



UNITED LEASING

ANNUAL REPORT 2009



Annual Report 2009



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NOTICE OF THE TWENTY FIRST ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty First Annual General Meeting of the shareholders of United Leasing Company Limited will be held at the Bangabandhu International Conference Centre, Agargaon, Sher-E-Bangla Nagar, Dhaka on Thursday, March 25, 2010 at 3.00 p.m. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended December 31, 2009.
2. To declare Dividend for 2009.
3. To elect Directors as per Articles of Association of the Company.
4. To consider the appointment of Auditors for 2010 and fix their remuneration.

BY ORDER OF THE BOARD

COMPANY SECRETARY

Dated : Dhaka
February 22, 2010

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. March 03, 2010 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, March 22, 2010.



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

Chittagong

Ispahani Building (2nd Floor)
31 Sheikh Mujib Road
Agrabad Commercial Area, Chittagong
PABX : (880-31) 714882
Fax : (880-31) 713729
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

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
E-mail : syl@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



CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the Board of Directors, I am pleased to welcome you at the 21st Annual General Meeting of United Leasing Company Limited.

At the outset, with a heavy heart I inform you that, Mr.P.A.Leggatt MBE, founding Director of your Company, nominated by our sponsor shareholder, Lawrie Group plc of the U.K, expired in London on 28 November 2009. Late Mr.P.A.Leggatt MBE was instrumental in Company's formation and bringing in foreign investment, particularly that of the Commonwealth Development Corporation (CDC) into the Company. His contribution to the success of the Company will be gratefully remembered by us all. Let us pray for the peace and salvation of the departed soul.

Let me now brief you about the economic scenario of the Country and the performance of your Company during the year.

Economy

Bangladesh economy has been demonstrating considerable resilience despite adverse effects of global downturn. The country achieved GDP growth of 5.9% in FY2008-09 from 6.2% in the previous fiscal year.

The major contributor to the GDP growth was agriculture sector which registered a robust growth of 4.6% in FY2008-09. Last fiscal year the growth was 3.2%. Overall favorable climatic condition along with broad based government support helped achieve bumper crops during the year.

Industrial growth however was 5.9% in FY2008-09 compared with 6.8% in FY2007-08. This can be attributed to decline in both external and domestic demand. The decline was noticed mainly in export oriented industries due to poor response from the external buyers which resulted in weak domestic demand for the related industrial products. Deficiencies in power, gas and basic infrastructure were the major supply side bottlenecks for industry sector growth, investors were cautious to invest in new industrial ventures or expansion.

Government's implementation of projects under ADP and PPP also slowed down. The overall depressed demand, both in the private sector and Government, and decline in import price, especially of fuel, is well reflected in the all time high foreign currency reserve of US\$ 10 billion and the excess liquidity in the Banking Sector. Inflation fell steadily from 9.94% in FY2007-08 to 6.66% in FY2008-09.

Despite slow down of the manpower intake abroad, remittances of Bangladesh nationals working abroad amounted to US\$ 9.69 billion in FY2008-09 as against US\$ 7.92 billion in the preceding financial year indicating an increase of 22.4%. This perhaps is the outcome of the efforts of the banks to improve their remittance networks. Worker's remittances are still growing, but at a decelerated pace. The number of workers leaving Bangladesh has fallen while the number of those returning has risen.

Industry

Companies predominantly involved in lease financing of equipment and machinery had a very challenging year in 2009.

Though Bangladesh Bank's move to fix maximum bank lending rate for finance companies at 13% helped many to reduce their funding cost, however, significant liquidity in the entire financial sector, coupled with low demand and the resulting intensification of competition among banks and financial institutions had an adverse effect on the portfolio and margins. Many had to face prepayment and/or had to lower margins to retain their customers which reduced profitability. You may recall that in 2007 the National Board of revenue (NBR) withdrew the depreciation allowance benefit for companies involved in leasing, therefore now there is no competitive advantage of leasing over other financing products and the pricing as well as margin advantage is in favour of the banks.

As part of government's stimulus package, Bangladesh Bank allowed industries affected by the global recession to reschedule their loans within a specific time frame, without down payment. This brought a sigh of temporary relief to the industries who could not repay their loans due to down turn in business.

With a view to strengthening the financial base of the financial institutions and ensuring adherence to global best practices, Bangladesh Bank has asked the financial institutions to implement Basel-II by the end of 2010 and raise their paid-up capital to minimum BDT. 500 million from the existing minimum limit of BDT. 250 million within December 31, 2010. Furthermore cash dividend cannot be paid till the paid-up capital is brought to the minimum level.

To harmonise and standardise the presentation of financial statements, Bangladesh Bank directed financial institutions to prepare their annual financial statements in line with the banking companies. Therefore, our presentation of accounts in the annual report 2009 has been made in accordance with the Banking Companies Act.



Company performance

The company earned net interest income of BDT. 420 million and profit before tax of BDT. 212 million compared to BDT. 395 million and BDT. 203 million in 2008 registering a growth of 6.32% and 4.43% respectively. Cost of deposits and borrowing decreased by 5.56% from BDT. 726 million to BDT. 686 million, however operating expenses increased by 25.13% from BDT. 115 million to BDT. 145 million mainly due to consecutive effect of expansion in small enterprise financing, factoring of accounts receivable and individual investment services initiated at the end of 2008. Additional promotional expenses for expanding corporate image after completion of 20 years of service and imposition of VAT on rental expenses also contributed to the increase in operating expenses. Sufficient provision for bad debts has also been made this year to cover ourselves from recovery risk. Net asset value per share increased to BDT.478 from BDT. 434. Earning-per-share increased by 6.45% to BDT. 61.71 from BDT. 57.97 in 2008.

Despite the global economic recession and sluggish investment climate in the country, your Company's core business of lease financing of industrial machinery achieved reasonable success by focusing on exploring new markets and expanding customer base.

Small enterprise financing achieved reasonable growth in portfolio as did the Accounts Receivable financing business. Both these initiatives undertaken in 2005 were part of our effort to diversify and increase our support to country's small enterprises.

The investment marketing team also made considerable gains this year and established Company's deposit products. The deposit network has widened as has the range of product offerings.

Collection

It has been a tough and challenging year for the Collection teams. A number of industries suffered due to global economic condition resulting in repayment difficulties. Despite these constraints the collection teams fared well due to intensive and proactive monitoring which helped in achieving the collection target. Overall recovery ratio during the year was 92%.

Human resources

Recognising that service quality improvement is an on-going process, during 2009, your Company focused on increasing the overall efficiency of the organisation by recruiting quality personnel to ensure our motto, "aiming to serve better ...everyday". ULC is an equal opportunity employer offering an excellent work environment with a relatively young and motivated work force. We value high ethical standards, integrity and dedication.

To equip the resources to operate in a competitive environment and to keep them updated with knowledge and techniques, the Company provided 785 man-day training throughout the year both locally and overseas. Due to competitive environment, employee retention continued to be a challenge and we successfully met this challenge by providing a motivating and inspiring work environment.

Risk management

The element of risk management is inherent in every department's activity of your Company, however here I would like to highlight the key developments that took place in 2009.

The Basel-II compliant, two dimensional credit risk assessment model, developed and tuned in the last four years now has all our assets rated. 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, is also proving to be a valuable tool for managing small enterprise asset quality and establishing a prudent credit culture within the Company. The team now also gives monthly feedback on client specific risk to Credit and Relationship Management teams.

Risk Administration department also expanded their activity to Industry Risk Assessment. Now both the Credit and Relationship Management departments are better aware of the sector specific risks and opportunities. We are hopeful that this department will expand its activities to Operation risk Management issues shortly.

The Control and Compliance teams expanded the scope and intensity of their activities as well. This has improved the effectiveness of check and balance which ensures quality and transparency in all spheres of Company's operation.

The Company further strengthened its anti money laundering supervision by updating its personnel with latest techniques to identify and mitigate risk areas through various seminars, workshops and training. Committees were formed for establishing key operational control in head office and branches for mitigating reputation and financial risk.



Treasury operation

Treasury continued to look for diversity in its funding sources to minimise concentration and related cost of fund which is vital for our existence in this competitive business environment. The treasury department assumed special care with regard to the balance sheet risk management, ensuring the level of business as well as effectively managing the risks of liquidity and interest rates.

The main challenge for treasury this year was to significantly reduce funding costs by taking advantage of the market liquidity. I am pleased to report that this was quite effectively accomplished this year.

Corporate governance

It is a pleasure to inform you that the Company complied with all the provisions of the Corporate Governance Compliance Report issued by the Securities and Exchange Commission and the Corporate Governance circulars issued by the Bangladesh Bank. It has always been the Company's earnest endeavor to maintain high standards of corporate governance, business integrity and professionalism in all its activities.

Post balance sheet date events

Subsequent to the balance sheet date, the Directors recommended cash dividend of BDT 7.5 per share and one bonus share for every share held. There are no circumstances in the Company of which non-disclosure would affect the ability of the users of the financial statements to make proper evaluation and decisions.

To improve coverage of the north-eastern areas of the Country, our Sylhet branch was formally opened on January 27, 2010. The Chittagong Branch is also being relocated to accommodate the expanded work force which is already yielding result by expanding our coverage to the southern region.

Outlook

The FY2009-10 GDP growth prediction ranges from 5.2% (International Donor Agencies) to 6% (Bangladesh Bank). The global economic recovery is still very slow and how well we can recover as a nation is uncertain, however, in all likely hood, 2010 may fair better than the last if inflation is reasonably managed.

In an easy credit environment as well as intensifying competition, the major challenge will be to succeed in retaining and expanding our customer base by offering robust, risk mitigated products and services.

I am pleased to inform you that your Company has adequately positioned itself to succeed in this challenging environment. To achieve our desired goals we shall continue to improve our geographic market penetration of all our products. We shall continue to expand our geographic coverage and as the regional portfolio grows our regional presence shall expand as well. Improving our service quality for all our product shall continue to dominate our agenda as that is the only way to ensure a sustainable client base.

We are therefore looking forward to a challenging yet rewarding year ahead as we feel there are many milestones to cross. We shall remain conscious in managing costs and continually work to improve our service quality and add value to all our stakeholders.

Acknowledgment

We wish to thank our valued customers, shareholders, regulators, lenders and the international agencies for their continuous support and cooperation.

I take the privilege of thanking my colleagues in the Board of Directors of the Company for their contribution towards development of the Company and the support rendered to me during the year in conducting the meetings of the Board of Directors.

Last but not the least, I also express my gratitude to all the employees of the Company for their sincere and dedicated services to the growth of the Company.

Sincerely,

Imran Ahmed
Chairman



BOARD OF DIRECTORS' REPORT

Dear Shareholders:

The directors have pleasure in submitting their 21st annual report of your Company together with the audited financial statements for the year ended December 31, 2009 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.

There was no significant change in the nature of these activities during the year 2009.

Financial results

The Company's before and after tax profit for the year 2009 were Taka 212.7 million and Taka 162.1 million compared to Taka 203.4 million and Taka 153.0 million respectively in the previous year.

The financial results are summarized below:

	2009 Taka	2008 Taka
Operating income	447,340,847	418,921,255
Operating expenses and provision	(234,596,380)	(215,559,276)
Profit before tax	212,744,467	203,361,979
Provision for taxation	(50,610,147)	(50,327,029)
Profit after tax	162,134,320	153,034,950
Retained surplus brought forward	2,576,609	3,741,659
Available profit	164,710,929	156,776,609
Transfer from general reserve	174,000,000	-
Accumulated surplus available for appropriation	338,710,929	156,776,609
Directors' recommendation for appropriation of accumulated surplus:		
Transferred to Statutory Reserve	50,000,000	50,000,000
Proposed cash dividend	19,800,000	46,200,000
Proposed bonus share	264,000,000	33,000,000
Transfer to general reserve	-	25,000,000
Retained surplus carried forward	4,910,929	2,576,609
	338,710,929	156,776,609

Dividend

The Board of Directors of the Company is pleased to recommend cash dividend of Taka 7.5 per ordinary share i.e. a total of Taka 19,800,000 for 2.64 million ordinary shares for the year ended December 31, 2009.

The Board also recommended the distribution of one bonus share for every one share held amounting to Taka 264,000,000 at record date.

Dividend equalization reserve

The Board of Directors recommended transferring of the dividend equalization reserve amounting to Taka 70,000,000 to general reserve.

Plan for utilization of undistributed profit

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



Directors

With deep regret we would inform you that, Mr. P.A Leggatt who was the nominated Director of Lawrie Group Plc of the U.K. passed away in London on November 28, 2008. We would request you all to pray for the departed soul.

Following the death of Late Mr. P.A. Legatt, the Board earlier accepted the nomination of Mr. John Peter Field from Lawrie Group Plc. of the U.K. to represent them in the Company's Board. He is eligible for election.

As per Articles 154, 155 and 156 the Articles Association of the Company three Directors namely, Mr. Imran Ahmed represented by Lawrie group Plc of the U.K., Mr. M. M. Alam represented by the Allynugger Tea Company Limited and Mr. M. A. Azim represented by the Chandpore Tea Company Limited retire by rotation from the office and are eligible for re-election.

Auditors

The auditors of the Company, M/S M. J. Abedin & Co. retire and being eligible, offer themselves for re-appointment.

Board meeting and attendance

During the year, six (6) 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.

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

February 09, 2010


Imran Ahmed
Chairman

**Board meeting and attendance**

Name of Directors	Meetings attended
Imran Ahmed	6
P. A. Leggatt, MBE	-
M. Moyeedul Islam	6
A. Rouf	6
S. Aziz Ahmad	5
M. A. Wahed	6
M. M. Alam	6
Syed Ehsan Quadir	6
M. A. Azim	6

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

Shareholding pattern as at December 31, 2009**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.	544,845	20.64
2	Lawrie Group Plc., U.K.	528,000	20.00
3	Surmah Valley Tea Co. Ltd.	218,425	8.27
4	Duncan Brothers (Bangladesh) Ltd.	26,400	1.00
5	Macalms Bangladesh Trust	25,453	0.96
6	Octavius Steel & Co. of BD Ltd.	18,857	0.71
7	The Lunqla (Sylhet) Tea Co. Ltd.	15,313	0.58
8	Camellia Duncan Foundation	3,019	0.11
9	The Chandpore Tea Co. Ltd.	1,846	0.07
10	Amo Tea Co. Ltd.	1,620	0.06
11	Chittagong Warehouses Ltd.	1,572	0.06
12	The Allynugger Tea Co. Ltd.	1,570	0.06
13	The Mazdehee Tea Co. Ltd.	1,569	0.06
14	Duncan Products Ltd.	1,568	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	225	-
Syed Ehsan Quadir	88	-
M. Moyeedul Islam	74	-
Khurshid Ara Rouf (Wife of Mr. A. Rouf, nominated director)	74	-

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

Name of shareholders	Number of shares	% of holdings
United Insurance Co. Ltd.(Sponsor)	544,845	20.64
Lawrie Group Plc, U.K. (Sponsor)	528,000	20.00



Key operating and financial data

(Taka in Million)

	2009	2008	2007	2006	2005
Operating result					
Net operating income	447	419	387	323	373
Profit before tax	213	203	200	179	269
Provision for tax	51	50	57	56	90
Profit after tax	162	153	143	123	179
Balance sheet					
Total lease/loan portfolio	7,212	7,264	7,175	6,084	5,137
Total assets	8,718	8,752	7,894	6,284	5,418
Financial liabilities	5,531	5,773	5,488	3,872	3,351
Total liabilities	7,456	7,606	6,859	5,349	4,562
Shareholders' equity	1,262	1,146	1,035	935	856
No. of shares outstanding (in million)	2.64	2.31	2.1	2.1	1.4
Financial ratios					
Debt-equity ratio ¹	5.9	6.6	6.6	5.7	5.3
Return on equity (%) ²	13.5	14.0	14.5	13.8	22.6
Expenses per taka profit after tax (Taka)	5.6	6.2	5.3	5.0	2.7
Financial expenses coverage (times) ³	1.3	1.3	1.4	1.4	1.9
Net asset value per share ⁴	478	434	392	354	324
Earning per share (Taka) ⁴	61	58	55	47	68
Cash dividend (Taka per share) ⁴	7.5	17.5	15.9	15.9	16.9
Stock dividend (bonus share)	1:1	7:1	10:1	-	2:1
Number of branches	5	4	4	4	3
Number of employees	127	128	89	85	67

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 plus depreciation and tax.
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 2009 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	-	



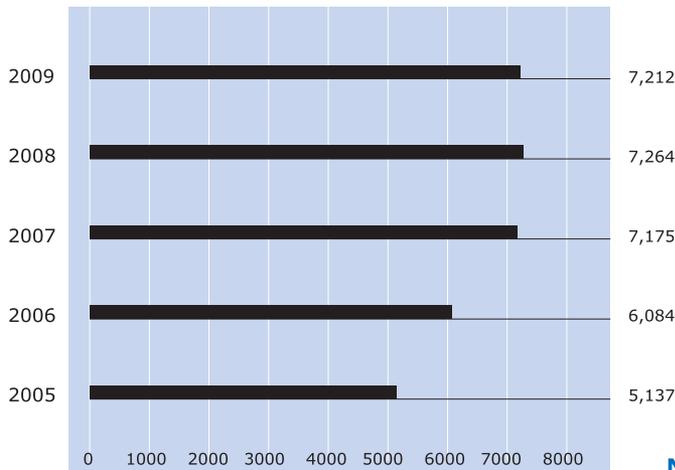
Condition No.	Title	Compliance status		Explanation for non-compliance/ comments
		Complied	Not complied	
3.1 (iii)	Service & tenure of Audit Committee members	Yes	-	
3.2 (i)	Selection of the Chairman of Audit Committee	Yes	-	
3.2 (ii)	Qualification of the Chairman of Audit Committee	Yes	-	
3.3.1 (i)	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

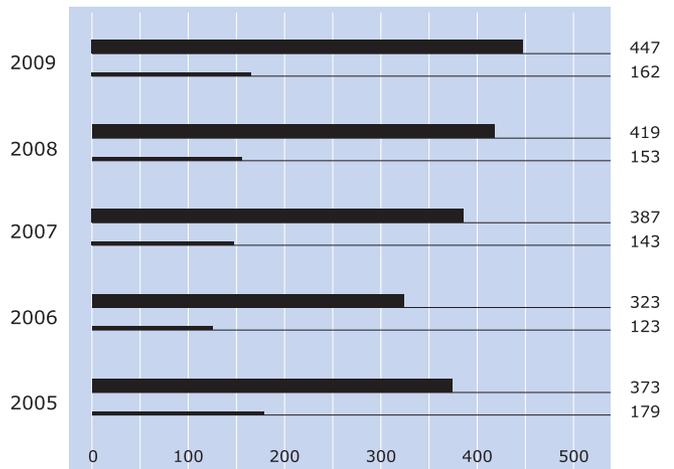
Total lease/loan portfolio

Taka in million



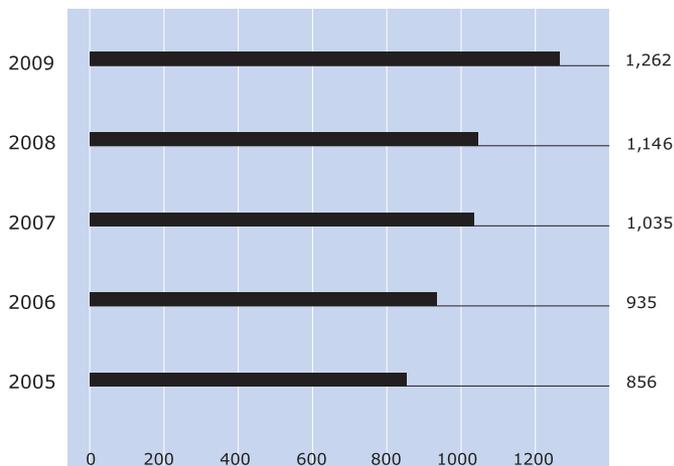
Net operating income and profit after tax

Taka in million



Shareholders' equity

Taka in million



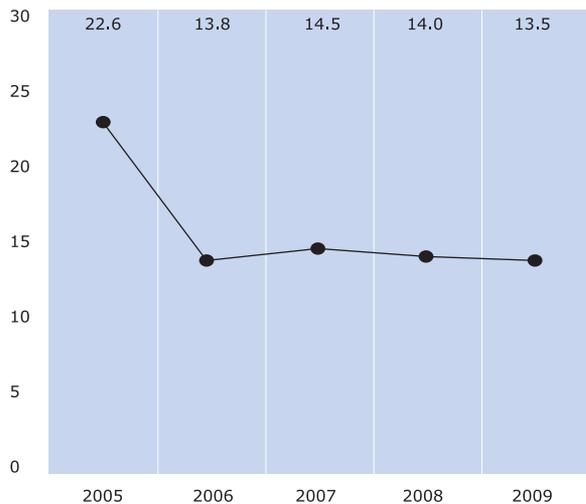
Net operating income
 Profit after tax



PROGRESS AT A GLANCE

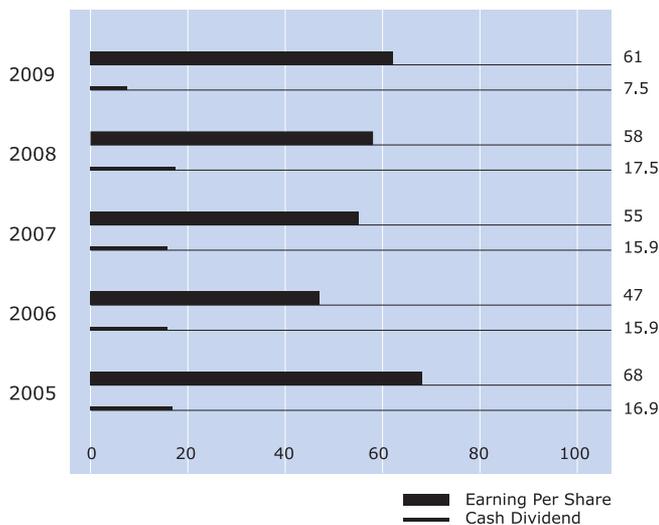
Return on equity

In percent



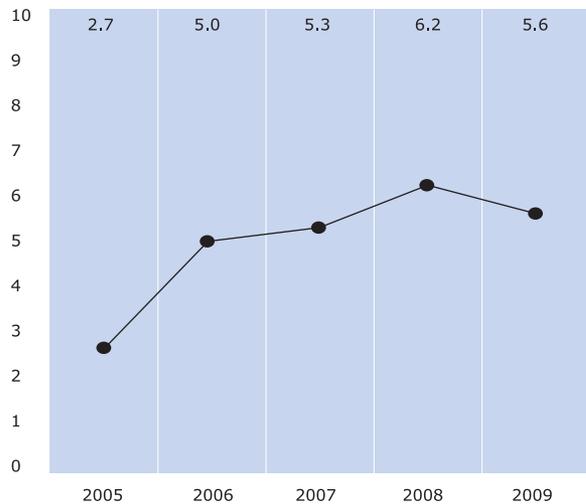
Earning per share and cash dividend taka per share

(Based on number of shares outstanding at the end of year 2009)
Amount in taka



Expenses per taka after tax profit

Amount in taka





AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying Balance Sheet of **United Leasing Company Limited** as on December 31, 2009 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Shareholders Equity together with the Notes 1 to 51 for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

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

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the Company's affairs as on December 31, 2009 and of the results of its operations and its cash flow for the year then ended and comply with the Financial Institutions Act 1993, the Companies Act 1994, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank 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 purpose of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books and proper returns adequate for the purpose 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 51 dealt with by the report are in agreement with the books of account;
- 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 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 considered to be doubtful;
- 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, February 09, 2010

M. J. Abedin & Co.
Chartered Accountants



Financial Statements



BALANCE SHEET as at December 31, 2009

	Notes	2009 Taka	2008 Taka
Property and assets			
Cash			
	3		
In hand (including foreign currencies)		31,500	29,500
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		82,275,521	67,040,238
		82,307,021	67,069,738
Balance with banks and other financial institutions			
	4		
In Bangladesh		773,982,185	752,291,469
Outside Bangladesh		–	–
		773,982,185	752,291,469
Money at call and short notice			
	5	–	30,000,000
Investments			
	6		
Government		–	–
Others		75,145,900	105,145,900
		75,145,900	105,145,900
Lease, loans and advances			
	7		
Lease receivable and stock on hire		5,016,232,986	5,365,576,044
Loans, cash credits, overdrafts, etc.		2,196,219,363	1,898,640,232
Bills purchased and discounted		–	–
		7,212,452,349	7,264,216,276
Fixed assets including premises, furniture and fixtures			
	8	36,689,281	36,594,832
Other assets			
	9	538,074,184	496,369,849
Non-financial institutional assets			
		–	–
Total assets		8,718,650,920	8,751,688,064
Liabilities and capital			
Liabilities			
Borrowing from banks, other financial institutions and agents			
	10	1,642,953,119	2,428,779,785
Deposits and other accounts			
	11		
Current deposits		–	–
Bills payable		–	–
Savings bank deposits		–	–
Term deposits		3,888,302,977	3,344,308,484
Bearer certificates of deposit		–	–
Other deposits		424,983,515	394,724,234
		4,313,286,492	3,739,032,718
Other liabilities			
	12	1,499,950,380	1,437,348,952
Total liabilities		7,456,189,991	7,605,161,455
Capital/shareholders' equity			
	13.2	264,000,000	231,000,000
Paid- up capital			
Statutory reserve	14	300,000,000	250,000,000
Share premium	15	3,750,000	3,750,000
General reserve	16	406,000,000	510,000,000
Dividend equalization reserve	17	–	70,000,000
Retained surplus	18	288,710,929	81,776,609
		1,262,460,929	1,146,526,609
Total shareholders' equity		1,262,460,929	1,146,526,609
Total liabilities and shareholders' equity		8,718,650,920	8,751,688,064
Net asset value per share			
	19	478.20	434.29

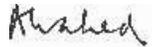


BALANCE SHEET as at December 31, 2009

	2009 Taka	2008 Taka
Off-balance sheet items		
Contingent liabilities		
20		
Acceptances and endorsements	-	-
Letters of guarantee	2,400,000	127,723,990
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
	2,400,000	127,723,990
Other commitments		
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	-	-
	2,400,000	127,723,990
Total off-balance sheet items including contingent liabilities	2,400,000	127,723,990

The annexed notes 1 to 51 form an integral part of these financial statements.


Syed Ehsan Quadir
 Managing Director


M. Abdul Wahed
 Director


S. Aziz Ahmad
 Director


A. Rouf
 Director

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

Dhaka, February 09, 2010

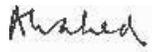

M. J. Abedin & Co.
 Chartered Accountants

**PROFIT AND LOSS ACCOUNT** for the year ended December 31, 2009

	Notes	2009 Taka	2008 Taka
Interest income	22	1,106,349,325	1,121,057,671
Interest paid on deposits, borrowing, etc.	23	(685,920,218)	(726,345,336)
Net interest income		420,429,107	394,712,335
Investment income	24	8,189,353	9,204,905
Commission, exchange and brokerage		-	-
Other operating income	25	18,722,387	15,004,015
Total operating income (A)		447,340,847	418,921,255
Salaries and allowances	26	75,364,458	58,147,592
Rent, taxes, insurance, electricity, etc.	27	11,522,387	8,983,422
Legal expenses	28	3,277,664	2,215,168
Postage, stamp, telecommunication, etc.	29	3,020,554	2,814,604
Stationery, printing, advertisements, etc.	30	2,079,898	2,007,952
Managing Director's salary and benefits	31	4,819,278	4,558,691
Directors' fees	32	192,489	179,496
Auditors' fees	33	198,550	241,300
Charges on loan losses		-	-
Depreciation and repairs of assets	34	21,667,162	21,370,324
Other expenses	35	22,453,940	15,040,727
Total operating expenses (B)		144,596,380	115,559,276
Profit before provision (C=A-B)	21	302,744,467	303,361,979
Provision against lease, loans and advances	36	90,000,000	100,000,000
Provision for diminution in value of investments		-	-
Other provisions		-	-
Total provision (D)		90,000,000	100,000,000
Total profit before taxes (C-D)		212,744,467	203,361,979
Provision for taxation	37	50,610,147	50,327,029
Net profit after taxation		162,134,320	153,034,950
Appropriations			
Statutory reserve	14	50,000,000	50,000,000
General reserve	16	-	25,000,000
		50,000,000	75,000,000
Retained surplus	18	112,134,320	78,034,950
Earnings per share (EPS)	38	61.41	57.97

The annexed notes 1 to 51 form an integral part of these financial statements.


Syed Ehsan Quadir
 Managing Director


M. Abdul Wahed
 Director


S. Aziz Ahmad
 Director


A. Rouf
 Director

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

Dhaka, February 09, 2010


M. J. Abedin & Co.
 Chartered Accountants



STATEMENT OF CHANGES IN EQUITY for the year ended December 31, 2009

Particulars	Paid-up capital (Taka)	Statutory reserve (Taka)	Share premium (Taka)	General reserve (Taka)	Dividend equalization reserve (Taka)	Retained surplus (Taka)	Total (Taka)
Balance as at January 01, 2008	210,000,000	200,000,000	3,750,000	485,000,000	70,000,000	66,579,552	1,035,329,552
Cash dividend paid for the year 2007	-	-	-	-	-	(42,000,000)	(42,000,000)
Issuance of bonus share for the year 2007	21,000,000	-	-	-	-	(21,000,000)	-
Net profit for the year 2008 after tax	-	-	-	-	-	153,034,950	153,034,950
Movement of general reserve	-	-	-	-	-	-	-
Transfer from current year's profit	-	50,000,000	-	25,000,000	-	(75,000,000)	-
Balance as at December 31, 2008	231,000,000	250,000,000	3,750,000	510,000,000	70,000,000	81,614,502	1,146,364,502
Changes in accounting policy	-	-	-	-	-	162,107	162,107
Restated balance	231,000,000	250,000,000	3,750,000	510,000,000	70,000,000	81,776,609	1,146,526,609
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 2008	33,000,000	-	-	-	-	(33,000,000)	-
Cash dividend for 2008	-	-	-	-	-	(46,200,000)	(46,200,000)
Net profit after taxation for the year	-	-	-	-	-	162,134,320	162,134,320
Appropriation made during the year	-	50,000,000	-	-	-	(50,000,000)	-
Transfer of dividend equalization reserve	-	-	-	70,000,000	(70,000,000)	-	-
Transfer from general reserve	-	-	-	(174,000,000)	-	174,000,000	-
Balance as at December 31, 2009	264,000,000	300,000,000	3,750,000	406,000,000	-	288,710,929	1,262,460,929

The annexed notes 1 to 51 form an integral part of these financial statements.


Syed Ehsan Quadir
 Managing Director


M. Abdul Wahed
 Director


S. Aziz Ahmad
 Director


A. Rouf
 Director

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


M. J. Abedin & Co.
 Chartered Accountants

Dhaka, February 09, 2010



CASH FLOW STATEMENT for the year ended December 31, 2009

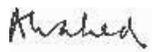
	Notes	2009 Taka	2008 Taka
Cash flow from operating activities (A)			
Interest receipts in cash		1,133,582,767	1,128,547,412
Interest payments		(622,354,568)	(720,797,494)
Dividend receipts		6,732,516	4,500,000
Fees and commission receipts in cash		-	-
Recoveries of loans previously written off		-	-
Cash payments to employees		(69,269,610)	(56,533,178)
Cash payments to suppliers		(17,507,681)	(11,200,510)
Income taxes paid		(124,008,586)	(119,281,419)
Receipts from other operating activities	39	17,844,161	15,004,015
Payments for other operating activities	40	(53,547,398)	(42,835,971)
Cash generated from operating activities before changes in operating assets and liabilities		271,471,601	197,402,855
Increase/decrease in operating assets and liabilities			
Statutory deposits		-	-
Purchase of trading securities (Treasury bills)		-	-
Lease, loans and advances to banks and other FIs		(25,946,864)	9,155,001
Lease, loans and advances to customers		(32,796,560)	(311,445,933)
Other assets	41	(3,113,835)	(34,025,083)
Deposits from banks and other financial institutions		(67,498,096)	121,656,488
Deposits from customers		611,492,588	(305,794,621)
Other liabilities account of customers		-	-
Trading liabilities		-	-
Other liabilities	42	64,738,725	66,939,836
		546,875,958	(453,514,312)
Net cash from operating activities		818,347,559	(256,111,457)
Cash flow from investing activities (B)			
Proceeds from sale of securities		30,000,000	-
Payments for purchases of securities		-	(10,145,900)
Purchase of fixed assets		(11,442,243)	(26,074,122)
Proceeds from sale of fixed assets		1,250,500	-
Payment against lease obligation		(221,537)	-
Net cash used in investing activities		19,586,720	(36,220,022)
Cash flow from financing activities (C)			
Receipts of long term loan		412,989,000	1,055,398,000
Repayment of long term loan		(1,337,318,429)	(1,000,012,362)
Net draw down/(payment) of short term loan		138,502,763	285,364,679
Dividend paid		(45,179,613)	(41,513,402)
Net Cash from financing activities		(831,006,279)	299,236,915
Net increase/(decrease) in cash and cash equivalents (D=A+ B + C)		6,928,000	6,905,436
Effects of exchange rate changes on cash and cash equivalents (E)		-	-
Cash and cash equivalents at beginning of the year (F)		849,361,206	842,455,770
Cash and cash equivalents at end of the year (G=D+E+F)		856,289,206	849,361,206

**CASH FLOW STATEMENT** for the year ended December 31, 2009

Notes	2009 Taka	2008 Taka
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies)	31,500	29,500
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	-	-
Balance with banks and other financial institutions [notes 4 (b)]	82,275,521	67,040,238
Money at call and short notice	773,982,185	752,291,469
Prize bonds	-	30,000,000
	-	-
	856,289,206	849,361,207
	309.98	(97.01)

The annexed notes 1 to 51 form an integral part of these financial statements.


Syed Ehsan Quadir
Managing Director


M. Abdul Wahed
Director


S. Aziz Ahmad
Director


A. Rouf
Director

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

Dhaka, February 09, 2010


M. J. Abedin & Co.
Chartered Accountants

LIQUIDITY STATEMENT as at December 31, 2009
(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	Taka	Taka	Taka			
Assets:											
Cash in hand	31,500	-	-	-	-	-	-	-	-	-	31,500
Balance with Bangladesh Bank and its agents	82,275,521	-	-	-	-	-	-	-	-	-	82,275,521
Balance with banks and other financial institutions	165,337,046	-	-	608,645,139	-	-	-	-	-	-	773,982,185
Money at call and short notice	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	50,000,000	25,145,900	75,145,900	-	-	150,291,800
Leases, loans and advances	305,258,185	535,202,397	1,075,712,129	5,279,381,089	16,898,549	7,212,452,349	21,106,733	36,689,281	-	-	15,437,432,136
Fixed assets including premises, furniture & fixtures	-	-	-	-	-	15,582,548	415,969,477	538,074,184	-	-	1,130,624,209
Other assets	-	-	106,900,504	-	-	-	-	-	-	-	106,900,504
Non-financial institutional assets	-	-	-	-	-	-	-	-	-	-	-
Total assets (A):	552,902,252	535,202,397	1,791,257,772	5,360,167,840	479,120,659	8,718,650,920	8,718,650,920	8,718,650,920	8,718,650,920	8,718,650,920	8,718,650,920
Liabilities:											
Borrowing from banks, other financial institutions and agents	335,872,925	116,536,198	519,848,779	579,513,127	91,182,090	1,642,953,119	1,642,953,119	1,642,953,119	-	-	5,165,818,266
Term deposits	95,579,185	292,406,254	1,148,351,740	2,312,814,496	39,151,302	3,888,302,977	3,888,302,977	3,888,302,977	-	-	8,478,725,635
Security deposits	20,296,202	7,567,554	70,167,071	325,951,792	1,000,896	424,983,515	424,983,515	424,983,515	-	-	1,200,266,655
Provision and other liabilities	-	-	-	1,499,950,380	-	1,499,950,380	-	1,499,950,380	-	-	3,499,854,135
Total liabilities (B):	451,748,312	416,510,006	1,738,367,590	4,718,229,795	131,334,288	7,456,189,991	7,456,189,991	7,456,189,991	7,456,189,991	7,456,189,991	7,456,189,991
Net liquidity gap (A - B):	101,153,940	118,692,391	52,890,182	641,938,045	347,786,371	1,262,460,929	1,262,460,929	1,262,460,929	1,262,460,929	1,262,460,929	1,262,460,929

The annexed notes 1 to 51 form an integral part of these financial statements.


Syed Ehsan Quadir
Managing Director


M. Abdul Wahed
Director


S. Aziz Ahmad
Director


A. Rouf
Director

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

Dhaka, February 09, 2010

M. J. Abedin & Co.
Chartered Accountants



**NOTES TO THE ACCOUNTS** for the year ended December 31, 2009**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 financing for short-term working capital management to cater the needs of its diverse client base. The Company offers various 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 February 09, 2009.

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 IAS - 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, 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 including 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 Accounting for associate company

Investment in an associate company has been recorded under equity method following Bangladesh Accounting Standard (BAS) - 28 "Investment in Associates".



2.11.6 Fixed assets and depreciation

Recognition

All fixed assets 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 fixed assets 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 fixed assets 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 fixed assets 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.

2.11.7 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.

2.11.8 Securitization transaction

Securitization of various leases/loans result in sale of these assets to Special Purpose Vehicles ('SPVs'), which, in turn issue securities to investors. Financial assets are partially or wholly derecognized when the control of the contractual rights in the securitized assets is lost.

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.

A minimum appropriate general provision for unclassified leases and loans to the extent of 2% of the outstanding receivables is provided. The Company maintains full provision against leases and loans in case of payments outstanding for over six months irrespective of the status of classification. The Company also maintains special provision for regular leases and loans where management has doubt about recovery.

Recovery against debts written off/provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there-against or are considered recoverable.



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

Short term employee benefits

Salaries, bonuses and allowances are accrued in the financial year in which the associated services are rendered by the employees of the Company.

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

2.12.6 Proposed dividend

Dividend proposed by the Board of Directors for the year is recognized and 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 receivable is recognized on accrual basis. Interest receivable 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.

2.13.5 Income from bonds

Income from bonds is recognized on accrual basis.

2.13.6 Income from dividend

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

2.13.7 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.

2.13.8 Fee based income

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

2.13.9 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.

2.13.10 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 45.

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 Financial risk management policies and objectives

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

Risk and capital

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 their management are as follows:

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

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

Market risk: the Company is exposed to market risk because of positions held in its trading portfolios and its non-trading businesses

Credit risk

The Company has segregated duties of the officers involved in credit related activities. Separate divisions have been formed for maintaining effective relationship, marketing of credit products and exploring new business opportunities, etc for corporate, medium and small customers. Credit approval, credit administration and credit monitoring and recovery functions are segregated and delegated to credit department, operations department and collection and special assets management department respectively. Credit approval process entrusted with the credit department has been segregated for looking after corporate & medium and small financing.

Risk administration is entrusted with the adaptation of internal risk rating model to assess adequate capital for the credit risk exposures to individual borrowers or counterparties as well as at the portfolio level. The Basel-II compliant, two dimensional credit risk assessment model, developed and tuned in the last four years now has all the Company's assets rated. 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

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 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 Equity risk is non-existent as the Company does not have a trading portfolio. 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 monitors the interest rate movement and a number of alternative options are decided to mitigate possible interest rate risks.



Equity risk

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.

	2009 Taka	2008 Taka
3. Cash		
Cash in hand	31,500	29,500
Balance with Bangladesh Bank and its agent bank(s)	82,275,521	67,040,238
	82,307,021	67,069,738
3.1 Cash in hand		
In local currency	31,500	29,500
In foreign currency	-	-
	31,500	29,500
3.2 Balance with Bangladesh Bank and its agent bank(s)		
In local currency with Bangladesh Bank	82,275,521	67,040,238
In foreign currency	-	-
	82,275,521	67,040,238
Sonali Bank as agent of Bangladesh Bank (Local currency)	-	-
	82,275,521	67,040,238

3.3 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, rule 5 of the Financial Institutions Rules 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 other financial institutions, call money deposit, etc. Both the reserves maintained by the Company are in excess of the statutory requirements, as shown below:

a) Cash Reserve Requirement

Required reserve (2.5% on term deposit)	80,619,454	64,527,046
Actual reserve maintained	82,275,521	67,040,238
Surplus/(deficit)	1,656,067	2,513,192

b) Statutory Liquidity Reserve

Required reserve (5% on total liabilities)	227,129,310	189,625,822
Actual reserve maintained including CRR (note-3.4)	856,289,206	819,361,207
Surplus/(deficit)	629,159,896	629,735,385

The surplus mostly comprises of deposits maintained with banks kept under lien against credit facilities and countervailing arrangements.



3.4 Actual reserve maintained (including CRR)

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

2009 Taka	2008 Taka
31,500	29,500
82,275,521	67,040,238
773,982,185	752,291,469
856,289,206	819,361,207

4. Balance with banks and other financial institutions

In Bangladesh (note-4.1)
Outside Bangladesh

773,982,185	752,291,469
-	-
773,982,185	752,291,469

4.1 In Bangladesh

Current deposits

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

38,152,533	36,597,764
867,605	118,431
630,515	1,023,122
340,205	1,358,758
90,619	6,193
53,083	55,867
52,404	6,970
39,678	182,756
23,060	201
17,099	18,019
4,600	
4,303	5,277
3,375	4,450
56	31,006
25	5,411
-	466,913
-	18,793
-	4,812
40,279,160	39,904,743

Short-term deposit

Citibank N.A.
Commercial Bank of Ceylon Plc.
Dutch-Bangla Bank Limited
Bank Asia Limited
Mutual Trust Bank Limited
Southeast Bank Limited
Standard Chartered Bank
Eastern Bank Limited

21,325,486	-
10,003,138	2,889,694
5,836,140	41,801,755
3,273,573	14,497,484
762,945	-
504,104	199,083
-	20,099,035
-	281,325
41,705,386	79,768,376

Fixed deposits

Dhaka Bank Limited
International Financial Services Limited
LankaBangla Finance Limited
Commercial Bank of Ceylon Plc.
One Bank Limited
Dutch-Bangla Bank Limited

251,719,444	632,618,350
152,641,667	-
102,715,278	-
83,352,500	-
50,956,250	-
50,612,500	-
691,997,639	632,618,350
773,982,185	752,291,469



	2009 Taka	2008 Taka
4.2 Maturity grouping of balance with banks and other financial institutions		
On demand	40,279,160	39,904,742
Up to 1 month	125,057,886	79,768,377
Over 1 month but not more than 3 months	-	132,618,350
Over 3 months but not more than 1 year	608,645,139	500,000,000
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	773,982,185	752,291,469
5. Money at call and short notice		
International Leasing and Financial Services Ltd.	-	30,000,000
	-	30,000,000
6. Investments		
Investment classified as per nature:		
a) Government securities		
National investment bonds	-	-
Bangladesh bank bills	-	-
Government bonds	-	-
Prize bonds	-	-
b) Other investments		
Zero Coupon Bond	-	30,000,000
Shares (note-6.2)	75,145,900	75,145,900
	75,145,900	105,145,900
	75,145,900	105,145,900
6.1 Maturity grouping of investments		
On demand	-	-
Up to 1 month	-	-
Over 1 month but not more than 3 months	-	-
Over 3 months but not more than 1 year	-	-
Over 1 year but not more than 5 years	50,000,000	80,000,000
Over 5 years	25,145,900	25,145,900
	75,145,900	105,145,900
6.2 Investment in shares		
Quoted		
United Insurance Company Limited	15,000,000	15,000,000
	15,000,000	15,000,000
Unquoted		
12.75% preference share of Energypac Confidence Power Venture Limited	10,145,900	10,145,900
9% preference share of BRAC Bank Limited	50,000,000	50,000,000
	60,145,900	60,145,900
	75,145,900	75,145,900



United Insurance Company Limited

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

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
	250,000 Shares

As on December 31, 2009 the market value of the above shares was Taka 375,312,500 against cost price of Taka 15,000,000 reflected in the accounts.

7. Lease, loans and advances

7.1 Broad category-wise break up

Inside Bangladesh

Lease receivable and stock on hire (note-7.2)
Loans (note-7.3)
Cash credit
Overdrafts etc.

	2009 Taka	2008 Taka
	5,016,232,986	5,365,576,044
	2,196,219,363	1,898,640,233
	-	-
	-	-
	7,212,452,349	7,264,216,277
	-	-
	7,212,452,349	7,264,216,277

Outside Bangladesh

7.2 Lease receivable and stock on hire

Net lease receivable (note-7.2.1)
Stock on hire
Advances for leases (note-7.2.3)

	4,978,157,040	5,263,348,819
	28,925,743	76,531,184
	9,150,203	25,696,041
	5,016,232,986	5,365,576,044

7.2.1 Net lease receivable

Gross lease receivable
Less: Unearned finance income
Net lease receivable

	6,140,802,911	6,606,161,602
	1,162,645,871	1,342,812,783
	4,978,157,040	5,263,348,819

7.2.2 Movement of net lease receivables

Balance as at January 01
Addition during the year
Realization during the year
Balance as at December 31

	5,263,348,819	4,979,645,698
	1,827,070,048	2,158,330,326
	(2,112,261,827)	(1,874,627,205)
	4,978,157,040	5,263,348,819

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



	2009 Taka	2008 Taka
7.3 Loans		
Term loan and home loan	1,580,239,280	1,394,607,725
Short term loan and factoring advances	615,980,083	504,032,508
	<u>2,196,219,363</u>	<u>1,898,640,233</u>
7.4 Maturity grouping of lease, loans and advances		
On demand		
Up to 1 month	305,258,185	282,414,774
Over 1 month but not more than 3 months	535,202,397	456,748,491
Over 3 months but not more than 1 year	1,075,712,129	2,500,559,586
Over 1 year but not more than 5 years	5,279,381,089	3,982,999,027
Over 5 years	16,898,549	41,494,399
	<u>7,212,452,349</u>	<u>7,264,216,277</u>
7.5 Lease, loans & advances on the basis of significant concentration		
a) Lease, loans and advances to companies or firms in which the Directors of the Company have interests	<u>14,612,395</u>	<u>10,857,518</u>
b) Lease, loans and advances to Chief Executive and other Senior Executives	<u>5,048,855</u>	<u>5,331,857</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	1,262,460,929	1,146,526,609
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	328,737,859	405,664,701
2. Industrial sector:		
a) Textile	743,168,154	844,811,600
b) Garments	133,020,398	168,856,643
c) Jute and jute products	139,390,128	118,728,537
d) Food production/processing industry	464,870,963	512,579,145
e) Plastic industry	321,946,752	256,643,886
f) Leather and leather products	9,257,109	1,199,974
g) Iron, steel and engineering industry	491,003,437	412,197,441
h) Chemical and pharmaceutical	835,883,760	728,834,756
I) Cement/concrete and allied industry	2,619,745	4,207,200
j) Service industry	1,677,078,179	1,588,862,280
k) Paper, printing and packaging industry	377,299,179	347,670,512
l) Telecommunication/information technology	103,936,848	157,079,176
m) Glass and ceramic industry	134,874,965	180,018,039
n) Ship and ship making industry	169,898,839	73,542,650
o) Electronics and electrical industry	44,645,325	71,764,076



	2009 Taka	2008 Taka
3. Power, gas, water and sanitary service	142,178,997	176,204,677
4. Transport and communication	401,496,797	489,865,556
5. Real estate and housing	61,947,376	17,549,823
6. Merchant banking	-	-
7. Others	629,197,539	707,935,605
	<u>7,212,452,349</u>	<u>7,264,216,277</u>
e) Geographical location-wise lease, loans and advances		
Inside Bangladesh		
Urban		
Dhaka Division	5,919,371,574	6,122,941,850
Chittagong Division	942,035,907	959,158,370
Khulna Division	193,623,532	103,233,712
Rajshahi Division	73,092,340	50,596,606
Rangpur Division	57,069,077	24,092,301
Barisal Division	-	-
Sylhet Division	27,259,919	4,193,438
	<u>7,212,452,349</u>	<u>7,264,216,277</u>
Rural	-	-
Outside Bangladesh	-	-
	<u>7,212,452,349</u>	<u>7,264,216,277</u>
7.6 Sector-wise lease, loans and advances		
Public sector	-	-
Co-operative sector	-	-
Private sector	7,212,452,349	7,264,216,277
	<u>7,212,452,349</u>	<u>7,264,216,277</u>
7.7 Particulars of lease, loans and advances		
i) Leases and loans considered good in respect of which the Company is fully secured	5,409,339,262	5,448,162,208
ii) Leases and loans considered good in respect of which the Company is partially secured	1,081,867,852	1,089,632,442
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	721,245,235	726,421,627
v) Loans adversely classified; provision not maintained there against	-	-
	<u>7,212,452,349</u>	<u>7,264,216,277</u>
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	5,048,855	5,331,857
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	14,612,395	10,857,518



	2009 Taka	2008 Taka
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	3,697,000
xi) Due from banking companies and other financial institutions	95,709,624	121,656,488
xii) Classified lease, loans and advances on which interest has not been charged:		
a) Increase/(decrease) of specific provision	(20,144,495)	94,261,561
b) Amount of loan written off	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	226,977,068	201,494,873
e) Interest credited to Interest Suspense Account (note-12.3)	39,573,781	56,808,534
xiii) Written off lease, loans and investments		
During the year	110,507,352	-
Cumulative to-date	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	110,507,352	-
7.8 Classification of lease, loans and advances		
Unclassified		
Standard	6,663,434,111	6,673,553,656
Special mention account (SMA)	281,987,118	255,585,618
	6,945,421,229	6,929,139,274
Classified		
Sub-standard	35,712,150	1,148,161
Doubtful	4,341,902	132,433,969
Bad / Loss	226,977,068	201,494,873
	267,031,120	335,077,003
	7,212,452,349	7,264,216,277
8. Fixed assets including premises, furniture and fixtures		
Cost		
Furniture and fixtures	32,140,382	27,780,182
Office equipment	180,217	140,317
Electrical equipment	25,519,881	22,430,238
Vehicles	16,433,300	13,704,300
	74,273,780	64,055,037
Less: Accumulated depreciation	37,584,499	27,460,205
Net book value at the end of the year	36,689,281	36,594,832
(See annexure-A for detail)		



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 (note-9.4)

Advance corporate tax (Note -9.5)

Outside Bangladesh

	2009 Taka	2008 Taka
	69,070,933	68,762,107
	65,928,877	124,941,050
	1,083,369	-
	14,120,834	13,284,899
	40,971,627	39,249,987
	346,898,544	250,131,806
	538,074,184	496,369,849
	-	-
	538,074,184	496,369,849
	68,762,107	68,600,000
	308,826	162,107
	69,070,933	68,762,107

9.1 Investment in associate

Balance as at January 01

Add: Share of profit from investment in associate company

Balance as at December 31

This represents the cost of acquiring 686,000 shares in the year 2006 of Duncan Properties Limited, representing 49% equity. Duncan Properties Limited is a private limited company under the Companies Act 1994, incorporated on November 10, 2005. The Company owns 41 decimal land at 20, Kazi Nazrul Islam Avenue, Dhaka 1000. The objective of the Company is mainly to carry on management of immovable properties, purchase immovable properties, construct building thereon and dispose properties.

Share of profit of Duncan Properties Limited based on unaudited accounts for the year ended December 31, 2009 has been incorporated under equity method. This is considered as a change in accounting policy and accordingly retained earnings has been restated.

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 liability recognized earlier related to leased assets on finance lease is no longer required since there is no timing difference in the book value of leased assets between tax base and accounting base in accordance with the Finance Ordinance 2007. The balance of deferred tax liability related to leased assets has been depleted following the expiry of lease agreements and on management decision.

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

(288,813,487)	(391,147,476)
288,578,635	102,568,841
1,318,221	(234,852)
1,083,369	(288,813,487)

9.4 Other receivables include Taka 40,272,685 receivable from ULC Securitization Trust 2005 against excess interest earnings from the asset pool of the trust, servicing fee and the payment against class B Zero Coupon Bonds which was received on January 10, 2010.



	2009 Taka	2008 Taka
9.5 Advance corporate tax		
Balance as at January 01	250,131,806	130,850,387
Paid during the year	124,008,586	119,281,419
Settlement of previous years' tax liabilities	(27,241,848)	-
Balance as at December 31	346,898,544	250,131,806
10. Borrowing from banks, other financial institutions and agents		
In Bangladesh (note-10.1)	1,642,953,119	2,428,779,785
Outside Bangladesh	-	-
	1,642,953,119	2,428,779,785
10.1 In Bangladesh		
Bank overdraft		
Citibank N. A.	149,118,535	92,349,142
Dutch-Bangla Bank Limited	43,695,380	7,750,562
Mutual Trust Bank Limited	107,695	-
Commercial Bank of Ceylon Plc.	9,010,624	13,329,767
	201,932,234	113,429,471
Call borrowing		
Sonali Bank Limited	100,000,000	-
	100,000,000	-
Short term loan		
Citibank N. A.	200,000,000	180,000,000
BRAC Bank Limited	50,000,000	-
Standard Chartered Bank	-	120,000,000
	250,000,000	300,000,000
Long term loan		
Commercial Bank of Ceylon Plc.	233,611,113	150,833,345
Kreditanstalt Für Wiederaufbau (KfW)	167,256,979	188,419,367
Sonali Bank Limited	72,727,000	100,000,000
BRAC Bank Limited	66,666,666	133,333,333
Standard Chartered Bank	51,240,245	70,835,722
One Bank Limited	45,000,000	-
Dhaka Bank Limited	45,000,000	-
Bank Al-Falah Limited	37,500,000	57,408,809
Uttara Bank Limited	-	237,364,766
Pubali Bank Limited	-	217,999,999
Trust Bank Limited	-	208,288,090
The City Bank Limited	-	190,000,000
Citibank N. A.	-	50,909,099
BASIC Bank Ltd.	-	43,393,318
	719,002,003	1,648,785,848
Bangladesh Bank refinancing		
Bangladesh Bank (SERP)	366,246,713	353,513,533
CBSF – Matching credit	5,772,169	13,050,933
	372,018,882	366,564,466
	1,642,953,119	2,428,779,785



	2009 Taka	2008 Taka
10.2 Analysis by security against borrowing from banks, other financial institutions and agents		
Secured (assets pledged as security for liabilities)	1,003,677,259	1,873,795,952
Unsecured	639,275,860	554,983,833
	<u>1,642,953,119</u>	<u>2,428,779,785</u>

The loans are secured by first charge on all present and future floating assets of the Company ranking pari passu among the lenders.

10.3 Maturity grouping of borrowing from banks, other financial institutions and agents		
On demand	100,000,000	-
Up to 1 month	235,872,925	157,005,441
Over 1 month but within 3 months	116,536,198	148,349,068
Over 3 months but within 1 year	519,848,779	866,081,054
Over 1 year but within 5 years	579,513,127	1,158,365,202
Over 5 years	91,182,090	98,979,020
	<u>1,642,953,119</u>	<u>2,428,779,785</u>

11. Deposits and other accounts

Current deposits	-	-
Bills payable	-	-
Savings bank deposits	-	-
Term deposits (note-11.1)	3,888,302,977	3,344,308,484
Bearer certificates of deposit	-	-
Other deposits (note-11.2)	424,983,515	394,724,234
	<u>4,313,286,492</u>	<u>3,739,032,718</u>

11.1 Term deposits

These represent deposits from individuals and institutions under the Company's term deposit schemes for a period of not less than six months for institutions and one year for individuals.

Deposits from banks and financial institutions	885,127,500	952,625,596
Deposits from other than banks and financial institutions	3,003,175,477	2,391,682,888
	<u>3,888,302,977</u>	<u>3,344,308,484</u>

11.1.1 Sector-wise break-up of term deposits

Government	-	-
Banks and financial institutions	885,127,500	952,625,596
Other public	-	-
Foreign currency	-	-
Private	3,003,175,477	2,391,682,888
	<u>3,888,302,977</u>	<u>3,344,308,484</u>

11.1.2 Maturity analysis of term deposits

a) Maturity analysis of deposits from banks and financial institutions

Payable on demand	-	-
Up to 1 month	127,500	-
Over 1 month but within 3 months	205,000,000	2,001,433
Over 3 months but within 1 year	580,000,000	800,624,163
Over 1 year but within 5 years	100,000,000	150,000,000
Over 5 years	-	-
	<u>885,127,500</u>	<u>952,625,596</u>



	2009 Taka	2008 Taka
b) Maturity analysis of deposits from other than banks and financial institutions		
Payable on demand	-	-
Up to 1 month	95,451,685	263,266,884
Over 1 month but within 3 months	87,406,254	187,116,734
Over 3 months but within 1 year	568,351,740	1,613,146,597
Over 1 year but within 5 years	2,212,814,496	286,354,539
Over 5 years	39,151,302	41,798,134
	3,003,175,477	2,391,682,888
	3,888,302,977	3,344,308,484

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	321,819,140	296,921,656
Interest bearing deposit	103,164,375	97,802,578
	424,983,515	394,724,234

11.2.1 Maturity analysis of other deposits

Payable on demand		
Up to 1 month	20,296,202	19,281,392
Over 1 month but within 3 months	7,567,554	7,189,176
Over 3 months but within 1 year	70,167,071	63,150,364
Over 1 year but within 5 years	325,951,792	304,252,752
Over 5 years	1,000,896	850,550
	424,983,515	394,724,234

12. Other liabilities

Deferred tax liability (note-9.3)	-	288,813,487
Finance lease obligation (note-12.1)	1,166,259	177,796
Provision for gratuity	2,801,796	2,065,397
Unclaimed dividend	3,216,569	2,196,182
KfW interest differential fund (note-12.2)	31,681,311	25,994,515
Interest suspense account (note-12.3)	39,573,781	56,808,534
Accrued expenses and payables (note-12.4)	347,836,835	280,377,015
Provision for lease, loans and advances (note-12.5)	459,492,648	480,000,000
Provision for income tax (note-12.6)	614,181,181	300,916,026
	1,499,950,380	1,437,348,952

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	25,994,515	22,070,522
Addition during the year	6,453,624	6,848,284
Adjusted against training expenses during the year	(766,828)	(2,924,291)
Balance as at December 31	31,681,311	25,994,515



12.3 Interest suspense account

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

	2009 Taka	2008 Taka
Balance as at January 01	56,808,534	27,265,105
Add: Amount transferred to "interest suspense" account during the year	437,608,484	380,004,608
Less: Amount recovered from "interest suspense" account during the year	(454,843,237)	(350,461,179)
Balance as at December 31	39,573,781	56,808,534

12.4 Accrued expenses and payables

This is made up of the following:

Liabilities for expenses	298,641,106	270,082,956
Liabilities other than expenses	49,195,729	10,294,059
	347,836,835	280,377,015

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 etc.

12.5 Provision for lease, loans and advances

Specific provision on classified lease, loans and advances

Balance as at January 01	341,433,426	247,171,865
Fully provided debts written off during the year	(110,507,352)	-
Recovery of amounts previously written off	-	-
Provision made for the year	90,362,857	94,261,561
Recoveries and provision no longer required	-	-
Net charge to Profit and Loss Account	-	-
Total provision on classified lease, loans and advances	321,288,931	341,433,426

General provision on unclassified lease, loans and advances

Balance as at January 01	138,566,574	132,828,135
Provision made for the year	(362,857)	5,738,439
Total provision on unclassified lease, loans and advances	138,203,717	138,566,574

Total provision on lease, loans and advances	459,492,648	480,000,000
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Provision surplus/(shortage)

	2009		2008	
	Required	Maintained	Required	Maintained
On classified lease, loans and advances	220,930,033	321,288,931	260,023,583	341,433,426
On un-classified lease, loans	80,894,919	138,203,717	82,041,810	138,566,574
	301,824,952	459,492,648	342,065,393	480,000,000
Total surplus/(shortage)		157,667,696		137,934,607



	2009 Taka	2008 Taka
12.6 Provision for income tax		
Balance as at January 01	300,916,026	148,255,008
Add: Current tax-		
Corporate tax for the year	160,777,489	152,661,018
Corporate tax for prior years	179,729,514	-
	641,423,029	300,916,026
Less: Settlement of previous years' tax liabilities (See annexure-B for detail tax status)	(27,241,848)	-
	614,181,181	300,916,026
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
1,940,000 ordinary shares of Taka 100 each issued as bonus shares	194,000,000	161,000,000
	264,000,000	231,000,000
13.3 Capital adequacy ratio		
In terms of section 4(d) of the Companies Rules 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, 2009 was Taka 447,371,399 as against available core capital of Taka 1,262,460,929 and supplementary capital of Taka 138,203,717 making a total capital of Taka 1,400,664,646 thereby showing a surplus capital/equity of Taka 953,293,247 at that date. Details are shown below:		
Core capital (Tier-I)		
Paid up capital (note-13.2)	264,000,000	231,000,000
Statutory reserve (note-14)	300,000,000	250,000,000
Share premium (note - 15)	3,750,000	3,750,000
General reserve (note-16)	406,000,000	510,000,000
Dividend equalization reserve (note -17)	-	70,000,000
Retained surplus (note-18)	288,710,929	81,776,609
	1,262,460,929	1,146,526,609
Supplementary capital (Tier-II)		
General provision maintained against unclassified loan (note-12.5)	138,203,717	138,566,574
General provision on off-balance sheet items	-	-
General provision on off-shore Banking Units	-	-
Revaluation gain/loss on investments	-	-
	138,203,717	138,566,574
A) Total capital	1,400,664,646	1,285,093,183
B) Total liabilities	7,456,189,991	7,605,161,455
C) Required risk weighted capital based on total liabilities (6% on B)	447,371,399	456,309,687
D) Surplus (A-C)	953,293,247	828,783,496



13.4 Percentage of shareholding at the closing date

	No. of shares		Percentage	
	2009	2008	2009	2008
(i) Sponsors – Foreign	528,000	462,000	20.00	20.00
Domestic	639,130	559,240	24.21	24.21
	<u>1,167,130</u>	<u>1,021,240</u>	<u>44.21</u>	<u>44.21</u>
(ii) Financial Institutions and Companies Foreign	240,343	210,305	9.10	9.10
Domestic	547,772	513,825	20.75	22.25
	<u>788,115</u>	<u>724,130</u>	<u>29.85</u>	<u>31.35</u>
(iii) General public – Domestic	684,755	564,630	25.94	24.44
Total	<u>2,640,000</u>	<u>2,310,000</u>	<u>100.00</u>	<u>100.00</u>

13.5 Shareholding range on the basis of shareholding as at December 31, 2009

No. of shares	Number of Shareholders	Total number of shares	Percentage of total holdings
Less than 500	4,851	251,830	9.54%
500 to 5,000	264	335,638	12.71%
5,001 to 10,000	13	88,211	3.34%
10,001 to 20,000	9	132,656	5.03%
20,001 to 30,000	5	124,345	4.71%
30,001 to 40,000	1	36,290	1.37%
40,001 to 50,000	1	49,028	1.86%
50,001 to 100,000	1	65,218	2.47%
100,001 to 1,000,000	5	1,556,784	58.97%
Total	<u>5,150</u>	<u>2,640,000</u>	<u>100.00%</u>

14. Statutory reserve

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

	2009 Taka	2008 Taka
	250,000,000	200,000,000
	50,000,000	50,000,000
	<u>300,000,000</u>	<u>250,000,000</u>

As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, at least 20% of pre-tax profit or Taka 42,548,893 has to be transferred to Statutory Reserve Fund. During the year the Company has transferred Taka 50,000,000 to the Statutory Reserve Fund.

15. Share Premium

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

	510,000,000	485,000,000
	-	25,000,000
	70,000,000	-
	(174,000,000)	-
	<u>406,000,000</u>	<u>510,000,000</u>



	2009 Taka	2008 Taka
17. Dividend equalization reserve		
Balance as at January 01	70,000,000	70,000,000
Appropriation from current year's profit	-	-
Transfer to general reserve	(70,000,000)	-
Balance as at December 31	<u>-</u>	<u>70,000,000</u>
18. Retained surplus/movement of profit and loss account		
Balance as at January 01	81,776,609	66,579,552
Cash dividend for last year	(46,200,000)	(42,000,000)
Issue of bonus shares for last year	(33,000,000)	(21,000,000)
	<u>2,576,609</u>	<u>3,579,552</u>
Net profit after taxation for the year	162,134,320	153,034,950
Appropriation from current year's profit:		
Transfer to statutory reserve	(50,000,000)	(50,000,000)
Transfer to general reserve	-	(25,000,000)
	<u>112,134,320</u>	<u>78,034,950</u>
Profit of share from associate company	-	162,107
Transfer from general reserve	174,000,000	-
Balance as at December 31	<u>288,710,929</u>	<u>81,776,609</u>
19. Net asset value per share		
Total asset	8,718,650,920	8,751,688,064
Total liabilities	7,456,189,991	7,605,161,455
	<u>1,262,460,929</u>	<u>1,146,526,609</u>
Number of share outstanding	2,640,000	2,640,000
Net asset value per share	<u>478.20</u>	<u>434.29</u>
20. Contingent liabilities		
20.1 Letters of guarantee		
Letters of guarantee (Local)	2,400,000	127,723,990
Letters of guarantee (Foreign)	-	-
Foreign counter guarantees	-	-
	<u>2,400,000</u>	<u>127,723,990</u>
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	2,400,000	127,723,990
Others	-	-
	<u>2,400,000</u>	<u>127,723,990</u>



21. Profit and loss account

Income:

	2009 Taka	2008 Taka
Interest, discount and similar income (note-21.1)	1,107,402,741	1,123,427,671
Dividend income	7,135,937	6,834,904
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	18,722,387	15,004,015
Profit less losses on interest rate changes	-	-
	1,133,261,065	1,145,266,590

Expenses:

Interest, fee and commission, etc.	685,920,218	726,345,336
Losses on lease, loans and advances	-	-
Administrative expenses (note-21.2)	111,475,745	90,742,827
Other operating expenses	22,453,940	15,040,727
Depreciation on fixed assets	10,666,695	9,775,721
	830,516,598	841,904,611
	302,744,467	303,361,979

21.1 Interest, discount and similar income

Interest on lease, loans and advances	1,106,349,325	1,121,057,671
Interest on bonds	1,053,416	2,370,000
Discount income	-	-
Interest on debentures	-	-
	1,107,402,741	1,123,427,671

21.2 Administrative expenses

Salary and allowances	75,364,458	58,147,592
Rent, taxes, insurance, electricity, etc.	11,522,387	8,983,422
Legal expenses	3,277,664	2,215,168
Postage, stamp, telecommunication, etc.	3,020,554	2,814,604
Stationery, printing, advertisement, etc.	2,079,898	2,007,952
Managing Director's salary and benefits	4,819,278	4,558,691
Directors' fees	192,489	179,496
Auditors' fees	198,550	241,300
Repair of the Company's assets	11,000,467	11,594,602
	111,475,745	90,742,827

22. Interest income

Lease and hire purchase	755,287,466	779,751,530
Term loan and home loan	164,977,920	187,585,035
Short term loan and factoring advances	73,903,949	60,969,677
Total interest on lease, loans and advances	994,169,335	1,028,306,242
Interest on fixed deposit with banks and other financial institutions	97,414,870	89,528,456
Interest on call loans	8,974,792	1,089,695
Interest on balance with banks and other financial institutions	5,790,328	2,133,278
	1,106,349,325	1,121,057,671



	2009 Taka	2008 Taka
23. Interest paid on deposits, borrowing, etc.		
a) Interest paid on deposits:		
Deposits from other than banks and financial institutions	354,904,618	399,659,123
Deposits from banks and other financial institutions	121,099,536	68,109,337
Direct deposit expenses	10,087,287	5,123,528
Interest bearing security deposits	9,592,127	8,474,269
	495,683,568	481,366,257
b) Interest paid for borrowing:		
Bank loans	155,951,207	211,266,257
Bangladesh Bank refinance	18,644,946	14,080,783
Call loan	14,311,435	15,182,375
Overdraft	1,284,674	4,364,468
Finance charge on capital lease	44,388	85,196
	190,236,650	244,979,079
	685,920,218	726,345,336
24. Investment income		
Interest on bonds	1,053,416	2,370,000
Interest on debentures	-	-
Discount income	-	-
Gain on sale of shares	-	-
Dividend on shares	7,135,937	6,834,905
	8,189,353	9,204,905
25. Other operating income		
Reimbursement- invoice processing and collection costs	5,808,204	4,170,326
Early repayment premium	5,446,456	6,798,220
Reimbursement- documentation costs	3,398,267	563,677
Proceeds on titleship transfer	3,152,196	3,376,026
Profit on sale of fixed assets	569,400	-
Share of profit from investment in associate company	308,826	-
Miscellaneous earnings	39,038	95,766
	18,722,387	15,004,015
26. Salaries and allowances		
Basic salary, provident fund contribution and all other allowances	60,788,130	46,655,569
Festival and incentive bonus	14,576,328	11,492,023
	75,364,458	58,147,592
27. Rent, taxes, insurance, electricity, etc.		
Rent, rate and taxes	7,553,732	5,311,313
Insurance	783,295	769,742
Electricity, gas and water	3,185,360	2,902,367
	11,522,387	8,983,422
28. Legal expenses		
Legal expenses	3,277,664	2,215,168
	3,277,664	2,215,168



	2009 Taka	2008 Taka
29. Postage, stamp, telecommunication, etc.		
Postage, stamp, Internet	364,749	285,010
Telephone - Mobile and T & T	2,655,805	2,529,594
	3,020,554	2,814,604
30. Stationery, printing and advertisements, etc.		
Printing and stationery	1,057,760	1,196,757
Publicity and advertisement	1,022,138	811,195
	2,079,898	2,007,952
31. Managing Director's salary and benefits		
Remuneration	2,950,000	2,950,000
Other benefits	1,869,278	1,608,691
	4,819,278	4,558,691
32. Directors' fees		
Directors' fees	106,000	104,000
Meeting expenses	86,489	75,496
	192,489	179,496
Directors' fees include fees for attending the meeting by the non-executive directors. Each director was remunerated @Taka 2,000 per meeting		
33. Auditors' fees		
Statutory audit fee	125,400	104,500
Other assurance and certification fee	73,150	136,800
	198,550	241,300
34. Depreciation and repairs of assets		
<u>Depreciation - (see annexure-A for detail)</u>		
Furniture and fixture	3,902,167	3,361,643
Electrical equipment	4,288,609	3,808,827
Motor vehicle	2,460,940	2,591,210
Office equipment	14,979	14,041
	10,666,695	9,775,721
<u>Repairs</u>		
Office equipment	1,022,308	1,291,596
Maintenance	4,221,711	5,166,380
Vehicles	5,756,448	5,136,627
	11,000,467	11,594,603
	21,667,162	21,370,324
35. Other expenses		
Laundry, cleaning, photographs, etc.	36,642	125,046
Training expenses	56,600	49,746
Books, magazines and newspapers	92,305	98,238
Liveries and uniforms	79,763	198,619
Donations	198,668	205,465
Medical expenses	269,788	1,388,772
Fees and subscription	535,749	436,874
Bank charges and commission paid	1,039,026	863,324



	2009 Taka	2008 Taka
Entertainment	1,529,474	1,407,655
Annual General Meeting expenses	2,683,829	2,526,097
Business promotion expenses	6,236,673	1,695,425
Travelling and conveyance expenses	9,695,423	6,045,466
	22,453,940	15,040,727

36. Provision against lease, loans and advances

On classified loans	90,362,857	94,261,561
On un-classified loans	(362,857)	5,738,439
	90,000,000	100,000,000

The above incremental provision is on the basis of Company's provisioning policy of maintaining provision for unclassified leases and loans to the extent of 2% of the outstanding receivables and full provision against leases and loans in case of payments outstanding for over six months irrespective of the status of classification. The Company also maintains special provision for regular leases and loans where management has doubt about recovery. The Company is already adequately provisioned as per Bangladesh Bank FID circular no. 14 dated June 26, 2000 (see note 12.5).

37. Provision for taxation

Current tax

Corporate tax for the year	160,777,489	152,661,018
Corporate tax for prior years	179,729,514	-
	340,507,003	152,661,018

Deferred tax

Offset of deferred tax liability relating to leased assets	(288,578,635)	(102,568,841)
Deferred tax relating to fixed assets	(1,318,221)	234,852
	(289,896,856)	(102,333,989)
	50,610,147	50,327,029

38. Earnings per share (EPS)

Net profit after tax	162,134,320	153,034,950
Number of ordinary shares outstanding	2,640,000	2,640,000
Earnings per share	61.41	57.97

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as on December 31, 2009 as per Bangladesh Accounting Standard (BAS)-33. According to BAS 33, EPS for 2008 has been restated for the issue of bonus share in 2009.

39. Receipts from other operating activities

Reimbursement - invoice processing and collection costs	5,808,204	4,170,326
Early repayment premium	5,446,456	6,798,220
Reimbursement-documentation costs	3,398,267	563,677
Proceeds on titleship transfer	3,152,196	3,376,026
Miscellaneous earnings	39,038	95,766
	17,844,161	15,004,015

40. Payments for other operating activities

Rent, taxes, insurance, electricity, etc.	11,522,387	8,983,422
Repairs and maintenance	11,000,467	11,594,603
Traveling and conveyance expenses	9,695,422	6,045,466
Business promotion expenses	6,236,673	1,695,425



	2009 Taka	2008 Taka
Postage, stamp, telecommunication, etc.	3,020,554	2,814,604
Legal expenses	3,277,664	2,215,168
Annual General Meeting expenses	2,683,829	2,526,097
Stationery, printing and advertisements	2,079,898	2,007,952
Entertainment	1,529,474	1,407,655
Bank charges and commission paid	1,039,026	863,324
Fees and subscription	535,749	436,874
Medical expenses	269,788	1,388,772
Donations	198,668	205,465
Directors' fees	192,489	179,496
Books, magazines and newspapers	92,305	98,237
Liveries and uniforms	79,763	198,619
Training expenses	56,600	49,746
Laundry, cleaning, photographs	36,642	125,046
	53,547,398	42,835,971

41. (Increase)/decrease of other assets

Investment in associate	(308,826)	(162,107)
Other receivables	(1,721,640)	(33,862,976)
Deferred tax asset	(1,083,369)	-
	(3,113,835)	(34,025,083)

42. Increase/(decrease) of other liabilities

Lease advances	30,259,281	9,476,234
Liabilities for other finance	10,027,776	7,136,573
Provision for taxation	313,265,155	152,661,018
Deferred tax liability	(288,813,487)	(102,333,989)
	64,738,725	66,939,836

43. Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Taka 36,000 p.a were 127.

44. 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	A. Rouf	Director	Member	Chartered Accountant
4	S. Aziz Ahmad	Director	Member	B.Sc.
5	M. Ataul Hoque	General Manager	Secretary	Chartered Accountant

During 2009, the Audit Committee discharged the following responsibilities:

- Reviewed the Company's draft financial statements for the year ended on December 31, 2008 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 2008.
- Advised the Board on appointment of external auditors for the year 2009 and the audit fee.



- Reviewed the quarterly reports on Internal Control and Compliance prepared by the Internal Auditor.
- Reviewed the job description of Head of Internal Control and Compliance.
- Reviewed the Risk Assessment report on factoring clients and Credit Risk Administration evaluation report.
- 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.
- Reviewed Internal Audit Calendar - 2010.
- 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.

The Audit Committee held three (3) meetings during the year 2009. On invitation, Managing Director of the Company, Chief Financial Officer (CFO) and Head of Internal Control and Compliance attended the meeting to meet the queries of the Audit Committee and take directives for improvement. The decision and directives of the Audit Committee were or are being complied with to upgrade Company's operational efficiency.

45 Related party disclosures

45.1 Particulars of Directors of the Company as on December 31, 2009

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%



45.2 Name of Directors and their interest in different entities as at December 31, 2009

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



45.3 Transactions with Directors and their related entities

Name of the Party	Name of Directors	Related by	Nature of transaction	Amount in Taka	Status of lease/loans
United Insurance Co. Ltd.	M. Moyeedul Islam	Common Director	Lease financing	248,479	Regular
	Imran Ahmed	-Do-			
	Abdur Rouf	-Do-			
	Syed Aziz Ahmad	-Do-			
	M. M. Alam	-Do-			
	M. A. Wahed	-Do-			
United Insurance Co. Ltd.	M. Moyeedul Islam	-Do-	Term deposit	55,000,000	
	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	13,142,523	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	934,831	Regular
	Abdur Rouf	-Do-			
Duncan Properties Limited	Imran Ahmed	-Do-	Term deposit	20,187,000	
	Abdur Rouf	-Do-			
	Syed Aziz Ahmad	-Do-			
	Syed Ehsan Quadir	-Do-			
United Insurance Co. Ltd.	M. Moyeedul Islam	-Do-	Insurance premium paid	435,052	
	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	1,007,006	
	Abdur Rouf	-Do-			
The Chandpore Tea Co. Ltd.	Imran Ahmed	-Do-	Office rent paid for the year	1,007,006	
	Abdur Rouf	-Do-			
Duncan Brothers (BD) Ltd.	Imran Ahmed	-Do-	Office rent paid for the year	417,960	
	Abdur Rouf	-Do-			
	Syed Aziz Ahmad	-Do-			
Macalms Bangladesh Trust	Imran Ahmed	-Do-	Term deposit	4,164,510	
	Abdur Rouf	-Do-			
	Syed Aziz Ahmad	-Do-			



46. Commitment

Capital expenditure

The Company had no capital expenditure commitment contracted at December 31, 2009 (2008: 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 2009, the Company had Taka 251,000,818 commitment with customers (2008: Taka 233, 906,721).

47. 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, 2009.

48. Proposal of dividend

The Board of Directors has recommended a cash dividend of Taka 7.5 per ordinary share i.e. a total of Taka 19,800,000 for 2.64 million ordinary shares and one bonus share for every one share held for the year ended December 31, 2009.

49. Dividend remitted to non-resident shareholders

An amount of Taka 8,316,000 equivalent to GBP 77,465 (2007: Taka 7,560,000 equivalent to GBP 55,157) was remitted to non-resident shareholder as dividend for the year 2008.

50. 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.

**51. Highlights on the overall activities**

(Taka in million)

Sl no.	Particulars	2009	2008
1	Paid-up capital (note-13.2)	264.00	231.00
2	Total capital (note-13.3)	1,400.66	1,285.09
3	Capital surplus/(deficit) (note-13.3)	953.29	828.78
4	Total assets	8,718.65	8,751.69
5	Total deposits (note-11.1)	3,888.30	3,344.31
6	Total lease, loans and advances	7,212.45	7,264.22
7	Total contingent liabilities and commitments (note-20)	2.40	127.72
8	Credit deposit ratio	1.85	2.17
9	Percentage of classified lease, loans and advances against total leases, loans and advances	3.70%	4.61%
10	Profit after tax and provision	162.13	153.03
11	Amount of loans classified during the year	59.01	167.02
12	Provisions kept against classified loans (note-12.5)	321.29	341.43
13	Provision surplus / (deficit) (note-12.5)	157.67	137.93
14	Cost of fund	11.97%	12.30%
15	Interest earning assets	8,006.30	8,096.75
16	Non-interest earning assets	712.35	654.94
17	Return on investment (ROI)	13.50%	14.00%
18	Return on assets (ROA)	1.86%	1.75%
19	Income from investment	8.19	9.20
20	Earnings per share (Taka)	61.41	57.97
21	Net income per share (Taka)	61.41	57.97
22	Price earning ratio (times)*	24	13

* Based on December 31 market share of the respective year

Syed Ehsan Quadir
Managing Director**M. Abdul Wahed**
Director**S. Aziz Ahmad**
Director**A. Rouf**
Director



Annexure-A

Fixed assets including premises, furniture and fixture

	Furniture & Fixture (Taka)	Office equipment (Taka)	Electrical equipment (Taka)	Motor vehicle (Taka)	Total (Taka)
Cost					
Balance at January 01, 2009	27,780,182	140,317	22,430,238	13,704,300	64,055,037
Addition	4,360,200	39,900	3,162,143	3,880,000	11,442,243
Disposal/adjustment	-	-	(72,500)	(1,151,000)	(1,223,500)
Balance at December 31, 2009	32,140,382	180,217	25,519,881	16,433,300	74,273,780
Accumulated depreciation					
Balance at January 01, 2009	7,183,403	113,317	10,825,464	9,338,020	27,460,204
Charge for the year	3,902,167	14,979	4,288,609	2,460,940	10,666,695
Disposal/adjustment	-	-	(61,800)	(480,600)	(542,400)
Balance at December 31, 2009	11,085,570	128,296	15,052,273	11,318,360	37,584,499
WDV at December 31, 2009	21,054,812	51,921	10,467,608	5,114,940	36,689,281
WDV at December 31, 2008	20,596,778	27,000	11,604,774	4,366,280	36,594,832

During the year the Company disposed the following fixed assets:

	Electrical equipment (Taka)	Motor Vehicle (Taka)	Total (Taka)
Cost	72,500	1,151,000	1,223,500
Accumulated depreciation	(61,800)	(480,600)	(542,400)
Book value	10,700	670,400	681,100
Sale proceeds	-	1,250,500	1,250,500
Profit/(loss) on disposal	(10,700)	580,100	569,400
Buyer	Camellia Duncan Foundation	Outsider	
Mode of disposal	Donation	Competitive quotation	

Annexure-B

Statement of tax status

Accounting year	Assessment year	Tax provision as per accounts (Taka)	Tax as per assessment by DCT (Taka)	Excess/ (shortage) of provision (Taka)	Provision status	Legal status
2004	2005-2006	42,235,209	26,639,273	15,595,936	-	Appeal filed with Appellate Tribunal.
2006	2007-2008	9,919,000	134,733,607	(124,814,607)	Provided	Assessment order not yet received based on judgement by the Appellate Tribunal.
2007	2008-2009	96,100,799	137,020,502	(40,919,703)	Provided	Appeal filed with Appellate Tribunal.
2008	2009-2010	152,661,018	98,013,934	54,647,084	-	Assessment u/s 82bb
2009	2010-2011	160,777,489	-	-	-	Yet to be submitted.



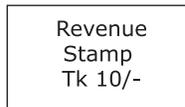
UNITED LEASING COMPANY LIMITED

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 First Annual General Meeting of the Company to be held on March 25, 2010 and at any adjournment thereof or at any ballot to be taken in consequence thereof.

Signed this _____ day of _____ 2010



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 FIRST ANNUAL GENERAL MEETING of the Company being held on Thursday, March 25, 2010 at Bangabandhu International Conference Centre, Agargaon, Sher-e-Bangla Nagar, Dhaka.

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

N.B.: 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.