrections in the CIB database of Fareast Finance & Investment Limited and its Directors were made successfully.

DSE Query: Regarding Loans, Advances & Leases with your associate company namely Fareast Stocks & Bonds Limited:

You have shown Loans, Advances & Leases with your associate company namely Fareast Stocks & Bonds Limited in the draft prospectus of your company (Page # 26) which is presented below-

Name of the Party	Nature of Transactions	Relation	Nature of Relationship	31 Dec,10 Value (Tk)	31 Dec, 11 Value(Tk)
Fareast Stocks & Bonds Limited	Funded: Loans, Advances & Leases	Creditor	Associate	1,417,340,125	1,837,340,125
	Non-Funded: Letter of Guarantee	Creditor		750,000,000	750,000,000

What is the rate of return and present recovery status from the investment? How related party transaction is taken care of?

Management Disclosure: The rate of return on the term loan to associate company is 17.90%. Balance of the term loan as on 30 June 2012 is Tk. 1,776,151,869 and the credit status of the facility is unclassified.

The term loan of Tk.1,837,340,125 as on December 31, 2011 given to Fareast Stocks & Bonds Limited (associate company) is taken care by the related party disclosure under note 42.4 in accordance with the Bangladesh Accounting Standard-24 “Related Party Disclosures” and DFIM circular # 11 dated December 23, 2009.

DSE Query: Loans Vs. Provisions:

As per audited report total loans and advances has increased from Tk. 3,868.42 million in 2010 to Tk. 4,944.25 million in 2011 with a growth rate of 27.81% whereas provision for loans, advances and leases shows 77.63% decrease in the year 2011 than that of previous year. Moreover, as per specific provision on classified loans, advances and leases has been decreased from Tk. 91.22 million to Tk. 18.22 million which ultimately increased the net profit of the company, please provide rationale and management view for such.

Management Disclosure: Quantum of provision completely relate with the classification status of the loans, advances and leases. Provision for loans, advances and leases is made in accordance with the Bangladesh Bank’s guideline. In the year 2011 provision for loans, advances and leases was made for Tk.24,129,861 compared with Tk.107,868,915 in the year 2010. With vigorous efforts, such reduction in provision was made. Management will continue its efforts for reduction of provision in the coming years.

It may be noted here the above provision along with detailed portfolio classification status was sent to Bangladesh Bank within the scheduled period, which Bangladesh Bank did not object.

DSE Query: Performance of rescheduled assets:

As per credit rating report "the performance of rescheduled assets of FFIL has not been found at satisfactory level. Total outstanding amount of rescheduled assets of the company stood at TK.794.38 million (16.07% of total loan outstanding) as on December 31, 2011 against TK.759.87 million as on December 31, 2010. Out of the above, 33.26% of total rescheduled assets were found classified as on December 31, 2011. During the year 2011, the company rescheduled an amount of TK.204.52 million against 11 contracts (3 leases and 8 term financing). The recovery from the contracts after rescheduling was TK.152.22 million in the year 2011". Please explain your position in this regard. Please also explain whether any receivable from such classified loans has been booked for earnings of the respective years. And also inform us whether appropriate provisioning is being maintained or not?

Management Disclosure: As on December 31, 2011, 75 credit facilities rescheduled earlier were in the portfolio list of the company. Total rescheduled amount was Tk.791,460,612 and among them till December 31, 2011, Tk.247,656,952 representing 31.29% of the rescheduled amount was collected after rescheduling. Details are as follows:

Description	**Rescheduled amount**	**Collection after rescheduling**
	Taka	**Taka**
Lease finance	277,121,745	104,341,632
Term finance	514,338,867	143,315,320
Total	**791,460,612**	**247,656,952**

Company believes that over the period, it will be able to collect all rescheduled amount from its clients.

In this regard it may be mentioned here that, as per the guideline of Bangladesh Bank NBFIs cannot book earnings against receivable from classified loans. FFIL has complied with the guideline of Bangladesh Bank and has not booked any earnings for the respective years against any receivable from the classified loans. We would also like to inform that appropriate provisioning is being maintained.

DSE Query: Single party risk:
As per credit rating report, your company is exposed to single party risk as your company has exposure of Tk.1,837.34 million to a single borrower Fareast Stocks and Bonds Limited (Associate Company) as on December 31, 2011 which is 37.16% of total outstanding portfolio and 106.03% of equity capital. Please inform us whether you have taken any steps to diversify the risk?

Management Disclosure: As on December 31, 2011, company's term loan to its associate company, Fareast Stocks & Bonds Limited was as under:

Description	**Taka**
Company's capital/shareholders' equity	1,732,843,033
Term loan to associate company	1,837,340,125
Ratio of term loan to company's capital/shareholders' equity	106.03%

Fareast Stocks & Bonds Limited (FSBL) used the amount to provide margin loan to its clients for purchase of shares in the secondary capital market. The maximum margin ratio was below 1.00. The shares are under lien through CDBL and free for sale in the market. So, from FSBL's perspective the investment in margin loan is completely risk free. On the basis of that FFIL also believes that the term loan provided to its associate company is less risky compared to its other loan portfolios.

It may be noted here that Bangladesh Bank through DFIM circular # 02 dated January 31, 2012 allowed the financial institutions to adjust the overexposed investment within December 31, 2013. In line with the circular it was understood that up to December 31, 2013 Bangladesh Bank agreed with the overexposed investment in principle. Thus the company has the time period up to December 31, 2013 to take back the loan from its associate company, Fareast Stocks & Bonds Limited.

However, to diversify and overcome the single party risk, FFIL is willing to take back the loans within the time limit and thus the single party risk will be reduced and diversified.

DSE Query: Determination of Offering Price:
It has been observed that in method 2 of determination of Offering Price more weight age has been assigned in recent years income. Please provide us rationale for assigning such weightage.

Management Disclosure: In method 2 of determination of offering price, weight of each year was calculated on the basis of number of shares outstanding in respective years. Since the no. of shares of Fareast Finance & Investment Limited increased in recent years i.e. 2010 & 2011 in comparison with 2007, 2008 & 2009, more weightage has been assigned in recent year's income as per calculation procedure.

DSE Query: Regarding "Suits filed by the company":
You have mentioned in the Note 8.11 under the heading of "Suits filed by the company" of draft prospectus of your company that as at 31 December 2011, your company filed 21 suits against 21 clients under Artha Rin Adalat Ain 2003 and total suit amount was Tk. 392,074,117 only. Please inform us present status of such loan.

Management Disclosure: Present status of 21 suits against 21 clients under Artha Rin Adalat Ain 2003 and present status of such loans are as follows:

Sl. #	Name of the client	Artha Rin Suit #	Case filing date	Suit amount Taka	Amount recovered Taka	Status
1	Cupid Cab Limited	172/08	12-Dec-07	17,755,034	740,947	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree
2	Hasnat Enterprise	212/08	28-Apr-08	1,643,666	0	Decree passed in Artha Rin Suit in favour of FFIL. Execution case filed to implement that decree and court issued certificate of ownership of the mortgaged property in favour of FFIL. Waiting for mutation.
3	Limousine Cab Transport Ltd.	229/08	6-May-08	10,445,053	51,316	Decree passed in Artha Rin Suit in favour of FFIL. Execution case filed to implement that decree and court issued certificate of ownership of the mortgaged property in favour of FFIL.
4	M/s Tofazzel Hossain Khan	233/2008	11-May-08	6,149,164	2,500,000	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree. Client settled the suit vide payment of Tk.25,00,000.

5	S. A. Tanin Filling Station	240/08	14-May-08	3,360,621	0	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree and court issued certificate of ownership of the mortgaged property in favour of FFIL. Waiting for mutation.
6	Cab One Limited	107/2008	28-Oct-08	7,069,287	119,737	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree and court issued W/A.
7	Patriot Fashion Limited	30/08	30-Nov-08	2,948,997	50,000	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree and court issued certificate of ownership. Client paid Tk.50,000.
8	Westmont Power (BD) Limited	356/09	25-Nov-09	86,019,589	0	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree and court issued certificate of possession
9	Rotomax Industries Limited	180/10	15-Jun-10	7,545,261	0	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree and court issued certificate of possession.
10	Anudip Autos Limited	230/10	30-Jun-10	26,692,286	0	Artha Rin Suit is filed. Waiting for mediation report.
11	Esha Knit Febrics	258/10	12-Aug-10	11,950,828	0	Decree passed in favour of FFIL. Execution Suit has been filed and court issed certificate of possession.
12	Sajjadul Karim Kabul	299/10	28-Oct-10	14,424,124	1,500,000	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree and court issued W/A.
13	Zaman & Associates	314/10	11-Nov-10	5,201,653	0	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree and court issued W/A.

14	Mayuree Textile & Garments Ltd.	326/10	28-Nov-10	2,702,812	40,000	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree.Court structured a payment schedule. Client paid Tk.40,000 after filing the suit.
15	SKM Trade Centre	2/11	05-Jan-11	58,668,426	0	Decree passed in Artha Rin Suit in favour of FFIL. Execution casewill be filed to implement that decree.
16	Pick & Drop Cargo Services	31/11	28-Feb-11	59,853,368	5,600,000	Artha Rin Suit is filed. Waiting for witness.
17	Anudip Services Limited	86/11	13-Apr-11	5,033,554	0	Artha Rin Suit is filed.Waiting for witness.
18	Dormant Footwear Industries Ltd.	85/11	13-Apr-11	874,373	0	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed to implement that decree.
19	Zaber & Brothers	153/11	4-Jul-11	13,988,840	0	Decree passed in Artha Rin Suit in favour of FFIL. Execution case has been filed for Tk.15,244,965 to implement that decree and court issued W/A.
20	Shamsi Lamps Limited	133/11	14-Jun-11	3,347,182	750,000	Artha Rin Suit is filed. Waiting for witness. Client paid Tk.750,000 after filig the suit.
21	S. Co. Steel Limited	43/08	29-Jan-08	46,400,000	0	Decree passed in favour of FFIL. Execution Suit has been filed and court issed certificate of possession.
	Total			**392,074,117**	**11,352,000**	

DSE Query: Regarding "Amount receivable against shares sold":
As per Note # 11 of the financial statements of your company an amount of Tk. 145,951,111 is shown as "Amount receivable against shares sold" under the heading of "Other assets". Please mention the reason of such receivables and present status regarding the same.

Management Disclosure: Details of the above amount receivable as on December 31, 2011 was as under:

Name of company	**Taka**
Prime Finance Capital Management Limited	11,909
PFI Securities Limited	14,02,86,499
Fareast Stocks & Bonds Limited	56,52,703
Total	**14,59,51,111**

All amount receivable from Prime Finance Capital Management Limited and PFI Securities Limited was subsequently received. Copies of bank statement are enclosed (Enclosure – 1).

It may be noted here that amount receivable from Fareast Stocks & Bonds Limited was used for purchase of shares subsequently.

SECTION-XVII: AUDITORS' ADDITIONAL DISCLOSURE

SEC Query 1. It appears from the documents and draft prospectus that the company owns 366 decimal lands located at Bogra. Please furnish information whether the land are in physical possession of the company.

Reply: According to the declaration of the company, 366 decimal land is owned by Fareast Finance & Investment Limited. Mutation has been completed in favour of Fareast Finance & Investment Limited and land rent was paid up to 1420 Bangla year. After due verification we hereby certify that the said land is solely in the physical possession of the company itself.

SEC Query 2. It appears from the ownership deed of land that the company had purchased the aforesaid land for Tk. 50,00,000.00 from 1) Md. Alamgir Hossain Bulu, 2) Md. Iqbal Hossain, and 3). S. M. Mojahedul Islam Biplob for adjustment of loan of M/s. Pick and Drop cargo Services, the owner of which is only Mr. Md. Alamgir Hossain Bulu. Please specify why Md. Iqbal Hossain, and S. M. Mojahedul Islam Biplob sold land to the company for adjustment of loan taken by Mr. Md. Alamgir Hossain Bulu's company.

Reply: Honestly from the issuer's perspective we feel that there was no reason for searching the internal arrangement between the owners of the land and Mr. Md. Alamgir Hossain Bulu, owner of M/S Pick & Drop Cargo Services. Company's management endeavor to make an arrangement by which the company's defaulter can be pursued and agreed to pay its debts and with that end in view, the defaulter company M/S Pick & Drop Cargo Services was picked up and company could realize the default money back. As such purchasing of the land helped the company for solving the issue. We have duly checked the relevant land purchase documents and found them correct.

SEC Query 3. Please furnish a schedule of amount taken by M/s. Pick and drop Cargo Services and balance outstanding at the date of purchasing land.

Reply: Schedule of amount taken by M/s. Pick and drop Cargo Services and balance outstanding at the date of purchasing land i.e. July 31, 2011 was as under:

Agreement number	**Type of finance**	**Loan taken Taka**	**Outstanding liability Taka**
20040100810009	Lease finance	22,500,000	41,992,404
20040103312409	Lease finance	650,000	167,713
200402077169	Term finance	2,000,000	2,648,328
200502001185	Term finance	7,500,000	11,594,055
200502001185-1	Term finance	2,500,000	3,201,271
20050100515901	Lease finance	1,000,000	451,316
Total		**36,150,000**	**60,055,087**

SEC Query 4. Please confirm whether acquisition of land against adjustment of loan is permitted under Financial Institution Act 1993.

Reply: According to the section 17 of The Financial Institutions Act, 1993 each financial institution is allowed to purchase or acquire immovable property up to 25% of its paid up capital and reserves. Provided that, nothing in this section shall make application for the holding of immovable property that may be necessary for the sake of providing amenities for its employees or which has been acquired in the interest of collection of defaulted credit facility of its clients.

From the aforesaid deliberation you may kindly find that the acquisition of land by Fareast Finance & Investment Limited against adjustment of loan is duly permitted under the Financial Institution Act, 1993.

SEC Query 5. Please confirm whether the provision of section 16 of the Financial Institution Act 1993 is complied with for investment in share for Tk.105,41,99,503.00 (investment in share as mentioned in Note No 7 and investment in associate company as mentioned in the Note No. 11).

Reply: The provision of section 16 of the Financial Institution Act, 1993 is complied with by Fareast Finance & Investment Limited. Detail explanation in this regard is follows:

As per section 16 of the Financial Institutions Act 1993, any investment in shares exceeding 25% of equity value of a company needs Bangladesh Bank approval.

As on 31 December 2011 investment in shares of the company stood at Tk. 421,670,718 (details are as follows) which represents only 24.33% of the equity. Since it is within the limit, Bangladesh Bank approval is not required.

Investment in shares (as on 31 December 2011)

Description	Taka	%
Company's capital/shareholders' equity	1,732,843,033	
Investments:		
Investment in associate company	228,962,500	13.21
Investment in secondary capital market	192,708,218	11.12
Total	**421,670,718**	**24.33**

It may again be noted here that for calculation of investment in associate company only cash investment made was taken in consideration. Details are as follows:

Description	Taka
Cash investment	
Initial investment for acquisition of 4,750,000 ordinary shares	95,000,000
Stamp fee paid for share acquisition	712,500
Purchase of new 13,325,000 ordinary shares	133,250,000
Sub total	**228,962,500**
Profit accounted for under equity method as per BAS28	
Profit for the year 2010	117,686,116
Profit for the year 2011	51,198,919
Sub total	**168,885,035**
Revaluation reserve	**463,643,750**
Grand total	**861,491,285**

SEC Query 6. It appears from Note 8.4a and 42.4 that the company has provided term loan of Tk. 183,73,40,125.00 to Fareast Stocks & Bonds Limited, which is a related party having common directors. The aforesaid loan amount is 106% of its shareholders' equity. Please mention whether providing such loan 106% of its shareholders equity to its associate company contradicts with the provision of section 14(c) and 14 (e) of Financial Institution Act 1993.

Reply: Section 14(1)(c) and 14(1)(e) of The Financial Institutions Act, 1993 reveals the following:

Section 14(1)(c): Any financial institution shall not grant any credit facility beyond 30% of the capital funds to any person/firm/corporation/company or to any group of companies or persons on which that financial institution has control or influence. Financial institution can invest up to 100% of its capital funds to such person/firm/corporation/company or to any group of companies or persons subject to Bangladesh Bank's approval.

Section 14(1)(e): Any financial institution shall not grant unsecured advances, loans or credit facilities in excess of 10% of its paid capital and reserves to any firm where any of its directors has any interest either jointly or severally.

In case of Fareast Finance & Investment Limited as on December 31, 2011, company's investment to its associate company was as under:

Description	**Taka**
Company's capital/shareholders' equity	1,732,843,033
Term loan to associate company	1,837,340,125
Ratio of term loan to company's capital/shareholders' equity	106.03%

In line with the Act, company's term loan to its associate company was against the law. However, after raising the issue by Bangladesh Bank in July 2011, series of explanations were sent to them through different letters by the company.

The last explanation letter was sent to Bangladesh Bank on October 10, 2011 under letter # FFIL/FB-001(15)/2011/2588. In this regard, the company received a reply from Bangladesh Bank on October 13, 2011 through letter # DFIM(C)1054/5(20)/2011-522. Through the letter Bangladesh Bank advised the company to be more careful to follow the section 14(1)(c) of The Financial Institutions Act, 1993 in future.

It may be noted here that in line with spirit of Bangladesh Bank, Fareast Finance & Investment Limited had stopped to increase its term loan to Fareast Stocks & Bonds Limited from July 27, 2011.

It may again be noted here that through DFIM circular # 02 dated January 31, 2012 Bangladesh Bank allowed the Financial Institutions to adjust the overexposed investment under section 14(1)(c) of The Financial Institutions Act 1993 within December 31, 2013. In line with the circular it was understood that up to December 31, 2013 Bangladesh Bank agreed with the overexposed investment in principle and thus the term loan provided by the company to its associate company became within the law and may not be treated as violation of the section 14(1)(c) and 14(1)(e) of The Financial Institutions Act, 1993.

SEC Query 7. It appears from the Note No. 8.6 that Tk. 233,69,28,670.00 (47.27% of total loans, advances and leases) has been disbursed against other securities. Please provide a schedule of securities against which the loans were provided.

Reply: Securities related with the loans, advances and leases for Tk.2,336,928,670 were as under:

1. Post dated cheques
2. Letter of comfort.

Credit status of the above loans as on December 31, 2011 was checked in line with the Bangladesh Bank guidelines and found unclassified.

SEC Query 8. Please confirm whether all the loan written off as shown in Note. 8.10k approved by the Board.

Reply: After due verification we confirm that all the loans written off as shown in note 8.10k was approved by the Board of Directors of Fareast Finance & Investment Limited.

SEC Query 9. It appears from the Note No. 8.10 (k) that there is difference between the amount shown against the head of “Adjustment against realized against loan amount” and that of “amount realized against loans, advances and leases previously written-off”. Please explain the reason of such difference and whether it is confirm by the board of directors of the company.

Reply: After due verification and checking we would like to inform you that the difference between the amount shown against the head of “Adjustment against realized written-off amount” and that of “amount realized against loans, advances and leases previously written-off” as disclosed in Note No. 8.10 (k) of the audited financial statements for the year ended on 31 December 2011 is due to interest waiver given to the respective clients. We also confirm that proper approval of the Board of Directors of Fareast Finance & Investment Limited has been taken in this regard.

SEC Query 10. It appears from the Note No. 11.3.1 to the financial statement that revaluation reserve for Tk. 46,36,43,750.00 (on account of revaluation of membership of Dhaka Stock Exchange-DSE and Chittagong Stock Exchange - CSE) have been carried forward from the books of associate company since 2010. Hence, the memberships of DSE and CSE of the associate company have been presented at fair value. Please mention whether the assets were presented at fair value as on 31st December 2011 as per BAS -39 and also specify the consequences if any of such fair value in profitability and net asset value per share.

Reply: Fareast Stocks and Bonds Limited (FSBL) revalued its membership of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) in the year 2010. The revaluation of membership of DSE and CSE was carried out by M/s M. M. Rahman & Co., Chartered Accountants. In line with “BAS-28”, Fareast Finance & Investment Limited accounted for the proportionate revaluation reserve in its books of accounts. The assets value was presented in fair value in line with “BAS-39”.

If the value of the assets changes in the market, the assets need to be further revalued on the basis of those changes. Consequent to that revaluation the impact on the profitability and Net Asset Value per share will be as follows:

Subject	Changes	Consequences
Profitability	Increase in revaluation	No impact
	Decrease in revaluation	No impact
Net Asset Value per share	Increase in revaluation	Increase in NAV per share
	Decrease in revaluation	Decrease in NAV per share

SEC Query 11. It appears from the audited income statement that the diluted earning per share (Diluted EPS) has been shown Tk. 1.04 and Tk. 2.06 for the year ended on 31st December 2011 and 2010 respectively. But it has been mentioned in the draft prospectus that there is no option against the securities offered for public subscription. Please submit the additional disclosure in respect of diluted EPS.

Reply: The Company has currently no option against the securities offered for public subscription. Hence, there is no chance of dilution of EPS. We disclosed that EPS considering total existing number of shares as denominator in addition to the current practice of weighted average number of shares in complying with the requirement of rule 8, clause B, sub-clause (16), serial (20), requirement (e) of the Securities and Exchange Commission (Public Issue) Rules, 2006 amended vide the notification no. SEC/CMRRCD/2008/186/115/Admin/30 dated 5 October 2011, Gazetted on 27 October 2011 which mentions that “While preparing the financial statements International Accounting Standards and Bangladesh Accounting Standards should be followed. Earnings per share (EPS) should also be disclosed on fully diluted basis (with the total existing number of shares) in addition to the current practice of weighted average number of shares basis.”

SEC Query 12. Please mention whether Tk.14,59,51,111.00 shown under the head of “receivable against share sold” (Note 11) is subsequently received by the company with a schedule of number of shares, name of company whose share were sold.

Reply: Details of the above amount receivable as on December 31, 2011 was as under:

Name of company	**Taka**
Prime Finance Capital Management Limited	11,909
PFI Securities Limited	14,02,86,499
Fareast Stocks & Bonds Limited	56,52,703
Total	**14,59,51,111**

All amount receivable from Prime Finance Capital Management Limited and PFI Securities Limited was subsequently received. We have duly checked and verified relevant money receipts and bank statements in this regard.

We also certify that amount receivable from Fareast Stocks & Bonds Limited was used for purchase of shares subsequently.

SEC Query 13. It appears from the Note 15 that Tk. 1,17,25,024.00 have been accounted for "received from clients against partial rental/installment" under the head of other liabilities rather credited to the respective clients' loan account. Please mention whether such accounting treatment is permitted as per Bangladesh Bank guideline and accounting standard.

Reply: Amount received from client against partial rental/installment was not credited to respective client's loan account, because, according to the agreement it was client's duty to pay the amount as per rental/installment schedule as mentioned in the agreement signed with the client. In light of that it was not possible in company's part to credit the amount to respective client's loan account. It may be noted here that there is no bar regarding this type of accounting treatment in the Bangladesh Bank guidelines and accounting standards.

SEC Query 14. Please mention whether any loan account (mentioning the amount) has been rescheduled for 3 (three) times or more.

Reply: List of loan accounts rescheduled for three times or more up to December 31, 2011 is as under:

Name of loan account	Agreement number	Type of facility	Last rescheduled amount (Taka)	Times of reschedule
Anudip Motors Limited	20030100305014	Lease finance	12,997,456	3
Anudip Motors Limited	20030102707314	Lease finance	16,615,406	3
Anudip Services Limited	200302012055	Term finance	4,098,993	3
Islam Trading Company Ltd.	20030104509101	Lease finance	939,570	3
Islam Trading Company Ltd.	200402055147	Term finance	996,077	4
Islam Trading Company Ltd.	200502007191	Term finance	3,515,586	4
The Delta Apparels Limited	20050102617901	Lease finance	41,998,214	3
The Delta Apparels Limited	20060101520301	Lease finance	27,441,322	3
S. K. M. Trade Center	200502005189	Term finance	23,403,322	3
S. K. M. Trade Center	200502038221	Term finance	30,134,022	3

Regarding the loan reschedule of Islam Trading Company Limited agreement numbers 200402055147 and 200502007191 the loan amount was rescheduled on the basis of Honorable High Court Judgment order dated 6 July 2010 against the Writ petition no. 3802 of 2010 by Islam Trading Company Limited.

SEC Query 15. Please confirm whether the eligible securities against classified loan, advances and leases are correct.

Reply: The eligible securities against classified loan, advances and leases were verified in line with the guideline provided by Bangladesh Bank.

SEC Query 16. Please provide the information regarding the presentation of loans, advances and leases as per format mentioned in note 5(3) of DFIM Circular No. 11 dated 23/12/2009 of Bangladesh Bank.

Reply: The presentation of loans, advances and leases as mentioned in note no. 8 of the audited financial statements for the year ended 31 December 2011 are in conformity with the format mentioned in note 5(3) of the DFIM Circular No.11 dated December 23, 2009 of Bangladesh Bank.

SEC Query 17. Please confirm whether ROA (Return on Asset) of 2010 as mentioned in the Note No. 46.18 has been calculated after taking the restated balance sheet into account.

Reply: The calculation of ROA (Return on Assets) of 2010 was inadvertently mistaken as mentioned in the Note No. 46.18. The actual ROA of 2010 would be 5.91.

SEC Query 18. Please explain the reason for calculating of price-earning ratio as mentioned in the Note No. 46.22 at face value.

Reply: Till December 31, 2011 shares of Fareast Finance & Investment Limited was not listed in the Stock Exchanges and hence there was no market price for the shares. As such the price earning ratio was calculated on the basis of face value of the shares.

SEC Query 19. Please confirm that the fair value of share as shown in the Annexure-A are the market price as of 31/12/2011.

Reply: The fair value of shares as shown in the annexure-A are the market price as of December 31, 2011.

SEC Query 20. The Annexure-C of the audited accounts shows that the directors namely 1) Mr. Md. Anwer Hossain Khan, 2) Mr. M. A. Wahhab and 3) Mr. M. A. Khaleque are also the directors of Banks, Insurance Companies and other Financial Institutions. It appears to be violation of the provision of section 25 of the Financial Institution Act 1993. Please provide your comments.

Reply: The information presented is related with the section 25(3) of The Financial Institutions Act, 1993. This section 25(3) was replaced by the following new section through the Financial Institution (Amendment) Act, 2001:

"আপাততঃ বলবৎ অন্য কোন আইনে যাহা কিছুই থাকুক না কেন, কোন ব্যক্তি একাধিক আর্থিক প্রতিষ্ঠান বা একাধিক ব্যাংক কোম্পানী বা একাধিক সাধারণ বীমা কোম্পানী বা একাধিক জীবন বীমা কোম্পানীর পরিচালক থাবিবেন না ।"

In line with amended section one director of a financial institution is permitted to hold the position of directorship of one Bank Company or of one Non-Life or of one Life Insurance Company. So holding of directorship by any director of a Financial Institution in other Bank Company and/or Insurance Company shall not be treated as violation of the law.

SEC Query 21. It appears from document submitted that the company has been paying lesser taxes than the taxes imposed under section 135 of the Income Tax Ordinance 1984. Explain the consequences of non-payment of such taxes.

Reply: **Explanation regarding tax payment**

Year	Income year	Assessment year	Tax imposed as per Notice Demand u/s 135 of ITO, 1984	Tax paid	Difference	Reasons for non payment of tax and its consequence	Current status
2007	2007-2008	2008-2009	18,006,820	494,487	17,512,333	The company applied for rectification under section 173 of the Income Tax Ordinance 1984 on 8-4-12 for setting off of carry forward business losses. After rectification, there will be no demand of tax.	The order from the DCT not yet received
2008	2008-2009	2009-2010	22,181,173	1,920,100	20,261,073	The company applied for rectification under section 173 of the Income Tax Ordinance 1984 on 8-4-12 for setting off of carry forward business losses. After rectification, there will be demand of tax about Tk.5,674,706 only.	The order from the DCT not yet received
2009	2009-2010	2010-2011	43,113,115	21,206,441	21,906,674	The company filed appeal before the Appellate Tribunal on different grounds on 12-7-12. Company by applying the income tax law in the appeal grounds believes that the verdict of the Tribunal will be in favour of the company which would result no tax liability.	Hearing was held on 7-8-12. Tribunal order not yet received
Total			**83,301,108**	**23,621,028**	**59,680,080**		

Regarding tax matters of FFIL, we would like to place the above Income Tax assessment status of the company which is in line with the Income Tax Ordinance 1984.

SEC Query 22. You have mentioned in your report to the shareholders that the company has complied with the Financial Institution Act 1993. But it appears to us that the company has violated the provisions of Financial Institution Act 1993 for providing loan to its associate company and for investing in equity shares. Please confirm whether the report to the shareholders as signed by you is unqualified.

Reply: Explanations regarding investment by the company in equity shares of its associate company and loan provided to its associate company reply of which given to the query no. 5 and 6. In the light of those explanations the report to the shareholders as signed by us was appears to be unqualified.

In addition to the above replies, calculation of Net Profit as well as the Earnings Per Share (EPS) with and without all extra-ordinary income or non-recurring income coming from other than core operations are as follows:

Net profit and EPS with all extra-ordinary income or non-recurring income

Particulars	**31-12-2011**	**31-12-2010**
Net Income After Tax (with all extra-ordinary income or non-recurring income)	108,597,852	228,078,294
Weighted Average Number of Shares	104,601,624	104,601,624
Earnings per Share (with all extra-ordinary income or non-recurring income)	1.04	2.18

Net profit and EPS without all extra-ordinary income or non-recurring income

Particulars	**31-12-2011**	**31-12-2010**
Net Income After Tax (with all extra-ordinary income or non-recurring income)	108,597,852	228,078,294
Less: All extra-ordinary income	0	0
Less: All non-recurring income	0	0
Net Income After Tax (without all extra-ordinary income or non-recurring income)	108,597,852	228,078,294
Weighted Average Number of Shares	104,601,624	104,601,624
Earnings per Share (without all extra-ordinary income or non-recurring income)	1.04	2.18

October 08, 2012

Sd/-
Ahmed Zaker & Co.
Chartered Accountants

"শেয়ারবাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।"

"INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ISSUER AND THE ISSUE MANAGER."

Fareast Finance & Investment Limited

Application Form

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI(S)

Warning: *Please read the instructions at the back of this form. Incorrectly filled applications may be rejected.*

The Managing Director
Fareast Finance & Investment Limited
Eunoos Centre (8th level)
52-53 Dilkusha Commercial Area
Dhaka-1000

Banker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us the .... number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or in respect of any application money refundable by crediting directly to the first applicant's bank account stated below:

1. No. Ordinary shares .... of Tk. 10 each.
2. Amount of Tk (in figure), ... Taka (in words) .... only deposited vide cash/Cheque/Draft/Pay Order No. .... Dated .... on .... Bank .... Branch
3. **Depository (B/O) Account Number** | | | | | | | | | | | | | | | | |
   (If you do not mention your valid depository BO (Beneficiary Owners) account, your application will be treated as invalid)
4. **I/we agree to fully abide by the instruction given herein.**
5. **Particulars of Applicant(s):**
   a) Sole/First Applicant

Name:	
Father's/Husband's Name :	
Mother's Name :	
Postal Address :	
	Occupation :
Nationality:	Telephone No.(if any):
For Refund Warrant: (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch:	
For refund purpose: I/we want refund through ☐ Bank account ☐ Hand delivery/Courier (Please put marks in which refund will be made)	
Applicants Bank A/c no.	
Name of the Bank :	Branch:

b) Second Applicant

Name:	
Father's/Husband's Name :	
Mother's Name:	
Postal Address :	
Occupation :	Nationality:

6. I/we hereby declare that I/we have read the Prospectus of **Fareast Finance & Investment Limited** and have willingly subscribed for .... no. of shares of Tk. 10.00 each.
7. **Specimen Signature(s):**

(i) Name (in Block Letters)		Signature:
(ii) Name (in Block Letters)		Signature:

* *In case of deposit into the applicants bank account, the applicant will bear the applicable service charge, if any, of the applicants banker and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected.*

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk. (in figures) .... (in words...) only from Mr./Mrs./Ms. .... being the Application money for .... nos. Ordinary Shares of **Fareast Finance & Investment Limited**

Banker's Sl. No. **Seal and Date** **Authorized Signature (Name & Designation)**

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will be only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. Application must not be for less than 500 Ordinary shares and must be for a multiple of 500 ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring **"Fareast Finance & Investment Limited"** and crossed "Account payee only".
5. An application shall be sent by the applicant directly to the Company by ***July 18, 2013*** so as to reach the Company by ***July 27, 2013.*** Applications sent after ***July 18, 2013*** or received by the Company after ***July 27, 2013*** will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, bank's name and branch as indicated in the securities application form.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by SEC.
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made to the first applicant.Note that a non-resident Bangladeshi (NRB) applicant cannot submit more than two applications, one in his/her own name and another jointly with another persons by one cheque/DD/PO/by US $/UK Pound Sterling/EURO/Taka (supported by a foreign currency encashment certificate). More than two applications by one cheque/DD/PO/by US $/UK Pound Sterling/EURO/Taka (supported by a foreign currency encashment certificate) will not be allowed.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
12. The intending NRB applicants shall deposit share subscription money by US$/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.
13. The spot buying rate (TT Clean) in US$, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non-Resident Bangladeshi (NRB) applicants.
14. **The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, duel citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
15. In case of joint NRB application joint applicants shall also submit supporting papers/documents in support of their being an NRB as mentioned in para-15 above.
16. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
17. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**
18. In the case of non-allotment of the ordinary shares, if the applicants' bank accounts as mentioned in their Application Forms are maintained with the Bankers to the Issue, the amount refunded to those applicants will be directly credited into the respective bank accounts as mentioned in their Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
19. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (fifteen) of their subscription money too.**

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRNENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

"শেয়ারবাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।"

Interested persons are entitled to a prospectus, if they desire, and that copies of prospectus may be obtained from the issuer and the issue manager

Fareast Finance & Investment Limited

Application Form

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI(S)

(TO BE SENT DIRECTLY TO THE COMPANY'S CORPORATE OFFICE)

Warning: *Please read the instructions at the back of this form. Incorrectly filled applications or failing to comply with any of the instructions there in, applications may be rejected.*

The Managing Director
Fareast Finance & Investment Limited
Eunoos Centre (8th level)
52-53 Dilkusha Commercial Area
Dhaka-1000

Dear Sir

I/we apply for and request you to allot me/us the following number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company as the holder(s) of .... Shares allotted to me/us pursuant to this application and credit the said shares to my BO (Beneficiary Owner) Account and/or in respect of any application money refundable by crediting directly to the first applicant's bank account stated below:

1. No. Ordinary shares .... of Tk. 10.00 each.
2. Amount of Tk (in figure) .... Taka (in words) .... only convertible into US Dollar 1.00 = Tk............................UK Pound Sterling 1.00 =Tk.................................and Euro 1.00 =Tk..................................
3. Payment by Cheque/draft No .... dated .... for US Dollar/ UK Pound Sterling/EURO/Tk Tk............................... drawn on ....Bank...branch.
4. **Depository (B/O) Account Number**

(If you do not mention your valid depository BO (Beneficiary Owners) account, your application will be treated as invalid)

5. I/we agree to fully abide by the instructions given herein.
6. **Particulars of Applicant(s):**

a) Sole/First Applicant

Name :	
Father's/Husband's Name :	
Mother's Name:	
Mailing Address:	
Occupation :	Nationality :
Passport No. :	Valid upto :
Date of Birth :	
For refund warrant: Applicants Bank A/c no.	
Name of the Bank :	Branch :

b) Second Applicant:

Name:	
Father's/Husband's Name :	
Mother's Name :	
Mailing Address:	
Occupation :	Nationality :
Passport No. :	Valid upto :
Date of Birth :	

Nominee:

Name:
Mailing Address :

7. I/we hereby declare that I/we have read the Prospectus of **Fareast Finance & Investment Limited** and have willingly subscribed for .... no. of shares of Tk. 10 each.
8. **Specimen Signature(s):**

	Name in Block Letters	**Signature**
Sole/First Applicant :		
Second Applicant :		
Nominee :		

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will be only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than **500** Ordinary shares and must be for a multiple of **500** ordinary shares. Any application not meeting these criterions will not be considered for allotment purpose.
5. Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring **"Fareast Finance & Investment Limited"** and crossed **"A/C Payee only"** and must be drawn on a bank in the same town as the bank to which the application form has been sent.
6. In the case of a joint application form, the allotment letter will be dispatched to the person whose name appears first on this application form.
7. Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
8. Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Association and Certificate of Incorporation.
9. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% of application money will be forfeited by the Securities and Exchange Commission and balance amount will be refunded to the applicant.**
10. No receipt will be issued for the payment made with the application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, Citibank, N.A. or Standard Chartered Bank, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission.
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
14. Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
15. The Bankers to the issue Banks shall be obliged to receive the A/C Payee Cheque (s) on the closing day of the subscription.
16. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**
17. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (fifteen) of their subscription money too.**

BANKERS TO THE ISSUE

Dutch-Bangla Bank Ltd.
Baburhat Br., Narsingdi
Narayanganj Br., Narayanganj
B.B. Road Br., Narayanganj
Patherhat Br., Chittagong
Hathazari Br., Chittagong
Dania Br., Dhaka
Khulna Br., Khulna
Sylhet Br., Sylhet
Dhaka EPZ Br., Dhaka
Board Bazar Br., Gazipur
Netaiganj Br., Narayanganj
Bogra Br., Bogra
Barisal Br., Barisal
CDA Avenue Br., Chittagong
Joypara Br., Dhaka
Biswanath Br., Sylhet
Moulavi Bazar Br., M'Bazar
Muradpur Br., Chittagong
Gopalgonj Br., Sylhet
Rajshahi Br., Rajshahi
Savar Bazar Br., Dhaka
Gazipur Chowrasta Br., Gazipur
Feni Br., Feni
Comilla Br., Comilla
Jubilee Rd Br., Chittagong
Kadamtali Br., Chittagong
Mirzapur Br., Tangail
Cox's Bazar Br., Cox's Bazar
Lohagara Br., Chittagong
Manikgonj Br., Manikgonj
Fatikchari Br., Chittagong
Konabary Br., Gazipur
Choumuhani Br., Noakhali
Sonagazi Br., Feni
Goala Bazar Br., Sylhet
Khatunganj Br., Chittagong
Mymensing Br., Mymensing
Shahzadpur Br., Sirajganj
Beani Bazar Br., Sylhet
Chhatak Br., Sunamganj
Bandura Br., Dhaka
Saidpur Br., Nilphamary
Rangpur Br., Rangpur
Jessore Br., Jessore
Halishhar Br., Chittagong
Basurhat Br., (Rural) Noakhali
Sremangal Br., M'Bazar
Kushtia Br., Kushtia
Pabna Br., Pabna
Narsingdi Br., Narsingdi
Satmosjid Road Br., Dhaka
Dinajpur Br., Dinajpur
Bhairab Br., Bhairab
Dagonbhuiyan Br., Feni
Gobindaganj Br., Gaibandha
Bhulta Br., Narayanganj
Narayanganj BSCIC Br., N.ganj
Tongi Br., Gazipur
Satkhira Br., Satkhira
Madaripur Br., Madaripur
Munshiganj Br., Munshiganj
Habiganj Br., Habiganj
Chittagong EPZ Br., Chittagong
Faridpur Br., Faridpur
Shahajalal Uposhohor Br., Sylhet
Tangail Br., Tangail
Matuail Br., Matuail
Keraniganj Br., Keraniganj
Uttara Sonargaon Janapad Br., Uttara
Digpail Br., Jamalpur
Amberkhana Br., Sylhet
Ashkona Br., Dhaka
Borolekha Br., Moulvibazar
Sunamganj Br., Sunamganj
Pagla Br., Narayanganj
Jamalpur Br., Jamalpur
Naogaon Br., Naogaon
Vatara Br. Gulshan, Dhaka
Laxmipur Br., Laxmipur
Laksham Br., Comilla
Pallabi Br., Dhaka
Brahmanbaria Br., Brahmanbaria
Mawna Br., Gazipur

Dhaka Bank Ltd.
Local office, Dhaka
Gulshan Br., Dhaka
Uttara Br., Dhaka
Khilgaon Br., Dhaka
Dhanmondi Model Br., Dhaka
Foreign Exchang Br., Dhaka
Moghbazar Br., Dhaka
Mohakhali Br., Dhaka
Kawranbazar Br., Dhaka
Mirpur Br., Dhaka
Halishahar Br., Chittagong
Agrabad Br., Chittagong
CDA Avenue Br., Chittagong
Uposhahar Br., Sylhet
Comilla Br., Comilla
Barishal Br., Barisal
Rajshahi Br., Rajshahi
KDA Avenue Br., Khulna
Narayanganj Br., Narayanganj
Rangpur Br., Rangpur

Eastern Bank Ltd.
Motijheel Br., Dhaka
Shamoly Br., Dhaka
Uttara Br., Dhaka
Basundhara Br., Dhaka
Moghbazar Br., Dhaka
Narayanganj Br., Dhaka
Banasree Br., Dhaka
Savar Br., Savar
Mirpur Dar-us-salam Rd. Br., Dhaka
Uttar Garib-E-Newaz Br., Dhaka
Khulna Br., Khulna
Jessore Br., Jessore
Jubilee Rd. Br., Chittagong
O.R. Nizam Rd. Br., Chittagong
Chandgaon Br., Chittagong
Panchlaish Br., Chittagong
Halishahar Br., Chittagong
Rajshahi Br., Rajshahi
Bogra Br., Bogra
Moulvibazar Br., Moulvibazar
Uposhahar Br., Sylhet
Chouhalta Br., Sylhet
Mymensingh SME Br., Mymensingh

Mutual Trust Bank Ltd.
Babu Bazar Br., Dhaka
Banani Br., Dhaka
Dhanmondi Br., Dhaka
Dholaikhal Br., Dhaka
Dilkusha Br., Dhaka
Elephant Road Br., Dhaka
Fulbaria Br., Dhaka
Gulshan Br., Dhaka
Mohammadpur Br., Dhaka
MTB Corporate Center Br., Dhaka
Pallabi Br., Dhaka
Panthapath Br., Dhaka
Principal Br., Dhaka
Progati Sarani Br., Dhaka
Savar Br., Dhaka
Shanir Akhra Br., Dhaka
Tongi Br., Dhaka
Uttara Model Town Br., Dhaka
Narayanganj Br., Narayanganj
Sonargaon Br., Narayanganj
Agrabad Br., Chittagong
Alankar Mour Br., Chittagong
CDA Avenue Br., Chittagong
Jubilee Road Br., Chittagong
Khatungonj Br., Chittagong
Feni Br., Feni
Rajshahi Br., Rajshahi
Rangpur Br., Rangpur
Bogra Br., Bogra
Pabna Br., Pabna
Kushtia Br., Kushtia
Sylhet Br., Sylhet
Moulvi Bazar Br., Sylhet
Gournadi Br., Barisal
Jessore Br., Jessore
Habigonj Br., Habigonj

National Bank Ltd.
Agrabad Br., Chittagong
Anderkillah Br., Chittagong
Asadgate Br., Dhaka
Babubazar Br., Dhaka
Banani Br., Dhaka
Bangshal Road Br., Dhaka
Barisal Br., Barisal
Beani Bazar Br., Sylhet
Bhatiary Br., Chittagong
Bogra Br., Bogra
CDA Avenue Br., Chittagong
Chaktai Br., Chittagong
Chandpur Notun Bazar Br., Chandpur
Chawkbazar Br., Chittatong
Chowmuhani Br., Noakhali
Comilla Br., Comilla
Dhanmondi Br., Dhaka
Dilkusha Br., Dhaka
Elephant Road Br., Dhaka
Faridpur Br. ,Faridpur
Feni Br., Feni
Foreign Ex. Br., Dhaka
Gazipur Br., Gazipur
Godagari Br., Rajshahi
Gulshan Br., Dhaka
Halishahar Br., Chittagong
Imamganj Br., Dhaka
Islampur Br., Dhaka
Jatrabari Br., Dhaka
Jessore Br., Jessore
Jubilee Road Br., Chittagong
Kadomtoli Br., Sylhet
Kawran Bazar Br., Dhaka
KDA Br., Khulna
Khatunganj Br., Chittagong
Khulna Br., Khulna
Lake Circus Br., Dhaka
Madhupur Br., Tangail
Malibagn Br., Dhaka
Mirassari Br., Chittagong
Mirpur Br., Dhaka
Mohakhali Br., Dhaka
Mohammadpur Br., Dhaka
Motijheel Br., Dhaka
Muradpur Br., Chittagong
Mymensingh Br., Mymensingh
Narayanganj Br., Narayanganj
Narsingdi Br., Narsingdi
Netaigonj Br., Narayanganj
New Eskaton Br., Dhaka
North Brook Hall Br., Dhaka
Pabna Br., Pabna
Pagla Bazar Br. Narayanganj
Pahartali Br., Chittagong
Patiya Br., Chittagong
Pragati Sarani Br., Dhaka
Rajshahi Br., Rajshahi
Rifles Square Br., Dhaka
Rokeya Sarani Br., Dhaka
Sk Mujib Rd. Br., Chittagong
Savar Bazar Br., Dhaka
Sunamgonj Br., Sunamgonj
Sylhet Br., Sylhet
Tangail Br., Tangail
Tongi Br., Gazipur
Uttara Br., Dhaka
Z.H. Sikdar College Br., Dhaka
Zindabazar Br., Sylhet

One Bank Ltd.
Principal Br., Dhaka
Motijheel Br., Dhaka
Kawran Bazar Br., Dhaka
Gulshan Br., Dhaka
Mirpur Br., Dhaka
Uttara Br., Dhaka
Dhanmondi Br., Dhaka
Banani Br., Dhaka
Kakrail Br., Dhaka
Progati Sharani Br., Dhaka
Elephant Road Br., Dhaka
Jatrabari Br., Dhaka
Nawabgonj Br., Dhaka
Bangshal Br., Dhaka
Ganakbari (EPZ) Br., Savar
Imamganj Br., Dhaka
Narayanganj Br., Narayanganj
Joypara Br., Dohar
Agrabad Br., Chittagong
Khatunganj Br., Chittagong
CDA Avenue Br., Chittagong
Nanupur Bazar Br., Chittagong
Cox's Bazar Br., Cox's Bazar
Jubilee road Br., Chittagong
Chowmuhuni Br., Noakhali
Chandragonj Br., Lakshmipur
Feni Br., Feni
Raipur Br., Laxmipur
Dagon Bhuiyan Br., Feni
Sylhet Br., Sylhet
Sherpur Br., MoulviBazar
Islampur Br., Sylhet
Jessore Br., Jessore
Bogra Br., Bogra
Sirajgonj Br., Sirajgonj
Laksham Br., Comilla
Ramganj Br., Laxmipur
Maijdee Court Br., Noakhali
Banasree Br., Dhaka
Rajshahi Br., Rajshahi
Shahjadpur Br., Sirajgonj
Jagannathpur Br., Dhaka
Tongi Br., Gazipur
Comilla Br., Comilla
Basabo Br., Dhaka
Sathkhira Br., Sathkhira
Madhabdi Br., Narsingdi
Rangamati Br., Rangamati
Sitakunda Br., Chittagong
Moghbazar Br., Dhaka
Laldighirpar Br., Sylhet
Rangpur Br., Rangpur
Khulna Br., Khulna
Ring Road Br., Dhaka

Prime Bank Ltd.
Asad Gate Br., Dhaka
Bangshal Br., Dhaka
Banani Br., Dhaka
Dhanmondi Br., Dhaka
Elephant Road Br., Dhaka
IBB Dilkusha Br., Dhaka
IBB Mirpur Br., Dhaka
Kawran Bazar Br., Dhaka
F. Ex. Br., Dhaka
Mohakhali Br., Dhaka
Mouchak Br., Dhaka
New Eskaton Br., Dhaka
Narayanganj Br., Narayanganj
Sat Masjid Rd. Br., Dhaka
SBC Tower Br., Dhaka
Tongi Br., Gazipur
Uttara Br., Dhaka
Agrabad Branch, Chittagong
Khatunganj Br., Chittagong
IBB O.R. Nizam Rd. Br. Ctg.
Jubilee Rd. Br., Chittagong
Laldighi East Br., Chittagong
Probortok More Br.. Chittagong
Subid Bazar Br., Sylhet
Upashahar Br., Sylhet
Sremongal Br., Moulvibazar
Court Road Br., Moulvibazar
Bogra Br., Bogra
Rajshahi Br., Rajshahi
Rangpur Br., Rangpur
Jessore Br., Jessore
Khulna Br., Khulna
Faridpur Br., Faridpur
Dinajpur Br., Dinajpur
Natore Br., Natore
Comilla Br., Comilla
Sunamgonj Br., Sunamgonj
Mymensingh Br., Mymensingh
Feni Br., Feni
Basundhara Br., Dhaka

Pubali Bank Ltd.
Principal Br., Dhaka
Motijheel Corporate Br., Dhaka
Foreign Exchange Br., Dhaka
Dhaka Stadium Corp Br., Dhaka
Mohakhali Corporate Br., Dhaka
Gulshan Model Town Br., Dhaka
Sadarghat Br., Dhaka
International Airport Br., Dhaka
Johnson Rd. Br., Dhaka
Kawran Bazar Br., Dhaka
Malibagh Br. Dhaka
Nayapaltan Br., Dhaka
Shehbagh Br., Dhaka
Savar Br., Dhaka
Agriculture Complex Br., Dhaka
C.D.A Corporate Br., Chittagong
Agrabad Corp. Br., Chittagong
Laldighi East Br., Chittagong
Khatunganj Br., Chittagong
Cox's Bazar Br., Cox'sBazar
Narayanganj Br., Narayanganj
Kalir Bazar Br., Narayanganj
Sylhet Main Br., Sylhet
Dargahgate Br., Sylhet
Khulna Br., Khulna
Rajshahi Br., Rajshahi
Barisal Br., Barisal
Comilla Br., Comilla
Uttara Model Town Br., Dhaka
Tangail Main Br., Tangail
Jessore Br., Jessore
Gopalganj Br., Gopalgonj
Feni Br., Feni
Sreemangal Br., Moulvibazar
Sunamgonj Br., Sunamgonj
Faridpur Br., Faridpur
Habiganj Br., Habiganj
Kishorganj Br., Kishorganj
Myemensingh Br., Mymensingh
Sirajganj Br., Sirajganj

Southeast Bank Ltd.
Principal Br., Dhaka
Corporate Br., Dhaka
Imamganj Br., Dhaka
Dhanmondi Br., Dhaka
Uttara Br., Dhaka
New Elephant Road Br., Dhaka
Gulshan Br., Dhaka
Kakrail Br., Dhaka
Banani Br.. Dhaka
Bangshal Br., Dhaka
New Eskaton Br., Dhaka
Pragati Sarani Br., Dhaka
Agargaon Br., Dhaka
Sat Masjid Road Br., Dhaka
Shyamoli Br., Dhaka
Aganagor Br., Dhaka
Kawran Bazar Br., Dhaka
Madabdhi Br., Narshingdi
Ashulia Br., Dhaka
Narayanganj Br., Narayanganj
Rokeya Sarani Br., Dhaka
Savar Br., Dhaka
Mouchack Br., Dhaka
Konabari Br., Gazipur
Tongi Br. Gazipur
Bashundhara Br., Dhaka
Mohammadpur Br., Dhaka
Medambibir Hat Br., Chittagong
Comilla Br., Comilla
Munshigonj Br. Munshigonj
Chouhalta Br., Sylhet
Laldighirpar Br., Sylhet
Shahajal Uposhahar Br., Sylhet
Khulna Br., Khulna
Pathantula Br., Sylhet
Agrabad Br., Chittagong
Khatunganj Br., Chittagong
Jubilee Road Br., Chittagong
Halishahar Br., Chittagong
Motijheel Br., Dhaka
Chowmuhani Br., Noakhali
CDA Avenue Br., Chittagong
Cox's Bazar Br., Cox'sBazar
Chagalnalya Br., Feni
Feni Br., Feni
Pahartali Br., Chittagong
Bashurhat Br., Noakhali
Momin Road Br., Chittagong
Rangpur Br., Rangpur
Bogra Br., Bogra
Jessore SME Br., Jessore
Barisal Br., Barisal
Dhania Br., Dhaka
Naogaon Br., Naogaon
Bandar Bazar Br., Sylhet
Moulvibazar Br., Moulvibazar
Satkhira SME Br. Satkhira
Narsingdi SME Br., Narsingdi
Islampur Br., Dhaka
Kotwali Br., Dhaka
Rajshahi Br., Rajshahi
Tangail SME Br., Tangail
Chapainawabganj Br. Chapainawabganj
Dinajpur Br., Dinajpur
Hemayetpur Br. (Rural), Savar
Joydebpur Br. (Rural), Gazipur

Social Islami Bank Ltd.
Principal Br., Dhaka
Agrabad Br., Chittagong
Khulna Br., Khulna
Sylhet Br., Sylhet
Rajshahi Br., Rajshahi
Gulshan Br., Dhaka
South Surma Br., Sylhet
Comilla Br., Comilla
Islampur Br., Dhaka
New Eskaton Br., Dhaka
Chandpur Br., Chandpur
Chawk Bazar Br., Chittagong
Babu Bazar Br., Dhaka
Begum Rokeya Sarani Br., Dhaka
Panthapath Br., Dhaka
Sonargaon Br., Narayanganj
Foreign Exchange Br., Dhaka
Dhanmondi Br., Dhaka
Uttara Br., Dhaka
Mirpur Br.. Dhaka
Banani Br., Dhaka
Rampura Br., Dhaka
Dania Rasulpur Br., Dhaka
Narayanganj Br., Narayanganj
Jessore Br., Jessore
Rangpur Br., Rangpur
Barisal Br., Barisal
South Banasree Br., Dhaka
Mohakhali Br., Dhaka
Feni Br., Feni

Shahjalal Islami Bank Ltd.
Dhaka Main Br., Dhaka
Dhanmondi Br., Dhaka
Gulshan Br., Dhaka
Foreign Ex. Br., Dhaka
Kawran Bazar Br., Dhaka
Motijheel Br., Dhaka
Bijoy Nagar Br., Dhaka
Banani Br., Dhaka
Eskaton Br., Dhaka
Panthapath Br., Dhaka
Agrabad Br., Chittagong
Khatunganj Br., Chittagong
Jubilee Road Br., Chittagong
Sylhet Br., Sylhet
Satmasjid Road Br., Dhaka
Uttara Br., Uttara
Mirpur Br., Dhaka
Gulsan South Ave. Br. Dhaka
Joydevpur Chowrasta Br., Gazipur
Narayanganj Br., Narayanganj

Standard Bank Ltd.
Principal Br., Dhaka
Foreign Exchange Br., Dhaka
Topkhana Road Br., Dhaka
Imamgonj Br., Dhaka
Gulshan Br., Dhaka
Dhanmondi Br., Dhaka
Mirpur Br., Dhaka
Uttara Br., Dhaka
Panthapath Br., Dhaka
Banani Br., Dhaka
Pragoti Sarani Br., Dhaka
Nawabpur Rd., Br. Dhaka
Green Road Br., Dhaka
Narayanganj Br., Narayanganj
Jubilee Road Br., Chittagong
Agrabad Br., Chittagong
Khatungonj Br., Chittagong
CDA Avenue Br., Chittagong
Sadarghat Br., Chittagong
Comilla Br., Comilla
Sylhet Br., Sylhet
Beani Bazar Br., Sylhet
Moulvi Bazar Br., Moulvi Bazar
Mymensingh Br., Mymensingh
Rajshahi Br., Rajshahi
Rangpur Br., Rangpur
Dinajpur Br., Dinajpur
Jessore Br., Jessore
Khulna Br., Khulna
Kushtia Br., Kushtia
Faridpur Br., Faridpur
Barisal Br., Barisal

Uttara Bank Ltd.
Corporate Br., Dhaka
Local Office Br., Dhaka
B.B. Avenue Br., Dhaka
Gulshan Br., Dhaka
Shantinagar Br., Dhaka
Kawran Bazar Br., Dhaka
Moghbazar Br., Dhaka
Shyamoli Br., Dhaka
Pallabi Br., Dhaka
Satmasjid Rd. Br., Dhaka
New Market Br., Dhaka
Azimpur Br., Dhaka
Banijya Shaka, Dhaka
Ramna Br., Dhaka
Fakirapool Br., Dhaka
Siddeshwari Br., Dhaka
Malibagh Br., Dhaka
Green Road Br., Dhaka
Rokeya Sarani Br., Dhaka
Darus Salam Rd. Br., Dhaka
Mirpur Br., Dhaka
Manikgonj Br., Manikgonj
Rangpur Br., Rangpur
Savar Br., Savar
Jatrabari Br., Dhaka
Postagola Br., Dhaka
Narayanganj Br., Narayanganj
DIT Br., Narayanganj
Narsinghdi Br., Narsinghdi
Agrabad Br., Chittagong
Khatungonj Br., Chittagong
Jubilee Rd. Br., Chittagong
Nasirabad Br., Chittagong
Reazuddin Bazar Br., Ctg
Laldighi Br., Chittagong
Sadarghat Br., Chittagong
Cox's Bazar Br., Cox's Bazar
Rangamati Br., Rangamati
Jessore Br., Jessore
Sir Iqbal Rd. Br., Khulna
KDA Br., Khulna
Mymensingh Br., Mymensingh
Dinajpur Br., Dinajpur
Shaheb Bazar Br. Rajshahi
Sylhet Br., Sylhet
Faridpur Br., Faridpur
Barisal Br., Barisal
Bogra Br., Bogra

United Commercial Bank Ltd.
Principal Br., Dhaka
Nayabazar Br., Dhaka
Dhanmondi Br., Dhaka
Narayanganj Br., Narayanganj
Mirpur Br., Dhaka
Uttara Br., Dhaka
Corporate Br., Dhaka
Gulshan Br., Dhaka
Mohakhali Br., Dhaka
Banani Br., Dhaka
Tejgaon Br., Dhaka
Bijoynagar Br., Dhaka
Mymensingh Br., Mymensingh
Khalunganj Br., Chittagong
Agrabad Br. ,Chittagong
Cox's Bazar Br., Cox's Bazar
Jubilee Road Br., Chittagong
Comilla Br., Comilla
Majdee Court Br., Noakhali
Sylhet Br., Sylhet
Pabna Br., Pabna
Rangpur Br., Rangpur
Dinajpur Br., Dinajpur
Bogra Br., Bogra
Rajshahi Br., Rajshahi
Khulna Br., Khulna
Jessore Br., Jessore
Kushtia Br., Kushtia
Barisal Br., Barisal
Faridpur Br., Faridpur

"শেয়ারবাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।"

Interested persons are entitled to a prospectus, if they so desire. Copies of prospectus may be obtained from the issuer and the issue manager

Fareast Finance & Investment Limited

Application Form

APPLICATION FOR SHARES BY AFFECTED SMALL INVESTORS (ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications may be rejected.

The Managing Director
Fareast Finance & Investment Limited
Eunoos Centre (8th level)
52-53 Dilkusha Commercial Area
Dhaka-1000

Banker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us the .... number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or in respect of any application money refundable by crediting directly to the first applicant's bank account stated below:

1. No. Ordinary shares .... of Tk. 10 each.
2. Amount of Tk (in figure), ... Taka (in words) .... only deposited vide cash/Cheque/Draft/Pay Order No. .... Dated .... on .... Bank .... Branch
3. **Depository (B/O) Account Number** | | | | | | | | | | | | | | | | |
   (If you do not mention your valid depository BO (Beneficiary Owners) account, your application will be treated as invalid)
4. **I/we agree to fully abide by the instruction given herein.**
5. **Particulars of Applicant(s):**
   a) Sole/First Applicant

Name:	
Father's/Husband's Name :	
Mother's Name :	
Postal Address :	
	Occupation :
Nationality:	Telephone No.(if any):
For Refund Warrant: (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch:	
For refund purpose: I/we want refund through ☐ Bank account ☐ Hand delivery/Courier (Please put marks in which refund will be made)	
Applicants Bank A/c no.	
Name of the Bank :	Branch:

b) Second Applicant

Name:	
Father's/Husband's Name :	
Mother's Name:	
Postal Address :	
Occupation :	Nationality:

6. I/we hereby declare that I/we have read the Prospectus of **Fareast Finance & Investment Limited** and have willingly subscribed for .... no. of shares of Tk. 10.00 each.
7. **Specimen Signature(s):**

(i) Name (in Block Letters)		Signature:
(ii) Name (in Block Letters)		Signature:

* *In case of deposit into the applicants bank account, the applicant will bear the applicable service charge, if any, of the applicants banker and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected.*

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk. (in figures) .... (in words..) only from Mr./Mrs./Ms. .... being the Application money for .... nos. Ordinary Shares of **Fareast Finance & Investment Limited**

Banker's Sl. No. **Seal and Date** **Authorized Signature (Name & Designation)**

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will be only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than **500 Ordinary shares** and must be for a multiple of **500 ordinary shares.** Any application not meeting these criterions will not be considered for allotment purpose.
5. Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring **"Fareast Finance & Investment Limited"** and crossed "A/C Payee only" and must be drawn on a bank in the same town as the bank to which the application form has been sent.
6. অত্র স্কীমের আওতায় তালিকাভূক্ত ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে তাঁরা ইচ্ছা করলে ক্ষতিগ্রস্ত সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায়ও আবেদন করতে পারবেন।
7. Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Association and Certificate of Incorporation.
8. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
9. No receipt will be issued for the payment made with the application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
10. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, Citibank, N.A. or Standard Chartered Bank, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
11. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission.
12. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
13. Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
14. The Bankers to the issue Banks shall be obliged to receive the A/C Payee Cheque (s) on the closing day of the subscription.
15. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**
16. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (fifteen) of their subscription money too.**

BANKERS TO THE ISSUE

Dutch-Bangla Bank Ltd.
Baburhat Br., Narsingdi
Narayanganj Br., Narayanganj
B.B. Road Br., Narayanganj
Patherhat Br., Chittagong
Hathazari Br., Chittagong
Dania Br., Dhaka
Khulna Br., Khulna
Sylhet Br., Sylhet
Dhaka EPZ Br., Dhaka
Board Bazar Br., Gazipur
Netaiganj Br., Narayanganj
Bogra Br., Bogra
Barisal Br., Barisal
CDA Avenue Br., Chittagong
Joypara Br., Dhaka
Biswanath Br., Sylhet
Moulavi Bazar Br., M'Bazar
Muradpur Br., Chittagong
Gopalgonj Br., Sylhet
Rajshahi Br., Rajshahi
Savar Bazar Br., Dhaka
Gazipur Chowrasta Br., Gazipur
Feni Br., Feni
Comilla Br., Comilla
Jubilee Rd Br., Chittagong
Kadamtali Br., Chittagong
Mirzapur Br., Tangail
Cox's Bazar Br., Cox's Bazar
Lohagara Br., Chittagong
Manikgonj Br., Manikgonj
Fatikchari Br., Chittagong
Konabary Br., Gazipur
Choumuhani Br., Noakhali
Sonagazi Br., Feni
Goala Bazar Br., Sylhet
Khatunganj Br., Chittagong
Mymensing Br., Mymensing
Shahzadpur Br., Sirajganj
Beani Bazar Br., Sylhet
Chhatak Br., Sunamganj
Bandura Br., Dhaka
Saidpur Br., Nilphamary
Rangpur Br., Rangpur
Jessore Br., Jessore
Halishhar Br., Chittagong
Basurhat Br., (Rural) Noakhali
Sremangal Br., M'Bazar
Kushtia Br., Kushtia
Pabna Br., Pabna
Narsingdi Br., Narsingdi
Satmosjid Road Br., Dhaka
Dinajpur Br., Dinajpur
Bhairab Br., Bhairab
Dagonbhuiyan Br., Feni
Gobindaganj Br., Gaibandha
Bhulta Br., Narayanganj
Narayanganj BSCIC Br., N.ganj
Tongi Br., Gazipur
Satkhira Br., Satkhira
Madaripur Br., Madaripur
Munshiganj Br., Munshiganj
Habiganj Br., Habiganj
Chittagong EPZ Br., Chittagong
Faridpur Br., Faridpur
Shahajalal Uposhohor Br., Sylhet
Tangail Br., Tangail
Matuail Br., Matuail
Keraniganj Br., Keraniganj
Uttara Sonargaon Janopad Br., Uttara
Digpait Br., Jamalpur
Amberkhana Br., Sylhet
Ashkona Br., Dhaka
Borolekha Br., Moulvibazar
Sunamganj Br., Sunamganj
Pagla Br., Narayanganj
Jamalpur Br., Jamalpur
Naogaon Br., Naogaon
Vatara Br. Gulshan, Dhaka
Laxmipur Br., Laxmipur
Laksham Br., Comilla
Pallabi Br., Dhaka
Brahmanbaria Br., Brahmanbaria
Mawna Br., Gazipur

Dhaka Bank Ltd.
Local office, Dhaka
Gulshan Br., Dhaka
Uttara Br., Dhaka
Khilgaon Br., Dhaka
Dhanmondi Model Br., Dhaka
Foreign Exchang Br., Dhaka
Moghbazar Br., Dhaka
Mohakhali Br., Dhaka
Kawranbazar Br., Dhaka
Mirpur Br., Dhaka
Halishahar Br., Chittagong
Agrabad Br., Chittagong
CDA Avenue Br., Chittagong
Uposhahar Br., Sylhet
Comilla Br., Comilla
Barishal Br., Barisal
Rajshahi Br., Rajshahi
KDA Avenue Br., Khulna
Narayanganj Br., Narayanganj
Rangpur Br., Rangpur

Eastern Bank Ltd.
Motijheel Br., Dhaka
Shamoly Br., Dhaka
Uttara Br., Dhaka
Basundhara Br., Dhaka
Moghbazar Br., Dhaka
Narayanganj Br., Dhaka
Banasree Br., Dhaka
Savar Br., Savar
Mirpur Dar-us-salam Rd. Br., Dhaka
Uttar Garib-E-Newaz Br., Dhaka
Khulna Br., Khulna
Jessore Br., Jessore
Jubilee Rd. Br., Chittagong
O.R. Nizam Rd. Br., Chittagong
Chandgaon Br., Chittagong
Panchlaish Br., Chittagong
Halishahar Br., Chittagong
Rajshahi Br., Rajshahi
Bogra Br., Bogra
Moulvibazar Br., Moulvibazar
Uposhahar Br., Sylhet
Chouhatta Br., Sylhet
Mymensingh SME Br., Mymensingh

Mutual Trust Bank Ltd.
Babu Bazar Br., Dhaka
Banani Br., Dhaka
Dhanmondi Br., Dhaka
Dholaikhal Br., Dhaka
Dilkusha Br., Dhaka
Elephant Road Br., Dhaka
Fulbaria Br., Dhaka
Gulshan Br., Dhaka
Mohammadpur Br., Dhaka
MTB Corporate Center Br., Dhaka
Pallabi Br., Dhaka
Panthapath Br., Dhaka
Principal Br., Dhaka
Progati Sarani Br., Dhaka
Savar Br., Dhaka
Shanir Akhra Br., Dhaka
Tongi Br., Dhaka
Uttara Model Town Br., Dhaka
Narayanganj Br., Narayanganj
Sonargaon Br., Narayanganj
Agrabad Br., Chittagong
Alankar Mour Br., Chittagong
CDA Avenue Br., Chittagong
Jubilee Road Br., Chittagong
Khatungonj Br., Chittagong
Feni Br., Feni
Rajshahi Br., Rajshahi
Rangpur Br., Rangpur
Bogra Br., Bogra
Pabna Br., Pabna
Kushtia Br., Kushtia
Sylhet Br., Sylhet
Moulvi Bazar Br., Sylhet
Gournadi Br., Barisal
Jessore Br., Jessore
Habigonj Br., Habigonj

National Bank Ltd.
Agrabad Br., Chittagong
Anderkillah Br., Chittagong
Asadgate Br., Dhaka
Babubazar Br., Dhaka
Banani Br., Dhaka
Bangshal Road Br., Dhaka
Barisal Br., Barisal
Beani Bazar Br., Sylhet
Bhatiary Br., Chittagong
Bogra Br., Bogra
CDA Avenue Br., Chittagong
Chaktai Br., Chittagong
Chandpur Notun Bazar Br., Chandpur
Chawkbazar Br., Chittalong
Chowmuhani Br., Noakhali
Comilla Br., Comilla
Dhanmondi Br., Dhaka
Dilkusha Br., Dhaka
Elephant Road Br., Dhaka
Faridpur Br. ,Faridpur
Feni Br., Feni
Foreign Ex. Br., Dhaka
Gazipur Br., Gazipur
Godagari Br., Rajshahi
Gulshan Br., Dhaka
Halishahar Br., Chittagong
Imamganj Br., Dhaka
Islampur Br., Dhaka
Jatrabari Br., Dhaka
Jessore Br., Jessore
Jubilee Road Br., Chittagong
Kadomtoli Br., Sylhet
Kawran Bazar Br., Dhaka
KDA Br., Khulna
Khatunganj Br., Chittagong
Khulna Br., Khulna
Lake Circus Br., Dhaka
Madhupur Br., Tangail
Malibagh Br., Dhaka
Mirassari Br., Chittagong
Mirpur Br., Dhaka
Mohakhali Br., Dhaka
Mohammadpur Br., Dhaka
Motijheel Br., Dhaka
Muradpur Br., Chittagong
Mymensingh Br., Mymensingh
Narayanganj Br., Narayanganj
Narsingdi Br., Narsingdi
Netaigonj Br., Narayanganj
New Eskaton Br., Dhaka
North Brook Hall Br., Dhaka
Pabna Br., Pabna
Pagla Bazar Br. Narayanganj
Pahartali Br., Chittagong
Patiya Br., Chittagong
Pragati Sarani Br., Dhaka
Rajshahi Br., Rajshahi
Rifles Square Br., Dhaka
Rokeya Sarani Br., Dhaka
Sk Mujib Rd. Br., Chittagong
Savar Bazar Br., Dhaka
Sunamgonj Br., Sunamgonj
Sylhet Br., Sylhet
Tangail Br., Tangail
Tongi Br., Gazipur
Uttara Br., Dhaka
Z.H. Sikdar College Br., Dhaka
Zindabazar Br., Sylhet

One Bank Ltd.
Principal Br., Dhaka
Motijheel Br., Dhaka
Kawran Bazar Br., Dhaka
Gulshan Br., Dhaka
Mirpur Br., Dhaka
Uttara Br., Dhaka
Dhanmondi Br., Dhaka
Banani Br., Dhaka
Kakrail Br., Dhaka
Progati Sharani Br., Dhaka
Elephant Road Br., Dhaka
Jatrabari Br., Dhaka
Nawabgonj Br., Dhaka
Bangshal Br., Dhaka
Ganakbari (EPZ) Br., Savar
Imamganj Br., Dhaka
Narayanganj Br., Narayanganj
Joypara Br., Dohar
Agrabad Br., Chittagong
Khatunganj Br., Chittagong
CDA Avenue Br., Chittagong
Nanupur Bazar Br., Chittagong
Cox's Bazar Br., Cox's Bazar
Jubilee road Br., Chittagong
Chowmuhuni Br., Noakhali
Chandragonj Br., Lakshmipur
Feni Br., Feni
Raipur Br., Laxmipur
Dagon Bhuiyan Br., Feni
Sylhet Br., Sylhet
Sherpur Br., MoulviBazar
Islampur Br., Sylhet
Jessore Br., Jessore
Bogra Br., Bogra
Sirajgonj Br., Sirajgonj
Laksham Br., Comilla
Ramganj Br., Laxmipur
Majdee Court Br., Noakhali
Banasree Br., Dhaka
Rajshahi Br., Rajshahi
Shahjadpur Br., Sirajgonj
Jagannathpur Br., Dhaka
Tongi Br., Gazipur
Comilla Br., Comilla
Basabo Br., Dhaka
Sathkhira Br., Sathkhira
Madhabdi Br., Narsingdi
Rangamati Br., Rangamati
Sitakunda Br., Chittagong
Moghbazar Br., Dhaka
Laldighirpar Br., Sylhet
Rangpur Br., Rangpur
Khulna Br., Khulna
Ring Road Br., Dhaka

Prime Bank Ltd.
Asad Gate Br., Dhaka
Bangshal Br., Dhaka
Banani Br., Dhaka
Dhanmondi Br., Dhaka
Elephant Road Br., Dhaka
IBB Dilkusha Br., Dhaka
IBB Mirpur Br., Dhaka
Kawran Bazar Br., Dhaka
F. Ex. Br., Dhaka
Mohakhali Br., Dhaka
Mouchak Br., Dhaka
New Eskaton Br., Dhaka
Narayanganj Br., Narayanganj
Sat Masjid Rd. Br., Dhaka
SBC Tower Br., Dhaka
Tongi Br., Gazipur
Uttara Br., Dhaka
Agrabad Branch, Chittagong
Khatunganj Br., Chittagong
IBB O.R. Nizam Rd. Br. Ctg.
Jubilee Rd. Br., Chittagong
Laldighi East Br., Chittagong
Probortok More Br., Chittagong
Subid Bazar Br., Sylhet
Upashahar Br., Sylhet
Sremongal Br., Moulvibazar
Court Road Br., Moulvibazar
Bogra Br., Bogra
Rajshahi Br., Rajshahi
Rangpur Br., Rangpur
Jessore Br., Jessore
Khulna Br., Khulna
Faridpur Br., Faridpur
Dinajpur Br., Dinajpur
Natore Br., Natore
Comilla Br., Comilla
Sunamgonj Br., Sunamgonj
Mymensingh Br., Mymensingh
Feni Br., Feni
Basundhara Br., Dhaka

Pubali Bank Ltd.
Principal Br., Dhaka
Motijheel Corporate Br., Dhaka
Foreign Exchange Br., Dhaka
Dhaka Stadium Corp Br., Dhaka
Mohakhali Corporate Br., Dhaka
Gulshan Model Town Br., Dhaka
Sadarghat Br., Dhaka
International Airport Br., Dhaka
Johnson Rd. Br., Dhaka
Kawran Bazar Br., Dhaka
Malibagh Br. Dhaka
Nayapaltan Br., Dhaka
Shahbagh Br., Dhaka
Savar Br., Dhaka
Agriculture Complex Br., Dhaka
C.D.A Corporate Br., Chittagong
Agrabad Corp. Br., Chittagong
Laldighi East Br., Chittagong
Khatunganj Br., Chittagong
Cox's Bazar Br., Cox'sBazar
Narayanganj Br., Narayanganj
Kalir Bazar Br., Narayanganj
Sylhet Main Br., Sylhet
Dargahgate Br., Sylhet
Khulna Br., Khulna
Rajshahi Br., Rajshahi
Barisal Br., Barisal
Comilla Br., Comilla
Uttara Model Town Br., Dhaka
Tangail Main Br., Tangail
Jessore Br., Jessore
Gopalganj Br., Gopalgonj
Feni Br., Feni
Sreemangal Br., Moulvibazar
Sunamgonj Br., Sunamgonj
Faridpur Br., Faridpur
Habiganj Br., Habiganj
Kishorganj Br., Kishorganj
Mymensingh Br., Mymensingh
Sirajganj Br., Sirajganj

Southeast Bank Ltd.
Principal Br., Dhaka
Corporate Br., Dhaka
Imamganj Br., Dhaka
Dhanmondi Br., Dhaka
Uttara Br., Dhaka
New Elephant Road Br., Dhaka
Gulshan Br., Dhaka
Kakrail Br., Dhaka
Banani Br., Dhaka
Bangshal Br., Dhaka
New Eskaton Br., Dhaka
Pragati Sarani Br., Dhaka
Agargaon Br., Dhaka
Sat Masjid Road Br., Dhaka
Shyamoli Br., Dhaka
Aganagor Br., Dhaka
Kawran Bazar Br., Dhaka
Madabdhi Br., Narshingdi
Ashulia Br., Dhaka
Narayanganj Br., Narayanganj
Rokeya Sarani Br., Dhaka
Savar Br., Dhaka
Mouchack Br., Dhaka
Konabari Br., Gazipur
Tongi Br., Gazipur
Bashundhara Br., Dhaka
Mohammadpur Br., Dhaka
Madambibir Hat Br., Chittagong
Comilla Br., Comilla
Munshigonj Br. Munshigonj
Chouhatta Br., Sylhet
Laldighirpar Br., Sylhet
Shahajal Uposhahar Br., Sylhet
Khulna Br., Khulna
Pathantula Br., Sylhet
Agrabad Br., Chittagong
Khatunganj Br., Chittagong
Jubilee Road Br., Chittagong
Halishahar Br., Chittagong
Motijheel Br., Dhaka
Chowmuhani Br., Noakhali
CDA Avenue Br., Chittagong
Cox's Bazar Br., Cox'sBazar
Chagalnaiya Br., Feni
Feni Br., Feni
Pahartali Br., Chittagong
Bashurhat Br., Noakhali
Momin Road Br., Chittagong
Rangpur Br., Rangpur
Bogra Br., Bogra
Jessore SME Br., Jessore
Barisal Br., Barisal
Dhania Br., Dhaka
Naogaon Br., Naogaon
Bandar Bazar Br., Sylhet
Moulvibazar Br., Moulvibazar
Satkhira SME Br. Satkhira
Narsingdi SME Br., Narsingdi
Islampur Br., Dhaka
Kotwali Br., Dhaka
Rajshahi Br.. Rajshahi
Tangail SME Br., Tangail
Chapainawabganj Br. Chapainawabganj
Dinajpur Br., Dinajpur
Hemayetpur Br. (Rural), Savar
Joydebpur Br. (Rural), Gazipur

Social Islami Bank Ltd.
Principal Br., Dhaka
Agrabad Br., Chittagong
Khulna Br., Khulna
Sylhet Br., Sylhet
Rajshahi Br., Rajshahi
Gulshan Br., Dhaka
South Surma Br., Sylhet
Comilla Br., Comilla
Islampur Br., Dhaka
New Eskaton Br., Dhaka
Chandpur Br., Chandpur
Chawk Bazar Br., Chittagong
Babu Bazar Br., Dhaka
Begum Rokeya Sarani Br., Dhaka
Panthapath Br., Dhaka
Sonargaon Br., Narayanganj
Foreign Exchange Br., Dhaka
Dhanmondi Br., Dhaka
Uttara Br., Dhaka
Mirpur Br., Dhaka
Banani Br., Dhaka
Rampura Br., Dhaka
Dania Rasulpur Br., Dhaka
Narayanganj Br., Narayanganj
Jessore Br., Jessore
Rangpur Br., Rangpur
Barisal Br., Barisal
South Banosree Br., Dhaka
Mohakhali Br., Dhaka
Feni Br., Feni

Shahjalal Islami Bank Ltd.
Dhaka Main Br., Dhaka
Dhanmondi Br., Dhaka
Gulshan Br., Dhaka
Foreign Ex. Br., Dhaka
Kawran Bazar Br., Dhaka
Motijheel Br., Dhaka
Bijoy Nagar Br., Dhaka
Banani Br., Dhaka
Eskaton Br., Dhaka
Panthapath Br., Dhaka
Agrabad Br., Chittagong
Khatunganj Br., Chittagong
Jubilee Road Br., Chittagong
Sylhet Br., Sylhet
Satmasjid Road Br., Dhaka
Uttara Br., Uttara
Mirpur Br., Dhaka
Gulsan South Ave. Br. Dhaka
Joydevpur Chowrasta Br., Gazipur
Narayanganj Br., Narayanganj

Standard Bank Ltd.
Principal Br., Dhaka
Foreign Exchange Br., Dhaka
Topkhana Road Br., Dhaka
Imamgonj Br., Dhaka
Gulshan Br., Dhaka
Dhanmondi Br., Dhaka
Mirpur Br., Dhaka
Uttara Br., Dhaka
Panthapath Br., Dhaka
Banani Br., Dhaka
Pragoti Sarani Br., Dhaka
Nawabpur Rd., Br. Dhaka
Green Road Br., Dhaka
Narayanganj Br., Narayanganj
Jubilee Road Br., Chittagong
Agrabad Br., Chittagong
Khatungonj Br., Chittagong
CDA Avenue Br., Chittagong
Sadarghat Br., Chittagong
Comilla Br., Comilla
Sylhet Br., Sylhet
Beani Bazar Br., Sylhet
Moulvi Bazar Br., Moulvi Bazar
Mymensingh Br., Mymensingh
Rajshahi Br., Rajshahi
Rangpur Br., Rangpur
Dinajpur Br., Dinajpur
Jessore Br., Jessore
Khulna Br., Khulna
Kushtia Br., Kushtia
Faridpur Br., Faridpur
Barisal Br., Barisal

Uttara Bank Ltd.
Corporate Br., Dhaka
Local Office Br., Dhaka
B.B. Avenue Br., Dhaka
Gulshan Br., Dhaka
Shantinagar Br., Dhaka
Kawran Bazar Br., Dhaka
Moghbazar Br., Dhaka
Shyamoli Br., Dhaka
Pallabi Br., Dhaka
Selmasjid Rd. Br., Dhaka
New Market Br., Dhaka
Azimpur Br., Dhaka
Banijya Shaka, Dhaka
Ramna Br., Dhaka
Fakirapool Br., Dhaka
Siddeshwari Br., Dhaka
Malibagh Br., Dhaka
Green Road Br., Dhaka
Rokeya Sarani Br., Dhaka
Darus Salam Rd. Br., Dhaka
Mirpur Br., Dhaka
Manikgonj Br., Manikgonj
Rangpur Br., Rangpur
Savar Br., Savar
Jatrabari Br., Dhaka
Postagola Br., Dhaka
Narayanganj Br., Narayanganj
DIT Br., Narayanganj
Narsinghdi Br., Narsinghdi
Agrabad Br., Chittagong
Khatungonj Br., Chittagong
Jubilee Rd. Br., Chittagong
Nasirabad Br., Chittagong
Reazuddin Bazar Br., Ctg
Laldighi Br., Chittagong
Sadarghat Br., Chittagong
Cox's Bazar Br., Cox's Bazar
Rangamati Br., Rangamati
Jessore Br., Jessore
Sir Iqbal Rd. Br., Khulna
KDA Br., Khulna
Mymensingh Br., Mymensingh
Dinajpur Br., Dinajpur
Shaheb Bazar Br. Rajshahi
Sylhet Br., Sylhet
Faridpur Br., Faridpur
Barisal Br., Barisal
Bogra Br., Bogra

United Commercial Bank Ltd.
Principal Br., Dhaka
Nayabazar Br., Dhaka
Dhanmondi Br., Dhaka
Narayanganj Br., Narayanganj
Mirpur Br., Dhaka
Uttara Br., Dhaka
Corporate Br., Dhaka
Gulshan Br., Dhaka
Mohakhali Br., Dhaka
Banani Br., Dhaka
Tejgaon Br., Dhaka
Bijoynagar Br., Dhaka
Mymensingh Br., Mymensingh
Khatunganj Br., Chittagong
Agrabad Br. ,Chittagong
Cox's Bazar Br., Cox's Bazar
Jubilee Road Br., Chittagong
Comilla Br., Comilla
Maijdee Court Br., Noakhali
Sylhet Br., Sylhet
Pabna Br., Pabna
Rangpur Br., Rangpur
Dinajpur Br., Dinajpur
Bogra Br., Bogra
Rajshahi Br., Rajshahi
Khulna Br., Khulna
Jessore Br., Jessore
Kushtia Br., Kushtia
Barisal Br., Barisal
Faridpur Br., Faridpur