

Serving Since 1996

# ANNUAL REPORT 2013



A Financial Institution that Cares







# Annual Report 2013



## CONTENTS

Notice of 18th AGM	05
Our Vision and Mission	06
Strategic Objectives	08
Core Values	09
History- Key Milestones	11
About Our Company	12
Shareholding Structure	13
Product Range	15
Board of Directors	16
Management Team	22
Subsidiary Company	26
Different Committees	28
Value Added Statement	29
Operational Performance	30
Risk Management	31
Statement of Corporate Governance	32
Charter of the Board and Committees	35
Statement of Directors' Responsibility	37
Report of the Audit Committee	38
Views of a projects financed by ILFSL	40
Message from the Chairman	41
Managing Director's Round-up	43
Directors' Report	44
Corporate Governance Compliance Certificate	50
Statement of Responsibility of CEO & CFO	56
Audited Financial Statements	57
Audited Financial Statements of the Subsidiary Company (ILSL)	117
Audited Financial Statements of the Subsidiary Company (ILCL)	141
Corporate Information	154





## NOTICE OF THE AGM

Date: May 05, 2014

### NOTICE OF THE 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of the Shareholders of International Leasing And Financial Services Limited will be held on **Thursday, May 29, 2014** at **10.30 a.m.** at Spectra Convention Centre Limited, House # 19, Road # 07, Gulshan -01, Dhaka -1212 to transact the following business:

#### AGENDA

<b>A 2014-18-01 :</b>	To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements of the Company for the year ended December 31, 2013.
<b>A 2014-18-02 :</b>	To declare dividend for the year ended December 31, 2013.
<b>A 2014-18-03 :</b>	To elect Directors
<b>A 2014-18-04 :</b>	To appoint Auditors of the Company for the year 2014 and to fix their remuneration.

By order of the Board



**Nehal Ahmed** FCA  
Company Secretary

#### Notes:

- The record date was **Wednesday, April 30, 2014**. The Shareholders, whose name will be appeared in the Share Register of the company at the close of business on the 'Record Date' will be eligible to attend the 18th AGM and entitled to get dividend.
- A member eligible to attend and vote in the AGM may appoint a proxy to attend and vote in his/her behalf. The Proxy Form duly completed and stamped with a revenue stamp of taka 20.00 must be deposited at the registered office of the Company not later than 48 hours before the meeting.
- Admission into the Meeting room will be allowed on production of the Attendance Slip attached with the Proxy Form.
- As per directive of Bangladesh Securities and Exchange Commission (BSEC) no food or gift will be arranged at the AGM**

## OUR VISION

■  
To serve with flexibility and care.

■  
To rise high with our stakeholders.

## OUR MISSION

■  
Commitment towards the development of industrial and financial sectors by offering diverse and innovative financial products and solutions.

■  
Continuous drive in improving our services tailored to clients' needs.

■  
Pursue proactive approach for reaping maximum benefits for all the stakeholders.

■  
Attach importance to Human Resource Management and provide job satisfaction for all with equal opportunities for career development.

■  
Serve for well-being of the society.







## STRATEGIC OBJECTIVES

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Continuous Diversification for maximization of shareholders' value.

---

Creating Synergy through symbiosis of Dynamic Management and Board.

---

Serving and sustaining individual and institutional clients having high Integrity.

---

Focusing intensely on maintaining a sound asset portfolio.

---

Finding out Diversified Sources of Fund and exercising good Fund Management practices.

---

Providing flexible and customized service to clients to build a long-term relationship.

---

Retaining most dynamic people with good Aptitude.

---

Achieving a Leadership Position with distinction in the Market.

---



## CORE VALUES

### **Clients First**

Our priority is to serve the clients' financial needs properly

### **Flexible Care**

Harness friendliness with caring mindset.

### **Leadership**

We inculcate Leadership on both individual and corporate level.

### **Think Long Term**

We believe in long-term prosperity and solid position.

### **Identifying Opportunities**

In our service, in strategic planning and in the market, find out the opportunities befitting our clients as well as our business.

### **Synergy**

We always believe that it is the combination of good owners and management that produce values more than the total of isolated entities.



## KEY MILESTONES

- January 15, 1996 : Promoters Agreement signed
- January 15, 1996 : Incorporation of the company
- February 19, 1996 : Licensed by Bangladesh Bank
- March 24, 1996 : Commencement of Business
- May 19, 1996 : First Lease Agreement signed
- December 19, 1996 : First Credit Line Agreement signed
- July 7, 1997 : First Dividend declared
- August 22, 2001 : First syndication Lease Agreement signed
- October 30, 2001 : First Term Loan Agreement signed
- March 10, 2002 : First Work Order Financing Agreement signed
- December 11, 2003 : Licensed by Bangladesh Bank as Primary Dealer.
- September 19, 2004 : Capital Market Operation commenced
- May 29, 2005 : First Factoring Agreement signed
- December 20, 2005 : Management Agreement signed with First Capital Ltd. of Sri Lanka for Primary Dealership Operations
- April 13, 2006 : Agreement signed with Equity Partners Ltd. to act as Issue Manager for forthcoming Initial Public Offering (IPO) of International Leasing.
- July 02 to July 16, 2007 : Subscription for Initial Public Offering (IPO) of shares of the Company held for issuance of 0.5 million shares for Tk. 112.50 million.
- September 16, 2007 : Became enlisted with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.
- October 6, 2007 : Purchased Membership of Dhaka Stock Exchange Ltd. from public auction offered by DSE.
- April 07, 2008 : First Real Estate Loan Agreement signed
- June 24, 2008 : Inauguration of Chittagong Branch
- August 31, 2008 : Inauguration of International Leasing Securities Ltd., fully owned subsidiary Company of ILFSL.
- October 25, 2009 : Acquisition of 100% shares of Hongkong Bangladesh Securities Ltd., a member Brokerage House of Chittagong Stock Exchange Ltd. By International Leasing Securities Ltd.
- September 28, 2010 : Commencement of stock dealer and brokerage operation under membership of Chittagong Stock Exchange
- November 7, 2010 : Commencement of Stock Brokerage Operation at Khatunganj Branch
- December 12, 2010 : Commencement of Stock Brokerage Operation at Sylhet Branch
- April 4, 2012 : License to operate as a Merchant Banker in favor of IL Capital Limited





## About the Company

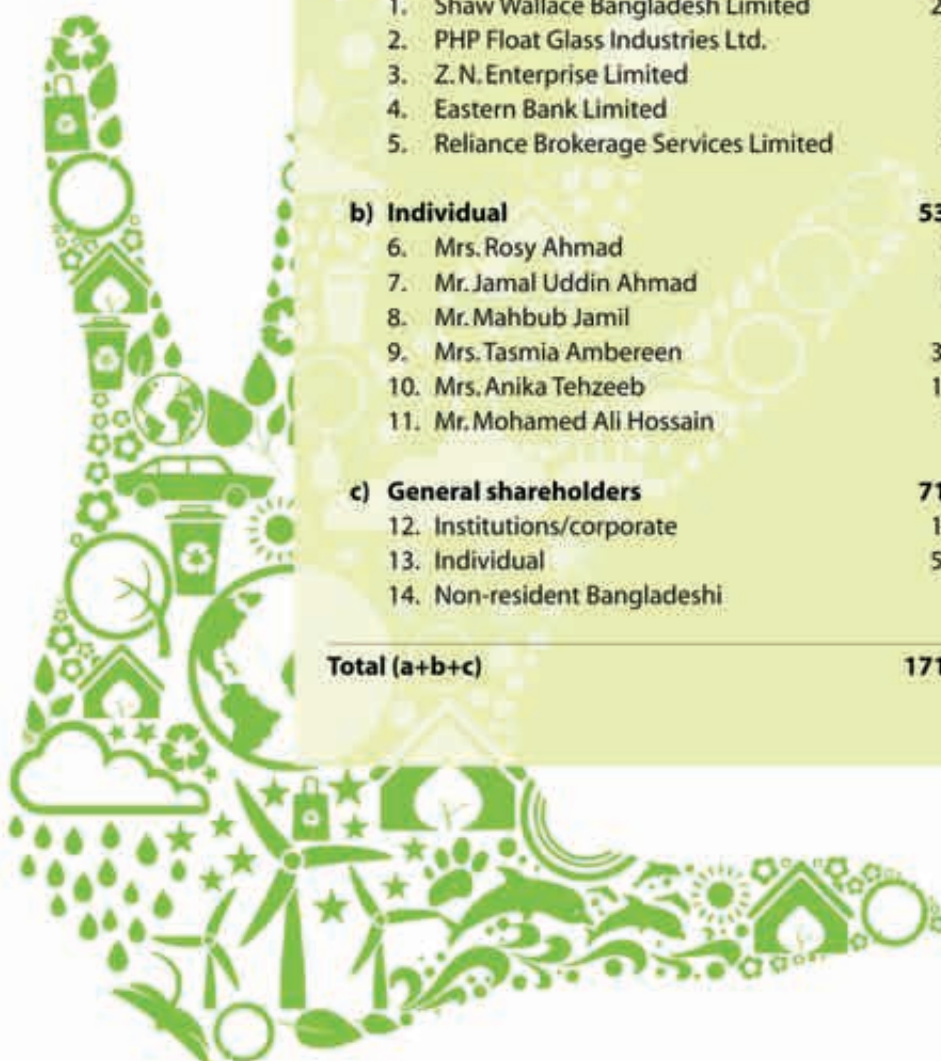
**International Leasing And Financial Services Limited (ILFSL)** is a multi-product Financial Institution having its 18 years' record of innovative and customer-driven financial services. Starting from single-product Lease Financing services, the Company is now an established market leader in the financial services industry.

We are the first-generation licensee of Primary Dealership (PD) from Bangladesh Bank to buy and sell government treasury bonds and bills in the secondary market. Our new product range includes Merchant Banking Services (through our subsidiary company, IL Capital Limited), Stock Brokerage (through our subsidiary company, International Leasing Securities Limited), Real Estate Finance & SME Finance. We also offer various attractive Deposit Schemes. Over the years, through proactive marketing and services, the company has been able to establish itself as a leading financial institution of the country. Our client and market focus will continue as we march ahead with our growth momentum.

## SHAREHOLDERS AND SHAREHOLDING STRUCTURE

As on 31.12.2013

Particulars	No. of shares	% of holding
<b>a) Corporate</b>	<b>45,792,771</b>	<b>26.77</b>
1. Shaw Wallace Bangladesh Limited	29,706,570	17.36
2. PHP Float Glass Industries Ltd.	3,422,049	2.00
3. Z. N. Enterprise Limited	3,422,000	2.00
4. Eastern Bank Limited	3,421,572	2.00
5. Reliance Brokerage Services Limited	5,820,580	3.40%
<b>b) Individual</b>	<b>53,989,546</b>	<b>31.56</b>
6. Mrs. Rosy Ahmad	1,288,452	0.75
7. Mr. Jamal Uddin Ahmad	5,320,308	3.11
8. Mr. Mahbub Jamil	244,776	0.14
9. Mrs. Tasmia Ambereen	30,848,160	18.03
10. Mrs. Anika Tehzeeb	14,727,250	8.61
11. Mr. Mohamed Ali Hossain	1,560,600	0.91
<b>c) General shareholders</b>	<b>71,296,283</b>	<b>41.67</b>
12. Institutions/corporate	18,901,999	11.05
13. Individual	51,725,078	30.23
14. Non-resident Bangladeshi	669,206	0.39
<b>Total (a+b+c)</b>	<b>171,078,600</b>	<b>100.00</b>







## PRODUCT RANGE

- Lease Finance
- Term Finance
- SME Finance
- Work Order Finance
- Project Finance
- Real Estate Finance
- Syndicated Finance
- Primary Dealership (of Government Treasury Bills and Bonds)
- Deposit Schemes
- Stock Brokerage Services (through subsidiary company)
- Merchant Banking Services (through subsidiary company)



# BOARD OF DIRECTORS





1	4	5	6
2	7	8	9
3	10	11	

# BOARD OF DIRECTORS

## 1. Mr. Mahbub Jamil

Chairman

Founder Board Member of International Leasing And Financial Services Limited (ILFSL) who joined the Board on March 5, 1996 and subsequently elected Chairman of ILFSL on June 21, 2000.

Presently, Mr. Jamil is the Chairman of Singer Bangladesh Limited. He joined the Board of Singer Bangladesh on September 1984. He is also the Chairman of ICE Retail Initiative Ltd and Advisor - Robi Axiata Ltd.

Mr. Jamil has been serving as the Chairman of Singer Bangladesh Limited since October 4, 1987. He also served as Managing Director of Singer Bangladesh Limited for over 24 years and as Senior Regional Vice President, Singer Asia and Retail Holdings N.V.

He was the Special Assistant to the Chief Advisor of the Caretaker Government of Bangladesh in 2008 with the rank of Cabinet Minister in charge of Ministry of Industries, Ministry of Civil Aviation & Tourism and Ministry of Youth & Sports.

In his long illustrious career, he was a Director of Micro Industries Development Assistance Services (MIDAS), President of the Foreign Investors' Chamber of Commerce and Industry for 3 terms, President of Metropolitan Chamber of Commerce and Industry, Committee Member of Bangladesh Employers' Federation, Founder Member of American Chamber of Commerce, a Rotarian Past-President of Rotary Club of Metropolitan Dhaka, and Senior Active Rotarian in the Rotary Club of Dhaka New City.

For his distinguished contribution to different areas of business and management, Mr. Jamil was adjudged Man of the Year in the Field of Business by Arthokatha in 1993, received Sir Jagadis Chandra Bose Gold Medal for Business Management in 1994, Bangladesh Education Management Trust Gold Medal for Management Excellence in 1995 and the Industry-Southeast Bank Award for Management Excellence in 2002, and Arthokatha Life Time Achievement Award in 2005.

Presently, Mr. Jamil is the Board Member of International Chamber of Commerce - Bangladesh, Member of the Trustee Board of Bishwa Sahitaya Kendro, Member Advisory Board of Faria Lara Foundation and Member Eisenhower Fellowship Bangladesh Nomination Committee. In addition, he discharged his responsibilities as a member of different Government Committees like Strategic Country Promotional Council, Private Infrastructure Committee, Private Sector Consultative Group, Policy Steering Committee of DBSM and Better Business Forum.

## 2. Mr. Jamal Uddin Ahmad, FCA

Director

A reputed practicing Chartered Accountant of the country, Mr. Ahmad is the Managing Partner of Ahmad and Ahmad, Chartered Accountants. He is also the Chairman of Jaroms Industries Limited. He has working experience with leading business houses at home and abroad, like British American Tobacco Ltd., the Burma Eastern Ltd., KPMG, PricewaterhouseCoopers and A. F. Ferguson & Co. Mr. Ahmad is former Deputy Prime Minister of the Government of the Peoples' Republic of Bangladesh, former President of the Institute of Chartered Accountants of Bangladesh (ICAB), a Board Member of the International Federation of Accountants (IFAC), Member of Public Sector Committee of IFAC and former President of the South Asian Federation of Accountants (SAFA).

## 3. Mr. M Nurul Alam

Director

Mr. M Nurul Alam is the Managing Director of Shaw Wallace Bangladesh Limited and nominated Director of Shaw Wallace Bangladesh Limited in the Board of International Leasing And Financial Services Limited. He is also the Managing Director of SW Shipping and Director of SW Multimedia Limited.

Mr. Alam had previously served various foreign and multinational companies including James Finlay PLC, P&O Nedlloyd Bangladesh Limited and Maersk Bangladesh Limited before joining Shaw Wallace in February 2008.

Mr. Alam took his Honours and Masters degrees in Economics from Chittagong University and later did MBA (major in Finance) from Institute of Business Administration, Dhaka University. He is the Treasurer of International Container Shipping Association.

## 4. Mr. Md. Mahfuzur Rahman Bhuiyan FCA

Director

Mr. Md. Mahfuzur Rahman Bhuiyan FCA joined the Board of ILFSL on November 12, 2012 as Nominated Director of PHP Float Glass Industries Limited.

Mr. Md. Mahfuzur Rahman Bhuiyan is a Fellow Member of the Institute of Chartered Accountants of Bangladesh and Executive Director - Business Development of PHP Group. Prior to his present position, he was the Chief Financial Officer of PHP Group. Prior to joining PHP Group, he was Country CFO of GE Healthcare Bangladesh Limited, a subsidiary of GE, USA and Head of Finance of Novartis Bangladesh Limited, a subsidiary of Novartis AG, Switzerland. In his long and illustrious career, he also served in BOC Bangladesh Limited (a subsidiary of BOC, UK, presently known as Linde AG), Partex Beverage Limited and Bangladesh Power Development Board.

Mr. Bhuiyan obtained both his Master of Commerce (Accounting) Degree and Bachelor of Commerce with Honours (Accounting)

degree from Chittagong University. He completed his chartered accountancy final examination in May 1998 and became a fellow member of the Institute of Chartered Accountants of Bangladesh in 2008.

#### **5. Mr. A. Q. I. Chowdhury, OBE** Director

Mr. A. Q. I. Chowdhury, OBE joined the Board of International Leasing on August 10, 2010 as Nominated Director of Z.N. Enterprise Limited.

Mr. A. Q. I. Chowdhury, OBE was the Chief Executive Officer (CEO) in Bangladesh of the renowned multinational British company James Finlay. Presently, Mr. Chowdhury is the CEO and Managing Director of JF (Bangladesh) Limited and Consolidated Tea and Plantation Limited. Mr. Chowdhury has been awarded the Order of British Empire (OBE) by her Majesty, the Queen of England for his outstanding contributions in the field of Trade and Commerce as a high-profile Business Executive.

Under his aegis, James Finlay received National Export Trophy a number of times and won the prestigious British Monarchy accredited RIO Tinto Award. In his wide professional affiliations, Mr. Chowdhury held a number of positions in different capacities during his 36 years tenure with James Finlay which includes offices as Chairman of Eastern Bank Limited, Bangladesh Tea Association, Vice President of Bangladesh Employers' Federation, Member of Bangladesh Tea Board, Representative of the Tripartite Labour Consultative Committee & many others. He is the Chairman of Royal Capital Limited & he is the Former Vice President of Chittagong Stock Exchange.

Besides being involved on various chamber and trade bodies, Mr. Chowdhury is also associated with World Forum like UN Private Sector Forum - Millennium Development Goals and Food sustainability & LCD-IV and CEO Water Mandate of UN Global Compact. He is a member of the Steering Committee of the CEO Water Mandate of UN Global Compact. He also represented South Asia Region in International Labour Organisation (ILO) in Geneva.

#### **6. Mr. C.K. Hyder** Independent Director

Joined the Board of International Leasing on December 5, 2007 as an Independent Director. He resigned from the Board on July 4, 2010 and rejoined on October 25, 2010.

Mr. Hyder served the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) and Bangladesh Employers' Federation (BEF) for more than 44 years as the Secretary-General. Formerly, he was the Adviser to the Committee (Board) of MCCI and BEF, with the status of a member of the Committee. With his long experience on trade and employment related issues, Mr. Hyder was represented on many advisory/implementation committees of

the Government relating to trade and commerce and industrial relations. He was a Member of successive Pay and Service Commissions and Wages and Productivity Commissions of the Government of Bangladesh. Educated in Kolkata and London, Mr. Hyder holds postgraduate degrees in Commerce and Law. He also obtained postgraduate diplomas from several renowned institutions like Harvard Business School, Australian Graduate School of Management, International Institute for Labour Studies.

Mr. Hyder represented the Bangladesh Employers' Association in over 22 annual conferences of the International Labour Organisation (ILO) and headed several Technical Committees of the same.

#### **7. Mr. Ali Reza Iftekhar** Director

Mr. Ali Reza Iftekhar joined the Board of International Leasing on August 10, 2010 as Nominated Director of Eastern Bank Limited (EBL).

He is the Managing Director & Chief Executive Officer (CEO) of Eastern Bank Limited (EBL). He joined EBL as Deputy Managing Director (DMD) and prior to assuming the office of MD and CEO in 2007, he was Additional Managing Director of the Bank.

In his 28 years of chequered banking career both in foreign and local banks, he held many important positions. Prior to joining EBL, he served at AB Bank Limited in various capacities including Deputy Managing Director. He also served Banque Indosuez, Standard Chartered Bank (SCB) and Standard Chartered Grindlay's Bank in different senior positions. He was also posted abroad in Standard Chartered Bank, Dubai and worked in Regional Credit Management.

Mr. Iftekhar was one of the members of the Focus Group formed by Bangladesh Bank which recommended best practices on Credit Risk Management in Bangladesh. He is certified as "Credit Professional" by Omega of UK and also certified as "Trade Professional" by Standard Chartered Bank, UK.

Mr. Iftekhar graduated from University of Dhaka in Marketing in 1982. He attended the Harvard Business School program on Leadership in Financial Organization in 2012. He got memberships and affiliations with BASEL - II Implementation and Coordination Steering Committee, Alliance Francaise De Dhaka, Chittagong Club, Uttara Club Limited, Gulshan Club Limited and Old Remains Welfare Association.

Mr. Iftekhar is a widely traveled person across the Globe on official trips on different occasions including attending high level international conference, seminar, symposium, etc. on Global banking and finance.

# BOARD OF DIRECTORS

## 8. Mr. A.K.M. Nozmul Haque

Director

Mr. A K M Nozmul Haque joined the Board of International Leasing on January 31, 2012 as Nominated Director of Mr. M. Matiul Islam and Mrs. Zohra Islam. Later, he became nominated Director of Reliance Brokerage Services Limited on acquisition of total shareholding of Mr. M. Matiul Islam & Mrs. Zohra Islam.

Mr. A K M Nozmul Haque is a senior banker of the country with over 41 years of career in public and private commercial banks and financial institutions. In his long illustrious career, he held various important positions of different banks and financial institutions including the positions of Managing Director of Agrani Bank Limited, Prime Finance & Investments Ltd. (PFIL) and Industrial and Infrastructure Development Finance Company Ltd. (IIDFC) and Deputy Managing Director of Sonali Bank Limited. Currently, he is an Independent Director of the Board of Prime Insurance Co. Ltd and Head of Research & Development Department of Prime Finance & Investments Limited. Earlier, he also served as Director of Sonali Bank Limited, advisor to Bank Asia Limited, consultant to Prime Finance & Investments Limited.

He started his career as a lecturer of Rajshahi University in 1965 and then joined State Bank of Pakistan in 1967. He served Bangladesh Bank for almost fifteen years. Mr. Haque proved his academic feat all through his academic life. He completed his M.Sc. in Statistics from Rajshahi University, securing first class first position in 1965. Later, he did his MA in Economics from New York University, USA. Besides, he also published articles in a number of journals, books and newspapers.

## 9. Mr. Mizanur Rahman

Director

Mr. Mizanur Rahman is Former Managing Director of Shaw Wallace Bangladesh Ltd and Nominated Director of Shaw Wallace Bangladesh Limited in the Board of International Leasing And Financial Services Ltd. He is also Director of SW Shipping Ltd.

Mr. Rahman holds a BA (Hons) degree in Economics from University of Dhaka and is an Associate of the Institute of Bankers (UK). He is also Honorary Advisor to the International Container Shipping Association and Trustee of the NBR-registered charity, A F Mujibur Rahman Foundation.

Mr. Mizanur Rahman is son of the late A F Mujibur Rahman ICS of Gerda, Faridpur.

## 10. Mr. Masudul Hoque Sardar

Director

Mr. Masudul Hoque Sardar joined the Board of ILFSL on July 30, 2012 as Nominated Director of Z. N. Enterprise Limited.

Mr. Masudul Hoque Sardar, Head of Finance of Eastern Bank Limited, has been in the Bank and Non-Bank Financial Institutions (NBFIs) for the last 13 years or so. He is a member of two important management committees of EBL i.e. Bank Risk Management Committee (BRMC), an apex overall risk oversight and management body and Expanded Management Team (EMT), a team of mid level management to supervise overall functions of the bank. Before joining EBL in August 2005, he was working for United Leasing Company Limited for more than four years.

He has been involved in the areas of financial reporting and analysis, asset liability management, tax and financial management, regulatory reporting and compliance, Basel II and capital adequacy assessment, review and supervision of risk management, asset finance and leasing etc.

Mr. Hoque obtained his MBA from Institute of Business Administration (IBA) and BBA (Major in Accounting) from Department of Accounting, both from University of Dhaka. He attended training, workshops, seminars on the above mentioned areas both at home and abroad. Competing on the international '4th Online ALM Competition', he along with his team from EBL, reached to the final round held in Paris in January 2011 and secured third position along 28 competing banks around the world.

## 11. Mr. Mustafizur Rahman

Managing Director

Mr. Mustafizur Rahman has been working as Managing Director of International Leasing since June-2006. He joined the company in August 2003 and worked as Senior Vice President and Head of Operations of the Company. Mr. Rahman started his career in IDLC of Bangladesh Ltd. He also worked with Vanik Bangladesh Ltd. and Union Capital Ltd. He has over 26 years' experience in the leasing industry in the country. He is an MBA from IBA, Dhaka University. He is also member of IBA Alumni Association and Dhaka University Economics Department Alumni Association (DUECAA).

# SNAPSHOTS OF 17TH ANNUAL GENERAL MEETING 2013



## MANAGEMENT TEAM

### INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED (ILFSL)

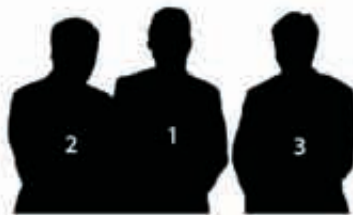


- 1. Mustafizur Rahman**  
Managing Director
- 2. Nehal Ahmed FCA**  
Additional Managing Director & Company Secretary
- 3. Sa'ad Zaglul Abbas**  
Deputy Managing Director (Risk)
- 4. Md. Monirul Islam**  
Executive Vice President & Head of Business
- 5. Md. Muktadir Hossain**  
Senior Vice President & Head of Credit Risk Management
- 6. Md. Saiful Islam Akhand**  
Vice President & Chief Financial Officer
- 7. Abul Kalam Azad**  
Vice President And Head of Special Asset Management And Legal Affairs
- 8. Mohammed Ibrahim**  
Assistant Vice President & Head of Chittagong Branch
- 9. Mohammad Hossain Khan**  
Assistant Vice President & Head of Treasury
- 10. Golam Shaugatul Karim FCMA**  
Senior Manager & Head of Internal Audit & Compliance
- 11. Nafisa Jareen**  
Senior Manager & Head of HR
- 12. Anwar Hossain Chowdhury**  
Manager & Head of IT
- 13. Md. Rafiqul Islam ACS**  
Manager - Corporate Affairs & Asst. Company Secretary





## INTERNATIONAL LEASING SECURITIES LIMITED (ILSL)



- 1. Md. Humayan Kabir, ACA**  
Vice President &  
Chief Operating Officer
- 2. Md. Rafiqul Islam, ACS**  
Company Secretary
- 3. Md. Moslem Uddin**  
Manager & Head of Operations



- 1. Nehal Ahmed FCA**  
Managing Director
- 2. Saad Muhammad Faisal**  
Chief Operating Officer
- 3. Md. Rafiqul Islam, ACS**  
Company Secretary
- 4. Muhammad Nasimur Rahman**  
Manager, Accounts & Finance

**MEMBER OF INTERNATIONAL LEASING & FINANCIAL SERVICES LIMITED  
& IT'S SUBSIDIARIES**



ILFSL



ILCL





## About subsidiary company International Leasing Securities Limited (ILSL)

International Leasing Securities Limited (ILSL), a fully owned subsidiary company of ILFSL. The Head Office & Main Branch of ILSL is housed in a sprawling 6,500 square feet office space to provide a conducive work environment. With a team of highly qualified and dedicated professional people providing best possible services to our clients, we are all set to make it big in the capital market.

### RANGE OF SERVICES

#### Brokerage Services

- Executing Online Trade for all types of clients in Dhaka Stock Exchange and Chittagong Stock Exchange

#### Custodial Services

- Services of Central Depository System (CDS) like Beneficiary Owners (BO) account opening and maintenance, Dematerialization and Re-materialization of securities, Transfer and Transmission of securities, Pledging, Un-pledging and confiscation of securities etc.
- Fire-proof locker facilities to keep customers' physical securities in safe vault

#### Margin Loan facilities

- Margin loan facilities to clients through margin trading

#### Value Added Services

ILSL has established a state-of-the-art technological system enabling clients to receive maximum technological advantage in managing their investment accounts. Some unique features of value added services offered to our clients include:

- Phone Banking- 24 hour access to a clients' account to enable him/her to know details of investment like stock position, purchase power, value of investments etc.
- SMS Service- SMS message confirming execution of trade with stock, quantity and rates, Alert message for additional margin deposit, Alert message about execution of Trigger Sale
- E-mail Service- Daily e-mail (end of day) to each BO account holder's address containing summarized Trade Confirmation and Portfolio Statement
- Fax- Fax message (end of day) to each BO account holders' number containing summarized Trade Confirmation and Portfolio Statement.

## About Subsidiary company IL Capital Limited (ILCL)

IL Capital Limited is a full-fledged merchant bank registered in Bangladesh. It is fully owned by International Leasing and Financial Services Limited (ILFSL). The company was incorporated on November 04, 2010 and awarded with the merchant bank license on April 04, 2012.

IL Capital management team comprises professionals from different area of capital market with strong academic background. Each of the members is committed in leveraging their experiences to take IL Capital to greater heights. Since we take our fiduciary obligations very seriously, we have established and adopted various policies that we believe will set new benchmarks in the investment management and investment banking arena of Bangladesh.

Our Investment Team believes in continuous improvement to discover profit making opportunities at tolerance risk level with detailed research and analytical approaches. Our team follows the economic trend, industry trend and individual companies so that we can identify the profitable investment opportunity for our clients before other market participants can do.

### INVESTMENT MANAGEMENT

Discretionary/ Non- Discretionary Investment Management: We have a plan to offer both Discretionary and Non-Discretionary investment management services to our clients.

Discretionary account means an account in which the client gives discretion to his/her fund manger to the purchase and sale of securities including selection, timing and price to be paid or received. On the other hand, Non-Discretionary account means an account in which the client takes investment decision by himself/herself regarding the purchase and sale of

securities including selection, timing and price to be paid or received.

### INVESTMENT BANKING

#### Margin Lending

We have a plan to offer margin lending services to our clients to facilitate the portfolio management with leverage. The leverage allows an individual to invest more than the amount owned by him/her and thereby enhances the return potentials on investment. This service is for the clients who have the risk tolerance to cater the enhanced return potentials with higher risk.

#### Underwriting

We are offering underwriting facilities to public issues as per the SEC regulations. We underwrite the securities as a guarantee to fill up any deficiency in capital/fund raising from investors.

#### Issue Management

We are offering issue management for capital raising, debt securities, right issue and public issue. We work in a proactive manner by anticipating, identifying, evaluating the value of the issue and responding to public policy considering the investors behavior to make a bridge over the issuer and the investor.

#### Corporate Advisory

We are offering financial advisory to cater the strategic niche for its client base. Our team has experience in merger and acquisition and private equity. We are also capable to work as an agent for capital rising through both private and public channels.

## **BOARD OF DIRECTORS OF INTERNATIONAL LEASING SECURITIES LIMITED**

1. Mr. C. K. Hyder - Chairman
2. Mr. M. Nurul Alam - Director
3. Mr. Hassan O. Rashid - Director
4. Mr. Md. Sayadur Rahman - Director

## **BOARD OF DIRECTORS OF IL CAPITAL LIMITED**

1. Mr. Mahbub Jamil - Chairman
2. Mr. Mizanur Rahman - Director
3. Mr. A. K. M. Morshed Ahmed Chowdhury - Director
4. Mr. Md. Manirul Islam - Director

## **DIFFERENT COMMITTEES OF THE COMPANY**

### **BOARD COMMITTEES**

#### **1. EXECUTIVE COMMITTEE**

- Mr. A. Q. I. Chowdhury OBE - Chairman  
Mr. Mahfuzur Rahman Bhuiyan FCA - Member  
Mr. C. K. Hyder - Member  
Mr. Ali Reza Iftekhar - Member  
Mr. Mizanur Rahman - Member

#### **2. AUDIT COMMITTEE**

- Mr. C.K. Hyder - Chairman  
Mr. M. Nurul Alam - Member  
Mr. A. Q. I. Chowdhury OBE - Member  
Mr. Mahfuzur Rahman Bhuiyan FCA - Member  
Mr. Mizanur Rahman - Member

### **MANAGEMENT COMMITTEES**

#### **1. MANAGEMENT COMMITTEE (MANCOM)**

- Mr. Mustafizur Rahman - Chairman  
Mr. Nehal Ahmed - Member Secretary  
Mr. Sa'ad Zaglul Abbas - Member  
Mr. Md. Monirul Islam - Member  
Mr. Md. Moktadir Hossain - Member  
Mr. Md. Saiful Islam Akhand - Member  
Mr. Abul Kalam Azad - Member  
Mr. Mohammad Hossain Khan - Member  
Mr. Md. Golam Shaugatul Karim - Member  
Ms. Nafisa Jareen - Member  
Mr. Anwar Hossain Chowdhury - Member  
Md. Rafiqul Islam - Member

#### **2. ASSET-LIABILITY COMMITTEE (ALCO)**

- Mr. Mustafizur Rahman - Chairman  
Mr. Nehal Ahmed - Member  
Mr. Sa'ad Zaglul Abbas - Member  
Mr. Md. Monirul Islam - Member  
Mr. Md. Moktadir Hossain - Member  
Mr. Md. Saiful Islam Akhand - Member  
Mr. Mohammad Hossain Khan - Member Secretary

#### **3. ANTI-MONEY LAUNDERING COMMITTEE (AMLC)**

- Mr. Nehal Ahmed - Chairman  
Mr. Sa'ad Zaglul Abbas - Member  
Mr. Md. Saiful Islam Akhand - Member  
Mr. Mohammad Hossain Khan - Member  
Mr. Md. Golam Shaugatul Karim - Member

#### **4. BASEL II IMPLEMENTATION COMMITTEE (BIC)**

- Mr. Nehal Ahmed - Member  
Mr. Sa'ad Zaglul Abbas - Member  
Mr. Md. Monirul Islam - Member  
Mr. Md. Moktadir Hossain - Member Secretary  
Mr. Md. Saiful Islam Akhand - Member  
Mr. Abul Kalam Azad - Member  
Mr. Md. Golam Shaugatul Karim - Member  
Mr. Khandaker Amir Entezam - Member

#### **5. RISK MANAGEMENT FORUM**

- Mr. Sa'ad Zaglul Abbas - Head  
Mr. Nehal Ahmed - Member  
Mr. Md. Monirul Islam - Member  
Mr. Md. Saiful Islam Akhand - Member  
Mr. Mohammad Hossain Khan - Member  
Mr. Golam Shaugatul Karim - Member  
Mr. Anwar Hossain Chowdhury - Member

#### **6. RISK ANALYSIS UNIT**

- Mr. Md. Moktadir Hossain - Head  
Mr. Khandaker Amir Entezam - Member Secretary

# VALUE ADDED STATEMENT

The value added statement provides a detailed account of the distribution of the value created by an organization. The following table indicates how much value International Leasing And Financial Services Ltd. added for the shareholders, employees, government and how much retained within the company for further investment.

(Figures in BDT)

Value Added	2013		2012	
	Amount	Percentage	Amount	Percentage
<b>Value added</b>				
Operating revenue	2,479,088,177		2,236,860,341	
Cost of borrowing	(1,996,423,939)		(2,005,521,742)	
	<b>482,664,239</b>		<b>231,338,599</b>	
Other income	9,304,339		3,862,565	
	<b>491,968,577</b>		<b>235,201,164</b>	
Provision for future losses	(51,027,213)		50,676,202	
Operating expenses (excluding staff cost & depreciation)	(67,117,372)		(67,030,541)	
	<b>373,823,993</b>	<b>100%</b>	<b>218,846,824</b>	<b>100%</b>
<b>Distribution of value addition</b>				
Shareholders as dividend	85,539,300	22.88	85,539,300	39.09
Employees as salaries and other benefits	94,320,606	25.23	82,304,821	37.61
Government as income tax	140,650,639	37.62	56,174,621	25.67
	<b>320,510,545</b>	<b>85.74</b>	<b>224,018,742</b>	<b>102.36</b>
<b>Retained for reinvestment</b>				
Depreciation & amortisation	22,105,624	5.91	21,084,447	9.63
Retained earnings and other reserves	31,207,824	8.35	(26,256,365)	(12.00)
	<b>53,313,448</b>	<b>14.26</b>	<b>(5,171,918)</b>	<b>(2.36)</b>
	<b>373,823,993</b>	<b>100.00</b>	<b>218,846,824</b>	<b>100.00</b>
<b>Employees' statistics</b>				
Number of employees at year end	59		57	
Operational income per employee	42,018,444		39,243,164	
Value added per employee	6,336,000		3,839,418	

## OPERATIONAL PERFORMANCE

Taka in million

Year	2009	2010	2011	2012	2013
<b>A. Business Performance</b>					
Contract	3,428.00	3,820.65	3,311.94	2,565.94	2,351.75
Growth (%)	7.59	11.45	-13.31	-22.52	-8.35
Disbursement	3,421.00	3,010.00	2,729.64	2,230.64	3,317.26
Growth (%)	9.57	-12.00	-9.31	-19.00	48.71
<b>B. Financial Performance</b>					
Total Revenue	1,591.32	2,273.37	2,083.74	2,240.72	2,488.39
Total Expenses	1,284.05	1,436.85	1,933.01	2,175.94	2,179.97
Operating Profit	307.27	836.52	150.73	64.78	308.42
Financial Expenses	1,205.14	1,295.64	1,762.93	2,005.52	1,996.42
Profit Before Tax	258.12	603.55	65.18	115.46	257.40
Provision/Deferral of Tax	53.03	260.44	121.76	56.17	140.65
Net Profit After Tax	205.08	343.11	(56.58)	59.28	116.75
Portfolio	12,291.95	14,851.42	14,969.82	15,029.17	15,134.40
Long Term Debt	2,943.72	2,262.81	2,997.16	6,754.86	8,109.12
Paid Up Capital	290.95	509.16	1,629.32	1,710.79	1,710.79
Shareholders' Equity	924.38	1,267.49	1,968.57	2,084.85	2,116.06
Dividend (%)	75 B	60 B	5 B	5 C	5 C
<b>C. Financial Ratios</b>					
Return on Equity (%)	22.19	27.07	-2.87	2.84	5.52
Earnings Per Share (in Tk.)	40.28	3.37	(0.33)	0.35	0.68
Debt Equity Ratio	3.18	1.79	1.15	3.24	3.83
Fin. Expense Coverage Ratio	1.25	1.65	1.09	1.03	1.12
Net Asset Value	18.15	7.78	12.08	12.19	12.37
Dividend Payout Ratio (%)	186.20	178.08	-89.28	142.86	73.27

- Profit before tax improved significantly because of better control of interest expenses owing to better fund management and better recovery performance.
- Tax expense rose significantly due to significant changes in some of the components of income.
- Asset liability maturity matching resulted in conversion of a part of short term liability into term long term liability causing debt to equity ratio to escalate.
- Figures as stated above are on consolidated basis.



# RISK MANAGEMENT

Risk is an integral part of financing business and thus every financial institution is exposed to risk of different type and magnitude. So, the prime responsibility of every financial institution is to manage its risk such that its return from business can be maximized. As a prudent and responsible financial institution, the Company attaches top priority to ensuring safety and security of the finances that are being extended.

## Credit Risk

It arises mainly from lending and treasury businesses. This is the potential loss arising from the failure of the counterparty to perform as per contractual agreement with the Financial Institution. The failure may result from unwillingness of the counterparty or deterioration in his/her financial condition. Therefore, the Company's Credit Risk Management guidelines have been formulated to address this risk.

The company has segregated the duties of the officers/executives involved in credit activities. Marketing activities are performed by Business Development Department. Thereafter, Credit Risk Management Department reviews the risk aspects of the financing proposals. Upon assessment and review, Credit Risk Management Department forwards the credit proposals to appropriate sanctioning authorities for approval. After approval, Credit Administration Department carries out disbursement and execution of loans. After Execution of the loan, the client account is monitored by both Business Development Department and the Special Asset Management And Legal Affairs Department (SAMLAD). Both the said departments are responsible for monitoring clients' repayment track records and ensuring adequate follow-up and recovery.

After review and assessment of the proposals, the Credit Risk Management Department forwards the proposal to the Board Executive Committee (EC) which approves credit proposals within its delegated limit. Proposals exceeding the limit delegated to the Executive Committee (EC) are forwarded for approval of the Board of Directors. However, the Managing Director is delegated to approve credit proposals upto Tk. 2.00 million.

Rigorous Credit Appraisal is carried out by the Credit Risk Management Department to assess viability of the proposal from all standard aspects like Marketing, Economic, Technical, Management and Financial in line with the existing Credit Policy Manual (CPM) and Credit Instruction Manual (CIM) of the Company. A set of standard operating practices is already in place to ensure exercise of Due Diligence during the evaluation process.

For assessing the credit risks, the following measures are followed:

- Multilayer approval process
- Strict adherence to Bangladesh Bank guideline on credit ceiling on any single borrower/group
- Mandatory collection of credit report from Credit Information Bureau (CIB)
- Evaluating payment performance of a borrower (both with the company and outside financial institution/banks) before financing

- Adequate insurance coverage for leased assets
- Intensive monitoring and follow-up actions by Business Development Department (BDD) and Special Asset Management And Legal Affairs Department (SAMLAD)
- Strong scrutiny of the compliance of credit policies by Internal Control and Compliance Department.

## Market Risk

Market Risk refers to the risk of fluctuation of various market variables like interest rate, exchange rate, availability of liquidity with the lenders/depositors, prices of securities in the stock exchanges. The year 2013 was a challenging year as far as market risk was concerned. The overall rate of interest has all along been on the higher side significantly raising our overall of cost of fund. The said interest rate regime emerged due to Central Bank's conservative monetary stance.

To combat these market risks, we have taken measures to diversify our financing sources. We have laid strong emphasis on mobilizing retail and institutional deposits. We have also adjusted our lending rates to cope with market interest rate condition. Our Treasury Department continually monitors market interest rate regime and liquidity position and provides feedback to the Management. Besides, there is a separate ALCO committee which is always watchful on the adverse movements of the different market variables. The committee prepares liquidity profiles regularly and submits a copy of the same to Bangladesh Bank on a monthly basis.

## Liquidity Risk

Liquidity Risk arises out of the company's inability to meet short term obligations to its lenders/creditors. It arises from the adverse mismatch of maturities between assets and liabilities.

Liquidity requirements are managed on day-to-day basis by the Treasury Department. It is responsible for ensuring that sufficient funds are available to meet short term obligations, even in crisis situations, and for maintaining diverse funding sources. The Treasury also oversees the asset liability maturity position, recommend and implement appropriate measures to encounter liquidity risk. There is also an ALCO committee to continuously keep tab on the liquidity position of the company.

## Operational Risk

Operational Risk is the potential loss that may arise due to ineffective Internal Control which may result in errors, frauds and other lapses in operational activities and thereby ignoring the compliance requirements of the regulators or non-compliance of corporate governance practices.

To address the operational risks, an appropriate internal control system is in place within the Organization. A separate Internal Audit Department oversees the compliance of approved operational guidelines and procedures in all activities. It also oversees the compliance of regulatory requirements. The Internal Auditor is directly reportable to the Board Audit Committee and to the Chief Executive regarding the state of compliance of different operational activities and also different observations regarding operational issues and/or lapses/shortfall.

# STATEMENT OF CORPORATE GOVERNANCE

Corporate governance is the system of internal controls and procedures by which an individual Company is managed. It provides a framework that defines the rights, roles and responsibilities of different groups—Management, Board and Shareholders—within an organization.

The primary role of corporate governance is played by the Board of Directors. It is the Board that formulates the vision, objectives and strategic goals. The Board's dynamism, guidance and stewardship are all that drives the company towards sustainable growth. The Management's role is to execute those directives in a professional, proactive and, at the same time, ethical manner.

ILFSL believes that the guidelines and procedures as exercised by the Company comply mostly with the Corporate Governance related notification no. BSEC notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 of BSEC and DFIM Circular no. 7 dated September 25, 2007 of Bangladesh Bank.

## BOARD AND ITS DIFFERENT COMMITTEES

The Board of ILFSL comprises of members from renowned corporate houses as well as individuals. It is the Board members' dynamism, foresightedness and wisdom that deliver the appropriate policies, strategies and guideline to run the Company.

The Board ensures that the company achieves superior financial results and stewards its leadership position in the industry.

The Board consists of eleven members, who bring in wide range of expertise and perspectives. Most of the directors are nominated directors, except two individual director and two independent director. The Board members perform the following major tasks:

- Addressing the major policy, regulatory and strategic issues and providing proper guidelines
- Monitoring the financial performance, assets quality and overdue position of the company periodically
- Evaluating and approving the Annual Budget of the company including major capital expenditure proposals
- Evaluating annual performance and approving the Financial Audit Report.
- Appointment and evaluation of the performance of the Managing Director and Senior Management Team
- Ensuring that the Senior Management Team has the requisite skills and experiences to perform their functions effectively for maximizing shareholders' value
- Monitoring the adequacy, appropriateness and operations of Internal Control
- Monitoring significant business risks and reviewing how they are managed

- Delegation to Board Committees and Management of financial and operational authorities
- Periodic and timely reporting to the shareholders about the affairs and performance of the company
- Ensuring appropriate Organizing and Staffing with appropriate delegation and accountability

## Independent Director

Independent Director acts as a third party for having a "neutral perspective" over policy-related issues of the Company. Having no share-based interest with the company and having no attachment with the non-executive directors and management, the Independent Director aids in ensuring neutrality and fairness over policies formulated by the Board.

Mr. Mahbub Jamil, Chairman of the Board of Eleven, is an Independent Director. Besides, Mr. C.K. Hyder is also an Independent Director. Both of them possess extensive business knowledge and experience.



### **Board Meetings**

During the year under review, the Board of Directors held fifteen meetings.

There is extensive staff participation in the decision making at all levels of the Company and strategic recommendations of material value flow to the Board for decision.

### **Directors' composition**

The Board is composed of sound professional people, each carrying wealth of experience in corporate and business level. Most of the directors (excluding one individual director and two independent directors) are representative directors and they attach their first priority to the interest of the company above any personal interest. In formulating Board Committees, utmost care is taken that the members of committees have requisite level of expertise to discharge their responsibilities in respective areas.

### **Directors' Compensation**

For attending Board and Committee meetings each director receives Tk.5,000 as honorium. Other than that, no director receives or draws any salary/allowance. The details of compensation are given in annexure - 2.

### **Related party transactions**

Details of related party transactions are given in note # 39 of Audited Accounts of this Annual Report.

### **Role of Chairman and Managing Director**

The Chairman and the Chief Executive of the Company are separate persons. The role of Chairman and Managing Director are independent and separate. The Chairman oversees the policy related matters and the Managing Director oversees the operational matters as per directives of the Board.

### **Audit Committee**

The Audit Committee is formed with members having relevant experience in finance and accounting to oversee the audit of Company's financial reports as well as adequacy of company's internal control. The audit committee comprises of members of the Board.

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 to compliance requirements. This would ensure 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.

The Head of Internal Control and Compliance has direct access to the Committee. The Committee is directly reportable to the Board.

### **Internal Control**

The Board of Directors is primarily responsible for ensuring that a proper and effective control system is in place to run the operations of the Company. It is meant to ensure smooth functioning of the company along with compliance of all internal and external rules and regulations.

An effective internal control also ensures that measures taken to minimize operational risks and detect errors in various operational areas to ensure timely rectification. Although a full scale control system is not possible to establish, but it helps the Management to keep effective control over operations and minimize deviations as far as possible.

Key measures taken for ensuring effective internal control includes:

- Regular Board meetings held with core strategic issues dealt and resolved
- Regular Executive Committee meetings held to consider all Credit Proposals and approve/decide on the proposals. As an extended arm of the Board, the EC also takes up other important operational issues.
- An Internal Audit and Compliance department, reporting directly to the Chief Executive and Board Audit Committee about the state of compliance with the standard operating procedures of different operational departments.
- A comprehensive annual budgetary system, directly approved by the Board to keep track of progressive performances of various operational parameters throughout the year.
- Monthly Business Report generated upon making Variance Analysis of the actual performance in various operational areas with the proportionate budgetary targets
- Review and analysis of fund position on a daily basis
- Well-developed and well-defined Service Rules and regulations relating to personnel issues
- Operational Manual for guiding Credit and Investment Management.
- Regular meeting of the Management with all Department Heads to address operational issues and devise appropriate action plans

### **COMMITTEES OF THE MANAGEMENT**

#### **Management Committee**

This is the core committee of the Management, empowered to deal with all operational issues of the company.

#### **Asset-Liability Committee**

This committee is responsible for managing balance sheet risks viz. risks inherent in our assets and liabilities. It addresses mainly liquidity and interest rate risks, which impact our balance sheet positions and ultimately our asset quality and profitability.

### **Anti Money-Laundering Committee**

The Committee is formed to monitor, coordinate and implement the directives and guidelines relating to preventing the incidence of money-laundering with different client accounts in our company. The Committee acts as a Central Compliance Unit (CCU) for prevention of money laundering of our company headed by a Chief of Anti-money Laundering Committee (CAMLCO).

### **Basel II Implementation Committee**

The Basel II Implementation Committee has been formed in line with the directives given by Bangladesh Bank for adoption of Prudential Guidelines on Capital Adequacy and Market Discipline (CAMD) for financial institutions. The committee comprises of member of Senior Management chaired by the Managing Director himself. The committee is working as per the agreed road map for implementation of Basel framework for FIs. The major responsibilities of the committee in connection with implementation of the said accord broadly include Minimum Capital Requirement (MCR), Adequate Capital and Review of Disclosure Requirements. Under the supervision of the committee, we have submitted CAMD reports and Stress Testing reports for the four quarters of 2013.

### **Risk Management Forum**

Risk Management Forum has been constituted headed by Deputy Managing Director (Risk) in line with DFIM Circular No.1. The major responsibility of the forum is to monitor and ensure proper compliance of the prudential guidelines on risk management namely Risk Based Capital Adequacy, Stress Testing and Five Core Risks.

### **Board and Committee Charters**

Given in page # 35 of this Annual Report

### **Financial Report and Transparency**

Financial statements have been prepared as per Bangladesh Accounting Standards (BIS) as laid down by the Institute of Chartered Accountants of Bangladesh.

Financial Reports are circulated as appropriate within and outside the organization. The Management Report is sent

quarterly to the Board of Directors containing Financial and Management Accounting reports. The Quarterly Reports and Annual Reports are sent to all shareholders with comprehensive details beyond statutory requirements. The Board of Directors accepts the responsibility for preparation of financial report, maintaining adequate records for safeguarding the assets of the Company, preventing and detecting fraud or irregularities, selecting suitable accounting policies, applying those policies consistently and making reasonable, prudent judgments and estimates where necessary.

The Board of Directors confirms that the applicable Bangladesh Accounting Standards have been adhered to, subject to any material departure being disclosed and explained in the notes to the accounts. The Board also confirms that the Company maintains accounting records, which disclose with reasonable accuracy, the financial position of the Company and which enable them to ensure that the financial statements comply with the requirements of the Companies Act 1994, Securities and Exchange Rules 1987 and Financial Institutions Act 1993 with all amendments thereto.

### **Shareholders' Role**

ILFSL strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives. The shareholders play an important role in assisting the Board in implementing proper Corporate Governance.

The Company welcomes the active participation of the shareholders at Annual General Meeting and solicits their views at all times for promoting healthy dialogue. Whenever possible, the Company has also implemented shareholders' suggestions. Through the quarterly and annual reports of financial statements, meetings and other forms of communications, the Board and the Management continuously interacts with the valued shareholders of the Company.

# CHARTER OF THE BOARD AND ITS DIFFERENT COMMITTEES

The Board of ILFSL comprises of members from corporate as well as individual shareholders. It also comprises of Independent Directors.

To ensure proper running of business of the company and to oversee different operational aspects of the Company, the Board has formulated different committees to represent the Board in different strategic areas. Different committees and their charters controlling their scope of works are delineated below:

## Executive Committee

Executive Committee (EC) is the proxy entity of the Board of Directors to carry out vital decision-making on behalf of the Board. The committee sits regularly (typically every month) to make decisions about all credit & investments related issues and other operational matters. The purview of its works includes:

- Evaluation of all credit proposals and make decisions regarding final approval of any proposal.
- Evaluation of any operations-related proposals put forth by the Management for decision.
- Evaluation and solicitation of pre-approval of any policy-related issue for the Company for final evaluation of the Board.

## Audit Committee

The Audit Committee is formed with board members having relevant experience in finance and accounting to oversee the audit of Company's financial reports as well as the adequacy of company's Internal Control and Compliance Issues.

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 to compliance requirements. This would ensure 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.

The duties of the Committee shall be:

- To consider the appointment of the external auditor, the audit fee, and any questions of their resignations or dismissal;
- To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordinations where more than one audit firm is involved;
- To review the half yearly and annual financial statements before submission to the Board, focusing particularly on:
  - (i) Any changes in accounting policies and practices;
  - (ii) Major judgmental areas;
  - (iii) Significant adjustments resulting from the audit;
  - (iv) The going concern assumption;

- (v) Compliance with accounting standards; and
- (vi) Compliance with stock exchange and legal requirements.

- To discuss problems and reservations arising from the interim and final auditors and any matter the auditor may wish to discuss (in the absence of management where necessary).
- To review the external auditors' management letter and management's response.
- To review the Company's statement on internal control systems prior to endorsement by the Board.
- To review the internal audit programme. Ensure co-ordination between the internal and external auditors and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.
- To consider the major findings of internal investigations and management's response.
- To consider other topics as defined by the Board.
- To meet with the Head of Internal Audit and Compliance and learn about state of internal compliance first-hand.

## COMMITTEES OF THE MANAGEMENT

### Management Committee

The Management Committee comprises of members of senior management from both operations and finance departments. The committee primarily takes decisions on different operational aspects of the Company.

### Asset-Liability Committee

ALCO is responsible for addressing the Balance Sheet related risks, viz. Interest Rate Risk and Liquidity Risk. It evaluates the critical components of assets and liabilities which affect the cash flow position as well as the profitability out of the business activities of the Company. Main responsibilities include:

- To review the balance sheet components and ascertain the position of the Balance Sheet in terms of liquidity and interest rates.
- To take appropriate corrective measures to mitigate any risk/drawback inherent in the balance sheet.
- To provide policy guidelines to take courses of actions about Balance Sheet management.

The ALCO sits at every quarter-end to review the balance sheet positions, market conditions and recommend corrective actions.

### Anti Money-Laundering Committee

The committee is formed to monitor, coordinate and implement the directives and guidelines relating to preventing the incidence of money-laundering with different client accounts in our company. The Committee acts as a Central Compliance Unit (CCU) for prevention of money laundering of our company. Functions of the Committee include:

- To develop a Policy for the sake of Anti Money Laundering for the Company.
- To develop an in-house system for ensuring compliance with Know-Your-Client (KYC) requirement.
- To develop a system to screen out any Fictitious Transactions in clients' accounts.
- To ensure reporting of Suspicious Transaction Report (STR) (if any) to the Anti Money-Laundering Department of Bangladesh Bank on a regular basis.
- To keep the employees acquainted and updated regarding different forms of money laundering and modes of prevention thereof.

### **Risk Management Forum (RMF)**

The Risk Management Forum was constituted on April 15, 2013 in accordance with the Bangladesh Bank's DFIM Circular no.01 dated April 07, 2013 to introduce proactive risk management procedures in line with international best practices framework. The major functions of the forum include:

- Design overall risk management strategy.
- Communicate views of the Board and senior management regarding the risk management culture and risk appetite across the Company.
- Prepare risk management policies and procedures.
- Monitor the prescribed/ threshold limits of risk appetite set by the regulator and/ or by the Company itself.
- Develop and observe the use of models to measure and monitor risks.
- Develop and oversee implementation of stress testing.
- Oversee the capital management functions in accordance with the risk-based capital adequacy measurement accord i.e. BASEL-II/ III.
- Determine the most cost-effective way to minimise risks.
- Highlight risks in portfolios and deficiencies of the Company on a timely manner and report the analyses to the Managing Director as well as the Board of Directors with specific recommendations and suggestions.

### **Risk Analysis Unit (RAU)**

Concurrent with the formation of the RMF, the ILFSL Risk Analysis Unit was formed to act as the secretariat of the Risk Management Forum with responsibility for identifying and analysing the various types of risks appropriately and in a timely manner. The Head of Credit Risk Management acts as the Head of RAU. The major functions of the unit include:

- Identify and analyze all sorts of risks appropriately and in a timely manner.
- Collect all relevant data related to the risk indicators from different sources and information systems.

- Assess the quality, completeness and correctness of this data.
- Identify and quantify the risks and their exposures to material loss.
- Prepare a risk management paper on a monthly basis.
- Conduct periodic stress testing.

### **Basel II Implementation Committee**

The Basel II Implementation Committee has been formed in line with the directive given by Bangladesh Bank for adoption of Prudential Guidelines on Capital Adequacy and Market Discipline (CAMD) for financial institutions. The Committee comprises of members of Senior Management chaired by the Managing Director himself. The Committee is working as per the agreed Road Map for implementation of Basel framework for FIs. The major responsibilities of the Committee in connection with implementation of the said accord broadly include calculation of Minimum Capital Requirement (MCR), Adequate Capital and Review of Disclosure Requirements. The committee has been reviewing the Basel II reports submitted to the Bangladesh Bank on quarterly basis. At this point, the major tasks of Basel Committee include:

- Calculation of Minimum Capital Requirement (MCR) under Basel II as per the framework delineated in Prudential Guidelines on Capital Adequacy and Market Discipline (CAMD) for financial institutions of Bangladesh Bank.
- Assessment of risk management conditions and requirement of additional capital to be maintained by FIs covering market and operational risk along with credit risk (unrated position) under Basel II.
- Discussion with Bangladesh Bank on one-to-one basis for their feedback on reporting format and disclosure requirements.
- Calculation of MCR under Basel II using Standardized Approach for Credit Risk, Standardized Rule Based Approach for Market Risk and Basic Indicator Approach for Operational Risk.
- Calculation of MCR under Basel II using Foundation IRB Approach for determining Probability of Default (PD) on the basis of own database and seek figure on Loss Given to Default (LGD), Exposure at Default (EAD) and Maturity (M) of Credit Exposure for Bangladesh Bank.
- Implementation of Internal Rating Based Approach (IRBA) along with internal database
- Review and monitoring of the proceedings and compliances as well as taking necessary actions thereof.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

## Supervisory

The Board of Directors assures that it has performed its proper role of reflecting true state of affairs of the company's performance. The Board has formed various committees to supervise and make policy-related decisions of different affairs of the committee, namely

<b>EXECUTIVE COMMITTEE</b>	To control all the investment-related issues, to evaluate and make approval for all credit proposals, to evaluate and make decisions on all operational issues where new approval is required to be taken.
<b>AUDIT COMMITTEE</b>	To evaluate the Financial Reports prepared by the Management, evaluate their objectivity and accuracy; evaluate the Internal Control procedure of the company; assess the reports as prepared by the Internal Audit and Compliance department of the Company, Consideration of the Bangladesh Bank's Annual Inspection Reports and its compliance and Review of the strategies, methodologies, plans, manning and organization for internal auditing and the extent of co-ordination with external auditors.

## Internal Control

The Board ensures that a system of internal control within the organization is in place, which is effective and adequate. To ensure smooth and systematic operational procedure in running the business of the company, a comprehensive Internal Control has been established. It comprise of job allocations, proper hierarchy of authority, proper approval authority and standard operating procedure. It also has a functional Internal Control and Compliance department staffed with people having requisite qualifications. It makes internal audits of different functional business areas to ensure compliance of all statutory and standard rules and procedures. The Audit Committee of the Board reviews the system of internal control and its different aspects on an ongoing basis to ensure its efficacy.

## Financial Reporting

The Board accepts the responsibility for the integrity and objectivity of the financial reports. It assures that the estimates and judgments relating to the financial statements were made on a prudent and reasonable basis, so that they reflect in a true and fair manner, the form and substance of the transactions and reasonably present the Company's true financial state of affairs.

The Board confirms that the International Financial Reporting Standards (IFRS) and International Accounting Standards, as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, have been adhered to, subject to any material departure being disclosed and explained in the notes to the accounts. The Board also confirms that the Company keeps accounting records, which disclose, with reasonable accuracy, the financial position of the Company and which enables it (company) to ensure that the financial statements comply with the requirements of the Companies Act 1994, Securities and Exchange Commission (Public Issue) Rules 2006, Financial Institution Act 1993 and Listing Regulations of Dhaka and Chittagong Stock Exchanges with amendments thereto.

The Auditor of the Company, M/s S. F. Ahmed & Co (SFACO), Chartered Accountants have carried out the annual audits to review the system of financial control, as they consider appropriate and necessary, for expressing their opinion on the financial statements. They have also examined the financial statements made available by the Management together with all the financial records, related data, minutes of the shareholders and Board meetings, relevant policies and finally expressed their opinions. In doing so, they have been independent throughout, and the Management, the Board or the Audit Committee did not attempt to show any influence or affect their opinions whatsoever.

# REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE OF THE BOARD

## (Reviewed by the Chairman-Audit Committee)

### Audit Committee of the Board

In compliance with the Bangladesh Bank's guidelines and the Bangladesh Securities And Exchange Commission's (BSEC) notification on Corporate Governance, the Board of Directors of International Leasing And Financial Services Limited (ILFSL) formed the Audit Committee (AC) to provide independent oversight of the Company's financial reporting, internal control systems and compliance to governing rules and laws etc. The Committee was re-constituted and the terms of reference were amended in line with the revised Corporate Governance guidelines issued by the BSEC vide notification no.SEC/CMRRCD/2006-158/134/Admin/44, dated August 07, 2012 and guidelines of the Bangladesh Bank.

### Objectives of the Audit Committee

The major objectives of the Audit Committee are the following;

1. To review the financial reporting process, the system of internal control and approach to manage risks, the audit process, findings of central bank comprehensive audit and the process for monitoring compliance with laws and regulations and its own code of business conduct.
2. To assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the institution.

### Composition

The present Audit Committee comprised the following members as at the balance sheet date of 2013 and is handled by an Independent Director.

Sl No.	Name	Status with ILFSL	Status with the Committee
1	Mr. C. K. Hyder	Independent Director	Chairman
2	Mr. M. Nurul Alam	Director	Member
3	Mr. A. Q. I. Chowdhury OBE	Director	Member
4	Mr. Md. Mahfuzur Rahman Bhuiyan FCA	Director	Member
5	Mr. Mizanur Rahman	Director	Member

The Company Secretary Mr. Nehal Ahmed FCA acts as the Secretary of the Audit Committee of the Board.

### Roles and Responsibilities of the Audit Committee

The roles and responsibilities of the Audit Committee have been framed in the light of the directives contained in DFIM Circular No.13 of the Bangladesh Bank and Notification of the BSEC. Some important roles and responsibilities are highlighted below;

#### A. Internal Control

1. Evaluate internal control and compliance culture with regard to risk management, clear definition of the duties and responsibilities of the officials and the full control over the operations of the company.
2. Review the arrangements made by the management for developing and maintaining a suitable Management Information System (MIS).
3. Review whether the internal control strategies recommended by the internal and external auditors have been implemented timely by the management.
4. Review existing risk management procedures to ensure an effective internal control system.
5. Review corrective measures taken by the management as regards to the reports relating to fraud forgery, deficiency in internal control or other similar issues detected by internal and external auditors and inspectors of the regulators and inform the Board on a regular basis.

#### B. Financial Reporting

1. Review the financial statements prepared in compliance with all directives and guidelines prescribed by the Bangladesh Bank and the applicable accounting and reporting standards.
2. Meet with Management and External/Statutory Auditors to review annual financial statements before finalization.
3. Attend and answer the questions related to the accounts and audit at the AGM.

#### C. Internal Audit

1. Review the efficiency and effectiveness of internal audit functions.
2. Review the activities and organizational structure of internal audit functions to the effect that no unfounded restrictions and limitations are made.
3. Review the internal audit plan.
4. Review the findings and recommendations made by the Internal Auditor for removing the irregularities, if any, and management actions and remedial actions against it.



#### D. External Audit

1. Appraise audit procedures and review management letter submitted by the external auditors.
  2. Assess management consideration on observations/recommendations of external auditors.
  3. Place recommendations to the Board of Directors regarding appointment and remuneration of external auditors.
- E. Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC, and other bodies) and internal circular/instruction/policy/regulations approved by the Board and Management have been complied with.

#### Meetings and Activities in 2013

As per requirement of the Bangladesh Bank, the Audit Committee is required to hold at least four (4) meetings in a year. The Audit Committee held 7 (seven) meetings during the year ended 31 December 2013. The Committee met and discussed issues with the management and internal control & compliance team. The Committee also sat and exchanged views with the External Auditors on their findings and ways and means to resolve the issues. Meeting dates were as under:

Sl.	Meetings	Date of meeting
1	24th Audit Committee Meeting	01 - 04 - 2013
2	25th Audit Committee Meeting	12 - 05 - 2013
3	26th Audit Committee Meeting	06 - 06 - 2013
4	27th Audit Committee Meeting	09 - 07 - 2013
5	28th Audit Committee Meeting	24 - 07 - 2013
6	29th Audit Committee Meeting	22 - 09 - 2013
7	30th Audit Committee Meeting	22 - 10 - 2013

The major areas of focus by the Audit Committee of the Board during 2013 are mentioned below:

- 1) Reviewed the draft audited financial statements for the year ended 31 December 2012 and recommended to the Board for consideration after holding meeting with the representatives of the External Auditors.
- 2) Reviewed the un-audited Quarterly and Half Yearly financial statements to evaluate the performance and recommended to the Board for consideration and onward submission to the shareholder and publication as per statutory requirement.
- 3) Reviewed required MIS reports prepared by the management to evaluate the business performance.

- 4) Reviewed and approved Internal Audit plan for the year 2013.
- 5) Reviewed internal audit findings with a view to take timely corrective actions.
- 6) Reviewed internal control culture assessed by the Bangladesh Bank.
- 7) Reviewed the comprehensive inspection report of the Bangladesh Bank and recommended the management to take necessary corrective actions.
- 8) Recommended to the Board for appointment of Statutory Auditor for the year 2013 and fixation of their remuneration.

The Minutes of the Audit Committee meetings containing various suggestions and recommendations to the management and the Board were placed before the Board on regular basis.



(C. K. Hyder)  
Chairman  
Audit Committee



## MESSAGE FROM THE CHAIRMAN



### Dear Valued Shareholders:

I am delighted in welcoming you all to the 18th Annual General Meeting (AGM) of your company, International Leasing And Financial Services Limited (ILFSL). This AGM marks completion of 18 years of operation of your company. I thank you all for reposing your trust and confidence in the Board and Management Team of your company throughout these years.

You are aware that the year 2013 was no less challenging than the year 2012. The economic and business activities of the country were severely affected following the nation-wide strikes and blockades that held the country almost hostage for a major part of the year. The capital market also met a similar fate. Moreover, inadequate infrastructure, tightening access to credit on account of liquidity challenges, inefficient bureaucracy, and political uncertainty continued to remain the core factors impacting national growth. As a result of these challenges, the Bangladesh economy, which was aiming to achieve a growth of 7.2% in 2013-14 will only touch a 5.7% growth during the fiscal as indicated in the World Bank's half yearly report. This projected growth comes on the back of a healthy 6.3% GDP growth recorded in 2012-13. According to the Bangladesh Bureau of Statistics (BBS), provisional GDP was estimated as Tk. 10,379.87 billion in FY13, the sectoral contribution of which was 49.3 percent by service sector, 31.99 percent by industry sector and 18.7 percent by agriculture sector. GDP growth during FY13 was contributed by 9.0 percent growth in industry sector, 5.7 percent growth in service sector and 2.2 percent in agricultural sector which was 8.9 percent, 6.0 percent and 3.1 percent respectively in

FY12. Credit goes to our government and Bangladesh Bank for their supportive policies which allowed the country to remain on the growth path despite the challenges faced in the foregoing year.

Against this scenario, your company put in its best efforts at harnessing best possible return from its core business through prudent cost control and recovery drive. Besides, your company also undertook vigorous deposit mobilization drive in order to have better grip on its funding operation and more stable funding base. All these initiatives proved to be timely in the right direction. In year 2013, your company posted a net profit of Tk. 107.01 million against Tk. 111.87 million in year 2012. On consolidated basis, the net profit of your company stood at Tk. 116.74 million in year 2013 against the net profit of Tk. 59.28 million in year 2012.

I once again thank all esteemed shareholders for their confidence on the Members of the Board, Management and it is my firm expectation that such confidence will remain unflinching in the coming years also. I also take this opportunity in thanking my colleagues in the Board of Directors and the Management for their wise leadership, relentless efforts and dedicated services for the welfare of the Company and shareholders.

Thank you all.

**Mahbub Jamil**

Chairman

Dated: May 05, 2014



## MANAGING DIRECTOR'S ROUND-UP



I am glad to state that we have witnessed a successful year in 2013 despite a host of challenges faced in the overall business investment climate of the country in the wake of nation-wide strike and blockades that held the country almost hostage for a major part of the year. During the period under report, we tried our level best to harness our best possible return from our core business through prudent cost control and recovery drive.

Financial sector is said to be the barometer of economic condition of any country. As a player of this industry, we are also not insulated from the challenges faced at the global level, national level and enterprise level. As a financial institution, we have always been vigilant and successful in addressing these challenges through our long industry experience and prompt strategic moves. But, we have always been committed to our vision and mission in conduct of our business. Our image in the industry is of great value to us. At the cornerstone of our business, we try to offer highest level of care and customized services to our clients. As per our policy, we are not unnecessarily aggressive. We intend to conduct and grow our business within our guiding principles, which, we believe, will bring about positive results in the long run for the company as well as the society at large.

At International Leasing, we are committed to offering the highest level of service to our clients while generating

sustainable values and benefits for our shareholders. The Management Team is pledge-bound to maintain highest level of ethical standards, professionalism and transparency. We firmly believe that our annual report aptly reflects our openness and transparency in reporting our company's business affairs.

Our sincere note of gratitude goes out to our valued shareholders, our distinguished Chairman and honourable members of the Board of Directors for their continuous guidance, encouragement and empowerment, which is unique in the history of corporate governance in the country. In fine, we reiterate our commitment to drive your company towards bigger destinations.

Mustafizur Rahman  
Managing Director  
Dated: May 05, 2014



## DIRECTORS' REPORT

### Dear Shareholders,

The Board of Directors takes pleasure in presenting the Audited Financial Statements of your company for the year ended on December 31, 2013, Auditors Report, along with ILFSL Group's performance; issues in regard to the Companies Act, 1994 and guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), the Bangladesh Bank and the Bangladesh Accounting and Financial Reporting Standards at the Company's 18th Annual General Meeting (AGM).

The year 2013 was no less challenging than the year 2012. The economic and business activities of the country were severely affected following the nation-wide strikes and blockades that held the country almost hostage for a major part of the year. The capital market also met a similar fate. Although there were several intermittent upswings noticeable in the price patterns in the bourses, the overall trend continued in the downward direction. Against all odds, your company put in its best efforts at harnessing best possible return from its core business through prudent cost control and recovery drive. Besides, your company also undertook vigorous deposit mobilization drive in order to have better grip on its funding operation and more stable funding base. All these initiatives proved to be timely in the right direction. In year 2013, your company posted a net profit of Tk.107.01 million against Tk.111.87 million in the year 2012 registering only a marginal decline of 4.34 percent despite political turmoil in the country. On consolidated basis, the net profit of your company stood at Tk.116.74 million in the year 2013 against net profit of Tk.59.28 million in the year 2012 registering a whopping growth of 96.93 percent.

### ECONOMIC PROSPECTS FOR 2014

With a forecast of positive growth trend in world economy, the prospects for the Bangladesh economy are favorable. According to the World Bank, out of 12 economic and socioeconomic indices, Bangladesh surpassed other South Asian countries by wide margin. Maintaining macroeconomic stability and efficiently managing aggregate demand are essential to provide the framework for encouraging private investment, stimulating economic activity, and supporting growth. The central bank's focus on containing inflation, while ensuring adequate credit flows to the private sector in productive purposes, is a sound element of current monetary policy which is expected to be growth supportive and favorable for Bangladesh economy. Finally, Bangladesh achieved stable rating by global rating agencies like Moody and S&P for the last four consecutive years in 2010, 2011, 2012 and 2013 which reflect country's good economic prospects and credit repayment capability in near future.

### OPERATIONAL PERFORMANCE IN 2013

#### Lease Finance and Term Loan

The traditional debt products viz. lease finance and term finance continued to be major and steady income generating investments. Total disbursement in debt products stood at Tk. 3,317.26 million in 2013, which was 48.71 percent higher than that of 2012 (Tk. 2,230.65 million). Despite the ongoing slump in the economy, your company managed to retain its growth momentum in credit disbursement. Your company made term finance disbursement of Tk. 2,767.38 million and lease finance disbursement of Tk. 508.62 million. Efforts were continued towards sustaining quality of the company's assets and keeping its classification ratio to a reasonable level.

Disbursements	Million Tk.		
	2012	2013	Percentage
Lease	583.63	508.62	(12.85)
Term Loan	1,523.42	2,767.38	81.66
Work Order	-	14.70	-
Real Estate Finance	123.6	26.56	(78.51)
<b>Total</b>	<b>2,230.65</b>	<b>3,317.26</b>	<b>48.71</b>

### Real Estate Finance

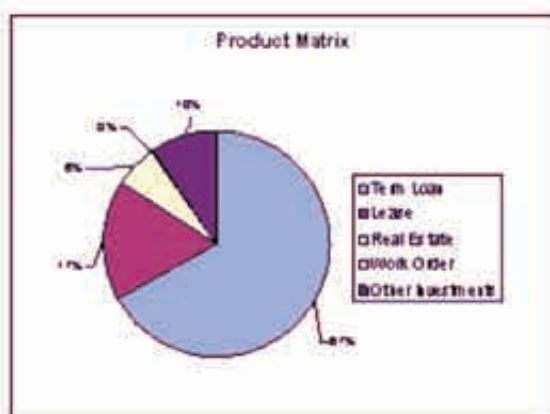
In view of the ongoing crisis in the real estate sector during the year under review, your Company shifted its focus on financing purchase of floor space and was selective in financing the real estate developers. During the year, a gross disbursement of Tk.26.56 million went to real estate finance, which is 0.80 percent of total disbursement made during the year.

### Capital Market operations

The continued decline and fall of turnover in DSE and CSE left an adverse effect on the profitability from the capital market operations. The scenario is common to all the entities involved in capital market operations. During the year under report, the Company earned a net profit of Tk. 1.26 million and had to make a provision of Tk. 9.60 million against a portfolio investment of Tk. 95.37 million. However, the company earned a dividend income of Tk. 0.51 million during the year.

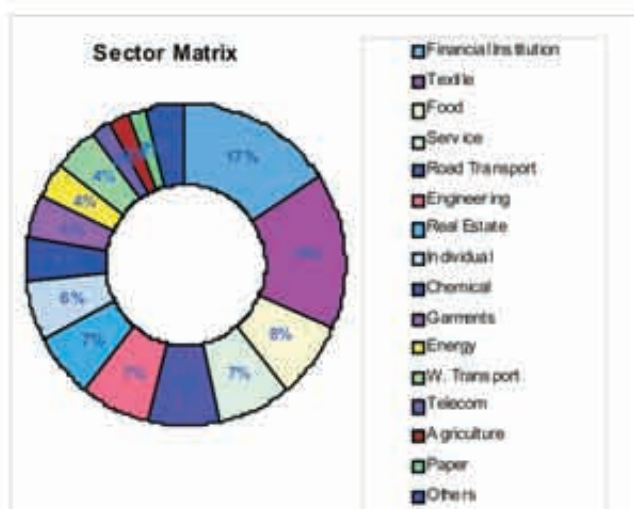
### Product Matrix

Total portfolio for the year stands at Tk.15,134.40 million. Product-wise maximum contribution comes from Term Financing, comprising of 67 percent of total business. Product-wise matrix is shown below:



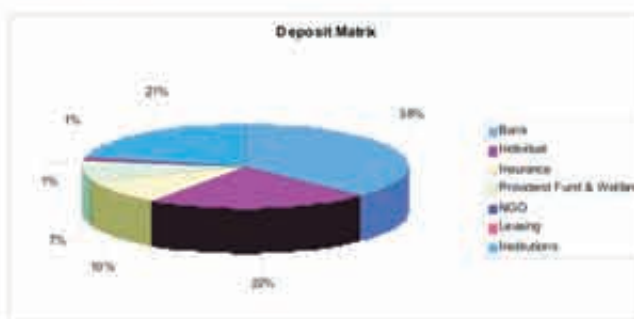
### Sectoral Exposure

Major six sectors of our investments are Financial Institutions (15.93 percent), Textile (15.41 percent), Transport (15 percent) and Housing (7.12 percent), Food Production and Processing (7.91 percent) and Service (7.44 percent). Major sectoral exposure is shown below:



### Deposit Matrix

By the end of year, total outstanding deposit amount was Tk. 9,447.34 million. Out of that, Tk. 3,550.00 million (37.58 percent) came from bank placements. Total deposit matrix is shown below:



### SUBSIDIARY OPERATIONS

#### Stock Brokerage Operations

Your company operates Stock Brokerage operations through its fully-owned subsidiary company, International Leasing Securities Ltd. (ILSL). Over these years, ILSL has established itself as a leading stock brokerage house at Dhaka Stock Exchange Limited (DSE). In terms of turnover in December 2013, it achieved 10th position in DSE among all the brokerage houses in Bangladesh. ILSL's operating performance is outlined below:

Particulars	In Million Taka	
	2012	2013
Turnover in DSE	1,001,084.90	958,742.08
Total Turnover of ILSL	36,403.71	27,647.56
Market share in DSE	3.64%	2.88%
Market position as per DSE	4th	10th

ILSL has some value added services like 24 hour phone banking (first time in Bangladesh), electronic statements, SMS service, etc. Margin loans are provided to the clients as per margin rules set forth by the Bangladesh Securities and

Exchange Commission (BSEC). Recently, ILSL has also launched a very dynamic website for its clients with state-of-the-art technology.

### **Merchant Banking Operation**

Your company has successfully launched its merchant banking operations through its fully-owned subsidiary company IL Capital Limited (ILCL) from the second half of 2012 upon fulfillment of all regulatory requirements and compliances. ILCL has already launched non-discretionary investment management product and expects to launch discretionary investment management product soon. ILCL also participated in two underwriting deals. ILCL is also planning to focus on corporate advisory and issue management services alongside other regular services. Recently, ILCL launched its own website for its stakeholders and prospects. ILCL publishes monthly newsletter in association with ILSL on stock market. Besides, ILCL sends daily market updates to its clients by e-mail.

## **HUMAN CAPITAL**

### **Ethical standards**

At your Company, the employees are committed to maintaining highest ethical standards and standard code of doing business. ILSL is following an ethical corporate culture where all key personnel are responsible in respective areas of operations for maintaining their due ethical standards.

### **Training**

The Company attaches great importance to equipping its manpower with technical and leadership skills. The company trains up its personnel at all tiers - entry level, mid level as well as senior level. The regularly available regulatory, financial and managerial workshops, seminars and training programs- both at home and abroad are utilized in training up the employees alongside on-the-job training. During the year under review, thirty four staff of your company attended different training programs spanning different functional areas of business.

### **Compensation and Rewards**

It is of utmost importance to provide proper incentives to each employee to ensure his/her uninterrupted motivation towards organizational growth. Your company, from the very beginning, has taken up incentive programs to ensure employee satisfaction. Your company has in place all types of traditional incentive systems for all levels of employees. Your company segregated the duties of human resources management during the year under review through formation of a separate human resources management department headed by a newly recruited head of human resources.

### **Work Place**

Your company takes great care in making sure that its work environment is ergonomically designed and proper work

atmosphere prevails. It is important to create an impression of the company brand also in work places. Proper environment is also important in order to provide exclusive services to the clients.

### **Non-discretionary Policy and Equal Opportunity**

In its recruitments and annual assessments, your company always strives to be fair and select the best candidates. Fairness towards employees is also important to create an ethical organizational culture.

### **Succession Plan**

In today's dynamic and competitive work environment, an effective succession plan is required for every tier of Management. It ensures the continuity of operations and unhindered growth of the organization. Keeping this in mind, your company is careful about developing second line of leadership in every possible position. Your company also takes care about:

- Giving an employee cross-functional responsibilities to train an employee on different areas of operations.
- Inter-departmental transfers especially at senior levels to swap one's efficiency in different strategically important areas.
- While making new recruitments or devising departmental objectives, taking care about balancing and re-aligning job descriptions to ensure that everybody makes equally important contributions and reduce dependence particularly on others.
- Making strategic decisions for future placements from among existing work-force to crucial positions.

## **INFORMATION TECHNOLOGY**

For a financial institution, which requires preserving and analyzing voluminous amount of data and other information, proper IT infrastructure is highly imperative. In the context of these facts, your company has taken proper measures to ensure seamless logistics and operations. In this connection, your company procured an integrated financial institution solution namely Fintelligent+ in 2012, which has been fully implemented in 2013. Implementation of this software is expected to enhance the productivity and efficiency of your company's operational activities and enable it to provide smooth services to its clients.

## **RISK MANAGEMENT**

The risk of any financial institution may be defined as the possibility of losses, financial or otherwise. The risk management of any financial institution like your company covers 05 core risks i.e. Credit Risk, Internal Control & Compliance Risk, Money Laundering Risk, Asset Liability Management Risk (Balance Sheet Risk) and Information Technology Risk. Moreover, Operational Risk, Market Risk, Liquidity Risk, Reputational Risk and Sustainability Risk etc. are also brought into consideration. The prime objective of the risk management is to ensure that a financial institution



takes prudent and calculative business risks while safeguarding its capital, financial resources and profitability from various risk areas. Your company strictly follows the guidelines of Bangladesh Bank and other regulatory bodies in respect of risk management. A separate Risk Management Forum (RMF) has been formed in 2013 headed by Deputy Managing Director (Risk) where all the Department Heads of your company are the Members and the Head of CRM is the member secretary. The forum reports to honorable Managing Director on a regular basis. Monthly meeting of Risk Management unit is arranged on regular basis where different risks areas are discussed as well as implementation statuses of decisions of earlier meetings are reviewed. Minutes of Risk Management Forum meeting along with risk management papers are submitted to Bangladesh Bank on quarterly basis. Minimum capital is maintained against Credit Risk, Market Risk and Operational Risk under Basel II accord. Stress Testing is done on quarterly basis to assess the impact of different risk associated with financing business on asset, liability & ultimately on capital as per 1st Pillar of Basel II.

A detailed description of Risk related issues are described in a separate section of this Annual Report.

#### **FUTURE PROSPECTS**

We are quite confident about resilience of our economy and business leadership of our entrepreneurs. This has been amply proved in our capacity to withstand the worst global financial crisis since the Great Depression of 1930s. We expect that the country's economic growth will continue to exhibit similar resilience and success in its growth momentum.

During last 18 years, your Company proved its competence and leadership solidly. We are confident about maintaining our leadership position in the industry in future years also. With this outlook, we have chalked out elaborate plans to further consolidate and grow our business. We will surely continue with our other diversification plans and materialize them gradually to ensure our business growth. We are gradually becoming an umbrella organization/business group with different subsidiary companies offering diverse financial services.

There is no denying the fact that the financial sector of Bangladesh is an intensely competitive arena in presence of 52 scheduled banks and 32 non-banking financial institutions. One of the key challenges of non-banking financial institution sector is managing the cost of funds. In order to cope up with the volatile cost of fund which poses itself to be the major deterrent to our business growth, we are continuing to lay more and more emphasis on retail deposit mobilization drive through deployment of a much bigger sales force.

Given the ongoing scenario, we cannot expect significant change in the expenditure in the capital machinery in private sector. However, we can safely expect that the existing clients of your company will continue to revert to BMRE and other forms of replacement and modernization loans. So, like the preceding year, the focus of your company will be to continue to remain on cost control and recovery drives as before.

#### **ENVIRONMENTAL ISSUES, GREEN BANKING AND CORPORATE SOCIAL RESPONSIBILITY**

The financial and economic development of Bangladesh is inextricably linked to our vulnerability to environmental degradation. With this end in view, your company has fully embraced the Environmental Risk Management (ERM) Guidelines provided by Bangladesh Bank for Banks and Financial Institutions through incorporation of the same in the credit assessment and lending process. As a corollary to the process, ERM grading is carried out extensively for every loan proposal that comes to your company. As per the GBCSRD Circular No.4 on "Policy Guideline for Green Banking", a Green Banking Unit (GBU) has been formed at ILFSL under MANCOM. In this connection, a Green Banking Policy was also formulated and duly approved by the Board of Directors with the slogan "Live Green". As of now, ILFSL is in its first phase of implementation of Green Banking Policy. The Board of Directors and the Management of your company believe in its obligation to the community. Therefore, as part of its CSR initiative, your company donated an amount of Tk. 569,000 to the "Prime Minister's Relief Fund" for Rana Plaza Tragedy Victims.

#### **CREDIT RATING**

Your company was adjudged credit rating of A- (single A minus) for long term and ST3 for short term by Emerging Credit Rating Limited (ECRL) based on financial reports of December 2012. Such ratings represent adequate safety for timely repayment of financial obligations.

#### **CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

The directors, in compliance with BSEC notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012 affirm that:

- i) The financial statements, prepared by the management of ILFSL present fairly its state of affairs, its results of operations, cash-flow and changes in equity.
- ii) Proper books of accounts of the Company have been maintained.
- iii) Appropriate accounting policies have been applied consistently, except for the changes disclosed in the financial statements in preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- iv) Bangladesh Accounting Standards have been followed in preparing financial statements and any departure therefrom has been disclosed.
- v) The system of Internal Control is sound, effectively monitored and executed.
- vi) There are no significant doubts on the company's ability to continue as a going concern.

#### **KEY OPERATIONAL AND FINANCIAL DATA**

The company's key operating and financial data along-with explanations for significant deviations for the last five years are presented in page # 30 as per SEC requirement.

## RELATED PARTY TRANSACTION

Disclosure of all Related Party Transactions, including basis for such transactions, has been provided in Page # 111 as per SEC requirement.

## SHAREHOLDING PATTERN

Pattern of shareholding of your company at the end of 2013 is shown in page # 13 of this report.

## BOARD MEETING AND ATTENDANCE

During the year 2013, 15 (Fifteen) meetings of the Board of Directors were held. Attendance by respective directors is shown in Annexure - 2.

## PROPOSED DIVIDENDS, RESULTS AND APPROPRIATION

The company posted a net profit of Tk. 107.01 million in 2013. Financial results of the company for the year 2013 and recommended appropriations are summarized below:

Operating Revenue	Tk.2,268,095,613
Operating Expenses	Tk.1,994,450,258
Operational Profit before provisions	Tk.273,645,355
Provision for doubtful accounts	Tk.49,000,000
Profit before taxes	Tk.224,645,355
Tax Expense	Tk.117,637,924
<b>Profit After Tax</b>	<b>Tk.107,007,431</b>
Transferred to Statutory Reserve	Tk.21,402,000
<b>Net surplus in Profit and Loss Account</b>	<b>Tk.85,605,431</b>
Retained Earnings Brought forward	Tk.6,161,191
<b>Profit Available for Distribution</b>	<b>Tk.91,766,622</b>
Dividend – Cash @ 5 percent	Tk.85,539,300
<b>Retained Earnings Carried Forward</b>	<b>Tk.6,227,322</b>

## PLAN FOR UTILIZATION OF UNDISTRIBUTED PROFIT FOR THE YEAR 2013

The company has to keep a mandatory reserve of 20 percent out of its profit as per statutory requirement of Bangladesh Bank. This is done to enhance the capital adequacy of the Company. The remaining part of the earnings are retained and injected into equity. This is used as an added source of fund for the company to carry out its financing business and other investments. This also helps to maintain a balanced proportion of debt and equity.

## CONTRIBUTION TO THE NATIONAL ECONOMY

During the year under review, your company deposited Tk.117.64 million to the Government Exchequer as Corporate Income Tax.

## DIRECTORS

As per section no. 91(2) of The Companies Act (Bangladesh), 1994, Mr. Mizanur Rahman, Mr. A. K. M. Nozmul Haque and Mr.

M. Nurul Alam are due to retire and being eligible, offer themselves for re-election.

## APPOINTMENT OF INDEPENDENT DIRECTORS

As per the criteria set by the Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012, the Board appointed Mr. Mahbub Jamil and Mr. C. K. Hyder as Independent Directors of the Company for a period of three years, which was duly approved by the shareholders of the company in its 17th Annual General Meeting.

## AUDITORS

M/s S. F. Ahmed & Co (SFACO), Chartered Accountants, carried out the audit of the Company for the FY2013. Being eligible, they have offered their services for the year 2014 also.

In this connection, the Board of Directors endorses recommendation of the Audit Committee for appointment of S. F. Ahmed & Co (SFACO), Chartered Accountants as the auditors of the company for the year 2014 at a fee of Tk. 240,000 plus VAT.

## STATUS OF COMPLIANCE

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012 is enclosed in Annexure - 3.

## ACKNOWLEDGMENT

The Directors take the opportunity to thank the valued Shareholders, Clients, Bangladesh Bank, all our Financing Partners, Government Agencies and other stakeholders for their contribution to the company's successful performance and for their continued support and unflinching confidence in the company. The directors express their appreciation of the continued hard work and dedicated services of the employees, which enabled the company to render quality services and through the same, achieve business success.

For & On behalf of Board of Directors



**Mahbub Jamil**

Chairman

Date : April 16, 2014

## Annexure-1

### SHAREHOLDING BY COMPANY'S PARENTS/SUBSIDIARY/ASSOCIATE COMPANIES/RELATED PARTIES/

	Related party relationship	No. of shares owned	%
Shaw Wallace Bangladesh Ltd.	Shareholder	29,706,570	17.36
Jaroms Industries Ltd.	Client/Creditor whose Director Mr. Jamal Uddin Ahmad is shareholder of ILFSL	5,320,308	3.11

### PATTERN OF SHAREHOLDING BY DIRECTORS, CEO, CS, CFO, HIA AND THEIR SPOUSES AND MINOR CHILDREN

Name	Designation	No. of shares owned	%
Mr. Jamal Uddin Ahmad	Individual Director	5,320,308	3.11
Mr. Mahbub Jamil	Individual Director	244,776	0.14
Mr. Mustafizur Rahman	Chief Executive Officer	0	0.00
Mr. Nehal Ahmed	Company Secretary (CS)	0	0.00
Mr. Md. Saiful Islam Akhand	Chief Financial Officer (CFO)	0	0.00
Md. Golam Shaugatul Karim	Head of Internal Audit (HIA)	0	0.00

### PATTERN OF SHAREHOLDING BY TOP 5 EXECUTIVES (OTHER THAN CEO, CFO, CS AND HIA)

Mr. Sa'ad Zagiul Abbas	Deputy Managing Director (Risk)	0	0.00
Mr. Md. Monirul Islam	Executive Vice President	0	0.00
Mr. Md. Moktadir Hossain	Senior Vice President	0	0.00
Mr. Abul Kalam Azad	Vice President	0	0.00
Mr. Mohammed Ibrahim	Asst. Vice President	0	0.00

### SHAREHOLDERS HOLDING 10% OR MORE VOTING RIGHTS

Name	Related party relationship	No. of shares owned	%
Shaw Wallace Bangladesh Ltd.	Shareholder	29,706,570	17.36
Ms. Tasmia Ambereen	Shareholder	30,848,160	18.03

## Annexure-2

### ATTENDANCE TO BOARD OF DIRECTORS

#### Meeting Attended by the Directors of ILFSL During 2013

Name of Director	Board of Directors meeting				Executive Committee meeting		
	Total BOD meeting held during the director's tenure	Meeting attended	Attendance as % of total meeting held	Remuneration paid for attending the meeting (Taka)	Total EC meeting held during the director's tenure	Meeting attended	Attendance as % of total meeting held
Mr. Mahbub Jamil	15	15	100.00	75,000.00	-	-	-
Mr. Jamal Uddin Ahmad	15	7	46.67	35,000.00	-	-	-
Mr. M. Nurul Alam	15	15	100.00	75,000.00	-	-	-
Mr. A. Q. I. Chowdhury, OBE	15	9	60.00	45,000.00	7	4	57.14
Mr. C. K. Hyder	15	14	93.33	70,000.00	7	7	100.00
Mr. Ali Reza Md. Iftekhar	15	7	46.67	35,000.00	7	4	57.14
Mr. A. K. M. Nozmul Haque	15	14	93.33	70,000.00	-	-	-
Mr. Mizanur Rahman	15	10	66.67	50,000.00	-	-	-
Mr. Mahfuzur Rahman Bhuiyan	15	10	66.67	50,000.00	7	6	85.71
Mr. Masudul Hoque Sarder	15	14	93.33	70,000.00	-	-	-
Mr. Mustafizur Rahman	15	15	100.00	N/A	7	7	100.00
				<b>575,000.00</b>			



**Nurul Faruk Hasan & Co.**

Chartered Accountants

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Correspondent Firm of [ISCA International](#) network

**Certificate of Compliance to the Shareholders of  
International Leasing and Financial Services Limited**

We have examined compliance to the BSEC guidelines on Corporate Governance by International Leasing and Financial Services Limited for the year ended 31 December 2013. These guidelines relate to the Notification no. SEC/CMRRCD/ 2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance. This is a scrutiny and verification only, and not an expression of opinion or audit on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC.

We also state that such compliance is neither an assurance as to the future viability of the Company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Dhaka, 22 April 2014

  
**Nurul Faruk Hasan & Co.**  
Chartered Accountants

### Annexure-3

**Status of compliance with the conditions imposed by the Commission's Notification of. No. SEC/CMRRCD/2006-158/134/Admin/44: dated August 7, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:**

**(Report under Condition No. 7.00)**

Condition No.	Title	Compliance Status (Put ✓ in the appropriate if any column)		Remarks
		Complied	Not Complied	
1.1	Board's Size: Board members should not be less than 5 (five) and more than 20 (twenty)	Complied		
1.2(i)	Appointment of Independent Directors: at least 1/5th	Complied		
1.2 (ii) a)	Independent Director should not hold any share in the company or hold less than one percent (1%) shares of the total paid-up shares of the Company	Complied		
1.2 (ii) b)	Independent Director should not be a sponsor of the company and is not connected with the company's sponsors or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company.	Complied		
1.2 (ii) c)	Independent Director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	Complied		
1.2 (ii) d)	Independent Director is not a member, director or officer of any Stock Exchange	Complied		
1.2 (ii) e)	Independent Director is not a shareholder, director or officer of any member of Stock Exchange or an intermediary of the Capital Market	Complied		
1.2 (ii) f)	Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm	Complied		
1.2 (ii) g)	Independent Director shall not be an independent director in more than 3 (three) listed Companies	Complied		
1.2 (ii) h)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	Complied		
1.2 (ii) i)	Independent Director has not been convicted for a criminal offence involving moral turpitude	Complied		
1.2 (iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	Complied		
1.2 (iii)	Post of independent director(s) can not remain vacant for more than 90 (ninety) days	Complied		
1.2 (iv)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Complied		
1.2 (v)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	Complied		
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	Complied		
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management			

	Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences.	Complied
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	Not Applicable
1.4	<b>Chairman of the Board and Chief Executive Officer</b> The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	Complied
1.5	<b>The Directors' Report to Shareholders</b>	
1.5 (i)	Industry outlook and possible future developments in the industry	Complied
1.5 (ii)	Segment-wise or product-wise performance	Complied
1.5 (iii)	Risks and concerns.	Complied
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	Complied
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	Not Applicable
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	Complied
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	Not Applicable
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	Not Applicable
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	Not Applicable
1.5 (x)	Remuneration to directors including independent directors.	Complied
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	Complied
1.5 (xii)	Proper books of account of the issuer company have been maintained.	Complied
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	Complied
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	Complied
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	Complied
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	Not Applicable
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	Complied
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	Complied
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	Not Applicable

1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	Complied
1.5 (xxi) a)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- a) Parent/Subsidiary/Associated Companies and other related parties (name wise details);	Complied
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	Complied
1.5 (xxi) c)	Executives;	Complied
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	Complied
1.5 (xxii) a)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:- A brief resume of the director;	Complied
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas;	Complied
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	Complied
<b>2.</b>	<b>CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS):</b>	
<b>2.1</b>	<b>Appointment</b> The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	Complied
<b>2.2</b>	<b>Requirement to attend the Board Meetings</b> The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	Complied
<b>3.</b>	<b>AUDIT COMMITTEE:</b>	
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	Complied
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	Complied
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	Complied
<b>3.1</b>	<b>Constitution of the Audit Committee</b>	
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	Complied
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	Complied
3.1(iii)	iii) All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	Complied
3.1(iv)	(iv) When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies)	

	immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	Not Applicable
3.1(v)	The company secretary shall act as the secretary of the Committee.	Complied
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	Complied
<b>3.2</b>	<b>Chairman of the Audit Committee</b>	
3.2 (i)	(i) The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	Complied
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	Complied
<b>3.3</b>	<b>Role of Audit Committee</b>	
3.3 (i)	Oversee the financial reporting process	Complied
3.3 (ii)	Monitor choice of accounting policies and principles.	Complied
3.3 (iii)	Monitor Internal Control Risk management process.	Complied
3.3 (iv)	Oversee hiring and performance of external auditors.	Complied
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	Complied
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	Complied
3.3 (vii)	Review the adequacy of internal audit function.	Complied
3.3 (viii)	Review statement of significant related party transactions submitted by the management	Complied
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	Complied
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/ Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	Not Applicable
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors	Complied
3.4.1 (ii) a)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:- a) report on conflicts of interests	Not Applicable
3.4.1 (ii) b)	suspected or presumed fraud or irregularity or material defect in the internal control system	Not Applicable
3.4.1 (ii) c)	suspected infringement of laws, including securities related laws, rules and regulations	Not Applicable
3.4.1 (ii) d)	any other matter which shall be disclosed to the Board of Directors immediately	Not Applicable
<b>3.4.2</b>	<b>Reporting to the Authorities</b>	
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	Not Applicable
<b>3.5</b>	<b>Reporting to the Shareholders and General Investors</b>	
	Report on activities carried out by the Audit Committee,	



including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company. Not Applicable

<b>4.</b>	<b>EXTERNAL/STATUTORY AUDITORS:</b>	
4(i)	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:- (i) Appraisal or valuation services or fairness opinions.	Complied
4(ii)	Financial information systems design and implementation.	Complied
4(iii)	Book-keeping or other services related to the accounting records or financial statements.	Complied
4(iv)	Broker-dealer services.	Complied
4(v)	Actuarial services.	Complied
4(vi)	Internal audit services.	Complied
4(vii)	Any other service that the Audit Committee determines.	Complied
4(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	Complied
<b>5.</b>	<b>SUBSIDIARY COMPANY:</b>	
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	Complied
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	Complied
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	Complied
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	Complied
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Complied
<b>6.</b>	<b>DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):</b>	
6 (i) a)	The CEO and CFO shall certify to the Board that:- (i) They have reviewed financial statements for the year and that to the best of their knowledge and belief: a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	Complied
6 (i) b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	Complied
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct	Complied
<b>7.</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE</b>	
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	Complied
7 (ii)	The directors of the company shall state, in accordance with the <b>Annexure</b> attached, in the directors' report whether the company has complied with these conditions.	Complied

## STATEMENT OF RESPONSIBILITY OF CEO AND CFO

In preparation of the Annual Report of the Company for the year 2013, we hereby state that:

1. All the Financial Statements & Reports presented here comply with the International Financial Reporting Standards (IFRS), as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). These also comply with the relevant laws of Bangladesh Bank, Securities and Exchange Commission, Registrar of Joint Stock Companies, National Board of Revenue and other regulatory authorities. There is no significant deviation from the relevant and applicable laws, regulations and guidance, after exercising Due Diligence.
2. To represent the true state of the Company's affairs, reasonable care and prudence have been applied. The Management accepts the responsibility about the integrity and objectivity of the Reports.
3. To ensure fair representation, safeguard the Assets and detect and prevent any fraud and/or irregularities, the Company has adopted a comprehensive system of Internal Control as well as system of Accounting records. These procedures and practices are monitored and reviewed regularly and necessary measures are adopted as and when required.
4. The Audit Committee of the Board reviews the system of Internal Control and Accounting System to ensure the efficacy of those systems and ensure proper accountability. The Committee sits with the Internal Auditor and External Auditor as and when required to ensure that proper internal control procedures are observed and verify their procedure and findings. The Committee learns first hand about the efficacy of the system and specific findings about operational aspects of the company as well as outcome of audits.
5. The Internal Compliance Manager has full access to the Committee and objectively reports about the activities and/or any irregularities.
6. The external Auditor has audited and verified all the financial records and certified the reports. The External Auditor has carried out its job independently and objectively. We also hereby declare that we have complied with their observations and suggestions.
7. We as member of Asset Liability Committee (ALCO) of the Company, have been careful about proper evaluation of all components of assets and liabilities of the company and ensured due diligence to reflect their fair position in the Balance Sheet and control their value in the best interest of the company.
8. Finally, as the main responsible persons from the Management regarding maintaining the system of financial records as well as Financial Management of the Company, we have performed our due diligence to ensure objectivity and fairness. We have exercised our objectivity, integrity and best judgments to render proper value of the financial records.



**Md. Saiful Islam Akhand**  
Chief Financial Officer



**Mustafizur Rahman**  
Managing Director

Dated : 17 April, 2014



**AUDITORS' REPORT &  
AUDITED FINANCIAL STATEMENTS**  
OF  
**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED  
& ITS SUBSIDIARIES**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

# Auditors' Report to the Shareholders of International Leasing And Financial Services Limited

We have audited the accompanying financial statements of International Leasing and Financial Services Limited (the Company) which comprise the balance sheet as at 31 December 2013, profit and loss statement, statement of changes in equity, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes and annexures thereto.

## Management's responsibility for the financial statements and internal controls

Management is responsible for the preparation and fair presentation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in the relevant notes and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institution Act 1993, the Financial Institution Regulation 1994, the Companies Act 1994 and the Bangladesh Bank regulations require the management to ensure effective internal audit, internal control and risk management functions of the Company. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

## Auditors' responsibility

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

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

reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements of the Company.

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

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in the relevant notes.

## Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, the Financial Institution Act 1993, the Financial Institution Regulation 1994, Bangladesh Securities and Exchange Rules 1987 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) internal control and risk management arrangements of the Company appeared to be materially adequate;
- (c) 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;
- (d) the balance sheet and profit and loss statement of the Company dealt with by the report are in agreement with the books of account;
- (e) the financial statements of the Company have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- (f) adequate provisions have been made for lease, loan and advances which are, in our opinion, doubtful of recovery;
- (g) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements; and
- (h) the information and explanations required by us have been received and found to be satisfactory.

House # 51 (3rd Floor), Road # 9, Block # F  
Banani, Dhaka 1213, Bangladesh  
Dated, 17 April 2014

  
**S. F. AHMED & CO**  
Chartered Accountants

**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statement of Financial Position (Balance Sheet)**  
**at December 31, 2013**

	Notes	<i>Amounts in Taka</i>	
		At 31 Dec 2013	At 31 Dec 2012
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3(a)	<b>161,392,884</b>	<b>145,805,646</b>
In hand (including foreign currencies)		324,705	252,996
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		161,068,178	145,552,650
<b>Balance with banks and other financial institutions</b>	4(a)	<b>432,839,746</b>	<b>934,085,372</b>
In Bangladesh		432,839,746	934,085,372
Outside Bangladesh		-	-
<b>Money at call and short notice</b>		-	-
<b>Investments</b>	5(a)	<b>1,021,842,975</b>	<b>987,531,104</b>
Government		654,517,164	657,365,245
Others		367,325,811	330,165,859
<b>Leases, loans and advances</b>	6(a)	<b>15,483,925,851</b>	<b>14,041,637,394</b>
Leases		3,415,841,925	3,232,163,353
Loans, cash credits, overdrafts, etc.		12,068,083,926	10,809,474,041
Bills purchased and discounted		-	-
<b>Fixed assets including premises, furniture and fixtures</b>	7(a)	<b>52,726,030</b>	<b>60,492,699</b>
<b>Other assets</b>	8(a)	<b>391,502,544</b>	<b>421,286,844</b>
<b>Non - financial institutional assets</b>		-	-
<b>Total assets</b>		<b>17,544,230,029</b>	<b>16,590,839,058</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowing from banks, other financial institutions and agents</b>	9(a)	<b>3,672,547,088</b>	<b>3,878,634,064</b>
<b>Deposits and other accounts</b>		<b>9,982,201,215</b>	<b>9,128,539,313</b>
Current deposits		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits	10.1(a)	9,218,284,698	8,437,487,195
Bearer certificates of deposit		-	-
Other deposits	10.2	763,916,517	691,052,118
<b>Other liabilities</b>	11(a)	<b>1,773,403,160</b>	<b>1,498,793,757</b>
<b>Total liabilities</b>		<b>15,428,151,463</b>	<b>14,505,967,133</b>

Consolidated Statement of Financial Position - Continued

	Notes	Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>Capital / Shareholders' equity</b>		<b>2,116,056,193</b>	<b>2,084,850,602</b>
Paid- up capital	12.2	1,710,786,000	1,710,786,000
Statutory reserve	13	297,479,000	276,077,000
Retained earnings/surplus	14(a)	107,791,193	97,987,602
<b>Minority interest (non- controlling interest)</b>	15	<b>22,373</b>	<b>21,324</b>
<b>Total liabilities and Shareholders' equity</b>		<b>17,544,230,029</b>	<b>16,590,839,058</b>
<b>Net asset value per share (2012 - restated)</b>	16(a)	<b>12.37</b>	<b>12.19</b>
<b>CONSOLIDATED OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>	17	<b>813,577,041</b>	<b>611,577,041</b>
Acceptances and endorsements		-	-
Letters of guarantee	17.1	813,577,041	611,577,041
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<b>Other commitments</b>		-	-
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>813,577,041</b>	<b>611,577,041</b>

The annexed notes form an integral part of these financial statements

for International Leasing and Financial Services Limited



**Mahbub Jamil**  
Chairman



**Mustafizur Rahman**  
Managing Director



**Nehal Ahmed FCA**  
Company Secretary

Signed in terms of our separate report of even date

House # 51 (3rd Floor), Road # 9, Block # F  
Banani, Dhaka 1213, Bangladesh  
Dated, 17 April 2014



**S. F. AHMED & CO.**  
Chartered Accountants

**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED**  
**Statement of Financial Position (Balance Sheet)**  
**at December 31, 2013**

	Notes	<i>Amounts in Taka</i>	
		At 31 Dec 2013	At 31 Dec 2012
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3	<b>161,170,059</b>	<b>145,573,535</b>
In hand (including foreign currencies)	3.1	101,881	20,885
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	3.2	161,068,178	145,552,650
<b>Balance with banks and other financial institutions</b>	4	<b>346,864,699</b>	<b>926,186,412</b>
In Bangladesh	4.1	346,864,699	926,186,412
Outside Bangladesh		-	-
<b>Money at call and short notice</b>		-	-
<b>Investments</b>	5	<b>749,890,877</b>	<b>770,238,412</b>
Government	5(i)	654,517,164	657,365,245
Others	5(ii)	95,373,713	112,873,167
<b>Leases, loans and advances</b>	6	<b>14,384,508,959</b>	<b>13,436,500,636</b>
Leases	6.1.1	3,415,841,925	3,232,163,353
Loans, cash credits, overdrafts, etc.	6.1.2	10,968,667,034	10,204,337,283
Bills purchased and discounted		-	-
<b>Fixed assets including premises, furniture and fixtures</b>	7	<b>23,795,935</b>	<b>26,447,295</b>
<b>Other assets</b>	8	<b>978,031,457</b>	<b>653,404,910</b>
<b>Non - financial institutional assets</b>		-	-
<b>Total assets</b>		<b>16,644,261,986</b>	<b>15,958,351,199</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowing from banks, other financial institutions and agents</b>	9	<b>2,877,506,598</b>	<b>3,321,408,050</b>
<b>Deposits and other accounts</b>	10	<b>10,211,256,492</b>	<b>9,240,519,557</b>
Current deposits		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits	10.1	9,447,339,975	8,549,467,439
Bearer certificates of deposit		-	-
Other deposits	10.2	763,916,517	691,052,118
<b>Other liabilities</b>	11	<b>1,455,467,274</b>	<b>1,317,860,100</b>
<b>Total liabilities</b>		<b>14,544,230,364</b>	<b>13,879,787,707</b>

Statement of Financial Position - Continued

	Notes	Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
<b>Capital / Shareholders' equity</b>		<b>2,100,031,622</b>	<b>2,078,563,491</b>
Paid- up capital	12.2	1,710,786,000	1,710,786,000
Statutory reserve	13	297,479,000	276,077,000
Retained earnings/surplus	14	91,766,622	91,700,491
<b>Total liabilities and shareholders' equity</b>		<b>16,644,261,986</b>	<b>15,958,351,199</b>
<b>Net asset value per share (2012 - restated)</b>	16	<b>12.28</b>	<b>12.15</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>	17	<b>813,577,041</b>	<b>611,577,041</b>
Acceptances and endorsements		-	-
Letters of guarantee	17.1	813,577,041	611,577,041
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<b>Other commitments</b>		-	-
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>813,577,041</b>	<b>611,577,041</b>

The annexed notes form an integral part of these financial statements

for International Leasing and Financial Services Limited



**Mahbub Jamil**  
Chairman



**Mustafizur Rahman**  
Managing Director



**Nehal Ahmed FCA**  
Company Secretary

Signed in terms of our separate report of even date

House # 51 (3rd Floor), Road # 9, Block # F  
Banani, Dhaka 1213, Bangladesh  
Dated, 17 April 2014



**S. F. AHMED & CO.**  
Chartered Accountants



**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statement of Comprehensive Income (Profit and Loss Statement)**  
**for the year ended December 31, 2013**

		<i>Amounts in Taka</i>	
		Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>OPERATING INCOME</b>	<b>Notes</b>		
Interest income	19(a)	2,378,987,537	2,148,099,375
Interest expense on deposits and borrowings, etc	20(a)	(1,996,423,939)	(2,005,521,742)
<b>Net interest income</b>		<b>382,563,598</b>	<b>142,577,633</b>
Investment income	21(a)	7,701,390	(34,987,841)
Commission, fees, exchange and brokerage	22(a)	92,399,250	123,748,807
Other operating income	23(a)	9,304,339	3,862,565
<b>Total operating income (A)</b>		<b>491,968,577</b>	<b>235,201,164</b>
<b>OPERATING EXPENSES</b>			
Salaries and allowances	24(a)	87,160,606	75,144,821
Rent, taxes, insurance and electricity	25(a)	26,140,209	27,055,570
Legal expenses	26(a)	1,965,796	2,322,267
Postage, stamp and telecommunication	27(a)	2,798,662	2,265,844
Stationery, printing and advertisements	28(a)	6,139,916	5,979,657
Managing Director's salary and benefits	29	7,160,000	7,160,000
Directors' fees and meeting expenses	30(a)	1,539,187	1,481,964
Auditors' fees	31(a)	347,872	401,450
Charges on loan losses		-	-
Depreciation, amortisation and repair of assets	32(a)	27,270,780	25,502,719
Other expenses	33(a)	23,020,574	23,105,516
<b>Total operating expenses (B)</b>		<b>183,543,602</b>	<b>170,419,809</b>
<b>Profit before provision and tax (C=A-B)</b>		<b>308,424,976</b>	<b>64,781,355</b>
Provision against leases, loans and advances	34	39,395,687	(47,699,509)
Provision for diminution in value of investments	35(a)	11,631,526	(2,976,694)
<b>Total provision (D)</b>		<b>51,027,213</b>	<b>(50,676,202)</b>
<b>Total profit before tax (C-D)</b>		<b>257,397,763</b>	<b>115,457,557</b>
Provision for taxation	36(a)	140,650,639	56,174,621
<b>Net profit after tax</b>		<b>116,747,124</b>	<b>59,282,935</b>
<b>Minority interest (Non- controlling interest)</b>		<b>2,233</b>	<b>569</b>
<b>Net profit attributable to shareholders of the Company</b>		<b>116,744,891</b>	<b>59,282,366</b>
<b>Appropriations</b>		<b>21,402,000</b>	<b>22,374,000</b>
Statutory reserve		21,402,000	22,374,000
General reserve		-	-
<b>Retained surplus</b>		<b>95,342,891</b>	<b>36,908,366</b>
<b>Earnings per share (EPS) (2012 - restated)</b>	37(a)	<b>0.68</b>	<b>0.35</b>

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

for International Leasing and Financial Services Limited



**Mahbub Jamil**  
Chairman



**Mustafizur Rahman**  
Managing Director



**Nehal Ahmed FCA**  
Company Secretary

Signed in terms of our separate report of even date

House # 51 (3rd Floor), Road # 9, Block # F  
Banani, Dhaka 1213, Bangladesh  
Dated, 17 April 2014



**S. F. AHMED & CO.**  
Chartered Accountants

**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED**  
**Statement of Comprehensive Income (Profit and Loss Statement)**  
**for the year ended December 31, 2013**

		<i>Amounts in Taka</i>	
		Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>OPERATING INCOME</b>	<b>Notes</b>		
Interest income	19	2,244,275,342	2,034,080,769
Interest expense on deposits and borrowings, etc.	20	(1,889,766,791)	(1,932,970,585)
<b>Net interest income</b>		<b>354,508,551</b>	<b>101,110,184</b>
Investment income	21	11,764,758	61,867,914
Commission, fees, exchange and brokerage	22	5,002,786	4,023,188
Other operating income	23	7,052,727	1,331,329
<b>Total operating income (A)</b>		<b>378,328,822</b>	<b>168,332,616</b>
<b>OPERATING EXPENSES</b>			
Salaries and allowances	24	51,080,670	45,663,527
Rent, taxes, insurance and electricity	25	11,048,919	11,015,210
Legal expenses	26	1,415,796	2,041,787
Postage, stamp and telecommunication	27	1,524,692	1,339,166
Stationery, printing and advertisements	28	4,450,812	4,577,189
Managing Director's salary and benefits	29	7,160,000	7,160,000
Directors' fees and meeting expenses	30	943,000	914,250
Auditors' fees	31	253,000	230,000
Charges on loan losses		-	-
Depreciation, amortisation and repair of assets	32	15,178,455	13,225,727
Other expenses	33	11,628,123	14,884,877
<b>Total operating expenses (B)</b>		<b>104,683,467</b>	<b>101,051,734</b>
<b>Profit before provision and tax (C=A-B)</b>		<b>273,645,355</b>	<b>67,280,882</b>
Provision against leases, loans and advances	34	39,395,687	(47,699,509)
Provision for diminution in value of investments	35	9,604,313	(17,502,313)
<b>Total provision (D)</b>		<b>49,000,000</b>	<b>(65,201,822)</b>
<b>Total profit before tax (C-D)</b>		<b>224,645,355</b>	<b>132,482,704</b>
Provision for taxation	36	117,637,924	20,616,885
<b>Net profit after tax</b>		<b>107,007,431</b>	<b>111,865,819</b>
<b>Appropriations</b>		<b>21,402,000</b>	<b>22,374,000</b>
Statutory reserve		21,402,000	22,374,000
General reserve		-	-
<b>Retained surplus</b>		<b>85,605,431</b>	<b>89,491,819</b>
<b>Earnings per share (EPS) (2012 - restated)</b>	<b>37</b>	<b>0.63</b>	<b>0.65</b>

The annexed notes form an integral part of these financial statements

for International Leasing and Financial Services Limited



**Mahbub Jamil**  
Chairman



**Mustafizur Rahman**  
Managing Director



**Nehal Ahmed FCA**  
Company Secretary

Signed in terms of our separate report of even date

House # 51 (3rd Floor), Road # 9, Block # F  
Banani, Dhaka 1213, Bangladesh  
Dated, 17 April 2014



**S. F. AHMED & CO.**  
Chartered Accountants

**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statement of Cash Flows**  
**for the year ended December 31, 2013**

*Amounts in Taka*

	<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>A) Cash flows from operating activities</b>		
Interest receipts in cash	2,398,108,279	2,316,798,320
Interest payments	(2,273,892,466)	(1,909,922,726)
Dividend receipts	1,080,538	3,084,575
Fees and commission and brokerage receipts in cash	92,516,403	123,748,808
Recoveries of loans previously written off	4,734,533	-
Cash payments to employees	(91,582,454)	(80,107,363)
Cash payments to suppliers	-	-
Income taxes paid	(45,697,206)	(178,934,448)
Receipts from other operating activities	9,853,075	(35,951,046)
Payments for other operating activities	(61,443,660)	(69,892,108)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>33,677,042</b>	<b>168,824,011</b>
<b>Increase / (decrease) in operating assets and liabilities</b>		
Leases, loans and advances to banks and other FIs	72,466,098	(64,767,723)
Leases, loans and advances to customers	(1,452,377,849)	(371,516,937)
Other assets	94,701,320	1,931,587
Deposits from other banks / borrowings	250,000,000	820,000,000
Deposits from customers	531,599,615	(204,853,216)
Other liabilities account of customers	101,521,868	84,151,117
Other liabilities	201,790,874	(50,256,380)
<b>Net increase / (decrease) in operating assets and liabilities</b>	<b>(200,298,073)</b>	<b>214,688,449</b>
<b>Net cash from / (used in) operating activities</b>	<b>(166,621,031)</b>	<b>383,512,460</b>
<b>B) Cash flows from investing activities</b>		
Proceeds from sale of securities	21,347,536	175,598,041
Payments for purchases of securities	(54,321,681)	(64,294,388)
Payments for purchases of DSE and CSE Membership	-	-
Net change against purchase/sale of property, plant and equipment	(10,854,109)	(24,079,255)
Receipts/(Payments) against lease obligation	1,811,723	(691,975)
<b>Net cash from / (used in) investing activities</b>	<b>(42,016,532)</b>	<b>86,532,424</b>
<b>C) Cash flows from financing activities</b>		
Receipts of long term loan	1,450,759,102	1,205,953,271
Repayment of long term loan	(1,643,146,078)	(1,164,183,297)
Net draw down / (payment) of short term loan	-	(302,248,167)
Distribution of minority interest of HBSL	(379)	-
Dividend paid	(84,633,470)	(150)
<b>Net Cash from / (used in) financing activities</b>	<b>(277,020,825)</b>	<b>(260,478,343)</b>
<b>D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>	<b>(485,658,388)</b>	<b>209,566,541</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>F) Cash and cash equivalents at beginning of the year</b>	<b>1,079,891,018</b>	<b>870,324,476</b>
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>	<b>594,232,630</b>	<b>1,079,891,018</b>
<b>Cash and cash equivalents at end of the period represent</b>		
Cash in hand (including foreign currencies)	324,705	252,996
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	161,068,178	145,552,650
Balance with banks and other financial institutions	432,839,746	934,085,372
Money at call and on short notice	-	-
Prize bonds	-	-
<b>Total cash and cash equivalents at 31 December</b>	<b>594,232,630</b>	<b>1,079,891,018</b>
<b>Net operating cash flows per share(NOCFPS) (2012 - restated)</b>	<b>(0.97)</b>	<b>2.24</b>

The annexed notes form an integral part of these financial statements

for International Leasing and Financial Services Limited



**Mahbub Jamil**  
Chairman



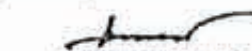
**Mustafizur Rahman**  
Managing Director



**Nehal Ahmed FCA**  
Company Secretary

Signed in terms of our separate report of even date

House # 51 (3rd Floor), Road # 9, Block # F  
Banani, Dhaka 1213, Bangladesh  
Dated, 17 April 2014



**S. F. AHMED & CO.**  
Chartered Accountants

**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED**  
**Statement of Cash Flows**  
**for the year ended December 31, 2013**

		Amounts in Taka	
		Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>A)</b>	<b>Cash flows from operating activities</b>		
	Interest receipts in cash	1,966,895,629	2,269,346,754
	Interest payments	(1,866,749,400)	(1,901,010,720)
	Dividend receipts	10,506,514	103,084,425
	Fees and commission receipts in cash	5,002,786	4,023,188
	Recoveries of loans previously written off	4,734,533	-
	Cash payments to employees	(55,502,518)	(50,626,069)
	Cash payments to suppliers	-	-
	Income taxes paid	(14,284,693)	(81,384,764)
	Receipts from other operating activities	3,576,438	(39,885,182)
	Payments for other operating activities	(22,033,263)	(33,240,572)
	<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>32,146,026</b>	<b>270,307,059</b>
	<b>Increase / (decrease) in operating assets and liabilities</b>		
	Leases, loans and advances to banks and other Fis	72,466,098	(64,767,723)
	Leases, loans and advances to customers	(771,545,011)	(213,085,765)
	Other assets	26,889,795	37,397,663
	Deposits from other banks / borrowings	250,000,000	820,000,000
	Deposits from customers	647,872,536	(209,853,216)
	Other liabilities account of customers	72,864,399	95,736,984
	Other liabilities	(25,517,076)	(16,194,965)
	<b>Net increase in operating assets and liabilities</b>	<b>273,030,741</b>	<b>449,232,977</b>
	<b>Net cash from/ (used in) from operating activities</b>	<b>305,176,766</b>	<b>719,540,036</b>
<b>B)</b>	<b>Cash flows from investing activities</b>		
	Proceeds from sale of securities	21,347,536	175,598,041
	Payments for purchases of securities	(1,000,000)	(63,051,757)
	Net change against purchase/sale of property, plant and equipment	(12,527,095)	(22,585,294)
	Receipts against lease obligation	1,811,723	(691,975)
	Net change of investment in subsidiary	(350,000,000)	(50,000,000)
	<b>Net cash used in investing activities</b>	<b>(340,367,837)</b>	<b>39,269,015</b>
<b>C)</b>	<b>Cash flows from financing activities</b>		
	Receipts of long term loan	1,137,059,102	867,535,355
	Repayment of long term loan	(1,580,960,554)	(1,043,103,478)
	Net draw down/(payment) of short term loan	-	(302,248,167)
	Receipts of ordinary share capital through right offer	-	-
	<b>Dividend paid</b>	<b>(84,632,666)</b>	<b>-</b>
	<b>Net cash from/ (used in) financing activities</b>	<b>(528,534,118)</b>	<b>(477,816,290)</b>
<b>D)</b>	<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(563,725,188)</b>	<b>280,992,762</b>
<b>E)</b>	Effects of exchange rate changes on cash and cash equivalents	-	-
<b>F)</b>	Cash and cash equivalents at beginning of the year	1,071,759,946	790,767,185
<b>G)</b>	<b>Cash and cash equivalents at end of the year (D+E+F)</b>	<b>508,034,759</b>	<b>1,071,759,946</b>
	<b>Cash and cash equivalents at end of the year represent</b>		
	Cash in hand (including foreign currencies)	101,881	20,885
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	161,068,178	145,552,650
	Balance with banks and other financial institutions (notes 4 (1))	346,864,699	926,186,412
	Money at call and on short notice	-	-
	Prize bonds	-	-
	<b>Total cash and cash equivalents at 31 December</b>	<b>508,034,759</b>	<b>1,071,759,946</b>
	<b>Net operating cash flows per share (NOCFPS) (2012 - restated)</b>	<b>1.78</b>	<b>4.21</b>

The annexed notes form an integral part of these financial statements  
for International Leasing and Financial Services Limited



**Mahbub Jamil**  
Chairman



**Mustafizur Rahman**  
Managing Director



**Nehal Ahmed FCA**  
Company Secretary

Signed in terms of our separate report of even date

House # 51 (3rd Floor), Road # 9, Block # F  
Banani, Dhaka 1213, Bangladesh  
Dated, 17 April 2014



**S. F. AHMED & CO.**  
Chartered Accountants

**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**for the year ended December 31, 2013**

Particulars	Amounts in Taka				
	Share Capital	Statutory Reserve	Retained Earnings	Non Controlling Interest	Total
<b>Balance as at 01 January 2013</b>	1,710,786,000	276,077,000	97,987,602	21,324	2,084,871,925
<b>Changes during the year - 2013</b>					
Cash dividend for the year - 2012	-	-	(85,539,300)	-	(85,539,300)
Distribution for HBSL winding up	-	-	-	(379)	(379)
Cash dividend paid by ILCL	-	-	-	(804)	(804)
Profit transferred to reserves	-	21,402,000	-	-	21,402,000
Retained surplus for the year - 2013	-	-	95,342,891	2,233	95,345,124
<b>Net Changes in 2013</b>	-	21,402,000	9,803,591	1,050	31,206,641
<b>Balance as at 31 December 2013</b>	1,710,786,000	297,479,000	107,791,193	22,373	2,116,078,567
<b>Balance as at 01 January 2012</b>	1,629,320,000	253,703,000	85,545,349	20,791	1,968,589,140
<b>Changes during the year - 2012</b>					
Issue of bonus shares for the year 2011	81,466,000	-	(81,466,000)	-	-
Tax provision transferred to retained earnings	-	-	56,999,886	114	57,000,000
Cash dividend paid by ILSL	-	-	-	(150)	(150)
Profit transferred to reserves	-	22,374,000	-	-	22,374,000
Retained surplus for the year - 2012	-	-	36,908,366	569	36,908,935
<b>Net Changes in 2012</b>	81,466,000	22,374,000	12,442,252	533	116,282,785
<b>Balance as at 31 December 2012</b>	1,710,786,000	276,077,000	97,987,602	21,324	2,084,871,925

The annexed notes form an integral part of these financial statements

for International Leasing and Financial Services Limited



  
**Mahbub Jamil**  
 Chairman

  
**Mustafizur Rahman**  
 Managing Director

  
**Nehal Ahmed FCA**  
 Company Secretary

Signed in terms of our separate report of even date

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**S. F. AHMED & CO.**  
 Chartered Accountants

**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED**  
**Statement of Changes in Shareholders' Equity**  
**for the year ended December 31, 2013**

Particulars	Amounts in Taka			
	Share Capital	Statutory Reserve	Retained Earnings	Total
<b>Balance as at 01 January 2013</b>	1,710,786,000	276,077,000	91,700,491	2,078,563,491
<b>Changes during the year - 2013</b>				
Cash dividend for the year - 2012	-	-	(85,539,300)	(85,539,300)
Profit transferred to reserves	-	21,402,000	-	21,402,000
Retained surplus for the year - 2013	-	-	85,605,430	85,605,430
<b>Net Changes in 2013</b>	-	21,402,000	66,130	21,468,130
<b>Balance as at 31 December 2013</b>	1,710,786,000	297,479,000	91,766,622	2,100,031,622
<b>Balance as at 01 January 2012</b>	1,629,320,000	253,703,000	83,674,673	1,966,697,673
<b>Changes during the year - 2012</b>				
Issue of bonus shares for the year 2011	81,466,000	-	(81,466,000)	-
Profit transferred to reserves	-	22,374,000	-	22,374,000
Retained surplus for the year - 2012	-	-	89,491,819	89,491,819
<b>Net Changes in 2012</b>	81,466,000	22,374,000	8,025,819	111,865,819
<b>Balance as at 31 December 2012</b>	1,710,786,000	276,077,000	91,700,491	2,078,563,491

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

for International Leasing and Financial Services Limited

  
**Mahbub Jamil**  
 Chairman

  
**Mustafizur Rahman**  
 Managing Director

  
**Nehal Ahmed FCA**  
 Company Secretary

Signed in terms of our separate report of even date

House # 51 (3rd Floor), Road # 9, Block # F  
 Banani, Dhaka 1213, Bangladesh  
 Dated, 17 April 2014

  
**S. F. AHMED & CO.**  
 Chartered Accountants

# INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED


## LIQUIDITY STATEMENT


(Analysis of maturity of assets and liabilities)  
at December 31, 2013

Particulars	Amounts in Taka					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets:</b>						
Cash in hand	101,881	-	-	-	-	101,881
Balance with Bangladesh Bank and its agent	161,068,178	-	-	-	-	161,068,178
Balance with banks and other financial institutions	42,027,073	170,000,000	134,837,626	-	-	346,864,699
Money at call and on short notice	-	-	-	-	-	-
Investments	95,373,713	-	-	-	654,517,164	749,890,877
Leases, loans and advances	1,442,552,985	416,048,698	2,608,251,166	8,230,657,283	1,686,998,827	14,384,508,959
Fixed assets including premises, furniture and fixtures	776,842	2,312,131	8,996,064	11,597,792	113,106	23,795,935
Other assets	-	24,241,296	10,973,272	292,837,290	649,979,600	978,031,457
Non banking assets	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>1,741,900,672</b>	<b>612,602,124</b>	<b>2,763,058,128</b>	<b>8,535,092,365</b>	<b>2,991,608,697</b>	<b>16,644,261,986</b>
<b>Liabilities:</b>						
Borrowings from banks, other financial institutions and agents	590,767,346	114,323,891	543,079,585	1,058,812,912	570,522,862	2,877,506,598
Term deposits	737,227,034	763,637,974	2,776,019,451	4,403,694,871	766,760,645	9,447,339,975
Other deposits	21,538,090	30,007,435	132,859,470	531,870,019	47,641,504	763,916,517
Provision and other liabilities	44,577,562	12,856,676	668,216,735	677,684,909	52,131,392	1,455,467,274
<b>Total liabilities (B)</b>	<b>1,394,110,032</b>	<b>920,825,976</b>	<b>4,120,175,241</b>	<b>6,672,062,711</b>	<b>1,437,056,403</b>	<b>14,544,230,364</b>
<b>Net liquidity gap (A - B)</b>	<b>347,790,640</b>	<b>(308,223,852)</b>	<b>(1,357,117,113)</b>	<b>1,863,029,654</b>	<b>1,554,552,293</b>	<b>2,100,031,622</b>

for International Leasing and Financial Services Limited

  
Mahbub Jamil  
Chairman

  
Mustafizur Rahman  
Managing Director

  
Nehal Ahmed FCA  
Company Secretary

Signed in terms of our separate report of even date

House # 51 (3rd Floor), Road # 9, Block # F  
Banani, Dhaka 1213, Bangladesh  
Dated, 17 April 2014

  
S. F. AHMED & CO.  
Chartered Accountants

# INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES

## Notes to Financial Statements

### for the year ended 31 December 2013

#### 1 Company and its activities

##### 1.1 Corporate information

International Leasing and Financial Service Limited (ILFSL/ the Company), a non-banking financial institution having its registered office at Printers Building, 14th floor, 5, Rajuk Avenue, Dhaka-1000 was incorporated in Bangladesh on 15 January 1996 as a public limited company under the Companies Act 1994. The company obtained license from Bangladesh Bank on 19 February 1996 as a Non-Banking Financial Institution under the Financial Institutions Act 1993 and commenced business on 24 March 24 1996. The company also obtained licence from Bangladesh Bank as primary dealer to buy and sell Government treasury bonds and bills on 11 December 2003. The company went for initial public offering (IPO) in July 2007 and its shares are listed in both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 16 September 2007.

##### 1.2 Principal activities

The company provides lease finance, term finance, work order finance, project finance, real estate finance, factoring of accounts receivables, syndication finance, stock brokerage, primary dealership of government treasury bonds/bills and term deposit schemes.

##### 1.3 Subsidiary companies

###### International Leasing Securities Limited (ILSL)

ILSL, a wholly owned subsidiary company of ILFSL, was incorporated on 09 April 2008 as a private limited company bearing registration no. C-70738 (3247)/08 under the Companies Act 1994 with an authorised share capital of Tk. 250,000,000.00 ILFSL holds 99.9995% shares of this company (3,999,997 nos. of shares of Tk. 100 each). The company started its operation from 31 August 2008. The main business of the Company is to carry on the business as a broker and dealer of stocks and securities, commercial papers, bonds, debentures, debenture stocks, foreign currencies, treasury bills/bonds and/or any other financial instruments.

###### IL Capital Limited

ILFSL is the owner of 99.979% shares (2,499,799 nos. of shares of Taka. 100 each) of IL Capital Limited. IL Capital Limited is a private limited company and incorporated under the Companies Act 1994 on 07 March 2011 bearing registration no C-88312 with an authorised share capital of Taka 2,000,000,000. The registered office of the company is located at Printers Building (14th Floor), 5 Rajuk Avenue, Dhaka 1000. The main business of the company is to carry on the business of a full fledge merchant bank and engage in all kinds of merchant banking activities such as providing services as issue manager, underwriting of securities, portfolio management, margin loan facilitator, portfolio investment, investment advisory services, etc.

###### Hong Kong Bangladesh Securities Limited

ILFSL acquired 99,997 no. of shares of Hong Kong Bangladesh Securities Limited as per terms set forth in vendors' agreement dated 25 October 2009 between previous shareholders of Hong Kong Bangladesh securities Limited and ILFSL. Upon acquisition of 99,997 no. of shares, Hong Kong Bangladesh Securities Limited became a wholly owned subsidiary company of ILFSL from 25 October 2009.

ILFSL holds 99.9995% shares of ILSL and ILSL holds of 99.997% shares of Hong Kong Bangladesh Securities Limited. By virtue of this relationship of ILSL, ILFSL was also the owner of 99.996% shares of Hong Kong Bangladesh securities Limited.

The Board of Directors of the company in its 16th meeting held on 07 October 2012 decided to wind up the company voluntarily. Finally, the winding up was approved by the Registrar of Joint Stock Companies & Firms (RJSC) on 29 May 2013. Upon receipt of the required approval all necessary activities regarding winding up has been completed.

##### 1.4 Chittagong branch

The company opened its branch in Chittagong on 24 June 2008. The approval of opening of this branch was obtained from Bangladesh Bank on 11 November 2007 vide approval letter no. DFIM (L)/1053/38(1)/2007.

#### 2 Basis of preparation and significant accounting policies

##### 2.1 Statement of compliance

The consolidated financial statements of the group and the separate financial statement of the company have



## Notes to the financial statements - continued

been prepared on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business following accrual basis of accounting except for cash flow statement. In preparation of these, the company followed respective provisions of the Companies Act 1994, the Financial Institutions Act 1993, the Financial Institutions regulation 1994, the Securities and Exchange Rules 1987, the listing rules of Dhaka and Chittagong Stock Exchanges, Guidelines from Bangladesh Bank and Bangladesh Accounting Standards (BAS) and/or Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations. In cases the requirement of provisions and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail. Therefore, the parent as well as its subsidiaries have deviated from those requirements of BFRSs in order to comply with the requirements of Bangladesh Bank.

The presentation of these financial statements of the company has been made as per requirement of DFIM Circular No. 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank. The activities and accounting heads mentioned that prescribed formats which are not related to the institutions have been excluded in preparation of these financial statements.

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

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

#### 2.2.1 Investment in shares and securities

**BFRS:** As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively

**Bangladesh Bank:** As per FID circular no.08 dated August 3, 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

#### 2.2.2 Provision on leases/loans and advances

**BFRS:** As per BAS 39 an entity should undertake the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

**Bangladesh Bank:** As per FID circular no.08, dated August 3, 2002, and FID circular no.03, dated May 3, 2006, a general provision @ 0.25% to 5% under different categories of unclassified leases/loans and advances (standard & SMA) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard, doubtful and bad-loss leases/loans and advances has to be provided @ 20%, 50% and 100% respectively on outstanding amount net of eligible securities and suspended interest on the basis of time equivalent of amount in arrears. However, such provision policies are not specifically in line with those prescribed by BAS 39 "Financial Instruments: Recognition and Measurement".

#### 2.2.3 Other comprehensive income

**BFRS:** As per BAS 1 "Presentation of Financial Statements", Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

**Bangladesh Bank:** Bangladesh Bank has issued templates through DFIM circular no. 11, dated 23 December 2009 for financial statements which will strictly be followed by all NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

**2.2.4 Recognition of interest in suspense**

**BFRS:** Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

**Bangladesh Bank:** As per FID circular no. 03 dated 03 May 2006 lease income earned and income from loans and advance, overdue for three months (or equivalent, i.e. 90 days) or more for leases/loans and advances up to 5 years tenure and for six months (or equivalent, i.e. 180 days) or more for leases/loans and advances of more than 5 years tenure is not recognised as revenue, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet. Suspended interests are recognised as revenue and credited to profit and loss account on realization basis.

**2.2.5 Financial instruments – presentation and disclosure**

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

**2.2.6 Financial guarantees**

**BFRS:** As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per requirement of DFIM circular no. 11, dated 23 December 2009 issued by the Department of Financial Institutions and Markets of Bangladesh Bank, financial guarantees will be treated as off-balance sheet items. No liability is recognised in balance sheet for financial guarantees within other liabilities.

**2.2.7 Cash and cash equivalent**

**BFRS:** Cash and cash equivalent should be reported as cash item as per BAS 7.

**Bangladesh Bank:** Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

**2.2.8 Non-Financial institution Assets**

**BFRS:** No indication of Non-Financial institution Assets asset is found in any BFRS.

**Bangladesh Bank:** As per requirement of DFIM Circular No. 11, dated 23 December 2009, there must exist a face item named non-financial institution asset.

**2.2.9 Cash flow statement**

**BFRS:** The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** Cash flow statement is presented as per requirement of DFIM Circular No. 11, dated 23 December 2009.

**2.2.10 Balance with Bangladesh Bank: (Cash Reserve Requirement)**

**BFRS:** Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

## Notes to the financial statements - continued

**Bangladesh Bank:** As per Financial Institutions Act 1993 Section 19 and FID Circular No.06 dated 06 November 2003 balance with Bangladesh Bank is treated as cash and cash equivalents.

### 2.2.11 Off-balance sheet items

**BFRS:** There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per requirement of DFIM Circular No. 11, dated December 23, 2009, off balance sheet items (e.g. Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

### 2.2.12 Leases/loans and advances/Investments net of provision

**BFRS:** Loans and advances/Investments should be presented net of provision.

**Bangladesh Bank:** As per requirement of DFIM Circular No. 11, dated 23 December 2009, provision on leases/loans and advances/investments are presented separately as liability and cannot be netted off against leases/loans and advances.

### 2.2.13 Appropriations of profit

**BFRS:** There is no requirement to show appropriations of profit in the face of statement of comprehensive income

**Bangladesh Bank:** As per requirement of DFIM Circular No. 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account.

## 2.3 Basis of preparation and presentation of the financial statements

The financial statements have been prepared under the historical cost convention in accordance with Bangladesh Financial Reporting Standard (BFRS) as practised in Bangladesh. No adjustment has been made for inflationary factor affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently being applied by the company and are consistent with those of the previous year.

## 2.4 Use of estimates and judgement

Preparation of the financial statements in conformity with BAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies that affect the reported amounts of revenue and expenses, assets and liabilities. Due to involvement of inherent uncertainty in making estimates, actual results could be different from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised in any future period affected.

Provision for leases/loans and advances, deferred tax assets/liabilities, provision for gratuity and rate of depreciation of fixed assets are the major elements that require estimates and judgements.

## 2.5 Consolidation of operations of subsidiary

The financial statements of the company and its subsidiary, as mentioned in note no. 1.3 have been consolidated in accordance with Bangladesh Accounting Standard no. 27 "Consolidated and Separate Financial Statements". The consolidation of the financial statements has been made after eliminating all material inter-company transactions.

The total profits of the company and its subsidiary are shown in the consolidated profit and loss account, with the proportion of profit after tax pertaining to minority shareholders being deducted as "Non-controlling Interest".

All assets and liabilities of the company and its subsidiary are shown in the consolidated balance sheet. The interest of minority shareholders of the subsidiary are shown in the consolidated balance sheet under the heading "Non-controlling Interest".

## 2.6 Branch accounting

The company has only one branch at Chittagong and no overseas branch as on December 31, 2013. Accounts of the branch are maintained at head office from which these accounts are drawn up.

## Notes to the financial statements - continued

### 2.7 Cash flow statements

The cash flow statement is prepared in accordance with Bangladesh Accounting Standard (BAS) 7 "Cash Flow Statements" under the guideline of DFIM Circular No. 11, dated 23 December 2009. Cash and cash equivalents for cash flow statement comprises mainly of cash in hand and balances at banks.

### 2.8 Foreign currency transactions

Transactions denominated in foreign currencies are converted into taka at rate prevailing at the respective date. Assets and liabilities denominated in foreign currencies are converted into taka at the rate of exchange prevailing at the date of the balance sheet. Profit or loss arising on conversion is credited or debited to profit and loss statement. However, there was no foreign currency transaction during the year 2013.

### 2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand; balance with Bangladesh Bank and with other Banks and Financial Institutions. Cash equivalents are short term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value.

### 2.10 Investments

Investments represent investment in Government Securities (Bills & Bonds) and investment in shares. Investment in Government Treasury Bills and Bonds are accounted for at their present value. Premiums are amortised and discount accredited, using the effective or historical yield method.

Investment in quoted shares has been shown at cost or market price whichever is lower, on an aggregate portfolio basis. Full provision for diminution in value of shares as of December 31, 2013 on an aggregate portfolio basis has been made in the financial statements as required by DFIM Circular No. 02, dated 31 January, 2012. Investment in non-quoted shares is valued at cost.

### 2.11 Leases

As per BAS 17 "Leases," leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership, other than legal title, to the lessees. All other leases are classified as operating leases.

As per BAS 17 "Leases," in case of finance lease, the aggregate lease rental receivables including unguaranteed residual value throughout the lease term are recorded as gross rental receivables while the excess of gross rental receivables over the total acquisition cost including interest during the period of acquiring the lease equipment constitutes the unearned interest income. The unearned interest income is amortized to revenue on a monthly basis over the lease term yielding a constant rate of return over the period. Rental due from the clients but not received as well as interest accrued (IDCP) but not due are shown as accounts receivable.

### 2.12 Loans and advances

Loans and advances represent time loan, work order loan, home loan, short-term loan and staff loan. Books of account for these loans and advances are maintained based on the accrual basis of accounting. Un-amortised principal amount, along with the accrued interest (where capitalised) thereon are accounted for as principal outstanding of loans and advances. Instalments due from the clients but not received as well as interest accrued but not due are shown as accounts receivable.

### 2.13 Recognition of fixed assets and depreciation (BAS 16 'Property, Plant & Equipment')

#### Recognition

An item of fixed assets is recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the enterprise and the cost of the asset to the enterprise can be measured reliably. The cost of an item of fixed assets is its purchase price (net of discounts and rebates), including import duties and taxes, and any directly attributable cost of bringing the asset to working condition for its intended use.

#### Measurement

Fixed assets for own use are stated initially at cost and subsequently at cost less accumulated depreciation and any accumulated impairment losses or at a re-valued amount less any accumulated depreciation and subsequent accumulated impairment losses.

## Notes to the financial statements - continued

### Subsequent expenditure

Subsequent expenditures relating to any item of fixed assets are added to the carrying amount of the asset when it is probable that future economic benefits, exceeding its present standard of performance, will flow to the company and the cost of the item can be measured reliably. All other costs are recognised in profit and loss account as expense.

### Depreciation

Components of an asset with differing patterns of benefits are depreciated separately.

Depreciation on own fixed assets is charged systematically over the asset's useful life. Full year depreciation is charged on additions irrespective of date when the related assets are put into use. On the other hand, no depreciation has been charged on the month of disposal.

The company follows the straight-line method of depreciation applying annual rates stated as follows:

<b>Assets category</b>	<b>Depreciation rate</b>
Motor vehicles	20%
Office decoration	15%
Office equipment	20%
Furniture and fixtures	15%
Computer Accessories	33%

### Disposal or retirement

The gain or loss arising out of disposal or retirement of fixed assets is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit and loss account.

### Assets acquired under finance lease

Assets acquired under finance lease is recognized as fixed asset of the Company at the fair value of the asset at the inception of the lease or, the present value of the minimum lease payments whichever is lower. The related obligation under the lease is recognized as liability.

Lease payments consist of finance charge and redemption payments where finance charge is recognized as interest expenses and the redemption payment as adjustment of liability.

### 2.14 Intangible assets (BAS- 38)

Costs incurred to procure softwares represent as intangible assets (note- 8.4.1), once fully operational, will be amortised on a systematic basis over the best estimate of its useful life as per decision of the Board of Directors.

### 2.15 Revenue recognition (BAS 18, "Revenue")

BAS 18 is a general revenue recognition standard, which states that revenue should be measured at the fair value of the consideration received or receivable. This is usually the amount of cash or cash equivalents received or receivable and recognized when it is probable that economic benefits will flow to the entity.

#### 2.15.1 Income from lease (BAS 17, "Leases")

The excess of gross lease rental receivables over the cost of the leased assets constitutes the total un-earned lease income at the commencement of the lease. This income from leases is recognized based on a pattern reflecting a constant periodic rate of return on the net investment in the leases. The pattern of the periodic return however, differs in case of structured lease finance depending on the structure of the particular lease contract.

Unrealised income is suspended where necessary in accordance with the requirements of relevant circular issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. Incomes suspended are taken into account on realisation basis.

Interest on advance against leases is recognized on an accrual basis, which is calculated on advances from the date of respective disbursement to the date of execution of lease. On execution of lease, advance including capitalized portion of accrued interest is transferred to gross lease receivables.

**2.15.2 Income from time loan**

Income from time loan finance is recognized on a time proportion basis that takes into account the effective yield on the asset. Unrealised income is suspended where necessary in accordance with the requirements of relevant circular issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. Such suspended income is taken into profit and loss account on realization basis.

**2.15.3 Income from home loan**

Interest income from home loan is recognized on an accrual basis. Instalment comprises both interest and principal. Interest portion of instalments that become receivable is recognized as income in the financial statements. Interest on such finance ceases to be taken into account as income and kept in interest suspense account where necessary in accordance with the requirements of relevant circular issued by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. Interest suspended is taken into profit and loss account on realization basis.

**2.15.4 Income from short-term loan**

Income from short-term loan is recognized on accrual basis. Such interest income is calculated on daily loan balance of the respective accounts.

**2.15.5 Income from investment in shares**

**Dividends (BAS 18, "Revenue")**

Dividend income is recognized when the legal rights to receive the payments have been

**Gain/loss on sale**

Gain or loss on sale of shares listed in stock exchanges is recognized when those are sold in the market. Un-realized capital gains are not accounted for in the profit and loss account.

**2.15.6 Income from PD and treasury operations**

**Coupon income**

Coupon income from Government treasury bonds is recognized on an accrual basis at a constant rate determined in respective auction, which is realized from Bangladesh Bank on half yearly basis.

**Discount income**

Discount income (excess of face value over purchase price) from government treasury bonds and bills are recognized periodically on an accrual basis.

**Capital gain/loss**

Gain or loss on sale of Government treasury bonds and bills is determined /recognized as the difference between the sale proceeds and aggregate of present value and accrued coupon income of respective bonds and bills are recognized when those are sold.

**2.15.7 Fee based income**

Fee based income are recognized as income at the stage of completion of the transaction when the amount of revenue can be reliably measured and economic benefits associated with the transaction will flow to the company.

**2.16 Interest suspense account**

Lease income earned and income from direct finance, overdue for three months (or equivalent, i.e. 90 days) or more for lease/term finance up to 5 years tenure and for six months (or equivalent, i.e. 180 days) or more for lease/term finance of more than 5 years tenure is not recognized as revenue and credited to interest suspense account as per FID Circular No.03 dated May 03, 2006. Suspended interests are recognized as revenue and credited to profit and loss account on realization basis.

**2.17 Borrowing cost**

All borrowing costs are recognized as expenses in the period in which they incurred in accordance with benchmark treatment of Bangladesh Accounting Statnderd-23. There was no cost of borrowing eligible for capitalization during the reporting period.

**2.18 Accrued expenses, provisions and other payables**

As per BAS 37 "Provisions, Contingent Liabilities and Contingent Assets," a provision is recognized only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. Amount recognized as a provision is the best estimate of settlement amount at balance sheet date.

**2.19 Provision for future losses**

Provision has been made on outstanding exposures, based on aging and quarterly review of the receivables, as per guidelines of Bangladesh Bank as practiced by the Company. The methodology of measuring appropriate level of provision relies on several key elements, which include both quantitative and qualitative factors as set forth in FID circular no. 08 dated August 03, 2002 and amended from time to time by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank.

The provision increases by the amount charged in Profit and loss account and decreases by the amount written off and provisions no longer required. As per Bangladesh Bank Circulars required provision for leases/loans and advances are calculated on base for provision at rates shown in following table:

Product category	General provision on un-classified accounts (%)			Specific provision on classified accounts (%)		
	Standard			Sub - standard	Doubtful	Bad & loss
	General	SME	SMA			
Lease Finance	1%	0.25%	5%	20%	50%	100%
Term Loans	1%	0.25%	5%	20%	50%	100%
Housing Finance	1%	-	5%	20%	50%	100%

**2.20 Write off**

Write off refers to de-recognition of an asset to a reduced or zero value. This is applied for an asset from which return is impossible or unlikely in compliance with the requirements of Bangladesh Bank FID circular no. 03, dated 15 March 2007. Any recovery from asset written off is recognized as income.

**2.21 Employees' benefits obligations**

**Defined contribution plan**

The company operates a recognised contributory provident fund scheme for its permanent employees. Provident fund is administered by a Board of Trustees and is funded by contributions partly from the employees and partly from company at a predetermined rate of 10% of basic salary. The contributions are kept and invested separately from the Company's asset.

**Defined benefit plan-Gratuity**

The Company operates an unfunded gratuity scheme. Provision has been made in the financial statements as per approved gratuities scheme. Employees are entitled to gratuity benefit after completion of minimum five years of continued service in the company.

The gratuity is calculated on the last basic pay and is payable as per following rates:

5 years of continued service	50% of last basic times 5
6 years of continued service	60% of last basic times 6
7 years of continued service	70% of last basic times 7
8 years of continued service	80% of last basic times 8
9 years of continued service	90% of last basic times 9
10 and above years of continued service	100% of last basic times no. of years of service

Since the liability amount under the head is not substantial, the actuarial valuation was not felt required.

**2.22 Other employees' benefit obligation**

The company has several types of loans and advances scheme like specific purpose loan, provident fund loan, house building loan and loan for buying motor vehicle guided by the employees' service rules. In addition the Company operates a group life and health insurance scheme for its employees.

### 2.23 Tax provision

#### Current tax

Provision for current tax is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of income tax laws and amendments thereto.

#### Deferred tax

The company accounts for deferred tax As per DFIM Circular no.07 dated 31 July 2011 and 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. Tax rate prevailing at the balance sheet date is used to determine deferred tax.

In calculating deferred tax, temporary difference arising from depreciation of fixed assets and provision for gratuity is considered.

### 2.24 Impairment of assets

The company reviewed long-lived assets for impairment whenever events of changes in circumstances indicate that the book value of the assets may not be recovered. Accordingly, the Company estimates the recoverable amount of the assets and the impairment losses if any is recognised in the profit and loss account when the estimated recoverable amount of an asset is less than its carrying amount.

### 2.25 Earnings Per Share (EPS)

The company calculates earnings per share (EPS) in accordance with Bangladesh Accounting Standards-33 "Earnings per Share", which is shown in the face of the profit and loss statement, and the computation is stated in Note- 37 & 37 (a). No diluted earnings per share is required to be calculated for the period as there was no scope for dilution during the period under review.

### 2.26 Statutory reserve

As per Financial Institutions Regulations 1994 every Financial Institution has to transfer 20% of its current year's profit to reserve fund until such reserve equals to its paid-up capital. The company transfers 20% of net profit to statutory reserve before declaration of dividend.

### 2.27 Related party disclosure (BAS- 24)

As per Bangladesh Accounting Standard, parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties. Related party disclosure is given in Note -39.

### 2.28 Events after the reporting period

All material events occurring after the reporting period are considered and where necessary, adjusted for or disclosed in Note-40.

### 2.29 Payment of dividend

Interim dividends are recognized when they are paid to the shareholders upon approval of the Board of Directors. Final dividend is recognized when it is approved by the shareholders along with interim dividend.

Proposed dividend is not recognized as liability and shown separately under the shareholders' equity in accordance with the Bangladesh Accounting Standards BAS – 10, "events after the reporting period".

### 2.30 Reconciliation of inter-company account

Accounts with regard to inter-Company are reconciled regularly and there are no material differences which may affect the financial statements significantly.

### 2.31 Segment reporting

The Company has only one reportable business segment and operation of the Company is within the geographical territory of Bangladesh. Hence segment reporting in accordance with BFRS-8 "Operating Segment" is not applicable.



## Notes to the financial statements - continued

### 2.32 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. There was no item for offsetting during the reporting period.

### 2.33 Reporting currency

The financial statements are presented in Bangladeshi Taka which is the Company's functional currency except as indicated

### 2.34 Reporting Period

The financial statements of the company and its subsidiaries cover one calendar year from January 01, 2013 to 31 December 2013.

### 2.35 Re-classification

Previous year Figures, wherever considered necessary, have been rearranged /restated /reclassified, 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.

### 2.36 Uniform accounting policies

The financial statements of International Leasing and Financial Services Limited and its subsidiaries have been prepared in accordance with uniform policies of accounting.

### 2.37 Reporting currency

The liquidity statement shows the maturity of company's total assets and liabilities under different maturity bucket as at the close of the reporting period. This statement is prepared as per format prescribed in DFIM circular no. 11 dated December 23, 2009 considering the remaining maturity of assets and liabilities as noted below:

- Balance with other banks and financial institutions on the basis of their maturity term
- Investments are on the basis of their residual maturity term.
- Leases, loans and advances are on the basis of their repayment/maturity schedule
- Fixed assets are on the basis of their useful lives
- Other assets are on the basis of their adjustment term
- Borrowing from Banks and other Financial Institutions are on the basis of their maturity /payment term
- Deposits and other accounts are on the basis of their maturity term and behavioural past trends
- Other liabilities are on the basis of their maturity/settlement term

### 2.38 BASEL II and its implementation

To cope with the international best practice and to make the capital more risk sensitive as well as shock resilient, guidelines on 'BASEL Accord for Financial Institutions (BAFI)' have been introduced from 01 January 2011 on test basis by Bangladesh Bank. At the end of the test run period, BASEL Accord regime has started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)" have come fully into force from 01 January 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and disclosure requirement as stated in these guidelines have to be followed by all Financial Institutions for the purpose statutory compliance.

As per CAMD guidelines, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10% which is compiled by the company. Detail of CAR of the company is shown in note - 12.3

### 2.39 Financial risk management

Risk is an integral part of financing business and thus every financial institution is exposed to risk of different type and magnitude. So, the prime responsibility of every financial institution is to manage its risk such that its return from business can be maximised. As a prudent and responsible financial institution, the company attaches top priority to ensuring safety and security of the finances that are being extended.

#### 2.39.1 Credit risk

Credit Risk is the risk of loss that may occur the failure of any counterparty to make required payments in accordance with agreed terms and conditions and/or deterioration of creditworthiness. Credit risk is

managed through a framework set by policies and procedures established by the Board. The responsibility is clearly segregated between origination and approval of business transaction.

Board of Directors is the apex body for credit approval process of the ILFSL. However, they delegate the authority to Executive Committee and Managing Director/CEO. The Board also sets credit policies to the management for setting procedures, which together has structured the credit risk management framework of the ILFSL. The company has segregated the duties of the officers/executives involved in credit activities. The functions of the credit are handled at different levels by four department / division namely: (1) Business Department (2) Credit Risk Management (3) Credit Administration and (4) Special Asset Management and Legal Affairs. The credit approval team (Credit Risk Management) is independent from the Sales Team (Business Department). Credit Administration Department checks and ensures the documentation and disbursement facilities.

The responsibility for preparing credit application is rest with RM within the business Development Department. Credit Application is to be recommended for approval by RM, Head of Business Development and Business Head which is to be forwarded to CRM for their review, assessment and observation/recommendation. Deputy Managing Director-Risk acts as Chairman of this credit evaluation process/committee who makes initial scrutiny and justifies the merit of the proposal. After endorsement (putting signature) of DMD, credit memorandum is placed before the approval authority MD/EC/Board as per level of approval authority.

ILFSL credit risk management encompasses identification, measurement, matching, mitigation, monitoring and control of the credit exposures. The executed credit is monitored by Business Department upto risk grade 5 and Special Asset Management and Legal Affairs Department (SAMLAD) monitor credit from risk grade 6 and above.

### **2.39.2 Market risk**

Market Risk refers to the risk of fluctuation of various market variables like interest rate, exchange rate, availability of liquidity with the lenders/depositors, prices of securities in the stock exchanges. The exposure of market risk of the company is restricted to interest rate risk and equity price risk.

### **2.39.3 Interest rate risk**

Interest rate risk is the potential losses of net interest margin. Interest rate risk resulted from the changes in the market interest rates of lending and borrowing. To mitigate interest rate risks, necessary measures are taken to diversify financing sources and also laid strong emphasis on mobilizing retail and institutional deposits. Lending rates are also adjusted to cope with market interest rate condition. Treasury Department continually monitors market interest rate regime and liquidity position and provides feedback to the Management. A separate ALCO committee remains watchful on the adverse movement of the different market variables. The committee updates and prepares liquidity profiles regularly and submits a copy of the same to Bangladesh Bank on a monthly basis.

### **2.39.4 Equity price risk**

Equity price risk is the risk of losses caused by the changes in the equity prices. These losses could arise because of changes in the value of the listed share held by ILFSL. The Company is managing the equity price risk by keeping this exposure within the regulatory limit. As on December 31, 2013, total exposure to capital market was below the regulatory threshold of 10%.

### **2.39.5 Liquidity risk**

Liquidity Risk arises out of the company's inability to meet short term obligation to its lenders/creditors. It arises from the adverse mismatch of maturities between assets and liabilities

Liquidity requirements are managed on day-to-day basis by the Treasury Department. It is responsible for ensuring that sufficient funds are available to meet short term obligations, even in crisis situations, and for maintaining diverse funding sources. The Treasury also oversees the asset liability maturity position, recommend and implement appropriate measures to encounter liquidity risk. There is a Asset Liability Management Committee (ALCO) to continuously keep tab on the liquidity position of the company.

## Notes to the financial statements - continued

### 2.39.6 Operational risk

Operational Risk is the potential loss that may arise due to ineffective Internal Control which may result in errors, fraud and other lapses in operational activities and thereby ignoring the compliance requirements of the regulators or non-compliance of corporate governance.

To address the operational risk, an appropriate internal control system is in place within the Organization. A separate Internal Control and Compliance Department oversees the compliance of approved operational guidelines and procedures in all activities. The Department has direct access to the Board Audit Committee. Chief Executive Officer acts as the supervisor of the Department. Compliance section ensures the compliance of rules regulations and inspection report of external & internal auditors. Principle work of internal audit section is to reinforce the control system if deviated.

### 2.40 Status of Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) vis-à-vis IASs / IFRSs

BAS Title	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	Applied
Income Taxes	12	Applied
Property, Plant & Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting of Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	N/A
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investments in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Disclosure and Presentation	32	Applied
Earnings per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied (*)
Investment Property	40	N/A
Agriculture	41	N/A
Share Based Payment	2	N/A
Business Combination	3	N/A
Insurance Contract	4	N/A
Non-Current Held for Sale and Discontinued Operation	5	N/A
Exploration for and evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	Applied (*)
Operating Segments	8	N/A

N/A=Not Applicable

(\*)As the regulatory requirements differ with the standards, relevant disclosures and presentations are made in accordance with Bangladesh Bank's requirements (please see note -2.2)

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>3</b>	<b>Cash</b>		
	<b>3.1 Cash in hand</b>		
	In local currency	101,881	20,885
	In foreign currency	-	-
		<b>101,881</b>	<b>20,885</b>
	<b>3.2 Balance with Bangladesh Bank and its agent bank(s)</b>		
	With Bangladesh Bank		
	In local currency	161,068,178	145,552,650
	In foreign currency	-	-
		<b>161,068,178</b>	<b>145,552,650</b>
	With Sonali Bank Ltd as agent of Bangladesh Bank	-	-
		<b>161,068,178</b>	<b>145,552,650</b>
	<b>Total (3.1+3.2)</b>	<b>161,170,059</b>	<b>145,573,535</b>
	<b>3.3 Statutory deposits</b>		
	<b>Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)</b>		
	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 06 November 2003.		
	The Cash Reserve Requirement on the Company's term deposits received from public @ 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. Both the reserves maintained by the company are in excess of the statutory requirements, as shown below:		
	<b>a) Cash Reserve Requirement</b>		
	Required reserve (2.5% of average total term deposit of November)	160,223,667	146,123,194
	Cash reserve in average maintained with Bangladesh Bank	161,083,123	147,291,803
	<b>Surplus</b>	<b>859,456</b>	<b>1,168,610</b>
	<b>b) Statutory Liquidity Reserve</b>		
	Required reserve(5% of average total liabilities of November)	426,935,352	405,563,404
	Liquidity reserve in average maintained including CRR	492,906,647	1,051,608,033
	<b>Surplus</b>	<b>65,971,295</b>	<b>646,044,629</b>
	The surplus mostly comprises of deposits maintained with banks kept under lien against various facilities.		
<b>3(a)</b>	<b>Consolidated cash</b>		
	<b>Cash in hand</b>		
	International Leasing and Financial Services Limited	101,881	20,885
	International Leasing Securities Limited	220,247	225,730
	IL Capital Limited	2,577	6,381
		<b>324,705</b>	<b>252,996</b>
	<b>Balance with Bangladesh Bank and its agent bank(s)</b>		
	International Leasing and Financial Services Limited	161,068,178	145,552,650
		<b>161,068,178</b>	<b>145,552,650</b>
		<b>161,392,884</b>	<b>145,805,646</b>
<b>4</b>	<b>Balance with banks and other financial institutions</b>		
	In Bangladesh (note 4.1)	346,864,699	926,186,412
	Outside Bangladesh	-	-
		<b>346,864,699</b>	<b>926,186,412</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>4.1 In Bangladesh</b>			
<b>a) Current deposits</b>			
	Prime Bank Ltd	377,834	255,558
	Pubali Bank Ltd	131,650	133,668
	South East Bank Ltd	103,007	103,007
	Standard Bank Ltd	75,732	90,346
	Dhaka Bank Ltd	26,954	17,376
	National Bank Ltd	25,669	26,734
	Mutual Trust Bank Ltd	16,235	21,796
	Mercantile Bank Ltd	14,453	14,541
	Dutch Bangla Bank Ltd	13,565	14,855
	United Commercial Bank Ltd	8,060	9,310
	The City Bank Ltd	6,748	7,240
	Eastern Bank Ltd	4,537	80,515
	Jamuna Bank Ltd	2,148	3,298
	Bank Asia Ltd	1,260	1,555
	Shahjalal Islami Bank Ltd	849	699
	Premier Bank Ltd	425	425
	First Security Islami Bank Ltd	-	2,211
	IFIC Bank Ltd	-	1,025
	Islami Bank Bangladesh Ltd	-	248,345
	Social Islami Bank Ltd	-	148
		<b>809,127</b>	<b>1,032,651</b>
<b>b) Short-term deposit</b>			
	Bank Asia Ltd	16,758,455	17,450,707
	Dhaka Bank Ltd	3,657,910	3,509,104
	Eastern Bank Ltd	1,844,775	825,779
	Bank Alfalah Ltd	1,366,230	19,680,272
	Jamuna Bank Ltd	1,029,936	1,010,738
	AB Bank Ltd	666,199	27,008,110
	South East Bank Ltd	277,287	267,327
	Dutch Bangla Bank Ltd	3,345	4,462
	ONE Bank Ltd	1,656	1,345
	Uttara Bank Ltd	406	1,146
	Bangladesh Commerce Bank Ltd	-	2,910
		<b>25,606,198</b>	<b>69,761,900</b>
<b>c) Fixed deposits</b>			
	Social Islami Bank Ltd	200,000,000	550,000,000
	Reliance Finance Ltd.	70,000,000	230,000,000
	Commercial Bank of Ceylon PLC	34,837,626	31,399,393
	ONE Bank Ltd	15,611,748	13,992,467
	Peoples Leasing & Finance Ltd	-	30,000,000
		<b>320,449,375</b>	<b>855,391,860</b>
<b>Total (a+b+c)</b>		<b>346,864,699</b>	<b>926,186,412</b>
<b>4.2 Maturity grouping of balance with banks and other financial institutions</b>			
	On demand	809,127	1,032,651
	Up to 1 month	41,217,946	113,754,368
	Over 1 month but not more than 3 months	170,000,000	250,000,000
	Over 3 months but not more than 6 months	134,837,626	561,399,393
	Over 6 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		<b>346,864,699</b>	<b>926,186,412</b>

## Notes to the financial statements - continued

	<i>Amounts in Taka</i>	
	<b>At 31 Dec 2013</b>	<b>At 31 Dec 2012</b>
<b>4(a) Consolidated balance with banks and other financial institutions</b>		
<b>Inside Bangladesh</b>		
International Leasing and Financial Services Limited	346,864,699	926,186,412
International Leasing Securities Limited	82,779,742	3,226,091
Hongkong Bangladesh Securities Limited	-	7,418
Balance with banks and other financial institutions	-	11,920,184
Adjustment for consolidation	-	(11,912,766)
IL Capital Limited	3,195,304	4,665,452
Balance with banks and other financial institutions	232,250,581	104,732,930
Adjustment for consolidation	(229,055,277)	(100,067,478)
	<b>432,839,746</b>	<b>934,085,372</b>
<b>Outside Bangladesh</b>	-	-
	<b>432,839,746</b>	<b>934,085,372</b>
<b>5 Investments</b>		
Investment classified as per nature:		
<b>(i) Government securities</b>		
Bangladesh Govt. Treasury Bonds (note 5.1)	654,517,164	657,365,245
	<b>654,517,164</b>	<b>657,365,245</b>
<b>(ii) Other investment</b>		
Shares (note-5.2)	95,373,713	112,873,167
	<b>95,373,713</b>	<b>112,873,167</b>
<b>Total (i+ii)</b>	<b>749,890,877</b>	<b>770,238,412</b>
<b>5.1 Bangladesh Govt. Treasury Bonds</b>		
5 years Bangladesh Govt. Treasury Bonds	-	-
10 years Bangladesh Govt. Treasury Bonds	15,500,000	15,500,000
15 years Bangladesh Govt. Treasury Bonds	318,969,981	319,183,809
18 years Bangladesh Govt. Treasury Bonds	1,100,000	300,000
20 years Bangladesh Govt. Treasury Bonds	318,947,182	322,381,436
	<b>654,517,164</b>	<b>657,365,245</b>
<b>5.2 Investment in shares</b>		
<b>a) Quoted</b>		
Beximco Limited	6,643,030	6,643,030
BSRM Steels Limited	18,006,229	18,006,229
Grameen Phone Ltd	-	6,583,703
Lafarge Surma Cement Ltd	84,595	84,595
LR Global BD Mutual Fund One	49,920,000	49,920,000
Meghna Petroleum Limited	-	10,915,752
Prograssive Life Insurance Co. Ltd	20,719,859	20,719,859
(Annexure - A may kindly be seen for details)	<b>95,373,713</b>	<b>112,873,167</b>
<b>b) Un-quoted</b>	-	-
<b>Total (a+b)</b>	<b>95,373,713</b>	<b>112,873,167</b>
<b>5.3 Maturity grouping of investments</b>		
On demand	-	-
Up to 1 month	95,373,713	112,873,167
Over 1 month but not more than 3 months	-	-
Over 3 months but not more than 6 months	-	-
Over 6 months but not more than 1 year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	654,517,164	657,365,245
	<b>749,890,877</b>	<b>770,238,412</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>5(a) Consolidated investments</b>			
<b>a) Government securities</b>			
	International Leasing and Financial Services Limited	654,517,164	657,365,245
	International Leasing Securities Limited	-	-
	Hongkong Bangladesh Securities Limited	-	-
	IL Capital Limited	-	-
		<b>654,517,164</b>	<b>657,365,245</b>
<b>b) Other investment</b>			
	International Leasing and Financial Services Limited	95,373,713	112,873,167
	International Leasing Securities Limited	265,341,389	217,292,692
	Hongkong Bangladesh Securities Limited	-	-
	IL Capital Limited	6,610,709	-
		<b>367,325,811</b>	<b>330,165,859</b>
	<b>Total (a+b)</b>	<b>1,021,842,975</b>	<b>987,531,104</b>
<b>6 Leases, loans and advances</b>			
<b>6.1 Broad category-wise break up</b>			
<b>Inside Bangladesh</b>			
	Leases (note 6.1.1)	3,415,841,925	3,232,163,353
	Loans, cash credits, overdrafts, etc. (note 6.1.2)	10,968,667,034	10,204,337,283
	<i>Loans</i>	10,968,667,034	10,204,337,283
	<i>Cash credits</i>	-	-
	<i>Overdrafts</i>	-	-
	Bills purchased and discounted	-	-
		<b>14,384,508,959</b>	<b>13,436,500,636</b>
<b>Outside Bangladesh</b>			
		-	-
		<b>14,384,508,959</b>	<b>13,436,500,636</b>
<b>6.1.1 Leases</b>			
	Net investment in leases (note 6.1.1.1)	3,175,441,768	2,891,119,745
	Advances for leases (note 6.1.1.2)	100,263,648	94,617,223
	Accounts receivables	170,951,993	285,358,933
	<i>Principal</i>	75,394,761	139,171,385
	<i>Interest</i>	95,557,232	146,187,548
	Other payables	(30,815,484)	(38,932,548)
		<b>3,415,841,925</b>	<b>3,232,163,353</b>
<b>6.1.1.1 Net investment in leases</b>			
	Gross lease receivable	4,011,429,167	3,670,320,854
	Less: Unearned finance income	835,987,399	779,201,109
	<b>Net lease receivable</b>	<b>3,175,441,768</b>	<b>2,891,119,745</b>

Net investment in leases represents gross lease rental receivables from the lessee minus unearned lease income against investment in leases. Investment in leases represents assets leased to the lessees and accounted for under finance method. The company is the legal owner of the leased assets. Unearned lease income is the excess of gross lease rental receivables over the cost of the leased assets. Lease term of the above leases vary from 24 months to 84 months.

### 6.1.1.2 Advance for leases

This represents disbursement for procurement of leased assets at the end of the reporting period. On execution of leases, advances will be transferred to investment in leases. Advance against leases carry interest as per terms of the agreement until the advances are executed.

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
The outstanding amount of advance against leases as of December 31 are shown under following two categories:			
	Imported equipment	-	-
	Local equipment	100,263,648	94,617,223
		<b>100,263,648</b>	<b>94,617,223</b>
<b>6.1.1.3</b>	<b>Maturity grouping of leases</b>		
	On demand	219,760,008	248,139,977
	Up to 1 month	35,849,313	-
	Over 1 month but not more than 3 months	75,305,275	2,595,295
	Over 3 months but not more than 1 year	425,780,718	164,732,073
	Over 1 year but not more than 5 years	2,053,048,704	2,700,563,740
	Over 5 years	606,097,905	116,132,268
		<b>3,415,841,925</b>	<b>3,232,163,353</b>
<b>6.1.2</b>	<b>Loans, cash credits, overdrafts, etc</b>		
	Time loan (note 6.1.2.1)	7,532,327,092	6,412,640,686
	Work order and factoring (note 6.1.2.2)	11,323,878	7,272,636
	Home loan (note 6.1.2.3)	583,495,478	736,611,749
	Short-term loan (note 6.1.2.4)	2,815,268,152	3,028,187,013
	Staff loan	26,252,435	19,625,199
		<b>10,968,667,034</b>	<b>10,204,337,283</b>
<b>6.1.2.1</b>	<b>Time loan</b>		
	Principal outstanding	6,957,839,459	5,936,143,767
	Accounts receivables	614,594,103	522,978,898
	<i>Principal</i>	432,819,168	343,670,611
	<i>Interest</i>	181,774,935	179,308,287
	Other payables	(40,106,471)	(46,481,978)
		<b>7,532,327,092</b>	<b>6,412,640,686</b>
This represents amounts outstanding against time loan advanced to loanee with a specific repayment schedule for an agreed period of 3 months to 84 months.			
<b>6.1.2.2</b>	<b>Work order and factoring</b>		
	Principal outstanding	10,645,819	4,511,637
	Accounts receivables	678,060	2,760,999
	<i>Principal</i>	-	2,492,974
	<i>Interest</i>	678,060	268,025
		<b>11,323,878</b>	<b>7,272,636</b>
<b>6.1.2.3</b>	<b>Home loan</b>		
	Principal outstanding	559,545,023	719,928,683
	Accounts receivables	29,112,659	21,352,031
	<i>Principal</i>	13,403,224	10,413,578
	<i>Interest</i>	15,709,434	10,938,453
	Other payables	(5,162,204)	(4,668,965)
		<b>583,495,478</b>	<b>736,611,749</b>
This represents amounts outstanding against home loan advanced to individuals, corporate bodies, real estate developers for purchase and/or construction of real estate (land, building, apartment, office space) in urban areas with a specific repayment schedule for an agreed period of 24 months to 240 months.			



## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>6.1.2.4</b>	<b>Short term loan</b>		
	Loan to subsidiary	2,407,570,651	2,525,828,680
	<i>Principal outstanding</i>	1,914,696,525	2,329,527,449
	<i>Interest Receivables</i>	492,874,127	196,301,231
	Treasury line	407,697,500	502,358,333
	<i>Principal outstanding</i>	400,000,000	490,000,000
	<i>Interest Receivables</i>	7,697,500	12,358,333
		<b>2,815,268,152</b>	<b>3,028,187,013</b>
<b>6.1.2.5</b>	<b>Maturity grouping of loans, cash credits, overdrafts, etc.</b>		
	On demand	1,099,687,774	495,940,985
	Up to 1 month	87,255,890	600,270,339
	Over 1 month but not more than 3 months	340,743,423	582,728,122
	Over 3 months but not more than 1 year	2,182,470,448	2,019,736,596
	Over 1 year but not more than 5 years	6,177,608,578	6,095,996,112
	Over 5 years	1,080,900,922	409,665,129
		<b>10,968,667,034</b>	<b>10,204,337,283</b>
<b>6.2</b>	<b>Leases, loans and advances on the basis of significant concentration</b>		
a)	Leases, loans and advances to companies or firms in which the Directors of the Company have interests	39,879,818	62,031,634
b)	Leases, loans and advances to Chief Executive and other Senior Executives	24,938,672	19,252,308
c)	Number of clients with outstanding amount and classified leases, loans and advances exceeding 15% of total capital of the the Company is as follows :		
	Number of clients	1	-
	Amount of outstanding advances	522,202,094	-
	Amount of classified advances	-	-
	Measures taken for recovery	-	-
d)	<b>Industry-wise leases, loans and advances</b>		
	Agriculture	291,680,311	526,293,860
	Textile and garments	2,379,190,064	2,385,494,369
	Transport and communication	775,616,676	891,396,144
	Food production/processing industry	1,282,495,019	864,962,054
	Iron, steel and engineering industry	877,032,720	644,149,816
	Chemical and pharmaceuticals	518,636,207	356,254,963
	Service industry	4,084,179,127	3,761,178,277
	Plastic industry	294,155,911	223,215,723
	Paper and printing packaging	323,289,730	271,111,387
	Telecommunication/information technology	368,847,783	442,137,652
	Real estate and housing	917,845,443	1,039,660,674
	Ship and ship making industry	177,938,303	163,644,575
	Education	240,889,474	239,836,272
	Hospital and medical equipment	271,967,825	182,967,644
	Trade and commerce	298,811,631	281,694,673
	Power and energy	548,812,402	412,871,495
	Others	733,120,334	749,631,058
		<b>14,384,508,959</b>	<b>13,436,500,636</b>
e)	<b>Sector-wise leases, loans and advances</b>		
	<b>Inside Bangladesh</b>		
	Government and autonomous bodies	-	-
	Financial institutions (private)	10,557,874	83,023,972
	Other public sector	-	-
	Private sector	14,373,951,085	13,353,476,664
		<b>14,384,508,959</b>	<b>13,436,500,636</b>
	<b>Outside Bangladesh</b>	-	-
		<b>14,384,508,959</b>	<b>13,436,500,636</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>f)</b>	<b>Geographical location-wise leases, loans and advances</b>		
	<b>Inside Bangladesh</b>		
	<b>Urban</b>		
	Dhaka region	11,454,895,510	10,977,899,693
	Chittagong region	2,596,751,222	2,132,925,790
	Khulna region	102,398,227	116,521,047
	Rajshahi region	229,536,911	206,920,801
	Rangpur region	571,617	1,804,651
	Sylhet Region	355,472	428,653
		<b>14,384,508,959</b>	<b>13,436,500,636</b>
	<b>Rural</b>	-	-
		<b>14,384,508,959</b>	<b>13,436,500,636</b>
	<b>Outside Bangladesh</b>	-	-
		<b>14,384,508,959</b>	<b>13,436,500,636</b>
<b>6.3</b>	<b>Classification of leases, loans and advances</b>		
<b>a)</b>	<b>Unclassified</b>		
	Standard	12,864,109,221	12,156,011,156
	Special mention account (SMA)	321,283,362	135,235,025
		<b>13,185,392,583</b>	<b>12,291,246,181</b>
<b>b)</b>	<b>Classified</b>		
	Sub-standard	173,246,532	314,275,488
	Doubtful	198,524,408	197,607,277
	Bad / Loss	827,345,436	633,371,690
		<b>1,199,116,376</b>	<b>1,145,254,455</b>
	<b>Total (a+b)</b>	<b>14,384,508,959</b>	<b>13,436,500,636</b>
<b>6.4</b>	<b>Particulars of leases, loans and advances</b>		
(i)	Leases and loans considered good in respect of which the Company is fully secured	7,978,991,155	6,884,762,429
(ii)	Loans considered good against which the Company holds no security other than the debtors' personal guarantee	5,190,687,851	6,136,185,640
(iii)	Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	1,214,829,952	415,552,567
		<b>14,384,508,959</b>	<b>13,436,500,636</b>
(iv)	Loans adversely classified; provision not maintained there against	-	-
(v)	Loans due from Directors either separately or jointly with any other persons	6,218,958	14,658,486
(vi)	Loans due from Officers either separately or jointly with any other persons	24,938,672	19,252,308
(vii)	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	39,879,818	62,031,634
(viii)	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.	17,021,700	22,380,230
(ix)	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	-	-

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
(x)	Due from banking companies and other financial institutions	10,557,874	83,023,972
(xi)	Classified leases, loans and advances on which interest has not been charged	1,199,116,376	1,145,254,455
A.	Increase/decrease of provision (specific)	33,050,211	(129,430,811)
	Amount of debts written-off	194,115,655	194,115,655
	Amount realized against the debts previously written-off	4,734,533	-
B.	Provision kept against the debt classified as bad/loss at the end of the reporting period	232,188,000	152,530,614
C.	Amount of interest creditable to the interest suspense account	72,913,441	113,081,938
(xii)	Cumulative amount of the written-off leases/loans		
	Opening Balance	194,115,655	87,115,906
	Amount written-off during the year	-	106,999,749
	Cumulative to date	194,115,655	194,115,655
	Written-off leases/loans for which law suit filed	194,115,655	194,115,655
<b>6(a) Consolidated leases, loans and advances</b>			
<b>Inside Bangladesh</b>			
<b>Leases</b>			
	International Leasing and Financial Services Limited	3,415,841,925	3,232,163,353
<b>Loans, cash credits, overdrafts, etc.</b>			
	International Leasing and Financial Services Limited	8,561,096,383	7,678,508,603
	Loans	10,968,667,034	10,204,337,283
	Adjustment for consolidation	(2,407,570,651)	(2,525,828,680)
	International Leasing Securities Limited	3,506,987,544	3,130,965,438
<b>Bills purchased and discounted</b>			
		-	-
		<b>15,483,925,851</b>	<b>14,041,637,394</b>
<b>Outside Bangladesh</b>			
		-	-
		<b>15,483,925,851</b>	<b>14,041,637,394</b>
<b>7 Fixed assets including premises, furniture and fixtures</b>			
	Motor vehicles	24,885,927	18,255,448
	Motor vehicles - leasehold	-	2,500,000
	Office decoration	22,141,190	22,220,963
	Office equipment	11,235,332	11,235,332
	Furniture and fixtures	6,314,958	5,341,068
	Computer accessories	4,161,993	3,538,365
		<b>68,739,400</b>	<b>63,091,176</b>
	Less: Accumulated depreciation	44,943,465	36,643,881
	<b>Net book value at the end of the year</b> (See annexure-B for detail)	<b>23,795,935</b>	<b>26,447,295</b>
<b>7(a) Consolidated Fixed assets including premises furniture &amp; fixtures</b>			
	Motor vehicles	32,145,927	23,955,448
	Motor vehicles - leasehold	-	2,500,000
	Office decoration	59,624,821	58,639,754
	Office equipment	19,664,765	19,468,779
	Furniture and fixtures	10,548,780	9,388,978
	Computers and accessories	19,489,413	16,140,055
		<b>141,473,705</b>	<b>130,093,013</b>
	Less: Accumulated depreciation	88,747,675	69,600,314
	<b>Net book value at the end of the year</b> (See annexure-B(a) for detail)	<b>52,726,030</b>	<b>60,492,699</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>8</b>	<b>Other assets</b>		
	<b>Inside Bangladesh</b>		
	<b>Income generating:</b>		
	Investment in Subsidiary (note 8.1)	649,979,600	299,979,600
	Income receivable on FDR and investments (note 8.2)	26,232,060	37,950,254
		<b>676,211,660</b>	<b>337,929,854</b>
	<b>Non-income generating:</b>		
	Receivable/(payable) from/to Subsidiary (note 8.3)	(1,990,764)	23,837,411
	Advance, deposit and prepaid expenses (note 8.4)	10,882,662	7,720,618
	Receivable against terminated leases/loans	-	-
	Branch adjustments account	-	-
	Advance corporate tax (note 8.5)	282,184,642	275,234,659
	Deferred tax assets (note 8.6)	10,652,648	8,638,089
	Other receivables	90,609	44,279
		<b>301,819,798</b>	<b>315,475,056</b>
		<b>978,031,457</b>	<b>653,404,910</b>
	<b>Outside Bangladesh</b>	-	-
		<b>978,031,457</b>	<b>653,404,910</b>
	<b>8.1 Investment in subsidiary</b>		
	Share capital-ILSL (note 8.1.1)	399,999,700	199,999,700
	Share capital-ILCL (note 8.1.2)	249,979,900	99,979,900
		<b>649,979,600</b>	<b>299,979,600</b>
	<b>8.1.1</b>	This represents 3,999,997 nos. of ordinary shares of International Leasing Securities Limited subscribed by International Leasing and Financial Services Limited out of their 2,000,000 no. of shares of Taka 100 each.	
	<b>8.1.2</b>	This represents 2,499,799 nos. of ordinary shares of IL Capital Limited subscribed by International Leasing And Financial Services Limited out of their 1,000,000 nos. of shares of Taka. 100 each.	
	<b>8.2 Income receivable on FDR and investments</b>		
	<b>a) Interest receivables</b>		
	Interest receivables - FDR	10,882,458	22,523,230
	Coupon receivables - treasury bond	15,349,602	15,427,024
		<b>26,232,060</b>	<b>37,950,254</b>
	<b>b) Fees, commission and brokerage receivables</b>	-	-
	<b>Total (a+b)</b>	<b>26,232,060</b>	<b>37,950,254</b>
	<b>8.3 Receivable/(payable) from/to Subsidiary</b>		
	Receivables/(payable) from/to ILCL	(1,977,164)	18,970,452
	Receivables from ILSL related to HBSL	-	4,866,959
	Receivables/(payable) from/to ILSL	(13,600)	-
		<b>(1,990,764)</b>	<b>23,837,411</b>
	<b>8.4 Advance, deposit and prepaid expenses</b>		
	Advances for software development and others (note 8.4.1)	3,707,528	2,719,069
	Deposit to Central Depository Bangladesh Limited (CDBL) for telephone	364,000	357,000
	Advance for investment in shares	(15,944)	13,414
	Advance office rent (note 8.4.2)	6,789,948	2,557,084
	Advance for legal expenses	37,130	-
	Advance for right issue	-	2,074,051
		<b>10,882,662</b>	<b>7,720,618</b>

**8.4.1** This represents advance for development of leasing software currently under development stage by software vendor. On completion and implementation of the software the total cost will be capitalized and amortized with approval of the Board as per applicable standards.

## Notes to the financial statements - continued

Amounts in Taka	
At 31 Dec 2013	At 31 Dec 2012

8.4.2 The amount represents advance against office rent of Head Office and Chittagong Branch which will be adjusted with each month's rent as per agreement with the land lords.

### 8.5 Advance corporate tax

Balance as on 01 January	275,234,659	241,315,178
Paid during the year	9,978,018	47,706,238
Less: settlement of previous years' tax liabilities	3,028,035	13,786,758
Balance as on 31 December	<b>282,184,642</b>	<b>275,234,659</b>

### 8.6 Deferred tax assets

Deferred tax asset/(liability) is recorded under liability method as required by BAS- 12; "Income Tax" in order to allocate the charge of tax to each year relating to that year, taking into account the taxable temporary differences and deductible temporary differences arising out of carrying amount of assets and liabilities and their tax base. Deferred tax assets is arrived at as follows:

Particulars	Tax base	Carrying value of assets / (liabilities) at Dec. 31, 2013	(Taxable)/ deductible temporary difference	
			2013	2012
Fixed assets including premises, furniture and fixtures (note-7)	36,055,569	23,795,935	12,259,635	10,257,648
Gratuity (note-11.1)	-	(12,805,420)	12,805,420	10,067,268
			<b>25,065,055</b>	<b>20,324,916</b>
Applicable tax rate			42.50%	42.50%
<b>Deferred tax assets during the year</b>			<b>10,652,648</b>	<b>8,638,089</b>

The change in deferred tax assets is shown below:

Balance as at 01 January	8,638,089	6,569,974
Addition during the year	2,014,559	2,068,115
<b>Balance as at 31 December 1</b>	<b>10,652,648</b>	<b>8,638,089</b>

### 8.7 Maturity grouping of other assets

On demand	-	-
Up to 1 month	-	-
Over 1 month but not more than 3 months	24,241,296	61,787,664
Over 3 months but not more than 1 year	10,973,272	7,764,897
Over 1 year but not more than 5 years	292,837,290	283,872,748
Over 5 years	649,979,600	299,979,600
	<b>978,031,457</b>	<b>653,404,910</b>

### 8(a) Consolidated other assets

#### Inside Bangladesh

#### Income generating:

International Leasing and Financial Services Limited	26,232,060	37,950,254
Other assets - incom generating	676,211,660	337,929,854
Adjustment for consolidation	(649,979,600)	(299,979,600)
International Leasing Securities Limited	-	-
Hongkong Bangladesh Securities Limited	-	-
IL Capital Limited	-	-
	<b>26,232,060</b>	<b>37,950,254</b>

#### Non-income generating:

International Leasing and Financial Services Limited	303,810,562	291,637,645
Other assets - non-incom generating	301,819,798	315,475,056
Adjustment for consolidation	1,990,764	(23,837,411)
International Leasing Securities Limited	54,856,050	87,921,956
Other assets - non-income generating	54,883,250	87,921,956
Adjustment for consolidation	(27,200)	-

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	Hongkong Bangladesh Securities Limited	-	776,012
	Other assets - non-incom generating	-	1,402,657
	Adjustment for consolidation	-	(626,645)
	IL Capital Limited	6,603,873	3,000,977
	Other assets - non-incom generating	17,476,325	8,465,386
	Adjustment for consolidation	(10,872,453)	(5,464,409)
		<b>365,270,485</b>	<b>383,336,590</b>
		<b>391,502,544</b>	<b>421,286,844</b>
	<b>Outside Bangladesh</b>	-	-
		<b>391,502,544</b>	<b>421,286,844</b>
<b>9</b>	<b>Borrowing from banks, other financial institutions and agents</b>		
<b>9.1</b>	<b>Inside Bangladesh</b>		
	Bank overdraft (note 9.1.1)	19,411,944	150,925,088
	Call borrowing (note 9.1.2)	470,000,000	270,000,000
	REPO liability (note 9.1.3)	550,000,000	550,000,000
	Short term borrowing (note 9.1.4)	60,000,000	260,000,000
	Borrowing under refinancing scheme (note 9.1.5)	57,641,467	66,675,050
	Long term borrowing (note 9.1.6)	1,720,453,187	2,023,807,911
		<b>2,877,506,598</b>	<b>3,321,408,050</b>
	<b>Outside Bangladesh</b>	-	-
		<b>2,877,506,598</b>	<b>3,321,408,050</b>
<b>9.1.1</b>	<b>Bank overdraft</b>		
	BRAC Bank Ltd	10,637,849	45,512,963
	ONE Bank Ltd	3,900,454	59,503,924
	Commercial Bank of Ceylon	4,873,642	45,908,201
		<b>19,411,944</b>	<b>150,925,088</b>
<b>9.1.2</b>	<b>Call borrowing</b>		
	Mutual Trust Bank Ltd	100,000,000	-
	Standard Bank Ltd	100,000,000	-
	United Commercial Bank Ltd	90,000,000	170,000,000
	The City Bank Ltd	80,000,000	100,000,000
	Basic Bank Ltd	50,000,000	-
	Dutch-Bangla Bank Ltd	50,000,000	-
		<b>470,000,000</b>	<b>270,000,000</b>
<b>9.1.3</b>	<b>REPO liability</b>		
	Bangladesh bank	550,000,000	550,000,000
		<b>550,000,000</b>	<b>550,000,000</b>
<b>9.1.4</b>	<b>Short term borrowing</b>		
	Prime Finance and Investment Ltd	60,000,000	60,000,000
	IPDC of Bangladesh Ltd	-	50,000,000
	National Housing Finance and Investment Ltd	-	50,000,000
	Southeast Bank Ltd	-	100,000,000
		<b>60,000,000</b>	<b>260,000,000</b>
<b>9.1.5</b>	<b>Borrowing under refinancing scheme</b>		
	Fund from Bangladesh Bank for SME financing	2,949,271	3,865,545
	Fund from Bangladesh Bank for housing financing	32,994,191	35,488,456
	Fund from RPGCL for DCFP financing (note- 9.1.5.1)	21,698,005	27,321,049
		<b>57,641,467</b>	<b>66,675,050</b>

**9.1.5.1** The above fund has been received from Rupantarita Prakritik Gas Company Limited (RPGCL) under Dhaka Clean Fuel Project for financing of environment friendly projects like CNG Filling Station, CNG driven buses etc. The interest @ 5.5% of the fund are paid quarterly and the principal repayment was started from 2009 for a period of 10 years ending in 2017. The maximum relending rate is 9% p.a.

## Notes to the financial statements - continued

	<i>Amounts in Taka</i>	
	<b>At 31 Dec 2013</b>	<b>At 31 Dec 2012</b>
<b>9.1.6 Long term borrowing</b>		
Shahjalal Islami Bank Ltd	509,547,717	349,456,669
Uttara Bank Ltd	383,359,112	391,796,337
Social Islami Bank Ltd	200,123,818	-
Standard Bank Ltd	139,608,228	-
Southeast Bank Ltd	125,001,410	183,805,517
Premier Bank Ltd	100,085,158	-
Jamuna Bank Ltd	96,661,464	-
Mercantile Bank Ltd	92,314,509	141,931,402
UAE Bangladesh Investment Co. Ltd	49,960,969	24,981,191
ONE Bank Ltd	20,562,211	48,881,174
Fareast Finance and Investment Ltd	2,736,123	4,139,412
Dhaka Bank Ltd	492,469	259,050,885
Bank Alfalah Ltd	-	7,737,552
BASIC Bank Ltd	-	69,138,663
BRAC Bank Ltd	-	76,220,525
The City Bank Ltd	-	180,914,290
Dutch Bangla Bank Ltd	-	36,467,251
Mutual Trust Bank Ltd	-	40,568,176
National Bank Ltd	-	84,616,692
Prime Bank Ltd	-	87,797,134
Sonali Bank Ltd	-	34,200,000
United Commercial Bank Ltd	-	2,105,041
	<b>1,720,453,187</b>	<b>2,023,807,911</b>
<b>9.2 Security wise grouping of borrowing from banks, other financial institutions and agents</b>		
Secured	2,311,563,136	2,752,054,048
Unsecured	565,943,462	569,354,001
	<b>2,877,506,598</b>	<b>3,321,408,050</b>
<p>The company avail a large amount of it's required fund from various banks and financial institutions. The loans are secured by first fixed and floating charges on all present and future movable and immovable properties of the company registered with RJSC ranking pari-passu among the lenders.</p>		
<b>9.3 Maturity grouping of borrowing from banks, other financial institutions and agents</b>		
On demand	470,492,469	270,492,469
Up to 1 month	120,274,877	229,278,567
Over 1 month but within 3 months	114,323,891	336,405,779
Over 3 months but within 1 year	543,079,585	1,094,087,877
Over 1 year but within 5 years	1,058,812,912	818,126,230
Over 5 years	570,522,862	573,017,128
	<b>2,877,506,598</b>	<b>3,321,408,050</b>
<b>9(a) Consolidated borrowing from banks, other financial institutions and agents</b>		
<b>Inside Bangladesh</b>		
International Leasing and Financial Services Limited	2,877,506,598	3,321,408,050
International Leasing Securities Limited	795,040,490	557,226,014
<i>Borrowing from banks, other financial institutions and agents</i>	<b>2,705,040,370</b>	<b>2,881,310,477</b>
<i>Adjustment for consolidation</i>	<b>(1,909,999,880)</b>	<b>(2,324,084,463)</b>
Hongkong Bangladesh Securities Limited	-	-
IL Capital Limited	-	-
<i>Borrowing from banks, financial institutions and agents</i>	<b>4,696,645</b>	<b>5,442,986</b>
<i>Adjustment for consolidation</i>	<b>(4,696,645)</b>	<b>(5,442,986)</b>
	<b>3,672,547,088</b>	<b>3,878,634,064</b>
<b>Outside Bangladesh</b>	-	-
	<b>3,672,547,088</b>	<b>3,878,634,064</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>10 Deposits and other accounts</b>			
	Term deposits (note 10.1)	9,447,339,975	8,549,467,439
	Other deposits (note 10.2)	763,916,517	691,052,118
		<b>10,211,256,492</b>	<b>9,240,519,557</b>
<b>10.1 Term deposits</b>			
	These represent deposits from individuals and institutions under the Company's term deposit schemes for a period of not less than three months both from institutions and individuals. Break up of term deposit as per nature of institution is given below:		
	Deposits from banks and financial institutions	3,550,000,000	3,300,000,000
	Deposits from other than banks and financial institutions	5,897,339,975	5,249,467,439
		<b>9,447,339,975</b>	<b>8,549,467,439</b>
<b>10.1.1 Maturity analysis of term deposits</b>			
<b>a) Deposits from banks and financial institutions</b>			
	Payable on demand	-	-
	Up to 1 month	350,000,000	150,000,000
	Over 1 month but within 3 months	350,000,000	525,000,000
	Over 3 months but within 1 year	1,850,000,000	1,312,500,000
	Over 1 year but within 5 years	1,000,000,000	1,312,500,000
	Over 5 years but within 10 years	-	-
	Over 10 years	-	-
		<b>3,550,000,000</b>	<b>3,300,000,000</b>
<b>b) Deposits from other than banks and financial institutions</b>			
	Payable on demand	51,435,874	4,592,963
	Up to 1 month	335,791,161	262,334,057
	Over 1 month but within 3 months	413,637,974	499,584,904
	Over 3 months but within 1 year	926,019,451	1,782,983,688
	Over 1 year but within 5 years	3,403,694,871	2,669,222,432
	Over 5 years but within 10 years	766,760,645	30,749,396
	Over 10 years	-	-
		<b>5,897,339,975</b>	<b>5,249,467,439</b>
	<b>Total (a+b)</b>	<b>9,447,339,975</b>	<b>8,549,467,439</b>
<b>10.1(a) Consolidated term deposits</b>			
	International Leasing and Financial Services Limited	9,218,284,698	8,437,487,195
	Term deposits	9,447,339,975	8,549,467,439
	Adjustment for consolidation	(229,055,277)	(111,980,244)
		<b>9,218,284,698</b>	<b>8,437,487,195</b>
<b>10.2 Other deposits</b>			
	This represents deposits received against lease and direct finance on signing of the agreement which are subject to repayment/adjustment on expiry of the agreement. The company receives security deposits under two categories of non-interest bearing and interest bearing security deposit. Details are shown below:		
<b>Non-interest bearing security deposits</b>			
	Leases	50,584,569	53,960,029
	Time loans	90,491,332	83,957,047
	Home loans	10,067,711	9,212,037
	Work order loans	441,127	481,127
		<b>151,584,738</b>	<b>147,610,239</b>
<b>Interest bearing security deposits</b>		<b>612,331,779</b>	<b>543,441,879</b>
		<b>763,916,517</b>	<b>691,052,118</b>



## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>10.2.1 Maturity analysis of other deposits</b>			
	Payable on demand	16,702,795	13,239,090
	Up to 1 month	4,835,295	3,667,705
	Over 1 month but within 3 months	30,007,435	5,462,335
	Over 3 months but within 1 year	132,859,470	28,118,160
	Over 1 year but within 5 years	531,870,019	481,740,895
	Over 5 years but within 10 years	47,641,504	158,823,933
	Over 10 years	-	-
		<b>763,916,517</b>	<b>691,052,118</b>
<b>11 Other liabilities</b>			
	Deferred liability-employees' gratuity (note 11.1)	12,805,420	10,067,268
	Training fund (note 11.2)	458,771	458,771
	Un-claimed refund warrant/dividend (note 11.3)	3,192,108	2,285,473
	Interest suspense account (note 11.4)	72,913,441	113,081,938
	Payables and accrued expenses (note 11.5)	484,211,496	473,210,107
	Liability under finance lease	2,281,810	470,087
	Provision for leases, loans and advances (note 11.6)	444,508,000	405,112,313
	Provision for diminution in value of investments	30,492,000	20,887,687
	Provision for income tax (note 11.7)	404,604,229	292,286,456
		<b>1,455,467,274</b>	<b>1,317,860,100</b>
<b>11.1 Deferred liability-employees' gratuity</b>			
	Balance as at 01 January	10,067,268	7,869,810
	Add: provision made during the year	2,786,152	2,615,208
	Less: payment made during the year	48,000	417,750
	<b>Balance as at 31 December</b>	<b>12,805,420</b>	<b>10,067,268</b>
<b>11.2 Training Fund</b> represents administration cost received from Royal Danish Embassy for operation of private sector development project funded by DANIDA. As per agreement, such cost incurred by ILFSL & received from DANIDA can only be spent for the purpose of employees' training.			
<b>11.3 Un-claimed refund warrant/dividend</b>			
	Un-claimed refund warrant	716,194	716,194
	Un-claimed dividend	2,475,914	1,569,280
		<b>3,192,108</b>	<b>2,285,473</b>
The amount represents refund warrants issued to the unsuccessful investors and dividend warrant issued to the shareholders which were not presented to the bank within December 31, 2013. It is anticipated that it will take some more time to liquidate this liability fully.			
<b>11.4 Interest suspense account</b>			
	Balance as at 01 January	113,081,938	106,203,937
	Add: suspended during the year	236,385,021	311,892,553
	Less: realized during the year	276,553,517	289,012,981
	Less: written off during the year	-	16,001,570
	<b>Balance as at 31 December</b>	<b>72,913,441</b>	<b>113,081,938</b>
Lease income earned and income from loans, overdue for three months (or equivalent, i.e. 90 days) or more for leases/loans up to 5 years tenure and for six months (or equivalent, i.e. 180 days) or more for leases/loans of more than 5 years tenure is not recognized as revenue and credited to interest suspense account. Suspended interests are recognized as revenue and credited in the statement of comprehensive income on realization basis. Product wise amount of suspended interest as on December 31 are given below:			
	Leases	12,619,877	54,037,534
	Loans	60,293,565	59,044,404
		<b>72,913,441</b>	<b>113,081,938</b>

## Notes to the financial statements - continued

	<i>Amounts in Taka</i>	
	<b>At 31 Dec 2013</b>	<b>At 31 Dec 2012</b>
<b>11.5 Payables &amp; accrued expenses</b>		
<b>a) Interest payables</b>		
Interest payable on bank overdraft and others	-	-
Interest payable on call borrowing	291,598	180,000
Interest payable on REPO liability	308,904	161,986
Interest payable on short-term borrowing	821,667	2,280,278
Interest payable on long-term borrowing	12,286,538	21,965
Interest payable on borrowing under refinancing scheme (note-11.5.1)	379,462	263,390
Interest payable on deposits from banks and FIs	115,653,561	116,523,632
Interest payable on deposits from other than banks and FIs	323,188,934	310,482,022
	<b>452,930,664</b>	<b>429,913,272</b>
<b>b) Other payables</b>		
Payable for fractional bonus & right share	1,736,100	1,764,483
Payable for Tax/VAT deducted at source	5,704,859	4,805,122
Payable against terminated Leases/Loans	-	-
Payable for bank guarantee & commission	(56,000)	(15,420)
Liability for expenses & other payables	14,513,174	1,012,100
Payable for Private Sector Development (PSD) program (note- 11.5.2)	9,382,699	35,730,549
	<b>31,280,832</b>	<b>43,296,834</b>
<b>Total (a+b)</b>	<b>484,211,496</b>	<b>473,210,107</b>
<b>11.5.1 Interest payable on borrowing under refinancing scheme</b>		
Fund from Bangladesh Bank for SME financing	212,184	71,646
Fund from Bangladesh Bank for housing financing	99,691	107,102
Fund from RPGCL for DCFP financing	67,588	84,642
	<b>379,462</b>	<b>263,390</b>
<b>11.5.2</b> This represents rental received on monthly basis from the clients financed under PSD program funded by DANIDA which is refundable to the Royal Danish Embassy on quarterly basis.		
<b>11.6 Provision for leases, loans and advances</b>		
<b>Movements of provision for leases, loans and advances:</b>		
<b>a) Specific provision on classified leases, loans and advances</b>		
Balance at 01 January	274,337,789	403,768,600
Fully provided debts written off during the year (note- 11.6.1)	-	(90,998,178)
Provision made for the year	79,657,386	165,287,754
Recovery of amounts previously written off	-	-
Recoveries and provision no longer required	(46,607,175)	(203,720,386)
<b>Net charge to Profit and Loss Account</b>	<b>33,050,211</b>	<b>(38,432,632)</b>
	<b>307,388,000</b>	<b>274,337,789</b>
<b>b) General provision on unclassified leases, loans and advances</b>		
Balance at 01 January	130,774,524	140,041,400
Provision made/(no longer required) for the year	6,345,476	(9,266,876)
	<b>137,120,000</b>	<b>130,774,524</b>
<b>Total (a+b)</b>	<b>444,508,000</b>	<b>405,112,313</b>
<b>Break up of provision for leases, loans and advances :</b>		
<b>a) Specific provision on classified leases, loans and advances</b>		
Sub-standard	29,145,000	51,061,932
Doubtful	46,055,000	70,745,243
Bad and loss	232,188,000	152,530,614
	<b>307,388,000</b>	<b>274,337,789</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>b) General provision on unclassified lease, loans and advances</b>			
	Standard	122,013,000	124,426,677
	SMA	15,107,000	6,347,847
		<b>137,120,000</b>	<b>130,774,524</b>
<b>Total (a+b)</b>		<b>444,508,000</b>	<b>405,112,313</b>

Provision for classified and un-classified leases, loans and advances has been made on the basis of analysis of portfolio made by the Management of the Company as per FID Circular 08 of 2002 as ammended from time to time by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. As per FICL submitted to Bangladesh Bank the required provision as per calculation made under FID Circular was Tk. 444.15 million and actual provision in the books of accounts under this head has been kept at Tk. 444.51 million.

### 11.6.1 Leases/loans written-off

As per FID Circular No. 03 dated 15 March 2007 of Bangladesh Bank a Financial Institution should write-off its leases/loans to clean-up its financial statements subject to fulfillment of four conditions; (1) leases/loans classified as bad and losses against which 100% provision has been made (2) Approval from the Board of Directors has to be obtained (3) Best endeavor shall be made to recovery of the write-off leases/loans (4) Legal process should be initiated if not started before.

As per said circular the Company has written-off some of its leases/loans as stated below:

	<b>Current</b>	<b>Cummulative</b>	<b>Cummulative</b>
Balance at 01 January	-	194,115,655	87,115,906
Net leases/loans written-off during the year	-	194,115,655	194,115,655
No. of account written-off	-	19	19
No. of lessee/loanee written-off	-	12	12
Interest suspense against lessee/loanee written-off	-	(24,476,488)	(24,476,488)
Provision adjusted against lessee/loaneewritten-off	-	(169,639,167)	(169,639,167)
Recovery against lessee/loaneewritten-off	4,734,533	4,734,533	-
<b>Balance as at 31December</b>	<b>-</b>	<b>189,381,122</b>	<b>194,115,655</b>

### 11.7 Provision for income tax

Balance as on 01 January	292,286,456	317,066,740
Add: provision made during the year	119,652,483	22,685,000
Less: settlement of previous years tax liability	7,334,710	47,465,284
	<b>404,604,229</b>	<b>292,286,456</b>

### 11.8 Maturity analysis of other liabilities

Payable on demand	40,773,383	22,434,142
Up to 1 month	3,804,179	18,098,232
Over 1 month but within 3 months	12,856,676	17,647,580
Over 3 months but within 1 year	668,216,735	673,041,758
Over 1 year but within 5 years	677,684,909	570,785,526
Over 5 years but within 10 years	52,131,392	15,852,863
Over 10 years	-	-
	<b>1,455,467,274</b>	<b>1,317,860,100</b>

### 11(a) Consolidated other liabilities

International Leasing and Financial Services Limited	1,446,595,465	1,311,769,046
<i>Other liabilities</i>	<b>1,455,467,274</b>	<b>1,317,860,100</b>
<i>Adjustment for consolidation</i>	(8,871,809)	(6,091,054)
International Leasing Securities Limited	315,511,250	183,486,882
<i>Other liabilities</i>	<b>808,385,377</b>	<b>384,635,072</b>
<i>Adjustment for consolidation</i>	(492,874,127)	(201,148,190)

## Notes to the financial statements - continued

	Amounts in Taka	
	At 31 Dec 2013	At 31 Dec 2012
Hongkong Bangladesh Securities Limited	-	1,287,012
Other liabilities	-	1,307,012
Adjustment for consolidation	-	(20,000)
IL Capital Limited	11,296,444	2,250,816
Other liabilities	11,333,523	21,221,268
Adjustment for consolidation	(37,079)	(18,970,452)
	<b>1,773,403,160</b>	<b>1,498,793,757</b>

### 12 Share capital

#### 12.1 Authorized

200,000,000 no. of ordinary shares of Taka 10 each

**2,000,000,000**      **2,000,000,000**

#### 12.2 Issued, subscribed & paid up

11,000,000 ordinary shares of Taka 10 each issued  
for cash (opening capital and IPO)  
81,466,000 ordinary shares of Taka 10 each issued as right share  
78,612,600 Ordinary Shares of Taka 10 each issued as bonus share

110,000,000      110,000,000  
814,660,000      814,660,000  
786,126,000      786,126,000  
**1,710,786,000**      **1,710,786,000**

The detail history of raising of share capital of the company is given below:

Date	Particulars	Addition in		Cummulative	
		No. of shares	Amount of paid-up capital	No. of shares	Amount of paid-up capital
15-Jan-96	As per MOA & AOA	7	700	7	700
17-Mar-96	Allotted for cash	10,000	1,000,000	10,007	1,000,700
24-Nov-96	Allotted for cash	589,993	58,999,300	600,000	60,000,000
22-Sep-98	Bonus Shares	90,000	9,000,000	690,000	69,000,000
22-Jun-99	Bonus Shares	138,000	13,800,000	828,000	82,800,000
29-May-03	Bonus Shares	107,640	10,764,000	935,640	93,564,000
16-Jun-04	Bonus Shares	327,474	32,747,400	1,263,114	126,311,400
12-Jun-05	Bonus Shares	315,778	31,577,800	1,578,892	157,889,200
05-Jul-06	Bonus Shares	221,108	22,110,800	1,800,000	180,000,000
02-Sep-07	IPO shares	500,000	50,000,000	2,300,000	230,000,000
25-May-08	Bonus Shares	230,000	23,000,000	2,530,000	253,000,000
31-May-09	Bonus Shares	379,500	37,950,000	2,909,500	290,950,000
27-Jun-10	Bonus Shares	2,182,125	218,212,500	5,091,625	509,162,500
30-Mar-11	Bonus Shares	3,054,975	305,497,500	8,146,600	814,660,000
20-Oct-11	Rights Share	8,146,600	814,660,000	16,293,200	1,629,320,000
20-Nov-11	Share Split	146,638,800	-	162,932,000	1,629,320,000
10-May-12	Bonus Shares	8,146,600	81,466,000	171,078,600	1,710,786,000
<b>Total</b>		<b>171,078,600</b>	<b>1,710,786,000</b>		

The face value of share has been changed to Tk. 10 from Tk. 100 each effective from November 20, 2011

## Notes to the financial statements - continued

				<i>Amounts in Taka</i>	
				<b>At</b>	<b>At</b>
				<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>Composition of shareholdings</b>					
<b>Particulars</b>	<b>No. of shares</b>	<b>% of holding</b>	<b>Amount</b>		
<b>a) Corporate</b>	<b>45,792,771</b>	<b>26.77%</b>	<b>457,927,710</b>		
Shaw Wallace Bangladesh Limited	29,706,570	17.36%	297,065,700		
PHP Float Glass Industries Ltd.	3,422,049	2.00%	34,220,490		
Z. N. Enterprise	3,422,000	2.00%	34,220,000		
Eastern Bank Limited	3,421,572	2.00%	34,215,720		
Reliance Brokerage Services Limited	5,820,580	3.40%	58,205,800		
<b>b) Individual</b>	<b>53,989,546</b>	<b>31.56%</b>	<b>539,895,460</b>		
Mrs. Rosy Ahmad	1,288,452	0.75%	12,884,520		
Mr. Jamal Uddin Ahmad	5,320,308	3.11%	53,203,080		
Mr. Mahbub Jamil	244,776	0.14%	2,447,760		
Mrs. Tasmia Ambereen	30,848,160	18.03%	308,481,600		
Mrs. Anika Tehzeeb	14,727,250	8.61%	147,272,500		
Mr. Mohamed Ali Hossain	1,560,600	0.91%	15,606,000		
<b>c) General shareholders</b>	<b>71,296,283</b>	<b>41.67%</b>	<b>712,962,830</b>		
Institutions/corporate	18,901,999	11.05%	189,019,990		
Individual	51,725,078	30.23%	517,250,780		
Non-resident Bangladeshi	669,206	0.39%	6,692,060		
<b>Total (a+b+c)</b>	<b>171,078,600</b>	<b>100%</b>	<b>1,710,786,000</b>		

Classification of shareholders by holding as of December 31, 2013 as required by regulation 37 of the listing Regulations of Dhaka Stock Exchange Limited is stated below:

<b>Number of shares</b>		<b>Number of shareholders</b>	<b>Number of shares held</b>	<b>Percentage of shareholding</b>
Less than	500	3,227	457,838	0.27%
501	to 5,000	6,802	12,815,528	7.49%
5,001	to 10,000	1,055	7,624,460	4.46%
10,001	to 20,000	570	8,027,480	4.69%
20,001	to 30,000	216	5,251,602	3.07%
30,001	to 40,000	83	2,876,092	1.68%
40,001	to 50,000	47	2,103,285	1.23%
50,001	to 100,000	84	5,636,555	3.29%
100,001	to 500,000	63	12,980,083	7.59%
More than	500,000	25	113,305,677	66.23%
<b>Total</b>		<b>12,172</b>	<b>171,078,600</b>	<b>100%</b>

The shares were listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on September 16, 2007 and traded at Tk. 15.80 each at Dhaka Stock Exchange Limited and Tk. 15.90 each at Chittagong Stock Exchange Limited at the end of the year 2013.

### 12.3 Capital adequacy ratio (CAR)

In terms of section 6 of Financial Institutions Act 1993 with subsequent revisions and section 4 (Gha) of Financial Institutions Regulations 1994, the company as a financial institution is subject to minimum paid up capital requirement of Tk. 1,000 million as stipulated in DFIM Circular no.05, dated July 24, 2011. As per the requirement, the company has to have a minimum paid up capital of Tk. 1,000 million which is fulfilled by the company as shown below:

Paid up capital (note 12.2)	1,710,786,000	1,710,786,000
Add: Proposed bonus share for the year	-	-
	<b>1,710,786,000</b>	<b>1,710,786,000</b>
Minimum required paid up capital	1,000,000,000	1,000,000,000
<b>Excess in paid up capital</b>	<b>710,786,000</b>	<b>710,786,000</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At 31 Dec 2013</b>	<b>At 31 Dec 2012</b>
<p>As per DFIM Circular No. 08 dated August 02, 2010 and Prudential Guidelines on Capital Adequacy and Market Discipline (CAMD) for Financial Institutions issued by Bangladesh Bank, the company as a financial institution should maintain a Capital Adequacy ratio (CAR) of minimum 10% of its Risk weighted Assets (RWA) where Tier-I Capital is not less than 5% of the Risk Weighted Assets (RWA). Required capital of the company at the close of the business on December 31, 2013 was Taka 1,708,542,192.59 as against available core capital of Taka 2,100,031,622 and supplementary capital of Taka 137,120,000 making a total capital of Taka 2,237,151,622 thereby showing a surplus capital of Taka 528,609,429 at that date. Details are shown below:</p>			
<b>a)</b>	<b>Core capital (Tier-I)</b>		
	Paid-up capital (note-12.2)	1,710,786,000	1,710,786,000
	Statutory reserve (note-13)	297,479,000	276,077,000
	Retained earnings/surplus (note-14)	91,766,622	91,700,491
	<b>Total eligible/actual tier-I capital</b>	<b>2,100,031,622</b>	<b>2,078,563,491</b>
<b>b)</b>	<b>Supplementary capital (Tier-II)</b>		
	General Provision (Unclassified loans up to specified limit+SMA+ off balance sheet exposure)	137,120,000	130,774,524
	<b>Total eligible/actual tier-II capital</b> (Maximum up to 100% of total eligible tier-1 capital)	<b>137,120,000</b>	<b>130,774,524</b>
<b>A)</b>	<b>Total eligible/actual capital maintained (a+b)</b>	<b>2,237,151,622</b>	<b>2,209,338,015</b>
	Total assets including off-balance sheet exposures	17,457,839,027	16,569,928,240
<b>B)</b>	Total risk weighted assets	17,085,421,926	16,056,364,980
<b>C)</b>	<b>Required capital based on risk weighted assets (10% on B)</b>	<b>1,708,542,193</b>	<b>1,605,636,498</b>
	<b>Total capital surplus (A-C)</b>	<b>528,609,429</b>	<b>603,701,517</b>
	<b>Capital adequacy ratio (CAR) based on Basel II framework</b>	<b>13.09%</b>	<b>13.76%</b>

### 13 Statutory reserve

Balance as at 01 January 2013	276,077,000	253,703,000
Addition during the year	21,402,000	22,374,000
<b>Balance as at 31 December 2013</b>	<b>297,479,000</b>	<b>276,077,000</b>

As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, statutory reserve has to keep at least 20% of profit for the year and to be continued to build up at this rate, till the reserve equates the paid up capital of the company unless otherwise advised. As per this regulatory requirement the company has to transfer Tk. 21,401,486 to Statutory Reserve Fund for the year 2013. During the year the Company has transferred Tk. 21,402,000 to the Statutory Reserve Fund from current year's profit.

### 14 Retained earnings/surplus

Balance as at 01 January	91,700,491	83,674,673
Less: cash dividend for last year	85,539,300	-
Less: issue of bonus share for last year	-	81,466,000
	<b>6,161,191</b>	<b>2,208,673</b>
Retained surplus for the year	85,605,430	89,491,818.78
	<b>91,766,622</b>	<b>91,700,491</b>

### 14(a) Consolidated retained earnings/surplus

Balance as at 01 January	97,987,602	85,545,349
Less: cash dividend for last year	85,539,300	-
Less: issue of bonus share for last year	-	81,466,000
	<b>12,448,302</b>	<b>4,079,349</b>
Retained surplus for the year	95,342,891	36,908,366
Less : Transferred to/(from) tax provision of ILSL	-	(56,999,886)
	<b>107,791,193</b>	<b>97,987,602</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>15</b>	<b>Minority interest</b>		
	<b>a) Share capital</b>		
	International Leasing Securities Limited	300	300
	Hongkong Bangladesh Securities Limited	300	300
	IL Capital Limited	20,100	20,100
		<b>20,700</b>	<b>20,700</b>
	<b>b) Retained earnings/surplus as at 1st January</b>		
	International Leasing Securities Limited	91	61
	Hongkong Bangladesh Securities Limited	60	30
	IL Capital Limited	473	-
		<b>624</b>	<b>91</b>
	<b>c) Retained surplus for the year</b>		
	International Leasing Securities Limited	16	66
	Hongkong Bangladesh Securities Limited	19	30
	IL Capital Limited	2,198	473
		<b>2,233</b>	<b>569</b>
	<b>d) Transferred from/(to) tax provision of ILSL</b>	-	114
	<b>e) Cash dividend paid by ILSL</b>	-	(150)
	<b>f) Distribution for HBSL winding up</b>	(379)	-
	<b>g) Cash dividend paid by ILCL</b>	(804)	-
	<b>Balance as at December 31 (a+b+c+d+e+f+g)</b>	<b>22,373</b>	<b>21,324</b>
<b>16</b>	<b>Net asset value per share</b>		
	Total assets	16,644,261,986	15,958,351,199
	Total liabilities	14,544,230,364	13,879,787,707
	<b>Net asset</b>	<b>2,100,031,622</b>	<b>2,078,563,491</b>
	Number of share outstanding	171,078,600	171,078,600
	<b>Net asset value per share (2012 - Restated)</b>	<b>12.28</b>	<b>12.15</b>
<b>16(a)</b>	<b>Consolidated net asset value per share</b>		
	Total assets	17,544,230,029	16,590,839,058
	Total liabilities	15,428,173,836	14,505,988,457
	<b>Net asset</b>	<b>2,116,056,193</b>	<b>2,084,850,602</b>
	Number of share outstanding	171,078,600	171,078,600
	<b>Net asset value per share (2012 - Restated)</b>	<b>12.37</b>	<b>12.19</b>
<b>17</b>	<b>Contingent liabilities</b>		
	<b>17.1 Letters of guarantee</b>		
	Letters of guarantee (local)	750,000,000	550,000,000
	Letters of guarantee (foreign)	-	-
	Counter guarantees	63,577,041	61,577,041
		<b>813,577,041</b>	<b>611,577,041</b>
	Money for which the Company is contingently liable in respect of guarantees given favoring:		
	Banks and other financial institutions	313,577,041	111,577,041
	Others - DSE	500,000,000	500,000,000
		<b>813,577,041</b>	<b>611,577,041</b>

## Notes to the financial statements - continued

	<i>Amounts in Taka</i>	
	<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>18 Statement of comprehensive income</b>		
<b>a) Income:</b>		
Interest, discount and similar income (note 18.1)	2,245,533,586	1,992,864,258
Dividend income (note 21.1)	10,506,514	103,084,425
Fees, commission and brokerage (note 22)	5,002,786	4,023,188
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 (note 23)	7,052,727	1,331,329
Profit less losses on interest rate changes	-	-
	<b>2,268,095,613</b>	<b>2,101,303,200</b>
<b>b) Expenses:</b>		
Interest, fee and commission, etc (note 20)	1,889,766,791	1,932,970,585
Losses on loans and advances	-	-
Administrative expenses (note 18.2)	82,174,994	76,612,516
Other operating expenses (note 33)	11,628,123	14,884,877
Depreciation/amortisation on assets (note 32)	10,880,350	9,554,340
	<b>1,994,450,258</b>	<b>2,034,022,318</b>
<b>Profit before provisions (a-b)</b>	<b>273,645,355</b>	<b>67,280,882</b>
<b>18.1 Interest, discount and similar income</b>		
Interest income - Lease	477,592,592	350,426,232
Interest income - time loan	1,069,428,585	865,335,450
Interest income - work order loan	1,676,243	3,004,058
Interest income - home loan	111,384,216	125,703,042
Interest income - short term loan	451,486,688	493,529,387
Interest income - staff loan	3,410,877	2,767,717
Interest income - deposit with banks/FIs	64,396,901	128,094,674
Coupon income - government treasury bonds	64,899,241	65,220,209
Gain/(loss) on sale of shares	1,258,244	(41,216,511)
	<b>2,245,533,586</b>	<b>1,992,864,258</b>
<b>18.2 Administrative expenses</b>		
Salary and allowances	51,080,670	45,663,527
Rent, taxes, insurance and electricity	11,048,919	11,015,210
Legal expenses	1,415,796	2,041,787
Postage, stamp and telecommunication	1,524,692	1,339,166
Stationery, printing and advertisement	4,450,812	4,577,189
Managing Director's salary and benefits	7,160,000	7,160,000
Directors' fees	943,000	914,250
Auditors' fees	253,000	230,000
Repair of the Company's assets	4,298,105	3,671,387
	<b>82,174,994</b>	<b>76,612,516</b>
<b>19 Interest income</b>		
Interest income - lease	477,592,592	350,426,232
Interest income - time loan	1,069,428,585	865,335,450
Interest income - work order and Factoring loan	1,676,243	3,004,058
Interest income - home loan	111,384,216	125,703,042
Interest income - short term loan	451,486,688	493,529,387
Interest income - staff loan	3,410,877	2,767,717
Coupon income - government treasury bonds	64,899,241	65,220,209
Interest income - fixed deposit with banks	63,382,577	125,869,926
Interest income - balance with banks	1,014,324	2,224,748
	<b>2,244,275,342</b>	<b>2,034,080,769</b>



## Notes to the financial statements - continued

	<i>Amounts in Taka</i>	
	<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>19(a) Consolidated interest income</b>		
International Leasing and Financial Services Limited	1,880,796,870	1,626,396,395
<i>Interest income</i>	2,244,275,342	2,034,080,769
<i>Adjustment for consolidation</i>	(363,478,472)	(407,684,374)
International Leasing Securities Limited	497,915,631	521,702,980
Hong Kong Bangladesh Securities Limited	-	-
<i>Interest income</i>	829,269	1,676,124
<i>Adjustment for consolidation</i>	(829,269)	(1,676,124)
IL Capital Limited	275,036	-
<i>Interest income</i>	28,477,531	15,365,048
<i>Adjustment for consolidation</i>	(28,202,495)	(15,365,048)
	<b>2,378,987,537</b>	<b>2,148,099,375</b>
<b>20 Interest expense on deposits and borrowings etc.</b>		
<b>a) Interest expense on deposits</b>		
Interest on term deposits, bank and financial institutions	557,046,897	495,762,570
Interest on term deposits, other than bank and financial institutions	802,866,318	778,981,346
Direct deposit expenses	36,778,547	19,923,492
Interest expense on security deposits (interest bearing)	83,634,890	57,489,222
	<b>1,480,326,652</b>	<b>1,352,156,631</b>
<b>b) Interest expense on borrowings</b>		
Interest on call borrowing	35,210,070	77,181,111
Interest on short-term borrowing	19,946,736	63,830,903
Interest on long-term borrowing	292,300,727	331,044,560
Interest on borrowing under refinancing scheme	3,254,634	3,667,752
Interest on bank overdraft	1,673,122	28,664,408
Interest expense on REPO liability	56,785,615	76,259,709
Finance charge for obligation under finance lease	269,235	165,511
	<b>409,440,139</b>	<b>580,813,954</b>
<b>Total (a+b)</b>	<b>1,889,766,791</b>	<b>1,932,970,585</b>
<b>20(a) Consolidated Interest expense on deposits and borrowings etc.</b>		
<b>a) Interest expense on deposits</b>		
International Leasing and Financial Services Limited	1,451,294,888	1,335,115,459
<i>Interest expense on deposits</i>	1,480,326,652	1,352,156,631
<i>Adjustment for consolidation</i>	(29,031,764)	(17,041,172)
	<b>1,451,294,888</b>	<b>1,335,115,459</b>
<b>b) Interest expense on borrowings</b>		
International Leasing and Financial Services Limited	409,440,139	580,813,954
International Leasing Securities Limited	135,161,512	89,414,304
<i>Interest expense on borrowings</i>	497,745,445	491,655,692
<i>Adjustment for consolidation</i>	(362,583,933)	(402,241,388)
IL Capital Limited	527,400	178,025
<i>Interest expense on borrowings</i>	1,421,939	5,621,011
<i>Adjustment for consolidation</i>	(894,539)	(5,442,986)
	<b>545,129,051</b>	<b>670,406,283</b>
	<b>1,996,423,939</b>	<b>2,005,521,742</b>
<b>21 Investment income</b>		
Dividend income (note- 21.1)	10,506,514	103,084,425
Gain/(loss) on bonds and shares	1,258,244	(41,216,511)
	<b>11,764,758</b>	<b>61,867,914</b>
<b>21.1 Dividend income</b>		
Dividend income from investment in subsidiary Co.	9,999,196	99,999,850
Dividend income from investment in quoted shares	507,318	3,084,575
	<b>10,506,514</b>	<b>103,084,425</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>21(a)</b>	<b>Consolidated investment income</b>		
	International Leasing and Financial Services Limited	1,765,562	(38,131,936)
	<i>Investment income</i>	11,764,758	61,867,914
	<i>Adjustment for consolidation</i>	(9,999,196)	(99,999,850)
	International Leasing Securities Limited	4,025,025	3,144,095
	IL Capital Limited	1,910,803	-
		<b>7,701,390</b>	<b>(34,987,841)</b>
<b>22</b>	<b>Commission, fees, exchange and brokerage</b>		
	Underwriting Commission - government treasury bonds and bills	-	18,750
	Processing fees - leases	699,169	801,715
	Processing fees - time loan	3,695,660	1,205,017
	Processing fees - work order	37,188	-
	Processing fees - home loan	-	1,055,000
	Guarantee commission	570,770	942,706
		<b>5,002,786</b>	<b>4,023,188</b>
<b>22(a)</b>	<b>Consolidated commission, fees, exchange and brokerage</b>		
	International Leasing and Financial Services Limited	5,002,786	4,023,188
	International Leasing Securities Limited	87,380,544	119,725,619
	<i>Commission, fees, exchange and brokerage</i>	87,497,696	119,725,619
	<i>Adjustment for consolidation</i>	(117,153)	-
	IL Capital Limited	15,921	-
		<b>92,399,250</b>	<b>123,748,807</b>
	Consolidated fees, commission and brokerage from International Leasing Securities Limited represents net brokerage income.		
<b>23</b>	<b>Other operating income</b>		
	Gain on sale of leased assets	1,002,920	1,240,396
	Gain on sale of fixed assets	996,996	24,490
	Income from written-off accounts	4,734,533	-
	Miscellaneous income	318,278	66,443
		<b>7,052,727</b>	<b>1,331,329</b>
<b>23(a)</b>	<b>Consolidated other operating income</b>		
	International Leasing and Financial Services Limited	7,052,727	1,331,329
	International Leasing Securities Limited	2,251,612	2,531,236
		<b>9,304,339</b>	<b>3,862,565</b>
<b>24</b>	<b>Salary and allowances</b>		
	Basic salary and other allowances	46,216,206	41,224,110
	Company's contribution to provident fund	2,078,313	1,824,209
	Gratuity	2,786,152	2,615,208
		<b>51,080,670</b>	<b>45,663,527</b>
<b>24(a)</b>	<b>Consolidated salary and allowances</b>		
	International Leasing and Financial Services Limited	51,080,670	45,663,527
	International Leasing Securities Limited	31,171,406	27,776,567
	IL Capital Limited	4,908,530	1,704,727
		<b>87,160,606</b>	<b>75,144,821</b>
<b>25</b>	<b>Rent, taxes, insurance and electricity</b>		
	Rent, rate and taxes	8,974,379	9,142,576
	Insurance	614,789	619,271
	Electricity, gas and water	1,459,752	1,253,363
		<b>11,048,919</b>	<b>11,015,210</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>25a) Consolidated rent, taxes, insurance and electricity</b>			
	International Leasing and Financial Services Limited	11,048,919	11,015,210
	International Leasing Securities Limited	14,288,504	15,784,249
	IL Capital Limited	802,786	256,111
		<b>26,140,209</b>	<b>27,055,570</b>
<b>26 Legal expenses</b>			
	Legal expenses	1,415,796	965,287
	Other professional charges	-	1,076,500
		<b>1,415,796</b>	<b>2,041,787</b>
<b>26(a) Consolidated legal expenses</b>			
	International Leasing and Financial Services Limited	1,415,796	2,041,787
	International Leasing Securities Limited	331,250	280,480
	Hong Kong Bangladesh Securities Limited	218,750	-
		<b>1,965,796</b>	<b>2,322,267</b>
<b>27 Postage, stamp and telecommunication</b>			
	Postage, stamp, internet	716,466	581,411
	Telephone	808,226	757,755
		<b>1,524,692</b>	<b>1,339,166</b>
<b>27(a) Consolidated postage, stamp and telecommunication</b>			
	International Leasing and Financial Services Limited	1,524,692	1,339,166
	International Leasing Securities Limited	919,039	867,741
	IL Capital Limited	354,931	58,938
		<b>2,798,662</b>	<b>2,265,844</b>
<b>28 Stationery, printing and advertisements</b>			
	Printing and stationery	3,343,814	2,750,839
	Publicity and advertisement	1,106,998	1,826,350
		<b>4,450,812</b>	<b>4,577,189</b>
<b>28(a) Consolidated stationery, printing and advertisements</b>			
	International Leasing and Financial Services Limited	4,450,812	4,577,189
	International Leasing Securities Limited	1,360,894	1,242,308
	IL Capital Limited	328,211	160,160
		<b>6,139,916</b>	<b>5,979,657</b>
<b>29 Managing Director's salary and benefits</b>			
	Remuneration	4,940,000	4,940,000
	Other benefits	2,220,000	2,220,000
		<b>7,160,000</b>	<b>7,160,000</b>
<b>30 Directors' fees and meeting expenses</b>			
	Directors' fee for attending board meeting (note 30.1)	661,250	672,750
	Executive Committee members' fee for attending EC meeting	126,500	92,000
	Audit Committee members' fee for attending AC meeting	155,250	149,500
		<b>943,000</b>	<b>914,250</b>
	<b>30.1</b> Directors board meeting fee for attending each board meeting during the year was Tk. 5,000 per director. No director has been paid any remuneration for any special service rendered.		
<b>30(a) Consolidated directors' fees and meeting expenses</b>			
	International Leasing and Financial Services Limited	943,000	914,250
	International Leasing Securities Limited	394,937	469,964
	IL Capital Limited	201,250	97,750
		<b>1,539,187</b>	<b>1,481,964</b>
<b>31 Auditors' fees</b>			
	Statutory audit fee	253,000	230,000
		<b>253,000</b>	<b>230,000</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>31(a) Consolidated auditors' fees</b>			
	International Leasing and Financial Services Limited	253,000	230,000
	International Leasing Securities Limited	66,122	85,200
	Hong Kong Bangladesh Securities Limited	-	57,500
	IL Capital Limited	28,750	28,750
		<b>347,872</b>	<b>401,450</b>
<b>32 Depreciation, amortisation and repair of assets</b>			
<b>a) Depreciation - (see annexure-B for detail)</b>			
	Motor vehicles	4,717,186	3,551,090
	Motor vehicles - leasehold	470,087	691,975
	Office decoration	2,335,922	2,349,388
	Office equipment	1,320,909	1,666,991
	Furniture and fixtures	662,785	585,492
	Computer accessories	1,373,461	709,404
		<b>10,880,350</b>	<b>9,554,340</b>
<b>b) Amortisation</b>	Deferred expenses	-	-
<b>c) Repairs</b>			
	Office equipment	409,537	287,419
	Vehicles	3,888,568	3,383,968
		<b>4,298,105</b>	<b>3,671,387</b>
<b>Total (a+b+c)</b>		<b>15,178,455</b>	<b>13,225,727</b>
<b>32(a) Consolidated depreciation, amortisation and repair of assets</b>			
<b>a) Depreciation - (see annexure-B(a) for detail)</b>			
	International Leasing and Financial Services Limited	10,880,350	9,554,340
	International Leasing Securities Limited	8,003,951	8,390,108
	Hong Kong Bangladesh Securities Limited	-	1
	IL Capital Limited	3,221,323	3,139,998
		<b>22,105,624</b>	<b>21,084,447</b>
<b>b) Amortisation</b>			
	International Leasing and Financial Services Limited	-	-
	International Leasing Securities Limited	-	-
	Hong Kong Bangladesh Securities Limited	-	-
	IL Capital Limited	-	-
<b>c) Repairs</b>			
	International Leasing and Financial Services Limited	4,298,105	3,671,387
	International Leasing Securities Limited	758,391	588,929
	Hong Kong Bangladesh Securities Limited	-	-
	IL Capital Limited	108,660	157,956
		<b>5,165,156</b>	<b>4,418,273</b>
<b>Total (a+b+c)</b>		<b>27,270,780</b>	<b>25,502,719</b>
<b>33 Other expenses</b>			
	Fuel expenses for vehicles	1,350,377	1,132,904
	Office maintenance	979,448	739,434
	Training expenses	276,213	117,779
	Books, magazines and newspapers	26,088	24,165
	Fees and subscription	2,982,491	7,949,400
	Bank and security account charges	492,411	498,474
	Entertainment	794,159	752,820
	CIB service charge	29,700	42,940
	Business development expenses	3,759,793	2,675,051
	Travelling and conveyance expenses	937,443	951,911
		<b>11,628,123</b>	<b>14,884,877</b>

## Notes to the financial statements - continued

Amounts in Taka

**Year ended  
31 Dec 2013**      **Year ended  
31 Dec 2012**

All expenses other than those specifically categorized by Bangladesh Bank through DFIM Circular No. 11 dated December 23, 2009 are shown under the heading of other expenses.

### 33(a) Consolidated other expenses

International Leasing and Financial Services Limited	11,510,970	14,884,877
Other expenses	11,628,123	14,884,877
Adjustment for consolidation	(117,153)	-
International Leasing Securities Limited	10,308,294	7,823,109
Hong Kong Bangladesh Securities Limited	22,750	24,699
IL Capital Limited	1,178,560	372,831
	<b>23,020,574</b>	<b>23,105,516</b>

### 34 Provision against leases, loans and advances

On classified leases, loans and advances	33,050,211	(38,432,632)
On un-classified leases, loans and advances	6,345,476	(9,266,876)
	<b>39,395,687</b>	<b>(47,699,509)</b>

Provision for classified and unclassified leases, loans and advances has been made on the basis of analysis of portfolio made by the Management of the Company as per FID Circular No. 08 of 2002 and amended from time to time by the Department of Financial Institutions and Markets (DFIM) of Bangladesh Bank. A provision of Tk. 39,395,687 has been made for the year 2013 which is considered to be adequate by the Management of the Company.

### 34(a) Consolidated Provision against leases, loans and advances

International Leasing and Financial Services Limited	39,395,687	(47,699,509)
International Leasing Securities Limited	-	-
	<b>39,395,687</b>	<b>(47,699,509)</b>

### 35 Provision for diminution in value of investments

#### Shares

Provision for quoted shares	9,604,313	(17,502,313)
Provision for un-quoted shares	-	-
	<b>9,604,313</b>	<b>(17,502,313)</b>

### 35(a) Consolidated Provision for diminution in value of investments

#### Shares

International Leasing and Financial Services Limited	9,604,313	(17,502,313)
International Leasing Securities Limited	1,437,100	14,525,619
IL Capital Limited	590,113	-
	<b>11,631,526</b>	<b>(2,976,694)</b>

### 36 Provision for tax

Current tax	119,652,483	22,685,000
Deferred tax	(2,014,559)	(2,068,115)
	<b>117,637,924</b>	<b>20,616,885</b>

### 36.1 Average effective tax rate

The average effective tax rate is calculated below as per Bangladesh Accounting Standard 12 "Income Tax"

Accounting profit before provision and tax	273,645,355	67,280,882
Tax expense	117,637,924	20,616,885
<b>Average effective tax rate</b>	<b>42.99%</b>	<b>30.64%</b>

In the year 2012, provision for tax on dividend income has been made @ 20%. Since, there is loss excluding dividend income no additional tax provision is required.

## Notes to the financial statements - continued

<i>Amounts in Taka</i>	
<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>

### 36(a) Consolidated Provision for tax

International Leasing and Financial Services Limited	117,637,924	20,616,885
International Leasing Securities Limited	16,724,060	33,547,450
Hong Kong Bangladesh Securities Limited	(37,045)	597,730
IL Capital Limited	6,325,700	1,412,556
	<b>140,650,639</b>	<b>56,174,621</b>

### 36(a).1 Consolidated average effective tax rate

The average effective tax rate is calculated below as per Bangladesh Accounting Standard 12 "Income Tax"

Accounting profit before provision and tax	308,424,976	64,781,355
Tax expense	140,650,639	56,174,621
<b>Average effective tax rate</b>	<b>45.60%</b>	<b>86.71%</b>

### 37 Earnings Per Share (EPS)

#### Basic earnings per share have been calculated as under:

Earning attributable to ordinary shareholders (profit after tax)	107,007,431	111,865,819
Weighted average number of ordinary shares outstanding during the year	171,078,600	171,078,600
<b>Earning per share (EPS) (2012 - Restated)</b>	<b>0.63</b>	<b>0.65</b>

No diluted earnings per share is required to be calculated for the year as there was no convertible securities for dilution during the year.

### 37(a) Consolidated Earnings Per Share (EPS)

#### Basic earnings per share have been calculated as under:

Earning attributable to ordinary shareholders (profit after tax)	116,744,891	59,282,366
Weighted average number of ordinary shares outstanding during the year	171,078,600	171,078,600
<b>Earning per share (EPS) (2012 - Restated)</b>	<b>0.68</b>	<b>0.35</b>

### 38 Disclosure on Audit committee

The Audit Committee comprises of the following

Name	Status with the Company	Status with the Committee	Educational Qualification
Mr. C. K. Hyder	Independent Director	Chairman	Post graduate in Commerce&Law
Mr. M. Nurul Alam	Director	Member	MBA from Institute of Business Administration(DU).
Mr. A. Q. I. Chowdhury, OBE	Director	Member	BAF.
Mr. Md. Mizanur Rahman Bhuiyan	Director	Member	Fellow of the Institute of Chartered Accountants of Bangladesh.
Mr. Mizanur Rahman	Director	Member	BA(Hons) in Economics from University of Dhaka and is an Associate of the Institute of Bankers (UK).
Mr. Nehal Ahmed	Additional Managing Director & Company Secretary	Secretary	Fellow of the Institute of Chartered Accountants of Bangladesh.

## Notes to the financial statements - continued

During the year 2013 Audit Committee Meeting hold 7 nos. of meeting and transacted the business as stated below:

SL. Meeting			
No.	No.	Date	Business transacted
1	24th	01/Apr/13	1) Reviewed the draft audited financial statements for the year ended 31 December 2012 and recommended to the Board for consideration after holding meeting with the representatives of the External Auditors.
2	25th	12/May/13	2) Reviewed and approved Internal Audit plan for the year 2013.
3	26th	06/Jun/13	3) Reviewed the un-audited Quarterly and Half Yearly financial statements to evaluate the performance and recommended to the Board for consideration and onward submission to the shareholder and publication as per statutory requirement.
4	27th	09/Jul/13	4) Reviewed required MIS reports prepared by the management to evaluate the business performance.
5	28st	24/Jul/13	5) Reviewed internal audit findings with a view to take timely corrective actions.
6	29th	22/Sep/13	6) Reviewed internal control culture assessed by the Bangladesh Bank.
7	30th	22/Oct/13	7) Reviewed the comprehensive inspection report of the Bangladesh Bank and recommended the management to take necessary corrective actions. 8) Recommended to the Board for appointment of Statutory Auditor for the year 2013 and fixation of their remuneration.

### 39 Related party disclosures

#### 39.1 Particulars of directors of the Company as of December 31, 2013

Sl. No.	Name of Directors	Designation	Shareholding Status
1	Mr. Mahbub Jamil	Chairman	Holds 0.14% shares
2	Mr. Mizanur Rahman	Director	} Nominated by Shaw Wallace Bangladesh Limited holds 17.36% shares
3	Mr. M. Nurul Alam	Director	
4	Mr. A. Q. I. Chowdhury OBE	Director	
5	Mr. Masudul Hoque Sardar	Director	} Nominated by Z.N. Enterprise Limited holds 2% shares
6	Mr. Md. Mahfuzur Rahman Bhuiyan	Director	Nominated by PHP Float Glass Limited holds 2% shares
7	Mr. Ali Reza Iftekhar	Director	Nominated by Eastern Bank Limited holds 2% shares
8	Mr. Jamal Uddin Ahmad	Director	Holds 3.11% shares
9	Mr. A. K. M. Nozmul Haque	Director	Nominated by Reliance Brokerage Services Ltd. holds 3.40% shares
10	Mr. C. K. Hyder	Independent Director	Not Applicable
11	Mr. Mustafizur Rahman	Managing Director	Not applicable, Ex-officio capacity

## Notes to the financial statements - continued

### 39.2 Name of Directors and their interest in different entities as on December 31, 2013

Sl. No.	Name of Directors	Status with the Company	Entities where they are Interested
1	Mr. Mahbub Jamil	Chairman	<b>Chairman:</b> 1) Singer Bangladesh Limited 2) IL Capital Limited (01.01.2013) 3) ICE Retail Initiative Limited <b>Advisor:</b> ROBI Axiata Limited
2	Mr. Mizanur Rahman	Director	<b>Trustee:</b> A F Mujibur Rahman Fondation <b>Director:</b> 1) IL Capital Limited 2) Shaw Wallace Bangladesh Limited 3) SW Shipping Limited 4) National Housing Finance & Investments Limited
3	Mr. M. Nurul Alam	Director	<b>Managing Director :</b> 1) Shaw Wallace Bangladesh Limited 2) SW Shipping Limited <b>Director:</b> 1) International Leasing Securities Limited 2) SW Multimedia Limited
4	Mr. A. Q. I. Chowdhury OBE	Director	<b>Chairman:</b> Royal Capital Limited <b>Managing Director:</b> 1) JF (Bangladesh) Limited 2) The Consolidated Tea & Lands Co. (BD) Limited 3) Baraooora Sylhet Tea Co. Limited 4) Consolidated Tea & Plantation Limited 5) Artisan Ceramics Ltd. 6) Finlay (International) Ltd. <b>Director:</b> 1) Eastern Bank Limited 2) Finlay Properties Limited
5	Mr. Masudul Hoque Sardar	Director	<b>Vice President &amp; Head of Finance</b> Eastern Bank Limited
6	Mr. Md. Mahfuzur Rahman Bhuiyan	Director	<b>Executive Director - Business Development</b> PHP Group
7	Mr. Ali Reza Iftekhar	Director	<b>Managing Director:</b> Eastern Bank Limited <b>Director:</b> 1) EBL Investments Limited 2) EBL Securities Limited 3) EBL Finance (HK) Limited 4) EBL Asset Management Limited 5) The Bangladesh Rating Agency Limited.



## Notes to the financial statements - continued

Sl. No.	Name of Directors	Status with the Company	Entities where they are Interested
8	Mr. Jamal Uddin Ahmad	Director	<b>Senior Partner:</b> Ahmad Akhter & Co. Chartered Accountants <b>Chairman:</b> 1) JAROMS Industires Limited 2) JAROMS Consultants Limited 3) Credit Rating & Information Services Limited
9	Mr. A.K.M. Nozmul Haque	Director	<b>Independent Director:</b> Prime Insurance Company Limited
10	Mr. C. K. Hyder	Independent Director	<b>Chairman</b> International Leasing Securities Limited <b>Independent Director</b> Singer Bangladesh Limited
11	Mr. Mustafizur Rahman	Managing Director	

				<i>Amounts in Taka</i>	
				Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>39.3 Transactions with directors and their related entities</b>					
Name of the party	Name of the director	Relationship	Nature of transaction	2013	2012
Mr. Jamal Uddin Ahmad	Mr. Jamal Uddin Ahmad	Self	Loan against Term Deposit	-	14,658,486
Mr. Jamal Uddin Ahmad	Mr. Jamal Uddin Ahmad	Self	Term Deposit	-	(10,044,110)
Mrs. Rosy Ahmad	Mr. Jamal Uddin Ahmad	Wife	Loan against Term Deposit	37,105,149	-
Mr. Jamal Uddin Ahmad & Mrs. Rosy Ahmad	Mr. Jamal Uddin Ahmad	Self	Term Deposit	(58,723,350)	-
JAROMS Industries Ltd.	Mr. Jamal Uddin Ahmad	Common Director	Lease/Loan	39,879,818	62,031,634
Mr. Mahbub Jamil	Mr. Mahbub Jamil	Self	Loan against Term Deposit	6,218,958	-
Mr. Mahbub Jamil	Mr. Mahbub Jamil	Self	Term Deposit	(20,870,038)	(20,000,000)
Mr. Rubaiyat Jamil	Mr. Mahbub Jamil	Son	Loan against Term Deposit	1,647,219	1,387,937
Mr. Rubaiyat Jamil	Mr. Mahbub Jamil	Son	Term Deposit	(2,560,278)	(2,565,822)
Ms. Nahar Jamil	Mr. Mahbub Jamil	Wife	Term Deposit	(14,043,983)	(13,150,595)
Ms. Aditi Jamil	Mr. Mahbub Jamil	Daughter	Term Deposit	(1,804,698)	(3,430,408)
Mr. Mizanur Rahman	Mr. Mizanur Rahman	Self	Term Deposit	(35,102,269)	(31,573,742)
S.W. Shipping Ltd.	Mr. Mizanur Rahman & Mr. M. Nurul Alam	Common Director	Term Deposit	(32,670,000)	(24,096,322)

## Notes to the financial statements - continued

<i>Amounts in Taka</i>	
<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>

### 40 Events after the reporting period Dividend for the year - 2013

The Board of Directors at their 161st meeting held on April 16, 2014 recommended to the shareholders, 5% cash dividend amounting to Tk. 85,539,300 (i.e. Taka 0.50 for every 1 fully paid share held at the record date) subject to the approval of the shareholders at the 18th Annual General Meeting (AGM) scheduled to be held on May 29, 2014.

#### Proposed dividend consists of:

Cash	85,539,300	85,539,300
Bonus share	-	-
	<b>85,539,300</b>	<b>85,539,300</b>

#### Proposed dividend will be distributed from:

Retained surplus for the year	85,539,300	85,539,300
Past accumulated retained earnings/surplus	-	-
	<b>85,539,300</b>	<b>85,539,300</b>

There is no event which may require adjustment or disclosure other than those disclosed.

### 41 Capital expenditure commitments

There was no capital expenditure commitment contracted as at December 31, 2013

### 42 Claim against Company not acknowledged as debt

There was no such claims against the Company which require to be acknowledged as debt as at December 31, 2013

### 43 Number of employees

Number of employees engaged for the whole year and drawing remuneration of Tk. 36,000 and above per annum was 59.

### 44 Interim financial statements


The Company publishes its interim financial statements quarterly as required by the Bangladesh Securities and Exchange Commission.

### 45 Restriction on payment of cash dividend

As per DFIM circular no. 5 dated July 24, 2011 of Bangladesh Bank, a non-banking financial institution cannot declare cash dividend if its capital is below the required level of 1,000 million. The Company has meet the requirement of Bangladesh Bank and has no such restriction.

### 46 Approval of the financial statements

These financial statements were authorized for issue by the Board of Directors of the Company on 16 April 2014.



**Mahbub Jamil**  
Chairman



**Mustafizur Rahman**  
Managing Director



**Nehal Ahmed FCA**  
Company Secretary

## INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

## Schedule of investment in shares (Quoted)

Name of the company	Category of Share	Face value	No. of Share	Cost as of 31-Dec-13	Average cost	Quoted rate per share as of 31-Dec-13	Total market value as of 31-Dec-13	Unrealized Gain / (Loss) as of 31-Dec-13	Provision for Loss	Amounts in Taka
Beximco Limited	A	10	73,312	6,643,030	90.61	32.20	2,360,646	(4,282,383)	4,282,383	
BSRM Steels Limited	A	10	128,415	18,006,229	140.22	68.70	8,822,111	(9,184,119)	9,184,119	
Lafarge Surma Cement Ltd.	Z	10	2,000	84,595	42.30	33.50	67,000	(17,595)	17,595	
LR Global BD Mutual Fund One	A	10	5,176,376	49,920,000	9.64	7.30	37,787,545	(12,132,455)	12,132,455	
Progressive Life Insurance Co. Ltd.	A	10	139,240	20,719,859	148.81	113.80	15,845,512	(4,874,347)	4,874,347	
<b>Total</b>				<b>95,373,713</b>			<b>64,882,814</b>	<b>(30,490,899)</b>	<b>30,490,899</b>	

**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED**  
Schedule of fixed assets

Amounts in Taka

Particulars	COST				DEPRECIATION				Written down value at 31 Dec 2013	
	Balance at 01, Jan 2013	Addition during the Year	Disposal during the Year	Balance at 31, Dec 2013	Rate (%)	Balance at 01, Jan 2013	Charged during the Year	Adjustment during the Year		Balance at 31, Dec 2013
Motor vehicles	18,255,448	6,630,479	-	24,885,927	20	12,076,298	4,717,186	-	16,793,485	8,092,442
Motor vehicles - leasehold	2,500,000	-	2,500,000	-	-	2,029,913	470,087	2,500,000	-	-
Office decoration	22,220,963	243,288	323,061	22,141,190	15	11,305,391	2,335,923	80,766	13,560,548	8,580,642
Office equipment	11,235,332	-	-	11,235,332	20	6,965,539	1,391,021	70,112	8,286,447	2,948,885
Furniture and fixtures	5,341,068	973,890	-	6,314,958	15	3,549,336	662,785	-	4,212,121	2,102,837
Computer Accessories	3,538,365	623,628	-	4,161,993	33	717,404	1,373,460	-	2,090,864	2,071,129
<b>Total as at December 31, 2013</b>	<b>63,091,176</b>	<b>8,471,285</b>	<b>2,823,061</b>	<b>68,739,400</b>		<b>36,643,881</b>	<b>10,950,462</b>	<b>2,650,878</b>	<b>44,943,465</b>	<b>23,795,935</b>
<b>Total as at December 31, 2012</b>	<b>44,808,606</b>	<b>19,817,667</b>	<b>1,535,097</b>	<b>63,091,176</b>		<b>27,720,878</b>	<b>9,554,340</b>	<b>631,337</b>	<b>36,643,881</b>	<b>26,447,295</b>

**INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES**  
**Schedule of consolidated fixed assets**

Amounts in Taka

Particulars	COST				DEPRECIATION				Written down value at 31 Dec 2013
	Balance at 01 Jan 2013	Addition during the Year	Disposal during the Year	Balance at 31 Dec 2013	Rate (%)	Charged during the Year	Adjustment during the Year	Balance at 31 Dec 2013	
Motor vehicles	23,955,448	8,190,479	-	32,145,927	20	5,980,132	-	19,363,796	12,782,130
Motor vehicles - leasehold	2,500,000	-	2,500,000	-	-	470,087	2,500,000	-	-
Office decoration	58,639,754	1,308,128	323,061	59,624,821	15	7,958,470	80,766	33,370,364	26,254,457
Office equipment	19,468,779	358,700	162,714	19,664,765	20	2,972,109	225,536	14,604,090	5,060,675
Furniture and fixtures	9,388,978	1,234,477	74,675	10,548,780	15	1,272,484	71,175	6,640,196	3,908,584
Computers accessories	16,140,055	3,517,099	167,741	19,489,413	33	3,522,454	150,898	14,769,228	4,720,184
<b>Total as at December 31, 2013</b>	<b>130,093,013</b>	<b>14,608,883</b>	<b>3,228,191</b>	<b>141,473,705</b>		<b>22,175,736</b>	<b>3,028,375</b>	<b>88,747,675</b>	<b>52,726,030</b>
<b>Total as at December 31, 2012</b>	<b>90,877,816</b>	<b>43,730,363</b>	<b>4,515,165</b>	<b>130,093,013</b>		<b>21,084,447</b>	<b>1,485,166</b>	<b>69,600,314</b>	<b>60,492,699</b>

## INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

### Financial Highlights

Sl. No.	Particulars	2013	2012	2011	2010	2009
1	Paid-up capital	1,710,786,000	1,710,786,000	1,629,320,000	509,162,500	290,950,000
2	Paid-up Capital surplus/(deficit)	710,786,000	710,786,000	710,786,000	314,660,000	9,162,500
3	Total capital	2,253,176,193	2,215,625,126	2,108,609,749	1,398,198,454	1,061,397,688
4	Total assets	17,544,230,029	16,590,839,058	16,288,124,334	16,274,965,871	13,520,823,390
5	Total deposits and borrowings	13,654,748,303	13,007,173,377	12,564,236,921	13,371,477,463	11,598,389,061
6	Total leases, loans and advances	15,483,925,851	14,041,637,394	13,870,984,147	13,112,292,398	10,518,398,209
7	Total contingent liabilities and commitments	813,577,041	611,577,041	564,046,821	859,173,705	883,703,722
8	Leases, loans and advances to deposits and borrowings ratio	1.13	1.08	1.10	0.98	0.91
9	% of classified leases, loans and advances to total leases, loans and advances	7.74%	8.16%	9.27%	9.18%	7.54%
10	Profit after tax and provisions	116,747,124	59,282,935	(56,576,683)	343,108,981	205,084,216
11	Classified leases, loans and advances	1,199,116,376	1,145,254,455	1,286,405,225	1,203,882,735	792,799,750
12	Provision kept against classified leases, loans and advances	307,388,000	274,337,789	403,768,600	390,086,700	210,224,800
13	Provision surplus/(deficit)	362,120	35,101	1,521,000	2,255,000	26,046,000
14	Cost of fund	15.14%	15.88%	13.79%	10.72%	12.13%
15	Interest earning assets	16,964,031,504	16,000,171,472	15,724,622,400	15,810,887,049	13,081,219,910
16	Non-interest earning assets	580,198,525	590,667,586	563,501,934	464,078,822	439,603,479
17	Return on investment	15.04%	14.09%	13.04%	15.60%	14.22%
18	Return on assets	1.51%	0.70%	0.40%	4.05%	2.19%
19	Income from investment	7,701,390	(34,987,841)	(42,691,436)	248,095,679	96,375,203
20	Operating profit per share*	1.80	0.38	1.48	16.43	10.56
21	Earning per share*	0.68	0.35	(0.56)	6.74	7.05
22	Price earning ratio*	23.15	58.29	(84.24)	36.45	17.89

\* Operating profit per share, Earning per share and Price earning ratio are not re-stated.



**AUDITORS' REPORT &  
AUDITED FINANCIAL STATEMENTS  
OF  
INTERNATIONAL LEASING SECURITIES LIMITED  
& ITS SUBSIDIARY**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

# AUDITORS' REPORT TO THE SHAREHOLDERS OF INTERNATIONAL LEASING SECURITIES LIMITED

We have audited the accompanying Financial Statements of International Leasing Securities Limited which comprises Statement of Financial Position as at December 31, 2013 and the Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Shareholders' Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes and all related consolidated Financial Statements of International Leasing Securities Limited and its subsidiary.

## Respective responsibilities of Management and Auditors

The company's management is responsible for preparing the Financial Statements, which give true and fair view, in accordance with Bangladesh Financial Reporting Standards (BFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

## Basis of Audit Opinion

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 Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

## Opinion

In our opinion, the Financial Statements including consolidated Financial Statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs as of December 31, 2013 and the results of its

operations and its cash flows for the year then ended and comply with the Companies Act 1994, Securities and Exchange Rules 1987, Dhaka Stock Exchange Rules 1954, Chittagong Stock Exchange Rules 1995 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 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 it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branch not visited by us;
- c) the Company's Statement of Financial Position and Statement of Comprehensive Income together with the annexed notes thereto dealt with by this report are in agreement with the books of account and returns;
- d) the financial position of the company as of December 31, 2013 and the profit for the period have been properly reflected in the Financial Statements and the Financial Statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS);
- e) the expenditure incurred and payments made were for the purpose of the Company's business;
- f) the information and explanation required by us have been received and found satisfactory;
- g) the records and statements submitted by the branches properly maintained in the financial statements.

Dated : Dhaka  
February 19, 2014

  
Zoha Zaman Kabir Rashid & Co.  
Chartered Accountants



**INTERNATIONAL LEASING SECURITIES LIMITED AND ITS SUBSIDIARY**  
**Consolidated Statement of Financial Position**  
**as at December 31, 2013**

		<i>Amounts in Taka</i>	
		<u>At</u>	<u>At</u>
		<u>2013</u>	<u>2012</u>
		<b>Notes</b>	
<b>ASSETS</b>			
	Cash and cash equivalents	3a	82,999,990
	Investment	4a	265,341,389
	Property, Plant and Equipment	5a	15,952,357
	Receivable from customers	6	3,506,987,544
	Receivable from DSE and CSE	7	24,292,639
	Other assets	8a	30,590,610
<b>Total assets</b>			<b>3,926,164,529</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
	Term loan	9	2,705,040,370
	Payable to customers	10	94,128,128
	Payable to DSE and CSE	11	2,989,305
	Other liabilities	12a	711,267,944
<b>Total liabilities</b>			<b>3,513,425,747</b>
<b>Capital / Shareholders' equity</b>			
	Paid- up capital	13.1	400,000,000
	Retained earnings	14a	12,738,782
<b>Total Shareholders' equity</b>			<b>412,738,782</b>
<b>Minority interest</b>		14b	<b>-</b>
<b>Total liabilities and Shareholders' equity</b>			<b>3,926,164,529</b>
<b>Net asset value per share</b>			<b>103</b>
			<b>102</b>

These financial statements should be read in conjunction with the annexed notes.

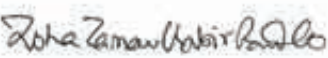
  
**C.K. Hyder**  
 Chairman

  
**M. Nurul Alam**  
 Director

  
**Md. Humayan Kabir ACA**  
 Chief Operating Officer

  
**Md. Rafiqul Islam**  
 Company Secretary

Dated : Dhaka  
 February 19, 2014

  
**Zoha Zaman Kabir Rashid & Co.**  
 Chartered Accountants

**INTERNATIONAL LEASING SECURITIES LIMITED**  
**Statement of Financial Position**  
**as at December 31, 2013**

		<i>Amounts in Taka</i>	
		<u>At 2013</u>	<u>At 2012</u>
		Notes	
<b>ASSETS</b>			
	Cash and cash equivalents	3	82,999,990
	Investment	4	265,341,389
	Property, Plant and Equipment	5	15,952,357
	Receivable from customers	6	3,506,987,544
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<b>Liabilities</b>			
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<b>Total liabilities and Shareholders' equity</b>			<b>3,926,164,529</b>
<b>Net asset value per share</b>			<b>103</b>
			<b>101</b>

These financial statements should be read in conjunction with the annexed notes.

  
**C.K. Hyder**  
 Chairman

  
**M. Nurul Alam**  
 Director

  
**Md. Humayan Kabir ACA**  
 Chief Operating Officer

  
**Md. Rafiqul Islam**  
 Company Secretary

Dated : Dhaka  
 February 19, 2014

  
**Zoha Zaman Kabir Rashid & Co.**  
 Chartered Accountants

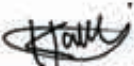
**INTERNATIONAL LEASING SECURITIES LIMITED AND ITS SUBSIDIARY**  
**Consolidated Statement of Comprehensive Income**  
**for the year ended December 31, 2013**

		<i>Amounts in Taka</i>	
		<b>Year ended</b>	<b>Year ended</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>Notes</b>		
<b>Turnover</b>			
	DSE	27,647,556,260	36,403,706,109
	CSE	2,600,952,941	3,611,598,118
		<b>30,248,509,201</b>	<b>40,015,304,228</b>
<b>OPERATING INCOME</b>			
	Brokerage income	94,807,181	129,251,970
	Direct charges	(7,309,485)	(9,526,350)
<b>Net brokerage income</b>		<b>87,497,696</b>	<b>119,725,621</b>
	Interest income	498,744,900	523,379,104
	Interest expense	(497,745,445)	(491,655,692)
<b>Net interest income</b>		<b>999,455</b>	<b>31,723,411</b>
	Other operating income	2,251,612	2,531,236
	Income from investment	4,025,025	3,144,095
<b>Total operating income (A)</b>		<b>94,773,790</b>	<b>157,124,362</b>
<b>OPERATING EXPENSES</b>			
	Salaries and allowances	31,171,406	27,776,567
	Rent, taxes, insurance, electricity, etc.	14,288,504	15,784,249
	Legal expenses	550,000	280,480
	Postage, stamp, telecommunication, etc.	919,039	867,741
	Stationery, printing, advertisements, etc.	1,360,894	1,242,308
	Directors' fees & meeting expenses	394,937	469,964
	Auditors' fees	66,122	142,700
	Depreciation and repair of assets	8,762,342	8,979,039
	Other expenses	10,331,044	7,847,808
<b>Total operating expenses (B)</b>		<b>67,844,287</b>	<b>63,390,856</b>
<b>Total profit before provision (C=A-B)</b>		<b>26,929,502</b>	<b>93,733,507</b>
	Provision for unrealized loss in dealer account (D)	(1,282,900)	11,805,619
	Provision for contingency (D)	2,720,000	2,720,000
<b>Total profit after provision (E= C-D)</b>		<b>25,492,403</b>	<b>79,207,887</b>
	Tax expenses	16,687,015	34,145,180
<b>Net profit after taxation</b>		<b>8,805,388</b>	<b>45,062,707</b>
Minority Interest	14b	19	30
<b>Retained surplus after minority interest</b>		<b>8,805,369</b>	<b>45,062,677</b>
<b>Earnings per share (EPS) (2012-restated)</b>	32a	<b>2.74</b>	<b>14.01</b>

These financial statements should be read in conjunction with the annexed notes.

  
**C.K. Hyder**  
 Chairman

  
**M. Nurul Alam**  
 Director

  
**Md. Humayan Kabir ACA**  
 Chief Operating Officer

  
**Md. Rafiqul Islam**  
 Company Secretary

Dated : Dhaka  
 February 19, 2014

  
**Zoha Zaman Kabir Rashid & Co.**  
 Chartered Accountants

**INTERNATIONAL LEASING SECURITIES LIMITED**  
**Statement of Comprehensive Income**  
**for the year ended December 31, 2013**

		<i>Amounts in Taka</i>	
		<b>Year ended</b>	<b>Year ended</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>Turnover</b>			
	DSE	27,647,556,260	36,403,706,109
	CSE	2,600,952,941	3,611,598,118
		<b>30,248,509,201</b>	<b>40,015,304,228</b>
<b>OPERATING INCOME</b>			
	Brokerage income	94,807,181	129,251,970
	Direct charges	(7,309,485)	(9,526,350)
<b>Net brokerage income</b>		<b>87,497,696</b>	<b>119,725,620</b>
	Interest income	497,915,631	521,702,980
	Interest expense	(497,745,445)	(491,655,692)
<b>Net interest income</b>		<b>170,186</b>	<b>30,047,287</b>
	Other operating income	2,251,612	2,531,236
	Income from investment	6,665,590	3,144,095
<b>Total operating income (A)</b>		<b>96,585,084</b>	<b>155,448,237</b>
<b>OPERATING EXPENSES</b>			
	Salaries and allowances	31,171,406	27,776,567
	Rent, taxes, insurance, electricity, etc.	14,288,504	15,784,249
	Legal expenses	331,250	280,480
	Postage, stamp, telecommunication, etc.	919,039	867,741
	Stationery, printing, advertisements, etc.	1,360,894	1,242,308
	Directors' fees & meeting expenses	394,937	469,964
	Auditors' fees	66,122	85,200
	Depreciation and repair of assets	8,762,342	8,979,038
	Other expenses	10,308,294	7,823,109
<b>Total operating expenses (B)</b>		<b>67,602,787</b>	<b>63,308,656</b>
<b>Total profit before provision (C=A-B)</b>		<b>28,982,297</b>	<b>92,139,581</b>
	Provision for unrealized loss in dealer account (D)	(1,282,900)	11,805,619
	Provision for contingency (D)	2,720,000	2,720,000
<b>Total profit after provision E=(C-D)</b>		<b>27,545,198</b>	<b>77,613,961</b>
	Tax expenses	16,724,060	33,547,450
<b>Net profit after taxation</b>		<b>10,821,138</b>	<b>44,066,512</b>
<b>Earnings per share (EPS) (2012-restated)</b>		<b>3.36</b>	<b>13.70</b>

These financial statements should be read in conjunction with the annexed notes.

  
**C.K. Hyder**  
 Chairman

  
**M. Nurul Alam**  
 Director

  
**Md. Humayan Kabir ACA**  
 Chief Operating Officer

  
**Md. Rafiqul Islam**  
 Company Secretary

  
**Zoha Zaman Kabir Rashid & Co.**  
 Chartered Accountants


Dated : Dhaka  
 February 19, 2014

**INTERNATIONAL LEASING SECURITIES LIMITED AND ITS SUBSIDIARY**  
**Consolidated Statement of Cash Flows**  
**for the year ended December 31, 2013**

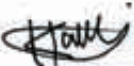
*Amounts in Taka*

	<u>Year ended 31 Dec 2013</u>	<u>Year ended 31 Dec 2012</u>
<b>A) Cash flows from operating activities</b>		
Brokerage income received	87,497,696	119,725,620
Interest receipts	498,166,838	521,702,980
Interest payments	(497,745,444)	(491,655,692)
Payments to employees	(31,171,406)	(27,776,567)
Income taxes paid	(28,791,866)	(96,048,706)
Income received from investment	4,025,025	1,402,900
Receipts from other operating activities	2,251,612	2,531,236
Payments for other operating activities	(36,437,131)	(35,580,913)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>(2,204,676)</b>	<b>(5,699,143)</b>
<b>Increase/ decrease in operating assets and liabilities</b>		
Net changes in receivable from customers	(266,001,914)	(159,048,968)
Net changes in receivable from DSE and CSE	49,134,502	(58,130,824)
Other assets	(4,154,658)	43,373,950
Net changes in payable to customers	28,657,469	(11,585,866)
Net changes in payable to DSE and CSE	2,586,177	(3,917,379)
Net changes in other liabilities	267,148,927	(49,379,500)
<b>Net increase in operating assets and liabilities</b>	<b>77,370,502</b>	<b>(238,688,587)</b>
<b>Net cash from operating activities</b>	<b>75,165,826</b>	<b>(244,387,731)</b>
<b>B) Cash flows from investing activities</b>		
Proceeds from sale of securities	(48,048,698)	(1,242,631)
Encashment of TDR	12,714,878	-
Net change against purchase/sale of property, plant and equipment	2,279,230	2,565,150
<b>Net cash used in investing activities</b>	<b>(33,054,589)</b>	<b>1,322,520</b>
<b>C) Cash flows from financing activities</b>		
Receipts of long term loan	463,700,000	438,417,796
Repayment of long term loan	(626,270,107)	(220,461,903)
Dividend paid	-	(100,000,000)
Distribution of minority interest of HBSL	(379)	-
Increase in equity	200,000,000	50,000,000
<b>Net Cash from financing activities</b>	<b>37,429,514</b>	<b>167,955,893</b>
<b>D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>	<b>79,540,751</b>	<b>(75,109,318)</b>
<b>E) Cash and cash equivalents at beginning of the period</b>	<b>3,459,239</b>	<b>78,568,557</b>
<b>F) Cash and cash equivalents at end of the period (D+E)</b>	<b>82,999,990</b>	<b>3,459,239</b>
<b>Cash and cash equivalents at end of the period</b>		
Cash in hand	220,247	225,730
Balance with banks and other financial institutions	82,779,742	3,233,509
<b>Total Cash and Cash equivalents at 31 December</b>	<b>82,999,990</b>	<b>3,459,239</b>


These financial statements should be read in conjunction with the annexed notes.

  
**C.K. Hyder**  
 Chairman

  
**M. Nurul Alam**  
 Director

  
**Md. Humayan Kabir ACA**  
 Chief Operating Officer

  
**Md. Rafiqul Islam**  
 Company Secretary


  
**Zoha Zaman Kabir Rashid & Co.**  
 Chartered Accountants

Dated : Dhaka  
 February 19, 2014

**INTERNATIONAL LEASING SECURITIES LIMITED**  
**Statement of Cash Flows**  
**for the year ended December 31, 2013**

	<i>Amounts in Taka</i>	
	<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>A) Cash flows from operating activities</b>		
Brokerage income received	87,497,696	119,725,620
Interest receipts	497,915,631	521,702,980
Interest payments	(497,745,444)	(491,655,692)
Payments to employees	(31,171,406)	(27,776,567)
Income taxes paid	(28,464,757)	(95,696,590)
Income received from investment	6,665,590	1,402,900
Receipts from other operating activities	2,251,612	2,531,236
Payments for other operating activities	(36,431,381)	(35,532,089)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>517,541</b>	<b>(5,298,204)</b>
<b>Increase/ decrease in operating assets and liabilities</b>		
Net changes in receivable from customers	(266,001,914)	(159,048,968)
Net changes in receivable from DSE and CSE	49,134,502	(58,130,824)
Other assets	(4,154,658)	43,373,950
Net changes in payable to customers	28,657,469	(11,585,866)
Net changes in payable to DSE and CSE	2,586,177	(3,917,379)
Net changes in other liabilities	267,148,927	(49,399,500)
<b>Net increase in operating assets and liabilities</b>	<b>77,370,502</b>	<b>(238,708,587)</b>
<b>Net cash from operating activities</b>	<b>77,888,043</b>	<b>(244,006,791)</b>
<b>B) Cash flows from investing activities</b>		
Proceeds from sale of securities	(48,048,698)	(1,242,631)
Net change of investment in subsidiary	9,999,700	-
Net change against purchase/sale of property, plant and equipment	2,279,230	2,565,150
<b>Net cash used in investing activities</b>	<b>(35,769,767)</b>	<b>1,322,519</b>
<b>C) Cash flows from financing activities</b>		
Receipts of long term loan	463,700,000	438,417,796
Repayment of long term loan	(626,270,107)	(220,461,902)
Dividend paid	-	(100,000,000)
Increase in paid up capital	200,000,000	50,000,000
<b>Net Cash from financing activities</b>	<b>37,429,893</b>	<b>167,955,894</b>
<b>D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)</b>	<b>79,548,169</b>	<b>(74,728,377)</b>
<b>E) Cash and cash equivalents at beginning of the period</b>	<b>3,451,821</b>	<b>78,180,199</b>
<b>F) Cash and cash equivalents at end of the period (D+E)</b>	<b>82,999,990</b>	<b>3,451,821</b>
<b>Cash and cash equivalents at end of the period</b>		
Cash in hand	220,247	225,730
Balance with banks and other financial institutions	82,779,742	3,226,091
<b>Total Cash and Cash equivalents at 31 December</b>	<b>82,999,990</b>	<b>3,451,821</b>


These financial statements should be read in conjunction with the annexed notes.

  
**C.K. Hyder**  
Chairman

  
**M. Nurul Alam**  
Director

  
**Md. Humayan Kabir ACA**  
Chief Operating Officer

  
**Md. Rafiqul Islam**  
Company Secretary

  
**Zoha Zaman Kabir Rashid & Co.**  
Chartered Accountants


Dated : Dhaka  
February 19, 2014

**INTERNATIONAL LEASING SECURITIES LIMITED AND ITS SUBSIDIARY**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**for the year ended December 31, 2013**


Particulars	Share Capital	Retained Earnings	Total
<b>Balance as at January 01, 2012</b>	<b>150,000,000</b>	<b>1,870,737</b>	<b>151,870,737</b>
<b>Changes during the period</b>			
Profit after tax and provision for the year	-	45,062,676	45,062,676
Increase in share capital	50,000,000	-	50,000,000
Interim Dividend for the year 2012	-	(100,000,000)	(100,000,000)
Transfer to Retained Earnings	-	57,000,000	57,000,000
<b>Net Changes in 2012</b>	<b>50,000,000</b>	<b>2,062,676</b>	<b>52,062,676</b>
<b>Balance as at December 31, 2012</b>	<b>200,000,000</b>	<b>3,933,413</b>	<b>203,933,413</b>
<b>Changes during the period</b>			
Profit after tax and provision for the year	-	8,805,370	8,805,370
Increase in share capital	200,000,000	-	200,000,000
<b>Balance as at December 31, 2013</b>	<b>400,000,000</b>	<b>12,738,783</b>	<b>412,738,783</b>

Amounts in Taka


  
**C.K. Hyder**  
 Chairman

  
**M. Nurul Alam**  
 Director

  
**Md. Humayan Kabir ACA**  
 Chief Operating Officer

  
**Rafiqul Islam**  
 Company Secretary

Dated : Dhaka  
 February 19, 2014

  
**Zoha Zaman Kabir Rashid & Co.**  
 Chartered Accountants

**INTERNATIONAL LEASING SECURITIES LIMITED**  
**Statement of Changes in Shareholders' Equity**  
**for the year ended December 31, 2013**

Amounts in Taka

Particulars	Share Capital	Retained Earnings	Total
<b>Balance as at January 01, 2012</b>	150,000,000	851,133	150,851,133
<b>Changes during the period</b>			
Profit after tax and provision for the year	-	44,066,512	44,066,512
Increase in share capital	50,000,000	-	50,000,000
Interim Dividend for the year 2012	-	(100,000,000)	(100,000,000)
Transfer to Retained Earnings	-	57,000,000	57,000,000
<b>Net Changes in 2012</b>	<b>50,000,000</b>	<b>1,066,512</b>	<b>51,066,512</b>
<b>Balance as at December 31, 2012</b>	<b>200,000,000</b>	<b>1,917,645</b>	<b>201,917,645</b>
<b>Changes during the period</b>			
Profit after tax and provision for the year	-	10,821,138	10,821,138
Increase in share capital	200,000,000	-	200,000,000
<b>Balance as at December 31, 2013</b>	<b>400,000,000</b>	<b>12,738,783</b>	<b>412,738,782</b>

  
**C.K. Hyder**  
 Chairman

  
**M. Nurul Alam**  
 Director

  
**Md. Humayan Kabir** ACA  
 Chief Operating Officer

  
**Rafiqul Islam**  
 Company Secretary

Dated : Dhaka  
 February 19, 2014

  
**Zoha Zaman Kabir Rashid** & Co.  
 Chartered Accountants



# INTERNATIONAL LEASING SECURITIES LIMITED AND ITS SUBSIDIARY

## Notes to the financial statements

### for the year ended December 31, 2013

#### 1 Company and its activities

##### 1.1 Corporate information

International Leasing Securities Limited (ILSL) is a Private Limited Company incorporated under the Companies Act 1994 on April 09, 2008 bearing Registration Number C-70738 (3247)/08. The registered office of the Company is at Printers Building, 3rd floor, 5, Rajuk Avenue, Dhaka- 1000. It is a 99.99% subsidiary of International Leasing and Financial Services Ltd. The Company started its operation on August 31, 2008.

##### 1.2 Principal activities

The main business of the Company is to carry on the business as a broker, dealer in stocks and securities, commercial papers, bonds, debentures, debenture stocks, treasury bills/bonds and/or any financial instruments.

##### 1.3 Subsidiary company

International Leasing Securities Limited acquired 99,997 no. of shares of Hongkong Bangladesh Securities Limited as per terms set forth in vendors' agreement dated 25-10-2009 between previous shareholders of Hong Kong Bangladesh Securities Limited and International Leasing Securities Limited. Upon acquisition of 99,997 no. of shares, Hong Kong Bangladesh Securities Limited becomes a wholly owned subsidiary company of International Leasing Securities Limited from October 25, 2009.

Hongkong Bangladesh Securities Limited was incorporated in Chittagong on April 06, 1997 as a private limited company bearing Registration Number CHC-2587 under Companies Act 1994 with an authorised share capital of Tk. 85,000,000. International Leasing Securities Limited holds 99.997% share of this company (99,997 nos. of shares of Tk. 100 each). The Company has transferred its CSE membership license to International Leasing Securities Limited with effect from 2nd May 2010.

The board of directors of Hongkong Bangladesh Securities Limited in its 16th meeting held on October 07, 2012 decided to winding up the Company voluntarily. Finally, the winding up was approved by the Registrar of Joint Stock Companies & Firms (RJSC) on May 29, 2013 and procedure had already been completed.

##### 1.4 Branch office

The company opened its branch office in Agrabad, Chittagong on July 07, 2009. The approval of opening of this branch was given by Securities and Exchange Commission on March 19, 2009 vide approval letter no. SEC/Reg/DSE/2009/123. During the year 2010, the company has also opened another 2 branches in Khatungonj, Chittagong and Sylhet on September 14, 2010 and October 25, 2010 vide SEC letter no. SEC/Reg/DSE/2010/347 and SEC/Reg/DSE/2010/419 respectively.

#### 2 Significant accounting policies

##### 2.1 Basis of preparation and presentation of the financial statements

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in Bangladesh under the historical cost convention.

##### 2.2 Statement of compliance

The financial statements have been prepared on a going concern basis following the accrual basis of accounting except for statement of cash flows. In preparation of these financial statements, the Company followed respective provisions of The Companies Act, 1994, Securities and Exchange Rules, 1987, Dhaka Stock Exchange Rules, 1954 and Bangladesh Accounting Standards (BAS) and/or Bangladesh Financial Reporting Standards (BFRS).

##### 2.3 Use of estimates and judgement

Preparation of the financial statements in conformity with BFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies that affect the reported amounts of revenue and expenses, assets and liabilities. Due to involvement of inherent uncertainty in making estimates, actual results could be different from those estimates.

## Notes to the financial statements - continued

### 2.4 Branch accounting

The company has operating three branches in Agrabad – Chittagong, Khatungonj-Chittagong and Sylhet. Accounts of the branches are maintained at head office from which these accounts are drawn up.

### 2.5 Statement of cash flows

The statement of cash flow is prepared using the direct method as stipulated in Bangladesh Financial Reporting Standard (BFRS) 7 – “Cash Flow Statements”. Cash and cash equivalents for cash flow statement comprises mainly of cash in hand and balances at banks.

### 2.6 Revenue recognition (BAS 18, “Revenue”)

BAS 18 is a general revenue recognition standard, which states that revenue should be measured at the fair value of the consideration received or receivable. This is usually the amount of cash or cash equivalents received or receivable and recognized when it is probable that economic benefits will flow to the entity.

#### 2.6.1 Brokerage commission

Brokerage commission is recognized as income when the order of selling or buying shares is executed.

#### 2.6.2 Interest on margin loan

Interest on margin loans extended to customers is charged to their accounts calculated on the daily product basis.

#### 2.6.3 Interest on bank deposits

Interest on deposits with banks is recognized as income when the banks credit the amounts into the Company’s bank accounts.

### 2.7 Recognition of fixed assets and depreciation (BAS 16 “Property, Plant & Equipment”)

#### Recognition

An item of fixed assets is recognized as an asset when it is probable that future economic benefits associated with the asset will flow to the enterprise and the cost of the asset to the enterprise can be measured reliably. The cost of an item of fixed assets is its purchase price (net of discounts and rebates), including import duties and taxes, and any directly attributable cost of bringing the asset to working condition for its intended use.

#### Measurement

Fixed assets for own use are stated initially at cost and subsequently at cost less accumulated depreciation and any accumulated impairment losses or at a re-valued amount less any accumulated depreciation and subsequent accumulated impairment losses.

#### Subsequent expenditure

Subsequent expenditures relating to any item of fixed assets are added to the carrying amount of the asset when it is probable that future economic benefits, exceeding its present standard of performance, will flow to the company and the cost of the item can be measured reliably. All other costs are recognised in profit and loss account as expense.

#### Depreciation

Components of an asset with differing patterns of benefits are depreciated separately.

Depreciation on own fixed assets is charged systematically over the asset’s useful life. Full year depreciation is charged on additions irrespective of date when the related assets are put into use. On the other hand, no depreciation has been charged on the month of disposal.

The company follows the straight-line method of depreciation applying annual rates stated as follows:

➤ Furniture and fixtures	15%
➤ Office equipment	20%
➤ Office decoration	15%
➤ Motor vehicles	20%
➤ Computer and accessories	33%

## Notes to the financial statements - continued

### **Disposal or retirement**

The gain or loss arising on the disposal or retirement of fixed assets is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit and loss account.

### **2.8 Intangible assets (BAS- 38)**

Costs incurred to procure softwares represent as intangible assets. Intangible assets are to be amortised as per decision of the Board of Directors.

### **2.9 Borrowing cost**

All borrowing costs are recognized as expenses in the period in which they incurred in accordance with benchmark treatment of Bangladesh Accounting Statnderd-23.

### **2.10 Accrued expenses, provisions and other payables**

As per BAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. Amount recognized as a provision is the best estimate of settlement amount at balance sheet date.

### **2.11 Tax provision**

The Company's brokerage income is subject to deduction of tax at source.

Provision for tax on income other than brokerage commission has been made after necessary adjustment for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments thereto.

### **2.12 Cash and cash equivalents**

Cash comprises cash in hand and cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to a known amount of cash which are subject to an insignificant risk of change in value.

### **2.13 Earnings per Share (EPS)**

The Company calculates Earnings per Share (EPS) in accordance with Bangladesh Accounting Standards-33, which is shown in the face of the Profit and Loss Account, and the computation is stated in Note- 32. No diluted earning per share is required to be calculated for the period, as there was no scope for diluting during the period under review.

### **2.14 Reconciliation of Inter-Company account**

Accounts with regard to Inter-Company are reconciled regularly and there are no material differences which may affect the financial statements significantly.

### **2.15 Reporting period**

The financial statements have been prepared for the period from January 01, 2013 to December 31, 2013.

### **2.16 Reporting currency**

The financial statements are presented in Bangladeshi Taka which is the Company's functional currency.

### **2.17 General**

- a) Figures in the financial statements and notes have been rounded off to the nearest taka.
- b) Previous year's figures have been rearranged whenever necessary to conform to current year's presentation.

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>			
		<b>At</b>	<b>At</b>		
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>		
<b>3</b>	<b>Cash and cash equivalents</b>				
	Cash in hand	98,248	64,231		
	Cash at bank (note- 3.1)	82,779,742	3,226,091		
	Cash in Transit	121,999	161,499		
		<b>82,999,990</b>	<b>3,451,821</b>		
<b>3.1</b>	<b>Cash at bank</b>				
	Bank Alfalah Ltd.	104,987	(854,419)		
	Eastern Bank Limited	19,719,252	381,404		
	Standard Chartered Bank	(4,108,999)	(4,761,599)		
	One Bank Ltd	60,907,899	2,941,028		
	Jamuna Bank Ltd.	6,156,604	5,519,678		
		<b>82,779,742</b>	<b>3,226,091</b>		
<b>3a</b>	<b>Consolidated cash and cash equivalents</b>				
	<b>Cash in hand</b>				
	International Leasing Securities Limited	220,247	225,730		
	Hong Kong Bangladesh Securities Limited	-	-		
		<b>220,247</b>	<b>225,730</b>		
	<b>Cash at Bank</b>				
	International Leasing Securities Limited	82,779,742	3,226,091		
	Hong Kong Bangladesh Securities Limited	-	7,418		
		<b>82,779,742</b>	<b>3,233,509</b>		
		<b>82,999,990</b>	<b>3,459,239</b>		
<b>4</b>	<b>Investment</b>				
	Investment in dealer account (note-4.1)	105,096,703	57,048,006		
	Investment in Subsidiary (note-4.2)	-	9,999,700		
	Investment in shares of DSE (note-4.3)	56,300,000	56,300,000		
	Investment in shares of CSE (note 4.4)	103,944,686	103,944,686		
		<b>265,341,389</b>	<b>227,292,392</b>		
<b>4.1</b>	<b>Investment in shares through Dealer Account</b>				
	<b>Name of Securities</b>	<b>Number of shares</b>	<b>Cost Value</b>	<b>Market Value</b>	<b>Unrealized Gain/(Loss)</b>
	BSRM Steel Limited	154,450	19,613,606	10,610,715	9,002,891
	M.I. Cement	22,000	2,674,100	1,720,400	953,700
	Mercantile Bank	79,000	1,568,150	1,319,300	248,850
	NCC Bank	55,000	1,174,800	720,500	454,300
	One Bank Ltd.	81,477	2,572,229	1,287,337	1,284,892
	Standard Bank Ltd.	350,000	5,701,500	5,180,000	521,500
	The City Bank Ltd.	100,000	2,191,000	2,020,000	171,000
	Active Fine	296,000	27,504,320	24,360,800	3,143,520
	Envoy Textiles Ltd.	33,040	1,926,893	1,794,072	132,821
	KPCL	50,000	2,790,000	2,455,000	335,000
	DESCO	14,375	948,750	839,500	109,250
	Lafarge Surma	50,000	1,743,000	1,675,000	68,000
	The Dacca Dyeing	42,000	1,128,120	1,033,200	94,920
	Titas	90,000	7,533,000	6,642,000	891,000
	Grameen Phone	100,000	20,882,000	20,090,000	792,000
	Cash in Transit	-	5,027,220	-	-
	Cash at Bank	-	118,016	-	-
			<b>105,096,703</b>	<b>81,747,824</b>	<b>18,203,644</b>

Due to price appreciation of share price, provision has been reversed by the amount of Tk.1,282,900 in the Financial Statements of 2013.

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At 31 Dec 2013</b>	<b>At 31 Dec 2012</b>
<b>4.2</b>	<b>Investment in subsidiary</b>	-	<b>9,999,700</b>
<b>4.3</b>	The above costs include cost of purchasing of Membership License from Dhaka Stock Exchange Limited (DSE) under open bid for sale of Membership License and other related costs for transfer of the license in the name of the Company from International Leasing And Financial Services Limited. After demutualization, as per allotment letter ref. DSE/BA/Allotment/2013/13740-009 dated November 02 2013 & Allotment no. 13009, the total ordinary shares are 7,215,106 nos @ Tk. 10 each where 40% shares are credited under BO Account no. 1204220030590007 of International Leasing Securities Limited and 60% of total shares are preserved in the blocked account maintained by DSE as per The Exchanges Demutualization Act 2013.		
<b>4.4</b>	The above costs include cost of purchasing Membership License of Chittagong Stock Exchange Limited (CSE) and other related costs for transfer of the license in the name of the company from Hong Kong Bangladesh Securities Limited (HBSL). After demutualization, as per allotment letter no. CSE/Dem/LOA/080 dated October 31 2013 & Allotment no. 080, the total ordinary shares are 4,287,330 nos @ Tk. 10 each where 40% shares are credited under BO Account no. 1204220030590007 of International Leasing Securities Limited and 60% shares are preserved in the blocked account maintained by CSE as per The Exchanges Demutualization Act 2013.		
<b>4a</b>	<b>Consolidated Investment</b>		
	International Leasing Securities Limited	265,341,389	217,292,692
	Hong Kong Bangladesh Securities Limited	-	11,912,766
		<b>265,341,389</b>	<b>229,205,458</b>
<b>5</b>	<b>Property, plant and equipment</b>		
	Motor vehicles	6,760,000	5,200,000
	Office decoration	21,617,136	20,561,136
	Office equipment	7,955,054	7,761,668
	Furniture & fixtures	3,245,329	3,245,999
	Computers & accessories	13,817,727	11,222,044
		<b>53,395,246</b>	<b>47,990,847</b>
	Less: accumulated depreciation	37,442,889	29,759,260
	<b>Net book value at the end of the period (See annex-1)</b>	<b>15,952,357</b>	<b>18,231,587</b>
<b>5a</b>	<b>Consolidated property, plant and equipment</b>		
	International Leasing Securities Limited	15,952,357	18,231,587
	Hong Kong Bangladesh Securities Limited	-	-
		<b>15,952,357</b>	<b>18,231,587</b>
<b>6</b>	<b>Receivable from customers</b>	<b>3,506,987,544</b>	<b>3,130,965,438</b>
	This represents amount receivables from customer against shares purchased		
<b>7</b>	<b>Receivable from DSE and CSE</b>		
	Receivable from DSE (note-7.1)	24,166,930	72,293,968
	Receivable from CSE (note-7.2)	125,709	1,133,174
		<b>24,292,639</b>	<b>73,427,142</b>

This represents amount receivable from Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) against sale of shares through the stock exchange. Detail break-up of this amount is as follows:

Notes to the financial statements - continued

<i>Amounts in Taka</i>	
<b>At</b>	<b>At</b>
<b>31 Dec 2013</b>	<b>31 Dec 2012</b>

**7.1 Receivable from DSE**

<b>Grouping of Shares</b>	<b>Date of Transaction</b>	<b>Amount</b>	<b>Amount</b>
Z	17-Dec-13	101,400	-
Z	18-Dec-13	217,640	-
Z	22-Dec-13	164,000	-
Z	23-Dec-13	108,800	-
Z	24-Dec-13	16,000	-
ABGN	26-Dec-13	3,880,151	-
ABGN	29-Dec-13	7,624,351	-
Z	29-Dec-13	98,100	-
ABGN	30-Dec-13	11,923,488	-
Z	30-Dec-13	33,000	-
Z	17-Dec-12	-	16,800
Z	18-Dec-12	-	16,416
Z	23-Dec-12	-	7,800
Z	24-Dec-12	-	50,700
ABGN	26-Dec-12	-	29,289,153
Z	26-Dec-12	-	318,165
Z	27-Dec-12	-	7,700
ABGN	27-Dec-12	-	19,177,378
ABGN	30-Dec-12	-	23,409,856
<b>Total</b>		<b>24,166,930</b>	<b>72,293,968</b>

**7.2 Receivable from CSE**

<b>Grouping of Shares</b>	<b>Date of Transaction</b>	<b>Amount</b>	<b>Amount</b>
Z	26-Dec-13	125,709	-
Z	19-Dec-12	-	1,333
Z	20-Dec-11	-	2,656
ABGN	27-Dec-12	-	1,129,185
<b>Total</b>		<b>125,709</b>	<b>1,133,174</b>

**8 Other assets**

Advance, deposit and prepayments (note-8.1)	17,401,304	13,246,646
Advance corporate tax	13,189,307	1,248,169
	<b>30,590,610</b>	<b>14,494,815</b>

**8.1 Advance, deposit and prepayments**

Advances and loans (note- 8.1.1)	17,269,543	13,117,146
Deposits (note-8.1.2)	131,761	129,500
	<b>17,401,304</b>	<b>13,246,646</b>

**8.1.1 Advances and loans**

Advance for office space in DSE building at Nikunja	850,000	850,000
Loan to employees	4,495,809	3,034,505
Advances - Office Space ( H.O.)	5,000,000	409,952
Advances - Office Space ( Agrabad)	123,200	677,600
Advances - Office Space ( Khatungonj)	683,625	1,230,525
Advances - Office Space ( Sylhet)	1,585,024	2,632,000
Advances - Office Space ( Narayongonj)	3,108,000	3,108,000
Prepaid Insurance	282,450	257,412
Receivable-Others	1,075,035	30,555
Inter Office Current A/c-IL Capital	13,600	517,507
Inter Office Current A/c-ILFSL	13,600	-
Advance for expenses	39,200	369,090
	<b>17,269,543</b>	<b>13,117,146</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>8.1.2 Deposits</b>			
	Security deposit with BTTB	29,261	27,000
	Security deposit with CDBL	102,500	102,500
		<b>131,761</b>	<b>129,500</b>
<b>8a Consolidated other assets</b>			
	International Leasing Securities Limited	30,590,610	14,494,815
	Hong Kong Bangladesh Securities Limited	-	1,402,657
		<b>30,590,610</b>	<b>15,897,472</b>
<b>9 Term loan and Time Loan</b>			
	Loan from ILFSL (note-9.1)	1,909,999,880	2,324,084,463
	Term Loan Midas Financing	63,250,407	66,452,103
	Time Loan Midas Financing	110,000,000	110,000,000
	Term Loan Fareast Finance	28,446,120	39,756,355
	Time Loan Fareast Finance	200,000,000	100,000,000
	Lease Finance-Fareast	2,801,687	3,312,634
	Overdraft - One bank Ltd.	50,000,000	50,000,000
	Term Loan LankaBangla Finance	159,135,446	187,704,922
	Term Loan Prime Finance	181,406,830	-
		<b>2,705,040,370</b>	<b>2,881,310,477</b>
<b>9.1 Loan from ILFSL</b>			
	Balance as on 1st January	2,324,084,463	2,323,466,667
	Add: received during the period	150,000,000	184,917,796
	Less: repayment during the period	(554,917,916)	(174,300,000)
	Less: repayment of Loan for CSE Membership	(9,166,667)	(10,000,000)
	<b>Closing Balance (details are mentioned below)</b>	<b>1,909,999,880</b>	<b>2,324,084,463</b>
	<b>Details breakup of Loan from ILFSL</b>		
	Margin Loan	1,909,999,880	2,309,999,880
	Long term loan for HBSL	-	9,166,667
	Other Loan- ILFSL	-	4,917,916
		<b>1,909,999,880</b>	<b>2,324,084,463</b>
<b>10 Payable to customers</b>			
	Payable to customers	94,098,309	65,437,586
	Payable to customers - close account	29,819	33,073
		<b>94,128,128</b>	<b>65,470,659</b>
This represents amount payable to customers against sale of shares and/or receipts for purchasing of shares.			
<b>11 Payable to DSE and CSE</b>			
	Payable to DSE (note-11.1)	123,850	184,228
	Payable to CSE (note- 11.2)	2,865,456	218,900
		<b>2,989,305</b>	<b>403,129</b>
This represents amount payable to Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) against purchase of shares through the stock exchanges. Detail break-up of this amount is as follows:			

Notes to the financial statements - continued

<i>Amounts in Taka</i>	
At	At
31 Dec 2013	31 Dec 2012

**11.1 Payable to DSE**

Grouping of shares	Date of transaction	Amount	Amount
ABGN	29-Dec-13	57,827	-
Z	29-Dec-13	73	-
ABGN	30-Dec-13	64,976	-
Z	30-Dec-13	25	-
Z	30-Dec-13	949	-
ABGN	27-Dec-12	-	82,000
Z	27-Dec-12	-	48,948
ABGN	30-Dec-12	-	53,281
<b>Total</b>		<b>123,850</b>	<b>184,228</b>

**11.2 Payable to CSE**

Grouping of shares	Date of transaction	Amount	Amount
Z	30-Dec-13	2,865,456	-
ABGN	30-Dec-12	-	218,900
<b>Total</b>		<b>2,865,456</b>	<b>218,900</b>

**12 Other liabilities**

Payable and accrued expenses (Note- 12.1)	669,841,469	275,592,311
Inter Company current account (note- 12.2)	-	4,628,209
Provision for unrealized loss in dealer account (note - 12.3)	18,203,644	19,486,544
Provision for income tax (note- 12.4)	17,782,831	16,334,221
Provision for contingency	5,440,000	2,720,000
	<b>711,267,944</b>	<b>318,761,285</b>

**12.1 Payable and accrued expenses**

CDBL charges	508,565	1,539,895
BO account maintenance fee payable to CDBL	2,570,800	2,104,800
Office maintenance	69,126	73,400
Accrued repair & maintenance	49,700	11,000
Accrued-office rent	910,850	-
Audit fee	66,122	74,750
Utilities	7,000	5,000
Telephone	75,401	332,684
Payable for others	790,450	415,763
Printing and stationery	75,032	56,281
Entertainment	10,492	17,243
Accrued-Electricity bill	151,532	85,135
Provision for gratuity	664,500	-
Interest on loan from Midas Financing Ltd.	5,341,111	305,556
Interest on loan from Fareast Finance & Investment Ltd.	5,550,000	2,000,000
Interest on OBL	22,917	2,196,036
Interest on loan from ILFSL	492,874,127	196,301,231
Internet payable	10,000	-
Interest suspense account	160,093,745	50,073,553
Withholding tax payable	-	19,999,985
	<b>669,841,469</b>	<b>275,592,311</b>

**12.2 Inter Company current account**

Payable for HBSL	-	4,628,209
	-	<b>4,628,209</b>



## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>12.3 Provision for unrealized loss in dealer accounts</b>			
	Balance as at 1st January	19,486,544	7,680,925
	Add: provision/adjustment made during the year	(1,282,900)	11,805,619
		<b>18,203,644</b>	<b>19,486,544</b>
<b>12.4 Provision for income tax</b>			
	Balance as at 1st January	16,334,221	135,309,241
	Less: transferred to retained earnings	-	(57,000,000)
	Add: Provision made during the year	1,448,610	13,453,060
	Less: settlement of previous year tax liability	-	(75,428,080)
		<b>17,782,831</b>	<b>16,334,221</b>
<b>12a Consolidated other liabilities</b>			
	International Leasing Securities Limited	711,267,944	318,761,285
	Hong Kong Bangladesh Securities Limited	-	1,307,012
		<b>711,267,944</b>	<b>320,068,297</b>
<b>13 Share capital</b>			
<b>Authorised</b>			
	10,000,000 nos. of ordinary shares of Taka 100 each	<b>1,000,000,000</b>	<b>250,000,000</b>
<b>13.1 Issued, subscribed &amp; paid up</b>			
	4,000,000 nos. of ordinary shares of Taka 100 each.	<b>400,000,000</b>	<b>200,000,000</b>
<b>Composition of shareholdings</b>			
<b>Particulars</b>	<b>No. of shares</b>		
<b>a) Corporate</b>	<b>3,999,997</b>	<b>399,999,700</b>	<b>199,999,700</b>
International Leasing & Financial Services Ltd.	3,999,997	399,999,700	199,999,700
<b>b) Individual</b>	<b>3</b>	<b>300</b>	<b>300</b>
Mr. Jamal Uddin Ahmad	1	100	100
Mr. Mizanur Rahman	1	100	100
Mr. Mustafizur Rahman	1	100	100
<b>Total</b>	<b>4,000,000</b>	<b>400,000,000</b>	<b>200,000,000</b>
Paid-up Capital of the company has been increased by the amount of Tk. 20 crore divided by Tk. 100 each with number of shares of 2,000,000 on May 22, 2013. The Paid-up capital was subscribed by International Leasing And Financial Services Limited fully.			
<b>14 Retained earnings</b>			
	Retained earnings as at 1st January	1,917,645	851,133
	Add: profit/loss after tax for the year	10,821,138	44,066,512
	Add: transferred from tax provision	-	57,000,000
	Less: interim cash dividend for the year	-	(100,000,000)
<b>Closing Balance</b>		<b>12,738,782</b>	<b>1,917,645</b>
<b>14a Consolidated retained earnings</b>			
	Retained earnings as at 1st January	3,933,413	1,870,737
	Add: profit after tax for the year	8,805,369	45,062,676
	Add: transferred from tax provision	-	57,000,000
	Less: interim cash dividend for the year	-	(100,000,000)
<b>Closing Balance</b>		<b>12,738,782</b>	<b>3,933,413</b>
<b>14b Minority interest</b>			
	Share capital	300	300
	Retained earnings	79	60
<b>Balance as at January 01</b>		<b>60</b>	<b>30</b>
	Profit for the year	19	30
	Distribution for HBSL winding up	(379)	-
<b>Balance as at December 31</b>		<b>-</b>	<b>360</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>15 Brokerage income</b>			
	DSE	78,113,460	116,167,269
	CSE	16,693,721	13,084,701
		<b>94,807,181</b>	<b>129,251,970</b>
This represents brokerage commission earned from selling and buying of securities on behalf of clients.			
<b>16 Direct charges</b>			
	Hawla charges	1,324,808	1,615,022
	Laga charges	5,984,677	7,911,328
		<b>7,309,485</b>	<b>9,526,350</b>
<b>17 Interest income</b>			
	Interest on margin loan	492,887,245	518,199,592
	Interest on bank account	4,648,592	2,940,947
	Other interest income	379,794	562,441
		<b>497,915,631</b>	<b>521,702,980</b>
Interest on Margin loan represents interest charged on loan extended to customers.			
<b>17a Consolidated Interest Income</b>			
	International Leasing Securities Limited	497,915,631	521,702,980
	Hong Kong Bangladesh Securities Limited	829,269	1,676,124
		<b>498,744,900</b>	<b>523,379,104</b>
<b>18 Interest expense</b>			
	Interest Expenses- ILFSL	361,409,006	402,517,158
	Interest expense on Long Term Loan (HBSL)	922,903	2,607,744
	Interest expense-other Financiers-Midas Financing	33,059,532	30,271,648
	Interest expense-other Financiers-Fareast Finance	37,298,245	27,080,635
	Interest expenses-OBL	11,088,467	9,312,679
	Interest expenses-LankaBangla	35,015,848	19,608,695
	Interest expenses-Fareast Motor Lease	555,853	257,134
	Interest expenses-Prime Finance	18,395,589	-
		<b>497,745,445</b>	<b>491,655,692</b>
This represents interest on term loan taken from ILFSL and other financiers.			
<b>19 Other operating income</b>			
	CDBL charges	467,982	153,252
	Sale of BO account forms	72,400	178,900
	BO account maintenance fee recovered	1,129,300	541,207
	Excess commission	461,307	1,099,969
	Other Income	5,379	-
	Cheque clearing fee	(678)	-
	Cheque dishonour charge	93,735	76,073
	Gain on sale of fixed assets	22,187	481,835
		<b>2,251,612</b>	<b>2,531,236</b>
<b>20 Income from Investment</b>			
	Realized income from Investment	4,486,094	1,741,195
	Dividend income from Dealer Account	2,179,495	1,402,900
		<b>6,665,590</b>	<b>3,144,095</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>20a Consolidated Income from Investment</b>			
	International Leasing Securities Limited	4,025,025	3,144,095
	Hong Kong Bangladesh Securities Limited	-	-
		<b>4,025,025</b>	<b>3,144,095</b>
<b>21 Salary and allowances</b>			
	Salary & allowances	28,752,606	25,592,059
	Other benefits	2,418,800	2,184,508
		<b>31,171,406</b>	<b>27,776,567</b>
<b>22 Rent, taxes, insurance, electricity, etc.</b>			
	Rent, rate and taxes	12,046,758	13,789,454
	Insurance Premium	398,640	593,820
	Electricity, gas and water	1,843,106	1,400,975
		<b>14,288,504</b>	<b>15,784,249</b>
<b>23 Legal expenses</b>			
	Legal expenses	331,250	280,480
		<b>331,250</b>	<b>280,480</b>
<b>23a Consolidated legal expenses</b>			
	International Leasing Securities Limited	331,250	280,480
	Hong Kong Bangladesh Securities Limited	218,750	-
		<b>550,000</b>	<b>280,480</b>
<b>24 Postage, stamp , telephone etc.</b>			
	Postage, stamp	55,313	90,405
	Telephone	863,726	777,336
		<b>919,039</b>	<b>867,741</b>
<b>25 Stationery, printing and advertisements, etc.</b>			
	Printing and stationery	1,143,796	929,869
	Publicity and advertisement	217,098	312,440
		<b>1,360,894</b>	<b>1,242,308</b>
<b>26 Directors' fees and meeting expenses</b>			
	Directors' fees and meeting expenses	<b>394,937</b>	<b>469,964</b>
	No director has been paid any remuneration for any special service rendered.		
<b>27 Auditors' fees</b>			
	Statutory audit fee	<b>66,122</b>	<b>85,200</b>
<b>27a Consolidated auditors' fees</b>			
	International Leasing Securities Limited	66,122	85,200
	Hong Kong Bangladesh Securities Limited	-	57,500
		<b>66,122</b>	<b>142,700</b>
<b>28 Depreciation, amortization and repair of assets</b>			
<b>a) Depreciation</b>			
	Motor Vehicles	1,162,946	602,855
	Office Decoration	3,242,573	3,084,172
	Office Equipment	1,486,212	1,316,867
	Furniture & Fixtures	461,425	451,482
	Computers & Accessories	1,650,795	2,934,732
		<b>8,003,951</b>	<b>8,390,108</b>
<b>b) Repairs</b>			
	Repair & Maintenance	758,391	588,929
		<b>758,391</b>	<b>588,929</b>
<b>(a+b)</b>		<b>8,762,342</b>	<b>8,979,038</b>

## Notes to the financial statements - continued

		<i>Amounts in Taka</i>	
		<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>28a Consolidated depreciation, amortization and repair of assets</b>			
<b>a) Depreciation</b>			
	International Leasing Securities Limited	8,003,951	8,390,108
	Hong Kong Bangladesh Securities Limited	-	1
		<b>8,003,951</b>	<b>8,390,109</b>
<b>b) Repairs</b>			
	International Leasing Securities Limited	758,391	588,929
	Hong Kong Bangladesh Securities Limited	-	-
		<b>758,391</b>	<b>588,929</b>
<b>(a+b)</b>		<b>8,762,342</b>	<b>8,979,039</b>
<b>29 Other expenses</b>			
	Fuel & Repair expenses for vehicles	943,570	595,668
	Fuel and Power	152,832	189,432
	Office Maintenance	1,894,155	1,828,564
	Fees and subscription	506,826	325,118
	Loan processing fee	1,476,200	-
	License and renewal	338,863	186,000
	Bank charges	66,619	95,778
	Entertainment	669,424	863,201
	Business development expenses	874,961	169,708
	Travelling and conveyance expenses	179,724	202,500
	Internet and connectivity expenses	3,175,620	3,145,381
	Training Expenses	29,500	221,760
		<b>10,308,294</b>	<b>7,823,109</b>
<b>29a Consolidated other expenses</b>			
	International Leasing Securities Limited	10,308,294	7,823,109
	Hong Kong Bangladesh Securities Limited	22,750	24,699
		<b>10,331,044</b>	<b>7,847,808</b>
<b>30 Provision for loss in dealer account &amp; contingency</b>			
	Provision for unrealized loss in dealer account	(1,282,900)	11,805,619
	Loss for contingency	2,720,000	2,720,000
		<b>1,437,100</b>	<b>14,525,619</b>
The provision has been created for unrealized loss in dealer account as per decision of the Board of Directors.			
<b>31 Tax expenses</b>			
	Current tax provision (note-31.1)	1,000,000	13,278,940
	Tax paid on brokerage income (note- 31.2)	15,275,450	20,094,391
	Tax provision for Dealer Account (note- 31.3)	448,610	174,119
		<b>16,724,060</b>	<b>33,547,450</b>
<b>31.1</b>	Current tax provision represents provision made for net interest income and other operating income @ 37.5% rounded off to nearest Taka.		
<b>31.2</b>	Tax paid on brokerage income represents tax deducted at source by DSE and CSE on the turnover as per section 53BBB & u/s 82 (C) of Income Tax Ordinance 1984.		
<b>31.3</b>	Tax provision on Dealer Account includes 10% on realized income from investment in shares.		
<b>31a Consolidated tax expenses</b>			
	International Leasing Securities Limited	16,724,060	33,547,450
	Hong Kong Bangladesh Securities Limited	(37,045)	597,730
		<b>16,687,015</b>	<b>34,145,180</b>

## Notes to the financial statements - continued

	Amounts in Taka	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012
<b>32 Earnings per share (EPS)</b>		
<b>Number of Ordinary Shares</b>	<b>4,000,000</b>	<b>2,000,000</b>
As on December 31, 2012 (Paid-up capital Tk. 200,000,000 @ Tk. 100 per Share)	2,000,000	2,000,000
During 2013 (issuance of new Shares of Tk. 200,000,000 @ Tk. 100 per Share dated May 22, 2013)	2,000,000	-
<b>Weighted Average Number of Ordinary Shares (2012 re-stated)</b>	<b>3,216,667</b>	<b>3,216,667</b>
As on December 31, 2012 (No. of shares x Weight = 2,000,000 x (12/12))	2,000,000	2,000,000
During 2013 (No. of shares x Weight = 2,000,000 x (7.30/12))	1,216,667	1,216,667
Earning attributable to ordinary shareholders (profit after tax)	10,821,138	44,066,512
<b>Basic earnings per share (2012 re-stated)</b>	<b>3.36</b>	<b>13.70</b>
<b>32a Consolidated earnings per share (EPS)</b>		
Earning attributable to ordinary shareholders (profit after tax)	8,805,369	45,062,677
Weighted Average Number of Ordinary Shares (2012 re-stated)	3,216,667	3,216,667
<b>Basic earnings per share (2012 re-stated)</b>	<b>2.74</b>	<b>14.01</b>

### 33 Related party disclosure

The company has entered into various intercompany transaction with its parent company and sister concern during the year. The details of intercompany transaction along with relationship are provided below as per BAS:24 Related Party Disclosure.

Name of the Company	Head of Account	Receivable/Payable	Relationship	Amount in Taka
ILFSL	Margin Loan & Interest	Payable	Parent Company	2,402,874,007
ILFSL	Inter company current A/c	Receivable	Parent Company	13,600
IL Capital	Inter company current A/c	Receivable	Sister Concern	13,600

### 34 Number of employees

Company has 60 number of employees as on December 31, 2013.

### 35 Events after balance sheet date

There is no significant event after the balance sheet date.

### 36 Approval of financial statements

These financial statements were approved by the Board of Directors in their meeting held on February 19, 2014 for placement in the AGM of the Company.

  
C.K. Hyder  
Chairman

  
M. Nurul Alam  
Director

  
Md. Humayan Kabir ACA  
Chief Operating Officer

  
Md. Rafiqul Islam  
Company Secretary

**INTERNATIONAL LEASING SECURITIES LIMITED**  
Schedule of fixed assets  
as at December 31, 2013

Annexure - 1

Amounts in Taka

Particulars	COST				DEPRECIATION					
	Balance as at January 01, 2013	Addition during the Year	Adjustment /Disposal during the Year	Balance as at December 31, 2013	Rate (%)	Balance as at January 01, 2013	Charged during the Year	Adjustment /Disposal during the Year	Balance as at December 31, 2013	Written down value as at December 31, 2013
Motor vehicles	5,200,000	1,560,000	-	6,760,000	20	1,207,366	1,162,946	-	2,370,312	4,389,688
Office decoration	20,561,136	1,056,000	-	21,617,136	15	11,808,620	3,242,573	-	15,051,193	6,565,943
Office equipment	7,761,668	356,100	(162,714)	7,955,054	20	4,797,622	1,486,212	(155,424)	6,128,410	1,826,643
Furniture & fixtures	3,245,999	16,830	(17,500)	3,245,329	15	1,720,666	461,425	(14,000)	2,168,091	1,077,238
Computers & accessories	11,222,044	2,763,424	(167,741)	13,817,727	33	10,224,985	1,650,795	(150,898)	11,724,882	2,092,844
<b>Total as at December 31, 2013</b>	<b>47,990,847</b>	<b>5,752,354</b>	<b>(347,955)</b>	<b>53,395,246</b>		<b>29,759,260</b>	<b>8,003,951</b>	<b>(320,322)</b>	<b>37,442,889</b>	<b>15,952,357</b>
<b>Total as at December 31, 2012</b>	<b>46,012,035</b>	<b>4,958,880</b>	<b>(2,980,068)</b>	<b>47,990,847</b>		<b>22,222,981</b>	<b>8,390,108</b>	<b>(853,829)</b>	<b>29,759,260</b>	<b>18,231,587</b>

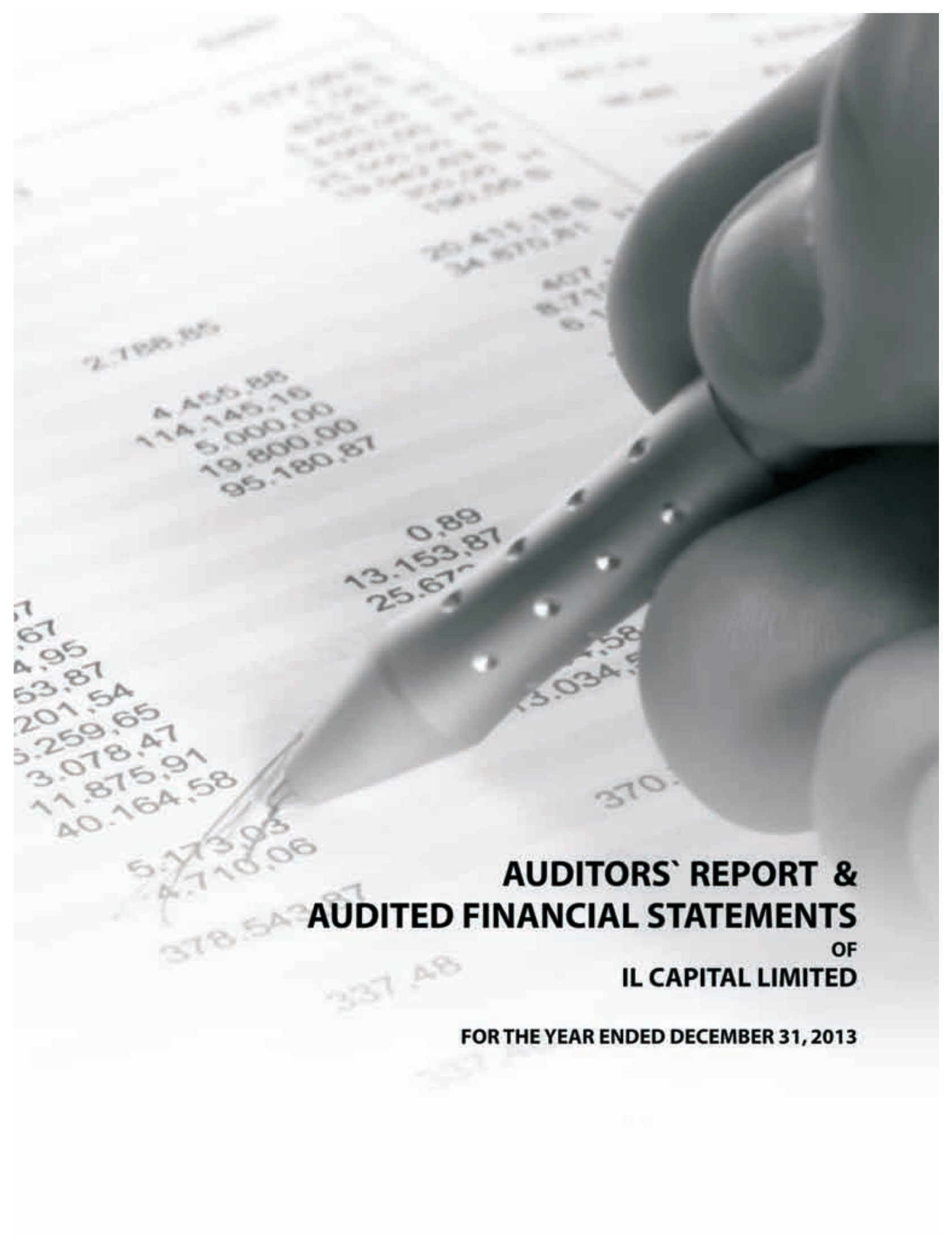
**INTERNATIONAL LEASING SECURITIES LIMITED AND ITS SUBSIDIARY**

Consolidated schedule of fixed assets  
as at December 31, 2013

Annexure - 1(a)

Amounts in Taka

Particulars	COST				DEPRECIATION					
	Balance as at January 01, 2013	Addition during the Year	Adjustment /Disposal during the Year	Balance as at December 31, 2013	Rate (%)	Balance as at January 01, 2013	Charged during the Year	Adjustment /Disposal during the Year	Balance as at December 31, 2013	Written down value as at December 31, 2013
Motor vehicles	5,200,000	1,560,000	-	6,760,000	20	1,207,366	1,162,946	-	2,370,312	4,389,688
Office decoration	20,561,136	1,056,000	-	21,617,136	15	11,808,620	3,242,573	-	15,051,193	6,565,943
Office equipment	7,761,668	356,100	(162,714)	7,955,054	20	4,797,622	1,486,212	(155,424)	6,128,410	1,826,643
Furniture & fixtures	3,303,174	16,830	(74,675)	3,245,329	15	1,777,841	461,425	(71,175)	2,168,091	1,077,238
Computers & accessories	11,222,044	2,763,424	(167,741)	13,817,727	33	10,224,985	1,650,795	(150,898)	11,724,882	2,092,844
<b>Total as at December 31, 2013</b>	<b>48,048,022</b>	<b>5,752,354</b>	<b>(405,130)</b>	<b>53,395,246</b>		<b>29,816,435</b>	<b>8,003,951</b>	<b>(377,497)</b>	<b>37,442,889</b>	<b>15,952,357</b>
<b>Total as at December 31, 2012</b>	<b>46,069,210</b>	<b>4,958,880</b>	<b>(2,980,068)</b>	<b>48,048,022</b>		<b>22,280,155</b>	<b>8,390,109</b>	<b>(853,829)</b>	<b>29,816,435</b>	<b>18,231,587</b>



**AUDITORS` REPORT &  
AUDITED FINANCIAL STATEMENTS**

**OF  
IL CAPITAL LIMITED**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

# AUDITORS' REPORT TO THE SHAREHOLDERS OF IL CAPITAL LIMITED

We have audited the accompanying financial statements of IL Capital Limited which comprise the Statements of Financial Position as at December 31, 2013 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with Bangladesh Financial Reporting Standards (BFRSs), and the company's Act 1994 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

## Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of IL Capital Limited as at December 31, 2013 and its financial performance and cash flows for the year then ended prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

## We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- iii) the statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dated: Dhaka  
March 13, 2014

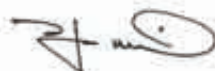
  
Rahman Mostafa Alam & Co.  
Chartered Accountant



**IL CAPITAL LIMITED**  
**Statement of Financial Position**  
**As at December 31, 2013**

		<i>Amounts in Taka</i>	
		<u>At</u>	<u>At</u>
		<u>31 Dec 2013</u>	<u>31 Dec 2012</u>
	<u>Notes</u>		
<b>PROPERTY AND ASSETS</b>			
Cash and cash equivalents	3	3,197,882	4,671,833
Investment	4	235,665,985	100,067,478
Fixed assets including premises, furniture and fixtures	5	12,977,739	15,813,818
Other assets	6	17,476,325	8,465,386
<b>Total assets</b>		<b>269,317,931</b>	<b>129,018,515</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Term loan	7	4,696,645	5,442,986
Payable to customers	8	863,899	-
Other liabilities	9	10,469,625	21,221,268
<b>Capital / Shareholders' equity</b>			
Paid- up capital	10	250,000,000	100,000,000
Retained Earnings	11	3,287,762	2,354,261
<b>Total Shareholders' equity</b>		<b>253,287,762</b>	<b>102,354,261</b>
<b>Total liabilities and Shareholders' equity</b>		<b>269,317,931</b>	<b>129,018,515</b>
<b>Net asset value per share</b>	12	<b>101.32</b>	<b>102.35</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.



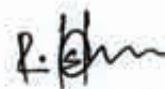
**Mahbub Jamil**  
Chairman



**Nehal Ahmed FCA**  
Managing Director



**Saad Muhammad Faisal**  
Chief Operating Officer



**Md. Rafiqul Islam**  
Company Secretary

Sign in terms of our separate report of even date.

Dated : Dhaka  
March 13, 2014



**Rahman Mostafa Alam & Co.**  
Chartered Accountants

**IL CAPITAL LIMITED**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2013**

		<i>Amounts in Taka</i>	
		<b>Year ended</b>	<b>Year ended</b>
		<b>Jan-Dec 2013</b>	<b>Jan-Dec 2012</b>
		<b>Notes</b>	
<b>OPERATING INCOME</b>			
	Interest income	13	28,477,531
	Interest expenses		(1,421,939)
	<b>Net interest income</b>		<b>27,055,592</b>
	Commission, fees and charges	14	15,920
	Income from own investment	15	1,910,803
	<b>Total operating income (A)</b>		<b>28,982,315</b>
<b>OPERATING EXPENSES</b>			
	Salary and allowances	16	4,908,530
	Rent, taxes, insurance, electricity etc.	17	802,786
	Postage, stamp & telecommunication	18	354,931
	Stationery, printing & advertisements	19	328,211
	Directors' fees & meeting expenses	20	201,250
	Auditors' fees	21	28,750
	Depreciation, amortization and repair of assets	22	3,329,983
	Other expenses	23	1,178,560
	<b>Total operating expenses (B)</b>		<b>11,133,001</b>
	<b>Profit before provision and tax (C=A-B)</b>		<b>17,849,314</b>
	Provision for unrealized loss in own portfolio (D)		590,113
	<b>Profit/(loss) before tax (C-D)</b>		<b>17,259,201</b>
	Tax expense	9.2	6,325,700
	<b>Profit after tax</b>		<b>10,933,501</b>
	<b>EPS</b>	24	<b>4.37</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.



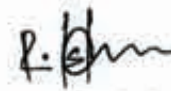
**Mahbub Jamil**  
Chairman



**Nehal Ahmed FCA**  
Managing Director



**Saad Muhammad Faisal**  
Chief Operating Officer



**Md. Rafiqul Islam**  
Company Secretary

Sign in terms of our separate report of even date.

Dated : Dhaka  
March 13, 2014



**Rahman Mostafa Alam & Co.**  
Chartered Accountants

**IL CAPITAL LIMITED**  
**Statement of Changes in Equity**  
**For the year ended December 31, 2013**

Particulars	Share Capital	Retained Earnings	<i>Amounts in Taka</i>
			Total
<b>Balance as at January 1, 2012</b>	100,000,000	-	100,000,000
Profit after tax during the year 2012	-	2,354,261	2,354,261
<b>Balance as at December 31, 2012</b>	<b>100,000,000</b>	<b>2,354,261</b>	<b>102,354,261</b>
Issuance of Ordinary Share	150,000,000	-	150,000,000
Profit after tax during the year 2013	-	10,933,501	10,933,501
Interim Dividend	-	(10,000,000)	(10,000,000)
<b>Balance as at December 31, 2013</b>	<b>250,000,000</b>	<b>3,287,762</b>	<b>253,287,762</b>



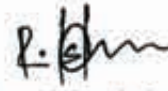
**Mahbub Jamil**  
Chairman



**Nehal Ahmed FCA**  
Managing Director



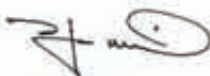
**Saad Muhammad Faisal**  
Chief Operating Officer



**Md. Rafiqul Islam**  
Company Secretary

**IL CAPITAL LIMITED**  
**Statement of Cash Flows**  
**For the year ended December 31, 2013**

	Amounts in Taka	
	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
<b>Cash flow from operating activities</b>		
Interest receipts in cash	25,070,129	8,670,298
Interest payments	(1,421,939)	(178,025)
Dividend receipts in cash	573,220	-
Commission, fees and charges	15,920	-
Cash payments to employees	(4,908,530)	(1,704,727)
Advance income tax	(2,620,646)	(1,500,977)
Payments for other operating expenses	(2,973,267)	(1,070,624)
Other assets	(2,982,893)	(1,500,000)
Other liabilities	(16,612,579)	26,263
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(5,860,585)</b>	<b>2,742,209</b>
<b>Cash flow from investing activities</b>		
Investment in TDR	(128,987,798)	5,000,000
Investment in Share	(5,272,983)	-
Net change against purchase/sale of property, plant and equipment	(606,244)	(4,059,111)
<b>Net cash inflow/ (outflow) from investing activities</b>	<b>(134,867,025)</b>	<b>940,889</b>
<b>Cash flow from financing activities</b>		
Paid-up Capital	150,000,000	-
Term Loan	(746,341)	-
Interim Dividend paid	(10,000,000)	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>139,253,659</b>	<b>-</b>
<b>Net cash inflow/(outflow) for the year</b>	<b>(1,473,951)</b>	<b>3,683,098</b>
Opening balance of cash and cash equivalents	4,671,833	988,735
<b>Closing balance of cash and cash equivalents</b>	<b>3,197,882</b>	<b>4,671,833</b>



**Mahbub Jamil**  
Chairman



**Nehal Ahmed FCA**  
Managing Director



**Saad Muhammad Faisal**  
Chief Operating Officer



**Md. Rafiqul Islam**  
Company Secretary

**IL CAPITAL LIMITED**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2013**

**1.0 Company and its' activities**

**1.1 Corporate information**

IL Capital Limited is a private limited company and incorporated under the Companies Act 1994 on 07 March 2011 bearing Registration No C-88312. The registered office of the company is Printers building (14th floor), 5 Rajuk Avenue, Dhaka -1000

- 1.2** The main business of the company is to carry full fledge merchant bank and engage in all kind of merchant banking activities such as providing service as issue manager, underwriting of securities, portfolio management, margin loan facilitator, portfolio investment, investment advisory services etc.

**2.0 Basis of preparation and significant accounting policies**

**2.1 Statement of compliance**

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business following accrual basis of accounting except for cash flow statement. In preparation of these financial statements the company followed respective provisions of The Companies Act 1994, The Securities and Exchange Rules, 1987 and Bangladesh Accounting Standard (BAS) and/or Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations.

**2.2 Basis of preparation and presentation of the financial statements**

The financial statements have been prepared under the historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRS) as practiced in Bangladesh. No adjustment has been made for inflationary factor affecting the financial statements.

**2.3 Use of estimates and judgment**

Preparation of the financial statements in conformity with BAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies that affect the reported amounts of the revenue and expenses, assets and liabilities. Due to involvement of inherent uncertainty in making estimates, actual results could be different from those estimates.

**2.4 Cash flow statements**

The cash flow statement is prepared using the direct method as stipulated in Bangladesh Accounting Standard (BAS)-7 "Cash Flow Statements". Cash and cash equivalents for cash flow statement comprises mainly of cash in hand and balances at banks.

**2.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at bank.

**2.6 Recognition of fixed assets and depreciation (BAS 16 "Property plant & Equipment")**

**Recognition**

An item of fixed assets is recognized as an asset when it is probable that future economic benefit associated with the asset will flow to the enterprise and the cost of the assets to the enterprise can be measured reliably. The cost of an item of fixed assets is its purchase price (net of discounts and rebates), including import duties and taxes, and any directly attributable cost of bringing the asset to working condition for its intended use.

**Measurement**

Fixed assets for own use are stated initially at cost and subsequently at cost less accumulated depreciation and any accumulated impairment losses or at a re-valued amount less any accumulated depreciation and subsequent accumulated impairment losses.

**Subsequent expenditure**

Subsequent expenditure relating to any item of fixed assets are added to the carrying amount of the asset when it is probable that future economic benefits, exceeding its present standard of performance, will flow to the company and the cost of the item can be measured reliably. All other costs are recognized in profit and loss account as expense.

**Depreciation**

Components of an asset with differing patterns of benefits are depreciated separately.

Depreciation on own fixed assets is charged systematically over the assets useful life. Full year depreciation is charged on additions irrespective of date when the related assets are put into use. On the other hand, no depreciation has been charged on the month of disposal.

The company follows the straight-line method of depreciation applying annual rates stated as follows:

Motor vehicles	20%
Office decoration	15%
Office equipment	20%
Furniture and fixtures	15%
Computers & Accessories	33%

**Disposal or retirement**

The gain or loss arising out of disposal or retirement of fixed assets is determined as the difference between the sale proceeds and the carrying amount of the assets and is recognized in profit and loss account.

**2.7 Revenue Recognition (BAS 18, "Revenue")**

BAS 18 is a general revenue recognition standard, which states that revenue should be measured at the fair value of the consideration received or receivable. This is usually the amount of cash or cash equivalents received or receivable and recognized when it is probable that economic benefits will flow to the entity.

**2.8 Borrowing cost**

All borrowing costs are recognized expenses in the period in which they incurred in accordance with benchmark treatment of Bangladesh Accounting Standard- 23.

**2.9 Tax provision**

**Current tax**

Provision for current tax is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and amendments thereto.

**2.10 Earning Per Share (EPS)**

The Company calculates Earnings per share (EPS) in accordance with Bangladesh Accounting Standards -33 which is shown in the face of the Profit and loss Account. No diluted earnings per share is required to be calculated for the period, as there was no scope for dilution during the period under review.

**2.11 Events after balance sheet date**

All material events occurring after the balance sheet date are considered and where necessary, adjusted for or disclosed in note.

**2.12 Reconciliation of inter-company account**

Accounts with regard to inter-company are reconciled regularly and there are no material differences which may affect the financial statements significantly.

**2.13 Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

**2.14 Reporting currency**

The financial statements are presented in Bangladeshi Taka which is the Company's functional currency except as indicated.

**2.15 Uniform accounting policies**

The financial statements of International Leasing And IL Capital Limited have been prepared in accordance with uniform policies of accounting.

Notes to the Financial Statements - continued...

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>3.0 Cash and cash equivalents</b>			
	Cash in hand	2,577	6,381
	Cash at bank (note- 3.1)	3,195,305	4,665,452
		<b>3,197,882</b>	<b>4,671,833</b>
<b>3.1 Cash at bank</b>			
	Eastern Bank Limited	3,190,536	4,665,452
	Bank Al Falah	4,769	-
		<b>3,195,305</b>	<b>4,665,452</b>
<b>4.0 Investment</b>			
	Investment in share	6,610,709	-
	Investment in TDR with ILFSL (note- 4.1)	229,055,277	100,067,478
		<b>235,665,985</b>	<b>100,067,478</b>
<b>4.1 Investment in TDR with ILFSL</b>			
	Opening balance	100,067,478	99,000,000
	Add: investment made during the year	128,987,799	1,067,478
		<b>229,055,277</b>	<b>100,067,478</b>
<b>5.0 Fixed assets including premises, furniture &amp; fixtures</b>			
	Motor Vehicles	500,000	500,000
	Office Decoration	15,866,495	15,857,655
	Office equipment	474,379	471,779
	Furniture & Fixtures	988,493	744,736
	Computer & accessories	1,509,693	1,379,646
		<b>19,339,060</b>	<b>18,953,816</b>
	Less: Accumulated depreciation	(6,361,321)	(3,139,998)
	<b>Net book value at the end of the year (Annexure-1)</b>	<b>12,977,739</b>	<b>15,813,818</b>
<b>6.0 Other assets</b>			
	<b>Income generating:</b>		
	Interest receivable on TDR	8,871,809	5,464,409
		<b>8,871,809</b>	<b>5,464,409</b>
	<b>Non-income generating:</b>		
	Advance, deposit and prepaid expenses (note- 6.1)	2,150,000	1,500,000
	Advance corporate tax	25,000	25,000
	Tax deducted at source	4,096,623	1,475,977
	Receivable from broker	332,250	-
	Intercompany loan-ILFSL	2,000,643	-
		<b>8,604,516</b>	<b>3,000,977</b>
		<b>17,476,325</b>	<b>8,465,386</b>
<b>6.1 Advance, deposit and prepaid expenses</b>			
	Advance for software - LEADS	1,950,000	1,300,000
	Security deposit CDBL	200,000	200,000
		<b>2,150,000</b>	<b>1,500,000</b>
<b>7.0 Term Loan</b>			
	Term loan from ILFSL		
	Opening balance	5,442,986	-
	Add: Received during the year	-	5,442,986
	Add: Accrued interest during the year	1,421,939	-
		<b>6,864,925</b>	<b>5,442,986</b>
	Less: Payment during the year	(2,168,280)	-
	<b>Closing balance</b>	<b>4,696,645</b>	<b>5,442,986</b>

Notes to the Financial Statements - continued...

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>8.0 Payable to customers</b>	This represents amount payable to customer against sale of share and/or receipts for purchase of shares.		
<b>9.0 Other Liabilities</b>			
	Inter company payable (Note-9.1)	37,079	19,487,959
	Provision for income tax (Note-9.2)	7,763,256	1,437,556
	Withholding tax	2,000,000	-
	Provision for unrealized loss on own portfolio	590,113	-
	Liability for expenses (9.3)	79,177	295,753
		<b>10,469,625</b>	<b>21,221,268</b>
<b>9.1 Inter company payable</b>			
	Payable to ILFSL	23,479	18,970,452
	Payable to ILSL	13,600	517,507
		<b>37,079</b>	<b>19,487,959</b>
<b>9.2 Provision for income tax</b>			
	Opening balance	1,437,556	25,000
	Add: Tax provision during the year	6,325,700	1,412,556
		<b>7,763,256</b>	<b>1,437,556</b>
<b>9.3 Liability for expenses &amp; other payables</b>			
	Audit fee	28,750	28,750
	Withholding Tax and VAT	-	25,493
	Vehicle fuel expenses	12,375	11,750
	Telephone bill	1,500	7,000
	Drinking water bill	600	990
	Payable to supplier (Uni Square)	-	221,000
	Staff provident fund	-	770
	Courier bill payable	9,048	-
	New year greeting card printing bill payable	24,898	-
	BO account maintenance fee payable to CDBL	1,200	-
	Payable to broker	806	-
		<b>79,177</b>	<b>295,753</b>
<b>10.0 Share capital</b>			
<b>Authorized capital</b>			
	20,000,000 nos. of ordinary shares of taka 100 each	<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>10.1 Issued, subscribed &amp; paid up</b>			
	2,500,000 nos. of ordinary shares of taka 100 each fully paid.	250,000,000	100,000,000
		<b>250,000,000</b>	<b>100,000,000</b>

**Composition of shareholdings**

Particulars	No. of shares	Amount	Amount
<b>a) Corporate</b>	<b>2,499,999</b>	<b>100</b>	<b>249,999,900</b>
International Leasing And Financial Services Ltd.	2,499,799	100	249,979,900
JF Bangladesh Limited	200	100	20,000
<b>b) Individual</b>	<b>1</b>	<b>100</b>	<b>100</b>
Mr. Jamal Uddin Ahmad	1	100	100
<b>Total</b>	<b>2,500,000</b>	<b>100</b>	<b>250,000,000</b>



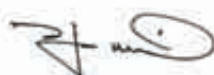
Notes to the Financial Statements - continued...

		<i>Amounts in Taka</i>	
		<b>At</b>	<b>At</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>11.0 Retained Earnings</b>			
	Opening balance	2,354,261	-
	Add. Profit after tax for the year	10,933,501	2,354,261
	Less: Interim Dividend paid for the year	(10,000,000)	-
	<b>Closing balance</b>	<b>3,287,762</b>	<b>2,354,261</b>
<b>12.0 Net asset value per share</b>			
	Total assets	269,317,931	129,018,515
	Total liabilities	16,030,169	26,664,254
	<b>Net asset</b>	<b>253,287,763</b>	<b>102,354,260</b>
	Number of share outstanding	2,500,000	1,000,000
	<b>Net asset value per share</b>	<b>101.32</b>	<b>102.35</b>
		<i>Amounts in Taka</i>	
		<b>Year ended</b>	<b>Year ended</b>
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>13.0 Interest income</b>			
	Interest income from TDR	28,202,495	15,365,048
	Interest income from savings account	264,943	-
	Interest income margin loan	10,093	-
		<b>28,477,531</b>	<b>15,365,048</b>
<b>14.0 Commission, fees and charges</b>			
	BO account maintenance fee	3,600	-
	Management fee	2,585	-
	Commission	9,735	-
		<b>15,920</b>	<b>-</b>
<b>15.0 Income from own investment</b>			
	Realized gain from investment	1,337,583	-
	Dividend income	573,220	-
		<b>1,910,803</b>	<b>-</b>
<b>16.0 Salary and allowances</b>			
	Basic salary and other allowances	4,806,230	1,704,727
	Staff provident fund	5,160	-
	Internee allowance	97,140	-
		<b>4,908,530</b>	<b>1,704,727</b>
<b>17.0 Rent, taxes, insurance, electricity etc.</b>			
	Office rent	677,479	218,000
	Electricity and utility	125,307	38,111
		<b>802,786</b>	<b>256,111</b>
<b>18.0 Postage, stamp &amp; telecommunication</b>			
	Telephone	83,233	22,896
	Internet	176,100	36,042
	Web design	85,000	-
	Courier	10,598	-
		<b>354,931</b>	<b>58,938</b>
<b>19.0 Stationery, printing and advertisements</b>			
	Printing and stationery	150,258	74,673
	Publicity and advertisement	10,973	85,487
	Monthly publication	166,980	-
		<b>328,211</b>	<b>160,160</b>
<b>20.0 Directors' fees &amp; meeting expenses</b>			
	Directors' fee for attending board meeting	201,250	97,750
		<b>201,250</b>	<b>97,750</b>
<b>21.0 Auditors' fees</b>			
	Statutory audit fee	28,750	28,750
		<b>28,750</b>	<b>28,750</b>

		<i>Amounts in Taka</i>	
		<b>Year ended 31 Dec 2013</b>	<b>Year ended 31 Dec 2012</b>
<b>22.0 Depreciation, amortization and repair of assets</b>			
<b>a) Depreciation - (Annexure-1)</b>			
	Motor Vehicles	100,000	100,000
	Office Decoration	2,379,974	2,378,648
	Office equipment	94,876	94,356
	Furniture & Fixtures	148,274	111,710
	Computer & accessories	498,199	455,283
		<b>3,221,323</b>	<b>3,139,997</b>
<b>b) Repairs</b>			
	Vehicle	64,864	151,006
	Generator	43,796	6,950
		<b>108,660</b>	<b>157,956</b>
	<b>Total (a+b)</b>	<b>3,329,983</b>	<b>3,297,953</b>
<b>23.0 Other expenses</b>			
	Fuel expenses	255,034	76,257
	Office maintenance	28,344	70,140
	Books, magazines and newspapers	32,639	5,785
	Fees and subscription	514,998	118,609
	Bank charges	94,403	28,279
	Entertainment	59,207	25,621
	Traveling and conveyance expenses	94,935	48,140
	Training expenses	10,000	-
	Marketing expenses	84,000	-
	CDBL charges	5,000	-
		<b>1,178,560</b>	<b>372,831</b>
<b>24.0 Earnings Per Share (EPS)</b>			
<b>Basic earnings per share</b>			
	Earning attributable to ordinary shareholders (profit after tax)	10,933,501	2,354,261
	Number of ordinary shares outstanding during the year	2,500,000	1,000,000
		<b>4.37</b>	<b>2.35</b>

**25.0 Events after balance sheet date:****Appropriations**

Subsequent to the balance sheet date, the Board of Directors in their 22nd Meeting held on March 13, 2014 has not declared final dividend. Accordingly, the interim cash dividend which was declared on December 18, 2013 in its 21st Meeting @ 4% against per share of Taka 100 each total of Taka 1 crore is to be considered as final dividend for the year 2013.



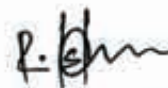
**Mahbub Jamil**  
Chairman



**Nehal Ahmed FCA**  
Managing Director



**Saad Muhammad Faisal**  
Chief Operating Officer



**Md. Rafiqul Islam**  
Company Secretary

**IL CAPITAL LIMITED**  
**Schedule of fixed assets**  
**As at December 31, 2013**

a) Fixed assets including premises, furniture & fixtures

Amounts in Taka

Particulars	COST			Rate (%)	DEPRECIATION			Written down value as at December 31, 2013
	As at January 01, 2013	Addition during the Year	Adjustment during the Year		As at December 31, 2013	Charged during the Year	Adjustment during the Year	
Motor Vehicles	500,000	-	-	20	100,000	100,000	-	200,000
Office Decoration	15,857,655	8,840	-	15	2,378,649	2,379,974	-	4,758,623
Office equipment	471,779	2,600	-	20	94,356	94,876	-	189,232
Furniture & Fixtures	744,736	243,757	-	15	111,710	148,274	-	259,984
Computer & accessories	1,379,646	130,047	-	33	455,283	498,199	-	953,482
<b>Total as at December 31, 2013</b>	<b>18,953,816</b>	<b>385,244</b>	<b>-</b>		<b>3,139,998</b>	<b>3,221,323</b>	<b>-</b>	<b>6,361,321</b>
<b>Total as at December 31, 2012</b>	<b>-</b>	<b>18,953,816</b>	<b>-</b>		<b>-</b>	<b>3,139,998</b>	<b>-</b>	<b>3,139,998</b>
								<b>15,813,818</b>



## CORPORATE INFORMATION

Legal Status	:	Public Limited Company
Date of Incorporation	:	January 15, 1996
Date of Enlistment with Dhaka Stock Exchange and Chittagong Stock Exchange	:	September 16, 2007
Registered Office	:	Printers Building (14th Floor), 5, Rajuk Avenue, Dhaka-1000, Bangladesh
Branch Office	:	1. Ayub Trade Center (7th Floor), 1269/B Agrabad C/A, Chittagong-4100, Bangladesh.
Branch Office of Subsidiary - ILSL	:	1. Ayub Trade Center (1st Floor), 1269/B Agrabad C/A, Chittagong-4100, Bangladesh. 2. BSM Center (2nd Floor), 119/122 Amir Market, Khatunganj, Chittagong-4000, Bangladesh. 3. Firoz Center, Chowhatta, Sylhet, Bangladesh.
Accounting Year End	:	December 31
No. of Employees	:	127 (including 68 of subsidiary company)
Auditor	:	S.F. Ahmed & Co, Chartered Accountants
Legal Adviser	:	Hasan and Associates, C. T. Karim & Partners
Company Secretary	:	Mr. Nehal Ahmed FCA
Subsidiary Company	:	1. International Leasing Securities Ltd. (ILSL) Printers Building (3rd Floor), 5, Rajuk Avenue, Dhaka-1000, Bangladesh. 2. IL Capital Limited Printers Buildings (14th Floor), 5, Rajuk Avenue, Dhaka-1000, Bangladesh.
Stock Exchange Membership	:	Dhaka Stock Exchange Ltd. Chittagong Stock Exchange Ltd.

# ইন্টারন্যাশনাল লিজিং এন্ড ফিন্যান্সিয়াল সার্ভিসেস লিমিটেড

## প্রক্লি ফরম

রেজিস্ট্রি  
স্ট্যাম্প

আমি/আমরা .....  
ঠিকানা .....  
ইন্টারন্যাশনাল লিজিং এন্ড ফিন্যান্সিয়াল সার্ভিসেস লিমিটেড এর সদস্য হিসেবে .....  
জনাব/বেগম .....  
ঠিকানা .....  
আমরা/আমাদের প্রতিনিধি হিসেবে আগামী বৃহস্পতিবার, ২৯ মে, ২০১৪ স্পেট্রা কনভেনশন সেন্টার লিমিটেড, হাউজ # ১৯, রোড # ০৭, গুলশান-১, ঢাকা-১২১২ এ অনুষ্ঠিতব্য কোম্পানীর ১৮তম বার্ষিক সাধারণ সভায় এক এর মূলতবী ঘোষিত সভায় আমার/আমাদের পক্ষে উপস্থিত থাকার এক ভোট প্রদান করার জন্য নিযুক্ত করলাম।

স্বাক্ষর হিসেবে অন্য ..... মে, ২০১৪ তারিখে আমি/আমরা এই দলিলে সজ্ঞানে স্বাক্ষর করলাম  
প্রতিনিধির স্বাক্ষর .....  
সদস্যের স্বাক্ষর .....  
সদস্যের ফলিও/বিও আইডি

## উপস্থিতি পত্র

জনাব/বেগম .....  
সদস্যের ফলিও/বিও আইডি   
আমি এতদ্বারা ২৯ মে, ২০১৪ বৃহস্পতিবার, স্পেট্রা কনভেনশন সেন্টার লিমিটেড, হাউজ # ১৯, রোড # ০৭, গুলশান-১, ঢাকা-১২১২ এ অনুষ্ঠিতব্য ইন্টারন্যাশনাল লিজিং এন্ড ফিন্যান্সিয়াল সার্ভিসেস লিমিটেড-এর ১৮তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি লিপিবদ্ধ করলাম।

স্বাক্ষর

বি.প্র. : সভায় যোগদানকারী সদস্যগণকে অনুরোধ করা যাচ্ছে যে, তাঁরা যেন ব্যক্তিগতভাবে বা তাঁদের প্রতিনিধির মাধ্যমে সভাকক্ষে প্রবেশের পূর্বে উপস্থিতি পত্রখানা জমা দেন।

# International Leasing And Financial Services Limited Proxy Form

Revenue  
Stamp

I/We .....  
of .....  
being a Member of International Leasing And Financial Services Limited, hereby appoint  
Mr./Ms. ....  
of .....

as my proxy in my absence to attend and vote for me and on my behalf at the **18<sup>th</sup> Annual General Meeting** of the Company to be held on Thursday, the May 29, 2014 at Spectra Convention Centre Limited, House # 19, Road # 07, Gulshan-01, Dhaka-1212. and at any adjournment thereof.

As witness my hand this ..... Day of May 2014

Signature of Proxy .....

Signature of Member .....

Register Folio no./BO ID of Member

## Attendance Slip

Mr./Ms. ....

Register Folio no./BO ID of Member

I hereby record my presence at the **18<sup>th</sup> Annual General Meeting of International Leasing And Financial Services Limited** on Thursday, the May 29, 2014 at Spectra Convention Centre Limited, House # 19, Road # 07, Gulshan-01, Dhaka-1212.

.....  
Signature

N. B. The Member attending the meeting is kindly requested to mention the registered name and Folio no./BO ID on this slip and present the same at the registration counter on the day of the meeting.





*International  
Leasing*

*A Financial Institution that Cares*

**Printers Building**

14th Floor, 5 Rajuk Avenue, Dhaka 1000, Bangladesh

Tel: + 88 02 9559639

Fax : + 88 02 9559640

E-Mail : [info@ifsl.com](mailto:info@ifsl.com)

web : [www.ifsl.com](http://www.ifsl.com)

Subsidiary companies of International Leasing And Financial Services Limited

**Stock Brokerage Subsidiary**



**INTERNATIONAL LEASING  
SECURITIES LIMITED**

*Your Money Manager*

**Printers Building**

3rd Floor, 5 Rajuk Avenue

Dhaka 1000, Bangladesh

Tel: + 88 02 9577305

Fax : + 88 02 9577691

web : [www.ilsibd.com](http://www.ilsibd.com)

**Merchant Banking Subsidiary**



**IL Capital  
Limited**

YOUR INVESTMENT MANAGER

**Printers Building**

14th Floor, 5 Rajuk Avenue

Dhaka 1000, Bangladesh

Tel: + 88 02 9515573

Fax : + 88 02 7117559

web : [www.il-capital.com](http://www.il-capital.com)