RIGHTS SHARE OFFER DOCUMENT

January 31, 2012

Rights Offer of **82,351,500** Ordinary Shares of **Tk.10.00** each issuing at par totaling **Tk.823,515,000.00** offered on the basis of **1 (one)** rights share for **1 (one)** existing share held on the record date.

Record Date for Entitlement of Rights Offer
February 28, 2012

Subscription	**Opens on: March 18, 2012**
	Closes on: April 15, 2012
Within Banking Hours Both Days Inclusive	

CREDIT RATING STATUS

	Rating Year	Long Term	Short Term
Entity Rating	2010	A2	ST-3
Date of Rating	21 August, 2011		
Validity	30 June, 2012		
Rating Assigned By: CREDIT RATING AGENCY OF BANGLADESH (CRAB)			

MANAGER TO THE ISSUE

AAA CONSULTANTS & FINANCIAL ADVISERS LTD.
PARTNERSHIP OF TRUST

Amin Court (4th Floor), Suit # 403-405
31, Bir Uttam Shahid Ashfaquus Samad Road
(Previous 62-63, Motijheel C/A) Dhaka-1000
Phone: +88029559602, +88029567726, **Fax:** 880-2-9558330
Web-site: www.aaawebbd.com, **E-mail:** info@aaawebbd.com

FULLY UNDERWRITTEN BY

Swadesh Investment Management Limited Suite # 01, Level-11, Unique Trade Center 8, Panthapath, Karwan Bazar, Dhaka-1215	**Union Capital Limited** Noor Tower (5th floor), 1/F Free School Street 73, Sonargaon Road, Dhaka-1205
BMSL Investment Limited Shadharan Bima Tower (7th Floor) 37/A, Dilkusha C/A, Dhaka-1000	**FAS Capital Management Limited** Suvastu Imam Square(4th floor), 65, Gulshan Avenue, Gulshan, Dhaka-1212
AAA Consultants & Financial Advisers Ltd. Amin Court (4th Floor), Suit # 403-405, 31, Bir Uttam Shahid Ashfaquus Samad Road (Previous 62-63, Motijheel C/A) Dhaka-1000	

LankaBangla FINANCE

Corporate Head Office: Safura Tower (Level 11),
20, Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh
Phone: (8802) 988 3701 – 10, **Fax**: (8802) 881 0998
Web: http://www.lankabangla.com, **E-mail**: info@lankabangla.com

As per provision of the Depository Act, 1999 and regulation made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

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DEFINITION AND ELABORATION OF THE ABBREVIATED WORDS AND TECHNICAL TERMS USED IN THE RIGHTS SHARE OFFER DOCUMENT

ACRONYM		ELABORATION
AAA	:	AAA Consultants & Financial Advisers Ltd.
Allotment	:	Allotment of Share
BB	:	Bangladesh Company
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
EPS	:	Earnings Per Share
Issue	:	Rights Issue
Issue Manager	:	AAA Consultants & Financial Advisers Ltd.
Issuer Company	:	LankaBangla Finance Limited
LBFL	:	LankaBangla Finance Limited
NAV	:	Net Assets Value
Offering Price	:	Price of the Securities of LankaBangla Finance Limited
Registered Office	:	Head Office of the Company
RI	:	Rights Issue
Rights Issue Rule	:	Securities and Exchange Commission (Rights Issue) Rules, 2006
RJSC	:	Registrar of Joint Stock Companies & Firms
SEC	:	Securities and Exchange Commission
Securities	:	Shares of LankaBangla Finance Limited
Securities Market	:	The Share Market of Bangladesh
Sponsor	:	The Sponsor Shareholders of LankaBangla Finance Limited
Stockholder	:	Shareholder
Subscription	:	Application Money

RIGHTS ISSUE OF SHARES

February 28, 2012

Dear Shareholder(s),

We are pleased to offer you an opportunity to participate in Rights Issue of Shares of LankaBangla Finance Limited (LBFL). The honorable shareholders of LankaBangla Finance Limited in the 6th Extra Ordinary General Meeting held on October 31, 2011 approved rights issuance of **82,351,500** ordinary shares of Tk. 10.00 each totaling **Tk. 823,515,000.00** at **1 (One) [R] : 1 (One)** ratio i.e. 1 (One) Rights share for 1 (One) existing shares held on the record date for entitlement. The purpose of issuance of Rights Share is to strengthen capital base as well as increase the investment portfolio of the company.

LankaBangla Finance Limited has been able to continue its growth in term of business activities and services through efficient conducting of investible funds and human resources by the management under the direction of the Board of Directors as well as patronization and active participation of all our valued shareholders and customers. LankaBangla Finance Limited has earned a Net Operating Income of Tk. 230,363,714.00 for the period ended from 01 January 2011 to 30 September 2011. The Board of Directors of your company consider that LBFL's prospects for upcoming years are very good and the funds to be raised by the Right Issue will enable the company to grow in terms of all round growth and maximize the wealth of shareholders.

The Board believes that the offer terms are attractive and hope, you would come forward with your full support and assistance to make the offer a success.

A self- explanatory Right Offer Document prepared in the light of the Securities and Exchange Commission (Right Issue) Rules, 2006 of the Securities and Exchange Commission is enclosed herewith for your kind information and evaluation.

On behalf of the Board of Directors,

Sd/-
Mohammed Nasir Uddin Chowdhury
Managing Director (Current Charge)

THE RIGHTS OFFER

The Company

LankaBangla Finance Limited (LBFL), a joint-venture listed Non-Banking Financial Institution (NBFI) established with multinational collaboration, was incorporated on 5th November, 1996 under the Companies Act, 1994 and obtained its license as Non-Banking Financial Institution from Bangladesh Bank under the ambit of the Financial Institution Act, 1993 on 30th October, 1997. The institutional shareholding structure and corporate culture have enabled LankaBangla to be one of the most diverse financial services providing institution of the country within a short span of time.

LankaBangla Finance Limited floated its shares in 2006 to general investor through Initial Public Offering (IPO) and was subsequently listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

Under the right direction of the resourceful management the Company has emerged as one of the leading financial institution in the country. LankaBangla Finance Limited is the lone NBFI who operates Master Card & VISA Card including third party processing business with other banks. The company is also involved in dealing with Securities as Broker in capital market at both DSE & CSE through its subsidiary named “LankaBangla Securities Limited” who is the business leader in this arena. The Merchant Banking Department has been converted into another subsidiary of LankaBangla Finance Limited, to comply with the statutory regulation that is catering to the premier investment banking services.

The Rights Issue

LankaBangla Finance Limited plans to increase paid-up capital through issuance of Rights Shares. The Board of Directors in the meeting held on September 24, 2011, recommended for issuance of Rights Share at **1(One) [R]: 1(One)** ratio i.e. 1 (one) Rights Share for 1 (one) existing share held on the record date as on **February 28, 2012**.

Issue Price

The Issue Price per share has been fixed in the 6th Extra Ordinary General Meeting (EGM) of the Company held on **October 31, 2011** at Tk.10.00 each totaling **Tk. 823,515,000** offered on the basis of **1(One) [R]: 1(One)** ratio i.e. 1 (one) Rights Share for 1 (one) existing share held on the record date as on **February 28, 2012**.

RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

Risk is always associated with investments and investing in the company involves inherent risk factors. There are a number of factors, both specific to LBFL and of a general nature, which may affect the future operating and financial performance of the LBFL and the value of an investment in LBFL. Some of these factors can be mitigated by the use of safeguards and appropriate managerial action. However, many are outside the control of LBFL and cannot be mitigated. The objective of risk management system of LBFL is to identify measure and manage risks in order to ensure the company's asset quality and protect our stakeholders.

The information given below does not assert to be exhaustive. Additional risks or uncertainties are presently not known to the company or that are currently deemed immaterial may also have a material adverse effect on LBFL's business, financial condition and operating results. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

Prior to accepting their Entitlements, Applicants should carefully consider the following risk factors, as well as the other information contained in this right offer documents.

Interest Rate Risk

Interest rate risk is the risk to which a financial institution is exposed because of future uncertainty of interest rate. Change in the interest rate may adversely affect the profitability of the company by narrowing the interest spread. Interest rates are typically determined by the supply of and demand for money in the economy. If at any given interest rate, the demand for funds is higher than supply of funds, interest rates tend to rise and vice versa.

Though LankaBangla Finance cannot avoid all adverse impacts of change in interest rate arises due to change in economic conditions or government regulation, LankaBangla Finance takes all available measures to insulate it's profitability. Asset Liability Committee (ALCO) of LankaBangla Finance regularly analyzes interest rate sensitivity and maintains interest rate risk at a minimum level with minimum fluctuation by carrying out asset liability gap analysis. ALCO sits periodically to assess the changes in the market and along with other strategies, recommends re-pricing of interest rate of existing products to minimize and control the interest rate risk.

Foreign Exchange Rate Risk

Foreign Exchange Rate Risk is a form of financial risk that arises from the potential change in the exchange rate of one currency in relation to another. Foreign Exchange Rate Risk may occur at the time of translation as well as transaction. The market directly affects each country's bond, equities, private property, manufacturing and all assets that are available to foreign investors. Foreign exchange rates also play a major role in determining who finances government deficits, who buys equities in companies and literally affects and influences the economic scenario.

Foreign Exchange of LankaBangla is minimal as most of the transactions are carried on local currency. LankaBangla is confident to significantly cushion the foreign currency risk through hedging by forward booking.

Industry Risk

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to prices, revenues, profit margins, market share etc. which could have an adverse impact on the business, financial condition and results of operation. Financial industry of our country is facing tremendous competition and challenges. 29 NBFIs are operating business in our country and a number of organizations have applied for licenses to Bangladesh Bank.

To cope up industry risk, Management of LankaBangla Finance is paying attention to increase its market shares. By the identification of customers' need and developing new products and services, LBFL is emphasizing on penetrating new market shares. Furthermore LankaBangla always believe that diversification of products & services and revenue streams are the best way to march forward. LBFL also concentrating on capacity building by enhancing professional capabilities of the employees, upholding professional ethics and modern infrastructural facility to compete with peer companies.

Market and Technology- Related Risk

Market Risk

Market risk is the risk of loss arising from changes or adverse movements in the level of market prices of rates of financial instruments. Market risk comprises of interest rate risk, exchanges rate risk and equity risk.

LankaBangla's key objective of market risk management is managing the effects of adverse market movements on the company's earnings and capital effectively. LankaBangla's trading market risk rises mainly from the market making, arbitraging and proprietary trading activities to earn benefits from market opportunities.

Technology Risk

In the global market of 21^{st} century developed technology obsoletes the old services/product strategy. So the existing technology is not sufficient enough to cope up with future trends and needs.

The management of LankaBangla puts strong importance on upgrading LanakBangla's ICT continuously. Integrated leasing and accounting software for the operation of leasing and term finance, credit card software are also in place in LankaBangla. The company is planning to establish Digester Recovery System to recover database of the company if any natural digester happened.

Potential or existing government regulations:

The business activities of LankaBangla is fully controlled by policies, rules and regulation framed by government, that is policies related to electricity price fixation, demand & supply and distribution is fully under the control of Government. So, government policies in this regard may impact business operation of LBFL.

The Company operates under Company's Act-1991, Financial Institution Act, 1993, Taxation Policy adopted by NBR, Security and Exchange Commission (SEC)'s Rule and Rules adopted by other regulatory organizations. Any abrupt changes of the policies formed by those bodies will impact the business of the Company adversely. Unless adverse policies are taken, which may materially affect the industry as a whole; the business of the Company will not be affected.

Potential changes in the global or national policies:

The performance of the company may be affected due to unavoidable circumstances in Bangladesh, as such political turmoil, war, terrorism, political unrest in the country may adversely affect the economy in general. Moreover, Natural disasters like Cyclone, Tide, and Earthquake may hamper normal performance of power generation.

The risk due to changes in global or national policies is beyond control for any company. Yet the company is well prepared for adoption of policies and preventive measures as and when required to reduce the risk. But severe natural calamities, which sometimes are unpredictable and unforeseen, have the potential to disrupt normal operations of LankaBangla. Political unrest leading to strikes, hortals etc. certainly plays negative impact in any business. But electricity service being considered a daily necessity & in consideration of its use by all irrespective of their political thoughts is always kept out of obstructions

History of Non-Operation, if any

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

LankaBangla Finance commences its business in 1997 and it has no history of non-operation till now. The Company has an independent body that is operated by its Memorandum & Articles of Association and other applicable laws Implemented by the Government. Besides, the company's financial strength is satisfactory. It has very experienced Board of Directors and Management team to make the company more efficient and stronger for commercial operations. So, the chance of becoming non-operative for LankaBangla is minimum.

Operational Risk

Operational risk is the potential of loss resulting from failed or inadequate internal processes, people, systems and management, or from external events.

LankaBangla's operational risk management aims to minimize unexpected and catastrophic losses and to manage expected losses. This enables new business opportunities to be pursued in a risk-conscious and controlled manner. LankaBangla manages operational risks through a framework that ensures that operational risks are properly identified, managed, monitored and reported in a structured and consistent manner. The framework is underpinned by an internal control system that reinforces the control culture by establishing clear roles and responsibilities for staff and preserving their rights in executing their control functions without fear of intimidation. LankaBangla recognizes the importance of establishing a risk-awareness culture in managing operational risk through embedding risk management in the core processes.

Credit Risk

Credit risk is the risk arising from the uncertainty of an obligor's ability to perform its contractual obligations. Credit risk could stem from both on- and off-balance sheet transactions. An institution is also exposed to credit risk from diverse financial instruments such as trade finance products and acceptances, foreign exchange, financial futures, swaps, bonds, options, commitments and guarantees.

LankaBangla Finance as a financial institution cannot fully eliminate credit risk but risk can be managed to optimized the risk adjusted return. LankaBangla manages the credit risk both at individual account level as well as at portfolio level. LankaBangla established multi-tier approval process, independent Credit Risk Management (CRM) Unit. CRM Unit ensure in depth analysis of the borrower in view of managerial capacity, financial strength, industry prospect and macroeconomic scenario. The credit committee regularly meets to review new credit proposal as well as performance of existing portfolio.

Liquidity Risk

Liquidity is the risk that the organization may not be able to meet cash flow obligation within a stipulated time. LankaBangla may lose liquidity if its credit rating falls, it experiences sudden unexpected cash outflows, or some other event causes counterparties to avoid trading with or lending to the institution.

LankaBangla has a liquidity risk management system, dedicated to maintain suitable and sufficient funds to meet present and future liquidity obligations whilst utilizing the funds appropriately to take advantage of market opportunities as they arise. LankaBangla manages its liquidity mainly through domestic money and capital markets including repurchase markets. LankaBangla seeks to minimize its liquidity costs in line with the market situation by closely managing the liquidity position on a daily basis and restricting the holding of cash held above an appropriate level at any given time. As part of liquidity management, LankaBangla adheres to its funding plan, and exercises due care in using medium-term borrowings.

DATE OF OPENING AND CLOSING OF SUBSCRIPTION LISTS

Subscription opens for the rights shares offer on **March 18, 2012** and subscription closes for the rights shares offer on **April 15, 2012**.

DECLARATION REGARDING UTILIZATION OF PREVIOUS FUND (IPO)

An amount of Tk. 90,000,000.00 (Taka Nine Crore) only was raised through IPO following rules, regulations and guidelines of the Securities & Exchange Commission and other regulatory bodies. The fund was included in the Paid up Capital of the Company and has been invested in the normal leasing and lending operations of the Company.

Sd/-
Mohammed Nasir Uddin Chowdhury
Managing Director (Current Charge)

PURPOSE OF RAISING FUND THROUGH RIGHTS OFFER

The objective behind issuance of Right Shares is to strengthen the capital base of the Company to comply with capital adequacy requirement in line with BASEL-II. The proceeds received from rights shares will be invested to increase the lending portfolio as well as to pay off high cost borrowings.

Sd/-
Quamrul Islam
Chief Financial Officer

Sd/-
Mohammed Nasir Uddin Chowdhury
Managing Director (Current Charge)

5 (FIVE) YEARS INFORMATION REGARDING AGM HELD AND DIVIDEND DECLARED BY LANKABANGLA FINANCE LIMITED

Accounting year	Date of AGM held & Dividend declared	Declared Dividend	
		Rate (%)	Total Amount Taka
2006	28 May, 2007	Stock-Nil	-
		Cash-10%	Tk. 35,000,000.00
2007	19 May, 2008	Stock-10%	Tk. 35,000,000.00
		Cash-15%	Tk. 52,500,000.00
2008	05 May, 2009	Stock-15%	Tk. 57,750,000.00
		Cash-15%	Tk. 57,750,000.00
2009	30 March, 2010	Stock-20%	Tk. 88,550,000.00
		Cash-15%	Tk. 66,412,500.00
2010	27 March, 2011	Stock-55%	Tk. 292,215,000.00
		Cash-Nil	-

Sd/-
Mohammed Nasir Uddin Chowdhury
Managing Director (Current Charge)

HIGHLIGHTS OF THE COMPANY

Incorporation of the Company	5th November, 1996
Commencement of Business	5th November, 1996
Authorized capital of the Company	Tk. 3,000 million
Paid up capital of the Company	Tk. 823.51 million
Listing on Dhaka Stock Exchange	17th October, 2006
Listing on Chittagong Stock Exchange	31st October, 2006
Trading of share in Stock Exchanges	1st November, 2006
Licensed as Financial Institution by Bangladesh Bank	30th October, 1997
Total Branch of the Company	2 Nos.
Registration of First Subsidiary (LankaBangla Securities Limited)	3rd July, 1997
Licensed as Merchant Bank	22nd January, 1998
Signing of First Lease Agreement	30th March, 1998
Issuance of First Credit Card	16th August, 1998
Launching of MasterCard	5th September, 2005
Commencement of Operation of Chittagong Branch	19th February, 2007
Registration of Second Subsidiary (LankaBangla Asset Management Company Ltd.)	16th July, 2007
First disbursement of Domestic Factoring	11th December, 2007
First disbursement of Mortgage Loan	18th February, 2008
Commencement of Operation of Sylhet Branch	27th April, 2009
Licensed as Primary Dealer	23rd November, 2009
Issuance of First VISA card	24th November, 2009
Participation in the 1st Auction of Govt. Securities as Primary Dealer	1st December, 2009
Registration of Third Subsidiary (LankaBangla Investments Ltd.)	29th March, 2010

The Company has been paying reasonable dividend to the shareholders.

Total equity structure of the Company as on **September 30, 2011** is shown below:-

	30 September, 2011 (Tk.)	31 December, 2010 (Tk.)
Capital/shareholders' equity		
Paid up capital	823,515,000	531,300,000
Share Premium Account	1,090,888,800	1,090,888,800
Fair value measurement reserve	448,531,657	448,531,657
Payable to LB Foundation	-	4,030,986
General reserve	42,295,321	34,800,936
Statutory reserve	248,124,557	221,201,348
Retained earnings	2,927,947,179	2,459,287,496
Total shareholders' equity	**5,581,302,514**	**4,790,041,223**

FINANCIAL HIGHLIGHTS OF THE PREVIOUS YEARS

(Amount in BDT)

Particulars	30.09.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Paid-up Capital	823,515,000	531,300,000	442,750,000	385,000,000	350,000,000	350,000,000
Total Equity	5,581,302,514	4,790,041,221	2,100,526,950	922,475,947	597,340,406	423,694,725
Net Profit after Tax	845,794,852	1,839,324,242	744,082,808	377,640,619	210,470,822	66,815,267
Number of Shares	82,351,500	53,130,000	44,275,000	38,500,000	35,000,000	35,000,000
Face Value	10.00	10.00	10.00	10.00	10.00	10.00
NAV Per Share	67.77	90.15	47.44	23.96	17.06	12.10
EPS	9.66	32.00	16.81	9.81	6.01	2.43
Dividend	- -	Cash: Nil Stock: 55%	Cash: 15% Stock: 20%	Cash:15% Stock: 15%	Cash: 15% Stock: 10%	Cash: 10% Stock: Nil
Net Cash from Operating activities	1,467,139,663	1,011,820,099	1,543,981,944	(90,281,620)	(725,129,403)	(663,163,284)

MARKET PRICE PER SHARE OF THE COMPANY FOR LAST 6 (SIX) MONTHS:

Sl. No.	Date	Market Performance: Face Value (Tk.)	Market Performance: Closing Price (Tk.)
1	Market Price at September 29, 2011	10.00	191.40
2	Market Price at August 31, 2011	10.00	188.20
3	Market Price at July 31, 2011	10.00	202.00
4	Market Price at June 30, 2011	10.00	209.90
5	Market Price at May 31, 2011	10.00	179.20
6	Market Price at April 28, 2011	10.00	192.00
	Average Market Price per Share	**10.00**	**193.78**

Source: DSE Monthly Review

EXISTING PRODUCTS & SERVICES RENDERED BY THE COMPANY

Credit & Investment Products

- **Lease Finance**- LankaBangla provides lease finance facilities to all market segments of customers, starting from small & medium enterprises to large corporate organizations. The lease items includes automobile, personal computer, medical laboratory equipment, industrial machinery, trucks, buses, trawlers, marine vessels, construction equipment, generator, transformer, boiler, agricultural equipment etc. LBFL also caters to the needs of balancing, modernization, replacement and enhancement requirements of the entrepreneurs for their existing projects. The lease & loan portfolio of LankaBangla is well diversified among various market segments.
- **Term Finance-**LankaBangla provides term finance to medium and large corporate entities to meet their short, medium & long term fund requirements for development of business facilities on easy and flexible terms.
- **SME Finance-**LankaBangla fosters small business to grow big with our SME financing. LBFL's aim is to encourage individuals who have the aspiration to play in big league.
- **Work Order Financing-** LankaBangla provide loans to business entities to finance work orders that they receive from private reputed companies, government, multinational companies and defense authorities. This financing is normally being for periods ranging from 6 months up to 1 year.
- **Bridge Finance-** LankaBangla offers bridge financing, a method used to maintain liquidity while watching for an anticipated and reasonably expected inflow of cash. LBFL also offer bridge financing to be used by companies before their initial public offering to obtain necessary cash for the maintenance of operations.
- **Women Entrepreneurship-**In recent time women entrepreneurship has been the focus of the society. LankaBangla salutes the progress of women enterprising in Bangladesh and extends financial support.
- **Auto Loan**-Auto Loan is one of the popular schemes of LankaBangla. A vast number of individuals and institutions have already availed the benefits of car loan scheme, which is very simple and terms of the loan are also tailored to needs of the borrower. LBFL also has arrangements with a number of well-known car show rooms who have wide selection of brand new and reconditioned cars, from where cars can be purchased under LBFL's car loan scheme.
- **Mortgage Loan-**LankaBangla offers mortgage loan for purchasing apartment or house, constructing house, renovation and restructuring house. LBFL also offers real estate developers finance for constructing houses, office space for commercial selling purposes.

Corporate Services

- **Project Loan Syndication-** LankaBangla offers syndication loan for capital incentive projects through raising fund from different banks and financial institutions. As a lead manager of loan LBFL offers services of Structuring, pricing, arrangement and syndication of syndicated loans.
- **Corporate Advisory Services-** LankaBangla provides advisory services for investment appraisal, project conceptualization and related services including guidance in relation to selection of projects, feasibility studies of projects, capital structuring, financial engineering, project management design and preparation of various project documents.

Credit Card

LankaBangla is the lone Non-Banking Financial Institution who operates Master Card & VISA Card including third party processing business with other banks. LankaBangla offers Gold Card and Classic Card both for Master Card & VISA Card.

Term Deposit Schemes

LankaBangla offers flexible and diversified deposit schemes tailored to clients namely LankaBangla Cumulative Term Deposit, LankaBangla Periodic Return Term Deposit, LankaBangla Double Money Term Deposit and LankaBangla Money Builders Term Deposit.

Primary Dealership

LankaBangla has been participating in the auction process regularly through its primary dealership license. LankaBangla is also involved in the secondary trading of T-Bill and T-Bond and trying to develop a vibrant bond market in the country with other license holders

Merchant Banking

LankaBangla Finance through its subsidiary company LankaBangla Investment Limited offers a selection of investment services and opportunities to both individual and institutional clients. LankaBangla provides primary market services of Raising Capital through Equity Placement, Issue Management, Underwriting, Mezzanine Financing, Corporate and Financial Advisory Services, Mergers and Acquisitions. LankaBangla also operates portfolio management (Discretionary & Non-discretionary) services to its individual and institutional clients.

Stock Brokerage

LankaBangla Finance through its first subsidiary company LankaBangla Securities Limited provides stock broking services to both bourse of the country. LankaBangla also offers full depository participation services, custodial services, credit facility through margin trading, trading facility for NRB through NITA and research services to its diverse clientele of institutions, high net worth individuals, foreign funds and retail investors.

BOARD OF DIRECTORS

Sl. No.	Name	Occupation	Designation	Address	
				Present (Business)	Permanent
1	Mr. Mohammad A. Moyeen	Business	Chairman	Tropica Garments Limited 63,Mohakhali C/A, Dhaka-1212	2/9, Block-D, Lalmatia, Dhaka, Bangladesh
2	Mr. I. W. Senanayake *(Representing Sampath Bank PLC)*	Business	Director	110 Sir James Peiries Mawatha, Colombo-2, Srilanka	110 Sir James Peiries Mawatha,Colombo-2 Srilanka
3	Mr. G. L. H. Premaratne *(Representing Sampath Bank PLC)*	Service	Director	110 Sir James Peiries Mawatha, Colombo-2, Srilanka	110 Sir James Peiries Mawatha, Colombo-2 Srilanka
4	Ms. Aneesha Mahial Kundanmal	Business	Director	No. 10 Dudley Senanayake Mawatha, Colombo 8, Sri Lanka	3/4, Asad Avenue, Mohammadpur, Dhaka-1207, Bangladesh
5	Mr. Farman R. Chowdhury *(Representing ONE Bank Limited)*	Service	Director	HRC Bhaban, 46, Kawran Bazar, C/A, Dhaka-1215	HRC Bhaban, 46, Kawran Bazar, C/A, Dhaka-1215
6	Mr. Mirza Ejaz Ahmed *(Representing SSC Holdings Limited)*	Service	Director	HRC Bhaban, 46 Kawran Bazar C/A, Dhaka-1215	SSC Holdings Limited, 14-17A Sangshad Avenue, Shere-e Bangla Nagar, Dhaka-1215
7	Mr. Mahbubul Anam	Business	Director	206/A (5th & 6th Floors), Tejgaon Industrial Area, Dhaka-1208, Bangladesh	House-4, Road-4, Old DOHS, Banani, Dhaka-1213, Bangladesh.
8	Ms. Jasmine Sultana	Business	Director	31, Gulshan Avenue, Circle-1, Dhaka-1212, Bangladesh	House # 14, Dutabash Road, Baridhara, Dhaka-1213, Bangladesh
9	Mr. Tahsinul Huque	Banker	Director	6 Brunswick Gardens, London WB 4AJ, U.K.	1/8, Block -D, Lalmatia, Dhaka, Bangladesh
10	Mr. Salahuddin Ahmed Khan	Service	Independent Director	Building # 12, Flat # D, Dhaka University Residential Area, South Fuller Road, Dhaka-1000.	Vill. & P.O.- Ludhua, P.S.- Matlab, District-Chandpur.
11	Mr. Mohammed Nasir Uddin Chowdhury	Service	Managing Director-Current Charge	LankaBangla Finance Limited, Safura Tower (Level-11), 20 Kemal Ataturk Avenue, Banani, Dhaka-1213	Village: Sakandarpur Post Office: P. S.: Dagonbhuiyan District: Feni

MANAGEMENT & EXECUTIVES

Sl. No.	Name Of Executives	Address	Educational Qualification	Designation	Occupation	Place of Posting
1	Mohammed Nasir Uddin Chowdhury	Eastern Point, Flat No. 4/404, 8-9 Santinagar, Dhaka	M.Com (Marketing), University of Chittagong LLB, National University B.Com, Government College of Commerce	Managing Director (Current Charge)	Service	Head Office
2	Mr. Quamrul Islam	38, Purana Paltan Line, Flat: C, 2nd Floor, Dhaka - 1000	Associate Financial Accountant, M.Com (Accounting) University of Dhaka	Senior Vice President	Service	Head Office
3	A. K. M. Kamruzzaman	15/8, Mirbagh, Nayatola, Mogbazar, Dhaka - 1217	Fellow Cost Management Accountant MBA (Finance), IBA, University of Dhaka M.Com (Accounting), University of Dhaka	Senior Vice President	Service	Head Office
4	Mr. Khurshed Alam	4/5 Mayakanon, 1st Floor, Bashabo, Dhaka - 1214	M.Com (Management), D.U B.Com (Management), D.U	Vice President	Service	Head Office
5	A. K. M. Rezaul Karim	Hyperion Heritage, F- 501, Plot- 14-15, Block-2F, Extention Pallabi, Dhaka	M. Com (Accounting), D.U B. Com (Accounting), D.U	Vice President	Service	Head Office
6	Mr. Kamrul Hasan	House No. 84, Road No. 12, Sector No. 10, Uttara, Dhaka	Fellow Chartered Accountant B. Com Comilla Victoria College	Vice President	Service	Head Office
7	Mr. Mostafa Kamal	Flat No. 304, House No. 10, Road No. 08, Gulshan - 1, Dhaka - 1212	Fellow Chartered Accountant B. Com (Accounting), D.U	Vice President	Service	Head Office
8	Mr. Anisur Rahman	30/18, Tajmahal Road, Mohammadpur, Dhaka	M.Sc. University of Dhaka M.Sc. University of Dhaka	Assistant Vice President	Service	Head Office
9	Mr.Sheik Mohammad Fuad	House No. 5, Abdur Sadique Road, Block No. D, Bashundhara R/A, Dhaka	MBA M.Sc. University of Dhaka	Assistant Vice President	Service	Head Office
10	Mr.Masum Ali	Mehbuba Garden, (2nd Floor), 69, East Rampura, Dhaka	CA (Intermediate) B.Com University of Dhaka	Assistant Vice President	Service	Head Office
11	Mr. Mohammad Shoaib	Nurun Nahar Villa, 129 South Kamalapur, Dhaka-1217	MBA (AIS), University of Dhaka BBA, University of Dhaka	Assistant Vice President	Service	Head Office
12	Mr.Abu Md. Hasan Masud	"Rupayan Elite Flat No. B-6, House No. 73, Road No. 4, Block No. B, Niketon, Gulshan – 1, Dhaka	M.SS B.SS	Assistant Vice President	Service	Head Office
13	Mr.Kazi Masum Rashed	12/42 Pisciculture Housing Society, Block – B, Mohammadpur, Dhaka-1207	MBA (Finance), IBA, University of Dhaka M.Com (Finance and Banking), University of Dhaka	Assistant Vice President	Service	Head Office

CORPORATE INFORMATION: SEPTEMBER 30, 2011

Corporate Head Office: Safura Tower (Level 11),
20 Kemal Ataturk Avenue, Banani, Dhaka 1213, Bangladesh

Date of Incorporation	:	November 05, 1996
Date of Commencement	:	November 05, 1996
Listing with Dhaka Stock Exchange	:	October 17, 2006
Listing with Chittagong Stock Exchange	:	October 31, 2006
Authorized Capital	:	Tk. 3,000 million
Paid-up-Capital	:	Tk. 823.51 million
Shareholders' Equity	:	Tk. 5,581.30 million
Net Operating Income	:	Tk. 1,264.43 million
Total Assets	:	Tk. 2,145.31 million
Number of Employees	:	153
Number of Shareholders	:	7,262 (At Oct 05, 2011)
Number of Branches	:	2 Nos.

Managing Director (Current Charge)
Mohammed Nasir Uddin Chowdhury

Auditor
S.F Ahmed & Co.
Chartered Accountants

Legal Advisors
Sadat Sarwat & Associates
House #28, Road #23, Gulshan-1, Dhaka-1212
&
Law & Remedy
City Heart (4th Floor), 5/8, Naya Paltan,Dhaka-1000

BANKERS TO THE ISSUE OF RIGHTS SHARE OF LANKABANGLA FINANCE LIMITED					
ONE Bank Limited					
1	Principal Branch, Dhaka	21	Imamganj Branch, Dhaka	41	Sylhet Branch, Sylhet
2	Kawran Bazar Branch, Dhaka	22	Joypara Branch, Dohar, Dhaka	42	Islampur Branch, Sylhet
3	Mirpur Branch, Dhaka	23	Khatunganj Branch, Chittagong	43	Bogra Branch, Bogra
4	Dhanmondi Branch, Dhaka	24	Nanupur Bazar Branch, Chittagong	44	Laksham Branch, Laksham
5	Kakrail Branch, Dhaka	25	Jubilee Road Branch, Chittagong	45	Maijdee Court Branch, Noakhali
6	Elephant Road Branch, Dhaka	26	Chandragonj Branch, Lakshmipur	46	Rajshahi Branch, Rajshahi
7	Nawabgonj Branch, Dhaka	27	Feni Branch, Feni	47	Jagannathpurl Branch, Dhaka
8	Ganajbari (EPZ) Branch, Savar	28	Dagon Bhuiyan Branch, Feni	48	Comilla Branch, Comilla
9	Narayangonj Branch, Narayangonj	29	Sherpur Branch, Moulvi Bazar	49	Satkhira Branch, Satkhira
10	Agrabad Branch, Chittagong	30	Jessore Branch, Jessore	50	Rangamati Branch , Rangamati
11	CDA Avenue Branch, Chittagong	31	Sirajgong Branch, Sirajgonj	51	Moghbazar Branch, Dhaka
12	Cox's Bazar Branch, Cox's Bazar	32	Ramganj Branch, Laxmipur	**Investment Corporation of Bangladesh (ICB)**	
13	Chowmuhuni Branch, Noakhali	33	Banasree Branch, Dhaka	1	Head Office, Dhaka
14	Motijheel Branch, Dhaka	34	Shahjadpur Branch, Sirajgonj	2	Chittagong Branch, Agrabad C/A, Chittagong
15	Gulshan Branch, Dhaka	35	Tongi Branch, Dhaka	3	Rajshahi Branch, Saheb Bazar, Rajshahi
16	Uttara Branch, Dhaka	36	Basabo Branch, Dhaka	4	Khulna Branch, Shilpa Company, Bhaban, Khulna
17	Banani Branch, Dhaka	37	Madhabdi Branch, Narsingdi	5	Barishal Branch, Hemayat Uddin Road, Barishal
18	Progati Sharani Branch, Dhaka	38	Sitakunda Branch, Chittagong	6	Sylhet Branch, Chamber Building, Jail Road, Sylhet
19	Jatrabari Branch, Dhaka	39	Laldighirpar Branch, Sylhet	7	Bogra Branch, Baragola, Bogra
20	Bangshal Branch, Dhaka	40	Raipur Branch, Laxmipur	8	Local Office, Nayapaltan, VIP Road, Dhaka

NET ASSETS VALUE PER SHARE

As on September 30, 2011 the Net Assets Value (NAV) per Share of the LankaBangla Finance Limited stands at **Tk. 67.77**.Thus the offer price of Tk. 10.00 each at per turns out to be less than the existing Net Assets Value per share. The calculation of net assets value per share is given below:

		Sep. 30, 2011	Dec. 31, 2010
A	**PROPERTY & ASSETS**		
	Cash	**123,903,680**	**92,634,585**
	Cash in hand	208,454	202,122
	Balance with Bangladesh Bank	123,695,226	92,432,463
	Balance with other bank and financial institutions	**1,443,755,056**	**1,765,749,855**
	Investment	**3,029,782,503**	**2,299,844,449**
	Government Securities	1,406,915,297	1,345,693,012
	Other Investment	1,622,867,206	954,151,437
	Lease, loans & advances	**10,220,635,722**	**9,472,165,117**
	Fixed assets	**196,356,630**	**195,003,546**
	At cost	358,000,365	331,922,323
	Less: Accumulated depreciation	161,643,735	136,918,777
	Other Assets	**6,438,725,093**	**5,496,845,260**
	TOTAL ASSETS:	**21,453,158,684**	**19,322,242,812**
B	**LIABILITIES**		
	Liability	**12,415,609,340**	**10,911,453,955**
	Borrowings from Bangladesh Bank, other banks & financial institutions	7,612,850,900	6,351,455,722
	Term deposit	4,802,758,440	4,559,998,233
	Other liabilities	**3,061,906,794**	**3,277,591,655**
	TOTAL LIABILITIES	**15,477,516,134**	**14,189,045,610**
Net Assets (Including Non-controlling interest) [A-B]		**5,975,642,550**	**5,133,197,202**
Less: Non-controlling interest		**394,340,036**	**343,155,979**
Net Assets (Excluding Non-controlling interest)		**5,581,302,514**	**4,790,041,223**
Number of Shares of Tk. 10.00 each outstanding		**82,351,500**	**53,130,000**
Net Assets Value Per Share		**67.77**	**90.15**

Equity based value per share is also equivalent to **Net Assets Value per Share** which is depicted below:

Capital/shareholders' equity	30 September, 2011 (Tk.)	31 December, 2010 (Tk.)
Paid up capital	823,515,000	531,300,000
Share Premium Account	1,090,888,800	1,090,888,800
Fair value measurement reserve	448,531,657	448,531,657
Payable to LB Foundation	-	4,030,986
General reserve	42,295,321	34,800,936
Statutory reserve	248,124,557	221,201,348
Retained earnings	2,927,947,179	2,459,287,496
Total Shareholders' Equity	**5,581,302,514**	**4,790,041,223**
Number of Shares of Tk. 10.00 each outstanding	**82,351,500**	**53,130,000**
Equity Based Value per Share	**67.77**	**90.15**

From the above analysis, it appears that the issue price of ordinary share of Tk. 10.00 each whereas Net Asset Value per share is **Tk. 67.77**. So, the rights share is quite justified and reasonable and also familiar and attractive to the shareholders.

LENGTH OF TIME DURING WHICH THE ISSUER HAS CARRIED ON BUSINESS [Rule-8(j)]

LankaBangla Finance Limited (LBFL), a joint-venture listed Non-Banking Financial Institution (NBFI) established with multinational collaboration, was incorporated on 05 November 1996 under the Companies Act, 1994 and obtained its license as Non-Banking Financial Institution from Bangladesh Bank under the ambit of the Financial Institution Act, 1993 on 30 October, 1997. The Company commencement its business on 05 November 1996 and has successfully completed almost 15 (Fifteen) years of operation.

IMPLEMENTATION SCHEDULE [Rule-8(k)]

The proceeds received from right issue will be invested in the following manner:

Purpose	Amount (BDT)	Implementation Period (Tentative)
Pay Off High Cost Borrowing	370,000,000.00	Within 2 months after allotment of rights share
Increase of Lending Portfolio	453,515,000.00	Within 6 months after allotment of rights share
Total	**823,515,000.00**	

Sd/-
Quamrul Islam
Chief Financial Officer

Sd/-
Mohammed Nasir Uddin Chowdhury
Managing Director (Current Charge)

QUANTIY OF SHARES HELD BY EACH DIRECTOR ON THE DATE OF THE RIGHTS SHARE OFFER DOCUMENT [Rule-8(l)]

Sl. No.	Name of Directors	Position	Number of Shares	Percentage (%)
1	Mr. Mohammad A. Moyeen	Chairman	3,491,063	4.24
2	Mr. I. W. Senanayake *(Representing Sampath Bank PLC)*	Director	7,800,000	9.47
3	Mr. G. L. H. Premaratne *(Representing Sampath Bank PLC)*	Director		
4	Ms. Aneesha Mahial Kundanmal	Director	6,428,470	7.81
5	Mr. Farman R. Chowdhury *(Representing ONE Bank Limited)*	Director	4,000,000	4.86
6	Mr. Mirza Ejaz Ahmed *(Representing SSC Holdings Limited)*	Director	883,500	1.07
7	Mr. Mahbubul Anam	Director	3,667,765	4.45
8	Ms. Jasmine Sultana	Director	930,000	1.13
9	Mr. Tahsinul Hugue	Director	3,208,500	3.90
10	Mr. Salahuddin Ahmed Khan	Independent Director	0	0
TOTAL			**30,409,298**	**36.93**

Sd/-
Mohammed Nasir Uddin Chowdhury
Managing Director (Current Charge)

COMPOSITION OF SHAREHOLDING POSITION OF THE COMPANY (As on October 31, 2011)

Particulars	No. of Shares Held	No. of Shareholders	Total Amount of Shares	Percentage of Total Shares
Sponsors & Directors	31,928,298	9	319,282,980.00	38.77
General Public	25,541,915	6,859	255,419,150.00	31.02
Institutions	24,881,287	378	248,812,870.00	30.21
Government	0	0	0	0
Total	**82,351,500**	**7,246**	**823,515,000.00**	**100.00**

BENEFICIAL OWNERS HOLDING SHARES 5% OR ABOVE

As per [Rule-8(l)] of the Securities and Exchange Commission (Rights Issue) Rules, 2006; the following beneficial owners are holding shares 5% or above on the date of the Right Share offer document.

Sl. No.	Name of the Shareholders	Position	Percentage (%)
1	Sampath Bank Limited	Directors	9.47
2	Ms. Aneesha Mahial Kundanmal	Director	7.81

Sd/-
Mohammed Nasir Uddin Chowdhury
Managing Director (Current Charge)

PUBLIC LISTED COMPANY UNDER COMMON MANAGEMENT

As per the Securities and Exchange Commission (Rights Issue) Rules, 2006; there is no Public Listed Company under the common Management of LankaBangla Finance Limited.

CLASSIFIED INFORMATION & UNDERWRITERS [Rule-8(o)]

A.	**Issue Manager**	**AAA Consultants & Financial Advisers Ltd.** Amin Court (4th Floor), Suit # 403-405, 31, Bir Uttam Shahid Ashfaquus Samad Road (Previous 62-63, Motijheel C/A) Dhaka-1000
B.	**Auditors**	**S.F Ahmed & Co.** Chartered Accountants House #25, Road #13A, Block #D, Banani Dhaka-1213, Bangladesh
C.	**Bankers to the Issue**	**i) ONE Bank Limited** Corporate Head Office: HRC Building, 46, Kawran Bazar, Dhaka-1215 **ii) Investment Corporation of Bangladesh** Head Office: BSB Building (13th floor), 8 Rajuk Avenue, Dhaka-1000

LankaBangla Finance Limited is going to offer rights share of **82,351,500** Ordinary Shares at Tk.**10.00** each at par totaling Tk. **823,515,000**. As per Securities and Exchange Commission's guideline, the issuer of a listed security making rights issue shall appoint one or more underwriters licensed under *wmwKDwiwUR I G·‡PÄ Kwgkb (gv‡P©›U e¨vsKvi I †cvU©‡dvwjI g¨v‡bRvi) wewagvjv, 1996* to fully underwrite the rights issue on a firm commitment basis. Underwriting commission will be **@ 0.10%** on the underwritten amount and there will be no additional commission for take-up unsubscribe portion of shares if any.

Name of Underwriters	No. of Shares to be Underwritten	Offer price (BDT)	Total Amount of Underwritten (BDT)
Swadesh Investment Management Limited Suite # 01, Level-11, Unique Trade Center 8, Panthapath, Karwan Bazar, Dhaka-1215	15,000,000	10.00	150,000,000.00
Union Capital Limited Noor Tower (5th floor), 1/F Free School Street 73, Sonargaon Road, Dhaka-1205	15,000,000	10.00	150,000,000.00
BMSL Investment Limited Shadharan Bima Tower (7th Floor), 37/A Dilkusha C/A Dhaka-1000	15,000,000	10.00	150,000,000.00
FAS Capital Management Limited Suvastu Imam Square(4th floor), 65, Gulshan Avenue, Gulshan, Dhaka-1212	15,000,000	10.00	150,000,000.00
AAA Consultants & Financial Advisers Ltd. Amin Court (4th Floor), Suit # 403-405, 31, Bir Uttam Shahid Ashfaquus Samad Road (Previous 62-63, Motijheel C/A) Dhaka-1000	22,351,500	10.00	223,515,000.00
Total	**82,351,500**	**10.00**	**823,515,000**

UNDERWRITERS' OBLIGATION

If and to the extent that the shares offered to the existing shareholders by the Rights Share Offer Document 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 underwriters **(for full unsubscribed amount)** in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for shares not subscribed by 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/Company Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his commitment under this Agreement, until such time as the Cheque/Company Draft has been encashed and the Company's account has been credited. In any case, within **7 (seven)** days after the expiry of the aforesaid **15 (fifteen)** days, the Company shall send proof of subscription and payment by the underwriters, to the Commission.

DIRECTORS' TAKE-UP IN THE RIGHTS OFFER [RULE-8(Q)]

Directors Take-Up in the Rights Offer [Rule-8(Q)] is as under:

<table>
<tr><th>Sl. No.</th><th>Name of Directors</th><th>Status</th><th>No. of Shares Held</th><th>No. of Rights Share Offered</th><th>No. of Rights Share to be Renounced</th></tr>
<tr><td>1</td><td>Mr. Mohammad A. Moyeen</td><td>Chairman</td><td>3,491,063</td><td>3,491,063</td><td>Nil</td></tr>
<tr><td>2</td><td>Mr. I. W. Senanayake
(Representing Sampath Bank PLC)</td><td>Director</td><td rowspan="2">7,800,000</td><td rowspan="2">7,800,000</td><td rowspan="2">Nil</td></tr>
<tr><td>3</td><td>Mr. G. L. H. Premaratne
(Representing Sampath Bank PLC)</td><td>Director</td></tr>
<tr><td>4</td><td>Ms. Aneesha Mahial Kundanmal</td><td>Director</td><td>6,428,470</td><td>6,428,470</td><td>Nil</td></tr>
<tr><td>5</td><td>Mr. Farman R. Chowdhury
(Representing ONE Bank Limited)</td><td>Director</td><td>4,000,000</td><td>4,000,000</td><td>Nil</td></tr>
<tr><td>6</td><td>Mr. Mirza Ejaz Ahmed
(Representing SSC Holdings Limited)</td><td>Director</td><td>883,500</td><td>883,500</td><td>Nil</td></tr>
<tr><td>7</td><td>Mr. Mahbubul Anam</td><td>Director</td><td>3,667,765</td><td>3,667,765</td><td>Nil</td></tr>
<tr><td>8</td><td>Ms. Jasmine Sultana</td><td>Director</td><td>930,000</td><td>930,000</td><td>Nil</td></tr>
<tr><td>9</td><td>Mr. Tahsinul Huque</td><td>Director</td><td>3,208,500</td><td>3,208,500</td><td>Nil</td></tr>
<tr><td>10</td><td>Mr. Salahuddin Ahmed Khan</td><td>Independent Director</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td colspan="3">**TOTAL**</td><td>**30,409,298**</td><td>**30,409,298**</td><td></td></tr>
</table>

TERMS AND CONDITIONS OF THE RIGHTS ISSUE

Basis of the Offer

The Company records its share register of members on **February 28, 2012** for determining the shareholders who are eligible to receive this offer of shares on rights basis. The ordinary shares are now being offered on a rights basis to the shareholders holding shares on the record date at **Tk.10.00** each at par in the ratio of **01(R): 01** i.e. 01 (one) rights share for 01 (one) existing share held on the record date.

Entitlement

As a shareholder of the Company on the record date on **February 28, 2012** the shareholders are entitled to this Rights Offer. Only the holder(s) of a minimum of one fully paid ordinary share is entitled to receive the Rights Offer.

Acceptance of the Offer

A shareholder may accept and apply for the shares hereby offered, wholly or in part by filling in Application - Form A and submitting the same along with the application money to the Bankers to the Issue on or before the Closing Date of subscription of **April 15, 2012**.

Renunciation

A shareholder may renounce all or part of the shares he/she is entitled to in favour of any other person(s) other than an infant or person of unsound mind. He/she can renounce his/her rights/entitlement of shares by signing Renunciation Form-B. Renouncee(s) shall fill in Form-C appropriately.

General

All applications should be made on the printed form provided by the Company in this Rights Share Offer Documents only and should be completed in all respects. Applications which are not completed in all respects or are made otherwise than as herein provided or are not accompanied by the proper application amount of deposit are liable to be rejected and the application money received in respect thereof shall be refunded.

All communications in connection with the application for the Rights Share should be addressed to the Company quoting the registered folio number/BO ID number in the form.

Condition of Subscription

Rights Offer of **82,351,500** Ordinary Shares of **Tk. 10.00** each at par, totaling **Tk. 823,515,000** offered on the basis of **01(R):01** i.e., 1 (One) rights share for 1 (One) existing share held by the Shareholder(s) whose name(s) appeared in the Company's Share Register at the record date as on **February 28, 2012**.

Payment of Share Price

Payments for the full value of Shares applied for shall be made with designated Branches of Bankers to the Issue by Cash/Pay Order/Demand Draft payable to "**LankaBangla Finance Limited**" and crossed. The Pay Order/Demand Draft for payment of share price must be drawn on a Company in the same town to which the application form has been submitted.

<table>
<tr><td rowspan="2">Subscription</td><td>Opens on: March 18, 2012</td></tr>
<tr><td>Closes on: April 15, 2012</td></tr>
<tr><td colspan="2">Within Banking Hours</td></tr>
</table>

Any changes or extension regarding subscription period will be notified through national dailies.

Lock-In on Rights Share

The Rights Shares of Directors and other shareholders holding 5% or more shares shall be subject to lock-in for a period of three years from the date of closure of the rights share subscription. In the event of renunciation of rights shares by aforesaid persons, the renounced shares shall also be subject to lock-in for the same period shall be operative.

Others

The application not properly filled in shall be treated as cancelled and deposited money will be refunded. For any reason, no profit/compensation will be paid on the refunded amount.

The offer will be deemed to have been declined if completed Application Form-A with necessary payments have not been received by **April 15, 2012** or by such later date as may be notified through national dailies to that effect.

MATERIAL CONTRACTS

Bankers to the Issue

ONE Bank Limited and **Investment Corporation of Bangladesh** are the Bankers to the issue who will collect the subscriptions money of the rights offer. The Issuer will pay commission @ 0.10% to only Investment Corporation of Bangladesh but ONE Bank Limited will not be paid any commission. The rights issue subscriptions money collected from the shareholders by the Bankers to the issue will be remitted to the company's **Deposit Account no.001-5026587001** with **ONE Bank Limited, Principal Branch, Dhaka**.

Underwriters

Full amount of rights offer of LankaBangla Finance Limited have been underwritten by **05 (five)** underwriters as shown in the classified information part of rod. Each underwriter will be paid underwriting commission **@ 0.10%** of the nominal value of shares underwritten by them out of the rights issue. Simultaneously, with the calling upon an underwriter to subscribe and pay for any number of shares, the company will pay no additional commission to that underwriter on the nominal value of shares required to be subscribed by them.

Manager to the Issue

AAA Consultants & Financial Advisers Ltd. is appointed as manager to the issue of the rights issue of the Company. Accordingly, an agreement was made between the issue manager and the Company. The Company will pay issue management fee BDT 10.00 lac to the Manager to the Issue.

Vendor's Agreement

LankaBangla Finance Limited has not entered into any vendor's agreement.

Acquisition of Property

The Company acquired no property or made any agreement with any party for acquisition of property after the Balance Sheet Date September 30, 2011.

FORM - A
[rule 5 and rule 8(t)]

Declaration (due diligence certificate) about responsibility of the Issue Manager in respect of the rights share offer document of LankaBangla Finance Limited

This rights share offer document has been reviewed by us and we confirm after due examination that the rights share offer document constitutes full and fair disclosures about the rights issue and the issuer and complies with the requirements of the Securities and Exchange Commission (Rights Issue) Rules, 2006; and that the issue price is justified under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006.

For AAA Consultants & Financial Advisers Ltd.

Sd/-
(Khwaja Arif Ahmed)
Managing Director & CEO

Place: Dhaka
Dated: November 13, 2011

FORM - B
[rule 6 and rule 8(t)]

Declaration (due diligence certificate) about responsibility of the Underwriter(s) in respect of the rights share offer document of LankaBangla Finance Limited

This rights share offer document has been reviewed by us and we confirm after due examination that the issue price is justified under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006, and also that we shall subscribe for the under-subscribed rights shares within fifteen days of calling thereof by the issuer. The issuer shall call upon us for such subscription within ten days of closure of the subscription lists for the rights issue.

Place: Dhaka
Dated: November 13, 2011

For
(**Name of Underwriters**)

Union Capital Limited
BMSL Investment Limited
FAS Capital Management Limited
AAA Consultants & Financial Advisers Ltd.
Swadesh Investment Management Limited

Sd/-
Managing Director(s)

FORM – C

SECURITIES AND EXCHANGE COMMISSION (RIGHT ISSUE) RULE, 2006

AUDITORS' REPORT TO THE SHAREHOLDERS OF LANKABANGLA FINANCE LIMITED

We have audited the accompanying Financial Statements of LankaBangla Finance Limited for the year/period ended 31 December 2006, 2007, 2009, 2010 and 30 September 2011 in accordance with International Standards on Auditing as applicable in Bangladesh and state that we have obtained all the information and explanations which we have required, and after due verification thereof, we report that, in our opinion:

(a) The said Financial Statements have been drawn up in accordance with International Accounting Standards as applicable in Bangladesh and the requirements of Securities and Exchange Rules 1987 as amended, the Companies Act 1994 and other relevant laws where applicable;

(b) These Financial Statements which are in agreement with the books of account give a true and fair view of the state of its affairs of the Company as at 30 September 2011 and of the result of its operations and cash flows for the period/year then ended;

(c) Proper Books of Account have been kept by the Company as required by the relevant laws; and

(d) The expenditure incurred was for the purposes of the Company's business.

We also certify that the above Company has declared the following dividends for each of the following five years immediately preceding the issue of rights share offer document under the Securities and Exchange Commission (Right Issue) Rules, 2006 and that the Company has duly paid the following amounts of the declared dividend as mentioned against respective year:

Financial year 31st December	Date of AGM held & Dividend Declaration	Declared Dividend	
		Rate (%)	Total Cash Dividend Paid (Tk)
2006	30 April 2007	10% Cash Dividend	35,000,000
		0% Stock Dividend	-
2007	01 June 2008	15% Cash Dividend	52,500,000
		10% Stock Dividend	35,000,000
2008	15 June 2009	15% Cash Dividend	57,750,000
		15% Stock Dividend	57,750,000
2009	23 June 2010	15% Cash Dividend	66,412,500
		20% Stock Dividend	88,550,000
2010	30 March 2011	0% Cash Dividend	-
		55% Stock Dividend	292,215,000

Sd/-

Dated: Dhaka
03 November, 2011

Md. Enamul H. Choudhury, FCA
Partner
S. F. Ahmed & Co.
Chartered Accountants

FORM-D
[rule 8(t)]

Due Diligence Certificate by the Directors about their personal responsibility in respect of the Rights Share Offer Document of Lankabangla Finance Limited

This rights share offer document has been prepared, seen, reviewed and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given in the rights share offer document, relevant documents and financial statements submitted to the Commission and others concerned under the Securities and Exchange Commission (Rights Issue) Rules, 2006.

We confirm, after making all reasonable enquiries, that all conditions concerning this rights issue and rights share offer document have been met. We further confirm that we have not concealed any information or statement which might have any bearing on the information already made.

In case of any default or failure on our part, civil, criminal or administrative action may be taken against us.

Sd/-
Mohammad Abdul Moyeen
Chairman

Sd/-
Indulakshin Wickremasinghe Senanayake
Director

Sd/-
Mirza Ejaz Ahmed
Director

Sd/-
Farmanur Rahman Chowdhury
Director

Sd/-
Gardiya Lokuge Harris Premaratne
Director

Sd/-
Aneesha Mahial Kundanmal
Director

Sd/-
Mahbubul Anam
Director

Sd/-
Tahsinul Huque
Director

Sd/-
Jasmine Sultana
Director

Sd/-
Salahuddin Ahmed Khan
Director

LankBangla Finance Limited

Auditors' Report and Financial Statements
For the period ended 30 September 2011

Independent Auditor's Report to the Shareholders
of
LankaBangla Finance Limited

We have audited the accompanying financial statements of ***LankaBangla Finance Limited*** ("the Non-Banking Financial Institutions") prepared which comprise the statement of financial position as at September 30, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from January 01,2011 to September 30,2011 then ended, and a summary of significant accounting policies and other explanatory information .

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, subject to the mandatory compliance with the few regulations of Bangladesh Bank those are different from the requirements of the Bangladesh Financial Reporting Standards (BFRS) which have been adequately disclosed in notes 2.4 , the financial statements of the Company prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of the *LankaBangla Finance Limited* as at 30 September 2011 and the results of its financial performance and its' cash flows for the period then ended and comply with the Financial Institution Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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

ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

iii) the Statement of Financial Position and the Statement of Comprehensive Income of the Company dealt with by the report are in agreement with the books of account and returns;

iv) the expenditure incurred was for the purpose of the Company's business;

v) the financial position of the company as at 30 September 2011 and its profit for the Period then ended have been properly reflected in the financial statements of the Company , and these financial statements have been prepared in accordance with generally accepted accounting principles;

vi) the financial statements of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank to the extent applicable to the Company;

vii) adequate provisions have been made for leases and advances which are, in our opinion, doubtful of recovery;

viii) the records and statements submitted by the divisions and branches have been properly maintained and recorded in the in the financial statements of the Company;

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

x) the Company has complied with relevant laws pertaining to reserves, which was found satisfactory;

xi) the financial statements of the Company conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

xii) as there are no risk weighted assets determined by the Bangladesh Bank for Non banking Financial Institutions (NBFI), therefore, we believe that the review of 80% of risk weighted assets is not applicable for NBFI. We have spent around 1,045 person hours for the audit of the financial statements of the Group and the Company.

Sd/-

Dated, Dhaka;
30 October 2011

S. F. Ahmed &Co.
Chartered Accountants

LankaBangla Finance Limited
Statement of Financial Position
As at 30 September 2011

		Amount in Taka	
PROPERTY & ASSETS	**Notes**	**September 30, 2011**	**December 31, 2010**
Cash		**123,820,226**	**92,557,463**
Cash in hand	3	125,000	125,000
Balance with Bangladesh Bank	4	123,695,226	92,432,463
Balance with others bank and financial institutions	5	**469,838,008**	**524,391,963**
Local Currency		469,708,381	524,262,339
Foreign Currency		129,627	129,624
Investment	6	**2,014,563,813**	**1,877,091,161**
Government securities		1,406,915,296	1,345,693,012
Others investment		607,648,517	531,398,149
Lease, loans & advance	7	**9,994,636,302**	**9,480,978,635**
Fixed assets	8	**32,413,339**	**38,943,142**
At cost		128,744,069	131,012,947
Less: Accumulated depreciation		96,330,730	92,069,805
Other assets	9	**2,299,945,214**	**1,707,011,211**
TOTAL ASSETS:		**14,935,216,901**	**13,720,973,575**
LIABILITY & CAPITAL			
Liabilities		**11,748,432,299**	**10,576,819,411**
Borrowings from Bangladesh Bank, Other Banks & Financial Institutions	10	6,687,774,799	5,761,881,177
Term deposits	11	5,060,657,500	4,814,938,234
Other liabilities	12	**1,832,420,011**	**1,920,809,903**
Capital/Shareholder's Equity		**1,354,364,588**	**1,223,344,261**
Paid up Capital	13	823,515,000	531,300,000
Retained earnings	14	282,637,978	466,811,929
Payable to LB Foundation		-	4,030,984
Statutory reserve	15	248,211,610	221,201,348
TOTAL LIABILITIES:		**14,935,216,901**	**13,720,973,575**

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

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director** (Current Charge)	**Company Secretary**

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

Sd/-

Dated, Dhaka;
30 October 2011

S. F. Ahmed & Co.
Chartered Accountants

LankaBangla Finance Limited
Statement of Comprehensive Income
For the period ended 30 September 2011

	Notes	Amount in Taka: From January 01, 2011 to September 30, 2011	Amount in Taka: From January 01, 2010 to September 30, 2010
Operating Income			
Net interest		**195,514,747**	**376,032,995**
Interest income	16	1,170,057,021	1,120,160,654
Less : Interest paid on deposits & borrowings	17	974,542,274	744,127,659
Income from investment	18	115,051,460	214,466,999
Commission, Exchange and Brokerage Income	19	3,056,515	3,536,679
Other operational income	20	70,037,626	163,455,827
Total :		**383,660,348**	**757,492,500**
Operating Expenses			
Salary and allowances	21	68,734,267	51,912,877
Rent, taxes, insurance, electricity etc.	22	13,240,138	11,587,625
Legal & professional fees	23	5,035,078	2,912,374
Postage, stamp, telecommunication etc.	24	2,355,358	1,909,379
Stationery, printing, advertisement	25	4,925,139	5,930,510
Managing director's salary & allowance	26	2,275,000	4,095,000
Director fees and expenses	27	296,000	197,000
Audit fees	28	33,000	27,000
Charges on loan losses		-	1,956,426
Repairs, maintenance and depreciation	29	11,441,275	17,011,240
Other expenses	30	44,961,379	26,081,824
Total :		**153,296,634**	**123,621,255**
Net Operating Income		**230,363,714**	**633,871,245**
Provision for loans & advance	31	**56,589,996**	**222,862,470**
General provision		25,492,160	35,084,480
Specific provision		31,097,836	187,777,990
Profit before tax and reserve:		**173,773,718**	**411,008,775**
Provision for tax		**38,722,406**	**200,000,000**
Deferred tax expenses/(income)		1,173,336	-
Provision for the period	32	37,549,070	200,000,000
Net profit after tax:		**135,051,312**	**211,008,775**
Earning per share	33	**1.64**	**2.56**

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

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director** (Current Charge)	**Company Secretary**

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

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

Dated, Dhaka;
30 October 2011

LankaBangla Finance Limited
Statement of Cash Flows
For the period ended on 30 September 2011

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	**From January 01, 2010 to September 30, 2010**
A)	***Cash flows from operating activities***		
	Interest received	1,170,057,021	1,120,160,654
	Interest paid	(974,542,274)	(744,127,659)
	Dividend received	1,708,204	3,937,283
	Fees and commission received	3,056,515	3,536,679
	Income from investment	113,343,256	184,536,910
	Cash paid to employees (including directors)	(71,305,267)	(47,817,877)
	Cash paid to suppliers	(7,280,497)	(7,839,889)
	Income taxes paid	(8,000,000)	(3,000,000)
	Received from other operating activities	70,037,626	163,455,827
	Paid for other operating activities	(58,201,517)	(77,994,701)
	Cash generated from operating activities	**238,873,067**	**594,847,227**
	Increase/ (decrease) in operating assets & liabilities		
	Changes in trading securities	(77,723,975)	(36,833,284)
	Loans and advances to customers	(513,657,667)	(1,598,885,233)
	Other assets	(593,553,503)	747,524,860
	Deposits from customers	245,719,266	897,905,854
	Other liabilities	1,149,976,219	(461,076,631)
		210,760,340	**(451,364,434)**
	Net Cash from Operating Activities	**449,633,407**	**143,482,793**
B)	***Cash flows from investing activities***		
	Changes in non-trading securities	1,473,607	20,348,000
	Net proceeds/(payments) for sale/ purchase of Treasury bills	(669,625,333)	(76,860,503)
	Purchase of property, plant and equipment	(25,381,588)	(21,960,181)
	Sales proceeds of fixed assets	743,550	-
	Investment in subsidiary-LankaBangla Investments Ltd.	-	(199,999,970)
	Net Cash used in Investing Activities	**(692,789,764)**	**(278,472,654)**
C)	***Cash flows from financing activities***		
	Increase/(decrease of long term loan	219,865,164	512,508,563
	Dividend paid (cash dividend)	-	(66,412,500)
	Net Cash used in Financing Activities	**219,865,164**	**446,096,063**
D)	***Net Increase/ (Decrease) in Cash & Cash Equivalents***	**(23,291,193)**	**311,106,202**
E)	***Opening cash and cash-equivalents***	**616,949,426**	**597,614,479**
F)	***Closing cash and cash-equivalents (D+E)****	**593,658,233**	**908,720,681**
	*** Closing cash and cash-equivalents**		
	Cash in hand	**125,000**	**125,000**
	Balance with Bangladesh Bank and its agent bank (s)	**123,695,226**	**116,722,903**
	Balance with other Banks and Financial Institutions	**469,838,008**	**791,872,778**
	Total:	**593,658,233**	**908,720,681**

LankaBangla Finance Limited

Statement of Changes in Shareholders' Equity

As at 30, September 2011

Amount in Taka

Particulars	Share Capital	Statutory Reserve	LB Foundation	Retained Earnings	Total
Balance as at 01 January 2011	**531,300,000**	**221,201,348**	**4,030,984**	**466,811,928**	**1,223,344,260**
Items involved in changes in equity					
Prior year adjustment	-	-	-	-	-
Net profit for the period	-	-	-	135,051,312	135,051,312
Appropriation to statutory reserve	-	27,010,262	-	(27,010,262)	-
Payment dividend	-	-	(4,030,984)	-	(4,030,984)
Stock dividend (55%)	292,215,000	-	-	(292,215,000)	-
Balance as at 30 September 2011	**823,515,000**	**248,211,610**	**-**	**282,637,978**	**1,354,364,588**
Balance as at 31 December 2010	**531,300,000**	**221,201,348**	**4,030,984**	**466,811,928**	**1,223,344,260**

LankaBangla Finance Limited

Liquidity Statement

As at 30 September 2011

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	above 5-years term	Total
Assets						
Cash in hand (including balance with Bangladesh Bank)	123,820,226	-	-	-	-	**123,820,226**
Balance with banks and financial institutions	-	-	469,838,008	-	-	**469,838,008**
Money at call and short notice	-	-	-	-	-	-
Investments	318,360,175	79,175,720	198,998,587	345,629,332	1,072,400,000	**2,014,563,814**
Loans and advances	-	352,696,519	963,542,868	8,678,396,915	-	**9,994,636,302**
Fixed assets including land, building, furniture and fixtures	-	-	-	32,413,339	-	**32,413,339**
Other assets	-	-	1,649,951,044	-	649,994,170	**2,299,945,214**
Non-banking assets	-	-	-	-	-	-
Total Assets	**442,180,401**	**431,872,239**	**3,282,330,507**	**9,056,439,586**	**1,722,394,170**	**14,935,216,901**
Liabilities						
Borrowing from other banks, financial institutions and agents	760,000,000	1,788,911,600	1,771,253,894	1,490,669,292	876,940,013	**6,687,774,799**
Deposits and other accounts	-	155,696,264	3,468,314,923	1,414,687,813	21,958,500	**5,060,657,500**
Provision and other liabilities	-	-	205,034,960	1,627,385,051	-	**1,832,420,011**
Total Liabilities	**760,000,000**	**1,944,607,864**	**5,444,603,777**	**4,532,742,156**	**898,898,513**	**13,580,852,310**
Net Liquidity Gap	***(317,819,599)***	***(1,512,735,625)***	***(2,162,273,270)***	***4,523,697,430***	***823,495,657***	***1,354,364,591***

1.00 Legal status and nature of the company:

Domicile, legal form and country of operation

LankaBangla Finance Limited (here in after referred to as "LankaBangla" or "the Company"), a joint venture **non-banking financial institution**, was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-31702(823)/96 dated 05 November 1996 as a Public Limited Company under the Companies Act, 1994 in the name of "Vanik Bangladesh Limited". It started commercial operations since 1997 obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. LankaBangla also obtained license from Securities and Exchange Commission vide No. MB-1.064/98-05 to transact public shares in the Capital Market as Merchant Banker. Subsequently, it was renamed as LankaBangla Finance Limited on 27 April 2005. The Company went for public issue in 2006 and its shares are listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 17 October 2006 and 31 October 2006 respectively.

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

Sl. No.	Name of License	Registration of License	Date of License	Renewed up to
1.	Trade License	0923826	24.09.2008	2011-2012
2.	Bangladesh Bank License	DFIM(L)/15	30.10.1997	N/A
3.	Tax Identification Number (TIN)	210-200-6736	N/A	N/A
4.	VAT Identification Number	5101018797	N/A	N/A
5.	Import Registration Certificate	BA159696	01.01.2006	2011-2012
6.	DCCI Membership Certificate	2857	23.12.2008	2011
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	MBD License	MB-1.064/98-05	22.01.1998	2011
9.	PD License	DMD-14/2009	23.11.2009	N/A
10.	Registration Number	C-31702(823)/96	05.11.1996	N/A

Subsidiary companies

LankaBangla Securities Ltd.:

The Company is holding a subsidiary company named "LankaBangla Securities Ltd." (formerly Vanik Bangladesh Securities Limited) with an equity interest of 90.90% (49,999,409 shares of Tk.10 each totaling Tk. 499,999,4090) in the subsidiary company. The subsidiary is a private limited company was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-33276(22)/97 dated 03 July 1997 under the Companies Act, 1994. The principal activities of the company are to act as a member of Dhaka Stock Exchanges Ltd. and Chittagong Stock Exchange Ltd. to carry on the business of brokers or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, foreign currencies, treasury bills and/or any financial instruments. The company has nine branches in Bangladesh namely

Dhaka-Principal, Banani, Islampur, Kawran Bazar, Chittagong-Khatungonj, Nasirabad, Agrabad, Sylhet-Sylhet, Comilla-Comilla and Narayangonj- Narayangonj Branch.

LankaBangla Asset Management Company Limited:

The Company is also holding another subsidiary company named "LankaBangla Asset Management Company Limited" with an equity interest of 99.998% (2,499,950 shares of Tk. 10 each totaling Tk. 24,999,500) in the subsidiary company. LankaBangla Asset management Company Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-67738(289)/2007 dated 16 July 2007 under the Companies Act, 1994. LankaBangla Asset Management Company Limited also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market as Trustee of Mutual Fund under the Securities and Exchange Commission (Mutual Fund) Regulations, 2001, which is under process.

LankaBangla Investment Limited:

The Company is also holding another subsidiary company named "LankaBangla Investment Limited" with an equity interest of 99.998% (19,9999,97 shares of Tk. 10 each totaling Tk. 199,999,970) in the subsidiary company. LankaBangla Investment Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-83568/10 dated 29 March 2010 under the Companies Act, 1994. LankaBangla Investment Limited also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market.

Company's activities

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

- Fees based services include Credit Card Membership Fees, Merchants Commission, Underwriting of Securities, IPOs, Portfolio Management, Corporate Financial Services etc.
- Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, Factoring etc.
- LankaBangla also provides brokerage services through its 99.998% owned subsidiary company.

2.00 Basis for preparation and Significant accounting policies:

2.01 Basis for preparation and presentation of financial statements:

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement in accordance with the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), except the circumstances where local regulations differ, and other applicable laws and regulations.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been excluded in preparing the financial statements.

2.2 **Basis of measurement**

This financial statement has been prepared based on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and no adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

2.3 **Date of authorization**

The Board of Directors has authorized these financial statements for public issue on October 30,2011

2.4 **Disclosure of departure from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements**

Bangladesh Bank is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of BAS and BFRS. As such the company has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable:

2.4.1 As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment. As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year –end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the year-end the company's market value and book value of quoted shares was higher than cost price by Tk. 167.7 million in the financial statements. However as per requirements of BAS 39 investment in shares falls either under "at fair value through statement of comprehensive income" or under "available for sale" where any change in the fair value at the year-end is taken to statement of comprehensive income or revaluation reserve respectively.

2.4.2 As per FID circular No. 08 dated 03 August 2002 and FID circular No. 03, dated 03 May 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 37. At the year end the company has recognized an accumulated general provision of Tk. 84.04 million in the statement of financial position under liabilities.

2.4.3 Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However the company does not have any elements of OCI to be presented.

2.4.4 As per Bangladesh Bank guidelines financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.

2.5 **Presentation and functional currency and level of precision**

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

2.6 **Use of estimates and judgments**

The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Provisions and accrued expenses are recognised in the financial statement in line with the Bangladesh Accounting Standard (BAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when

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

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

2.7 Directors' responsibility statement

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

2.8 Branch accounting

The Company has two branches and one SME booth, with no overseas branch as on September 30, 2011. Accounts of the branches are maintained at the head office from which these accounts are drawn up.

2.9 Accounting for leases:

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

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

2.10 Accounting for term finance:

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

2.11 Merchant banking operation:

Merchant Banking operation includes the services of issue management, portfolio management, underwriting of shares and securities advisory services, as outlined in Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules 1996. Accordingly Statement of Comprehensive Income (Profit & Loss Account) of merchant baking operation includes revenue from issue management, portfolio management, underwriting of shares, shows separately as required by the Regulations of Securities and Exchange Commission.

2.12 Investments:

Investment comprises of equity and Government Securities. Investment in marketable ordinary shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis as required by Bangladesh Bank' FID circular No. 08 dated August 3, 2002. Investment in non-marketable shares has been valued at cost. Full provision for diminution in value of shares as on closing of the year on an individual investment basis is made in the financial statements.

Investments in Government Treasury Bills and Government Treasury Bonds classified as "Held to Maturity" are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the management has the intention and ability to hold to maturity. Where the Company want to sell other than an insignificant amount of such assets, the entire category would be reclassified as held for sale .

2.13 Recognition of fixed assets:

2.13.1 Assets acquired under own finance:

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

2.13.2 Assets acquired under finance lease:

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

2.13.3 Depreciation:

Depreciation on Own Fixed Assets:

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

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

No depreciation is charged in the period of disposal.

2.13.4 Depreciation/ amortization of leased assets:

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

2.14 Intangible assets:

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

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

2.15 Consistency

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 8, LankaBangla Finance applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS-8. We however have applied the same accounting and valuation principles in 2011 as in financial statements for 2010.

2.16 Liquidity statement:

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

a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.

b) Investments are on the basis of their residual maturity term.

c) Loans and advances are on the basis of their repayment/ maturity schedule.

d) Fixed assets are on the basis of their useful lives.

e) Other assets are on the basis of their adjustment.

f) Borrowings from other banks and financial institutions as per their maturity/ repayment term.

g) Deposits and other accounts are on the basis of their maturity period and behavioral past trend

h) Other long term liability on the basis of their maturity term.

i) Provisions and other liabilities are on the basis of their settlement.

2.17 Borrowing costs:

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

2.18 Books of accounts:

The Company maintains its books of accounts for main business in Electronic Form through soft automation and a separate set of books of accounts for the Merchant Banking Operation as required under the regulations of Securities and Exchange Commission.

2.19 Foreign currency transaction:

Foreign currency transactions are translated into Bangladeshi Taka at exchange rates prevailing at the respective dates of transactions, while foreign currency monetary assets at the end of the period/year are reported at the rates prevailing on the Statement of Financial Position (balance sheet) date. Exchange gains or losses arising out of the said conversions are recognised as income or expense for the period/year are charged in the statement of comprehensive income profit and loss account after netting off.

2.20 Revenue recognition:

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

2.20.1 Lease financing:

The Company follows the finance lease method for accounting of lease incomes in compliance with BAS 17. Interests are recognized as and when interest/incomes are accrued. Lease interests outstanding over 3 months are not recognized as revenue, and used to keep under interest suspense account. Fee based income and delinquent charges from lease operations are accounted for on cash basis.

2.20.2 Loans and advances:

Interest on term finance is recognized when interest is accrued. No interest on loan is accounted for as revenue where any portion of capital or interest is in arrears for more than 3 months. Fee based income and delinquent charges from loan operations are accounted for on cash basis.

2.20.3 Credit cards:

Interests on credit card are accrued and taken to accounts up to 03 (three) months. Interest accrued on credit card for more than three months is accounted as Interest-in-Suspense and is not added to revenues. Thereafter, interest is recognized on cash basis reversing the suspense account. Fee based income from credit card operations are accounted for on accrual basis

2.20.4 Other income:

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

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

2.20.5 Interest suspense account:

Lease income earned, interest on term finance overdue beyond 03 (three) months period are not recognized as revenue and credited to Interest Suspense Account.

2.21 Cash and cash equivalent and Statement of cash flows:

Cash and cash equivalents comprise cash in hand and fixed deposits and investments in call loan that are readily convertible to a known amount of cash, and that are not subject to significant risk of change in value.

The Statement of Cash Flows is prepared using the direct method as stipulated in Bangladesh Accounting Standards (BAS) no. 7 “Statement of Cash Flows”

2.22 Provision for loans and advances:

Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in FID Circular No. 08, dated 03 August 2002, FID Circular

No. 11, dated 31 October 2005, and FID Circular No. 06, dated 20 August 2006;. The classification rates as per Bangladesh Bank circulars used for provision are as follows:-

<table>
<tr><th colspan="2" rowspan="2">Business Unit</th><th colspan="5">Rate of Provision</th></tr>
<tr><th>UC</th><th>SMA</th><th>SS</th><th>DF</th><th>BL</th></tr>
<tr><td rowspan="2">Consumer</td><td>House Building & Professional</td><td>2%</td><td>5%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td>Other than House Building & Professional</td><td>5%</td><td>5%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td colspan="2">Small & Medium Enterprise</td><td>1%</td><td>5%</td><td>20%</td><td>50%</td><td>100%</td></tr>
<tr><td colspan="2">All Others</td><td>1%</td><td>5%</td><td>20%</td><td>50%</td><td>100%</td></tr>
</table>

2.23 Corporate tax:

Provisions for tax

a. Provision for the period

Provision for current income tax has been made @ 42.50% as prescribed in Finance Act, 2011 on the profit made by the Company considering major taxable allowances and disallowances and the same is understated/ overstated to that extent. Any shortfall/ excess provision will be duly adjusted after final assessment.

b. Deferred tax

The Company accounts for deferred tax as per Bangladesh Accounting Standard (BAS) 12 "Income Taxes". Deferred tax is provided using the balance sheet method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

2.24 Employees benefit plans

LankaBangla Finance Limited offers a number of benefit plans which includes contributory provident fund, gratuity plan, Profit participation scheme and Group Life Insurance Scheme and Health Insurance

2.24.1 Provident fund:

The Company maintains a contributory employees Provident Fund recognized by National Board of Revenue for its permanent employees. The Fund is administered by a Board of Trustees and is funded equally by the employer and the employees 10% of their basic salary as contribution of the fund . Provident Fund are invested in Fixed Deposit with other financial institutions.

2.24.2 Gratuity fund:

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

Year of Confirmed Services	% of entitlement
3 years and above but less than 4 years	50% of Last Basic Salary
4 years and above but less than 5 years	100% of Last Basic Salary
5 years and above	150% of Last Basic Salary

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

2.24.3 Profit participation scheme:

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

From 2009 incentive bonus would paid only when the company makes profit in a particular year, the quantum should not have any direct link with the basic salary but with the return on equity. The bases of calculations are as follows:

a) No profit, no bonus;
b) If Return on Equity (ROE) is less than 12%, no bonus will be entitled as it does not cover the cost of fund of the shareholders;

c) If Return on Equity (ROE) is between 12%-20%, the employees would receive 5% of profit after taxes;

d) If Return on Equity (ROE) is above 20%, quantum of incentive bonus would be (C) above plus 10% of excess amount of 20% of ROE.

2.24.4 Group Life Insurance Scheme and Health Insurance:

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

2.25 Legal Proceedings

The Company is not currently a defendant or a plaintiff in any material lawsuits or arbitration. From time to time, however, the Company is involved as a plaintiff in some actions taken against the default clients in the ordinary course of business for non-payment of rentals/installments. We believe that the ultimate dispositions of those matters will be favorable and will have no material adverse effect on business, financial conditions or results of operations.

2.26 Earning Per Share (EPS):

The company calculates EPS in accordance with the requirement of BAS – 33: “Earning Per Share”, which has been shown on the face of the Statement of Comprehensive Income and the computation is shown in “Note # 33”.

Basic earnings:

This represents earnings for the period ended on 30 September attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year:

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

Basic earning per share:

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

Diluted earning per share:

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

2.27 Corporate Governance:

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting (05 meeting held in the period 2011) and documented procedures of independence, the company endeavors to meet the standards expected.

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

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

2.28 Reporting Currency and Level of Precision

The figures in the financial statements represent Bangladesh currency (Taka), which has been rounded off to the nearest Taka.

2.29 Comparative Figures

Comparative information has been disclosed in respect of the period ended September 30, 2011 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Figures of the year 2010 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
3.00	**Cash in hand :**	**125,000**	**125,000**
4.00	**Balance with Bangladesh Bank:**	**123,695,226**	**92,432,463**

The above balance was laid with Bangladesh Bank (local currency)

4.01 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act, 1993 & Financial Institution Regulations 1994 and FID Circular No. 06 dated November 06, 2003 and FID Circular No. 02 dated November 10, 2004.

Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on ‘Total Term Deposits’ which is preserved in current account maintained with Bangladesh Bank. 'Total Term Deposit' means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except banks & Financial Institutions).

Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in BDT), balance with Bangladesh Bank and other banks and Financial Institutions, investment at call, unencumbered treasury bill, prize bond, savings certificate & any other assets approved by Bangladesh Bank.

Cash reserve requirement(CRR) - 2.50%:

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

Required reserve	72,642,000	40,662,000
Actual reserve held	122,649,000	609,464,135
Surplus	**50,007,000**	**568,802,135**

Statutory liquidity requirements (SLR)- 5.00%:

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

Total required reserve	189,735,000	114,612,000
Actual reserve held	522,814,000	616,949,426
Total Surplus	**333,079,000**	**502,337,426**

5.00 Balance with other bank and financial institutions:

Local Currency:

Fixed deposit account (Note - 5.01)	295,624,018	330,649,920
Interest bearing short term deposit account (Note - 5.02)	107,672,458	79,353,540
Non interest bearing current account (Note - 5.03)	66,411,905	114,258,878
Sub-Total:	**469,708,381**	**524,262,338**

	Amount in Taka	
	From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
Foreign Currency:		
Dhaka Bank Limited-USD Acconurt (Exchange Rate:Tk. 75.23)	94,236	94,236
Dhaka Bank Limited-POUND Acconurt (Exchange Rate Tk. 117.34)	28,503	28,501
Dhaka Bank Limited-EURO (Exchange RateTk.102.00)	6,887	6,886
Sub-Total:	**129,627**	**129,624**
Total:	**469,838,008**	**524,391,963**
Country of Deposit:		
In Bangladesh	469,838,008	524,391,963
Outside of Bangladesh	-	-
	469,838,008	**524,391,963**

5.01 Fixed deposit account:

Mercantile Bank Limited	54,669,904	50,577,940
Prime Bank Limited	132,514,148	127,769,211
Standard Bank Limited	3,445,795	3,275,207
Commercial Bank of Ceylon Limited	104,994,171	99,027,562
Reliance Finance Limited	-	50,000,000
Total:	**295,624,018**	**330,649,920**

5.02 Interest bearing short term deposit account:

Al-Arafah Islami Bank Ltd.	7,769	8,850
Arab Bangladesh Bank Limited	3,086,709	844,944
Bank Asia Limited	43,884,441	34,410,964
Citibank N.A		117,721
Dhaka Bank Limited	4,889,359	7,136,190
Dutch Bangla Bank Ltd.	31,928,220	5,326,712
ICB Islami Bank Limited	78,164	75,935
IFIC Bank Ltd.	123,354	131,242
Mutual Trust Bank Limited	2,220	2,220
National Credit & Commerce Bank Limited	351,644	271,079
ONE Bank Limited	4,230,886	1,319,565
Prime Bank Limited	4,142,214	25,946,913
Pubali Bank Ltd.	2,331,788	5,000
Social Islami Bank Limited	5,014	10,000
Standard Bank Limited	15,335	15,922
Standard Chartered Bank	332,290	15,714
The City Bank Ltd.	11,750,999	3,363,738
The Premier Bank Limited	72,115	72,690
United Commercial Bank Limited	424,430	266,669
Uttara Bank Limited	10,470	10,470
Exim Bank Limited	5,036	1,002
Total:	**107,672,458**	**79,353,540**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	**From January 01, 2010 to December 31, 2010**
5.03	**Non interest bearing current account:**		
	Bank Al-falah Limited	382,993	896
	BRAC Bank Limited	6,059	83,917,301
	Dhaka Bank Limited	396	13,556,599
	Exim Bank Limited	2,252,589	4,679,919
	First Security Bank Limited	709,144	698,563
	Jamuna Bank Ltd.	740	887,929
	Mercantile Bank Limited	3,942,923	1,767,646
	National Bank Limited	2,143,043	354,436
	ONE Bank Limited	1,287,272	709,719
	Prime Bank Limited	(1,175,935)	195,338
	Shahjalal Islami Bank Limited	5,625,355	2,561,466
	Social Investment Bank ltd.	461	19,140
	Social Islami Bank Limited	-	723,866
	Sonali Bank Limited	19,140	8,363
	Southeast Bank Lmited	895,934	3,584,198
	Standard Bank Limited	2,560,891	1,315
	Standard Chartered Bank	40,715,713	363,196
	The Premier Bank Limited	480,716	-
	The Trust Bank Limited	6,564,473	228,989
	Total:	**66,411,905**	**114,258,879**
6.00	**Investment:**		
	In Government securities	1,406,915,296	1,345,693,012
	Treasury bills (Note-6.01)	243,915,296	479,293,012
	Bonds (Note-6.02)	1,163,000,000	866,400,000
	Other investment	607,648,517	531,398,149
	Ordinary shares-un-quoted (Note-6.03)	34,259,010	35,732,617
	Ordinary shares-quoted (Note-6.04)	573,389,507	495,665,532
	Total:	**2,014,563,813**	**1,877,091,161**
	<u>Investment is Designate</u>		
	Held for Trading	573,389,507	482,750,164
	Held to Maturity	1,406,915,296	2,106,294,683
	Available for Sale	-	4,416,700
	Others	34,259,010	31,315,918
		2,014,563,814	**2,624,777,465**
	<u>Maturity Wise Group</u>		
	Up to 01 Month	318,360,175	617,776,042
	More than 01 Month to 03 Months	79,175,720	87,803,367
	More than 03 Month to 01 Years	198,998,587	292,196,385
	More than 01 Year to 05 Years	345,629,332	354,900,000
	More than 05 Years	1,072,400,000	511,500,000
		2,014,563,814	**1,864,175,794**
6.01	**Treasury Bills:**		
	91-days Treasury Bills	79,175,720	169,497,781
	182-days Treasury Bills	-	169,515,055
	364-days Treasury Bills	164,739,577	140,280,176
	Total:	**243,915,297**	**479,293,012**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
6.02	**Treasury Bonds:**		
	05-Year Treasury Bond	90,600,000	354,900,000
	10-Year Treasury Bond	536,600,000	232,700,000
	15-Year Treasury Bond	310,100,000	164,500,000
	20-Year Treasury Bond	225,700,000	114,300,000
	Total:	**1,163,000,000**	**866,400,000**
6.03	**Ordinary Shares - Unquoted:**		
	Central Depositary (Bangladesh) Limited	4,416,700	4,416,700
	Envoy Textiles Limited	9,982,000	9,982,000
	Information Technology Company Limited (ITCL)	5,000,000	5,000,000
	Bengal Windsor Th. Ltd.	8,000,000	-
	MJL Bangladesh Ltd.	-	6,125,108
	Amara Technology	5,250,000	5,250,000
	Saiham Cotton Mills Ltd.	1,350,000	1,350,000
	BD welding	260,310	-
	MI Cement Factory Limited	-	3,608,809
	Total:	**34,259,010**	**35,732,617**
6.04	**Ordinary Shares - Quoted:**		
	Bank Asia Lmited	123,893,963	-
	Mobil Jamuna Bd Ltd	10,500	-
	The Premier Bank Ltd.	985,100	-
	Midas Finance and Investment Ltd.	131,135,369	131,135,369
	Beximco Pharmaceuticals Ltd.	148,557,379	148,616,826
	ACI Formulations Limited	17,172,864	17,172,864
	Uttara Bank	939,609	-
	Heidelberg Cement	14,937,715	-
	Premier Bank	-	649,019
	Prime Finance & Investment Limited	17,876,096	24,084,561
	Union Capital Limited	7,589,336	12,648,893
	Agrani Insurance Co. Ltd.	886,193	15,596,995
	Continental Insurance Limited	2,003,707	5,915,702
	Progati Life Insurance Ltd.	-	10,544,474
	Quasem Drycells	4,952,050	3,061,435
	DBH First Mutual Fund	-	500,000
	Green Delta Mutual Fund	10,000,000	10,000,000
	ACI 20% Convertible Zero Coupon Bond	-	37,430,000
	Advance Chemicals Industries Limited	21,550,254	19,552,624
	Beximco Ltd.	51,290,336	47,935,971
	Delta Spinners ltd		1,800
	RAK Ceramics (Bangladesh) Limited	-	7,797,916
	BEXTEX Ltd	-	3,021,083
	BSRM	7,945,564	-
	Confidence Cement	278,107	-
	Apex Tannary	11,381,236	-
	MI Cement	4,129	-
	Total:	**573,389,507**	**495,665,532**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	**From January 01, 2010 to December 31, 2010**
7.00	**Lease , loans & advances:**		
	Lease portfolio	825,964,433	969,270,162
	Term finance	2,393,953,020	2,183,632,003
	Mortgage loan	1,352,716,617	1,111,701,735
	Margin loan against share trading	-	4,176,039,592
	Short term finance	483,599,087	220,083,054
	Factoring debtors	34,009,995	34,859,180
	Credit card receivables	450,414,309	430,637,948
	SME	302,973,029	182,990,057
	Auto Loan	228,941,988	128,751,080
	Loan to LankaBangla Investment Ltd.	3,847,137,980	-
	LBFL Employees Housing Loan	20,350,000	-
	Work Order Finance - Factoring	14,996,300	5,584,300
	Work Order Finance	39,579,544	37,429,524
		9,994,636,302	**9,480,978,635**
	Place of Disbursement:		
	In Bangladesh	9,994,636,302	**9,480,978,635**
	Outside of Bangladesh	-	-
	Total:	**9,994,636,302**	**9,480,978,635**
	Maturity Wise Grouping:		
	On Demand	-	-
	More than 01 Month to 03 Months	352,696,519	34,859,180
	More than 03 Month to 01 Years	963,542,868	297,956,058
	More than 01 Year to 05 Years	8,678,396,915	8,099,017,992
	More than 05 Years	-	1,049,145,405
	Total:	**9,994,636,302**	**9,480,978,635**
	Classifications of loans and advances/ investments		
	Unclassified:		
	Standard	8,404,292,167	8,469,578,770
	Special mention account (SMA)	572,860,312	113,836,136
		8,977,152,479	**8,583,414,906**
	Classified:		
	Sub standard	168,005,718	240,733,292
	Doubtful	200,024,675	65,490,691
	Bad & loss	705,092,078	591,339,746
		1,073,122,471	**897,563,729**
		10,050,274,950	**9,493,583,634**
8.00	**Fixed assets:**		
	A. Cost		
	i) Freehold assets		
	Opening Balance	103,478,926	83,071,906
	Add : Addition/(Disposal) during the period	9,820,277	25,341,839
		113,299,203	108,413,745
	Less: Sales/ adjustment during theperod	12,089,155	4,934,819
		101,210,048	103,478,926
	ii) Intangible assets		
	Opening Balance	27,534,021	27,494,271
	Add: Acquisition during the period	-	39,750
		27,534,021	27,534,021
	Total cost (A)	**128,744,069**	**131,012,947**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
B.	**Accumulated depreciation**		
i)	**Own assets**		
	Opening Balance	69,793,413	58,614,182
	Add : Charged during the year	7,416,277	14,487,251
		77,209,690	73,101,433
	Less: Adjustment during the year	3,401,273	3,308,021
		73,808,417	69,793,412
ii)	**Intangible assets:**		
	Opening Balance	22,276,392	20,566,029
	Add : Charged during the year	245,921	1,710,363
		22,522,313	22,276,392
	Total (B)	**96,330,730**	**92,069,804**
C.	**Written down value (A-B)** **Total:**	**32,413,339**	**38,943,143**

9.00 Other assets:

Trade receivables (Note-9.01)	889,250,867	507,266,694
Advances (Note 09.02)	100,177,886	78,028,663
Prepayments & other receivables (Note-09.03)	660,522,291	471,721,684
Investment in subsidiary	649,994,170	649,994,170
LankaBangla Securities Limited	399,995,200	399,995,200
LankaBangla Asset Management Co. Limited	49,999,000	49,999,000
LankaBangla Investment Limited	199,999,970	199,999,970
Total:	**2,299,945,214**	**1,707,011,211**

9.01 Trade receivables

Lease rental receivables	353,607,053	261,489,237
Term finance receivables	337,558,067	164,434,814
Short term lending receivables	8,175,805	8,533,875
Cardholder's Control A/C -VISA	98,719,575	-
Receivables-Mortgage Loan	13,665,455	9,109,483
Term finance receivables-SME	12,643,092	949,200
Receivable Lease Rental-Auto Loan	3,704,513	310,620
Work Order Finance Receivable	61,177,307	62,439,465
Total:	**889,250,867**	**507,266,694**

9.02 Advances:

Staff loan-others	12,013,683	6,529,775
Advance office rent	6,147,065	9,978,991
Security deposit/Lease deposit	7,869,242	1,973,479
Advance Income tax	74,147,896	59,546,418
Total:	**100,177,886**	**78,028,663**

Advance income tax represents corporate income tax paid as per Section- 64 of the Income Tax Ordinance 1984 and the amount of income tax deducted at source (TDS) by different financial institutions on the interest on bank balances of LankaBangla Finance Limited and on dividend income.

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
9.03	**Prepayments & other receivables:**		
	Prepayments	18,395,640	15,623,675
	Interest receivables-Fixed deposit account	17,645,728	16,510,948
	Interest receivables-Term finance	4,025,092	4,025,092
	Interest receivables-Short term lending	4,873,730	4,690,901
	Interest receiable-LBIL	55,417,143	21,609,725
	PD- Receivable -Treasury Bonds/Bills	31,544,138	19,364,318
	Interest receivables-Factoring	-	65,605
	Interest receivables-Mortgage loan	4,620,290	-
	Receivables/(Payables)-Other MasterCard Operator	89,018,306	58,499,320
	Receivables/(Payables) with LBSL-Foreign Trading	400,000,000	300,000,000
	Receivables against share trading	1,641,115	3,588,599
	Deferred tax Asset- (Note 09.03.01)	14,141,672	15,315,009
	Other receivables	19,199,437	12,428,492
	Total:	**660,522,291**	**471,721,684**

09.03.01	**Deferred tax Asset:**		
	Balance as at 01 January 2011	15,315,008	3,715,741
	Provided during the year	(1,173,336)	11,599,268
	Transferred from current tax liability	-	
	Total:	**14,141,672**	**15,315,008**

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

10.00	**Borrowings from Bangladesh bank, other banks & financial institutions:**		
	Secured:		
	Bank overdraft (Note - 10.01)	308,029,276	420,384,567
	Long term loan-(Note-10.02)	3,468,857,038	3,248,991,874
	REPO against Govt. treasury bills & bonds (Note- 10.03)	1,415,888,485	717,504,736
	Sub-Total:	**5,192,774,799**	**4,386,881,177**
	Unsecured:		
	Short term borrowings (Note - 10.04)	735,000,000	575,000,000
	Call loans- (Note - 10.05)	760,000,000	800,000,000
	Sub-Total:	**1,495,000,000**	**1,375,000,000**
	Total:	**6,687,774,799**	**5,761,881,177**
	Maturity Wise Grouping:		
	On Demand	760,000,000	1,517,504,736
	More than 01 Month to 03 Months	1,788,911,600	657,179,924
	More than 03 Month to 01 Years	1,770,351,901	548,135,916
	More than 01 Year to 05 Years	1,491,571,285	540,512,057
	More than 05 Years	876,940,013	2,498,548,544
	Total:	**6,687,774,799**	**5,761,881,177**

10.01	**Bank overdraft:**		
	Mercantile Bank Limited	70,176,605	65,640,322
	Prime Bank Limited	194,477,622	202,054,297
	Commercial Bank of Ceylon Limited	43,375,049	152,689,948
	Total:	**308,029,276**	**420,384,567**

The amount of bank overdraft is secured against FDR.

	Amount in Taka	
	From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
10.02 Long term loan:		
Opening Balance	3,248,991,874	2,358,188,934
Add: Drawdown during the period	1,053,181,486	2,202,514,459
	4,302,173,360	4,560,703,393
Less: Repayment during the period	833,316,322	1,311,711,519
Total:	**3,468,857,038**	**3,248,991,874**
Detail of the above balance is presented bellow:		
Arab Bangladesh Limited	2,600,941	25,663,970
Bangladesh Bank-Under Refinance:		
B.Bank Refinance- Women Enterprise	21,975,000	7,975,000
B.Bank Refinance- Mortgage Loan	854,965,013	883,794,144
Bank Alfalah Limited	72,876,349	-
Bank Asia Limited	112,073,456	130,272,931
Brac Bank Limited	22,868,391	38,559,082
Commercial Bank of Ceylon Limited	17,500,012	40,555,560
Exim Bank Limited	148,177,311	194,557,911
Dutch Bangla Bank Limited	167,739,741	210,767,994
National Bank Limited	264,620,786	314,104,683
Prime Bank Limited	350,701,502	340,131,914
Social Investment Bank Limited	65,607,724	99,771,522
Shahjalal Islami Bank Limited	294,105,665	44,796,306
The Trust Bank Limited	169,998,263	204,655,068
The Premier Bank Limited	40,237,989	55,022,171
United Commercial Bank Limited	207,201,667	10,534,846
Mutual Trust Bank Limited	197,209,235	245,730,576
Uttara Bank Limited	57,401,002	88,232,637
Standard Bank Limited	125,697,316	160,758,154
Southeast Bank Limited	73,717,377	95,090,686
Jamuna Bank Limited	32,623,513	49,288,341
United Leasing Company Limited	-	1,788,378
AL Arafa Islami Bank Ltd. Gulshan-CL-1, DD-1	168,958,785	6,940,000
Total:	**3,468,857,038**	**3,248,991,874**

Bank borrowings are secured by:

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

b. Usual charge documents (Letter of Hypothecation, Promissory Notes, Letter of Continuation, Letter of Arrangements, etc.)

10.03 REPO against Govt. treasury bills & bonds

REPO against Govt. treasury bills	244,404,815	284,026,293
REPO against Govt. bonds	1,171,483,670	433,478,443
Total:	**1,415,888,485**	**717,504,736**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	**From January 01, 2010 to December 31, 2010**
10.04	**Short term borrowings:**		
	Eastern Bank Limited	350,000,000	70,000,000
	One Bank Limited	235,000,000	235,000,000
	Southeast Bank Ltd.	100,000,000	-
	The City Bank Limited	-	200,000,000
	Standard Bank Lid.	50,000,000	-
	UAE-Bangladesh Investment Company Ltd.	-	20,000,000
	United Leasing Company Ltd.	-	50,000,000
	Total:	**735,000,000**	**575,000,000**
10.05	**Call loan:**		
	The City Bank Ltd.	250,000,000	-
	Delta Brac Housing Limited	150,000,000	200,000,000
	United Leasing Company Ltd.	-	30,000,000
	One Bank Limited	-	50,000,000
	Southeast Bank Limited	110,000,000	-
	Dutch Bangla Bank Limited	-	100,000,000
	Standard Bank Limited	100,000,000	-
	Midas Financing Limited	-	20,000,000
	Sonali Bank Limited	-	100,000,000
	United Commercial Bank Ltd.	100,000,000	-
	Rupali Bank Limited	-	200,000,000
	Bank Al-Falah Limited	50,000,000	100,000,000
	Total:	**760,000,000**	**800,000,000**
11.00	**Term deposits:**		
	From banks (Note-11.01)	1,280,000,000	2,030,000,000
	From other than banks (Note-11.02)	3,780,657,500	2,784,938,233
	Total:	**5,060,657,500**	**4,814,938,233**
11.01	**Remaining maturity grouping of term deposits:**		
	From banks		
	Payable-	-	-
	On demand	-	-
	In not more than 01 month	50,000,000	200,000,000
	In more than 01month but not more than 06 months	1,040,000,000	510,000,000
	In more than 06 months but not more than 01 year	190,000,000	1,320,000,000
	In more than 01 year but not more than 05 years	-	-
	In more than 05 years but not more than 10 years	-	-
	In more than 10 years **Total:**	**1,280,000,000**	**2,030,000,000**
11.02	**Remaining maturity grouping of term deposits:**		
	From other than banks		
	Payable	-	-
	On demand	-	-
	In not more than 01 month	105,696,264	87,607,180
	In more than 01month but not more than 06 months	1,832,358,184	362,002,670
	In more than 06 months but not more than 01 year	1,414,687,813	1,172,127,045
	In more than 01 year but not more than 05 years	416,935,989	1,157,701,338
	In more than 05 years but not more than 10 years	10,979,250	5,500,000
	In more than 10 years	-	-
	Total:	**3,780,657,500**	**2,784,938,233**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
12.00	**Other liabilities:**		
	Interest payable- (Note - 12.1)	205,034,960	307,919,780
	Accrued expenses	3,858,196	64,154,732
	Welfare fund payable	19,879	19,879
	IPA/Managed equity fund	-	260,409
	Advance receipt against leases-adjustment a/c	192,923,157	28,430,119
	Claims on health insurance	80,558	139,416
	Payable against MCBS charges	55,335,131	46,589,015
	Payable against merchants claims & others	17,271,515	9,666,256
	Unpaid Dividend	9,596,538	9,686,084
	IPO subscription payable	68,646	58,646
	VISA Statement A/C	482,718	85,351
	Provision for taxation (Note - 12.2)	483,739,455	456,693,345
	Interest suspense account (Note-12.03)	196,569,086	185,069,398
	Provision for doubtful accounts and future losses (Note- 12.04)	612,762,688	556,196,993
	Payable to Sampath Bank Limited, Sri Lanka:	-	9,266,831
	Deferred liability-employee gratuity	18,773,638	17,947,647
	VAT-Payable - VISA	69,981	15,332
	AIT on Credit Card-Payable	47,925	357,895
	VAT on Credit Card-Payable	-	45,689
	With holding tax payable	(1,914,635)	375,935
	Lease rental advances	35,682,285	119,955,029
	Payable to LankaBangla Investment Ltd.		-
	Receivables/(Payables) with LBSL-IP A/C	-	106,719,314
	Exise Duty Payable	(125,026)	7,150
	ITCL Statement A/C	150,000	96,000
	Total:	**1,832,420,011**	**1,920,809,903**
12.01	**Interest payable:**		
	Interest payable on term deposit	165,386,722	223,965,030
	Interest payable on long term borrowings	20,578,613	41,311,957
	Interest payable on short term borrowings	16,975,665	41,952,514
	Interest payable on call loan borrowings	2,093,960	690,279
	Total:	**205,034,960**	**307,919,780**
12.02	**Provision for taxation:**		
	Balance as at 01 January 2011	456,693,345	236,858,355
	Provision during the period	37,549,070	219,834,990
		494,242,415	456,693,345
	Adjusted during the period	(10,502,960)	-
	Total:	**483,739,455**	**456,693,345**
12.03	**Interest suspense:**		
	Lease Finance	110,185,997	105,185,997
	Term Finance	79,585,000	74,065,401
	Credit Card	3,932,000	5,368,000
	Mortgage Loan	2,866,089	450,000
	Total:	**196,569,086**	**185,069,398**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	**From January 01, 2010 to December 31, 2010**
12.04	**Provision for doubtful accounts and future losses**		
	Lease financing	254,382,935	232,978,950
	Term finance & Short term loan	227,366,593	250,055,837
	Credit card	35,966,118	27,560,436
	Mortgage Loan	25,243,317	23,165,770
	Provision for diminition in value of investment in equity shares (Annexur-1)	69,803,725	22,436,000
	Total:	**612,762,688**	**556,196,993**
13.00	**Share capital :**		
	Authorized	**3,000,000,000**	**1,000,000,000**
	Issued, subscribed and paid up	**823,515,000**	**531,300,000**

Details of shares holding position are as under:

Sponsor shareholders:

	Percentage		
a. **Foreign sponsors**			
Sampath Bank Limited, Sri Lanka	9.47%	78,000,000	60,000,000
	9.47%	**78,000,000**	**60,000,000**
b. Local sponsors			
ONE Bank Limited-OBL, Bangladesh	4.86%	40,000,000	40,000,000
SSC Holdings Limited, Bangladesh	1.07%	8,835,000	5,700,000
Shanta Apparel Limited	1.84%	15,190,000	9,800,000
Individuals	21.52%	177,257,985	114,359,990
	29.30%	**241,282,985**	**169,859,990**
General Shareholders	**61.23%**	**504,232,020**	**301,440,010**
	100.00%	**823,515,000**	**531,300,000**

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

Shares groups	Number of share	No. of shareholder	%
Less than 500	820,752	2,581	1.00
501 to 5000	6,309,403	3,836	7.66
5,001 to 10000	2,878,149	391	3.49
10,001 to 20000	2,705,392	190	3.29
20,001 to 30000	1,858,980	75	2.26
30,001 to 40000	1,457,079	41	1.77
40,001 to 50000	1,389,275	31	1.69
50,001 to 100000	6,054,311	86	7.35
100,001 to 1000000	18,161,993	69	22.06
Above 1000000	40,716,166	14	49.44
	82,351,500	**7,314**	**100**

14.00	**Retained earnings:**		
		601,863,240	**551,462,599**
	Retained earnings as at 01 January 11	466,811,928	148,364,169
	Add: Profit/(loss) for the period	135,051,312	403,098,430
	Less: Adjustment during the year:	**319,225,262**	**84,650,670**
	Transfer to statutory reserve during the year	27,010,262	80,619,686
	Prior year adjustment	-	4,030,984
	Payment of stock dividend: (55%)	292,215,000	-
	Retained earnings as at September 30,2011	**282,637,978**	**466,811,929**
15.00	**Statutory reserve:**		
	Opening balance	221,201,348	140,581,663
	Add: Profit transferred to statutory reserve @ 20%	27,010,262	80,619,686
	Total:	**248,211,610**	**221,201,348**

This reserve has been created as per the Provision of Financial Institution Rules -1993.

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	**From January 01, 2010 to September 30, 2010**
16.00	**Interest income:**		
	Interest income from leases	103,526,700	132,260,528
	Interest income from term finance	254,089,034	186,195,744
	Interest income from short term lending	67,991,343	23,061,553
	Income from credit card	96,548,777	84,325,237
	Interest income on margin trading	-	553,896,818
	Interest income from factoring	5,946,379	877,168
	Interest Income from mortgage loan	99,481,947	63,720,741
	Interest Income from SME	33,134,665	3,372,611
	Interest Income from auto loan	20,984,205	1,940,208
	Interest income on fixed deposit	21,159,889	40,891,372
	Interest income on short term deposit	2,290,617	999,786
	Interest income on lending -subsidiaries	464,903,465	28,618,888
	Total:	**1,170,057,021**	**1,120,160,654**
17.00	**Interest paid on deposits & borrowings:**		
	Interest on term loans	261,982,063	198,359,197
	Interest on call loan and short notice	195,204,296	131,517,286
	Interest on Bangladesh Bank REPO	102,944,068	22,852,499
	Interest on term deposits	414,411,847	391,398,677
	Total:	**974,542,274**	**744,127,659**
18.00	**Income from investment:**		
	Income from investment in share (Capital)	12,965,525	180,599,627
	Dividend income	1,708,204	3,937,283
	Interest income from PD operation	100,377,731	29,930,089
	Total:	**115,051,460**	**214,466,999**
19.00	**Commission, Exchange and Brokerage Income**		
	Underwriting commission	-	453,720
	Underwriting commission from treasury bonds/ bills	1,323,650	503,565
	Merchant commission of credit card	1,732,865	2,579,394
	Total:	**3,056,515**	**3,536,679**
20.00	**Other operational income;**		
	Membership fees of credit card	7,071,479	6,782,200
	Corporate finance fees	5,021,016	3,940,000
	Portfolio & issue management fee	-	121,959,641
	Other income from fees & documentations	57,945,131	30,773,986
	Total:	**70,037,626**	**163,455,827**
21.00	**Salary and allowances:**		
	Salary & allowances	63,588,046	44,959,280
	Provident fund contribution	2,469,187	1,746,751
	Gratuity fund	2,677,034	5,206,846
	Total:	**68,734,267**	**51,912,877**

			Amount in Taka	
			From January 01, 2011 to September 30, 2011	From January 01, 2010 to September 30, 2010
22.00	**Rent, taxes, insurance, electricity etc.:**			
	Office rent		9,083,661	9,936,293
	Insurance premium		2,331,435	60,758
	Electricity		1,825,042	1,590,574
		Total:	**13,240,138**	**11,587,625**
23.00	**Legal & professional fees:**	**Total:**	**5,035,078**	**2,912,374**
24.00	**Postage, stamp, telecommunication etc.:**			
	Postage & courier		949,609	560,945
	Stamp charges		183,216	206,866
	Telephone bill		1,222,533	1,141,568
		Total:	**2,355,358**	**1,909,379**
25.00	**Stationery, printing, advertisement:**			
	Printing & stationery		2,161,732	3,682,195
	Advertisement		2,763,407	2,248,315
		Total:	**4,925,139**	**5,930,510**
26.00	**Managing director's salary & allowance:**			
	Salary & allowances		2,000,000	3,600,000
	Provident fund contribution		150,000	270,000
	Gratuity fund		125,000	225,000
		Total:	**2,275,000**	**4,095,000**
27.00	**Director fees and expenses:**		296,000	197,000
			296,000	**197,000**
28.00	**Audit fees:**		**33,000**	**27,000**
29.00	**Repairs, maintenance and depreciation:**			
	Equipment maintenance		3,779,077	4,077,591
	Depreciation		7,662,198	12,933,649
		Total:	**11,441,275**	**17,011,240**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to September 30, 2010
30.00	**Other expenses:**		
	Training	105,500	120,988
	Staff welfare	273,234	245,412
	Membership & renewal fees	7,257,339	2,689,387
	Conveyance	1,115,476	962,129
	Traveling	732,158	311,348
	Internet & e-mail	657,065	517,767
	News paper & periodicals	32,309	21,887
	Computer accessories	767,365	904,308
	Fuel expense	268,549	454,894
	Vehicle maintenance/Registration	1,587,231	1,273,972
	Water & sewerage bill	215,371	257,771
	Office maintenance	3,735,013	3,402,026
	Donation & Miscellaneous expenses	586,769	2,783,230
	Entertainment	656,206	763,927
	Business promotion	361,992	501,527
	Bank charges	303,859	579,879
	Marketing expenses	11,808,503	2,960,008
	Recovery commission	151,731	354,116
	CDBL fee	1,891,769	799,456
	MCBS charges	7,712,508	6,168,115
	Loss on sales of fixed asset	11,000	-
	Inter change fees-VISA	45,681	9,677
	AGM & Related Expenses	3,219,155	-
	Other operational exp.Visa	1,024,500	-
	PD premium	441,096	-
	Total:	**44,961,379**	**26,081,824**
31.00	**Provision for loans and advances :**		
	General provision	25492160	**35,084,480**
	Specific provision	31097836	**187,777,990**
	Total:	**56,589,996**	**222,862,470**
32.00	**Provision for tax made during the period**		
	Current tax expense	37,549,070	200,000,000
	Total:	**37,549,070**	**200,000,000**
33.00	**Earning per share (EPS):**		
	Earning attributable to ordinary shareholders	135,051,312	211,008,775
	Number of ordinary shares outstanding	82,351,500	82,351,500
	Basic Earning per Share	**1.64**	**2.56**

34.00 Related party disclosure:

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

SL. No.	Name of Related Party	Relationship	Share holding (%)	Transactions	
				2010	Nature of Transactions
1	LankaBangla Securities Ltd.	Subsidiary company	90.90	414,879,242	Term Loan & Short Term Loan
2	LankaBangla Investments Ltd.	Subsidiary company	99.99	3,847,137,980	Loan to LBIL
3	LankaBangla Asset Management Co. Ltd.	Subsidiary company	99.99	(57,899,060)	Term Deposit

35.00 Disclosures of Directors Relation:

Directors' interests in different entities are stated below:

Sl. No.	Name of Directors	Status in the Institution	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
1.	Mr. Mohammad A. Moyeen	Chairman	Tropica Garments Ltd., WAC Logistics Ltd., Wings Ocean Freight Ltd., Swift Logistics Services Ltd. S G Logistics (Pvt) Ltd., Standard Paper Products Ltd., LankaBangla Securities Ltd., Freight Care Aviation Services Ltd., Expo Express Services Ltd., The M & M Ltd., STS Educational Group Ltd., UCL Logistic Ltd., Airline Cargo Resources Ltd., Wings Logistic Ltd., Cross Freight Lines Ltd., Orchid Air Ltd., STS Holdings Ltd., Global Aviation Services Ltd., Wings Tours & Travels Ltd., Global Ground Services Ltd., Wings Express Ltd., Pulsar Shipping Agencies Ltd., Air & Sea International Logistics Ltd., Wings Aviation Ltd., Colloid Enterprise Ltd., LankaBangla Investments Ltd., Voytech Ltd.
2.	Mr. Mahbubul Anam	Director	Allied Aviation Bangladesh Ltd., Airlines Services Ltd.,

Sl. No.	Name of Directors	Status in the Institution	Name of the firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
			Expolanka Bangladesh Ltd., Pulsar Shipping Agencies Ltd., Voyager Airlines Ltd., Tropica Garments Ltd., Wings Air Cargo Ltd., Wings Ocean Freight Ltd., Standard Paper Products Ltd., LankaBangla Securities Ltd., Freight Care Aviation Services Ltd., Expo Express Services Ltd., The M&M Ltd., STS Educational Group Ltd., UCL Logistic Ltd., Airline Cargo Resources Ltd., Air & Sea International Logistics Ltd., SDV Bangladesh (Pvt.) Ltd., Cross Freight Lines Ltd., Orchid Air Ltd., STS Holdings Ltd., Global Aviation Services Ltd., Wings Classic Tours & Travels Ltd., S G Logistics (Pvt) Ltd., Wings Express Ltd., LankaBangla Asset Management Ltd.
3.	Mrs. Jasmine Sultana	Director	Shanta Washing Plant Ltd., Moazzem Garments Industries Ltd., Universal Business Machines Ltd., Metro Home Ltd., Dhaka Bank Ltd., Shanta Capital Management Ltd., SPL Holdings Ltd.
4.	Mrs. Aneesha Mahial Kundanm	Director	Royal Park Residence, GDS Chemical Bangladesh Ltd.
5.	Mr. Tahsinul Huque	Director	N/A
6.	Mr. I.W. Senanayake and Mr. G.L.H. Premaratne Amarasuriya (Representative of Sampath Bank Limited)	Director	N/A
7.	Mr. Farman Rahman Chowdhury (Representative of One Bank Limited)	Director	N/A
8.	Mr. Mirza Ejaz Ahmed (Representative of SSC Holdings Limited)	Director	Section Seven Ltd., International Shirt Line Ltd., Shirt Makers Ltd., Excel Apparels Ltd., Section Seven Apparels Ltd.

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

Name of BAS/BFRS	BAS/BFRS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Statements of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipments	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants and disclosures of Govt. Assistances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plan	26	N/A
Consolidated and Separate Financial Statements	27	N/A
Investments in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied
Earning Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instrument: Recognition and Measurement	39	N/A
Investment Property	40	N/A
Agriculture	41	N/A
Share Base Payments	2	N/A
Business Combinations	3	N/A
Non-Current Assets Held for Sale and discontinued operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	Applied
Operating Segments	8	Applied

37.00 Audit Committee Disclosures:

In Compliance with the requirement of Securities and Exchange Commission (SEC) Notification No. SEC/CMMRRCD/2006-158/Admin/02-08, dated 20 February, 2006 - an audit committee of *LankaBangla Finance Limited* (LBFL) was first constituted by the Board of Director of LBFL in its 47th Board meeting held on 21 May 2006.

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

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

During the period as on September 30, 2011, the Audit Committee of the Board conducted 04 (Four) meetings in which among other things, the following issues were reviewed/discussed.

- Terms of Reference of the Audit Committee as stated in the Securities and Exchange Commission (SEC) Notification No. SEC/CMMRRCD/2006-158/Admin/02-08, dated 20 February, 2006
- Reviewing the Internal Audit Reports along with Executive Summary of the different LBFL branches/departments conducted by the Internal Audit Team of the Company from time to time and also the status of Compliance thereof.
- Reviewing the organogram of Internal Control & compliance Department as recommended By the Bangladesh Bank prudential guidelines.
- Reviewing the progress of strengthening the internal Control & procedure, strict compliance of Anti-money Laundering Act. And also the Internal Audit team of the Company.
- The committee places its report regularly to the Board of the Company for review and monitoring the activities with recommendations on internal control System, compliance of rules and regulation of the Regulatory Boards.

38.00 Others:

a) *Board meeting and directors' remuneration:*

Each Director is drawing Tk 5,000 for attending each Board Meeting. No remuneration or special payment was paid to the directors for attending board meetings or otherwise during the period 2011. Nothing is due from any Director of the Company as on the date of closing the accounts. During the period under audit 04 (Four) board of director's meeting were held.

b) Employees' details:

	Period-2011	Year-2010
No. of employee received TK.3,000 per month	**0**	**0**
No. of employee received more than Tk.3,000 per month	147	135
	147	**111**

c) *Event after the Reporting Period:*

Right Share :

Parent:

The Board of Director of LankaBangla Finance Limited in its 72th Meeting held on September 24, 2011 has recommended issuance Right Share @ 1R : 1 (i.e. One Right Share for One Ordinary Share held) at par value of Tk. 10.00 each subject to approval of the shareholders in the 6th EGM and the Regulatory authorities. Date of EGM: October 31, 2011; Time of EGM: 9.00 a.m., Record date: October 06, 2011. Another record date for entitlement of the proposed right shares will be notified after obtaining approval from Securities & Exchange Commission.

d) *Capital Expenditure Commitment:*

There was no capital expenditure contracted but not incurred or provided for at September 30, 2011. There was no material capital expenditure authorized by the Board but not contracted for at 30, September 30, 2011.

e) ***Director's interest in contracts with the company***

There was no transaction resulting in Director's interest with the Company and no leasing facilities have been made available to the Directors.

f) ***Foreign remittances:***

During the period as on September 30, 2011, the company remitted **USD 39,074.88** (in BDT 2,868,288) and **GBP 10,015.64** (in BDT 1,191,288.88) against Technical Service Fees & Dividend to the Foreign Shareholders.

g) ***Contingent liabilities:***

LankaBangla Finance Limited has issued a corporate guarantee on behalf of LankaBangla Securities Limited to Dhaka Stock Exchanges and Chittagong Stock Exchanges amounting BDT 800,000,000 to each of the stock exchanges. That is, LBFL has a contingent liability of BDT 1600,000,000 as on December 31, 2011.

h) ***General:***

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

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director** (Current Charge)	**Company Secretary**

Annexure-1

LankaBangla Finance Limited

Statement of Investment in Shares
As at September 30, 2011

Sl. No.	Name of the Company	Type of Shares	Face Value	No. of Shares including Bonus Shares	Cost of Holding	Average Cost	Quoted Rate per share as at 30.09.2011	Total Market Value as at 30.09.2011	Unrealized Gain	Unrealized Loss
			Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Quoted										
1	Bank Asia Limited	A	100	288,750	123,893,963	429.07	420.25	121,347,188	-	(2,546,775)
2	The Premier Bank Limited	A	10	22,200	985,100	44.37	35	777,000	-	(208,100)
3	Uttara Bank Limited	A	10	9,000	939,609	104.40	72.3	650,700	-	(288,909)
4	Prime Finance & Investment Limited	A	10	66,800	17,876,096	267.61	126.2	8,430,160	-	(9,445,936)
5	Union Capital Limited	A	10	52,500	7,589,336	144.56	78.8	4,137,000	-	(3,452,336)
6	Midas Finance and Investment Limited	A	100	310,500	131,135,369	422.34	962.5	298,856,250	167,720,881	-
7	Agrani Insurance Co. Limited	A	100	1,000	886,193	886.19	496	496,000	-	(390,193)
8	Continental Insurance Limited	A	100	2,500	2,003,707	801.48	532.5	1,331,250	-	(672,457)
9	BSRM Steels Limited	A	100	5,000	7,945,564	1,589.11	1285.25	6,426,250	-	(1,519,314)
10	Quasem Drycells	A	10	35,000	4,952,050	141.49	91	3,185,000	-	(1,767,050)
12	Beximco Pharmaceuticals Limited	A	10	1,199,520	148,557,379	123.85	107.9	129,428,208	-	(19,129,171)
13	Heidelberg Cement Limited	A	100	4,815	14,937,715	3,102.33	3000	14,445,000	-	(492,715)
14	MI Cement Factory Limited	N	10	37	4,129	111.60	170.1	6,294	2,165	-
15	Confidence Cement Limited	A	10	1,350	278,107	206.01	152.7	206,145	-	(71,962)
16	Green Delta Mutual Fund	A	10	1,000,000	10,000,000	10.00	7.10	7,100,000	-	(2,900,000)
17	ACI Formulations Limited	A	10	100,000	17,172,864	171.73	120.00	12,000,000	-	(5,172,864)
18	Advance Chemicals Industries Limited	A	10	59,100	21,550,254	364.64	256.20	15,141,420	-	(6,408,834)
19	BEXIMCO Limited	A	10	235,350	51,290,336	217.93	153.5	36,126,225	-	(15,164,111)
20	Apex Tannery	A	100	8,650	11,381,236	1,315.75	1,295.75	11,208,238	-	(172,999)
21	MJL Bangladesh Limited	A	10	105	10,500	100.00	136.40	14,322	3,822	
				Total :	**573,389,506**			**671,312,649**	**167,726,868**	**(69,803,725)**
Un-Quoted										
1	Central Depository Bangladesh Limited		10	456,945	4,416,700	9.67				
2	ITCL		10	500,000	5,000,000	10.00				
3	Envoy Textile Limited		10	434,000	9,982,000	23.00				
4	AAMRA Technologies Limited		10	140,000	5,250,000	37.50				
5	Saiham Cotton Mills Limited		10	45,000	1,350,000	30.00				
6	Bengal Windsor Th. Limited		10	200,000	8,000,000	40.00				
7	BD Welding Elc. Limited		10	26,031	260,310	10.00				
				Total :	**34,259,010**					

Annexure-2

Calculation for deferred tax

Particular	Carrying Amount/WDV	Tax Base	Taxable / (Deductible) Temporary Difference	Rate of Tax	Def. Tax Liab. / (Assets)
Furniture and Fittings	16,390,004	20,691,676	(4,301,672)	42.50%	(1,828,211)
Office equipment	5,941,600	14,282,330	(8,340,730)	42.50%	(3,544,810)
Motor Vehicles	5,070,027	6,928,511	(1,858,484)	42.50%	(789,856)
Provision for Gratuity Fund	18,773,638	-	(18,773,638)	42.50%	(7,978,796)
Deferred tax assets as on 30 September 2011					**(14,141,673)**
Less: Deferred tax assets as on 1 January 2011					15,315,009
Provision made for the period					**1,173,336**

Annexure-3

LankaBangla Finance Limited

Schedule of Fixed Assets

As at September 30, 2011

Amount in Taka

Particulars	COST				DEPRECIATION					Written down value as at 30.09.2011
	Balance as at 01.01.2011	Addition during the period	Sales/ Adjustment	Balance as at 30.09.2011	Rate %	Balance as at 01.01.2011	Charged during the period	Adjustment	Balance as at 30.09.2011	
A. Freeholds assets	**103,478,926**	**9,820,277**	**12,089,155**	**101,210,048**		**69,793,413**	**7,416,277**	**3,401,273**	**73,808,417**	**27,401,631**
Furniture & Fittings	44,190,718	3,133,561	6,746,095	40,578,184	15	22,804,871	2,876,194	1,492,885	24,188,180	16,390,004
Office Equipment	42,485,263	3,186,716	4,203,060	41,468,919	20	34,261,082	2,604,625	1,338,388	35,527,319	5,941,600
Motor Vehicles	16,802,945	3,500,000	1,140,000	19,162,945	25	12,727,460	1,935,458	570,000	14,092,918	5,070,027
B. Intangible assets										
Systems and softwares	27,534,021	-	-	27,534,021	20	22,276,392	245,921	-	22,522,313	5,011,708
Total (A+B):	**131,012,947**	**9,820,277**	**12,089,155**	**128,744,069**		**92,069,805**	**7,662,198**	**3,401,273**	**96,330,730**	**32,413,339**

Annexure-4

LankaBangla Finance Limited
Highlights on the overall activities
As at September 30, 2011

Sl. No.	Particulars		September, 2011	December, 2010
1	Paid-up Capital	Taka (mn)	823.52	531.30
2	Total Capital	Taka (mn)	1,354.36	1,223.34
3	Capital Surplus/(deficit)	Taka (mn)	323.52	31.30
4	Total Assets	Taka (mn)	14,935.22	13,720.97
5	Total Deposit	Taka (mn)	5,060.66	4,814.94
6	Total Loans and Advances/Investments	Taka (mn)	12,009.20	11,358.07
7	Total Contingent Liabilities and Commitments	Taka (mn)	1,600.00	1,600.00
8	Credit to Deposit Ratio	%	197.50	196.91
9	Percentage of Classified Loans/Investments Against Total Loans and Advances/ Investments	%	7.61	7.90
10	Profit After Tax & Provision	Taka (mn)	135.05	403.10
11	Amount of Classified Loans/Investments during the year	Taka (mn)	1,073.12	897.56
12	Provision kept against Classified Loans/Investments	Taka (mn)	612.76	448.14
13	Provision Surplus/ (Deficit)	Taka (mn)	24.65	-
14	Cost of Fund	%	13.45	11.28
15	Interest Earning Assets	Taka (mn)	13802.23	11,162.67
16	Non-Interest Earning Assets	Taka (mn)	1,132.99	2,556.30
17	Return on Investment (ROI)	%	1.12	3.55
18	Return on Asset (ROA)	%	0.90	2.94
19	Income from Investment	Taka (mn)	115.05	265.52
20	Earning Per Share (per share of Tk. 10.00)	Taka (mn)	1.64	7.59
21	Net Income Per Share (per share of Tk. 10.00)	Taka (mn)	1.64	7.59
22	Price Earning Ratio	Times	116.71	65.63

LankaBangla Finance Limited and it's Subsidiaries

Auditors' Report and Consolidated Financial Statements
For the period ended 30 September 2011

Independent Auditors' Report to the Shareholders of *LankaBangla Finance Limited and it's Subsidiaries*

Report on the Consolidated Financial Statement

We have audited the accompanying consolidated financial statements of ***LankaBangla Finance Limited and it's Subsidiaries*** ("the Non-Banking Financial Institutions") prepared from separate financial statements which comprise the consolidated statement of financial position (Balance Sheet) as at September 30, 2011, and the consolidated statement of comprehensive income (Profit and Loss Account), consolidated statement of changes in equity and consolidated statement of cash flows for the period from January 01,2011 to September 30,2011 then ended, and a summary of significant accounting policies and other explanatory information .

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, subject to the mandatory compliance with the few regulations of Bangladesh Bank those are different from the requirements of the Bangladesh Financial Reporting Standards (BFRS) which have been adequately disclosed in notes 2.4 , the consolidated financial statements of the

Company prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the consolidated financial position of the *LankaBangla Finance Limited and its Subsidiaries* as at 30 September 2011 and the results of its financial performance and its' cash flows for the period then ended and comply with the Financial Institution Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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

ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

iii) the consolidated Statement of Financial Position (Balance Sheet) and the consolidated Statement of Comprehensive Income (Profit and Loss Account) of the Company dealt with by the report are in agreement with the books of account and returns;

iv) the expenditure incurred was for the purpose of the Company's business;

v) the consolidated financial position of the company and it's subsidiaries as at 30 September 2011 and its profit for the Period then ended have been properly reflected in the consolidated financial statements of the Company , and these consolidated financial statements have been prepared in accordance with generally accepted accounting principles;

vi) the consolidated financial statements of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank to the extent applicable to the Company;

vii) adequate provisions have been made for leases and advances which are, in our opinion, doubtful of recovery;

viii) the records and statements submitted by the divisions and branches have been properly maintained and recorded in the consolidated in the financial statements of the Company;

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

x) the Company has complied with relevant laws pertaining to reserves, which was found satisfactory;

xi) the consolidated financial statements of the Company conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;

xii) as there are no risk weighted assets determined by the Bangladesh Bank for Non banking Financial Institutions (NBFI), therefore, we believe that the review of 80% of risk weighted assets is not applicable for NBFI. We have spent around 1,045 person hours for the audit of the financial statements of the Group and the Company.

Dated, Dhaka;
30 October 2011

Sd/-
S. F. Ahmed &Co.
Chartered Accountants

LankaBangla Finance Limited
Consolidated Statement of Financial Position
As at 30 September 2011

		Amount in Taka	
PROPERTY & ASSETS	**Notes**	**September 30, 2011**	**December 31, 2010**
Cash		**123,903,680**	**92,634,585**
Cash in hand	3	208,454	202,122
Balance with Bangladesh Bank	4	123,695,226	92,432,463
Balance with others bank and financial institutions	5	**1,443,755,056**	**1,765,749,855**
Investment	6	**3,029,782,503**	**2,299,844,449**
Government securities		1,406,915,297	1,345,693,012
Others investment		1,622,867,206	954,151,437
Lease, loans & advances	7	**10,220,635,722**	**9,472,165,117**
Fixed assets	8	**196,356,630**	**195,003,546**
At cost		358,000,365	331,922,323
Less: Accumulated depreciation		161,643,735	136,918,777
Other assets	9	**6,438,725,093**	**5,496,845,260**
TOTAL ASSETS:		**21,453,158,684**	**19,322,242,812**
LIABILITY & CAPITAL			
Liabilities		**12,415,609,340**	**10,911,453,955**
Borrowings from Bangladesh Bank, Other Banks & Financial Institutions	10	7,612,850,900	6,351,455,722
Term deposits	11	4,802,758,440	4,559,998,233
Other liabilities	12	**3,061,906,794**	**3,277,591,655**
Capital/Shareholder's Equity		**5,581,302,514**	**4,790,041,223**
Paid up Capital	13	823,515,000	531,300,000
Share Premium Account		1,090,888,800	1,090,888,800
Fair value measurement reserve		448,531,657	448,531,657
Payable to LB Foundation		-	4,030,986
General reserve	14	42,295,321	34,800,936
Statutory reserve	15	248,124,557	221,201,348
Retained earnings	16	2,927,947,179	2,459,287,496
Non-controlling interest		**394,340,036**	**343,155,979**
TOTAL LIABILITIES:		**21,453,158,684**	**19,322,242,812**

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

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director** (Current Charge)	**Company Secretary**

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

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

Dated, Dhaka;
30 October 2011

LankaBangla Finance Limited

Consolidated Statement of Comprehensive Income

For the period from January 01, 2011 to September 30, 2011

	Notes	Amount in Taka: From January 01, 2011 to September 30, 2011	Amount in Taka: From January 01, 2010 to September 30, 2010
Operating Income			
Net interest		**324,064,543**	**404,281,707**
Interest income	17	1,746,594,279	1,118,713,335
Less : Interest paid on deposits & borrowings	18	1,422,529,736	714,431,628
Income from investment	19	128,573,326	262,902,960
Commission, Exchange and Brokerage Income	20	662,190,586	1,284,200,678
Other operational income	21	476,671,597	295,959,989
Total :		**1,591,500,052**	**2,247,345,334**
Operating Expenses			
Salary and allowances	22	137,731,451	93,236,283
Rent, taxes, insurance, electricity etc.	23	28,197,800	18,798,473
Legal & professional fees	24	5,509,435	4,161,187
Postage, stamp, telecommunication etc.	25	3,999,196	3,075,543
Stationery, printing, advertisement	26	7,678,819	8,971,452
Managing director's salary & allowance	27	2,275,000	4,095,000
Director fees and expenses	28	376,000	197,000
Audit fees	29	78,500	76,800
Charges on loan lossess		-	1,956,426
Repairs, maintenance and depreciation	30	24,639,292	25,696,881
Other expenses	31	116,583,795	135,326,527
Total :		**327,069,288**	**295,591,572**
Net Operating Income		**1,264,430,764**	**1,951,753,762**
Provision for loans & advance	32	**31,348,485**	**222,862,470**
General provision		15,250,649	24,010,330
Specific provision		16,097,836	198,852,140
Profit before tax and reserve:		**1,233,082,279**	**1,728,891,292**
Provision for tax	33	**387,287,427**	**369,316,180**
Net profit after tax:		**845,794,852**	**1,359,575,112**
Non-controlling interest		**50,502,576**	**104,064,601**
Profit attributable to parent company		**795,292,276**	**1,255,510,511**
Earning per share (Restated :September -2011)	34	**9.66**	**15.25**

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

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director** (Current Charge)	**Company Secretary**

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

Sd/-

Dated, Dhaka;
30 October 2011

S. F. Ahmed & Co.
Chartered Accountants

LankaBangla Finance Limited and its Subsidiaries
Consolidated Statement of Cash Flows
For the period ended 30 September 2011

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to September 30, 2010
A)	***Cash flows from operating activities***		
	Interest received	1,216,703,014	1,143,373,330
	Interest paid	(1,341,202,021)	(822,581,875)
	Direct Charges	(44,443,685)	(88,193,210)
	Dividend received	1,708,204	3,937,283
	Fees and commission received	3,056,515	3,536,679
	Income from investment	113,343,256	184,536,910
	Cash paid to employees (including directors)	(88,925,073)	(48,691,277)
	Cash paid to suppliers	(7,280,497)	(7,839,889)
	Income taxes paid	(195,007,169)	(142,742,208)
	(Increase)/ Decrease in operating assets	272,579,246	(100,634,110)
	Increase/ Decrease in operating liabilities	54,304,748	359,056,956
	Received from operating activities	1,254,390,501	1,745,292,001
	Paid for operating activities	(194,131,085)	(179,268,349)
	Other Expenses	(185,475,627)	(73,367,110)
	Cash generated from operating activities before changes in operating assets and liabilities	**859,620,327**	**1,976,415,131**
	Increase/ (decrease) in operating assets & liabilities		
	Changes in trading securities	(84,523,975)	(36,833,284)
	Loans and advances to customers	(513,657,667)	(1,598,885,233)
	Other assets	(654,152,563)	747,524,860
	Deposits from customers	(869,922,412)	897,905,854
	Other liabilities	2,729,775,953	(461,076,631)
		607,519,336	**(451,364,434)**
	Net Cash From Operating Activities	**1,467,139,663**	**1,525,050,697**
B)	***Cash flows from investing activities***		
	Changes in non-trading securities	(583,446,308)	(259,837,499)
	Capital gain from investment in share	13,521,866	47,434,272
	Net proceeds/(payments) for sale/ purchase of Treasury bills	(838,498,060)	(76,860,503)
	Purchase of property, plant and equipment	(48,618,345)	(44,901,263)
	Sales Proceeds of fixed assets	2,479,701	-
	Investment in FDR	(40,000,000)	(20,000,000)
	Investment in subsidiary-LankaBangla Investments Ltd.	-	(199,999,970)
	Net Cash used in Investing Activities	**(1,494,561,146)**	**(554,164,963)**
C)	***Cash flows from financing activities***		
	Increase/(decrease) of term loan	655,626,469	661,713,941
	Issuance of share	-	70,000,000
	Share premium	-	1,200,000,000
	(Increase)/decrease debit balance to client	(682,666,691)	(1,899,514,112)
	Increase/(decrease) debit balance to client	(236,263,999)	381,229,308
	Dividend paid (cash dividend)	-	(66,412,500)
	Net Cash used in Financing Activities	**(263,304,221)**	**347,016,637**
D)	***Net Increase/ (Decrease) in Cash & Cash Equivalents***	**(290,725,704)**	**1,317,902,371**
E)	***Opening cash and cash-equivalents***	**1,858,384,440**	**1,089,034,780**
F)	***Closing cash and cash-equivalents (D+E)****	**1,567,658,736**	**2,406,937,151**
*	Cash in hand (including foreign currencies)	208,454	202,122
	Balance with Bangladesh Bank and its agent bank(s)	123,695,226	116,722,903
	Balance with other Banks and Financial Institutions	1,443,755,056	2,290,012,126
	Total:	**1,567,658,736**	**2,406,937,151**

LankaBangla Finance Limited
Statement of Consolidated Changes in Shareholders' Equity
As at 30 September 2011

Amount in Taka

Particulars	Share Capital	Statutory Reserve	General Reserve	Fair Value measurement reserve	LB Foundation	Share Premium	Retained Earnings	Total
Balance as at 01 January 2011	**531,300,000**	**221,201,348**	**34,800,936**	**448,531,657**	**4,030,984**	**1,090,888,800**	**2,459,287,496**	**4,790,041,221**
Items involved in changes in equity								
Net profit for the period	-	-	-	-	-	-	795,292,276	795,292,276
Appropriation to statutory reserve	-	26,923,209	-	-	(4,030,984)	-	(26,923,209)	(4,030,984)
Adjustment against general reserve	-	-	7,494,385		-	-	(7,494,385)	-
Stock dividend (55%)	292,215,000	-	-	-	-	-	(292,215,000)	-
Balance as at 30 September 2011	**823,515,000**	**248,124,557**	**42,295,321**	**448,531,657**	**-**	**1,090,888,800**	**2,927,947,178**	**5,581,302,513**

Non-controlling interest								
Balance as at 01 January 2011	-	-	3,480,806	44,862,343	-	109,111,200	185,701,631	343,155,980
Appropriation to general reserve	-	-	681,480	-	-	-	-	681,480
Net profit for the period	-	-		-	-	-	50,502,576	50,502,576
Total Non-Controlling interest	**-**	**-**	**4,162,286**	**44,862,343**	**-**	**109,111,200**	**236,204,207**	**394,340,036**
Balance as at 30 September 2011	**823,515,000**	**248,124,557**	**46,457,607**	**493,394,000**	**-**	**1,200,000,000**	**3,164,151,385**	**5,975,642,549**

LankaBangla Finance Limited
Notes to the Consolidated Financial Statements
For the period ended on 30 September 2011

1.00 Legal status and nature of the company:

Domicile, legal form and country of operation

LankaBangla Finance Limited (here in after referred to as "LankaBangla" or "the Company"), a joint venture **non-banking financial institution**, was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-31702(823)/96 dated 05 November 1996 as a Public Limited Company under the Companies Act, 1994 in the name of "Vanik Bangladesh Limited". It started commercial operations since 1997 obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. LankaBangla also obtained license from Securities and Exchange Commission vide No. MB-1.064/98-05 to transact public shares in the Capital Market as Merchant Banker. Subsequently, it was renamed as LankaBangla Finance Limited on 27 April 2005. The Company went for public issue in 2006 and its shares are listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 17 October 2006 and 31 October 2006 respectively.

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

Sl. No.	Name of License	Registration of License	Date of License	Renewed up to
1.	Trade License	0923826	24.09.2008	2011-2012
2.	Bangladesh Bank License	DFIM(L)/15	30.10.1997	N/A
3.	Tax Identification Number (TIN)	210-200-6736	N/A	N/A
4.	VAT Identification Number	5101018797	N/A	N/A
5.	Import Registration Certificate	BA159696	01.01.2006	2011-2012
6.	DCCI Membership Certificate	2857	23.12.2008	2011
7.	Board of Investment	9803054-H	30.03.1998	N/A
8.	MBD License	MB-1.064/98-05	22.01.1998	2011
9.	PD License	DMD-14/2009	23.11.2009	N/A
10.	Registration Number	C-31702(823)/96	05.11.1996	N/A

Subsidiary companies

LankaBangla Securities Ltd.:

The Company is holding a subsidiary company named "LankaBangla Securities Ltd." (formerly Vanik Bangladesh Securities Limited) with an equity interest of 90.90% (49,999,409 shares of Tk.10 each totaling Tk. 499,999,4090) in the subsidiary company. The subsidiary is a private limited company was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-33276(22)/97 dated 03 July 1997 under the Companies Act, 1994. The principal activities of the company are to act as a member of Dhaka Stock Exchanges Ltd. and Chittagong Stock Exchange Ltd. to carry on the business of brokers or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, foreign currencies, treasury bills and/or any financial instruments. The company has nine branches in Bangladesh namely

Dhaka-Principal, Banani, Islampur, Kawran Bazar, Chittagong-Khatungonj, Nasirabad, Agrabad, Sylhet-Sylhet, Comilla-Comilla and Narayangonj- Narayangonj Branch.

LankaBangla Asset Management Company Limited:

The Company is also holding another subsidiary company named "LankaBangla Asset Management Company Limited" with an equity interest of 99.998% (2,499,950 shares of Tk. 10 each totaling Tk. 24,999,500) in the subsidiary company. LankaBangla Asset management Company Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-67738(289)/2007 dated 16 July 2007 under the Companies Act, 1994. LankaBangla Asset Management Company Limited also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market as Trustee of Mutual Fund under the Securities and Exchange Commission (Mutual Fund) Regulations, 2001, which is under process.

LankaBangla Investment Limited:

The Company is also holding another subsidiary company named "LankaBangla Investment Limited" with an equity interest of 99.998% (19,9999,97 shares of Tk. 10 each totaling Tk. 199,999,970) in the subsidiary company. LankaBangla Investment Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-83568/10 dated 29 March 2010 under the Companies Act, 1994. LankaBangla Investment Limited also applied for registration, to the Securities and Exchange Commission for approval to operate in the Capital Market.

Company's activities

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

- Fees based services include Credit Card Membership Fees, Merchants Commission, Underwriting of Securities, IPOs, Portfolio Management, Corporate Financial Services etc.
- Fund based services include Lease Finance, Term Finance, Real Estate Finance, Hire Purchase, Credit Card Operation, Factoring etc.
- LankaBangla also provides brokerage services through its 99.998% owned subsidiary company.

2.00 Basis for preparation and significant accounting policies:

2.1 Basis for preparation and presentation of financial statements:

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement in accordance with the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), except the circumstances where local regulations differ, and other applicable laws and regulations.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No: 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been excluded in preparing the financial statements.

2.2 Basis of measurement

This financial statement has been prepared based on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and no adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

2.3 Date of authorization

The Board of Directors has authorized these financial statements for public issue on October 30, 2011.

2.4 Disclosure of departure from few requirements of BAS/BFRS due to mandatory compliance of Bangladesh Bank's requirements

Bangladesh Bank is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of BAS and BFRS. As such the company has departed from those contradictory requirements of BAS/BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable:

2.4.1 As per FID circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment. As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year –end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. At the period end the company's market value and book value of quoted shares was higher than cost price by Tk.167.7 million in case of the separate financial statements and in case of the consolidated financial statements the same is higher than cost by 327 million. in the financial statement. However as per requirements of BAS 39 investment in shares falls either under "at fair value through statement of comprehensive income " or under "available for sale" where any change in the fair value at the period end is taken to statement of comprehensive income or revaluation reserve respectively.

2.4.2 As per FID circular No. 08 dated 03 August 2002 and FID circular No. 03, dated 03 May 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 37. At the period end the company has recognized an accumulated general provision of Tk.84.04 million in the statement of financial position under liabilities.

2.4.3 Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However the company does not have any elements of OCI to be presented.

2.4.4 As per Bangladesh Bank guidelines financial instruments are categorized, recognized and measured differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 have not been made in the accounts.

2.5 Presentation and functional currency and level of precision

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

2.6 Use of estimates and judgments

The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Provisions and accrued expenses are recognised in the financial statement in line with the Bangladesh Accounting Standard (BAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when

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

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

2.7 Directors' responsibility statement

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

2.8 Basis of consolidation of operations of subsidiary

The financial statements of the Company and its subsidiary, as mentioned in note # 1 have been consolidated in accordance with Bangladesh Accounting Standard 27 "Consolidated and Separate Financial Statements" The consolidation of the financial statement has been made after eliminating all material inter company balances, income and expenses arising from inter company transactions.

The total profits of the Company and its subsidiary are shown in the consolidated statement of comprehensive income with the proportion of profit after taxation pertaining to non-controlling shareholders being deducted as 'Non-controlling Interest'.

All assets and liabilities of the Company and of its subsidiary are shown in the consolidated statement of financial position. The interest of non-controlling shareholder of the subsidiary are shown separately in the consolidated statement of financial position under the heading 'Non-controlling Interest'.

2.9 Branch accounting

The Company has two branches and one SME booth, with no overseas branch as on September 30, 2011. Accounts of the branches are maintained at the head office from which these accounts are drawn up.

2.10 Accounting for leases:

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

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

2.11 Accounting for term finance:

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

2.12 Merchant banking operation:

Merchant Banking operation includes the services of issue management, portfolio management, underwriting of shares and securities advisory services, as outlined in Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules 1996. Accordingly Statement of Comprehensive Income (Profit & Loss Account) of merchant baking operation includes revenue from issue management, portfolio management, underwriting of shares, shows separately as required by the Regulations of Securities and Exchange Commission.

2.13 Investments:

Investment comprises of equity and Government Securities. Investment in marketable ordinary shares has been shown at cost or market price, whichever is lower, on an aggregate portfolio basis as required by Bangladesh Bank' FID circular No. 08 dated August 3, 2002. Investment in non-marketable shares has been valued at cost. Full provision for diminution in value of shares as on closing of the year on an individual investment basis is made in the financial statements.

Investments in Government Treasury Bills and Government Treasury Bonds classified as "Held to Maturity" are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the management has the intention and ability to hold to maturity. Where the Company want to sell other than an insignificant amount of such assets, the entire category would be reclassified as held for sale .

2.14 Recognition of fixed assets:

2.14.1 Assets acquired under own finance:

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

2.14.2 Assets acquired under finance lease:

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

2.14.3 Depreciation:

Depreciation on Own Fixed Assets:

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

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

No depreciation is charged in the period of disposal.

2.14.4 Depreciation/ amortization of leased assets:

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

2.15 Intangible assets:

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

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

2.16 Consistency

In accordance with the BFRS framework for the presentation of Consolidated financial statements together with BAS 1 and BAS 8, LankaBangla Finance applies the accounting disclosure principles consistently from one period to the next.Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS-8. We however have applied the same accounting and valuation principles in 2011 as in financial statements for 2010.

2.17 Liquidity statement:

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

a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their term.

b) Investments are on the basis of their residual maturity term.

c) Loans and advances are on the basis of their repayment/ maturity schedule.

d) Fixed assets are on the basis of their useful lives.

e) Other assets are on the basis of their adjustment.

f) Borrowings from other banks and financial institutions as per their maturity/ repayment term.

g) Deposits and other accounts are on the basis of their maturity period and behavioral past trend

h) Other long term liability on the basis of their maturity term.

i) Provisions and other liabilities are on the basis of their settlement.

2.18 Borrowing costs:

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

2.19 Books of accounts:

The Company maintains its books of accounts for main business in Electronic Form through soft automation and a separate set of books of accounts for the Merchant Banking Operation as required under the regulations of Securities and Exchange Commission.

2.20 Foreign currency transaction:

Foreign currency transactions are translated into Bangladeshi Taka at exchange rates prevailing at the respective dates of transactions, while foreign currency monetary assets at the end of the period/year are reported at the rates prevailing on the Statement of Financial Position (balance sheet) date. Exchange gains or losses arising out of the said conversions are recognised as income or expense for the period/year are charged in the statement of comprehensive income profit and loss account after netting off.

2.21 Revenue recognition:

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

2.21.1 Lease financing:

The Company follows the finance lease method for accounting of lease incomes in compliance with BAS 17. Interests are recognized as and when interest/incomes are accrued. Lease interests outstanding over 3 months are not recognized as revenue, and used to keep under interest suspense account. Fee based income and delinquent charges from lease operations are accounted for on cash basis.

2.21.2 Loans and advances:

Interest on term finance is recognized when interest is accrued. No interest on loan is accounted for as revenue where any portion of capital or interest is in arrears for more than 3 months. Fee based income and delinquent charges from loan operations are accounted for on cash basis.

2.21.3 Credit cards:

Interests on credit card are accrued and taken to accounts up to 03 (three) months. Interest accrued on credit card for more than three months is accounted as Interest-in-Suspense and is not added to revenues. Thereafter, interest is recognized on cash basis reversing the suspense account. Fee based income from credit card operations are accounted for on accrual basis

2.21.4 Other income:

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

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

2.21.5 Interest suspense account:

Lease income earned, interest on term finance overdue beyond 03 (three) months period are not recognized as revenue and credited to Interest Suspense Account.

2.22 Cash and cash equivalent and Statement of cash flows:

Cash and cash equivalents comprise cash in hand and fixed deposits and investments in call loan that are readily convertible to a known amount of cash, and that are not subject to significant risk of change in value.

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

2.23 Provision for loans and advances:

Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in FID Circular No. 08, dated 03 August 2002, FID Circular No. 11, dated 31 October 2005, and FID Circular No. 06, dated 20 August 2006;. The classification rates as per Bangladesh Bank circulars used for provision are as follows:-

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

2.24 Corporate tax:

Provisions for tax

a. Provision for the period

Provision for current income tax has been made @ 42.50% as prescribed in Finance Act, 2011 on the profit made by the Company considering major taxable allowances and disallowances and the same is understated/ overstated to that extent. Any shortfall/ excess provision will be duly adjusted after final assessment.

b. Deferred tax

The Company accounts for deferred tax as per Bangladesh Accounting Standard (BAS) 12 "Income Taxes". Deferred tax is provided using the balance sheet method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

2.25 Employees benefit plans

LankaBangla Finance Limited offers a number of benefit plans which includes contributory provident fund, gratuity plan, Profit participation scheme and Group Life Insurance Scheme and Health Insurance

2.25.1 Provident fund:

The Company maintains a contributory employees Provident Fund recognized by National Board of Revenue for its permanent employees. The Fund is administered by a Board of Trustees and is funded equally by the employer and the employees 10% of their basic salary as contribution of the fund . Provident Fund are invested in Fixed Deposit with other financial institutions.

2.25.2 Gratuity fund:

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

Year of Confirmed Services	% of entitlement
3 years and above but less than 4 years	50% of Last Basic Salary
4 years and above but less than 5 years	100% of Last Basic Salary
5 years and above	150% of Last Basic Salary

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

2.25.3 Profit participation scheme:

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

From 2009 incentive bonus would paid only when the company makes profit in a particular year, the quantum should not have any direct link with the basic salary but with the return on equity. The bases of calculations are as follows:

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

2.25.4 Group Life Insurance Scheme and Health Insurance:

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

2.26 Legal Proceedings

The Company is not currently a defendant or a plaintiff in any material lawsuits or arbitration. From time to time, however, the Company is involved as a plaintiff in some actions taken against the default clients in the ordinary course of business for non-payment of rentals/installments. We believe that the ultimate dispositions of those matters will be favorable and will have no material adverse effect on business, financial conditions or results of operations.

2.27 Earning Per Share (EPS):

The company calculates EPS in accordance with the requirement of BAS – 33: “Earning Per Share”, which has been shown on the face of the Statement of Comprehensive Income and the computation is shown in “Note # 34”.

Basic earnings:

This represents earnings for the period ended on 30 September attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year:

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

Basic earning per share:

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

Diluted earning per share:

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

2.28 Corporate Governance:

The company recognizes the importance of high standards of corporate governance and corporate social responsibility. Through regular Board Meeting (5 meeting held in the period 2011) and documented procedures of independence, the company endeavors to meet the standards expected.

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

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

2.29 Reporting Currency and Level of Precision

The figures in the financial statements represent Bangladesh currency (Taka), which has been rounded off to the nearest Taka.

2.30 Comparatives:

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

2.31 Comparative Figures

Comparative information has been disclosed in respect of the period ended September 30, 2011 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Figures of the period 2010 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	**From January 01, 2010 to December 31, 2010**
3.00 Cash in hand :		208,454	202,122
4.00 Balance with Bangladesh Bank:	**Total**	**123,695,226**	**92,432,463**

The above balance was laid with Bangladesh Bank (local currency)

5.00 Balance with other bank and financial institutions:			
Local Currency:			
Fixed deposit account (Note - 5.01)		335,624,018	330,649,920
Interest bearing short term deposit account (Note - 5.02)		914,211,773	1,320,711,431
Non interest bearing current account (Note - 5.03)		193,789,639	114,258,879
	Sub-Total:	**1,443,625,430**	**1,765,620,230**
Foreign Currency:			
Dhaka Bank Limited-USD Account (Exchange Rate:Tk. 70.20)		94,236	94,236
Dhaka Bank Limited-POUND Account (Exchange Rate Tk. 107.23)		28,503	28,501
Dhaka Bank Limited-EURO (Exchange RateTk.91.60)		6,887	6,886
	Sub-Total:	**129,627**	**129,624**
	Total:	**1,443,755,056**	**1,765,749,855**
Country of Deposit:			
In Bangladesh		1,443,755,056	1,765,749,855
Outside of Bangladesh		-	-
		1,443,755,056	**1,765,749,855**

5.01 Fixed deposit account:			
Mercantile Bank Limited		54,669,904	50,577,940
Prime Bank Limited		132,514,148	127,769,211
Standard Bank Limited		3,445,795	3,275,207
One Bank Ltd.		40,000,000	-
Commercial Bank of Ceylon Limited		104,994,171	99,027,562
Reliance Finance Limited		-	50,000,000
	Total:	**335,624,018**	**330,649,920**

5.02 Interest bearing short term deposit account:			
Al-Arafah Islami Bank Ltd.		7,769	8,850
Arab Bangladesh Bank Limited		3,086,709	844,942
Bank Asia Limited		43,884,441	4,901,548
Citibank N.A		-	117,721
Dhaka Bank Limited		6,245,095	8,463,701
Dutch Bangla Bank Ltd.		33,317,274	7,123,541
ICB Islami Bank Limited		78,164	75,935
IFIC Bank Ltd.		123,354	131,242
Mutual Trust Bank Limited		2,220	2,220
National Credit & Commerce Bank Limited		351,644	271,079
ONE Bank Limited		775,898,560	1,168,156,527
Prime Bank Limited		4,142,215	25,946,914
Pubali Bank Ltd.		2,331,788	5,000
Social Islami Bank Limited		5,014	29,519,416
Standard Bank Limited		15,335	15,922
Standard Chartered Bank		7,167,594	3,922,717
The City Bank Ltd.		11,750,999	3,363,738
The Premier Bank Limited		72,115	72,690
United Commercial Bank Limited		424,430	266,669
Uttara Bank Limited		10,470	10,470
HSBC		6,427,100	9,599,047
Brac Bank Limited		18,010,200	44,269,172
Trust Bank Ltd.		942	942
Commercial Bank of Ceylon		853,304	13,620,427
Exim Bank Limited		5,036	1,002
	Total:	**914,211,773**	**1,320,711,431**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
5.03	**Non interest bearing current account:**		
	Bank Al-falah Limited	382,993	8,363
	BRAC Bank Limited	6,059	363,196
	Dhaka Bank Limited	396	896
	Exim Bank Limited	2,252,589	1,767,646
	First Security Bank Limited	709,144	709,719
	Jamuna Bank Ltd.	740	1,315
	Mercantile Bank Limited	3,942,923	3,584,198
	National Bank Limited	2,143,043	195,338
	ONE Bank Limited	128,665,006	698,563
	Prime Bank Limited	(1,175,935)	13,556,599
	Shahjalal Islami Bank Limited	5,625,355	4,908,908
	Social Investment Bank ltd.	461	723,866
	Sonali Bank Limited	19,140	19,140
	Southeast Bank Ltd.	895,934	-
	Standard Bank Limited	2,560,891	2,561,466
	Standard Chartered Bank	40,715,713	83,917,301
	The Premier Bank Limited	480,716	354,436
	The Trust Bank Limited	6,564,473	887,929
	Total:	**193,789,639**	**114,258,879**
6.00	**Investment:**		
	In Government securities	**1,406,915,297**	**1,345,693,012**
	Treasury bills (Note-6.01)	243,915,297	479,293,012
	Bonds (Note-6.02)	1,163,000,000	866,400,000
	Other investment	**1,622,867,206**	**954,151,437**
	Ordinary shares-un-quoted (Note-6.03)	163,228,010	64,435,797
	Ordinary shares-quoted (Note-6.04)	1,459,639,196	889,715,640
	Total:	**3,029,782,503**	**2,299,844,449**
6.01	**Treasury Bills:**		
	91-days Treasury Bills	79,175,720	169,497,781
	182-days Treasury Bills	-	169,515,055
	364-days Treasury Bills	164,739,577	140,280,176
	Total:	**243,915,297**	**479,293,012**
6.02	**Treasury Bonds:**		
	05-Year Treasury Bond	90,600,000	354,900,000
	10-Year Treasury Bond	536,600,000	232,700,000
	15-Year Treasury Bond	310,100,000	164,500,000
	20-Year Treasury Bond	225,700,000	114,300,000
	Total:	**1,163,000,000**	**866,400,000**
6.03	**Ordinary Shares - Unquoted:**		
	Central Depositary (Bangladesh) Limited	4,416,700	4,416,700
	Envoy Textiles Limited	15,801,000	15,801,000
	Information Technology Company Limited (ITCL)	5,000,000	5,000,000
	Information Technology Consultant Limited (ITCL)	5,000,000	5,000,000
	Bengal Windsor Th. Ltd.	8,000,000	-
	MJL Bangladesh Ltd.	-	12,250,368
	Amara Technology	10,500,000	10,500,000
	Saiham Cotton Mills Ltd.	1,350,000	1,350,000
	BD welding	260,310	-
	GBB Power Limited	1,400,000	1,400,000
	Financial Excellence	1,500,000	1,500,000
	LR Global BD Mutual Fund One	50,000,000	-
	BizBangla Media Ltd.	60,000,000	-
	MI Cement Factory Limited	-	7,217,729
	Total:	**163,228,010**	**64,435,797**

	Amount in Taka	
	From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
6.04 Ordinary Shares - Quoted:		
Bank Asia	226,415,290	-
Mobil Jamuna Bd Ltd	21,080	-
AB Bank Ltd.	773,217	
National Bank Limited	1,835,212	-
ONE Bank Limited	555,463	-
Prime Bank Limited	116,640	-
The Premier Bank Ltd.	985,100	-
Midas Finance and Investment Ltd.	228,585,569	229,657,250
Beximco Pharmaceuticals Ltd.	290,294,563	300,644,246
Square Pharmaceuticals Ltd.	1,156,169	-
Eastern Bank Ltd. 1st Mutual Fund	-	57,840,000
ACI Formulations Limited	17,172,864	17,172,864
Uttara Bank	939,609	-
Heidelberg Cement	85,113,441	63,201,233
Premier Bank	-	649,019
Prime Finance & Investment Limited	17,876,096	-
Union Capital Limited	7,589,336	12,648,893
Agrani Insurance Co. Ltd.	886,193	15,596,995
Continental Insurance Limited	2,003,707	5,915,702
Progati Life Insurance Ltd.	-	10,544,474
Quasem Drycells	4,952,050	3,061,435
DBH First Mutual Fund	-	500,000
Green Delta Mutual Fund	10,000,000	10,000,000
ACI 20% Convertible Zero Coupon Bond	-	37,430,000
Advance Chemicals Industries Limited	21,550,254	19,552,624
Beximco Ltd.	51,290,336	47,935,971
Delta Spinners ltd	-	1,800
RAK Ceramics (Bangladesh) Limited	5,664	7,803,580
BEXTEX Ltd	-	3,021,083
Ocean Containers Limited	5,945	5,945
Janata Bank Ltd.	-	500,000
BSRM	10,124,395	-
Confidence Cement	278,107	-
Apex Tannary	11,381,236	-
Power Grid Company of Bangladesh	408,628	
MI Cement	8,370	-
AMCL (Pran)	-	24,084,561
Lafarge Cement	-	8,662,545
Rupali Bank Ltd.	2,809	13,285,420
Eastern Cables Limited	85,375,656	-
LR Global BD Mutual Fund One	250,000,000	-
Janata Bank 1st Mutual Fund	500,000	-
2ND ICB Mutual Fund	2,817,500	-
Delta Life Insurance Limited	128,618,697	-
Total:	**1,459,639,196**	**889,715,640**
7.00 Lease , loans & advances:		
Lease portfolio	782,727,578	960,456,644
Term finance	2,379,073,778	2,183,632,003
Mortgage loan (Note-7.01)	1,352,716,617	1,111,701,735
Margin loan against share trading	4,088,016,642	4,176,039,592
Advance against Lease Assets	43,236,855	-
Short term finance	483,599,087	220,083,054
Factoring debtors	34,009,995	34,859,180
Credit card receivables	450,414,309	430,637,948
SME	302,973,029	182,990,057
Auto Loan	228,941,988	128,751,080
LBFL Employees Housing Loan	20,350,000	-
Work Order Finance - Factoring	14,996,300	5,584,300
Work Order Finance	39,579,544	37,429,524
	10,220,635,722	**9,472,165,117**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
7.01 Mortgage loan:			
Bangladesh Bank refinance		822,651,825	858,751,017
Own finance		382,186,510	62,556,330
Developers		147,878,282	190,394,388
	Total:	**1,352,716,617**	**1,111,701,735**
8.00 Fixed assets:			
A. Cost			
i) Freehold assets			
Opening Balance		303,209,186	192,223,698
Add : Addition/(Disposal) during the period		29,340,202	140,705,227
		332,549,388	332,928,925
Less: Sales/ adjustment during theperod		2,492,750	29,719,740
		330,056,638	303,209,185
ii) Intangible assets			
Opening Balance		27,943,727	28,623,388
Add: Acquisition during the period		-	89,750
		27,943,727	28,713,138
Less: Sales/ adjustment during theperod		-	-
		27,943,727	**28,713,138**
Total cost (A)		**358,000,365**	**331,922,323**
B. Accumulated depreciation			
i) Own assets			
Opening Balance		113,872,974	107,440,798
Add : Charged during the year		25,975,905	34,525,117
		139,848,879	141,965,915
Less: Adjustment during the year		2,180,200	28,092,941
		137,668,679	113,872,974
ii) Intangible assets:			
Opening Balance		22,276,392	20,942,401
Add : Charged during the year		1,698,664	2,103,402
		23,975,056	23,045,803
Total (B)		**161,643,735**	**136,918,777**
C. Written down value (A-B)	**Total:**	**196,356,630**	**195,003,546**
9.00 Other assets:			
Trade receivables (Note-9.01)		5,545,987,855	4,629,086,773
Advances (Note 09.02)		139,457,126	170,209,038
Prepayments & other receivables (Note-09.03)		243,280,112	187,549,449
Investment		**510,000,000**	**510,000,000**
Dhaka Stock Exchange Ltd. Membership		350,000,000	350,000,000
Chittagong Stock Exchange Ltd. Membership		160,000,000	160,000,000
	Total:	**6,438,725,093**	**5,496,845,260**

	Amount in Taka	
	From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
9.01 Trade receivables:		
Lease rental receivables	353,607,053	261,489,237
Term finance receivables	337,558,067	164,434,814
Short term lending receivables	8,175,805	8,533,875
Cardholder's Control A/C -VISA	98,719,575	-
Receivables-Mortgage Loan	13,665,455	9,109,483
Term finance receivables-SME	12,643,092	949,200
Receivable Lease Rental-Auto Loan	3,704,513	310,620
Work Order Finance Receivable	61,177,307	62,439,465
Receivable from Trade Client	4,577,612,640	3,828,174,164
Receivable from DSE and CSE	79,124,348	293,645,915
Total:	**5,545,987,855**	**4,629,086,773**

9.02 Advances:

Staff loan-others	13,754,833	6,529,775
Advance office rent	31,245,989	33,638,882
Security deposit/Lease deposit	9,560,742	42,414,979
Advance Income tax	76,481,770	60,245,598
Advance for others	8,413,792	26,579,804
Advance for accounting software	-	800,000
Total:	**139,457,126**	**170,209,038**

Advance income tax represents corporate income tax paid as per Section- 64 of the Income Tax Ordinance 1984 and the amount of income tax deducted at source (TDS) by different financial institutions on the interest on bank balances of LankaBangla Finance Limited and on dividend income.

9.03 Prepayments & other receivables:

Prepayments	19,168,382	15,623,675
Interest receivables-Fixed deposit account	21,368,517	18,744,598
Interest receivables-Short term deposit account	-	4,690,901
Interest receivables-Term finance	4,025,092	4,128,882
Interest receivables-Short term lending	4,873,730	-
Interest receiable-LBIL	-	-
PD- Receivable -Treasury Bonds	32,163,638	18,460,984
PD- Receivable -Treasury Bills	-	671,334
PD Underwriting Commission Receivable- Treasury Bond	-	128,625
PD Underwriting Commission Receivable- Treasury Bill	-	103,375
Interest receivables-Factoring	-	65,605
Interest receivables-Mortgage loan	4,620,290	-
Receivables/(Payables)-Other MasterCard Operator	89,018,306	58,499,320
Receivables against share trading	1,641,115	3,588,599
Deferred tax Asset	27,631,999	28,805,336
Other receivables	38,769,043	34,038,215
Total:	**243,280,112**	**187,549,449**

10.00 Borrowings from Bangladesh bank, other banks & financial institutions:

Secured:		
Bank overdraft (Note - 10.01)	308,029,276	420,384,567
Long term loan-(Note-10.02)	3,993,313,639	3,638,566,419
REPO against Govt. treasury bills & bonds (Note-10.03)	1,416,507,985	717,504,736
Sub-Total:	**5,717,850,900**	**4,776,455,722**
Unsecured:		
Short term borrowings (Note - 10.04)	1,135,000,000	775,000,000
Call loans- (Note - 10.05)	760,000,000	800,000,000
Sub-Total:	**1,895,000,000**	**1,575,000,000**
Total:	**7,612,850,900**	**6,351,455,722**

	Amount in Taka	
	From January 01, 2011 to September 30, 2011	**From January 01, 2010 to December 31, 2010**

10.01 Bank overdraft:

Mercantile Bank Limited	70,176,605	65,640,322
Prime Bank Limited	194,477,622	202,054,297
Commercial Bank of Ceylon Limited	43,375,049	152,689,948
Total:	**308,029,276**	**420,384,567**

The amount of bank overdraft is secured against FDR.

10.02 Long term loan:

Opening Balance	3,638,566,412	2,709,497,746
Add: Drawdown during the period	1,303,181,486	2,344,514,466
	4,941,747,898	5,054,012,212
Less: Repayment during the period	948,434,259	1,415,445,793
Total:	**3,993,313,639**	**3,638,566,419**

Detail of the above balance is presented bellow:

Arab Bangladesh Limited	2,600,941	25,663,970
B.Bank Refinance- Women Enterprise	21,975,000	7,975,000
B.Bank Refinance- Mortgage Loan	854,965,013	883,794,144
Bank Alfalah Limited	72,876,349	-
Bank Asia Limited	112,073,456	130,272,931
Brac Bank Limited	22,868,391	38,559,082
Commercial Bank of Ceylon Limited	17,500,012	40,555,560
Exim Bank Limited	148,177,311	194,557,911
Dutch Bangla Bank Limited	167,739,741	210,767,994
National Bank Limited	299,541,976	361,786,240
Prime Bank Limited	350,701,502	340,131,914
Social Investment Bank Limited	65,607,724	99,771,522
Southeast Bank Limited	-	95,090,683
Shahjalal Islami Bank Limited	294,105,665	44,796,306
The Trust Bank Limited	169,998,263	204,655,068
The Premier Bank Limited	40,237,989	55,022,171
United Commercial Bank Limited	207,201,667	10,534,846
Mutual Trust Bank Limited	197,209,235	245,730,576
Uttara Bank Limited	57,401,002	88,232,637
Standard Bank Limited	125,697,316	160,758,154
Southeast Bank Limited	73,717,377	-
Jamuna Bank Limited	32,623,513	49,288,341
United Leasing Company Limited	-	1,788,378
Midas Financing	143,319,696	192,075,134
International Leasing & Financial Services Ltd	99,911,809	124,365,731
Prime Finance & Investment Limited	246,303,906	-
AL Arafa Islami Bank Ltd. Gulshan-CL-1,DD-1	168,958,785	6,940,000
Others	-	25,452,126
Total:	**3,993,313,639**	**3,638,566,419**

Bank borrowings are secured by:

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

b. Usual charge documents (Letter of Hypothecation, Promissory Notes, Letter of Continuation, Letter of Arrangements, etc.)

10.03 REPO against Govt. treasury bills & bonds

REPO against Govt. treasury bills	244,404,815	284,026,293
REPO against Govt. bonds	1,172,103,170	433,478,443
Total:	**1,416,507,985**	**717,504,736**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
10.04	**Short term borrowings:**		
	Eastern Bank Limited	350,000,000	70,000,000
	United commerecial bank ltd.	100,000,000	-
	One Bank Limited	335,000,000	235,000,000
	Southeast Bank Ltd.	100,000,000	-
	The City Bank Limited	-	200,000,000
	Standard Bank Lid.	50,000,000	-
	UAE-Bangladesh Investment Company Ltd.	-	20,000,000
	United Leasing Company Ltd.	-	50,000,000
	Phoenix Finance & Investment Limited	200,000,000	200,000,000
	Total:	**1,135,000,000**	**775,000,000**
10.05	**Call loan:**		
	The City Bank Ltd.	250,000,000	-
	Delta Brac Housing Limited	150,000,000	200,000,000
	United Leasing Company Ltd.	-	30,000,000
	One Bank Limited	-	50,000,000
	Southeast Bank Limited	110,000,000	-
	Dutch Bangla Bank Limited	-	100,000,000
	Standard Bank Limited	100,000,000	-
	Midas Financing Limited	-	20,000,000
	Sonali Bank Limited	-	100,000,000
	United Commercial Bank Ltd.	100,000,000	-
	Rupali Bank Limited	-	200,000,000
	Bank Al-Falah Limited	50,000,000	100,000,000
		760,000,000	**800,000,000**
11.00	**Term deposits:**		
	From banks	1,380,000,000	2,030,000,000
	From other than banks	3,422,758,440	2,529,998,233
	Total:	**4,802,758,440**	**4,559,998,233**
12.00	**Other liabilities:**		
	Interest payable- (Note - 12.1)	205,034,960	307,919,780
	Accrued expenses	85,732,307	204,930,652
	Welfare fund payable	19,880	19,879
	IPA/Managed equity fund	-	260,409
	Advance receipt against leases-adjustment a/c	192,923,158	28,430,119
	Claims on health insurance	80,559	139,416
	Payable against MCBS charges	55,335,131	46,589,015
	Payable against merchants claims & others	17,271,515	9,666,256
	Payable against receipt from other card holders	1,993,316	1,053,658
	Unpaid Dividend	9,596,538	9,686,084
	IPO subscription payable	68,646	58,646
	VISA Statement A/C	482,718	85,351
	Provision for taxation (Note - 12.2)	706,887,848	518,300,271
	Deferred liability-employee gratuity: (Note - 12.3)	42,111,331	38,909,509
	Interest suspense account (Note - 12.4)	196,569,086	185,069,398
	Provision for doubtful accounts and future losses (Note - 12.5)	676,275,344	679,366,777
	Payable to Sampath Bank Limited, Sri Lanka:	-	9,266,831
	VAT-Payable - VISA	69,981	15,332
	AIT on Credit Card-Payable	47,925	357,895
	VAT on Credit Card-Payable	-	45,689
	With holding tax payable	(1,914,635)	375,935
	Lease rental advances	35,682,285	119,955,029
	Lease Finance Under Capital Obligation	12,258,968	-
	Exise Duty Payable	(125,026)	7,150
	ITCL Statement A/C	150,000	96,000
	Payable to DSE & CSE	737,866,466	9,229,034
	Payable to share trading clients	62,847,018	1,080,844,478
	Others	24,641,476	26,913,062
	Total:	**3,061,906,794**	**3,277,591,655**

	Amount in Taka	
	From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
12.01 Interest payable:		
Interest payable on term deposit	165,386,722	223,965,030
Interest payable on long term borrowings	20,578,613	41,311,957
Interest payable on short term borrowings	16,303,514	41,952,514
Interest payable on call loan borrowings	2,766,111	690,279
Total:	**205,034,960**	**307,919,780**
12.02 Provision for taxation:		
Balance as at 01 January 2011	518,300,271	246,146,977
Provision during the period	375,611,129	507,827,856
	893,911,400	753,974,833
Adjusted during the period	187,023,552	235,674,562
Total:	**706,887,848**	**518,300,271**
12.03 Deferred liability-employee gratuity:		
Balance as at 01 January 2011	39,011,344	21,240,958
Provision during the period	8,911,941	18,730,951
	47,923,285	**39,971,909**
Payment during the year	5,811,954	1,062,400
Total:	**42,111,331**	**38,909,509**
12.04 Interest suspense:		
Lease Finance	110,185,997	105,185,997
Term Finance	79,585,000	74,065,401
Credit Card	3,932,000	5,368,000
Mortgage Loan	2,866,089	450,000
Total:	**196,569,086**	**185,069,398**
12.05 Provision for doubtful accounts and future losses		
Lease financing	254,382,935	232,978,950
Term finance & Short term loan	227,366,593	250,055,837
Credit card	35,966,118	27,560,436
Mortgage Loan	25,243,317	23,165,770
Provision on receivable from clients	25,999,889	100,999,889
Provision for diminition in value of investment in quoted shares	107,316,492	44,605,895
Total:	**676,275,344**	**679,366,777**
13.00 Share capital :		
Authorized	**3,000,000,000**	**1,000,000,000**
100,000,000 ordinary shares of Tk.10/- each		
Issued, subscribed and paid up	823,515,000	531,300,000
Total:	**823,515,000**	**531,300,000**

Details of shares holding position are as under:

Sponsor shareholders:

	Percentage		
a. Foreign sponsors			
Sampath Bank Limited, Sri Lanka	9.47%	78,000,000	60,000,000
	9.47%	**78,000,000**	**60,000,000**
b. Local sponsors			
ONE Bank Limited-OBL, Bangladesh	4.86%	40,000,000	40,000,000
SSC Holdings Limited, Bangladesh	1.07%	8,835,000	5,700,000
Shanta Apparel Limited	1.84%	15,190,000	9,800,000
Individuals	21.52%	177,257,980	114,359,990
	29.30%	**241,282,980**	**169,859,990**
General Shareholders	**61.23%**	504,232,020	**301,440,010**
Total:	**100%**	**823,515,000**	**531,300,000**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to December 31, 2010
14.00	**General reserve:**		
	Opening balance	34,800,936	-
	Add: Profit transferred to statutory reserve @ 20%	6,812,905	34,800,936
	Total:	**41,613,841**	**34,800,936**
15.00	**Statutory reserve:**		
	Opening balance	221,201,348	140,581,662
	Add: Profit transferred to statutory reserve @ 20%	2,927,947,178	80,619,686
	Total:	**3,149,148,526**	**221,201,348**

This reserve has been created as per the Provision of Financial Institution Rules -1993.

16.00	**Retained earnings:**		
		3,254,579,772	**2,578,739,102**
	Retained earnings as at 01 January 2011	2,459,287,496	878,585,658
	Add: Profit/(loss) for the period	795,292,276	1,700,153,444
	Less: Adjustment during the year:	**326,632,594**	**119,451,606**
	Transfer to statutory reserve during the period	26,923,209	80,619,686
	Transfer to general during the period	7,494,385	34,800,936.00
	Transfer to LB foundation	-	4,030,984.00
	Payment of stock dividend: (55%)	292,215,000	-
	Retained earnings as at September 30,2011	**2,927,947,178**	**2,459,287,496**

	Amount in Taka	
	From January 01, 2011 to September 30, 2011	From January 01, 2010 to September 30, 2010
17.00 Interest income:		
Interest income from leases	103,526,700	132,260,528
Interest income from term finance	254,089,034	191,251,802
Interest income from short term lending	67,991,343	23,061,553
Income from credit card	96,548,777	54,770,568
Interest income on margin trading	-	577,089,472
Interest income from factoring	5,946,379	877,168
Interest Income from mortgage loan	99,481,947	63,720,741
Interest Income from SME	33,134,665	3,372,611
Interest Income from auto loan	20,984,205	1,940,208
Interest income on fixed deposit	540,601,245	40,891,372
Interest income on short term deposit	59,386,519	858,424
Interest income on lending -subsidiaries	464,903,465	28,618,888
Total:	**1,746,594,279**	**1,118,713,335**
18.00 Interest paid on deposits & borrowings:		
Interest on term loans	261,982,063	198,359,197
Interest on call loan and short notice	195,204,296	101,821,255
Interest on Bangladesh Bank REPO	102,944,068	22,852,499
Interest on term deposits	862,399,309	391,398,677
	1,422,529,736	**714,431,628**
19.00 Income from investment:		
Income from investment in share (Capital)	26,487,391	228,036,299
Dividend income	1,708,204	4,936,572
Interest income from PD operation	100,377,731	29,930,089
Total:	**128,573,326**	**262,902,960**
20.00 Commission, Exchange and Brokerage Income		
Underwriting commission	-	453,720
Underwriting commission from treasury bonds/ bills	1,323,650	503,565
Merchant commission of credit card	1,732,865	2,579,394
Brokerage commission	659,134,071	1,280,663,999
	662,190,586	**1,284,200,678**
21.00 Other operational income;		
Membership fees of credit card	7,071,479	6,782,200
Corporate finance fees	5,021,016	3,940,000
Portfolio & issue management fee	-	121,959,641
Profit on sale of fixed asset	-	-
Other income from fees & documentations	206,075,570	163,278,148
Income from CDBL	258,503,532	-
Total:	**476,671,597**	**295,959,989**

		Amount in Taka	
		From January 01, 2011 to September 30, 2011	From January 01, 2010 to September 30, 2010
22.00	**Salary and allowances:**		
	Salary & allowances	127,488,465	84,429,003
	Provident fund contribution	4,290,838	3,600,434
	Gratuity fund	5,952,148	5,206,846
	Total:	**137,731,451**	**93,236,283**
23.00	**Rent, taxes, insurance, electricity etc.:**		
	Office rent	21,817,499	14,938,392
	Insurance premium	3,442,309	1,267,058
	Electricity	2,937,992	2,593,023
	Total:	**28,197,800**	**18,798,473**
24.00	**Legal & professional fees:**	**5,509,435**	**4,161,187**
25.00	**Postage, stamp, telecommunication etc.:**		
	Postage & courier	1,671,034	638,221
	Stamp charges	183,216	206,866
	Telephone bill	2,144,946	2,230,456
	Total:	**3,999,196**	**3,075,543**
26.00	**Stationery, printing, advertisement:**		
	Printing & stationery	4,795,899	6,600,467
	Advertisement	2,882,920	2,370,985
	Total:	**7,678,819**	**8,971,452**
27.00	**Managing director's salary & allowance:**		
	Salary & allowances	2,000,000	3,600,000
	Provident fund contribution	150,000	270,000
	Gratuity fund	125,000	225,000
	Total:	**2,275,000**	**4,095,000**
28.00	**Director fees and expenses:**	**376,000**	**197,000**
29.00	**Audit fees:**	**78,500**	**76,800**
30.00	**Repairs, maintenance and depreciation:**		
	Equipment maintenance	5,482,070	5,103,138
	Depreciation	19,157,222	20,593,743
	Total:	**24,639,292**	**25,696,881**

	Amount in Taka	
	From January 01, 2011 to September 30, 2011	From January 01, 2010 to September 30, 2010
31.00 Other expenses:		
Training	796,785	1,017,645
Staff welfare	273,234	245,412
Membership & renewal fees	7,257,339	4,284,060
Conveyance	1,726,237	1,222,091
Travelling	732,158	311,348
Internet & e-mail	657,065	2,646,679
News paper & periodicals	64,781	62,909
Computer accessories	767,365	904,308
Fuel expense	499,141	843,533
Vehicle maintenance/Registration	3,493,511	3,021,022
Water & sewerage bill	451,676	532,544
Office maintenance	5,701,962	5,883,328
Donation & Miscellaneous expenses	586,769	2,783,230
Entertainment	2,022,526	2,659,041
Business promotion	3,394,822	2,363,286
Bank charges	396,127	787,621
Marketing expenses	11,808,503	2,960,008
Recovery commission	151,731	354,116
CDBL fee	1,891,769	799,456
MCBS charges	7,712,508	6,168,115
Loss on sales of fixed asset	11,000	-
Inter change fees-VISA	45,681	9,677
Loan processing fee	232,070	259,649
Corporate guarantee charge	9,394,262	5,687,880
IPO Related expense	-	499,006
Subscription	67,837	108,630
Interest on lease finance	-	613,124
Board Meeting fee	-	29,000
Hawla charges	6,036,892	9,483,637
Legale Charges	38,406,218	78,708,348
AGM & Related Expenses	3,268,139	-
Other operational exp.Visa	1,024,500	-
Software maintenance fee	259,238	-
PD premium	441,096	-
License and renewal fee	912,660	-
Networking charge	2,771,116	-
Uniform	102,311	77,824
Other Expenses	3,224,766	-
Total:	**116,583,795**	**135,326,527**

32.00 Provision for loans and advances :		
General provision	15,250,649	24,010,330
Specific provision	16,097,836	198,852,140
Total:	**31,348,485**	**222,862,470**

	Amount in Taka	
	From January 01, 2011 to September 30, 2011	From January 01, 2010 to September 30, 2010

33.00 Provision for tax made during the period

Current tax expense	385,953,466	369,316,180
Deferred tax expense/ (income)	1,333,961	-
Total:	**387,287,427**	**369,316,180**

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

34.00 Earning per share (EPS):

Earning attributable to ordinary shareholders	795,292,276	1,255,510,511
Number of ordinary shares outstanding	82,351,500	82,351,500
Basic Earning per Share	**9.66**	**15.25**

35.00 Related party disclosure:

The company in normal course of business has entered into transactions with other individuals/ entities that fall within definition of related party contained in Bangladesh Accounting Standards (BAS-24). Transactions between related parties have been eliminated

36.00 Others:

a) **Director's interest in contracts with the company**

There was no transaction resulting in Director's interest with the Company and no leasing facilities have been made available to the Directors.

b) **Contingent liabilities:**

LankaBangla Finance Limited (LBFL) has issued a corporate guarantee on behalf of LankaBangla Securites Limited to Dhaka Stock Exchange and Chittagong Stock Exchanges amounting BDT 800,000,000 to each of the exchanges. That is, LBFL has a contingent liability of BDT 1600,000,000 as on 31 December 2011.

c) **Event after the Reporting Period:**

Right Share :

Parent:

The Board of Director of LankaBangla Finance Limited in its 72th Meeting held on September 24, 2011 has recommended issuance Right Share @ 1R : 1 (i.e. One Right Share for One Ordinary Share held) at par value of Tk. 10.00 each subject to approval of the shareholders in the 6th EGM and the Regulatory authorities. Date of EGM: October 31, 2011; Time of EGM: 9.00 a.m., Record date: October 06, 2011. Another record date for entitlement of the proposed right shares will be notified after obtaining approval from Securities & Exchange Commission.

d) ***General:***

i) All shares have been fully called up and paid up.

ii) Bank Balances shown in the accounts are duly reconciled.

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	**Director**	**Managing Director** (Current Charge)	**Company Secretary**

Annexure-1

LankaBangla Finance Limited
Statement of Investment in Shares
As at September 30, 2011

Investment in Shares (Quoted):

LankaBangla Finance Limited

Sl. No.	Name of the Company	Type of Shares	Face Value	No. of Shares	Cost of Holding	Average Cost	Quoted Rate per share as at 30.09.2011	Total Market Value as at 30.09.2011	Unrealized Gain	Unrealized Loss
			Taka	Qty.	Taka	Taka	Taka	Taka	Taka	Taka
1	Bank Asia Limited	A	100	288,750	123,893,963	429.07	420.25	121,347,188	-	(2,546,775)
2	The Premier Bank Limited	A	10	22,200	985,100	44.37	35.00	777,000	-	(208,100)
3	Uttara Bank Limited	A	10	9,000	939,609	104.40	72.30	650,700	-	(288,909)
4	Prime Finance & Investment Limited	A	10	66,800	17,876,096	267.61	126.20	8,430,160		(9,445,936)
5	Union Capital Limited	A	10	52,500	7,589,336	144.56	78.80	4,137,000	-	(3,452,336)
6	Midas Finance and Investment Limited	A	100	310,500	131,135,369	422.34	962.50	298,856,250	167,720,881	-
7	Agrani Insurance Co. Limited	A	100	1,000	886,193	886.19	496.00	496,000	-	(390,193)
8	Continental Insurance Limited	A	100	2,500	2,003,707	801.48	532.50	1,331,250	-	(672,457)
9	BSRM Steels Limited	A	100	5,000	7,945,564	1,589.11	1,285.25	6,426,250	-	(1,519,314)
10	Quasem Drycells	A	10	35,000	4,952,050	141.49	91.00	3,185,000	-	(1,767,050)
11	Beximco Pharmacuticles Limited	A	10	1,199,520	148,557,379	123.85	107.90	129,428,208	-	(19,129,171)
12	Heidelberg Cement Limited	A	100	4,815	14,937,715	3,102.33	3,000.00	14,445,000	-	(492,715)
13	MI Cement Factory Limited	N	10	37	4,129	111.60	170.10	6,294	2,165	
14	Confidence Cement Limited	A	10	1,350	278,107	206.01	152.70	206,145	-	(71,962)
15	Green Delta Mutual Fund	A	10	1,000,000	10,000,000	10.00	7.10	7,100,000	-	(2,900,000)
16	ACI Formulations Limited	A	10	100,000	17,172,864	171.73	120.00	12,000,000	-	(5,172,864)
17	Advance Chemicals Industries Limited	A	10	59,100	21,550,254	364.64	256.20	15,141,420	-	(6,408,834)
18	BEXIMCO Limited	A	10	235,350	51,290,336	217.93	153.50	36,126,225	-	(15,164,111)
19	Apex Tannery	A	100	8,650	11,381,236	1,315.75	1,295.75	11,208,238	-	(172,999)
20	MJL Bangladesh Limited	A	10	105	10,500	100.00	136.40	14,322	3,822	-
Total (A)					**573,389,506**			**671,312,649**	**167,726,868**	**(69,803,725)**

LankaBangla Investments Limited

Sl. No.	Name of the Company	Type of Shares	Face Value	No. of Shares	Cost of Holding	Average Cost	Quoted Rate per share as at 30.09.2011	Total Market Value as at 30.09.2011	Unrealized Gain	Unrealized Loss
			Taka	Qty.	Taka	Taka	Taka	Taka	Taka	Taka
1	A.B. BANK	A	100	1,000	773,216.78	773.22	737.50	737,500	-	(35,717)
2	BANK ASIA LTD.	A	100	1,000	521,327.00	521.33	420.25	420,250	-	(101,077)
3	BSRM Steel Limited	A	100	1,500	2,178,830.60	1,452.55	1,285.25	1,927,875	-	(250,956)
4	NATIONAL BANK	A	10	25,000	1,835,212.20	73.41	65.20	1,630,000	-	(205,212)
5	ONE BANK LTD.	A	100	1,000	555,463.00	555.46	521.25	521,250	-	(34,213)
6	Power Grid CompanyOf Bangladesh	A	100	500	408,628.00	817.26	776.75	388,375	-	(20,253)
7	PRIME BANK LTD	A	100	3,000	116,640.00	38.88	44.50	133,500	16,860	-
8	SQUARE PHARMA	A	100	475	1,156,169.00	2,434.04	2,634.50	1,251,388	95,219	-
Total (B)					**7,545,486.58**			**7,010,138**	**112,079**	**(647,428)**

LankaBangla Securities Limited

Sl. No.	Name of the Company	Type of Shares	Face Value	No. of Shares	Cost of Holding	Average Cost	Quoted Rate per share as at 30.09.2011	Total Market Value as at 30.09.2011	Unrealized Gain	Unrealized Loss
			Taka	Qty.	Taka	Taka	Taka	Taka	Taka	Taka
1	Heidelberg Cement Limited	A	100	20,000	70,175,726	3,508.8	3,000.0	60,000,000	-	(10,175,726)
2	Eastern Cables Ltd.	A	100	121,220	85,375,656	704.3	643.0	77,944,460	-	(7,431,196)
3	Rupali Bank Ltd. Limited	A	100	2	2,809	1,404.5	1,400.8	2,802	-	(8)
4	MI Cement Factory Limited	N	10	38	4,241	111.6	170.1	6,464	2,223	-
5	MJL Bangladesh Limited	A	10	105	10,580	100.8	136.4	14,322	3,742	-
6	Ocean Containers Ltd.	A	10	56	5,945	106.2	92.4	5,174		(771)
7	Midas Finance and Investment Limited	A	100	231,877	97,450,200	420.3	962.5	223,181,613	125,731,413	-
8	LR Gobal BD Mutual Fund One	A	100	25,000,000	250,000,000	10.0	10.0	250,000,000	-	-
9	Bank Asia Limited	A	100	250,000	102,000,000	408.0	420.3	105,062,500	3,062,500	-
10	RAK Ceramics (BD) Limited	A	10	129	5,664	43.9	96.4	12,436	6,772	-
11	Janata Bank 1st Mutual Fund	A	10	50,000	500,000	10.0	7.8	390,000	-	(110,000)
12	2ND ICB Mutual Fund	A	100	700	2,817,500	4,025.0	3,340.0	2,338,000	-	(479,500)
13	Delta Life Insurance Limited	A	100	4,000	128,618,697	32,154.7	39,773.5	159,094,000	30,475,303	
14	Beximco Pharmacuticles Limited	A	100	1,140,000	141,737,184	124.3	107.9	123,006,000	-	(18,731,184)
Total (C)					**878,704,202**			**1,001,057,770**	**159,281,952**	**(36,928,384)**
Total (A+B+C)					**1,459,639,196**			**1,679,380,556**	**327,120,898**	**(107,379,537)**

Investment in Shares (Un-quoted)

LankaBangla Finance Limited

Sl. No.	Name of the Company	Face Value	No. of Shares	Cost of Holding	Average Cost
		Taka	Qty.	Taka	Taka
1	Central Depository Bangladeh Limited	10	456,945	4,416,700	9.67
2	ITCL	10	500,000	5,000,000	10.00
3	Envoy Textile Limited	10	434,000	9,982,000	23.00
4	AAMRA Technologies Limited	10	140,000	5,250,000	37.50
5	Saiham Cotton Mills Limited	10	45,000	1,350,000	30.00
6	Bengal Windsor Th. Limited	10	200,000	8,000,000	40.00
7	BD Welding Elc. Limited	10	26,031	260,310	10.00
Total (A)				**34,259,010**	

LankaBangla Securities Limited

Sl. No.	Name of the Company	Face Value	No. of Shares	Cost of Holding	Average Cost
		Taka	Qty.	Taka	Taka
1	ITCL	10	500,000	5,000,000	10.00
2	Envoy Textile Limited	10	253,000	5,819,000	23.00
3	Financial Excellence Limited	10	150,000	1,500,000	10.00
4	AAMRA Technologies Limited	10	140,000	5,250,000	37.50
5	BizBangla Media Limited	10	6,000,000	60,000,000	10.00
6	LR Gobal BD Mutual Fund One	10	5,000,000	50,000,000	10.00
7	GBB Poer Limited	10	20,000	1,400,000	70.00
Total (B)				**128,969,000**	
Total (A+B)				**163,228,010**	

LankBangla Finance Limited

LankBangla Finance Limited

Auditors' Report in pursuance of Section-135(1) under Par 24(1) of Part II of the Third Schedule of the Companies Act, 1994 and Rules 8(1)(h) and 8(1)(i) of SEC (Rights Issue) Rules, 2006

LankaBangla Finance Limited

Auditors' Report in pursuance of Section 135 (I) under Par 24(l) of Part II of the Third Schedule of the Companies Act, 1994 and Rules 8 (1) (h) and 8(l) (i) of SEC (Right Issue) Rules, 2006

We, as the, auditors, having examined the financial statements of LankaBangla Finance Limited for the period from 1 January 2011 to 30 September 2011 and for the years ended on 31 December 2010, 2009, 2008, 2007 and 2006 in pursuance of Section 135 (I) under Par 24(l) of Part II of the Third Schedule of the Companies Act, 1994 and Rules 8 (1) (h) and 8(l) (i) of SEC (Right Issue) Rules, 2006, We report that:

I. LankaBangla Finance Limited (here in after referred to as "LankaBangla" or "the Company"), a joint venture non-banking financial institution, was incorporated in Bangladesh with the Registrar of Joint Stock Companies and firm (RJSCF) vide registration no. C.31702(823)/96 dated 05 November 1996 as a Public Limited Company under the Companies Act, 1994 in the name of "Vanik Bangladesh Limited". It started commercial operations since 1997 obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. LankaBangta also obtained license from Securities and Exchange Commission vide No, MB-1.064/98-05 to transact public shares in the Capital Market as Merchant Banker. Subsequently, it was renamed as LankaBangla Finance Limited on 27 April 2005. The Company went for public issue in 2006 and its shares are listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 17 October 2006 and 31 October 2006 respectively.

2. The statement of assets & liabilities of the Company is as under:

Statement of Financial position

	Amount in Taka					
	30 September 2011	**31 December 2010**	**31 December 2009**	**31 December 2008**	**31 December 2007**	**31 December 2006**
I. PROPERTY & ASSETS						
Cash	**123,820,226**	**92,557,463**	**53,755,340**	**35,519,959**	**11,883,056**	**6,623,417**
Cash in hand	125,000	125,000	70,000	60,000	60,000	40,000
Balance with Bangladesh Bank	123,695,226	92,432,463	53,685,340	35,459,959	11,823,056	6,583,417
Balance with others bank and financial institutions	**469,838,008**	**524,391,963**	**543,859,140**	**411,468,152**	**323,799,395**	**218,877,310**
Local Currency:	469,708,381	524,262,339	543,674,744	411,468,152	323,799,395	218,877,310
Foreign Currency:	129,627	129,624	184,396	-	-	-
Investment	**2,014,563,813**	**1,877,091,161**	**1,141,694,049**	**228,539,315**	**311,919,897**	**65,067,260**
Government securities	1,406,915,296	1,345,693,012	734,369,986	-	-	-
Others investment	607,648,517	531,398,149	407,324,063	228,539,315	311,919,897	65,067,260
Lease, loan & advances	**9,994,636,302**	**9,480,978,635**	**8,093,342,524**	**5,898,220,434**	**3,905,129,740**	**1,912,407,296**
Fixed assets	**32,413,339**	**38,943,142**	**31,385,966**	**35,994,107**	**32,551,464**	**38,869,353**
At cost	128,744,069	131,012,947	110,566,177	120,554,073	104,809,413	98,049,728
Less: Accumulated depreciation	96,330,730	92,069,805	79,180,211	84,559,966	72,257,949	59,180,375
Other assets	**2,299,945,214**	**1,707,011,211**	**1,460,985,179**	**650,324,651**	**622,195,918**	**482,347,227**
TOTAL ASSETS:	**14,935,216,902**	**13,720,973,575**	**11,325,022,198**	**7,260,066,618**	**5,207,479,470**	**2,724,191,863**
II. LIABILITY & CAPITAL						
Liabilities	**11,748,432,300**	**10,576,819,411**	**9,189,434,165**	**5,796,292,990**	**4,219,232,874**	**2,106,988,811**
Borrowings from Bangladesh Bank, Other Banks & Financial Institutions	6,687,774,800	5,761,881,177	4,732,537,647	3,144,997,783	3,806,248,676	1,920,923,757
Term deposits	5,060,657,500	4,814,938,234	4,456,896,518	2,651,295,207	412,984,198	186,065,054
Other liabilities	**1,832,420,011**	**1,920,809,903**	**1,245,419,986**	**865,164,085**	**503,437,403**	**211,780,319**
Capital/Shareholder's Equity	**1,354,364,588**	**1,223,344,261**	**890,168,047**	**598,609,543**	**484,809,193**	**405,422,733**
Paid up Capital	823,515,000	531,300,000	442,750,000	385,000,000	350,000,000	350,000,000
Retained earnings	282,637,978	466,811,929	148,364,169	26,059,178	10,181,902	6,172,733
Proposed dividend	-	-	154,962,500	115,500,000	87,500,000	35,000,000
Payable to LB Foundation	-	4,030,984	3,509,715	1,663,004	-	-
Statutory reserve	248,211,610	221,201,348	140,581,663	70,387,361	37,127,291	14,250,000
TOTAL LIABILITIES:	**14,935,216,902**	**13,720,973,575**	**11,325,022,198**	**7,260,066,618**	**5,207,479,470**	**2,724,191,863**

3. The statement of operating result of the Company is as follows.

Statement of Comprehensive Income

	Amount in Taka					
	30 September 2011	**31 December 2010**	**31 December 2009**	**31 December 2008**	**31 December 2007**	**31 December 2006**
Operating Income						
Net interest	**195,514,747**	**544,262,103**	**268,330,848**	**169,391,706**	**165,541,570**	**108,083,782**
Interest income	1,170,057,021	1,563,953,026	1,208,288,797	892,941,025	584,302,253	273,631,195
Less : Interest paid on deposits & borrowings	974,542,274	1,019,690,923	939,957,949	723,549,319	418,760,683	165,547,413
Income from investment	115,051,460	265,510,351	376,970,204	114,855,517	56,740,712	1,208,711
Commission, Exchange and Brokerage Income	3,056,515	4,715,897	4,518,269	3,771,356	3,627,115	5,111,890
Other operational income	70,037,626	237,568,869	129,808,192	159,289,904	108,275,593	60,005,851
Total :	**383,660,348**	**1,052,057,220**	**779,627,513**	**447,308,483**	**334,184,990**	**174,410,234**
Operating Expenses						
Salary and allowances	68,734,267	131,599,385	79,467,608	44,651,464	37,697,509	25,010,186
Rent, taxes, insurance, electricity etc.	13,240,138	20,684,462	11,706,325	8,177,948	4,758,761	3,983,253
Legal & professional fees	5,035,078	4,745,240	2,605,015	1,760,908	4,173,416	8,402,674
Postage, stamp, telecommunication etc.	2,355,358	2,664,550	2,518,363	2,649,427	2,641,757	2,201,611
Stationery, printing, advertisement	4,925,139	7,411,975	6,815,410	5,819,375	5,990,550	5,480,727
Managing director's salary & allowance	2,275,000	5,610,000	5,460,000	3,090,000	3,616,000	2,676,500
Director fees and expenses	296,000	371,550	198,000	72,000	28,000	-
Audit fees	33,000	126,501	100,000	85,000	50,000	50,000
Charges on loan losses	-	1,956,426	6,045,540	21,473	428,694	218,526
Repairs, maintenance and depreciation	11,441,275	22,034,607	23,052,294	21,855,877	18,476,660	22,174,628
IPO Related Expenses	-	-	-	-	-	7,188,527
Other expenses	44,961,379	35,404,124	31,380,017	25,538,813	13,865,209	8,779,180
Total :	**153,296,634**	**232,608,820**	**169,348,572**	**113,722,285**	**91,726,556**	**86,165,812**
Net Operating Income	**230,363,714**	**819,448,400**	**610,278,941**	**333,586,198**	**242,458,434**	**88,244,422**
Provision for loans & advance	**56,589,996**	**191,975,250**	**178,057,473**	**98,332,397**	**53,408,202**	**15,954,781**
Specific provision	25,492,160	134,720,875	98,099,700	58,660,000	25,665,300	**(6,962,480)**
General provision	31,097,836	58,868,275	58,518,773	39,672,397	27,742,902	22,917,261
Provision for Diminition in value of investment in equity shares	-	-	-	-	-	-
Differed Expenditure written off	**-**	**-**	**-**	**-**	**-**	**1,959,244**
Profit before tax and reserve:	**173,773,718**	**627,473,150**	**432,221,468**	**235,253,801**	**189,050,232**	**70,330,397**
Provision for tax	**38,722,406**	**208,235,722**	**102,688,960**	**68,953,450**	**74,663,771**	**(238,345)**
Provision for the period	1,173,336	219,834,990	103,844,525	70,000,000	75,000,000	-
Deferred tax expenses/(income)	37,549,070	(11,599,268)	(1,155,565)	(1,046,550)	(336,229)	(238,345)
Net profit after tax:	**135,051,312**	**419,237,428**	**329,532,508**	**166,300,351**	**114,386,461**	**70,568,742**
Appropriations:						
Statutory reserve	27,010,262	80,619,686	70,194,302	33,260,070	22,877,291	14,250,000
Net Profit after Reserve:	**108,041,050**	**338,617,742**	**259,338,206**	**133,040,281**	**91,509,170**	**56,318,742**
Profit / (Loss) brought forward	482,950,927	148,364,169	26,059,178	10,181,902	6,172,732	(14,963,891)
Proposed dividend	-	-	(154,962,500)	(115,500,000)	(87,500,000)	(3,500,000)
Payable to LB Foundation	-	(4,030,984)	(3,509,715)	(1,663,004)	-	-
Retained earnings carried forward	**590,991,977**	**482,950,927**	**126,925,169**	**26,059,179**	**10,181,902**	**37,854,851**
Earning per share	**1.64**	**7.59**	**7.93**	**4.32**	**3.27**	**2.56**

4. The statement of cash flows of the Company is as follows:

Statement of Cash Flows

		Amount in Taka					
		30 September 2011	**31 December 2010**	**31 December 2009**	**31 December 2008**	**31 December 2007**	**31 December 2006**
A)	**Cash flows from operating activities**						
	Interest received	1,170,057,021	1,593,008,278	985,372,175	969,488,911	734,766,579	371,608,748
	Interest paid	(974,542,274)	(1,038,269,797)	(819,944,360)	(658,064,654)	(320,175,755)	(165,720,914)
	Direct Charges	-	-	-	-	-	-
	Dividend received	1,708,204	3,936,752	4,072,000	1,287,637	-	-
	Fees and commission received	3,056,515	199,465,519	11,936,539	9,549,479	-	-
	Income from investment	113,343,256	212,018,347	123,932,812	71,068,730	-	-
	Cash paid to employees (including directors)	(71,305,267)	(181,246,245)	(37,070,565)	(25,213,239)	(45,147,934)	(33,625,569)
	Cash paid to suppliers	(7,280,497)	(95,399,434)	(45,485,370)	(45,872,126)	-	-
	Income taxes paid	(8,000,000)	(18,857,801)	(16,986,170)	-	-	-
	Received from other operating activities	70,037,626	38,319,247	16,326,710	6,195,573	-	-
	Paid for other operating activities	(58,201,517)	(4,734,329)	(4,734,329)	(4,328,022)	-	-
	Other Expenses	-	-	-	-	-	-
	Cash generated from operating activities before changes in operating assets and liabilities	**238,873,067**	**708,240,537**	**217,419,442**	**324,112,289**	**369,442,890**	**172,262,265**
	Increase/ (decrease) in operating assets & liabilities						
	Changes in trading securities	(77,723,975)	(142,271,474)	(127,354,749)	(24,117,207)	(186,353,847)	(6,956,731)
	Loans and advances to customers	(513,657,667)	(1,399,401,825)	(2,020,656,566)	(2,073,938,078)	(2,426,914,657)	(1,037,892,344)
	Other assets	(593,553,503)	330,265,939	1,304,839,622	141,708,129	307,152,224	120,677,094
	Deposits from customers	245,719,266	358,036,882	1,805,601,311	819,910,141	1,056,769,516	252,344,647
	Other liabilities	1,149,976,219	165,618,836	(285,627,457)	511,624,707	(52,436,851)	(158,153,126)
		210,760,340	**(687,751,642)**	**676,802,161**	**(624,812,308)**	**(1,301,783,615)**	**(829,980,460)**
	Net Cash from Operating Activities :	**449,633,407**	**20,488,895**	**894,221,603**	**(300,700,019)**	**(932,340,725)**	**(657,718,195)**
B)	**Cash flows from investing activities**						
	Changes in non-trading securities	1,473,607	17,197,382	(56,430,000)	(1,500,000)	-	-
	Capital gain from investment in share	-	-	-	-	-	-
	Net proceeds/(payments) for sale/ purchase of	(669,625,333)	(736,397,118)	(734,369,986)	-	-	-
	Purchase of property,plant and equipment	(25,381,588)	(25,381,588)	(11,180,092)	(21,083,160)	(6,759,685)	(6,222,742)
	Investment in FDR	-	-	-	-	-	-
	Sales proceeds of fixed assets	743,550	743,550	-	802,088	-	22,000
	Investment in subsidiary-LankaBangla Investments	-	(199,999,970)	-	-	-	-
	Investment in subsidiary-LankaBangla Asset Management Co. Ltd.	-	(24,999,500)	-	(24,999,500)	-	-
	Net Cash used in Investing Activities:	**(692,789,764)**	**(968,837,244)**	**(801,980,078)**	**(46,780,572)**	**(6,759,685)**	**(6,200,742)**
C)	**Cash flows from financing activities**						
	Increase/(decrease) of Long term loan	219,865,164	1,029,343,529	111,113,969	508,001,229	855,922,824	495,943,515
	Increase/(decrease) debit balance to client	-	-	-	-	-	-
	Increase/(decrease) debit balance to client	-	-	-	-	-	-
	Dividend paid (cash dividend)	-	(61,660,233)	(52,729,124)	(49,214,978)	-	-
	Net Draw down of short term loan	-	-	-	-	193,326,429	136,555,623
	Proceeds from issuance of share capital	-	-	-	-	-	90,000,000
	Net Cash used in Financing Activities	**219,865,164**	**967,683,296**	**58,384,845**	**458,786,251**	**1,049,249,253**	**722,499,138**
	Effect of Exchange rate changes on cash and Cash Equivalents	-	-	-	-	**32,881**	**(976,660)**
D)	**Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)**	**(23,291,193)**	**19,334,946**	**150,626,370**	**111,305,660**	**110,181,724**	**57,603,541**
E)	**Opening cash and cash-equivalents**	**616,949,426**	**597,614,480**	**446,988,110**	**335,682,451**	**225,500,727**	**167,897,186**
F)	**Closing cash & Cash Equivalents ***	**593,658,233**	**616,949,426**	**597,614,480**	**446,988,111**	**335,682,451**	**225,500,727**
	*** Closing cash and cash-equivalents**						
	Cash in hand (including foreign currencies)	125,000	125,000	70,000	60,000	60,000	40,000
	Balance with Bangladesh Bank and its agent bank (s)	123,695,226	92,432,463	53,685,340	35,459,959	11,823,056	6,583,417
	Balance with other Banks and Financial Institutions	469,838,007	524,391,963	543,859,140	411,468,152	323,799,395	218,877,310
	Total:	**593,658,233**	**616,949,426**	**597,614,480**	**446,988,111**	**335,682,451**	**225,500,727**

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Dated; Dhaka
03 November 2011

S. F. Ahmed & Co.
Chartered Accountants

LankaBangla Finance Limited and it's Subsidiaries

Auditors' Report in pursuance of Section-135(1) under Par 24(1) of Part II of the Third Schedule of the Companies Act, 1994 and Rules 8(1)(h) and 8(1)(i) of SEC (Rights Issue) Rules, 2006

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LankaBangla Finance Limited and its Subsidiaries

Auditors' Report in pursuance of Section 135 (I) under Par 24(l) of Part II of the Third Schedule of the Companies Act, 1994 and Rules 8 (1) (h) and 8(l) (i) of SEC (Right Issue) Rules, 2006

We, as the, auditors, having examined the consolidated financial statements of LankaBangla Finance Limited for the period from 1 January 2011 to 30 September 2011 and for the years ended on 31 December 2010, 2009, 2008, 2007 and 2006 in pursuance of Section 135 (I) under Par 24(l) of Part II of the Third Schedule of the Companies Act, 1994 and Rules 8 (1) (h) and 8(l) (i) of SEC (Right Issue) Rules, 2006, We report that:

I. LankaBangla Finance Limited (here in after referred to as “LankaBangla” or “the Company”), a joint venture non-banking financial institution, was incorporated in Bangladesh with the Registrar of Joint Stock Companies and firm (RJSCF) vide registration no. C.31702(823)/96 dated 05 November 1996 as a Public Limited Company under the Companies Act, 1994 in the name of “Vanik Bangladesh Limited”. It started commercial operations since 1997 obtaining license from Bangladesh Bank under the Financial Institutions Act, 1993. LankaBangta also obtained license from Securities and Exchange Commission vide No, MB-1.064/98-05 to transact public shares in the Capital Market as Merchant Banker. Subsequently, it was renamed as LankaBangla Finance Limited on 27 April 2005. The Company went for public issue in 2006 and its shares are listed in both Dhaka Stock Exchange and Chittagong Stock Exchange on 17 October 2006 and 31 October 2006 respectively.

2. The statement of assets & liabilities of the Company is as under:

Consolidated Statement of Financial position

	Amount in Taka					
	30 September 2011	31 December 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
I. PROPERTY & ASSETS						
Cash	**123,903,680**	**92,634,585**	**53,788,448**	**35,561,444**	**11,896,308**	**6,642,540**
Cash in hand	208,454	202,122	103,108	101,485	73,252	59,123
Balance with Bangladesh Bank	123,695,226	92,432,463	53,685,340	35,459,959	11,823,056	6,583,417
Balance with others bank and financial institutions	**1,443,755,056**	**1,765,749,855**	**1,035,246,257**	**815,025,271**	**587,861,559**	**284,707,561**
Local Currency:	1,443,625,430	1,765,620,232	1,035,061,861	815,025,271	587,861,559	284,707,561
Foreign Currency:	129,627	129,623	184,396	-	-	-
Investment	**3,029,782,503**	**2,299,844,449**	**1,764,316,847**	**245,154,700**	**201,422,107**	**15,068,260**
Government securities	1,406,915,297	1,345,693,012	734,369,986	-	-	-
Others investment	1,622,867,206	954,151,437	1,029,946,861	245,154,700	201,422,107	15,068,260
Lease, Loans and advances	**10,220,635,722**	**9,472,165,117**	**8,061,342,532**	**5,854,220,434**	**3,849,129,740**	**1,912,407,295**
Fixed assets	**196,356,630**	**195,003,546**	**92,463,887**	**85,296,384**	**56,689,339**	**49,258,027**
At cost	358,000,365	331,922,323	220,847,086	190,480,180	140,216,078	115,122,749
Less: Accumulated depreciation	161,643,735	136,918,777	128,383,199	105,183,796	83,526,739	65,864,722
Other assets	**6,438,725,093**	**5,496,845,259**	**2,434,970,582**	**1,101,349,987**	**1,168,800,577**	**599,530,112**
TOTAL ASSETS:	**21,453,158,684**	**19,322,242,811**	**13,442,128,553**	**8,136,608,220**	**5,875,799,630**	**2,867,613,795**
II. LIABILITY & CAPITAL						
Liabilities	**12,415,609,340**	**10,911,453,955**	**9,516,742,975**	**5,839,147,652**	**4,224,232,420**	**2,116,055,979**
Borrowings from Bangladesh Bank, Other Banks & Financial Institutions	7,612,850,900	6,351,455,722	5,083,846,457	3,211,852,445	3,811,248,222	1,929,990,925
Term deposits	4,802,758,440	4,559,998,233	4,432,896,518	2,627,295,207	412,984,198	186,065,054
Other liabilities	**3,061,906,794**	**3,277,591,656**	**1,824,835,684**	**1,374,974,479**	**1,054,222,343**	**327,861,025**
Capital/Shareholder's Equity	**5,581,302,514**	**4,790,041,221**	**2,100,526,950**	**922,475,947**	**597,340,406**	**423,694,725**
Paid up Capital	823,515,000	531,300,000	442,750,000	385,000,000	350,000,000	350,000,000
Share Premium	1,090,888,800	1,090,888,800	-	-	-	-
Retained earnings	2,927,947,179	2,459,287,496	865,333,367	349,929,877	122,713,114	24,444,725
Proposed dividend	-	-	154,962,500	115,500,000	87,500,000	35,000,000
Payable to LB Foundation	-	4,030,984	3,509,715	1,663,004	-	-
Fair Value Measurement Reserve	448,531,657	448,531,657	493,394,000	-	-	-
General Reserve	42,295,321	34,800,936	-	-	-	-
Statutory Reserve	248,124,557	221,201,348	140,577,368	70,383,066	37,127,292	14,250,000
Non-Controlling Interest	**394,340,036**	**343,155,979**	**22,944**	**10,142**	**4,461**	**2,066**
TOTAL LIABILITIES:	**21,453,158,684**	**19,322,242,811**	**13,442,128,553**	**8,136,608,220**	**5,875,799,630**	**2,867,613,795**

3. The statement of operating result of the Company is as follows.

	Consolidated Statement of Comprehensive Income					
	Amount in Taka					
	30 September 2011	31 December 2010	31 December 2009	31 December 2008	31 December 2007	31 December 2006
Operating Income						
Net interest	**324,064,543**	**585,019,310**	**411,171,761**	**238,166,934**	**187,928,954**	**118,000,081**
Interest income	1,746,594,279	1,601,102,083	1,347,784,289	945,328,196	606,689,637	281,073,178
Less : Interest paid on deposits & borrowings	1,422,529,736	1,016,082,773	936,612,528	707,161,262	418,760,683	163,073,097
Income from investment	128,573,326	352,892,777	139,894,037	76,439,578	56,740,712	1,208,711
Commission, Exchange and Brokerage Income	662,190,586	1,891,649,236	4,518,269	380,177,239	207,724,164	57,679,617
Other operational income	476,671,597	330,463,231	934,872,251	140,238,288	75,802,668	25,702,371
Total :	**1,591,500,052**	**3,160,024,554**	**1,490,456,318**	**835,022,039**	**528,196,498**	**202,590,780**
Operating Expenses						
Salary and allowances	137,731,451	225,477,135	191,189,207	111,959,017	81,114,560	38,457,694
Rent, taxes, insurance, electricity etc.	28,197,800	27,953,087	23,835,487	16,037,238	8,670,820	6,959,917
Legal & professional fees	5,509,435	5,952,740	3,757,068	1,980,908	4,413,416	8,410,424
Postage, stamp, telecommunication etc.	3,999,196	3,880,215	4,366,298	5,727,451	4,731,433	3,701,421
Stationery, printing, advertisement	7,678,819	10,247,269	12,611,198	14,459,456	8,883,391	6,699,191
Managing director's salary & allowance	2,275,000	5,610,000	5,460,000	3,750,000	3,616,000	2,676,500
Director fees and expenses	376,000	523,550	448,000	212,000	128,000	-
Audit fees	78,500	294,250	175,000	155,000	95,000	99,275
Charges on loan losses	-	1,956,426	6,045,540	356,091	428,694	218,526
Repairs, maintenance and depreciation	24,639,292	31,720,255	44,092,445	40,558,845	25,382,041	25,101,358
IPO Related Expenses	-	-	-	-	-	7,188,527
Direct Charges	44,443,110	126,228,586	72,247,008	39,390,731	20,811,006	8,263,539
Other expenses	72,140,685	57,795,362	61,544,556	29,864,483	18,128,873	10,167,714
Total :	**327,069,288**	**497,638,875**	**425,771,807**	**264,451,220**	**176,403,234**	**117,944,086**
Net Operating Income	**1,264,430,764**	**2,662,385,679**	**1,064,684,511**	**570,570,819**	**351,793,264**	**84,646,694**
Provision for loans & advance	**31,348,485**	**331,284,034**	**156,618,473**	**98,356,870**	**53,408,202**	**15,954,780**
Specific provision	16,097,836	158,254,264	58,518,773	58,660,000	25,665,300	**(6,962,480)**
General provision	15,250,649	173,029,770	98,099,700	39,696,870	27,742,902	22,917,260
Provision for Diminition in value of investment in equity shares	-	-	-	-	-	-
Deffered Expenditure written off	-	-	-	-	-	**2,114,363**
Profit before tax and reserve:	**1,233,082,279**	**2,331,101,645**	**908,066,038**	**472,213,949**	**298,385,062**	**66,577,551**
Provision for tax	**387,287,427**	**491,777,403**	**163,983,230**	**94,573,330**	**87,914,240**	**(238,345)**
Provision for the period	385,953,466	507,827,856	165,138,795	95,619,880	88,250,469	-
Deferred tax expenses/(income)	1,333,961	(16,050,453)	(1,155,565)	(1,046,550)	(336,229)	(238,345)
Net profit after tax:	**845,794,852**	**1,839,324,242**	**744,082,808**	**377,640,619**	**210,470,822**	**66,815,896**
Non Controlling Interest	**50,502,576**	**139,170,798**	**12,802**	**5,077**	**2,431**	**629**
Net Profit for the Year Attributable to Shareholders of Parent Company	**795,292,276**	**1,700,153,444**	**744,070,006**	**377,635,542**	**210,468,391**	**66,815,267**
Appropriations:						
Statutory reserve	26,923,209	80,619,686	70,194,302	33,255,775	22,877,292	14,250,000
Net Profit after Reserve:	**818,871,643**	**1,619,533,758**	**673,875,704**	**344,379,767**	**187,591,099**	**52,565,267**
Profit / (Loss) brought forward	2,459,287,496	865,333,367	349,929,877	122,713,113	24,444,725	7,953,326
Proposed dividend	-	292,215,000	154,962,500	115,500,000	87,500,000	35,000,000
Payable to LB Foundation	-	4,030,984	3,509,715	1,663,004	-	-
Retained earnings carried forward	**3,278,159,139**	**2,188,621,141**	**865,333,366**	**349,929,876**	**124,535,824**	**25,518,593**
Earning per share	**9.66**	**32.00**	**16.81**	**9.81**	**6.01**	**2.43**

4. The statement of cash flows of the Company is as follows:

Consolidated Statement of Cash Flows

		Amount in Taka					
		30 September 2011	**31 December 2010**	**31 December 2009**	**31 December 2008**	**31 December 2007**	**31 December 2006**
A)	**Cash flows from operating activities**						
	Interest received	1,216,703,014	3,549,327,282	1,847,478,456	1,360,197,336	938,863,628	424,782,681
	Interest paid	(1,341,202,021)	(1,155,037,090)	(884,719,800)	(678,567,229)	(333,903,581)	(172,994,196)
	Direct Charges	(44,443,685)	(126,228,586)	(72,247,008)	(39,390,731)	(20,811,005)	(5,809,365)
	Dividend received	1,708,204	3,936,752	4,072,000	1,287,637	-	-
	Fees and commission received	3,056,515	199,465,519	11,936,539	9,549,479	-	-
	Income from investment	113,343,256	212,018,347	133,854,905	76,439,576	-	-
	Cash paid to employees (including directors)	(88,925,073)	(182,119,645)	(37,458,705)	(25,894,464)	(67,817,084)	(45,677,278)
	Cash paid to suppliers	(7,280,497)	(95,399,434)	(45,485,370)	(45,872,126)	-	-
	Income taxes paid	(195,007,169)	(254,532,363)	(74,046,243)	(23,941,003)	(11,718,620)	(3,209,305)
	Received from other operating activities	1,254,390,501	38,319,247	16,326,710	6,195,573	29,092,775	17,279,196
	Paid for other operating activities	(194,131,085)	(294,256,080)	(84,876,448)	(65,190,704)	(17,393,690)	(8,599,937)
	Paid for non operating activities	-	395,113,216	144,220,455	53,791,788	-	-
	(Increase)/Decrease in operating Asset	272,579,246	-	-	-	-	-
	Increase/(Decrease) in operating Liability	54,304,748	-	-	-	-	-
	Other Expenses	(185,475,627)	(142,923,721)	(58,033,949)	(24,249,749)	-	-
	Cash generated from operating activities before changes in operating assets and liabilities	**859,620,327**	**2,147,683,444**	**901,021,542**	**604,355,383**	**516,312,423**	**205,771,796**
	Increase/ (decrease) in operating assets & liabilities						
	Changes in trading securities	(84,523,975)	(365,383,177)	(239,968,161)	(24,126,593)	(186,353,847)	(6,956,731)
	Loans and advances to customers	(513,657,667)	(1,399,401,825)	(2,020,656,566)	(2,073,938,078)	(2,426,914,657)	(1,037,892,344)
	Other assets	(654,152,563)	330,265,939	1,364,618,955	169,867,751	(39,704,133)	56,824,686
	Deposits from customers	(869,922,412)	133,036,882	1,805,601,311	819,910,141	1,056,769,516	252,344,647
	Other liabilities	2,729,775,953	165,618,836	(266,635,137)	413,649,776	354,761,295	(133,255,338)
		607,519,336	**(1,135,863,345)**	**642,960,402**	**(694,637,003)**	**(1,241,441,826)**	**(868,935,080)**
	Net Cash from Operating Activities :	**1,467,139,663**	**1,011,820,099**	**1,543,981,944**	**(90,281,620)**	**(725,129,403)**	**(663,163,284)**
B)	**Cash flows from investing activities**						
	Changes in non-trading securities	(583,446,308)	17,197,382	(56,430,000)	(1,500,000)	-	-
	Capital gain from investment in share	13521866	-	-	-	-	-
	Net proceeds/(payments) for sale/ purchase of Treasury	(838,498,060)	(736,397,118)	(734,369,986)	-	-	-
	Purchase of property,plant and equipment	(48,618,345)	(134,405,102)	(35,182,701)	(53,175,751)	(21,616,775)	(10,530,293)
	Investment in FDR	(40,000,000)	-	-	-	-	-
	Sales proceeds of fixed assets	2,479,702	743,550	337,170	802,088	773,920	105,450
	Acquisition of Intangible Asset	-	-	-	-	-	(108,000)
	Investment in DSE membership	-	-	-	-	(850,000)	
	Investment in subsidiary-LankaBangla Investments Ltd.	-	(199,999,970)	-	-	-	-
	Investment in subsidiary-LankaBangla Asset Management	-	(24,999,500)	-	500	-	-
	Net Cash used in Investing Activities:	**(1,494,561,146)**	**(1,077,860,758)**	**(825,645,517)**	**(53,873,163)**	**(21,692,855)**	**(10,532,843)**
C)	**Cash flows from financing activities**						
	Increase/(decrease) of Long term loan	655,626,469	1,035,609,255	383,568,118	557,856,346	852,589,188	504,276,697
	Increase/(decrease) debit balance to client	(682,666,691)	(2,514,536,729)	(908,177,057)	(152,854,217)	-	-
	Increase/(decrease) credit balance to client	(236,263,999)	520,978,070	22,693,428	14,807,067	-	-
	Dividend paid (cash dividend)	-	(61,660,233)	(52,729,124)	(49,214,978)	-	-
	Net Draw down of short term loan	-	380,000,000	74,756,199	24,389,413	202,607,955	136,555,623
	Share premium	-	1,200,000,000	-	-	-	-
	Proceeds from issuance of share capital	-	275,000,030	-	-	-	90,000,000
	Net Cash used in Financing Activities	**(263,304,221)**	**835,390,393**	**(479,888,436)**	**394,983,631**	**1,055,197,143**	**730,832,320**
	Effect of Exchange rate changes on cash and Cash Equivalents	-	-	-	-	**32,881**	**(976,660)**
D)	**Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)**	**(290,725,704)**	**769,349,734**	**238,447,991**	**250,828,848**	**308,407,766**	**56,159,533**
E)	**Opening cash and cash-equivalents**	**1,858,384,439**	**1,089,034,705**	**850,586,715**	**599,757,868**	**291,350,102**	**235,190,569**
F)	**Closing cash & Cash Equivalents**	**1,567,658,736**	**1,858,384,439**	**1,089,034,706**	**850,586,716**	**599,757,868**	**291,350,102**
	*** Closing cash and cash-equivalents**						
	Cash in hand (including foreign currencies)	208,454	202,122	103,108	101,485	73,252	59,123
	Balance with Bangladesh Bank and its agent bank (s)	123,695,226	92,432,463	53,685,340	35,459,959	11,823,056	6,583,417
	Balance with other Banks and Financial Institutions	1,443,755,056	1,765,749,855	1,035,246,257	815,025,271	587,861,559	284,707,561
	Total:	**1,567,658,736**	**1,858,384,440**	**1,089,034,705**	**850,586,715**	**599,757,867**	**291,350,101**

Dated; Dhaka
03 November 2011

Sd/-
S. F. Ahmed & Co.
Chartered Accountants

LankaBangla FINANCE

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

Folio/BO Account No :
Name :
Address :

LETTER OF OFFER FOR RIGHTS ISSUE

Dear Shareholder (s)

We are pleased to inform you that the Board of Directors in its 72nd meeting held on **September 24, 2011,** recommended to issue Rights Share @ 1 (one) Rights share for 1 (one) share held, which was approved by the Shareholders in the 6TH Extra-Ordinary General Meeting held on October 31, 2011. As a registered Shareholder as on **February 28, 2012** (Record date for entitlement), you are entitled to subscribe your rights share.

If you wish to accept the above Rights Share in full or in part, you are required to submit completed Application Form-A annexed hereto with necessary payments. You may, however, renounce your rights in respect of all or part of your entitlement in favor of others in which case the Renunciation Form-B and Form-C annexed here to be submitted duly filled in by you and the renouncee(s) along with necessary payments.

The rights cannot be exercised for fraction of a share i.e. below full unit of share.

All the payments for accepted shares are to be made in cash or by P.O/DD/Cheque @ **Tk. 10.00** each at par and to be deposited with any of the Branches of Bankers to the Issue during Companying hours from **March 18, 2012** to **April 15, 2012** (both days inclusive). Any extension of time will be notified through national dailies. Payments through P.O/DD/Cheque, must be payable to "**LankaBangla Finance Limited**" and must be drawn on a Company in the same town where the Br. of Bankers to the Issue in which the application form has been submitted is situated. It is to be noted that all transactions above **Tk. 1.00** lac must be effected through Demand Draft/Crossed Cheque/Pay Orders.

The offer will be deemed to have been declined if completed Application **Form-A** and/or Renunciation **Form-B** and **Form-C** with necessary payments have not been received by **April 15, 2012** or by such later date as may be notified through national dailies to that effect.

A self-explanatory Rights Share Offer Documents is attached for your kind information and evaluation.

By order of the Board

Sd/-
Mohammed Nasir Uddin Chowdhury
Managing Director (Current Charge)

Application Form-A

LankaBangla FINANCE

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

Rights Offer of **82,351,500** Ordinary Shares of **Tk. 10.00** each at par totaling **Tk. 823,515,000.00** offered on the basis of **01(R):01** i.e. 1 (one) Rights share for 1 (one) existing share held on the record date **February 28, 2012.**

LAST DATE OF ACCEPTANCE AND APPLICATION: APRIL 15, 2012

FORM OF ACCEPTANCE AND APPLICATION FOR SHARES

The Managing Director (Current Charge) Dated: ..../........./2012
LankaBangla Finance Limited
Safura Tower (Level 11),
20, Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh

Dear Sir,

I/We apply for allotment of ordinary shares indicated below in response to your letter of Rights Offer and subject to the Memorandum and Articles of Association of the Company. I/We hereby agree to accept the shares as may be allotted to me/us on the terms laid down in the letter of offer and enclose the necessary remittance @ Tk.10.00 per share in cash or by Draft/Pay order/Cheque No................dated......................drawn on..Bank..Branch.

Folio/BO Account No.	No. of Shares Held at The Close of Business on February 28, 2012	No. of Shares Offered	No. of Shares Accepted	Total Amount Paid

Yours faithfully,

1.Name (in block letters)..Signature..

Address:...

2. Name (in block letters)..Signature ....

Address:...

BO Account No.

As per provision of the Depository Act, 1999 and regulations made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Note: Signature must be the same as furnished earlier. Incomplete or incorrectly filled application form may be rejected.

....

ACKNOWLEDGEMENT RECEIPT OF SHARE MONEY

Received Tk...(Taka...)only from

Mr./Ms...Folio/BO Account No..

for..............................no.(s) of rights shares of **LANKABANGLA FINANCE LIMITED** in Cash/Pay Order/ Draft/Cheque No.......................date................................of...Bank............................Branch.

Application Sl. No. **(Bank's Seal)** **Signature of Receiving Officer**

Renunciation Form-B

Corporate Head Office: Safura Tower (Level 11),
20, Kemal Ataturk Avenue, Banani, Dhaka 1213, Bangladesh

Rights Offer of **82,351,500** Ordinary Shares of **Tk. 10.00** each at par totaling **Tk. 823,515,000.00** offered on the basis of **01(R):01** i.e. 1 (one) Rights share for 1 (one) existing share held on the record date **February 28, 2012.**

LAST DATE OF ACCEPTANCE AND APPLICATION: APRIL 15, 2012

FROM OF RENUNCIATION

The Managing Director (Current Charge) Dated: ..../........../2012
LankaBangla Finance Limited
Safura Tower (Level 11),
20, Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh

Dear Sir,

I/We hereby renounce my/our rights to the shares offered to me/us as noted below in favor of person(s) accepting the same and signing in Application by Renouncee(s) and apply for allotment in his/her/their name(s).

Folio/BO Account No.	No. of Shares Held at The Close of Business on February 28, 2012	No. of Shares Offered	No. of Shares Accepted	Total Amount Paid

Yours faithfully,

1.Name (in block letters)..Signature.......................................

Address:..

2. Name (in block letters)..Signature ....

Address:..

Name(s) of Renouncee(s) **BO A/C No.**

1. Name.. | | | | | | | | | | | | | | | | |

2. Name.. | | | | | | | | | | | | | | | | |

N.B. use photocopy in case of renouncement favoring more than 2 (two) persons

As per provision of the Depository Act, 1999 and regulations made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Note: Signature must be the same as furnished earlier. Incomplete or incorrectly filled application form may be rejected.

Renunciation Form-C

Corporate Head Office: Safura Tower (Level 11),
20, Kemal Ataturk Avenue, Banani, Dhaka 1213, Bangladesh

APPLICATION BY RENOUNCEE(S)

The Managing Director (Current Charge) Dated: ..../........./2012
LankaBangla Finance Limited
Safura Tower (Level 11),
20, Kemal Ataturk Avenue, Banani, Dhaka-1213, Bangladesh

Dear Sir,

As the share holder(s) at pre-page has/have renounced his/her/their rights to the shares offered, in my/our favor, I/We do hereby apply for the number of share noted above as renounced, by making payment of Tk. .... being the value of ....Shares @ **Tk.10.00** each at par.

Yours faithfully,

1. Signature	2. Signature ....
Name (in block letters)	Name (in block letters) ....
S/O. D/O. W/O.	S/O. D/O. W/O. ....
Address:...	Address:...
....	....
BO No.	**BO No.**

N.B. use photocopy in case of renouncement favoring more than 2 (two) persons

Signature of the Renouncer (s): 1. .... 2. ....

As per provision of the Depository Act, 1999 and regulations made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Note: Folio No. is to be mentioned only in case of existing shareholder(s). Incomplete or incorrectly filled application form may be rejected.

....

ACKNOWLEDGEMENT RECEIPT OF SHARE MONEY

Received Tk..(Taka...)only from Mr./Ms...Folio/BO Account No.. for................................no.(s) of rights shares of **LANKABANGLA FINANCE LIMITED** in Cash/Pay Order/ Draft/Cheque No........................date.................................of..Bank.............................Branch.

Application Sl. No. **(Bank's Seal)** **Signature of Receiving Officer**