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

PROSPECTUS

FOR

PUBLIC OFFER OF 1,020,000 ORDINARY SHARES OF TK. 100.00 EACH AT AN ISSUE PRICE OF TK. 250.00 EACH (INCLUDING A PREMIUM OF TK.150.00 PER SHARE) TOTALING TK. 255,000,000.00

OPENING DATE FOR SUBSCRIPTION: 18/01/2009

CLOSING DATE FOR SUBSCRIPTION: 22/01/2009

For Non-Resident Bangladeshi quota, subscription closes on: 31/01/2009

Underwriters

Southeast Bank Limited 1 Dilkusha C.A. (3rd floor), Dhaka- 1000.	
National Bank Limited 18, Dilkusha, Dhaka-1000	**Standard Bank limited** Chamber Building (3rd floor), 122-124, Motijheel C/A, Dhaka-1000.
Fidelity Assets & Securities Co. Ltd Suvastu Imam Squre (4th floor), 65, Gulshan Avenue, Dhaka-1212.	**Uttara Finance and Investments Ltd.** Jiban Bima Tower (6th floor), 10, Dilkusha C/A, Dhaka-1000.

Credit Rating by
CREDIT RATING AGENCY OF BANGLADESH LIMITED

	Long Term	Short Term
Entity Rating	BBB_2	ST-4
Date of Rating	April 24, 2008	
Validity	One year	

Manager to the Issue

AAA CONSULTANTS & FINANCIAL ADVISERS

Amin Court, 4th Floor, 62-63, Motijheel C/A., Dhaka-1000.
Phone: +88029559602, +88029567726, Fax: 880-2-9558330
Web-site: www.aaawebbd.com E-mail: info@aaawebbd.com

Issue date of the Prospectus: 25th September, 2008
The issue shall be placed in "N" category

BAY LEASING & INVESTMENT LIMITED

Printers Building (7th floor), 5, Rajuk Avenue, Motijheel, Dhaka-1000.
Tel: 9565026, 9568599 Fax: 880-2-9565027,
Web Site: www.blilbd.com E-Mail: info@blilbd.com
Merchant Banking Division E-Mail: mbank@blilbd.com

"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".

AVAILABILITY OF PROSPECTUS

Prospectus of the Company may be available at the following addresses:

Particulars	Contact Person	Telephone Number

Company:

Bay Leasing & investment Limited Printers Building(7th floor), 5,Rajuk Avenue, Dhaka-1000.	**Mr. Mahbubur Rashid** Managing Director	9565026 9568599

Issue Manager:

AAA Consultants & Financial Advisers Suite # 403-404, Amin Court, 62-63 Motijheel, Dhaka-1000.	**Mr. Khwaja Arif Ahmed** Managing Director & CEO	9559602 9567726

Underwriters:

Southeast Bank Limited 1 Dilkusha C.A. (3rd floor), Dhaka- 1000.	**Mr. Muhammad Shahjahan** EVP & Company Secretary	9550086 9550081
Standard Bank limited Chamber Building (3rd floor), 122-124, Motijheel C/A, Dhaka-1000.	**A.F.M Nizamul Islam Chowdhury** Company Secretary	7161979
Fidelity Assets & Securities Co. Ltd 65, Gulshan Avenue, Gulshan-1, Dhaka-1212	**Mr. Mohammed N.S. Kabir** Managing Director & CEO	9860273 8825949
National Bank Limited 18, Dilkusha, Dhaka-1000	**Mr. Mohammad Hossain** Senior Vice President	9563081
Uttara Finance and Investment Ltd. Jiban Bima Tower (6th floor), 10, Dilkusha C/A, Dhaka-1000.	**Mr. Md. Kamrul Islam** In Charge- Merchant Banking Unit	9568207-9

Stock Exchanges:

Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C.A., Dhaka-1000	DSE Library	9564601-7 9666944-8
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080, Sk. Mujib Road, Agrabad C.A., Chittagong	CSE Library	714632-3 720871-3

Prospectus is also available on the web site (www.blilbd.com, www.secbd.org, www.aaawebbd.com www.dsebd.org, www. csebd.com) and Public Reference Room of the SEC for reading and study.

Name and Address of the Auditor

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Pinaki & Company
Chartered Accountants
Aziz Co-operative Super Market, Room No. 82 & 83, 2nd Floor,
Shahbag, Dhaka-1000.
Tel: 9660944, 9671450

TABLE OF CONTENTS

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

AAA	:	AAA Consultants & Financial Advisers
Allotment	:	Letter of allotment for shares
BB	:	Bangladesh Bank
BLIL	:	Bay Leasing & Investment Limited
BO A/C	:	Beneficial Owner account or Depository Account
Certificate	:	Share Certificate
Commission	:	Securities and Exchange Commission
Companies Act	:	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	:	Chittagong Stock Exchange Limited
DSE	:	Dhaka Stock Exchange Limited
GOB	:	The Government of People's Republic of Bangladesh
FC Account	:	Foreign Currency Account
FI	:	Financial Institution
IPO	:	Initial Public Offering
Issue	:	Public Issue
Issuer	:	Bay Leasing & Investment Limited
NAV	:	Net Asset Value of the Company
NBR	:	National Board of Revenue
NRB	:	Non Resident Bangladeshi
Offering Price	:	Price of the securities of Bay Leasing & Investment Limited being offered
Registered Office	:	Printers Building (7th floor), 5, Rajuk Avenue, Motijheel, Dhaka-1000.
RJSC	:	Registrar of Joint Stock Companies & Firms
SEC	:	Securities and Exchange Commission
Securities	:	Shares of Bay Leasing & Investment Limited
Sponsors	:	The sponsor shareholders of Bay Leasing & Investment Limited
STD Account	:	Short Term Deposit Account
Subscription	:	Application money
The Company	:	Bay Leasing & Investment Limited

DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITY IN DEMAT 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 and for this purpose the Bay Leasing & Investment Ltd. has signed an agreement with the Central Depository Bangladesh Ltd. (CDBL). 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 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

Part-A

1. The company shall go for Initial Public Offer (IPO) for 10,20,000 ordinary shares of Taka 100.00 each at an issue price of Taka 250.00 per share (including a premium of Taka 150.00 each) worth Taka 25,50,00,000.00 (taka twenty five core fifty lac) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations issued hereunder.

2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bangla and two English), within 03 (three) working days of issuance of this 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 web sites of the Commission, stock exchanges, and the issue manager within 03 (three) working days from the date of issuance of this letter which 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 e-mail, 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 **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 manger within two working days from the date of said dispatch of the prospectus & the forms.

6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition 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 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 abovementioned accounts for IPO purpose; and close these accounts after refund of over-subscription. 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 to travel to Bangladesh.

8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **07(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 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 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company 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 shall submit compliance report thereon to the Commission within 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 Applicant shall send 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 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 Limited, 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, where applicable.

13. The company and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, 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 05 (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 banker 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 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. **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 80% shall be open for subscription by the general public. In case of under-subscription under any of the 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 issue manager 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 50 shares **worth Tk.12,500/-**. 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 can not 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.

20. The primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. All IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.

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

22. The company shall issue share allotment letters to all successful applicants within **5 (five) weeks** from the date of the subscription closing date. 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 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 19 above.**

Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have mentioned in the IPO application forms, bank account numbers with the bankers to the issue and other banks as disclosed in the prospectus.
A compliance report in this regard shall be submitted to the Commission within **7(seven) weeks** from the date of closure of subscription.

23. 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.

24. 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 underwriter to take up the underwritten shares within **10 (ten) days** of the subscription closing date 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.

25. All issued shares of the issuer at the time of according this consent shall be subject to a **lock- in of 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, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a **lock-in of one year** from the date of issuance of prospectus or commercial operation, whichever comes later.

26. Either a Jumbo Share (one for each of the existing Sponsors/ Directors/ Shareholders) in respect of the shares already issued shall be issued covering together respective total holding, which shall contain the expiry date of lock-in period **or** Sponsors/Directors/ Promoters/Shareholders' shareholding shall be converted into demat form but shall be locked-in as per the condition at **para-25 above**.

27. In case of Jumbo Share Certificate issued to the existing Sponsors/ Directors/ Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the lock-in period. The name and branch of the bank shall be furnished to the Commission jointly by the issuer and the issue manager, along with a confirmation thereof from the custodian bank, within **one week** of listing of the shares with the stock exchange(s).

28. In case of dematerialization of shares held by the existing Sponsors/ Directors/ Shareholders, the copy of dematerialization confirmation report generated by CDBL and attested by the managing director of the

company along with lock-in confirmation shall be submitted to SEC within **one week** of listing of the shares with the stock exchange(s).

29. The company and the issue manager 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.

30. The company shall not declare any benefit other than cash dividend based on the financial statement for the period ended December 31, 2007.

Part -B

1. The issue manager (i.e. AAA Consultants & Financial Advisers) shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity 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 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 IPO shall not be utilized prior to listing with stock exchange 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 IPO proceeds **within 15 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 IPO 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 General Meeting under intimation to SEC and stock exchange(s).

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

9. The company shall remove the restrictive clauses regarding issuance & transfer of shares and grouping of shares from its Articles of Association.

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 right/bonus) will be issued in dematerialized form only.

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

2. The issue manager shall also ensure due compliance of all above.

GENERAL INFORMATION

AAA Consultants & Financial Advisers have prepared this Prospectus from information supplied by Bay Leasing & Investment Limited (the Company) and also several discussions with Chairman, Managing Director and related executives of the Company. The Directors of both Bay Leasing & Investment Limited, AAA Consultants & Financial Advisers collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

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 Company or AAA Consultants & Financial Advisers.

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.

A copy of this Prospectus may be obtained from the Head Office of Bay Leasing & Investment Limited, AAA Consultants & Financial Advisers, the underwriters and the Stock Exchanges where the securities will be traded.

Declaration About The Responsibility of The Directors Including CEO of "Bay Leasing & 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/- **Dr. Maswooda Ghani** Chairman	Sd/- **Mr. A.K.M. Azizur Rahman** Director	Sd/- **Mr. Zubayer Kabir** Director
Sd/- **Mrs. Fatema Zahir Majumder** Director	Sd/- **Mr. Arif Khalid Hossain** Director	Sd/- **Mrs. Hamida Hossain** Director
Sd/- **Mr. Tarik Sujat** Director	Sd/- **Mrs. Jahan Ara Begum** Director	Sd/- **Mrs. Hasnat Ara Begum** Director
Sd/- **Mr. Mahbubur Rashid** Managing Director		

Consent of Director(s) to Serve As Director(s)

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

Sd/- **Dr. Maswooda Ghani** Chairman	Sd/- **Mr. A.K.M. Azizur Rahman** Director	Sd/- **Mr. Zubayer Kabir** Director
Sd/- **Mrs. Fatema Zahir Majumder** Director	Sd/- **Mr. Arif Khalid Hossain** Director	Sd/- **Mrs. Hamida Hossain** Director
Sd/- **Mr. Tarik Sujat** Director	Sd/- **Mrs. Jahan Ara Begum** Director	Sd/- **Mrs. Hasnat Ara Begum** Director
Sd/- **Mr. Mahbubur Rashid** Managing Director		

DECLARATION ABOUT FILING OF PROSPECTUS WITH THE REGISTRAR OF JOINT STOCK

A dated and signed copy of this prospectus will be filed for registration with the Registrar of Joint Stock Companies and firms, Bangladesh, as required by Section 138(1) of the Companies Act, 1994 on or before the date of publication of the prospectus.

DECLARATION BY THE ISSUE MANAGERS ABOUT THE APPROVAL FROM SEC FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF BAY LEASING & INVESTMENT LIMITED

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/-
Khwaja Arif Ahmed
Managing Director & CEO
AAA Consultants & Financial Advisers

DECLARATION BY THE ISSUER ABOUT THE APPROVAL FROM SEC FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF BAY LEASING & INVESTMENT LIMITED.

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/-
Mr. Mahbubur Rashid
Managing Director
Bay Leasing & Investment Limited

DECLARATION BY THE ISSUER ABOUT NO OBJECTION CERTIFICATE FOR INITIAL PUBLIC OFFERING

This is to declare that Bay Leasing and Investment Limited have parri passue agreement with different lender for obtaining credit facility. However the company does not require any No Objection Certificate (NOC) for Initial Public Offering (IPO) from its lender as per agreement.

Sd/-
Mr. Mahbubur Rashid
Managing Director
Bay Leasing & Investment Limited

DUE DILIGENCE CERTIFICATE OF THE MANAGER TO THE ISSUE

SUB: PUBLIC OFFER OF 1,020,000 ORDINARY SHARES OF TK. 100.00 EACH AT AN ISSUE PRICE OF TK.250.00 EACH INCLUDING A PREMIUM OF TK.150.00 PER SHARE TOTALING TK. 255,000,000.00

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 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) 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/-
Khwaja Arif Ahmed
Managing Director & CEO
AAA Consultants & Financial Advisers

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITERS

SUB: PUBLIC OFFER OF 1,020,000 ORDINARY SHARES OF TK. 100.00 EACH AT AN ISSUE PRICE OF TK. 250.00 EACH INCLUDING A PREMIUM OF TK.150.00 PER SHARE BY BAY LEASING & INVESTMENT LIMITED.

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the abovementioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to 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 have been received by us and 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 15 (fifteen) days of calling up thereof by the issuer; and

(c) this underwriting commitment is unequivocal and irrevocable.

For Underwriters

Sd/-
Managing Director/CEO

Southeast Bank Limited
National Bank Limited
Standard Bank Limited
Fidelity Assets & Securities Co. Ltd
Uttara Finance and Investments Limited

RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISK

As with all investments, investors should be aware that there are risks associated with an investment in the Company. These risks could result in loss of income or capital investment. Investors are encouraged to seek independent financial advice.

Interest Rate Risk

The Company's financing in different sectors are generally structured at fixed and variable rates for specified terms. Increase in interest rates of borrowings could narrow or eliminate the spread, or result in a negative spread, and hence, may have a material adverse effect on the Company's business, financial condition and/or results of operations.

Although the consequences of unusual and abrupt increase in borrowing rate cannot be avoided, the company takes all the appropriate measures to minimize the negative consequences. For instance, Bay Leasing & Investment Limited currently pursues a policy under which interest rate can be revised for any unusual and abrupt change at its own discretion as and when required.

Liquidity Risk

The Company's business is funded through loans and deposits from local banks, international financial institutions and retail customers. Dependency on bank loan and lower level of retail deposit may place it in a disadvantageous position.

The management of Bay Leasing & Investment Limited is aware of the situation and it has already started diversifying sources of funds to reduce the dependency on funds like banks. Bay Leasing & Investment Limited has already introduced public deposit schemes and a full scale operation is now underway. Besides, the management of the company is prudently working upon securing credit lines from both local and foreign sources.

Industry Risk

Entry of new competitor may increase the market competition and may adversely affect the profitability of Bay Leasing & Investment Limited

Financial institution (FI) is a BLIL growing industry with annual growth rate of 30%. But FI participation is only 5% of the total credit market. There is a good potential for a well established and leading financial institutions like Bay Leasing & Investment Limited to expand increase its market share in near future in this BLIL growing industry.

Market and technology related Risk

In the global market of 21st century, developed technology obsoletes the old service/ product strategy. So the existing technology may not be efficient enough to cope up with the future trend and needs.

Bay Leasing & Investment Limited management always puts emphasis on development and implementation of appropriate technology and is committed to continue to invest in information technology as always.

Change in Regulatory Policies

Bangladesh Bank may increase the Statutory Liquidity Requirement (SLR) of NBFI, which may create fund constrain for the NBFI.

Bay Leasing & Investment Limited has substantial bank deposits as assets, which is accepted by Bangladesh Bank as SLR. As such, any change in SLR rate may not have impact upon Bay Leasing & Investment Limited

Change in Government Policy

A Financial institution's ability to operate profitably is directly related to the monetary and fiscal policy of the country at any given point in time. Imposition of restrictive monetary and/or fiscal policy by the government at any time may affect a company's profitability.

Government is perusing a policy of liberalization of the financial sector. Efficiency of the financial systems may result in reduction of overall lending rates. Low costs could help increase business volumes for financial institutions including Bay Leasing & Investment Limited

Changes in Economic & Political Condition

Changing economic conditions may affect the demand for the type of finance offered by the Company. Downturn of economic activity or uncertainty may result in a downturn in demand for loan funds for industry.

Generally, this risk applies to every financing institution in the country but they are normally mitigated by being aware of the circumstances and taking appropriate action in time. Bay Leasing & Investment Limited has always kept abreast of changing business environments and this is evidenced by its good financial performance in the past. Bay Leasing & Investment Limited's performance has been steady during periods of political turmoil and natural calamities.

Portfolio management risk

Poor quality of project appraisal, slack monitoring of outstanding debts, inadequate/ inappropriate documentation and other forms of management deficiencies may affect the quality of Bay Leasing & Investment Limited portfolio.

Under the close supervision of Bay Leasing & Investment Limited's internationally reputed shareholders, the management of Bay Leasing & Investment Limited has developed skills and ability to appraise a project efficiently, ascertain the risk factors, address them and monitor performance closely.

Asset quality risk

Additional provisioning may be required due to deterioration in asset quality that will reduce the profit as well as the dividend.

Bay Leasing & Investment Limited management recognizes this risk and has so far demonstrated its ability to maintain reserves as per Bangladesh Bank guideline and proper management of its portfolio.

Competition with Commercial Banks

Commercial Banks are leaders of the lending market. It is estimated that more than 90% market share of credit market is held by commercial banks. With the advantages of lower cost of fund, commercial banks may increase the market competition.

Commercial banks focus in providing mid-term and short term financing. Although commercial banks are currently the largest term loan providers, NBFIs play an important role in terms of advising, structuring and syndicating term loans for projects with special needs. Bay Leasing & Investment Limited has some advantages over the commercial banks in this regard, such as flexibility of the terms of its lending, quick disbursement, leasing and equity investment, and the ability to syndicate/ arrange funds from domestic sources. This strategic edge, coupled with a strong customer-oriented approach, creates demand for Bay Leasing & Investment Limited financing despite the fact that Bay Leasing & Investment Limited charges higher rates than commercial banks. Furthermore, even in comparison with NBFIs, Bay Leasing & Investment Limited's financial products are competitive.

Change in Fiscal Policy

The Company's leasing activities generate significant depreciation allowances that provide the Company with substantial tax benefits on an ongoing basis. In addition, the Company's lessees currently enjoy favorable tax treatment due to entitlement of depreciation. Any change of current tax laws may make lease financing less attractive and would have a material impact on the Company's business, financial condition and/or results of operations.

We have been putting our best efforts to manage our tax and accounting matters professionally. Unless a material change takes place in the fiscal policy, which would affect the leasing industry as a whole, we are prepared to address the issues that may have a significant impact on the Company's business, financial condition and/or results of operations

USE OF PROCEEDS

The public issue is the compliance of statutory requirement of the Company. The proceeds will strengthen the capital base and liquidity of the Company. Besides it will augment business expansion. As such the proceeds of the present issue of 1,020,000 ordinary shares of Tk.100.00 each at an issue price of Tk.250.00 each (including a premium of Tk. 150.00 per share) amounting to Tk.255,000,000.00 would be utilized in the normal business operations such as investment, leasing, lending, refinancing of the Company. As such the fund thus raised through this public issue would be generally used for investment and creation of assets.

DESCRIPTION OF BUSINESS

Company at a glance

Bay Leasing & Investment Limited a public Limited Company was incorporated in Bangladesh on 7th February 1996 under the Companies Act 1994 and Bangladesh Bank has granted License to the Company on 25-05-1996 to function as a Non-Banking Financial Institute under the Financial Institution Act 1993 and the Financial Institutional Regulation of 1994. The Company also registered itself as a Merchant Bank with the Securities & Exchange Commission on June 25, 1998.

Nature of Business

The Company extends lease financing as its core business for all types of machinery and equipment including vehicles for industrial, commercial and private purpose. It has also expanded its activities into term financing, housing finance and merchant banking operations.

(1) The principal products or services of the company and the markets for such products or services

Bay Leasing & Investment Limited offers both fund based and fee based services / products all over the country, which includes the followings:

Fund Based Services

- Lease Finance
- Term Loan Finance
- Housing Finance
- Industrial Finance
- Trading of Securities

Fee Based Services

- Underwriting of Securities
- Merchant Banking Activities

(2) Products/ Services Contributing More than 10% to Revenue:

Revenue incomes from the main products/services for the period ended December 31, 2007, 2006 and 2005 are as follows:

Description	Dec' 2007	%	Dec' 2006	%	Dec' 2005	%
Income from Lease Finance & Term Finance	305,046,325	73.00	274,859,354	93.00	310,976,268	87.87

(3) Associates, Subsidiary/Related Holding Company

The Company has no associates or subsidiary. However, BLIL has equity investment in different Limited Company which is already disclosed in the note 22 of Audited Accounts.

(4) Distribution of Products/Services:

The products/services of the Company are distributed /rendered from the Registered Office at Printers Building (7^{th} floor), 5,Rajuk Avenue, Dhaka-1000 of the Company throughout the country.

(5) Competitive Conditions in the Business:

The Financial Sector comprises of large number of Financial Institutions (29 nos. now). All the Non-Banking Financial Institutions (NBFI) and banks having leasing windows are competitors. Despite of this stiff competition, the private sector FIs are also earning significantly. Among the 29 financial institutions operating in Bangladesh, major competitors other than banks are as under:

- IDLC of Bangladesh Limited.
- IPDC of Bangladesh Limited.
- United Leasing Company Limited
- Uttara Finance & Investment Limited
- International Leasing & Finance Limited
- Prime Finance & Investment Ltd

(6) Sources and availability of raw materials and the names of the principal suppliers:

Raw material for a Non-Banking Financial Institution is fund which is mainly mobilized/ procured from equity capital, term deposits and interest on loans.

(7) Sources of, and requirement for, power, gas & water:

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

(8) Names of the Customers providing 10% or more revenues:

Company’s customers do not include any one providing 10% or more of revenues.

(9) Contract with Principal Suppliers/Customers:

The Company always enters into contracts with all the customers of the Company as normal course of business.

(10) Material Patents, Trade Marks, Licenses or Royalty Agreements:

The Company has not entered into any such Agreements.

(11) Employees’ Position (as on 31.12.2007)

Number of Employees earning above Tk.36,000 per annum is 14.

DESCRIPTION OF PROPERTY

1. The Company's main business is being conducted through its Registered Office at Printers Building (7th floor), 5, Rajuk Avenue, Dhaka-1000 on its rented. However, the Company owns the following fixed assets at written down value as given below:

(As per Audited Accounts in Taka)

Particulars	As at 31 Dec, 2007	As at 31 Dec, 2006	As at 31 Dec, 2005
Land & Building	181,540,913	*158,868,500	73,600,000
Furniture and Fixtures	1,284,383	1,540,805	1,706,918
Office Equipment	1,568,780	1,109,362	1,305,132
Office Decoration	866,216	1,059,208	1,324,010
Motor vehicles	3.352,120	4,067,546	2,625,795
Electrical Goods	67,719	84,639	105,799
Total	**188,680,131**	**166,730,060**	**80,667,654**

* Land and building were revalued in the year 2006

2. The Company itself owns the entire fixed assets.
3. There is no mortgage or lien on the property.
4. The properties are purchased in brand new condition.

PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

The Company started Lease Financing operation after obtaining license from Bangladesh Bank on May 25, 1996 and completed its annual Accounts up to 31 December 2007.

(1) Internal & external Sources of Cash:

(As per Audited Accounts amount in Taka)

	31-12-2007	31-12-2006	31-12-2005	31-12-2004
Internal Sources of Cash:				
Paid-up Capital	102,000,000	102,000,000	102,000,000	40,000,000
Share Money Deposit	-	3,000,000	3,000,000	50,000,000
Bonus Share	-	-	-	12,000,000
Statutory Reserve	65,931,000	50,162,514	41,616,514	28,835,714
General Reserve	150,000,000	120,000,000	114,063,300	33,300,000
Assets revaluation reserve	43,344,900	43,344,900	-	-
Retained Earnings	16,426,392	8,853,538	1,005,847	40,082,903
Total	**377,702,292**	**327,360,952**	**261,685,661**	**204,218,617**
External Sources of Cash:				
Long Term Loan	955,723,325	988,221,786	689,964,814	310,660,330
Term Deposit and promissory notes	1,104,114,339	593,532,235	669,669,656	297,040,000
Lease Advance	5,348,051	7,995,344	9,133,730	11,275,382
Total	**2,165,185,715**	**1,589,749,365**	**1,368,768,200**	**618,975,712**
Grand Total	**2,542,888,007**	**1,917,110,317**	**1,630,453,861**	**823,194,329**

(2) Commitment for Capital Expenditure:

The Company has not entered into any such Agreements.

(3) Causes for material changes in Income, Expenses & Net-Income:

The Company started Lease Financing operation after obtaining license from Bangladesh Bank on May 25, 1996, the Gross Income, Expenses and Net Income of the Company have continued to change (increase) due to business promotion efforts of the Directors and Management Staff supported by the general economic growth of the country, including production of bumper crops, increase in exports/imports, increased public expenditures, increased investment in trade and industry and human resource development.

Income

A comparative income position of the Company for the period ended 31st December 2007, 2006, 2005, & 2004 are as follows:

Operating Revenue

(As per Audited Accounts amount in Taka)

Description	31-12-2007	31-12-2006	31-12-2005	31-12-2004
Income from Lease Finance & Term Finance	305,046,325	274,859,354	310,976,268	221,588,769
Other operational income	-	-	4,066,828	1,913,507
Dividend income	20,807,147	2,443,892	2,298,591	7,921,846
Gain on sale of investment in shares	90,474,671	17,286,101	36,536,738	70,321,417
Total Operational Revenue	**416,328,143**	**294,589,347**	**353,878,425**	**301,745,539**

Operating Expenses

A comparative operating expense position of the Company for the period ended 31st December 2007, 2006, 2005 & 2004 is as follows:

(As per Audited Accounts amounts in Taka)

Description	31-12-2007	31-12-2006	31-12-2005	31-12-2004
Depreciation on Leased Assets	-	-	129,595,432	117,735,191
Financial Expenses	293,925,530	239,720,366	148,438,724	87,183,598
General and Administrative Expenses	12,394,307	10,018,660	10,142,110	10,172,619
Provision for Doubtful Leases and diminution in value of investment in shares	31,893,000	3,036,000	2,065,000	2,127,211
Total Operational Expenses	**338,212,837**	**252,775,026**	**290,241,266**	**217,218,619**
Income from operation	**78,115,306**	**41,814,321**	**63,637,159**	**84,526,920**
Profit on Merchant Banking Operation	**726,034**	**916,070**	**266,585**	**174,000**
Profit before Taxation	**78,841,340**	**42,730,391**	**63,903,744**	**84,700,920**
Provision for Tax	**-**	**-**	**-**	**8,541,668**
Profit after Taxation	**78,841,340**	**42,730,391**	**63,903,744**	**76,159,252**

(4) Seasonal Aspects:

In general there is no seasonal impact on the business of the Company.

(5) Known Trends, Events or Uncertainties:

Political unrest, hartal, govt. monetary policy, flood and other natural calamities are the known events in our country that may affect the business of the Company.

(6) Changes in Assets of the company used to pay Off Liabilities:

No asset of the Company has been used to pay off any liabilities.

(7) Loans taken from or given to its holding /parent company or subsidiary company:

The Company has not taken from or given any loan to its holding /parent company or subsidiary company.

(8) Future Contractual Liabilities:

The Company has not as on 31 December 2007, entered into any future material contractual liability.

(9) Future capital expenditure:

The Company has planned for following capital expenditure during the period 2008:

Items of Capital Expenditure	Estimated Amount(BDT)
Computer	400,000.00
Office Equipment	150,000.00
Furniture & Decoration	300,000.00
Advance Rent	400,000.00
Total	**1,250,000.00**

(10) VAT, Income Tax, Customs Duty or other Tax Liability:

(i) **VAT**: The Company does not have any VAT outstanding till 31st December 2007.

(ii) **Income Tax**: Considering the allowable expenses as per Income Tax Law, no provision for Income Tax has been made for the year 2007 including deferred tax. Assessments have been done up to the assessment years 2006-2007. Assessment of 2007-2008 is under process of completion.

(iii) There are no dues outstanding on account of Custom Duty or Other tax liabilities.

(11) Operating Lease during last 5 years:

The Company has established its Head Office on leased accommodation as follows:

Name of the Branch/ Address of Premises	Area	Rent per sft	Effective date of Lease	Lease Tenure date
Printers Building (7th Floor) 5 Rajuk Avenue, Motijheel, Dhaka-1000	5300 sft	Tk.23/-	01.07.2007	3 years

The Company will liquidate the operating lease from the revenue of normal courses of business.

(12) Financial Lease Commitments during last five years:

The outstanding against lease rent as on 31st December 2007 is BDT NIL.

(13) Personnel Related Scheme:

For human resource development the Company undertakes various training schemes. It also has a well-designed compensation packages for attracting highly capable professional with high degree of integrity. This includes salary and allowances, bonus, leave encashment, gratuity, provident fund (yet to register with NBR).

(14) Break down of expenses for issue manager and underwriters:

a) Issue Management Fee of IPO amount Tk. 1,000,000.00

b) Underwriting commission at the maximum rate of 0.20% is underwritten on the amount of Tk. 127,500,000.00 (50% of the IPO) being Tk. 2,55,000.00. No additional commission will be paid on the amount of shares required to be subscribed by the underwriter if any.

IPO EXPENSES

Detail of estimated Public Issue expenses is shown below:

(Amount in Tk.)

Particulars	Rates	Total Cost
SEC Fees :		
Application fee		10,000
Consent fee	0.15% on total IPO	382,500
Sub Total		**392,500**
CDBL Fees :		
Documentation fee		2,500
Annual fee	Paid up capital over Tk.200.00 mill.	100,000
IPO fee	0.00025 on total IPO	63,750
Sub Total		**166,250**
Listing Fees :		
Dhaka Stock Exchange :		
Annual subscription	Paid up capital up to Tk.1000.00 mill.	100,000
Documentation fee	lump sum	5,000
Initial listing fee	0.25% on 100 mil+0.15% on 104.00 mill. (i.e; total paid up of 100+104)	406,000
Chittagong Stock Exchange :		
Annual subscription		100,000
Initial listing fee	(calculation as above)	406,000
Sub Total		**1,017,000**
Commission		
Underwriting Commission	0.20% on IPO (i.e; Tk.255.00 mill.) but underwriting required 50% on IPO i.e; Tk.127.50 mill.	255,000
Banker to the Issue Commission	0.10% on collection amount, say 5 times i.e; on Tk. 1,275 mill. (assumed)	1,275,000
Sub Total		**1,530,000**
Issue Management fee		1,000,000
Printing, Publication & Others :		
Publication of Prospectus	In four national dailies	400,000
Printing of Prospectus	4,000 pcs X Tk.40.00 per copy	160,000
Printing of Application Forms	100,000 pcs X Tk.0.50 per copy	50,000
Printing of refund warrants and A/L	Approximately 400,000 pcs at Tk.0.75	300,000
Sub Total		**2,185,000**
Post Issue Expenses		
Data collection, data entry, processing & other related jobs	On the basis of 5 times applications i.e; 102,000 at Tk.6.50 per application	663,000
Lottery fees to BUET	lump sum	209,000
Sub Total		**1,122,000**

(15) Revaluation of Company's Assets & Summary thereof:

No revaluation has been made to the assets and liabilities of the company in the year 2007. In the year 2006 a revaluation of acquired land has been made by one Licensed Certified Surveyor M/s. G. K. Adjusters Ltd. of 66 Dilkusha Commercial Area, Dhaka which valued the cost of land at 20: 00 lakh per Bigha for 38.78 Bighas and Building TK. 9,000/- per sft for about 7805 sft. This valuation has been made with a corresponding entry of TK. 43,344,900/- under asset revaluation account.

Location of the land:

The land is located within Dist: Mymensingh, P. S. and Sub-registry office: Bhaluka, Mouza: Zamirdia. It is a developing industrial area bounded by Dhaka – Mymensingh highway on the east. The total area of land is 1280.00 decimal equivalent to 38.78 Bigha (1 Bigha=33.00 decimal)

Location of the Building/ Commercial office space:

Commercial office space, an aggregate floor space, measuring 7, 805 sft. Comprising of east part of 17th floor [Level- 18] and 02- car parking space in the Lower Basement floor of 'EUNOOS TRADE CENTRE' alongwith proportionate undivided and undemarcated proportionate share of land measuring about 0. 45 Katha, EUNOOS TRADE CENTRE a 23- storied commercial building constructed over the plot, located at 52- 53, Dilkusha Commercial Area, Dhaka- 1000, The total area of land in the plot measuring about 1 bigha 02 Katha 15 chattak 38 sft. Equivalent to 22.99 katha. Each floor of the building along with undivided and un-demarcated proportionate share of land.

Comparison between Historical Value and Revised Value after Revaluation

(A) Historical Value of Land & Building

Particulars	Unit	Qty	Rate	Value	Discount for Forced Sale Value	Net Value
land	Bigha	38.78	1,897,885.51	73,600,000		73,600,000
Floor space	Sft	7805.00	4762.02	37,167,600		37,167,600
Development cost						4,756,000
Total (as of 31 December 2006)						
Depreciation charged during the year 2006				Nil		
Written Down Value (Before revaluation adjustment)						**115,523,600**

(B) Revised Value of Land & Building (After Revaluation)

Particulars	Unit	Qty	Rate(BDT)	Value	Discount for Forced Sale Value	Net Value
land	Bigha	38.78	2000,000.00	77,560,000	Nil	77,560,000
Floor space	sft	7805.00	9,000	7,02,45,000	Nil	70,245,000
Addition						11,063,500
Total						158,868,500
Revaluation Reserve (B-A)						**43,344,900**

(16) Transaction between Holding/ Subsidiary/ Associate Company and the Issuer:

Bay Leasing & Investment Limited has no subsidiary company. Hence no transaction has taken place.

DECLARATION FOR A NON BANKING FINANCIAL INSTITUTE

We hereby declare that all requirements in the Financial Institutions Act, 1993 (Act No. 27 of the 1993) under the Financial Institutions Regulation, 1994 as amended have been adhered to.

Sd/- **Dr. Maswooda Ghani** Chairman	Sd/- **Mr. A.K.M. Azizur Rahman** Director	Sd/- **Mr. Zubayer Kabir** Director
Sd/- **Mrs. Fatema Zahir Majumder** Director	Sd/- **Mr. Arif Khalid Hossain** Director	Sd/- **Mrs. Hamida Hossain** Director
Sd/- **Mr. Tarik Sujat** Director	Sd/- **Mrs. Jahan Ara Begum** Director	Sd/- **Mrs. Hasnat Ara Begum** Director
Sd/- **Mr. Mahbubur Rashid** Managing Director		

AUDITOR'S CERTIFICATE ABOUT ISSUANCE OF SHARES OTHER THAN FOR CASH

This is to certify that the capital structure of Bay Leasing & Investment Limited, Printers Building (7th floor), 5, Rajuk Avenue, Motijheel, Dhaka-1000, Bangladesh as on December 31, 2007 is as follows-

Description	Number of Shares	Amount (Tk.)
Subscription as per the Memorandum & Articles of Association at the time of Incorporation	250000	25,000,000.00
Ordinary shares Issued on 09.12.2000	150000	15,000,000.00
Bonus Shares Issued (15% for the year 2003) on 28.06.2005	60000	6,000,000.00
Ordinary shares Issued on 28.06.2005	500000	50,000,000.00
Bonus Shares Issued (15% for the year 2004) on 22.08.2005	60000	6,000,000.00
Total	**1020000**	**102,000,000.00**

We also certify that Bay Leasing & Investment Limited has not allotted any shares for any consideration otherwise than for cash to any shareholder including the promoters or sponsors within December 31, 2007.

Sd/-
(Pinaki & Company)
CHARTERED ACCOUNTANTS

Dated: March 23, 08

DECLARATION REGARDING SUPPRESSION OF MATERIAL INFORMATION

This is to declare that to the best of our knowledge and belief no information, facts, circumstances that are disclosable have been suppressed that can change the terms and conditions under which the offer has been made to the Public.

Sd/
Mr. Mahbubur Rashid
Managing Director
Bay Leasing & Investment Limited

DIRECTORS AND OFFICERS

Name of Directors	Age	Qualification	Position	Date of becoming first Director	Date of expiration of current term
Dr. Maswooda Ghani	60	MBBS	Chairman	14.09.2005	05.05.2010
Mr. A K M Azizur Rahman	50	BA	Director	25.10.1996	15.04.2011
Mr. Zubayer Kabir	38	BBA	Director	14.09.2005	05.05.2010
Mrs. Fatema Zahir Majumder	49	BSC	Director	25.10.1996	05.05.2010
Mr. Arif Khalid Hossain	45	M.Com	Director	20.01.2002	17.05.2009
Mrs. Hamida Hossain	56	MA	Director	25.10.1996	17.05.2009
Mr. Tarik Sujat	43	MSS	Director	20.12.2001	15.04.2011
Mrs. Jahan Ara Begum	47	MA	Director	21.06.2007	15.04.2011
Mrs. Hasnat Ara Begum	47	MSS	Director	21.06.2007	17.05.2009

Involvement with Other Organizations

Sl. No.	Name of Directors	Position	Directorship/Sponsorship/Ownership with other Companies
01.	Dr. Maswooda Ghani	Chairman	-
02.	Mr. A K M Azizur Rahman	Director	Link Way International Ltd. Impala Textile Ltd.
03.	Mr. Zubayer Kabir	Director	EXIM Bank Limited Erebus Properties Ltd.
04.	Mrs. Fatema Zahir Majumder	Director	N/A
05.	Mr. Arif Khalid Hossain	Director	N/A
06.	Mrs. Hamida Hossain	Director	N/A
07.	Mr. Tarik Sujat	Director	Journeyman Journeyman Riddhi Consortium Colors of Bangladesh Daily Bhorer Kagoj One Stop Print Shop
08.	Mrs. Jahan Ara Begum	Director	N/A
09.	Mrs. Hasnat Ara Begum	Director	N/A

Family Relationship between Directors and Top five Officers

There is no family relationship between the Directors and top five Officers.

Family Relationship among the Directors

Name of the Directors	Status	Relationship
Mrs. Jahan Ara Begum	Director	Sister of Hasnat ara Begum
Mrs. Hasnat Ara Begum	Director	Sister of Jahan Ara Begum
Mr. Tarik Sujat	Director	Brother of Arif Khalid Hossain
Mr. Arif Khalid Hossain	Director	Brother of Tarik Sujat

SHORT BIO – DATA OF THE DIRECTOR'S

Dr. Maswooda Ghani, Chairman

Dr. Maswooda Ghani is the Chairman of the Board of Directors of the Company. She obtained the Bachelor of Medicine and Bachelor of Surgery (MBBS) degree from Dhaka Medical College in 1973. After passing MBBS she joined Dhaka Medical College. She worked in Saudi Arabia for three years. In 1981 she joined Cantonment General Hospital and retired as Chief Medical Officer in June 2007.

Mr. A K M Azizur Rahman

Mr. A K M Azizur Rahman, one of the Directors of the Company, obtained B. A degree and joined as Sponsor Director of the Company. He is the Managing Director of Impala Textiles Limited and Link Way International Limited.

Mr. Zubayer Kabir

Mr. Zubayer Kabir, one of Directors of the Company, obtained B. B. A degree. He is also Director of Export Import Bank of Bangladesh Limited (EXIM Bank) and Managing Director of Erebus Properties Limited.

Mr. Tarik Sujat

Mr. Tarik Sujat, one of the Directors of the Company, obtained Master of Social Science (MSS) from Dhaka University. He is the CEO of Journeyman (Interior & Graphic Design) and Colors of Bangladesh, Managing Director of I-Infomedia Limited, Ambient Media BD Limited and Hamrai Press Holdings Limited, Managing Partner of Journeyman Riddhi Consortium and One Stop Printshop. He is also Director of Daily Bhorer Kagoj and Country Chief of Fnl Dhaka, an International Fashion & Lifestyle Newzine. He is also renowned in his business field.

Mr. Arif Khalid Hossain

Mr. Arif Khalid Hossain, one of Directors of the Company, obtained Bachelor of Commerce degree under Dhaka University. He completed his Chartered Accountancy course from Rahman Rahman Huq, Chartered Accountants.

Mrs. Hamida Hossain

Mrs. Hamida Hossain, one of Directors of the Company, obtained Master of Social Science (MSS) in 1983. She obtained Diploma in Secretarial Science in 1979 and stood first class. She also obtained B.ED degree in 1988 and stood first class. She was a school teacher for 14 years. She also worked in Asia Pacific University.

Mrs. Fatema Zahir Majumder

Mrs. Fatema Zahir Majumder, one of Directors of the Company, obtained Bachelor of Science degree.

Mrs. Hasnat Ara Begum

Mrs. Hasnat Ara Begum, one of Directors of the Company, obtained Master of Social Science (MSS) in Home Economics from University of Dhaka.

Mrs. Jahan Ara Begum

Mrs. Jahan Ara Begum, one of Directors of the Company, obtained Master of Arts (MA) in Political Science from University of Dhaka. Her present occupation is teaching.

CIB Status:

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 a loan defaulter in terms of the CIB Report of the Bangladesh Bank.

Description Of Top Executives And Officers:

Name	Position	Educational Qualification	Date of joining	Last five years experience
Mahbubur Rashid	Managing Director	B.Com (Hons)	21.11.2004	Southeast Bank Ltd. 9 Years
Md. Musfiqur Rahman	Senior Assistant Vice President & Company Secretary	MBA (Finance)	01.11.2000	Bay Leasing & Investment Ltd. 6 years
Md. Lutfur Rahman	Senior Assistant Vice President	MBA (Marketing)	03.01.2002	Bay Leasing & Investment Ltd 5 Years
Tapan Kumar Joadder	Senior Assistant Vice President	MBA (Finance)	03.09.2003	Penguin Engineering Ltd. 9 years
Maniruz Zaman Khan	Assistant Vice President	M.Com (Accounting)	13.05.1996	Bay Leasing & Investment Ltd 11 Years

Involvement of Officers And Directors In Certain Legal Proceedings

No Officer or Director of the bank was involved in any of the following types of legal proceedings in the past ten years:

1) Any bankruptcy petition filed by or against any company of which any Officer or Director or Nominee of the company filling the prospectus was a Director, Officer or general partner at the time of the bankruptcy or within two years prior to that time;
2) Any conviction of an Officer, Director or Nominee in the criminal proceedings or any criminal proceedings pending against him;
3) Any order judgment or decree of any Court of competent jurisdiction against Officer, Director or Nominee permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any Officer or Director or Nominee in any type of business, securities or banking activities.
4) 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 Officer or Director or Nominee in any type of business securities or banking activities.

CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

Loan to Directors:

The financial institute entered into following transactions with the Directors:

Name of the Client	Nature of Transaction	Relationship with the Director	Amount Outstanding as on 31.12.2007	Amount Outstanding as on 31.12.2006
Mrs. Tahera Kabir	Lease	W/o Mr. Zubayer Kabir	418,419.00	612,072.00
Erebus Properties Ltd.	Loan	Managing Director Mr. Zubayer Kabir	456,613.00	518,455.00
Mrs. Shamima Rahman	Lease	W/o Mr. A K M Azizur Rahman	181,878.00	508,795.00
Mrs. Shamima Rahman	Loan	W/o Mr. A K M Azizur Rahman	3,830,017.00	6,390,702.00
Mrs. Shamima Rahman	Loan	W/o Mr. A K M Azizur Rahman	8,808,709.00	9,582,918.00

Apart from the above information, the Bank has not entered into any transaction or any proposed transaction during the last two years with any of the following persons, namely:

(a) Any Director or Executive officer of the company.
(b) Any director or officer.
(c) Any person owning 5% or more of the outstanding share capital of the company.
(d) Any member of the immediate family (including spouse, parents, brother, sister, children and in laws) of any of the above person.
(e) Any transaction or arrangement entered into by the company for a person who is currently a director or in any way connected with a director of either the company or who was a director or connected in any way with a director at any time during the last three years prior to the publication of the prospectus.
(f) The Company has not given or taken any loan from or to any Director or any other person connected with the Director.

Directors holding any position apart from the company
The information is already included in directors and officers part of the prospectus.

Directors' Facilities during Prospectus Publication
Facilities whether pecuniary or non-pecuniary enjoyed by the Directors will remain unchanged during the publication period of the Prospectus. Interest and facility is already disclosed in Executive Compensation of the Prospectus.

Executive Compensation

A. Remuneration paid to top five Executives in the last accounting year

(Amount in Taka)

Name	Designation	Jan to Dec 2007
Mahbubur Rashid	Managing Director	1,560,000
Md. Musfiqur Rahman	Senior Assistant Vice President & Company Secretary	554,800
Md. Lutfur Rahman	Senior Assistant Vice President	689,000
Tapan Joadder	Senior Assistant Vice President	520,800
M Maniruz Zaman Khan	Assistant Vice President	421,700

B. Aggregate Amount of Remuneration paid to Directors & Officers

(Amount in Taka)

Name	Jan to Dec 2007	Jan to Dec 2006
Directors Fees & Others	133,000	1,32,500
Chief Executive's Salary & fees	1,560,000	10,13,333
Salaries & Allowances	7,122,646	5,644,086

- No remuneration was paid to any director who was not officer during the last fiscal year.
- There is no contract with any director, officer for future compensation.

Pay Increase Intention

Besides normal increment, the system of allowing additional increment to exceptionally deserving persons are also prevailing.

OPTIONS GRANTED TO OFFICERS, DIRECTORS AND EMPLOYEES

The Company has not offered any option for issue of shares to any of the officers, directors and employees or to any outsiders.

TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

a) The Company did not receive anything from the Directors and subscribers to the memorandum during the last five years except share capital

The Directors and subscribers to the Memorandum did not receive anything of value from the Company during the last 5 years except dividend and meeting attendance fees.

b) The Company did not acquire any assets from the Directors or the subscribers to the memorandum.

Net Tangible ASSETS PER SHARE

We have examined the calculation of Net Tangible Asset backing per unit of the Company as of December 31, 2007 which has been prepared by the management of **Bay Leasing & Investment Ltd.** The preparation of the following calculation of Net Tangible Asset backing per unit is the responsibility of the company's Management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of Audited Financial Statements for the year ended December 31, 2007.

Based on our review, we certify that the company has properly prepared the calculation of Net Tangible Asset backing per unit using acceptable principles on the basis of Audited Financial Statements for the year December 31, 2007

Particulars	**31-12-2007**
Non Current Assets & Investment	2,306,490,980
Current Assets	950,208,471
Property, Plant and Equipments	188,680,131
Total Tangible Assets	**3,445,379,582**
Current Liabilities	902,491,575
Non Current Liabilities	2,165,185,715
Total Liabilities	**3,067,677,290**
Net Tangible Assets	**377,702,292**
Number of Paid -up Shares	1,020,000
Net Tangible Assets per share	**370.30**
Face Value per share	100.00

Dated: March 23, 2008

Sd/-
Pinaki & Company
CHARTERED ACCOUNTANTS.

OWNERSHIP OF THE COMPANY'S SECURITIES

SHAREHOLDERS SHAREHOLDING 5% OR MORE SHARES

Sl No.	Name	Address	Nos. of Shares	Amount of Shares	Percentage
1.	Dr. Maswooda Ghani	House #73/A, Road #6, DOHS Banani, Dhaka-1206.	150,000	15,000,000	14.71
2.	Mr. Tarik Sujat	11/2 Ring Road, Shyamoli, Dhaka.	56,500	5,650,000	5.54
3.	Mrs. Jahan Ara Begum	House No.338, Elephant Road Dhaka	51,500	5,150,000	5.05
4.	Mr. Alamgir Kabir	226 Dilu Road, New Eskaton, Dhaka.	75,000	7,500,000	7.35
5.	Mr. Abdul Matlub Ahmad	House#02, Road#11, Baridhara, Dhaka	97,500	9,750,000	9.56
6.	Mr. Nasim Ali Khan	6 North Mughdapara, Bashaboo, Dhaka.	84,500	8,450,000	8.28
7.	Mr. Ashraful Reza	House#50, Road#01, Senpara, Rangpur	84,500	8,450,000	8.28
8.	Mr. Murad Hossain	488-B, Dhania, Dhaka	84,500	8,450,000	8.28

Paid-Up capital as on 31st December 2007

Sl No.	Name	Position	Nos. of Shares	Amount of Shares in Tk.	%
1.	Dr. Maswooda Ghani	Chairman	1,50,000	1,50,00,000	14.71%
2.	Mr. A. K. M. Azizur Rahman	Director	15,600	15,60,000	1.53%
3.	Mr. Zubayer Kabir	Director	50,000	50,00,000	4.90%
4.	Mrs. Fatema Zahir Majumder	Director	26,000	26,00,000	2.55%
5.	Mr. Arif Khalid Hossain	Director	14,000	14,00,000	1.37%
6.	Mrs. Hamida Hossain	Director	13,000	13,00,000	1.27%
7.	Mr. Tarik Sujat	Director	56,500	56,50,000	5.54%
8.	Mrs. Jahan Ara Begum	Director	51,500	51,50,000	5.05%
9.	Mrs. Hasnat Ara Begum	Director	20000	2,000,000	1.96%
10.	Mr. Alamgir Kabir	Shareholder	75,000	7,500,000	7.35%
11.	Mr. Abdul Matlub Ahmad	Shareholder	97,500	9,750,000	9.56%
12.	Mr. Tusar L K Mia	Shareholder	35,000	3,500,000	3.43%
13.	Ms. Farhana Kabir	Shareholder	27,000	2,700,000	2.65%
14.	Mrs. Quamrunnessa Ratna	Shareholder	26,000	26,00,000	2.55%
15.	Mr. Shabbir Kabir	Shareholder	31,000	3,100,000	3.04%
16.	Mr. Raiyan Kabir	Shareholder	38,400	3,840,000	3.76%
17.	Mrs. Tahera Kabir	Shareholder	10,000	1,000,000	0.98%
18.	Mr. Minhaz Mannan Emon	Shareholder	12,000	1,200,000	1.18%
19.	Mr. Mofizur Rahman	Shareholder	18,000	1,800,000	1.76%
20.	Mr. Nasim Ali Khan	Shareholder	84,500	8,450,000	8.28%
21.	Mr. Ashraful Reza	Shareholder	84,500	8,450,000	8.28%
22.	Mr. Md. Murad Hossain	Shareholder	84,500	8,450,000	8.28%
	Total		**10,20,000**	**102,000,000**	**100%**

- No share is held by top ten officers of the company.

DETERMINATION OF OFFERING PRICE

The offering price of ordinary share of Bay Leasing & Investment Limited has been determined by the management by assessing the book value per share as of December 31, 2007 based on the financial statements for the year ended December 31, 2007. The Calculation is as follows:

Shareholders' Equity	**31-12-2007**
Share Capital	102,000,000
Statutory Reserve	65,931,000
General Reserve	150,000,000
Asset Revaluation Reserve	43,344,900
Retained Earnings	16,426,392
Total Shareholders Equity	**377,702,292**
No. of Shares of Taka 100.00 each	**1,020,000**
Book Value per share of Take 100.00 each	**370.30**

Dated: March 23, 2008

Sd/-
Pinaki & Company
CHARTERED ACCOUNTANTS.

Net Asset Value per Share of Tk.100.00 each is Tk.370.30 that is higher than that of the offering price of Tk.250.00 each. So the premium of Tk.150.00 per share appears to be justified.

MARKET FOR THE SECURITIES BEING OFFERED

The issuer shall apply to **all** the stock exchanges in Bangladesh within seven working days from the date of consent accorded by the Commission to issue prospectus.

Dhaka Stock Exchange Limited (DSE)
9/F, Motijheel C/A, Dhaka-1000

And

Chittagong Stock Exchange Limited (CSE)
CSE Building, 1080 Sk. Mujib Road,
Agrabad C/A, Chittagong.

"Declaration about Listing of Shares with the Stock Exchange(s):

None of the stock exchange(s), if for any reason, grants listing within 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 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company 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 shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the share of the company.

Description Of Security Outstanding Or Being Offered

Particular	Premium in Taka	Capital in Taka
Authorized Capital 5,000,000 Shares @ Taka 100.00 per share	-	500,000,000
Issued & Fully Paid up Capital 1,020,000 ordinary Shares @ Taka 100.00 per share	-	102,000,000
IPO 1,020,000 ordinary Shares of Tk. 100.00 each at an issue price of Taka 250.00 each including a premium of Tk.150.00 per share	153,000,000	102,000,000
After IPO Total Paid up capital	**153,000,000**	**204,000,000**

Dividend, Voting and Preemption Right

The paid-up 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. Shareholders shall have the usual voting right in person or by proxy or power of attorney in connection with, among others, selection of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra Ordinary. On a show of hand 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 through right share for raising further capital the existing shareholders shall be entitled in terms of the guidelines issued by the SEC from time to time.

Conversion & Liquidation Right

If the company at any time issues convertible preference shares or Debenture with the consent of SEC or /and other regularity authority, such holders of Securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company.

Subject to 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 mental health.

Dividend Policy

a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association 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.

b) No larger dividend shall be declared than is recommended by the Directors, but the Company in 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.

c) 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.

d) 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.

e) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.

f) Proposed dividend amounting Tk. 25,500,000 for the year 2007 has been approved in the 12th Annual General Meeting (AGM) of the company dated April 15, 2008. This subsequently has been paid to the existing shareholders.

Other Rights of Stock Holders

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. The Directors shall present the financial statements as required under the Law and International Accounting standards. Financial Statements will be prepared in accordance with International Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the Financial and operational position of the Company.

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 shareholders holding not less 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

Bay Leasing & Investment Limited has not issued any debt securities and has no plan to issue within next 6(six) months.

LOCK-IN ON SPONSOR'S CAPITAL

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock- in period of 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 hae subscribed to the shares of the Company within immediately preceeding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

Sl No.	Name	Position	Nos. of Shares	Amount of Shares in TK.	Percentage %
1.	Dr. Maswooda Ghani	Chairman	150,000	15,000,000	14.71 %
2.	Mr. A. K. M. Azizur Rahman	Director	15,600	15,60,000	1.53 %
3.	Mr. Zubayer Kabir	Director	50,000	50,00,000	4.90 %
4.	Mrs. Fatema Zahir Majumder	Director	26,000	26,00,000	2.55 %
5.	Mr. Arif Khalid Hossain	Director	14,000	14,00,000	1.37 %
6.	Mrs. Hasnat Ara Begum	Director	20,000	2,000,000	1.96 %
7.	Mrs. Hamida Hossain	Director	13,000	13,00,000	1.27 %
8.	Mr. Tarik Sujat	Director	56,500	56,50,000	5.54 %
9.	Mrs. Jahan Ara Begum	Director	51,500	51,50,000	5.05 %
10.	Mr. Alamgir Kabir	Sponsor Shareholder	75,000	7,500,000	7.35 %
11.	Mr. Abdul Matlub Ahmad	Sponsor Shareholder	97,500	9,750,000	9.56 %
12.	Mr. Nasim Ali Khan	Sponsor Shareholder	84,500	8,450,000	8.28 %
13.	Mr. Ashraful Reza	Sponsor Shareholder	84,500	8,450,000	8.28 %
14.	Mr. Murad Hossain	Sponsor Shareholder	84,500	8,450,000	8.28 %

As per condition of the 2CC of the consent letter above shares will be locked-in from **30/09/2008** to **29/09/2011**.

AVAILABILITY OF SECURITIES

a)	10% of the Issue i.e. 102,000 ordinary shares at an issue price of Tk.250.00 each shall be reserved for Non-resident Bangladeshis.	Tk. 25,550,000.00
b)	10% of the Issue i.e. 102,000 ordinary shares at an issue price of Tk.250.00 each shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	Tk. 25,500,000.00
c)	The remaining 80% i.e. 816,000 Ordinary Shares at an issue price of Tk.250.00 each shall be open for subscription by the general public.	Tk. 204,000,000.00
Total		**Tk.255,000,000.00**

(1) 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 80% shall be open for subscription by the general public.

(2) All securities as stated in sub-rule (1) 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 sub-rule (1), the issue manager 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 10% categories mentioned in sub-rule (1), 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 securities shall be taken up by the underwriter(s).

(6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

Refund of subscription money:-

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 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.

- **Bank Asia Limited**
- **National Credit & Commerce Bank Ltd**
- **Jamuna Bank Limited**
- **Southeast Bank Limited**
- **Export Import Bank of Bangladesh Limited**
- **One Bank Limited**
- **Trust Bank Limited,**
- **Social Investment Bank Ltd.**
- **Standard Bank Limited**
- **Investment Corporation Of Bangladesh**

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. For this purpose the number of the bank account along with name of bank and branch shall be indicated in the securities application form.

Subscription by and refund to non-resident Bangladeshi (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.

ALLOTMENT

The company shall issue share allotment letters to all successful applicants within 5 (five) weeks from the date of the subscription closing date. 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 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. A compliance report in this regard shall be submitted to the Commission within 7(seven) weeks from the date of closure of subscription.

APPLICATION FOR SUBSCRIPTION

01. Application for shares may be made for a minimum lot of 50 (Fifty) ordinary shares to the value of **Tk. 12,500.00** and should be made on the Company's Printed Application forms. Application forms and the Prospectus May be obtained from the Registered Office of the Company, members of the Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. 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. Application must not be for less than 50 shares. Any application not meeting the criterion will not be considered for allotment purpose.

02. Joint application form for more than two persons will not be accepted. In the case of a joint application each party must sign the application form.

03. 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.

04. **An applicant can NOT 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.**

05. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant found closed at the time of allotment of shares. So, all IPO applicants are require to keep their BO account operational till allotment of shares.**

06. An applicant cannot submit more than two applications, one in his/her own name and another jointly with other person by one cheque / DD / PO. More than two applications by one cheque / DD / PO will not be allowed.

07. Bangladeshi Nationals (including Non-Resident Bangladeshi Nationals residing/ working abroad) and Foreign National shall be entitled to apply for shares.

08. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque or Pay Order or Bank Draft shall be made payable to the bank to which it is sent and be marked **"Bay Leasing & Investment Limited"** and shall bear the crossing **"Account Payee only"** and must be drawn on a bank in the same town of the bank to which application form is deposited.

09. All completed application forms together with remittance 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.

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 Dollar or UK Pound Sterling or Euro t 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. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company at its registered office. Copies of Application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the SEC and Bay Leasing & Investment Limited

11. 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 STD A/C # **13100002018** with **Southeast Bank Limited**, Principal Branch, Dhaka, Bangladesh for this purpose.

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

Sl. No.	Name of the FC Accounts	Account No.	Bank & Branch
1	US Dollar	15100006621	Southeast Bank Limited, Principal Branch
2	UK Pound Sterling	15100006638	Southeast Bank Limited, Principal Branch
3	EURO	15100006644	Southeast Bank Limited, Principal Branch

The company shall close these accounts after refund of over-subscription, if any.

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

UNDERWRITERS OBLIGATION

As per Securities and Exchange Commission's guideline 50% of the Public Offer of 1,020,000 ordinary share i.e., 510,000 ordinary shares of TK. 250.00 each (including a premium of Tk.150.00 per share) i.e., for TK.127,500,000.00 will be Underwritten at a rate of 0.20% (underwriting commission) by the Underwriters for the IPO of Bay Leasing & Investment Limited. No additional commission will be paid on the amount of shares required to be subscribed by the underwriter if any.

SL. No.	Name of Underwriter	Number of Share	Amount@Tk.250 per share
1.	Southeast Bank Limited	150,000	37,500,000
2.	National Bank Limited	60,000	15,000,000
3.	Standard Bank Limited	60,000	15,000,000
4.	Fidelity Assets & Securities Co. Ltd	120,000	30,000,000
5.	Uttara Finance and Investments Limited	120,000	30,000,000
	Total	**510,000**	**127,500,000**

If and to the extent that the shares offered to the public through 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 the said writing to the Securities and Exchange Commission, to subscribe the shares not so subscribed within the closing date and to pay for in cash in full, inclusive of any premium, if applicable, for such unsubscribed shares **within 15 (fifteen)** days after being called upon to do so. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards underwriting commitment under this agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's account credited. In any case within **7 (seven) days** after expiry of the aforesaid **15 (fifteen) days**, the Company shall send proof of subscription and payment by the underwriters, to the commission. 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 fulfills his underwriting commitment under this Agreement and also other penalties as May be determined by the Commission.

CORPORATE INFORMATION

ISSUE MANAGER	**AAA Consultants & Financial Advisers** Amin Court, 4th Floor (Suit#404) 62-63, Motijheel C/A, Dhaka-1000
AUDITOR	**Pinaki & Company** Aziz Co-operative Super Market, Room No.82 & 83 2nd Floor, Shahbag, Dhaka-1000.
LEGAL ADVISOR	**Hasan & Associates** Dhaka Chamber of Commerce Building (6th Floor) 65-66 Motijheel C.A. Dhaka-1000.
TAX ADVISOR	**A Wahab & Co.** Hotel Purbani Annex-2, 4th Floor, 1 Dilkusha C.A. Dhaka-1000.
BANKER	**Southeast Bank Limited**
COMPANY'S COMPLIANCE OFFICER	**Md. Musfiqur Rahman** Senior Assistant Vice President & Company Secretary
COMPLIANCE OFFICER OF MANAGER TO THE ISSUE	**Mohammad Ferdous Mazid** Deputy General Manager

All investors are hereby informed by the company has appointed a 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 certificates/refund orders/cancelled stock invests etc.

MATERIAL CONTRACTS

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

1) Underwriting Agreement between the Company and the Underwriters.
2) Issue Management Agreement between the Company and the Manager to the Issue, AAA Consultants & Financial Advisers.
3) Contract between Company and Central Depository Bangladesh Limited (CDBL).

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

RATING REPORT

Bay Leasing & Investment Limited

Ratings

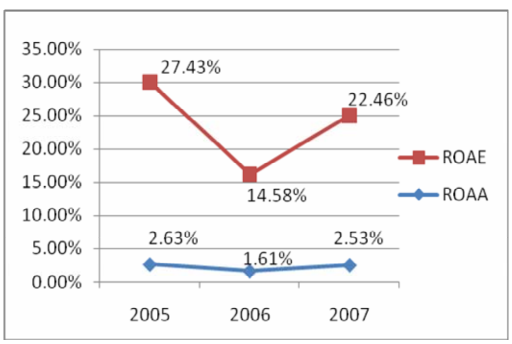
Long Term	: **BBB_2**
Short Term	: **ST-4**
Date of Rating	: **24 April, 2008**
Validity	: **One Year**

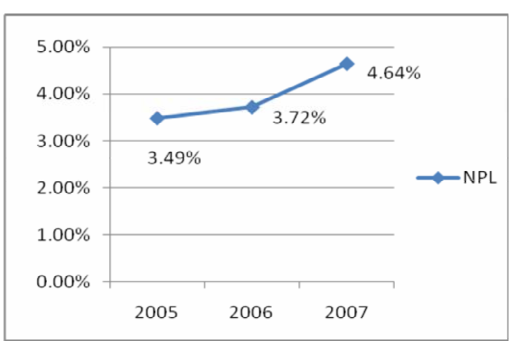
Analyst:
Razib Ahmed
Financial Analyst

Financial Highlights of BLIL

BDT in million

Financial Highlights	**2006**	**2007**
Operational revenue	295.51	417.05
Operational expenses	252.78	338.21
Profit after tax	42.73	78.84
Share holders equity	324.36	377.70
Investment in shares	313.21	426.09
Total asset	2,777.27	3,445.38
Non performing loan	59.96	94.75





01. RATIONALE

Credit Rating Agency of Bangladesh Ltd (CRAB) has assigned '**BBB_2**' (Pronounced Triple B Two) rating in the Long Term and "**ST-4**" rating in the Short Term to Bay Leasing & Investment Limited on the basis of the Company fundamentals such as good capital base, moderate asset quality, profitability of operations, initial stage of corporate governance practice, moderate asset liability management, small market share and asset base, average risk management practices and average human resources strength.

Financial institutions rated in this category are characterized by above average financials, defensible business franchises, and stable operating environment. The level, growth and quality of earnings over the medium term are above average grade and changes in business/economic circumstances, as may be envisaged, may significantly impair the underlying fundamentals. In the short term, the financial institution characterized by acceptable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.

In FY 2007, BLIL achieved pre-tax profit of BDT 78.84 million, an 84.51% increase from the previous year. The growth was supported by institution expanding leasing and loan base and gain from share market investment. Both the Company's ROAA and ROAE turned back from the diminishing trend in 2007. However, Company's revenue from core business was lower than its operational expenses in the same period. BLIL maintained BDT 31.89 million as provision for bad debts and doubtful lease assets which was BDT 3.04 million in 2006.

Capital base of BLIL is above the regulatory requirement. The Company fulfilled the requirement of FID circular No: 2 (29th June 2003) of Bangladesh Bank regarding the paid up capital, statutory reserve and general reserve. The amount of capital and reserve was BDT 377.70 million as against the required amount of BDT 250 million or 6% of total liabilities (BDT 184.06) whichever is higher. For regulatory fulfillment, BLIL plans to increase level of paid up capital through issuance of initial public offering by this year.

In 2007, net loans and advances of BLIL was 68% of its total deposit and borrowing. The liquidity ratio was 0.54% which is not at satisfactory level. The funding structure ratio was 26.05% in FY 2007 indicating that proportion of the loan (excluding current portion of long term loan) were long term in nature. Company's income from its core business (net interest margin) is in diminishing trend because of ineffective function of asset liability management.

The asset quality of BLIL has decreasing trend, as indicated by its gross non performing loan ratio at 4.64% in 2007, compared to 3.72% in 2006. The amount of classified loan stood at BDT 94.75 million compared to previous year's amount of BDT 59.96 million. In 2007, the Company rescheduled 9 lease and loan contracts with an amount of BDT 51.86 million which was 7.47% of total outstanding loan. Such NPL levels are cause for concern, especially with the growth of BLIL's loan portfolio, which could generate more NPLs in the future.

BLIL's corporate governance practices are yet to be standardized. There are no board committees of BLIL. For proper internal control & management and for regulatory compliance, the Board should form the executive and audit committee. Delegation of authority in BLIL is limited. Any amount and type of lease finance and term finance of the credit portfolio is taken to the board for approval, with the management having no discretion.

The CRM (Credit Risk Management) tools in BLIL require strengthening. Implementation of credit risk management system recommended by Bangladesh Bank is still under process. BLIL has no credit policy or manual specifying the lease/ credit appraisal and approval process. The Company maintains traditional process of appraisal and approval system. BLIL has separate department for lease/credit monitoring and recovery and recovery amount is also very good (75% in 2007).

02. INDUSTRY ANALYSIS

2.1 Introduction

Non-Bank Financial institutions are those institutions that are licensed and controlled by the Financial Institutions Act of 1993 (FIA 93). NBFIs give loans and advances for industry, commerce, agriculture or housing; carries on business of hire purchase transactions including leasing of machinery or equipment; involves in business of the underwriting or acquisition of, or the investment or re-investment in shares, stocks, bonds, debentures or debenture stock or securities issued by the government or any local authority; finances venture capital; gives loan for house building and property purchases and uses its capital to invest in companies. The major differences of NBFIs with commercial banks are that the former cannot accept any deposit which is payable on demand by cheques, drafts or orders drawn by the depositor and can not deal in foreign exchange. Starting from the IPDC in 1981, a total of 29 NBFIs are now working in the country as of December 2007.

2.2 NBFIs in Lease, Loan and House Financing

The major business of most NBFIs in Bangladesh is leasing, though some have also diversified into other lines of business such as term lending, housing finance, merchant banking, equity financing, venture capital financing, brokerage etc. Lease financing, term lending and housing finance constituted 94 percent of the total financing activities of all NBFIs up to June 2006. Competition among the leasing companies has grown stronger with the growth of the NBFIs, besides entrance of commercial banks in the lease financing market who have the advantage of lower costs of fund compared to the NBFIs. From the report of Policy Analysis Unit, Research Department, Bangladesh Bank, a break-up of their financing activities reveals that the share of leasing and housing finance in the total investment portfolio of NBFIs has gradually decreased from 59% and 15%, respectively, in 2002 to 46% and 14% in June 2006. The share of term loans, on the other hand, has increased from 20% to 34% during the same period.

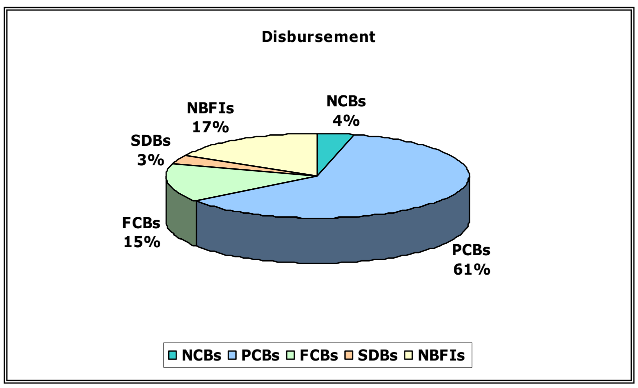
2.3 NBFIs Sources of Fund

NBFIs collect funds from a wide range of sources including financial instruments, loans from banks, financial institutions, insurance companies and international agencies as well as deposits from institutions and the public. Line of credit from banks constitutes the major portion of total funds for NBFIs. Deposit from public is another important source of fund for NBFIs, which has been increasing over the years. NBFIs are allowed to take deposits directly from the public as well as institutions. According to the central bank regulation, NBFIs has the restriction to collect public deposits for less than one year, which creates uneven competition with banks as banks are also exploring the business opportunities created by NBFIs with their lower cost of fund. Although recent reduction of the minimum tenure of the term deposit from one year to six months for institutional investor has had a positive impact on their deposit mobilization capacity. NBFIs can develop attractive term deposit products of different maturities to have access to public deposits as these are one significant source of their funds.

Cost of funds for leasing companies varied between 8.4 to 15.3 percent while that of banks was between 8.5 to 9.5 percent. About 15 percent of the deposit of the banking sector was reported to be demand deposits, which are interest free while 35 percent constituted low cost saving deposits having an average of 4 to 5 percent interest rate and the rest were fixed deposits bearing an average of 9 percent interest rate. Thus the weighted average cost of fund for banks would be at best 7 to 8 percent, which is almost half of that of NBFIs.

2.4 Lending Position in Economy

Exhibit 1: Industrial Term Lending (Disbursement %): FY 07^p



In FY 2007^p, NBFIs disbursed an amount of TK 20.9 billion in Industrial term lending which is 17% of total disbursement compared to disbursement of TK 17.5 billion in FY 2006 which was 18% of total disbursement in that year. It indicates that among the five broad categories of lenders, NBFIs as a whole captured the 2nd position of the market.

Exhibit 2: Growth of Industrial Term Lending (Disbursement)

Financial Institutions	FY05	FY 06	FY 07^p
	Growth in percent		
NCBs	-40.0%	31.1%	-18.6%
PCBs	56.8%	19.3%	24.4%
FCBs	7.5%	-16.7%	97.9%
SDBs	76.5%	0.0%	36.7%
NBFIs	18.5%	1.2%	19.4%
Total	**30.2%**	**10.9%**	**28.5%**

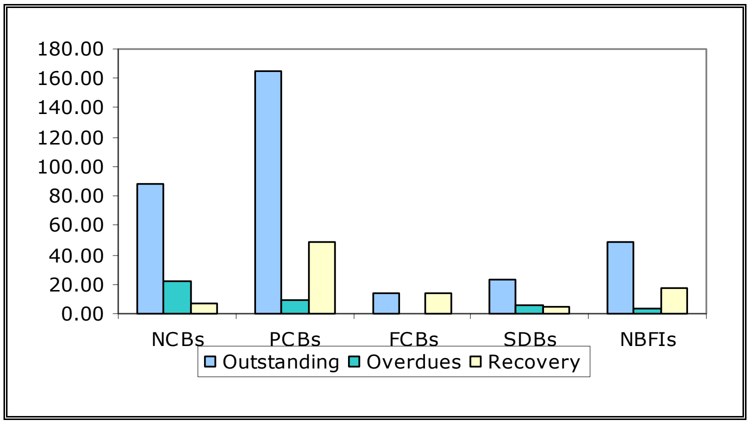
SOURCE: BANGLADESH BANK ANNUAL REPORT (2004-05, 2005-06, 2006-07) P= PROVISIONL

From the above exhibit, it is noted that NBFIs have grown at a rate of 18.5% in FY 05, 1.2% in FY 06 and 19.4% in FY 07$^{p.}$ Therefore, it appears that the growth of the industry has been impressive and in a market with considerable competitive pressures from banks and other financial institutions, NBFIs have exhibited significant resilience.

2.5 Loan Outstanding, Overdue and Recovery

In the FY 2007^{p}, the overdue of NBFIs were 6.9% of total outstanding. But in the year 2006 this rate was 7.3%. So as a percentage of outstanding the overdue has decreased. The recovery of NBFI as a percentage of loans outstanding was 34.6%.

Exhibit 3: Loan Outstanding, Overdue and Recovery: FY 07^{p}



SOURCE: BANGLADESH BANK ANNUAL REPORT (2006-07) P = PROVISIONAL

2.6 Legal/ Regulatory Environment

The NBFIs are now regulated by the Financial Institutions Act 1993 and Financial Institutions Regulations 1994. Bangladesh Bank has formulated and declared policies for classifying and provisioning by NBFIs. The classification rule has been formulated with a view to judging quality of investment funds, strengthening discipline in lending and recovery, securing peoples' deposit, having provisions for the loss of unrecoverable invested funds and imposing interest against bad investment. These classification procedures improve and promote the activities of NBFIs, but the procedure is always subject to improvement with the diversification of products of NBFIs. It maintains the Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) with BB as per BB instructions. However, changes in CRR and SLR rate may affect positively or negatively the liquidity position of the entity.

03. COMPANY PROFILE

Bay Leasing & Investment Limited (BLIL), a second generation NBFI (Non Banking Financial Institution) was incorporated in 7 February 1996 sponsored by a group of prominent industrialists, businessmen and professionals. In 25 May 1996 the Company received license from the regulator to act as non-banking financial institution under Financial Institution Act 1993 & Financial Institution Regulation of 1994 with a paid up capital of BDT 22.50 million. Initially BLIL provided services related to lease financing, short term financing, corporate advisory services etc. In 25 June 1998, BLIL received license from Securities & Exchange Commission (SEC) to act as a Merchant Banker and Portfolio Manager in the capital market. As a merchant banker, the Company provides services related to issue management, underwriting, private placement, portfolio management etc.

BLIL started commercial operation in 1996 and its major business relates to lease/loan on textile, transport (including marine), garments & accessories, power & energy, engineering etc; deposit mobilization and merchant banking activities. The authorized and paid up capital of the Company stood as BDT 500 million and BDT 102 million respectively as on 31 December 2007. Recent move of BLIL for initial public offering (IPO) will again enhance its existing capital base and fulfill regulatory requirements.

As on 31 December 2007, BLIL earned total operating revenue[1] of BDT 417.05 million. As of December 2006, the Company's operating revenue and operating profit was BDT 295.51 million and BDT 42.73 million respectively. The institution had asset base of BDT 3,445.38 million as on 31 December 2007 showing growths of 24.06% over the year 2006. During 2006, such growth was 9.75%. The credit portfolio of BLIL had achieved growth rate of 41.19% during 2007 which was 17.13% in 2006.

04. MARKET SHARE

In Bangladesh, NBFIs include leasing companies, development finance institutions and house building finance companies. At present, there are 29 NBFIs including 4 development financial institutions, 3 house building finance companies and 22 leasing companies operating under license of Bangladesh Bank. As per the "Bank O Arthik Protishthanar Karjaboli (FY 2006-2007)" published by the Ministry of Finance, the market share of the BLIL is moderate among the 29 NBFIs in the market. Different components of the market share of BLIL may be compared as follows:

Exhibit 4: Market Share of BLIL as on December 2006

Particulars	BLIL	Industry Max	Industry position of BLIL out of 28[2]
Paid up Capital	0.95%	39.26%	27
Reserve	3.03%	19.72%	08
Loan and Advances	2.16%	12.31%	14
Total Income	3.40%	10.30%	12
Total Expenditure	3.95%	11.16%	09
Deposit	5.25%	12.75%	06
Disbursement	1.35%	17.05%	20
Recovery	1.80%	20.59%	16

SOURCE: "BANK O ARTHIK PROTISHTHAN SHOMUHER KARJABOLI" (2006-07)

In the above exhibit market share of BLIL looks moderate. BLIL is placed within 06th to 20th position among 28 NBFIs in the industry other than paid up capital particular (27th). Like other 2nd generation NBFIs, BLIL has been holding almost same market share like its peer group. In loans & advance (credit portfolio) BLIL held only 2.16% market share during 2006 which was 2.85% during 2005. In case of income and deposits, the Company was positioned 12th and 06th respectively among the 28 NBFIs functioning in the market last year. In 2005, BLIL's position in the market was 11th and 6th place in income and deposit respectively.

05. GROWTH ASPECTS

BLIL made better performance in terms of growth of loans and advances. The reserve of the company also increased with the growth of the loans and advance. However, in disbursement and recovery, growth of the company was lower than industry growth in 2006.The following exhibit gives a comparative statement of performance of BLIL compared to industry:

Exhibit 5: Growth Comparison of BLIL and Industry

Amount in BDT million

Particulars	BLIL					Industry		
	2007	***Growth***	***2006***	***Growth***	***2005***	***2006***	***Growth***	***2005***
Paid up Capital	102.00	0.00%	102.00	0.00%	102.00	10,698.00	63.83%	6,530.10
Reserve	275.70	23.99%	222.36	41.92%	157.00	7,225.00	22.77%	5,885.00
Loan and Advances	2,365.93	41.17%	1,676.00	17.13%	1,430.00	77,552.00	20.94%	64,126.00
Total Asset	3,445.38	24.06%	2,777.27	9.76%	2,530.43	91,691.00	28.12%	71,569.00

SOURCE: "BANK O ARTHIK PROTISHTHAN SHOMUHER KARJABOLI" (2006-07)

[1] Also include profit from merchant banking operation.

[2] Excluding SABINCO

During 2006, total assets of BLIL reached to BDT 2,777.27 million which was BDT 2,530.43 million during 2005. Credit portfolio of the Company reached to BDT 1,799.63 million in 2006 with the growth rate of 16.4% over that of 2005 (72.3%). BLIL have shown improvement in its growth of credit portfolio. Reserve of the Company also improved during 2006 amounting BDT 219.00 million with a 39.49% growth over previous year. In 2007, Company's performances in above indicators improved compared to 2006.

06. OWNERSHIP PATTERN

BLIL is a Public Limited company with 22 individual shareholders owning 10,20,000 shares. Among individual share holders, Dr. Maswooda Ghani holds highest 14.71% of shares and Dr. Maswooda Ghani is the Chairperson of BLIL. She was the ex-chief Medical Officer of Cantonment General Hospital. Second highest shareholder is Mr. Abdul Matlub Ahmed (9.56%).

07. CORPORATE GOVERNANCE

Bangladesh Bank gives emphasize on implementing corporate governance among the financial institutions and to do that, BB emphasizes implementation of the guidelines issued by it for improving corporate governance in financial sector. Good Corporate Governance practices enhance an entity's corporate image and market credibility, which attract capital and increase its borrowing power. These can be reflected in the quality of financial reporting and disclosures; strength of internal control system and internal audit function; induction of professionally competent, independent non-executive Directors on corporate Board; formation of Audit Committee; delegation to executives and staff; protection of shareholder rights; redress of stakeholder complaint; etc. in such perspective, BLIL's corporate governance is not standard.

7.1 Board of Directors

As of 31 December 2007, The Board of Directors comprised of 9 members. Dr. Maswooda Ghani is the chairman of the board. She was the ex-chief medical officer of Cantonment General Hospital. Dr. Ghani holds 1,50,000 (14.71%) shares of the company. Rest of the board member holds 24.17% share of the company. Among the directors, Mr. Tarik Sujat holds the highest share (5.54%) of the company.

During 2007 to 2003, the Board met 06 times each year. The Board approves from among the lease and loan proposals proposed by the management team. There is still no board committee at BLIL. For proper internal control & management and for regulatory compliance, the Board should form executive and audit committees.

7.2 Board Audit Committee

According to "Managing Core Risks of Financial Institutions" published by Bangladesh Bank dated 21st July, 2005, the Board of the company shall form an audit committee, with the members of the Audit committee to be selected from among Directors and the Managing Director. However, in BLIL, Board's audit committee is yet to be established.

7.3 Accounting and Auditing

According to the auditors of the Company, the financial statements of the Company have been prepared in accordance with the Companies Act 1994, Bangladesh Accounting Standard (BAS), The Financial Institutions Act 1993 and the Securities and Exchange Commission Rules 1987. Accounting for the leases have been prepared in accordance of BAS 17, as adopted for lease companies. The financial statements appear to contain the relevant mandatory disclosures under the regulatory framework. The annual financial statements were audited by Chartered Accountants firms (*Pinaki & Company*) and obtained unqualified Audit Report for the concerned year.

7.4 Delegation of Authority

Delegation of authority in BLIL is limited. Any amount and type of lease finance and term finance of the credit portfolio is taken to the Board for approval. Managing Director does not make approval of lease and loan facilities at his discretion. The concerned department prepares the proposal for lease and loan, and sends to the BOD for final approval. However top management of BLIL, initially appraise the proposal. After their appraisal, the proposal is sent it to BOD for final approval.

08. MANAGEMENT

Bay Leasing & Investment Limited is run by a team of experienced executives under the leadership of *Mr. Mahbubur Rashid*. He joined as managing director of the company on 21 November 2004. Mr. Rashid has long experience in financial services sector. Before joining BLIL, he acted as the Senior Executive Vice President of Southeast Bank Ltd. Other senior executives of BLIL are also well experienced.

BLIL management structure is yet to be tuned to cope up with the requirement of NBFI to run the business smoothly and profitably. There is still limitation in the management team recognized in the areas of product marketing, project evaluation, credit monitoring etc. The management does not have adequate personnel in different tier of management to run the business commercially and competently in the present highly competitive lease market. In BLIL, the operation of the management is divided into 7 departments-

- **(1)** Board Secretariat
- **(2)** Human Resources Department
- **(3)** Accounts Department
- **(4)** Operation Department
- **(5)** Recovery, Monitoring and Legal department
- **(6)** Treasury Department
- **(7)** Merchant Banking Wing

Other than the last one, all other departments are headed by the SAVP. Merchant banking wing is headed by a senior officer of BLIL. The Company is yet to form any management committee. However, the operation is managed under direct supervision of managing director of the Company.

8.1 <u>Credit Management</u>

8.1.1 Credit Risk Management:

The CRM (Credit Risk Management) tools in BLIL are identified to be weak. Implementation of credit risk management system recommended by Bangladesh Bank is still under process. As per Bangladesh Bank guidelines on "Managing Core Risks in Banking", BLIL should take initiative to change the present credit management structure into the one prescribed by the Bangladesh Bank.

The Company is yet to formulate separate credit policy with Sectoral, single client limits. Upward trend in credit portfolio (31.9% in 2007, 17% in 2006, 81% in 2005, and 39% in 2004) without any credit policy may bring down the asset quality of the Company in future.

8.1.2 Lease/Credit Appraisal & Approval System:

BLIL has no credit policy or manual specifying lease/credit appraisal and approval process. The Company maintains traditional process of appraisal and approval system. The Operations department prepares the lease and loan proposal after collecting all required information from the client. Security coverage and documentation level is more stringent in case of new clients. In case of old clients, essential security coverage is ensured and the key emphasis is given on terms and conditions of the facility. The appraisal process lays key emphasis on payment history, market reputation and repaying capacity of the client. There is no Executive Committee of the Board and that's why the proposal is submitted directly to the BODs for final approval. The Board has the right to accept or reject the proposal.

8.1.3 Lease/Credit Monitoring and Recovery Process:

BLIL has separate department for lease/credit monitoring and recovery. The Recovery, Monitoring and Legal departments continuously check the clients' status, their installment payment and incase of overdue of the any installment of lease/loan payment, take necessary steps for recovery of the amount. Although, BLIL's non-performing loan increased during 2007 compared to 2006, the recovery rate has also been good. As on financial statements of 31st December 2007, BLIL's NPL increased to 4.00% from 3.58%. Credit monitoring and recovery policy of the Company should be up-to-date to minimize the non performing assets.

8.2 <u>Human Resources (HR) Management</u>

BLIL has already formed the service rules for its employees. The human resources functions are carried out by the Human Resource Department, headed by Senior Asst. Vice President. The Company provides average salary and compensation package compared to other competitors in the industry. For last few years, BLIL had scarce manpower to run the business efficiently. BLIL now has been operating with total 16 regular employees (as on December 2007).

To increase the efficiency of the employees, the Company arranged various in house and external training programs with respect to their department. The executives of BLIL attended various training programs including money laundering prevention, CIB form reporting, tax management, factoring etc.

8.3 <u>Management Information System (MIS)</u>

Bay Leasing & Investment Ltd's MIS is in its early stage to support the overall operational activities. The Company has been using two software for day to day business activities from the very beginning. They use software known as "Planet" which covers very limited fields of the business like finance amount, disbursed amount, due date, amount of over due, number of repayments etc. This software is insufficient for supporting whole financing activities of BLIL. However, the Company recently has given attention for modification of MIS. For this purpose, BLIL is under process to install locally developed integrated software of NBFIs and hopes to complete this by the end of 2008. For accounting purpose, the Company uses "Tally" from 1999.

09. MARKETING ASPECT

The Directors of BLIL are engaged with various organizations and for such linkage, BLIL enjoys substantial business support. Though these businesses are considered as a secured source of business for the Company, this reduces BLIL's competitive strength to capture outside businesses. The company offers expanded product lines including both fund based and non-fund based product.

- **Fund based product :** Fund based product of BLIL includes:
    a) Lease finance
    b) Short term financing
    c) Term loan
    d) Syndication services
    e) Bridge financing

Lease finance is the core product for BLIL and the Company provides lease finance for acquisition of capital machinery for industrial undertaking, industrial equipment, office equipment, medical equipment, construction equipment etc. Transport financing in terms of lease finance provide for recondition or brand new vehicles for commercial and corporate clients. Term loan/finance covers direct finance.

- **Non-fund based product:** Fee based activities of BLIL offer merchant banking related services which includes:
    a) Underwriting of issues
    b) Issue management
    c) Portfolio management
    d) Private Placement of stocks

Merchant banking wing of BLIL still provides very limited activities in the market and reported very little profit. Up to 2006, BLIL worked as issue manager for 3 companies and another issue management is under process. BLIL also works as underwriter for many organizations. Recently, the Company introduced 'portfolio management' for its customer.

10. UNDERSTANDING OF BAY LEASING & INVESTMENT LIMITED

10.1 Revenue Sources

Revenue sources of the Bay Leasing & Investment Ltd has been almost similar for the last five years where major revenue sources were income from lease finance, gain from investment in shares, dividend income etc. The Company also receives income from its merchant banking operation.

Exhibit 6: Revenue Sources of BLIL

Amount in BDT million

Particulars	2007		2006		2005	
	amount	share	amount	share	amount	share
Income form Lease & Term finance	305.05	73.14%	274.86	93.01%	310.98	87.81%
Gain on sale of investment in share	90.47	21.69%	17.29	5.85%	36.54	10.32%
Dividend income	20.81	4.99%	2.44	0.83%	2.30	0.65%
Other operational income	0.00	0.00%	0.00	0.00%	4.07	1.15%
Profit from merchant banking	0.73	0.17%	0.92	0.31%	0.27	0.07%
Total operating revenue	**417.05**	**100%**	**295.51**	**100%**	**354.15**	**100%**

As shown in the given exhibit, like other NBFIs, major revenue source of BLIL is from lease and term finance. Income from investment (gain from sale of shares and dividend income) in the capital market is also one of the sources of income for BLIL. Income from Company's merchant banking wing was in increasing trend up to 2006 and slightly dropped in 2007.

10.2 Entity's Key Customers & Group Exposure

The Company's key customers are the business and industrial entities. Following exhibit shows the number of contract on loans and lease sector for different years:

Exhibit 7: Contract and Credit Portfolio[3]

BDT in Million

Particulars / Year	Loan Contract	Lease Contract	Loan amount	Lease amount	Total
2007	28	89	377.50	316.59	694.09
2006	30	77	102.22	360.49	462.71
2005	50	76	130.61	393.66	524.27
2004	33	43	100.52	141.01	241.53

BLIL's loans contract with the clients decreased during 2007, but the disbursed amount increased by 2.69 times. Whereas lease contract continued upward trends but disbursed amount slightly reduced in the same period. With such high growth in loan disbursement in 2007, Company's total disbursement increased to BDT 694.09 million from BDT 462.71 million. According to financial statements of the Company, the BLIL had no related party transactions as on 31 December 2007.

10.3 Sectoral Exposure

The whole credit portfolio of BLIL had major concentration in the Textile sector holding 46.91% in 2007 which was 44.67% in 2006. Second major concentration was in garments sector (23%) in 2007, which was Transport sector (21%) in 2006.

SECTOR	2007	2006
Textile	46.91%	44.67%
Transport	10.00%	20.94%
Garments & Accessories	23.00%	10.76%
Power & Energy	4.94%	6.58%
Services	0.69%	1.50%
Consumer durables	2.34%	0.15%
Others	12.13%	15.39%
Total	**100.00%**	**100.00%**

10.4 Entity's Key Suppliers

The funding base of BLIL did not have many suppliers. The total assets holding as on 31st December 2007 stood at BDT 3,445.38 million funded by equity, term loan (both long & short term), term deposits, lease advance etc. Among these sources, equity held 10.96% amounting BDT 377.70 million, term loan of BDT 1,312.41 million (38.09%), Term deposits of BDT 1,361.65 million

[3] Given data collected from FICL-1 sheet of 31st December of 2004 to 2007.

(39.52%), short term borrowing of BDT 228.38 million (6.63%), and others of BDT 165.24 million (4.80%).

Analysis of data of previous few years shows that Company's funding pattern remained almost same. For regulatory obligation, BLIL's equity increased year by year. Long term loan from various financial institutions increased through good relationship. However, cost of fund is very high from such source. Company's term deposits also increased. However, BLIL has only one product of deposit and should introduce new products. The Company also manages fund through short term borrowing but the amount is not constant.

11. FINANCIAL PERFORMANCE

11.1 Income Statement Analysis

Exhibit 8: Highlights of BLIL Income Statement

Amount in BDT million

Particulars	2007		2006		2005		2004	
	Amount	**Growth**	**Amount**	**Growth**	**Amount**	**Growth**	**Amount**	**Growth**
Total operating revenue	**417.05**	41.13%	**295.51**	-16.56%	**354.15**	17.3%	**301.92**	38.0%
Less Financial expenses	293.93	22.61%	239.72	61.49%	148.44	70.3%	87.18	21.7%
Less salary and allowance	7.12	26.24%	5.64	3.49%	5.45	3.6%	5.26	-8.2%
Less other operating Expenses	5.27	20.60%	4.37	-96.75%	134.29	9.5%	122.64	2.6%
Total operating expenses	**306.32**	22.66%	**249.74**	13.34%	**288.18**	34.0%	**215.08**	9.3%
Operating profit	**110.73**	141.93%	**45.77**	-0.31%	**65.97**	-24.0%	**86.84**	296.0%
Provision for Bad debt and doubtful leases	31.89	949.01%	3.04	46.86%	2.07	-2.8%	2.13	52.1%
Profit before taxation	**78.84**	84.51%	**42.73**	-33.13%	**63.90**	-24.6%	**84.71**	312.6%
Tax provision	0.00	0.00%	0.00	0.00%	0.00	-100.0%	8.54	40.5%
Net profit after tax	**78.84**	84.51%	**42.73**	-33.13%	**63.90**	-16.1%	**76.17**	427.1%
Retained earning B/F	8.85	776.24%	1.01	-97.48%	40.08	2054.8%	1.86	-25.6%
Profit available for appropriation	**87.69**	102.15%	**43.74**	-53.13%	**103.98**	33.3%	**78.03**	360.4%

The operating revenue of the Company has been generated entirely from fund based activities which includes income from core operation consisting lease, term lending and income from investment. Besides these, BLIL earned revenue from fee based activities like merchant banking activities. The Company reported operating profit of BDT 110.73 million and profit after tax of BDT 78.84 million in 2007 compared to BDT 45.77 million and BDT 42.73 million in 2006 respectively.

Total operating expenses in FY 2007 amounting BDT 306.32 million with growth rate of 22.66% over 2006 which was 81% of operating revenue. Upward trend in operating expenses was mostly due to higher financial expenses. Salary and allowance of the Company increased every year because of increasing benefits of employees. In FY 2007, provision for bad debt and doubtful leases increased to BDT 31.89 million compared to BDT 3.04 million in 2006 with growth of 949.01%.

11.2 Earning & Profitability

The profitability of BLIL has been analyzed through computation of various profitability and operating ratios from FY 2003 to FY 2007. While making a peer group analysis, three years ratios (2004 - 2006) of BLIL has been compared to the three years ratios of peer group.

Exhibit 9: Profitability Ratios of BLIL

Profitability Ratios	2007	2006	2005	2004	BLIL Avg.	Peer Avg.
Return on Average Asset	2.53%	1.61%	2.63%	4.76%	3.00%	4.96%
Return on Average Equity	22.46%	14.58%	27.43%	59.98%	33.97%	30.47%

Efficiency Ratio (Non Interest Cost to Operating Income)[4]	10.62%	4.42%	40.04%	43.07%	40.72%	28.55%
Net Interest Margin	0.49%	2.07%	13.58%	17.80%	11.15%	10.31%

For 2007, BLIL's returns on average assets (ROAA) turned back and increased to 2.53% from 1.61% than last year. The downward trend was continued from 2005 because of downward trend profit before tax. Return on average equity (ROAE) of the Company also increased to 22.46% from 14.58% in 2006 because of same reason. In 2007 and 2006, efficiency ratio (non interest cost to operating income) was drastically dropped because of implementing new accounting standard (IAS 17) where depreciation of leased asset was not included in operating expenses. Net interest margin of BLIL in 2007 was very poor because of very low interest income compared to interest earning assets and such diminishing trend of NIM continued from 2005.

Comparison of BLIL's profitability ratios with its peer group show that, the return on average asset (ROAA) of BLIL was lower (3.00%) than its peer average of 4.96% representing low return compared to peer. However, return on average equity (ROAE) was higher of 33.97% compared to peer average of 30.47% because of low shareholders equity than its peer group. Non interest cost to its operating income was much higher than its peer which was indicated in given ratios. NIM of BLIL was higher than its peer because of high NIM in 2004 & 2005.

11.3 Capital Adequacy

According to BB guidelines, BLIL has adequate capital base. As per clause 4 (Gha) of The Financial Institutions Regulations 1994 and Bangladesh Bank's circulars in respect, capital and reserve of a NBFI (capital adequacy) should be at least 6% of total liabilities or BDT 250 million whichever is higher. During 2005, the Company fulfilled the regulatory requirements.

Exhibit 10: Capital Structure of BLIL

Particulars	2007	2006	2005	2004
Shareholders' Equity	**102.00**	**102.00**	**105.00**	**102.00**
Paid-up Capital	102.00	102.00	102.00	40.00
Share Money Deposit	-	-	3.00	50.00
Proposed Bonus Share				12.00
Reserve and Surpluses	**275.70**	**222.36**	**156.69**	**102.22**
Statutory reserve	65.93	50.16	41.62	28.84
General Reserve	150.00	120.00	114.06	33.30
Retained Earnings/loss	16.43	8.85	1.01	40.08
Asset revaluation Reserve	43.34	43.34	0.00	0.00
Total Equity	**377.70**	**324.36**	**261.69**	**204.22**

The Company's capital increased year by year. At the end of 2005, total equity of BLIL stood at BDT 261.69 million which has subsequently increased to BDT 377.70 million as of end of year 2007, representing 16.35% growth over the period. As per the requirement of Bangladesh Bank, BLIL would within very short period go for initial public offering. The above move of the Company will further enhance its existing capital base. The total equity backed 10.96% of the total asset of the Company as of year end 2007, which was of almost same proportion (11.68%) in 2006.

Capital adequacy related ratios also show satisfactory capital base for BLIL. Shareholders fund to total asset significantly increased year by year because of increasing equity for maintaining regulatory limit. Upward trend of such ratio slightly diminished in 2007. Shareholders fund to deposits and borrowing was increasing trend because of more dependency on outside fund than equity base for funding of the Company.

[4] Lower the Efficiency Ratio, better the performance of the institutions

Exhibit 11: Capital Adequacy Ratios of BLIL

Capital Adequacy	2007	2006	2005	2004	2003
Shareholders' Fund to Total Assets	10.96%	11.68%	10.34%	8.76%	6.36%
Shareholders' fund to Deposits and Borrowing	12.95%	13.95%	12.25%	9.98%	7.12%
Internal Capital Generation[5]	32.13%	17.22%	31.65%	70.53%	55.97%
Shareholders' Fund to Net Loans & Advances	16.39%	19.67%	17.21%	23.43%	12.19%
Capital Adequacy Ratio	12.31%	13.22%	11.53%	9.60%	6.80%

BLIL generated low internal capital accounting 17.22% during 2006, which was 31.65% during the end of 2005 because of decreasing trend of net profit after tax and proposed cash dividend. Internal capital generation again increased in 2007 since the post tax profit increases. Shareholders fund to net loans and advance continuing upward trend after downward trend in 2005. Capital adequacy ratio also shows adequate capital against total liabilities of the Company (minimum 6%).

Exhibit 12: Capital Adequacy Ratios Comparison

Capital Adequacy Ratios	Peer Group			Peer Avg.	BLIL Avg.
	2006	2005	2004		
Shareholders' Fund to Total Assets	16.29%	18.30%	16.39%	16.99%	10.29%
Shareholders' fund to Deposits and Borrowing	21.78%	27.38%	21.91%	23.69%	12.10%

Shareholders Fund to Total Asset provides a preliminary insight into the capital adequacy of the firm. On an average 10.3% of BLIL's assets are financed by shareholders fund against peer average of 17%. That's indicating the strength of company's capital base below to its peer. The shareholders fund compared to deposit and borrowing is 12.10% compared with peer average of 23.69% which also indicate moderate capital base of the firm to its deposits and borrowing compared with its peer group.

11.4 Liquidity

The Company has been operating financing activities with reasonable level of liquidity, and most of the ratios were in mixed trend during 2007. In FY 2007, net loans and advances of BLIL were 0.68 times of its total deposit and borrowing which is same to 2006. Here the Company shows its improvement than previous few years. The liquidity ratio, which is liquid assets against total deposits and borrowing of the Company, is very poor. In 2007 such ratio was only 0.54% compared 0.45% in 2006.

Exhibit 13: Funding & Liquidity Ratios of BLIL

Funding & Liquidity Ratios	2007	2006	2005	2004
Net loans & advances to Total deposits (times)	0.68	0.68	0.56	0.37
Liquidity Ratio	0.54%	0.45%	0.50%	0.27%
Current Ratio (Times)	1.05	1.12	1.16	1.03
Funding Structure Ratio	26.05%	32.04%	23.65%	10.08%

The funding structure ratio is 26.05% in FY 2007, indicating almost 26% of the liabilities are long term in nature. In 2006, such ratio was 32.04%. Reason for decrease of such ratio in 2007 was that large amount of long term loans matured in 2007. Current ratio indicates sufficient liquidity backup.

11.5 Asset Quality

11.5.1 Credit Portfolio

As of year end 2007, total credit portfolio stood at BDT 694.09 million, which included BDT 316.59 million (45.61%) of lease finance and BDT 377.50 million (54.39%) of term loan. In 2006, such mixture was 77.91% and 22.09% respectively. The principal amount outstanding as on 31 December 2007 stood at BDT 669.34 million.

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[5] Internal Capital Generation = (Net profit after tax + General provision for loans & advance - Provision for dividend) / Average share holders equity

Exhibit 14: Credit Profile as on 31st Dec, 2007[6]

Amount in BDT million

Category	Amount Outstanding	Amount Due	Amount Paid	Amount in Arrears
Lease finance	295.94	68.52	54.98	13.54
Loan	373.40	43.19	29.11	14.08
Total	**669.34**	**111.71**	**84.09**	**27.62**

Among the outstanding amount, BDT 111.71 million was due as on 2007 where major portion was in lease finance (61.34%) and among this due amount, BDT 84.09 million was paid by the credit holder. That is, the recovery rate of BLIL stood almost 75%, which was 81% in 2006.

11.5.2 Classification and provision status

BLIL follows the guideline formulated by central bank regarding classification and provision. Total portfolio of BLIL is BDT 2,041.69 million, which is comprised of BDT 1,946.94 million (95.36%) unclassified lease/loan and BDT 94.75 million (4.64%) classified lease/loan. The industry average of classified lease/loan 6.81% in 2006.

Exhibit 15: Classification & Provision of lease/Loan of BLIL[7]

Amount in BDT million

Lease/Loan classification	Amount	%	Required Provision	Actual Provision
Unclassified loan	**1,946.94**	**95.36%**	**22.65**	**22.65**
Standard	1,856.07	90.91%	18.33	18.33
SMA	90.87	4.45%	4.32	4.32
Classified loan	**94.75**	**4.64%**	**40.93**	**40.93**
Sub standard	24.57	1.20%	3.91	3.91
Doubtful	10.96	0.54%	3.83	3.83
bad/loss	59.22	2.90%	33.19	33.19
Total	**2,041.69**	**100.0%**	**63.58**	**63.58**

The Company maintained full compliance in provisioning. As of 31 December, 2007 the amount of classified loan was BDT 94.75 million which included BDT 24.57 million in SS, BDT 10.96 million in DL and BDT 59.22 million in BL. And after deducting the security coverage the required provision as well as the actual provision in those categories was BDT 40.93 million. The Company always maintained equal provision for their non-performing loans and investment for previous few years.

11.5.3 Reschedule contract

BLIL follows the guidelines of Bangladesh Bank[8] for rescheduling the lease and loan contracts. In 2007, the Company rescheduled 9 contracts where 7 were lease and 2 were loan contracts. Rescheduled amount was total BDT 51.86 million.

11.5.4 Asset Quality Ratio:

The gross NPL ratio of BLIL was 4.64% during 2007. This ratio was 3.72% in previous year. The net NPL ratio (Net non performing loans/net loans & advances) was 1.67% which reduced compared to previous year because of growth in loans and advances. The Company reported that, the net non performing loan was 8.74% of shareholders fund which was also reduced compared to previous year.

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[6] Given data collected from FICL-1 sheet (as on 31.12.07)

[7] Also includes investment classification.

[8] Managing Core Risks of Financial Institutions- *Credit Risk Management*-Industry Best Practice published by Bangladesh Bank dated 21st July, 2005.

Exhibit 16: BLIL's Asset quality ratios

Asset Quality Ratios	2007	2006	2005
Gross NPL Ratio	4.64%	3.72%	3.49%
Net NPL Ratio	1.67%	2.12%	1.42%
Net NPL/ Shareholder's Funds	8.74%	10.34%	6.46%
Specific NPL Coverage	55.36%	31.43%	49.53%
General NPL Coverage	30.64%	33.36%	36.04%
Current Year Provisioning to Total Loan	1.56%	0.19%	0.17%

Analysis pf the overall asset quality ratio of BLIL reveals that although the company had good asset base compared to its peer; the quality of the assets are found to be of average quality. With the growth in credit portfolio of the Company, its non performing assets also increased every year. The management of the Company should check about the quality of the Company's asset.

11.5.5 Capital Market Investment

As on 31st December 2007, the Company invested BDT 426.09 million in shares. During 2006, the amount was BDT 313.21 million with decline of 3% over previous year. In 2005, the growth rate was 127%.

The current share investment portfolio comprised share of eleven (11) private commercial banks, five (5) insurance companies, three (3) NBFIs and ten (10) different manufacturing/trading companies.

As on 31st December 2007, total 12 companies' shares had market value below their book value. However, the Company made share wise sufficient provision for such unrealized loss amounting BDT 4.14 million.

According to income statement of BLIL for 2007, the Company earned BDT 111.28 million through gain from sale of shares and dividend income. In 2006, the company received total income of BDT 19.73 million which includes BDT 17.29 million from sale of shares and BDT 2.44 million from dividend income.

12. RISK MATRIX

As an opinion on credit quality, CRAB's ratings consider the entire range of risks that can possibly affect the operations of a finance company. These risks are broadly classified under four heads: (1) External risks (2) Operating risks (3) Financial risks and (4) Management risks. Based on the previous detail analysis, the major risk factors are summarized in the following exhibit:

Exhibit 17: Summary of Risk

RISK FACTOR	COMMENTS
External Risk	
Regulatory Risk	BLIL operations are governed by the regulations (The Financial Institutions Act 1993 & The Financial Institutions Regulations Rules-1994) and various policies of the regulator in which changes occur from time to time. Among others, SLR and CRR rates, restriction on deposit receipt and call money market participation ceiling and interest rate fluctuation may affect the particular company and the whole NBFIs sector by and large where the extent may not be symmetrical.
Market Risk	BLIL's earnings are subject to interest rates existing in the market. The Company faced increased cost of borrowing in previous years which is likely to continue in future as it would remain unable to build a strong deposit base.

Operating Risk	
Volatility in Revenue & Expenses	BLIL is dependent on both fund based income as well as fee based income for its earnings. The Company shows better performance on revenue earning. Revenue from lease and term finance showed growth. Income from investment is one of the major sources of income for the company and show upward trend in 2007. Fee based income (merchant Banking) of the company is not mentionable. Increase in the cost of borrowings would affect the whole industry's business and profitability, since the margin is squeezed. Other operating expenses (Salary & administrative) also increases with the business growth of the Company.
Asset Quality	The asset quality is evaluated by analyzing the concentration risks (borrower segments, industry segments, relative size of loans etc), evaluating the appraisal and monitoring systems in place and examining the safeguards taken by the Company. BLIL had a moderate proportion of non performing assets at a 4.64% of gross loans and advances in 2007 increased from 3.72% in 2006. The asset portfolio is not very diversified, highest exposure given to textile and RMG sector.
Funding Flexibility	The funding base of BLIL is limited in few suppliers. The total assets of the Company is funded by equity, term loan, term deposits etc and among them, major portion of the funding from term loan which is costly too. BLIL funding from term deposits is increasing with positive growth .The Company has only one product for deposit. For attracting various depositors, company should introduce new products.
Financial Risk	
Solvency	For a company to remain viable, it is vital that it is able to consistently generate a surplus in the long run, after meeting all its operating expenses and cost of funds including shareholders equity. In the last five years, BLIL did not suffer any loss from operation, hence it generated surplus funds. However, its income from core business was bit lower than its operational expenses in 2007.
Capital Adequacy	BLIL has adequate capital base. As per clause 4 (Gha) of The Financial Institutions Regulations 1994 and Bangladesh Bank's circulars in respect, capital and reserve of a NBFI (capital adequacy) should be at least 6% of total liabilities or BDT 250 million whichever is higher. During 2005, the Company fulfills this compliance, and as on 31 December 2007, BLIL capital adequacy ratio was 12.31%.
Accounting Quality	With the adoption of International Accounting Standard (IAS)-17 "leases" by the ICAB with effect from 01 January 2004, the books of accounts for leasing operation has now been prepared under financing method of accounting but the differences in accounting policies were numerous before adoption of the above standard.
Management Risk	
Management Quality	The management quality of BLIL is above average. Although, the Company made profit each year, modern management practices and system, full fledge computerizations, personnel policies, delegation of authority etc are yet to be fully introduced in the management.
System Evaluation	MIS in Bay Leasing & Investment Limited is still in primary step. From end of 2008, the Company may start use of integrated leasing software which is expected to enhance MIS facilitating qualitative improvement and growth in operations. The Company is in progress to formulate separate written credit policy (appraisal, approval, monitoring, and recovery), operational policy and human resources policy (service rules).

Balance Sheet

(BDT in million)

Particulars	2007	2006	2005	2004	2003
Sources of fund					
Shareholders' Equity (a)	**102.00**	**102.00**	**105.00**	**102.00**	**46.15**
Paid-up Capital	102.00	102.00	102.00	40.00	40.00
Share Money Deposit	-	-	3.00	50.00	0.15
Proposed Bonus Share				12.00	6.00
Reserve and Surpluses (b)	**275.70**	**222.36**	**156.69**	**102.22**	**32.06**
Statutory Reserve	65.93	50.16	41.62	28.84	11.90
General Reserve	150.00	120.00	114.06	33.30	18.30
Retained Earnings/loss	16.43	8.85	1.01	40.08	1.86
Asset Revaluation Reserve	43.34	43.34	0.00	0.00	0.00
Total Equity (a+b)	**377.70**	**324.36**	**261.69**	**204.22**	**78.21**
Long term liabilities	**2,165.19**	**1,589.75**	**1,368.77**	**618.98**	**519.86**
Long term loans	1055.72	988.22	689.96	310.66	234.76
Lease rental deposits/Advances	5.35	8.00	9.13	11.28	11.79
Term deposits/Promissory Notes	1,104.11	593.53	669.67	297.04	273.31
Long term Liabilities + Equity	**2,542.89**	**1,914.11**	**1,630.45**	**823.19**	**598.07**
Total Capital Employed	**2,542.89**	**1,914.11**	**1,630.45**	**823.19**	**598.07**
Current Liabilities and Provisions	**902.49**	**863.16**	**899.98**	**1,508.83**	**630.99**
Current maturity of long term loans	256.68	202.41	153.50	96.21	116.19
Current maturity of Deposit/Promissory note	257.54	254.37	267.03	325.97	92.19
Current maturity of Advance Against Lease Assets	7.55	7.43	7.29	4.02	3.19
Short term Loans/Borrowings	228.38	270.87	339.48	1,000.79	366.61
Creditor and Accrued Expenses	98.79	89.39	110.15	74.61	41.53
Provision for Taxation	7.23	7.23	7.23	7.23	11.28
Provision for Dividend	25.50	20.4	15.30	0.00	0.00
Interest Suspense	20.82	11.06			
Total Liabilities & Owner's Equity	**3,445.38**	**2,777.27**	**2,530.43**	**2,332.02**	**1,229.05**
Application of Funds					
Non Current Assets (a)	**2,495.17**	**1,814.26**	**1,486.10**	**773.54**	**549.73**
Fixed Assets - at cost less depreciation	188.68	166.73	80.67	6.62	6.58
Net Receivable against Finance Lease	979.87	1,030.65	761.03	485.46	412.36
Advance Against Lease Asset	263.46	48.91	164.65	137.02	68.07
Direct Finance	1,120.60	596.09	504.87	167.87	87.18
Provision for Doubtful and Future Losses-Leases	(31.58)	(20.68)	(19.07)	(19.29)	(21.08)
Provision for Doubtful and Future Losses-Loans	(27.86)	(7.45)	(6.05)	(4.15)	(3.38)
Current Assets (b)	**950.21**	**963.01**	**1,044.33**	**1,558.48**	**679.32**
Receivables against leased Rental	308.16	232.00	115.24	106.84	93.13
Investment in shares	426.09	313.21	321.59	141.58	93.85
Advances, deposits & prepayments	16.41	85.20	216.95	116.91	60.87
Other Receivables	12.42	143.56			
Advance Income Tax	24.76	20.99	15.83	8.19	8.50
Provision for Diminution in value of investment	(4.14)	(3.56)	(3.53)	(3.15)	(3.73)

Term Deposit	150.65	161.10	367.60	1,182.60	392.60
Cash & Cash Equivalents	15.86	10.50	10.64	5.51	34.10
Net Surplus in Current Assets (CA-CL)	**47.72**	**99.85**	**144.35**	**49.65**	**48.33**
Total Assets (a+b)	**3,445.38**	**2,777.27**	**2,530.43**	**2,332.02**	**1,229.05**
Net Assets	**2,542.89**	**1,914.11**	**1,630.45**	**823.19**	**598.07**

Income Statement

(BDT in million)

Income Statement	**2007**	**2006**	**2005**	**2004**	**2003**
Operational Revenue	**417.05**	**295.51**	**354.15**	**301.92**	**218.78**
Income from Lease & Term Finance	305.05	274.86	310.98	221.59	215.36
Dividend Income	20.81	2.44	2.30	7.92	2.67
Gain/Loss on Sale of Shares	90.47	17.29	36.54	70.32	(1.02)
Profit from Merchant Banking	0.73	0.92	0.27	0.17	0.59
Other Operational Income	-	-	4.07	1.91	1.18
Less: Operational Expenses	**338.21**	**252.78**	**290.24**	**217.22**	**198.25**
Depreciation on Leased Assets	-	-	129.60	117.74	115.13
Financial expenses	293.93	239.72	148.44	87.18	71.61
Salary & Allowance	7.12	5.64	5.45	5.26	5.73
Administrative & General Exp.	5.27	4.37	4.70	4.91	4.38
Provision for Bad Debt & Doubtful Accounts	31.89	3.04	2.07	2.13	1.40
Operating Profit	**78.84**	**42.73**	**63.90**	**84.70**	**20.53**
Profit before taxation	**78.84**	**42.73**	**63.90**	**84.70**	**20.53**
Net profit after taxation	**78.84**	**42.73**	**63.90**	**84.70**	**20.53**
Retained earnings carried from the balance sheet	8.85	1.01	40.08	1.86	2.50
Profit available for appropriation	**87.69**	**43.74**	**103.98**	**78.02**	**16.95**
Appropriations	**71.27**	**34.88**	**102.98**	**37.94**	**15.08**
Statutory reserve	15.77	8.55	12.78	16.94	4.11
General Reserve	30.00	5.94	74.90	15.00	4.98
Proposed Dividend	25.50	20.40	15.30	0.00	0.00
Proposed Bonus Share	-	0.00	0.00	6.00	6.00
Retained Earnings after Appropriation	**16.43**	**8.85**	**1.00**	**40.08**	**1.87**

Key Ratios

Profitability	2007	2006	2005	2004
Return on Average Asset	2.53%	1.61%	2.63%	4.76%
Return on Average Equity	22.46%	14.58%	27.43%	59.98%
Efficiency Ratio	10.62%	4.42%	40.04%	43.07%
Net Interest Margin	0.49%	2.07%	13.58%	17.80%
Capital Adequacy				
Shareholders’ Fund to Total Assets	10.96%	11.68%	10.34%	8.76%
Shareholders' fund to Deposits and Borrowing	12.95%	13.95%	12.25%	9.98%
Internal Capital Generation	32.13%	17.22%	31.65%	70.53%
Shareholders’ Fund to Net Loans & Advances	16.39%	19.67%	18.62%	26.70%
Capital Adequacy Ratio	12.31%	13.22%	11.53%	9.60%
Asset Quality				
Gross NPL Coverage Ratio	86.00%	64.79%	85.57%	72.65%
Gross NPL Ratio	4.64%	3.72%	3.49%	5.68%
Net NPL Ratio	1.67%	2.12%	1.42%	2.53%
Provisioning to Total Loans	1.56%	0.19%	0.17%	
Net NPL/ Shareholder's Funds	8.74%	10.34%	6.46%	9.46%
Specific NPL Coverage	55.36%	31.43%	49.53%	47.18%
Funding & Liquidity				
Net loans & advances to Total deposits & borrowings (Times)	0.68	0.68	0.56	0.37
Liquidity Ratio (Liquid asset to deposit & borrowing)	0.54%	0.45%	0.50%	0.27%
Asset Structure Ratio (Times)	1.32	1.58	1.70	2.25
Current Ratio (Times)	1.05	1.12	1.16	1.03
Funding Structure Ratio	26.05%	32.04%	23.65%	10.08%

CRAB RATING SCALES AND DEFINITIONS

LONGTERM – Non Banking Financial Institutions

RATING	DEFINITION
AAA (Triple A)	**Highest Earning Prospect.** NBFIs rated in this category are adjudged to be the strongest, characterized by excellent financials, healthy and sustainable franchises, and a first rate operating environment. The level, growth and quality of earnings over the medium term are of the highest grade and changes in business/economic circumstances, as may be envisaged, are unlikely to significantly impair the underlying fundamentals.
AA1 **AA2** **AA3*** (Double A)	**Very High Earning Prospect.** NBFIs rated in this category are adjudged to be very strong, characterized by very good financials, healthy and sustainable franchises, and a first rate operating environment. The level, growth and quality of earnings over the medium term are of very high grade and changes in business/economic circumstances, as may be envisaged, may very slightly impair the underlying fundamentals.
A1 **A2** **A3** (Single A)	**High Earning Prospect.** NBFIs rated in this category are adjudged to be strong, characterized by good financials, healthy and sustainable franchises, and a first rate operating environment. The level, growth and quality of earnings over the medium term are of high grade and changes in business/economic circumstances, as may be envisaged, may slightly impair the underlying fundamentals.
BBB1 **BBB2** **BBB3** (Triple B)	**Above Average Earning Prospect.** NBFIs rated in this category are adjudged to be very solid, characterized by above average financials, valuable and defensible business franchises, and an attractive and stable operating environment. The level, growth and quality of earnings over the medium term are of above average grade and changes in business/economic circumstances, as may be envisaged, may impair the underlying fundamentals.
BB1 **BB2** **BB3** (Double B)	**Average Earning Prospect.** NBFIs rated in this category are adjudged to be solid, characterized by average financials, valuable and defensible business franchises, and an attractive and stable operating environment. The level, growth and quality of earnings over the medium term are of average grade and changes in business/economic circumstances, as may be envisaged, may significantly impair the underlying fundamentals.
B1 **B2** **B3** (Single B)	**Below Average Earning Prospect.** NBFIs rated in this category are adjudged to be almost solid, characterized by nearly average financials, valuable and defensible business franchises, and an attractive and stable operating environment. The level, growth and quality of earnings over the medium term are of nearly average grade and changes in business/economic circumstances, as may be envisaged, may greatly impair the underlying fundamentals.
C	**Inadequate Earning Prospect.** NBFIs rated in this category are adjudged to have weak financial strength and are limited by one or more of the factors as: a vulnerable or developing business franchise; weak financial fundamentals; or an unstable operating environment. The level, growth and quality of earnings over the medium term are of poor grade and changes in business/economic circumstances, as may be envisaged, may highly impair the underlying fundamentals.
D	**Extremely Speculative.** NBFIs rated in this category possess very weak intrinsic financial strength, requiring periodic outside support or suggesting an eventual need for outside assistance. Such institutions may be limited by one or more of the factors as: a business franchise of questionable value; financial fundamentals that are seriously deficient in one or more respects; or a highly unstable operating environment. The level, growth and quality of earnings over the medium term are of speculative grade and changes in business/economic circumstances, as may be envisaged, may highly impair the underlying fundamentals.

*** 1,2,3 refer to above average, average, and below average status in the group**

SHORT TERM – Non Banking Financial Institutions

ST-1	**Highest Grade** NBFIs rated in this category are considered to be of highest grade with highest quality of earnings in the short term, characterized by excellent position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-2	**High Grade** NBFIs rated in this category are considered to be of high grade with high quality of earnings in the short term, characterized by commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-3	**Good Grade** NBFIs rated in this category are considered to be of good grade with good quality of earnings in the short term, characterized by good position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-4	**Satisfactory Grade** NBFIs rated in this category are considered to be of acceptable grade with average quality of earnings in the short term, characterized by acceptable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-5	**Below Average Grade** NBFIs rated in this category are considered to be of below average grade with low quality of earnings in the short term, characterized by risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
ST-6	**Lowest Grade** NBFIs rated in this category are considered to be of lowest grade with poor quality of earnings in the short term, characterized by risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.

AUDITORS' REPORT TO THE SHARE HOLDERS OF
BAY LEASING & INVESTMENT LIMITED

We have audited the accompanying Balance Sheet of **Bay Leasing & Investment Limited** as of December 31, 2007 and the related Profit and Loss Statement and Cash Flows for the year then ended together with the annexed notes 1 to 30 thereto. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs as of 31 December 2007 and of the results of its operations and it's cash flows for the year then ended and comply with the Companies Act 1994, the Financial Institutions Act 1993 and other applicable laws and regulations.

We also report that:

1. 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 ;
2. 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;
3. the Company's Balance Sheet and Profit and Loss Account along with the annexed notes 1 to 30 dealt with by the report are in agreement with the books of account and
4. the financial statements have been drawn up in conformity with the rules and regulations issued by Bangladesh Bank to the extent applicable to the company;
5. the expenditure incurred and payments made were for the purpose of the Company's business;
6. adequate provision has been made for doubtful leases and other assets which are doubtful of recovery;
7. The company has followed the instructions issued by Bangladesh Bank in matters of lease/advance classification, provisioning and suspension of interest ;and
8. The company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets.

Dated:23.03.2008

Sd/-
PINAKI & COMPANY
CHARTERED ACCOUNTANTS

BAY LEASING & INVESTMENT LIMITED

Balance Sheet
as at 31st December, 2007

SOURCE OF FUNDS	NOTES	TAKA 2007	TAKA 2006
SHARE HOLDERS' EQUITY			
Share capital	2	102,000,000	102,000,000
Statutory reserve	3	65,931,000	50,162,514
General reserve	4	150,000,000	120,000,000
Assets revaluation reserve		43,344,900	43,344,900
Retained earnings		16,426,392	8,853,538
Total Share Holders Equity		377,702,292	324,360,952
NON CURRENT IABILITIES			
Long term loan	5	1,055,723,325	988,221,786
Term deposits	6	1,104,114,339	593,532,235
Lease advance	7	5,348,051	7,995,344
Total Non Current Liabilities		2,165,185,715	1,589,749,365
CURRENT LIABILITIES			
Short term loan	8	228,380,527	270,874,747
Creditors and accrued expenses	9	98,787,230	89,388,437
Proposed cash dividend		25,500,000	20,400,000
Provision for taxation	10	7,229,546	7,229,546
Current maturity of long term loan and deposits	11	514,220,021	456,777,830
Current maturity of lease advance		7,553,251	7,425,455
Interest suspense	12	20,821,000	11,061,000
Total Current liabilities		902,491,575	863,157,015
Total Shareholders' equity and liabilities		3,445,379,582	2,777,267,332

ASSETS & INVESTMENT	NOTES	TAKA 2007	TAKA 2006
NON CURRENT ASSETS & INVESTMENT			
Net investment in lease finance	13	979,871,344	1,030,647,574
Advance against lease finance	14	263,459,538	48,914,348
Provision for doubtful leases	15	(31,581,000)	(20,678,000)
Net investment in term finance	16	1,122,597,098	596,087,759
Provision for term finance	17	(27,856,000)	(7,446,000)
Total non current assets & investment		2,306,490,980	1,647,525,681
CURRENT ASSETS			
Advances, deposits and prepayments	18	16,411,358	85,200,746
Advance income tax	19	24,760,205	20,994,243
Lease rental receivables	20	308,156,688	232,001,454
Other receivables	21	12,418,997	143,560,229
Investment in shares	22	426,087,630	313,211,978
Provision for diminution in value of investment in shares	23	(4,139,000)	(3,559,000)
Cash and cash equivalents	24	166,512,593	171,601,941
Total Current Assets		950,208,471	963,011,591
Property, Plant and equipments-at cost less depreciatior	25	188,680,131	166,730,060
Total Assets and Investment		3,445,379,582	2,777,267,332
		-	-

Signed in terms of our separate report of even date

Sd/-	Sd/-	Sd/-	Sd/-
Managing Director	Director	Chairman	**Pinaki & Company** Chartered Accountants

BAY LEASING & INVESTMENT LIMITED

Profit and Loss Statement
for the year ended 31st December 2007

Particulars	Notes	Taka 2007	Taka 2006
a. OPERATING REVENUE			
Income from lease finance and term finance	26	305,046,325	274,859,354
Dividend income		20,807,147	2,443,892
Gain on sale of investment in shares		90,474,671	17,286,101
Total Operating Revenue		416,328,143	294,589,347
b. OPERATIONAL EXPENSES			
Financial expenses	27	293,925,530	239,720,366
General and administrative expenses	28	12,394,307	10,018,660
Provision for doubtful lease and diminution in value of investment in shares		31,893,000	3,036,000
Total Operational Expenses		338,212,837	252,775,026
c. Profit from Operation (a-b)		78,115,306	41,814,321
d, Profit on Merchant Banking Operation	Anx-1	726,034	916,070
e. Profit Before Taxation (c+d)		78,841,340	42,730,391
f. Provision For Tax		-	-
g. Profit After Taxation (e-f)		78,841,340	42,730,391
h. Retained Earning From Last Year		8,853,538	1,005,847
i. Net Profit Available For Appropriation (g+h)		87,694,878	43,736,238
j. Appropriation		71,268,486	34,882,700
Statutory reserve		15,768,486	8,546,000
General reserve		30,000,000	5,936,700
Proposed dividend		25,500,000	20,400,000
k. Retained Earnings (i-j)		16,426,392	8,853,538
EPS		77.30	41.89

Examined and found correct.

Sd/-	Sd/-	Sd/-	Sd/-
Managing Director	Director	Chairman	**Pinaki & Company** Chartered Accountants

BAY LEASING & INVESTMENT LIMITED

Profit on Merchant Banking Operations
For the year ended 31st December 2007

[Anx - 1]

Particulars	Taka 31-12-2007	Taka 31-12-2006
Operational Revenue		
Manager to the issue	-	523,670
Underwriting commission	956,034	605,300
	956,034	1,128,970
Operational expenses		
Salary and allowances	230,000	212,900
	230,000	212,900
Profit from operations - transferred to profit and loss accoun	726,034	916,070

Sd/-	Sd/-	Sd/-	Sd/-
Managing Director	Director	Chairman	**Pinaki & Company** Chartered Accountants

BAY LEASING & INVESTMENT LIMITED

Statement of Changes in Equity
for the year ended 31 December 2007

Particulars	Paid up capital Taka	Share premium Taka	Statutory reserve Taka	General reserve Taka	Assests revaluation reserve Taka	Retained earnings Taka	Total Taka
Balance at 1 January 2007	102,000,000	-	50,162,514	120,000,000	43,344,900	8,853,538	324,360,952
During the year	-	-	15,768,486	30,000,000	-	33,072,854	78,841,340
Proposed dividend	-	-	-	-	-	(25,500,000)	(25,500,000)
Issue of share capital	-	-	-	-	-	-	-
Balance at 31 December 2007	102,000,000	-	65,931,000	150,000,000	43,344,900	16,426,392	377,702,292

BAY LEASING & INVESTMENT LIMITED

Cash Flows Statement

for the year ended 31st December 2007

Particulars	Taka 2007	Taka 2006
A Cash Flow from Operating Activities		
Collection from operational revenue	308,804,902	360,140,016
Income from merchant banking operation	956,034	1,128,970
Payment for operational expenses	(11,240,829)	(8,991,514)
Payment for financial expenses	(293,925,530)	(239,720,366)
	4,594,577	112,557,106
Cash generated from operational changes in working capital component		
Advance, Deposit and Prepayment	(26,788,314)	(119,828,639)
Advance Income Tax	(3,765,962)	(5,163,809)
Creditors and Accrued Expenses	9,398,793	(23,757,226)
	(21,155,483)	(148,749,674)
Net cash from Operating Activities	(16,560,906)	(36,192,568)
B. Cash Flow from Investing Activities		
(Increse) / Decrease in Lease Finance	50,776,230	(352,596,187)
(Increase) / Drcrease in Term Finance	(419,071,824)	(91,219,896)
Purchase of Fixed Assets	(23,439,857)	(44,081,797)
Sale of Fixed Assets	150,000	140,000
Advance against Leasing Assets	(165,461,274)	115,739,571
Investment in Shares	(112,875,652)	8,382,819
Gain on sale of investment in shares	90,474,671	17,286,101
Dividend income	20,807,147	2,443,892
Net cash used in investing activities	(558,640,559)	(343,905,497)
C. Cash Flow from Financing Activities		
Long term loan receipt	565,763,715	641,725,000
Long term loan repayment	(443,984,152)	(294,561,286)
Term deposit receipt	765,381,354	607,634,585
Term deposit payment	(251,635,083)	(696,430,515)
Lease advance receipt	3,864,177	1,721,027
Adjustment of lease advance	(6,383,674)	(2,724,596)
Dividend paid	(20,400,000)	(15,300,000)
Short term loan	(42,494,220)	(68,609,168)
Net cash provided by financing activities	570,112,117	173,455,047
Net increase/(decrease) in Cash and Cash Equivalent	(5,089,348)	(206,643,018)
Opening Cash and Bank balances	171,601,941	378,244,959
Closing Cash and Bank balances	166,512,593	171,601,941

Notes to the Financial Statement
as at 31st December 2007

1.0 Summary of significant accounting policies and other material information

1.1 Legal form of the company

Bay Leasing & Investment Ltd, a Public Limited Company was incorporated in Bangladesh on 7th February 1996 under the Companies Act 1994 and Bangladesh Bank has granted License to the Company on 25-05-1996 to function as a Non-Banking Financial Institution under the Financial Institution Act 1993 and the Financial Institution Regulation of 1994. The Company also registered itself as a Merchant Bank with the Securities & Exchange Commission on June 25, 1998.

1.2 Nature of business activities

The Company extends lease financing as its core business for all types of machinery and equipment including vehicles for industrial, commercial and private purpose. It has also expanded its activities into term finance, housing finance and merchant banking operations.

1.3 Accounting for leases

The company has been following finance method of Accounting for lease transactions as per BAS-17. The aggregate lease receivables including un-guaranteed residual value are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost, including interest thereon for acquiring the lease equipment, constitutes the unearned lease income being usually amortized to revenue or a monthly basis over the lease term yielding a constant rate of return over the period.

1.4 Fixed Assets

These are stated at historical cost less accumulated depreciation. We observed an addition of Tk. 23,439,857during the year under review in the following manner :

Particulars	**Taka**
Land and Building	22,672,413
Furniture and fixtures	4,221
Office equipment	634,473
Office decoration	21,750
Motor vehicles	107,000
Total	23,439,857

1.5 Depreciation on fixed assets

Depreciation on Fixed Assets for the own use of the Company is charged at rates varying from 10% to 20% on diminishing balance method.

1.6 Cash and cash equivalents

This represents Cash in Hand and Cash at Banks, the details of which is given in the Note No. 24

1.7 Statutory reserve

This represents 20% of Profit before tax set aside in compliance with Clause 6 of the Financial Institution Regulation, 1994.

1.8 Provision for doubtful lease and loan

The provision has been made at an estimated rate of outstanding exposures based on rental receivables on lease and installment receivable on loan against of receivable as per Financial Institution Department (FID) Circular-08 dated 03-08-2002 of Bangladesh Bank. The provision is considered adequate to meet probable losses.

1.9 Provision for diminution in value of investment in shares

The provision has been made at an estimated value of shares due to fluctuation of market value. Lower of cost or market value has been considered to take provisions and adjustment of book value of shares.

1.10 Taxation

Considering the allowable expenses as per Income Tax Law, no provision for Income Tax has been made for 2007 including deferred tax.

Assessment of the Company has been completed up-to Assessment Year 2006-07. Assessment of 2007-08 is under process of completion.

1.11 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1.12 Reporting period

The financial period of the Company covers one calendar year from 1st January to 31st December consistently.

Notes to the financial statements
as at 31st December 2007

No.	Particulars		Taka 2007	Taka 2006
2.	**Share capital**			
	Authorised capital		500,000,000	500,000,000
	5000,000 ordinary shares of Tk. 100/- each			
	Issued, subscribed & paid-up capital			
	1,020,000 ordinary shares of Tk.100/-each		102,000,000	102,000,000
		Total	102,000,000	102,000,000
3.	**Statutory reserve**			
	Balance from last year		50,162,514	41,616,514
	Add: during the year		15,768,486	8,546,000
		Total	65,931,000	50,162,514
4.	**General reserve**			
	Balance from last year		120,000,000	114,063,300
	Add: during the year (out of retained earnings)		30,000,000	5,936,700
		Total	150,000,000	120,000,000
5.	**Long term loan**			
	Balance from last year		1,190,628,658	843,464,944
	Add: during the year		565,763,715	641,725,000
			1,756,392,373	1,485,189,944
	Less: repayment during the year		443,984,152	294,561,286
			1,312,408,221	1,190,628,658
	Less: transferred to current liabilities being current maturity		256,684,896	202,406,872
		Total	1,055,723,325	988,221,786
6.	**Term deposits**			
	Balance from last year		847,903,193	936,699,123
	Add: during the year		765,381,354	607,634,585
			1,613,284,547	1,544,333,708
	Less: repayment during the year		251,635,083	696,430,515
			1,361,649,464	847,903,193
	Less: transferred to current liabilities being current maturity		257,535,125	254,370,958
		Total	1,104,114,339	593,532,235
7.	**Lease advance**			
	Balance from last year		15,420,799	16,424,368
	Add: during the year		3,864,177	1,721,027
			19,284,976	18,145,395
	Less: adjustment during the year		6,383,674	2,724,596
			12,901,302	15,420,799
	Less: Transferred to current liabilities being current maturity		7,553,251	7,425,455
		Total	5,348,051	7,995,344

Notes to the financial statements
as at 31st December 2007

No.	Particulars		Taka 2007	Taka 2006
8.	**Short term loan**			
	Call money	note-8.1	90,000,000	245,000,000
	Bank overdraft	note-8.2	138,380,527	25,874,747
		Total	228,380,527	270,874,747
8.1	**Call money**			
	Southeast Bank Ltd.		30,000,000	200,000,000
	Jamuna Bank Ltd.		60,000,000	45,000,000
		Total	90,000,000	245,000,000
8.2	**Bank overdraft**			
	National Credit and Commerce Bank Ltd.		15,475,774	838,545
	Southeast Bank Ltd.		-	8,470,156
	Dhaka Bank Ltd.		67,680,485	1,822,032
	Mercantile Bank Ltd.		55,224,268	14,744,014
		Total	138,380,527	25,874,747
9.	**Creditors and accrued expenses**			
	Accrured expenses	notes-9.1	232,299	73,378
	Other finance	notes-9.2	88,557,828	74,342,256
	Sundry payable	notes-9.3	9,997,103	14,972,803
		Total	98,787,230	89,388,437
9.1	**Accrued expenses**			
	Audit fees		50,000	45,000
	Credit rating fees		150,000	-
	Telephone bill		18,553	14,901
	Electricity bill		13,746	13,477
		Total	232,299	73,378
9.2	**Other finance**			
	Interest payable on term deposits		70,194,243	49,898,783
	Interest payable on term loan		17,306,987	22,486,042
	Interest payable on call loan		1,056,598	1,957,431
		Total	88,557,828	74,342,256
9.3	**Sundry payable**			
	Sundry deposit		1,188,551	4,150,853
	Lease margin		3,045,585	10,095,531
	Other payables		4,576,125	-
	Provident fund		1,186,842	726,419
		Total	9,997,103	14,972,803

Notes to the financial statements
as at 31st December 2007

No.	Particulars		Taka 2007	Taka 2006
10.	**Provision for taxation**			
	Opening balance		7,229,546	7,229,546
	Provision made during the year		-	-
		Total	7,229,546	7,229,546
11.	**Current maturity of long term loan and deposits**			
	Long term loan		256,684,896	202,406,872
	Term deposits and promissory notes		257,535,125	254,370,958
		Total	514,220,021	456,777,830
12.	**Interest suspense**			
	Opening balance		11,061,000	8,809,000
	Provision made during the year		9,760,000	2,252,000
		Total	20,821,000	11,061,000
13.	**Net investment in lease finance**			
	Gross lease finance		2,183,697,391	2,458,635,047
	Less: unearned lease income		1,203,826,047	1,427,987,473
		Total	979,871,344	1,030,647,574
14.	**Advance against lease finance**			
	Balance from last year		48,914,348	164,653,919
	Add: during the year		398,050,457	273,449,900
			446,964,805	438,103,819
	Less: executed during the year		183,505,267	389,189,471
		Total	263,459,538	48,914,348
15.	**Provision for doubtful leases**			
	Balance from last year		(20,678,000)	(19,068,000)
	Add: provision made during the year		(10,903,000)	(1,610,000)
		Total	(31,581,000)	(20,678,000)
16.	**Net investment in term finance**			
	Balance from last year		596,087,759	504,867,863
	Add: disbursement during the year		823,900,292	195,073,753
			1,419,988,051	699,941,616
	Less: adjusted during the year		297,390,953	103,853,857
		Total	1,122,597,098	596,087,759
17.	**Provision for term finance**			
	Balance from last year		(7,446,000)	(6,050,000)
	Add: provision made during the year		(20,410,000)	(1,396,000)
		Total	(27,856,000)	(7,446,000)
18.	**Advances, deposits and prepayments**			
	Advance accounts		16,397,358	85,186,746
	Security deposit		14,000	14,000
		Total	16,411,358	85,200,746

No.	Particulars			Taka
19.	**Advance income tax**			
	Payment for advance income tax		3,114,467	2,714,467
	Tax deduction at source		21,645,738	18,279,776
	Total		24,760,205	20,994,243
20	**Lease rental receivable**			
	Receivable from different parties		175,819,004	123,981,719
	Receivable from loan		132,337,684	108,019,735
	Total		308,156,688	232,001,454
21	**Other receivables**			
	Against share sales		4,026,097	39,403,463
	Other advance		8,392,900	104,156,766
	Total		12,418,997	143,560,229
22.	**Investment in shares**	**Cost price**	**Market price**	**Provision during the year 31-12-07**
	Al-Arafah Islami Bank Ltd.	2,251,415	2,201,250	50,165
	Bangladesh General Insurance Co. Ltd.	413,937	444,312	-
	Bata Shoe Co.(BD) Ltd.	16,504	22,360	-
	Beximco Pharma Ltd.	5,402,675	4,417,500	985,175
	BLI Securities Ltd.	5,400,000	5,400,000	-
	Central Depository BD Ltd.	1,000,000	1,000,000	-
	Exim Bank Ltd.	101,320,093	144,637,938	-
	First Lease International Ltd.	4,139,180	4,009,600	129,580
	Heidelburg Cement Ltd.	21,865,942	20,992,769	873,173
	Jago Corporation	2,500,000	2,160,000	340,000
	Jamuna Bank Ltd.	141,104	180,925	-
	Lucky Feed Ltd.	7,000,000	7,000,000	-
	Max Fabrics Ltd.	7,000,000	7,000,000	-
	Mercantile Bank Ltd.	750,746	838,000	-
	National Credit & Commerce Bank Ltd.	36,698,275	36,644,500	53,775
	National Life Insurance Ltd.	81,208,870	103,357,540	-
	One Bank Ltd.	20,587,515	20,614,008	-
	Oriental Bank Ltd.	478,070	278,400	199,670
	Phoenix Finance Ltd.	1,639,062	1,565,188	73,874
	Phoenix Insurance Co. Ltd.	327,838	350,175	-
	Prime Islami Life Insurance Co. Ltd.	2,182,973	1,936,024	246,949
	Rupali Insurance Co. Ltd.	470,355	493,580	-
	Shahjalal Islami Bank Ltd.	1,743,675	1,830,000	-
	Southeast Bank Ltd.	100,178,027	108,893,424	-
	Square Textile Ltd.	1,234,859	1,274,000	-
	Standard Bank Ltd.	1,737,772	1,688,750	49,022
	Trust Bank Ltd.	9,998,124	8,874,338	1,123,786
	Universal Real Estate Ltd.	7,000,000	7,000,000	-
	Uttara Finance Ltd.	1,400,619	1,387,000	13,619
	Total	426,087,630	496,491,581	4,138,788

No.	Particulars		Taka	
23.	**Provision for diminutation in value of investment in shares**			
	Balance as per last account		(3,559,000)	(3,529,000)
	Add: provision made during the year		(580,000)	(30,000)
		Total	(4,139,000)	(3,559,000)
24.	**Cash and cash equivalents**			
	Cash in hand		1,297,915	2,321,576
	Cash at Bank		14,564,168	8,180,365
	Term deposit	note-24.1	150,650,510	161,100,000
		Total	166,512,593	171,601,941
24.1	**Term Deposits**			
	Dhaka Bank Ltd.		50,000,000	50,000,000
	Mercantile Bank Ltd.		59,650,510	50,000,000
	NCC Bank Ltd.		21,000,000	31,100,000
	Southeast Bank Ltd.		20,000,000	20,000,000
	Lanka-Bangla Finance		-	10,000,000
		Total	150,650,510	161,100,000

Notes to the financial statements
for the year ended 31st December 2007

No.	Particulars		Taka 2007	Taka 2006
26.	**Income from lease finance and term finance**			
	These represent the amount recognized as revenue income during the year		305,046,325	274,859,354
		Total	305,046,325	274,859,354
27.	**Financial expenses**			
	Interest on term loan, term deposits and over draft		275,949,252	226,317,794
	Interest on call loan		17,976,278	13,402,572
		Total	293,925,530	239,720,366
28.	**General and administrative expenses**			
	Salary and allowances		7,122,646	5,644,086
	Directors' fees		133,000	132,500
	Audit fees		50,000	45,000
	Advertisement and publicity		114,000	119,500
	Bank charges		21,620	103,078
	Car maintenance and fuel		644,779	301,497
	Conveyance and travelling		3,574	2,396
	Credit rating fees		300,000	
	Electricity, water and gas		239,117	240,984
	Entertainment		191,680	148,618
	Insurance premium		54,548	40,626
	Legal and professional fees		7,100	212,630
	Newspapers and periodicals		13,265	21,480
	Office maintenance		365,903	290,479
	Postage and cables		1,335	1,469
	Printing and stationery		80,899	78,911
	Rent, rates and taxes		1,303,893	1,144,800
	Repairs and maintenance		18,120	46,610
	Annual subscription and donation		177,850	53,550
	Telephone and fax		167,500	147,900
	Training fees		-	2,500
	Depreciation		1,383,478	1,240,046
		Total	12,394,307	10,018,660

25. Property, Plant and equipment-at cost less depreciation

	Cost					Depreciation					W. D. V.
Particulars	balance as on 01/01/07 (Tk.)	addition during the year (Tk.)	revalued during the year (Tk.)	disposal during the year (Tk.)	balance as on 31/12/07 (Tk.)	rate	balance as on 01/01/07 (Tk.)	charged during the year (Tk.)	Adjustment during the year	balance as on 31/12/07 (Tk.)	**as on 31/12/07** (Tk.)
0	**1**	**2**	**2**	**3**	**(1+2-3)=4**	**5**	**6**	**7**		**(6+7)=8**	**(4-8)=9**
Land and Building	158,868,500	22,672,413	-	-	181,540,913	0%	-	-	-	-	181,540,913
Furniture and fixtures	3,142,603	4,221	-	326,027	2,820,797	10%	1,601,798	154,335	219,719	1,536,414	1,284,383
Office equipment	3,674,597	634,473	-	-	4,309,070	15%	2,565,235	175,055	-	2,740,290	1,568,780
Office decoration	5,061,893	21,750	-	-	5,083,643	20%	4,002,685	214,742	-	4,217,427	866,216
Motor vehicles	5,469,932	107,000	-	-	5,576,932	20%	1,402,386	822,426	-	2,224,812	3,352,120
Electrical goods	595,450	-	-	-	595,450	20%	510,811	16,920	-	527,731	67,719
Total	176,812,975	23,439,857	-	326,027	199,926,805		10,082,915	1,383,478	219,719	11,246,674	188,680,131

No. Particulars

29. Proposed dividend

The Board of Directors have recommended to 25% cash dividend amounting Tk. 25,500,000/- for the year 2007 subject to confirmation by the shareholders in the AGM.

30. Others

(i) The Company had no claim against it which has not been acknowledged as debt at the Balance Sheet date.

(ii) There exists no commitments except those already entered into agreement and are in the process of the execution.

(iii) There was no contingent liability as on 31-12-2007.

(iv) The figures appearing in these accounts have been rounded off to the interest taka

(v) Figures of the previous year have been rearranged, wherever considered necessary to conform to current year's presentation.

AUDITORS' REPORT IN PURSUANCE OF SECTION 135(1) UNDER PARA 24(1) OF PART II OF THE THIRD SCHEDULE OF THE COMPANIES ACT 1994 OF BAY LEASING & INVESTMENT LIMITED

We have audited financial statements of Bay Leasing & Investment Limited for the year ended December 31, 2007. We have also examined the statement of accounts of the Company for the year ended on December 31, 2003 to 31st December, 2007 audited by us in pursuance of section 135(1) paragraph 24(1) of part-ii of the Third Schedule of the Companies Act, 1994 and we report that:

1. The company was incorporated on 07th February, 1996.

2. The statement of operating result of the company for the period ended December 31, 2003 to December 31, 2007 has been duly certified by us.

3. We also certify the statement of Assets and Liabilities of the Company as of December 31, 2003, 2004, 2005, 2006 and 2007.

4. The company declared dividend for the year 2003, 2004, 2005, 2006 & 2007 at the rate of 15%, 15%, 15%, 20% & 25% respectively.

5. The company has no subsidiaries; and

6. No proceeds or part of proceeds of the issue of shares were applied directly by the Company in the purchase of any other business.

Sd/-
Pinaki & Company
Chartered Accountants

Date: 23.03.08

BAY LEASING & INVESTMENT LTD.

Balance Sheet of the Company for the years ended December 2007,2006,2005,2004 & 2003.

(Amount in Taka)

SOURCE OF FUNDS	31.12.2007	31.12.2006	31.12.2005	31.12.2004	31.12.2003
AUTHORIZED CAPITAL					
5,000,000 ordinary shares of Tk. 100/- each	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
SHAREHOLDERS' EQUITY	377,702,292	327,360,952	261,685,661	204,218,617	78,209,365
Paid-up capital 1,020,000 ordinary shares of Tk. 100/- each	102,000,000	102,000,000	102,000,000	40,000,000	40,000,000
Share money deposit	-	3,000,000	3,000,000	50,000,000	150,000
Bonus shares	-	-	-	12,000,000	6,000,000
Statutory reserve	65,931,000	50,162,514	41,616,514	28,835,714	11,895,530
General reserve	150,000,000	120,000,000	114,063,300	33,300,000	18,300,000
Assets revaluation reserve	43,344,900	43,344,900	-	-	-
Retained earnings	16,426,392	8,853,538	1,005,847	40,082,903	1,863,835
LONG TERM LIABILITIES	2,165,185,715	1,589,749,365	1,368,768,200	618,975,712	519,856,252
Long term loan	1,055,723,325	988,221,786	689,964,814	310,660,330	234,757,062
Term deposits	1,104,114,339	593,532,235	669,669,656	297,040,000	273,305,565
Lease advance	5,348,051	7,995,344	9,133,730	11,275,382	11,793,625
CURRENT LIABILITIES	902,491,575	860,157,015	899,979,359	1,508,829,313	630,985,951
Short term loan	228,380,527	270,874,747	339,483,915	1,000,788,262	366,614,287
Creditors and accrued expe	98,787,230	97,449,437	110,145,663	74,610,042	41,529,400
Dividend	25,500,000	20,400,000	15,300,000	-	-
Provision for taxation	7,229,546	7,229,546	7,229,546	7,229,546	11,275,610
Current maturity of long term loan and deposits	514,220,021	456,777,830	420,529,597	422,177,436	208,377,675
Current maturity of lease advance	7,553,251	7,425,455	7,290,638	4,024,027	3,188,979
Interest suspenses	20,821,000	-	-	-	-
TOTAL	3,445,379,582	2,777,267,332	2,530,433,220	2,332,023,642	1,229,051,568
ASSETS & INVESTMENT					
FIXED ASSETS					
At Cost Less Depreciation	188,680,131	166,730,060	80,667,654	6,622,975	6,582,442
LEASE FINANCE	1,211,749,882	1,058,883,922	906,618,032	603,192,450	459,351,205
Net Investment in Lease Fir	979,871,344	-	-	-	-
Leased Assets at Cost Less Depreciation	-	1,030,647,574	761,032,113	485,459,901	412,361,203
Advance against Lease Asse	263,459,538	48,914,348	164,653,919	137,017,549	68,068,002
Provision for Doubtful Lease	(31,581,000)	(20,678,000)	(19,068,000)	(19,285,000)	(21,078,000)
TERM FINANCE	1,094,741,098	588,641,759	498,817,863	163,724,467	83,798,966
Net Investment in Term Fin	1,122,597,098	596,087,759	504,867,863	167,873,467	87,175,966
Provision for Doubtful Loan	(27,856,000)	(7,446,000)	(6,050,000)	(4,149,000)	(3,377,000)
CURRENT ASSETS	950,208,471	963,011,591	1,044,329,671	1,558,483,750	679,318,955
Advances, deposit and prepayment	16,411,358	336,780,710	216,952,071	116,908,587	60,871,725
Advance income tax	24,760,205	20,994,243	15,830,434	8,193,816	8,498,101
Lease rental receivable	308,156,688	123,981,719	115,236,410	106,844,978	93,130,423
Other receivable	12,418,997	-	-	-	-
Investment in shares	426,087,630	313,211,978	321,594,797	141,575,606	93,853,180
Provision for diminution in value of Investment in shares	(4,139,000)	(3,559,000)	(3,529,000)	(3,148,000)	(3,732,000)
Cash and cash equivalents	166,512,593	171,601,941	378,244,959	1,188,108,763	426,697,526
TOTAL	3,445,379,582	2,777,267,332	2,530,433,220	2,332,023,642	1,229,051,568

Signed in terms of our separate report of even date

Sd/-	Sd/-	Sd/-	Sd/-
Managing Director	Director	Chairman	**Pinaki & Company** Chartered Accountnats

BAY LEASING & INVESTMENT LTD.

The Statement of profit and loss of the Company for the years ended December 2007, 2006,2005,2004 & 2003.

(Amount in Taka)

PARTICULARS	31-12-2007	31-12-2006	31-12-2005	31-12-2004	31-12-2003
A OPERATIONAL REVENUE	416,328,143	462,607,043	353,878,425	301,745,539	250,036,593
Lease Rentals & Income from Lending	305,046,325	431,627,161	310,976,268	221,588,769	215,361,393
Other Operational Income	-	11,249,889	4,066,828	1,913,507	33,028,828
Dividend Income	20,807,147	2,443,892	2,298,591	7,921,846	2,669,490
Gain on Sale of Investment in Shares	90,474,671	17,286,101	36,536,738	70,321,417	(1,023,118)
B OPERATIONAL EXPENSES	338,212,837	420,792,722	290,241,266	217,218,619	230,095,522
Depreciation on Leased Assets	-	168,017,696	129,595,432	117,735,191	115,128,574
Financial Expenses	293,925,530	239,720,366	148,438,724	87,183,598	103,454,271
General and Administrative Expenses	12,394,307	10,018,660	10,142,110	10,172,619	10,114,157
Provision for Doubtful Leases and Diminution in Value of Investment in Shares	31,893,000	3,036,000	2,065,000	2,127,211	1,398,520
C INCOME FROM OPERATION (A-B)	78,115,306	41,814,321	63,637,159	84,526,920	19,941,071
D PROFIT ON MERCHANT BANKING OPERATIOI	726,034	916,070	266,585	174,000	590,625
E PROFIT BEFORE TAXATION (C+D)	78,841,340	42,730,391	63,903,744	84,700,920	20,531,696
F PROVISION FOR TAX	-	-	-	8,541,668	6,083,588
G PROFIT AFTER TAX (E-F)	78,841,340	42,730,391	63,903,744	76,159,252	14,448,108
H RETAINED EARNINGS FROM LAST YEAR	8,853,538	1,005,847	40,082,903	1,863,835	2,497,077
I NET PROFIT AVAILABLE FOR APPROPRIATION (G+H)	87,694,878	43,736,238	103,986,647	78,023,087	16,945,185
J APPROPRIATION	71,268,486	34,882,700	102,980,800	37,940,184	15,081,350
Statutory Reserve	15,768,486	8,546,000	12,780,800	16,940,184	4,106,350
General Reserve	30,000,000	5,936,700	74,900,000	15,000,000	4,975,000
Dividend	25,500,000	20,400,000	15,300,000	6,000,000	6,000,000
K RETAINED EARNINGS (I-J)	16,426,392	8,853,538	1,005,847	40,082,903	1,863,835
EPS	77.30	41.89	62.65	190.40	36.12

Examined and found correct

Sd/-	Sd/-	Sd/-	Sd/-
			Pinaki & Company
Managing Director	Director	Chairman	Chartered Accountnats

BAY LEASING & INVESTMENT LTD.

Cash Flow Statement
for the years ended December 2007, 2006,2005,2004 & 2003.

(Amount in Taka)

Particulars	**31-12-2007**	**31-12-2006**	**31-12-2005**	**31-12-2004**	**31-12-2003**
A Cash flow from operatring activities					
Collection from operation revenue	308,804,902	-	-	-	-
Income from merchant banking operation	956,034	-	-	-	-
Payment for operational expenses	(11,240,829)	-	-	-	-
Payment for financial expenses	(293,925,530)	-	-	-	-
Net Profit before tax	-	42,730,391	63,903,744	84,700,920	20,531,696
Depreciation of lease assets	-	168,017,696	129,595,432	117,735,191	115,128,574
Depreciation of fixed assets	-	1,240,046	1,299,386	1,186,026	1,025,459
Provision for the doubtful lease, loan and diminuion in value of investment in shares	-	3,036,000	2,065,000	(1,605,000)	1,362,000
	4,594,577	215,024,133	196,863,562	202,017,137	138,047,729
Cash generated from operational changes in working capital component					
Advance, Deposit and Prepayment	(26,788,314)	(119,828,639)	(100,043,484)	(56,036,862)	(51,189,522)
Advance Income Tax	(3,765,962)	(5,163,809)	(7,636,618)	304,285	(7,071,063)
Lease Rental Receivable	-	(8,745,309)	(8,391,432)	(13,714,555)	(42,159,385)
Adjustment in Tax Liabilities	-	-	-	(12,587,732)	(807,764)
Creditors and Accrued Expenses	9,398,793	(12,696,226)	35,535,621	33,080,642	9,262,030
	(21,155,483)	(146,433,983)	(80,535,913)	(48,954,222)	(91,965,704)
Net cash flow from operating activities	(16,560,906)	68,590,150	116,327,649	153,062,915	46,082,025
B Cash Flow from Investing Activities					
Acquisition of leased assets	50,776,230	(466,671,353)	(491,856,732)	(326,531,518)	(153,220,318)
Term Finance	(419,071,824)	(91,219,896)	(336,994,396)	(80,697,501)	738,476
Adjustment of lease assets	-	114,075,166	153,814,187	190,599,007	31,514,393
Adjustment of accumulated depreciation on lease assets	-	(85,036,970)	(67,125,099)	(54,901,378)	(17,274,491)
Purchase of fixed assets	(23,439,857)	(44,081,797)	(75,344,065)	(2,007,510)	(1,071,215)
Adjustment of fixed assets	150,000	525,000	-	1,063,000	1,330,000
Adjustment of accumulated depreciation on fixed assets	-	(400,755)	-	(282,049)	(723,136)
Advance against leasing assets	(165,461,274)	115,739,571	(27,636,370)	(68,949,547)	(47,518,633)
Investment in shares	(112,875,652)	8,382,819	(174,155,891)	(47,722,426)	(31,647,449)
Investment in FDR	-	-	-	(790,000,000)	(195,100,000)
Gain on sale of investment in shares	90,474,671	-	-	-	-
Dividend income	20,807,147	-	-	-	-
Net cash used in investing activities	(558,640,559)	(448,688,215)	(1,019,298,366)	(1,179,429,922)	(412,972,373)
C Cash Flow from Financing Activities					
Receipt of long term loan	565,763,715	641,725,000	628,963,662	222,668,177	178,600,000
Repayment of long term loan	(443,984,152)	(294,561,286)	(192,368,359)	(166,745,213)	(98,673,147)
Receipt of term deposit	765,381,354	607,634,585	745,501,998	295,278,500	129,869,000
Repayment of term deposit	(251,635,083)	(696,430,515)	(431,811,000)	(37,764,000)	(29,245,000)
Receipt of lease advance	3,864,177	1,721,027	5,655,871	17,112,328	4,730,863
Adjustment of lease advance	(6,383,674)	(2,724,596)	(4,530,912)	(16,795,523)	(2,717,450)
Dividend paid	(20,400,000)	(15,300,000)	-	-	-
Bonus Share	-	-	(12,000,000)		-
Share monye deposit	-	-	(47,000,000)	49,850,000	150,000
Short term loan	(42,494,220)	(68,609,168)	(661,304,347)	634,173,975	215,145,534
Share Capital	-	-	62,000,000	-	-
Net cash provided by financing activities	570,112,117	173,455,047	93,106,913	997,778,244	397,859,800
Net increase/(decrease) in cahs and cash equiv	(5,089,348)	(206,643,018)	(809,863,804)	(28,588,763)	30,969,452
Opening cash and bank balance	171,601,941	378,244,959	1,188,108,763	34,097,526	3,128,074
Closing cash and bank balance	166,512,593	171,601,941	378,244,959	5,508,763	34,097,526

Profit and Loss Statement
Merchant Banking Operations
For the year ended 2007,2006,2005,2004 & 2003

(Amount in Taka)

Particulars	31.12.2007	31.12.2006	31.12.2005	31.12.2004	31.12.2003
Operational revenue	956,034	1,128,970	571,185	399,000	788,625
Manager to the issuue	-	523,670	306,250	-	-
Underwriting commission	956,034	605,300	264,935	399,000	788,625
Operational expenses	230,000	212,900	304,600	225,000	198,000
Salary and allowances	230,000	212,900	304,600	225,000	198,000
Profit from operations transferred to Profit and Loss account	726,034	916,070	266,585	174,000	590,625

Bay Leasing & Investment Limited
Ratio Analysis

As per Securities and Exchange Commission Rules 2006, the ratios of Bay Leasing & Investment Limited are shown below based on its Audited Financial Statements of 2007, 2006, 2005, 2004 and 2003 respectuvely.

Sl.	Financial Ratios	Formula	2007	2006	2005	2004	2003
Liquidity Ratios							
1	Current Ratio (in times) =	Current Assets / Current Liabilities	1.05	1.12	1.16	1.03	1.08
2	Quick Ratio =	Current Assets-Inventory / Current Liabilities	1.05	1.12	1.16	1.03	1.08
3	Time Interest Earned =	(Income from operation + Financial Expenses) / Financial Expenses	2.42	2.92	3.38	4.46	3.42
4	Debt-Equity Ratio (in times) =	Total Debt / Total Equity	8.12	7.48	8.67	10.42	14.71
Operating Ratios							
5	Accounts Receivable Turnover =	Sales / Receivable	N/A	N/A	N/A	N/A	N/A
6	Inventory Turnover =	Cost of Goods Sold / Inventory	N/A	N/A	N/A	N/A	N/A
7	Asset Turnover =	Total Revenue / Total Assets	0.12	0.17	0.14	0.13	0.20
Profitability Ratios							
8	Gross Margin Ratio =	Sales-Cost of Goods Sold / Sales	N/A	N/A	N/A	N/A	N/A
9	Operating Income Ratio =	Operating Profit x 100 / Total Operating Revenue	18.94	9.24	18.06	28.07	8.21
10	Net Income Ratio =	Profit After Tax x 100 / Total Operating Revenue	18.94	9.24	18.06	25.24	5.78
11	Return on Assets (ROA) =	Profit Before Tax x 100 / Total Assets	2.29	1.54	2.53	3.63	1.67
12	Return on Equity (After Tax) % =	Profit After Tax x 100 / Shareholder's Equity	20.87	13.05	24.42	37.29	18.47
13	Earning per Share (EPS) =	Profit After Tax / No. of Shares	77.30	41.89	62.65	190.40	36.12
14	Net Asset Value (NAV)	Shareholder's Equity / No. of Shares	370.30	320.94	256.55	510.55	195.52

Additional Disclosure by the Management

1) Depreciation of Leased assets was shown in the Profit & Loss Statement during the financial year 2003 to 2006 under previous accounting practice. Under this method leased assets were capitalized by the lessor (here leasing company). The Balance Sheet of a lessor included all the assets given on lease under Leased Assets and there was a corresponding depreciation charge in the income statement in respect of the leased assets. Entire lease rental was treated as revenue by the lessor.

   In the financial year 2007 the company has been following finance method of Accounting for lease transactions as per Bangladesh Accounting Standard 17. The aggregate lease receivables including unguaranteed residual value are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost, including interest thereon for acquiring the lease equipment, constitutes the unearned lease income being usually amortized to revenue or a monthly basis over the lease term yielding a constant rate of return over the period. The lease rentals split between the interest and principal components based on Internal Rate of Return (IRR) and the interest component recognized in the income statement. The accounting profit of the company however did not affected due to the present practice of charging depreciation on leased assets at amounts equal to principal repayments.

2) The company received share money deposit from Ms. Rizwana K. Riza on 26th December 2005 to increase the paid-up capital. The company did not issue any share against this share money deposit and the share money deposit was refunded, which was approved in its 66th session of the Board held on 21st June 2007.

3) Management explanation regarding non-compliance of BAS-12 is as follows:
   There is no deferred tax payable by the company as on December 31, 2007, therefore no provision has been made against deferred tax as per BAS-12. However the company will comply with BAS-12 from the current financial year.

4) The company's outstanding loan was Tk.12.80 million in 2007 to Mrs. Shamima Rahman, W/o Mr. A K M Azizur Rahman, Director of Bay Leasing & Investment Limited. Details of which is as follows:

Sl. No.	Particulars	Year of Disbursement	Amount (Tk. In million)	Rate of Interest	Classification Status
01.	Lease against car	2003	2.12	16.50%	Unclassified
02.	Loan as working capital	2005	10.00	16.00%	Unclassified
03.	Loan as working capital	2006	10.00	19.50%	Unclassified

Sd/-

Mahbubur Rashid
Managing Director

Additional Disclosure by the Auditor

1.0 As per information provided to us by the management of Bay Leasing & Investment Limited, tax status of the Company for the last five years is as follows:

Accounting Year	Assessment Year	Tax Provisions as per Audit Report	Tax Paid	Assessed Tax	Status
2003	2004-2005	4,323,600	3,302,063	(840,811)	The matter has been resolved at tribunal level.
2004	2005-2006	2,905,946	4,877,122	(1,922,812)	The matter has been resolved at appeal level.
2005	2006-2007	-	7,606,034	18,335,439	Assessment has been completed and the management is in the process of filing appeal
2006	2007-2008	-	4,963,809	-	Assessment is pending before DCT.
2007	2008-2009	-	3,365,962	-	Return is yet to be submitted.

Dated:23.03.2008

Sd/-
PINAKI & COMPANY
CHARTERED ACCOUNTANTS

Issuer Company:
Bay Leasing & Investment Limited

Issue Manager:
AAA Consultants & Financial Advisers

"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"

BAY LEASING & INVESTMENT LIMITED

APPLICATION FORM
APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHIS

WARNING: Please read the instructions on the back of the form. Incorrectly filled applications may be rejected.

The Managing Director & CEO
Bay Leasing & Investment Limited
Printers Building (7th floor), 5, Rajuk Avenue, Motijheel, Dhaka-1000.

Bankers 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 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 Member(s) of the Company and deposit the said shares to my/our Depository (BO) Account and/or a crossed (A/C Payee Only) cheque in respect of any Application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Ordinary Shares ....of Tk. 250.00 each including a premium of Tk. 150.00 per share.
2. Amount Tk. (in figure) ...., Taka (in words) .... only deposited vide Cash/ Cheque/Draft/Pay Order No...................Date..................... on..................... Bank...................Branch
3. Depository (BO) Account Number

{If you do not mention your valid Depository (BO) Account, your application will be treated invalid.}

4. I/we agree to fully abide by the instructions given herein.
Particulars of Applicant(s) :

Sole/First Applicant : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mother's Name:	
Postal Address :	
Telephone (if any):	
Occupation :	Nationality :
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. Applicant's Bank A/C No. :	
Name of the Bank :	Branch :

Second Applicant : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mother's Name:	
Postal Address :	
Occupation :	Nationality:

5. I/we hereby declare that I/we have read the Prospectus of **Bay Leasing & Investment Limited,** and have willingly subscribed for …………………….......... No. of Shares of Tk. 250.00 each including a premium of Tk. 150.00 per share.

6. Specimen Signature(s) :

Name in Block Letters	Signature
(i)	
(ii)	

………………..

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk............ (In word..) only from Mr./Mrs./Ms. ....being the Application money for .... Nos. of Ordinary Shares of **Bay Leasing & Investment Limited**

Banker's SL. No.

Seal & Date

Authorized Signature
(Name & Designation)

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will only be issued in dematerialized condition. Please mention your Depository (BO) Account number in the Application form. If you do not mention your valid Depository (BO) Account number, your application will be treated invalid.

2. Application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 Ordinary Shares. Any Application not meeting this criterion will not consider for allotment purpose.

3. 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 A/C **"Bay Leasing & 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.

4. **An applicant can NOT 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.**

5. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with other person by one cheque / DD / PO. More than two applications by one cheque / DD / PO will not be allowed.**

6. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant found closed at the time of allotment of shares. So, all IPO applicants are require to keep their BO account operational till allotment of shares.**

7. Application must be in 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 and Private Company must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.

8. **In the case of non-allotment of securities, refund of subscription money of applicants resident in Bangladesh shall be made directly through Bank account mention in the application form.**

9. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).

10. 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 the 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 law.

11. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall NOT be considered for allotment purpose.

12. **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.**

BANKERS TO THE ISSUE

Trust Bank Limited

1. Principal Branch, Dhaka.
2. SKB Branch
3. Comilla Branch
4. Chittagong Branch
5. Rangpur Cantt Branch
6. Jessore Cantt Branch
7. Agrabad Branch, Chittagong
8. Dhanmondi Branch, Dhaka
9. Khatungonj Br., Chittagong
10. Gulshan corp. Br., Dhaka
11. Dilkusha Corporate Br., Dhaka
12. CDA Avenue Br., Chittagong
13. Sylhet Corporate Br., Sylhet
14. Millennium Corporate Br., Dhaka
15. Uttara Corporate. Br., Dhaka
16. Mirpur Br., Dhaka.
17. Naval Base Branch, Chittagong
18. Kawran Bazar Br., Dhaka
19. Narayangonj Br., Narayangonj.

Southeast Bank Limited

1. Principal Br, Dhaka
2. Corporate Br., Dhaka
3. Imamgonj Br., Dhaka
4. Dhanmondi Br., Dhaka
5. Uttara Br., Dhaka
6. New Elephant Rd. Br, Dhaka
7. Gulshan Br., Dhaka.
8. Kakrail Br., Dhaka
9. Motijheel Br., C/A, Dhaka
10. Kawran Bazar Br., Dhaka
11. Banani Branch, Dhaka
12. Bangshal Br, Dhaka
13. New Eskaton Br. Dhaka.
14. Agargaon Br. Dhaka. ,
15. Aganagar Br., Dhaka
16. Shymoli Br., Dhaka
17. Madhabdi Br., Narshingdi
18. Ashulia Br., Dhaka
19. Joypara Br. Dhaka
20. Narayanganj Br., Narayanganj
21. Khulna Br., Khulna
22. Bandar Bazar Br. Shylet
23. Moulivi Bazar Br., Moulivi Bazar
24. Laldighirpar Br., Sylhet
25. Hetimganj Br., Sylhet
26. Chouhatta br. Sylhet
27. Shahjahaj Upashahar Br. Main Road Sylhet.
28. Kulaura Br.(Rural), Moulivi Bazar
29. Pathantula Br., Sylhet
30. Agrabad Br., Chittagong
31. Jubilee Road Br., Chittagong
32. Khatungonj Br., Chittagong
33. Halishahar Br, Chittagong
34. Pahartali Br, Chittagong
35. Chowmuhuni Br.Noakhali
36. CDA Avenue Br., Pachlaish, Chittagong
37. Cox's Bazar Br., Cox Bazar.
38. Chagalnaya Br. Feni
39. Feni Branch, Feni,
40. Bashurhat Br., Noakhali
41. Rangpur Br., Rangpur

Bank Asia Limited

1. Principal Br., Dhaka
2. MCB Dilkusha Br., Dhaka
3. Corporate Br., Dhaka
4. Scotia Br., Dhaka
5. Gulshan Br., Dhaka
6. MCB Banani Br., Dhaka
7. Uttara Br., Dhaka
8. Mitford Br., Dhaka
9. North South Road Br., Dhaka
10. Sylhet Main Br., Sylhet
11. Sylhet Upashahar Br., Sylhet
12. Agrabad Br., Chittagong
13. Khatun gonj Br., Chittagong
14. MCB Sk. Mujib Road Br., Chittagong
15. CDA Avenue Br., Chittagong
16. Dhanmondi Br., Dhaka
17. Station Road Br., Chittagong
18. Bashundhara Br., Dhaka
19. Rajshahi Br. Rajshahi
20. Khulna Br., Khulna
21. Mirpur Br., Dhaka.
22. Mohakhali Br. Dhaka.

National Credit & Commerce Bank Ltd.

1. Motijheel Br., Dhaka
2. Karwanbazar Br.
3. Dilkusha Br.
4. Mirpur Br., Dhaka
5. Dhanmondi Br., Dhaka
6. Mitfoed Br., Dhaka
7. Foreign Exchange Br., Dhaka
8. Gulshan Br., Dhaka
9. Banani Branch, Dhaka
10. Malibagh Br. Dhaka
11. Uttara Br., Dhaka
12. Mogbazar Br. Dhaka
13. Babubazar Br. Dhaka
14. Bangshal Br, Dhaka
15. Elephant Rd. Br., Dhaka
16. Jatrabari Br. Dhaka
17. Islampur Br. Dhaka
18. Comilla Br. Dhaka
19. Agrabad Br., Chittagong
20. Khatungonj Br., Chittagong
21. O.R. Nizam Road Br., Chittagong
22. Jublee Rd. Br., Chittagong
23. Cox's Bazar Br.
24. Laldighirpar Br., Sylhet
25. Khulna Br., Khulna
26. Rajshahi Br., Rajshahi
27. Feni Branch, Feni

Investment Corporation Of Bangladesh

1. Head Office, Dhaka
2. Chittagong Br., Chittagong
3. Rajshahi Br., Rajshai
4. Khulna Br., Khulna
5. Barishal Br., Barishal
6. Sylhet Br., Sylhet
7. Bogra Br., Bogra
8. Local Office, Dhaka

Export Import Bank of Bangladesh Limited

1. Panthapath Br., Dhaka
2. Agrabad Branch, Chittagong
3. Khatungonj Br., Chittagong
4. Imamgonj Br., Dhaka.
5. Gulshan Br., Dhaka
6. Sylhet Br., Sylhet
7. Nawabpur Br., Dhaka.
8. Narayangonj Br., Narayangonj.
9. Shimrail Br., Narayangonj.
10. Rajuk Avenue Br., Dhaka.
11. New Eskaton Br., Dhaka
12. Uttra Br., Dhaka.
13. Mirpur Br., Dhaka.
14. Jublee Road Br., Chittagong.
15. Elephant Road Br., Dhaka.
16. Malibag Br., Dhaka.
17. CDA Avenue Br., Chittagong
18. Sath mosjid road Br., Dhaka
19. Basundhara Road Br., Dhaka

Standard Bank Limited

1. Principal Br., Dhaka.
2. Foreign Exchange Br., Dhaka.
3. Topkhana Road Br., Dhaka.
4. Imamgonj Br., Dhaka.
5. Gulshan Br., Dhaka.
6. Gulshan-1 Br., Dhaka.
7. Dhanmondi Br., Dhaka.
8. Uttara Br., Dhaka.
9. Narayangonj Br., Narayangonj.
10. Banani Branch, Dhaka
11. Munshikhola Br., Dhaka.
12. CDA Avenue Br., Chittagong
13. Pantha path Br., Dhaka.
14. Jublee Rd. Br., Chittagong.
15. Agrabad Br., Chittagong.
16. Khatungonj Br., Chittagong.
17. Sylhet Br., Sylhet.
18. Khulna Br., Khulna.
19. Rajshahi Br., Rajshahi.
20. Jessore Branch, Jessore

Social Investment Bank Ltd.

1. Principal Br., Dhaka
2. Moulivi Bazar Br., Dhaka
3. Gulshan Br., Dhaka
4. Foreign Exchange Br., Dhaka
5. Dhanmondi Br., Dhaka
6. Uttara Br., Dhaka
7. Agrabad Br., Chittagong
8. Jubilee Road Br., Chittagong
9. Sylhet Br., Sylhet
10. Khulna Br., Khulna
11. Rajshahi Br., Rajshahi
12. Bogra Br., Bogra

Jamuna Bank Limited

1. Mohakhali Br., Dhaka
2. Sonargaon Road Br., Dhaka
3. Moulavi Bazar Br., Dhaka
4. Dilkusha Br., Dhaka
5. Motijheel Br., Dhaka
6. Shantinagar Br., Dhaka
7. Gulshan Br., Dhaka
8. Dhanmondi Br., Dhaka
9. Naya Bazar Br., Dhaka
10. Foreign Exchange Br., Dhaka
11. Chistia Market Br., Dhaka
12. Dholaikhal Br., Dhaka
13. Banani Branch, Dhaka
14. Mawna Br., Gazipur
15. Agrabad Br., Chittagong
16. Khatungonj Br., Chittagong
17. Jublee Rd. Br., Chittagong
18. Beddarhat Br., Chittagong
19. Kadamtali Br., Chittagong
20. Sylhet Br., Sylhet
21. Naogaon Br.Naogaon
22. Bogra Br., Bogra
23. Narayangonj Br., Narayangonj
24. Rajshahi Br. Rajshahi
25. Bashurhat Br., Noakhali
26. Sirajganj Br., Sirajganj
27. Dinajpur Br., Dinajpur
28. Kustia Br., Kustia

One Bank Limited

1. Principal Br., Dhaka
2. Karwanbazar Br
3. Mirpur Br., Dhaka
4. Banani Branch, Dhaka
5. Motijheel Br., Dhaka
6. Progati Sharoni Br., Dhaka
7. Elephant Road Br., Dhaka
8. Gulshan Br., Dhaka
9. Dhanmondi Br., Dhaka
10. Uttara Br., Dhaka
11. Ganakbari (EPZ) Branch, Savar
12. Kakrail Br., Dhaka
13. Imamganj Br., Dhaka
14. Jatrabari Br., Dhaka
15. Joypara Br., Dohar
16. Agrabad Br., Chittagong
17. Cox's Bazar Br
18. Chowmuhuni Br., Noakhali
19. Feni Branch, Feni
20. Raipur Br., Laxmipur
21. Islampur Br., Sylhet
22. Bogra Br., Boghra
23. Narayangonj Br., Narayangonj
24. Khatungonj Br., Chittagong
25. Jubilee Road Br., Chittagong
26. Chandraghona Br., Chittagong
27. Dagonbhuiyan Br., Feni
28. Sylhet Br., Sylhet
29. Sherpur Br., Moulvi Bazar
30. Jessore Branch, Jessore

Issuer Company:
Bay Leasing & Investment Limited

Issue Manager:
AAA Consultants & Financial Advisers

"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"

BAY LEASING & INVESTMENT LIMITED

APPLICATION FORM

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHIS

(To be sent to the Bank's Head Office)

WARNING: Please read the instructions at the back of this form. Incorrectly filled Applications or failing to comply with any instruction therein, application may be rejected.

The Managing Director & CEO
Bay Leasing & Investment Limited.
Printers Building (7th floor), 5, Rajuk Avenue, Motijheel, Dhaka-1000.
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 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/our Depository (BO) Account and/or a crossed (A/C Payee only) Cheque in respect of any Application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Shares .... of Tk. 250.00 each including a premium of Tk. 150.00 per share.
2. Amount of Tk. (in figure) .... Tk. (in words) .... only convertible into US Dollar 1.00 = Tk.................. /UK Pound Sterling 1.00 = Tk............../Euro 1.00 = Tk……………
3. Payment by Draft/pay order Cheque No......................... date...................... for US Dollar/UK Pound Sterling/ Euro/Tk………………………. drawn on.......................... Bank..............................branch
4. Depository (BO) Account Number

(If you do not mention your valid Depository (BO) Account, your application will be treated invalid.)

5. I/we agree to fully abide by the instructions given herein.
6. Particulars of Applicant(s)

Sole/First Applicant : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mother's Name:	
Mailing Address :	
Occupation :	Nationality :
Telephone (if any):	Date of Birth :
Passport No. :	Valid up to:
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. Applicant's Bank A/C No. :	
Name of the Bank :	Branch :

Second Applicant : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mother's Name:	
Mailing Address :	
Occupation :	Nationality :
Passport No. :	Valid up to :
Date of Birth :	

Nominee

Name :
Mailing Address:

Specimen Signature(s):

	Name in Block Letters	Signature
Sole/First Applicant :		
Second Applicant :		
Nominee :		

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will only be issued in dematerialized condition. Please mention your Depository (BO) Account number in the Application form. If you do not mention your valid Depository (BO) Account, your application will be treated invalid.

2. Application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 Ordinary Shares. Any Application not meeting this criterion will not be considered for allotment purpose.

3. 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 "**Bay Leasing & Investment Limited**" and crossed "**ACCOUNT PAYEE ONLY**".

4. Application shall be sent by the applicant directly to the Company within 22/01/2009. so as to reach the Company within 31/01/2009. No Application sent after 22/01/2009. or received by the Company after 31/01/2009 will be considered for allotment purpose.

5. Refund against over-subscription shall be made in the currency in which the value of Shares was paid for by the applicant through Account Payee Cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form.

6. All the applicants shall first be treated as applied for one minimum lot. 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. On the other hand, if there is under subscription, then all the applicants shall first be distributed with a single lot and thereafter, for the balance amount, lottery, shall be held for the applicants who have applied for multiple lots on the basis of dividing the application money by amount of a market lot separately for both NRB and General Public.

7. Money receipt of clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.

8. 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.

9. 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 the 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 law.

10. The intending NRB applicants shall deposit share money by US **($)**/ Euro **(€)**/ UK**(£)** draft drawn on 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, so that the Issuer's collecting Bank can clear that proceeds and deposit the same into Issuer's Bank account in time.

11. Spot buying rate (TT Clean) in US Dollars, UK Pound and Euro of Sonali Bank as prevalent on the date of opening of subscription will be applicable for the Non-Resident Bangladeshi (NRB) applicants.

12. **The applicant shall furnish photocopies of relevant pages of valid passport(s) in support of his being a NRB, dual 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.**

13. In case of joint NRB application joint applicant shall also submit supporting papers/ documents in supported of their being an NRB as mentioned in para-12 above.

14. 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.

15. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are require to keep their BO account operational till allotment of shares.**

16. **A NRB applicant cannot submit more than two applications, one in his/her own name and another jointly with other person by one cheque / DD / PO by US$ / UK Pound sterling / Euro / Taka (supported by foreign currency encashment certificate). More than two applications by one cheque / DD / PO / Taka (supported by foreign currency encashment certificate) will not be allowed.**

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 has been published.**

THE NRB APPLICATION ALONG WITH THE DRAFT, AS ABOVE, IS TO BE SUBMITTED TO
THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 4.