

## AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the accompanying Balance Sheet of Premier Leasing International Limited, as of December 31, 2002 and the related Profit and Loss Account and Statement of Cash Flow for the period then ended. Preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

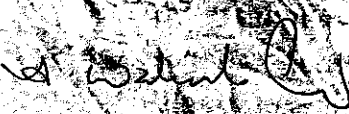
We have conducted our audit in accordance with Generally Accepted Auditing Standards as adopted in Bangladesh as Bangladesh Standards on Auditing. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.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

In our opinion, the financial statements have been prepared in accordance with Bangladesh Accounting Standards as of December 31, 2002 and in view of the state of the Company's affairs as of December 31, 2002, the financial statements for its operations and its cash flows for the period then ended are in accordance with the Companies Act 1994, Financial Institutions Act 1993 and other applicable regulations.

We also report that:

- a) we have obtained all the records and explanations, which to the best of our knowledge and belief were available for the purpose of our audit, and made due verification thereof;
- b) In our opinion, proper records as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Company's Balance Sheet and Profit and Loss account as well as Cash Flow Statement dealt with by this report are in agreement with the books of account; and
- d) The expenditure incurred were for the purposes of the Company's business.

Dated : Dhaka, January 28, 2003

  
(A. WAHAB & CO.)  
Chartered Accountants

## BALANCE SHEET AS AT DECEMBER 31, 2002

PARTICULARS	NOTES	31-12-2002
<b>SOURCES OF FUNDS:</b>		<i>(Amount in Taka)</i>
<b>Authorized Capital:</b>		
4,000,000 Shares @ Tk. 100 each.		<u>400,000,000</u>
<b>SHAREHOLDERS EQUITY:</b>		
Paid-up Capital 510,000 Ordinary Shares @ Tk. 100 each	2	<u>51,000,000</u>
<b>RESERVE &amp; SURPLUS:</b>		
Statutory Reserve	3	537,663
Retained Earnings		1,950,650
		<u>2,488,313</u>
<b>TOTAL SHAREHOLDERS EQUITY</b>		<u>53,488,313</u>
<b>LONG TERM LIABILITIES:</b>		
Long Term Debts/Loan-Net of Current Maturity	4	20,000,000
Term Deposit	5	50,791,500
Lease Deposit	6	2,787,729
		<u>73,579,229</u>
<b>TOTAL LONG TERM LIABILITIES</b>	<b>TOTAL:</b>	<u>127,067,542</u>
<b>APPLICATION OF FUNDS:</b>		
<b>LEASE FINANCE:</b>		
Lease Assets at Cost Less Depreciation	7	72,122,819
Advance for Lease Assets		9,810
General Provision and Prov. for Doubtful Leases/Term Finance		(1,359,837)
		<u>70,772,792</u>
<b>Direct Finance:</b>		
Long Term Finance	9	52,927,918
House Building Loan	10	3,588,382
		<u>56,516,300</u>
<b>Fixed Assets:</b>		
Property & Assets at Cost Less Depreciation	11	7,743,166
<b>Preliminary Expenses:</b>	12	703,813
<b>Preoperational Expenses:</b>	13	1,135,335
<b>Current Assets:</b>		
Advance, Deposit & Receivables	14	3,913,532
Cash and Cash Equivalentents	15	19,317,498
		<u>23,231,030</u>

PARTICULARS	NOTES	31-12-2002
		(Amount in Taka)
<b>Less: Current Liabilities:</b>		
Payable and Accrued Expenses	16	2,834,894
Money at Call & Short Notice		30,000,000
Provision for Taxation		200,000
<b>Total Current Liabilities:</b>		33,034,894
Net Current Assets:		(9,803,864)
	<b>TOTAL:</b>	<b>127,067,542</b>

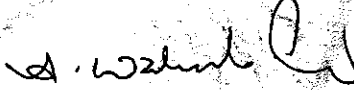
  
**Managing Director**

  
**Director**

  
**Chairman**

Subject to our separate report of even date

Dated: Dhaka, January 28, 2003

  
**(A. WAHAB & CO.)**  
**Chartered Accountants**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED DECEMBER 31, 2002**

PARTICULARS	NOTE	31-12-2002
(Amount in Taka)		
<b>A. OPERATIONAL REVENUE:</b>		
Lease Rentals		10,918,011
Interest on Direct Finance	17	3,386,832
Other Operational Income	18	587,191
<b>Total :</b>		<b>14,892,034</b>
<b>B. OPERATIONAL EXPENSES</b>		
Depreciation on Lease Assets		3,197,087
Depreciation on Fixed Assets		541,566
Financial Expenses	19	1,407,695
General and Administrative Expenses	20	6,206,300
Other Operational Expenses	21	344,134
General Provision for Doubtful Leases/Loans		1,359,837
<b>Total :</b>		<b>13,056,619</b>
<b>C. INCOME FROM OPERATION (A-B)</b>		
		<b>1,835,415</b>
<b>D. NON OPERATIONAL INCOME</b>		
Income from disposal	22	2,878,393
<b>E. NON OPERATIONAL EXPENSES</b>		
Interest on Term Deposits		2,025,495
<b>F. Profit Before Distribution (Profit)</b>		
Statutory Reserve		2,688,913
Provision for Depreciation		537,663
Profit after Tax & Reserve		200,000
Retained Earnings from Last Year		1,950,650
Net profit available for appropriation:		1,950,650
General Reserve		-
Proposed Dividend		-
Retained earnings as at 31st December, 2002		<u>1,950,650</u>

*[Signature]*  
Managing Director

*[Signature]*  
Director

*[Signature]*  
Chairman

Dated: Dhaka, January 28, 2003

*[Signature]*  
(A. WAHAB & CO.)  
Chartered Accountants

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED DECEMBER 31, 2002**


31-12-2002  
(Amount in Taka)

<b>A. CASH FROM OPERATING ACTIVITIES:</b>	
Net Profit before Tax	2,703,313
Add: Adjustment of Net Profit to Net Cash Flow from Operating Activities	
Depreciation of Lease Assets	3,197,087
Depreciation of Fixed Assets	541,566
General Provision and Provision for Doubtful Leases/Term Finance	1,359,837
	<u>7,801,803</u>
Cash Generated from Operational Changes in Working Capital Components:	
Accounts Receivable & Advance	(3,913,532)
Accrued Expenses and Payable	2,819,894
	<u>(1,093,638)</u>
Net Cash from Operating Activities	<u>6,708,165</u>
<b>B. CASH FROM INVESTING ACTIVITIES:</b>	
Acquisition of Lease Assets	(75,319,906)
Adjustment of Lease Assets	59,171
Adjustment of Acc. Dep. On Lease Assets	(59,171)
Purchase of Fixed Assets	(8,284,732)
Advance for Lease Assets	(9,810)
Direct Finance	(56,516,300)
Preliminary Expenses	(703,813)
Preoperation Expenses	(1,135,335)
Net Cash used in Investing Activities	<u>(141,969,896)</u>
<b>C. CASH FROM FINANCING ACTIVITIES:</b>	
Paid up Capital	51,000,000
Long Term Loan	20,000,000
Term Deposit	50,791,500
Money at Call & Short Notice	30,000,000
Lease Deposit	2,787,729
Net Cash Provided by Financing Activities	<u>154,579,229</u>
Net Cash and Cash Equivalents	<u>19,317,498</u>
Cash and Cash Equivalents at the Beginning	-
Cash and Cash Equivalents at the Closing	<u>19,317,498</u>

  
Managing Director

  
Director

  
Chairman

  
(A. WAHAB & CO.)  
Chartered Accountants

**AUDIT OF ACCOUNTS FOR THE PERIOD ENDED DECEMBER 31, 2002**  
**NOTES ON FINANCIAL STATEMENTS**

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**1.00 GENERAL :**

**1.01 LEGAL STATUS OF THE COMPANY :**

Premier Leasing International Limited is a Non-Banking Financial Institution established under the Financial Institutions Act, 1993. The Company has been incorporated as a Public Limited Company on September 26, 2001 under the Companies Act, 1994. It started operation after obtaining License from Bangladesh Bank on February 04, 2002.

**1.02 NATURE OF BUSINESS ACTIVITIES :**

The Company extends lease finance for capital machinery, construction and medical equipments, generators, boilers, vehicles, elevators, air-conditioning plants, households and other essential items and equipments for business enterprises like mills, factories, financial institutions, banks and insurance companies as well as educational institutions, clinics, hospitals, corporate bodies and individuals. The Company extends term loan facility to establish business enterprises and industrial units.

**SIGNIFICANT ACCOUNTING POLICY:**

**1.03 ACCOUNTING FOR LEASE**

The accounts have been prepared under the historical cost convention in accordance with International Accounting Standards as adopted in Bangladesh. The Company maintains its books of accounts as per usual requirements of the lease financing organizations. The leased-out assets are treated as the property of the Company till such time that all the installments are fully recovered from the lessees and the rentals are recognized as the Income of the Company, with corresponding charges of interest on fund for acquisition of the leased out assets as well as the depreciation on such assets as expenses against the rental income.

**1.04 DEPRECIATION :**

**i) Depreciation on Lease Assets :**

Total acquisition cost of the Lease Assets is depreciated @ 10% to 15% on total value of Lease Assets instead of applying capital recovery over the lease period.

**ii) Depreciation on Fixed Assets :**

Depreciation on Fixed Assets for Company's own use is charged on cost @ 10% per annum.

**1.05 GENERAL PROVISION AND PROVISION FOR DOUBTFUL LEASES/LOANS:**

General provision has been made at 1% on investment in leased assets and direct finance. The provision is considered adequate to meet probable losses based on portfolio analysis and as per guidelines provided by Bangladesh Bank.

**1.06 DIRECTORS OF THE COMPANY :**

At the end of the year under audit there were 11 Directors on the Board of Directors of the Company excluding the Managing Director. The Managing Director is the Chief Executive and ex-officio Director of the Company.

**1.07 USE OF ESTIMATES :**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## BALANCE SHEET

### 2.00 SHARE CAPITAL:

(Amount in Taka)

#### Authorized Share Capital:

4,000,000 Ordinary Shares of Tk. 100 each 400,000,000

#### ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:

510,000 Ordinary Shares of Tk. 100 each 51,000,000

Paid up Share Capital as on December 31, 2002 Comprises of the following:

Particulars of Shares Holders	Shareholding %	
Dr. Mizanur Rahman Shelley	3.923%	2,000,000
Mr. A.S.M. Feroz Alam	9.804%	5,000,000
Mr. Md. Mizanur Rahman Chowdhury	9.804%	5,000,000
Mr. Atif Rahman	7.843%	4,000,000
Mr. A.K.M. A. Quadir	7.843%	4,000,000
Mr. A. S. M. Faridul Alam	6.863%	3,500,000
Engr. A. Z. M. Akramul Haq	5.882%	3,000,000
Mr. M. Rabiul Huq	5.882%	3,000,000
Mr. Khairul Anam	5.882%	3,000,000
Mr. Md. Saifuddin Khaled	4.902%	2,500,000
Mr. Maksud Morshed	3.922%	2,000,000
Mrs. Shaheena Badruddoza	2.941%	1,500,000
Mr. Md. Anwarul Haque	2.941%	1,500,000
Mr. S. M. A. Mannan	2.941%	1,500,000
Mr. Md. Nasiruddin Choudhury	2.941%	1,500,000
Mr. Md. Ataur Rahman Shaheen	2.941%	1,500,000
Mr. Juned Ahmed	2.941%	1,500,000
Ms. Zarina Begum	1.961%	1,000,000
Mrs. Nazifa K. Chowdhury	1.961%	1,000,000
Mr. Nikhil Kumar Saha	1.961%	1,000,000
Mr. A. S. M. Shafiqul Islam (Mamun)	1.961%	1,000,000
Mr. A. T. M. Shoeb	1.961%	1,000,000
	<u>100%</u>	<u>51,000,000</u>

**3.00 STATUTORY RESERVE: TK. 537,663**

(20% of annual profit is set aside in compliance with clause No. 6 of the Financial Institution Regulations, 1994 issued by Bangladesh Bank)

**4.00 LONG TERM DEBT/LOAN: TK. 20,000,000**

This balance represents loan taken from Southeast Bank Limited, against Corporate Guarantee. The current dues matured subsequently in January, 2003 and was paid on 23-01-2003.

**5.00 TERM DEPOSIT: TK. 50,791,500**

This is on account of receipts of funds from various depositors in the form of TDR. The Company pays interest on these deposits at rates varying from 12% to 16.66% per annum.

**6.00 LEASE DEPOSIT: TK. 2,787,729**

The Company takes interest free lease deposit from the lessees on signing of the lease agreement, which are refundable/adjustable on expiry of the lease term.

**7.00 LEASE ASSETS: TK. 72,122,819**

This balance represents the total acquisition cost of lease assets less depreciation under Lease Financing. The total cost of the concerned assets are recovered over the lease period by monthly installments as per lease agreement. The Depreciation rates of lease assets varying from 10% to 15% per annum. However, the whole amount installments so recovered have been booked in the revenue account. The above balance comprises of the following:

<b>A. Cost</b>	<b>75,319,906</b>
Less: Adjustment during the period	59,171
	<u>75,260,735</u>
<b>B. Accumulated Depreciation</b>	<b>3,197,087</b>
Less: Adjustment during the period	59,171
	<u>3,137,916</u>
Lease assets at cost less Accumulated Depreciation (A - B)	Taka: <u><u>72,122,819</u></u>

The Lease Assets Schedule is enclosed herewith.



## LEASE ASSETS SCHEDULE

*All figures in Taka*

PARTICULARS OF ASSETS	COST			DEPRECIATION			WRITTEN DOWN VALUE AS ON 31-12-2002
	Addition during the period	Adjustment during the period	Balance as on 31-12-02	Charged during the period	Adjustment during the period	Balance as on 31-12-02	
Equipment	4,764,600	59,171	4,705,429	230,400	59,171	171,320	4,534,109
Information Technology	882,815	-	882,815	18,988	-	18,988	863,827
Lift & Transformer	3,000,000	-	3,000,000	100,000	-	100,000	2,900,000
Vehicle	51,367,991	-	51,367,991	2,702,988	-	2,702,988	48,665,003
Plant & Machinery	13,124,000	-	13,124,000	42,391	-	42,391	13,081,609
Generator/Boiler	580,000	-	580,000	38,664	-	38,664	541,336
Fridge & Air Conditioner	1,600,500	-	1,600,500	63,565	-	63,565	1,536,935
<b>TOTAL</b>	<b>75,319,906</b>	<b>59,171</b>	<b>75,260,735</b>	<b>3,197,087</b>	<b>59,171</b>	<b>3,137,916</b>	<b>72,122,819</b>

**Notes:**

- i) Depreciation on Lease Assets have been charged from the month of lease operating. Depreciation charged @ 10% in respect of lease assets individually valued below Tk. 1,000,000 and @ 15% for value above Tk. 1,000,000.
- ii) Depreciation has been calculated on the basis of the period of use of the lease assets at the above rate instead of cost recovery over the period of lease.

**8.00 GENERAL PROVISION AND PROVISION FOR DOUBTFUL LEASES/LOANS: TK. 1,359,837**

Provision has been made @1% on actual disbursement amount of Lease/Term Finance for the period. The provision is considered adequate to meet probable losses based on portfolio analysis as per Bangladesh Bank guideline (FID Circular no. 08 dated August 03, 2002.)

**9.00 DIRECT FINANCE:  
LONG TERM FINANCE: TK. 52,927,918**

This balance comprises of the following:

Disbursement during the period	57,350,000
Less: Adjustment during the period	4,422,082
<b>Taka:</b>	<b><u>52,927,918</u></b>

**10.00 HOUSE BUILDING LOAN: TK. 3,588,382**

This balance comprises of the following:

Disbursement during the period	3,872,022
Less: Adjustment during the period	283,640
<b>Taka:</b>	<b><u>3,588,382</u></b>

**11.00 FIXED ASSETS: TK. 7,743,166**

Fixed assets for Company's own use are summarized below:

*All figures in Taka*

PARTICULARS OF ASSETS	COST		DEPRECIATION			WRITTEN DOWN VALUE AS ON 31-12-2002
	Acquisition during the period	Balance as on 31-12-2002	Rate %	Charged during the period	Balance as on 31-12-2002	
Furniture & Fixture	841,357	841,357	10%	58,647	58,647	782,710
Office Equipment	1,066,570	1,066,570	10%	78,991	78,991	987,579
Motor Vehicle	3,078,650	3,078,650	10%	192,797	192,797	2,885,853
Office Decoration	3,053,311	3,053,311	10%	197,043	197,043	2,856,268
Electrical Goods	229,959	229,959	10%	14,088	14,088	215,871
Office Software	10,000	10,000		-	-	10,000
Office Crockerries	4,885	4,885		-	-	4,885
<b>TOTAL</b>	<b>8,284,732</b>	<b>8,284,732</b>		<b>541,566</b>	<b>541,566</b>	<b>7,743,166</b>

Note: Depreciation on fixed assets is charged on cost from the month it is acquired at the rate 10% except Office Software and Office Crockerries.

**12.00 PRELIMINARY EXPENSES: TK. 703,813***(Amount in Taka)*

This balance comprises of the following:

Registration	135,835
Incidental Expenses	57,165
Salary	437,063
Board Meeting Expenses	5,722
Conveyance	12,315
Postage & Courier	2,805
Office Utility-Electricity & Water	13,650
Telephone	7,598
Entertainment	14,550
Small Apparatus	17,110

**Taka: 703,813****13.00 PRE-OPERATIONAL EXPENSES: TK. 1,135,335**

This balance comprises of the following:

Carriage & Others	96,420
Electricity and Water Bill	13,650
Wastage & Garbage	21,000
Architect Fee	114,000
Photocopy & Compose	5,334
Repairs & Maintenance	18,882
Entertainment	14,550
Clearing Charge	1,500
Salary	8,000
Conveyance	12,315
Crockeries	17,110
Postage	2,805
Meeting Expenses	5,722
Labour Charges	69,449
Office Rent	700,000
Miscellaneous	34,598

**Taka: 1,135,335**

**14.00 ADVANCE DEPOSIT & RECEIVABLES : TK. 3,913,532***(Amount in Taka)*

This balance comprises of the following:

Interest Receivable on Term Loan	447,902
Interest Receivable on Lease Rentals	1,237,322
Receivable against Term Loan	1,222,381
Receivable against Delinquent Charge for late payment	121,069
Receivable Bank Charge from Client(Cheque Collection)	1,639
Receivable for Document & Service Charges	49,081
Security Deposit (T & T)	10,000
Global Insurance Ltd.	36,160
Advance Office Rent	500,000
Advance Income Tax	287,978
	<u>3,913,532</u>

Tax was deducted from interest on STD/FDR Accounts and the amount has been shown as Advance Tax.

**15.00 CASH & CASH EQUIVALENTS: TK. 19,317,498**

This balance comprises of the following:

Cash in Hand	276,662
Jamuna Bank Ltd., STD A/c	73,215
First Security Bank Ltd., STD A/c	204,127
Prime Bank Ltd., STD A/c	5,669,371
The Premier Bank Ltd., STD A/c	2,503,968
Mercantile Bank Ltd., STD A/c	385,187
Southeast Bank Ltd., STD A/c	599,779
Shahjalal Bank Ltd., STD A/c	206,830
Exim Bank Ltd., STD A/c	932,219
Bank Asia Ltd., STD A/c	1,232,752
BRAC Bank Ltd., STD A/c	25,000
National Bank Ltd., STD A/c	177,634
The City Bank Ltd., STD A/c	967,447
Eastern Bank Ltd., STD A/c	4,863,307
Bangladesh Bank, CD A/c	1,200,000
	<u>19,317,498</u>

**16.00 PAYABLE AND ACCRUED EXPENSES: TK. 2,834,894**

This balance comprises of the following:

Office Rent	100,000
Telephone Bill	12,000
Electricity & Water Bill	19,500
Interest on TDR	2,025,495
Income Tax Deduction at Source	37,050
Audit Fee	15,000
Risk Fund	158,626
Interest Payable on Call Loan	243,612
Interest Payable on Term Loan	223,611
	<u>2,834,894</u>

## PROFIT & LOSS ACCOUNT

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**17.00 INTEREST ON DIRECT FINANCE: TK. 3,386,832** (Amount in Taka)

This balance comprises of the following:

Interest on Long Term Finance (Term Loan)	3,318,189
Interest on HBL	68,643
	<u>3,386,832</u>

**18.00 OTHER OPERATIONAL INCOME: TK. 587,191**

This balance comprises of the following:

Documentation Fee	107,500
Service Charges	222,363
Delinquent Charges	121,069
Transfer Price	7,938
Gain on early adjustment	42,835
Interest during construction (IDC)	85,486
	<u>587,191</u>

**19.00 FINANCIAL EXPENSES: TK. 1,407,695**

This balance comprises of the following:

Interest on Long Term Loan/Debts	223,611
Interest on Call Loan	1,079,169
Others	104,915
	<u>1,407,695</u>