



**UNITED LEASING**

**ANNUAL REPORT 2010**



# Annual Report 2010



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## NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Second Annual General Meeting of the shareholders of United Leasing Company Limited will be held at the Celebrity Hall of Bangabandhu International Conference Centre, Agargaon, Sher-E-Bangla Nagar, Dhaka on Thursday, June 9, 2011 at 11.00 a.m. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended December 31, 2010.
2. To declare Dividend for 2010.
3. To elect Directors as per Articles of Association of the Company and fix Directors' remuneration.
4. To consider the appointment of Auditors for 2011 and fix their remuneration.

BY ORDER OF THE BOARD

COMPANY SECRETARY

Dated : Dhaka  
April 18, 2011

### Notes :

1. A Shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his/her stead. The proxy form must be affixed with a revenue stamp of Tk 10.00 and submitted to the Registered Office of the Company no later than 48 hours before the day of the Annual General Meeting.
2. April 28, 2011 is the Record Date.
3. Shareholders are requested to submit their queries on the Directors' Report and Audited Accounts, if any, at the Registered Office of the Company by Monday, June 6, 2011.
4. Shareholders and proxies are requested to record their entry in the Annual General Meeting well in time.



## COMPANY INFORMATION

### Board of Directors

#### Chairman

Imran Ahmed

#### Nominated by

: Lawrie Group Plc of the U.K.

#### Directors

Peter J. Field

: Lawrie Group Plc of the U.K.

A. Rouf

: Macalms Bangladesh Trust

S. Aziz Ahmad

: Surmah Valley Tea Company Limited

M. M. Alam

: The Allynugger Tea Company Limited

M. A. Azim

: The Chandpore Tea Company Limited

M. Moyeedul Islam

: United Insurance Company Limited

#### Independent Director

M. Abdul Wahed

#### Ex- officio Director

Syed Ehsan Quadir, Managing Director

#### Company Secretary

M. Ataul Hoque



## COMPANY INFORMATION

### Registered Office

Camellia House  
22 Kazi Nazrul Islam Avenue, Dhaka - 1000  
PABX: (880-2) 9669006, Fax: (880-2) 9662596  
Website: www.ulc.com.bd, E-mail: webmail@ulc.com.bd

### Offices

#### Dhaka

Noor Tower (3rd Floor), 110 B. U. C. R. Dutta Road (Sonargaon Road), Dhaka-1205.  
Telephone: (880-2) 9662923

Northern S.R. Tower (3rd Floor), 49 Bir Uttam Ziaur Rahman Road (Old Airport Road)  
Tejgaon, Dhaka. Telephone: (880-2) 9103002, 9102879

57 Shahid Syed Nazrul Islam Soroni (3rd & 4th Floor), Bongshal, Dhaka.  
Telephone: (880-2) 7165955-6, E-mail: bongshal@ulc.com.bd

#### Chittagong

C & F Tower (5th Floor), 1712 Sheikh Mujib Road, Agrabad Commercial Area, Chittagong  
PABX: (880-31) 714882,2519948, Fax: (880-31) 2519949, E-mail: ctg@ulc.com.bd

#### Jessore

41 M.K. Road (2nd Floor), Jessore.  
Telephone: (880-421) 68425, 68426, E-mail: jes@ulc.com.bd

#### Rangpur

75/76 Station Road (3rd Floor), Rangpur.  
Telephone: (880-521) 53397, E-mail: rang@ulc.com.bd

#### Chuadanga

941-03 Post Office Para, Shahid Abul Kashem Sarak Barabazar, Chuadanga.  
Telephone: (880-761) 63995-6, E-mail: chuadanga@ulc.com.bd

#### Gazipur

Islam Plaza (3rd Floor), Joydevpur Chowrasta, Chandana, Gazipur.  
Telephone: (880-2) 9257255, E-mail: gaz@ulc.com.bd

#### Bogra

Saha Complex (2nd Floor), Jhawtola, Kabi Nazrul Islam Road, Bogra.  
Telephone: (880-051) 69873, E-mail: bog@ulc.com.bd

#### Sylhet

Holy Complex (2nd Floor), East Dargah Gate, Sylhet- 3100.  
Telephone: (880-821) 2830195, 2830736, E-mail: syl@ulc.com.bd

#### Belkuchi

Amin Razzak Plaza (2nd Floor), 130 Makundagati Bazar, Belkuchi, Sirajgonj.  
Telephone: (880-7522) 56428, E-mail: bel@ulc.com.bd

### Auditors

M. J. Abedin & Co.  
Chartered Accountants

### Legal Advisor

Orr, Dignam & Co.



## COMPANY MILESTONES

|  |      |
|--|------|
| Incorporation and commencement of operation                | 1989 |
| Public issue and trading of shares on Dhaka Stock Exchange | 1994 |
| Increase of authorized capital                             | 2000 |
| Issue of securitized zero coupon bond                      | 2005 |
| Commencement of factoring operation                        | 2005 |
| Commencement of public deposit mobilization                | 2005 |
| Commencement of home loan                                  | 2007 |

### Branches opened

|   |      |
|---|------|
| Chittagong, Agrabad                       | 1994 |
| Jessore, M.K. Road                        | 2005 |
| Gazipur, Joydevpur Chowrasta              | 2006 |
| Bogra, Jhawtola                           | 2006 |
| Sylhet, East Dargah Gate                  | 2009 |
| Rangpur, Station Road                     | 2010 |
| Chuadanga, Barabazar                      | 2010 |
| Bongshal, Shahid Syed Nazrul Islam Soroni | 2010 |



## CHAIRMAN'S REPORT

### Dear Shareholders:

It is a great pleasure for me to welcome you at the 22nd Annual General Meeting of United Leasing Company Limited.

At the outset, with a heavy heart I inform you that, your Company's founder Chairman Mr. Kafiluddin Mahmood expired on 07 January 2011 due to old age. He served as the Chairman of your Company from its inception in 1989 till his resignation in 2005 due to failing health. He played a pivotal role in bringing the participation of Asian Development Bank as a shareholder of ULC. Under his able guidance your Company grew in size and reputation within a very short time. After his resignation, as a mark of recognition for his monumental contribution, the Board of Directors of your Company appointed him as the Supernumerary Chairman (honorary) of ULC. With his passing away we have lost a guardian and a well wisher. May Allah rest his soul in peace.

I would now take the opportunity to brief you on the economy, the financial services sector and the performance of your Company during the year.

### Economy

The country attained GDP growth of 5.8% in the FY 2009-10 from 5.9% in the previous fiscal year. Given the slow global economic recovery, severe energy crises and infrastructural handicap this growth performance is noteworthy. Agriculture grew strongly, with continued Government support, by 4.4% in FY 2009-10 from 4.1% the year before. Overall favourable weather condition along with broad based Government support and timely supply of seeds and distribution of fertilizers and better access to credit contributed to the growth.

Industry sector growth slid slightly (from 6.5% in FY 2008-09 to 6.4% in FY 2009-10) due to fall in external demand and shortage of power, gas and other infrastructural facilities. Shortage of fuel and power hit the medium and small scale industries more when compared to large scale industries which usually have their own power generating options.

The services sector accounted for about 49% of the GDP. The services sector achieved a growth of 6.4% during 2009-10 as opposed to 6.3% in 2008-09. Growth in this sector was mainly driven by demand for services linked to agricultural and industrial expansion.

Inflation remained at around 7.5% due to volatile food prices. The price of rice, vegetable oil and wheat, in line with the international market price, rose significantly pushing the food inflation to 9.7% which was moderated, to some extent, by declining trend in the non food items by 3.7%. The growth in money supply over the past years was the main reason behind rising inflationary trends.

Gross foreign exchange reserve continued to rise in FY 2009-10, equivalent to 5 months of imports, reaching \$10.7 billion at the end of November 2010, up from \$10.3 billion a year earlier. Total remittance inflow to the country reached US\$ 11.0 billion, a 13.25% increase from last year.

### Financial Services Sector

2010 was a good year for many NBFIs and Banks, due to their investments in the capital market. The capital market experienced unprecedented level of activities and had drawn funds and attention of many NBFIs and Banks.

NBFIs focusing only on industrial financing activities on the other hand had a very challenging year as gas and power shortage led to sluggish industrial investment during the year. Industrial activity gained a late momentum as some entrepreneurs managed to generate own power. The industry also fared well in the SME sector backed by refinancing facilities from Bangladesh Bank.

In order to boost the fund mobilisation capabilities of the NBFIs, the regulator, Bangladesh Bank, took the positive initiative of reducing the minimum tenor of deposits taken from individuals from 12 months to 6 months.

The automatic clearing house was implemented initially in Dhaka and later to the regional clearing houses. This has facilitated faster and more convenient collection of monthly rents. Bangladesh Bank also issued directives and guidelines on ICT security, branch opening and refinancing of SME and women entrepreneurs. ULC fine-tuned its existing guidelines in the light of the new Bangladesh Bank directives.

In December 2010 Bangladesh Bank raised the Cash Reserve Requirement of the commercial banks from 5.50% to 6.0%. The measure was taken to curb inflation. However, this created serious pressure on the liquidity of the banks and forced the overnight money market rate to shoot up and remain high for a prolonged period, until Bangladesh Bank put a maximum cap on the call money rate.

Financial institutions that were earlier granted Merchant Banking licenses formed subsidiary companies as per directive of Bangladesh Bank. Few more Merchant Banking licenses were issued during the year. Our application, however, is still



under consideration of the authorities.

High corporate tax rate continued to remain a matter of concern for the industry.

### **Company Performance**

ULC was able to achieve its business target this year which was a major challenge considering the investment environment. Your Company is perhaps one of the very few NBFIs restricting its activities to core financing and not operating in the stock market.

During 2010 SME finance achieved significant growth by expanding small client's network through new branches in Sylhet, Rangpur, Belkuchi (Sirajgonj) and Chuadanga. To encourage women entrepreneurs your Company developed separate marketing and credit teams comprising of female employees only and successfully financed a significant number of women entrepreneurs.

Two insurance interlaced deposit products were launched in the market to provide the small depositors with value added service in addition to savings. The initial response from the market is encouraging. Efforts of the investment marketing team helped to build a respectable deposit portfolio.

The channel financing operation, started in 2005, continued to achieve growth. Corporate financing also grew and we restarted participating in projects financed through syndication.

At the end of the year 2010 your Company earned net interest income of Taka 545.97 million compared to Taka 420.43 million in 2009 registering a growth of 29.86%. Profit before tax of Taka 578.28 million registered a growth of 171.82% compared to Taka 212.74 million in 2009.

Profit before tax includes non operating income of Taka 212.19 million from capital gain from divestment of shares of Duncan Properties Limited held by your Company. Operating profit before tax, exclusive of capital gain amounted to Taka 366.09 million compared to Taka 212.74 million in 2009 registering a growth of 72.08%.

Reducing the cost of fund was a major challenge which was met successfully in 2010 while maintaining a similar portfolio. Interest paid on deposits and borrowings decreased by 13.35% from Taka 685.92 million in 2009 to Taka 594.33 million. This was achieved mainly through cost effective fund mobilisation.

Operating expenses increased by 20.29% from Taka 144.60 million in 2009 to Taka 173.95 million mainly due to opening of new branches, effect of expansion in small enterprise financing, factoring of accounts receivable and individual investment services initiated during the year 2010. Adequate provision for bad debts has also been made this year to cover ourselves from recovery risk. Net assets value per share increased to Taka 307.00 from Taka 239.10 in 2009. Restated earning-per-share (exclusive of non-operating income from sale of share) increased by 22.04% to Taka 37.48 from Taka 30.71 in 2009.

### **Risk Management**

ULC manages its overall risks as per policies and objectives set by the Board. The main financial risks as identified by the Regulators and faced by your Company are: Credit risk, liquidity risk, market risk, IT security risk and operational risk.

A separate risk management department was created to focus on, proper product structuring, operational process analysis and reengineering. Credit risk management has been turned into a proactive risk management unit by establishing guidelines and checkpoints for evaluation, documentation and disbursement processes.

Asset Liability Management Committee (ALCO) continued to actively monitor the liquidity management. This proactivity and far sight allowed your Company to manage funds cost efficiently during the entire year.

ICT department has been organised into network management and software development functions with clear descriptions and understanding of the functions and responsibilities. Our ICT guidelines are in line with global best practices and also adhere to Bangladesh Bank guidelines.

### **Internal compliance**

The internal compliance team, its scope and intensity of its audit have all been expanded. To minimise the risk, internal compliance team conducts audit of every department and branches in your Company as per the audit calendar approved by the Audit Committee of the Board. The team also conducts daily audit on channel financing operation and generates daily reports on their activities. This has improved the effectiveness of check and balance, ensuring quality and transparency in all spheres of Company's Operation. A quarterly audit and inspection report is regularly submitted to the Audit Committee of the Board for their information and deliberation.



## Collection

Over the years your Company has developed a well organised collection department which led to significant improvement in collection. At the year end, our non performing loan ratio came down to below three percent which is a significant achievement. The collection team realised a considerable amount through litigation and out of court arbitration, an effort which will continue. Our future target is to improve the monthly collection ratio further and contain NPL ratio.

## Human Resources

The growing operations and branch network required mobilisation of effective human resources, which was met successfully. Besides recruitment of personnel with necessary skill level, regular trainings were arranged to further enhance skill level and develop human resource. Your Company provided 959 man days of both local and foreign trainings during 2010. To further facilitate in house trainings, ULC's own Training Centre has been established.

## Post Balance Sheet Date Events

The Directors, in the Board meeting held to approve the accounts of 2010, recommended cash dividend of Taka 7.50 per share and three bonus shares for every four shares held on the record date.

There are no circumstances in your Company of which non-disclosure would affect the ability of the users of the financial statements to make proper evaluation and decisions.

## Outlook

GDP growth is estimated to be 6.1% to 6.3% in FY 2010-11, a slight increase from 6% in FY 2009-10. This estimate is based largely on higher public and private investments as well as increased capacity utilisation due to rebound in exports. Private investment will rise if the supply side constraints, particularly energy are eased. However, several other downward risks remain which could drive growth below the range projected. These are: weaker than anticipated global recovery, slowdown in remittances and downturn in exports. Higher growth in FY 2010-11 is expected if the current trend of export growth is sustained and the domestic economy performs strongly.

Bangladesh Bank is expected to exercise tighter monetary control to reign in inflation. Liquidity crisis is also not expected to ease in a short time. Interest rate, of both lending and deposit, is on an increasing trend. This volatility will be demanding on the financial sector. It will also open opportunities for those who would be able to control funding cost and manage investment judiciously.

Amidst tight credit environment, depressed capital market and intensified competition, 2011 will be a challenging year. We believe, through our expanding branch network and overall improvement of service quality, we will be able to retain and expand our customer base through expansion of conventional core business.

Your Company intends to establish a stronger footprint across the country and is now better prepared to expand its operation throughout the country. The eight full fledged branches are now capable of handling the diversified product portfolio ULC offers its customers.

We, therefore, look forward to the coming year with confidence. Our main focus will be on managing costs, undertaking calculated and manageable risks, improving our service quality and adding value to our stakeholders.

## Acknowledgment

We acknowledge with thanks the invaluable support and cooperation rendered to your Company by our valued customers, shareholders, regulators, lenders and the international agencies.

The Board of Directors of your Company made commendable contribution in guiding the Company for which I am thankful to them. I am also grateful to the Board of Directors for their support in conducting the meetings of the Board smoothly.

It is also my pleasure to thank the employees for their sincere and dedicated services to your Company in a challenging and competitive environment.

Sincerely,

  
Imran Ahmed  
Chairman



## BOARD OF DIRECTORS' REPORT

### Dear Shareholders:

We are pleased to submit herewith the 22nd annual report of the Company together with the audited financial statements for the year ended December 31, 2010 and the auditors' report thereon.

### Principal activities

The principal activities of the Company are:

- Long term financing in the form of lease, term loan and home loan.
- Channel financing in the form of factoring of accounts receivable and short term revolving loan, work order financing.
- Investment marketing in the form of deposit collection.
- SME financing in the form of medium and short term loans.

There was no significant change in the nature of these activities during the year 2010.

### Financial results

The Company's before and after tax profit for the year 2010 were Taka 578.28 million and Taka 378.28 million compared to Taka 212.74 million and Taka 162.13 million respectively in the previous year.

The financial results are summarised below:

|  | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|--|----------------------|----------------------|
| Operating Income   | 590,041,794          | 447,340,847          |
| Operating expenses and provision                                   | (223,949,718)        | (234,596,380)        |
| Non-operating income   | 212,189,067          | -                    |
| Profit before tax  | <b>578,281,143</b>   | <b>212,744,467</b>   |
| Provision for taxation   | (200,000,000)        | (50,610,147)         |
| Profit after tax   | <b>378,281,143</b>   | <b>162,134,320</b>   |
| Retained surplus brought forward                                   | 4,910,929            | 2,576,609            |
| Available profit   | <b>383,192,072</b>   | <b>164,710,929</b>   |
| Proposed transfer from General Reserve                             | 135,000,000          | 174,000,000          |
| Accumulated surplus available for appropriation                    | <b>518,192,072</b>   | <b>338,710,929</b>   |
| Directors' recommendation of appropriation of accumulated surplus: |                      |                      |
| Transferred to Statutory Reserve                                   | 80,000,000           | 50,000,000           |
| Proposed cash dividend   | 39,600,000           | 19,800,000           |
| Proposed bonus share   | 396,000,000          | 264,000,000          |
| Retained surplus carried forward                                   | 2,592,072            | 4,910,929            |
|  | <b>518,192,072</b>   | <b>338,710,929</b>   |

### Dividend

The Board of Directors of the Company is pleased to recommend cash dividend of Taka 7.50 per ordinary share amounting to Taka 39.60 million for 5.28 million ordinary shares held on record date for the year ended December 31, 2010.

The Board also recommended the distribution of three shares for every four shares held on record date amounting to Taka 396 million.

### Plan for utilisation of undistributed profit

The undistributed profit will be utilised to invest in lease assets and meet contingencies under section 100 of the Schedule 1 of the Companies Act, 1994.

### Directors

As per Articles 154, 155 and 156 the Articles of Association of the Company two Directors namely, Mr. M. Moyeedul Islam represented by United Insurance Company Limited and Mr. S. Aziz Ahmad represented by Surmah Valley Tea Company Limited retire by rotation from the office and are eligible for re-election.



### Managing Director

The Board appointed the existing Managing Director for a further period of three years with effect from January 1, 2011 to December 31, 2013 with Bangladesh Bank approval in accordance with FID circular no. 04 dated July 11, 2007 issued by Bangladesh Bank.

### Auditors

M/S M. J. Abedin & Co., chartered accountants who have served as auditors of the Company for three consecutive years retire and are ineligible for re-appointment as per the Rules issued by Bangladesh Bank and Securities and Exchange Commission. A new auditor, therefore, is required to be appointed by the shareholders for the year 2011 in the 22nd Annual General meeting.

### Board Meeting and Attendance

During the year, eight (8) Board Meetings were held. The attendance of the Directors is shown in annexure —1

### Shareholding Pattern

The shareholding pattern as per clause 1.4 (K) of the SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 is shown in annexure - 2.

Shareholders of the Company detailed in annexure-2 other than United Insurance Company Limited, had earlier informed about their intention of disposal of their entire shareholdings for which the Company issued price sensitive information. Later, the Company was informed that the transaction did not materialise as the agreement was terminated by operation of law. The Company also issued price sensitive information on this disclosure.

### Statement of Directors on Financial Reports

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Rules, 1987. These statements present fairly the Company's statement of affairs, the result of its operation, cash flow, and statement of changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) The presentation of Financial Statements has been made in accordance with the Bangladesh Bank DFIM circular no. 11 dated December 23, 2009.
- e) The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- f) Internal Control System is sound in design and has been effectively implemented and monitored.
- g) There are no significant doubts about the ability of the Company to continue as going concern.

### Key Operating and Financial Data

Company's summarized key operating and financial data for last five years is shown in annexure -3

### Corporate Governance Compliance Report

Pursuant to the clause 5 of the SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 we attach the Company's compliance status as annexure - 4.

For and on behalf of the Board of Directors

March 31, 2011

Imran Ahmed  
Chairman

**Board meeting and attendance**

| Name of Directors | Meetings attended |
|-------------------|-------------------|
| Imran Ahmed       | 8                 |
| Peter John Field  | 1                 |
| M. Moyeedul Islam | 8                 |
| A. Rouf           | 8                 |
| S. Aziz Ahmad     | 8                 |
| M. A. Wahed       | 4                 |
| M. M. Alam        | 3                 |
| Syed Ehsan Quadir | 8                 |
| M. A. Azim        | 8                 |

*Leave of absence was granted in all cases of non-attendance*

**Shareholding pattern as at December 31, 2010****Shareholdings of Parent/Subsidiary/Associated companies and other related parties**

| Sl. No | Name of shareholders              | Number of shares | % of holdings |
|--------|-----------------------------------|------------------|---------------|
| 1      | United Insurance Co. Ltd.         | 1,089,690        | 20.64         |
| 2      | Lawrie Group Plc., U.K.           | 1,056,000        | 20.00         |
| 3      | Surmah Valley Tea Co. Ltd.        | 436,850          | 8.27          |
| 4      | Duncan Brothers (Bangladesh) Ltd. | 52,800           | 1.00          |
| 5      | Macalms Bangladesh Trust          | 50,906           | 0.96          |
| 6      | Octavius Steel & Co. of BD Ltd.   | 37,714           | 0.71          |
| 7      | The Lungla (Sylhet) Tea Co. Ltd.  | 30,626           | 0.58          |
| 8      | Camellia Duncan Foundation        | 6,038            | 0.11          |
| 9      | The Chandpore Tea Co. Ltd.        | 3,692            | 0.07          |
| 10     | Amo Tea Co. Ltd.                  | 3,240            | 0.06          |
| 11     | Chittagong Warehouses Ltd.        | 3,144            | 0.06          |
| 12     | The Allynugger Tea Co. Ltd.       | 3,140            | 0.06          |
| 13     | The Mazdehee Tea Co. Ltd.         | 3,138            | 0.06          |
| 14     | Duncan Products Ltd.              | 3,136            | 0.06          |

**Shareholdings of the Directors, CEO, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children**

| Name of shareholders                              | Number of shares | % of holdings |
|---|------------------|---------------|
| S. Aziz Ahmad (Director)                          | 450              | -             |
| Syed Ehsan Quadir (Managing Director)             | 176              | -             |
| M. Moyeedul Islam (Director)                      | 148              | -             |
| Khurshid Ara Rouf (Wife of Mr. A. Rouf, Director) | 148              | -             |

**Shareholding of Executives : Nil****10% and above shareholdings of the Company**

| Name of shareholders               | Number of shares | % of holdings |
|------------------------------------|------------------|---------------|
| United Insurance Co. Ltd.(Sponsor) | 1,089,690        | 20.64         |
| Lawrie Group Plc, U.K. (Sponsor)   | 1,056,000        | 20.00         |



Key operating and financial data

(Taka in Million)

|  | 2010  | 2009  | 2008  | 2007  | 2006  |
|--|-------|-------|-------|-------|-------|
| <b>Operating result</b>                          |       |       |       |       |       |
| Net operating income                             | 590   | 447   | 419   | 387   | 323   |
| Non-operating income                             | 212   | -     | -     | -     | -     |
| Profit before tax                                | 578   | 213   | 203   | 201   | 179   |
| Provision for tax                                | 200   | 50    | 50    | 57    | 56    |
| Profit after tax                                 | 378   | 162   | 153   | 144   | 124   |
| <b>Balance sheet</b>                             |       |       |       |       |       |
| Total investment portfolio                       | 7,556 | 7,212 | 7,264 | 7,175 | 6,084 |
| Total assets                                     | 9,260 | 8,718 | 8,752 | 7,894 | 6,284 |
| Financial liabilities                            | 5,396 | 5,480 | 5,773 | 5,488 | 3,872 |
| Total liabilities                                | 7,639 | 7,456 | 7,606 | 6,859 | 5,349 |
| Shareholders' equity                             | 1,621 | 1,262 | 1,146 | 1,035 | 935   |
| No. of shares outstanding (in million)           | 5.28  | 2.64  | 2.31  | 2.1   | 2.1   |
| <b>Financial ratios</b>                          |       |       |       |       |       |
| Debt-equity ratio <sup>1</sup>                   | 4.7   | 5.9   | 6.6   | 6.6   | 5.7   |
| Return on equity (%) <sup>2</sup>                | 26.2  | 13.5  | 14.0  | 14.6  | 13.8  |
| Expenses per taka profit after tax (Taka)        | 2.2   | 5.7   | 6.2   | 5.3   | 5.0   |
| Financial expenses coverage (times) <sup>3</sup> | 1.6   | 1.3   | 1.3   | 1.4   | 1.4   |
| Net asset value per share <sup>4</sup>           | 307   | 239   | 217   | 196   | 177   |
| Earning per share (Taka) <sup>4</sup>            | 71.64 | 30.72 | 28.95 | 27.22 | 23.44 |
| Cash dividend (Taka per share) <sup>4</sup>      | 7.5   | 7.5   | 17.5  | 15-9  | 15.9  |
| Stock dividend (bonus share)                     | 4:3   | 1:1   | 7:1   | 10:1  | -     |
| <b>Number of branches</b>                        | 8     | 5     | 4     | 4     | 4     |
| <b>Number of employees</b>                       | 175   | 127   | 128   | 89    | 85    |

1. Debt-equity ratio is the ratio between total debt and total equity.

2. Return on equity is the ratio between net profit and average equity.

3. Financial expenses coverage is the ratio between profit before interest and tax plus depreciation and financial expenses.

4. Net asset value per share, earning per share and cash dividend have been calculated based on shares outstanding at the end of the year 2010 and accordingly restated for the previous years.



Status of compliance of corporate governance

| Condition No. | Title  | Compliance status |              | Explanation for non-compliance/ comments |
|---------------|--|-------------------|--------------|--|
|               |  | Complied          | Not complied |  |
| 1.1           | Board's size   | Yes               | -            |  |
| 1.2 (i)       | Number of independent director   | One               | -            |  |
| 1.2 (ii)      | Appointment of independent director  | Yes               | -            |  |
| 1.3           | Chairman of the Board and CEO  | Yes               | -            |  |
| 1.4 (a)       | FS present fairly its state of affairs, results of its operations, cash flows & changes in equity  | Yes               | -            |  |
| 1.4 (b)       | Proper books of accounts maintained  | Yes               | -            |  |
| 1.4 (c)       | Appropriate accounting policies consistently applied in FS preparation & accounting estimates are based on reasonable & prudent judgment | Yes               | -            |  |
| 1.4 (d)       | IASs, as applicable in Bangladesh, followed in FS preparation & any departure adequately disclosed                                       | Yes               | -            |  |
| 1.4 (e)       | The system of internal control sound in design & effectively implemented & monitored   | Yes               | -            |  |
| 1.4 (f)       | No significant doubt upon its ability to continue as a going concern   | Yes               | -            |  |
| 1.4 (g)       | Reporting of significant deviations from last year in operating results  | Yes               | -            |  |
| 1.4 (h)       | Key operating & financial data of at least preceding three years   | Yes               | -            |  |
| 1.4 (i)       | Dividend declared  | Yes               | -            |  |
| 1.4 (j)       | Number of board meeting held & attendance reporting  | Yes               | -            |  |
| 1.4 (k)       | Pattern of shareholding  | Yes               | -            |  |
| 2.1           | Appointment of CFO, Head of Internal Audit & Company Secretary   | Yes               | -            |  |
| 2.2           | Requirement to attend Board Meetings   | Yes               | -            |  |
| 3.00          | Audit Committee  | Yes               | -            |  |
| 3.1 (i)       | Composition of Audit Committee   | Yes               | -            |  |
| 3.1 (ii)      | Appointment of Audit Committee members   | Yes               | -            |  |



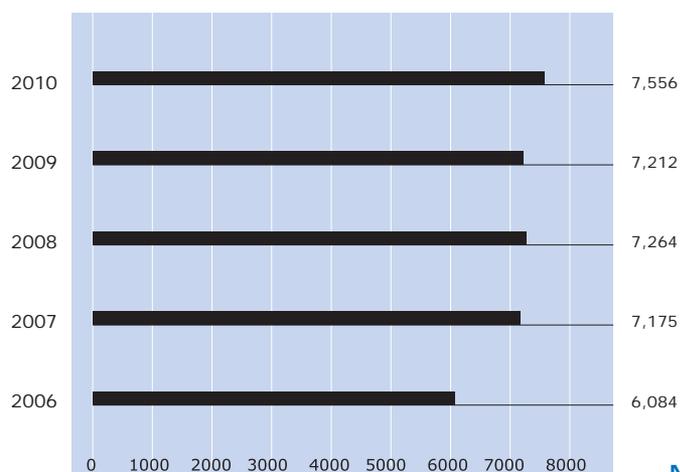
| Condition No.  | Title   | Compliance status |              | Explanation for non-compliance/ comments |
|----------------|---|-------------------|--------------|--|
|                |   | Complied          | Not complied |  |
| 3.1 (iii)      | Service & tenure of Audit Committee members   | Yes               | -            |  |
| 3.2 (i)        | Selection of the Chairman of Audit Committee  | Yes               | -            |  |
| 3.2 (ii)       | Qualification of the Chairman of Audit Committee  | Yes               | -            |  |
| 3.3.1 (i)      | Reporting of Audit Committee  | Yes               | -            |  |
| 3.3.1 (ii) (a) | Report on conflicts of interest   | -                 | -            | No such incidence                        |
| 3.3.1 (ii) (b) | Suspected or presumed fraud or irregularity or material defect in the internal control system | -                 | -            | No such incidence                        |
| 3.3.1 (ii) (c) | Suspected infringement of laws  | -                 | -            | No such incidence                        |
| 3.3.1 (ii) (d) | Any other matter  | -                 | -            | No such incidence                        |
| 3.3.2          | Reporting to the Authorities  | -                 | -            | No such incidence                        |
| 3.4            | Reporting to the Shareholders & General Investors   | -                 | -            | No such incidence                        |
| 4.00 (i)       | Appraisal or valuation services or fairness opinions  | Yes               | -            |  |
| 4.00 (ii)      | Financial information system design and implementation  | Yes               | -            |  |
| 4.00 (iii)     | Book-keeping or other services related to accounting records or financial statements          | Yes               | -            |  |
| 4.00 (iv)      | Broker-dealer services  | Yes               | -            |  |
| 4.00 (v)       | Actuarial services  | Yes               | -            |  |
| 4.00 (vi)      | Internal audit services   | Yes               | -            |  |
| 4.00 (vii)     | Any other services  | Yes               | -            |  |



## PROGRESS AT A GLANCE

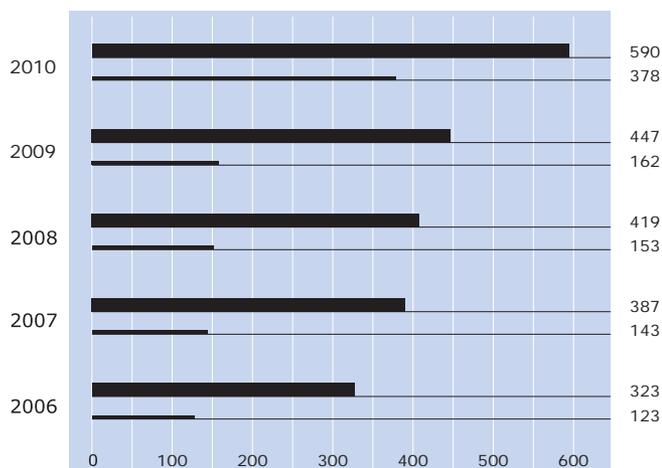
### Total investment portfolio

Taka in million



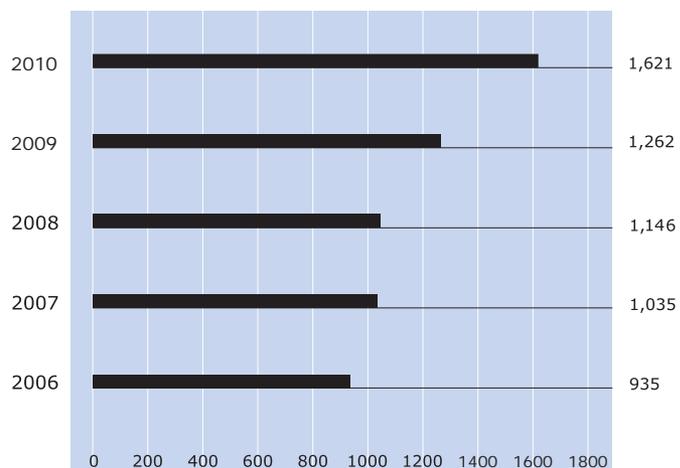
### Net operating income and profit after tax

Taka in million



### Shareholders' equity

Taka in million



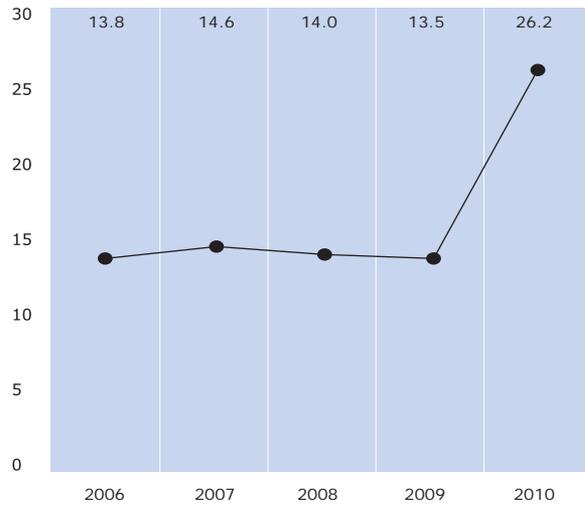
Net operating income  
 Profit after tax



## PROGRESS AT A GLANCE

### Return on equity

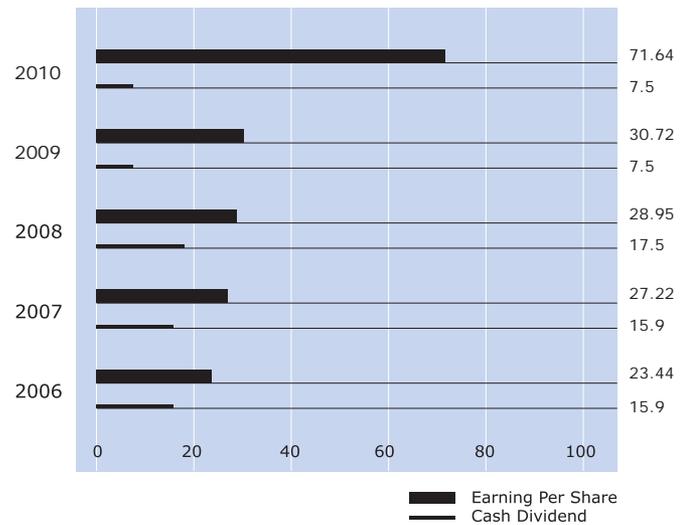
In percent



### Earning per share and cash dividend taka per share

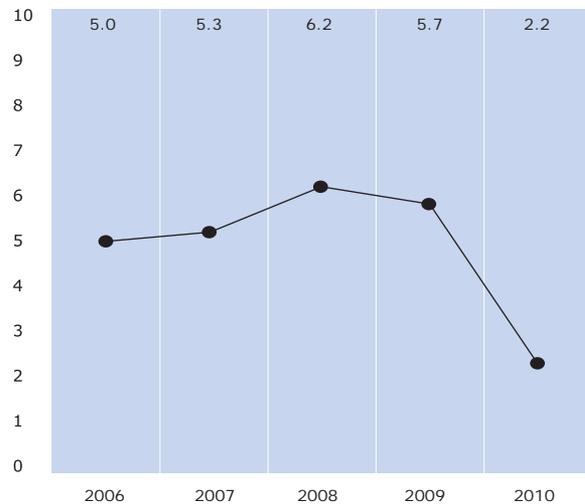
(Based on number of shares outstanding at the end of year 2010)

Amount in taka



### Expenses per taka after tax profit

Amount in taka





## AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of United Leasing Company Limited which comprise the balance sheet as at 31 December 2010 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and explanatory notes thereto.

### Management's responsibility for the financial statements

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

### Auditor's responsibility

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

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

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

### Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) subject to the departure from some requirements of BFRSs as disclosed in note 2.17 to comply with the rules and regulations of the country's central bank, Bangladesh Bank, give a true and fair view of the state of the Company's affairs as on 31 December 2010 and the results of its profit and loss account and its cash flow for the year then ended and comply with the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### We also report that

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us ;
- c. the Company's balance sheet and profit and loss account together with the annexed notes 1 to 52 dealt with by the report are in agreement with the books of account and returns;
- d. the financial statements have been prepared in accordance with generally accepted accounting principles in Bangladesh;



- e. the expenditure incurred and payments made were for the purpose of the Company's business;
- f. the financial statements have been drawn up in conformity with the Financial Institutions Act 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank to the extent applicable to the company;
- g. adequate provisions have been made for leases and advances which considered to be doubtful of recovery;
- h. the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- i. the records and the statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- j. the information and explanations required by us have been received and found satisfactory;
- k. the company has followed the instructions issued by the Bangladesh Bank in the matters of lease / advance classification, provisioning and suspension of interest and
- l. the Company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets.

Dhaka, March 31, 2011

**M. J. ABEDIN & CO**

Chartered Accountants



# Financial Statements



**BALANCE SHEET** as at December 31, 2010

|   | Notes | 2010<br>Taka         | 2009<br>Taka         |
|---|-------|----------------------|----------------------|
| <b>Property and assets</b>  |       |                      |                      |
| <b>Cash</b>   |       |                      |                      |
|   | 3     |                      |                      |
| In hand (including foreign currencies)  |       | 40,500               | 31,500               |
| Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies) |       | 104,317,382          | 82,275,521           |
|   |       | <b>104,357,882</b>   | <b>82,307,021</b>    |
| <b>Balance with banks and other financial institutions</b>                        |       |                      |                      |
|   | 4     |                      |                      |
| In Bangladesh   |       | 577,837,375          | 773,982,185          |
| Outside Bangladesh  |       | -                    | -                    |
|   |       | <b>577,837,375</b>   | <b>773,982,185</b>   |
| <b>Money at call and short notice</b>   |       |                      |                      |
|   | 5     | 320,000,000          |                      |
| <b>Investments</b>  |       |                      |                      |
|   | 6     |                      |                      |
| Government  |       | -                    | -                    |
| Others  |       | 158,454,916          | 75,145,900           |
|   |       | <b>158,454,916</b>   | <b>75,145,900</b>    |
| <b>Lease, loans and advances</b>  |       |                      |                      |
|   | 7     |                      |                      |
| Lease receivable and stock on hire  |       | 5,087,058,876        | 5,016,232,986        |
| Loans, cash credits, overdrafts, etc.   |       | 2,469,073,258        | 2,196,219,363        |
| Bills purchased and discounted  |       | -                    | -                    |
|   |       | <b>7,556,132,134</b> | <b>7,212,452,349</b> |
| <b>Fixed assets including premises, furniture and fixtures</b>                    |       |                      |                      |
|   | 8     | <b>42,826,833</b>    | <b>36,689,281</b>    |
| <b>Other assets</b>   |       |                      |                      |
|   | 9     | <b>500,149,769</b>   | <b>538,074,184</b>   |
| <b>Non-financial institutional assets</b>   |       |                      |                      |
|   |       | -                    | -                    |
| <b>Total assets</b>   |       |                      |                      |
|   |       | <b>9,259,758,909</b> | <b>8,718,650,920</b> |
| <b>Liabilities and capital</b>  |       |                      |                      |
| <b>Liabilities</b>  |       |                      |                      |
| <b>Borrowing from banks, other financial institutions and agents</b>              |       |                      |                      |
|   | 10    | <b>1,360,317,795</b> | <b>1,591,712,874</b> |
| <b>Deposits and other accounts</b>  |       |                      |                      |
|   | 11    |                      |                      |
| Current deposits  |       | -                    | -                    |
| Bills payable   |       | -                    | -                    |
| Savings bank deposits   |       | -                    | -                    |
| Term deposits   |       | 4,035,304,335        | 3,888,302,977        |
| Bearer certificates of deposit  |       | -                    | -                    |
| Other deposits  |       | 476,327,440          | 476,223,760          |
|   |       | <b>4,511,631,775</b> | <b>4,364,526,737</b> |
| <b>Other liabilities</b>  |       |                      |                      |
|   | 12    | <b>1,766,867,266</b> | <b>1,499,950,380</b> |
| <b>Total liabilities</b>  |       |                      |                      |
|   |       | <b>7,638,816,837</b> | <b>7,456,189,991</b> |
| <b>Capital/shareholders' equity</b>   |       |                      |                      |
|   | 13.2  | 528,000,000          | 264,000,000          |
| Paid- up capital  |       |                      |                      |
| Statutory reserve   | 14    | 380,000,000          | 300,000,000          |
| Share premium   | 15    | 3,750,000            | 3,750,000            |
| General reserve   | 16    | 271,000,000          | 406,000,000          |
| Dividend equalization reserve   | 17    | -                    | -                    |
| Retained surplus  | 18    | 438,192,072          | 288,710,929          |
|   |       | <b>1,620,942,072</b> | <b>1,262,460,929</b> |
| <b>Total shareholders' equity</b>   |       |                      |                      |
|   |       | <b>9,259,758,909</b> | <b>8,718,650,920</b> |
| <b>Total liabilities and shareholders' equity</b>                                 |       |                      |                      |
|   |       | <b>9,259,758,909</b> | <b>8,718,650,920</b> |
| <b>Net asset value per share</b>  |       |                      |                      |
|   | 19    | <b>307.00</b>        | <b>478.20</b>        |

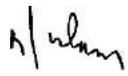


**BALANCE SHEET** as at December 31, 2010

|   | Notes | 2010<br>Taka      | 2009<br>Taka     |
|---|-------|-------------------|------------------|
| <b>Restatement of NAV</b>   |       |                   |                  |
| Net asset   |       | 1,620,942,072     | 1,262,460,929    |
| Number of outstanding shares (current year's)                         |       | 5,280,000         | 5,280,000        |
| NAV per share   |       | <b>307.00</b>     | <b>239.10</b>    |
| <b>Off-balance sheet items</b>  |       |                   |                  |
| <b>Contingent liabilities</b>   |       |                   |                  |
|   | 20    |                   |                  |
| Acceptances and endorsements  |       | -                 | -                |
| Letters of guarantee  |       | 34,504,650        | 2,400,000        |
| Irrevocable letters of credit   |       | -                 | -                |
| Bills for collection  |       | -                 | -                |
| Other contingent liabilities  |       | -                 | -                |
|   |       | <b>34,504,650</b> | <b>2,400,000</b> |
| <b>Other commitments</b>  |       |                   |                  |
| Documentary credits and short term trade-related transactions         |       | -                 | -                |
| Forward assets purchased and forward deposits placed                  |       | -                 | -                |
| Undrawn note issuance and revolving underwriting facilities           |       | -                 | -                |
| Undrawn formal standby facilities, credit lines and other commitments |       | -                 | -                |
|   |       | -                 | -                |
| <b>Total off-balance sheet items including contingent liabilities</b> |       | <b>34,504,650</b> | <b>2,400,000</b> |

The annexed notes 1 to 52 form an integral part of these financial statements.

  
**Syed Ehsan Quadir**  
 Managing Director

  
**M. Moyeedul Islam**  
 Director

  
**A. Rouf**  
 Director

  
**M. M. Alam**  
 Director

See annexed auditors' report to the Shareholders of the date.

Dhaka, March 31, 2011

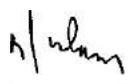
  
**M. J. Abedin & Co.**  
 Chartered Accountants

**PROFIT AND LOSS ACCOUNT** for the year ended December 31, 2010

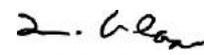
|  | Notes | 2010<br>Taka       | 2009<br>Taka       |
|--|-------|--------------------|--------------------|
| <b>OPERATING INCOME</b>                                  |       |                    |                    |
| Interest income  | 22    | 1,140,302,102      | 1,106,349,325      |
| Interest paid on deposits, borrowing, etc.               | 23    | (594,335,784)      | (685,920,218)      |
| <b>Net interest income</b>                               |       | <b>545,966,318</b> | <b>420,429,107</b> |
| Investment income  | 24    | 11,050,386         | 8,189,353          |
| Commission, exchange and brokerage                       |       | -                  | -                  |
| Other operating income                                   | 25    | 33,025,090         | 18,722,387         |
| <b>Total operating income (A)</b>                        |       | <b>590,041,794</b> | <b>447,340,847</b> |
| <b>OPERATING EXPENSES</b>                                |       |                    |                    |
| Salaries and allowances                                  | 27    | 93,728,908         | 75,364,458         |
| Rent, taxes, insurance, electricity, etc.                | 28    | 16,569,867         | 11,522,387         |
| Legal expenses   | 29    | 4,115,642          | 3,277,664          |
| Postage, stamp, telecommunication, etc.                  | 30    | 3,245,065          | 3,020,554          |
| Stationery, printing, advertisements, etc.               | 31    | 2,286,006          | 2,079,898          |
| Managing Director's salary and benefits                  | 32    | 4,911,647          | 4,819,278          |
| Directors' fees  | 33    | 115,000            | 121,900            |
| Auditors' fees   | 34    | 224,750            | 198,550            |
| Charges on loan losses                                   |       | -                  | -                  |
| Depreciation and repairs of assets                       | 35    | 23,459,619         | 19,098,344         |
| Other expenses   | 36    | 25,293,214         | 25,093,347         |
| <b>Total operating expenses (B)</b>                      |       | <b>173,949,718</b> | <b>144,596,379</b> |
| <b>Profit before provision (C=A-B)</b>                   | 21    | <b>416,092,076</b> | <b>302,744,469</b> |
| Provision against lease, loans and advances              | 37    | 50,000,000         | 90,000,000         |
| Provision for diminution in value of investments         |       | -                  | -                  |
| Other provisions   |       | -                  | -                  |
| <b>Total provision (D)</b>                               |       | <b>50,000,000</b>  | <b>90,000,000</b>  |
| <b>Operating profit before taxes (C-D)</b>               |       | <b>366,092,076</b> | <b>212,744,468</b> |
| <b>Non-operating income</b>                              | 26    | <b>212,189,067</b> | -                  |
| <b>Total profit before taxes</b>                         |       | <b>578,281,143</b> | <b>212,744,468</b> |
| Provision for taxation                                   | 38    | 200,000,000        | 50,610,147         |
| <b>Net profit after taxation</b>                         |       | <b>378,281,143</b> | <b>162,134,321</b> |
| <b>Appropriations</b>                                    |       |                    |                    |
| Statutory reserve  | 14    | 80,000,000         | 50,000,000         |
| General reserve  | 16    | -                  | -                  |
| Dividends, etc.  |       | -                  | -                  |
|  |       | <b>80,000,000</b>  | <b>50,000,000</b>  |
| <b>Retained surplus</b>                                  | 18    | <b>298,281,143</b> | <b>112,134,321</b> |
| <b>Earnings per share (EPS)</b>                          | 39    | <b>71.64</b>       | <b>61.41</b>       |
| <b>Restatements of EPS</b>                               |       |                    |                    |
| EPS considering current year's outstanding no. of shares |       |                    | <b>30.71</b>       |
| EPS without current year's non-operating income          |       | <b>37.48</b>       |                    |

The annexed notes 1 to 52 form an integral part of these financial statements.

  
**Syed Ehsan Quadir**  
 Managing Director

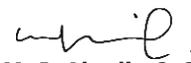
  
**M. Moyeedul Islam**  
 Director

  
**A. Rouf**  
 Director

  
**M. M. Alam**  
 Director

See annexed auditors' report to the Shareholders of the date.

Dhaka, March 31, 2011

  
**M. J. Abedin & Co.**  
 Chartered Accountants

**STATEMENT OF CHANGES IN EQUITY** for the year ended December 31, 2010



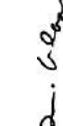
| Particulars   | Paid-up capital (Taka) | Statutory reserve (Taka) | Share premium (Taka) | General reserve (Taka) | Dividend equalization reserve (Taka) | Retained surplus (Taka) | Total (Taka)         |
|---|------------------------|--------------------------|----------------------|------------------------|--------------------------------------|-------------------------|----------------------|
| <b>Balance as at January 01, 2009</b>                       | <b>231,000,000</b>     | <b>250,000,000</b>       | <b>3,750,000</b>     | <b>510,000,000</b>     | <b>70,000,000</b>                    | <b>81,776,609</b>       | <b>1,146,526,609</b> |
| Cash dividend paid for the year 2008                        | -                      | -                        | -                    | -                      | -                                    | (46,200,000)            | (46,200,000)         |
| Issuance of bonus share for the year 2008                   | 33,000,000             | -                        | -                    | -                      | -                                    | (33,000,000)            | -                    |
| Net profit for the year 2009 after tax                      | -                      | -                        | -                    | -                      | -                                    | 162,134,321             | 162,134,321          |
| Appropriation made during the year                          | -                      | 50,000,000               | -                    | -                      | -                                    | (50,000,000)            | -                    |
| Transfer of dividend equalization reserve                   | -                      | -                        | -                    | 70,000,000             | (70,000,000)                         | -                       | -                    |
| Movement of general reserve                                 | -                      | -                        | -                    | (174,000,000)          | -                                    | 174,000,000             | -                    |
| Transfer from current year's profit                         | -                      | -                        | -                    | -                      | -                                    | -                       | -                    |
| <b>Balance as at December 31, 2009</b>                      | <b>264,000,000</b>     | <b>300,000,000</b>       | <b>3,750,000</b>     | <b>406,000,000</b>     | <b>-</b>                             | <b>288,710,930</b>      | <b>1,262,460,930</b> |
| Surplus/deficit on account of revaluation of properties     | -                      | -                        | -                    | -                      | -                                    | -                       | -                    |
| Surplus/deficit on account of revaluation of investments    | -                      | -                        | -                    | -                      | -                                    | -                       | -                    |
| Currency translation differences                            | -                      | -                        | -                    | -                      | -                                    | -                       | -                    |
| Net gains and losses not recognized in the income statement | -                      | -                        | -                    | -                      | -                                    | -                       | -                    |
| Issuance of bonus share for 2009                            | 264,000,000            | -                        | -                    | -                      | -                                    | (264,000,000)           | -                    |
| Cash dividend for 2009                                      | -                      | -                        | -                    | -                      | -                                    | (19,800,000)            | (19,800,000)         |
| Net profit after taxation for the year                      | -                      | -                        | -                    | -                      | -                                    | 378,281,142             | 378,281,142          |
| Movement of general reserve                                 | -                      | -                        | -                    | (135,000,000)          | -                                    | 135,000,000             | -                    |
| Appropriation made during the year                          | -                      | 80,000,000               | -                    | -                      | -                                    | (80,000,000)            | -                    |
| <b>Balance as at December 31, 2010</b>                      | <b>528,000,000</b>     | <b>380,000,000</b>       | <b>3,750,000</b>     | <b>271,000,000</b>     | <b>-</b>                             | <b>438,192,072</b>      | <b>1,620,942,072</b> |

The annexed notes 1 to 52 form an integral part of these financial statements.

  
**Syed Ehsan Quadir**  
 Managing Director

  
**M. Moyeedul Islam**  
 Director

  
**A. Rouf**  
 Director

  
**M. M. Alam**  
 Director

See annexed auditors' report to the Shareholders of the date.



**M. J. Abedin & Co.**  
 Chartered Accountants

Dhaka, March 31, 2011



**CASH FLOW STATEMENT** for the year ended December 31, 2010

|  | Notes | 2010<br>Taka         | 2009<br>Taka         |
|--|-------|----------------------|----------------------|
| <b>Cash flows from operating activities (A)</b>  |       |                      |                      |
| Interest receipts in cash  |       | 1,144,616,114        | 1,133,582,767        |
| Interest payments  |       | (597,848,387)        | (622,354,568)        |
| Dividend receipts  |       | 8,239,700            | 6,732,516            |
| Payments to employees  |       | (98,608,708)         | (69,269,610)         |
| Payments to suppliers  |       | (17,160,160)         | (17,507,681)         |
| Income taxes paid  |       | (62,074,460)         | (124,008,586)        |
| Receipts from other operating activities   | 40    | 32,744,738           | 17,844,161           |
| Payments for other operating activities  | 41    | (62,763,849)         | (53,547,398)         |
| <b>Cash generated from operating activities before changes in operating assets and liabilities</b> |       | <b>347,144,988</b>   | <b>271,471,601</b>   |
| <b>Increase/decrease in operating assets and liabilities</b>                                       |       |                      |                      |
| Lease, loans and advances to banks and other FIs   |       | (159,552,082)        | (25,946,864)         |
| Lease, loans and advances to customers   |       | (204,705,795)        | (32,796,560)         |
| Other assets   | 42    | 90,553,349           | (3,113,835)          |
| Deposits from other banks/borrowings   |       | (675,000,000)        | (67,498,096)         |
| Deposits from customers  |       | 822,001,358          | 611,492,588          |
| Other liabilities  | 43    | 65,088,073           | 64,738,725           |
|  |       | <b>(61,615,098)</b>  | <b>546,875,958</b>   |
| <b>Net cash from operating activities</b>  |       | <b>285,529,890</b>   | <b>818,347,559</b>   |
| <b>Cash flows from investing activities (B)</b>  |       |                      |                      |
| Proceeds from sale of securities   |       | 212,189,067          | 30,000,000           |
| Payments for purchases of securities   |       | (83,309,016)         | -                    |
| Purchase of fixed assets   |       | (19,504,616)         | (11,442,243)         |
| Proceeds from sale of fixed assets   |       | 779,202              | 1,250,500            |
| Payment against lease obligation   |       | (350,503)            | (221,537)            |
| <b>Net cash used in investing activities</b>   |       | <b>109,804,134</b>   | <b>19,586,720</b>    |
| <b>Cash flows from financing activities (C)</b>  |       |                      |                      |
| Receipts of long term loan   |       | 214,476,000          | 412,989,000          |
| Repayment of long term loan  |       | (444,901,296)        | (1,337,318,429)      |
| Net draw down/(payment) of short term loan   |       | -                    | 138,502,763          |
| Dividend paid  |       | (19,002,677)         | (45,179,613)         |
| <b>Net Cash from financing activities</b>  |       | <b>(249,427,973)</b> | <b>(831,006,279)</b> |
| Net increase in cash and cash equivalents (D=A+ B + C)   |       | 145,906,051          | 6,928,000            |
| Effects of exchange rate changes on cash and cash equivalents (E)                                  |       | -                    | -                    |
| Cash and cash equivalents at beginning of the year (F)   |       | 856,289,206          | 849,361,206          |
| <b>Cash and cash equivalents at end of the year (G=D+E+F)</b>                                      |       | <b>1,002,195,257</b> | <b>856,289,206</b>   |
| <b>Cash and cash equivalents at end of the year</b>  |       |                      |                      |
| Cash in hand (including foreign currencies)  |       | 40,500               | 31,500               |
| Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)                  |       | 104,317,382          | 82,275,521           |
| Balance with banks and other financial institutions [notes 4 (b)]                                  |       | 577,837,375          | 773,982,185          |
| Money at call and short notice   |       | 320,000,000          | -                    |
|  |       | <b>1,002,195,257</b> | <b>856,289,206</b>   |
| <b>Net operating cash flow per share</b>   |       | <b>54.08</b>         | <b>309.98</b>        |

**CASH FLOW STATEMENT** for the year ended December 31, 2010

| Notes  | 2010<br>Taka | 2009<br>Taka  |
|--|--------------|---------------|
| <b>Restatements of net operating cash flow per share</b> |              |               |
| Net cash from operating activities                       | 285,529,890  | 818,347,559   |
| Number of outstanding shares (current year's)            | 5,280,000    | 5,280,000     |
| Net operating cash flow per share                        | <b>54.08</b> | <b>154.99</b> |

The annexed notes 1 to 52 form an integral part of these financial statements.

**Syed Ehsan Quadir**  
Managing Director

**M. Moyeedul Islam**  
Director

**A. Rouf**  
Director

**M. M. Alam**  
Director

See annexed auditors' report to the Shareholders of the date.

Dhaka, March 31, 2011

**M. J. Abedin & Co.**  
Chartered Accountants



**LIQUIDITY STATEMENT** as at December 31, 2010  
(Analysis of maturity of assets and liabilities)

| Particulars   | Up to 1 month        |                     | 1-3 months           |                      | 3-12 months          |                      | 1-5 years |   | Above 5 years |   | Total |               |
|---|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|-----------|---|---------------|---|-------|---------------|
|   | Taka                 |                     | Taka                 |                      | Taka                 |                      | Taka      |   | Taka          |   | Taka  |               |
| <b>Assets:</b>  |                      |                     |                      |                      |                      |                      |           |   |               |   |       |               |
| Cash in hand  | 40,500               | -                   | -                    | -                    | -                    | -                    | -         | - | -             | - | -     | 40,500        |
| Balance with Bangladesh Bank and its agents                   | 104,317,382          | -                   | -                    | -                    | -                    | -                    | -         | - | -             | - | -     | 104,317,382   |
| Balance with banks and other financial institutions           | 163,992,387          | 212,900,543         | 200,944,444          | -                    | -                    | -                    | -         | - | -             | - | -     | 577,837,375   |
| Money at call and short notice                                | 320,000,000          | -                   | -                    | -                    | -                    | -                    | -         | - | -             | - | -     | 320,000,000   |
| Investments   | -                    | 50,000,000          | 16,690,983           | 66,763,933           | 25,000,000           | 158,454,916          | -         | - | -             | - | -     | 320,000,000   |
| Leases, loans and advances                                    | 590,791,404          | 565,499,505         | 2,732,209,648        | 3,614,443,118        | 53,188,459           | 7,556,132,134        | -         | - | -             | - | -     | 158,454,916   |
| Fixed assets including premises, furniture & fixtures         | -                    | -                   | -                    | 17,937,599           | 24,889,234           | 42,826,833           | -         | - | -             | - | -     | 42,826,833    |
| Other assets  | -                    | -                   | 57,822,236           | 33,354,528           | 408,973,005          | 500,149,769          | -         | - | -             | - | -     | 500,149,769   |
| Non-financial institutional assets                            | -                    | -                   | -                    | -                    | -                    | -                    | -         | - | -             | - | -     | -             |
| <b>Total assets (A):</b>                                      | <b>1,179,141,674</b> | <b>828,400,048</b>  | <b>3,007,667,311</b> | <b>3,732,499,178</b> | <b>512,050,698</b>   | <b>9,259,758,909</b> |           |   |               |   |       |               |
| <b>Liabilities:</b>   |                      |                     |                      |                      |                      |                      |           |   |               |   |       |               |
| Borrowing from banks, other financial institutions and agents | 581,662,253          | 249,399,339         | 195,154,101          | 259,945,377          | 74,156,725           | 1,360,317,795        | -         | - | -             | - | -     | 1,360,317,795 |
| Term deposits   | 287,522,623          | 603,253,835         | 1,967,521,639        | 1,102,430,563        | 74,575,674           | 4,035,304,335        | -         | - | -             | - | -     | 4,035,304,335 |
| Security deposits   | 31,458,293           | 4,280,613           | 67,601,631           | 372,986,903          | -                    | 476,327,440          | -         | - | -             | - | -     | 476,327,440   |
| Provision and other liabilities                               | -                    | -                   | 424,997,733          | 852,954,979          | 488,914,555          | 1,766,867,266        | -         | - | -             | - | -     | 1,766,867,266 |
| <b>Total liabilities (B):</b>                                 | <b>900,643,169</b>   | <b>856,933,787</b>  | <b>2,655,275,104</b> | <b>2,588,317,821</b> | <b>637,646,954</b>   | <b>7,638,816,837</b> |           |   |               |   |       |               |
| <b>Net liquidity gap (A - B):</b>                             | <b>278,498,504</b>   | <b>(28,533,739)</b> | <b>352,392,207</b>   | <b>1,144,181,356</b> | <b>(125,596,256)</b> | <b>1,620,942,072</b> |           |   |               |   |       |               |

The annexed notes 1 to 52 form an integral part of these financial statements.

  
**Syed Ehsan Quadir**  
Managing Director

  
**M. Moyeedul Islam**  
Director

  
**A. Rouf**  
Director

  
**M. M. Alam**  
Director

See annexed auditors' report to the Shareholders of the date.

  
**M. J. Abedin & Co.**  
Chartered Accountants

Dhaka, March 31, 2011

**NOTES TO THE ACCOUNTS** for the year ended December 31, 2010**1. General information****1.1 Domicile and legal form**

United Leasing Company Limited was incorporated on April 27, 1989 as a public limited company under the Companies Act 1913 (currently 1994). The Company is domiciled in Bangladesh. It was granted license under the Financial Institutions Act, 1993. The shares of the Company are quoted on the Dhaka Stock Exchange Limited since 1994 and are transacted in dematerialized form through Central Depository Bangladesh Limited since October 14, 2004. The Company has its registered office at Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka.

**1.2 Nature of operations and principal activities**

The Company provides financial services which includes lease finance for acquiring assets for industrial and commercial use, term loans for meeting long term funding requirement, and channel/supply chain financing for short-term working capital management to cater the needs of its diverse client base. The Company offers various deposit investment opportunities of predefined tenure ranging from six months to ten years.

**2. Significant accounting policies****2.1 Measurement bases**

The financial statements of the Company have been prepared on historical cost convention in compliance with the Bangladesh Financial Reporting Standards (BFRS).

**2.2 Preparation and presentation criteria of financial statements**

The financial statements have been prepared on a going concern basis following accrual method of accounting except for the cash flow statement and the disclosures have been made in conformity with the Bangladesh Financial Reporting Standards, the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Commission Rules 1987, the Guidelines from Bangladesh Bank and the Listing Regulation of Dhaka Stock Exchange.

**2.3 Use of estimates**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities as at the date of the financial statements. Management believes that these estimates and assumptions are reasonable and prudent. However, the actual results could differ from estimates.

**2.4 Reporting currency and level of exactitude**

The figures in the financial statements have been stated in Bangladesh Taka and have been rounded off to the nearest integer.

**2.5 Comparative information**

Last year's figures and account titles have been rearranged to conform current year's presentation in accordance with the Bangladesh Bank DFIM Circular no. 11 dated December 23, 2009.

**2.6 Authorization for Issue of the Financial Statements**

The Board of Directors of the Company has authorized these financial statements for issue on March 31, 2011.

**2.7 Materiality of financial statements**

Each material item, as considered by management significant, has been presented separately in the financial statements wherever applicable.

**2.8 Cash flow statement**

Cash flow statement is prepared in accordance with BAS - 7 "Cash Flow Statement" and Bangladesh Bank DFIM Circular No - 11 dated December 23, 2009 under the direct method for the period, classified by operating, investing and financing activities in cash and cash equivalents during the financial year.



## 2.9 Statement of changes in equity

Statement of changes in equity is prepared in accordance with IAS - 1 "Presentation of Financial Statements" and Bangladesh Bank DFIM Circular No - 11 dated December 23, 2009 which reflects the increase and decrease in net assets or wealth.

### 2.10 Liquidity statement (asset and liability maturity analysis)

Liquidity statement is prepared in accordance with Bangladesh Bank DFIM Circular No-11 dated December 23, 2009 on residual maturity term of assets and liabilities as on the reporting date based on the following assumptions.

- i) Balance with banks and other financial institutions, money at call and short notice, etc. are on the basis of their maturity term
- ii) Investments are on the basis of their respective maturity
- iii) Lease, loans and advances are on the basis of their repayment schedule
- iv) Fixed assets are on the basis of their useful lives
- v) Other assets are on the basis of their realization / amortization
- vi) Borrowing from banks, other financial institutions and agents, etc are as per their maturity/repayment terms
- vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal.
- viii) Provisions and other liabilities are on the basis of their payment/adjustments schedule.

## 2.11 Assets and bases of their valuation

### 2.11.1 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits held at call with banks and other financial institutions and short term liquid investments that are readily convertible to known amount of cash which are unlikely to be affected by any insignificant risk of change in value.

### 2.11.2 Accounting for leases

Following Bangladesh Accounting Standards (BAS) 17-"Leases", accounting for lease transactions have been recorded under finance lease method since all the risks and rewards incidental to ownership are substantially transferred to the lessee as per agreement. Accordingly the aggregate lease receivables excluding un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost constitutes the unearned lease income.

The unearned lease income is amortized to revenue over the primary lease term yielding a constant rate of return over the period. Initial direct costs, if any, are charged in the year in which such costs are incurred.

### 2.11.3 Accounting for Loans

Receivables against term loans including short term loan and home loan comprise of principal amounts due from customers against these loans. Accrued interest thereon are accounted for on accrual basis and shown separately.

### 2.11.4 Accounting for investment

#### *Long term Investments*

Long term Investments are carried at acquisition/amortized cost. Provision for permanent diminution on an individual basis is made as and when they arise.

#### *Current Investments*

Current Investments are carried at the lower of cost or market value on an individual basis.



### 2.11.5 Fixed assets and depreciation

#### *Recognition*

All property, plant and equipment are initially stated at cost and depreciated over their expected useful lives. The cost of acquisition of an asset is comprised of its purchase price and any directly attributable cost of bringing the asset to the location and condition for its intended use inclusive of duties and non-refundable taxes.

Fixed asset acquired under finance lease is accounted for at the lower of present value of minimum lease payments under the lease agreements and the fair value of the asset. The related obligation under the lease is accounted for as liability. Finance charges are allocated to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

Subsequent cost related to property, plant and equipment is capitalized only when it increases the future economic benefit from the asset. All other expenditures are recognized as expenses as and when they are incurred.

#### *Depreciation*

Items of property, plant and equipment are depreciated based on straight-line method throughout the estimated span of useful life ranging from five to ten years. Additions are depreciated for the full year irrespective of the date of acquisition of assets at the applicable rates while no depreciation is charged on any item in the year of its disposal. Depreciation is calculated on the cost of fixed asset in order to write off such amount over the estimated useful lives of such assets. The rates of depreciation used are as follows:

|                      |        |
|----------------------|--------|
| Furniture & fixture  | 12.50% |
| Office equipment     | 15.00% |
| Electrical equipment | 20.00% |
| Motor vehicle        | 20.00% |

#### *Derecognition*

An item of property, plant and equipment is de-recognized on its disposal. The gain or loss arising from de-recognition of an asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 2.11.6 Account receivable

Account receivable at the balance sheet date is stated at amounts which are considered realizable. Specific allowance is made for receivables considered to be doubtful for recovery.

## 2.12 Liabilities and bases of their valuation

### 2.12.1 Provision for doubtful assets

Provisions, specific and general, are made on the basis of year end review by the management as per policy of the Company and guidelines contained in Bangladesh Bank's FID circulars. Specific provisions are made where the repayment of identified leases/loans are in doubt and reflect an estimate of the amount of loss anticipated and the general provision is made for the inherent risk of losses. Provisions are applied to write off leases/loans, in part or in whole, when they are considered wholly or partly irrecoverable.

An appropriate general and specific provision for unclassified and classified leases, loans and advances at varying rates depending on the degree of risk associated with the certainty of collection has been provided as per company policy in excess of regulatory requirement.

### 2.12.2 Income taxes

#### *Current tax*

Current tax expense is provided on estimated taxable profit for the year at the tax rate applicable for the year.

#### *Deferred tax*

Deferred taxation is provided in full for all temporary differences arising between tax bases of assets and liabilities and carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is



probable that future taxable profit will be available against which the temporary differences can be utilized. Tax rate prevailing at the Balance Sheet date is used to determine deferred tax.

#### 2.12.3 Provision for accrued expenses

Provisions have been recognized in the balance sheet as follows:

- a. when the Company has a present obligation, legal or constructive as a result of a past event,
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
- c. when a reliable estimate can be made of the amount of the obligation.

#### 2.12.4 Employee benefits

##### Provident fund

A contributory Provident Fund is operated by the Company on equal participation from both parties, the Company and the employee. The Fund is recognized by the National Board of Revenue and is administered by a Board of Trustees.

##### Gratuity fund

A separate funded gratuity scheme is maintained by the Company to motivate its employees for long term retention. Gratuity scheme is applicable for all its permanent employees who have completed their length of service at least for five years without any break. Provision for gratuity is made annually considering all its eligible employees available at the end of the year.

##### Other long term benefits

The Company operates a group life insurance scheme for all of its permanent employees. It maintains a health insurance scheme for all of its permanent employees, their spouse and children.

#### 2.12.5 Contingent liabilities and contingent assets

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

#### 2.12.6 Proposed dividend

Dividend proposed by the Board of Directors for the year shall be recognized and is accounted for after approval by the shareholders at the Annual General Meeting.

### 2.13 Revenue recognition

#### 2.13.1 Interest income

Interest income comprises of interest income from lease, loans and advances and interest on placement of fund with banks and other financial institutions. Interest due is recognized on accrual basis. Interest due over ninety days is not recognized as revenue rather it is recognized as interest suspense. Suspended interest is recognized as income on cash basis when it is received.

#### 2.13.2 Lease income

The excess of gross lease rentals receivable over the cost of the leased asset represents the total unearned income at the time of execution of lease. The unearned income is allocated over the period of lease in a pattern reflecting a constant return on the net investment.

#### 2.13.3 Hire purchase income

Finance income against hire purchase arrangement is allocated to the income statement over the hire purchase



period to give a constant periodic rate of return on net receivable.

#### 2.13.4 Income from long term and short term finance

Income from long and short term finance is recognized as revenue when the interest is due. Interest due over ninety days is not recognized as revenue rather it is recognized as interest suspense. Suspended interest is recognized as income on cash basis when it is received.

#### 2.13.5 Income from dividend

Dividend income from investment in equity shares is recognized during the period in which it is declared. Dividend income from preference shares is recognized on accrual basis considering the establishment of right to receive the same.

#### 2.13.6 Income from bank deposits

Interests from short term deposits and fixed deposits are recognized on accrual basis taking into account the principal outstanding and the effective rate.

#### 2.13.7 Fee based income

Fee based income is recognized as revenue when it is received.

#### 2.13.8 Interest paid on deposits, borrowing, etc.

Interest paid comprises of the interest payable on external borrowing, individual and institutional deposits and direct deposit expenses and are recognized as they accrue.

#### 2.13.9 Impairment of assets

The carrying amounts of the property, plant and equipment and intangible assets are reviewed at each balance sheet date or whenever there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit and loss account.

#### 2.14 Related party disclosure

The Company transacts with related parties. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions have been disclosed in note 46.

#### 2.15 Earning per share

Earning per share has been calculated in accordance with BAS 33 "Earning Per Share" and shown on the face of Profit and Loss Account. Basic earning per share is calculated by dividing the net profit attributable to shareholders by the average number of ordinary shares during the financial year. Retrospective recognition has been given in previous year's figure for issuance of bonus shares during the financial year.

#### 2.16 Events after the balance sheet date

Events after the balance sheet date are those events that occur between the balance sheet and the date when the financial statements are authorized for issue. All material events occurring after the balance sheet date have been considered in these financial statements.

#### 2.17 Disclosure of deviations from few requirements of BAS/BFRS due to regulatory compliance of Bangladesh Bank's requirements

Bangladesh Bank is the prime regulatory body for banks and financial institutions in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of BAS and BFRS. As such, the company has, in some cases, complied with the rules and regulations of Bangladesh Bank.

#### 2.18 Financial risk management policies and objectives

The Board of Directors of the Company sets the overall risk appetite and philosophy; the risk and capital framework underpins delivery of the Board's strategy.



It is the Company's policy to optimize return to shareholders while maintaining a strong capital base and credit rating to support business growth and meet regulatory capital requirements at all times.

The main financial risks facing the Company and its management are as follows:

#### *Credit risk*

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

The Company has segregated duties for the officers involved in credit related activities. Credit evaluation, credit administration and credit monitoring and recovery functions are segregated and delegated to credit evaluation department, operations department, collection and special assets management department respectively. Credit approval process has been segregated for looking after corporate & medium and small financing.

Risk Review department is entrusted with the task of managing the internal risk rating model. This Internal Rating Based (IRB) approach, recommended by the Basel-II committee and also by the Bangladesh Bank in its Supervisory Review Process, coupled with our data integrity management process of monthly credit audit, helps manage asset quality and establishing a prudent credit culture within the Company that is efficient and transparent.

#### *Liquidity risk*

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

The Company's liquidity policy is designed to ensure that it can at all times meet its obligations as they fall due. Liquidity management focuses on overall balance sheet structure and the control, within prudent limits, of risk arising from exposure to the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations. The management of liquidity risk is carried out by Treasury department under approved policy guidelines. Compliance is monitored and coordinated by Treasury both in respect of internal policy and the regulatory requirements. The liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A contingency plan is in place for managing extreme situation. The risk of short term mismatch can be met by the undrawn commitment and expected renewal of short term deposits.

#### *Market risk*

Market risk is defined as the risk of loss resulting from adverse changes in risk factors such as interest rates, and equity prices together with related factors such as market volatilities. The Company is exposed to market risk because of positions held in its trading portfolios and its non-trading businesses.

Interest rate risk arises from the Company's treasury activities and lending businesses due to mismatches between the future yield and funding cost is managed daily by the Treasury department and monthly reviewed by Asset Liability Committee to monitor the interest rate movement and devise a number of alternative options to mitigate possible interest rate risks.

Equity positions can result in changes in the Company's non-trading income and reserves arising from changes in equity prices/income. Such exposure may take the form of listed and unlisted equity. The type, nature and amount of equity exposure held by the Company is not significant. The market value of the equity assets held by the Company at the balance sheet date is much higher than cost price.

#### *Operational risk*

Operational risk arises from inadequate process, misuse of process, from human or system error or from external factors.

A separate department has been created to identify operational risks and take steps to mitigate such risks. The department reviews various operational processes and evaluates the process in terms of efficiency and adequacy of the process to enforce adequate control. Processes are re-engineered to improve efficiency without diluting the control/risk. The re-engineered process is documented and imparted among the stakeholders of the process to ensure the process delivers as expected. To prevent misuse, 'maker and checker' concept is implemented in every step of operational processes. Also appropriate trainings are arranged regularly to reduce human errors. New products are also designed with internal risk mitigating features.



**3. Cash**

Cash in hand (Note-3.1)  
Balance with Bangladesh Bank

| 2010<br>Taka       | 2009<br>Taka      |
|--------------------|-------------------|
| 40,500             | 31,500            |
| 104,317,382        | 82,275,521        |
| <b>104,357,882</b> | <b>82,307,021</b> |

**3.1 Cash in hand**

In local currency  
In foreign currency

|               |               |
|---------------|---------------|
| 40,500        | 31,500        |
| -             | -             |
| <b>40,500</b> | <b>31,500</b> |

**3.2 Statutory deposits**

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

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, regulation 5 of the Financial Institutions regulations 1994 and FID circular no.6 dated November 06, 2003.

The Cash Reserve Requirement on the Company's term deposits received from public at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in current account and 5% Statutory Liquidity Reserve, including CRR, on the total liabilities has been maintained in the form of balance with banks and the Company's, call money deposit. Both the reserves maintained by the Company are in excess of the statutory requirements, as shown below:

**a) Cash Reserve Requirement (CRR)**

Required reserve (2.5% on term deposit)  
Actual reserve maintained

|                  |                  |
|------------------|------------------|
| 102,403,259      | 80,619,454       |
| 104,317,382      | 82,275,521       |
| <b>1,914,123</b> | <b>1,656,067</b> |

**Surplus**

**b) Statutory Liquidity Reserve (SLR)**

Required reserve (5% on total liabilities)  
Actual reserve maintained including CRR (note-3.3)

|                    |                    |
|--------------------|--------------------|
| 276,416,503        | 227,129,310        |
| 682,195,257        | 856,289,206        |
| <b>405,778,754</b> | <b>629,159,896</b> |

**Surplus**

The surplus for SLR mostly comprises of interest earning deposits maintained with banks and financial institutions, some of which are kept under lien against credit facilities and countervailing arrangements.

**3.3 Actual reserve maintained (including CRR)**

Cash in hand  
Balance with Bangladesh Bank  
Balance with banks and other financial institutions (note-4)

|                    |                    |
|--------------------|--------------------|
| 40,500             | 31,500             |
| 104,317,382        | 82,275,521         |
| 577,837,375        | 773,982,185        |
| <b>682,195,257</b> | <b>856,289,206</b> |



**4. Balance with banks and other financial institutions**

In Bangladesh (note-4.1)  
Outside Bangladesh

| 2010<br>Taka       | 2009<br>Taka       |
|--------------------|--------------------|
| 577,837,375        | 773,982,185        |
| -                  | -                  |
| <b>577,837,375</b> | <b>773,982,185</b> |

**4.1 In Bangladesh**

**Current deposits**

Dutch-Bangla Bank Limited  
One Bank Limited  
The Hongkong and Shanghai Banking Corporation Ltd.  
Dhaka Bank Limited  
Pubali Bank Limited  
Bank Al-falah Limited  
Uttara Bank Limited  
Sonali Bank Limited  
Trust Bank Limited  
United Commercial Bank Limited  
BASIC Bank Limited  
Bank Asia Limited  
Standard Chartered Bank  
Shahjalal Islami Bank Limited  
City Bank Limited  
BRAC Bank Limited

|                   |                   |
|-------------------|-------------------|
| 19,790,992        | -                 |
| 7,367,360         | 862,605           |
| 1,198,082         | 340,205           |
| 539,691           | 630,515           |
| 79,059            | 52,404            |
| 52,508            | 53,083            |
| 51,340            | 23,060            |
| 50,925            | 90,619            |
| 38,408            | 39,678            |
| 15,949            | 17,099            |
| 3,680             | 4,600             |
| 2,225             | 3,375             |
| -                 | 38,152,533        |
| -                 | 4,303             |
| -                 | 56                |
| -                 | 25                |
| <b>29,190,220</b> | <b>40,279,160</b> |

**Short-term deposit**

Commercial Bank of Ceylon Plc.  
Standard Bank Limited  
Bank Asia Limited  
United Commercial Bank Limited  
Dutch-Bangla Bank Limited  
Mutual Trust Bank Limited  
Southeast Bank Limited  
The Hongkong and Shanghai Banking Corporation Ltd.  
Citibank N.A.

|                   |                   |
|-------------------|-------------------|
| 34,866,083        | 10,003,138        |
| 17,341,839        | -                 |
| 9,560,768         | 3,273,573         |
| 9,482,112         | -                 |
| 7,395,135         | 5,836,140         |
| 1,664,505         | 762,945           |
| 529,841           | 504,104           |
| 21,100            | -                 |
| -                 | 21,325,486        |
| <b>80,861,382</b> | <b>41,705,386</b> |

**Fixed deposits**

Dhaka Bank Limited  
United Commercial Bank Limited  
MIDAS Financing Limited  
Standard Bank Limited  
Bangladesh Industrial Finance Company Limited  
Premier Leasing and Finance Limited  
One Bank Limited  
International Leasing and Financial Services Limited  
LankaBangla Finance Limited  
Commercial Bank of Ceylon Plc.  
Dutch-Bangla Bank Limited

|                    |                    |
|--------------------|--------------------|
| 200,944,444        | 251,719,444        |
| 53,267,262         | -                  |
| 52,750,000         | -                  |
| 51,858,784         | -                  |
| 51,850,000         | -                  |
| 51,836,458         | -                  |
| 5,278,825          | 50,956,250         |
| -                  | 152,641,667        |
| -                  | 102,715,278        |
| -                  | 83,352,500         |
| -                  | 50,612,500         |
| <b>467,785,772</b> | <b>691,997,639</b> |
| <b>577,837,375</b> | <b>773,982,185</b> |



|   | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|---|----------------------|----------------------|
| <b>4.2 Maturity grouping of balance with banks and other financial institutions</b> |                      |                      |
| On demand   | 29,190,220           | 40,279,160           |
| Up to 1 month   | 134,802,167          | 125,057,886          |
| Over 1 month but not more than 3 months   | 212,900,543          | -                    |
| Over 3 months but not more than 6 months  | 200,944,444          | 506,061,806          |
| Over 6 months but not more than 1 year  | -                    | 102,583,333          |
| Over 1 year but not more than 5 years   | -                    | -                    |
| Over 5 years  | -                    | -                    |
|   | <b>577,837,375</b>   | <b>773,982,185</b>   |
| <b>5. Money at call and short notice</b>  |                      |                      |
| International Leasing and Financial Services Ltd.                                   | 110,000,000          | -                    |
| AB Bank Limited   | 80,000,000           | -                    |
| Bank Asia Limited   | 50,000,000           | -                    |
| LankaBangla Finance Limited   | 30,000,000           | -                    |
| Prime Finance and Investment Limited  | 50,000,000           | -                    |
|   | <b>320,000,000</b>   | <b>-</b>             |
| <b>6. Investments</b>   |                      |                      |
| <b>Investment classified as per nature:</b>   |                      |                      |
| <b>a) Government securities</b>   |                      |                      |
| National investment bonds   | -                    | -                    |
| Bangladesh bank bills   | -                    | -                    |
| Government bonds  | -                    | -                    |
| Prize bonds   | -                    | -                    |
|   | <b>-</b>             | <b>-</b>             |
| <b>b) Other investments</b>   |                      |                      |
| Zero Coupon Bond  | -                    | -                    |
| Shares (note-6.2)   | 158,454,916          | 75,145,900           |
|   | <b>158,454,916</b>   | <b>75,145,900</b>    |
|   | <b>158,454,916</b>   | <b>75,145,900</b>    |
| <b>6.1 Maturity grouping of investments</b>   |                      |                      |
| On demand   | -                    | -                    |
| Up to 1 month   | -                    | -                    |
| Over 1 month but not more than 3 months   | -                    | -                    |
| Over 3 months but not more than 6 months  | -                    | -                    |
| Over 6 months but not more than 1 year  | -                    | -                    |
| Over 1 year but not more than 5 years   | 50,000,000           | 50,000,000           |
| Over 5 years  | 108,454,916          | 25,145,900           |
|   | <b>158,454,916</b>   | <b>75,145,900</b>    |
| <b>6.2 Investment in shares</b>   |                      |                      |
| <b>Quoted</b>   |                      |                      |
| United Insurance Company Limited  | 15,000,000           | 15,000,000           |
|   | <b>15,000,000</b>    | <b>15,000,000</b>    |
| <b>Unquoted</b>   |                      |                      |
| 12.75% preference share of<br>Energypac Confidence Power Venture Limited            | 8,454,916            | 10,145,900           |
| 10% preference share in Summit Purbanchol Power Co. Ltd.                            | 42,500,000           | -                    |
| 10% preference share in Summit Uttaranchol Power Co. Ltd.                           | 42,500,000           | -                    |
| 9% preference share of BRAC Bank Limited  | 50,000,000           | 50,000,000           |
|   | <b>143,454,916</b>   | <b>60,145,900</b>    |
|   | <b>158,454,916</b>   | <b>75,145,900</b>    |



*United Insurance Company Limited*

The Company subscribed 60,000 ordinary shares of United Insurance Company Limited, a listed public limited company, @ Tk 250 per share in 2001. Subsequently the Company received bonus shares in 2007, 2008, 2009 and in 2010.

The total number of ordinary shares of United Insurance Company Limited now held by the Company is as follows:

|                              |                       |
|------------------------------|-----------------------|
| Original purchase in 2001    | 60,000                |
| Bonus share received in 2007 | 18,000                |
| Bonus share received in 2008 | 22,000                |
| Bonus share received in 2009 | 150,000               |
| Bonus share received in 2010 | 50,000                |
|                              | <b>300,000</b> Shares |

As on December 31, 2010 the market value of the above shares was Tk.532,500,000 against cost price of 60,000 shares at Tk.15,000,000 reflected in the accounts.

**7. Lease, loans and advances**

7.1 Broad category-wise break up

**Inside Bangladesh**

|   | 2010<br>Taka         | 2009<br>Taka         |
|---|----------------------|----------------------|
| Lease receivable and stock on hire (note-7.2) | 5,087,058,876        | 5,016,232,986        |
| Loans (note-7.3)                              | 2,469,073,258        | 2,196,219,363        |
| Cash credit                                   | -                    | -                    |
| Overdrafts etc.                               | -                    | -                    |
|   | <b>7,556,132,134</b> | <b>7,212,452,349</b> |

**Outside Bangladesh**

|  |                      |                      |
|--|----------------------|----------------------|
|  | -                    | -                    |
|  | <b>7,556,132,134</b> | <b>7,212,452,349</b> |

7.2 Lease receivable and stock on hire

|                                   |                      |                      |
|-----------------------------------|----------------------|----------------------|
| Net lease receivable (note-7.2.1) | 5,042,097,935        | 4,978,157,040        |
| Stock on hire                     | 6,869,332            | 28,925,743           |
| Advances for leases (note-7.2.3)  | 38,091,609           | 9,150,203            |
|                                   | <b>5,087,058,876</b> | <b>5,016,232,986</b> |

7.2.1 Net lease receivable

|                               |                      |                      |
|-------------------------------|----------------------|----------------------|
| Gross lease receivable        | 6,180,803,197        | 6,140,802,911        |
| Less: Unearned finance income | 1,138,705,262        | 1,162,645,871        |
| <b>Net lease receivable</b>   | <b>5,042,097,935</b> | <b>4,978,157,040</b> |

7.2.2 Movement of net lease receivables

|                             |                      |                      |
|-----------------------------|----------------------|----------------------|
| Balance as at January 01    | 4,978,157,040        | 5,263,348,819        |
| Addition during the year    | 2,330,836,705        | 1,827,070,048        |
| Realization during the year | (2,266,895,810)      | (2,112,261,827)      |
| Balance as at December 31   | <b>5,042,097,935</b> | <b>4,978,157,040</b> |

7.2.3 Advance for leases

These represent disbursements made to clients for procuring assets under lease and quarterly capitalized interests on disbursements. On execution, advances are transferred to lease finance.



|  | <b>2010<br/>Taka</b>        | <b>2009<br/>Taka</b>        |
|--|-----------------------------|-----------------------------|
| <b>7.3 Loans</b>   |                             |                             |
| Term loan and home loan  | 1,455,574,731               | 1,580,239,280               |
| Short term loan and factoring advances   | 1,013,498,527               | 615,980,083                 |
|  | <b><u>2,469,073,258</u></b> | <b><u>2,196,219,363</u></b> |
| <b>7.4 Maturity grouping of lease, loans and advances</b>  |                             |                             |
| On demand  | -                           | -                           |
| Up to 1 month  | 590,791,404                 | 305,258,185                 |
| Over 1 month but not more than 3 months  | 565,499,505                 | 535,202,397                 |
| Over 3 months but not more than 1 year   | 2,732,209,648               | 1,075,712,129               |
| Over 1 year but not more than 5 years  | 3,614,443,118               | 5,279,381,089               |
| Over 5 years   | 53,188,459                  | 16,898,549                  |
|  | <b><u>7,556,132,134</u></b> | <b><u>7,212,452,349</u></b> |
| <b>7.5 Lease, loans and advances on the basis of significant concentration</b>   |                             |                             |
| a) Lease, loans and advances to companies or firms in which the Directors of the Company have interests  | <u>12,678,563</u>           | <u>14,612,395</u>           |
| b) Lease, loans and advances to Chief Executive and other Senior Executives  | <u>4,606,279</u>            | <u>5,048,855</u>            |
| c) Number of clients with outstanding amount and classified lease, loans and advances exceeding 15% of total capital of the Company is as follows: |                             |                             |
| Total capital of the Company   | 1,620,942,072               | 1,262,460,929               |
| Number of clients  | Nil                         | Nil                         |
| Amount of outstanding advances   | Nil                         | Nil                         |
| Amount of classified advances  | Nil                         | Nil                         |
| Measures taken for recovery  | Not applicable              | Not applicable              |
| d) Industry-wise distribution of lease, loans and advances:  |                             |                             |
| 1. Agricultural sector   | 558,718,236                 | 328,737,859                 |
| 2. Industrial sector:  |                             |                             |
| a) Textile   | 665,705,928                 | 743,168,154                 |
| b) Garments  | 388,956,081                 | 133,020,398                 |
| c) Jute and jute products  | 18,741,581                  | 139,390,128                 |
| d) Food production/processing industry   | 357,421,071                 | 464,870,963                 |
| e) Plastic industry  | 575,945,475                 | 321,946,752                 |
| f) Leather and leather products  | 14,244,119                  | 9,257,109                   |
| g) Iron, steel and engineering industry  | 502,614,827                 | 491,003,437                 |
| h) Chemical and pharmaceutical   | 619,551,358                 | 835,883,760                 |
| l) Cement/concrete and allied industry   | 28,807,019                  | 2,619,745                   |
| j) Service industry  | 1,231,758,163               | 1,677,078,179               |
| k) Paper, printing and packaging industry  | 501,330,328                 | 377,299,179                 |
| l) Telecommunication/information technology  | 122,200,488                 | 103,936,848                 |
| m) Glass and ceramic industry  | 6,129,813                   | 134,874,965                 |
| n) Ship and ship making industry   | -                           | 169,898,839                 |
| o) Electronics and electrical industry   | 20,315,325                  | 44,645,325                  |



|  | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|--|----------------------|----------------------|
| 3. Power, gas, water and sanitary service  | 184,173,837          | 142,178,997          |
| 4. Transport and communication   | 721,020,538          | 401,496,797          |
| 5. Real estate and housing   | 12,544,363           | 61,947,376           |
| 6. Merchant banking  | -                    | -                    |
| 7. Others  | 1,025,953,582        | 629,197,539          |
|  | <b>7,556,132,134</b> | <b>7,212,452,349</b> |
| <b>e) Geographical location-wise lease, loans and advances</b>   |                      |                      |
| <b>Inside Bangladesh</b>   |                      |                      |
| <b>Urban</b>   |                      |                      |
| Dhaka Division   | 6,149,364,624        | 5,919,371,574        |
| Chittagong Division  | 955,963,709          | 942,035,907          |
| Khulna Division  | 209,234,795          | 193,623,532          |
| Rajshahi Division  | 186,455,852          | 73,092,340           |
| Rangpur Division   | 48,502,155           | 57,069,077           |
| Barisal Division   | -                    | -                    |
| Sylhet Division  | 6,610,998            | 27,259,919           |
|  | <b>7,556,132,134</b> | <b>7,212,452,349</b> |
| <b>Rural</b>   | -                    | -                    |
| <b>Outside Bangladesh</b>  | -                    | -                    |
|  | <b>7,556,132,134</b> | <b>7,212,452,349</b> |
| <b>7.6 Sector-wise lease, loans and advances</b>   |                      |                      |
| Public sector  | -                    | -                    |
| Co-operative sector  | -                    | -                    |
| Private sector   | 7,556,132,134        | 7,212,452,349        |
|  | <b>7,556,132,134</b> | <b>7,212,452,349</b> |
| <b>7.7 Particulars of lease, loans and advances</b>  |                      |                      |
| i) Leases and loans considered good in respect of which the Company is fully secured   | 5,667,099,100        | 5,409,339,262        |
| ii) Leases and loans considered good in respect of which the Company is partially secured  | 1,133,419,820        | 1,081,867,852        |
| iii) Loans considered good against which the Company holds no security other than the debtors' personal guarantee  | -                    | -                    |
| iv) Loans considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors                          | 755,613,213          | 721,245,235          |
| v) Loans adversely classified; provision not maintained there against  | -                    | -                    |
|  | <b>7,556,132,134</b> | <b>7,212,452,349</b> |
| vi) Loans due from Directors either separately or jointly with any other persons   | -                    | -                    |
| vii) Loans due from Officers either separately or jointly with any other persons   | 4,606,279            | 5,048,855            |
| viii) Loans due from companies or firms in which the Directors have interest as directors, partners or managing agents or in case of private companies, as members | 12,678,563           | 14,612,395           |



|  | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|--|----------------------|----------------------|
| ix) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers either separately or jointly with any other person  | -                    | -                    |
| x) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors have interest as directors, partners or managing agents or in the case of private companies, as members | -                    | 8,015,187            |
| xi) Due from banking companies and other financial institutions  | 255,261,706          | 95,709,624           |
| xii) Classified lease, loans and advances on which interest has not been charged:  |                      |                      |
| a) Increase/(decrease) of specific provision   | 20,825,749           | (20,144,495)         |
| b) Amount of loan written off  | 20,578,093           | 110,507,352          |
| c) Amount realized against loan previously written off   | -                    | -                    |
| d) Provision kept against loans classified as bad/ loss on the date of preparing the balance sheet   | 174,528,042          | 226,977,068          |
| e) Interest credited to Interest Suspense Account (note-12.3)  | 14,451,038           | 39,573,781           |
| xiii) Written off lease, loans and investments   |                      |                      |
| During the year  | 20,578,093           | 110,507,352          |
| Cumulative to-date   | 131,085,445          | 110,507,352          |
| Amount realized against loans previously written off   | -                    | -                    |
| The amount of written-off leases, loans and advances for which law suits have been filed   | 131,085,445          | 110,507,352          |
| <b>7.8 Classification of lease, loans and advances</b>   |                      |                      |
| <b>Unclassified</b>  |                      |                      |
| Standard   | 7,135,522,314        | 6,663,434,111        |
| Special mention account (SMA)  | 204,482,941          | 281,987,118          |
|  | <b>7,340,005,255</b> | <b>6,945,421,229</b> |
| <b>Classified</b>  |                      |                      |
| Sub-standard   | 33,998,422           | 35,712,150           |
| Doubtful   | 7,600,414            | 4,341,902            |
| Bad / Loss   | 174,528,042          | 226,977,068          |
|  | <b>216,126,879</b>   | <b>267,031,120</b>   |
|  | <b>7,556,132,134</b> | <b>7,212,452,349</b> |
| <b>8. Fixed assets including premises, furniture and fixtures</b>  |                      |                      |
| <b>Cost</b>  |                      |                      |
| Furniture and fixtures   | 40,894,975           | 32,140,382           |
| Office equipment   | 219,041              | 180,217              |
| Electrical equipment   | 32,273,772           | 25,519,881           |
| Vehicles   | 19,020,562           | 16,433,300           |
|  | <b>92,408,350</b>    | <b>74,273,780</b>    |
| Less: Accumulated depreciation   | 49,581,517           | 37,584,499           |
| <b>Net book value at the end of the year</b>   | <b>42,826,833</b>    | <b>36,689,281</b>    |
| (Statement of property, plant and equipment is detailed in Annexure-A)   |                      |                      |



**9. Other assets**

**Inside Bangladesh**

**Income generating:**

Investment in associate (note-9.1 )

Income receivable (note-9.2)

**Non-income generating:**

Deferred tax assets (note-9.3)

Advance, deposit and prepaid expenses

Other receivables

Branch adjustments account

Advance corporate tax ( Note -9.4)

**Outside Bangladesh**

**9.1 Investment in associate**

Balance as at January 01

Add: Sales of/share of profit from investment in associate company

Balance as at December 31

|  | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|--|----------------------|----------------------|
|  | -                    | 69,070,933           |
|  | 38,333,024           | 65,928,877           |
|  | 2,073,534            | 1,083,369            |
|  | 31,280,996           | 14,120,834           |
|  | 19,489,211           | 40,971,627           |
|  | -                    | -                    |
|  | 408,973,004          | 346,898,544          |
|  | <b>500,149,769</b>   | <b>538,074,184</b>   |
|  | -                    | -                    |
|  | <b>500,149,769</b>   | <b>538,074,184</b>   |
|  | 69,070,933           | 68,762,107           |
|  | (69,070,933)         | 308,826              |
|  | -                    | <b>69,070,933</b>    |

Original cost of acquisition of 686,000 shares of Duncan Properties Pvt. Limited was Taka 68,600,000. Details are presented under note - 26.

**9.2** Income receivable amount represents interest receivable on lease, loans and advances and other investment income.

**9.3 Deferred tax asset/(liability)**

Deferred tax asset/(liability) has been arising due to difference in the carrying amount of the assets/liabilities and its tax base. Deferred tax arisen from property, plant and equipment has been recognized as following:

Balance as at January 01

Offset of deferred tax liability relating to leased assets

Deferred tax relating to fixed assets including furniture & fixtures

Balance as at December 31

|                  |                  |
|------------------|------------------|
| 1,083,369        | (288,813,487)    |
| -                | 288,578,635      |
| 990,165          | 1,318,221        |
| <b>2,073,534</b> | <b>1,083,369</b> |

**9.4 Advance corporate tax**

Balance as at January 01

Addition during the year

Settlement of previous years' tax liabilities

Balance as at December 31

|                    |                    |
|--------------------|--------------------|
| 346,898,544        | 250,131,806        |
| 62,074,460         | 124,008,586        |
| -                  | (27,241,848)       |
| <b>408,973,004</b> | <b>346,898,544</b> |



|  | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|--|----------------------|----------------------|
| <b>10. Borrowing from banks, other financial institutions and agents</b>                               |                      |                      |
| In Bangladesh (note-10.1)  | 1,360,317,795        | 1,591,712,874        |
| Outside Bangladesh   | -                    | -                    |
|  | <b>1,360,317,795</b> | <b>1,591,712,874</b> |
| <b>10.1 In Bangladesh</b>  |                      |                      |
| <b>Bank overdraft</b>  |                      |                      |
| Mutual Trust Bank Limited  | 99,676,762           | 107,695              |
| Standard Bank Limited  | 91,948,346           | -                    |
| Citibank N. A.   | 85,914,980           | 149,118,535          |
| Commercial Bank of Ceylon Plc.   | 75,807,128           | 9,010,624            |
| United Commercial Bank Limited   | 50,718,262           | -                    |
| Standard Chartered Bank  | 42,623,363           | -                    |
| Dutch-Bangla Bank Limited  | 7,392,560            | 43,695,380           |
|  | <b>454,081,401</b>   | <b>201,932,234</b>   |
| <b>Call borrowing</b>  |                      |                      |
| Sonali Bank Limited  | -                    | 100,000,000          |
|  | -                    | <b>100,000,000</b>   |
| <b>Short term loan</b>   |                      |                      |
| Citibank N. A.   | 200,000,000          | 200,000,000          |
| City Bank Limited  | 100,000,000          | -                    |
| BRAC Bank Limited  | -                    | 50,000,000           |
|  | <b>300,000,000</b>   | <b>250,000,000</b>   |
| <b>Long term loan</b>  |                      |                      |
| Kreditanstalt Für Wiederaufbau (KfW)   | 144,507,676          | 167,256,979          |
| Commercial Bank of Ceylon Plc.   | 39,823,486           | 233,611,113          |
| Sonali Bank Limited  | -                    | 72,727,000           |
| BRAC Bank Limited  | -                    | 66,666,666           |
| One Bank Limited   | -                    | 45,000,000           |
| Dhaka Bank Limited   | -                    | 45,000,000           |
| Bank Al-Falah Limited  | -                    | 37,500,000           |
|  | <b>184,331,162</b>   | <b>667,761,758</b>   |
| <b>Bangladesh Bank refinancing</b>   |                      |                      |
| Bangladesh Bank (SERP)   | 421,905,232          | 366,246,713          |
| CBSF – Matching credit   | -                    | 5,772,169            |
|  | <b>421,905,232</b>   | <b>372,018,882</b>   |
|  | <b>1,360,317,795</b> | <b>1,591,712,874</b> |
| <b>10.2 Analysis by security against borrowing from banks, other financial institutions and agents</b> |                      |                      |
| Secured (assets pledged as security)   | 444,168,957          | 908,633,938          |
| Secured (other-wise)   | 142,666,607          | -                    |
| Unsecured  | 773,482,231          | 683,078,935          |
|  | <b>1,360,317,795</b> | <b>1,591,712,873</b> |

Some of the loans are secured by first charge on all present and future floating assets of the Company ranking pari passu and some others are secured by other means such as FDR.



|   | <b>2010<br/>Taka</b>        | <b>2009<br/>Taka</b>        |
|---|-----------------------------|-----------------------------|
| <b>10.3 Maturity grouping of borrowing from banks, other financial institutions and agents</b>  |                             |                             |
| On demand   | -                           | 100,000,000                 |
| Up to 1 month   | 581,662,253                 | 235,872,925                 |
| Over 1 month but within 3 months  | 249,399,339                 | 116,536,198                 |
| Over 3 months but within 1 year   | 195,154,101                 | 519,848,779                 |
| Over 1 year but within 5 years  | 259,945,377                 | 528,272,883                 |
| Over 5 years  | 74,156,724                  | 91,182,090                  |
|   | <b><u>1,360,317,795</u></b> | <b><u>1,591,712,874</u></b> |
| <b>11. Deposits and other accounts</b>  |                             |                             |
| Current deposits  | -                           | -                           |
| Bills payable   | -                           | -                           |
| Savings bank deposits   | -                           | -                           |
| Term deposits (note-11.1)   | 4,035,304,335               | 3,888,302,977               |
| Bearer certificates of deposit  | -                           | -                           |
| Other deposits (note-11.2)  | 476,327,440                 | 476,223,760                 |
|   | <b><u>4,511,631,775</u></b> | <b><u>4,364,526,737</u></b> |
| <b>11.1 Term deposits</b>   |                             |                             |
| These represent deposits from individuals and institutions under the Company's term deposit schemes for a period of not less than six months. |                             |                             |
| Deposits from banks and financial institutions  | 210,127,500                 | 885,127,500                 |
| Deposits from other than banks and financial institutions   | 3,825,176,835               | 3,003,175,477               |
|   | <b><u>4,035,304,335</u></b> | <b><u>3,888,302,977</u></b> |
| <b>11.1.1 Sector-wise break-up of term deposits</b>   |                             |                             |
| Government  | -                           | -                           |
| Banks and financial institutions  | 210,127,500                 | 885,127,500                 |
| Other public  | -                           | -                           |
| Foreign currency  | -                           | -                           |
| Private   | 3,825,176,835               | 3,003,175,477               |
|   | <b><u>4,035,304,335</u></b> | <b><u>3,888,302,977</u></b> |
| <b>11.1.2 Maturity analysis of term deposits</b>  |                             |                             |
| <b>a) Maturity analysis of deposits from banks and financial institutions</b>   |                             |                             |
| Payable on demand   | -                           | -                           |
| Up to 1 month   | 10,127,500                  | 127,500                     |
| Over 1 month but within 3 months  | -                           | 205,000,000                 |
| Over 3 months but within 1 year   | 200,000,000                 | 580,000,000                 |
| Over 1 year but within 5 years  | -                           | 100,000,000                 |
| Over 5 years but within 10 years  | -                           | -                           |
| Over 10 years   | -                           | -                           |
|   | <b><u>210,127,500</u></b>   | <b><u>885,127,500</u></b>   |



|  | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|--|----------------------|----------------------|
| <b>b) Maturity analysis of deposits from other than banks and financial institutions</b> |                      |                      |
| Payable on demand  | -                    | -                    |
| Up to 1 month  | 277,395,123          | 95,451,685           |
| Over 1 month but within 3 months   | 603,253,835          | 87,406,254           |
| Over 3 months but within 1 year  | 1,767,521,639        | 568,351,740          |
| Over 1 year but within 5 years   | 1,102,430,563        | 2,212,814,496        |
| Over 5 years but within 10 years   | 74,145,674           | 38,558,770           |
| Over 10 years  | 430,000              | 592,532              |
|  | <b>3,825,176,834</b> | <b>3,003,175,477</b> |
|  | <b>4,035,304,334</b> | <b>3,888,302,977</b> |

**11.2 Other deposits**

This represents deposits against financing which is advance rental and security deposits received from clients at the inception of allowing any lease/loan facility to the clients adjustable or refundable at the expiry of the facility.

|                              |                    |                    |
|------------------------------|--------------------|--------------------|
| Non-interest bearing deposit | 341,579,459        | 321,819,140        |
| Interest bearing deposit     | 134,747,981        | 154,404,620        |
|                              | <b>476,327,440</b> | <b>476,223,760</b> |

**11.2.1 Maturity analysis of other deposits**

|                                  |                    |                    |
|----------------------------------|--------------------|--------------------|
| Payable on demand                | -                  | -                  |
| Up to 1 month                    | 31,458,293         | 20,296,202         |
| Over 1 month but within 3 months | 4,280,613          | 7,567,554          |
| Over 3 months but within 1 year  | 67,601,631         | 70,167,072         |
| Over 1 year but within 5 years   | 372,986,903        | 377,192,036        |
| Over 5 years but within 10 years | -                  | 1,000,896          |
| Over 10 years                    | -                  | -                  |
|                                  | <b>476,327,440</b> | <b>476,223,760</b> |

**12. Other liabilities**

|   |                      |                      |
|---|----------------------|----------------------|
| Finance lease obligation (note-12.1)                | 2,295,756            | 1,166,259            |
| Provision for gratuity                              | 1,036,405            | 2,801,796            |
| Unclaimed dividend                                  | 4,013,892            | 3,216,569            |
| KfW interest differential fund (note-12.2)          | 34,451,470           | 31,681,311           |
| Interest suspense account (note-12.3)               | 14,451,038           | 39,573,781           |
| Accrued expenses and payables (note-12.4)           | 406,532,803          | 347,836,835          |
| Provision for lease, loans and advances (note-12.5) | 488,914,555          | 459,492,648          |
| Provision for income tax (note-12.6)                | 815,171,347          | 614,181,181          |
|   | <b>1,766,867,266</b> | <b>1,499,950,380</b> |

**12.1** Finance lease obligation comprises the liability arisen from asset taken under finance lease from different financial institutions.

**12.2 KfW interest differential fund**

This represents the difference between interest on loan from KfW @9.5% per annum and the Bangladesh Bank rate. This interest differential fund is being used for the financing of training of personnel or for other activities for the promotion or development of small enterprises in Bangladesh.

|   |                   |                   |
|---|-------------------|-------------------|
| Balance as at January 01                          | 31,681,311        | 25,994,515        |
| Addition during the year                          | 5,891,753         | 6,453,624         |
| Adjusted against training program during the year | (3,121,594)       | (766,828)         |
| Balance as at December 31                         | <b>34,451,470</b> | <b>31,681,311</b> |



| 2010<br>Taka | 2009<br>Taka |
|--------------|--------------|
|--------------|--------------|

12.3 Interest suspense account

This represents interest receivable on lease, hire purchase, term finance and short term finance due over ninety days as per Bangladesh Bank guidelines.

|   |                   |                   |
|---|-------------------|-------------------|
| Balance as at January 01  | 39,573,781        | 56,808,534        |
| Add: Amount transferred to "interest suspense" account during the year  | 147,545,328       | 437,608,484       |
| Less: Amount recovered from "interest suspense" account during the year | (172,668,071)     | (454,843,237)     |
| Less: Amount written-off during the year                                | -                 | -                 |
| <b>Balance as at December 31</b>  | <b>14,451,038</b> | <b>39,573,781</b> |

12.4 Accrued expenses and payables

This is made up of the following:

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Liabilities for expenses        | 299,123,005        | 298,641,106        |
| Liabilities other than expenses | 107,409,798        | 49,195,729         |
|                                 | <b>406,532,803</b> | <b>347,836,835</b> |

Liabilities for expenses represent interest accrued but not paid on borrowing and deposits as well as administrative expenses.

Liabilities other than expenses represent income tax deducted at source from depositors, suppliers, employees; VAT payables, collection against leases/loans in advance etc.

12.5 Provision for lease, loans and advances

Specific provision on classified lease, loans and advances

|  |                    |                    |
|--|--------------------|--------------------|
| Balance as at January 01                                       | 321,288,931        | 341,433,426        |
| Fully provided debts written off during the year               | (20,578,093)       | (110,507,352)      |
| Recovery of amounts previously written off                     | -                  | -                  |
| Provision made for the year                                    | 114,803,780        | 90,362,857         |
| Recoveries and provision no longer required                    | -                  | -                  |
| Net charge to Profit and Loss Account                          | -                  | -                  |
| <b>Total provision on classified lease, loans and advances</b> | <b>415,514,618</b> | <b>321,288,931</b> |

General provision on unclassified lease, loans and advances

|  |                    |                    |
|--|--------------------|--------------------|
| Balance as at January 01   | 138,203,717        | 138,566,574        |
| Provision made for the year                                      | (64,803,780)       | (362,857)          |
| <b>Total provision on unclassified lease, loans and advances</b> | <b>73,399,938</b>  | <b>138,203,717</b> |
| <b>Total provision on lease, loans and advances</b>              | <b>488,914,555</b> | <b>459,492,648</b> |

Provision surplus/(shortage)

|   | 2010               |                    | 2009               |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | <u>Required</u>    | <u>Maintained</u>  | <u>Required</u>    | <u>Maintained</u>  |
| On classified lease, loans and advances | 181,834,082        | 415,514,618        | 220,930,033        | 321,288,931        |
| On un-classified lease, loans           | 71,534,963         | 73,399,938         | 80,894,919         | 138,203,717        |
|   | <b>253,369,045</b> | <b>488,914,555</b> | <b>301,824,952</b> | <b>459,492,648</b> |
| <b>Total surplus</b>                    |                    | <b>235,545,511</b> |                    | <b>157,667,696</b> |



12.6 Provision for income tax

Balance as at January 01

Add: Current tax-

Corporate tax for the year

Corporate tax for prior years

Less: Settlement of previous years' tax liabilities

(Statement of tax status is detailed in Annexure-B)

| 2010<br>Taka       | 2009<br>Taka       |
|--------------------|--------------------|
| 614,181,181        | 300,916,026        |
| 200,990,166        | 160,777,489        |
| -                  | 179,729,514        |
| 815,171,347        | 641,423,029        |
| -                  | (27,241,848)       |
| <b>815,171,347</b> | <b>614,181,181</b> |

13. Share capital

13.1 Authorized capital

100,000,000 ordinary shares of Taka 100 each

**1,000,000,000**      **1,000,000,000**

13.2 Issued, subscribed and fully paid-up capital

700,000 ordinary shares of Taka 100 each issued for cash

70,000,000      70,000,000

4,580,000 ordinary shares of Taka 100 each

issued as bonus shares

458,000,000      194,000,000

**528,000,000**      **264,000,000**

13.3 Capital adequacy ratio

In terms of regulation 4(d) of the Financial Institution Regulations 1994 and Bangladesh Bank DFIM circulars no. 06 and 09 dated July 07, 2002 and November 04, 2009 respectively; required risk weighted capital of the Company at the close of business on December 31, 2010 was Taka 458,329,010 as against available core capital of Taka 1,620,942,072 and supplementary capital of Taka 73,399,938 making a total capital of Taka 1,694,342,010 thereby showing a surplus capital/equity of Taka 1,236,013,000 at that date. Details are shown below:

**Core capital (Tier-I)**

Paid up capital (note-13.2)

528,000,000      264,000,000

Statutory reserve (note-14)

380,000,000      300,000,000

Share premium (note - 15)

3,750,000      3,750,000

General reserve (note-16)

271,000,000      406,000,000

Dividend equalization reserve (note -17)

-      -

Retained surplus (note-18)

438,192,072      288,710,929

**1,620,942,072**      **1,262,460,929**

**Supplementary capital (Tier-II)**

General provision maintained against unclassified loan (note-12.5)

73,399,938      138,203,717

General provision on off-balance sheet items

-      -

General provision on off-shore Banking Units

-      -

Revaluation gain/loss on investments

-      -

**73,399,938**      **138,203,717**

**A) Total capital**

**1,694,342,010**      **1,400,664,646**

B) Total liabilities

7,638,816,837      7,456,189,991

C) Required risk weighted capital based on total liabilities (6% on B)

458,329,010      447,371,399

**D) Surplus (A-C)**

**1,236,013,000**      **953,293,247**



13.4 Percentage of shareholding at the closing date

|   | No. of shares    |                  | Percentage    |               |
|---|------------------|------------------|---------------|---------------|
|   | 2010             | 2009             | 2010          | 2009          |
| (i) Sponsors – Foreign                    | 1,056,000        | 528,000          | 20.00         | 20.00         |
| Domestic                                  | 1,278,260        | 639,130          | 24.21         | 24.21         |
|   | <u>2,334,260</u> | <u>1,167,130</u> | <u>44.21</u>  | <u>44.21</u>  |
| (ii) Financial Institutions and Companies |                  |                  |               |               |
| Foreign                                   | 480,686          | 240,343          | 9.10          | 9.10          |
| Domestic                                  | 1,147,103        | 547,772          | 21.73         | 20.75         |
|   | <u>1,627,789</u> | <u>788,115</u>   | <u>30.83</u>  | <u>29.85</u>  |
| (iii) General public – Domestic           | 1,317,951        | 684,755          | 24.96         | 25.94         |
| <b>Total</b>                              | <u>5,280,000</u> | <u>2,640,000</u> | <u>100.00</u> | <u>100.00</u> |

13.5 Shareholding range on the basis of shareholding as at December 31, 2010

| No. of shares        | Number of Shareholders | Total number of shares | Percentage of total holdings |
|----------------------|------------------------|------------------------|------------------------------|
| Less than 500        | 9,917                  | 719,419                | 13.63%                       |
| 500 to 5,000         | 510                    | 604,219                | 11.44%                       |
| 5,001 to 10,000      | 28                     | 189,962                | 3.60%                        |
| 10,001 to 20,000     | 15                     | 213,843                | 4.05%                        |
| 20,001 to 30,000     | 4                      | 98,449                 | 1.86%                        |
| 30,001 to 40,000     | 3                      | 107,440                | 2.03%                        |
| 40,001 to 50,000     | 2                      | 90,398                 | 1.71%                        |
| 50,001 to 100,000    | 4                      | 256,442                | 4.86%                        |
| 100,001 to 1,000,000 | 3                      | 854,138                | 16.18%                       |
| Above 1,000,000      | 2                      | 2,145,690              | 40.64%                       |
| <b>Total</b>         | <u>10,488</u>          | <u>5,280,000</u>       | <u>100.00%</u>               |

14. Statutory reserve

Balance as on January 01  
 Addition during the year  
 Balance as on December 31

|  | 2010 Taka          | 2009 Taka          |
|--|--------------------|--------------------|
|  | 300,000,000        | 250,000,000        |
|  | 80,000,000         | 50,000,000         |
|  | <u>380,000,000</u> | <u>300,000,000</u> |

As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, at least 20% of post-tax profit or Tk. 75,656,229 has to be transferred to Statutory Reserve Fund. During the year the Company has transferred Tk. 80,000,000 to the Statutory Reserve Fund.

15. Share Premium

This represents a premium of Tk. 50 per share over the par value of Tk. 100 per share received against the issue of 75,000 shares in 1994 amounting to Tk. 3,750,000.

16. General reserve

Balance as at January 01  
 Appropriation from current year's profit  
 Transfer from dividend equalization reserve  
 Transfer to retained surplus  
 Balance as at December 31

|  |                    |                    |
|--|--------------------|--------------------|
|  | 406,000,000        | 510,000,000        |
|  | -                  | -                  |
|  | -                  | 70,000,000         |
|  | (135,000,000)      | (174,000,000)      |
|  | <u>271,000,000</u> | <u>406,000,000</u> |



|   | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|---|----------------------|----------------------|
| <b>17. Dividend equalization reserve</b>                        |                      |                      |
| Balance as at January 01  | -                    | 70,000,000           |
| Appropriation from current year's profit                        | -                    | -                    |
| Transfer to general reserve                                     | -                    | (70,000,000)         |
| Balance as at December 31                                       | -                    | -                    |
| <b>18. Retained surplus/movement of profit and loss account</b> |                      |                      |
| Balance as at January 01  | 288,710,929          | 81,776,609           |
| Cash dividend for last year                                     | (19,800,000)         | (46,200,000)         |
| Issue of bonus shares for last year                             | (264,000,000)        | (33,000,000)         |
|   | <b>4,910,929</b>     | <b>2,576,609</b>     |
| <b>Addition during the year</b>                                 |                      |                      |
| Net profit after taxation for the year                          | 378,281,143          | 162,134,320          |
| Appropriation from current year's profit:                       |                      |                      |
| Transfer to statutory reserve                                   | (80,000,000)         | (50,000,000)         |
| Transfer to general reserve                                     | -                    | -                    |
|   | <b>298,281,143</b>   | <b>112,134,320</b>   |
| Profit of share from associate company                          | -                    | -                    |
| Transfer from general reserve                                   | 135,000,000          | 174,000,000          |
| Balance as at December 31                                       | <b>438,192,072</b>   | <b>288,710,929</b>   |
| <b>19. Net asset value per share</b>                            |                      |                      |
| Total asset   | 9,259,758,909        | 8,718,650,920        |
| Total liabilities   | 7,638,816,837        | 7,456,189,991        |
|   | <b>1,620,942,072</b> | <b>1,262,460,929</b> |
| Number of share outstanding                                     | 5,280,000            | 2,640,000            |
| Net asset value per share (current year's)                      | <b>307.00</b>        | <b>478.20</b>        |
| <b>20. Contingent liabilities</b>                               |                      |                      |
| <b>20.1 Letters of guarantee</b>                                |                      |                      |
| Letters of guarantee (Local)                                    | 34,504,650           | 2,400,000            |
| Letters of guarantee (Foreign)                                  | -                    | -                    |
| Foreign counter guarantees                                      | -                    | -                    |
|   | <b>34,504,650</b>    | <b>2,400,000</b>     |

The Company gives guarantees on behalf of customers. A financial guarantee represents an irrevocable undertaking that the Company will pay to third parties and it converts into lease or loan on the basis of an agreement with the customers. The maximum amount that the Company could be required to pay under a guarantee is its principal amount.

Money for which the Company is contingently liable in respect of guarantees given favoring:

|  |                   |                  |
|--|-------------------|------------------|
| Directors or officers                  | -                 | -                |
| Government                             | -                 | -                |
| Banks and other financial institutions | 34,504,650        | 2,400,000        |
| Others                                 | -                 | -                |
|  | <b>34,504,650</b> | <b>2,400,000</b> |



**21. Profit and loss account**

**Income:**

|  | 2010<br>Taka         | 2009<br>Taka         |
|--|----------------------|----------------------|
| Interest, discount and similar income (note-21.1)            | 1,140,302,102        | 1,107,402,741        |
| Dividend income  | 11,050,386           | 7,135,937            |
| Fees, commission and brokerage                               | -                    | -                    |
| Gains less losses arising from dealing in securities         | -                    | -                    |
| Gains less losses arising from investment securities         | -                    | -                    |
| Gains less losses arising from dealing in foreign currencies | -                    | -                    |
| Income from non-Company assets                               | -                    | -                    |
| Other operating income                                       | 33,025,090           | 18,722,387           |
| Profit less losses on interest rate changes                  | -                    | -                    |
|  | <b>1,184,377,578</b> | <b>1,133,261,065</b> |

**Expenses:**

|                                     |                    |                    |
|-------------------------------------|--------------------|--------------------|
| Interest, fee and commission, etc.  | 594,335,784        | 685,920,218        |
| Administrative expenses (note-21.2) | 135,240,640        | 108,836,336        |
| Other operating expenses            | 25,840,864         | 25,093,347         |
| Depreciation on fixed assets        | 12,868,214         | 10,666,695         |
|                                     | <b>768,285,502</b> | <b>830,516,597</b> |
|                                     | <b>416,092,076</b> | <b>302,744,469</b> |

**21.1 Interest, discount and similar income**

|                                       |                      |                      |
|---------------------------------------|----------------------|----------------------|
| Interest on lease, loans and advances | 1,140,302,102        | 1,106,349,325        |
| Interest on bonds                     | -                    | 1,053,416            |
| Discount income                       | -                    | -                    |
| Interest on debentures                | -                    | -                    |
|                                       | <b>1,140,302,102</b> | <b>1,107,402,741</b> |

**21.2 Administrative expenses**

|   |                    |                    |
|---|--------------------|--------------------|
| Salary and allowances                     | 93,181,258         | 75,364,458         |
| Rent, taxes, insurance, electricity, etc. | 16,569,867         | 11,522,387         |
| Legal expenses                            | 4,115,642          | 3,277,664          |
| Postage, stamp, telecommunication, etc.   | 3,245,065          | 3,020,554          |
| Stationery, printing, advertisement, etc. | 2,286,006          | 2,079,898          |
| Managing Director's salary and fees       | 4,911,647          | 4,819,278          |
| Directors' fees                           | 115,000            | 121,900            |
| Auditors' fees                            | 224,750            | 198,550            |
| Repair of the Company's assets            | 10,591,405         | 8,431,649          |
|   | <b>135,240,640</b> | <b>108,836,336</b> |

**22. Interest income**

|   |                      |                      |
|---|----------------------|----------------------|
| Lease and hire purchase   | 733,900,962          | 755,287,466          |
| Term loan and home loan   | 201,167,104          | 164,977,920          |
| Short term loan and factoring advances                                | 95,536,550           | 73,903,949           |
| <b>Total interest on lease, loans and advances</b>                    | <b>1,030,604,615</b> | <b>994,169,335</b>   |
| Interest on fixed deposit with banks and other financial institutions | 96,070,556           | 97,414,870           |
| Interest on call loans  | 10,952,722           | 8,974,792            |
| Interest on balance with banks and other financial institutions       | 2,674,209            | 5,790,328            |
|   | <b>1,140,302,102</b> | <b>1,106,349,325</b> |



|  | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|--|----------------------|----------------------|
| <b>23. Interest paid on deposits, borrowing, etc.</b>  |                      |                      |
| a) Interest paid on deposits:  |                      |                      |
| Deposits from other than banks and financial institutions  | 395,459,772          | 354,904,618          |
| Deposits from banks and other financial institutions   | 50,085,398           | 121,099,536          |
| Direct deposit expenses  | 14,824,202           | 10,087,287           |
| Interest bearing security deposits   | 8,482,725            | 9,592,127            |
|  | <b>468,852,097</b>   | <b>495,683,568</b>   |
| b) Interest paid for borrowing:  |                      |                      |
| Bank loans   | 69,161,583           | 155,951,207          |
| Bangladesh Bank refinance  | 21,570,158           | 18,644,946           |
| Call loan  | 27,977,958           | 14,311,435           |
| Overdraft  | 6,528,575            | 1,284,674            |
| Finance charge on capital lease  | 245,413              | 44,388               |
|  | <b>125,483,687</b>   | <b>190,236,650</b>   |
|  | <b>594,335,784</b>   | <b>685,920,218</b>   |
| <b>24. Investment income</b>   |                      |                      |
| Interest on bonds  | -                    | 1,053,416            |
| Interest on debentures   | -                    | -                    |
| Discount income  | -                    | -                    |
| Gain on sale of shares   | -                    | -                    |
| Dividend on shares   | 11,050,386           | 7,135,937            |
|  | <b>11,050,386</b>    | <b>8,189,353</b>     |
| <b>25. Other operating income</b>  |                      |                      |
| Reimbursement- invoice processing and collection costs   | 9,442,714            | 5,808,204            |
| Early repayment premium  | 15,501,831           | 5,446,456            |
| Reimbursement- documentation costs   | 5,047,953            | 3,398,267            |
| Proceeds on titleship transfer   | 2,646,099            | 3,152,196            |
| Profit on sale of fixed assets   | 280,352              | 569,400              |
| Return from investment in associate company  | -                    | 308,826              |
| Miscellaneous earnings   | 106,142              | 39,038               |
|  | <b>33,025,090</b>    | <b>18,722,387</b>    |
| <b>26. Non-operating income</b>  |                      |                      |
| Non-operating income arose from divestment of share of Duncan Properties Limited which is presented as follows:  |                      |                      |
| Sale proceed   | 281,260,000          | -                    |
| Cost of investment   | (69,070,933)         | -                    |
|  | <b>212,189,067</b>   | -                    |
| Sale proceed represents Taka 281,260,000 arose from sale of 686,000 shares of Duncan Properties Limited, cost investment represents original acquisition cost with prior years profit from the investment. |                      |                      |
| <b>27. Salaries and allowances</b>   |                      |                      |
| Basic salary, provident fund contribution and all other allowances   | 77,637,713           | 60,788,130           |
| Festival and incentive bonus   | 16,091,195           | 14,576,328           |
|  | <b>93,728,908</b>    | <b>75,364,458</b>    |



|   | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|---|----------------------|----------------------|
| <b>28. Rent, taxes, insurance, electricity, etc.</b>  |                      |                      |
| Rent, rate and taxes  | 11,835,322           | 7,553,732            |
| Insurance   | 834,715              | 783,295              |
| Electricity, gas and water  | 3,899,830            | 3,185,360            |
|   | <b>16,569,867</b>    | <b>11,522,387</b>    |
| <b>29. Legal expenses</b>   |                      |                      |
| Legal expenses  | 4,115,642            | 3,277,664            |
|   | <b>4,115,642</b>     | <b>3,277,664</b>     |
| <p>Legal expenses include expenses related to professional fees and other incentives fees relating recovery of lease, loans. Cost of purchasing non-judicial stamp increased for additional volume of business in SME sector.</p> |                      |                      |
| <b>30. Postage, stamp, telecommunication, etc.</b>  |                      |                      |
| Postage, stamp, Internet  | 392,188              | 364,749              |
| Telephone - Mobile and T & T  | 2,852,877            | 2,655,805            |
|   | <b>3,245,065</b>     | <b>3,020,554</b>     |
| <b>31. Stationery, printing and advertisements, etc.</b>  |                      |                      |
| Printing and stationery   | 979,966              | 1,057,760            |
| Publicity and advertisement   | 1,306,040            | 1,022,138            |
|   | <b>2,286,006</b>     | <b>2,079,898</b>     |
| <b>32. Managing Director's salary and benefits</b>  |                      |                      |
| Remuneration  | 2,950,000            | 2,950,000            |
| Other benefits  | 1,961,647            | 1,869,278            |
|   | <b>4,911,647</b>     | <b>4,819,278</b>     |
| <b>33. Directors' fees</b>  |                      |                      |
| Directors' fees   | 115,000              | 121,900              |
|   | <b>115,000</b>       | <b>121,900</b>       |
| <p>Directors' fees include fees for attending the meeting by the non-executive directors. Each non-executive director was remunerated @Taka 2,000 per meeting.</p>  |                      |                      |
| <b>34. Auditors' fees</b>   |                      |                      |
| Statutory audit fee (including VAT)   | 138,000              | 125,400              |
| Other assurance and certification fee   | 86,750               | 73,150               |
|   | <b>224,750</b>       | <b>198,550</b>       |
| <b>35. Depreciation and repairs of assets</b>   |                      |                      |
| <u>Depreciation - (detailed in annexure-A)</u>  |                      |                      |
| Furniture and fixture   | 4,992,613            | 3,902,167            |
| Electrical equipment  | 5,401,836            | 4,288,609            |
| Motor vehicle   | 2,455,462            | 2,460,940            |
| Office equipment  | 18,303               | 14,979               |
|   | <b>12,868,214</b>    | <b>10,666,695</b>    |
| <u>Repairs</u>  |                      |                      |
| Office equipment  | 1,347,044            | 1,022,308            |
| Maintenance   | 5,770,410            | 4,221,711            |
| Vehicles  | 3,473,950            | 3,187,630            |
|   | <b>10,591,405</b>    | <b>8,431,649</b>     |
|   | <b>23,459,619</b>    | <b>19,098,344</b>    |



|   | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|---|----------------------|----------------------|
| <b>36. Other expenses</b>   |                      |                      |
| Laundry, cleaning, photographs, etc.  | 37,750               | 36,642               |
| Training expenses   | 60,000               | 56,600               |
| Books, magazines and newspapers, etc.   | 107,084              | 92,305               |
| Contractual service   | 975,030              | 918,567              |
| Petrol, oil and lubricant   | 1,827,063            | 1,650,251            |
| Liveries and uniforms   | 140,448              | 79,763               |
| Donations   | 2,050,000            | 198,668              |
| Medical expenses  | 538,746              | 269,788              |
| Fees and subscription   | 1,260,006            | 535,749              |
| Bank charges and commission paid  | 1,423,816            | 1,039,026            |
| Entertainment   | 2,155,147            | 1,600,063            |
| Annual General Meeting expenses   | 2,687,552            | 2,683,829            |
| Business promotion expenses   | 2,953,565            | 6,236,673            |
| Travelling and conveyance expenses  | 9,077,007            | 9,695,423            |
|   | <b>25,293,214</b>    | <b>25,093,347</b>    |
| <b>37. Provision against lease, loans and advances</b>                              |                      |                      |
| On classified loans   | 114,803,780          | 90,362,857           |
| On un-classified loans<br>(Please see note-2.12.1)                                  | (64,803,780)         | (362,857)            |
|   | <b>50,000,000</b>    | <b>90,000,000</b>    |
| <b>38. Tax expenses</b>   |                      |                      |
| <u>Current tax</u>  |                      |                      |
| Corporate tax for the year on operating profit                                      | 169,161,806          | 160,716,139          |
| Corporate tax for the year on non-operating profit                                  | 31,828,360           | 61,350               |
|   | <b>200,990,166</b>   | <b>160,777,489</b>   |
| Corporate tax for prior years   | -                    | 179,729,514          |
|   | <b>200,990,166</b>   | <b>340,507,003</b>   |
| <u>Deferred tax</u>   |                      |                      |
| Offset of deferred tax liability relating to leased assets                          | -                    | (288,578,635)        |
| Deferred tax relating to fixed assets<br>including premises, furniture and fixtures | (990,165)            | (1,318,221)          |
|   | <b>(990,165)</b>     | <b>(289,896,856)</b> |
|   | <b>200,000,000</b>   | <b>50,610,147</b>    |
| <b>39. Earnings per share (EPS)</b>   |                      |                      |
| Net profit after tax  | 378,281,143          | 162,134,321          |
| Number of ordinary shares outstanding   | 5,280,000            | 2,640,000            |
| Earnings per share  | <b>71.64</b>         | <b>61.41</b>         |
| <b>Restatements of EPS</b>  |                      |                      |
| Net profit after tax without non-operating income                                   | 197,920,436          | 162,134,321          |
| Number of ordinary shares outstanding   | 5,280,000            | 5,280,000            |
| EPS considering current year's outstanding number of shares                         | -                    | <b>30.71</b>         |
| EPS without current year's non-operating income                                     | <b>37.48</b>         |                      |

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of December 31, 2010 as per Bangladesh Accounting Standard (BAS) -33. According to BAS 33, EPS for 2009 has been restated for the issues of bonus share in 2010.



|  | <b>2010<br/>Taka</b> | <b>2009<br/>Taka</b> |
|--|----------------------|----------------------|
| <b>40. Receipts from other operating activities</b>  |                      |                      |
| Reimbursement - invoice processing and collection costs  | 9,442,714            | 5,808,204            |
| Early repayment premium  | 15,501,831           | 5,446,456            |
| Reimbursement-documentation costs  | 5,047,953            | 3,398,267            |
| Proceeds on titleship transfer   | 2,646,099            | 3,152,196            |
| Miscellaneous earnings   | 106,142              | 39,038               |
|  | <b>32,744,738</b>    | <b>17,844,161</b>    |
| <b>41. Payments for other operating activities</b>   |                      |                      |
| Rent, taxes, insurance, electricity, etc.  | 16,569,867           | 11,522,387           |
| Repairs and maintenance  | 10,591,405           | 8,431,649            |
| Traveling and conveyance expenses  | 9,624,659            | 9,695,422            |
| Business promotion expenses  | 2,953,565            | 6,236,673            |
| Postage, stamp, telecommunication, etc.  | 3,245,065            | 3,020,554            |
| Legal expenses   | 4,115,642            | 3,277,664            |
| Annual General Meeting expenses  | 2,687,552            | 2,683,829            |
| Contractual service  | 975,030              | 918,567              |
| Petrol, oil and lubricant  | 1,827,063            | 1,650,251            |
| Stationery, printing and advertisements  | 2,286,006            | 2,079,898            |
| Entertainment  | 2,155,147            | 1,600,063            |
| Bank charges and commission paid   | 1,423,816            | 1,039,026            |
| Fees and subscription  | 1,260,006            | 535,749              |
| Medical expenses   | 538,746              | 269,788              |
| Donations  | 2,050,000            | 198,668              |
| Directors' fees  | 115,000              | 121,900              |
| Books, magazines and newspapers  | 107,084              | 92,305               |
| Liveries and uniforms  | 140,448              | 79,763               |
| Training expenses  | 60,000               | 56,600               |
| Laundry, cleaning, photographs   | 37,750               | 36,642               |
|  | <b>62,763,849</b>    | <b>53,547,398</b>    |
| <b>42. (Increase)/decrease of other assets</b>   |                      |                      |
| Investment in associate  | 69,070,933           | (308,826)            |
| Other receivables  | 22,472,581           | (1,721,640)          |
| Deferred tax asset   | (990,165)            | (1,083,369)          |
|  | <b>90,553,349</b>    | <b>(3,113,835)</b>   |
| <b>43. Increase/(decrease) of other liabilities</b>  |                      |                      |
| Lease advances   | 103,680              | 30,259,281           |
| Liabilities for other finance  | 64,984,393           | 34,479,444           |
|  | <b>65,088,073</b>    | <b>64,738,725</b>    |
| <b>44. Number of employees</b>   |                      |                      |
| The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 p.a were 175 (2009: 127). The number of employees at the end of the year was 162. |                      |                      |

**45. Disclosure on Audit Committee**

The Audit Committee comprised of:

| Sl. | Name              | Status in the Company | Status with committee | Educational qualification |
|-----|-------------------|-----------------------|-----------------------|---------------------------|
| 1   | M. Moyeedul Islam | Director              | Chairman              | M. A., LL.B               |
| 2   | M. Abdul Wahed    | Independent Director  | Member                | B.Sc. (Pharm.)            |
| 3   | S. Aziz Ahmad     | Director              | Member                | B.Sc.                     |
| 4   | M. Ataul Hoque    | Company Secretary     | Secretary             | Chartered Accountant      |

During 2010, the Audit Committee discharged the following responsibilities:

- Reviewed the Company's draft financial statements for the year ended on December 31, 2009 and recommended that the same be placed before the Board for approval.
- Recommended that the report of the Committee be adopted by the Board for publishing in the Annual Report 2009.
- Advised the Board on appointment of new external auditors for the year 2010 and the audit fee.
- Reviewed the quarterly reports on Internal Compliance prepared by the Internal Audit department.
- Reviewed the report on pending legal cases.
- Reviewed the quarterly financial statements and recommended that the same be placed to the Board for approval.
- Reviewed the Management Report of the external auditors along with the management responses on the Company's internal control.
- Reviewed the quarterly report on written-off cases.
- Revised the Internal Audit Calendar - 2010.
- Reviewed and approved the Internal Audit Calendar for 2011.
- Reviewed Bangladesh Bank Inspection Report on the inspection along with Company's reply and recommended its placement before the Board meeting for approval and onward submission to Bangladesh Bank.
- Reviewed management response to the special inspection report on internal compliance by Bangladesh Bank.

The Audit Committee held four (4) meetings during the year 2010. On invitation, Managing Director of the Company, Chief Financial Officer (CFO) and Head of Internal Compliance attended the meeting to meet the queries of the Audit Committee and take directives for improvement.

**46 Related party disclosures**

## 46.1 Particulars of Directors of the Company as on December 31, 2010

| SI no. | Name of Directors | Designation                    | Shareholding status   |
|--------|-------------------|--------------------------------|---|
| 1.     | Imran Ahmed       | Chairman                       | Nominated by Lawrie group Plc., UK having share of 20%          |
| 2.     | Peter J. Field    | Director                       |   |
| 3.     | M. Moyeedul Islam | Director                       | Nominated by United Insurance Co. Ltd. having share of 20.64%   |
| 4.     | A. Rouf           | Director                       | Nominated by Macalms Bangladesh Trust having share of 1.58%.    |
| 5.     | S. Aziz Ahmad     | Director                       | Nominated by Surmah Valley Tea Co. Ltd. having share of 8.27%   |
| 6.     | M. Abdul Wahed    | Independent Director           | Not applicable; no shareholding.                                |
| 7.     | M. M. Alam        | Director                       | Nominated by The Allynugger Tea Co. Ltd. having share of 0.06%. |
| 8.     | Syed Ehsan Quadir | Director and Managing Director | Not applicable, Ex-officio capacity                             |
| 9.     | M. A. Azim        | Director and DMD               | Nominated by The Chandpore Tea Co. Ltd. having share of 0.07%   |



46.2 Name of Directors and their interest in different entities as at December 31, 2010

| Sl no. | Name of Directors | Status with the Company        | Entities where they have interest   |
|--------|-------------------|--------------------------------|---|
| 1.     | Imran Ahmed       | Chairman                       | <p><b>Director</b></p> <p>1. United Insurance Co. Ltd.<br/>2. Eastland Camellia Ltd.<br/>3. Duncan Properties Ltd.<br/>4. Octavius Steel &amp; Co. of BD Ltd.<br/>5. Duncan Brothers (BD) Ltd.<br/>6. Duncan Products Ltd.<br/>7. Chittagong Warehouse Ltd.<br/>8. Surmah Valley Tea Co. Ltd.<br/>9. The Lungla (Sylhet) Tea Co. Ltd.<br/>10. The Allynugger Tea Co. Ltd.<br/>11. Amo Tea Co. Ltd.<br/>12. The Chandpore Tea Co. Ltd.<br/>13. The Mazdehee Tea Co. Ltd.</p> |
| 2.     | M. Moyeedul Islam | Director                       | <p><b>Chairman</b></p> <p>United Insurance Co. Ltd.</p>   |
| 3.     | Peter J. Field    | Director                       | <p><b>Director</b></p> <p>1. The Lungla (Sylhet) Tea Co. Ltd.<br/>2. The Allynugger Tea Co. Ltd.<br/>3. Amo Tea Co. Ltd.<br/>4. The Chandpore Tea Co. Ltd.<br/>5. The Mazdehee Tea Co. Ltd.<br/>6. Eastland Camellia Ltd.<br/>7. Surmah Valley Tea Co. Ltd.</p> <p><b>Managing Director</b></p> <p>1. Duncan Lawrie Ltd. U.K.</p>   |
| 4.     | Mr. M. M. Alam    | Director                       | <p><b>Director</b></p> <p>United Insurance Co. Ltd.</p>   |
| 5.     | S. Aziz Ahmad     | Director                       | <p><b>Director</b></p> <p>1. Duncan Brothers (BD) Ltd.<br/>2. Duncan Products Ltd.<br/>3. Octavius Steel &amp; Co. of BD Ltd.<br/>4. Eastland Camellia Ltd.<br/>5. Duncan Properties Ltd.<br/>6. United Insurance Co. Ltd.</p>  |
| 6.     | M. Abdul Wahed    | Independent Director           | <p><b>Director</b></p> <p>United Insurance Co. Ltd.</p>   |
| 7.     | A. Rouf           | Director                       | <p><b>Director</b></p> <p>1. The Lungla (Sylhet) Tea Co. Ltd.<br/>2. The Allynugger Tea Co. Ltd.<br/>3. Amo Tea Co. Ltd.<br/>4. The Chandpore Tea Co. Ltd.<br/>5. The Mazdehee Tea Co. Ltd.<br/>6. United Insurance Co. Ltd.<br/>7. Octavius Steel &amp; Co. of BD Ltd.<br/>8. Duncan Brothers (BD) Ltd.<br/>9. Duncan Products Ltd.<br/>10. Chittagong Warehouse Ltd.<br/>11. Eastland Camellia Ltd.<br/>12. Duncan Properties Ltd.</p>                                    |
| 8.     | Syed Ehsan Quadir | Director and Managing Director | -   |
| 9.     | M. A. Azim        | Director and DMD               | -   |



46.3 Transactions with Directors and their related entities

| Name of the Party                | Name of Directors | Related by      | Nature of transaction         | Amount in Taka | Status of loans and advances |
|----------------------------------|-------------------|-----------------|-------------------------------|----------------|------------------------------|
| United Insurance Co. Ltd.        | M. Moyeedul Islam | Common Director | Term deposit                  | 105,150,000    |                              |
|                                  | Imran Ahmed       | -Do-            |                               |                |                              |
|                                  | Abdur Rouf        | -Do-            |                               |                |                              |
|                                  | Syed Aziz Ahmad   | -Do-            |                               |                |                              |
|                                  | M. M. Alam        | -Do-            |                               |                |                              |
|                                  | M. A. Wahed       | -Do-            |                               |                |                              |
| The Lungla (Sylhet) Tea Co. Ltd. | Imran Ahmed       | -Do-            | Lease financing               | 11,960,895     | Regular                      |
|                                  | Abdur Rouf        | -Do-            |                               |                |                              |
| The Lungla (Sylhet) Tea Co. Ltd. | Imran Ahmed       | -Do-            | Term deposit                  | 23,125,000     |                              |
|                                  | Abdur Rouf        | -Do-            |                               |                |                              |
| Amo Tea Co. Ltd.                 | Imran Ahmed       | -Do-            | Lease financing               | 717,668        | Regular                      |
|                                  | Abdur Rouf        | -Do-            |                               |                |                              |
| United Insurance Co. Ltd.        | M. Moyeedul Islam | -Do-            | Insurance premium paid        | 591,043        |                              |
|                                  | Imran Ahmed       | -Do-            |                               |                |                              |
|                                  | Abdur Rouf        | -Do-            |                               |                |                              |
|                                  | Syed Aziz Ahmad   | -Do-            |                               |                |                              |
|                                  | M. M. Alam        | -Do-            |                               |                |                              |
|                                  | M. A. Wahed       | -Do-            |                               |                |                              |
| The Mazdehee Tea Co. Ltd.        | Imran Ahmed       | -Do-            | Office rent paid for the year | 1,311,450      |                              |
|                                  | Abdur Rouf        | -Do-            |                               |                |                              |
| The Chandpore Tea Co. Ltd.       | Imran Ahmed       | -Do-            | Office rent paid for the year | 1,311,450      |                              |
|                                  | Abdur Rouf        | -Do-            |                               |                |                              |
| Duncan Brothers (BD) Ltd.        | Imran Ahmed       | -Do-            | Office rent paid for the year | 544,320        |                              |
|                                  | Abdur Rouf        | -Do-            |                               |                |                              |
|                                  | Syed Aziz Ahmad   | -Do-            |                               |                |                              |
| Macalms Bangladesh Trust         | Imran Ahmed       | -Do-            | Term deposit                  | 4,539,316      |                              |
|                                  | Abdur Rouf        | -Do-            |                               |                |                              |
|                                  | Syed Aziz Ahmad   | -Do-            |                               |                |                              |



**47. Commitment**

*Capital expenditure*

The Company had no capital expenditure commitment contracted at December 31, 2010 (2009: nil).

*Commitment to lend*

Under a lease/loan commitment the Company agrees to make funds available to customers in the future. Lease/loan commitments, which are usually for a specified term may be unconditionally cancellable or may persist, provided all conditions in the lease/loan facility are satisfied or waived. At the end of the year 2010, the Company had Taka 363,176,343 commitment with customers (2009: Taka 251,000,818).

**48. Claim against Company not acknowledged as debt**

There were no such claims against the Company which required to be acknowledged as debt at December 31, 2010.

**49. Proposal of dividend**

The Board of Directors has recommended a cash dividend of Tk. 7.50 per ordinary share i.e. a total of Tk. 39.60 million for 5.28 million ordinary shares and three bonus shares for every four shares held for the year ended December 31, 2010.

**50. Dividend remitted to non-resident shareholders**

An amount of Tk.2,775,065 equivalent to GBP 25,902 (2008: Tk 8,316,000 equivalent to GBP 77,465) was remitted to non-resident shareholder as dividend for the year 2009.

**51. Foreign currency transactions**

There were no foreign currency monetary transactions during the reporting year that would give rise to gains or losses in the profit and loss account.

**52. Highlights on the overall activities**

(Taka in million)

| Sl no. | Particulars   | 2010     | 2009     |
|--------|---|----------|----------|
| 1      | Paid-up capital (note-13.2)   | 528.00   | 264.00   |
| 2      | Total capital (note-13.3)   | 1,694.34 | 1,400.66 |
| 3      | Capital surplus (note-13.3)   | 1,236.01 | 953.29   |
| 4      | Total assets  | 9,259.76 | 8,718.65 |
| 5      | Total deposits (note-11.1)  | 4,035.30 | 3,888.30 |
| 6      | Total lease, loans and advances   | 7,556.13 | 7,212.45 |
| 7      | Total contingent liabilities and commitments (note-20)                                      | 34.50    | 2.40     |
| 8      | Credit deposit ratio (note- 7/ note-11.1)   | 1.87     | 1.85     |
| 9      | Percentage of classified lease, loans and advances against total leases, loans and advances | 2.86     | 3.70     |
| 10     | Profit after tax and provision  | 378.28   | 162.13   |
| 11     | Amount of loans classified during the year  | 60.51    | 59.01    |
| 12     | Provisions kept against classified loans (note-12.5)  | 415.51   | 321.29   |
| 13     | Provision surplus / (deficit) (note-12.5)   | 235.55   | 157.67   |
| 14     | Cost of fund (%)  | 10.92    | 11.97    |
| 15     | Interest earning assets   | 8,568.23 | 8,006.30 |
| 16     | Non-interest earning assets   | 691.52   | 712.35   |
| 17     | Return on investment (ROI)(%)   | 26.20    | 13.50    |
| 18     | Return on assets (ROA)(%)   | 4.09     | 1.86     |
| 19     | Income from investment  | 11.05    | 8.19     |
| 20     | Earnings per share (Taka)   | 71.64    | 61.41    |
| 21     | Net income per share (Taka)*  | 71.64    | 61.41    |
| 22     | Price earning ratio (times)**   | 23.71    | 24.00    |

\* Since ULC does not have any minority interest, EPS and net income per share remain same.

\*\* Based on December 31 market price of the respective year

**Syed Ehsan Quadir**  
Managing Director

**M. Moyeedul Islam**  
Director

**A. Rouf**  
Director

**M. M. Alam**  
Director



## Fixed assets including premises, furniture and fixture

Annexure-A  
(From note-8)

Statement of property, plant and equipment is as follows:

|                                     | Furniture & Fixture<br>(Taka) | Office equipment<br>(Taka) | Electrical equipment<br>(Taka) | Motor vehicle<br>(Taka) | Total<br>(Taka)   |
|-------------------------------------|-------------------------------|----------------------------|--------------------------------|-------------------------|-------------------|
| <b>Cost</b>                         |                               |                            |                                |                         |                   |
| Balance at January 01, 2010         | 32,140,382                    | 180,217                    | 25,519,881                     | 16,433,300              | 74,273,780        |
| Addition                            | 8,754,593                     | 38,824                     | 6,949,199                      | 3,762,000               | 19,504,616        |
| Disposal/adjustment                 | -                             | -                          | (195,308)                      | (1,174,738)             | (1,370,046)       |
| <b>Balance at December 31, 2010</b> | <b>40,894,975</b>             | <b>219,041</b>             | <b>32,273,772</b>              | <b>19,020,562</b>       | <b>92,408,350</b> |
| <b>Accumulated depreciation</b>     |                               |                            |                                |                         |                   |
| Balance at January 01, 2010         | 11,085,570                    | 128,296                    | 15,052,273                     | 11,318,360              | 37,584,499        |
| Charge for the year                 | 4,992,613                     | 18,303                     | 5,401,836                      | 2,455,462               | 12,868,214        |
| Disposal/adjustment                 | -                             | -                          | (142,336)                      | (728,860)               | (871,196)         |
| <b>Balance at December 31, 2010</b> | <b>16,078,183</b>             | <b>146,599</b>             | <b>20,311,773</b>              | <b>13,044,962</b>       | <b>49,581,517</b> |
| <b>WDV at December 31, 2010</b>     | <b>24,816,792</b>             | <b>72,442</b>              | <b>11,961,999</b>              | <b>5,975,600</b>        | <b>42,826,833</b> |
| <b>WDV at December 31, 2009</b>     | <b>21,054,812</b>             | <b>51,921</b>              | <b>10,467,608</b>              | <b>5,114,940</b>        | <b>36,689,281</b> |

During the year the Company disposed the following obsolete fixed assets:

|                           | Electrical equipment<br>(Taka) | Motor Vehicle<br>(Taka) | Total<br>(Taka) |
|---------------------------|--------------------------------|-------------------------|-----------------|
| Cost                      | 195,308                        | 1,174,738               | 1,370,046       |
| Accumulated depreciation  | (142,336)                      | (728,860)               | (871,196)       |
| Book value                | 52,972                         | 445,878                 | 498,850         |
| Sale proceeds             | 55,900                         | 723,302                 | 779,202         |
| <b>Profit on disposal</b> | <b>2,928</b>                   | <b>277,424</b>          | <b>280,352</b>  |
| Buyer                     | Employee & Outsider            | Employee & Outsider     |                 |
| Mode of disposal          | Competitive quotation          | Competitive quotation   |                 |

## Statement of tax status

Annexure-B  
(From note-12.6)

| Accounting year | Assessment year | Tax provision as per accounts<br>(Taka) | Tax as per assessment by DCT<br>(Taka) | Excess/ (shortage) of provision<br>(Taka) | Legal status  |
|-----------------|-----------------|---|--|---|---|
| 2004            | 2005-2006       | 28,988,565                              | 26,639,273                             | 2,349,292                                 | Appeal filed with Appellate Tribunal.                                   |
| 2006            | 2007-2008       | 134,733,607                             | 134,733,607                            | -   | Assessment order received based on judgement by the Appellate Tribunal. |
| 2007            | 2008-2009       | 137,020,502                             | 137,020,502                            | -   | Appeal filed with Appellate Tribunal.                                   |
| 2008            | 2009-2010       | 152,661,018                             | 143,882,192                            | 8,778,826                                 | Assessment made u/s 82bb  |
| 2009            | 2010-2011       | 160,777,489                             | -                                      | 160,777,489                               | Return submitted and assessment made u/s 82bb                           |
| 2010            | 2011-2012       | 200,990,166                             | -                                      | 200,990,166                               | Yet to be submitted.  |
|                 | <b>Total</b>    | <b>815,171,347</b>                      | <b>442,275,574</b>                     |   |   |



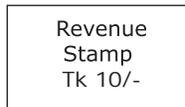
**UNITED LEASING COMPANY LIMITED**

Camellia House  
22 Kazi Nazrul Islam Avenue, Dhaka-1000

**PROXY FORM**

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a Member of United Leasing Company Limited do hereby appoint  
Mr/Ms \_\_\_\_\_  
of \_\_\_\_\_  
or (failing him/her)Mr/Ms \_\_\_\_\_  
of \_\_\_\_\_  
as my/our proxy, to vote for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on June 9, 2011 at 11:00 a.m. and at any adjournment thereof or at any ballot to be taken in consequence thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011



Signature of Shareholder \_\_\_\_\_  
Folio/BO ID No. \_\_\_\_\_  
No. of Shares \_\_\_\_\_

\_\_\_\_\_  
Signature of Proxy

**N.B.: IMPORTANT**

- (1) This Form of Proxy, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
- (2) Signature of the Shareholder should agree with the Specimen Signature registered with the Company and Depository Register.

**UNITED LEASING COMPANY LIMITED**

Camellia House  
22 Kazi Nazrul Islam Avenue, Dhaka-1000

**ATTENDANCE SLIP**

I hereby record my attendance at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company being held on Thursday, June 9, 2011 at 11:00 a.m. at the Celebrity Hall of Bangabandhu International Conference Centre, Agargaon, Sher-e-Bangla Nagar, Dhaka.

Name of Member/Proxy \_\_\_\_\_ Signature \_\_\_\_\_  
Folio/BO ID No. \_\_\_\_\_ Dated \_\_\_\_\_

- N.B.: i) Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and deposit the same at the entrance of the meeting hall.
- ii) Shareholders and proxies are requested to record their entry in the Annual General Meeting well in time.