

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying Balance Sheet of Premier Leasing International Limited as of December 31, 2005 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in shareholders' equity and notes thereof for the year then ended. 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.

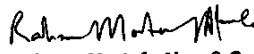
We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence 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 prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of December 31, 2005 and the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, Financial Institutions Act 1993, 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;
- c) the Company's Balance Sheet and Profit and Loss account together with the annexed notes thereto dealt with by this 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 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;
- f) the expenditure incurred and payments made were for the purposes of the Company's business;
- g) the information and explanations required by us have been received and found satisfactory; and
- h) the Company has complied with the relevant laws pertaining to reserves and maintenance of liquid assets.

Dated : Dhaka
April 26, 2006


Rahman Mostafa Alam & Co.
Chartered Accountants

BALANCE SHEET

As at December 31, 2005

	Notes	2005 Taka	2004 Taka
SOURCES OF FUNDS			
Shareholders' equity			
Share capital	3	277,307,232	122,782,800
Statutory reserve	4	24,800,730	14,799,983
Proposed dividend		41,596,062	54,024,432
Retained earnings		593,546	2,186,620
		344,297,570	193,793,835
Term Liabilities net of current maturity			
Loan from financial institutions- net of current maturity	5	203,689,203	137,543,259
Debenture	6	40,000,000	40,000,000
Term deposits	7	753,853,027	480,519,000
Advance lease rentals-net of current maturity	8	10,700,208	10,581,450
		1,008,242,438	668,643,709
Provision for deferred tax		9,500,000	6,500,000
Total		1,362,040,008	868,937,544
APPLICATION OF FUNDS			
Fixed assets - at cost less depreciation	9	4,131,684	5,179,530
Investment in leases			
Investment in leases- net of current maturity	10	308,110,624	251,714,826
Advances for lease assets		31,075,661	80,698,614
Provision for doubtful debts	12.1	(5,523,565)	(4,620,847)
		333,662,720	327,792,593
Investment in term finances			
Investment in term finances- net of current maturity	11	310,043,007	163,989,049
Provision for doubtful debts	12.1	(7,062,958)	(3,481,451)
		302,980,049	160,507,598
Preliminary expenses			563,050
Pre-operational expenses			674,559
Investment in shares	13	42,110,660	32,781,500
Provision for loss in value of shares	12.1	(2,492,115)	-
		39,618,545	32,781,500
Current assets			
Current maturity of investment in leases	10	173,498,712	129,671,274
Current maturity of term finances	11	341,870,910	151,374,506
Receivable from leases		58,493,679	49,703,384
Receivable against term finances		73,237,503	35,617,440
Receivable against syndicated finances		52,688,305	21,946,001
Other receivables	14	38,316,779	31,941,725
Advances, deposits and prepayments	15	6,423,565	6,070,713
Cash and cash equivalents	16	196,237,240	359,794,575
		940,766,693	786,119,618
Current Liabilities			
Current maturity of loans from financial institutions	5	164,852,794	87,035,178
Current maturity of advance lease rentals	8	3,566,736	2,645,362
Payable and accrued expenses	17	73,651,610	62,136,105
Short term loans	18	17,048,543	292,864,259
		259,119,683	444,680,904
Net current assets		681,647,010	341,438,714
Total		1,362,040,008	868,937,544

The annexed notes 1 to 26 form an integral part of these financial statements.


Managing Director (C.C.)

Signed in terms of our separate report of even date

Dated : Dhaka
 April 26, 2006


Director


Chairman


Rahman Mostafa Alam & Co.
 Chartered Accountants

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2005

	Notes	2005 Taka	2004 Taka
OPERATIONAL REVENUE			
Interest on lease finance		57,560,232	52,294,623
Interest on term finance		110,438,898	48,304,809
Other operational income	19	34,410,886	60,652,042
		202,410,016	161,251,474
OPERATIONAL EXPENSES			
Depreciation on fixed assets	9	1,587,821	1,545,057
Financial expenses	20	124,501,110	74,998,112
General and administrative expenses	21	16,341,010	10,751,318
Provision for doubtful debts	12	6,976,340	3,969,001
		149,406,281	91,263,488
		53,003,735	69,987,986
PROFIT BEFORE TAXATION			
Provision for taxation	22		
Current tax		3,000,000	6,500,000
Deferred tax		3,000,000	6,500,000
		50,003,735	63,487,986
PROFIT AFTER TAXATION			
Adj. Excess provision of income tax		-	3,586,119
Retained earnings brought forward		2,186,620	1,834,544
PROFIT AVAILABLE FOR APPROPRIATION		52,190,355	68,908,649
APPROPRIATIONS :			
Statutory reserve		10,000,747	12,697,597
Proposed dividend @ 15% (2004 : 44 %)			
Stock - 10%		27,730,700	54,024,432
Cash - 5%		13,865,362	-
Retained earnings carried forward		593,546	2,186,620
		52,190,355	68,908,649
Earning per share (EPS)	23	24.76	35.91

The annexed notes 1 to 26 form an integral part of these financial statements.


Managing Director (C.C.)


Director


Chairman

Signed in terms of our separate report of even date

Dated : Dhaka
April 26, 2006


Rahman Mostafa Alam & Co.
Chartered Accountants

CASH FLOW STATEMENT
For the year ended December 31, 2005

	2005 Taka	2004 Taka
CASH FLOWS FROM OPERATING ACTIVITIES		
Rental and other collections against investments	278,877,651	182,079,794
Sale of share	-	51,228,874
Other operational income	26,789,625	48,946,327
Interest on deposit	19,184,383	4,806,622
Operational expenses	(115,665,762)	(79,169,395)
Net cash flows from operating activities	209,185,897	207,892,222
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of lease assets	(204,891,576)	(212,707,295)
Disposal of lease assets	32,696,945	25,724,241
Advance for lease assets	(31,075,661)	(80,698,614)
Investment against term finance	(374,278,289)	(214,632,094)
Acquisition of fixed assets	(539,975)	(232,090)
Advance Income tax	(4,729,101)	(2,966,414)
General advance	(271,490)	(4,009,515)
Purchase of shares	(7,479,082)	(84,002,374)
Net cash used in investing activities	(590,568,229)	(573,524,155)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in share capital	100,500,000	65,407,800
Receipt of loan from financial institutions	272,857,828	131,000,000
Repayment of loan from financial institutions	(128,894,268)	(96,481,011)
Receipt of short term loan	437,034,763	533,000,000
Repayment of short term loan	(667,034,763)	(275,696,343)
Bank overdraft	(45,815,716)	38,681
Receipt of term deposits	539,327,027	315,598,500
Repayment on term deposits	(265,993,000)	(43,682,262)
Receipt against syndicated finance	80,445,464	64,834,241
Payment against syndicated finance	(111,187,769)	(47,171,598)
Receipt of advance rental & others	7,650,102	6,131,545
Repayment of advance rental & others	(1,064,671)	-
Net Cash flows from financing activities	217,824,997	652,979,553
Net increase / (decrease) in cash and cash equivalents	(163,557,335)	287,347,620
Cash and cash equivalents at the beginning of the year	359,794,575	72,446,955
Cash and cash equivalents at 31 December	196,237,240	359,794,575

The annexed notes 1 to 26 form an integral part of these financial statements.


Managing Director (C.C.)


Director


Chairman

Signed in terms of our separate report of even date

Dated : Dhaka
April 26, 2006


Rahman Mostafa Alam & Co.
Chartered Accountants

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2005

Particulars	Share capital Taka	Right share Taka	Statutory reserve Taka	Proposed dividend Taka	Retained earnings Taka	Total Taka
Balance at 1 January 2004 (Adjusted)	51,000,000	-	2,102,386	6,375,000	5,420,663	64,898,049
Net profit for the year 2004	-	-	-	-	63,487,986	63,487,986
Issue of bonus share	6,375,000	-	-	(6,375,000)	-	-
Transfer to statutory reserve	-	-	12,697,597	-	(12,697,597)	-
Proposed dividend	-	-	-	54,024,432	(54,024,432)	-
Proposed Issue of right shares	-	65,407,800	-	-	-	65,407,800
Balance at December 31, 2004	57,375,000	65,407,800	14,799,983	54,024,432	2,186,620	193,793,835
Issue of share capital	100,500,000	-	-	-	-	100,500,000
Issue of right share	65,407,800	(65,407,800)	-	-	-	-
Stock dividend for 2004	54,024,432	-	-	(54,024,432)	-	-
Net profit for the year 2005	-	-	-	-	50,003,735	50,003,735
Transfer to statutory reserve	-	-	10,000,747	-	(10,000,747)	-
Proposed dividend for 2005	-	-	-	41,596,062	(41,596,062)	-
Balance at 31 December 2005	277,307,232	-	24,800,730	41,596,062	593,546	344,297,570

Sheron
Managing Director (C.C.)

Shahin
Director

Mr. Shuley
Chairman

Rahman Mostafa Alam
Rahman Mostafa Alam & Co
Chartered Accountants

Dated : Dhaka
April 26, 2006

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2005

1. LEGAL STATUS AND NATURE OF THE COMPANY

1.1. Legal form and country of incorporation

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 licence from Bangladesh Bank on February 04, 2002. The Company went for public issue in 2005 and its shares are listed both Dhaka and Chittagong Stock Exchanges.

1.2. Nature of business activities

The Company extends lease finance for capital machinery, construction and medical equipments, generators, boilers, vehicles, elevators, air-conditioning plants, house-holds 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 also extends term loan and house building loan.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 1994, Bangladesh Accounting Standard (BAS), the Financial Institutions Act, 1993, and the Securities and Exchange Commission Rules 1987.

2.2. Accounting for leases

Leased equipments under the possession of the lessees are accounted for as investment in leases of the company. The interest portion of the lease rental receivable periodically is recognized as operational revenue.

2.3. Interest on term finance

Interest on term finance is recognised on accrual basis. Installment comprises both interest and principal. Interest part of the installments that become receivable is recognised as income in the financial statements.

2.4. Depreciation on fixed assets

Fixed assets are depreciated based on straight line method throughout the estimated span of useful life ranging from five to ten years. Full month's depreciation is charged on additions irrespective of date when the related assets are put into use.

2.5. Deferred tax

As per Bangladesh Accounting Standard 12 deferred tax is provided using the liability method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes.

3. Share Capital	2005	2004
	Taka	Taka
3.1. Authorized capital		
4,000,000 ordinary shares of Tk. 100 each	<u>400,000,000</u>	<u>400,000,000</u>
3.2. Issued, subscribed and paid-up Capital		
2,773,072 (2004 :1,227,828) ordinary shares of Tk. 100 each	<u>277,307,232</u>	<u>122,782,800</u>

3.3. Composition of shareholdings

Composition of shareholdings as on 31. December 2005 is as under:

Group	No of Shareholders		No of Shares		Percentage	
	2005	2004	2005	2004	2005	2004
Sponsors	21	21	1,768,072	1,227,828	64	100
Institutions	-	-	-	-	-	-
General Public (Individuals)	7,631	-	1,005,000	-	36	-
Total	7,652	21	2,773,072	1,227,828	100	100

3.4. Classification of shareholders by holding as required by Regulation 37 of the listing regulations of Dhaka Stock Exchange Limited.

No of Shares	Number of Shareholders	Total number of shares	% of total Holdings
Less than 500	7450	484,550	17.47
501 to 5,000	163	242,550	8.75
5,001 to 10,000	11	78,750	2.84
10,001 to 20,000	4	58,600	2.11
20,001 to 30,000	1	22,850	0.82
30,001 to 40,000	6	203,390	7.33
40,001 to 50,000	-	-	-
50,001 to 100,000	9	613,434	22.12
100,001 to 1,000,000	8	1,068,948	38.55
	7,652	2,773,072	100.00

4. Statutory reserve

Balance on 1 January	14,799,983	2,102,386
Transfer during the year	10,000,747	12,697,597
Balance on 31 December	<u>24,800,730</u>	<u>14,799,983</u>

5. Loan from financial institutions

The company has entered into long term loan agreements with financial institutions and the loans are secured by first charge or equitable mortgage of all present and future immovable properties and floating charges on movable assets of the company ranking pari-passu among the lenders. Instalments of loans which are repayable within 1 (one) year from the balance sheet date have been included under current liabilities.

	2005 Taka	2004 Taka
Balance on 1 January		
Received during the year	224,578,437	190,059,448
Paid during the year	272,857,828	131,000,000
Total including current maturity (note 5.1)	(128,894,268)	(96,481,011)
Transfer to current liabilities being current maturity	368,541,997	224,578,437
Balance on 31 December	(164,852,794)	(87,035,178)
	203,689,203	137,543,259

5.1. Loan from financial institutions

Southeast Bank Limited	33,131,536	65,731,507
The Oriental Bank Limited	3,180,830	12,633,332
Jamuna Bank Limited	7,102,268	-
The City Bank Limited	18,628,115	4,999,996
The Premier Bank Limited	36,576,903	-
Standard Bank Limited	4,181,483	10,833,333
Social Investment Bank Limited	31,666,655	50,595,059
Shahjalal Islami Bank Limited	27,026,725	46,785,214
First Security Bank Limited	-	4,166,664
Dhaka Bank Limited	34,696,941	28,833,332
Prime Bank Limited	15,833,330	-
Exim Bank Limited	28,499,467	-
Uttara Bank Limited	78,017,744	-
Pubali Bank Limited	50,000,000	-
	368,541,997	224,578,437
	40,000,000	40,000,000

6. Debenture

This loan was disbursed by Investment Corporation of Bangladesh (ICB) in 2004 @ 13.50% p.a. which is repayable after 5 (five) years at a time. Interest is payable on half yearly basis.

7. Term Deposits

Interest bearing term deposits are taken from institutions/ individuals for a minimum period of 6/12 months and interest rates range from 12.67% to 14.00% based on period. Deposits are of revolving in nature and substantial part of the deposits are usually renewed for further period, hence entire term deposits have been considered as non current liability. Details of these deposits are as under :

Balance on 1 January	480,519,000	208,602,762
Deposits taken during the year	539,327,027	315,598,500
Repayment /adjustment during the year	(265,993,000)	(43,682,262)
Balance on 31 December	753,853,027	480,519,000

8. Advance Lease Rentals

The Company takes interest free lease rentals from the lessees on signing of the lease agreements which are refundable/ adjustable during or at the end of lease period. Details are as under:

Balance on 1 January	13,226,812	7,095,267
Received during the year	2,104,803	6,131,545
Repayment/ adjustment during the year	(1,064,671)	-
Total including current maturity	14,266,944	13,226,812
Transfer to current liabilities being current maturity	(3,566,736)	(2,645,362)
Balance on 31 December	10,700,208	10,581,450

9. Fixed Assets :

Particulars	Cost		Rate %	Depreciation			W.D.V. As at 31.12.2005
	As at 01.01.2005	Addition during the year		Total	As at 01.01.2005	Charged during the year	
Furniture & fixture	891,257	89,000	10%	231,743	96,516	328,259	651,998
Office equipment	1,322,460	244,725	15%	437,832	213,607	651,439	915,746
Motor vehicle	3,078,650	-	20%	1,424,261	615,732	2,039,993	1,038,657
Office decoration	3,059,811	-	20%	1,419,783	611,964	2,031,747	1,028,064
Electrical goods	315,884	-	10%	70,509	31,584	102,093	213,791
Office software	99,050	206,250	15%	8,230	17,434	25,664	279,636
Office crockeries	6,555	-	15%	1,779	984	2,763	3,792
	8,773,667	539,975		3,594,137	1,587,821	5,181,958	4,131,684

10. Investment in lease- net of current maturity

	2005	2004
	Taka	Taka
Gross lease receivables	625,437,488	446,276,843
Less : Unearned finance income	143,828,152	64,890,743
	<u>481,609,336</u>	<u>381,386,100</u>
Gross lease receivables		
Within one year	257,992,964	165,690,039
Above one but within five years	367,444,524	280,586,804
After five years	-	-
	<u>625,437,488</u>	<u>446,227,843</u>
Total investment in leases including current maturity	481,609,336	381,386,100
Transfer to current asset being current maturity	(173,498,712)	(129,671,274)
Balance on 31 December	<u>308,110,624</u>	<u>251,714,826</u>

11. Term finances - net of current maturity

Balance on 1 January	315,363,555	124,222,390
Disbursement during the year	450,438,689	290,532,094
Collection / adjustment during the year	(113,888,327)	(99,390,929)
Total including current maturity	<u>651,913,917</u>	<u>315,363,555</u>
Transfer to current assets being current maturity	(341,870,910)	(151,374,506)
Balance on 31 December	<u>310,043,007</u>	<u>163,989,049</u>

12. Provision for doubtful debts

Management has determined provisions for doubtful losses on the basis of analysis of portfolio. The provision is considered adequate to cover the future possible losses. Details are as under:

Balance on 1 January	8,102,298	4,133,297
Provision for the year	6,976,340	3,969,001
Balance on 31 December	<u>15,078,638</u>	<u>8,102,298</u>

12.1. Break up of provision is as follows :

Lease finance	5,523,565	4,620,847
Term finance	7,062,958	3,481,451
Investment in shares	2,492,115	-
Total	<u>15,078,638</u>	<u>8,102,298</u>

13. Investment in shares

This represents investment made both in listed and unlisted shares which is made up as under:

			2005	2004
			Taka	Taka
	No of Co.	Market value		Cost
Listed shares	5	38,618,545	41,110,660	32,781,500
Unlisted share	1	1,000,000	1,000,000	-
Total		39,618,545	42,110,660	32,781,500

Investments have been recorded at cost and adequate provision for probable losses has been made. Unlisted share represents investment of TK.1,000,000 in Central Depository Bangladesh Limited.

14. Other receivables

Receivable against delinquent interest	13,716,588	4,719,629
Receivable against bank charges	-	5,716
Receivable against IDCP	11,973,677	15,118,770
Interest receivable on FDR	11,062,178	9,775,326
Receivable for documentation and services charges	1,564,336	2,322,284
Total	38,316,779	31,941,725

15. Advances, deposits and prepayments

Advance income tax	5,217,454	488,353
Advance for purchase of shares	24,082	-
Advance office rent	500,000	500,000
Security deposits	25,515	4,025,515
Insurance premium	53,488	70,650
Other advances	603,026	986,195
Total	6,423,565	6,070,713

	2005	2004
	Taka	Taka
16. Cash and Cash Equivalents		
Cash in hand	682,699	158,957
In current and short- term deposit account with :		
Jamuna Bank.	68,698	1,398,352
First Security Bank Ltd.	5,458,002	1,650,497
Prime Bank Ltd.	1,098,820	2,118,225
Premier Bank Ltd.	140,047	185,031
Mercantile Bank Ltd.	694,243	12,595
Southeast Bank Ltd.	1,064,585	680,177
Shahjalal Islami Bank Ltd.	991,694	706,735
Exim Bank Ltd.	23,794	52,890
Bank Asia Ltd.	128,995	123,761
BRAC Bank Ltd.	20,761	20,881
National Bank Ltd.	22,690	21,958
The City Bank Ltd.	935,824	742,468
Eastern Bank Ltd.	1,018,656	439,784
Oriental Bank Ltd.	680,383	1,017,977
Dhaka Bank Ltd.	971,725	2,125,337
Janata Bank.	99,829	98,173
Sonali Bank.	30,798	30,307
One Bank Ltd.	6,553	300,536
One Bank Ltd.	415	875
Dhaka Bank Ltd.	3,000	4,500
Bangladesh Commerce Bank Ltd.	29,245	28,211
Mutual Trust Bank Ltd.	421,755	81,009
Social Investment Bank Ltd.	897,242	181,294
Standard Bank Ltd.	236,796	18,652
Bank Alfalah Limited	711,921	2,116,473
Islami Bank (BD) Ltd.	26,980	25,920
Uttara Bank Limited	641,658	-
Pubali Bank Limited	2,294,719	-
Bangladesh Bank,	9,622,800	6,424,250
Southeast Bank Ltd., - Subscription for shares	11,338,095	-
Exim Bank Limited -Panthpath Br.	1,833,241	-
Sub-Total	41,513,964	20,606,868
In fixed deposit with :		
Oriental Bank Ltd.	17,606,672	15,000,000
Standard Bank Ltd.	90,448,971	82,410,000
First Security Bank Ltd.	22,284,630	20,405,000
Shahjalal Islami Bank Ltd.	7,142,867	6,000,000
Mutual Trust Bank Ltd.	11,130,487	10,213,750
Premier Bank Ltd.	5,426,950	5,000,000
Southeast Bank Ltd.	-	100,000,000
Prime Bank Ltd.	-	100,000,000
Sub-Total	154,040,577	339,028,750
Total	196,237,240	359,794,575

	2005	2004
	Taka	Taka
17. Payables and accrued expenses		
Financial expenses	61,213,191	46,814,753
Payable against leased assets	1,869,500	1,869,500
Lease margin	9,105	11,562,695
Accrued expenses	131,500	131,000
Other payables	4,883,015	1,758,157
Share subscription money refundable	5,545,299	-
Total	<u>73,651,610</u>	<u>62,136,105</u>
18. Short Term Loans		
Bank overdrafts		
Standard Bank Ltd.	16,335,036	49,175,493
First Security Bank Ltd.	-	10,032,163
Mutual Trust Bank Ltd.	713,507	3,656,603
	<u>17,048,543</u>	<u>62,864,259</u>
Call loans		
Southeast Bank Limited	-	100,000,000
Prime Bank Limited	-	100,000,000
Eastern Bank Limited	-	30,000,000
	<u>-</u>	<u>230,000,000</u>
Total	<u>17,048,543</u>	<u>292,864,259</u>
19. Other operational income		
Documeritization fee	255,218	358,074
Service charges	203,303	260,318
Delinquent interest	9,174,659	3,605,267
Transfer fees	102,590	4,400
Profit on lease termination	6,750	-
Interest on advances for lease and term finances	19,706,462	16,466,908
Commission for Letter of credit	1,357,314	295,296
Arranger fees	-	4,279,684
Gain from dealing in shares of listed companies	-	35,382,095
Others	3,604,590	-
Total	<u>34,410,886</u>	<u>60,652,042</u>
20. Financial expenses		
Interest on loans and overdrafts	145,013,101	87,760,380
Less : Interest earned on deposits	20,511,991	12,762,268
Total	<u>124,501,110</u>	<u>74,998,112</u>

	2005 Taka	2004 Taka
21. General & administrative expenses		
Salary, bonus and allowances (Note 21.1)	7,369,299	4,869,567
Rent, rates and taxes	1,278,385	1,200,000
Communication	412,170	331,196
Printing & stationery	366,725	468,181
Electricity & water	262,572	223,766
Travelling and conveyance	104,630	53,536
Postage and courier	26,030	15,173
Publicity and advertisement	728,460	401,014
Books and periodicals	94,283	39,657
Directors' fees	240,000	295,000
Entertainment and public relations	263,084	290,590
Motor vehicle expenses	817,338	930,498
Legal and other professional fees	421,563	649,175
Office maintenance	262,314	82,791
Bank charges	224,852	88,835
Audit fee	75,000	75,000
Fees and subscription	163,820	120,550
Training expenses	32,500	110,500
Office expenses	159,586	196,886
Preliminary expenses	563,050	140,763
Preoperational expenses	674,559	168,640
Initial public offering (IPO) expenses (net of)	1,800,790	-
Total	16,341,010	10,751,318

21.1. Salary , bonus and allowances include Tk. 2,26,735 as annual contribution to Provident Fund.

22. Provision for taxation

22.1. Current tax

No provision has been made in this year for current tax since the company has carry forward tax losses as calculated as per Income tax Ordinance, 1984.

22.2. Deferred tax

Deferred tax is provided using the liability method for all timing differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes as per Bangladesh Accounting Standards No. 12.

23. Basic Earnings Per Share

Basic earnings per share has been calculated dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year. Calculation of weighted average number of ordinary shares is as under:

Number of shares outstanding as on January 1, 2005	1,768,072	
Number of shares allotted through IPO in October '05	1,005,000	
Number of weighted average shares outstanding during the year	2,019,322	
Earnings attributable to the ordinary shareholders (Net profit after tax)	50,003,735	63,487,986
Weighted average number of ordinary shares outstanding during the year	2,019,322	1,768,072
Earnings per share (EPS)	24.76	35.91

24. Related Party Transactions

The Company in normal course of business has entered into transactions with other entities that fall within the definition of related party contained in the Bangladesh Accounting Standards 24. The Company believes that the terms of related party transactions are not significantly different from those that could have been obtained from third parties. Exposure with related party as at December 31, 2005 is as under :

Name of the related party	Relationship	Nature of transactions	Balance Receiv. / (payable)
Dr. Mizanur Rahman Shelley	Chairman	Term deposit	(420,000)
Mr. A S M Feroz Alam	Director	Term deposit	(20,958,719)
Creative Engineers Limited	Alternate Director	Lease & T. finance	70,807,705
Fame Water & Cosmetics Ltd.	Common Director	Lease & T. finance	6,223,090
Astron Trade & Distribution Ltd.	Common Director	Lease finance	569,301
Bengal Airlift Limited	Common Director	Lease finance	1,835,764
Bengal Airlift Limited	Common Director	Term deposit	(2,000,000)
Bengal ABN Travels Limited	Common Director	Lease finance	262,140
Mr. Saifuddin Khaled	Director	Term finance	4,332,997
A Z M Akramul Haq	Director	Term finance	5,876,233
Mr. Atif Rahman	Director	Term deposit	(1,100,000)
Mr. R.A. Howlader	Consultant	Term finance	11,419,750
Mr. Mohammad Hafiz Ahmed	Managing Director	Lease & T. finance	3,183,260

25. Proposed cash and stock dividend :

The board of directors has recommended 10% stock and 5% cash dividend for the year 2005.

26. Others

26.1 Directors' remuneration

Each director is entitled to receive Tk. 2,500 for attending each board meeting.

26.2 Number of employees

The number of permanent employees who received during the year a total annual remuneration of Tk.36,000 and above was 14 (2004 :13) and below Tk. 36,000 was nil. (2004 :nil).

26.3 Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for at the end of the year.

26.4. Contingent Liability

Contingent liabilities exist in respect of letters of credit outstanding for importation of lease equipment amounting to Tk. 7.00 million at the end of the year.

26.5. Unacknowledged Debt

The company had no claim, which has not been acknowledged as debt at the balance sheet date.

26.6. Disbursement

During the year the Company disbursed the following amount :

	2005 Taka (mill)	2004 Taka (mill)
Lease finance	221	213
Term finance	450	290
	671	503

26.7. Figures of the previous year have been rearranged, wherever considered necessary, for the purpose of comparison with current year's presentation without any impact on the profit and value of assets and liabilities as reported in the financial statements.

26.8. Figures in the financial statements and notes have been rounded off to the nearest taka.


Managing Director (C.C)


Director


Chairman

STATEMENT ON CORPORATE GOVERNANCE

Corporate governance is the system by which companies are directed and controlled by the professional management in the best interest of all the stakeholders, thereby ensuring greater transparency and better and timely financial reporting. The platform on which corporate governance principles are structured is that the Board of Directors are responsible for the proper governance, which includes setting out the Company's strategic aims, supervising the management of the business and reporting to the shareholders.

The Board is accountable to the Company's shareholders for good governance. The Board has, however taken into account the requirement of the most recent SEC's guidelines which are under process of implementation.

Premier Leasing International Limited (PLIL) is subject to various requirements governing the affairs of the Company namely, Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Bangladesh Bank etc. PLIL is in compliance with the requirements of Bangladesh Accounting Standards as far as the disclosures in the financial statements are concerned.

The independent role of the Board of Directors, separate role of the Chairman and the Managing Director, distinct role of the Company Secretary and different Board Committees describe how the principles of good governance are applied in PLIL.

BOARD OF DIRECTORS

The Board of Directors is in full control of Company's affairs and is also accountable to the Shareholders. They firmly believe that the success of the Company largely depends on the credible corporate governance adopted by the Company. Taking this into consideration, the Board of Directors sets out its strategic focus and oversees the business and related affairs of the Company. The Board also formulates the strategic objectives and policy framework of the Company. In discharging the above responsibilities the Board, carries out, inter alia, the following functions:

- Approval of annual budgets including major capital expenditure proposals.
- Critical evaluation of all proposals which requires Board's approval and /or directives.
- Regular review of financial performance and overdue situation.

- Appointment and evaluation of the performance of the senior management including Managing Director.
- Periodic and timely reporting to the Shareholders on the affairs, progress and performance of the Company.
- Ensuring that the senior management team has the necessary skills and experience to perform their functions effectively in the best interest of the Company.
- Ensuring proper decision making and accountability structure throughout the Company so that the staff down the line is fully accountable to the corporate management

The Board of PLIL comprises of 11 directors who possesses a wide range of skills and experience in various professions, business and services. All of them are independent of management. The Chairman of the Board is not the Chairman of any of the Board Committees.

BOARDS' FUNCTIONING PROCESS

The Board meets frequently depending on the requirement for decision on specific issues. The Board has a schedule of matters reserved to it for decision including major capital expenditure, significant investment proposals and policy matters. In certain cases specific responsibilities are delegated to the Committee's of the Board within the defined terms of reference. The Executive Committee and Audit Committee have defined charters and they meet as required.

The Board has full and timely access to all relevant information enabling them to function effectively. In case of Board meetings, this consists of a set of papers including regular business progress reports and discussion documents regarding specific matters.

During the year 2005, total 8 Board meetings were held.

SEPARATE ROLE OF CHAIRMAN & MANAGING DIRECTOR

In PLIL, the role of Chairman and Managing Director is separate and independent of each other.

The Managing Director is responsible for executing management of the Company's business while the Chairman, who has no executive management responsibility, runs the Board.

GOING CONCERN

While approving financial statements, Directors have made appropriate enquiries and analyzed the significance of the financial, operating as well as other indicators to understand the ability of the Company to continue its operation for the foreseeable period. Directors are convinced and they have reasonable expectation that the Company has adequate resources to continue its operation consistently for the foreseeable future. For this reason they continue to adopt the basis of going concern in preparing financial statements.

THE EXECUTIVE COMMITTEE

The Executive Committee formed by the Board of Directors comprising of 6 members of the Board for the following activities:

- a) To approve credit proposals which are within the defined thresholds of its authority.
- b) To review significant risks and quality of credit portfolio.
- c) To formulate policies, standards and procedures relating to investment, finance, recovery, administration etc.

During the year 2005, total 4 Executive Committee meetings were held.

THE AUDIT COMMITTEE

For internal control purposes Board of Directors has formed an Audit Committee for the following:-

- a) To optimize company's performances in terms of quality, quantity, timeliness, cost etc. through appropriate audit function and ensure value for money in respect of company's resources.
- b) To ensure application of appropriate accounting policies, accounting standards and cost audits.
- c) To oversee and appraise company's financial and operational reporting process and review company's half yearly and annual financial statements especially in the areas of compliance with accounting principles and standards, requirements of stock exchange and legal issues.

The Audit Committee comprises of 3 (three) directors. The Company Secretary is the Secretary of the Committee. The Committee is headed by a director who has fair knowledge about accounting and finance. The rules of Audit Committee clearly lay down its authority, responsibility and specific duties.

The Committee is empowered, among other things, to examine any matter relating to the financial affairs of the Company and to review all audit and inspection programs, internal control systems and procedures, accounting policies and adherence compliance requirements etc. This ensures that a sound financial reporting system is in place, which is well managed, providing accurate, appropriate and timely information to the Board of Directors and stakeholders.

During the year 2005, total 2 Audit Committee meetings were held.

INTERNAL CONTROL

The Board is responsible for ensuring that the Company has an adequate and efficient control system in place. The Company's internal control systems have been designed to provide the directors with reasonable assurance that assets are safeguarded against unauthorized use by the employees and/or management and/or third parties, transactions are authorized and properly recorded and material error and irregularities are either prevented or detected within a reasonable period of time.

THE MANAGEMENT

The management team of the Company consists of highly motivated, well educated and highly skilled and dynamic executives who have been contributing substantially in the continued growth and progress of the Company. The management is assisted by well motivated and experienced officers and members of staff.

Mr. R.A. Howlader, a renowned banker having over 38 years of experience in various high positions including that of the Managing Director of a private commercial bank has been associated as the Consultant right from the initiation of this leasing company.