



Prime Finance & Investment Limited

Balance Sheet at 31 December 2003


<u>Sources of Funds</u>	<u>Notes</u>	<u>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
Shareholders' equity:			
Share capital	3	150,000,000	100,000,000
General reserve		18,830,000	11,065,000
Proposed stock dividend		30,000,000	-
Proposed cash dividend		-	20,000,000
Retained earnings		13,388,780	12,332,378
		212,218,780	143,397,378
Long term liabilities:			
Term deposits	4	984,866,665	458,738,895
Bank loan (net of current maturity)	5	124,991,184	86,466,515
Fund from CBSF (net of current maturity)	6	39,296,433	-
Lease advances/security deposits (net of current maturity)	7	82,476,572	66,546,509
Portfolio investment fund	8	3,005,411	1,402,397
		1,234,636,265	613,154,316
Provision for taxation	9	23,000,000	-
		<u>1,469,855,045</u>	<u>756,551,694</u>
Application of Funds			
Fixed assets (at cost less depreciation)	10	5,260,056	2,002,838
Investment and advances:			
Lease assets (at cost less depreciation)	11	1,060,981,525	668,745,348
Advances for lease assets	12	24,793,972	37,595,241
Term finance (net of current maturity)	13	68,492,628	12,500,000
Hire purchase investment (net of current maturity)	14	5,090,891	2,095,598
Investment in securities	15	88,095,947	49,123,207
		1,247,454,963	770,059,394
Provision for doubtful accounts	16	(35,300,000)	(19,000,000)


Contd....

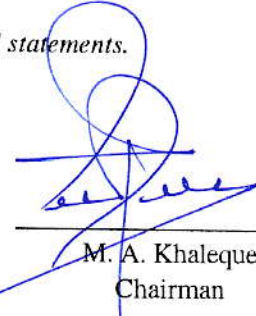


	Notes	2003 Taka	2002 Taka
Current assets:			
Current maturity of term finance	13	226,378,137	176,650,754
Current maturity of hire purchase investment	14	6,750,701	2,323,170
Accounts receivable	17	120,457,746	65,042,731
Advances, deposits and prepayments	18	5,768,092	1,226,971
Advance corporate tax	19	1,659,281	978,162
Short term loan	20	40,000,000	-
Cash and cash equivalents	21	76,116,990	19,239,606
		477,130,947	265,461,394
Less: Current liabilities:			
Short term loan		-	98,787,111
Accrued expenses and other payables	22	89,102,929	71,541,832
Current maturity of bank loan	5	101,216,366	76,358,285
Current maturity of CBSF fund	6	15,258,001	-
Current maturity of lease advance/security deposit	7	19,113,625	15,284,704
		224,690,921	261,971,932
Net surplus in current assets		<u>252,440,026</u>	<u>3,489,462</u>
		<u>1,469,855,045</u>	<u>756,551,694</u>


The annexed notes 1 to 30 form an integral part of these financial statements.


Md. Akter Hossain Sannamat
Company Secretary


Tapan K. Podder
Managing Director


M. A. Khaleque
Chairman

As per our report of same date.


Auditors

Dhaka, 8 March 2004



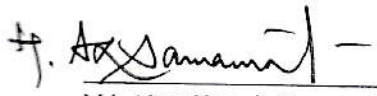



Prime Finance & Investment Limited

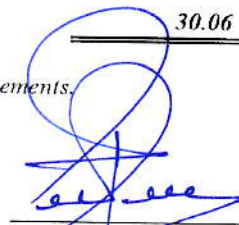
Combined Profit and Loss Account
for the year ended 31 December 2003

	Notes	2003 Taka	2002 Taka
Operational revenue:			
Lease rentals		418,527,047	238,544,392
Income from term finance		34,897,486	24,378,937
Income from hire purchase investment		1,095,160	866,620
Fees, commission, etc.	23	1,000,000	-
Other operational income	24	16,064,468	12,617,415
		471,584,161	276,407,364
Less: Operational expenses:			
Depreciation on lease assets		276,453,675	153,508,552
Financial expenses	25	115,936,896	65,958,805
Provision for doubtful accounts		16,300,000	8,340,000
Management expenses	26	18,984,430	11,941,693
		427,675,001	239,749,050
Income from leasing business		43,909,160	36,658,314
Profit/(loss) on merchant banking operation (as per separate profit and loss account enclosed)		17,912,242	(1,417,245)
Profit before taxation		61,821,402	35,241,069
Less: Provision for taxation	9	23,000,000	-
Net profit after taxation		38,821,402	35,241,069
Profit brought forward from previous year		12,332,378	4,141,309
Profit available for appropriation		51,153,780	39,382,378
Appropriations:			
Transfer to general reserve		7,765,000	7,050,000
Proposed stock dividend		30,000,000	-
Proposed cash dividend		-	20,000,000
		37,765,000	27,050,000
Retained earnings, carried forward		13,388,780	12,332,378
Earnings per share		<u>30.06</u>	<u>35.24</u>

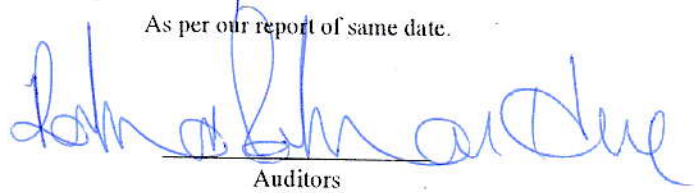
The annexed notes 1 to 30 form an integral part of these financial statements.


Md. Akter Hossain Sannamat
Company Secretary


Tapan K. Podder
Managing Director


M. A. Khaleque
Chairman

As per our report of same date.


Auditors

Dhaka, 8 March 2004







Prime Finance & Investment Limited

**Profit and Loss Account (Merchant Banking Operation)
for the year ended 31 December 2003**

	<u>Notes</u>	<u>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
Operational revenue:			
Fees, commission, etc.	23	4,601,060	1,801,200
Income from sale of securities	27	11,117,136	3,859,326
Dividend income		8,552,914	991,015
Other operational income	24	123,260	269,967
		24,394,370	6,921,508
Less: Operational expenses:			
Management expenses	26	6,482,128	8,338,753
Profit/(loss) from operations transferred to Combined Profit and Loss Account		<u>17,912,242</u>	<u>(1,417,245)</u>

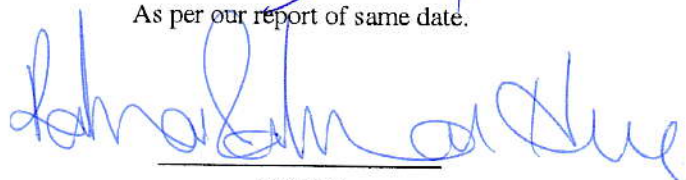
The annexed notes 1 to 30 form an integral part of these financial statements.


Md. Akter Hossain Sannamat
Company Secretary


Tapan K. Podder
Managing Director


M. A. Khaleque
Chairman

As per our report of same date.


Auditors

Dhaka, 8 March 2004





**Cash Flow Statement
for the year ended 31 December 2003**

	<u>2003</u> <u>Taka</u>	<u>2002</u> <u>Taka</u>
Cash flow from operating activities:		
Collection from operational income	440,181,395	247,127,472
Payment for operational expenses	(113,529,970)	(64,985,971)
(Increase)/decrease in operating assets	(44,354,359)	3,646,720
Increase/(decrease) in operating liabilities	(69,959,300)	42,116,118
Payment of corporate income tax	(681,119)	(300,141)
<i>Net cash flow from operating activities</i>	<u>211,656,647</u>	<u>227,604,198</u>
Cash flow from investing activities:		
Acquisition of lease assets	(712,757,998)	(422,909,316)
Advance for lease assets	(24,793,972)	(37,595,241)
Acquisition of fixed assets	(4,645,020)	(617,375)
Disposal of lease assets	43,518,662	27,667,170
Disposal of fixed assets	296,000	-
Increase in term finance	(105,720,011)	(113,686,202)
Increase of hire purchase investment	(7,422,824)	(1,885,702)
Sale of securities	146,458,506	92,172,477
Investment in securities	(185,139,558)	(117,270,608)
<i>Net cash flow from investing activities</i>	<u>(850,206,215)</u>	<u>(574,124,797)</u>
Cash flow from financing activities		
Increase in share capital	50,000,000	-
Increase in lease advance/security deposit	19,758,984	19,672,195
Receipt of bank loan	207,350,471	84,766,823
Repayment of bank loan	(89,413,287)	(58,137,757)
Receipt of term deposit	698,867,265	314,157,168
Repayment of term deposit	(172,739,495)	(52,100,000)
Increase/(decrease) of portfolio investment deposit	1,603,014	(341,284)
Payment of dividend	(20,000,000)	(15,000,000)
<i>Net cash flow from financing activities</i>	<u>695,426,952</u>	<u>293,017,145</u>
Net increase/(decrease) in cash and cash equivalents	56,877,384	(53,503,454)
Cash and cash equivalents at beginning of the year	19,239,606	72,743,060
Cash and cash equivalents at end of the year (note 20)	<u>76,116,990</u>	<u>19,239,606</u>



Prime Finance & Investment Limited

**Statement of Changes in Shareholders' Equity
for the year ended 31 December 2003**

	<u>Share capital</u> <u>Taka</u>	<u>Retained earnings</u> <u>Taka</u>	<u>General reserve</u> <u>Taka</u>	<u>Proposed dividend</u> <u>Taka</u>	<u>Profit and loss account</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance at 31 December 2001	100,000,000	4,141,309	4,015,000	15,000,000	-	123,156,309
Changes during the year 2002:						
Issue of share capital	-	-	-	-	-	-
Net profit for the year 2002	-	-	-	-	35,241,069	35,241,069
Payment of dividend	-	-	-	(15,000,000)	-	(15,000,000)
Transfer to general reserve	-	-	7,050,000	-	(7,050,000)	-
Proposed dividend	-	-	-	20,000,000	(20,000,000)	-
Transfer to retained earnings	-	8,191,069	-	-	(8,191,069)	-
	-	8,191,069	7,050,000	5,000,000	-	20,241,069
Balance at 31 December 2002	100,000,000	12,332,378	11,065,000	20,000,000	-	143,397,378
Changes during the year 2003:						
Issue of share capital	50,000,000	-	-	-	-	50,000,000
Net profit for the year 2003	-	-	-	-	38,821,402	38,821,402
Payment of dividend	-	-	-	(20,000,000)	-	(20,000,000)
Transfer to general reserve	-	-	7,765,000	-	(7,765,000)	-
Proposed stock dividend	-	-	-	30,000,000	(30,000,000)	-
Transfer to retained earnings	-	1,056,402	-	-	(1,056,402)	-
	50,000,000	1,056,402	7,765,000	10,000,000	-	68,821,402
Balance at 31 December 2003	150,000,000	13,388,780	18,830,000	30,000,000	-	212,218,780

Dividends recommended/proposed by the Board and subsequent payment thereof are accounted for in the statement of changes in equity, on the ground that dividends recommended/proposed by management are not confirmed liabilities unless and until approved by shareholders at a general meeting.